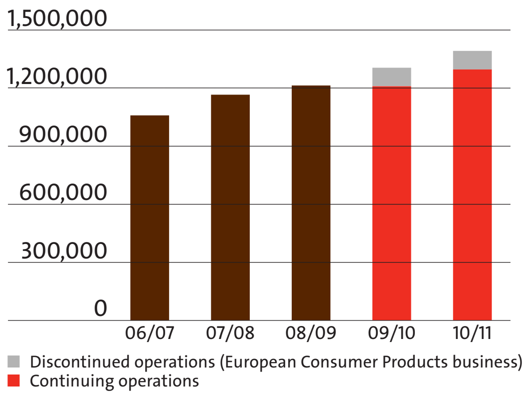
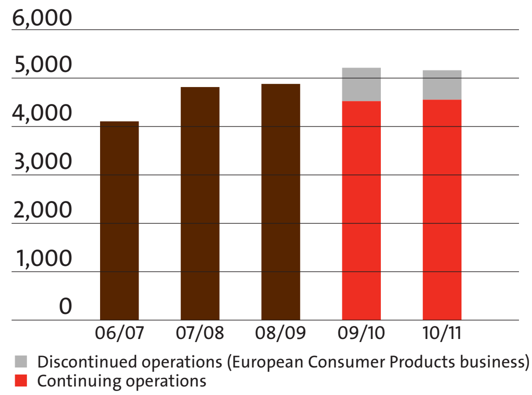
Annual Report 2010/11

Barry Callebaut

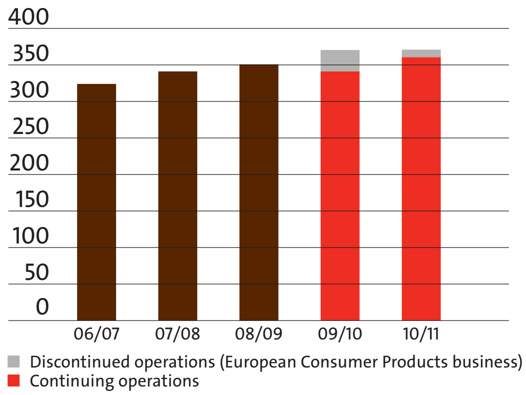
Sales volume
in tonnes



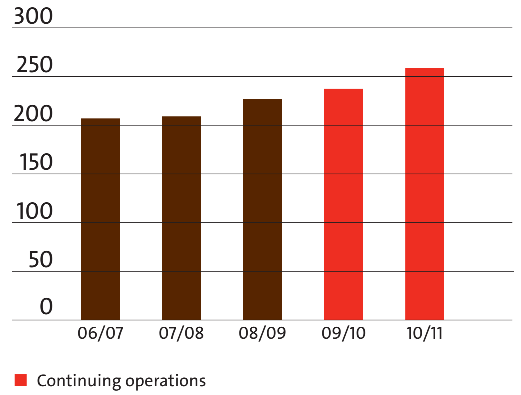
Sales revenue
in CHF million



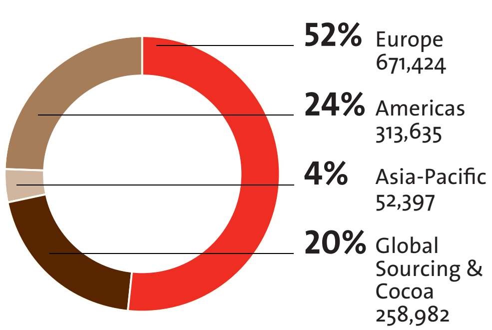
EBIT
in CHF million



Net profit
in CHF million

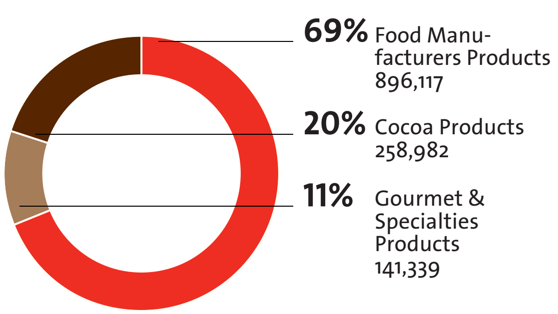


Sales volume by Region*
in tonnes



* Continuing operations

Sales volume by Product Group*
in tonnes



* Continuing operations

Barry Callebaut aims to significantly outperform the global chocolate market. Our ambitious growth strategy is based on four pillars: Expansion, Innovation, Cost Leadership, and Sustainable Cocoa.

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Key figures

Barry Callebaut
Annual Report 2010/11

Key figures Barry Callebaut Group

for the fiscal year ended August 31,		Change (%) in local currencies	Change (%) in reporting currency	2010/11	2009/10[1]
Consolidated Income Statement					
Sales volume	Tonnes		7.2%	1,296,438	1,209,654
Sales revenue	CHF m	13.3%	0.7%	4,554.4	4,524.5
Gross profit	CHF m	11.4%	1.5%	659.0	649.5
EBITDA[2]	CHF m	14.3%	4.2%	432.1	414.6
Operating profit (EBIT)	CHF m	15.3%	5.7%	360.6	341.1
Net profit from continuing operations[3]	CHF m	19.8%	9.0%	258.9	237.5
Net profit for the year	CHF m	(22.0%)	(29.8%)	176.8	251.7
Cash flow[4]	CHF m		(1.6%)	450.7	457.8
EBIT per tonne[5]	CHF	7.6%	(1.4%)	278.1	282.0
as of				August 31, 2011	August 31, 2010
Consolidated Balance Sheet					
Total assets	CHF m		(8.6%)	3,263.1	3,570.8
Net working capital[6]	CHF m		(8.0%)	888.1	964.9
Non-current assets	CHF m		(14.0%)	1,208.4	1,405.8
Net debt	CHF m		(9.3%)	789.8	870.8
Shareholders' equity[7]	CHF m		(6.5%)	1,217.1	1,302.3
Ratios					
Economic value added (EVA)	CHF m		5.8%	156.2	147.7
Return on invested capital (ROIC)	%		4.5%	15.5%	14.8%
Return on equity (ROE)	%		4.9%	20.6%	19.6%
Debt to equity ratio	%		(2.9%)	64.9%	66.9%
Shares					
Share price end of reporting period	CHF		8.8%	765.0	703.0
EBIT per share[8]	CHF		5.8%	69.8	66.0
Basic earnings per share[9]	CHF		9.7%	50.3	45.9
Cash earnings per share[10]	CHF		(1.5%)	87.3	88.6
Payout per share[11]	CHF		10.7%	15.5	14.0
Other					
Employees				5,972	7,550

1 Due to the discontinuation of the European Consumer Products business certain comparatives related to the Income Statement have been restated to conform with the current period's presentation. Balance Sheet and Cash Flow Statement related values incl. key figures based on those and the number of employees have not been restated
2 EBIT + depreciation of property, plant and equipment + amortization of intangibles (all excluding discontinued operations)
3 Net profit from continuing operations (including non-controlling interest)
4 Operating cash flow before working capital changes
5 EBIT/sales volume of the continuing operations
6 Includes current assets and liabilities related to commercial activities and current provisions
7 Total equity attributable to the shareholders of the parent company
8 Based on EBIT/basic shares outstanding
9 Based on the net profit for the year attributable to the shareholders of the parent company excl. net result from discontinued operations/basic shares outstanding
10 Operating cash flow before working capital changes/basic shares outstanding
11 2010/11 dividend out of paid in capital reserves as proposed by the Board of Directors to the Annual General Meeting; 2009/10 par value reduction instead of a dividend

Number of employees

5,972

Number of factories

40

Number of R&D projects

1,918

Number of recipes

2,000

Percentage of direct cocoa sourcing

61%

Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate – from the cocoa bean to the finished chocolate product. The company serves the entire food industry focusing on industrial food manufacturers, artisans and professional users of chocolate.

Five reasons to invest in Barry Callebaut

1.

World leader in high-quality cocoa and chocolate products with proven, focused and long-term oriented strategy

2.

Strong track record of sustainable and consistent earnings and cash flow generation

3.

Superior growth opportunities through strong positioning in outsourcing and long-term strategic partnerships with major food companies

4.

Recognized innovation leader

5.

Leader in emerging markets with growing presence

Barry Callebaut is the heart and engine of the chocolate industry. Our goal is to be Number 1 in all attractive customer segments and in all major world markets. Our knowledge of the chocolate business and our innovative power make us the partner of choice.

Delivering on targets while strengthening focus on core business

Despite challenging market conditions, especially in the second half of fiscal year 2010/11, as well as the export embargo in Côte d'Ivoire for four months and high and volatile raw material prices, Barry Callebaut outpaced the global chocolate market with sales volume up 7.2%, EBIT +15.3% and net profit +19.8% (both in local currencies and from continuing operations). After the sale of its European Consumer Products business, the Group is now focusing entirely on business-to-business.

How did Barry Callebaut perform in fiscal year 2010/11?

Andreas Jacobs, Chairman (AJ) We saw another year where we delivered on our targets. With our top-line volume increase in all Regions and with all our Product Groups, we grew more than twice as fast as the global chocolate market.[1] In local currencies, sales revenue rose strongly and operating profit increased even faster. Thanks to the higher operating result in combination with lower income taxes, also our net profit shows a result we can be proud of. As we want to share this good performance with our shareholders, the Board of Directors proposed to the Annual General Meeting of Shareholders to increase the dividend by 10.7% to CHF 15.50.

Juergen Steinemann, CEO (JBS) The positive result is all the more impressive given the recent crisis situation in Côte d'Ivoire when, due to political conflicts following the presidential elections, cocoa and semi-finished products couldn't leave the country for four months. We are extremely proud of how our local colleagues handled the crisis. With the tireless efforts of our Global Sourcing & Cocoa team and thanks to our worldwide network, we were able to honor all customer contracts.

1 The global chocolate market grew by 3.1% per annum in volume. Source: Nielsen, September 2010–August 2011

How did your Product Groups develop?

JBS Our Food Manufacturers Products business showed good growth, including specifically good results in specialty products and fillings. Some of our emerging markets in various Regions performed at double-digit growth rates. The Gourmet & Specialties Products business achieved strong growth in all segments throughout the year, especially in Asia-Pacific and Europe. Our global Gourmet brands Cacao Barry® and Callebaut® as well as the various local brands contributed to the overall volume growth. The Global Sourcing & Cocoa Products business reported double-digit growth driven by the strong demand for cocoa powder and the sales of cocoa products to strategic customers.

"The Gourmet & Specialties Products business achieved strong growth in all segments throughout the year, especially in Asia-Pacific and Europe. Our two global Gourmet brands Cacao Barry® and Callebaut® as well as the various local brands contributed to the overall volume growth."

Juergen Steinemann, Chief Executive Officer

In September 2011, Barry Callebaut completed the sale of its European Consumer Products business to the Belgian Baronie Group. Are you now focusing entirely on business-to-business?

AJ The sale will enable us to focus on our core business and is fully in line with earlier announcements as well as with our strategy.
JBS We believe that we found a very good new home for our European Consumer Products business and our former colleagues. Additionally, they became an outsourcing partner through a long-term supply agreement. We supply the new owners with liquid chocolate as well as with cocoa beans and semi-finished products.

Were you able to secure other outsourcing deals?

AJ At the very beginning of the fiscal year, we announced the signing of a long-term global master product agreement with Kraft Foods. The additional volumes will be built up gradually over a period of three years.
JBS We also expanded our supply agreement with Hershey. In our eyes, we could not get a nicer compliment after securing our first outsourcing volumes with Hershey in 2007. We also closed a new outsourcing agreement with Chocolates Turín in Mexico, including the acquisition of a production facility in Toluca, further enhancing our presence in the promising Mexican market.

While the demand for high-quality, responsibly grown cocoa seems to increase steadily, the supply side appears to become insufficient mid-term – how do you react to that?

AJ Our answer to this dilemma is our new, fourth strategic pillar "Sustainable Cocoa", which stands for more volumes and better quality, aiming to secure our future growth ambitions. With this, we will also scale up our certified volumes.
JBS In order to get this done, we have launched a dedicated initiative that mainly consists of three action areas: Improving Farmer Practices with so-called yield enhancement services, Farmer Education through the setup and implementation of an education curriculum for secondary schools and Farmer Health. All this is aiming to improve the livelihood of farmer communities with which we work directly. We will establish several Farmer Academies and implement a series of showcase farms.

Besides Expansion, Cost Leadership and the new strategic pillar Sustainable Cocoa, you also have a strategic focus on Innovation. How did your Research & Development (R&D) department contribute to the Group's growth?

JBS I am very satisfied with the contribution of our global R&D teams. The R&D project success rate reached 50%. Over 70% of all products sold last fiscal year were innovations or optimizations for recipes developed in the past five years!

How do you take care of people development in your high-performance environment?

JBS In order to shape future growth, we have to have the best people and we have to continuously develop our people. Today, we are thinking in a kind of life cycle that starts at employer branding, comprises a recruitment and trainee program and includes performance management and engagement as well as various development measures. Another important element is succession planning. The ultimate driver of our growth and the basis of our success are our employees. I am very proud to lead such an enthusiastic, innovative, intense and eager group of people who are dedicated to go the extra mile.
AJ Our employees did an excellent job last fiscal year! At this point, I would like to thank all of them. It is also our employees that build and further develop the numerous relationships with our customers, shareholders and our many other stakeholders, whom I would also like to thank for their trust and support.

Andreas Jacobs,
Chairman of the Board of Directors

Juergen Steinemann,
Chief Executive Officer

What are the main challenges for the upcoming fiscal year 2011/12?

AJ Our main focus is on the successful implementation of the recently gained outsourcing and long-term partnership agreements as well as on the completion of the measures to support the acceleration of the growth of our Gourmet & Specialties Products business. Additionally, we will emphasize on people and systems while maintaining our efforts on continuous improvement and cost leadership. As mentioned before, we will also have an increasing focus on the mid-term and long-term sustainability of the cocoa supply chain.

JBS Following the sale of the European Consumer Products business, we will also review and optimize our structures and processes in order to gain speed and become more efficient and customer-focused. Last fiscal year, we worked out a new Asia-Pacific growth strategy defining the next growth wave for this amazing Region. During this year, we will implement it. We will start the same sort of process for Eastern Europe in fiscal year 2011/12. Last but not least, we aim to keep the pace of the output of our R&D organization. These are only some of the key actions for our future sustainable growth.

> *"Our main focus is on the successful implementation of the recently gained outsourcing and long-term partnership agreements as well as on the completion of the measures to support the acceleration of the growth of our Gourmet & Specialties Products business."*

Andreas Jacobs, Chairman of the Board of Directors

Can you confirm your long-term performance targets of 6–8% average volume growth per annum and average EBIT growth in local currencies at least in line with volume growth?

JBS Yes, we will keep the pace!

AJ (smiles)

Board of Directors and Executive Committee

Board of Directors

Andreas Jacobs, Chairman
Andreas Schmid, Vice Chairman
Rolando Benedick
(until December 7, 2011)
James L. Donald
Markus Fiechter
Stefan Pfander
Urs Widmer
(until December 7, 2011)
Jakob Baer

General Counsel & Corporate Secretary

Roland Maurhofer

Additional information:
www.barry-callebaut.com/organization
www.barry-callebaut.com/board
www.barry-callebaut.com/executivecommittee

The Board of Directors proposes to the Annual General Meeting of Shareholders that Ajai Puri be elected as new member of the Board of Directors.

Executive Committee

Juergen Steinemann
Chief Executive Officer

Victor Balli
Chief Financial Officer

Massimo Garavaglia
President Western Europe

David S. Johnson
CEO and President Americas

Dirk Poelman
Chief Operations Officer

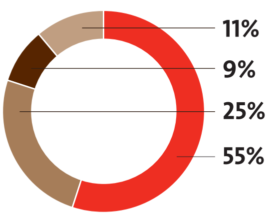
Steven Retzlaff
Global Sourcing & Cocoa

Hans P. Vriens
Chief Innovation Officer

Fostering local development to achieve global success

Being the market leader makes it all the more important to have the right people working for you. We want to give all our employees the opportunity to further develop their skills and know-how. Adopting this approach in all our Regions will allow all Barry Callebaut employees to further broaden their capabilities and knowledge and with that their career opportunities.

Employees per geographic region:



Europe*	3,323
Americas	1,471
Asia-Pacific	523
Africa	655
Number of employees	**5,972**

* from continuing operations; excl. European Consumer Products business

Our business environment is complex and requires specific knowledge and skill sets. We not only hire the right people, we also make sure that they receive the necessary training for maximum success at the workplace – and for tomorrow's business challenges. Various programs are in place to guide our employees through their entire journey at Barry Callebaut – from the first day to all successive steps that shape their career.

Employer branding and Graduate Trainee Program

We are developing an employer branding campaign to increase our presence in the market. In addition, strategic partnerships, with top universities will help us to maintain a talent pipeline. Thanks to these partnerships we have already been able to offer several students internships or graduate trainee positions.

Our Graduate Trainee Program attracts career starters who are passionate about the chocolate business and develops their potential through three international assignments over a two-year period within a functional area. Upon successful completion of the program, they will have the opportunity to take on a position within the Group where they can use their in-depth business know-how. In September 2011, we enrolled the largest group of international trainees ever – 16 new graduates on four continents. 50% of them are non-European and 40% are women – a wealth of diversity that enriches our company.

Employee development

All our employees are encouraged to continuously develop their skills. The Marbach Development Programs take place in Chicago, U.S., and in Marbach, Germany. 2010/11 was a record-breaking year: 16 programs were offered and 280 participants attended.

Barry Callebaut has redesigned the technical training for its employees in the cocoa plants to enhance their technical expertise for creating high-quality cocoa products. This program has been launched in France and will be rolled out to all cocoa sites.

Performance management and succession planning

Employee development is coordinated via our redesigned and globally implemented Performance Management and Development Process. This process includes uniform and transparent guidelines for setting business targets and individual objectives in support of the company's growth plans and for discussing personal career goals and opportunities. With this tool, Barry Callebaut can better assess which employees are suitable for key positions as well as attain its goal of filling 70% of all key vacancies from within the organization.

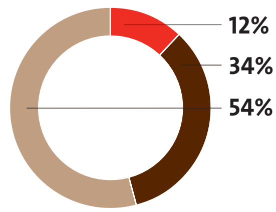
Upholding company values...

We need customer-focused, passionate, entrepreneurial, and team-oriented employees with integrity to conduct our business in an efficient and responsible way. Our training programs strive to nurture these values in our employees' daily and long-term activities, and to create a work environment where employees can achieve their full potential in accord with company values.

...and showing respect for our colleagues

Barry Callebaut is also committed to providing equal employment opportunities to all its employees. As an international company, we show respect for different cultures, religions, and ethnic backgrounds. Discrimination on the basis of gender, race, sexual orientation, age, disability and illness, or political orientation will not be tolerated.

Employees per function:
(from continuing operations; excl. European Consumer Products business)



Management	692
Office staff	2,040
Production	3,240
Total employees	**5,972**

Average seniority
in years:

Europe	11.39
Americas	9.22
Asia-Pacific	4.97
Africa	9.37

Personnel expenses
in CHF million

2010/11	364.3
2009/10	379.1*
2008/09	489.6

* Restated due to the discontinuation of the European Consumer Products business

Excellence Awards 2011 – Rewarding peak performance

The Excellence Award recognizes managers and their teams who are willing to go the extra mile, who are putting all their passion into their work and, thus, have made a positive impact on the company in the fiscal year. The eight Excellence Award 2011 winners were nominated by their Presidents.

All managers and employees at SACO in Côte d'Ivoire
For keeping our factories in Abidjan and San Pedro running during the crisis in Côte d'Ivoire, coming to work during a very difficult and dangerous time. Stefaan Lemant accepted the award on behalf of the team.

Galina Bogdanova, Gourmet Sales Manager Russia and CIS
For outperforming year after year, growing Gourmet volumes by 30% per year for the last three years, improving margins and doubling EBIT.

Marie-José Cristofol, Sales Manager Gourmet Western Europe
For delivering outstanding strong sales growth in Gourmet while contributing to the successful integration of Chocovic into our company.

Marijke De Brouwer, Innovation Manager
For the second time, Marijke was instrumental in the implementation of a large outsourcing project. She achieved similar results under very difficult circumstances with another key customer of ours several years ago.

Simone Lalive d'Epinay, Head Corporate Finance
For successfully managing the sale of our European Consumer Products business.

Stefaan Lemant, Global Cocoa Production Coordinator
For doing a remarkable job in a very difficult situation in Côte d'Ivoire and for continuing to give support to the local OSCO team during the time of crisis.

Markus Studhalter, CFO Barry Callebaut Asia-Pacific
For having become the backbone of the management team in Asia within a very short time and for having played a key role in the formulation of our Asia-Pacific growth strategy.

Jesus Carlos Valencia, Director Barry Callebaut Mexico
For orchestrating the outsourcing deal with Chocolates Turín in Mexico and for making our business in Mexico a great success story.

Chairman's Award 2011

The annual Chairman's Award recognizes employees who have been with Barry Callebaut for a number of years and have demonstrated outstanding performance at work, as well as a strong social commitment in their local communities. They are individuals who embody the Barry Callebaut values of customer focus, passion, entrepreneurship, team spirit and integrity.

The Chairman's Award was inaugurated in 1995 by late Klaus Jacobs, the former Chairman of Jacobs Holding AG and founder of Barry Callebaut. Since then, the Chairman's Award has been given to a selected number of employees each year.

In 2011, thirteen Barry Callebaut employees from eleven countries received the award and were invited together with their spouses or partners to come to Switzerland to be given the award by Chairman of the Board Andreas Jacobs and CEO Juergen Steinemann.

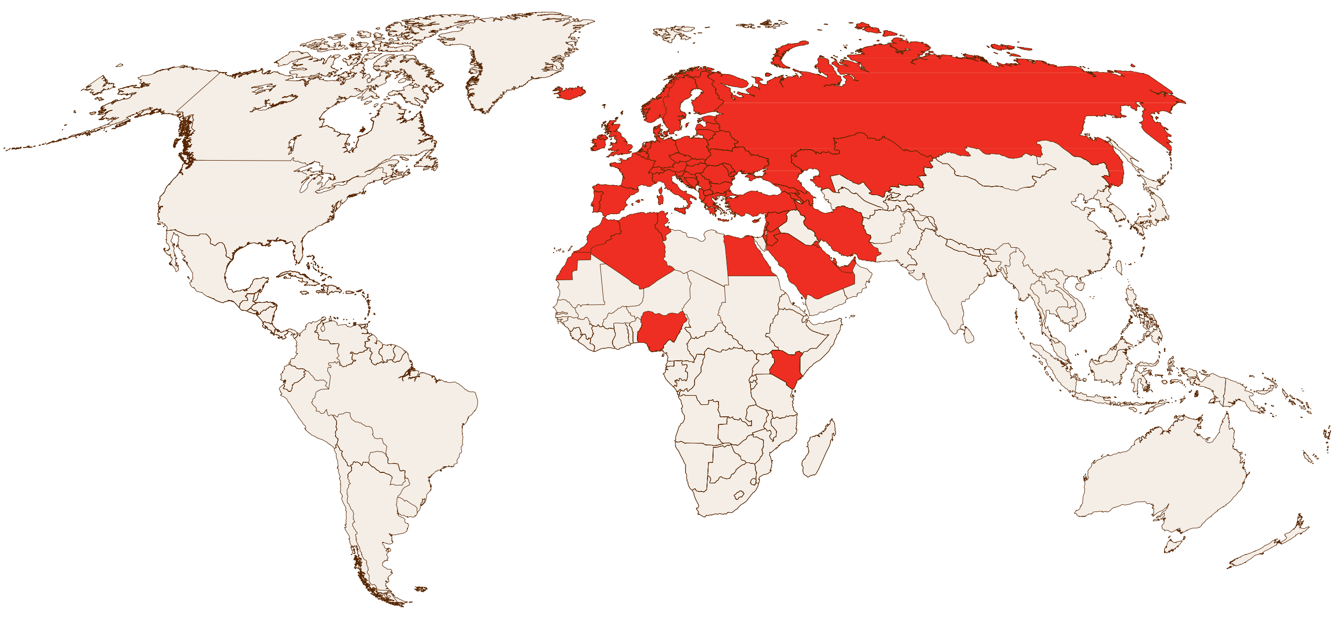
Not in the picture: Celia Goh

Additional information:
www.barry-callebaut.com/award
www.barry-callebaut.com/csr
www.barry-callebaut.com/codeofconduct

Customer focus. Passion. Entrepreneurship. Team spirit. Integrity.
Every Barry Callebaut employee is an ambassador of our company. The reputation of our company, as well as our success in achieving our strategic goals, depends on each one of us. We expect all employees to show responsibility and good citizenship in business dealings, and to behave in ways that demonstrate our company values. These values and our belief that the best working environment is one built on mutual respect and trust are reflected in the Barry Callebaut Code of Conduct.

Good performance – top and bottom line

In Region Europe, Barry Callebaut achieved good volume growth. Thanks to volume gains, margin improvements, good cost management and a strong performance by the Gourmet business, sales revenue and operating profit (EBIT) rose significantly in local currencies.



671,424
tonnes
Sales volume

2,241.3
CHF m
Sales revenue

243.0
CHF m
EBIT

After a promising start, the general economic environment in Western Europe weakened towards the end of the fiscal year due to the European debt crisis. Overall, the chocolate confectionery market was slightly negative in terms of volume growth (–0.3%).[1]

Despite the overall negative market development, our Food Manufacturers Products business managed to grow its business in Western Europe, both via market share gains and supported by long-term partnership agreements. Extending our portfolio in fillings, inclusions and other specialties paid off: We achieved significant double-digit growth with these products. In our Gourmet & Specialties Products business, all our key segments – confectionery, bakery/pastry and the HORECA business (hotels, restaurants, catering) – showed good growth. We were even able to outperform the market and win market share in all relevant countries with our global brands Cacao Barry® and Callebaut®. Increasing time pressure in foodservice kitchens opens interesting doors for our brands, which are now offering ready-to-use concepts and solutions in addition to the chocolate ingredient itself.

Sales volume of Barry Callebaut's Beverages division declined slightly. Due to the economic slowdown and the increase of raw material prices, we observed a trend towards private label products. Our two main brands Caprimo® and Van Houten® managed to maintain their market positions. Thanks to the unique know-how of our specialized beverages factory in South Sweden, we were able to conclude a multi-year supply agreement with a large coffee roaster to supply a cocoa-based capsule solution for tabletop coffee machines.

In July 2011, Barry Callebaut announced the sale of its European Consumer Products business, Stollwerck, to Belgian Baronie Group. The transaction was completed by the end of September 2011. Stollwerck has been classified and reported as a discontinued business and prior-year figures reflected to the income statement have been restated accordingly. This divestment will enable Barry Callebaut to focus on business-to-business, serving industrial food manufacturers, artisans and professional users of chocolate.

1 Nielsen: September 2010–August 2011

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.barry-callebaut.com/beverages
www.cacao-barry.com
www.callebaut.com
www.caprimo.com
www.vanhoutendrinks.com

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.barry-callebaut.com/quality

In Eastern Europe, the overall economic environment is still very favorable with GDP growth rates about double the rates of mature markets.[1] The key countries Russia, Turkey and Poland – representing about 80% of all retail sales in Eastern Europe – are expected to continue to expand at above-average rates. By the end of the first half of the fiscal year, the chocolate confectionery market in Eastern Europe had resumed its positive growth rate and overall market growth in the last 12 months amounted to 7%.[2] Both Barry Callebaut's sales volume and revenue grew at a double-digit rate, led by Poland and Russia.

We significantly increased our sales volume in the Food Manufacturers Products business in Eastern Europe – it grew more than double the market rate. Especially Russia performed very well, driven by a larger customer base. We also achieved a breakthrough in Azerbaijan, where we began to sell our industrial products. We expect the economy to weaken somewhat, accelerating the outsourcing trend. In view of our regional footprint, we are well-positioned to further strengthen our market position.

Russia and the former Soviet countries (CIS) were the growth engines for Barry Callebaut's Gourmet & Specialties Products business, a clear indication that the continuous investment in our distribution network and sales team for this region is paying off. In Turkey, we appointed a technical advisor for our artisanal and professional users of chocolate and expanded our sales team. Overall, we saw a double-digit sales volume increase in our Gourmet business.

