Annual Report

2008/09

"The presence of Barry Callebaut in cocoa origin countries differentiates us from most chocolate makers. We maintain greater quality control, traceability of the beans, and strong cooperation with cocoa farmers. Traveling to these destinations yields exquisite vistas and discoveries from the places and their people. For Barry Callebaut and our customers, it also yields opportunities for exquisite new flavors and products. The journey to creating the best chocolate begins with the best beans."

BARRY CALLEBAUT

In Brief

**Sales volume up 4.1%
in a declining market**

**Net profit up 10.4%
(+18.5% in local currencies)**

**Confirming 3-pillar growth
strategy of geographic
expansion, innovation and
cost leadership**

Barry Callebaut at a glance

Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate products – from the cocoa bean to the shelf.

We serve three distinct customer segments:
– Multinational and national branded consumer goods manufacturers who use our semi-finished and chocolate products as ingredients in their consumer products
– Professional and artisanal users of chocolate, including chocolatiers, pastry chefs, bakeries, restaurants, hotels and caterers
– Food retailers for whom we make private label as well as branded products

Barry Callebaut's growth strategy

Barry Callebaut aims to continue to significantly outperform the global chocolate market. Our ambitious growth strategy is based on three pillars: geographic expansion, innovation and cost leadership.

Geographic expansion

To offset slowing growth in the mature chocolate markets of Western Europe – a trend emerging since several years – a major part of our recent investments was focused on expanding our geographic footprint to high-growth and emerging markets. Today, we are a truly global company with an unmatched presence in the classical chocolate markets of Western Europe and North America as well as the growth markets of Eastern Europe, Asia and Latin America.

In the first quarter of 2010, we will open a 12,000-tonne chocolate factory in Brazil, one of the few significant chocolate markets worldwide where we did not yet have a chocolate factory of our own.

Innovation

Barry Callebaut is recognized as the reference for innovation in the chocolate industry. Our dedicated R&D teams around the world focus on two very different areas: fundamental research into the health-enhancing properties of the cocoa bean and applied research leading to cutting-edge products that address consumers' appetite for innovative food choices.

In fiscal year 2008/09, we conducted 11 clinical studies to substantiate scientific evidence of the health-enhancing benefits of cocoa and chocolate – some with breakthrough results. In Applied R&D, we successfully completed more than 650 projects for and with customers, and we conducted more than 400 technical visits at the premises of our customers.

Cost leadership

Cost leadership is an important reason why our industrial customers outsource chocolate production to us.

We are continuously improving our operational efficiency through better capacity utilization, optimized product flows and inventory management, lower logistics costs, reduced energy consumption, higher scale effects and lower fixed costs.

Key figures Barry Callebaut Group

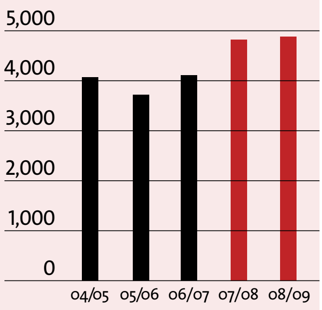
for the fiscal year ended August 31,		Change (%)		2008/09	2007/08
		in local currencies	in reporting currency		
Income statement					
Sales volume	Tonnes		4.1%	1,213,610	1,166,007
Sales revenue	CHF m	8.5%	1.3%	4,880.2	4,815.4
EBITDA[1]	CHF m	9.1%	2.8%	456.1	443.7
Operating profit (EBIT)	CHF m	9.5%	2.8%	350.8	341.1
Net profit from continuing operations[2]	CHF m	16.5%	8.5%	226.9	209.1
Net profit for the year	CHF m	18.5%	10.4%	226.9	205.5
Cash flow[3]	CHF m		(3.7%)	418.1	434.3
EBIT per tonne	CHF	5.2%	(1.2%)	289.1	292.5
Balance sheet					
Total assets	CHF m		(5.8%)	3,514.8	3,729.5
Net working capital[4]	CHF m		(2.8%)	1,010.1	1,037.1
Non-current assets	CHF m		0.6%	1,432.2	1,423.7
Net debt	CHF m		(9.5%)	942.7	1,041.2
Shareholders' equity[5]	CHF m		6.8%	1,255.6	1,175.9
Ratios					
Economic value added (EVA)	CHF m		2.9%	129.9	126.3
Return on invested capital (ROIC)[6]	%			13.9%	14.0%
Return on equity (ROE)	%			18.1%	17.7%
Debt to equity ratio	%			75.1%	88.5%
Shares					
Share price at fiscal year end	CHF		(20.7%)	574	724
EBIT per share (issued)	CHF	9.5%	2.8%	67.8	66.0
Basic earnings per share[7]	CHF	16.9%	8.9%	44.0	40.4
Cash earnings per share[8]	CHF		(3.4%)	81.1	83.9
Payout per share[9]	CHF		8.7%	12.5	11.5
Other					
Employees			3.4%	7,525	7,281

1 EBIT + depreciation of property, plant and equipment + amortization of intangibles
2 Net profit from continuing operations (including minorities)
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 EBIT x (1-effective tax rate)/average capital employed
7 Based on the net profit for the year attributable to the shareholders of the parent company excluding the net loss from discontinued operations/basic shares outstanding
8 Operating cash flow before working capital changes/basic shares outstanding
9 Par value reduction instead of a dividend; 2008/09 as proposed by the Board of Directors to the Annual General Meeting

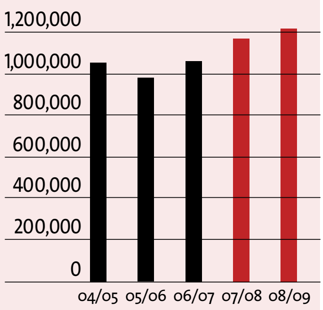
Key figures by region and business segment

Barry Callebaut is organized into three regions: Western and Eastern Europe (reported as Region Europe), Americas and Asia-Pacific/Rest of World. Within the regions, there are four business units: Cocoa, Food Manufacturers, Gourmet & Specialties and Consumer Products.

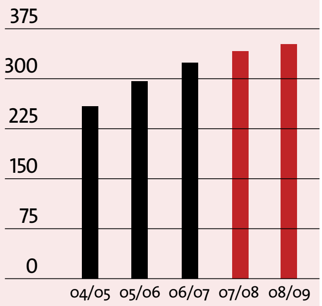
Sales revenue
in CHF million



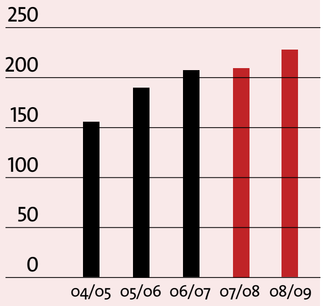
Sales volume
in tonnes



EBIT
in CHF million



Net profit
in CHF million



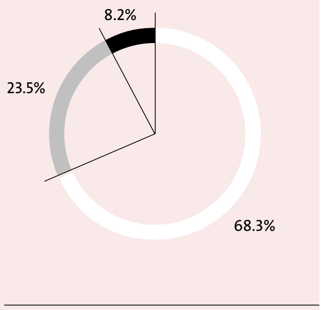
Sales revenue by region

Europe	CHF 3,336 m
Americas	CHF 1,146 m
Asia-Pacific/Rest of World	CHF 399 m

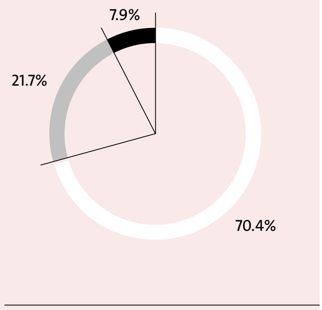
EBIT by region

Europe	CHF 296 m
Americas	CHF 91 m
Asia-Pacific/Rest of World	CHF 33 m

Sales revenue by region 2008/09
in CHF million



EBIT by region 2008/09
in CHF million



Industrial Business Segment

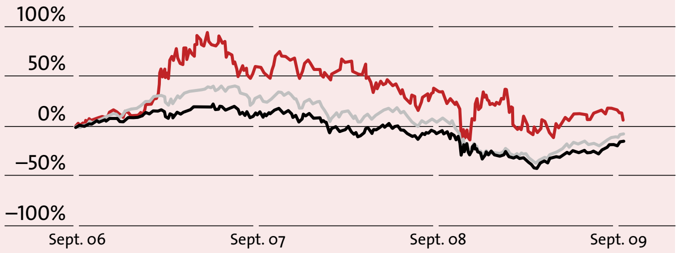
		Change %	2008/09	2007/08
Sales revenue	CHF m	**5.8%**	**3,447.0**	**3,258.3**
Cocoa	CHF m	24.1%	748.9	603.7
Food Manufacturers	CHF m	1.6%	2,698.1	2,654.6
Sales volume	Tonnes	**7.4%**	**979,051**	**911,819**
Cocoa	Tonnes	21.6%	196,808	161,811
Food Manufacturers	Tonnes	4.3%	782,243	750,008
EBITDA	CHF m	**5.1%**	**319.9**	**304.4**
EBIT	CHF m	**3.0%**	**254.5**	**247.1**

Food Service/Retail Business Segment

		Change %	2008/09	2007/08
Sales revenue	CHF m	**(8.0%)**	**1,433.2**	**1,557.1**
Gourmet & Specialties	CHF m	(4.3%)	622.6	650.7
Consumer Products	CHF m	(10.6%)	810.6	906.4
EBITDA	CHF m	**(0.7%)**	**201.2**	**202.7**
EBIT	CHF m	**2.8%**	**166.2**	**161.7**

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

Share price development Barry Callebaut vs. indices
Performance in %



Barry Callebaut AG
SPI Swiss Performance Index
SPI Small & Mid-Cap Index

Highlights

Barry Callebaut's growth strategy, based on the three pillars of geographic expansion, innovation and cost leadership, stood the test of the global economic downturn. We completed several acquisitions and targeted investments that strengthened our global presence and enhanced our capabilities.

August/September 2008
Opening of new Chocolate Academies in Chicago, USA; Chekhov, Russia and Mumbai, India.

September 2008
Acquisition of IBC in Kortrijk-Heule, Belgium, a company specializing in decorations, to enlarge our technical skills and to expand our product range.

October 2008
Inauguration of a specialty factory for "ready-to-serve" premium frozen decorated patisseries in Alicante, Spain, a 80:20 joint venture between Barry Callebaut and Spanish Master Pastry Chefs Paco and Jacob Torreblanca.

October 2008
Signing of a four-year agreement with Nestlé Italia S.p.A. for the exclusive distribution of world-famous Perugina-branded professional chocolate products through the Food Service channel.

October 2008
Commissioning of new production lines in Barry Callebaut's cocoa factory in San Pedro, Côte d'Ivoire, tripling the production capacity up to 100,000 tonnes per annum.

December 2008
Start of production in the new chocolate factory in Japan; delivery of the first volumes to Morinaga under the existing long-term outsourcing agreement.

December 2008
Opening of a sales office in Prague, Czech Republic.

January 2009
Inauguration of a new 90,000-tonne chocolate factory in Monterrey, Mexico, allowing us to deliver chocolate to the local Mexican market, the Southern region of the United States, as well as to Central and South America.

February 2009
Barry Callebaut partners with the World Cocoa Foundation (WCF), other industry members and the Bill & Melinda Gates Foundation in a five-year, USD 40 million program to significantly improve the livelihoods of approximately 200,000 cocoa farmers in Côte d'Ivoire, Ghana, Nigeria, Cameroon and Liberia.

February 2009
Sale of 100% of Van Houten Singapore, Barry Callebaut's consumer company in Asia, to The Hershey Company.

April 2009
Barry Callebaut Brazil S/A and Bunge Alimentos, a major agribusiness company in Brazil, signed a distribution agreement for Brazil. Bunge will assume the exclusive distribution of artisanal chocolate products made by Barry Callebaut in Brazil through the Food Service channel. Based on the distribution agreement, Barry Callebaut is constructing a chocolate factory in the State of Minas Gerais, north of Brazil's business hub São Paulo. The factory is expected to be operational in the first quarter of 2010.

June 2009
Acquisition of Danish vending mix company Eurogran to further strengthen our position in the European vending business.

September 2009
Confirmation of Barry Callebaut's strategic decision to exit the consumer chocolate business.

Vision and values

Our vision

Barry Callebaut is the heart and engine of the chocolate industry.

Our goal is to be Number One in all attractive customer segments and in all major world markets.

Our heritage, our knowledge of the chocolate business – from the cocoa bean to the finest product on the shelf – make us the business partner of choice for the entire food industry, from individual artisans to industrial manufacturers and global retailers. We seek to apply our constantly evolving expertise to helping our customers grow their businesses, and we are passionate about creating and bringing to market new, healthy products that taste good, delight all senses, and are fun to enjoy.

Our strength comes from the passion and expertise of our people for whom we strive to create an environment where learning is ongoing, entrepreneurship is encouraged, and creativity can flourish.

Our values

Customer focus By anticipating market trends and investing time and effort to fully understand customer needs, we go to great lengths to provide products and solutions of superior value through a business partnership with every customer that is characterized by professionalism and mutual trust.

Passion Our pride in what our company does inspires and motivates us to give our best at work. We are eager to learn about our business and to share our know-how and enthusiasm with others.

Entrepreneurship With the goal to create superior customer value, we constructively challenge the status quo and explore opportunities to innovate: new eating trends, new markets, new ideas for products and services, and new ways of doing business. We are willing to take controlled risks and are determined to persevere.

Team spirit Whether in the field, on the shop floor or in administration – we are one team, sharing a common purpose and common goals. All members of this team actively engage in open communication and idea sharing and are committed to working together to achieve our common goals across the whole organization.

Integrity We show respect for our fellow team members and all our stakeholders and are honest, trustworthy, and open-minded in all our business activities and relationships. We live up to high ethical standards that promote fairness, equality, and diversity.

> “As a food manufacturer, Barry Callebaut has a fundamental responsibility to ensure the safety and quality of our products. As an international company with operations in 26 countries, we recognize that our businesses have an influence on the livelihoods of many people around the world. Accordingly, we strive to contribute responsibly to the communities where we operate.”

Company history

Barry Callebaut, headquartered in Switzerland, resulted from the merger between Belgian chocolate producer Callebaut and French chocolate maker Cacao Barry in 1996. The merger combined Cacao Barry's know-how in procurement and initial processing of cocoa beans with Callebaut's extensive experience in producing and marketing chocolate products. Since 1998, Barry Callebaut has been listed on the SIX Swiss Exchange.

Today, the company is the only fully integrated chocolate company with a global presence. It provides comprehensive solutions, from the bean to the best chocolate product, to the entire food industry. As the outsourcing partner of choice, Barry Callebaut has an estimated share of over 40% of volumes in the open market. It is present in 26 countries, operates about 40 production facilities, employs around 7,500 people and generated sales of approximately CHF 4.9 billion in fiscal year 2008/09.

1999 Acquisition of Carma AG in Switzerland
2002 Acquisition of the Stollwerck Group in Germany
2003 Acquisition of Dutch Group Graverboom B.V. (including Luijckx B.V.)
2003 Acquisition of Brach's Confections Holding, Inc. in the U.S.
2004 Acquisition of the vending mix business of AM Foods in Sweden
2005 Opening of a chocolate factory in California, U.S.
2007 Opening of a chocolate factory in Chekhov, Russia
2007 Divestment of Brach's Confections Holding, Inc.
2007 Signing of major outsourcing contracts with Nestlé, Hershey and Cadbury
2007 Acquisition of a cocoa factory in Pennsylvania, U.S.
2008 Opening of a chocolate factory in Suzhou, China
2008 Signing of the acquisition of chocolate production capacity from Morinaga, Japan
2008 Opening of a sales office and Chocolate Academy in Mumbai, India
2008 Acquisition of a 60% stake in KLK Cocoa in Malaysia
2008 Sale of African consumer business
2008 Opening of four Chocolate Academies in Suzhou, China; Zundert, The Netherlands; Chekhov, Russia; and Chicago, U.S.
2008 Acquisition of IBC, specialist in decorations in Kortrijk-Heule, Belgium
2008 Start of production in new factory and outsourcing agreement with Morinaga in Japan
2009 Opening of a chocolate factory in Monterrey, Mexico
2009 Sale of Van Houten Singapore consumer business to Hershey's
2009 Distribution agreement signed with Bunge Alimentos in Brazil
2009 Acquisition of Danish vending mix company Eurogran

Download “In Brief”
www.barry-callebaut.com/documentation

Contents

Delivering strong top-line and bottom-line growth

Barry Callebaut achieved a 4.1% sales volume as well as a 9.5% EBIT and 18.5% net profit growth in local currencies in the face of a global chocolate market that declined by more than 2% in volume. The company attributes its success to four factors: its early geographic expansion into emerging and high-growth markets, the implementation of outsourcing deals, market share gains, and ongoing cost savings programs. Barry Callebaut's strategic focus going forward is on expanding its core activities with industrial and artisanal customers in order to continue to significantly outperform the global chocolate market.

Q It has often been suggested that chocolate consumption would not be affected by the economic downturn because it is an affordable luxury. Has this proven to be true?

Andreas Jacobs, Chairman For the first time in more than a decade, the global chocolate market declined by more than 2% in volume in 2008/09. However, it showed a slight increase in revenue because of price mark-ups effected in early 2008. In sharp contrast to the contracting global chocolate market, we succeeded in growing our sales volume by 4.1%. Other major challenges were the significant currency effects against our reporting currency, the Swiss franc, and the anticipated lower combined cocoa ratio. Despite these two negative factors, we achieved a very satisfactory operating profit growth of 9.5% in local currencies (+2.8% in CHF) and net profit growth of 18.5% (+10.4% in CHF).

Q What has allowed you to grow in a tough economic environment?

Juergen B. Steinemann, CEO Our well-balanced geographic footprint with a strong presence in emerging markets, combined with our diversified product offering – ranging from top-notch premium chocolate products to private label and value-for-money products – have put us in a position to respond flexibly to changing market situations. After a good first two months at the start of the fiscal year, the global financial crisis hit the economy with full force, and our customers stopped ordering until they had depleted their stocks. After reaching a low in winter 2008, growth resumed and accelerated significantly across all regions and businesses, especially in the second half of the year.

Q Did you experience regional differences?

JBS The country-to-country developments were far from uniform. Market data* shows that chocolate consumption in the top eight Western European chocolate markets dropped by 2.6%* between September 2008 and July 2009, driven primarily by the U.K., France and Spain. Eastern Europe showed a single-digit increase in volume but turned negative towards the end of the period. Our own business in Europe could not initially resist the adverse market trends and recorded a sales volume decline in the first semester. In the second half, sales in Western Europe picked up again and Region Europe ended the year with a slight volume growth. In the U.S., the decrease in consumption was 6.6%*. In contrast, as a result of existing outsourcing contracts and market share gains, Region Americas did very well and increased the sales volume by 10.0%. Chocolate consumption in China declined by 10.9%*. Supported by our recent acquisition in Malaysia and the implementation of an existing outsourcing agreement in Japan, as well as organic growth, Region Asia and Rest of World achieved a sales volume growth of 14.6%.

* Source: Nielsen, Sept. 2008–July 2009

Q **Did you see any changes in the needs and behavior of your customers?**

JBS Yes, indeed. In November 2008, the chocolate industry faced weakening market conditions. The financial crisis forced food manufacturers, artisans and retailers to reduce stocks in order to improve their balance sheets at the end of the year. Customer ordering patterns have become more short-term. The trend toward premium products, a major growth driver in recent years, showed signs of strain in several markets, especially in France and in Russia. Due to the deterioration in consumer sentiment, private label products and value-for-money products were gaining ground in most markets. Adaptability and flexibility on our side were crucial in this context.

Q **You initiated a major strategic shift by deciding you would divest your entire consumer business. What is the reason behind this move?**

AJ Our Board regularly reviews Barry Callebaut's strategy. We asked ourselves whether we had the resources and skills to build two different businesses at the same time: our business-to-business activities with industrial and artisanal customers and our consumer activities. The answer was "no." Despite the economic crisis, our European consumer business unit had a good year. We will therefore be able to exit this business from a position of strength, without any financial or time pressure.

Q **With this renewed focus on your core business with industrial and artisanal customers, how will you achieve future growth?**

JBS We will further leverage our strengths which lie in sourcing, chocolate making and innovation. Further consolidation in the industry seems inevitable, particularly in Western Europe. In this region, there are many small players with a non-differentiated product offering that lack scale, efficiency or the necessary financial means to thrive in the long term. We intend to play an active role in this consolidation process. This will allow us to gain a stronger foothold in attractive markets, such as Spain, where we are in the process of acquiring Chocovic, or in Brazil, where we will open our own chocolate factory in the first quarter of 2010.

"We confirm our current growth strategy, which is built on the three pillars of geographic expansion, innovation and cost leadership. We still see a lot of potential to grow."

Andreas Jacobs
Chairman of the Board

Q **In other words, are you confirming your current growth strategy, which is built on the three pillars of geographic expansion, innovation and cost leadership?**

AJ Correct. We still see a lot of potential to grow with regional customers and to expand to new territories with existing customers. We also believe that the outsourcing trend will continue. Outsourcing has never been a "quick win." It takes months, if not years, of negotiations, but the trend is continuing.

Q **Are artisanal and professional customers also an area of focus for Barry Callebaut?**

AJ This business is at the center of our growth strategy. We intend to increase our presence in Asia and Latin America, especially in the HORECA (hotels, restaurants, catering) business. Our new chocolate factory in Brazil is a step in this direction. But we also see that a consolidation is under way in the confectionery and bakery segments, turning them into semi-industrial customers. Bakeries need a differentiated product offering, ranging from premium products for the remaining small bakeries, to industrial products for the big players.

Q **How important is innovation in a recessionary market environment?**

JBS Very important! Our fundamental research – specifically how we can preserve the approximately 230 components that are naturally present in cocoa and have potential health benefits – is received with great interest by our industrial customers. At the same time, our applied R&D – such as evaluating the composition of a recipe and determining how we can make it just as good for less money – has opened many doors for us.

Q **What role does cost leadership play?**

JBS This is an important reason why our industrial customers outsource chocolate production to us. We will maintain an ongoing focus on reducing our cost structure, improving our capacity utilization, and optimizing product flows as well as our operational footprint in order to achieve lower logistics costs, higher scale effects and lower fixed costs. As a result of major cost savings initiatives, we have been able to improve our margins considerably.

Q **Many major chocolate makers have announced initiatives in the area of "sustainable sourcing" and products made from certified raw materials. What is Barry Callebaut doing in this area?**

AJ We have always seen it as our duty to contribute to increased sustainability in the cocoa supply chain even though we do not own any cocoa plantations. In the world's largest cocoa-growing country, Côte d'Ivoire, we have encountered many examples of non-sustainable agricultural practices, often because the cocoa farmers lack the basic knowledge. There are also the effects of deforestation or soil erosion, leading to continuously lower yields and a poorer bean quality, which in turn results in less income for the farmers. To empower cocoa farmers, we initiated our own program in Côte d'Ivoire, called "Quality Partner Program", in 2005. We also support industry initiatives, such as the "Sustainable Tree Crop Program" of the World Cocoa Foundation.

Furthermore, we are intensifying our work with a number of "Quality Partner" cooperatives to enable them to become Rainforest Alliance, UTZ or Fair Trade certified. Since 1993, Barry Callebaut has offered Fair Trade certified chocolate, and we also sell certified organic chocolate to our customers.

Q What do you see as the major challenges for fiscal year 2009/10, and what are your performance targets?

JBS The economic situation will probably remain challenging and volatile. We expect that cocoa butter prices will remain under pressure, which will have an impact on our margins. However, in the past – demanding – fiscal year, we achieved major operational improvements. Our growth strategy of geographic expansion, innovation and cost leadership has served us well, and we will continue on this path. We believe that future growth in chocolate consumption will come from Eastern Europe, Asia and Latin America, regions where we have invested heavily in our operational footprint. We are confident that we will continue to significantly outperform the global chocolate market.

Q In 2009, the Board appointed a new CEO.

AJ Our long-standing CEO Patrick De Maeseneire left Barry Callebaut after seven years. Together with all our colleagues, Patrick shaped our company into the uncontested world market leader for premium cocoa and chocolate products. We are very grateful to Patrick for this achievement. We have found an ideal successor in Juergen Steinemann. Juergen has many years of experience working in business-to-business food and feed companies. Most recently, he served as a member of the Executive Board and Chief Operating Officer of Nutreco. With his motivating leadership style and his international working experience, Juergen has the qualifications to build on Barry Callebaut's top market position.

I would also like to thank our 7,500 colleagues around the world for their work and remarkable dedication in a challenging environment, as well as our customers and shareholders for their continued loyalty and trust in our company.

"The economic situation will probably remain challenging and volatile. However, we are confident that our growth strategy will allow us to continue to significantly outperform the global chocolate market."

Juergen B. Steinemann
Chief Executive Officer

Quality

The Alto el Sol cocoa plantation is nestled deep in the Amazon basin of Peru, accessible only after hours of bumpy off-road driving and a tail-boat trip up the Huayamaba river. Here, generations of the Saavedra del Castillo family have been perfecting the art of growing, nurturing and fermenting the finest cocoa beans. Our Cacao Barry millesime Alto El Sol chocolate is crafted from these exquisite beans. Their intense cocoa flavor combined with a hint of fruit resulted in a limited-edition chocolate with a truly unique character.