To maintain our growth in the region, we invested in a new chocolate line in Poland, which started production in October 2010. In addition, we commenced production of kosher products in Poland and now also received BRC (British Retail Consortium) certification for our factory in Russia.

1 Source: World Bank, Global Economics Prospects, 2010
2 Nielsen: September 2010–August 2011

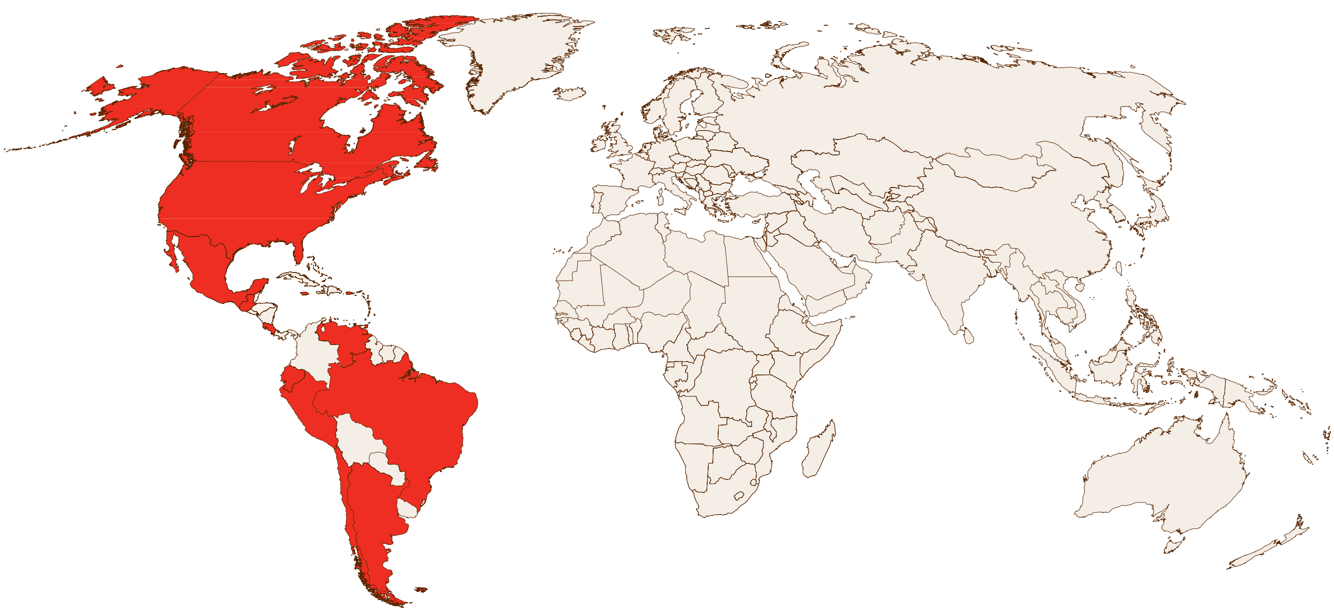
Key figures for Region Europe

		Change %		2010/11	2009/10*
		in local currencies	in reporting currency		
Sales volume	Tonnes		1.8%	671,424	659,331
Sales revenue	CHF m	7.5%	(5.3%)	2,241.3	2,366.9
EBITDA	CHF m	10.6%	2.5%	272.5	265.8
EBIT	CHF m	10.0%	2.6%	243.0	236.8

* Due to the discontinuation of the European Consumer Products business, certain comparatives have been restated to conform with the current period's presentation

Strong growth in competitive market environment

Region Americas achieved significant top-line volume growth driven by a combination of new outsourcing volume, growth in our imported Gourmet brands and new volume from Latin America. Foreign exchange rates, investments in Gourmet and in Brazil, as well as some margin compression in the industrial business adversely impacted operating profit (EBIT).



313,635	978.9	71.9
tonnes	CHF m	CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.cacao-barry.com
www.callebaut.com

Whereas the U.S. economy was growing slowly, Mexico and Brazil performed at much faster rates.[1] In this mixed economic environment, Barry Callebaut was able to grow faster than the overall chocolate market, which grew by 2.7% in the U.S. and 12.8% in Brazil.[2]

Food Manufacturers Products business volume grew nearly double-digit driven by the long-term agreements with our Corporate Accounts and other new business wins. Competition was very intense, and we utilized our extensive manufacturing network and new innovations to win in the marketplace.

Volume growth in the Gourmet business was up significantly due to strong demand for our imported brands, the strengthening of our Mexican footprint and beverages. We continued to be the innovation leader in the category with new product launches.

Several milestones were reached during the year that will build the business for years to come: First, Barry Callebaut expanded its supply agreement with Hershey. Second, Region Americas also participated in the global supply agreement with Kraft Foods. Third, we signed a new outsourcing agreement with Chocolates Turín in Mexico, which included the acquisition of a production facility in Toluca. This will – together with our existing facility in Monterrey – greatly enhance our presence in the promising Mexican market. Being the largest distributor of chocolate and compound products in Mexico, our relationship with Turín also encompasses the distribution of our global Gourmet brands Cacao Barry® and Callebaut®.

1 Source: World Bank, Global Economics Prospects, 2010
2 Source: Nielsen, September 2010–August 2011

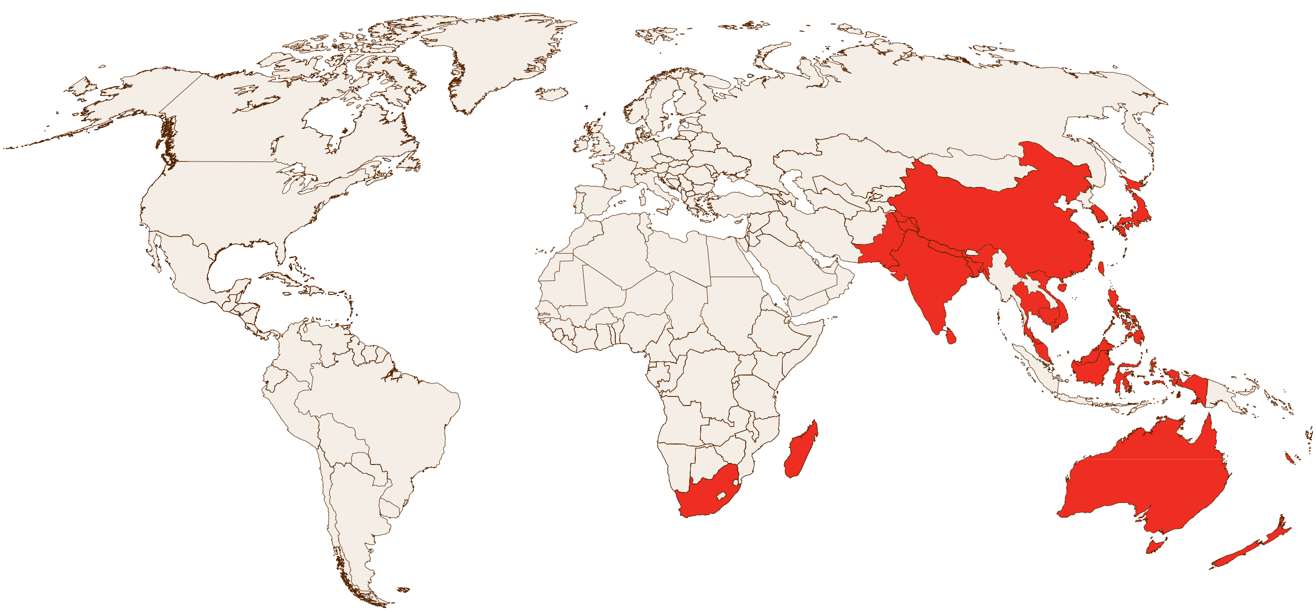
Key figures for Region Americas

		Change %		2010/11	2009/10*
		in local currencies	in reporting currency		
Sales volume	Tonnes		8.2%	313,635	289,970
Sales revenue	CHF m	13.8%	(0.9%)	978.9	987.6
EBITDA	CHF m	(10.2%)	(18.7%)	85.4	105.0
EBIT	CHF m	(11.6%)	(19.5%)	71.9	89.3

* Certain comparatives have been reclassified to conform with the current period's presentation

Sustaining a high level of growth

In Region Asia-Pacific, Barry Callebaut grew almost twice as fast as the related chocolate market, sustaining its double-digit growth rates of recent years. Operating profit (EBIT) rose significantly in local currencies thanks to the volume increase, margin improvements and higher capacity utilization.



52,397	221.9	24.9
tonnes	CHF m	CHF m
SALES VOLUME	**SALES REVENUE**	**EBIT**

Additional information:
www.barry-callebaut.com/foodmanufacturers
www.barry-callebaut.com/gourmet
www.cacao-barry.com
www.callebaut.com
www.van-houten-professional.com

Asian economies outperformed the growth rates of other areas.[1] This fast growth is nurturing the development of an affluent middle class. The chocolate confectionery market in Region Asia-Pacific grew by 5.9% in total.[2] We expect this growth trajectory to continue since Asian economies have proven resilient to negative developments in the rest of the world.

Driven by a remarkable performance in Indonesia, India and Korea, Barry Callebaut's Food Manufacturers Products business again grew by a double-digit rate despite strong competition. Our key global industrial customers are increasingly focusing on the Asia-Pacific region as the next growth area. Key countries on the growth radar are China and India. With its footprint in the Region, Barry Callebaut is well-positioned to participate in the trend towards further outsourcing as well as the move from compound to premium products.

Our Gourmet business again delivered double-digit growth with our global brands Cacao Barry® and Callebaut® and the local brand Van Houten Professional® – especially in India, where we took charge of the direct distribution network, and in China, where a new distribution setup resulted in substantial growth.

Barry Callebaut continued to increase its production capacity in the Region to accommodate future growth: We have installed a high-speed molding line in Singapore and invested in optimizing our cocoa processing facility in Malaysia, where we will also double our chocolate and compound capacities as of December 2011.

1 Source: World Bank, Global Economics Prospects, 2010
2 Source: Euromonitor 2011, Indonesia, China, Japan and India

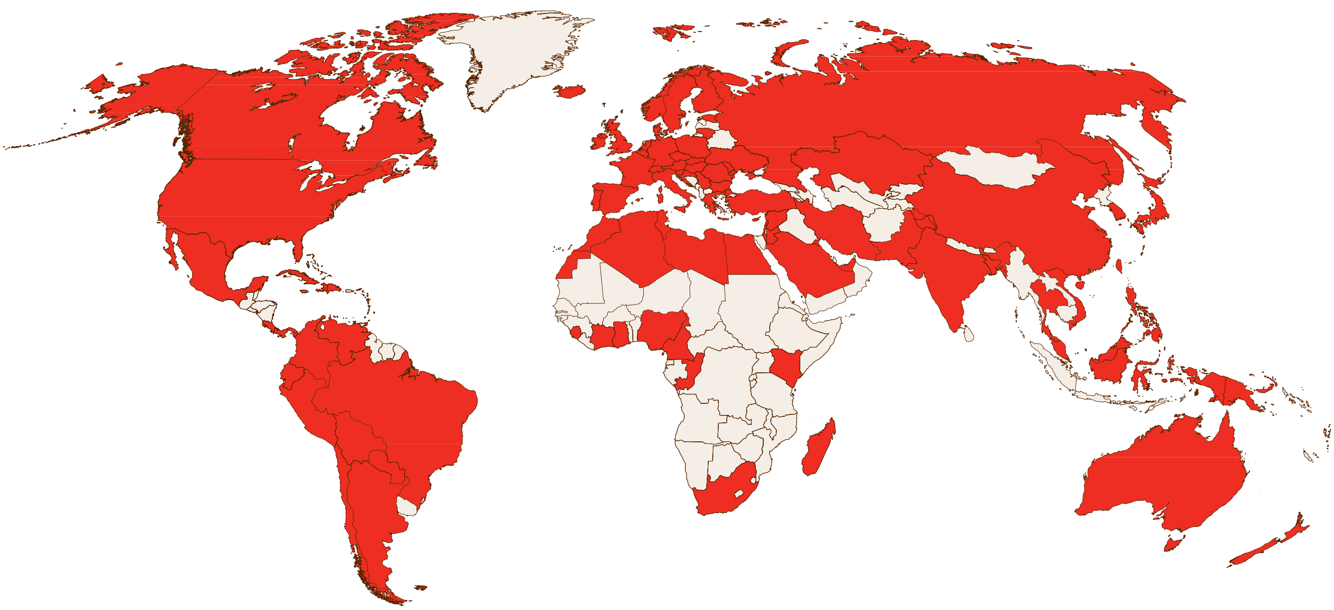
Key figures for Region Asia-Pacific

		Change %		2010/11	2009/10*
		in local currencies	in reporting currency		
Sales volume	Tonnes		10.4%	52,397	47,466
Sales revenue	CHF m	15.3%	6.9%	221.9	207.5
EBITDA	CHF m	26.4%	16.9%	29.8	25.5
EBIT	CHF m	33.0%	22.7%	24.9	20.3

* Certain comparatives have been reclassified to conform with the current period's presentation

High market demand in volatile environment

Global Sourcing & Cocoa significantly increased its sales volume driven by strong demand for cocoa powder as well as good sales of cocoa products to strategic customers. Higher cocoa bean and powder prices positively influenced sales revenue, whereas a favorable combined cocoa ratio supported operating profit (EBIT).



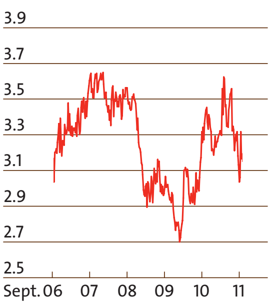
258,982	1,112.3	76.6
tonnes	CHF m	CHF m
Sales volume	**Sales revenue**	**EBIT**

Additional information:
www.barry-callebaut.com/cocoa-to-chocolate
www.barry-callebaut.com/csr
www.qualitypartnerprogram.com

Demand for cocoa powder remained strong, particularly in emerging markets where many applications are powder based. This demand pushed cocoa butter prices downward, but still resulted in an overall favorable combined cocoa ratio.

Customer interest for certified products such as Rainforest Alliance, UTZ Certified or Fairtrade continued to grow at a rapid pace. Barry Callebaut's origin sourcing presence greatly facilitates the certification process and enhances its ability to meet customers' needs.

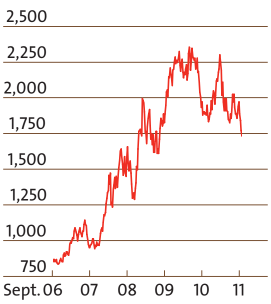
Combined cocoa ratio
Factor x terminal market price 6 months forward



Cocoa prices sharply increased during the year due to the conflict in Côte d'Ivoire, reaching new record levels on high volatility. When the crisis came to an end in early May, prices drifted downwards. A larger-than-expected cocoa crop and a sharp reduction in financial investors' long positions also guided prices lower. Despite the bumper crop of 2010/11, we see significant challenges ahead. If consumption of cocoa and chocolate products continues to grow at 2–3% per annum, the world's cocoa crop will have to increase by 100,000 tonnes a year. Which, in turn, adds up to 1 million tonnes over 10 years – a figure not far from the annual cocoa harvest in Côte d'Ivoire, the world's largest cocoa producing country. Since it is not certain that existing cocoa origin countries can meet this additional demand, cocoa prices will probably remain high and volatile during the coming years.

Sugar markets were confronted with a tight supply situation. Thus, sugar prices became more volatile and reached historically high levels. Milk powder prices slightly increased on higher demand. Barry Callebaut expects that the global supply of dairy products and sugar will struggle to meet growing emerging market demand and therefore prices will remain rather high.

Cocoa price
London Terminal Market 6-month forward prices in GBP/tonne



Key figures for Global Sourcing & Cocoa

		Change % in local currencies	Change % in reporting currency	2010/11	2009/10
Sales volume	Tonnes		21.7%	258,982	212,886
Sales revenue	CHF m	26.5%	15.6%	1,112.3	962.5
EBITDA	CHF m	46.0%	30.3%	98.0	75.2
EBIT	CHF m	57.2%	40.6%	76.6	54.5

Optimizing processes and technology

Continuously improving our efficiency is a prerequisite to maintaining cost leadership. Last year, we launched program "One+". The aim of this program is to develop a standardized methodology and related tools to increase overall operational efficiency and optimize processes.

"One+" has now been implemented in four sites and is being rolled out to three additional factories. The program helped to increase Barry Callebaut's operational efficiency. At the four pilot sites, savings initiatives amounting to around CHF 7 million annually were implemented.

Overall manufacturing costs per tonne of activity rose by 3.4%; on a like-for-like basis, costs were reduced by 2.2% (target: –2%). Costs were higher due to higher energy prices, which offset a reduction in energy consumed, as well as due to the contingency plan drawn up in response to the de facto export ban in Côte d'Ivoire. The capacity utilization for liquid chocolate reached 84.7% and was at the upper end of the target band of 82 to 85%.

In order to prepare the production capacity basis for the company's future growth, Barry Callebaut invested CHF 105 million[1] in the extension, maintenance and optimization of its factory base (+0.5%). A significant investment has been made in the specialized beverages production site in Kågeröd, where a third spray tower will come on stream in the first half of fiscal year 2011/12. Investments were also made for the ongoing implementation of our supply agreement with Kraft, within the specified schedule and budget. After signing a long-term outsourcing agreement with Mexican Chocolates Turín, Barry Callebaut also acquired a new chocolate production facility located in Toluca, close to Mexico City. On the other hand, Barry Callebaut sold five factories in Germany, Belgium and Switzerland as part of the divestment of its European Consumer Products business to the Belgian Baronie Group. The company now operates 40 factories worldwide.

1 Continuing operations; excl. European Consumer Products business

Researching today for future market success

We started 1,918 new customer projects in Research & Development (R&D), up 16% versus prior year. New projects started is a leading indicator of future new volumes. The project success rate, a key performance indicator of our R&D efficiency, improved to 50%, an increase of 10%.

Additional information:
www.barry-callebaut.com/innovation

The increase in successful customer projects for certified chocolate was remarkable. In addition, we saw much higher demand for products with cleaner labels and attracted broad interest for healthier alternative chocolate products, especially those lower in saturated fats, hardened fats and without trans-fatty acids.

Almost half of our new R&D projects were also triggered by high and volatile raw material prices, which prompted customers to come to us for cost optimization of recipes and the creation of flexible recipes.

In order to secure a long-term, sustainable supply of cocoa beans, Barry Callebaut initiated an agronomy research program in Asia, focusing on developing new agronomy techniques aimed at increasing plantation yields and enhancing cocoa bean quality.

For more than six years, we have been conducting our own human clinical studies to investigate the potential health benefits of cocoa. Based on the positive results of five clinical studies, finalized last year, we submitted our first dossier in the EU requesting approval of a health claim for products high in cocoa flavanols. We are hopeful to receive approval for various claims to help our customers differentiate their offerings.

This fiscal year was marked by the successful introduction of the Terra Cacao™ specialty chocolate range, based on Barry Callebaut's patented technology known as Controlled Fermentation. Terra Cacao™ delivers better quality chocolate as it uses only the highest quality cocoa beans. Since its launch in February 2011, we have sold over 250 tonnes of this superior quality chocolate, making it one of the most successful specialty launches we have ever conducted.

72% of our sales were generated with products developed in the last 5 years. We currently hold over 35 published patent families and have applied for more than 40 international patents. We continue to protect our innovations and intellectual property via the most appropriate routes.

Corporate Social Responsibility and Sustainability

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Market trends

In fiscal year 2010/11, we further intensified our focus on securing a long-term supply of cocoa beans. Our business depends on cocoa, a sensitive crop grown in a narrow geographical band near the equator by mainly smallholder farmers and their families. In order to meet the rising future demand for chocolate, we must contribute to ensuring that cocoa is grown in a sustainable way that generates income for farmers and that safeguards the environment. As the world's largest cocoa and chocolate company, with operations in key cocoa growing regions and a history of community engagement, Barry Callebaut is uniquely positioned to help drive sustainability initiatives.

Trends

Key trends that have continued to have an impact on our company include the globalization of the food supply chain; increasing consumer demand for safe food produced in a responsible and sustainable way, which has heightened interest in certified products; and the rapid and prolific dissemination of information through social media and other communication channels.

In 2010/11, more customers explored options for certified cocoa and chocolate products. We stepped up our sourcing and procurement activities accordingly. As a customer-focused company, we work together with customers to meet their unique requirements, including sourcing cocoa from certified producers or from a specific origin country. In addition to our own programs with cooperatives and farmers, we support other programs and systems that are desired by our customers and which strive to improve farming and labor practices, increase farm productivity, protect natural resources and improve farmer incomes and family livelihoods.

Our Corporate Social Responsibility (CSR) strategy

At Barry Callebaut, we use the terms Corporate Social Responsibility (CSR) and sustainability interchangeably. We recognize that our businesses have an influence on the livelihoods of many people around the world. We believe we have a responsibility to all our stakeholders – shareholders, customers, consumers, suppliers, farmers, employees and the communities where we operate – that goes beyond making a profit.

Our CSR programs and activities have always been linked to our business objectives and are grouped under three focus areas: Cocoa, Environment, and Employees. These areas of focus reflect the well-established pillars of sustainability and sustainable development, namely economic, environmental and social impact, or "profit, planet, people."

We have defined a "signature program" for each focus area and named an Executive Committee member to serve as the program's champion. We are working on developing and refining appropriate methodologies to monitor, measure and report progress on all our CSR activities.

Cocoa – Empowering cocoa farmers to increase incomes and improve family livelihoods

Contributing to ensure future supplies of cocoa is imperative because without cocoa there is no chocolate. We work with cocoa farmers to improve crop yields and quality, thereby helping to increase farmer incomes and improve family livelihoods. Farmers can earn more through higher yields and better quality; we benefit by having sufficient quantities of quality cocoa, grown in a responsible manner, to meet consumers' growing demand for chocolate.

Signature program Quality Partner Program in Côte d'Ivoire and Cameroon
Program champion Juergen Steinemann, Chief Executive Officer

Environment – Conserving energy to reduce our impact on the environment

We share one planet, and need to make wise use of natural resources. Processing cocoa and making chocolate is energy-intensive and transportation requirements are significant. We need to do our part to reduce our overall energy consumption in our factories and facilities, reduce our carbon emissions and increase our use of "green" energy.

Signature program Energy management
Program champion Dirk Poelman, Chief Operations Officer

Employees – Developing our people to help our company continue to prosper and grow

Our people make Barry Callebaut competitive and successful. We want to continue to attract talented people and to provide employees the chance to realize their full potential by offering development and training opportunities and providing regular feedback on their performance. We are committed to developing our future leaders.

Signature program Employee training and development
Program champion David S. Johnson, CEO and President Americas

Organizational framework for CSR

Our Corporate Social Responsibility and sustainability activities are aligned with our growth objectives and anchored by our vision and values, which provide the foundation for our Code of Conduct.

Our vision:
"We are the heart and engine of the chocolate industry."

Our values:
Customer focus. Passion. Entrepreneurship. Team spirit. Integrity.

Code of Conduct

The Code of Conduct is a practical guide for doing business in a responsible way and applies to all Barry Callebaut employees. It includes how to manage potential conflicts of interest and other ethical dilemmas that may arise in our business lives. We issued a revised and updated Code of Conduct in 2007. In 2011, we made additional updates to reflect our business environment, such as the inclusion of guidelines on the use of social media. All Barry Callebaut employees receive a copy of the Code of Conduct in English or a local language upon joining the company. By signing the code, employees acknowledge that they have read and understood the Code of Conduct and also acknowledge their commitment to their colleagues and our company.

Any employee who has questions regarding the Code of Conduct is encouraged to contact his or her direct manager, local HR department or local legal department. If any comments or concerns cannot be addressed through these channels, employees have the option to contact the Corporate Secretary to the Board of Directors via a dedicated e-mail address or by phone. In fiscal year 2010/11, a relatively small number of inquiries or comments were received and subsequently addressed, and no material issues were raised.

Focus area Cocoa

Empowering cocoa farmers to increase incomes and improve family livelihoods

We work with cocoa farmers to improve crop yields and quality, thereby helping to increase farmer incomes and improve family livelihoods. Our CSR activities in the focus area Cocoa are grouped under three broad pillars: farmer training, improving access to education, and improving access to basic healthcare and clean water.

Barry Callebaut supports training in Good Agricultural Practices (GAP), post harvest management, disease and pest management, biodiversity, and sensitization on child labor issues, and contributes to the basic health and education needs of farmers and their families in many cocoa growing communities. Some of our key activities through 2010/11 are summarized here.

Farmer training	Our goals	Results 2009/10	Results 2010/11
Quality Partner Program with cocoa farmer cooperatives and unions – Côte d'Ivoire	Expand up to 55 coops by 2012	48 coops representing 39,793 farmers	58 coops representing 41,871 farmers
	Increase cocoa volumes sourced to 100,000 tonnes by 2012	52,223 tonnes cocoa sourced from QPP coops	59,303 tonnes cocoa sourced from QPP coops
	Increase volume of quality grade cocoa sourced to 70% by 2012	Percent quality grade cocoa delivered was 33%	Percent quality grade cocoa delivered was 45%
	Increase farmer training in GAP to all member coops; initiate program to raise yield per hectare	Started 55 new Farmer Field Schools regularly attended by 1,570 farmers in 2009/10; Farmer Field School participants demonstrated 20% yield improvement	1,710 farmers from QPP coops were trained in 57 Farmer Field Schools
	Support farmer organizations in achieving their traceability and certification aims	Worked with 7 coops towards qualification for multiple certification; conducted management training with representatives from 10 coops	7 targeted coops achieved multiple certification standards; started work with additional 10 coops on their certification goals
	Expand use of controlled fermentation process to select member coops	Controlled fermentation trials extended to 1,500 farmers from 15 coops	Continued controlled fermentation trials with 1,500 farmers from 15 coops

Key challenges

- Poor overall condition of farms in West Africa
- Lack of training and execution of Good Agricultural Practices (GAP)
- Low yields
- Land ownership rights
- Limited systems and processes in many farmer organizations
- Political and economic uncertainties in Africa

Farmer training	Our goals	Results 2009/10	Results 2010/11
Quality Partner Program with cocoa farmer cooperatives – Cameroon	Establish program in Cameroon and recruit participating cooperatives	Quality Partner Program launched in August 2010 with orientation program at SIC Cacaos subsidiary for interested candidates from main cocoa growing regions	2 cooperatives selected to participate as level 1 or "Recognized Partners" and 2 cooperatives selected as candidates for membership in 2011/12
	Initiate farmer training activities and establish volume and quality targets	Not applicable	Started farmer training in good agricultural practices and business skills for members of Recognized Partner cooperatives
	Identify education and health needs of respective communities	Not applicable	Conducted meetings with farmer members of Recognized Partner cooperatives and local officials to identify needs
Biolands cocoa production programs for farmers: · Biolands in Tanzania · Biounited in Sierra Leone · Biopartenaire in Côte d'Ivoire	Maintain farmer yields totaling approximately 3,000 tonnes by Biolands in Tanzania	3,500 tonnes Organic and Fair for Life certified cocoa delivered by participating farmers	Farmer yields maintained; Biolands achieved Rainforest Alliance certification
	Increase cocoa production by Biounited in Sierre Leone from 290 tonnes in 2008/09 to 700 tonnes in 2009/10	1,300 tonnes cocoa delivered by participating farmers	40,000 farmers overall registered to become suppliers; Biounited achieved UTZ Certified certification
	Establish Biopartenaire business in Côte d'Ivoire	Biopartenaire entity established in 2010 and 10,400 farmers registered	10,400 farmers registered to become suppliers; Biopartenaire achieved UTZ Certified certification
Organic Cocoa Project – Brazil	Maintain level of approximately 100 participating farmers	88 participating farmers in 2009/10, as 20 withdrew due to challenge of maintaining organic practices on farms	73 participating farmers in 2010/11, as 15 withdrew due to challenge of maintaining organic practices on farms
	More than 6,000 ha certified organic, with expected 2009/10 production of 515 tonnes	About 7,900 ha certified organic and production of 538 tonnes in 2009/10	4,794 ha certified organic and production of 779 tonnes in 2010/11

Education	Our goals	Results 2009/10	Results 2010/11
Akoupé Secondary School – QPP – Côte d'Ivoire	In partnership with UCADA union and other stakeholders, execute plan for facilities to be used as a community learning center to serve hundreds of children, youth and adults by 2010/2011	Solid progress by NGO partners executing literacy and agricultural programs for out-of-school youth. Child labor sensitization activities conducted with union members; however, rollout to communities was delayed. New implementing partners identified and rollout foreseen for 2011	Sponsored construction of canteen and infirmary, and donations of books for school library and canteen equipment. Temporary program stoppage due to political crisis in Côte d'Ivoire following national elections in November 2010. Project targets shifted to 2011/12
Child labor sensitization activities – QPP – Côte d'Ivoire	Reach 5,000 farmers in child labor sensitization sessions in 2009/10	Sensitization programs on the Worst Forms of Child Labor were conducted with 604 farmer representatives from 41 coops. Participating farmers will in turn train other farmers in their respective cooperative	Temporary activity stoppage due to political crisis in Côte d'Ivoire following national elections in November 2010. Targets shifted to 2011/12
Promoting education and supporting rural schools – QPP – Côte d'Ivoire	Evaluate select QPP partner requests for community education support	Built 2 new rural primary schools with capacity for 150 pupils each, and teacher housing in San Pedro region, in partnership with 2 QPP member coops	Built 1 new rural primary school with capacity for 150 pupils, and teacher housing, in partnership with 1 QPP coop; identified 2 new QPP coops with whom to partner on rural school projects in 2011/12
	By 2010/11, double levels of educational support services from 710 kits in 2008/09	1,000 school kits distributed	845 school kits distributed
Winning Together! – Supporting education in cocoa communities – Ghana	Implementation of planned school renovations and improvements by end of 2010	Completed mutually agreed refurbishments including furniture, classroom and building renovations, access to electricity and water, and provision of books, teaching aids, computers and sports equipment	Projects completed
	Launch family scholarship program as part of 2010 Winning Together! For Ghana – Walk Around the World employee initiative	Funded 3-year scholarship program for 30 mothers and 60 children in 4 cocoa communities in Ghana, and distributed funding allocations to beneficiaries	In first year of scholarship program, 20 of 30 mothers reported continued quarterly income increases from their small businesses; 10 reported same level of income increase as in first quarter or a dip back to baseline figures
Supporting education in cocoa communities – Brazil	Expand Permacultura program to 1 to 3 more schools	Educational program was revised and renamed *Project Fazenda Cultural* (Cultural Farm Project – Learn to Grow), and is being executed in partnership with local development experts	Continuation of *Project Fazenda Cultural*; exploration of possible plantations on which to launch a similar program in 2011/12

Key challenges

- Political and economic uncertainties in Africa
- Ensuring effective operations and governance through established school management committee
- Identifying competent local partners for training and community engagement on child labor issues

Key challenges

- Cost of medical services
- Level of cultural acceptance for preventative health care measures

Health	Our goals	Results 2009/10	Results 2010/11
Improving access to basic health services – QPP – Côte d'Ivoire	By 2010/11, double levels of medical support services from 400 insecticide-treated mosquito nets and 400 medical kits in 2008/09	600 insecticide-treated mosquito nets distributed through 2010	670 insecticide-treated mosquito nets distributed through August 2011
Medical center in Goh village in San Pedro region – Côte d'Ivoire	Increase utilization of medical center to levels appropriate for region	Worked with local authorities to ensure compliance with health center specifications that could impact utilization, resulting in increased number of visits and services performed, though still below desired levels	Funded provision of an ambulance to address the logistical challenges that prevented seriously ill people or pregnant women from taking full advantage of the maternity home and medical services
	Improve functionality of solar panel system and water system, install lightning protection	Repaired or installed appropriate water, solar and lightning protection systems	Extended solar panel system to meet energy requirements of center
	Participate in observer capacity on medical center community steering committee	Continued participation as observer in community steering committee	Continued participation as observer in community steering committee

Quality Partner Program (QPP)/*Partenaire de Qualité* in Côte d'Ivoire

Barry Callebaut established its Quality Partner Program (QPP) for cocoa farmer cooperatives in 2005. The emphasis of the partnership program is on "quality" –

- improving the **quality** of cocoa farms through farmer training,
- improving the **quality** of cocoa beans supplied to Barry Callebaut through sound production, harvesting and post-harvest management techniques,
- improving the overall **quality** of life of cocoa farmers and their families by offering opportunities to earn more from higher yields and improved quality of crops, and through improved access to health care and education

Quality Partner Program (QPP) Objectives

- To raise cocoa farmer incomes by providing better market access and training to increase yields and improve quality
- To enable cooperatives to better serve their farmer members by providing business training and financing support
- To further advance farm productivity and increase income by providing cooperatives and farmers with access to new technologies and research developments, such as improved plant materials and post-harvest processing methods

We chose to work with cocoa farmer cooperatives because we believe they offer an efficient and cost-effective sourcing channel for Barry Callebaut and a beneficial structure for smallholder farmers in Côte d'Ivoire. Since launching the Quality Partner Program, we have adapted some of our initial performance targets to better match the capacities of our partners and the realities in the field. While some cooperatives and unions have demonstrated continuous improvement, others often struggle to reach targets during each crop season. Financing assistance is also needed by many cooperatives in order to support their farmer members and for operational purposes. This underscores the need for training to increase the professionalism and further develop the capacities of these organizations to serve their farmer members.

Challenges and achievements

QPP was set up as a long-term program with a focus on continuous improvement. The aim was to move partners up the pyramid from the base or starting level to the top level in three years. Meeting this goal proved challenging due to significant gaps in administrative and management skills in many of the farmer organizations. Further challenges included the limited knowledge by many participating farmers of proper agricultural practices and post-harvest management techniques, the lack of perceived incentives to produce quality cocoa, the poor condition of many farms, inadequate infrastructure, lack of financing options, and high levels of illiteracy.

We work with cooperatives to provide training opportunities to their farmer members. We also guide cooperatives on how to integrate quality standards into their business processes. In 2009/10, we supported 68 new Farmer Field Schools. These were regularly attended by 1,570 farmers from seven cooperatives, and resulted in yield improvements of 20% due to the implementation of improved farmer practices and training. In 2010/11, 1,710 farmers from QPP coops were trained in Farmer Field Schools.

Performance

We achieved significant increases in volumes and in the quality of cocoa delivered in the ramp-up of the program. Bean volumes grew from 39,690 tonnes in 2005/06 to a high of 61,379 tonnes in 2008/09. Volume decreased to 52,223 tonnes in 2009/10, reflecting the overall decline in production in Côte d'Ivoire during the main and mid crops, with some growing areas especially hard hit. In 2010/11, however, volumes began to rebound with 59,303 tonnes of cocoa delivered to SACO, our Ivo-rian subsidiary.

The percentage delivered of Grade I quality and Grade II quality beans increased from **23%** in 2005/06 to **33%** by 2009/10 and jumped to **45%** in 2010/11. Our aim is to work towards continuous improvement in this area.

Quality Partner Program – Partner Profiles

Privileged partner

Requirements	Benefits
More than 1,500 tonnes beans	All Level 1 and Level 2 benefits plus
50% of delivered beans are quality grade	Construction of school or medical center
Own warehouse, truck, computer, business system software	

Preferred partner

Requirements	Benefits
From 750 to 1,500 tonnes beans	All Level 1 benefits plus
30% of delivered beans are quality grade	Vaccination campaign
Own warehouse, truck	Drilling of water well

Recognized partner

Requirements	Benefits
From 250 to 750 tonnes beans	Farmer training
20% of delivered beans are quality grade	Cooperative management training
Own warehouse	Community social support activities, such as:
	– School kits
	– Medical kits
	– Treated mosquito nets
	– Christmas celebrations and gifts
	– Soccer tournaments

We continued our commitment to support cooperatives in their efforts to improve the livelihoods of their farmer members by contributing to training, education and healthcare initiatives. Further, we are working to further improve our monitoring and reporting procedures and processes to improve efficiency and effectiveness.

Quality Partner Program – Côte d'Ivoire – Performance Review

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Farmer training/cocoa sourcing						
Cooperatives	38	29	33	46	48	58
Farmers	30,000	32,000	40,000	42,000	39,793	41,871
Farmers trained in GAP	–	600	600	1,920	1,570	1,710
Bean volumes sourced (tonnes)	39,690	42,510	49,814	61,379	52,223	59,303
% Grade 1 and Grade 2 cocoa	23%	25%	33%	32%	33%	45%
Coops who moved up a QPP level	–	5	10	10	5	14
Health & education programs						
Mosquito nets distributed	–	–	250	400	500	670
Medical kits distributed	–	–	400	400	0	0
Water wells provided	–	–	1	3	2	3
School kits distributed	–	–	550	710	1,000	845
% coops who signed child labor charter	–	–	67%	98%	100%	100%
Farmers trained to be trainers on child labor issues	–	–	–	1,410	700	*

* Training deferred to 2011/12 due to political crisis

Launch of Quality Partner Program in Cameroon

Based on our successful experience in Côte d'Ivoire, we launched the Quality Partner Program in Cameroon, the fourth largest cocoa producer, in August 2010. Cocoa farmers in Cameroon face similar challenges as those in Côte d'Ivoire. We are building on what we have learned to create another win-win partnership with farmer cooperatives.

Four farmer organizations were selected for observation during the 2010/11 cocoa campaign. After an evaluation of the cooperatives based on community spirit, implementation of agricultural practices presented during farmer training, execution of supply contracts, bean quality delivered, and other criteria, the first two farmer organizations were invited to join the program at the first ("Recognized partner") level. Representing approximately 1,000 farmers, these cooperatives delivered 1,500 tonnes of cocoa of which 60% was export quality grade. Two other farmer organizations were invited to be candidates for partnership in 2011/12.

Quality Partner Program – Cameroon – Performance Review

	2010/11
Farmer training / cocoa sourcing	
Cooperatives	2
Farmers	1,000
Farmers trained in GAP	500
Bean volumes sourced (tonnes)	1,500
% Grade 1 and Grade 2 cocoa	60%
Coops who moved up a QPP level	0
Health & education programs	
Mosquito nets distributed	100
Medical kits distributed	0
School kits distributed	250
Farmers trained to be trainers on child labor issues	500

Focus area Environment

Conserving energy to reduce our impact on the environment

We share one planet, and need to make wise use of natural resources. Processing cocoa and making chocolate are energy-intensive activities, and transportation requirements – from the sourcing of raw materials to the delivery of finished products – are significant. As a responsible company, we want to contribute our part to reduce our impact on the environment.

Our commitment

Our Global Environmental Policy, launched in June 2008, focuses on managing the use of energy and reducing carbon emissions. Further, we are looking at ways to improve utilization of lighting, water and other resources at our facilities worldwide. Beyond complying with all relevant laws, rules and regulations in the countries where we operate, we continuously work to improve the energy performance in every plant. We create awareness and promote the active involvement and accountability of employees in our environmental footprint. We are investing in more energy-efficient equipment for chocolate production and, where possible, we are modifying our processes to become cleaner in energy.

In fiscal year 2008/09, we set a five-year target to reduce our overall energy consumption in our factories and facilities by 20%, reduce our carbon emissions by 20%, and increase our use of "green" energy by 20%. We also set goals to optimize the use of raw materials to reduce waste. In fiscal year 2010/11, we initiated additional energy management activities in all regions, and we are on track to achieve the targets as planned by 2014.

Key challenges

- Reducing carbon footprint in light of climate change
- Shrinking reserves and increasing fossil energy prices
- Adverse and extreme local weather conditions such as drought, flooding and wind in cocoa producing countries can temporarily disrupt operations in affected areas
- Speed of market development is determined by the price of energy, technological developments and legal/political target settings. Not all improvements are currently mature or economically viable.

Reducing energy consumption

We aim to reduce our overall energy consumption by 20% per tonne of production by 2014. We are working to reduce the use of electricity, gas and other energy through active management of continuous improvement processes in all sites; the identification, testing and rollout of best practices within the Group; and through the development of more mature energy management practices. With common processes and technology in place across the world, we can exchange and potentially implement innovative new ideas at all our sites. In 2010/11, our energy consumption per tonne went down by 11.8%, versus the 2008/09 baseline target of 10%.

Reducing CO_2 emissions

We aim to reduce the CO_2 emissions from our factories by 20% per tonne of production by 2014. Both the reduction of energy and the increase of renewable energy lead to an improvement in our carbon emission level. In addition, we strive to reduce carbon emissions from transport by optimizing the flow of raw materials and finished goods, the loads per truck, and similar measures. We are working to reduce emissions by such actions as performing the first product transformation in the origin countries, producing chocolate as geographically close as possible to the customer, and optimizing the transport of liquid chocolate deliveries. Increasing production in origin countries of cocoa liquor (55% of total production) resulted in an 18–20% reduction in transport weight (beans compared to liquor). In addition, liquid chocolate deliveries reduce the use of packaging materials.

Barry Callebaut participates in the Carbon Disclosure project to measure emissions using the Greenhouse Gas Protocol methodology. Results for fiscal year 2010/11 revealed a 9.8% decrease in emissions from 67 tonnes of CO_2/1,000 tonnes of production output in 2009/10 to 61 tonnes of CO_2/1,000 tonnes of production output in 2010/11.

Increasing the use of "green" energy

By 2014, we will ensure that 20% of the energy we consume is from renewable energy sources. This includes optimization of the use of cocoa shells as bio mass, investigation of production of green energy on our sites, and monitoring the share of renewable energy in the energy we buy.

Cocoa shell burning at factories in Ghana, Côte d'Ivoire, Cameroon and Brazil has reduced the gas or fuel consumption at those sites. We optimize the efficiency of existing shell burners to produce steam, and, in San Pedro, Côte d'Ivoire, we are working on the production of bio gas through the fermentation of cocoa shells. In addition, we are investigating the use of solar panels and wind turbines at selected sites.

Energy-saving benefits of burning cocoa shells

Barry Callebaut factory locations	Shells burned per year in tonnes	% factory steam requirements fulfilled from cocoa shell burning
Côte d'Ivoire	7,000	60–70%
Ghana	8,000	100%
Cameroon	5,000	70–80%
Brazil	5,000	90%

Our approach

In 2010/11, our approach to energy management comprised three integrated work streams and related activities. We conducted workshops with operations managers in all regions worldwide to identify energy-saving opportunities and to define immediate action steps and due dates. We named a coordinator to oversee the implementation of defined action steps and to measure the impact of these steps on our energy consumption.

Creating awareness across the company

- Target setting and incorporation into bonus targets
- Introduction of Key Performance Indicators (KPIs) with monthly reporting
- Implementation of energy management system
- Designation of energy management as one of the key areas in the Group's continuous improvement program
- Communication in the company news magazine distributed to employees worldwide
- Follow-up on the action plans at each site
- Identification and sharing of best practices
- Defined process for leak detection and repair

Optimization of processes

- Testing on the main energy consuming processing steps (e.g., conching, pressing, roasting) and defining more energy-efficient ways of working
- Improving output on existing equipment and lines
- Optimization of shut-down procedures
- Proper sizing of equipment
- Free cooling
- Improved insulation

Selective implementation of technology

- Installation of new breakers on roasting lines to reduce gas consumption by 25%
- Installation of new hydraulic groups on presses
- Installation of high-yield motors
- Economizers on boilers and roasters
- Heat recuperation on air compressors
- Fermentation of shells and waste to produce gas
- Use of solar panels for electricity and warm water

Energy management targets

- 20% reduction in energy consumed per tonne of product by 2014
- 20% reduction in carbon emissions per tonne of product by 2014
- 20% of energy consumed will be "green" by 2014

We expect to achieve our target goals through the following measures:

- We actively manage continuous improvement plans per site. Best practices are validated and roll-out plans are stimulated by regional and corporate management
- Energy reduction targets have been defined per site and have been included in the bonus objectives of all plant managers and regional operation directors
- New technologies such as new bean breakers or high-speed refining as well as optimized processes have been introduced in order to reduce the consumption of electricity and gas
- We installed an energy management system that allows us to monitor consumption closer to the cost drivers and to benchmark the different plants on a more detailed level

Focus area Employees

Supporting the development of our employees

Barry Callebaut is a performance-driven organization. Our business environment is demanding and constantly changing. We respect, recognize and reward employees who perform and live our corporate values. The most important resource we have is our employees – therefore we invest to make sure that they have the right skills, know-how about the business and deep understanding of our customers and their needs. Engaging and developing employees is the key to achieve sustainable growth throughout all regions.

As our growth continues around the world to new countries and cultures, our recognition that local differences in how business is done will make us even more successful. The talents of our diverse employees are an asset.

In order to maintain this market leadership position and to achieve our ambitious goals, we want to give all our employees the opportunity to further develop their skills and know-how – be it through job enrichment, short-term job assignments in other countries, lateral career moves to broaden skills and functional know-how, participation on strategic projects, or participation in our in-house Marbach Leadership Development programs.

Redesigned technical training programs in cocoa production were launched in 2010/2011 in both English and French to ensure that our employees in our plants around the world gain the necessary technical expertise for creating our high-quality cocoa products. Pilot trainings were completed in Louviers, France, and in Abidjan, Côte d'Ivoire. Adopting this approach in all our regions will allow all Barry Callebaut employees to further develop their capabilities and knowledge and, with that, their career opportunities at the company.

People development targets

- Filling 70% of key positions from within Barry Callebaut
- Roll-out of cocoa technical trainings to all four continents

Health and safety

Barry Callebaut is committed to providing employees with safe and healthy working conditions. Occupational health and safety training is conducted at all factory sites. A Health and Safety Policy and a process to monitor performance and the progress achieved at our factory sites is in place. The main objectives of the policy are to create awareness and promote the active involvement and accountability of employees on health and safety issues, and to comply with all relevant laws, rules and regulations in the countries where we operate.

Our areas of focus include machine safety, ergonomics, fire prevention and emergency response, personal protective equipment, internal transport and contractor management. Monitoring is done on a monthly basis and the system is audited regularly during site visits.

In fiscal year 2009/10, we overachieved our goal to reduce the frequency rate of lost-time accidents by 5% and underachieved our goal to reduce absenteeism because of accidents by 5%. In 2010/11, the frequency rate of accidents dropped by 30% and the seriousness rate dropped by 21%. Going forward, our goal is to continuously reduce recordable injury and lost-time accidents in every plant.

Employee support services

We provide a variety of support services to employees in cocoa growing countries where we have operations.

	Côte d'Ivoire Abidjan	Côte d'Ivoire San Pedro	Côte d'Ivoire Sinfra	Ghana Tema	Cameroon Douala	Brazil Extrema	Brazil Ilhéus	Mexico Monterrey	Malaysia Port Klang
Start year of operations	1964 (Cacao Barry)	1995	2000	2001	1952 (Cacao Barry)	2010	1999	2009	2008
Facilities[1]	SACO Vridi bean cleaning facility SACO Zone 4 Factory	Bean cleaning facility Factory	Bean cleaning facility	Factory	Factory	Factory (Chocolate)	Factory	Factory (Chocolate)	Factory
Employees as of August 31, 2011[2]	290	154	6	99	106	55	245	139	280
Doctor/nurse on site	Yes	Yes	–	Yes	Yes	Yes	Yes	Yes	–
Medical exams	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes[8]
Vaccinations	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	–	Yes
HIV/AIDS education and support	Yes	Yes	Yes	Yes[4]	Yes	Yes[7]	Yes[7]	–	–
Health insurance or other medical care support	Yes	Yes	Yes	Yes[5]	Yes	Yes	Yes	Yes	Yes
Warm meals on factory premises	Yes	Yes	–	Yes	Yes	Yes	Yes	–	Yes
Housing/home ownership opportunity	"Cité Saco I" – 102 homes (1998) "Cité Saco II" – 90 homes (2007)	"Cité Saco San Pedro" – 51 homes (2007)	–	Barry Village – 54 homes (2005)	–	–	–	–	Yes
Transportation to/from work site	Yes	Yes	–	Yes	–	Yes	Yes	–	Yes
Education support/ school fees	Yes	Yes	Yes	Yes[6]	Yes	Yes	Yes	–	Yes
Sports activities	Yes	Yes	–	Yes	Yes	–	Yes	Yes	Yes

1 Extrema and Monterrey sites are chocolate factories; all other factories produce semi-finished products (cocoa liquor, butter, powder)
2 Additional part-time and seasonal workers hired as warranted by production demands
3 Ghana – Hepatitis screening and vaccination
4 Ghana – HIV awareness program and free condom distribution as part of HIV prevention activities
5 Ghana – Payment of medical bills for employees, their spouses and children up to 18 years of age
6 Ghana – Full coverage of examination and textbook fees upon successful completion of approved courses; educational subsidies for children of employees aged 5 to 18
7 Brazil – Annual HIV training session only
8 Malaysia – Pre-employment medical exam

Looking ahead

Barry Callebaut is committed to working to ensure the sustainability of the cocoa supply chain. In many regions, this is an urgent issue due to aging trees, neglected farms and poor farming practices, among other factors. Through various programs and activities, we work to enable farmers to improve their skills and knowledge to grow healthy and productive cocoa crops.

We will continue to work to improve the child labor sensitization, education and health programs we initiated with local communities and implementation partners. We believe such programs contribute to strengthening cocoa farming communities.

Many consumers today are concerned about where, how and by whom the food they buy is produced. This has resulted in a heightened interest in certification schemes and labels, such as Fairtrade, UTZ Certified Cocoa Program, Rainforest Alliance, organic and others. We are committed to working with our customers to provide the cocoa or chocolate products from the countries or origin or with the certification labels they desire.

In 2011/12, we aim to continue our dialogue with stakeholders on key industry issues and to work with experienced and trusted partners to achieve greater positive impact through our corporate responsibility and sustainability programs and activities.

As the heart and engine of the chocolate industry, we are committed to taking the lead in empowering cocoa farmers, in becoming as energy-efficient as possible, and in developing our people.

Our values

Customer focus
Passion
Entrepreneurship
Team spirit
Integrity


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The CFO's view

Victor Balli
Chief Financial Officer

What were the major external challenges you faced this year?

Victor Balli, Chief Financial Officer (VB) This year, we faced several issues: a rather uncertain macroeconomic and financial environment, months of severe political crisis in Côte d'Ivoire combined with an export ban, high and volatile raw material costs and, of course, the strengthening of the Swiss franc. Fortunately, there were also some positive factors, such as the recovery of global chocolate consumption driven by emerging markets and the strong cocoa combined ratio.

What are the key learnings from the recent crisis situation in Côte d'Ivoire?

VB Most important: We were in constant, close contact with our local teams, which, with the support of the Group, were in the best position to assess risk and the appropriate strategies and actions. The situation also confirmed that while risk and cash management are important, when things really get tough, for example no working banking system in place, you need people and the will to make bold and fast decisions. While Côte d'Ivoire will remain an important cocoa bean sourcing and processing country for us, the crisis confirmed that our strategy of reducing our dependency on individual countries and regions is the right one.

How did the strengthening of the Swiss franc affect your operations?

VB We are organized in a way that we produce and sell locally, so there is a natural Foreign Exchange (FX) hedge for most cost items. Input costs in different currencies, such as cocoa beans, are hedged vs. the sales portfolio on a daily basis. With this approach, we basically eliminate all transactional FX exposure. However, with the Swiss franc being our reporting currency, there can be significant translation effects.

Why did you refinance the company this year, and can we expect lower financial expenses because of that?

VB In 2007, we refinanced the company just before the outbreak of the first financial crisis. This year, the average duration of our committed credit facilities dropped below 3.5 years; we carefully monitored the capital market and decided in spring that the timing for a major refinancing was attractive. Looking back, this seemed to be another good decision. We decided to shift some of our bank loans to the capital market to achieve a longer tenor and more balanced exposure. Average interest expenses will go up in the short term but, on the other hand, we have secured relatively low rates for a very long period.

You wanted to achieve investment grade for years, now that you have achieved it, what are your new targets?

VB We have received an investment grade rating from Moody's but not yet from Standard & Poor's. So there is still room for improvement. Second, in our capital intensive industry, balance sheet and cash flow discipline is and will remain important. In that sense, we have to consolidate our targets of net debt to EBITDA below 2, return on invested capital (ROIC) of at least 15%, return on equity (ROE) of more than 20% and free cash flow to net debt of above 25%.

Are you planning to increase the dividend payout or initiate a share buyback program?

VB A share buyback program is not an option for me, first because our free float is only 33% and would shrink even more; second, we still have many projects and ideas to further invest in our business over the next few years. A gradual potential increase in the dividend payout may be an option, but this is to be decided by the Board and the Annual General Meeting of Shareholders.

What impact does the divestment of the European Consumer Products business have on the Group?

VB Our operational setup will be simplified; our management will have more time to concentrate on the core business and we divested a business with weaker financial metrics. In financial terms, we will receive a significant cash injection but we also took a substantial write-off. Overall, I am happy that we completed this important and challenging project.

What is your outlook for fiscal year 2011/12?

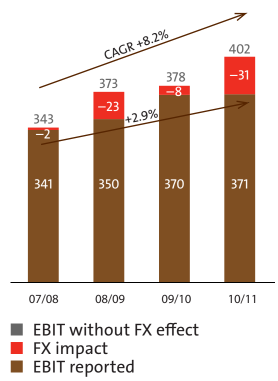
VB Personally, I am worried about the economies in Western Europe and the U.S. The financial industry is going through a period of fundamental change. At the same time, I am convinced that Barry Callebaut, with its entrepreneurial approach and focused strategy, will continue to outperform the markets.

Currency impact

FX transaction effect
Most of our operations are local, we do produce and sell locally. Most raw materials are bought locally as well. FX exposures from cocoa beans (in British pounds and U.S. dollars) are hedged on a daily basis. Therefore, we have very limited transactional currency exposures, and FX effects are minimal. Our sales from Switzerland represent only 1% of the total Group and only 3% of total costs are in Swiss francs.

FX translation effect
By translating our results (mainly EUR and USD) in Swiss francs, our reporting currency, there was a negative effect during the past years. See chart below (EBIT incl. discontinued operations).

In CHF million



Consolidated Income Statement

Explanatory comments to the Consolidated Financial Statements:
On July 8, 2011, the Group signed an agreement to sell its European Consumer Products business (Stollwerck) to Baronie Group in Belgium with closing of the transaction on September 30, 2011. Consequently, the results of this business are no longer included in the Group's financial performance figures for the continuing business. Instead, they are reported separately in the Consolidated Income Statement under the line "Net result from discontinued operations". Prior-year figures have been restated accordingly. In the Consolidated Balance Sheet, assets and liabilities related to the discontinued operation are reported under "Assets held for sale" and "Liabilities directly associated with assets held for sale". However, in accordance with IFRS 5, the comparative prior-year figures have not been restated in the Consolidated Balance Sheet. In accordance with IFRS 5, the Consolidated Statement of Cash Flows includes the cash flows from discontinued operations. Additional details related to the Income Statement, Balance Sheet and Cash Flow Statement of the discontinued operations can be found in note 26 to the Consolidated Financial Statements.

Sales volume grew strongly by 7.2% from 1,209,654 tonnes to 1,296,438 tonnes. All Regions contributed to this growth as did all Product Groups.

Revenue from sales and services grew by 0.7% from CHF 4,524.5 million to CHF 4,554.4 million. The positive impact from the volume growth was almost entirely offset by extraordinarily high foreign currency translation effects as most currencies weakened against the Group's reporting currency, the Swiss franc. Adjusted for these effects, revenues from sales and services grew by 13.3%, driven by the volume increase as pointed out above and by higher raw material prices that could be passed on to customers.

Gross profit grew by 1.5% to CHF 659.0 million from CHF 649.5 million in prior year. Gross profit was negatively affected by significant translation effects due to the strong Swiss franc but the strong volume growth more than compensated for these effects. In local currencies, gross profit grew by 11.4%. Gross profit in relation to revenue from sales and services edged up to 14.5% from 14.4% in the prior year. Gross profit per tonne decreased by 5.3% to CHF 508.3 from CHF 537.0 the year before. This is the result of the above-mentioned translation effects, without which gross profit per tonne would have grown by 3.9%.

Marketing and sales expenses amounted to CHF 88.1 million, down by 7.4% compared to last year (CHF 95.1 million). Additional costs related to acquisitions, the further expansion of the gourmet business and the growth in sales were more than compensated for by positive foreign currency effects and, to a lesser extent, by cost-saving measures. The group continued to pursue its strategy of further strengthening its relationship with customers.