Ramiro Saavedra del Castillo
Owner of Alto el Sol cocoa plantation

Board of Directors and Management

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

Board of Directors

Andreas Jacobs, Chairman

Andreas Schmid, Vice Chairman

Rolando Benedick

James L. Donald

Markus Fiechter

Stefan Pfander

Urs Widmer

Corporate Secretary

Roland Maurhofer

Management Team
Left to right:

Maurizio Decio, Asia-Pacific

Steven Retzlaff*, Global Sourcing & Cocoa

Willy Geeraerts, Quality Assurance

David S. Johnson*, Americas

Dirk Poelman*, Chief Operations Officer

Juergen B. Steinemann*, Chief Executive Officer

Olivier Schucht, Gourmet

Victor Balli*, Chief Financial Officer

Massimo Garavaglia*, Western Europe

Gaby Tschofen, Corporate Communications & CSR

Hans Vriens*, Chief Innovation Officer

Filip De Reymaeker, Eastern Europe

* Members of the Executive Committee

Sustainability

Our partner Biolands, Africa's largest exporter of certified organic cocoa, works with 20,000 farmers in Tanzania to guarantee fair prices and full traceability. In 2008, Barry Callebaut and Biolands enabled more than 2,600 farmers to rejuvenate their farms. Farmers planted more than 225,000 cocoa trees, as well as about 10,000 shade and fruit trees and 135,000 banana trees, which provide shade and nutrients to the cocoa trees and help enrich the diet of the farmer families. Increased biodiversity and the replacement of older trees with new ones will help boost crop yields, resulting in higher income and improved livelihoods for the farmers.

Anton Mwandete
Field Supervisor, Biolands

Europe – Successfully navigating through the recession

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

"Across the key European chocolate markets – Germany, U.K., France and Belgium – the economic crisis led to a decrease in overall chocolate consumption in all product segments. Further challenges included adverse currency effects and a strong destocking by our customers toward the end of 2008 in anticipation of a potential decrease in chocolate consumption and to alleviate their balance sheets. Thanks to our increased focus on both existing customers and new business opportunities, we were able to regain momentum in the second half of the year despite the recessionary environment."

While Barry Callebaut's sales volume in Europe showed a decline in the first half of the fiscal year, in line with the negative market trends in key chocolate countries, such as France, Belgium, Italy and Spain, they strongly rebounded by 8% in the second half. Overall, **sales volume** for Region Europe came in at 792,385 tonnes, up 0.7%. **Sales revenue** was boosted on the one hand by higher cocoa bean prices and price increases effected a year ago, and negatively affected on the other hand by adverse currency effects and lower prices for sugar and milk powder. Sales revenue reached CHF 3,335.8 million, a decrease of 5.5% (or +3.6% in local currencies). **Operating profit** (EBIT) benefited from the favorable impact of our focus on higher-margin products as well as tight cost control, and rose by 6.7% to CHF 296.2 million (or +14.6% in local currencies).

Western Europe – Recovery in all businesses in the second semester after a low in the first half

Western Europe is a very mature market for chocolate and showed a deep decline. In November 2008, the entire chocolate industry faced weakening market conditions. The market experienced a drop in demand and customer ordering patterns became more short-term. The financial crisis forced food manufacturers, artisans and retailers to reduce their stocks in order to alleviate their balance sheets. Nevertheless, chocolate continues to be a key product for all retailers, driving traffic and sales.

The **Food Manufacturers** business unit faced the double challenge of a decline in consumer spending and a general industry destocking. After the lows of the second quarter, the business unit benefited from revived strong customer demand in a number of markets, such as the U.K., Germany and the Netherlands, and regained its growth momentum. A special emphasis was placed on supply chain management and the reduction of inventories as part of tight cost control. Investments were made to increase the flexibility of production, as well as the continuous upgrade of the installed base in Europe in order to stay ahead of the increasing demand regarding environment, health and food safety.

Massimo Garavaglia
President Western Europe

Additional information:
www.barry-callebaut.com/gourmet and www.chocolate-academy.com and www.callebaut.com and www.cacao-barry.com and www.carma.ch and www.barry-callebaut.com/beverages and www.barry-callebaut.com/consumers

The Gourmet markets across the whole of Western Europe were hit by the recession. While the HORECA (hotels, restaurants, catering) segment, including food service distributors, experienced a serious drop in sales as a result of reduced restaurant spending, the bakery/pastry and confectionery segments proved more resilient. As a result of our balanced customer mix, the **Gourmet** business managed to maintain its sales revenue in local currencies at the prior-year level, and even gained market share. We intensified our customer relationships through our five Chocolate Academies in Europe – which taught 15,000 professionals in the past year – our 65 Chocolate Ambassadors, and our strong focus on interactive e-communication with a network of 55,000 artisans. We also expanded our product offering. In addition to our own Gourmet brands Callebaut, Cacao Barry and Carma, we have an exclusive agreement with Nestlé Italia for the distribution of the famous Perugina-branded professional chocolate products through the food service channel. Through the acquisition of IBC in Belgium, we expanded our range of chocolate decorations. And in the Group's first pastry-manufacturing plant, inaugurated in October 2008 in Alicante, Spain, we can make up to 120,000 ready-to-serve quality desserts per day in response to the growing need of the home-service segment and of our HORECA customers for quality convenience products.

The **Beverages** division, which supplies beverage mixes for vending machines, was impacted by lower demand from consumers for vending products. Some products, however, continued to perform well, such as single-portion packs (capsules and pads that can be used in tabletop coffee machines) or the first all-in-one capsule hot chocolate powder solution. The division overall clearly outperformed the market. To further strengthen its position in the consolidating European chocolate and cappuccino vending mix market, Barry Callebaut acquired the highly complementary Danish vending mix specialist Eurogran in June 2009.

A key trend in all major European markets was the price pressure, primarily on premium consumer chocolate products, driven by discount ranges or shelf-price reductions in response to the increasing cost-consciousness of consumers. These developments benefited Barry Callebaut's **Consumer Products** business unit, which was able to grow its sales both of its medium-priced local brands as well as of its private label products. Despite this satisfactory development, Barry Callebaut's decision to divest the consumer products business remains unchanged.

Key figures for Region Europe

		Change %	2008/09	2007/08
Sales volume	Tonnes	0.7	792,385	786,698
Sales revenue	CHF m	(5.5)	3,335.8	3,530.5
EBITDA	CHF m	3.7	369.7	356.5
EBIT	CHF m	6.7	296.2	277.6

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

Eastern Europe – Strong business development in a challenging market environment

The economic crisis arrived later in Eastern Europe than in Western Europe, but it had a greater impact. The region went from a healthy 6% GDP growth to a decrease of 10%*. Russia, Ukraine and the Baltic states were the most affected. Predictions of a fast recovery have been dashed. Nevertheless, ongoing investments from global companies in Eastern Europe are a sign of a consolidation of the confectionery industry, and underscore the widespread confidence in the region's good mid-term growth prospects.

In a regional chocolate market turning from growth to a decline, Barry Callebaut continued to grow its sales volume at a double-digit rate. Most Eastern European currencies have lost around 20% of their value versus the euro and the Swiss franc, impacting sales revenue. Nevertheless, the combination of solid volume growth, an improved product mix, multiple cost savings measures and increasing margins has resulted in impressive EBIT growth.

The **Food Manufacturers** business unit performed very well, particularly in Poland. Two emerging trends are going to accelerate in the years ahead: First, the developing middle class is demanding better quality, as indicated by the growing preference of consumers for dark chocolate. In line with the Group's strategic focus on innovation, Barry Callebaut also wants to be the Number One innovator in Eastern Europe. Second, based on developments in the relatively mature market of Poland, we are seeing the first signs of a trend toward outsourcing. Eastern Europe has so far been a highly fragmented market where about 80% of the chocolate is still produced in-house by confectionery companies. In Southeast Europe, demand for premium products is starting to take off. In response, we opened a sales office in Prague, Czech Republic, that is targeting the Czech Republic, Slovakia and Hungary.

Despite the economic crisis, the overall demand for **Gourmet** products has been growing, albeit at a slower pace in some countries. As a long-term investment, we opened a Chocolate Academy in Russia in September 2008. While the premium sector in Russia – primarily the premium hotel and restaurant business – suffered most, we continued the pace of our growth in Poland. We also had excellent sales in Turkey, a market that we recently started to develop with a local sales team. We will continue to invest in local sales and technical teams in order to support the growth of our most valuable partners: our customers.

* Source: World Bank

Filip De Reymaeker
President Eastern Europe

The Americas – Market share gains in a declining market

Additional information:
www.chocolate-academy.com

"Our footprint expansion across North America has been fully completed with the rapid start-up of our new chocolate factory in Monterrey, Mexico, which was inaugurated in January 2009, and the opening of a Chocolate Academy in Chicago in September 2008, which is in full swing with a busy schedule to support our customers' innovation needs. We managed to grow and gain market share in the North American chocolate market, which was hit hard by the economic crisis. We took decisive steps in our expansion to South America, one of the only significant chocolate markets worldwide where we did not yet have a chocolate factory of our own."

Region Americas experienced an overall **sales volume** growth of 10.0%. This growth was driven by additional deliveries to Hershey's under a long-term supply contract signed in 2007, some early returns from our geographic expansion to Mexico and South America, and new business gains with food manufacturers. **Sales revenue** increased by 23.0% to CHF 1,145.8 million as a result of higher sales volume and higher cocoa bean prices. **Operating profit** (EBIT) rose by 15.0% to CHF 91.4 million (+16.4% in local currencies). Due to higher sales volume, the beneficial product mix (in the Food Manufacturers business unit), lower non-cocoa raw material prices, and strong cost controls, the region was able to more than offset the declining profitability in the Gourmet & Specialties business unit.

Laying the groundwork for ongoing growth in a contracting market

Based on a complete transformation of the operational footprint in North America, the transfer of the regional head office from Canada to Chicago, and the significant outsourcing contract with The Hershey Company, Barry Callebaut has grown to become the leader in industrial chocolate in the U.S. market within a period of only three years. The last steps in achieving this position were the rapid start-up of a new chocolate factory in Monterrey, Mexico, offering an annual production capacity of 90,000 tonnes, and the opening of a Chocolate Academy in Chicago, the first one in the U.S. and part of a global network of 12. All Barry Callebaut Chocolate Academies offer a diverse range of seminars, demonstrations, theoretical courses and practical workshops, with the goal of inspiring artisans, pastry chefs, confectioners, bakers and caterers, improving their skills and techniques, and informing them about the latest chocolate-making trends. The result of this groundwork is ongoing growth in sales volume and profit of Region Americas in a market that underwent a sharp contraction.

David S. Johnson
CEO and President Americas

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

In the year under review, we took decisive steps in our expansion to South America, one of the few significant chocolate markets worldwide where we did not yet have a chocolate factory of our own. To commercialize artisanal chocolate products made by Barry Callebaut in Brazil to the food service and bakery market in that country, we signed an exclusive distribution agreement with major agribusiness company Bunge Alimentos. Bunge has the largest food service distribution network in Brazil, serving 25,000 points of sale every day. Based on the distribution agreement with Bunge, we are constructing a chocolate factory in the State of Minas Gerais, north of Brazil's business hub Saõ Paulo. The factory is expected to be operational in spring 2010.

The **Food Manufacturers** business unit was the driver of the region's volume growth, based on the following four factors: First, the continuing implementation of the volumes supplied to The Hershey Company under the existing long-term supply agreement; second, increases in at-home consumption; third, market share gains with our large Key Accounts; and fourth, the addition of many new regional customers. Consumers generally traded down to cheaper products. However, there is a growing appetite for value-added functional chocolate products. Barry Callebaut sold to customers the first probiotic and the first high antioxidant chocolates available in the U.S. market.

The economic environment for the **Gourmet & Specialties** business unit was strained as restaurant traffic was adversely impacted by the recession, particularly in fine dining restaurants, which experienced traffic declines of 10%. The general belief in the industry is that traffic declines have bottomed out, but no one expects a rapid recovery. The economic crisis led to a shift from imported European brands to our more value-for-money locally produced Gourmet brands. These sales offset the decline in the sales of European products, so sales were maintained at the prior-year level yet with a lower profit. With consumers eating more meals at home, we increased our penetration in the key bakery segment.

Key figures for Region Americas

		Change %	2008/09	2007/08
Sales volume	Tonnes	10.0	321,852	292,614
Sales revenue	CHF m	23.0	1,145.8	931.6
EBITDA	CHF m	16.2	109.7	94.4
EBIT	CHF m	15.0	91.4	79.5

Asia-Pacific and Rest of World – Well positioned for further growth

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

"Going from one to four factories in 2008 quadrupled our production capacities. Our team successfully rose to the multiple challenges of attracting new business to fill our factories while dealing with the effects of the global economic crisis, the extreme volatility of currencies and commodity prices, and – on top of all these issues – the melamine milk powder scandal in China. Our intensified focus on our core business with industrial and artisanal customers has resulted in some breakthrough contracts in Korea and China. Our mid-term growth scenario for the region looks promising."

Our expanded footprint in the region – with factories in Singapore, China, Malaysia and Japan – has increased customer proximity in response to their need for easier logistics. In December 2008, we delivered the first volumes under the existing long-term outsourcing agreement made in our new factory in Japan to Morinaga. In Korea, we signed the first contract for "rebalanced" milk and dark chocolate in the region with Crown Hai Tai, a major Korean consumer chocolate manufacturer.

Our **sales volume** in Region Asia-Pacific and Rest of World grew 14.6% to 99,373 tonnes, as a result of our expansion and organic growth. **Sales revenue** rose by 12.8% to CHF 398.6 million, negatively impacted by exchange rate effects. **Operating profit** decreased by 36.0% to CHF 33.1 million, strongly affected by changes in scope and high start-up costs for the new factories.

Gaining business from large local customers
While initially targeting international food companies, the Food Manufacturers business unit is increasingly gaining business from large local food manufacturers. Volumes grew at a double-digit rate despite the melamine milk powder scandal in China, which impeded exports from China for several months, although our own products were safe from contamination. This growth was partly due to our geographic expansion to China, Malaysia and Japan, and partly to the strong growth of Key Accounts in New Zealand, South Africa, Malaysia and Japan.

Locally made products compensate for drop in imported Gourmet products
Our main target customer segment for imported European Gourmet products, the HORECA (hotels, restaurants, catering) sector, was hit hard in early 2009 as most hotels posted less than 50% occupancy rates. In this price-sensitive market environment, our locally made Gourmet products fared better. In the second half of the fiscal year, the imported European products resumed growth again.

Maurizio Decio
President Asia-Pacific

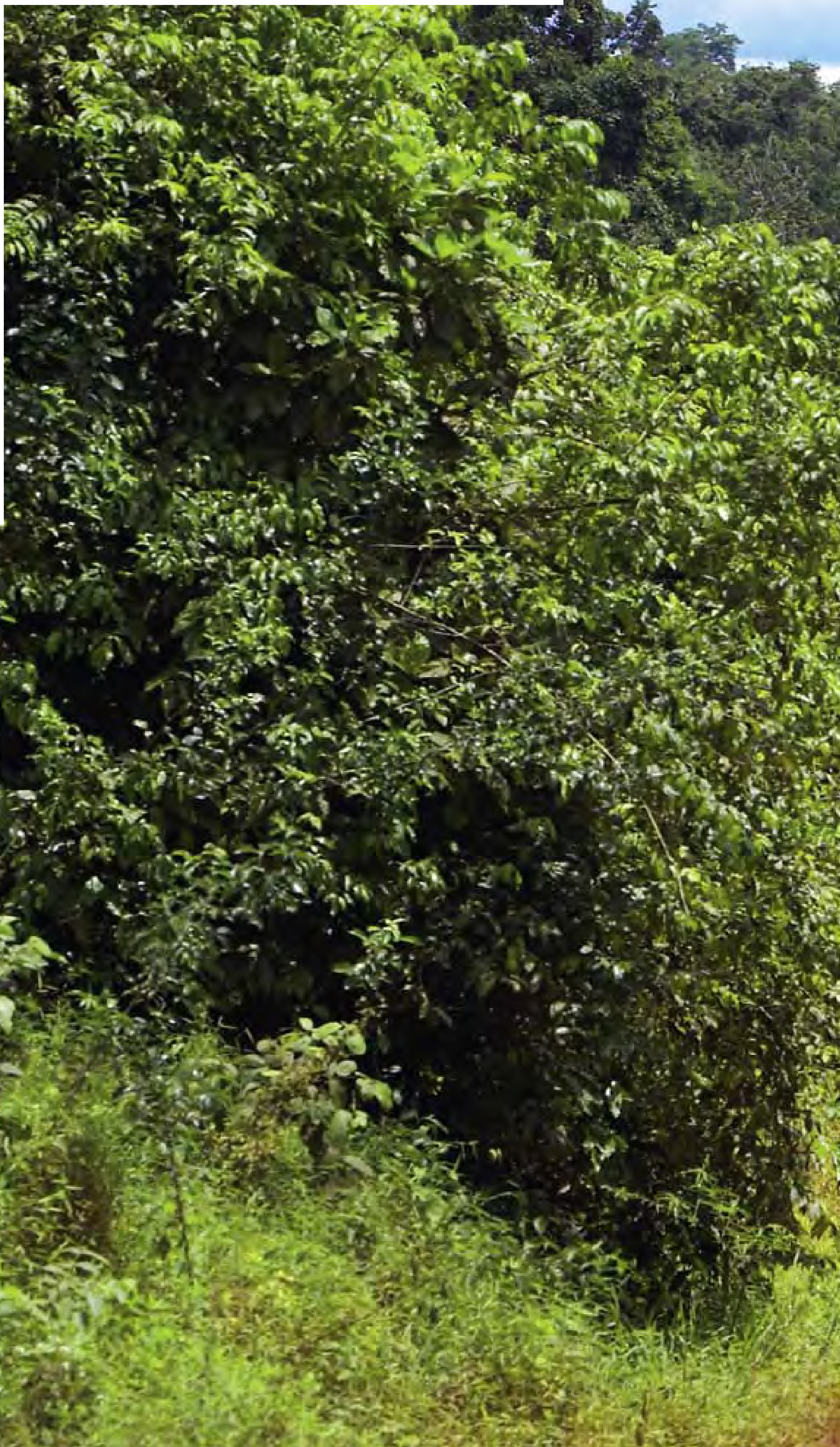
Key figures for Region Asia-Pacific and Rest of World

		Change %	2008/09	2007/08
Sales volume	Tonnes	14.6	99,373	86,695
Sales revenue	CHF m	12.8	398.6	353.3
EBITDA	CHF m	(26.0)	41.6	56.2
EBIT	CHF m	(36.0)	33.1	51.7

Cooperation

Barry Callebaut's "Quality Partner Program" (QPP) in Côte d'Ivoire aims to help cocoa farmer cooperatives improve the livelihoods of their 42,000 participating farmers. It supports training in good agricultural practices, enabling farmers to deliver more and better-quality cocoa beans. Higher crop yields and better-quality beans create opportunities for farmers to earn more and to improve their quality of life. Working with our QPP partners such as UCAS gives us access to multiple sources of quality beans and improves traceability.

Solange N'Guessan
Director, Union des Coopératives
Agricoles de San Pedro (UCAS)



Global Sourcing & Cocoa – Where our value creation begins

"At a time when the stock markets were faltering and governments were under pressure to rescue the financial markets, cocoa markets touched a low in September 2008. In mid-November 2008, the cocoa market bounced impressively, partly triggered by investment funds and concerns over the fate of the main harvest. At the end of August 2009, cocoa terminal market prices ended 10% higher than a year ago (London), and they have continued to increase since then. Contrary to the price of cocoa, the prices of our other key raw materials such as sugar and milk powder were flat or trended lower for most of the fiscal year."

Our value creation begins at the very beginning of the supply chain: Raw materials account for about 70% of our costs, and the quality of those raw materials is important for the taste of the final product. Steering our global procurement and cocoa products activities centrally and efficiently is, therefore, of tremendous importance to us.

Contrary to other chocolate ingredients – such as milk powder whose price dropped significantly or sugar whose price in Europe continued to soften – cocoa prices increased and ended the year close to their 20-year high. A fourth cocoa deficit – which occurs when supply is lower than demand – in the coming year seems likely. The last time there were four consecutive years of deficits was in the mid-1960's. The main reason is that the quantity of the crop 2008/09 in the world's largest cocoa-producing country, Côte d'Ivoire, declined by 12.5% or 175,000 tonnes versus 2007/08. However, the overall quality improved, partly due to the less frequent occurrence of a fungus called black pod.

Although our exposure to commodity price fluctuations is significant, their impact is rather limited since we are able to develop sourcing strategies and apply effective risk management tools that allow for a comprehensive management of price changes. Our sourcing and risk management tools include the use of derivative products such as options, cocoa futures, forward physical contracts and foreign exchange transactions. With respect to financial risk management, the Group applies the concept of Value at Risk (VaR) in order to quantify its consolidated exposure to commodity price risks.

Getting closer to the cocoa farmer

Barry Callebaut continues to get closer to the farmer and move upstream in the cocoa supply chain. By recently developing sourcing activities in Sierra Leone in conjunction with our partner Biolands, in which we have a 49% stake, we have been able to register some 23,000 farmers, start farmer field schools and begin the long process of developing a sustainable cocoa supply chain that is based on quality. We further increased our efforts to source beans directly in the countries of origin and from local cooperatives, e.g. in Cameroon and through opening the first bush buying station in Côte d'Ivoire, with the ultimate aim of improving quality and traceability. However, we do not own any cocoa plantations.

Steven Retzlaff
President Global Sourcing & Cocoa

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

Recent announcements that several branded consumer chocolate companies would begin sourcing certified cocoa led to an increased demand for Fair Trade, Rainforest Alliance as well as UTZ certified cocoa beans. We believe the cocoa and chocolate industry is at the beginning of a transformation of the cocoa supply chain which will take years, if not decades, as there is a shared sense of urgency to take action to ensure the sustainability of the cocoa sector. While Barry Callebaut has offered Fair Trade certified chocolate since 1993 and organic chocolate since 1995, we are now accelerating programs to buy Rainforest Alliance and UTZ certified cocoa from our own direct-sourcing "Quality Partner" project in Côte d'Ivoire. The goal is to get sizable volumes over the next two years.

Volatile year in cocoa-pressing margins

Cocoa liquor, cocoa butter and cocoa powder – the so-called semi-finished or cocoa products – are the first products obtained when cocoa is processed.

The past year was a volatile year for cocoa pressing. As global chocolate consumption declined and existing stocks were high, demand for additional cocoa butter collapsed and the combined cocoa ratio dropped sharply from October 2008 until March 2009, stabilizing at a low level. This resulted in margin pressure for semi-finished products, which will probably continue during the coming months and might lead to a consolidation of smaller cocoa processors that lack economies of scale or efficient distribution channels. We are well positioned in this environment because we use about half of all cocoa products made for our own needs and our chocolate sales force is well positioned to sell cocoa powder.

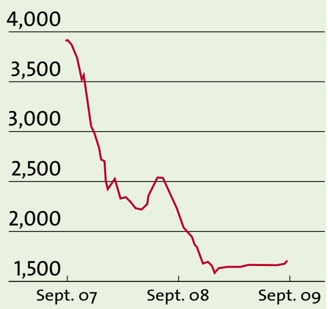
Our sales volume of cocoa products is driven by two factors: First, the outsourcing trend of chocolate as cocoa liquor production is often the first manufacturing step to be outsourced; and second, the necessity to produce enough cocoa butter for our own needs, which is driven by our chocolate sales. Our operational presence in major cocoa-growing countries, such as Côte d'Ivoire, Ghana, Cameroon and Brazil, gives us a competitive cost advantage.

Cocoa price
in GBP/tonne

London Cocoa Terminal Market
6-month forward delivery prices

Combined cocoa ratio
Factor x terminal market price

Milk powder price
in EUR/tonne



Weekly average Germany,
Netherlands and France

Sourcing sustainably, acting responsibly

Additional information:
www.barry-callebaut.com/csr and the CABOSSE 2008/09 publication.

"Cocoa is at the heart of our business. If there is no cocoa, there is no chocolate. More than 3.5 million tonnes are harvested each year in some 30 countries around the equator. In Côte d'Ivoire, the world's largest cocoa-producing country, cocoa is an important economic driver: Between 700,000 and 1,000,000 smallholder farmers depend on this cash crop. Poverty of the farming families is one of the root causes of labor practices that harm or exploit children as well as of unsustainable farming practices. For many years, we have been actively engaged in contributing to a more sustainable cocoa supply chain."

Increasing consumer demand for safe food produced in a responsible way, growing concerns about the environment and the globalization of the food supply chain are among the key trends that influence our company. Our interactions with various stakeholders – shareholders, customers, consumers, suppliers, farmers, employees and the communities where we operate – contributed to our understanding of the challenges facing our business. We joined forces with organizations from the public and private sector to address common challenges. In selecting projects and partners, we aim to strike a balance between economic growth, ecological balance and social progress.