General and administration expenses increased slightly to CHF 219.4 million from CHF 217.7 million. The effects from growth and acquisitions and the strengthening of the Gourmet organization were almost entirely offset by positive effects from currency translation and cost savings.

Other income of CHF 19.5 million was recorded compared to CHF 17.5 million in the prior year. In both years, this position included operating but non-sales-related income items, such as gains on disposals of assets, sales of waste products, income generated by the Group's Training Center, Schloss Marbach, income from the reversal of unused accruals and provisions and claims related to insurance companies and suppliers.

Other expenses amounted to CHF 10.5 million compared to CHF 13.0 million in the prior year. This position comprises restructuring costs, litigation, claims and severance payments, impairment charges and losses on sales of property, plant and equipment as well as some other non-recurring items.

Operating profit (EBIT) increased by 5.7% to CHF 360.6 million, compared to CHF 341.1 million in the prior year. Excluding the impact from foreign currency translation, the EBIT growth amounted to 15.3%. All Regions and Product Groups contributed positively to EBIT and EBIT growth, the latter with the exception of Region Americas. The biggest absolute contribution to EBIT came from Region Europe in terms of geography and from Food Manufacturers Products in terms of Product Groups. The biggest contributions to EBIT growth came from Global Sourcing & Cocoa. EBIT per tonne receded slightly to CHF 278.1 from CHF 282.0 due to currency translation effects. Global Sourcing & Cocoa benefited from a positive combined cocoa ratio effect.

Financial income amounted to CHF 1.4 million, down from CHF 2.0 million in the preceding year mainly as a result of lower interest income.

Financial expenses were up slightly at CHF 74.4 million compared to CHF 73.0 million in the prior year. The increase in interest expenses and structuring fees in light of the debt restructuring in July 2011 were largely offset by lower losses on derivatives and foreign exchange transactions.

Result from investment in associates and joint ventures amounted to CHF 1.2 million compared to CHF –0.2 million in the year before 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 decreased from CHF 32.4 million in prior year to CHF 29.8 million, despite a higher profit before income taxes. This is the result of a favorable change of the tax mix and a structural change in light of the disposal of the European Consumer Products business leading to a decrease of the Group's effective tax rate to 10.3% compared to 12.0% the year before.

Net profit for the year from continuing operations amounted to CHF 258.9 million, a strong growth of 9.0% compared to CHF 237.5 million in prior year. In local currencies, the increase amounted to 19.8%. This is the result of the higher operating result in combination with lower income taxes.

Net result from discontinued operations (i.e. result from the discontinued European Consumer Products business) amounted to CHF –82.1 million. This loss resulted from an operating profit of the discontinued operations of CHF 10.3 million in combination with an impairment charge on assets of CHF –47.2 million, cumulative foreign exchange effects of CHF –12.0 million thereon, transaction and separation costs related to the disposal in the amount of CHF –16.8 million and financial and income tax expenses of CHF –16.5 million. The prior-year net profit from discontinued operations amounted to CHF 14.3 million.

Net profit for the year (including discontinued operations) amounted to CHF 176.8 million, compared to CHF 251.7 million in prior year. The reduction is attributable to the high non-recurring loss of CHF –82.1 million for the discontinuation of the Consumer Products business. Net profit for the year attributable to the shareholders of the parent company amounted to CHF 177.6 million, compared to CHF 251.2 million in the preceding year.

Basic earnings per share (from continuing operations) increased by 9.7% to CHF 50.29, up from CHF 45.86 last year. **Cash earnings per share,** defined as operating cash flow before working capital changes divided by basic shares outstanding, amounted to CHF 87.25, almost at the prior-year level of CHF 88.60.

Consolidated Balance Sheet and financing structure

Total assets at the end of August 2011 amounted to CHF 3,263.1 million, which represents a decrease of CHF 307.7 million or 8.6% compared to the prior year's amount of CHF 3,570.8 million. This is mainly the result of the positive impact from currency translation effects and operational improvements related to working capital management, which more than offset the impact from the growth of the business.

Net working capital was further reduced during this fiscal year by CHF 76.8 million or 8.0% to CHF 888.1 million at the end of August 2011 compared to CHF 964.9 million at the end of the prior year. This is mainly the result of the favorable impact from foreign currency translation, and operational improvements and the effect from the discontinuation of the European Consumer Products business, since the related working capital has been reclassified as assets held for sale. On the other hand, these positive effects were partly offset by the effects of the volume growth and high raw material prices and there was still a negative effect from higher (safety) inventory resulting from the crisis in Côte d'Ivoire.

Net debt at August 31, 2011 amounted to CHF 789.8 million, a decrease of CHF 81.0 million versus CHF 870.8 million in prior year. This is mainly the result of currency effects due to the strong Swiss franc, supported by lower financing needs due to the reduced working capital for the continuing operations as mentioned above. The weighted average maturity of the Group's total debt portfolio including undrawn committed facilities increased from 5 to 7 years as a result of the refinancing project and related bond issuance in June 2011.

Equity – including equity attributable to the shareholders of the parent company and non-controlling interests – amounted to CHF 1,216.8 million. This represents a decrease of CHF 86.4 million or 6.6% compared to the CHF 1,303.2 million at the end of August 2010. Equity attributable to the shareholders of the parent company amounted to CHF 1,217.1 million compared to last year's CHF 1,302.3 million. The decline was triggered by currency translation effects and the share capital reduction in lieu of a dividend which were only partly compensated for by the net profit for the year.

Despite the aforementioned overall reduction of equity, the debt-to-equity ratio improved from 66.9% to 64.9% and the solvency ratio improved from 36.5% to 37.3%. The return on invested capital (ROIC) from continuing operations increased to 15.5% from 14.8% in the prior year.

Consolidated Cash Flow Statement

Operating cash flow before working capital changes amounted to CHF 450.7 million, which is almost at the same level as the prior year's amount of CHF 457.8 million. Cash outflow for working capital changes amounting to CHF 179.8 million was also close to the prior-year level of CHF 177.0 million. The effect of higher inventories as a result of the business growth and higher raw material prices was largely offset by currency translation impacts as a result of the strong Swiss franc. Cash outflow for interest and taxes was slightly lower than in prior year, partly due to currency effects. Overall, this resulted in a moderate decline in the **Net cash flow from operating activities** to CHF 172.8 million compared to CHF 177.7 million the year before.

Net cash flow from investing activities amounted to CHF –182.8 million, compared to CHF –156.1 million in the preceding year. This year's amount included the cash outflow of CHF –16.1 million for the acquisition of a business in Mexico and was also affected by higher investments in software and other intangible assets. The biggest outflow in both years, however, related to capital expenditures for operations such as capacity expansions, replacements, modernizations and information technology (CHF –144.6 million in the current and CHF –145.1 million in the prior year). The position also includes proceeds from the sale of assets (CHF 4.9 million in the current and CHF 19.6 million in the prior year) as well as some other minor items.

Net cash flow from financing activities amounted to CHF 33.2 million compared to CHF –23.0 million in prior year. This position mainly includes the net proceeds from the issue of new debt in the amount of CHF 114.7 million (in prior year CHF 47.4 million), the repayment of share capital of CHF –72.3 million (in prior year CHF –64.6 million) and the net purchase of treasury shares in the amount of CHF –9.0 million (prior year CHF –5.7 million).

Consolidated Income Statement

for the fiscal year ended August 31,		2010/11	2009/10
in thousands of CHF	Notes		restated[1]
Revenue from sales and services		**4,554,363**	**4,524,544**
Cost of goods sold		(3,895,362)	(3,874,997)
Gross profit		**659,001**	**649,547**
Marketing and sales expenses		(88,145)	(95,143)
General and administration expenses		(219,362)	(217,730)
Other income	6	19,518	17,456
Other expenses	7	(10,454)	(13,030)
Operating profit (EBIT)		**360,558**	**341,100**
Financial income	8	1,359	2,021
Financial expenses	9	(74,415)	(72,997)
Result from investments in associates and joint ventures	17	1,168	(225)
Profit before income taxes		**288,670**	**269,899**
Income tax expenses	10	(29,786)	(32,447)
Net profit from continuing operations		**258,884**	**237,452**
Net result from discontinued operations, net of tax	26	**(82,134)**	**14,291**
Net profit for the year		**176,750**	**251,743**
of which attributable to:			
– shareholders of the parent company		177,606	251,226
– non-controlling interest		(856)	517
Earnings per share from continuing and discontinued operations			
Basic earnings per share (CHF/share)		34.39	48.62
Diluted earnings per share (CHF/share)		34.23	48.47
Earnings per share from continuing operations[2]	11		
Basic earnings per share (CHF/share)		50.29	45.86
Diluted earnings per share (CHF/share)		50.07	45.71

1 Due to the discontinuation of the European Consumer Products business, certain comparatives have been restated to conform with the current period's presentation. See discontinued operations – note 26

2 Based on the net profit for the year attributable to the shareholders of the parent company excluding the net result from discontinued operations

Consolidated Statement of Comprehensive Income

for the fiscal year ended August 31,		2010/11	2009/10
in thousands of CHF	Notes		
Net profit for the year		**176,750**	**251,743**
Cash flow hedges	14	13,869	(3,580)
Tax effect on cash flow hedges		(4,739)	1,585
Currency translation differences		(199,114)	(138,026)
Other comprehensive (loss)/income for the year, net of tax		**(189,984)**	**(140,021)**
Total comprehensive income for the year		**(13,234)**	**111,722**
of which attributable to:			
– shareholders of the parent company		(12,182)	111,309
– non-controlling interest		(1,052)	413

Consolidated Balance Sheet

Assets

as of August 31,		2011	2010
in thousands of CHF	Notes		
Current assets			
Cash and cash equivalents		41,977	17,360
Short-term deposits		433	750
Trade receivables and other current assets	12	462,787	587,380
Inventories	13	1,065,653	1,186,231
Current income tax assets		2,099	2,760
Derivative financial assets	14	245,924	370,580
Assets held for sale	26	235,841	–
Total current assets		**2,054,714**	**2,165,061**
Non-current assets			
Property, plant and equipment	15	655,846	830,866
Investments in associates	17	4,041	3,479
Intangible assets	18	465,905	512,494
Deferred income tax assets	19	76,724	51,361
Other non-current assets		5,901	7,586
Total non-current assets		**1,208,417**	**1,405,786**
Total assets		**3,263,131**	**3,570,847**

Liabilities and equity

as of August 31,		2011	2010
in thousands of CHF	Notes		
Current liabilities			
Bank overdrafts	20	17,327	13,466
Short-term debt	20	129,970	175,938
Trade payables and other current liabilities	21	657,167	769,537
Current income tax liabilities		70,165	41,968
Derivative financial liabilities	14	143,536	371,059
Provisions	22	7,450	15,558
Liabilities directly associated with assets held for sale	26	222,509	–
Total current liabilities		**1,248,124**	**1,387,526**
Non-current liabilities			
Long-term debt	23	684,960	699,516
Employee benefit obligations	24	47,874	105,114
Provisions	22	5,398	5,861
Deferred income tax liabilities	19	50,105	58,721
Other non-current liabilities		9,827	10,946
Total non-current liabilities		**798,164**	**880,158**
Total liabilities		**2,046,288**	**2,267,684**
Equity	25		
Share capital		125,114	197,494
Retained earnings and other reserves		1,092,004	1,104,787
Total equity attributable to the shareholders of the parent company		**1,217,118**	**1,302,281**
Non-controlling interest		(275)	882
Total equity		**1,216,843**	**1,303,163**
Total liabilities and equity		**3,263,131**	**3,570,847**

Consolidated Cash Flow Statement

Cash flows from operating activities

for the fiscal year ended August 31,		2010/11	2009/10
in thousands of CHF	Notes		
Profit before income taxes from continuing operations		288,670	269,899
(Loss)/profit before income taxes from discontinued operations	26	(76,605)	19,186
Adjustments for:			
Depreciation of property, plant and equipment	15	70,045	77,861
Amortization of intangible assets	18	22,009	22,428
Impairment of property, plant & equipment	15	1,973	–
Impairment of intangible assets		59,041	–
Loss/(gain) on sale of property, plant and equipment, net		445	(6,152)
Foreign exchange loss/(gain)		8,670	(15,852)
Fair value (gain) on derivative financial instruments		(13,751)	(58,016)
Fair value loss on inventories		–	77,535
Write-down of inventories		11,043	4,768
Increase (decrease) of bad debt allowance		(1,139)	(1,384)
Increase (decrease) of provisions		1,619	2,615
Increase (decrease) of employee benefit obligations		(822)	(6,078)
Equity-settled share-based payments	4, 24	8,380	5,716
Result from investments in associates and joint ventures		(1,168)	225
(Interest income)	8	(1,275)	(2,021)
Interest expenses	9	73,533	67,061
Operating cash flow before working capital changes		**450,668**	**457,791**
(Increase) decrease in trade receivables and other current assets		(63,436)	(24,513)
(Increase) decrease in inventories		(191,059)	(143,387)
Increase (decrease) in trade payables and other current liabilities		82,423	2,025
Use of provisions		(7,732)	(11,151)
Cash generated from operations		**270,864**	**280,765**
(Interest paid)		(57,079)	(62,221)
(Income taxes paid)		(41,030)	(40,800)
Net cash flow from operating activities		**172,755**	**177,744**

Consolidated Cash Flow Statement

Cash flows from investing activities

for the fiscal year ended August 31,		2010/11	2009/10
in thousands of CHF	Notes		
Purchase of property, plant and equipment	15	(113,311)	(119,258)
Proceeds from sale of property, plant and equipment		4,406	19,580
Purchase of intangible assets	18	(60,502)	(25,850)
Proceeds from sale of intangible assets		480	–
Acquisition of businesses, net of cash acquired	1	(16,073)	(36,199)
Proceeds from disposal of financial assets		8	–
Proceeds from sale of short-term deposits		193	1,309
Sale/(Purchase) of other non-current assets		625	(141)
Proceeds from sale of other non-current assets		–	2,453
Interest received		1,273	1,986
Dividends received		83	–
Net cash flow from investing activities		**(182,818)**	**(156,120)**

Cash flows from financing activities

for the fiscal year ended August 31,		2010/11	2009/10
in thousands of CHF	Notes		
Proceeds from the issue of short-term debt		122,462	112,546
Repayment of short-term debt		(81,005)	(136,198)
Proceeds from the issue of long-term debt		312,215	151,820
Repayment of long-term debt		(239,022)	(80,750)
Capital reduction and repayment	25	(72,317)	(64,619)
Purchase of treasury shares	25	(9,044)	(5,988)
Sale of treasury shares		–	307
Dividends paid to non-controlling interests	25	(105)	(120)
Net cash flow from financing activities		**33,184**	**(23,002)**
Effect of exchange rate changes on cash and cash equivalents		(2,365)	617
Net increase (decrease) in cash and cash equivalents		**20,756**	**(761)**
Cash and cash equivalents at beginning of year		3,894	4,655
Cash and cash equivalents at end of year		24,650	3,894
Net increase (decrease) in cash and cash equivalents		**20,756**	**(761)**
Cash and cash equivalents		41,977	17,360
Bank overdrafts		(17,327)	(13,466)
Cash and cash equivalents as defined for the cash flow statement		**24,650**	**3,894**

Consolidated Statement of Changes in Equity

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, 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/repayment (note 25)	(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**
Currency translation adjustments					(198,918)	(198,918)	(196)	(199,114)
Effect of cash flow hedges (note 14)				13,869		13,869		13,869
Taxes recognized in equity (note 14, 19)				(4,739)		(4,739)		(4,739)
Other comprehensive income, net of tax				**9,130**	**(198,918)**	**(189,788)**	**(196)**	**(189,984)**
Net profit for the year			177,606			177,606	(856)	176,750
Total comprehensive income for the year			**177,606**	**9,130**	**(198,918)**	**(12,182)**	**(1,052)**	**(13,234)**
Capital reduction/repayment (note 25)	(72,380)		63			(72,317)		(72,317)
Movements of non-controlling interest (note 25)						–	(105)	(105)
Purchase of treasury shares		(9,044)				(9,044)		(9,044)
Sale of treasury shares		–	–			–		–
Equity-settled share-based payments		4,697	3,683			8,380		8,380
As of August 31, 2011	**125,114**	**(7,538)**	**1,560,265**	**2,143**	**(462,866)**	**1,217,118**	**(275)**	**1,216,843**

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, 2011, Barry Callebaut's market capitalization based on issued shares was CHF 3,955.1 million (August 31, 2010: CHF 3,632 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.11% of the shares issued (August 31, 2010: 50.11%).

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 artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers and products for vending machines. The Group offers a broad and expanding range of chocolate and other cocoa-based products with numerous recipes. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing. The Group is fully vertically integrated along the entire value chain: from sourcing of raw materials to finished products on the shelf.

The principal brands under which the Group operates are Barry Callebaut, Callebaut, Cacao Barry, Carma, Van Leer and Van Houten for chocolate products; Barry Callebaut, Bensdorp, Van Houten and Chadler for cocoa powder and Bensdorp, Van Houten, Caprimo, Le Royal and Ögonblink for vending mixes.

The principal countries, in which the Group operates, include Belgium, Brazil, Cameroon, Canada, China, Côte d'Ivoire, France, Germany, Ghana, 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, for related hedged items and for defined benefit obligation that is accounted for according to the projected unit credit method.

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 in the following table:

Note 1	Acquisitions – Fair value measurement
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
Note 26	Discontinued operations and assets held for sale and liabilities directly associated with assets held for sale – Valuation of assets

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 interests are shown as a component of equity in the balance sheet and the share of the net profit attributable to non-controlling interest is shown as a component of the net profit for the period in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the acquisition method. Subsidiaries disposed of are included up to the effective date of disposal.

All intragroup balances and unrealized gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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 de-recognizing the non-controlling interest and records instead of 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

	2010/11		2009/10	
	Closing rate	Average rate	Closing rate	Average rate
EUR	1.1576	1.2682	1.2925	1.4482
GBP	1.3074	1.4643	1.574	1.6561
USD	0.8037	0.9128	1.021	1.0578

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 Group's purchasing and sourcing center frequently buys and sells cocoa beans for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. The practice of net cash settlement of cocoa purchase and sale contracts results in these contracts qualifying as derivative financial instruments.

The Group is exposed to the cocoa price risk resulting from its cocoa bean stocks and semi-finished cocoa products (both included in inventory), forecasted chocolate sales and cocoa forward contracts. In accordance with its risk management policies, the Group therefore hedges its exposure to the cocoa price risk applying fair value hedge accounting.

Furthermore, the Group hedges its exposure to foreign exchange risk and interest rate risk arising from operational, financing and investment transaction.

Derivative financial instruments are accounted for at fair value with fair value changes recognized in the income statement.

Hedge accounting

The operating companies require cocoa beans and semi-finished cocoa products for manufacturing and selling of their products. Thus, the Group is exposed to the cocoa price risk on the purchase side due to increasing cocoa prices, on the sales side and inventory held to decreasing cocoa prices. The Group therefore applies hedge accounting to hedge its fair value risk on inventory and uses commodity futures and forward contracts to manage cocoa price risks (Contract Business – see risk management note 27).

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 identified portion of such an asset or liability, 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.

For cocoa inventory which is in excess of the cocoa component within sales contracts, a fair value hedge relationship is established. In this hedge relationship, the cocoa inventory is designated as hedged item and the short future contracts are designated as hedging instruments. When cocoa inventory is designated as a hedged item, the subsequent cumulative change in the fair value of the cocoa inventory attributable to the hedged risk is adjusting the carrying amount of the hedged item (change of inventory cost value) with a corresponding gain or loss in the income statement. The hedging instrument is recorded at fair value under "Derivative financial assets" or "Derivative financial liabilities" and the changes in the fair value of the hedging instrument are also recognized in the income statement.

For foreign currency exchange risks related to the firm sales commitments of industrial chocolate (Contract Business), fair value hedge accounting is 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

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. 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

Short-term and 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: at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as at fair value through profit or loss. All other financial assets, excluding loans and receivables, are classified as available-for-sale.

All purchases and sales of financial assets are recognized on the trade date. Financial assets are recognized when the Group becomes a party to the contractual provisions and are initially measured at fair value, which is the consideration given for them, plus transaction costs in the case of financial assets and liabilities not at fair value through profit or loss. Available-for-sale and fair value through profit or loss investments are subsequently carried at fair value by reference to their quoted market price at the balance sheet date, without any deduction for transaction costs that the Group may incur on their sale or other disposal.

Gains or losses on measurement to fair value of available-for-sale investments are included directly in equity until the financial asset is sold, disposed of or impaired, at which time the gains or losses are recognized in net profit or loss for the period.

Financial assets are derecognized, using the weighted average method, when the Group loses control of the contractual rights to the cash flows of the assets or when the Group sells or otherwise disposes of the contractual rights to the cash flows, including situations where the Group retains the contractual rights but assumes a contractual obligation to pay the cash flows that comprise the financial asset to a third party. Such control is lost when the rights and benefits specified in the contract are realized, expired, or are surrendered.

Intangible assets

Goodwill

Goodwill on acquisitions is the excess of acquisition-date fair value of total consideration transferred plus the recognized amount of any non-controlling interest in the acquiree and the acquisition-date fair value of assets acquired, liabilities and contingent liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill is recognized directly in the income statement. At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of the cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Research and development costs

Research costs are expensed as incurred, 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 eight years (prior year: 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.

Borrowing costs

Borrowing costs related to the acquisition, construction, or production of a qualifying asset are capitalized in accordance with IAS 23. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are stated as assets of the Group at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs are charged to the income statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under an operating lease are charged to the income statement on a straight-line basis over the term of the lease.

Financial liabilities

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 benefit obligations".

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 expenses". Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen.

Income taxes are calculated in accordance with the tax regulations in effect in each country.

The Group recognizes deferred income taxes using the balance sheet liability method. Deferred income tax is recognized on all temporary differences arising between the tax values of assets and liabilities and their values in the consolidated financial statements. Deferred income tax assets are recognized to the extent it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax assets and liabilities are calculated using tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenues from sales and services consist of the net sales turnover of semi-processed and processed goods and services related to food processing.

Revenues from the sale of goods are recognized when the significant risks and rewards of ownership of the goods have been transferred to the buyer, which is mainly upon shipment. Appropriate provisions are made for all additional costs to be incurred in connection with the sales including the cost of returns. Additionally, gains and losses related to derivative financial instruments used for hedging purposes are recognized in revenues in accordance with the policies set out in this section.

Revenues and costs related to trading of raw materials, which are fair valued, are netted. Interest income is recognized as it accrues on an effective yield basis, when it is determined that such income will flow to the Group. Dividends are recognized when the right to receive 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 Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee.

Discontinued operations

Discontinued operations are separately disclosed, if a component of an entity either has been disposed of, or is classified as, held for sale. A component of an entity represents a major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. A component of an entity can be clearly distinguished operationally and for financial reporting purposes, from the rest of the entity. Discontinued operations are separately disclosed from the continued operations in the consolidated income statement. Prior-year financial figures related to the income statement are adjusted accordingly (as if the operation had been discontinued as from the start of the comparative year) and also separately disclosed. Related assets are presented on the balance sheet under "Assets held for sale" and related liabilities under "Liabilities directly associated with assets held for sale", whereas in accordance with IFRS 5, no prior-year restatement has been made for these positions. Cash flow information related to discontinued operations are disclosed separately in the notes.

Changes in accounting policies

In line with the Group's strategy of increased sourcing in the origin countries, the Group modified its accounting model used for inventory valuation. The new accounting policy is introduced prospectively as from fiscal year 2010/11 and prior-year figures were not restated in accordance with IFRS. In the revised accounting model, the broker-trader exemption is no longer applied whereas in prior year, Barry Callebaut applied the broker-trader exemption in accordance with IAS 2.5 for the Contract Business and therefore measured its inventories at fair value less costs to sell. 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 hedged firm commitments previously fair valued under the fair value hedge accounting model with regard to the sales price risk of its raw material components including cocoa and non-cocoa components such as dairy, sweeteners and nuts, are no longer fair valued in the new model, but carried as executory contracts off-balance sheet.

The modification primarily affects the amounts recognized for inventories and firm sales commitments on the balance sheet and the allocation of the amounts between cash flow positions "Fair value (gain) loss on hedged firm commitments" and "Fair value (gain) loss on inventories" resulting in a shift between line items within operating cash flow.

At August 31, 2010, balance sheet included inventories carried at fair value in the amount of CHF 941.8 million, whereas in the balance sheet at August 31, 2011, the inventories are carried at lower of cost or net realizable value in the amount of CHF 1,065.7 million. In fiscal year 2009/10, the firm sales commitments were hedged, therefore a fair value gain/loss was included in the balance sheet amounting to CHF 56.9 million. In fiscal year 2010/11, fair value hedge accounting for the commodity price risk components of firm sales commitments was terminated.

Changes in accounting estimates

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 fiscal year 2010/11 by CHF 2.2 million, which is accounted for as a change in estimates in accordance with IAS 8.

Amended International Financial Reporting Standards and Interpretations which became effective for this financial year

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. 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 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. 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-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. 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/July 1, 2010)
Several standards have been modified on miscellaneous points. No material impacts on the Group's consolidated financial statements were identified.

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, 2011, but the Group has not early adopted them:

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 examples securitizations), including the possible effects of any risks that remain with the entity that transfers 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 and financial liabilities.

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.

For a financial liability designated as at fair value through profit or loss using the fair value option, the charge in the liability's fair value attributable to charges in the liability's credit risk is recognized directly in other comprehensive income, unless it creates or increases an accounting mismatch.

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.

IFRS 10 – Consolidated Financial Statements (effective January 1, 2013)
IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are in the scope of SIC-12. The consolidation procedures are carried forward from IAS 27. The potential impacts on the Group's consolidated financial statements were not yet fully assessed.

IFRS 11 – Joint Arrangements (effective January 1, 2013)
This standard establishes principles for financial reporting by parties to a joint arrangement. This standard principally addresses two aspects: first, that the structure of the arrangement was the only determinant of the accounting and, second, that an entity had a choice of accounting treatment for interests in jointly controlled entities. IFRS 11 improves on IAS 31 by establishing principles that are applicable to the accounting for all joint arrangements. The potential impacts on the Group's consolidated financial statements were not yet fully assessed.

IFRS 12 – Disclosure of Interests in Other Entities (effective January 1, 2013)
This standard addresses the need for improved disclosure of a reporting entity's interests in other entities when the reporting entity has a special relationship with those other entities. The standard integrates and makes consistent the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities and present those requirements in a single IFRS as it was observed that the disclosure requirements of IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures overlapped in many areas. The potential impacts on the Group's consolidated financial statements were not yet fully assessed.

IFRS 13 – Fair Value Measurement (effective January 1, 2013)
This standard defines fair value, sets out in a single IFRS a framework for measuring fair value, and requires disclosures about fair value measurements. 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.

Interpretations and amendments to existing standards, not yet effective and not relevant for the Group's operations

IAS 24 – Related party disclosures (effective January 1, 2011)
The revised standard simplifies the disclosure 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).

IAS 12 – Income Taxes (effective January 1, 2012)
The amendments provide an exception to the general principle in IAS 12 that the measurement of the deferred tax asset and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset. The changes mainly refer to investment properties measured at fair value with no impact on the Group's Consolidated Financial Statements as the Group does not have investment properties measured at fair value.

Improvements for IFRS (effective January 1, 2011)
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, 2011.

Notes to the Consolidated Financial Statements

Changes in the scope of consolidation

During the fiscal year 2010/11, the scope of consolidation changed due to the following acquisition/business combination.

1 Acquisitions in 2010/11

Acquisition of a chocolate manufacturing business in Mexico from Turín

On June 24, 2011, the Group entered into a long-term Chocolate and Compound Manufacturing and Supply Agreement with the Mexican chocolate and compound food service distributor Turín and purchased the necessary properties, equipments and inventories for the production. In addition, the staff necessary to meet the contractual obligations was also taken over by the Group. Based on IFRS 3 Business Combinations, this transaction qualifies as a business combination.

At the same time, the Group entered into a distribution agreement with Turín whereby Turín became the exclusive distributor of the gourmet products of the Group in the Mexican market. With this agreement, the Group intends to increase its share in the growing Mexican chocolate market.

The consideration was fully paid in cash in June and July 2011. The agreements did not contain any elements of a contingent consideration.

The Group expensed acquisition-related costs, such as fees for valuation and lawyers, of CHF 0.2 million over the course of the project immediately in the Consolidated Income Statement (included in "General and administration expenses"), all being recognized in the current fiscal year.

in thousands of CHF	2010/11
Recognized amounts of identifiable assets acquired	
Property, plant and equipment	11,343
Deferred income tax assets	616
Total identifiable net assets	**11,959**
Goodwill	4,114
Total consideration at fair value	**16,073**

The goodwill of CHF 4.1 million arising from the acquisition is attributable to the skills and technical talents of the work force taken over, synergies expected to be achieved from integrating the business and the acquired site into the Group's existing business and footprint. It also reflects economies of scale expected from combining the operations of the Group and the new business and the expected mutual good business relationship with Turín, one of the leading chocolate and compound food service distributor in the Mexican market. None of the goodwill recognized is expected to be deductible for income tax purposes. The goodwill is allocated to Region Americas.

The acquisition of the business impacted the Group's Consolidated Income Statement since June 24, 2011, with CHF 2.0 million on revenue level and CHF 0.0 million on net profit level.

Had the Turín Business been part of the Group since September 1, 2010, it would have contributed revenue of CHF 28.9 million and net profit for the year of CHF 1.0 million to the Consolidated Income Statement.

Finalization of acquisition accounting for Chocovic Group acquired in 2009/10

The initial accounting for the acquisition of Chocovic Group in fiscal year 2009/10 has been completed in the period under review. The finalization of purchase accounting of the defined benefit obligation upon receipt of the actuarial valuation did not lead to any adjustment.

Acquisitions in 2009/10

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:

in thousands of CHF	2009/10
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.

in thousands of CHF	2009/10
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.

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 of August 31, 2010, as there has been no change in the range of outcomes or assumptions used to develop the estimate of the liability.

Financial information by reportable segments

in thousands of CHF	Europe		Americas		Asia-Pacific	
	2010/11	2009/10[1]	2010/11	2009/10[1]	2010/11	2009/10[1]
Revenues from external customers	2,241,321	2,366,867	978,855	987,624	221,870	207,457
Revenues from transactions with other operating segments of the Group	136,433	91,587	–	–	–	–
Net revenue	**2,377,754**	**2,458,454**	**978,855**	**987,624**	**221,870**	**207,457**
Operating profit (EBIT)	**242,981**	**236,895**	**71,921**	**89,320**	**24,937**	**20,292**
Depreciation and amortization	(29,459)	(28,993)	(13,471)	(15,676)	(4,846)	(5,262)
Impairment losses	(113)	–	–	–	–	–
Total assets	**1,045,202**	**1,443,612**	**508,766**	**593,921**	**98,796**	**114,038**
Additions to property, plant, equipment and intangible assets	(48,480)	(48,997)	(46,796)	(41,706)	(2,516)	(4,274)

1 Due to the discontinuation of the European Consumer Products business, certain comparatives have been restated to conform with the current period's presentation. See discontinued operations – note 26.

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.

2 Disposals

Disposals in 2010/11
No subsidiaries were disposed of in 2010/11.

Disposals in 2009/10
No subsidiaries were disposed of in 2009/10.

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.

Global Sourcing & Cocoa		Total Segments		Corporate		Eliminations		Group	
2010/11	2009/10	2010/11	2009/10[1]	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10[1]
1,112,317	962,596	4,554,363	4,524,544	–	–	–	–	4,554,363	4,524,544
2,013,253	2,138,833	2,149,686	2,230,420	–	–	(2,149,686)	(2,230,420)	–	–
3,125,570	**3,101,429**	**6,704,049**	**6,754,964**	**–**	**–**	**(2,149,686)**	**(2,230,420)**	**4,554,363**	**4,524,544**
76,554	**54,476**	**416,393**	**400,983**	**(55,835)**	**(59,883)**	**–**	**–**	**360,558**	**341,100**
(21,429)	(20,773)	(69,205)	(70,704)	(2,287)	(3,248)	–	–	(71,492)	(73,952)
(1,431)	–	(1,544)	–	–	–	–	–	(1,544)	–
1,370,024	**1,538,286**	**3,022,788**	**3,689,857**	**674,705**	**661,502**	**(670,203)**	**(780,512)**	**3,027,290**	**3,570,847**
(57,136)	(27,349)	(154,928)	(122,326)	(26,477)	(22,782)	–	–	(181,405)	(145,108)

The Executive Committee considers the business from a geographic view. 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 (incl. the treasury & in-house banking function) to other segments. Thus, the Group reports Corporate like a separate segment.

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 related to the Product Groups "Food Manufacturers Products" focusing on industrial customers and "Gourmet & Specialties Products" focusing on products for artisans and professional users of chocolate such as chocolatiers, pastry chefs or bakers as well as products for vending machines.

The revenues generated by Global Sourcing & Cocoa with other segments are conducted on an arm's length basis and some of its operational profits are consequently 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 segment reporting no longer includes the discontinued operations related to the Group's European Consumer Products business. Consequently, also the prior-year figures related to the income statement have been restated for the regions affected (mainly Europe). In accordance with IFRS 5, the information related to the balance sheet have not been restated. Detailed disclosures related to the discontinued operations can be found in note 26.

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

in thousands of CHF	2010/11	2009/10[1]
Operating profit	**360,558**	**341,100**
Financial income	1,359	2,021
Financial expense	(74,415)	(72,997)
Result from investments in associates and joint ventures	1,168	(225)
Profit before income taxes	**288,670**	**269,899**
Income tax expenses	(29,786)	(32,447)
Net profit from continuing operations	**258,884**	**237,452**
Net result from discontinued operations, net of tax	(82,134)	14,291
Net profit for the year	**176,750**	**251,743**

1 Certain comparatives have been restated to conform with the current period's presentation. See discontinued operations – note 26.

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 investments in associates, 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.

	2010/11	2009/10[1]	2010/11	2009/10[2]
in thousands of CHF	Revenues		Non-current assets	
Switzerland	58,478	33,590	43,598	74,546
United States	779,276	820,523	158,814	182,103
France	497,233	470,047	96,723	100,714
United Kingdom	399,049	492,403	26,634	30,120
Belgium	313,761	287,932	259,038	269,770
Italy	304,217	326,545	22,127	24,630
Germany	299,317	331,684	4,924	127,467
Other	1,903,032	1,761,820	509,893	534,010
Total	**4,554,363**	**4,524,544**	**1,121,751**	**1,343,360**

1 Certain comparatives have been restated to conform with the current period's presentation. See discontinued operations – note 26.
2 Prior year figures include assets related to discontinued operations (in accordance with IFRS 5).

Information on Product Groups
The Group has numerous products that are sold to external customers. Therefore, for internal review by the Chief Operating Decision Maker, information on products is aggregated on a Product Group level. The following table breaks down external revenues into Product Groups:

Segment information by product group

in thousands of CHF	2010/11	2009/10[1]
Cocoa Products	1,112,317	962,596
Food Manufacturers Products	2,728,224	2,854,312
Gourmet & Specialties Products	713,822	707,636
Revenues from external customers	**4,554,363**	**4,524,544**

1 Certain comparatives have been restated to conform with the current period's presentation. See discontinued operations – note 26.

The biggest single customer contributes CHF 663.5 million of total revenues (reported across various regions). No other single customer contributes more than 10% of total consolidated revenues.

In fiscal year 2009/10, no single external customer had accounted for more than 10% of total consolidated revenues.

4 Personnel expenses

in thousands of CHF	2010/11	2009/10
Wages and salaries	(276,133)	(290,884)
Compulsory social security contributions	(66,946)	(69,466)
Equity-settled share-based payments	(8,380)	(5,716)
Expenses related to defined benefit plans	(11,375)	(11,926)
Contributions to defined contribution plans	(1,353)	(1,058)
Increase in liability for long service leave	(70)	(32)
Total personnel expenses	**(364,257)**	**(379,082)**

5 Research and development expenses

in thousands of CHF	2010/11	2009/10
Total research and development expenses	**(20,524)**	**(14,483)**

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

in thousands of CHF	2010/11	2009/10
Gain on disposal of property, plant and equipment	358	5,514
Group training centers, museums, outlets and rental income	3,861	2,867
Sale of shells of cocoa beans and waste	1,300	2,941
Litigations, claims and insurance	6,535	2,477
Release of unused provisions and accruals	5,369	1,678
Other	2,095	1,979
Total other income	**19,518**	**17,456**

7 Other expenses

in thousands of CHF	2010/11	2009/10
Restructuring costs	(3,472)	(7,264)
Loss on sale of waste	(6)	(2,088)
Litigations and claims	(2,362)	(1,615)
Costs related to chocolate museums	(57)	(327)
Loss on sale of property, plant and equipment	(803)	(25)
Impairment on property, plant and equipment (note 15)	(1,537)	–
Other	(2,217)	(1,711)
Total other expenses	**(10,454)**	**(13,030)**

8 Financial income

in thousands of CHF	2010/11	2009/10
Interest income	1,275	2,021
Income from investments	84	–
Total financial income	**1,359**	**2,021**

9 Financial expenses

in thousands of CHF	2010/11	2009/10
Interest expenses	(65,669)	(58,358)
Loss on derivative financial instruments	(329)	(6,664)
Structuring fees	(4,793)	(973)
Charges on undrawn portion of committed credit facilities	(565)	(713)
Total interest expenses	**(71,356)**	**(66,708)**
Bank charges and other financial expenses	(2,622)	(4,354)
Foreign exchange losses, net	(437)	(1,935)
Total financial expenses	**(74,415)**	**(72,997)**

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 2010/11 also include interest paid under the asset-backed securitization program for trade receivables of an amount of CHF 3.7 million (2009/10: CHF 3.5 million).

In prior year, loss on derivative financial instruments amounted to CHF 6.7 million and, among other, comprised 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, which has been refinanced in June 2011 through an EUR 600 million Revolving Credit Facility and an EUR 250 million Senior Note and the EUR 350 million Senior Note, issued in July 2007 (see note 23).

The charges on the undrawn portion of the committed EUR 850 million Revolving Credit Facility (till June 2011) and the EUR 600 million Revolving Credit Facility (as of June 2011) amount to CHF 0.6 million for 2010/11 (2009/10: CHF 0.7 million).

10 Income tax expenses

in thousands of CHF	2010/11	2009/10
Current income tax expenses	(78,662)	(44,750)
Deferred income tax income	48,876	12,303
Total income tax expenses	**(29,786)**	**(32,447)**

Reconciliation of income tax expenses

in thousands of CHF	2010/11	2009/10
Profit before income taxes	288,670	269,899
Expected income tax expenses at weighted average applicable tax rate	(35,791)	(43,276)
Non-tax deductible expenses	(2,438)	(3,491)
Tax deductible items not qualifying as an expense under IFRS	22,204	16,024
Tax exempt income	4,121	1,845
Income recognized for tax declarations purposes only	(4,552)	(1,186)
Prior period related items	(13,454)	(5,436)
Changes in tax rates	655	1,013
Losses carried forward not yet recognized as deferred tax assets	(2,946)	(5,130)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	2,415	7,190
Total income taxes	**(29,786)**	**(32,447)**

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 2010/11 in a weighted average applicable tax rate of 12.40% (2009/10: 16.03%).

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 2010/11. 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 2.4 million for the year 2010/11 (2009/10: CHF 7.2 million). The amount consists of CHF 0.5 million utilization of tax losses carried forward previously not recognized (2009/10: CHF 4.6 million) and CHF 1.9 million tax losses carried forward recognized as a deferred tax asset for the first time during the year 2010/11 (2009/10: CHF 2.6 million).

11 Earnings per share from continuing operations

in CHF	2010/11	2009/10
Basic earnings per share from continuing operations (CHF/share)	50.29	45.86
Diluted earnings per share (CHF/share)	50.07	45.71

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

in thousands of CHF	2010/11	2009/10
Net profit for the year attributable to ordinary shareholders, used as numerator for basic earnings per share adjusted for net loss from discontinued operations	259,740	236,935
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	259,740	236,935

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

	2010/11	2009/10
Weighted average number of shares issued	5,170,000	5,170,000
Weighted average number of treasury shares held	4,888	2,978
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,165,112	5,167,022
Equity-settled share-based payments	22,820	16,196
Adjusted weighted average number of ordinary shares, used as denominator	5,187,932	5,183,218

12 Trade receivables and other current assets

as of August 31, in thousands of CHF	2011	2010
Trade receivables	276,153	314,636
Accrued income	8,283	4,123
Receivables from related parties	–	2
Loans and other receivables	22,168	34,000
Other current financial assets	17,917	6,806
Receivables representing financial assets	**324,521**	**359,567**
Fair values of hedged firm commitments	726	98,651
Prepayments	62,836	72,063
Other current non financial assets	1,308	1,109
Other taxes and receivables from government	73,396	55,990
Other receivables	**138,266**	**227,813**
Total trade receivables and other current assets	**462,787**	**587,380**

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 246.7 million as of August 31, 2011 (2010: CHF 255.1 million), and was derecognized from the balance sheet.

Aging of trade receivables

as of August 31,	2011	2010
in thousands of CHF		
Total trade receivables	294,465	334,650
Less impairment provision for trade receivables	(18,312)	(20,014)
Total trade receivables	**276,153**	**314,636**
Of which:		
Not overdue	256,074	269,092
Impairment provision for trade receivables not overdue	(168)	(144)
Past due less than 90 days	14,590	35,427
Impairment provision for trade receivables past due less than 90 days	(316)	(347)
Past due more than 90 days	23,801	30,131
Impairment provision for trade receivables past due more than 90 days	(17,828)	(19,523)
Total trade receivables	**276,153**	**314,636**

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

in thousands of CHF	2010/11	2009/10
as of September 1,	20,014	22,592
Additions	9,127	7,171
Amounts written off as uncollectible	(4,268)	(3,850)
Unused amounts reversed	(2,999)	(2,330)
Currency translation adjustment	(2,197)	(3,569)
Reclassified to assets held for sale	(1,365)	–
as of August 31,	**18,312**	**20,014**

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 27.

13 Inventories

as of August 31,	2011	2010
in thousands of CHF		
Cocoa bean stocks	372,856	369,758
Semi-finished and finished products	603,191	698,243
Other raw materials and packaging materials	89,606	118,230
Total inventories	**1,065,653**	**1,186,231**

As of August 31, 2010, inventories carried at fair value less costs to sell amounted to CHF 941.8 million (as of August 31, 2011, the Group did not have inventories carried at fair value less costs to sell due to the related change of the accounting policy).

As of August 31, 2011, inventories amounting to CHF 16.1 million (2010: CHF 19.1 million) are pledged as security for financial liabilities.

In fiscal year 2010/11, inventory write-downs of CHF 3.5 million were recognized as expenses (2009/10: CHF 4.8 million).

14 Derivative financial instruments and hedging activities

as of August 31,	2011		2010	
in thousands of CHF	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedges				
Interest rate risk				
Swaps	–	–	–	7,030
Fair value hedges				
Sales and inventory price risk (Cocoa/other ingredients)				
Forward and futures contracts	–	–	41,175	13,290
Foreign exchange risk				
Forward and futures contracts	10,540	10,137	23,332	16,149
Other – no hedge accounting				
Raw materials				
Forward and futures contracts and other derivatives	184,856	107,081	256,285	267,420
Foreign exchange risk				
Forward and futures contracts	50,528	26,318	49,788	63,744
Interest rate risk				
Swaps	–	–	–	3,426
Total derivative financial assets	**245,924**		**370,580**	
Total derivative financial liabilities		**143,536**		**371,059**

Derivative financial instruments consist of items used in hedge relationships and derivatives, for which no hedge accounting is applied.

For detailed information on fair value measurement refer to note 27, “Fair value – hierarchy”.

Effect of cash flow hedges on equity

in thousands of CHF	Interest rate risk	Total hedging reserve
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
Income taxes	1,585	1,585
Currency translation adjustment	1,084	1,084
as of August 31, 2010	**(6,987)**	**(6,987)**
Movements in the period:		
Gains/(losses) taken into equity	11,403	11,403
Transfer to the Consolidated Income Statement for the period	2,539	2,539
Income taxes	(4,739)	(4,739)
Currency translation adjustment	(73)	(73)
as of August 31, 2011	**2,143**	**2,143**

Cash flow hedges

In the course of fiscal year 2010/2011, the Group has unwound its interest rate derivatives as a result of the issuance of the EUR 250 million Senior Note in June 2011. The following table provides an overview over the periods in which the unwound interest rates derivatives are expected to impact the Consolidated Income Statement (before taxes).

as of August 31,	2011				2010			
in thousands of CHF	First year	Second to fifth year	After five years	Expected cash flows	First year	Second to fifth year	After five years	Expected cash flows
Derivative financial assets	723	2,672	726	4,121	–	–	–	–
Derivative financial liabilities	(525)	(373)	–	(898)	(3,035)	(4,921)	555	(7,401)
Total net	**198**	**2,299**	**726**	**3,223**	**(3,035)**	**(4,921)**	**555**	**(7,401)**

Fair value hedges

Fair value hedges include forward and future contracts designated as the hedging instruments for inventories exceeding firm sales commitments as well as in relation to foreign currency risks.

Until the end of fiscal year 2009/10, all financial derivatives and the hedged items were recognized at fair value. For fair value hedges, the Group recorded a loss on hedging instruments of CHF 92.8 million and a gain on hedged items of CHF 92.8 million in fiscal year 2009/10.

Beginning from fiscal year 2010/11, financial derivatives continue to be measured at fair value, but in case of the hedged cocoa inventories the cumulative gain or loss during the hedge relationship adjusts the cost of the inventory.

The fair value of hedged firm commitments 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. Firm sales commitments for chocolate sales are no longer fair valued in the current fiscal year due to the changes discussed in section "Changes in accounting policies" before.

Hedged firm commitments

as of August 31,	2011		2010	
in thousands of CHF	Assets	Liabilities	Assets	Liabilities
Commodity price risk				
(cocoa and other ingredients) – sales contracts	–	–	91,406	41,174
Foreign exchange risk – sales and purchase contracts	726	3,151	7,245	581
Total fair value of hedged firm commitments	**726**	**3,151**	**98,651**	**41,755**

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

2010/11 in thousands of CHF	Land and buildings	Plant and machinery	Office equipment, furniture and motor vehicles	Under construction	Total
At cost					
as of August 31, 2010	**531,367**	**1,321,734**	**133,168**	**62,344**	**2,048,613**
Change in Group structure – acquisitions	6,923	4,420	–	–	11,343
Additions	8,743	64,102	5,253	35,213	113,311
Disposals	(163)	(23,014)	(1,891)	(214)	(25,282)
Currency translation adjustments	(63,596)	(172,154)	(14,946)	(8,687)	(259,383)
Reclassifications from under construction	2,536	34,566	2,531	(39,633)	–
Reclassified to assets held for sale	(172,035)	(225,566)	(44,691)	(1,643)	(443,935)
Other reclassifications	–	56	(56)	(629)	(629)
as of August 31, 2011	**313,775**	**1,004,144**	**79,368**	**46,751**	**1,444,038**
Accumulated depreciation and impairment losses					
as of August 31, 2010	**277,694**	**830,074**	**109,979**	**–**	**1,217,747**
Depreciation charge	12,637	50,349	7,059	–	70,045
Impairment losses	384	1,153	–	436	1,973
Disposals	(131)	(18,972)	(1,328)	–	(20,431)
Currency translation adjustments	(30,188)	(96,691)	(11,879)	–	(138,758)
Reclassified to assets held for sale	(116,694)	(184,271)	(40,983)	(436)	(342,384)
Other reclassifications	–	12	(12)	–	–
as of August 31, 2011	**143,702**	**581,654**	**62,836**	**–**	**788,192**
Net as of August 31, 2011	**170,073**	**422,490**	**16,532**	**46,751**	**655,846**

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**

As required by the accounting standards, the Group periodically reviews the remaining useful lives of assets recognized in property, plant and equipment.

Impairment loss in property, plant and equipment in fiscal year 2010/11 amounted to CHF 2.0 million, whereof CHF 0.4 million are related to investments on assets to be sold during the consumer business disposal and CHF 1.6 million are related to assets no longer in use (2009/10: CHF 0.0 million).

Repair and maintenance expenses for the fiscal year 2010/11 amounted to CHF 76.6 million (2009/10: CHF 65.0 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,487.8 million as of August 31, 2011 (2010: CHF 2,749.8 million).

As of August 31, 2011, plant and equipment held under financial leases amounted to CHF 1.6 million (2010: CHF 2.9 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 23).

As of August 31, 2011, no financial liabilities were secured by means of mortgages on properties (2010: none).

16 Obligations under finance leases

as of August 31,	2011	2010	2011	2010
in thousands of CHF	Minimum lease payments		Present value of minimum lease payments	
Amounts payable under finance leases				
within one year	377	673	317	637
in the second to fifth year inclusive	731	1'027	590	895
more than five years	237	457	215	359
Total amount payable under finance leases	**1,345**	**2,157**	**1,122**	**1,891**
Less: future finance charges	(223)	(266)	n/a	n/a
Present value of lease obligations	**1,122**	**1,891**	**1,122**	**1,891**
Amount due for settlement next 12 months (note 20)			317	637
Amount due for settlement after 12 months (note 23)			805	1,254

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 6.4 years (2009/10: 5.8 years). The average effective interest rate was 5.2% (2009/10: 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,	2011	2010
in thousands of CHF	Net carrying amount of property, plant and equipment under finance lease	
Land and buildings	1,108	1,286
Plant and machinery	359	936
Furniture, equipment and motor vehicles	115	696
Total assets under financial lease	**1,582**	**2,918**

17 Investments in associates and joint ventures

The carrying amount of investments in associates and joint ventures changed as follows:

in thousands of CHF	2010/11	2009/10
as of September 1 ,	3,479	4,038
Share of (loss)/profit	1,168	(225)
Exchange differences	(606)	(334)
as of August 31,	**4,041**	**3,479**

The Group's investments in associates and joint ventures are attributable to the following companies:

Ownership in %	2011	2010
as of August 31,		
African Organic Produce AG, Switzerland	49	49
Biolands International Ltd, Tanzania	49	49
Shanghai Le Jia Food Service Co. Ltd, China	50	50
Pastelería 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.

in thousands of CHF	2011	2010
Total current assets	8,915	12,584
Total non-current assets	5,167	6,334
Total current liabilities	7,120	13,187
Total non-current liabilities	2,614	2,943
Net assets as of August 31,	**4,348**	**2,788**
Group's share of net assets of associates and joint ventures	**4,041**	**3,479**

in thousands of CHF	2010/11	2009/10
Total revenue	26,690	34,143
Total profit for the period	897	(477)
Group's share of profits of associates and joint ventures	**1,168**	**(225)**

18 Intangible assets

2010/11	Goodwill	Brand names and licenses	Develop-ment costs	Other	Total
in thousands of CHF					
At cost					
as of August 31, 2010	**429,136**	**44,062**	**191,722**	**15,450**	**680,370**
Change in Group structure – acquisitions	4,114	–	–	–	4,114
Additions	–	29,210	28,944	2,348	60,502
Disposals	–	–	(127)	(480)	(607)
Currency translation adjustments	(13,678)	702	(23,071)	(2,554)	(38,601)
Reclassified to under development				629	629
Reclassified to assets held for sale	(53,148)	(4,663)	(11,909)	(1,184)	(70,904)
Other reclassifications	–	–	(114)	114	–
as of August 31, 2011	**366,424**	**69,311**	**185,445**	**14,323**	**635,503**
Accumulated amortization and impairment losses					
as of August 31, 2010	**–**	**28,477**	**132,659**	**6,740**	**167,876**
Amortization charge	–	2,299	18,306	1,404	22,009
Disposals	–	–	(127)	–	(127)
Impairment losses	53,148	–	5,893	–	59,041
Currency translation adjustments	–	(203)	(13,790)	(601)	(14,594)
Reclassified to assets held for sale	(53,148)	(1,165)	(9,110)	(1,184)	(64,607)
Other reclassifications	–	–	65	(65)	–
as of August 31, 2011	**–**	**29,408**	**133,896**	**6,294**	**169,598**
Net as of August 31, 2011	**366,424**	**39,903**	**51,549**	**8,029**	**465,905**

2009/10	Goodwill	Brand names and licenses	Develop-ment 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**

Additions in brand names and licenses also included exclusive delivery rights acquired in fiscal year 2010/11.

Additions to development costs amount to CHF 28.9 million in fiscal year 2010/11 (2009/10: CHF 24.0 million). In both years, additions mainly included costs related to various projects of internally generated software, amounting to CHF 21.3 million in fiscal year 2010/11 (2009/10: CHF 21.1 million). Costs related to the development of recipes and innovations of CHF 2.6 million were capitalized as development costs (2009/10: CHF 2.5 million).

During its annually performed review of the useful lives of assets, the Group has come to the conclusion that certain strategic software related intangible assets have a useful life longer than the previously used maximum term of five years. Consequently any new software projects with a residual value have been assessed and useful lives been adapted according to outcome. The useful life span for software intangibles has therefore been increased to not exceeding eight years. The effect of the reassessment of useful lives led to a decrease of the amortization charge for fiscal year 2010/11 by CHF 2.2 million, which is accounted for as a change in estimates in accordance with IAS 8.

The remaining amortization period for brand names varies between three and five years, for licenses up to ten years, for software between two and eight 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 366.4 million (2009/10: CHF 429.1 million). The allocation to the segments is as follows:

as of August 31,	2011	2010
in thousands of CHF		
Global Sourcing & Cocoa	140.5	149.5
Europe (excluding discontinued operations for fiscal year 2010/11)	193.5	248.9
Americas	27.7	25.2
Asia-Pacific	4.7	5.5
Total	**366.4**	**429.1**

Goodwill acquired in a business combination is allocated to the respective segment that is expected to benefit from the synergies of the combination, at acquisition date. Due to the Group's fully integrated business in the regions, the segments represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Thus, the impairment test is performed on a segment level.

For the impairment test, the recoverable amount of a cash-generating unit is based on its value in use and is compared to the carrying amount of the corresponding cash-generating unit. Future cash flows are discounted using a pre-tax rate that reflects current market assessments based on the weighted average cost of capital (WACC).

The Group performs its impairment test during the fourth quarter of the fiscal year. This approach was chosen since the Mid-Term Plan covering the next three fiscal years is updated annually at the beginning of the fourth quarter. The Mid-Term Plan is based on the assumption that there are no major changes to the Group's organization. The residual value is calculated from an estimated continuing value, which is primarily based on the third year of the Mid-Term Plan. The terminal growth rate used for determining the residual value does not exceed the expected long-term growth rate of the industry.

Key assumptions used for value-in-use calculations

	2011		2010	
	Discount rate	Terminal growth rate	Discount rate	Terminal growth rate
Global Sourcing & Cocoa	9.2%	2.2%	9.5%	1.5%
Europe (excluding discontinued operations for fiscal year 2010/11)	9.1%	1.3%	9.3%	1.0%
Americas	10.4%	1.2%	10.7%	0.9%
Asia-Pacific	10.2%	4.1%	9.5%	3.8%

Due to the discontinuation of the European Consumer Products business (please refer to note 26 “Discontinued operations and assets held for sale and liabilities directly associated with assets held for sale”), the impairment testing for 2010/11 excluded the discontinued European Consumer Products business (which was mainly affecting Region Europe). Impairment of Goodwill related to the discontinued operations was tested separately (see note 26).