In 2008/09, we focused on the following activities:

Contributing to a sustainable cocoa supply chain

1. **Working to empower cocoa farmers.** With processing operations in several origin countries, we are uniquely positioned to help improve the lives of cocoa farmers in ways that are mutually rewarding. Farmer training in Good Agricultural Practices (GAP) and on how to improve soil fertility and yields, post-harvest management, disease and pest management, and biodiversity are increasingly a focal point of our programs. Equally important is contributing to the basic health and education needs of cocoa farmers and their families in communities where such services are insufficient or unavailable.

2. **Working to ensure children are not harmed in cocoa farming.** Children helping out on the family farm are part of rural agricultural traditions in countries around the world. However, abusive or forced labor or the trafficking of children to work on farms cannot be tolerated. The complex issue of child labor and trafficking, with its underpinnings in poverty, must be addressed through the concerted joint efforts of governments and communities as well as industry and civil society. We have been actively engaged in such multi-stakeholder programs since 2001.

Gaby Tschofen
Vice President Corporate Communications & CSR

3. **Empowering employees.** Of the approximately 7,500 jobs we offer across the Group, we employ about 1,200 people in cocoa-growing countries including Côte d'Ivoire, Ghana, Cameroon, Brazil, Mexico and Malaysia. We are committed to providing employees with a safe, healthy and inspiring work environment and development opportunities. We pay particular attention to origin countries and countries lacking a welfare structure. In these countries, we continued to support employees and their families in such areas as health care, housing, transportation, meals and education.

Food safety and quality

In the wake of the globalization of the food supply chain and a series of food scandals, Barry Callebaut – like all food manufacturers – needs to be ready with a fast and accurate response whenever a food scandal breaks out. This means that customers want instantaneous assurance from us that our cocoa and chocolate products are safe to consume.

We place utmost importance on food safety and quality. All ingredients and products we use undergo rigorous testing by our Quality Assurance professionals. The traceability of raw materials, semi-finished and processed products, including allergen management, is ensured throughout the Group by a defined identification and traceability system.

Safeguarding the environment

Adverse and extreme weather conditions such as drought, flooding and wind in cocoa-producing countries threaten cocoa production in countries such as Côte d'Ivoire. Mitigating the effects of climate change by protecting the environment and using resources wisely is a business imperative.

In June 2008, we launched a Global Environmental Policy for our factories. We focus our efforts on five areas: emissions, water consumption, energy consumption, waste including the elimination of surplus packaging and transport. Our goal is to reduce overall energy consumption by 20% per tonne of production output in five years through the installation of more energy-efficient equipment in our plants and by increasing plant efficiency and improving the logistics chain.

Partnering to empower cocoa farmers

Barry Callebaut joined forces with the World Cocoa Foundation, other industry members and the Bill & Melinda Gates Foundation in launching the USD 40 million Cocoa Livelihoods Program, which aims to improve the livelihoods of approximately 200,000 cocoa-farming households in Côte d'Ivoire, Ghana, Nigeria, Cameroon and Liberia.

The innovative 5-year program will be implemented by a consortium of five local partners. On-the-ground program activities will begin in late 2009/early 2010.

Enabling children to go to school

Barry Callebaut, our subsidiary SACO, the cocoa farmer union UCADA and local government officials, educators, community leaders and development experts partnered in an ambitious project to build a secondary school in Akoupé in the Adzopé cocoa-growing region in Côte d'Ivoire. The new school will initially serve 320 pupils.

The second phase of the project, funded by the Jacobs Foundation, is to develop the facility into a community learning center. The curriculum will include adult literacy classes, farmer field school training, and programs for out-of-school youths.

Winning Together!

Each year, we sponsor an employee initiative called Winning Together! The aim is to engage our employees in our corporate social responsibility activities while fostering a "One Group" team spirit through sports and other events.

The 2009 *Winning Together! for Ghana* initiative culminated in financial and in-kind support for five rural schools in Ghana. During the main crop in 2009/10, Barry Callebaut colleagues from 17 countries who volunteered as local event managers during the 2009 initiative were able to experience the cocoa sector first-hand during a Cocoa Work/Study Tour to Ghana.

Innovation

The flavor of cocoa begins to form during the fermentation process when several biochemical changes determine its aroma and, ultimately, the taste of the chocolate. While bean fermentation traditionally happens spontaneously in the bush, our research team engineered a way to control fermentation. We can now influence the quality, taste and processability of the bean, while preserving the naturally present flavanols and the functional components of the bean – thus revolutionizing the very basics of chocolate making.

Herwig Bernaert
Innovation Manager
"Healthier Chocolate", Barry Callebaut

Handling complexity, leveraging scale to maintain cost leadership

"With a network of about 40 factories, we are close to our customers anywhere in the world. Each plant has a specific focus. This 'focused factory' approach allows us to offer a wide range of products while limiting complexity within each plant. This strategy also allows us to leverage our scale and to develop higher skill levels. Our investments were targeted at closing geographic gaps in our network and extending our capabilities. As a result of ongoing operational improvements, we were able to reduce the manufacturing and logistics costs per tonne."

"Focused factory" operations strategy

Standard products are made close to our customers and are interchangeable among sites. This enables us to balance capacity utilization and deliver the same product from a different site in the event of any problems. Specialty products are centralized in a limited number of sites, allowing us to limit the complexity per site and use this scale to our advantage. Our plants in cocoa-growing countries offer us the opportunity to optimize the total supply chain.

In order to access new markets, we further extended our factory network. In Japan, we integrated and expanded the production capacities acquired from Morinaga. In the U.S., we closed our old cocoa factory in Swedesboro and transferred production to the state-of-the-art plant in Eddystone. In Latin America, a new chocolate factory near São Paulo is under construction and is expected to go on stream in 2010. In addition, we invested in new production lines in various plants to expand our regional capabilities.

The majority of our European factories migrated from the ISO 9001 quality standard to BRC/IFS (British Retail Consortium/International Food Standard). In 2010, the remaining sites in Europe, as well as our cocoa factories in Africa and Asia, will also gradually adopt the BRC standards while the North American sites will switch from ISO 9001 to SQF (Safe Quality Food).

Continuous operational improvements to maintain cost leadership

As cost leadership is one pillar of our strategy, we are continuously improving our operational efficiency through better capacity utilization, optimized product flows and inventory management, lower logistics costs, reduced energy consumption, higher scale effects and lower fixed costs. The total impact on manufacturing costs per tonne last year was a reduction of about 5%, partly offset by higher energy costs per kWh and labor cost inflation.

Environment, Health & Safety Policy

In June 2008, we implemented a Health and Safety Policy and a process to monitor progress achieved at our factories. The main objectives of the policy are to create awareness and promote the active involvement of employees in health and safety issues in order to prevent and reduce accidents in our plants. Based on our Environmental Policy, we are working toward conserving resources, minimizing adverse impacts, eliminating surplus packaging and maximizing waste recovery and recycling.

Dirk Poelman
Chief Operations Officer

Broad and diversified product and customer portfolio

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

In its aspiration to be the heart and engine of the chocolate industry, Barry Callebaut has established itself as the outsourcing partner of choice for the entire food industry. We have a broadly diversified base of approximately 6,000 industrial customers, tens of thousands of artisanal customers, and 10 of the 12 largest global retailers. No single customer represents more than 7% of total sales volume.

We are proud to serve some of the best-known names in the food industry.

Thornton's (U.K.) *"Barry Callebaut and Thornton's have developed a strong trading relationship over several years. The strength of the product range and the depth of knowledge demonstrated by Barry Callebaut's people have been critical to Thornton's success in our many aspects of our business. Whether delivering exciting new products or improving value throughout the supply chain, Barry Callebaut is a valuable business partner."*

Otis Spunkmeyer (U.S.) *"Barry Callebaut has a proven track record of consistently supporting our needs. The focus on continuous improvement has created value for both sides."*

Kraft Foods (France) *"LU is a leader in France in the sweet and savory biscuits markets. Only the best chocolate is good enough for our famous biscuits. Barry Callebaut, the global leader in chocolate, has been our trusted partner for more than a decade."*

Taj Group (India) *"Barry Callebaut in India is a preferred supplier for best Belgian chocolate to the Taj Group of Hotels."*

To serve our customers most effectively, we are organized along four business units grouped in two business segments.

Business Segment	Industrial Business		Food Service/Retail Business	
				
Business Unit	Cocoa	Food Manufacturers	Gourmet & Specialties	Consumer Products
Activity	Responsible for processing cocoa into semi-finished goods that are partly sold to industrial customers and partly used for in-house needs.	Provides chocolate to multinational and national branded consumer goods manufacturers who incorporate the ingredients in their consumer products.	Provides chocolate products that are specifically designed for artisanal and professional users, such as chocolatiers, pastry chefs, bakeries, restaurants, hotels and caterers.	Supplies global retailers with private label and branded products. In order to help bring innovations to the market, Barry Callebaut also has its own local consumer brands: Sarotti (Germany), Jacques (Belgium) and Alprose (Switzerland).

Innovating to help our customers meet consumer needs more competitively

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

"Our innovation strategy is built upon our value chain advantage and has one focus: the cocoa bean. The cocoa bean has been at the heart of our business for more than 150 years. Through our unique technology, we have developed methods to preserve the 'good' qualities of cocoa in the chocolate, beyond its tempting taste. We've also worked to improve the nutritional profile of chocolate, reducing the sugar and/or saturated fat content. However, no matter how healthy the chocolate, taste is key. At Barry Callebaut, we take the best from cocoa to create the best products."

The cocoa bean is a major natural source for health, containing more than 200 components with potentially health-enhancing attributes. Leveraging Barry Callebaut's presence along the entire chocolate value chain, our Research & Development team studied how to harness and preserve the healthy components of cocoa in innovative new products. Two premises were clear from the beginning: While the new products should offer a better nutritional profile, they also have to taste great.

Functional and health-enhancing chocolates
More consumers today are interested in finding ways of incorporating healthy choices – including functional foods – into their diets to prevent disease.

This presents an opportunity for Barry Callebaut to develop chocolates with health benefits – such as probiotic chocolate which responds to the biggest health trend: digestive health. We have launched three types of chocolate that contain sufficient amounts of the probiotics Lactobacillus and Bifidobacterium to help to keep the digestive system healthy with a daily consumption of only 13.5 grams. Scientific studies have proven that chocolate is a more stable environment for these probiotic bacteria than dairy products, delivering probiotic benefits three times more effectively than dairy products.

We are also working to address other health issues, such as those caused by the growing consumption of energy-dense foods that are high in fat and sugar, as well as more sedentary lifestyles. We have developed a new generation of rebalanced chocolate products with an improved nutritional profile, such as zero-sugar, sugar-reduced, fat-reduced or fiber-enriched chocolates. These products offer several health claims based on nutritional benefits, such as "rich in fiber" "reduced in sugar", "fewer calories" and "low in fat" Best of all, these products taste as delicious as standard chocolates.

One product that has acquired a reputation for its health benefits in recent years is dark chocolate. However, not all dark chocolate products deliver the same health-enhancing benefits, since the flavanols – which are effective free-radical fighting antioxidants – found in fresh cocoa beans are partially destroyed in conventional chocolate production. Barry Callebaut's ACTICOA™ process guarantees a superior level of active antioxidants in the finished product than any other chocolate. Currently, around 30 products containing ACTICOA™ cocoa or chocolate – which help restore the balance between antioxidants and free radicals in the body – are sold in more than 10 countries around the world.

Hans Vriens
Chief Innovation Officer

Authentic and traceable products

Chocolate owes its taste to fine flavored cocoa beans often grown in small, far-away plantations. They offer a unique sensory experience with expressive flavors and delicate fruity, spicy or floral notes, reflecting the unique growing conditions. Barry Callebaut offers more than 40 varieties of such single-origin chocolates. We also produce a number of certified chocolates that comply with certain specific standards, whether it is kosher, organic, fair trade or other types of standards.

Superior applications

Consumer demand is growing for food products that taste great, have been made with natural ingredients, and offer something good. We offer a range of chocolate products with these benefits, such as our fruit chocolates – a beautiful marriage between deliciously creamy chocolate and real fruit, available in 10 varieties.

Another newly developed chocolate is code-named "Volcano". This crunchy chocolate using only chocolate ingredients offers two groundbreaking product benefits: It is aerated and therefore contains up to 90% fewer calories than standard chocolate per volume, and it is heat-resistant up to a temperature of approximately 55° C/130° F. A chocolate lover can eat 10 pieces of "Volcano" chocolate – yet consume the calories of only one piece of standard chocolate. And the chocolate will not melt in your hands – only in your mouth.

Three Centers of Excellence

Our fundamental research and our applied research are orchestrated by three Centers of Excellence and numerous local Application Laboratories. Dedicated R&D teams work in close cooperation with industrial customers to develop individual solutions or tailor-made innovations. In addition, we work with renowned research centers and universities around the globe, such as INRA (France), Vrije Universiteit Brussels (Belgium), University of L'Aquila (Italy), William Harvey Research Institute (U.K.) and Penn State University (U.S.). We have filed a number of patent applications to protect our intellectual property.

In the past fiscal year, Barry Callebaut conducted 11 clinical studies to substantiate scientific evidence of health-enhancing benefits of cocoa and chocolate – some with breakthrough results.

Mood-elevating effect of cocoa polyphenols

French research institute ETAP-Applied Ethology, Centre de Recherche en Pharmacologie, Cancérologie & Pathologies Humaines et Nutrition-Santé in Vandœuvre-lès-Nancy recently analyzed the potentially mood-elevating effect of cocoa polyphenols. The study, published in the international scientific journal *Nutritional Neuroscience*, indicates that cocoa polyphenols help to reduce the symptoms of depression. ACTICOA™ chocolate is one of the richest natural sources of cocoa polyphenols, specifically flavanols. Among other health benefits, flavanols also have a positive effect on cardiovascular health.

ACTICOA™ chocolate protects the skin from UV light

An independent study conducted by the London University of the Arts and published in the *Journal of Cosmetic Dermatology* demonstrated that regular consumption of chocolate rich in flavanols can significantly help to protect the skin from the harmful effects of ultraviolet radiation and reduce the sensitivity of the skin to UV light by more than half. These unprecedented results pave the way for new possibilities in nutritional protection against exposure to the sun, which causes 90% of all visible skin aging.

Cocoa flavanols help maintain healthy blood circulation

An independent study conducted by Hull University in the U.K. has shown that ACTICOA™ chocolate increases endothelial reactivity in diabetics. The endothelium, or blood vessel wall, plays an important role in vascular health and is involved in the regulation of blood circulation through the body. Long-term observational studies indicate that people with diabetes have a less optimal endothelial function, and that their risk for cardiovascular problems is on average three times higher than in healthy individuals. This pilot study demonstrated that the consumption of ACTICOA™ chocolate immediately improves endothelial function by 30%, producing better blood circulation.

Growing our people – Growing through our people

Additional information:
www.barry-callebaut.com/careers and www.barry-callebaut.com/learning

Barry Callebaut employees are the pivotal factor in securing our long-term growth. In order to continue to grow and be innovative, we need to attract and develop the right people. We have started a new initiative to focus more on talents in order to prepare tomorrow's leaders and promote continued growth and innovation. This initiative will help us attract and retain the right people to maintain a competitive edge in an increasingly global marketplace. Now more than ever, our talented people expect us to provide opportunities for growth and development.

For young professionals identified by management as a "source" of our success, today and in the future, we offer a management development program under the name "Source". It is designed to broaden business insight and improve personal effectiveness. Meet two participants:

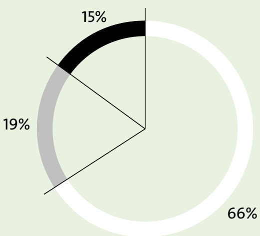
Peter Emmerson, Technical & Applications Adviser, Barry Callebaut U.K.

"What attracted me to Barry Callebaut is that we are a market leader. We have a number of experts I really want to learn from and work with, the best people in the business. I want to become an integral part of that business. My vision would be to grow with the company. I'd like to see myself moving into the middle management, and really continue on the path that I'm travelling along, and growing at the same rate as the business is."

Tanja Beckers, Junior Product Development Engineer, Barry Callebaut Belgium

"I joined Barry Callebaut because I love chocolate. I eat it every day, and as an R&D person, it is an exciting product to work with. There are a lot of aspects to it and to learn about. To be able to work for the biggest chocolate company is a privilege. At Barry Callebaut you also have the opportunity to grow because it is an international company. I think Barry Callebaut will keep growing, maybe even faster after the financial crisis. I hope I can grow with Barry Callebaut."

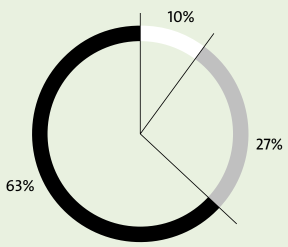
Number of employees per region



Europe	4,973
Americas	1,428
Asia-Pacific and Rest of World	1,124

Number of employees: 7,525

Number of employees per function



Management	745
Office staff	2,013
Factory staff	4,767

Average seniority in years

Europe	10.9
Americas	4.6
Asia-Pacific	5.5
Africa	6.5

Personnel expenses in CHF million

2008/09:	489.6
2007/08:	520.3
2006/07*:	477.8

*Excluding discontinued operations (Brach's)

Chairman's Award 2009 – For outstanding employee personalities

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

15 employees from 11 countries were honored with the Chairman's Award this year. 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. The Chairman's Award was conceived in 1995 by Klaus Jacobs, the late former Chairman of Jacobs Holding AG and founder of Barry Callebaut.

The 15 award recipients and their partners traveled to Switzerland from all corners of the world to attend the Chairman's Award event. Their four-day visit was highlighted by the award ceremony in Lenzerheide in the Swiss Alps, officiated by Andreas Jacobs, Chairman of the Board of Directors, and CEO Juergen Steinemann. Award winner Jackie Lewis from Barry Callebaut U.K. remarked: "I was proud to be singled out for my achievements, but it was also very moving to hear what the other award winners had accomplished."

The Chairman's Award winners 2009:
From left: Chris Lewis (U.K.), Andy Shingles (U.K.), Juergen B. Steinemann (CEO), Angelika Roll (Germany), Holly Sherman (USA), Jackie Lewis (U.K.), Gerrit Franken (Belgium), Ademir Silva Dos Santos (Brazil), Louise Brouillette (Canada), Daniel Mouelle Kouelle (Cameroon), Andreas Jacobs (Chairman), Achim Kammer (Germany), Guy Roger N'Tchobo (Ivory Coast), Chin Weng Wong (China), Earl Machia (USA), Elena Florya (Russia). Missing on photo: Carmen Althaus (Switzerland)

Excellence Awards 2009 – 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 past fiscal year. The six Excellence Award 2009 winners were nominated by their Presidents.

And the winners are:

Ben De Schryver, Vice President Corporate Accounts North America – *for building up an impressive new Pricing team in North America and making a big contribution to EBIT growth in the region.*

Claudine Vandemeulebroucke, Manager Regulatory Affairs – *for generously sharing her extensive know-how in cocoa and chocolate legislation with colleagues and customers.*

Cyrille Duboc, CFO Global Sourcing & Cocoa – *for his precise forecasts quarter after quarter and for delivering on his promises.*

Paul Halliwell, Sales Director Gourmet Asia-Pacific – *for constantly delivering a great performance, being a great team builder and being the biggest EBIT contributor of Region Asia-Pacific.*

Roland Maurhofer, Corporate Secretary – *for doing a lot of additional work outside his job description, such as working with colleagues from the Mergers & Acquisitions team.*

Simon Harris, Gourmet Business Manager U.K. – *for delivering double-digit growth rates in the past five years.*

The Excellence Award winners 2009 with their Presidents.
From left: Victor Balli, Roland Maurhofer, Paul Halliwell, Steven Retzlaff, Juergen B. Steinemann, Claudine Vandemeulebroucke, Ben De Schryver, Dave Johnson, Simon Harris, Massimo Garavaglia, Maurizio Decio, Cyrille Duboc and Willy Geeraerts

Contents

The CFO's view

Q CFOs face many challenges during an economic crisis – how was the past year for you?

Victor Balli Fortunately, the chocolate industry is more resilient to economic downturns than other businesses. As such, the impacts were more indirect in nature. Banks and capital markets were reluctant to provide credit. Cost of capital increased. Customers tried to pay as late as possible. Raw material, currency and futures markets remained nervous and volatile. Visibility for long- and even mid-term planning was low.

Q How did you deal with the difficulties in the financial sector and the limited access to new capital?

VB In mid-2007, we issued a long-term bond and refinanced our syndicated bank facility. We therefore have a stable financing situation and do not need to refinance any long-term committed credit lines in the near future. It is true, however, that it was more difficult to obtain new short-term facilities or renew existing ones, in particular specialized financing, such as off-balance sheet, asset-backed credits. During the past few months, however, we have seen a reopening of such special, tailor-made financing vehicles.

Q Reported results were diminished by the strengthening of the Swiss franc versus other currencies.

VB Indeed, in local currencies our operating result and net profit would have grown by 9.5% and 18.5%, respectively. At the operational level, we conduct our business in the local currency of the corresponding region. All transactional exposures deriving from currency differences are fully hedged so we did not experience any negative impact within the various regions. Translation into Swiss francs, the reporting currency for the Group, however, impacted us.

Q Has Barry Callebaut been affected by customers defaulting on their payments?

VB In late 2008, we tightened our customer credit policy and strengthened the regional credit controlling. While we have seen increasing pressure from our customers to prolong payment terms, we managed to keep the average trade receivable days outstanding flat, and the default rate was way below 1%. This is also a result of the close and often long-standing relationships we have with our customers.

Victor Balli
Chief Financial Officer

"We improved our working capital per tonne in 2008/09. Given our expected growth and further rising raw material cost, we need to continue and even strengthen these efforts."

Q One of the key messages of any business magazine in 2009 was "Cash is king" – true?

VB Absolutely. Last year, we reported an increased focus on tighter balance sheet management. In 2008/09 we improved our working capital per tonne. At the same time, we reduced capital expenditure by about 40%. Consequently our cash flow before financing activities improved to a positive CHF 102 million compared to a negative CHF 16 million in the prior year. This is necessary in recessionary times and when cocoa prices reach new highs. Given the expected growth of our Group and further rising raw material cost, we need to continue and even strengthen our efforts to reduce working capital per tonne processed.

Q Has the finance department contributed to the operational improvement of the Group?

VB Aside from the regular task of providing management with the tools to manage the business – controlling, benchmarks, analysis reports – my teams supported the Group in various efficiency improvement and cost-cutting programs. We improved the transparency and understanding of our product margins; we benchmarked and challenged our overhead costs; we further centralized certain shared services; we reduced communication and IT costs. In the coming year, additional efficiency improvements are expected from supply chain, logistics, maintenance and procurement, to name only a few.

Q You said planning is becoming difficult – can you nevertheless give an outlook for next year?

VB I think we will be faced with a continued difficult market environment. This means we need to stay very focused, alert and flexible in responding to risks and opportunities. Based on our clear strategy, our recent investments in a global footprint and our healthy financial situation, the road to the future is well paved. Consequently, expectations from our stakeholders are high. We accept the challenge to meet them.

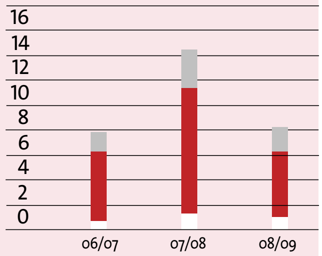
Group Risk Management

Our business exposes the Group to commodity, financial and operational risks which became more prominent over the past years, in particular with the current economic crisis. In addition, new legal and reporting requirements demand much more clarity and documentation of our processes, risks and measures. We therefore continuously strengthen our risk management tools and resources.

Commodity price and currency exposure risks are measured and controlled daily using the Historical Value at Risk (VaR) model with 2,000 historical prices/rates days (7 years) for each of our major raw materials and currencies. We have established volumes and monetary VaR limits for the Group and each business unit that are being strictly enforced. We also calculate expected shortfalls and worst-case scenarios and conduct sensitivity tests. In the past year, we reduced our value at risk despite an increase in raw material prices and volatility.

In compliance with a change in the Swiss Code of Obligation, we implemented an **Internal Control Systems (ICS)** process to design and document processes and controls addressing accounting and financial reporting risks in the most important legal entities. During the past year, we have assessed more than 100 processes, identified approximately 400 potential risks and 1,750 related controls. These findings and controls will now be expanded to other entities, all maintained in a common ICS data base.

Barry Callebaut Group Value At Risk
in CHF million



Value at Risk
(within 10 days; 1 day for foreign currencies; confidence level of 95%)

Non-Cocoa Ingredients
Cocoa Ingredients
Foreign currencies

Financial Review

Consolidated Income Statement

Sales volume grew by 4.1% from 1,166,007 to 1,213,610 tonnes, to which all regions contributed. The Industrial business segment recorded a solid growth of 7.4% to which the Cocoa business unit made a proportionately larger contribution. The Food Service/Retail business segment showed a decline of 7.7% in volume. Whereas the Gourmet business unit grew insignificantly, sales volume in the Consumer Products business unit declined, primarily as a result of the disposal of Consumer Products entities in Europe and Africa during the course of the prior year and in Asia in the current year.