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2010/11 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, 2009	**(7,235)**	**(45,502)**	**(5,927)**	**(12,940)**	**9,710**	**45,357**	**(16,537)**
Charged to the income statement (continuing operations)	5,407	(7,089)	(6,181)	13,401	(831)	7,596	12,303
Charged to the income statement (discontinued operations)	(375)	(173)	(40)	–	(204)	(2,052)	(2,844)
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)**
Charged to the income statement (continuing operations)	(2,508)	43,609	(2,165)	340	(403)	10,003	48,876
Charged to the income statement (discontinued operations)	(1,053)	662	(542)	–	(271)	–	(1,204)
Charged to equity	–	–	(1,208)	–	(3,531)	–	(4,739)
Effect of acquisitions	–	616	–	–	–	–	616
Reclassified to held for sale	387	5,423	41	–	(1,793)	(8,988)	(4,930)
Currency translation effects	(2)	2,204	516	(162)	(389)	(6,807)	(4,640)
As of August 31, 2011	**(5,220)**	**3,775**	**(15,507)**	**1,323**	**3,081**	**39,167**	**26,619**

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 off-setting of balances within the same tax jurisdiction, are attributable to the following:

as of August 31,	2011			2010		
in thousands of CHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Inventories	1,693	(6,913)	(5,220)	5,077	(7,121)	(2,044)
Property, plant & equipment/intangible assets	46,330	(42,555)	3,775	14,344	(63,083)	(48,739)
Other assets	4,917	(20,424)	(15,507)	7,746	(19,895)	(12,149)
Provisions	1,323	–	1,323	1,176	(31)	1,145
Other liabilities	15,389	(12,308)	3,081	19,690	(10,222)	9,468
Tax loss carry-forwards	39,167	–	39,167	44,959	–	44,959
Tax assets/(liabilities)	**108,819**	**(82,200)**	**26,619**	**92,992**	**(100,352)**	**(7,360)**
Set-off of tax	(32,095)	32,095	–	(41,631)	41,631	–
Reflected in the balance sheet	**76,724**	**(50,105)**	**26,619**	**51,361**	**(58,721)**	**(7,360)**

Tax losses carried forward excluded from recognition of related deferred tax assets

Tax losses carried forward not recognized as deferred tax assets have the following expiry dates:

as of August 31,	2011	2010
in thousands of CHF		
Expiry		
Within 1 year	1,795	189
After 1 up to 2 years	2,013	1,549
After 2 up to 3 years	3,676	2,396
After 3 up to 10 years	46,038	58,716
After 10 years	170,461	213,353
Unlimited[1]	143,250	284,981
Total unrecognized tax losses carried forward[1]	**367,233**	**561,184**

1 These amounts in fiscal year 2010/11 exclude unrecognized tax losses carried forward related to the discontinued operations in the amount of CHF 210.7 million

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 2010/11 were CHF 13.4 million (2009/10: CHF 41.7 million). The related tax relief amounted to CHF 3.6 million, of which CHF 2.6 million were already recognized as a deferred tax asset in the year before (2009/10: CHF 12.8 million of which CHF 8.2 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2011, the Group had unutilized tax losses carried forward of approximately CHF 756.7 million (of which CHF 210.7 million related to the discontinued operations; August 31, 2010: CHF 711.5 million) available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 178.7 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 48.2 million (2009/10: CHF 150.3 million recognized resulting in a deferred tax asset of CHF 45.0 million).

20 Bank overdrafts and short-term debt

as of August 31,	2011	2010	2011	2010
in thousands of CHF	Carrying amounts		Fair values	
Bank overdrafts	**17,327**	**13,466**	**17,327**	**13,466**
Commercial Paper	–	69,570	–	69,570
Short-term bank debts	128,694	105,157	128,694	105,157
Short-term portion of long-term bank debts (note 23)	953	552	953	552
Interest-bearing loans from employees	6	22	6	22
Finance lease obligations (note 16)	317	637	317	637
Short-term debt	**129,970**	**175,938**	**129,970**	**175,938**
Bank overdrafts and short-term debt	**147,297**	**189,404**	**147,297**	**189,404**

For reporting purposes, the commercial paper outstanding (as per August 31, 2011) have been linked to the discontinued activities (see note 26 under section "Short term debt").

Short-term financial liabilities are mainly denominated in XAF, BRL and MYR as shown in the table below:

as of August 31,	2011			2010		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	5,703	0.50%	5.90%	102,363	0.57%	5.90%
USD	5,423	0.22%	0.37%	4,685	0.26%	2.00%
BRL	56,590	4.50%	7.00%	12,518	4.50%	4.50%
XAF	67,683	5.50%	6.00%	63,980	5.00%	6.00%
MYR	7,279	3.62%	4.03%	2,921	3.62%	4.00%
Other	4,619	0.14%	5.11%	2,937	0.13%	5.50%
Total	**147,297**	**0.14%**	**7.00%**	**189,404**	**0.13%**	**6.00%**

as of August 31,	2011	2010
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	59,861	1,003
Floating rate	87,436	188,401
Total bank overdrafts and short-term debt	**147,297**	**189,404**

21 Trade payables and other current liabilities

as of August 31,	2011	2010
in thousands of CHF		
Trade payables	415,342	460,442
Accrued wages and social security	59,810	75,854
Related parties	1,845	3,531
Accrued expenses	38,219	52,586
Liability put option over existing non-controlling interest	–	31,188
Other payables	116,961	81,288
Payables representing financial liabilities	**632,177**	**704,889**
Fair value of hedged firm commitments (note 14)	3,151	41,755
Other taxes and payables to governmental authorities	21,839	19,752
Deferred income	–	3,141
Other liabilities	**24,990**	**64,648**
Total trade payables and other current liabilities	**657,167**	**769,537**

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 to CHF 14.9 million as of August 31, 2011 (2010: CHF 22.8 million), consisting of the balance of receivables collected before the next rollover date of CHF 41.2 million (2010: CHF 44.2 million), less discounts on receivables sold of CHF 26.3 million (2010: CHF 21.4 million). These amounts are included in other payables.

Other payables also consist of outstanding ledger balances with commodity brokers.

To support Barry Callebaut's geographic expansion and to further strengthen its footprint in fast-growing emerging markets such as Asia, the Group signed an agreement to acquire the remaining 40% stake in Barry Callebaut Malaysia Sdn Bhd, Malaysia as foreseen in the initial agreement under the title of a put and call option. As a result of the put option agreement, the Group had not recorded any non-controlling interest. Instead, a liability on the remaining 40% non-controlling interest in Barry Callebaut Malaysia Sdn Bhd had been recognized previously. The remaining 40% non-controlling interest was acquired in April 2011 for CHF 37.7 million, with the related liability derecognized at the same time.

22 Provisions

2010/11	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
Balance as of August 31, 2010	**6,186**	**3,985**	**11,248**	**21,419**
Additions	228	1,702	3,434	5,364
Usage	(4,257)	(410)	(3,065)	(7,732)
Release of unused provisions	(301)	(45)	(1,958)	(2,304)
Reclassification	–	–	(166)	(166)
Reclassified to held for sale	–	–	(1,762)	(1,762)
Currency translation adjustments	(268)	(659)	(1,044)	(1,971)
as of August 31, 2011	**1,588**	**4,573**	**6,687**	**12,848**
of which:				
Current	1,588	3,780	2,082	7,450
Non-current	–	793	4,605	5,398

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 – acquisitions	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

Restructuring
Usage of restructuring provisions in 2010/11 mainly related to plant reorganizations.

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, 2011.

Other provisions
Other provisions relate mainly to amounts that have been provided to cover the negative outcome of onerous contracts related to operational issues and tax matters.

23 Long-term debt

as of August 31,	2011	2010	2011	2010
in thousands of CHF	Carrying amounts		Fair values	
Senior notes	680,579	442,394	701,777	461,524
Long-term bank debts	3,853	256,406	3,853	256,406
Less current portion (note 20)	(953)	(552)	(953)	(552)
Interest-bearing loans from employees	7	14	7	14
Long-term other loans	669	–	669	–
Finance lease obligation (note 16)	805	1,254	805	1,254
Total long-term debt	**684,960**	**699,516**	**706,158**	**718,646**

On July 13, 2007, the Group issued a 6% Senior Note with maturity in 2017 for an amount of EUR 350 million. The Senior Note has been issued at a price of 99.005%, and includes a coupon step-up clause of 0.25% (limited to 1.00%) per downgraded notch by one or more rating agencies.

On June 15, 2011, the Group issued a 5.375% Senior Note with maturity in 2021 for an amount of EUR 250 million. The Senior Note has been issued at a price of 99.26% and includes a coupon step-up clause of 0.25% (limited to 1.00% per annum) per downgraded notch by one or more rating agencies.

On June 15, 2011, the Group ended its existing syndicated EUR 850 million Revolving Credit Facility. At that same day, the Group entered into a new syndicated EUR 600 million Revolving Credit Facility, leading to a 5-year multi-purpose single tranche facility with two extension options (being in 2013 and 2014 to be agreed upon by the participating banks at their sole discretion).

The EUR 350 million Senior Note, the EUR 250 million Senior Note and the EUR 600 million Revolving Credit Facility all rank pari passu. The Senior Notes as well as the EUR 600 million Revolving Credit Facility are 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,	2011	2010
in thousands of CHF		
2011/12	–	5,013
2012/13	1,066	247,413
2013/14	1,243	3,303
2014/15	1,414	349
2015/16 and thereafter (for 2009/10)	327	443,438
2016/17 and thereafter (for 2010/11)	680,910	–
Total long-term debt	**684,960**	**699,516**

The weighted average maturity of the total debt increased from 4.5 years to 6.7 years.

Long-term financial liabilities are to a major extent denominated in EUR and at fixed interest rates.

as of August 31,	2011			2010		
Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
EUR	682,977	3.00%	7.11%	572,151	0.97%	6.14%
CAD	–	n/a	n/a	115,552	1.10%	1.58%
MYR	–	n/a	n/a	8,763	3.62%	4.00%
USD	–	n/a	n/a	–	n/a	n/a
BRL	1,983	4.50%	4.50%	2,700	4.50%	4.50%
Other	–	n/a	n/a	350	4.00%	6.80%
Total long-term debt	**684,960**	**3.00%**	**7.11%**	**699,516**	**0.97%**	**6.80%**

as of August 31,	2011	2010
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	684,792	447,148
Floating rate	168	252,368
Total long-term debt	**684,960**	**699,516**

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.

Reconciliation of assets and employee benefit obligations recognized in the balance sheet:

as of August 31,	2011	2010	2011	2010
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of funded obligations	204,696	229,610	–	–
Fair value of plan assets	(128,742)	(144,177)	–	–
Excess of liabilities (assets) of funded obligations	**75,954**	**85,433**	**–**	**–**
Present value of unfunded obligations	11,306	66,538	10,125	19,325
Net unrecognized actuarial gains (losses)	(49,917)	(65,136)	130	(1,231)
Net employee benefit obligations recognized in the balance sheet[1]	**37,343**	**86,835**	**10,255**	**18,094**
thereof recognized as an asset	(276)	(185)	–	–
thereof recognized as a liability	37,619	87,020	10,255	18,094

1 Main reason for the decrease in obligations is the discontinuation of the European Consumer Products business

The changes in the present value of the defined benefit obligations are as follows:

	2010/11	2009/10	2010/11	2009/10
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Present value of defined benefit obligation as of September 1,	**296,148**	**271,757**	**19,325**	**19,987**
Current service cost	9,312	8,820	620	788
Past service cost	133	368	(614)	–
Interest cost	12,505	14,972	560	736
Actuarial losses (gains)	(6,142)	42,978	(665)	3,074
Losses (gains) on curtailment	–	(756)	–	(10)
Reclassifications	25	–	166	–
Exchange differences on foreign plans	(37,670)	(25,016)	(1,993)	(2,992)
Benefits received	3,603	–	–	–
Benefits paid	(17,064)	(16,975)	(1,458)	(2,258)
Reclassification to held for sale	(44,848)	–	(5,816)	–
Present value of defined benefit obligation as of August 31,	**216,002**	**296,148**	**10,125**	**19,325**
thereof funded obligations	204,696	229,610	–	–
thereof unfunded obligations	11,306	66,538	10,125	19,325

The movement in the fair value of plan assets is as follows:

	2010/11	2009/10	2010/11	2009/10
in thousands of CHF	Defined benefit pension plans		Other long-term employment benefit plans	
Fair value of plan assets as of September 1,	**144,177**	**151,719**	**–**	–
Expected return	7,362	8,447	–	–
Actuarial gains (losses)	(1,352)	(6,527)	–	–
Contributions by employer	8,200	6,911	–	–
Contributions by employees	3,143	3,261	–	–
Exchange differences on foreign plans	(19,083)	(9,094)	–	–
Benefits received	3,603	–	–	–
Benefits paid	(11,875)	(10,540)	–	–
Reclassification to held for sale	(5,433)	–	–	–
Fair value of plan assets as of August 31,	**128,742**	**144,177**	**–**	–

Composition of plan assets

as of August 31,	2011	2010
in thousands of CHF	Defined benefit pension plans	
Equities	47,305	53,021
Bonds	19,607	25,883
Cash and other assets	61,830	65,273
Total fair value of plan assets	**128,742**	**144,177**

The plan assets do not include ordinary shares issued by the Company nor any property occupied by the Group or one of its affiliates.

The amounts recognized in the income statement are as follows:

in thousands of CHF	2010/11 Defined benefit pension plans	2009/10 Defined benefit pension plans	2010/11 Other long-term employment benefit plans	2009/10 Other long-term employment benefit plans
Current service costs	9,312	8,820	620	788
Interest on obligation	12,505	14,972	560	736
Expected return on plan assets	(7,362)	(8,447)	–	–
Net actuarial losses (gains) recognized in year	1,384	576	630	1,821
Past service cost	133	368	(614)	–
Losses (gains) on curtailments and settlements	–	(756)	–	(10)
Contributions by employees	(3,143)	(3,261)	–	–
Reclassification to discontinued operations[1]	(2,666)	(3,216)	16	(466)
Total defined benefit expenses	**10,163**	**9,056**	**1,212**	**2,869**
Actual return on plan assets	**6,010**	**1,918**	–	–

1 Due to the discontinuation of the European Consumer Products business – note 26

The service costs for 2011/12 are expected to amount to CHF 9.3 million. The expected return on plan assets is based on market expectations and composition of plan assets.

in thousands of CHF	2010/11	2009/10
Total defined contribution expenses	**1,353**	**1,058**

The defined benefit expenses are recognized in the Consolidated Income Statement in the following line items:

in thousands of CHF	2010/11	2009/10
Cost of goods sold	(3,604)	(5,324)
Marketing and sales expenses	(799)	(1,182)
General and administration expenses	(4,969)	(4,044)
Research and development expenses	(347)	(332)
Other income	(1)	(1)
Other expenses	(1,655)	(1,043)
Total defined benefit expenses recognized in income statement	**(11,375)**	**(11,926)**

Weighted average assumption used

in thousands of CHF	2010/11 Defined benefit pension plans	2009/10 Defined benefit pension plans	2010/11 Other long-term employment benefit plans	2009/10 Other long-term employment benefit plans
Discount rate	4.5%	4.1%	4.9%	4.0%
Expected return on plan assets	5.3%	5.7%	–	–
Expected rate of salary increase	1.2%	1.1%	1.3%	2.1%
Medical cost trend rates	–	–	5.0%	5.0%

Additional historical information

	2010/11	2009/10	2008/2009	2007/08	2006/07
in thousands of CHF			Defined benefit plans		
Present value of defined benefit obligations	226,127	315,473	291,744	300,549	323,740
Fair value of plan assets	(128,742)	(144,177)	(151,719)	(167,121)	(182,024)
Funding deficit of the plans	**97,385**	**171,296**	**140,025**	**133,428**	**141,716**
Experience adjustments arising from plan liabilities	(4,691)	(17,719)	(9,427)	6,573	5,151
Experience adjustments arising from plan assets	(1,352)	(6,529)	(18,192)	(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. The vesting periods are ranging between one and three years. 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. 13,629 shares were granted in fiscal year 2010/11 (15,260 shares in 2009/10). The fair value of the shares at grant date is recognized over the vesting period as a personnel expense. For 2010/11, the amount recognized (before taxes) was CHF 8.4 million with a corresponding increase in equity (2009/10: CHF 5.7 million). The average fair value for the shares granted during the fiscal year 2010/11 amounted to CHF 780 (2009/10: CHF 581).

25 Equity

Share capital

as of August 31,	2011	2010	2009
in thousands of CHF			
Share capital is represented by 5,170,000 authorized and issued shares of each CHF 24.20 fully paid in (in 2010: 38.20; in 2009: 50.70)	125,114	197,494	262,119

The issued share capital is divided into 5,170,000 registered shares with a nominal value of CHF 24.20 each (CHF 38.20 as of August 31, 2010). 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 7, 2010, resolved a share capital reduction and repayment of CHF 14.00 per share resulting in a total share capital reduction of CHF 72.4 million (December 2009: capital reduction and repayment of CHF 12.50 per share resulting in a total share capital reduction of CHF 64.6 million). The respective repayment took place in March 2011.

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, 2011, amounted to CHF 7.5 million (2010: CHF 3.3 million).

As of August 31, 2011, the number of outstanding shares amounted to 5,159,819 (2010: 5,165,239) and the number of treasury shares to 10,181 (2010: 4,761). During this fiscal year, 12,124 shares have been purchased, 6,704 transferred to employees under the Employee Stock Ownership Program and 0 sold (2009/10: 9,174 purchased; 10,845 transferred and 500 sold).

Retained earnings
As of August 31, 2011, retained earnings contain legal reserves of CHF 32.6 million (2010: CHF 42.7 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.

Movement of the non-controlling interest

in thousands of CHF	2010/11	2009/10
as of September 1,	882	589
Non-controlling share of profits/(losses)	(856)	517
Dividends paid to non-controlling shareholders	(105)	(120)
Currency translation adjustment	(196)	(104)
as of August 31,	**(275)**	**882**

26 Discontinued operations and assets held for sale and liabilities directly associated with assets held for sale

On July 8, 2011, the Group signed an agreement with the Belgium based Baronie Group on the sale of its European Consumer Products business. The disposal is consistent with the Group's long-term policy no longer considering this business as strategic core business. The Group completed the sale (transfer of ownership and control) on September 30, 2011.

The figures for fiscal year 2010/11 and 2009/10 include the result of operations as well as costs in connection with the discontinuation of the business. All prior year figures related to the Consolidated Statement of Income and notes thereon have been restated accordingly.

In the Consolidated Balance Sheet, the assets and liabilities related to the discontinued operations are reported under "Assets held for sale" and "Liabilities directly associated with assets held for sale". However, in accordance with IFRS 5, the comparables of the prior year have not been restated for the Balance Sheet. For movement tables related to assets and liabilities, discontinued operations have been eliminated at the closing values of the fiscal year 2010/11. The Consolidated Statement of Cash Flows in accordance with IFRS 5 includes the cash flows from discontinued operations and this note provides a summary of the cash flows related to the discontinued business separately.

Result and cash flow of the discontinued operations

in thousands of CHF	2010/11	2009/10
Revenue from sales and services	**642,027**	**723,529**
Operating expenses[1]	(631,725)	(694,220)
Operating result before impairment on assets and disposal costs	**10,302**	**29,309**
Impairment of assets[2]	(59,161)	
Transaction and separation costs	(16,776)	–
Operating result (EBIT)	**(65,635)**	**29,309**
Financial items	(10,970)	(10,123)
Income taxes	(5,527)	(4,895)
Net result from discontinued operations	**(82,132)**	**14,291**
Earnings per share from discontinued operations		
Basic earnings per share (CHF/share)	(15.90)	2.76
Diluted earnings per share (CHF/share)	(15.84)	2.76
Cash flows from discontinued operations	**4,013**	**42**
Net cash flow from operating activities	21,847	20,470
Net cash flow from investing activities	(8,424)	(9,993)
Net cash flow from financing activities	(9,410)	(10,435)

1 Includes depreciation and amortization of CHF 20.6 million (2009/10: CHF 26.8 million)
2 Impairment of assets relates to the write down of goodwill (incl. CHF 12.0 million translation effects accumulated since acquisition) as a result of the impairment test, as well as some other impairments recorded as a consequence of the sale and purchase agreement signed for the discontinued European Consumer Products business

Assets held for sale and liabilities directly associated with assets held for sale

in thousands of CHF	2010/11
Total current assets	**120,577**
Property, plant and equipment	101,551
Intangible assets	6,297
Other non-current assets	7,416
Total non-current assets	**115,264**
Total assets held for sale	**235,841**
Short-term debt	98,366
Other current liabilities	76,839
Total current liabilities	**175,205**
Employee benefit obligations	45,231
Other non-current liabilities	2,073
Total non-current liabilities	**47,304**
Total liabilities directly associated with assets held for sale	**222,509**

As of August 31, 2011, receivables in the net amount of CHF 18.0 million related to the discontinued operations were sold under the Group's asset-backed securitization program.

27 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 or gourmet chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date, at which the chocolate is planned to be delivered to the customers.
- Price List Business: Barry Callebaut sets price lists for certain gourmet products. These price lists are normally updated at intervals of six to twelve months. Customers buy products based on the issued price lists without fixed commitments on quantities.

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 cocoa beans based on market expectations, separate from the manufacturing business and its third party sales commitments. Its objectives are to generate profits from fluctuations in cocoa 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 purchase and sale of raw materials.

The fair value of the Group's open sales and purchase commitments and inventory changes continuously in line with price movements in the respective commodity markets. The Group's policy is to economically hedge its commodity price risk resulting from its inventory, commodity derivatives and purchase and sales contracts. Cocoa price risk in inventory is hedged with short futures applying fair value hedge accounting. 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 for the major raw material components. The AFRQCC makes recommendations to the Board of Directors if deemed necessary and advises the Board of Directors on important risk matters and/or asks for approval.

In order to quantify and manage the Group's consolidated exposure to commodity price risks, the concept of historical VaR is applied. The VaR concept serves as the analytical instrument for assessing the Group's commodity price risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of 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. VaR is applied to materials with prices considered to exceed certain volatility levels (e.g. cocoa beans, dairy products, sweeteners, oils and fats), where risk arising from this volatility needs to be managed according to management. As of August 31, 2011, the Group had a total VaR for raw materials of CHF 6.3 million (2010: CHF 10.8 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 on a monthly basis. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the 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 the main functional currencies in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged as from identification on an intra-day basis in line with the approved exposure limits. In case of deviation from the agreed foreign exchange exposure limits, approval has to be sought from the Group's Finance Committee. Companies with the same functional currency are shown in one group.

Net foreign currency exposures

as of August 31,	2011			2010		
Net exposure in thousands of functional currency	EUR	GBP	USD	EUR	GBP	USD
EUR		11,349	604		(1,524)	(446)
CHF	(654)	(459)	1,525	(533)	(486)	309
CAD			113			
USD	(442)			5		
BRL			406			1,266
SGD			50			154
CNY	(680)		(1,074)	(613)		(681)
MYR	(99)	(368)	419	(310)	(390)	562
RUB	26		763	699		(1,346)
SEK	(2,976)	64	(78)	115	18	(28)
Total	**(4,825)**	**10,586**	**2,728**	**(637)**	**(2,382)**	**(210)**

In order to quantify and manage the Group's consolidated exposure to foreign currency risks, the concept of historical VaR has been implemented. The VaR concept serves as the analytical instrument for assessing the Group's foreign currency risk incurred under normal market conditions. The VaR indicates the loss, which, within a time horizon of 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, 2011, the Group had a VaR of CHF 0.3 million (2010: CHF 0.1 million).

as of August 31,	2011	2010
Value at Risk on net exposures in thousands of CHF Total for the Group and per main exposure currencies		
Total Group	**265**	**97**
CHF	24	17
EUR	222	83
USD	32	24
GBP	135	26
Others	66	37
Diversification effect	45%	48%

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 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,	2011	2010
in thousands of CHF		
Fixed interest bearing items		
Carrying amount of financial liabilities	744,653	448,151
Reclassification due to interest rate derivative	–	245,572
Net fixed interest position	**744,653**	**693,723**
Floating interest bearing items		
Carrying amount of financial assets	(42,410)	(18,110)
Carrying amount of financial liabilities	87,604	440,769
Reclassification due to interest rate derivative	–	(245,572)
Net floating interest position	**45,194**	**177,087**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (bps) up and 50 bps 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,	2011				2010			
Impact on	Income statement		Equity		Income statement		Equity	
in thousands of CHF	100 bps increase	50 bps decrease	100 bps increase	50 bps decrease	100 bps increase	25 bps decrease	100 bps increase	25 bps decrease
Floating rate bearing items	(339)	169	–	–	(3,076)	769	–	–
Interest rate swaps	–	–	–	–	2,366	(608)	8,039	(2,123)
Total interest rate sensitivity	**(339)**	**169**	**–**	**–**	**(710)**	**161**	**8,039**	**(2,123)**

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, 2011, the largest customer represents 8% (2010: 10%) whereas the 10 biggest customers represent 24% (2010: 26%) of trade receivables. Due to the diverse geographic and large customer base, the Group has no material credit risk concentration.

The extent of the Group's credit risk exposure is represented on the one hand by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 627.7 million as of August 31, 2011 (2010: CHF 750.4 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.

On the other hand, the Group's credit risk also arises from derivative financial instruments foreign exchange derivatives, interest rate derivatives and commodity (cocoa) derivatives. The Group has foreign exchange and interest rate derivatives with 10–15 banks acting on an international scale and having sound credit ratings. In case of commodity derivatives, the Group enters into future deals in the New York and the London terminal markets with usually 10–15 counterparties, with insignificant open net balances per counterparty.

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, 2011	In the first year	In the second to the fifth year	After five years	Contractual amount
in thousands of CHF				
Non derivative financial liabilities				
Bank overdrafts	(17,327)			(17,327)
Short-term debt	(129,970)			(129,970)
Trade payables	(417,187)			(417,187)
Long-term debt	(39,940)	(163,810)	(795,578)	(999,328)
Other liabilities	(214,990)			(214,990)
Derivatives				
Interest rate derivatives				
Currency derivatives				
Inflow	2,895,019	110,182		3,005,201
Outflow	(2,891,458)	(111,752)		(3,003,210)
Commodity derivatives				
Inflow	536,154	12,666		548,820
Outflow	(1,380,190)			(1,380,190)
Total net	**(1,659,889)**	**(152,714)**	**(795,578)**	**(2,608,181)**

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)**

Fair value of financial instruments
The following methods and assumptions are used to estimate the fair value of financial instruments:

Cash and cash equivalents
The carrying value of cash and cash equivalents approximates fair value due to the relatively short term maturity of these financial instruments.

Bank overdrafts
The carrying value approximates fair value because of the short period to maturity of these financial instruments.

Short-term deposits
The carrying value approximates fair value because of the short period to maturity of these financial instruments.

Short-term debts
The carrying value approximates fair value because of the short period to maturity of these financial instruments.

Long-term debts
In calculating the fair value of long-term debts, future principal and interest payments are discounted using the effective interest rate method.

Other receivables and payables representing financial instruments
The carrying value approximates fair value because of the short-term maturity of these financial instruments.

Derivative financial assets and liabilities

The fair value measurement of some derivatives requires assumptions and management's assessment of certain market parameters. Whenever possible, fair valuation is based on market prices. If required, a valuation model (including discounted cash flows, dealer or supplier quotes for similar instruments or recent arm's length transactions) is used which takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield.

Carrying amount and fair value of each class of financial asset and liability are presented in the table below.

as of August 31, 2011	Loans and receivables	Fair value through profit and loss – trading[1]	Financial liabilities at amortized cost	Derivatives used in hedging	Total carrying amount	Fair value
in thousands of CHF						
Cash equivalents	41,977				41,977	41,977
Short-term deposits	433				433	433
Trade receivables	276,153				276,153	276,153
Derivative financial assets		235,384		10,540	245,924	245,924
Other assets	49,713				49,713	49,713
Total Assets	**368,276**	**235,384**		**10,540**	**614,200**	**614,200**
Bank overdrafts			17,327		17,327	17,327
Short-term debt			129,970		129,970	129,970
Trade payables			417,187		417,187	417,187
Derivative financial liabilities		133,399		10,137	143,536	143,536
Long-term debt			684,960		684,960	706,158
Other liabilities			214,990		214,990	214,990
Total Liabilities		**133,399**	**1,464,434**	**10,137**	**1,607,970**	**1,629,168**

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, 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

Fair value – hierarchy

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.
- 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, 2011	Level 1	Level 2	Level 3	Total
in thousands of CHF				
Derivative financial assets	1,256	244,668	–	245,924
Derivative financial liabilities	68	143,468	–	143,536

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 2010/11 and 2009/10.

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.

28 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,	2011	2010
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Nicolas and Philippe Jacobs[1]	5.53%	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:

in thousands of CHF	Nature of cost/revenue	2010/11	2009/10
Sales to related parties		**52**	**173**
Pastelería Totel, S.L.	Revenue from sales and services	52	173
Purchases from related parties		**(10,415)**	**(11,424)**
African Organic Produce AG	Cost of goods sold	(10,415)	(11,424)
Operating expenses charged by related parties		**(8,258)**	**(7,692)**
Jacobs Holding AG	Management services	(1,716)	(1,650)
Adecco Group	Human resources services	(6,431)	(5,940)
Biolands International Ltd	Management services	(11)	–
Other		(100)	(102)
Trade receivables from related parties		**–**	**2**
Jacobs Holding AG		–	2
Trade payables to related parties		**1,845**	**3,531**
Jacobs Holding AG		231	310
Adecco Group		873	1,282
African Organic Produce AG		741	1,882
Other		–	57

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:

in million of CHF	2010/11	2009/10
Short-term employee benefits	8.7	8.2
Post-employment benefits	1.6	1.5
Share-based payments	6.6	4.2
Total	**16.9**	**13.9**

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.

29 Commitments and contingencies

Capital commitments

as of August 31,	2011	2010
in thousands of CHF		
Property, plant and equipment	3,817	1,047
Intangible assets	2,357	2,747
Total capital commitments	**6,174**	**3,794**

Operating lease commitments

Operating lease commitments represent rentals payable by the Group for certain vehicles, equipment, buildings and offices. Equipment and vehicle leases were negotiated for an average term of 2.5 years (2009/10: 3.6 years).

The future aggregate minimum lease payments under non-cancellable operating leases are due as follows:

as of August 31, in thousands of CHF	2011	2010
In the first year	12,707	13,697
In the second to the fifth year	34,144	37,096
After five years	25,681	28,517
Total future operating lease commitments	**72,532**	**79,310**

in thousands of CHF	2010/11	2009/10
Lease expenditure charged to the income statement	14,092	14,274

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 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.

30 Group companies

The principal subsidiaries of Barry Callebaut as of August 31, 2011, 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
	Barry Callebaut Cocoa AG	100	CHF	100,000
Belgium	Barry Callebaut Services N.V.	100	EUR	705,000,000
	Barry Callebaut Belgium N.V.	100	EUR	61,537,705
	Barry Callebaut Belgium Consumer N.V.	100	EUR	1,223,795
	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
Czech Republic	Barry Callebaut Czech Republic S.R.O.	100	CZK	200,000
Denmark	Barry Callebaut Danmark APS	100	DKK	125,000
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 Schokoladen Vertriebs 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 Private Ltd	100	INR	35,000,000
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	100	MYR	36,000,000
	Selbourne Food Services Sdn Bhd	100	MYR	2,000,000
	Barry Callebaut Services Asia Pacific Sdn Bhd	100	MYR	500,000

Country	Subsidiary	Ownership in %	Currency	Capital
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 NL 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	99	EUR	7,800,000
	Barry Callebaut Manufacturing Ibérica, S.A.U.	100	EUR	987,600
Sweden	Barry Callebaut Sweden AB	100	SEK	100,000
The Netherlands	Barry Callebaut Nederland B.V.	100	EUR	21,435,000
	Barry Callebaut Decorations 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
	BC North America Holding Inc.	100	USD	100,001,000
	Barry Callebaut USA LLC.	100	USD	100,190,211

1 Barry Callebaut has some dormant companies which are not enclosed as principal subsidiaries, for example Van Houten Service AG (in liquidation), Barry Callebaut Manufacturing Germany GmbH, Barry Callebaut Holding (UK) Ltd, Barry Callebaut Nigeria, Adis Holding Inc., Barry Callebaut USA Holding, Inc., BC USA Service company Inc., Omnigest SAS, Alliance Cacao SA

31 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 five major 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 by the legal entity but also by 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 in 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. Financial risk management is described in more detail in note 27.

The results of the Group ERM are presented to the AFRQCC quarterly or immediately in the event of an emergency individual risk issue.

32 Subsequent events

The Group completed the sale of the European consumer business on September 30, 2011 (as referred to in note 26). In accordance with the share purchase agreement, the final purchase price is determined based on the closing balance sheet on September 30, 2011. At this stage the assessment and agreement on final amounts are ongoing. Consequently, the adjusted sales price for the transaction cannot yet be determined reliably.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 7, 2011, and are subject to approval by the Annual General Meeting of Shareholders on December 8, 2011.

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Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Shareholders of

Barry Callebaut, 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 64 to 130 for the year ended August 31, 2011.

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, 2011 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 7, 2011

5-Year Overview

Barry Callebaut
Annual Report 2010/11

Key Figures Barry Callebaut Group

		CAGR (%)[15]	2010/11	2009/10[16]	2008/09	2007/08	2006/07
Consolidated Income Statement							
Sales volume	Tonnes	5.2%	1,296,438	1,209,654	1,213,610	1,166,007	1,059,200
Sales revenue	CHF m	2.6%	4,554.4	4,524.5	4,880.2	4,815.4	4,106.8
EBITDA[1]	CHF m	0.3%	432.1	414.6	456.1	443.7	427.1
Operating profit (EBIT)	CHF m	2.7%	360.6	341.1	350.8	341.1	324.0
Net profit from continuing operations[2]	CHF m	5.7%	258.9	237.5	226.9	209.1	207.0
Net profit for the year	CHF m	9.2%	176.8	251.7	226.9	205.5	124.1
Cash flow[3]	CHF m	2.6%	450.7	457.8	418.1	434.3	406.8
EBIT/sales revenue	%	0.1%	7.9%	7.5%	7.2%	7.1%	7.9%
EBIT per tonne	CHF	(2.4%)	278.1	282.0	289.1	292.5	305.9
Consolidated Balance Sheet							
Total assets	CHF m	0.6%	3,263.1	3,570.8	3,514.8	3,729.5	3,186.7
Net working capital[4]	CHF m	0.1%	888.1	964.9	1,010.1	1,037.1	883.9
Non-current assets	CHF m	(0.1%)	1,208.4	1,405.8	1,432.2	1,423.7	1,211.3
Net debt	CHF m	(4.0%)	789.8	870.8	942.7	1,041.2	930.2
Shareholders' equity[5]	CHF m	3.5%	1,217.1	1,302.3	1,255.6	1,175.9	1,059.1
Capital expenditure[6]	CHF m	(1.4%)	144.6	145.1	144.4	249.9	153.1
Ratios							
Economic Value Added (EVA)	CHF m	6.2%	156.2	147.7	129.9	126.3	122.9
Return on invested capital (ROIC)[7]	%	2.0%	15.5%	14.8%	13.9%	14.0%	14.3%
Return on equity (ROE)	%	1.3%	20.6%	19.6%	18.1%	17.7%	19.5%
Debt to equity ratio	%	(7.3%)	64.9%	66.9%	75.1%	88.5%	87.8%
Solvency ratio[8]	%	2.9%	37.3%	36.5%	35.7%	31.5%	33.2%
Interest coverage ratio[9]		3.7%	5.9	5.8	5.0	4.8	5.1
Net debt/EBITDA		(4.7%)	1.8	2.1	2.1	2.3	2.2
Capital expenditure/sales revenue	%	(3.8%)	3.2%	3.2%	3.0%	5.2%	3.7%
Shares							
Share price at fiscal year-end	CHF	(3.2%)	765	703	574	724	873
EBIT per share[10]	CHF	2.7%	69.8	66.0	67.8	66.0	62.7
Basic earnings per share[11]	CHF	5.8%	50.3	45.9	44.0	40.4	40.2
Cash earnings per share[12]	CHF	2.6%	87.3	88.6	81.1	83.9	78.6
Payout per share[13]	CHF	7.7%	15.5	14.0	12.5	11.5	11.5
Payout ratio	%	1.9%	31%	29%	28%	28%	29%
Price-earnings ratio at year-end[14]		(8.5%)	15.2	15.3	13.0	17.9	21.7
Market capitalization at year-end	CHF m	(3.2%)	3,955.1	3,631.9	2,967.6	3,743.1	4,510.8
Number of shares issued		0.0%	5,170,000	5,170,000	5,170,000	5,170,000	5,170,000
Total capital repayment	CHF m	7.5%	72.4	64.6	59.5	59.5	54.3
Other							
Employees		(5.8%)	5,972	7,550	7,525	7,281	7,592
Beans processed	Tonnes	5.0%	537,811	569,875	541,847	471,149	442,378
Chocolate & compound production	Tonnes	3.6%	1,020,381	954,073	971,951	947,387	885,372

1 EBIT + depreciation of property, plant and equipment + amortization of intangible assets (for 2009/10 and 2010/11 excluding discontinued operations)
2 Net profit from continuing operations (including non-controlling interest)
3 Operating cash flow before working capital changes
4 Includes current assets and liabilities related to commercial activities and current provisions
5 Total equity attributable to the shareholders of the parent company
6 Capital expenditure for property, plant and equipment and intangible assets (excl. acquisitions)
7 EBIT x (1-effective tax rate)/average capital employed
8 Total equity attributable to the shareholders of the parent company/total assets
9 EBITDA/net financial expense
10 Based on EBIT/basic shares outstanding
11 Based on the net profit for the year attributable to the shareholders of the parent company excluding the net result from discontinued operations/basic shares outstanding
12 Operating cash flow before working capital changes/basic shares outstanding
13 2010/11 dividend out of paid in capital reserves as proposed by the Board of Directors to the Annual General Meeting; 2009/10 and before par value reduction instead of a dividend
14 Share price at year-end/basic earnings per share
15 Compound annual growth rate for the 5-year period
16 Due to the discontinuation of the European Consumer Products business certain comparatives related to the Income Statement have been restated to conform with the current period's presentation. Balance Sheet and Cash Flow Statement related values incl. key figures based on those and the number of employees have not been restated. No restatements were made for any year prior to 2009/10

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Income Statement

for the fiscal year ended August 31,	2010/11	2009/10
in CHF		
Income		
Dividend income	135,450,000	130,870,000
Financial income	7,625,865	9,769,770
License income	38,474,290	40,259,531
Management fees	25,831,114	21,556,186
Other income	13,404,080	8,885,175
Total income	**220,785,349**	**211,340,662**
Expenses		
Personnel expenses	(32,228,190)	(28,139,426)
Financial expenses	(18,265,199)	(14,432,489)
Depreciation of property, plant and equipment	(507,750)	(588,538)
Amortization of intangible assets	(4,551,729)	(3,055,936)
Unrealized loss on treasury shares	–	(2,119)
Other expenses	(30,351,842)	(25,940,834)
Total expenses	**(85,904,710)**	**(72,159,342)**
Profit before taxes	**134,880,639**	**139,181,320**
Income taxes	(1,122,114)	(2,095,374)
Net profit for the year	**133,758,525**	**137,085,946**

Retained earnings

in CHF	2010/11	2009/10
Retained earnings as of September 1	1,094,556,907	956,043,024
(Increase) decrease of reserve for treasury shares	(4,346,385)	1,422,174
Capital reduction on treasury shares	62,734	5,763
Net profit	133,758,525	137,085,946
Retained earnings as of August 31,	**1,224,031,781**	**1,094,556,907**

Balance Sheet

Assets

as of August 31, in CHF	2011	2010
Current assets		
Cash and cash equivalents	17,631	32,841
Treasury shares	7,534,957	3,188,572
Accounts receivable from Group companies	33,871,537	16,196,438
Short-term loans granted to Group companies	110,364	425,308
Other current assets	3,094,784	2,820,819
Total current assets	**44,629,273**	**22,663,978**
Non-current assets		
Property, plant and equipment	845,725	1,243,716
Financial assets		
Investments	1,973,872,715	1,853,772,715
Intangible assets		
Trademarks	12,709,124	7,753,946
Patents/Product development costs	1,484,743	2,861,710
Other	1,294,109	912,163
Total non-current assets	**1,990,206,416**	**1,866,544,250**
Total assets	**2,034,835,689**	**1,889,208,228**

Liabilities and shareholders' equity

as of August 31, in CHF	2011	2010
Current liabilities		
Bank overdrafts	147,278	5,832
Accounts payable to third parties	3,727,597	1,925,783
Accounts payable to Group companies	6,843,287	10,795,931
Accounts payable to shareholders	230,992	309,605
Short-term loans from Group companies	460,221,684	405,887,809
Accrued liabilities	47,852,522	16,193,986
Accrued taxes	2,110,079	1,828,291
Total liabilities	**521,133,439**	**436,947,237**
Shareholders' equity		
Share capital[1]	125,114,000	197,494,000
Legal reserves		
Reserves from capital contributions	131,419,323	–
Other legal reserves	25,600,070	157,019,393
Reserve for treasury shares	7,537,076	3,190,691
Retained earnings	1,224,031,781	1,094,556,907
Total shareholders' equity	**1,513,702,250**	**1,452,260,991**
Total liabilities and shareholders' equity	**2,034,835,689**	**1,889,208,228**

1 The share capital as of August 31, 2011 consists of 5,170,000 fully paid in shares at a nominal value of CHF 24.20 (August 31, 2010: CHF 38.20)

Notes to the Financial Statements

1 Liens, guarantees and pledges in favor of third parties

The Company is a co-debtor for bank loans of max. EUR 600 million (CHF 694.6 million; 2009/10: CHF 1,098.6 million) obtained by Barry Callebaut Services N.V., Belgium, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,224.0 million less 35% withholding tax). Furthermore, the company is also a co-debtor to the Senior Notes of EUR 350 million (CHF 405.2 million; 2009/10 : CHF 452.4 million) issued by Barry Callebaut Services N.V., Belgium, on July 13, 2007, as well as to the Senior Notes of EUR 250 million (CHF 289.4 million) issued on June 15, 2011, by Barry Callebaut Services N.V., Belgium. Additionally, the Company issued several corporate guarantees for various credit facilities granted to direct and indirect subsidiaries for an amount of up to CHF 734.4 million (2009/10: CHF 773.7 million).

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

2 Fire insurance value of property, plant and equipment

as of August 31,	2011	2010
in CHF		
Fire insurance value of property, plant and equipment	6,750,000	6,800,000

3 Investments

as of August, 31				2011	2010
Name and domicile	Share capital		Purpose	Percentage of investment	
ADIS Holding Inc., Panama	CHF	41,624,342	Dormant	100%	100%
Barry Callebaut Belgium N.V., Belgium [1]	EUR	61,537,705	Production, Sales	99.99%	99.99%
Barry Callebaut Cocoa AG, Switzerland	CHF	100,000	Sales	100%	–
Barry Callebaut Nederland B.V., The Netherlands	EUR	21,435,000	Holding	100%	100%
Barry Callebaut Nigeria Ltd, Nigeria	NGN	10,000,000	Sales	1%	1%
Barry Callebaut Schweiz AG, Switzerland	CHF	4,600,000	Production, Sales	100%	100%
Barry Callebaut Services N.V., Belgium [2]	EUR	705,000,000	In-house Bank	99.99%	99.99%
Barry Callebaut Sourcing AG, Switzerland	CHF	2,000,000	Sourcing	100%	100%
Barry Callebaut Belgium Consumer N.V., Belgium [1, 3]	EUR	1,223,795	Production	99.99%	99.99%
Chocolat Alprose SA, Switzerland [3]	CHF	7,000,000	Production, Sales	100%	100%
C.J. van Houten & Zoon Holding GmbH, Germany	EUR	72,092,155	Holding	100%	100%
Barry Callebaut Decorations B.V., The Netherlands	EUR	18,242	Production, Sales	100%	100%
Schloss Marbach GmbH, Germany	EUR	1,600,000	Conference and Training Center	100%	100%
Van Houten Service AG (in liquidation), Switzerland	CHF	100,000	In liquidation	100%	100%

1 In 2010/11, share capital was increased by EUR 1,162,295 in Barry Callebaut Belgium Consumer N.V. whereas the share capital of Barry Callebaut Belgium N.V. was reduced by the same amount (share capital split)
2 In 2010/11, share capital was increased by EUR 90,000,000
3 Participation sold as a result of the disposal of the European consumer business as of September 30, 2011

Investments are stated at cost less any provision for impairment.

4 Treasury shares

The Company held 10,181 treasury shares as of August 31, 2011 (2010: 4,761). In 2010/11, the Company bought 12,124 shares at an average price of CHF 745.90 per share (2009/10: 9,174 shares at an average price of CHF 652.65) and transferred 6,704 shares at an average price of CHF 700.61 per share (2009/10: 10,845 shares transferred at an average price of CHF 652.91). In 2010/11, the Company sold no treasury shares (2009/10: 500 treasury shares at an average price of CHF 613.50). Treasury shares are valued at the lower of cost or market. As of August 31, 2011, the treasury shares have been valued at an average price of CHF 740.09 per share (2009/10: average price of CHF 669.73 per share).

5 Significant shareholders

as of August 31,	2011	2010
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Nicolas and Philippe Jacobs[1]	5.53%	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

6 Disclosures according to Art. 663b^{bis} and 663c Code of Obligations

Remuneration of key management[1] for the fiscal year 2010/11

Board of Directors (BoD)	Compen-sation fix	Compen-sation variable	Other compen-sation[2]	Number of shares[3]	Value of shares[4]	Total remuneration 10/11	Total remuneration 09/10
in thousands of CHF							
Andreas Jacobs Chairman/Delegate	350.0	–	–	360	280.8	**630.8**	**533.8**
Andreas Schmid Vice Chairman Member of the AFRQCC[5]	180.0	–	56.0	180	140.4	**376.4**	**317.9**
Rolando Benedick Member of the NCC[6]	125.0	–	29.8	180	140.4	**295.2**	**233.2**
James L. Donald Member of the NCC	125.0	–	–	180	140.4	**265.4**	**216.9**
Markus Fiechter[7] Member of the AFRQCC	–	–	–	–	–	**–**	**–**
Stefan Pfander Chairman of the NCC	140.0	–	–	180	140.4	**280.4**	**239.4**
Jakob Baer[8] Member of the AFRQCC	50.0	–	4.5	180	132.3	**186.8**	**n/a**
Urs Widmer Chairman of the AFRQCC	140.0	–	13.8	180	140.4	**294.2**	**255.1**
Total remuneration Board of Directors	**1,110.0**	**–**	**104.1**	**1,440**	**1,115.1**	**2,329.2**	**1,796.3**
Remuneration Executive Committee[9]	**3,433.9**	**3,740.3**	**1,926.4**	**9,353**	**7,295.3**	**16,395.9**	**14,444.4**
Total remuneration of key management	**4,543.9**	**3,740.3**	**2,030.5**	**10,793**	**8,410.4**	**18,725.1**	**16,240.7**
Highest individual remuneration within Executive Committee: **Juergen Steinemann** CEO Barry Callebaut Group	1,000.0	1,224.1	1,210.0	3,750	2,925.0	6,359.1	4,866.5

There were no termination payments nor payments to former members of the Board of Directors or Executive Committee during the fiscal year.

As of August 31, 2011, no loans or credits to members of the Board of Directors or Executive Committee or parties closely related to them are outstanding.

Holdings of shares and options[10]

Number of shares as of August 31,	2011	2010
Board of Directors		
Andreas Jacobs (Chairman)[11]	2,501	2,341
Andreas Schmid (Vice Chairman)	12,510	12,330
Rolando Benedick	1,680	1,500
James L. Donald	360	180
Markus Fiechter	–	–
Stefan Pfander	960	780
Jakob Baer[8]	–	n/a
Urs Widmer	1,160	980
Executive Committee		
Juergen Steinemann, CEO Barry Callebaut Group	1,375	93
Victor Balli, CFO Barry Callebaut Group	478	906
Massimo Garavaglia, President Western Europe	740	3,300
David S. Johnson, President Americas	2,750	2,320
Steven Retzlaff, President Global Sourcing & Cocoa	575	650
Dirk Poelman, Chief Operations Officer	2,631	4,280
Hans P. Vriens, Chief Innovation Officer	–	2,250

1 Key management is defined as Board of Directors (BoD) and Executive Committee
2 Including social security and pension contributions as well as other benefits
3 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions
4 Value defined as closing share price at grant date, which might be historical rates before the fiscal year under review
5 Audit, Finance, Risk, Quality & Compliance Committee
6 Nomination & Compensation Committee
7 No compensation paid. Services rendered by Markus Fiechter as a member of the BoD are covered by the service fee charged by Jacobs Holding AG (see also note 28 of the Consolidated Financial Statements of Barry Callebaut Group)
8 Jakob Baer was elected as member of the BoD at the General Assembly held on December 7, 2010
9 Disclosure relates to the Executive Committee as in place on August 31, 2011, i.e.: Juergen Steinemann, Victor Balli, Massimo Garavaglia, Steven Retzlaff, David S. Johnson, Dirk Poelman and Hans P. Vriens
10 Including shares of related parties to the individual BoD/Executive Committee member
11 Excluding the 50.11% participation held by Jacobs Holding AG

7 Risk assessment disclosures

Barry Callebaut AG as the ultimate parent of the Barry Callebaut Group, is fully integrated into the Group-wide Risk Management (GRM) process and the respective Enterprise Risk Management Model. The GRM process consists of reporting quarterly to the Audit, Finance, Risk, Quality and Compliance Committee (AFRQCC) on identified risks, events and respective response by the management. The processes and actions to identify the risks and remediation are identified by specialized corporate functions (Commodity management, Treasury, Legal, Internal Audit, Quality, Operations and Supply Chain, etc.) under the GRM program, supported by the legal entities and divisions concerned. These Group function departments are responsible to monitor those procedures and processes and ensure effective measures while Group Risk Management oversees the global process.

The Group's general Risk Management process and the Financial Risk Management in particular is described in the Group's consolidated financial statements in notes 27 and 31, respectively.

8 Subsequent events

On July 8, 2011, Barry Callebaut signed an agreement for the sale of its European consumer business (Stollwerck) to the Baronie Group in Belgium (see also note 26 and 32 in the Consolidated Financial Statements). In this transaction, that was closed on September 30, 2011, the Company sold its participations in Chocolat Alprose SA, Switzerland and Barry Callebaut Belgium Consumer N.V., Belgium, as well as related intellectual property rights. In accordance with the share purchase agreement the final purchase price is determined based on the closing balance sheet on September 30, 2011. At this stage the assessment and agreement on final amounts are ongoing. Consequently, the adjusted sales price for the transaction cannot yet be determined.

9 Appropriation of available earnings and reserves

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

9.1 Allocation from Reserves from capital contributions to free reserves

in the amount of CHF 80,135,000.

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

in the amount of CHF 80,135,000.

9.3 Carry-forward of the balance of retained earnings

of CHF 1,224,031,781.

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of

Barry Callebaut AG, Zurich

As statutory auditor, we have audited the accompanying financial statements of Barry Callebaut AG, which comprise the income statement, balance sheet and notes on pages 134 to 140 for the year ended August 31, 2011.

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

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

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

Opinion
In our opinion, the financial statements for the year ended August 31, 2011 comply with Swiss law and the company's articles of incorporation.

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

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

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

KPMG AG

Roger Neininger
Licensed Audit Expert
Auditor in Charge

Marc Ziegler
Licensed Audit Expert

Zurich, November 7, 2011

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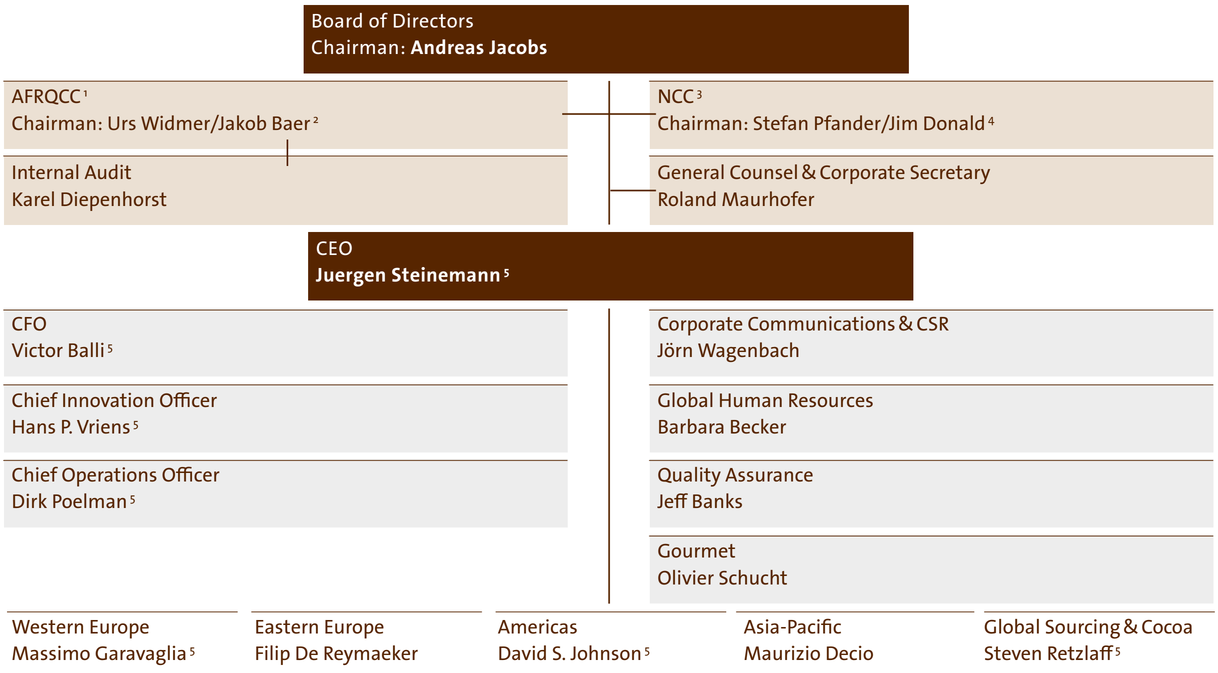
Corporate Governance

The information that follows is provided in accordance with the Directive on Information Relating to Corporate Governance issued by the SIX Exchange Regulation (DCG). The principles and rules of Corporate Governance as practiced by Barry Callebaut are laid down in the Articles of Incorporation, the Regulations of the Board and the Charters of the Board Committees. These are reviewed regularly by the Board of Directors and adapted as needed.

Additional information:
www.barry-callebaut.com/corporate_governance and www.barry-callebaut.com/organization

Group structure and shareholders

The organization of the Barry Callebaut Group has a structure which is divided into three different regions: Region Europe (incl. Western and Eastern Europe), Region Americas and Region Asia-Pacific. The globally managed Global Sourcing & Cocoa business is reported as a separate segment like a Region. There are three different Product Groups: Cocoa Products, Food Manufacturers Products and Gourmet & Specialties Products. The following chart provides an overview of the operational Group structure as of November 10, 2011:



1 AFRQCC: Audit, Finance, Risk, Quality & Compliance Committee (see page 151)
2 Jakob Baer to take over AFRQCC Chairmanship as of December 8, 2011
3 NCC: Nomination & Compensation Committee (see page 152)
4 Jim Donald to take over NCC Chairmanship as of December 8, 2011
5 Member of the Executive Committee

The structure of the financial reporting is explained in note 3 to the Consolidated Financial Statements.

Information about the stock listing, principal subsidiaries and significant shareholders of Barry Callebaut is given on pages 70, 84, 125, 128 and 129 of the Consolidated Financial Statements and on pages 137, 138 and 139 of the Financial Statements of Barry Callebaut AG. There are no cross-shareholdings equal to or higher than 5% of the issued share capital.

Capital structure

The information required by the DCG regarding the capital structure is given in note 25 (share capital, movements in the share capital) of the Consolidated Financial Statements. The company has no convertible bonds outstanding. In the past three years, the Group's capital structure has not changed.

Additional information:
www.barry-callebaut.com/board and www.barry-callebaut.com/regulations

Board of Directors

The Board of Directors is ultimately responsible for the policies and management of Barry Callebaut. The Board establishes the strategic, accounting, organizational and financing policies to be followed, and appoints the Executive Committee, to which the Board of Directors has delegated the operational management of Barry Callebaut. Besides its non-transferable and inalienable duties, the Board has retained certain competencies as set forth in the Company's Internal Regulations, which are publicly accessible on the Barry Callebaut website (www.barry-callebaut.com/regulations).

As of August 31, 2011, the Board of Directors consisted of eight non-executive members. Each Director is elected by the shareholders of Barry Callebaut AG at the General Meeting for a term of office of one year and may be re-elected to successive terms.