Revenue from sales and services increased by 1.3% to CHF 4,880.2 million from CHF 4,815.4 million in the previous fiscal year. The positive effect of the sharp increase in the average cocoa price was more than offset by the negative effect of currency translation. Adjusted for these effects, revenues from sales and services grew by 4.3%.

Region Europe revenue, adjusted for cocoa price and currency effects, came in at the prior year level. The regions Americas and Asia-Pacific/Rest of World recorded double-digit revenue growth.

Revenue of the Industrial business segment grew by 5.8%, driven to a large extent by the Cocoa business unit. Revenue of the Food Service/Retail business segment declined by 8.0%. Adjusted for currency impacts, the Gourmet & Specialties business unit recorded a growth of 1.3%. As mentioned above, the Consumer Products business unit was affected by the disposal of some companies and exchange rate movements, which were only partly compensated for by the effect of price increases in view of higher raw material prices.

Gross profit grew by 1.0% to CHF 707.8 million from CHF 700.8 million. In constant currencies, however, the growth amounted to 7.0%. Apart from negative currency impacts, the combined cocoa ratio in the Cocoa business unit started to weigh on gross profit. These two effects were more than compensated for by the effect of the overall volume increase as well as by better margins in our Consumer Products and Food Manufacturers business units.

Gross profit in relation to revenue from sales and services stands at 14.5%, almost constant compared to the prior year. Gross profit per tonne decreased to CHF 583.2 from CHF 601.0 the year before; adjusted for currency impacts it increased by 7.0% to CHF 617.9.

Marketing and sales expenses were reduced by CHF 14.5 million to CHF 120.3 million from CHF 134.8 million. This is the result of cost-saving measures supported by positive foreign currency effects, while the strategy to be closer to customers was maintained.

General and administration expenses decreased by CHF 6.1 million to CHF 250.6 million, mainly due to positive currency impacts partly offset by the effects of changes in the consolidation scope.

Other income amounted to CHF 34.4 million compared to CHF 49.7 million in the year before. In both years, this position included operating but non-sales-related income items, such as gains on disposals of subsidiaries and assets, sales of waste products and income generated by the Group's Training Center, Schloss Marbach, and reversals of unused provisions and accruals.

Other expenses, comprising restructuring costs, litigation and severance payments, impairment charges and losses on sales of property, plant and equipment as well as some other non-recurring items, amounted to CHF 20.5 million, compared to CHF 17.9 million in the prior year.

Operating profit (EBIT) increased by 2.8% to CHF 350.8 million, compared to CHF 341.1 million in the prior year. Excluding the strong adverse effect from foreign currency developments, the EBIT growth amounted to 9.5%. All regions and business units made a positive contribution to EBIT. The biggest absolute contributions to EBIT came from Region Europe in terms of geography and from Food Manufacturers followed by Gourmet in terms of business units. The largest contributions to EBIT growth came from the regions Europe and Americas, respectively the Consumer Products and Food Manufacturers business units, while the EBIT contribution of region Asia-Pacific/Rest of World respectively the Cocoa business unit declined.

EBIT per tonne amounted to CHF 289.1, a decrease of 1.2% compared to last year's figure of CHF 292.5. The decrease in region Asia-Pacific/Rest of World contrasted with the improvements of EBIT per tonne achieved in Americas and Europe as a result of tight cost controls, namely in overhead costs. In local currencies, EBIT per tonne showed an increase of 5.2%.

Financial income declined to CHF 5.9 million from CHF 9.1 million in the prior year mainly due to a lower net income from foreign exchange gains and derivative financial instruments.

Financial expenses decreased to CHF 97.5 million compared to CHF 101.9 million in the year before. The decrease compared to prior year is driven by lower interest rates on the floating debt and a stronger Swiss franc, partly offset by the effect of a higher average debt level, as well as higher bank charges and foreign exchange losses.

Result from investment in associates and joint ventures amounted to CHF 0.5 million compared to CHF 0.4 million in the preceding year 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.

Loss on disposal of financial assets in the amount of CHF 6.8 million in the prior year fully related to the sale of the minority investment in Jacquot SA.

Income taxes are at the same level of CHF 32.7 million despite the increased profit before taxes, resulting in a reduction in the Group's effective tax rate from 13.6% to 12.6% (excluding discontinued operations). This reduction is mainly due to positive effects from the capitalization of previously not recognized tax loss carry-forwards and tax rate changes on deferred taxes, partly offset by a deterioration of the average tax rate according to the company mix.

Net profit from continuing operations grew by CHF 17.8 million or 8.5% to CHF 226.9 million, from CHF 209.1 million in the previous fiscal year. The increase compared to prior year is mainly due to the increase in EBIT of CHF 9.7 million, and the loss on disposal of financial assets recorded in prior year.

Net loss from discontinued operations (Brach's) of CHF 3.6 million in fiscal year 2007/08 included operational results and costs incurred until the closing of the transaction in November 2007.

Net profit for the year (including discontinued operations) increased by 10.4% to CHF 226.9 million from CHF 205.4 million. In local currencies the increase amounted to 18.5%. Net profit for the year attributable to the shareholders of the parent company amounted to CHF 226.9 million, compared to the prior year's CHF 204.6 million.

Basic earnings per share from continuing operations increased by 8.9% to CHF 43.99, up from CHF 40.39 last year. **Cash earnings per share,** defined as operating cash flow before working capital changes divided by basic shares outstanding, decreased by 3.4% from CHF 83.89 to CHF 81.05.

Consolidated Balance Sheet and financing structure

Total assets at the end of August 2009 amounted to CHF 3,514.8 million, a decrease of 5.8% compared to CHF 3,729.5 million in the prior year. This is mainly due to a lower semi-finished and finished goods inventory and a lower fair value of derivative financial assets, which were both affected by most of the currencies weakening against the Swiss Franc.

Net working capital decreased by CHF 27.0 million or 2.6% to CHF 1,010.1 million at the end of August 2009 compared to CHF 1,037.1 million at the end of the prior fiscal year. Whereas current assets decreased due to lower inventory values and derivative financial assets as explained above, these effects were almost offset on the liability side, mainly by lower fair values of derivative financial liabilities and hedged firm commitments.

Net debt at the end of August 2009 stood at CHF 942.7 million. This represents a reduction of CHF 98.6 million or 9.5% compared to CHF 1,041.2 million at the end of the prior fiscal year. Whereas cash flows related to debt repayment amounted to CHF –10.1 million, the major part of the net debt reduction is a consequence of positive foreign currency impacts. At the end of August 2009, the weighted average maturity of the Group's total debt portfolio decreased to 4.5 years compared to 5.4 years at the end of the prior year. From a liquidity perspective, however, the Group is benefiting from committed facilities for a period of approximately 6 years (August 2008: 7 years).

Equity – including equity attributable to the shareholders of the parent company and minority interests – increased by 6.8% or CHF 79.8 million from CHF 1,176.3 million as of the end of the prior year to CHF 1,256.1 million at the end of August 2009. Equity attributable to the shareholders of the parent company amounted to CHF 1,255.6 million, compared to the last year's amount of CHF 1,175.9 million. Compared to the end of the prior year, the debt-to-equity improved from 88.5% to 75.1% and the solvency ratio improved from 31.5% to 35.7% at the end of this fiscal year. This is mainly the result of the positive impact of net profit on equity, partly offset by foreign currency translation impacts and the capital reduction, which was paid out instead of a dividend. The return on invested capital (ROIC) remained almost constant at 13.9% compared to 14.0% in the prior year.

Consolidated Cash Flow Statement

Operating cash flow before working capital changes was slightly lower at CHF 418.1 million compared to CHF 434.3 million in the prior year. Cash-out for working capital changes in the year under review was lower compared to the year before. This effect is mainly attributable to inventories and other current liabilities and provisions, partly offset by lower cash flows related to other current assets and trade payables. This resulted in an overall improvement of the **Net cash flow from operating activities** (including working capital changes) to CHF 240.6 million from CHF 164.9 million the year before.

Net cash flow from investing activities amounted to CHF –138.9 million, compared to CHF –181.1 million in the preceding year. This year's amount included the cash outflow for the acquisitions of businesses in Belgium, Denmark (both Gourmet) and Japan (Food Manufacturers), as well as the cash inflow from the sale of subsidiaries related to the Consumer Products business in Asia. In addition, this figure in both years contained capital expenditures in operations such as capacity expansions, replacements, modernizations and Information Technology.

Net cash flow from financing activities was CHF –78.1 million, compared to CHF 16.3 million in the previous fiscal year. Excluding the cash effects of the capital reduction of CHF –59.4 million (prior year CHF –59.4 million) and the purchase of treasury shares in the amount of CHF –8.8 million (prior year CHF –12.1 million), net cash flow from financing activities for the year under review amounted to CHF –9.9 million (prior year CHF 87.9 million).

Consolidated Income Statement

for the fiscal year ended August 31, in thousands of CHF	Notes	**2008/09**	2007/08
Revenue from sales and services		**4,880,177**	**4,815,424**
Cost of goods sold		(4,172,355)	(4,114,641)
Gross profit		**707,822**	**700,783**
Marketing and sales expenses		(120,324)	(134,762)
General and administration expenses		(250,608)	(256,686)
Other income	7	34,357	49,677
Other expenses	8	(20,494)	(17,901)
Operating profit (EBIT)		**350,753**	**341,111**
Financial income	9	5,904	9,060
Financial expenses	10	(97,493)	(101,869)
Loss on disposal of financial assets		–	(6,810)
Result from investments in associates and joint ventures		484	381
Profit before income taxes		**259,648**	**241,873**
Income tax expenses	11	(32,723)	(32,797)
Net profit from continuing operations		**226,925**	**209,076**
Net loss from discontinued operations, net of tax	3	–	(3,626)
Net profit for the year		**226,925**	**205,450**
of which attributable to the shareholders of the parent company		226,907	204,570
of which attributable to minority interests		18	880
Earnings per share from continuing and discontinued operations[1]			
Basic earnings per share (CHF/share)		43.99	39.68
Diluted earnings per share (CHF/share)		43.85	39.52
Earnings per share from continuing operations[2]	12		
Basic earnings per share (CHF/share)		43.99	40.39
Diluted earnings per share (CHF/share)		43.85	40.22

1 Based on the net profit for the year attributable to the shareholders of the parent company including the net loss from discontinued operations

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

Consolidated Balance Sheet

Assets

as of August 31,	Notes	2009	2008
in thousands of CHF			
Current assets			
Cash and cash equivalents		33,993	35,172
Short-term deposits		2,137	947
Trade receivables and other current assets	13	524,847	531,132
Inventories	14	1,294,545	1,414,601
Current income tax assets		5,489	2,914
Derivative financial assets	15	221,649	321,020
Total current assets		**2,082,660**	**2,305,786**
Non-current assets			
Property, plant and equipment	16, 17	872,458	890,913
Financial assets	18	512	209
Investments in associates and joint ventures	19	4,038	3,528
Intangible assets	20	493,684	471,330
Deferred income tax assets	21	51,918	45,326
Other non-current assets		9,577	12,371
Total non-current assets		**1,432,187**	**1,423,677**
Total assets		**3,514,847**	**3,729,463**

Liabilities and equity

as of August 31,	Notes	2009	2008
in thousands of CHF			
Current liabilities			
Bank overdrafts	22	29,338	59,736
Short-term debt	22	222,885	397,648
Trade payables and other current liabilities	23	832,440	894,370
Current income tax liabilities		36,026	32,926
Derivative financial liabilities	15	153,922	299,310
Provisions	24	16,751	7,804
Total current liabilities		**1,291,362**	**1,691,794**
Non-current liabilities			
Long-term debt	25	728,293	621,892
Employee benefit obligations	26	122,701	134,431
Provisions	24	4,202	1,717
Deferred income tax liabilities	21	68,455	64,449
Other non-current liabilities		43,689	38,866
Total non-current liabilities		**967,340**	**861,355**
Total liabilities		**2,258,702**	**2,553,149**
Equity	27		
Share capital		262,119	321,574
Retained earnings and other components of equity		993,437	854,348
Total equity attributable to the shareholders of the parent company		**1,255,556**	**1,175,922**
Minority interests	27	589	392
Total equity		**1,256,145**	**1,176,314**
Total liabilities and equity		**3,514,847**	**3,729,463**

Consolidated Cash Flow Statement

Cash flows from operating activities[1]

for the fiscal year ended August 31,	Notes	**2008/09**	2007/08[2]
in thousands of CHF			
Profit before income taxes from continuing operations		259,648	241,873
Loss before income taxes from discontinued operations	3	–	(2,211)
Adjustments for:			
Depreciation of property, plant and equipment	16	82,309	83,930
Amortization of intangible assets	20	23,065	20,518
Impairment of property, plant and equipment	8, 16	566	2,184
Impairment of intangible assets	8, 20	–	131
Recognition of negative goodwill on acquisitions	1	(1,502)	–
(Gain) on disposal of property, plant and equipment, net		(30)	(2,405)
(Gain) on sale of subsidiary	2	(17,950)	(27,345)
Foreign exchange (gain) loss		28,408	(4,192)
Fair value (gain) loss on derivative financial instruments		(47,183)	52,925
Fair value (gain) loss on hedged firm commitments		(76,721)	66,709
Fair value (gain) loss on inventories		57,951	(126,117)
Write-down of inventories	14	5,462	2,429
Increase (decrease) of allowance for doubtful receivables		3,024	(4,891)
Increase (decrease) of provisions		16,033	6,401
Increase (decrease) of employee benefit obligations		(8,455)	10,363
Equity-settled share-based payments	5	11,577	16,856
Loss on sale of financial assets	18	–	6,810
Result from investments in associates and joint ventures		(484)	(381)
(Interest income)	9	(3,883)	(3,952)
Interest expenses	10	86,223	94,655
Operating cash flow before working capital changes		**418,058**	**434,290**
(Increase) decrease in trade receivables and other current assets		(24,199)	23,206
(Increase) decrease in inventories		(9,307)	(152,417)
Increase (decrease) in trade payables and other current liabilities		(19,004)	(18,684)
Use of provisions		(4,231)	(3,905)
Cash generated from operations		**361,317**	**282,490**
(Interest paid)		(77,604)	(80,221)
(Income taxes paid)		(43,070)	(37,339)
Net cash flow from operating activities		**240,643**	**164,930**

Consolidated Cash Flow Statement

Cash flows from investing activities[1]

for the fiscal year ended August 31, in thousands of CHF	Notes	2008/09	2007/08[2]
Purchase of property, plant and equipment	16	(113,314)	(226,571)
Proceeds from sale of property, plant and equipment		2,370	16,327
Purchase of intangible assets	20	(31,129)	(23,343)
Proceeds from sale of intangible assets		61	1,275
Acquisition of subsidiaries, net of cash acquired	1	(16,938)	(89,234)
Acquisition of associates and joint ventures		(164)	(2,672)
Proceeds from disposal of subsidiaries	2	17,198	155,331
Proceeds from disposal of financial assets		–	183
Purchase of short-term deposits		(1,396)	–
Proceeds from sale of short-term deposits		175	4,336
Purchase of other non-current assets		(589)	(19,768)
Proceeds from sale of other non-current assets		2,048	–
Interest received		2,787	3,084
Net cash flow from investing activities		**(138,891)**	**(181,052)**

Cash flows from financing activities[1]

for the fiscal year ended August 31, in thousands of CHF		2008/09	2007/08[2]
Proceeds from the issue of short-term debt		94,493	195,132
Repayment of short-term debt		(246,946)	(158,214)
Proceeds from the issue of long-term debt		149,077	51,555
Repayment of long-term debt		(6,748)	(202)
Capital reduction and repayment	27	(59,392)	(59,431)
Purchase of treasury shares	27	(8,808)	(12,123)
Dividends paid to minority shareholders	27	(68)	(343)
Effect of change in minority interests	27	300	(35)
Net cash flow from financing activities		**(78,092)**	**16,339**
Effect of exchange rate changes on cash and cash equivalents		5,559	379
Net increase (decrease) in cash and cash equivalents		**29,219**	**596**
Cash and cash equivalents at the beginning of the fiscal year		(24,564)	(25,160)
Cash and cash equivalents at the end of the fiscal year		**4,655**	**(24,564)**
Net increase (decrease) in cash and cash equivalents		**29,219**	**596**
Cash and cash equivalents		33,993	35,172
Bank overdrafts		(29,338)	(59,736)
Cash and cash equivalents as defined for the cash flow statement		**4,655**	**(24,564)**

1 The Consolidated Cash Flow Statement includes the cash flows from discontinued operations

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

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	Minority interests	Total equity
in thousands of CHF								
As of August 31, 2007	**381,029**	**(16,696)**	**702,221**	**4,830**	**(12,315)**	**1,059,069**	**3,865**	**1,062,934**
Currency translation adjustments					(26,834)	(26,834)	(48)	(26,882)
Effect of cash flow hedges (note 15)				(6,049)		(6,049)		(6,049)
Total gains (losses) recognized in equity				**(6,049)**	**(26,834)**	**(32,883)**	**(48)**	**(32,931)**
Net profit for the year			204,570			204,570	880	205,450
Total recognized income and expenses			**204,570**	**(6,049)**	**(26,834)**	**171,687**	**832**	**172,519**
Capital reduction and repayment	(59,455)		24			(59,431)		(59,431)
Movements of minority interests (note 27)						–	(4,305)	(4,305)
Purchase of treasury shares		(12,123)				(12,123)		(12,123)
Equity-settled share-based payments		15,215	1,641			16,856		16,856
Taxes recognized in equity (note 21)			(136)			(136)		(136)
As of August 31, 2008	**321,574**	**(13,604)**	**908,320**	**(1,219)**	**(39,149)**	**1,175,922**	**392**	**1,176,314**
Currency translation adjustments					(86,877)	(86,877)	(53)	(86,930)
Effect of cash flow hedges (note 15)				(6,339)		(6,339)		(6,339)
Total gains (losses) recognized in equity				**(6,339)**	**(86,877)**	**(93,216)**	**(53)**	**(93,269)**
Net profit for the year			226,907			226,907	18	226,925
Total recognized income and expenses			**226,907**	**(6,339)**	**(86,877)**	**133,691**	**(35)**	**133,656**
Capital reduction and repayment	(59,455)		63			(59,392)		(59,392)
Movements of minority interests (note 27)						–	232	232
Purchase of treasury shares		(8,808)				(8,808)		(8,808)
Equity-settled share-based payments		17,799	(6,222)			11,577		11,577
Taxes recognized in equity (note 21)				2,566		2,566		2,566
As of August 31, 2009	**262,119**	**(4,613)**	**1,129,068**	**(4,992)**	**(126,026)**	**1,255,556**	**589**	**1,256,145**

Summary of Accounting Policies

Organization and business activity

Barry Callebaut AG ("The Company") was incorporated on November 24, 1994 under Swiss law, having its head office in Zurich, Switzerland, at Pfingstweidstrasse 60. Barry Callebaut AG is registered in Switzerland and has been listed on the SIX Swiss Exchange (BARN, ISIN Number: CH0009002962) since 1998. As of August 31, 2009, Barry Callebaut's market capitalization based on issued shares was CHF 2,968 million (August 31, 2008: CHF 3,743 million). The Group's ultimate parent is Jacobs Holding AG with a share of 50.5% of the shares issued.

Barry Callebaut AG and its subsidiaries ("The Group") is one of the world's leading cocoa and chocolate companies, serving the food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers) to global retailers. The Group offers a broad and expanding range of chocolate and other cocoa-based products with numerous recipes. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing. The Group is fully vertically integrated along the entire value chain: from sourcing of raw materials to finished products on the shelf.

The principal brands under which the Group operates are Barry Callebaut, Callebaut, Cacao Barry, Carma, Luijckx, Van Leer and Van Houten for chocolate products; Barry Callebaut, Bensdorp, Van Houten and Chadler for cocoa powder; Bensdorp, Van Houten, Caprimo and Ögonblink for vending mixes; Sarotti, Alpia, Jacques and Alprose for consumer products.

The principal countries, in which the Group operates, include Belgium, Brazil, Cameroon, Canada, China, Côte d'Ivoire, France, Germany, Ghana, Italy, Japan, Malaysia, Mexico, the Netherlands, Poland, Russia, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the USA.

Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

For consolidation purposes, Barry Callebaut AG and its subsidiaries prepare financial statements using the historical cost basis, except for the measurement at fair value of derivative financial instruments, hedged firm commitments and inventories as disclosed in the accounting policies below.

Management assumptions and significant estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described below:

Note 1	Acquisitions
Note 3	Discontinued operations, assets held for sale and liabilities directly associated with assets held for sale
Note 14	Inventories
Note 15	Derivative financial instruments and hedging activities
Note 20	Goodwill – measurement of the recoverable amounts of cash-generating units
Note 21	Utilization of tax losses
Note 26	Measurement of defined benefit obligation

Scope of consolidation/Subsidiaries

The consolidated financial statements of the Group include all the assets, liabilities, income and expenses of Barry Callebaut AG and the companies which it controls. Control is presumed to exist when a company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital or otherwise has the power to exercise control over the financial and operating policies of a subsidiary so as to obtain the benefits from its activities. Minority interests are shown as a component of equity in the balance sheet and the share of the net profit attributable to minority interests is shown as a component of the net profit for the period in the Consolidated Income Statement. Newly acquired companies are consolidated from the date control is transferred (the effective date of acquisition), using the purchase method. Subsidiaries disposed of are included up to the effective date of disposal.

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

Purchases and disposals of minority interests in subsidiaries

The Group applies a policy of treating transaction with minority interests as transaction with parties external to the Group. Disposals to minority interests result in gains and losses for the Group and are recorded in the Consolidated Income Statement. Purchases from minority interests result in goodwill, being the difference between any considerations paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Accounting Policies

Options over existing minorities
The Group accounts for written puts over existing minorities in derecognizing the minority interests and records instead a liability to the extent of the put exercise price, discounted to the balance sheet date. Should the option expire without being exercised by the minorities, the liability is derecognized and minority interests are recorded.

Investments in associates and joint ventures
Associates are those companies in which the Group has significant influence but not control. This is normally presumed when the Group holds between 20% and 50% of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition, net of any impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity-accounted investees from the date that significant influence or joint control commences until the date significant influence or joint control ceases.

Foreign currency transactions
The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into respective functional currencies at the exchange rate prevailing at the year-end date. Any resulting exchange gains and losses are taken to the income statement. If related to commercial transactions or to the measurement of financial instruments in coverage of commercial transactions, such foreign currency gains and losses are classified as cost of goods sold. Otherwise, foreign currency gains and losses are classified as financial income and financial expense.

Foreign currency translation
For consolidation purposes, assets and liabilities of subsidiaries reporting in currencies other than Swiss francs are translated to Swiss francs using year-end rates of exchange. Income and expenses are translated at the average rates of exchange for the year. Differences arising from the translation of financial statements using the above method are recorded as cumulative translation adjustments in equity.

Major foreign exchange rates

	Closing rate	Average rate	Closing rate	Average rate
		2008/09		2007/08
EUR	1.5220	1.5189	1.6160	1.6258
GBP	1.7285	1.7501	2.0100	2.1591
USD	1.0666	1.1250	1.0994	1.0853

Cash and cash equivalents
Cash and cash equivalents comprise of cash on hand, checks, bank balances and unrestricted bank deposit balances with an original maturity of 90 days or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Consolidated Cash Flow Statement.

Trade receivables and other current assets
Trade receivables are stated at amortized cost, less anticipated impairment losses. Impairment provision for receivables represent the Group's estimates of incurred losses arising from the failure or inability of customers to make payments when due. These estimates are assessed on an individual basis, taking into account the aging of customers' balances, specific credit circumstances and the Group's historical default experience. If the Group is satisfied that no recovery of the amount owing is possible, the receivable is written off and the provision related to it is reversed.

The Group maintains an asset-backed securitization program for trade receivables, transferring the contractual rights to the cash flows of third-party trade receivables at their nominal value minus a discount. These receivables are derecognized from the balance sheet. The net amount reported under other current assets (see note 13) or other current liabilities (see note 23) is the amount of the discount minus the receivables already collected at the balance sheet date but not yet remitted to the asset-purchasing company.

Derivative financial instruments and hedging activities
The nature of its business exposes the Group to a variety of risks. The Group's overall risk management program acknowledges volatility of markets and seeks to minimize the potential adverse effects on the financial performance of the Group in a cost-efficient manner. Further information on risk management can be found under note 28.

The Group uses derivative financial instruments in accordance with its risk management policies to hedge its exposure to chocolate sales (related commodity price risks), which consist of the price risk of cocoa and other commodities such as dairy, sweeteners and nuts, foreign exchange risks and interest rate risks arising from operational, financing and investment transactions.

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

Following the Group's risk management policy, generally the operating group companies do not hold derivative financial instruments for trading purposes.

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

Hedge accounting

For manufacturing and selling of their products, the operating companies require commodity raw materials such as cocoa beans and semi-finished cocoa products as well as non-cocoa components such as dairy, sweeteners and nuts. The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with price movements in the respective commodity markets. The Group uses commodity futures, forward contracts and inventory to manage price risks associated with the firm sales commitments of industrial chocolate (Contract Business – see risk management note 28).