Name	Nationality	Function	Member since
Andreas Jacobs	German	Chairman	2003
Andreas Schmid	Swiss	Vice Chairman	1997
Jakob Baer	Swiss	Director	2010
Rolando Benedick	Swiss	Director	2001
James L. Donald	U.S.	Director	2008
Markus Fiechter	Swiss	Director	2004
Stefan Pfander	German	Director	2005
Urs Widmer	Swiss	Director	2004

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

In December 2005, Andreas Jacobs (1963) 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) plus 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 post-graduate 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 (1957) was appointed CEO of Jacobs Holding AG in 1997. In 1999, he became Chairman of the Board and CEO of Barry Callebaut AG. In June 2002, he handed over the CEO function but continued to assume the responsibility of Chairman until December 2005. 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 CEO and Managing Director of Kopp Plastics (PTY) Ltd in South Africa from 1989 to 1992. He then worked for the Jacobs Group in various staff and line functions until 1993. From 1993 to 1997, Andreas Schmid was President of the Mövenpick Consumer Goods Division and a member of the worldwide Group Executive Board of Management. Between December 2007 and May 2011, Andreas Schmid was Chairman of the Supervisory Board of Symrise AG and between 2002 and 2006 he chaired the Board of Kuoni Travel Holding AG. He was a member of the Board of Adecco SA from 1999 to 2004 and a member of the Advisory Board of the Credit Suisse Group from 2001 to 2007, before the Advisory Board was dissolved.

Andreas Schmid is Executive Chairman of Oettinger Davidoff Group, Chairman of the Board of Directors of Flughafen Zurich AG and 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.

Jakob Baer
Director since 2010,
Swiss national

Jakob Baer (1944) started his career in 1971 at the Federal Finance Administration. From 1975 until 1991, he was with Fides Group where he held different positions (as Consultant, Head of Legal Department, Branch Office Manager Zurich, Member of the Division Management Advisory Services). 1991/1992, Jakob Baer was leading in planning and executing the management buy-out of the Advisory Services unit of Fides Group, which became part of KPMG Switzerland. He was a member of the Executive Committee of KPMG Switzerland from 1992 until 1994. From 1994 to 2004, he held the position of Chief Executive Officer of KPMG Switzerland, and was a member of KPMG's European and International Leadership Boards.

Jakob Baer is Board Member of Adecco, Swiss Re, Rieter Holding AG, Allreal Holding AG and Chairman of Stäubli Holding AG, all in Switzerland.

He was admitted to the bar (1971) and subsequently obtained a doctorate degree in law (Dr. iur.) from the University of Berne, Switzerland.

Rolando Benedick
Director since 2001,
Swiss national

Rolando Benedick will not be available for re-election to the Board of Directors at the next Annual General Meeting of Shareholders on December 8, 2011.

Rolando Benedick (1946) was appointed CEO 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 programs at renowned retail groups in Germany, France and Switzerland. In 1970, he was given responsibility for the planning and construction of the new shopping center in Monthey. He then became director of the Sion store. 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 (Galeries 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).

James L. Donald
Director since 2008,
U.S. national

James "Jim" L. Donald (1954) has been President and CEO of Haggen, Inc., a 33-store Pacific Northwest grocery company based in Bellingham since September 2009 until March 2011. He also serves as a Board Member of Rite Aid Corporation, one of the leading drugstore chains in the U.S. with more than 4,900 stores in 31 states.

James Donald was President & Chief Executive Officer of Starbucks Corporation from April 2005 to January 2008. From October 2002 to March 2005, James Donald served as President of Starbucks, North America. Under his leadership, Starbucks experienced strong growth and performance. From October 1996 to October 2002, James Donald served as Chairman, President & 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.

Markus Fiechter
Director since 2004,
Swiss national

Markus Fiechter (1956) has been CEO 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 CEO 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. He is also member of the Board of the Federal Foundation for the Advancement of the Swiss Economy through Scientific Research.

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.

Stefan Pfander
Director since 2005,
German national

Stefan Pfander (1943) 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, U.S.). 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 40 countries. Until January 2006, he was Chairman Europe and Vice President of the Wm. Wrigley Jr. Company in Chicago, U.S. Until 2010, he also served a member of the Board of Directors of Sweet Global Network e.V. (international confectionery trade association).

Stefan Pfander is a Supervisory Board Member of Maxingvest AG (Holding company, Beiersdorf AG, Tchibo GmbH), Deputy Chairman of the Supervisory Board of GfK SE (market research institute) and Chairman of the Supervisory Board of Treofan GmbH.

Stefan Pfander holds a degree in Economics from the University of Hamburg.

Urs Widmer
Director since 2004,
Swiss national

Urs Widmer will not be available for re-election to the Board of Directors at the next Annual General Meeting of Shareholders on December 8, 2011.

Urs Widmer (1941) 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. Urs Widmer was Chairman of the Board of Directors of Ernst & Young AG (from 1998 to 2002), and of Bank Vontobel Holding AG and Bank Vontobel AG (from 2003 to 2011); he also served as member of the Board of Directors of Helvetia Holding AG (from 2005 to 2011).

Urs Widmer 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.

Functioning of the Board

The Board of Directors constitutes itself at its first meeting subsequent to the Ordinary General Meeting. The Board elects its Chairman and its Vice Chairman. It meets as often as business requires, but at least four times per fiscal year. The meetings usually take place in Zurich. If possible, the Board meets once per year at one of the Barry Callebaut production sites and combines this meeting with a visit of the local operation. During this last fiscal year, the Board of Directors met six times for regular Board meetings. Four meetings lasted approximately six hours, two meetings lasted three hours, one of which took place in the form of a conference call. In the year under review, the Board held one of the regular meetings in the context of a two-day visit to the production sites in San Pedro and Abidjan, both in Côte d'Ivoire.

The Chairman invites the members to the meetings in writing, indicating the agenda and the motion for resolution thereto. The invitations are sent out at least ten business days prior to the meeting. Each member of the Board can request the Chairman to call a meeting without undue delay. In addition to the materials for meetings, the Board members receive monthly financial reports.

At the request of one member of the Board, members of the Executive Committee shall be invited to attend meetings. The Board of Directors can determine by majority vote that other third parties, for example external consultants, may attend part or all of the meeting. In the past fiscal year, the CEO, the CFO and, depending on the agenda items, other members of the Executive Committee or management were present at all Board and Committee meetings.

Resolutions are adopted by a simple majority of the Board members present or represented. Members may only be represented by a fellow Board member. In the event of a tie vote, the proposal is deemed to be not resolved. Resolutions made at the Board meetings are documented through written minutes of the meeting.

Directors may request any information necessary to fulfill their duties. Outside of meetings, any Director may request information from members of the Executive Committee concerning the Group's business development. Requests for information must be addressed to the Chairman of the Board.

The Board of Directors has formed the following committees:

Audit, Finance, Risk, Quality & Compliance Committee

Urs Widmer (Chairman), Jakob Baer (member since June 2011; to take over Chairmanship as from December 8, 2011), Andreas Schmid and Markus Fiechter

The primary task of the Audit, Finance, Risk, Quality & Compliance Committee (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, reviews the hedging and financing strategies, reviews the bases upon which the Board of Directors determines risk tolerance levels and trading limits, and reviews the appropriateness of the risk management instruments and techniques employed. For details of the risk management system, see note 7 to the Financial Statements of Barry Callebaut AG and notes 27 and 31 to the Consolidated Financial Statements.

The Audit, Finance, Risk, Quality & Compliance Committee 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, evaluating the audit fees, overseeing the external audit coverage, specifying how the external auditors report to the Board and/or the Audit Committee, assessing additional non-audit services, reviewing accounting policies and policy decisions, and reviewing the annual financial statements and related notes.

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The internal audit function reports to the Chairman of the AFRQCC. Significant findings of internal audits are presented and reviewed in the meetings of the AFRQCC and of the Board of Directors. In the last fiscal year, the internal audit team was supported by a third party in one site audit.

The external auditors attended one meeting of the Audit, Finance, Risk, Quality & Compliance Committee in fiscal year 2010/11.

The AFRQCC meets as often as business requires, but at least three times per fiscal year. The meetings usually take place in Zurich. In the last fiscal year, the committee met four times. The meetings lasted for approximately two hours. One of the meetings took place in the context of the Board's visit to the production sites in San Pedro and Abidjan, both in Côte d'Ivoire. One meeting took place in the form of a conference call.

Nomination & Compensation Committee

Stefan Pfander (Chairman), Rolando Benedick, James Donald (to take over Chairmanship as from December 7, 2011)

The responsibilities of the Nomination & Compensation Committee (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 CEO 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.

The NCC meets as often as business requires, but at least three times per fiscal year. The meetings usually take place in Zurich. In the last fiscal year, the committee met four times. The meetings lasted for approximately two hours. One of the meetings took place in the context of the Board's visit to the production sites in San Pedro and Abidjan, both in Côte d'Ivoire.

Additional information:
www.barry-callebaut.com/
executivecommittee

Executive Committee

The Executive Committee consists of seven members and is headed by the Chief Executive Officer. For external activities of each member of the Executive Committee see the respective curriculum vitae.

Name	Function	Nationality	Member since
Juergen Steinemann	Chief Executive Officer	German	2009
Victor Balli	Chief Financial Officer	Swiss	2007
Massimo Garavaglia	Western Europe	Italian	2004
David S. Johnson	Americas	U.S.	2009
Steven Retzlaff	Global Sourcing & Cocoa	U.S./Swiss	2008
Dirk Poelman	Chief Operations Officer (COO)	Belgian	2009
Hans P. Vriens	Chief Innovation Officer (CIO)	Dutch	2009

Juergen Steinemann
Chief Executive Officer,
German national

Juergen Steinemann (1958) was appointed Chief Executive Officer of Barry Callebaut AG in August 2009.

Before joining Barry Callebaut, Juergen Steinemann 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 CEO of Unilever's former subsidiary Loders Croklaan, which produced and marketed specialty oils and fats for the chocolate, bakery and functional foods industry. Between 1990 and 1998, Juergen Steinemann was with the former Eridania Beghin-Say Group, where he held various senior positions in business-to-business marketing and sales, ultimately in the "Corporate Plan et Stratégie" unit at the head office in Paris.

Juergen Steinemann graduated from his economics/business studies at the European Business School in Wiesbaden, Germany, London, and Paris in 1985.

Victor Balli
Chief Financial Officer,
Swiss national

Victor Balli (1957) 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 CFO and additionally held the position of CEO EMEA as of 2005. During this time, he also served as executive director and board member of several group companies of Niantic, a family investment holding. From 1991 to 1995, he worked as a Principal with Adinvest AG, a corporate finance advisory company with offices in Zurich, San Francisco, New York, and London. From 1989 to 1991, Victor Balli served as Director of Corporate Finance with Marc Rich & Co. Holding in Zug. He started his professional career in 1985 working as a Financial Analyst & Business Development Manager with EniChem International SA in Zurich and Milan.

Victor Balli holds a Master's degree in Economics from the University of St. Gallen and a Master's degree as a Chemical Engineer from the Swiss Federal Institute of Technology in Zurich.

Massimo Garavaglia
President Western Europe,
Italian national

Massimo Garavaglia (1966) was appointed President Western Europe 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 Mediterranean Countries/Middle East/Eastern Europe. From September 2004 until 2006, he was President Food Manufacturers. From September 2006 to April 2009, he served as President Americas.

Massimo Garavaglia holds a Master's degree in Economics and Business Administration from Bocconi University, Milan.

David S. Johnson
CEO and President Americas,
U.S. national

David S. Johnson (1956) was appointed CEO and President Americas in May 2009, and is a member of the Executive Committee of Barry Callebaut AG.

Before joining Barry Callebaut, David Johnson served as CEO and member of the board for Michael Foods, Inc., a food processor and distributor headquartered in Minnetonka, MN, U.S.

From 1986 to 2006, David Johnson was with Kraft Foods Global, Inc., the second largest food and beverage company in the world. At Kraft Foods, he held several senior positions in different divisions, including marketing, strategy, operations, procurement and general management. His last position was President Kraft North America and Corporate Officer Kraft Foods Global, Inc. He started his career in 1980 at RJR Nabisco.

David Johnson is a member of the board of directors of Arthur J. Gallagher & Co., an international insurance brokerage and risk management company with headquarters in Itasca, IL, U.S.

David Johnson holds both a Bachelor's and Master's degree in business from the University of Wisconsin.

Dirk Poelman
Chief Operations Officer,
Belgian national

Dirk Poelman (1961) was appointed Chief Operations Officer (COO) in September 2006 and 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 Operations responsible for the operations of the total Group and a member of the Senior Management Team. In 2004, he was appointed Vice President Operations and Research & Development.

Dirk Poelman holds an industrial engineering degree in electromechanics from the Catholic Industrial High School in Aalst, Belgium.

Steven Retzlaff (1963) was appointed President Global Sourcing & Cocoa 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, where he became a Certified Public Accountant. In 1990, he transferred to the Zurich office of KPMG where he worked until 1993. 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 CFO of Barry Callebaut Sourcing AG in 1996. From 1999 to 2001, he served as CFO Swiss Operations (BC Sourcing AG and BC Switzerland AG). From 2001 to 2003, he was CFO of the business unit Cocoa, Sourcing & Risk Management, and from 2003 to 2004 he worked as the Cocoa Division Head. In 2004, he was appointed President Sourcing & Cocoa 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 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.

Steven Retzlaff
President
Global Sourcing & Cocoa,
U.S. and Swiss national

Hans P. Vriens (1965) was appointed to the position of Chief Innovation Officer (CIO) 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 & 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, U.S. From 1989 to 1994, Hans Vriens worked as Brand Manager for Procter & Gamble in Austria and in Germany. He started his career in brand management and marketing with Mars/Effem in Spain and in the Netherlands.

Hans Vriens holds a BBA in Marketing from the Nyenrode Business University in Breukelen, Netherlands, an MBA in Marketing/International Business from the University of Oregon, U.S., and received Post-Graduate Education at Stanford University, U.S., and at the Wharton University of Pennsylvania, U.S.

Hans P. Vriens
Chief Innovation Officer,
Dutch national

Compensation, shareholdings and loans

The Board of Directors has the final responsibility for the remuneration of the Directors and the Executive Committee. The Nomination & Compensation Committee assists the Board in fulfilling its responsibility by evaluating the remuneration strategy and proposing individual compensation packages for the Executive Committee members and other key members of the management.

The Nomination & Compensation Committee ensures that Barry Callebaut offers an overall remuneration package which is aligned with corporate and individual performance and market practice, in order to attract and retain Directors and Executives with the necessary skills. The current remuneration scheme is not linked to any external benchmarks. The remuneration structure of the Board of Directors is comprised of fixed directors' fees and grants of Barry Callebaut AG shares. The shares granted to the members of the Board of Directors vest after one year.

The top management remuneration framework of Barry Callebaut consists of four compensation elements: an annual base salary, an annual short-term cash bonus linked to the achievement of the short-term bonus criteria for the respective fiscal year (the on-target bonus ranges from 50% to 100% of base salary), long-term incentive comprised of a share grant (with a target value of 70% to 125% of the annual base salary, with the exception of the CEO) and other benefits (with a value of 10% to 20% of the base salary). The short-term bonus criteria for the members of the Executive Committee (the on-target bonus amounts to 100% of the annual base salary) have been defined by the Board of Directors upon evaluation and recommendation of the NCC as follows for the current fiscal year (the percentage figures indicating the weight of the respective target):

	CEO	CFO	Regional Presidents	COO	CIO
Group EBIT	25%	25%	10%	60%	50%
Group EVA	25%	25%	–	–	–
Earnings per share	25%	25%	–	–	–
Regional EBIT	–	–	50%	–	–
Working capital	–	–	15%	20%	10%
Individual strategic targets	25%	25%	25%	20%	40%

The granting of shares is regulated by a Deferred Share Plan (DSP), which was revised in the year under review without any external compensation advisors and has become effective as of fiscal year 2011/12. For a period of three years (a "Grant Cycle"), an annual share value is determined by the Board of Directors for each individual plan participant. The number of shares to be granted to each participant with respect to each fiscal year is calculated by dividing the annual share grant value by the average closing price of Barry Callebaut shares during the last three months of the previous fiscal year. The granted shares vest according to the following schedule: 30% after one year, 30% after two years and 40% after three years. The vesting is subject to service criteria but not subject to any performance criteria. In addition, depending on the continued employment at the end of a Grant Cycle, each participant is entitled to receive an upside bonus calculated on each share granted during the three-year Grant Cycle. This upside bonus is subject to the three-year CAGR of the actual share price exceeding a certain benchmark price defined by the Board of Directors at the onset of the respective Grant Cycle. Such upside bonus, if any, is paid in cash at the end of the respective Grant Cycle.

For details regarding the compensation, shareholdings and loans of the members of the Board of Directors and the Executive Committee during the last fiscal year, see note 6 in the Financial Statements of Barry Callebaut AG.

Barry Callebaut and Jacobs Holding AG, Zurich, have agreed to execute administrative service agreements, under which Jacobs Holding AG offers to Barry Callebaut certain management and consultancy services. In the fiscal year 2010/11, the total compensation paid by Barry Callebaut under these agreements amounted to CHF 1.7 million. The contract is yearly renewable.

Shareholders' participation

Each share of Barry Callebaut AG carries one vote at the General Meeting. Voting rights may be exercised only after a shareholder has been registered in the Barry Callebaut AG share register as a shareholder with voting rights.

No shareholder holding more than 5% of the share capital may be registered as a shareholder with voting rights with respect to the shares such shareholder holds in excess thereof. For purposes of the 5% rule, groups of companies and groups of shareholders acting in concert or otherwise related are considered to be one shareholder.

Shareholders may register their shares in the name of a nominee approved by Barry Callebaut AG and may exercise their voting rights by giving instructions to the nominee to vote on their behalf.

However, a nominee holding more than 3% of the share capital will be registered as nominee for shareholders with voting rights only if it discloses the identity of each beneficial owner of shares claiming 0.5% or more of the share capital. No nominee holding more than 8% of the share capital may be registered as a shareholder with respect to the excess shares. The Board of Directors may, however, on a case-by-case basis, permit some or all of the excess shares to be registered with voting rights. In fiscal year 2010/11, no such exception was granted by the Board of Directors.

A resolution passed at the General Meeting with a majority of at least two-thirds of the shares represented at such meeting is required to lift the restrictions on the transferability of registered shares.

Shareholders may be represented at the General Meeting by proxy. Proxy holders must themselves be shareholders, or be appointed by Barry Callebaut, independent representatives nominated by Barry Callebaut AG, or a depository institution.

The Articles of Incorporation follow the majority rules and the provisions on convocation prescribed by the Swiss law concerning general meetings of shareholders.

Shareholders with voting rights holding shares representing in total at least 0.25% of the share capital or the voting rights have the right to request in writing – giving at least 60 days' notice – that a specific proposal be discussed and voted upon at the next General Meeting.

Shareholders registered in the share register with voting rights at the date specified in the invitation will receive an invitation to the Annual General Meeting. The published disclosures on significant shareholders of Barry Callebaut are accessible via the disclosure platform of SIX Exchange Regulation: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html

Change of control and defense measures...

An investor who acquires 33⅓% of all voting rights has to submit a take-over offer for all shares outstanding, according to the Swiss Stock Exchange Law. Barry Callebaut has not elected to change or opt out of this rule.

The employment contracts of one member of the Executive Committee has a fixed minimum duration of three years, ending in 2013, while the employment contracts with the remaining members of the Executive Committee are open-ended and contain notice periods of 6 to 12 months, during which they are entitled to full compensation.

External auditors

At the Annual General Meeting of Barry Callebaut AG on December 8, 2005, the shareholders voted to appoint KPMG AG, Zurich, as statutory auditors. The statutory auditors are appointed annually by the General Meeting for a one-year term of office. The current auditor in charge has exercised this function since fiscal year 2005/06. Pursuant to the Swiss regulations, he may remain in this function until and including fiscal year 2011/12.

Additional information:
www.barry-callebaut.com/documentation

For the fiscal year 2010/11, the remuneration for the audit of the accounting records and the financial statements of Barry Callebaut AG, and the audit of the consolidated financial statements, amounted to CHF 2.4 million. This remuneration is evaluated by the AFRQCC in view of the scope and the complexity of the Group. The performance of the auditors is monitored by the AFRQCC, to which they present a detailed report on the result of the audit of the Group. Prior to the presentation to the AFRQCC, the lead auditor reviews the audit findings with the Chairman of the AFRQCC without the presence of any members of the management.

KPMG received a total amount of CHF 0.6 million for additional services, i.e. for transaction and other advisory (incl. due diligence). Adequate measures for the avoidance of potential conflicts of interests between the different services provided by KPMG were observed.

Information policy

Barry Callebaut is committed to continuous and open communication with its shareholders, potential investors and other stakeholders based on the principles of transparency and equal treatment, i.e. simultaneous provision of price-sensitive information and no selective disclosure.

The Group provides detailed information on its business activities and financial performance in its annual and half-year reports and press releases, at the conferences for media and financial analysts as well as at the Annual General Meeting. Further, representatives of the Group regularly meet (potential) investors in personal meetings as well as present Barry Callebaut at industry events and investor conferences.

Presentations are also made available on the Group's website, which is updated continuously. The financial calendar for the fiscal year 2011/12 and contacts are given on page 164.

The published media releases of Barry Callebaut are accessible via www.barry-callebaut.com/51. To subscribe to Barry Callebaut's electronic news alerts please go to: www.barry-callebaut.com/55.

A

ACTICOA™
A process developed by Barry Callebaut which conserves to a very high degree the polyphenols naturally present in the cocoa bean, that may otherwise be destroyed during the chocolate production process.

B

Butter
Refers to cocoa butter, the fat of the cocoa bean.

British Retail Consortium (BRC)
BRC is one of the five food safety standards recognized by the Global Food Safety Initiative, a platform that groups global retailers and a large number of food manufacturers.

C

Cocoa butter ratio
Price of 1 tonne of cocoa butter relative to the price of 1 tonne of cocoa beans.

Cocoa powder ratio
Price of 1 tonne of cocoa powder relative to the price of 1 tonne of cocoa beans.

Combined cocoa ratio
Combined sales prices for cocoa butter and cocoa powder relative to the cocoa bean price.

Compound
Consists of a blend of sugar, vegetable oil, cocoa liquor, powder and other products. Vegetable oil is substituted for cocoa butter to reduce the product cost and to develop special melting profiles.

Conche
A large tank with a powerful stirring device inside that kneads the chocolate mixture slowly over a long time. Contact with air, heat and friction results in several different physical and chemical processes, necessary for the final taste and mouthfeel of the chocolate.

Controlled Fermentation
Barry Callebaut developed a way to "control" and optimize cocoa fermentation. With the so-called Controlled Fermentation method, defined microorganisms provide a consistent, predictable and 100% "superior grade" cocoa bean quality. This in turn leads to improved flavor characteristics, zero default cocoa beans, enhanced levels of functional components (e.g. flavanols), and improved processability.

Criollo
Criollo is known as the prince among cocoa trees. This variety is fragile and produces small harvests. It grows primarily in South and Central America, and accounts for only 10% of the world crop. The cocoa has a pale color and a unique aroma. It is used in the production of high-quality chocolate and for blending.

D

Dark chocolate
Dark chocolate is chocolate that contains more than 43% cocoa solids coming from cocoa liquor, butter and sugar. This is the chocolate most often used for premium chocolate confections. Besides cocoa ingredients it contains sugar, vanilla, and often lecithin.

Drying
After fermentation, the beans still contain 60% moisture, which must be reduced to 8% or less in order to ensure optimum conservation during storage and transportation. Drying can either be done by spreading the beans out in the sun or by placing them on a heated surface or by hot air. Thorough drying avoids the formation of molds.

Dutching
A treatment used during the making of cocoa powder in which cocoa solids are treated with an alkaline solution to neutralize acidity. This process darkens the cocoa and develops a milder chocolate flavor.

E

EBIT
Operating profit (Earnings Before Interest and Taxes).

EBITDA
Operating profit before depreciation and amortization (Earnings Before Interest, Taxes, Depreciation and Amortization).

F

Fairtrade
The Fairtrade Labelling Organizations International (FLO) arranges direct contracts with thousands of small manufacturers, traders, importers and exporters of foodstuffs, and ensures that they are paid a higher price for their products. Barry Callebaut is certified by the FLO-CERT to produce a range of Fairtrade cocoa and chocolate products.

Fermentation
Fermentation is a delicate stage in cocoa bean processing. Beans and pulp are heaped in piles, covered with banana leaves or put in boxes and left to ferment for several days. During fermentation, the beans lose their natural bitterness and astringency.

Flavanol
A specific type of polyphenol, known for its antioxidant activity.

Forastero
Forastero are the most commonly grown and used cocoa beans. Compared to Criollo, Forastero is a stronger tree that is easier to cultivate and produces larger yields. They make up about 90% of the world's production and are grown mainly in West Africa. The cocoa has a pungent aroma.

I

Industry Protocol
Also known as Harkin-Engel Protocol. The Protocol was signed in 2001 by cocoa and chocolate manufacturers, industry and trade associations, government organizations and NGOs in response to reports of children working under abusive labor conditions on cocoa farms in West Africa. The signatories condemned abusive labor practices, in particular the worst forms of child labor as defined by the International Labor Organization (ILO), and committed to work together to address the issue. Barry Callebaut is a signer of the Protocol.

L

Liquor
Also known as cocoa liquor or cocoa mass. The thick liquid paste that is produced in the grinding process.

M

Milk chocolate
Chocolate with at least 25% cocoa solids coming from cocoa liquor, sugar and butter to which powdered milk, vanilla, and lecithin has been added. Good milk chocolate contains 30% chocolate liquor. Premium milk chocolate contains even more.

Molding
The process of creating figures and shapes out of chocolate. Chocolate is melted to 45 °C, then cooled below its crystallization point, then heated again to 30 °C. Following this tempering process, the chocolate is poured onto the inner surface of the molds, also heated to 30 °C. After cooling, the final product is unmolded to reveal a glossy chocolate figure.

N

Nib
The center of the cocoa bean.

P

Polyphenols
Cocoa beans contain polyphenols of unusually high quality and effectiveness. Some display antioxidant properties. By inhibiting oxidation, they protect body cells from damage caused by the oxidative effects of free radicals, which contribute to the aging process and to certain heart and brain diseases.

Powder
Refers to cocoa powder and is the product that remains when a large part of the cacao butter is removed from the cocoa liquor.

R

Roasting
Roasting is a heating process aimed at developing the chocolate aroma. Roasting certain foods not only makes them more digestible, but also more aromatic. Cocoa beans are roasted to a greater or lesser extent depending on what they are being used for. Cocoa powder needs more intense roasting, whereas chocolate requires finer roasting.

S

Semi-finished products
Examples include cocoa liquor, cocoa butter and cocoa powder. Also called cocoa products.

T

Trinitario
Trinitario beans are a cross of Criollo and Forastero cocoa. It has characteristics of both: The trees are easy to cultivate, and the cocoa beans have a strong, but relatively refined aroma.

V

Viscosity
The measure of the flow characteristics of a melted chocolate.

Vegetable fats
Sometimes used as a less expensive alternative to cocoa butter in chocolate products.

W

White chocolate
White chocolate is made from cocoa butter (at least 20%), powdered milk, sugar, and vanilla. It contains no cocoa liquor, which explains the ivory color of white chocolate.

Information

Barry Callebaut
Annual Report 2010/11

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Financial Calendar

December 8, 2011
Annual General Meeting
2010/11, Zurich

January 17, 2012
3-month key sales figures
2011/12

April 2, 2012
Half-year results 2011/12, Zurich

July 5, 2012
9-month key sales figures
2011/12

November 7, 2012
Year-end results 2011/12,
Zurich

December 5, 2012
Annual General Meeting
2011/12, Zurich

Forward-looking statement

Certain statements in this Annual Report regarding the business of Barry Callebaut are of a forward-looking nature and are therefore based on management's current assumptions about future developments. Such forward-looking statements are intended to be identified by words such as "believe," "estimate," "intend," "may," "will," "expect," "project" and similar expressions as they relate to the company. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. The factors that may affect Barry Callebaut's future financial results are discussed in this Annual Report as well as in the Letter to Investors 2010/11. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. The reader is cautioned to not unduly rely on these forward-looking statements that are accurate only as of today, November 10, 2011. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

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