The Group and its subsidiaries enter into sales and purchasing contracts denominated in various currencies and consequently are exposed to foreign currency risks, which are hedged by the Group's treasury department or – in case of legal restrictions – with local banks. The Group's interest rate risk is managed with interest rate derivatives.

Hedge accounting is applied to derivatives that are effective in offsetting the changes in fair value or cash flows of the hedged items. The hedge relation is documented and the effectiveness of such hedges is tested at regular intervals, at least on a semi-annual basis.

Fair value hedging – for commodity price risks and foreign currency exchange risks related to the Contract Business

Generally, fair value hedge accounting is applied to hedge the Group's exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk, e.g. commodity price risks, and that could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative (hedging instrument) is re-measured at fair value and gains and losses from both are taken to the income statement. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss in the income statement. The changes in the fair value of the hedging instrument are also recognized in the income statement.

For the chocolate price risk related to the sales contract of industrial chocolate (Contract Business), the firm sales commitments, including cocoa and non-cocoa components, such as sweeteners, dairy and nuts, are designated as the hedged items while the forward purchase commitments and Contract Business inventories related to cocoa and non-cocoa components as well as cocoa future contracts are designated as the hedging instruments. The hedging instruments (purchase side) as well as the hedged items (sales side) are measured at fair value at the balance sheet date. The components of sales contracts represent commodities and are quoted in an active market or are reliably determinable. The fair values thus calculated for the hedged items are recorded under the position "Hedged firm commitments" included in other current assets or other current liabilities depending on whether the resulting amount is positive or negative. The fair values thus calculated for the hedging instruments are recorded under the position "Derivative financial assets" or "Derivative financial liabilities" depending on whether the resulting amount is positive or negative.

For foreign currency exchange risks related to the firm sales commitments of industrial chocolate (Contract Business), fair value hedge accounting is also applied. The hedge relationship is between the unrecognized firm sales commitment (hedged item) and the foreign currency forward sales contract (hedging instrument). The changes in fair value of the hedging instrument are recognized in the income statement. The cumulative change in the fair value of the firm sales commitment attributable to the foreign currency risk is recognized as an asset or liability with a corresponding gain or loss in the income statement.

Cash flow hedging – for interest rate risks

In general, Barry Callebaut applies cash flow hedge accounting for interest rate derivatives, converting a portion of floating rate borrowings to fixed rate borrowings.

Interest rate derivatives hedging exposures to variability in cash flows of highly probable forecasted transactions are classified as cash flow hedges. For each cash flow hedge relationship, the effective part of any gain or loss on the derivative financial instrument is recognized directly in equity. Gains or losses that are recognized in equity are transferred to the income statement in the same period in which the hedged exposure affects the income statement. The ineffective part of any gain or loss is recognized immediately in the income statement at the time hedge effectiveness is tested.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognized in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is immediately transferred to the income statement.

No hedge accounting designation

The Group's purchasing and sourcing center and the In-house Bank of the Group fair value their derivative financial instruments without applying hedge accounting.

Price List Business commodity risk hedging is based on forecasted sales volume and excluded from hedge accounting, as no derivatives can be clearly designated to the forecasted price list sales. Therefore these derivatives are carried at fair value with fair value changes recognized in the income statement.

In respect of the foreign exchange exposure of a recognized monetary asset or liability, no hedge accounting is applied. Any gain or loss on the financial derivative used to economically hedge this risk is recognized in the income statement thus compensating the gains and losses that arise from the revaluation of the underlying asset or liability.

Accounting Policies

Inventories

The Group principally acquires cocoa beans, any semi-finished products resulting from cocoa beans (such as cocoa liquor, butter, cake or powder), other raw materials such as sweeteners, dairy and nuts and has industrial chocolate inventories with the purpose of selling them in the near future and generating a profit from fluctuations in price or broker-traders' margin. The Group therefore acts as a broker-trader of such commodities and these inventories are measured at fair value less costs to sell in accordance to the broker-trader exemption per IAS 2.5 (Inventories).

Other inventories, such as finished consumer products and other items related to the Price List Business are stated at the lower of cost and net realizable value. The cost of inventories comprises the costs of materials, direct production costs including labor costs and an appropriate proportion of production overheads and factory depreciation. For movements in inventories, the average cost method is applied. Net realizable value is defined as the estimated selling price less costs of completion and direct selling and distribution expenses.

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

Long-term assets and related liabilities are classified as held for sale and shown on the balance sheet in a separate line as "Assets held for sale" and "Liabilities directly associated with assets held for sale" if the carrying amount is to be realized by selling, rather than using, the assets. This is conditional upon the sale being highly probable to occur and the assets being ready for immediate sale. For a sale to be classified as highly probable, the following criteria must be met: management is committed to a plan to sell the asset, the asset is marketed for sale at a price that is reasonable in relation with its current fair value and the completion of the sale is expected to occur within 12 months.

Assets held for sale are measured at the lower of their carrying amount or the fair value less costs to sell. From the time they are classified as "held for sale", depreciable assets are no longer depreciated or amortized.

Financial assets

Financial assets are accounted for in accordance with IAS 39, Financial Instruments: Recognition and Measurement. Accordingly, financial assets are classified into the following categories: held-to-maturity, at fair value through profit or loss, loans and receivables and available-for-sale. Financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity except for loans and receivables originated by the Group are classified as held-to-maturity investments. Financial assets acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as at fair value through profit or loss. All other financial assets, excluding loans and receivables, are classified as available-for-sale.

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

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

Held-to-maturity investments and loans and receivables are carried at amortized cost using the effective interest rate method.

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

Intangible assets

Goodwill

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

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

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

Research and development costs

Research costs are expensed as incurred, whereas product development costs are only expensed as incurred when it is considered impossible to quantify the existence of a market or future cash flows for the related products or processes with reasonable assurance.

Development costs for projects mostly related to software are capitalized as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs that have been capitalized are amortized on a straight-line basis over the period of their expected useful life. The amortization periods adopted do not exceed five years.

Other intangible assets

Other acquired intangible assets include patents, trademarks, brand names and licenses. Patents and licenses are amortized over their period of validity. All other intangible assets are amortized on a straight-line basis over their anticipated useful life not exceeding 20 years.

Property, plant and equipment

Property, plant and equipment are measured at the acquisition or construction cost less accumulated depreciation and accumulated impairment losses. A straight-line method of depreciation is applied through the estimated useful life. Estimated useful lives of major classes of depreciable assets are:

Buildings, warehouses and installations	20 to 50 years
Plant and machinery	10 to 20 years
Office equipment and furniture	3 to 10 years
Motor vehicles	5 to 10 years

Maintenance and repair expenditures are charged to the income statement as incurred.

The carrying amounts of property, plant and equipment are reviewed at least at each balance sheet date to assess whether they are recoverable in the form of future economic benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognized to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Leased assets

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

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

Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, when the Group becomes a party to the contractual provisions. They are subsequently carried at amortized cost using the effective interest rate method. A financial liability is removed from the balance sheet when the obligation is discharged, cancelled, or expires.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate thereof can be made. Provisions are recorded for identifiable claims and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is communicated.

Employee benefit obligations/Post-employment benefits

The liabilities of the Group arising from defined benefit obligations and the related current service costs are determined on an actuarial basis using the projected unit credit method.

Actuarial gains and losses are recognized in the income statement over the remaining working lives of the employees to the extent that their cumulative amount exceeds 10% of the greater of the present value of the obligation and of the fair value of plan assets.

For defined benefit plans, the actuarial costs charged to the income statement consist of current service cost, interest cost, expected return on plan assets and past service cost, gains or losses related to curtailments or early settlements as well as actuarial gains or losses to the extent they are recognized. The past service cost for the enhancement of pension benefits is accounted for over the period that such benefits vest.

Some benefits are also provided by defined contribution plans; contributions to such plans are charged to the income statement as incurred.

Post-retirement benefits other than pensions

Certain subsidiaries provide healthcare and insurance benefits for a portion of their retired employees and their eligible dependents. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is also included in the position employee benefits.

Accounting Policies

Employee stock ownership program
For the employee stock ownership program, treasury shares are used. In accordance with IFRS 2, the compensation costs in relation with shares granted under the employee stock ownership program are recognized in the income statement over the vesting period at their fair value as of the grant date.

Other long-term employee benefits
Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations. Benefit cost is recognized on an actuarial basis in the income statement. The related liability is included in other long-term liabilities.

Share capital/Purchase of own shares
Where the Company or its subsidiaries purchase the Company's shares, the consideration paid including any attributable transaction costs is deducted from equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in equity.

Dividends
Dividends on ordinary shares are recognized as a liability when they are approved by the shareholders.

Taxes
Current income taxes are recognized based on taxable income, whereas other taxes such as non-recoverable taxes withheld on dividends, management fees and royalties received or paid are reported under other expense. Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen.

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

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

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

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

Trading of raw materials which are fair valued does not give rise to a profit or loss; consequently related revenues and costs of goods sold are netted.

Interest income is recognized as it accrues on an effective yield basis, when it is determined that such income will flow to the Group. Dividends are recognized when the right to receive payment is established.

Government grants
Provided there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of property, plant and equipment and thus recognized in the income statement on a straight-line basis over the useful life of the asset.

Other grants that compensate the Group for expenses incurred are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

Segment reporting
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise primarily interest-earning assets and related interest income, interest-bearing loans, borrowings and related interest expenses, income tax assets and liabilities and corporate assets and expenses. Eliminations represent intercompany balances and transactions between the different segments. Segment assets and liabilities represent the situation at the end of the fiscal year.

The pricing of inter-segment sales is based on market ratios for semi-finished products and on a cost plus mechanism for processed products.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. It comprises the purchase of property, plant and equipment and the acquisition of intangible assets.
Segmental information is based on two segment formats.

Geographical segments
The geographical segment format – reflecting management responsibility and geographical area – is the Group's primary management and internal reporting structure. The Group manages its business through three geographic areas:

Europe, consisting of the following countries: the British Isles France, Belgium, the Netherlands, Luxembourg, Germany, Italy, Spain, Portugal, all Eastern European countries including Russia, all Scandinavian countries, Switzerland, Austria, Greece, Turkey.

Americas, consisting of all countries of North America and South-America.

Asia-Pacific/Rest of World consisting of all other countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Business segments
The results reported in the business segments reflect total profitability throughout the value chain.

The first business segment, Industrial Business, comprises the business units Cocoa and Food Manufacturers, both asset and working capital-intensive activities dealing with the Group's industrial customers.

The second business segment, Food Service/Retail Business, combines the business units Gourmet & Specialties and Consumer Products, grouping the more value-added products and services in the Group's professional, gastronomy, artisanal and consumer products segment.

Changes in Accounting Policies

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

IAS 39 (Amendment) – Embedded Derivatives and IFRIC 9 (Amendment) – Reassessment of Embedded Derivatives (effective July 1, 2009)
The reclassification amendment allows entities to reclassify particular financial instruments out of the "fair value through profit or loss"category in specific circumstances. The amendment to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Disclosure" clarifies that on reclassification of a financial asset out of the "fair value through profit or loss" category all embedded derivatives have to be assessed and, if necessary, separately accounted for in financial statements. The Group does not expect any impact on its consolidated financial statements.

IFRIC 12 – Service Concession Arrangements
The adoption of this interpretation did not have an effect on the financial position or the results of the Group.

IFRIC 13 – Customer Loyalty Programmes
The Group does not grant costumer loyalty award credits to its customers which are within the scope of this interpretation. Thus, the adoption of IFRIC 13 did not have an effect on the financial position or the result of the Group.

IFRIC 14/IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
The Group has evaluated the surplus situation in its pension plans according to IFRIC 14. The application of this interpretation did not have an impact on the consolidated financial statements.

Amended International Financial Reporting Standards and Interpretations, not yet effective for the Group and not early adopted
The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after September 1, 2009, or later periods, but the Group has not early adopted them:

IFRS 3 (Revised) – Business Combinations (effective July 1, 2009)
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply these changes prospectively for all business combinations from September 1, 2009.

IFRS 7 (Amendment) – Financial Instruments – Disclosure (effective January 1, 2009)
The amended standard improves disclosure in fair value measurements and liquidity risks. The Group expects additions in its disclosure on financial instruments and will apply these changes for the accounting period starting September 1, 2009.

IFRS 8 – Operating Segments
IFRS 8 supersedes IAS 14 – Segment Report. The new standard requires that reportable segments are identified consistent with the internal information which the chief operating decision-maker is allocating the resources and assessing the performance of the operating segments. The Group expects therefore changes to the current identified segments and will apply the new standard for periods starting from September 1, 2009.

IAS 1 (Revised) – Presentation of Financial Statements (effective January 1, 2009)
The revised standard introduces a statement of comprehensive income but allows to present an income statement and a separate statement of comprehensive income. Further, the standard includes non-mandatory changes of the titles of the financial statements. The application by Barry Callebaut will not have a major impact on the Group's consolidated financial statements.

The Group will apply these additional disclosure requirements for the accounting period starting September 1, 2009.

IAS 23 (Revised) – Borrowing Costs (effective January 1, 2009)
The revised standard eliminates the option of recognizing borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of such directly attributable costs is now mandatory. This revised standard will not have a material impact on the Group' consolidated financial statements for periods starting September 1, 2009.

IAS 27 (Revised) – Consolidated and Separate Financial Statements (effective July 1, 2009)
The revised standard requires that effects of all transaction with non-controlling interests are to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when con-

Accounting Policies

trol is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The impact on the consolidated financial statement depends on future transactions. The Group will apply IAS 27 (Revised) for transactions with non-controlling interests from September 1, 2009.

IFRIC 18 – Transfer of Assets from Customers (effective July 1, 2009)

This interpretation clarifies the circumstances in which the definition of an asset within the scope of IFRIC 18 is met, and how to recognize the asset and measure its cost on initial recognition. IFRIC 18 can affect the Group in future, potentially in relation to outsourcing contracts with its customers; however it is not anticipated that the application of that interpretation will have a material impact on the Group's reporting. The Group will apply the interpretation for the accounting period starting September 1, 2009.

Improvements to IFRS (effective January 1/July 1, 2009)

Several standards have been modified on miscellaneous points. They are not going to have a material impact to the Group's consolidated financial statements. The Group will apply these changes for the accounting period starting September 1, 2009.

Improvements to IFRS (effective January 1, 2010)

Several standards have been modified on miscellaneous points. They are not going to have a material impact to the Group's consolidated financial statements. The Group will apply these changes for the accounting period starting September 1, 2010.

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

IFRS 1 (Amendment) – First-time adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements (effective January 1, 2009)

The content of this standard remains unchanged; the changes solely concern the formal structure in the standard. The amended standard does not have an impact on the Group's Consolidated Financial Statements since Barry Callebaut is not applying the IFRS for the first time.

IFRS 2 (Amendment) – Share-based Payment – Vesting conditions and cancellations (effective January 1, 2009)

The amendment to IFRS 2 clarifies the term "Vesting conditions" and provides the accounting treatment for non-vesting conditions and cancellations. Vesting conditions are service conditions and performance conditions only. The treatment of those conditions remains unchanged. Non-vesting conditions are conditions other than service or performance conditions. Non-vesting conditions must be taken into account in the estimation of the fair value of the instrument at the grant date. Failure to meet a non-vesting condition during the vesting period shall be treated as a cancellation. The amount of the compensation cost that otherwise would be recognized over the remainder of the vesting period is recognized immediately on cancellation, normally in the profit and loss. If the share-based payment includes a liability component, then the liability is remeasured to fair value at the date of cancellation prior to its settlement. The Group does not expected the amendments to have an impact on the Group's consolidated financial statements.

IAS 32 (Amendment) – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements – Puttable Financial Instruments and Obligations arising on Liquidation (effective January 1, 2009)

IAS 32 (Amendment) includes changes in treatment of financial instruments with the right to put the instrument back or imposing obligations in the event of liquidation. Barry Callebaut does not expect the application of the amended standard to have any impact in its consolidated financial statements.

IAS 32 (Amendment) – Financial Instruments: Classification of Rights Issues (effective February 1, 2010)

The amended standard gives improved guidance on the classification of rights issues. The Group does not expect the amendment to have an impact on the consolidated financial statements.

IAS 39 (Amendment) – Financial Instruments: Recognition and Measurement: Eligible Hedged Items (effective July 1, 2009)

The amendment clarifies how the existing principles of hedge accounting that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in two particular situations. The Group's current accounting treatment is not affected by this amendment.

IFRIC 15 – Agreements for the Construction of Real Estates (effective January 1, 2009)

This interpretation clarifies whether IAS 18 – Revenue, or IAS 11 – Construction contracts, should be applied to particular transactions. IFRIC 15 is not relevant to the Group's operations as it has no such transactions.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective January 1, 2009)

IFRIC 16 defines which risks qualify as a hedged risk in hedges of a net investment in a foreign operation and where, within a group, hedging instruments are to be held. Barry Callebaut does not expect this interpretation to have any influence on its consolidated financial statements since the Group does not hold any hedges of net investments in a foreign operation.

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective July 1, 2009)

IFRIC 17 applies when non-cash assets are distributed to owners or when the owner is given a choice of taking cash in lieu of the non-cash assets. A dividend payable should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity and should measure the dividend payable at the fair value of the net assets to be distributed. An entity has to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets (all owners are treated equally) but does not apply to common control transactions. The Group does not expect any impact on its consolidated financial statements since it is not the Group's past practice to distribute non-cash assets to owners as dividends.

Notes to the Consolidated Financial Statements

Changes in the scope of consolidation
The scope of consolidation has during the fiscal year 2008/09 changed as follows:

Acquisitions

Name and location of company acquired	Date of first consolidation	Acquired stake
International Business Company (IBC) BVBA, Belgium	October 1, 2008	100%
Morinaga Tsukaguchi factory, Japan	December 1, 2008	n/a[1]
Eurogran A/S, Denmark	June 1, 2009	100%

1 The Group acquired a business rather than a legal entity. For further details refer to note 1 Acquisitions.

Disposals

Name and location of company disposed	Date of deconsolidation	Disposed stake
Van Houten (Singapore) Pte Ltd, Singapore	February 28, 2009	100%

1. Acquisitions 2008/09

In fiscal year 2008/09, the following acquisitions/business combinations took place:

International Business Company (IBC) BVBA

On October 1, 2008, the Group closed the transaction to acquire 100% of the share capital in IBC, a Belgian company active in the chocolate decoration market. The company mainly serves customers in the Group's Gourmet & Specialties business in Europe and was therefore integrated in the Food Service/ Retail Business segment and the geographical Region Europe, respectively. Goodwill resulting from that transaction has also been allocated to those segments.

Morinaga Tsukaguchi factory

On December 1, 2008, the Group has acquired assets from the Japanese confectionary Morinaga & Co. Ltd. and entered into a long-term supply agreement with Morinaga & Co. Ltd. Due to the substance of the acquisition agreement entered into with Morinaga, the Group has concluded that the acquisition qualifies as a business combination in the scope of IFRS 3. The business was subsequently integrated in the Group's Industrial Business segment and the geographical Region Asia since the business does generate its sales solely in Asia. The accounting for the transaction has led to a negative goodwill which was immediately recognized in the Consolidated Income Statement.

Eurogran A/S

On June 1, 2009, the Group has closed the acquisition of the Danish beverage company Eurogran A/S with a subsidiary in United Kingdom. The Danish operations were integrated in the Group's beverage business. The business acquired serves customers in Europe, consequently it was integrated into the Group's Food Service/Retail segment and the geographical Region Europe, respectively. Goodwill resulting from this acquisition was allocated to the same segments as well.

Notes

Acquisitions

in thousands of CHF	Pre-acquisition carrying amounts 2008/09	Fair value adjustments 2008/09	Recognized values on acquisition 2008/09
Inventories	7,010	(985)	6,025
Trade receivables and other assets	9,758	(81)	9,677
Property, plant and equipment	16,795	1,209	18,004
Intangible assets	–	3,251	3,251
Other current liabilities and deferred income	(12,331)	(817)	(13,148)
Deferred tax, net	(610)	(1,872)	(2,482)
Other non-current liabilities	(6,227)	(57)	(6,284)
Fair value of assets and liabilities acquired	**14,395**	**648**	**15,043**
Goodwill on acquisition			25,370
Negative goodwill on acquisition			(1,502)
Consideration, recognized as current and non-current liability			(18,742)
Consideration, paid in cash[1]			**20,169**
Cash and cash equivalents less bank overdrafts (net) acquired			(2,657)
Cash outflow for acquisition of subsidiaries, net of cash and bank overdrafts acquired			**17,512**

1 Includes legal and consultancy fees of CHF 1.1 million

Since the valuation of the assets and liabilities of businesses acquired during 2008/09 is still in progress, the above values are determined provisionally. Values determined provisionally in 2007/08 have subsequently changed due to the adjustment of a contingent consideration and have led to a cash inflow. Thus, goodwill has decreased by CHF 0.6 million.

The goodwill amounting to CHF 25.4 million reflects the value of highly skilled staff, the immediate access to manufacturing resources, supply chain and profound knowledge of the regional market characteristics. The acquisitions allow the Group to leverage on these factors and use related synergies for its strategically targeted regional and business expansion path.

The negative goodwill recognized is related to the acquisition of the Tsukaguchi factory and is mainly the result of differences between the value at which property, plant and equipment were acquired and their fair value assessed by the Group and reflecting the business plan underlying the acquisition.

The effect of the acquisitions on the Group's sales were approximately CHF 42 million on net sales revenue and CHF 5.3 million on net profit from continuing operations. Had the acquisitions occurred on September 1, 2008, the Group's net sales revenue would have been approximately CHF 4,923 million and the net profit from continuing operations approximately CHF 229 million.

2007/08

In fiscal year 2007/08, the following acquisitions/business combinations took place:

Food Processing International, Inc. (FPI)

On December 17, 2007, the Group acquired 100% of FPI in the United States. Subsequently the company was merged into Barry Callebaut USA LLC. The business was allocated to the Americas region.

KL-Kepong Cocoa Products Sdn Bhd (KLKCP)

On April 30, 2008, the Group closed a transaction in which it acquired a 60% stake in KLKCP, domiciled in Malaysia. The company was subsequent to the transaction renamed to Barry Callebaut Malaysia Sdn Bhd. The acquired company operates in the cocoa processing and has small chocolate production facilities. It mainly serves customers in Asia. Due to its main activities in cocoa processing, the acquired entity was allocated to the Group's Industrial Business segment.

The seller of the acquired stake in KLKCP, KL-Kepong Industrial Holdings Sdn Bhd, has a put option exercisable between the second and the fifth birthday of the closing of the acquisition of KLKCP (i.e. April 30, 2008), which, if exercised, would require Barry Callebaut to purchase the remaining 40% of KLKCP. The put exercise price is fixed in USD. The agreement also gives Barry Callebaut a call option, exercisable in the identical time frame, to acquire the remaining 40% of the shares at fair value. The call option has a fair value close to zero.

As a result of the put option agreement, the Group has not recorded any minority interests. Instead, a liability on the remaining 40% minority interest in Barry Callebaut Malaysia Sdn Bhd was recognized. The liability was recorded at the redemption value of the put option under other non-current liabilities, discounted to the net present value using best estimate for the anticipated exercise date and assuming the put will be exercised.

Acquisitions

in thousands of CHF	Pre-acquisition carrying amounts 2007/08	Fair value adjustments 2007/08	Recognized values on acquisition 2007/08
Inventories	50,626	7,247	57,873
Trade receivables and other assets	16,780	(35)	16,745
Derivative financial assets	–	4,139	4,139
Property, plant and equipment	57,463	12,328	69,791
Intangible assets	–	2,296	2,296
Financial liabilities	(5,965)	–	(5,965)
Other current liabilities and deferred income	(39,517)	(189)	(39,706)
Derivative financial liabilities	–	(11,300)	(11,300)
Deferred tax, net	(2,206)	(3,880)	(6,086)
Other non-current liabilities	(14,721)	–	(14,721)
Fair value of assets and liabilities acquired			**73,066**
Goodwill on acquisition			54,776
Adjustment to goodwill in subsequent period			(574)
Consideration, recognized as non-current liability			(36,820)[2]
Consideration, paid in cash[1]			**91,022**
Subsequent changes in consideration, received in cash			**(574)**
Cash and cash equivalents less bank overdrafts (net) acquired			(1,788)
Cash outflow for acquisition of subsidiaries, net of cash and bank overdrafts acquired			**89,234**
Cash inflow in subsequent period			**(574)**

1 Includes legal and consultancy fees of CHF 1.0 million
2 Included in the position of other non-current liabilities amounting to CHF 38.9 million

The effect of last year's acquisitions on the Group's sales were approximately CHF 90 million on net sales revenue and CHF 2.5 million on net profit from continuing operations. Had the acquisitions occurred on September 1, 2007, the Group's net sales revenue would have been approximately CHF 4,940 million and the net profit from continuing operations approximately CHF 213 million.

Notes

2. Disposals

Disposals in 2008/09

Van Houten (Singapore) Pte Ltd

On February 28, 2009, Barry Callebaut has sold its Consumer Products subsidiary Van Houten (Singapore) Pte Ltd, domiciled in Singapore, to The Hershey Company and has also licensed the Van Houten brand name and trademarks to Hershey's for use in relation to the sale of consumer products in Asia-Pacific, the Middle East, and Australia/New Zealand.

The transaction resulted in a total gain of CHF 17.9 million (net of transaction costs).

Disposals in 2007/08

On February 28, 2008, the Group has disposed of its consumer products subsidiaries Wurzener Dauerbackwaren GmbH in Germany and Chocodi SA in Côte d'Ivoire.

The Group's consumer business in Cameroon, Chococam SA, including its subsidiary Chocogab SA in Gabon was sold on July 31, 2008.

in thousands of CHF	**2008/09**	2007/08
Current assets	3,907	46,388
Property, plant and equipment	5	18,459
Intangible assets	–	223
Other non-current assets	–	2,163
Financial liabilities	(1,308)	(4,701)
Employee benefit obligations	–	(2,390)
Other liabilities	(2,447)	(23,466)
Net assets disposed of	**157**	**36,676**
Costs to sell	(628)	2,180
Profit/(loss) on current year's disposals	17,950	27,345
Total disposal consideration	**17,479**	**66,201**
Cash and cash equivalents and bank overdrafts (net) disposed of	(281)	1,139
Cash inflow on disposals	**17,198**	**67,340**

3. Discontinued operations and assets held for sale and liabilities related to assets held for sale

The Group has decided to sell its U.S. sugar-candy business Brach's towards the end of the fiscal year 2006/07. On September 14, 2007, the Group signed an agreement for a sale with Farley's & Sathers Candy Company Inc. The sale included all of the business and all the assets of Brach's and its affiliates, including three factories in Chattanooga (Tennessee, U.S.), Winona (Minnesota, U.S.) and Linares (Mexico). The transaction was closed on November 15, 2007. The figures for fiscal year 2007/08 include the result of the operations until closing as well as costs in connection with the discontinuation of the business.

Result and cash flows of the discontinued operations

in thousands of CHF	**2008/09**	2007/08
Revenue from sales and services	**–**	**61,952**
Operating expenses	–	(62,413)
Operating loss before impairment on assets and disposal costs	**–**	**(461)**
Impairment on assets	–	–
Pensions, indemnities and transaction costs	–	(999)
Operating loss (EBIT)	**–**	**(1,460)**
Financial items	–	(751)
Loss before income taxes from discontinued operations	**–**	**(2,211)**
Income taxes	–	(1,415)
Net loss from discontinued operations	**–**	**(3,626)**
Earnings per share from discontinued operations		
Basic earnings per share (CHF/share)	–	(0.71)
Diluted earnings per share (CHF/share)	–	(0.71)
Cash flows from discontinued operations		
Net cash flow from operating activities	–	727
Net cash flow from investing activities	–	(35)
Net cash flow from financing activities	–	1,481

Notes

4. Information by segments

I – Business Segments
Segment Income Statement

	Industrial Business		Food Service/ Retail Business		Corporate/ unallocated		Eliminations		Consolidated	
in thousands of CHF	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08
Revenue from sales and services										
External sales	3,446,960	3,258,301	1,433,217	1,557,123					4,880,177	4,815,424
Inter-segment sales	406,025	440,280	117	1,162			(406,142)	(441,442)	–	–
Income from sales and services	**3,852,985**	**3,698,581**	**1,433,334**	**1,558,285**	**–**	**–**	**(406,142)**	**(441,442)**	**4,880,177**	**4,815,424**
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**319,874**	**304,390**	**201,180**	**202,694**	**(64,927)**	**(63,420)**	**–**	**–**	**456,127**	**443,664**
Depreciation and amortization	(65,324)	(57,251)	(35,028)	(41,008)	(5,022)	(4,294)			(105,374)	(102,553)
Operating profit (EBIT)	**254,550**	**247,139**	**166,152**	**161,686**	**(69,949)**	**(67,714)**	**–**	**–**	**350,753**	**341,111**
Result from investments in associates and joint ventures									484	381
Loss on disposal of financial assets									–	(6,810)
Financial cost, net									(91,589)	(92,809)
Income taxes									(32,723)	(32,797)
Net profit from continuing operations									**226,925**	**209,076**
Net loss from discontinued operations									–	(3,626)
Net profit for the year									**226,925**	**205,450**
of which attributable to the shareholders of the parent company									226,907	204,570
of which attributable to minority interests									18	880

Segment assets and liabilities

as of August 31, in thousands of CHF	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Segment assets	2,605,026	2,739,864	885,165	950,347					3,490,191	3,690,211
Investment in associates					4,038	3,528			4,038	3,528
Corporate/unallocated assets					20,618	35,724			20,618	35,724
Total assets	**2,605,026**	**2,739,864**	**885,165**	**950,347**	**24,656**	**39,252**	**–**	**–**	**3,514,847**	**3,729,463**
Segment liabilities	763,397	943,854	221,601	202,109					984,998	1,145,963
Corporate/unallocated liabilities					1,273,704	1,407,186			1,273,704	1,407,186
Total liabilities	**763,397**	**943,854**	**221,601**	**202,109**	**1,273,704**	**1,407,186**	**–**	**–**	**2,258,702**	**2,553,149**

Other segment information

in thousands of CHF	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08
Capital expenditure	101,907	175,547	21,201	57,296	21,336	17,071			144,444	249,914
Non-cash expenses other than depreciation, amortization and impairment					(11,577)	(16,856)			(11,577)	(16,856)
Impairment losses	(566)	(2,184)	–	(131)	–	–	–	–	(566)	(2,315)

II – Geographical Segments: Region

Segment Income Statement

	Europe		Americas		Asia-Pacific/ Rest of World		Corporate/ unallocated		Eliminations		Consolidated	
in thousands of CHF	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08
Revenue from sales and services												
External sales	3,335,745	3,530,461	1,145,783	931,643	398,649	353,320					4,880,177	4,815,424
Inter-segment sales	57,717	65,125	2,839	3,122	394	–			(60,950)	(68,247)	–	–
Income from sales and services	**3,393,462**	**3,595,586**	**1,148,622**	**934,765**	**399,043**	**353,320**	**–**	**–**	**(60,950)**	**(68,247)**	4,880,177	**4,815,424**
Earning before interest, taxes, depreciation and amortization (EBITDA)	**369,690**	**356,456**	**109,809**	**94,442**	**41,555**	**56,186**	**(64,927)**	**(63,420)**	**–**	**–**	**456,127**	**443,664**
Depreciation and amortization	(73,490)	(78,820)	(18,365)	(14,916)	(8,497)	(4,523)	(5,022)	(4,294)			(105,374)	(102,553)
Operating profit (EBIT)	**296,200**	**277,636**	**91,444**	**79,526**	**33,058**	**51,663**	**(69,949)**	**(67,714)**	**–**	**–**	**350,753**	**341,111**
Result from investments in associates and joint ventures											484	381
Loss on disposal of financial assets											–	(6,810)
Financial cost, net											(91,589)	(92,809)
Income taxes											(32,723)	(32,797)
Net profit from continuing operations											**226,925**	**209,076**
Net loss from discontinued operations											–	(3,626)
Net profit for the year											**226,925**	**205,450**
of which attributable to the shareholders of the parent company											226,907	204,570
of which attributable to minority interests											18	880

Segment assets and liabilities

as of August 31, in thousands of CHF	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Segment assets	2,098,169	2,476,474	829,390	631,816	562,632	581,921					3,490,191	3,690,211
Investment in associates							4,038	3,528			4,038	3,528
Corporate/unallocated assets							20,618	35,724			20,618	35,724
Total assets	**2,098,169**	**2,476,474**	**829,390**	**631,816**	**562,632**	**581,921**	**24,656**	**39,252**	**–**	**–**	**3,514,847**	**3,729,463**
Segment liabilities	766,072	930,567	146,589	117,856	72,337	97,540					984,998	1,145,963
Corporate/unallocated liabilities							1,273,704	1,407,186			1,273,704	1,407,186
Total liabilities	**766,072**	**930,567**	**146,589**	**117,856**	**72,337**	**97,540**	**1,273,704**	**1,407,186**	**–**	**–**	**2,258,702**	**2,553,149**

Other segment information

in thousands of CHF	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08	**2008/09**	2007/08
Capital expenditure	45,170	93,316	60,283	67,344	17,655	72,183	21,336	17,071			144,444	249,914
Non-cash expenses other than depreciation, amortization and impairment							(11,577)	(16,856)			(11,577)	(16,856)
Impairment losses	(329)	(131)	(230)	(2,184)	(7)	–	–	–	–	–	(566)	(2,315)

Notes

5. Personnel expenses

in thousands of CHF	2008/09	2007/08
Wages and salaries	(372,074)	(391,377)
Compulsory social security contributions	(92,430)	(101,585)
Contributions to defined contribution plans	(825)	(127)
Expenses related to defined benefit plans	(12,671)	(10,363)
Increase in liability for long service leave	(61)	(11)
Equity-settled share-based payments	(11,577)	(16,856)
Total personnel expenses	**(489,638)**	**(520,319)**

6. Research and development expenses

in thousands of CHF	2008/09	2007/08
Total research and development expenses	**(19,378)**	**(22,769)**

Research and development costs not qualifying for capitalization are directly charged to the Consolidated Income Statement and are reported under Marketing and sales expenses and General and administration expenses.

7. Other income

in thousands of CHF	2008/09	2007/08 [1]
Release of unused provisions and accruals	837	7,754
Gain on disposal of property, plant and equipment	1,615	2,655
Gain on disposal of subsidiaries (note 2)	17,950	27,345
Sale of shells of cocoa beans and waste	3,285	2,278
Result from Group training center, museums, outlets; rental income	3,522	4,274
Litigations and claims	1,923	441
Recognition of negative goodwill on acquisitions (note 1)	1,385	–
Other	3,840	4,930
Total other income	**34,357**	**49,677**

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

8. Other expenses

in thousands of CHF	2008/09	2007/08 [1]
Loss on sale of property, plant and equipment	(1,585)	(250)
Loss on sale of waste	(2,910)	(2,400)
Impairment on property, plant and equipment (note 16)	(566)	(2,184)
Impairment on other intangibles (excl. goodwill; note 20)	–	(131)
Litigations and claims	(1,518)	(892)
Restructuring costs	(9,947)	(7,050)
Costs related to chocolate museums	(696)	(697)
Other	(3,272)	(4,297)
Total other expenses	**(20,494)**	**(17,901)**

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

9. Financial income

in thousands of CHF	**2008/09**	2007/08
Interest income	3,883	3,952
Foreign exchange gains, net	–	298
Gains on derivative financial instruments	2,021	4,810
Total financial income	**5,904**	**9,060**

Gains on derivative financial instruments amounted to CHF 2.0 million (2007/08: CHF 4.8 million) and, amongst others, comprises fair value changes of the free-standing interest rate derivative for 2008/09. Prior year result contained a portion of CHF 3.1 million transferred from equity into Consolidated Income Statement due to early termination of cash flow hedge relationships (note 15).

10. Financial expenses

in thousands of CHF	**2008/09**	2007/08
Interest expenses	(86,223)	(94,655)
Structuring fees	(1,207)	(944)
Charges on undrawn portion of committed credit facilities	(1,709)	(2,572)
Total interest expenses	(89,139)	(98,171)
Foreign exchange losses, net	(3,275)	–
Bank charges and other financial expenses	(5,079)	(3,698)
Total financial expenses	**(97,493)**	**(101,869)**

Interest expenses include the net cost of interest rate swaps, being the result of paying fixed interest rates in exchange for receiving floating interest rates. Interest expenses for 2008/09 also include interests paid under the asset-backed securitization program for trade receivables of an amount of CHF 3.9 million (2007/08: CHF 10.0 million).

The commitment fees on the undrawn portion of the EUR 850 million Revolving Credit Facility amount to CHF 1.7 million for 2008/09 (2007/08: CHF 2.6 million).

Structuring fee expenses are mainly attributable to the EUR 850 million Revolving Credit Facility and the EUR 350 million Senior Bond (see note 25) and represent the related amortization charges.

Notes

11. Income tax expenses

in thousands of CHF	**2008/09**	2007/08
Current income tax expenses	(32,312)	(32,336)
Deferred income tax expenses	(411)	(461)
Total income tax expenses	**(32,723)**	**(32,797)**

Reconciliation of income tax expenses

in thousands of CHF	**2008/09**	2007/08
Profit before income tax expenses	259,648	241,873
Expected income tax expenses at weighted average applicable tax rate	(49,705)	(33,692)
Non-tax deductible expenses	(3,550)	(5,477)
Tax deductible items not qualifying as an expense under IFRS	17,592	15,822
Tax exempt income	2,770	2,369
Income recognized for tax declaration purposes only	(1,684)	(3,137)
Prior period related items	1,439	(704)
Changes in tax rates	2,351	(1,439)
Losses carried forward not yet recognized as deferred tax assets	(7,929)	(9,320)
Tax relief on losses carried forward formerly not recognized as deferred tax assets	5,993	2,781
Income tax expenses as presented on the Consolidated Income Statement	**(32,723)**	**(32,797)**

For the reconciliation as above, the Group determines the expected income tax rate by weighting the applicable tax rates in the jurisdictions concerned based on the mix of the profit before taxes per jurisdiction, resulting for 2008/09 in a weighted average applicable tax rate of 19.14% (2007/08: 13.93%).

The applicable expected tax rate per company is the domestic corporate income tax rate applicable to the profit before taxes of the company for fiscal year 2008/09. The increase of the weighted average applicable tax rate is due to the less favourable company mix of the profit before taxes.

12. Earnings per share from continuing operations

in CHF	**2008/09**	2007/08
Basic earnings per share for continuing operations (CHF/share)	43.99	40.39
Diluted earnings per share (CHF/share)	43.85	40.22

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

in thousands of CHF	**2008/09**	2007/08
Net profit for the year attributable to ordinary shareholders, excluding the net loss from discontinued operations used as numerator for basic earnings per share	226,907	208,196
After-tax effect of income and expenses on dilutive potential ordinary shares	–	–
Adjusted net profit for the year used as numerator for diluted earnings per share	226,907	208,196

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

	2008/09	2007/08
Weighted average number of shares issued	5,170,000	5,170,000
Weighted average number of treasury shares held	11,981	14,868
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,158,019	5,155,132
Equity-settled share-based payments	16,944	21,847
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,174,963	5,176,979

13. Trade receivables and other current assets

as of August 31, in thousands of CHF	2009	2008 [1]
Trade receivables	349,416	331,301
Prepayments	28,713	42,988
Accrued income	2,760	1,152
Trade receivables from related parties	192	35
Other taxes and receivables from government	62,710	69,949
Loans and other receivables	29,556	46,061
Other current assets	8,966	3,614
Fair values of hedged firm commitments	42,534	36,032
Total trade receivables and other current assets	**524,847**	**531,132**

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

The Group runs an asset backed securitization program, whereby trade receivables are sold at their nominal value minus a discount in exchange for cash. The net amount of the sold receivables is CHF 262.4 million as of August 31, 2009 (2008: CHF 363.0 million), and was derecognized from the balance sheet.

Aging of trade receivables

as of August 31, in thousands of CHF	2009	2008
Trade receivables	372,008	351,815
Less impairment provision for trade receivables	(22,592)	(20,514)
Total trade receivables	**349,416**	**331,301**
Of which:		
Not overdue	276,232	244,293
Past due less than 90 days	54,178	69,677
Past due more than 90 days	41,598	37,845
Impairment provision for trade receivables	(22,592)	(20,514)
Total trade receivables	**349,416**	**331,301**

The trade receivables are contractually due within a period of one to 120 days.

Notes

Movements in impairment provision for trade receivables

in thousands of CHF	2008/09	2007/08
as of September 1,	20,514	25,405
Additions	7,513	6,109
Amounts written off as uncollectible	(4,279)	(6,499)
Unused amounts reversed	(209)	(133)
Change in Group structure – acquisitions	270	–
Change in Group structure – disposals	–	(4,025)
Currency translation adjustments	(1,217)	(343)
as of August 31,	**22,592**	**20,514**

Based on historic impairment rates and expected performance of the customers payment behavior, the Group believes that the impairment provision for trade receivables sufficently covers the risk of default. Based on an individual assessment on the credit risks related with other receivables, the Group identified no need for an impairment provision. Details on credit risks can be found in note 28.

14. Inventories

as of August 31, in thousands of CHF	2009	2008
Cocoa bean stocks	436,754	453,569
Semi-finished and finished products	722,986	829,669
Other raw materials and packaging materials	134,805	131,363
Total inventories	**1,294,545**	**1,414,601**
Thereof stocks carried at fair value less costs to sell		
Cocoa bean stocks	420,179	441,417
Semi-finished and finished products	555,267	653,858
Other raw materials	58,219	60,343
Total stocks carried at fair value less costs to sell	**1,033,665**	**1,155,618**

Barry Callebaut applies the broker-trader exemption in accordance with IAS 2.5 for the Contract Business and therefore measures its Contract Business inventories at fair value less costs to sell. Barry Callebaut fulfills the requirement of a broker-trader as it holds inventories with the purpose of generating a profit from short-term fluctuations in price or dealer's margin. All commodities, including industrial chocolate, are valued based on the raw material prices at the balance sheet date.

In the Price List Business Barry Callebaut is committed to sell its products at a fixed price over a certain period of time, i.e. the period of validity of the respective price list. Inventories dedicated to the Price List Business are therefore measured at the lower of cost or net realizable value.

As of August 31, 2009, inventories amounting to CHF 5.8 million (2008: CHF 21.6 million) are pledged as security for financial liabilities.

In fiscal year 2008/09, inventory write-downs of CHF 5.5 million were recognized as expenses (2007/08: CHF 2.4 million).

15. Derivative financial instruments and hedging activities

	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
as of August 31,		**2009**		2008
in thousands of CHF				
Cash flow hedges				
Interest rate risk				
Swaps	–	7,731	–	1,187
Fair value hedges				
Sales price risk (cocoa/other ingredients)				
Forward and futures contracts	17,782	40,852	1,924	30,907
Foreign exchange risk				
Forward and futures contracts	20,970	15,880	17,475	19,471
Other – no hedge accounting				
Raw materials				
Forward/ futures contracts and				
other derivatives	162,334	58,528	268,023	184,465
Foreign exchange risk				
Forward and futures contracts	19,298	30,928	32,825	63,280
Interest rate risk				
Swaps	1,265	3	773	–
Total derivative financial assets	**221,649**		**321,020**	
Total derivative financial liabilities		**153,922**		**299,310**

Derivative financial instruments consist of items used in a cash flow hedging model, items used in a fair value hedging model and fair valued instruments, for which no hedge accounting is applied.

The fair value measurement of derivative financial instruments is based on quoted prices in active markets or dealer and supplier quotes. If required, a valuation model is used which takes into account the specific characteristics of the underlying assets or commodities such as the cost of carry, differentials for the properties and technical ratios reflecting production yield or discounted cash flows.

Effect of cash flow hedges on equity

	Interest rate risk	**Total hedging reserve**
in thousands of CHF		
as of September 1, 2007	**4,830**	**4,830**
Movements in the period:		
Gains/(losses) taken into equity	(2,913)	**(2,913)**
Transfer to the Consolidated Income Statement		
for the period	(3,100)	**(3,100)**
Currency translation adjustment	(36)	**(36)**
as of August 31, 2008	**(1,219)**	**(1,219)**
Movements in the period:		
Gains/(losses) taken into equity	(6,380)	**(6,380)**
Transfer to the Consolidated Income Statement		
for the period	(22)	**(22)**
Taxes	2,566	**2,566**
Currency translation adjustment	63	**63**
as of August 31, 2009	**(4,992)**	**(4,992)**

Notes

Cash flow hedges

In the course of fiscal year 2008/09, the Group entered into interest rate derivatives (exchanging floating into fixed interest rates) according to the guidelines stipulated in the Group's Treasury Policy (refer to note 28). In order to avoid volatility in the income statement, the interest rate derivatives have been put in cash flow hedge relationship reflecting the underlying currency mix of the Group's debt portfolio. The following table provides an overview over the periods in which the cash flow hedges are expected to impact the Consolidated Income Statement (before taxes):

	First year	Second to fifth year	After five years	**Expected cash flows**	First year	Second to fifth year	After five years	**Expected cash flows**
as of August 31,				**2009**				2008
in thousands of CHF								
Derivative financial assets	–	–	–	**–**	–	–	–	**–**
Derivative financial liabilities	(5,598)	(2,960)		**(8,558)**	115	(1,144)	–	**(1,029)**
Total net	**(5,598)**	**(2,960)**	–	**(8,558)**	**115**	**(1,144)**	–	**(1,029)**

Fair value hedges

Fair value hedges include forward purchase commitments, cocoa future contracts and inventories at fair value less cost to sell designated as the hedging instruments for commodities related to firm sales commitments as well as in relation to foreign currency risks.

For the fair value hedge relationship of the Contract Business, the Group also considers its related inventories carried at fair value less costs to sell as hedging instruments. Inventories held in accordance with the broker-trader exemption have essentially similar characteristics to a derivative financial instrument on commodities and therefore qualify as hedging instrument in accordance with Barry Callebaut's business model in the Contract Business. The amount of fair value adjustments to inventories on August 31, 2009, was CHF 78.2 million (2008: CHF 142.5 million).

All financial derivatives and the hedged items are marked at fair value. For fair value hedges, the Group recorded a loss on the hedging instruments of CHF 49.0 million for fiscal year 2008/09 (2007/08: gain of CHF 112.9 million) and a gain on hedged items of CHF 49.0 million (2007/08: loss of CHF 104.1million). The fair value at balance sheet date of the hedged firm commitments under the fair value hedge accounting model – being the related firm sales commitments in respect of sales price risk (including cocoa components and non-cocoa components, such as sweeteners, dairy and nuts) and the related sales and purchase contracts with respect to foreign currency risks – is outlined in the table hedged firm commitments below. The balance of these items at balance sheet date is presented under Trade receivables and other current assets (see note 13) and Trade payables and other current liabilities (see note 23), respectively.

Hedged firm commitments

in thousands of CHF	Assets	Liabilities	Assets	Liabilities
as of August 31,		**2009**		2008
Commodity price risks (cocoa/other ingredients) – sales contracts	40,852	95,979	30,907	144,416
Foreign exchange risks – sales and purchase contracts	1,682	5,593	5,125	8,488
Total fair value of hedged firm commitments	**42,534**	**101,572**	**36,032**	**152,904**

Other – no hedge accounting

This position contains the fair values of derivative financial instruments of the Group's purchasing and sourcing center and the Group's treasury center, which are not designated for hedge accounting.

16. Property, plant and equipment

2008/09	Land and buildings	Plant and machinery	Furniture, equipment and motor vehicles	Under construction	Total
in thousands of CHF					
At cost					
as of September 1, 2008	621,747	1,338,885	147,117	125,532	2,233,281
Change in Group structure – acquisitions	1,883	15,972	149	–	18,004
Change in Group structure – disposals	–	–	(67)	–	(67)
Additions	20,589	58,976	7,111	26,638	113,314
Disposals	(159)	(15,676)	(2,342)	(9)	(18,186)
Currency translation adjustments	(43,818)	(87,844)	(9,421)	(6,174)	(147,257)
Reclassifications from under construction	7,747	97,427	267	(105,441)	–
Other reclassifications	(1,499)	311	1,188	–	–
as of August 31, 2009	**606,490**	**1,408,051**	**144,002**	**40,546**	**2,199,089**
Accumulated depreciation and impairment losses					
as of September 1, 2008	324,687	897,975	119,706	–	1,342,368
Change in Group structure – disposals	–	–	(62)	–	(62)
Depreciation charge	15,148	59,178	7,983	–	82,309
Impairment losses	–	559	7	–	566
Disposals	(73)	(13,524)	(2,249)	–	(15,846)
Currency translation adjustments	(19,206)	(56,201)	(7,297)	–	(82,704)
Other reclassifications	(726)	127	599	–	–
as of August 31, 2009	**319,830**	**888,114**	**118,687**	–	**1,326,631**
Net as of August 31, 2009	**286,660**	**519,937**	**25,315**	**40,546**	**872,458**

Notes

2007/08	Land and buildings	Plant and machinery	Furniture, equipment and motor vehicles	Under construction	Total
in thousands of CHF					
At cost					
as of September 1, 2007	602,142	1,265,628	179,596	85,511	2,132,877
Change in Group structure – acquisitions	14,153	45,069	2,046	8,523	69,791
Change in Group structure – disposals	(16,657)	(52,301)	(6,000)	(1,576)	(76,534)
Additions	28,620	76,246	7,395	114,310	226,571
Disposals	(16,946)	(17,266)	(7,468)	(3,197)	(44,877)
Currency translation adjustments	(15,429)	(39,829)	(3,652)	(3,792)	(62,702)
Reclassifications from under construction	10,011	62,275	483	(72,769)	–
Other reclassifications[1]	15,853	(937)	(25,283)	(1,478)	(11,845)
as of August 31, 2008	**621,747**	**1,338,885**	**147,117**	**125,532**	**2,233,281**
Accumulated depreciation and impairment losses					
as of September 1, 2007	342,752	917,406	148,589	–	1,408,747
Change in Group structure – disposals	(14,392)	(38,653)	(5,030)	–	(58,075)
Depreciation charge	12,229	62,135	7,713	–	82,077
Impairment losses	–	2,133	51	–	2,184
Disposals	(8,897)	(14,757)	(7,301)	–	(30,955)
Currency translation adjustments	(6,949)	(29,682)	(3,105)	–	(39,736)
Other reclassifications[1]	(56)	(607)	(21,211)	–	(21,874)
as of August 31, 2008	**324,687**	**897,975**	**119,706**	**–**	**1,342,368**
Net as of August 31, 2008	**297,060**	**440,910**	**27,411**	**125,532**	**890,913**

1 Other reclassifications mainly include items reclassified to intangible assets (see note 20) and a reclassification of a prepayment in the amount of CHF 16.3 million related to the acquisition of a factory building, which was reported in prior year under other non-current assets.

As required by the accounting standards, the Group periodically reviews the remaining useful lives of assets recognized in property, plant and equipment. The outcome of those appraisals are accounted for as a change in estimates in accordance with IAS 8. As a result of the assessments, the depreciation charge for fiscal year 2007/08 was positively impacted by CHF 7.9 million, while current year's result was not significantly impacted.

Impairment loss in property, plant and equipment in fiscal year 2008/09 of CHF 0.6 million arises from assets which can not be used anymore; the impairment loss of CHF 2.2 million in 2007/08 is related to the closure of a production site.

Repair and maintenance expenses for the fiscal year 2008/09 amounted to CHF 42.7 million (2007/08: CHF 45.9 million).

The fire insurance value of property, plant and equipment amounted to CHF 2,866.9 million as of August 31, 2009 (2008: CHF 2,911.9 million).

As of August 31, 2009, plant and equipment held under financial leases amounted to CHF 0.2 million (2008: CHF 0.7 million). The related liabilities are reported under short-term and long-term debt (see notes 20 and 25).

As of August 31, 2009, no financial liabilities were secured by means of mortgages on properties (2008: none).

17. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
as of August 31,	**2009**	2008	**2009**	2008
in thousands of CHF				
Amounts payable under finance leases				
within one year	40	498	35	486
in the second to fifth year inclusive	72	141	68	125
Total amounts payable under finance leases	**112**	**639**	**103**	**611**
less: future finance charges	(9)	(28)		
Present value of lease obligations	**103**	**611**	**103**	**611**
Amount due for settlement next 12 months (note 22)			35	486
Amount due for settlement after 12 months (note 25)			68	125

The Group entered into finance leasing arrangements for various assets. The weighted average term of finance leases entered into is 4.7 years (2007/08: 2.2 years). The average effective interest rate was 3.2% (2007/08: 4.7%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payment.

	Net carrying amount of property, plant and equipment under finance lease	
as of August 31,	**2009**	2008
in thousands of CHF		
Plant and machinery	74	448
Furniture, equipment and motor vehicles	172	252
Total assets under finance lease	**246**	**700**

18. Financial assets

as of August 31,	**2009**	2008
in thousands of CHF		
Financial assets	**512**	**209**

In fiscal year 2008/09, previously recognized impairment losses on financial assets have been reversed (CHF 0.3 million).

Notes

19. Investments in associates and joint ventures

as of August 31,	**2009**	2008
in thousands of CHF		
Investment in associates and joint ventures	**4,038**	**3,528**

On January 12, 2009, the Group entered into a joint venture agreement in order to establish Shanghai Barry Callebaut Food Services Co. Ltd. located in Shanghai, China. The joint venture will distribute Barry Callebaut's specialized gourmet products in China. To a larger extent, the movement in the balance arose from movements in equity of existing investments in associates and joint ventures.

Significant joint ventures

	Ownership in %	
as of August 31,	**2009**	2008
African Organic Produce AG, Switzerland	49.0	49.0
Biolands International Ltd., Tanzania	49.0	49.0
Shanghai Barry Callebaut Food Services Co. Ltd., China	50.0	–

20. Intangible assets

2008/09	Goodwill	Brand names	Development costs (software)	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2008	397,446	36,691	174,211	13,301	621,649
Change in Group structure – acquisitions	24,796	3,251	–	–	28,047
Additions	–	–	30,611	518	31,129
Disposals	–	–	(61)	(231)	(292)
Currency translation adjustments	(10,399)	11	(9,934)	(689)	(21,011)
Other reclassifications	–	(1,819)	133	1,686	–
as of August 31, 2009	**411,843**	**38,134**	**194,960**	**14,585**	**659,522**
Accumulated amortization and impairment losses					
as of September 1, 2008	–	22,671	121,068	6,580	150,319
Amortization charge	–	3,846	18,769	450	23,065
Disposals	–	–	–	(231)	(231)
Currency translation adjustments	–	(3)	(6,998)	(314)	(7,315)
Other reclassifications	–	(179)	60	119	–
as of August 31, 2009	–	**26,335**	**132,899**	**6,604**	**165,838**
Net as of August 31, 2009	**411,843**	**11,799**	**62,061**	**7,981**	**493,684**

2007/08	Goodwill	Brand names	Development costs (software)	Other	Total
in thousands of CHF					
At cost					
as of September 1, 2007	345,237	31,125	134,475	11,357	522,194
Change in Group structure – acquisitions	54,776	–	–	2,296	57,072
Change in Group structure – disposals	–	–	(647)	(872)	(1,519)
Additions	–	5,652	17,366	325	23,343
Disposals	–	(84)	(1,190)	(116)	(1,390)
Currency translation adjustments	(2,567)	(2)	(2,805)	(225)	(5,599)
Other reclassifications[1]	–	–	27,012	536	27,548
as of August 31, 2008	**397,446**	**36,691**	**174,211**	**13,301**	**621,649**
Accumulated amortization and impairment losses					
as of September 1, 2007	–	19,852	85,598	5,794	111,244
Change in Group structure – disposals	–	–	(424)	(872)	(1,296)
Amortization charge	–	2,819	16,797	860	20,476
Disposals	–	–	–	(115)	(115)
Impairment losses	–	–	131	–	131
Currency translation adjustments	–	–	(2,168)	(73)	(2,241)
Other reclassifications[1]	–	–	21,134	986	22,120
as of August 31, 2008	**–**	**22,671**	**121,068**	**6,580**	**150,319**
Net as of August 31, 2008	**397,446**	**14,020**	**53,143**	**6,721**	**471,330**

1 Other reclassifications mainly include items reclassified from property, plant and equipment (see note 16)

Additions to development costs amounting to CHF 30.6 million in fiscal year 2008/09 (2007/08: CHF 17.4 million). In both years additions mainly included costs related to various projects of internally generated software.

The remaining amortization period for brand names varies between three and five years, for software between two and five years and for other including patents between four and fourteen years. The amortization charge is included in the position general and administration expenses in the Consolidated Income Statement.

Notes

Impairment testing for cash-generating units containing goodwill

The carrying amount of goodwill for the Group amounts to CHF 411.8 million (2007/08: CHF 397.4 million). The allocation to the segments is as follows:

in million of CHF	2009	2008
Geographical segments		
Europe	323.6	305.0
Americas	46.1	46.6
Asia-Pacific/Rest of World	42.1	45.8
Business segments		
Cocoa	149.4	153.4
Food Manufacturers	77.9	78.1
Industrial segment	**227.3**	231.5
Gourmet & Specialties	128.6	109.7
Consumer (Europe)	55.9	56.2
Food Service/Retail business segment	**184.5**	165.9

For the purpose of impairment testing, the goodwill is assigned to business units that represent the lowest level within the Group, at which the goodwill is monitored for internal management purposes.

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

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

Key assumptions used for value-in-use calculations

	Discount rate		Terminal growth rate	
	2009	2008	2009	2008
Cocoa	10.0%	10.0%	2.0%	2.0%
Food Manufacturers	9.0%	10.0%	2.0%	2.0%
Gourmet & Specialties	9.0%	10.0%	2.0%	2.0%
Consumer Products	9.0%	10.0%	2.0%	2.0%

Based on the impairment tests, no need for recognition of impairment losses in fiscal year 2008/09 has been identified.

The key sensitivities in the impairment test are the weighted average cost of capital (WACC) as well as the terminal growth rate. Therefore, the Group has carried out a sensitivity analysis, containing various scenarios. Taking reasonable possible changes in key assumptions into account, no impairment losses have been revealed.

21. Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities

	Inventories	Property, plant, equipment/ intangible assets	Other assets	Provisions	Other liabilities	Tax loss carry-forwards	Total
in thousands of CHF							
As of September 1, 2007	**(4,734)**	**(41,336)**	**(5,486)**	**2,439**	**2,621**	**35,747**	**(10,749)**
Charged to the income statement	(5,325)	6,957	(2,433)	(1,746)	1,252	834	(461)
Charged to equity	–	(136)	31	(31)	–	–	(136)
Effect of acquisitions	–	(6,160)	(160)	–	234	–	(6,086)
Reclass to held for sale	(92)	(212)	–	(4)	(227)	(1,628)	(2,163)
Currency translation effects	(96)	1,734	118	(547)	(190)	(547)	472
As of August 31, 2008	**(10,247)**	**(39,153)**	**(7,930)**	**111**	**3,690**	**34,406**	**(19,123)**
Charged to the income statement	2,540	(8,967)	1,475	(13,123)	4,525	13,139	(411)
Charged to equity	–	–	–	–	2,566	–	2,566
Effect of acquisitions	–	(2,406)	–	129	(205)	–	(2,482)
Effect of disposals	–	–	–	–	–	(46)	(46)
Currency translation effects	472	5,024	528	(57)	(866)	(2,142)	2,959
As of August 31, 2009	**(7,235)**	**(45,502)**	**(5,927)**	**(12,940)**	**9,710**	**45,357**	**(16,537)**

The effect of acquisitions for fiscal year 2008/09 is related to the fair value measurement at acquisition of IBC, Eurogran and the Morinaga business.

The effect of acquisitions for fiscal year 2007/08 is mainly related to the fair value measurement at acquisition of Barry Callebaut Malaysia, resulting in a net deferred tax liability of CHF 6.1 million. The sale of Wurzener Dauerbackwaren resulted also in a derecognition of net deferred tax liabilities of CHF 2.2 million in fiscal year 2007/08.

Recognized deferred tax assets and liabilities

The recognized deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are attributable to the following:

	Assets	Liabilities	Net	Assets	Liabilities	Net
as of August 31,			**2009**			2008
in thousands of CHF						
Inventories	1,140	(8,375)	(7,235)	2,188	(12,435)	(10,247)
Property, plant & equipment/ intangible assets	17,344	(62,846)	(45,502)	18,571	(57,724)	(39,153)
Other assets	11,699	(17,626)	(5,927)	5,409	(13,339)	(7,930)
Provisions	980	(13,920)	(12,940)	111	–	111
Other liabilities	18,594	(8,885)	9,710	20,239	(16,549)	3,690
Tax loss carry-forwards	45,357	–	45,357	34,406	–	34,406
Tax assets/(liabilities)	**95,114**	**(111,652)**	**(16,537)**	**80,924**	**(100,047)**	**(19,123)**
Set-off of tax	(43,196)	43,196	–	(35,598)	35,598	–
Reflected in the balance sheet	**51,918**	**(68,455)**		**45,326**	**(64,449)**	

Notes

Tax loss carry-forwards excluded from recognition of related deferred tax assets

Tax loss carry-forwards not recognized as deferred tax assets have the following expiry dates:

as of August 31,	**2009**	2008
in thousands of CHF		
Expiry		
Within 1 year	8,278	–
After 1 up to 2 years	2	2
After 2 up to 3 years	2	6
After 3 up to 10 years	56,955	91,809
After 10 years	222,547	182,823
Unlimited	340,577	372,555
Total unrecognized tax loss carry-forwards	**628,361**	**647,195**

Tax losses carried forward are assessed for future recoverability based on business plans and projections of the related companies. Those are capitalized only if the usage within a period of 3–5 years is probable.

Tax losses carried forward utilized during the year 2008/09 were CHF 28.5 million (2007/08: CHF 34.1 million). The tax relief hereon amounted to CHF 8.4 million, of which CHF 4.0 million were already recognized as a deferred tax asset in the year before (2007/08: CHF 10.3 million of which CHF 6.6 million were already recognized as a deferred tax asset in the year before).

As of August 31, 2009, the Group had unutilized tax losses carried forward of approximately CHF 775.0 million (August 31, 2008: CHF 764.3 million) that are available for offset against future taxable income.

Of the total tax losses carried forward, an amount of CHF 146.7 million has been recognized for deferred taxation purposes resulting in a deferred tax asset of CHF 45.4 million (2007/08: CHF 117.1 million recognized resulting in a deferred tax asset of CHF 34.4 million).

22. Bank overdrafts and short-term debt

	Carrying amounts		Fair values	
as of August 31,	**2009**	2008	**2009**	2008
in thousands of CHF				
Bank overdrafts	**29,338**	**59,736**	**29,338**	**59,736**
Commercial paper	194,699	312,843	194,699	312,843
Short-term bank debts	27,775	84,096	27,775	84,096
Short-term portion of long-term bank debts (note 25)	342	201	342	201
Interest-bearing loans from employees	34	22	34	22
Finance lease obligations (note 17)	35	486	35	486
Short-term debt	**222,885**	**397,648**	**222,885**	**397,648**
Total bank overdrafts and short-term debt	**252,223**	**457,384**	**252,223**	**457,384**

The decrease in the outstanding amount under the Group's domestic Commercial Paper Program is offset by an increase of the drawn amounts under the Revolving Credit Facility (note 25).

Short-term financial liabilities are mainly denominated in EUR, USD and MYR (Malaysian Ringgit) as shown in the table below:

Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
as of August 31,			2009			2008
EUR	208,227	0.50%	6.00%	353,142	4.14%	5.65%
GBP	6,213	0.45%	1.33%	–	n/a	n/a
USD	12,543	0.41%	3.26%	38,804	2.40%	6.52%
CAD	730	0.30%	0.30%	1,842	3.00%	5.95%
XAF	280	5.00%	6.00%	22,934	5.00%	10.50%
MYR	22,077	2.34%	2.73%	31,926	3.70%	4.05%
Other	2,153	0.13%	6.50%	8,736	2.20%	6.92%
Total	**252,223**	**0.13%**	**6.50%**	**457,384**	**2.20%**	**10.50%**

as of August 31,	2009	2008
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed	529	655
Floating	251,694	456,729
Total bank overdrafts and short-term debt	**252,223**	**457,384**

23. Trade payables and other current liabilities

as of August 31,	2009	2008[1]
in thousands of CHF		
Trade payables	427,371	464,396
Trade payables to related parties	2,609	1,982
Accrued wages & social security	88,351	82,085
Other taxes and payables to governmental authorities	16,366	16,577
Accrued expenses	57,542	48,736
Deferred income	23,674	35,589
Other payables	114,955	92,101
Hedged firm commitments (note 15)	101,572	152,904
Total trade payables and other current liabilities	**832,440**	**894,370**

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

As disclosed in notes 10 and 13, the Group participates in a program where receivables are sold to a financial institution and derecognized from the balance sheet. Amounts payable to the financial institution amounted as of August 31, 2009 to CHF 32.9 million (2008: CHF 26.9 million), consisting of the balance of receivables collected before the next roll-over date of CHF 58.8 million (2008: CHF 45.0 million), less discounts on receivables sold of CHF 25.9 million (2008: CHF 18.1 million). These amounts are included in Other payables.

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

Notes

24. Provisions

2008/09	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
as of September 1, 2008	525	4,930	4,066	9,521
Change in Group structure – acquisitions	–	–	494	494
Additions	10,079	1,071	5,039	16,189
Usage	–	(2,073)	(2,652)	(4,725)
Release of unused provisions	–	(156)	–	(156)
Reclassification	(133)	133	–	–
Currency translation adjustments	(4)	(71)	(295)	(370)
as of August 31, 2009	**10,467**	**3,834**	**6,652**	**20,953**
of which:				
Current	10,249	3,135	3,367	16,751
Non-current	218	699	3,285	4,202

2007/08	Restructuring	Litigation & claims	Other	Total
in thousands of CHF				
as of September 1, 2007	843	1,540	4,587	6,970
Change in Group structure – disposals	(216)	(171)	(756)	(1,143)
Additions	83	2,928	3,788	6,799
Usage	(176)	(309)	(3,186)	(3,671)
Release of unused provisions	–	(306)	(300)	(606)
Reclassified in relation to discontinued operations	–	1,194	–	1,194
Currency translation adjustments	(9)	54	(67)	(22)
as of August 31, 2008	**525**	**4,930**	**4,066**	**9,521**
of which:				
Current	525	3,959	3,320	7,804
Non-current	–	971	746	1,717

Restructuring

During fiscal year 2008/09, no restructuring provisions have been used (2007/08: CHF 0.2 million). The restructuring provision in the amount of CHF 10.5 million covers several items not yet effected as of August 31, 2009.

Litigation & claims

The amount includes provisions for certain litigations and claims that have been set up to cover legal and administrative proceedings that arise in the ordinary course of business. In management's opinion, after taking appropriate legal advice, the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as of August 31, 2009.

Other provisions

Other provisions relate mainly to amounts that have been provided to cover the negative outcome of onerous contracts.

25. Long-term debt

	Carrying amounts		Fair values	
as of August 31,	**2009**	2008	**2009**	2008
in thousands of CHF				
Senior Notes	519,987	554,358	484,412	496,113
Long-term bank debts	207,790	67,593	207,790	68,547
Less current portion (note 22)	(342)	(201)	(342)	(201)
Interest-bearing loans from employees	790	17	790	17
Finance lease obligation (note 17)	68	125	68	125
Total long-term debt	**728,293**	**621,892**	**692,718**	**564,601**

On July 13, 2007, the Group issued a 6% Senior Note with maturity in 2017 for an amount of EUR 350 million. The Senior Notes have been issued at a price of 99.005%, and include a coupon step-up clause of 0.25% (limited to 1.00%) per downgraded notch by one or more rating agencies and rank completely pari passu with the Group's Senior Debt. The Senior Notes being issued by Barry Callebaut Services NV are guaranteed by Barry Callebaut AG and certain of its subsidiaries.

On July 12, 2007, the Group amended and restructured the syndicated EUR 850 million Revolving Credit Facility, leading to a 5-year multi-purpose single tranche facility with two extension options (in 2008 and 2009) to be agreed upon by the participating banks at their sole discretion. The first extension option has been exercised successfully for 83% of the total amount leading to a prolongation of the maturity date by one year to 2013, whereas the remaining 17% has been kept at the initial maturity date in 2012. The Group did refrain from exercising the second extension option in line with the prevailing market circumstances. The Revolving Credit Facility being issued by Barry Callebaut Services NV is guaranteed by Barry Callebaut AG and certain of its subsidiaries.

As a result, the maturity profile of the long-term debt can be summarized as follows:

as of August 31,	**2009**	2008
in thousands of CHF		
2009/10	–	3,176
2010/11	3,102	3,199
2011/12	3,125	3,215
2012/13	196,833	53,911
2013/14 and thereafter (for 2007/08)	3,895	558,391
2014/15 and thereafter (for 2008/09)	521,338	–
Total long-term debt	**728,293**	**621,892**

The weighted average maturity of the total debt slightly decreased from 5.4 years to 4.5 years. Considering that the short-term debt is fully covered with the committed Revolving Credit Facility, the average maturity of the total debt stands at 6.1 years from a liquidity point of view.

Notes

Long-term financial liabilities are to a major extent denominated in EUR at fixed interest rates. The part of the long-term debt reported at floating interest rates relates to the drawings on the syndicated facility in CAD and USD.

Split per currency	Amount	Interest range		Amount	Interest range	
in thousands of CHF		from	to		from	to
as of August 31,			**2009**			2008
EUR	520,485	4.00%	6.14%	556,417	5.00%	6.14%
CAD	116,792	1.26%	1.30%	50,735	3.72%	4.32%
MYR	10,871	2.88%	3.85%	14,615	4.03%	4.03%
USD	79,995	0.96%	0.96%	–	–	–
Other	150	5.00%	7.00%	125	4.50%	8.50%
Total long-term debt	**728,293**	**0.96%**	**7.00%**	**621,892**	**3.72%**	**8.50%**

as of August 31,	**2009**	2008
in thousands of CHF		
Split fixed/floating interest rate:		
Fixed rate	522,842	556,407
Floating rate	205,451	65,485
Total long-term debt	**728,293**	**621,892**

26. Employee benefit obligations

A. Pension and other long-term employment benefit plans

The Group has, apart from the legally required social security schemes, numerous independent pension plans. In most cases, these plans are externally funded in vehicles that are legally separate from the Group. For certain Group companies, however, no independent assets exist for defined benefit pension plans and other long-term employment plans. In these cases, the related liability is included in the balance sheet.

The amounts recognized in the balance sheet are determined as follows:

	Defined benefit pension plans		Other long-term employment benefit plans	
as of August 31,	**2009**	2008	**2009**	2008
in thousands of CHF				
Present value of funded obligations	202,666	204,203		
Fair value of plan assets	(151,719)	(167,121)		
Excess of liabilities (assets) of funded obligations	50,947	37,082		
Present value of unfunded obligations	69,089	75,160	19,988	21,186
Net unrecognized actuarial gains (losses)	(17,790)	(270)	106	831
Net employment benefit obligation recognized in the balance sheet	102,246	111,972	20,094	22,017
thereof recognized as an asset	(361)	**(442)**		

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

	Defined benefit pension plans		Other long-term employment benefit plans	
in thousands of CHF	**2008/09**	2007/08	**2008/09**	2007/08
Defined benefit obligation as of September 1	279,363	302,692	21,186	21,047
Current service cost	9,404	8,936	883	1,481
Past service cost	488	395	–	(115)
Interest cost	15,267	14,615	626	580
Actuarial losses (gains)	514	(11,275)	884	(1,807)
Losses (gains) on curtailment	–	–	(170)	870
Liabilities transferred related to discontinued operations	–	(1,025)	–	(583)
Reclassifications	–	(1,751)	–	2,135
Exchange differences on foreign plans	**(16,318)**	**(18,439)**	**(1,174)**	–
Benefits paid	**(16,961)**	**(14,785)**	**(2,248)**	**(2,422)**
Closing defined benefit obligation as of August 31	**271,757**	**279,363**	**19,987**	**21,186**

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

	Defined benefit pension plans	
in thousands of CHF	**2008/09**	2007/08
Fair value of plan assets as of September 1	**167,121**	**182,024**
Expected return	10,025	10,493
Actuarial gains (losses)	(18,191)	(15,018)
Contributions by employer	7,214	7,989
Contributions by employees	3,232	3,150
Exchange differences on foreign plans	(7,597)	(14,579)
Benefits paid	(10,085)	(6,938)
Fair value of plan assets as of August 31	**151,719**	**167,121**

Composition of plan assets

	Defined benefit pension plans	
as of August 31,	**2009**	2008
in thousands of CHF		
Equities	66,510	52,900
Bonds	18,957	12,903
Cash and other assets	66,252	101,318
Total fair value of plan assets	**151,719**	**167,121**

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

Notes

The amounts recognized in profit or loss are as follows:

	Defined benefit pension plans		Other long-term employment benefit plans	
in thousands of CHF	**2008/09**	2007/08	**2008/09**	2007/08
Current service costs	9,404	8,936	883	1,480
Interest cost	15,267	14,615	626	580
Expected return on plan assets	(10,025)	(10,493)	–	–
Net actuarial losses (gains) recognized in year	(740)	(2,187)	170	(139)
Past service cost	488	395	–	(115)
Losses (gains) on curtailments and settlements	–	–	(170)	870
Contributions by employees	(3,232)	(3,150)	–	–
First-time recognition of pension assets	–	(429)	–	–
Total defined benefit expenses	**11,162**	**7,687**	**1,509**	**2,676**
Actual return on plan assets	**(8,167)**	**(4,500)**		

in thousands of CHF	**2008/09**	2007/08
Total defined contribution expenses	**825**	**127**

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

in thousands of CHF	**2008/09**	2007/08
Cost of goods sold	(6,302)	(4,966)
Marketing and sales expenses	(594)	(1,070)
General and administration expenses	(4,130)	(4,529)
Research and development expenses	(310)	(300)
Other income	697	1,613
Other expenses	(2,032)	(1,111)
Total defined benefit expenses recognized in the Consolidated Income Statement	**(12,671)**	**(10,363)**

Weighted average assumptions used

	Defined benefit pension plans		Other long-term employment benefit plans	
in %	**2008/09**	**2007/08**	**2008/09**	**2007/08**
Discount rate	6.2%	6.0%	6.0%	6.0%
Expected return on plan assets	5.9%	6.2%	n/a	n/a
Expected rate of salary increase	0.7%	1.5%	1.5%	1.9%
Medical cost trend rates	n/a	n/a	5.0%	5.0%

Additional historical information

	Defined benefit plans		
in thousands of CHF	**2008/09**	**2007/08**	**2007/06**
Present value of defined benefit obligations	291,744	300,549	323,740
Fair value of plan assets	(151,719)	(167,121)	(182,024)
Funding deficit of the plans	**140,025**	**133,428**	**141,716**
Experience adjustment arising from plan liabilities	(9,427)	6,573	5,151
Experience adjustment arising from plan assets	(18,191)	(15,018)	(338)

B. Equity compensation benefits

Employee Stock Ownership Program

Shares are granted to participants according to individual contracts and the current Employee Stock Ownership Program. The Nomination & Compensation Committee determines the number and price of shares granted at its discretion. In the past, the price for the granted shares has been zero. The shares granted are entitled to full shareholders rights upon vesting. In case of resignation or dismissal, the initially granted but not yet vested shares become forfeited. The Group currently uses treasury shares for this program.

The fair value of the shares granted is measured at the market price at grant date. 15,007 shares were granted in fiscal year 2008/09 (25,030 shares in 2007/08). The fair value of the shares at grant date is recognized over the vesting period as a personnel expense. For 2008/09, the amount recognized (before taxes) was CHF 11.6 million with a corresponding increase in equity (2007/08: CHF 16.9 million). The average fair value for the shares granted during the fiscal year 2008/09 amounted to CHF 518 (2007/08: 835).

27. Equity

Share capital

as of August 31,	**2009**	2008	2007
in thousands of CHF			
Share capital is represented by 5,170,000 authorized			
and issued shares of each CHF 50.70 fully paid in			
(in 2008: 62.20; in 2007: 73.70)	**262,119**	321,574	381,029

The issued share capital is divided into 5,170,000 registered shares with a nominal value of CHF 50.70 each (CHF 62.20 as of August 31, 2008). All of the issued shares are fully paid and validly issued and are not subject to calls for additional payments of any kind.

Instead of a dividend, the Annual General Meeting held on December 4, 2008, resolved a share capital reduction and repayment of CHF 11.50 per share, resulting in a total share capital reduction of CHF 59.5 million (December 2007: capital reduction and repayment of CHF 11.50 per share resulting in a total share capital reduction of CHF 59.5 million). The respective repayment took place in March 2009.

The Company has one class of shares, which carries no right to a fixed dividend.

Notes

Treasury shares are valued at weighted average cost and, in accordance with IFRS, have been deducted from equity. The fair value of the treasury shares as of August 31, 2009, amounted to CHF 4.0 million (2008: CHF 11.9 million).

As of August 31, 2009, the number of outstanding shares amounted to 5,163,068 (2008: 5,153,546) and the number of treasury shares to 6,932 (2008: 16,454). During this fiscal year 14,212 shares have been purchased and 23,734 transferred to employees under the Employee Stock Ownership Program (2007/08: 14,798 purchased and 17,832 transferred). In both years, no treasury shares have been sold.

Retained earnings

As of August 31, 2009, retained earnings contain legal reserves of CHF 57.0 million (2008: CHF 77.9 million), which are not distributable to the shareholders pursuant to Swiss law.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Cumulative translation adjustments comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in minority interests

in thousands of CHF	**2008/09**	2007/08
as of September 1,	392	3,865
Minority share of profits/(losses)	18	880
Changes in ownership interest in subsidiaries:		
Chococam SA	–	(35)
SIC Cacaos SA	300	–
Dividends paid to minority shareholders	(68)	(343)
Change in Group structure – disposal[1]	–	(3,927)
Currency translation adjustment	(53)	(48)
as of August 31,	**589**	**392**

1 Related to sale of Chococam SA

28. Financial risk management

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

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

The Group manages its business based on the following two business models:

– *Contract Business:* Sales contracts for industrial, gourmet or consumer chocolate, where Barry Callebaut has entered into contracts with customers to deliver fixed quantities at fixed prices. These contractually fixed prices are generally based on the forward market prices of the raw material components valid at the contract date for the forward delivery date, at which the chocolate is planned to be delivered to the customers.

– *Price List Business:* Barry Callebaut sets price lists for certain gourmet and consumer products. These price lists are normally updated at intervals of six to twelve months. Customers buy products based on the issued price lists without fixed commitments on quantities.

Commodity price risks

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

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

The Group's policy is to hedge its chocolate price risk which consists of the price risk of cocoa and other commodities such as milk, sugar and nuts for open sales contracts of industrial chocolate (Contract Business). It uses commodity futures, commodity forward contracts and inventories to manage price risks associated with firm sales commitments of industrial chocolate (Contract Business). The related accounting treatment is explained in the section Summary of Accounting Policies under the caption "Derivative financial instruments and hedging activities".

The Group Commodity Risk Committee (GCRC) is a committee consisting of key risk management stakeholders of the Group who meet on a regular basis (at least every six weeks) to discuss Group Commodity Risk Management issues. The GCRC monitors the Group's Commodity Risk Management activities and acts as the decision-taking body for the Group in this respect. The Members of the GCRC include the Group's Chief Executive Officer (CEO), the Group's Chief Financial Officer (CFO) – acting as Chairman of the committee – the President of Global Sourcing & Cocoa and the Group's Head of Risk Management (GRM).

The GCRC reports via the GRM to the Group's Audit, Finance, Risk, Quality & Compliance Committee (AFRQCC) and must inform the latter about key Group Commodity Risk issues and the key mitigation decisions taken. The AFRQCC reviews and approves GCRC requests and makes sure that the commodity risk management strategy is consistent with the Group's objectives. It also sets the Group's Value at Risk (VaR) limit. The AFRQCC makes recommendations to the Board of Directors if deemed necessary and advises the Board of Directors on important risk matters and/or asks for approval.

In order to quantify and manage the Group's consolidated exposure to commodity price risks, the concept of historical VaR is applied. The VaR concept serves as the analytical instrument for assessing the Group's commodity price risk incurred under normal market conditions. The VaR indicates the loss which, within a time horizon of 10 days, will not be exceeded at a confidence level of 95% using 7 years of historical market prices for each major raw material component. The VaR is complemented through the calculation of the expected shortfall and worst cases as well as the use of stress test scenarios. However, liquidity and credit risks are not included in the calculation and the VaR is based on a static portfolio during the time horizon of the analysis. The GCRC breaks down the Group VaR limit into a VaR limit for the Sourcing unit as well as limits in metric tonnes for the other risk reporting units. The Board of Directors is the highest approval authority for all Group Commodity Risk Management matters and approves the GCRM Policy as well as the Group VaR limit.

The VaR framework of the Group is based on the standard historical value at risk methodology; taking 2,000 days (equivalent to 7 years) of the most recent prices, based on which the day-to-day relative price changes are calculated. This simulation of past market conditions is not predicting the future movement in commodity prices. Therefore, it does not represent actual losses. It only represents an indication of the future commodity price risks. As of August 31, 2009, the Group had a VaR of CHF 8.2 million (2008: CHF 14.4 million) well within the Group limit. The nominal exposure to commodity price risks is shown under contractual maturities.

Notes

Foreign currency risks

The Group operates across the world and consequently is exposed to multiple foreign currency risks, albeit primarily in EUR, GBP and USD. The Group actively monitors its transactional currency exposures and consequently enters into currency hedges with the aim of preserving the value of assets, commitments and anticipated transactions. The related accounting treatment is explained in the section "Summary of Accounting Policies" under the caption "Derivative financial instruments and hedging activities".

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

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

The Group's Treasury department is supervised by the Group Finance Committee, which meets at least on a monthly basis, to discuss Group Treasury risk management issues. The Group Finance Committee monitors the Group's foreign currency risk position and acts as a decision-taking body for the Group in this respect. The Group Finance Committee consists of the Group's CFO, the Group's Head of Risk Management, the Group's Head of Treasury and other Group Finance stakeholders.

The Group's Treasury Policy giving guidance on treasury risk management including foreign currency and interest rate risks is approved and annually reviewed by the AFRQCC. The Group's Risk Management department reviews the consistency of the Group's treasury management strategy with the Group's Treasury Policy and reports the status to the Group's CFO periodically. The AFRQCC is informed by the CFO about the status and important matters in their quarterly meetings and approves requests of the Group's Finance Committee on important treasury risk matters including foreign currency risks for recommendation to the Board of Directors. The Board of Directors is the highest approval authority for all Group Treasury Risk Management matters.

The table below provides an overview of the net exposure of EUR, GBP and USD against each functional currency in the Group. According to the Group's Treasury Policy, foreign exchange exposures are hedged as from identification on an intra-day basis in line with the approved exposure limits. In case of deviation from the agreed foreign exchange exposure limits, approval has to be sought from the Group's Finance Committee. Companies with the same functional currency are shown in one group.

Net foreign currency exposures

as of August 31,			**2009**			2008
Net exposure in thousands of	EUR	GBP	USD	EUR	GBP	USD
Functional currency						
EUR		(12,005)	6,340		406	442
CHF	(1,007)	(145)	1,094	(1,184)	(353)	(151)
CAD	(97)		1,936			(7,403)
USD	(472)			(677)	(10)	
BRL			(328)			8,176
SGD			(229)			(3,923)
CNY	(577)		99	(912)		(19,023)
Total	**(2,153)**	**(12,150)**	**8,912**	**(2,773)**	**43**	**(21,882)**

Sensitivity analysis on currency risks

The following table shows the impact of a strengthening or weakening of GBP, USD or EUR against all other currencies on the Group's Consolidated Income Statement, net of tax. This sensitivity analysis indicates the potential impact on the income statement based upon the foreign currency exposures recorded at August 31 (see table "Net foreign currency exposures"). The effect of the sensitivity analysis per major transaction currency (GBP, USD and EUR) is calculated first against each functional currency and then converted into the consolidation currency (CHF) at closing rates. Consequently, it does not represent actual or future gains or losses, as the respective risks are strictly managed by the dual control framework as described above. As of August 31, the Group did not apply cash flow hedging for foreign currency exposures. The sensitivity analysis is based on the highest daily volatility per currency pair recorded in the course of the respective fiscal year.

as of August 31,			**2009**			2008
in thousands of CHF	% change	Impact on income statement: strengthening	Impact on income statement: weakening	% change	Impact on income statement: strengthening	Impact on income statement: weakening
GBP	+/- 18%	(3,450)	2,408	± 11%	15	(1)
USD	+/- 16%	**1,314**	**(1,107)**	**± 11%**	**(2,045)**	**2,056**
EUR	+/- 10%	**(248)**	248	**± 6%**	**(195)**	195

Interest rate risks

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

The Group's policy is to manage its interest cost using an optimal mix of fixed and variable rate debt. This optimal mix is primarily determined by the level of the Group's interest cover ratio and is achieved by entering into interest rate derivative instruments, in which it exchanges fixed and variable interest rates.

As described in the caption "Foreign currency risks", the Group's Finance Committee, which meets on a monthly basis, monitors the Group's interest risk positions and acts as a decision-taking body for the Group in this respect.

The Group's Treasury Policy also covers the management of interest rate risks. As for foreign currency risks, the Group's Risk Management department supervises the compliance of the treasury interest rate risk management strategy with the Group's Treasury Policy and reports the status periodically to the Group's CFO, who informs the AFRQCC in their quarterly meetings. The AFRQCC approves requests from the Group Finance Committee on important treasury matters including interest rate risks and provides recommendations thereon to the Board of Directors, which is the highest approval authority for all Group treasury matters.

Notes

The following schedule provides an overview of all interest-bearing items per year-end closing.

as of August 31, in thousands of CHF	**2009**	2008
Fixed interest bearing items		
Carrying amount of financial liabilities	523,371	557,062
Reclassification due to interest rate derivatives	310,939	214,570
Net fixed interest position	**834,310**	**771,632**
Floating interest bearing items		
Carrying amount of financial assets	(37,862)	(38,045)
Carrying amount of financial liabilities	457,145	522,214
Reclassification due to interest rate derivatives	(310,939)	(214,570)
Net floating interest position	**108,344**	**269,599**

Sensitivity analysis on interest rate risks

The following table shows the impact of a parallel shift of interest rates by 100 basis points (BP) up and 25 BP down on the Group's equity and income statement, net of tax. Due to lower interest rates the underlying assumptions for the sensitivity analysis have been aligned with prevailing market circumstances. The calculation is performed on both, the portion of the outstanding debt (excluding the asset-backed securitization program; see notes 10 and 13) at floating interest rates and the outstanding derivatives exchanging floating into fixed interest rates at the respective year end. This sensitivity analysis only indicates the potential impact for the respective fiscal year at the prevailing conditions in the financial markets. Consequently, it does not represent actual or future gains or losses, which are strictly managed and controlled, as clearly indicated in the Group's Treasury Policy.

as of August 31,	**2009**				2008			
Impact on in thousands of CHF	Statement of Income		Equity		Statement of Income		Equity	
	100 BP increase	25 BP decrease	100 BP increase	25 BP decrease	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
Floating rate bearing items	(3,145)	786	–	–	(3,651)	3,651	–	–
Interest rate swaps	1,834	(478)	4,646	(1,202)	513	(535)	4,628	(4,833)
Total interest rate sensitivity	**(1,311)**	**308**	**4,646**	**(1,202)**	**(3,138)**	**3,116**	**4,628**	**(4,833)**

Credit risk and concentration of credit risk

Credit risk, i.e. the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. As of August 31, 2009, the largest customer represents 4% (2008: 4%) whereas the 10 biggest customers represent 18% (2008: 11%) of trade receivables. Due to the diverse geographic and large customer base, the Group has no material credit risk concentration.

The extent of the Group's credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum nominal credit risk exposure in the event all other parties fail to perform their obligation was CHF 691.7 million as of August 31, 2009 (2008: CHF 773.2 million). The Group has insured certain credit risks through a credit insurance policy. Selected number of customers with significant outstanding amounts are covered by that policy.

Liquidity risk

Liquidity risk arises through a surplus of financial obligations over available financial assets due at any point in time. The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity coordinated by the In-house Bank. For extraordinary financing needs, adequate credit lines with financial institutions have been arranged (see note 25).

Contractual maturities

The table below provides an overview of contractual maturities for financial liabilities and derivatives.

as of August 31, 2009	In the first year	In the second to the fifth year	After five years	**Contractual amount**
in thousands of CHF				
Non-derivative financial liabilities				
Bank overdrafts	(29,338)			**(29,338)**
Short-term debt	(222,885)			**(222,885)**
Trade payables	(429,980)			**(429,980)**
Long-term debt	(33,650)	(342,030)	(626,272)	**(1,001,952)**
Other liabilities	(260,848)			**(260,848)**
Derivatives				
Interest rate derivatives	(6,322)	(1,923)		**(8,245)**
Currency derivatives				
Inflow	3,603,658	24,660		**3,628,318**
Outflow	(3,609,846)	(24,829)		**(3,634,675)**
Commodity derivatives				
Inflow	1,075,900	212,750		**1,288,650**
Outflow	(1,244,561)	(122,193)		**(1,366,754)**
Total net	**(1,157,872)**	**(253,565)**	**(626,272)**	**(2,037,709)**

as of August 31, 2008	In the first year	In the second to the fifth year	After five years	**Contractual amount**
in thousands of CHF				
Non-derivative financial liabilities				
Bank overdrafts	(59,736)			**(59,736)**
Short-term debt	(397,648)			**(397,648)**
Trade payables	(466,378)			**(466,378)**
Long-term debt	(35,938)	(195,379)	(701,344)	**(932,661)**
Other liabilities	(222,922)			**(222,922)**
Derivatives				
Interest rate derivatives	689	(2,168)		**(1,479)**
Currency derivatives				
Inflow	5,682,823	106,195		**5,789,018**
Outflow	(5,705,746)	(109,689)		**(5,815,435)**
Commodity derivatives				
Inflow	1,560,922	76,689		**1,637,611**
Outflow	(1,788,796)	(553,269)		**(2,342,065)**
Total net	**(1,432,730)**	**(677,621)**	**(701,344)**	**(2,811,695)**

Notes

Fair value of financial instruments

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

as of August 31, 2009	Loans and receivables	Fair value through profit and loss – trading[1]	Financial liabilities at amortized cost	Available for sale	Derivatives used in hedging	Total carrying amount	Fair value
in thousands of CHF							
Cash equivalents	33,993					33,993	33,993
Short-term deposits	2,137					2,137	2,137
Trade receivables	349,608					349,608	349,608
Derivative financial assets		182,897			38,752	221,649	221,649
Financial assets				512		512	512
Other assets	41,440				42,534	83,974	83,974
Total assets	**427,178**	**182,897**		**512**	**81,286**	**691,873**	**691,873**
Bank overdrafts			29,338			29,338	29,338
Short-term debt			222,885			222,885	222,885
Trade payables			429,980			429,980	429,980
Derivative financial liabilities		89,459			64,463	153,922	153,922
Long-term debt			728,293			728,293	692,718
Other liabilities			260,848		101,572	362,420	362,420
Total liabilities		**89,459**	**1,671,344**		**166,035**	**1,926,838**	**1,891,263**

1 The category "Fair value through profit and loss – trading" mainly includes derivatives held in subsidiaries with the broker/trader status and does not mean that they are held for trading.

as of August 31, 2008	Loans and receivables	Fair value through profit and loss – trading[1]	Financial liabilities at amortized cost	Available for sale	Derivatives used in hedging	Total carrying amount	Fair value
in thousands of CHF							
Cash equivalents	35,172					35,172	35,172
Short-term deposits	947					947	947
Trade receivables	331,336					331,336	331,336
Derivative financial assets		301,621			19,399	321,020	321,020
Financial assets				209		209	209
Other assets	48,676				36,032	84,708	84,708
Total assets	**416,131**	**301,621**		**209**	**55,431**	**773,392**	**773,392**
Bank overdrafts			59,736			59,736	59,736
Short-term debt			397,648			397,648	397,648
Trade payables			466,378			466,378	466,378
Derivative financial liabilities		247,745			51,565	299,310	299,310
Long-term debt			621,892			621,892	564,601
Other liabilities			222,922		152,904	375,826	375,826
Total liabilities		**247,745**	**1,768,576**		**204,469**	**2,220,790**	**2,163,499**

1 The category "Fair value through profit and loss – trading" mainly includes derivatives held in subsidiaries with the broker/trader status and does not mean that they are held for trading.

Capital management

It is the Group's policy to maintain a sound capital base to support the continued development of the business. The Board of Directors seeks to maintain a prudent balance between debt and equity. In compliance with bank covenants, the minimal target solvency ratio (equity in % of total assets, adjusted for derivative financial instruments on a netted basis) is set at 20%.

The target payout ratio to shareholders currently amounts to approximately 30% of the net profit for the year in the form of a share capital reduction and repayment or dividend. The target ratio and the form of the payout recommended by the Board are reviewed on an annual basis and are subject to the decision of the Annual General Meeting of Shareholders.

The Group's subsidiaries have complied with applicable local statutory capital requirements.

29. Related parties

The following shareholders hold a participation of more than 3% of the issued share capital of the Group's ultimate parent Barry Callebaut AG:

as of August 31,	**2009**	2008
Jacobs Holding AG, Zurich, Switzerland	50.21%	50.50%
Renata Jacobs	8.48%	8.43%
Nicolas and Philippe Jacobs[1]	6.14%	6.14%
Nathalie Jacobs	3.07%	3.07%

1 Form a group of shareholders according to Swiss Stock exchange regulations as published in the Swiss Official Gazette of Commerce of February 4, 2008

Significant transactions and balances between the Group and related parties are as follows:

in thousands of CHF	Nature of cost/revenue	**2008/09**	2007/08
Sales to related parties		**476**	**14,881**
Jacquot SA[1]	Revenue from sales and services	–	14,609
Pastelería Totel, S.L.	Revenue from sales and services	476	272
Purchases from related parties		**(9,554)**	**(4,560)**
African Organic Produce AG	Cost of goods sold	(9,554)	(4,560)
Operating expenses charged by related parties		**(8,746)**	**(9,050)**
Jacobs Holding AG	Management services	(1,678)	(1,656)
Adecco Group	Human resources services	(6,886)	(6,896)
Pastelería Totel, S.L.	Management services	(13)	(363)
Biolands International Ltd.	Management services	(67)	(60)
Other		(102)	(75)
Trade receivables from related parties		**192**	**35**
Jacobs Holding AG		2	–
Adecco Group		4	–
Pastelería Totel, S.L.		186	35
Trade payables to related parties		**2,609**	**1,982**
Jacobs Holding AG		316	295
Adecco Group		1,144	1,613
African Organic Produce AG		1,097	–
Pastelería Totel, S.L.		–	14
Biolands International Ltd.		33	60
Other		19	–

1 Company ceased to be a related party during fiscal year 2007/08

Notes

Transactions with related parties were carried out on commercial terms and conditions at market prices. All receivables from related parties are non-interest bearing and their collection is expected within the next twelve months.

Compensation of key management personnel

The key management personnel are defined as the Board of Directors and the Senior Management Team. Key management compensation consists of the following:

in million of CHF	**2008/09**	2007/08
Short-term employee benefits	7.1	7.3
Post-employment benefits	0.6	0.6
Share-based payments	8.5	12.0

Further details related to the requirements of the Swiss Transparency law (Art. 663b^bis and 663c Swiss Code of Obligations) are disclosed in note 6 in the Financial Statements of Barry Callebaut AG.

30. Commitments and contingencies

Capital commitments

as of August 31, in thousands of CHF	**2009**	2008
Property, plant and equipment	153	2,065
Intangible assets	964	785
Total capital commitments	**1,117**	**2,850**

Operating lease commitments

Operating lease commitments represent rentals payable by the Group for certain vehicles, equipment, buildings and offices. Equipment and vehicle leases were negotiated for an average term of three years.

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

as of August 31, in thousands of CHF	**2009**	2008
No later than 1 year	14,173	13,643
Later than 1 year and no later than 5 years	37,237	40,499
Later than 5 years	33,989	41,071
Total future operating lease commitments	**85,399**	**95,213**

in thousands of CHF	**2008/09**	2007/08
Lease expenditure charged to the income statement	13,921	13,491

Contingencies

Group companies are involved in various legal actions and claims as they arise in the ordinary course of the business. Provisions have been made, where quantifiable, for probable outflows. In the opinion of the management, after taking appropriate legal advice, the future settlements of such actions and claims will not have a material effect on the Group's financial position.

31. Group companies

The principal subsidiaries of Barry Callebaut as of August 31, 2009, are the following:

Country	Subsidiary	Ownership in %	Currency	Capital
Switzerland	Barry Callebaut Sourcing AG	100	CHF	2,000,000
	Barry Callebaut Schweiz AG	100	CHF	4,600,000
	Chocolat Alprose SA	100	CHF	7,000,000
Belgium	Barry Callebaut Services N.V.	100	EUR	528,710,000
	Barry Callebaut Belgium N.V.	100	EUR	62,700,000
	International Business Company Belgium BVBA	100	EUR	65,000
	Pierre Iserentant SA	100	EUR	260,908
Brazil	Barry Callebaut Brasil SA	100	BRL	26,114,993
Cameroon	Société Industrielle Camerounaise des Cacaos SA	78.35	XAF	1,147,500,000
	SEC Cacaos SA	100	XAF	10,000,000
Canada	Barry Callebaut Canada Inc.	100	CAD	2,000,000
China	Barry Callebaut Suzhou Chocolate Ltd	100	USD	27,000,000
	Barry Callebaut Suzhou Chocolate R&D Center	100	USD	600,000
Côte d'Ivoire	Société Africaine de Cacao SACO SA	100	XAF	25,695,651,316
	Barry Callebaut Négoce SA	100	XAF	3,700,000,000
Czechia	Barry Callebaut Czechia	100	CZK	200,000
Denmark	Barry Callebaut Danmark APS	100	DKK	125,000
	Eurogran A/S	100	DKK	3,000,000
Ecuador	Barry Callebaut Ecuador SA	100	USD	50,000
France	Barry Callebaut Manufacturing France SAS	100	EUR	6,637,540
	Barry Callebaut France SAS	100	EUR	50,000,000
	Barry Callebaut Manufacturing Bourgogne SAS	100	EUR	2,000,000
Germany	Barry Callebaut Deutschland GmbH	100	EUR	51,129
	Van Houten GmbH & Co KG	100	EUR	15,338,756
	C.J. van Houten & Zoon Holding GmbH	100	EUR	72,092,155
	Van Houten Beteiligungs AG & Co KG	100	EUR	99,975,000
	Stollwerck GmbH	100	EUR	20,500,000
	Stollwerck Schokoladenvertriebs GmbH	100	EUR	7,184,000
	Van Houten Beteiligungs GmbH	100	EUR	25,000
	Schloss Marbach GmbH	100	EUR	1,600,000
Ghana	Barry Callebaut Ghana Ltd.	100	USD	9,204,219
Great Britain	Barry Callebaut Manufacturing (UK) Ltd.	100	GBP	15,467,852
	Barry Callebaut UK Ltd.	100	GBP	3,200,000
	Eurogran UK Ltd.	100	GBP	40,000
Hong Kong	Van Houten (Asia Pacific) Ltd.	100	HKD	2
India	Barry Callebaut India	100	INR	10,000,000
Italy	Barry Callebaut Italia S.p.A.	100	EUR	104,000
	Barry Callebaut Manufacturing Italy Srl.	100	EUR	2,646,841
	Dolphin Srl.	100	EUR	110,000
Japan	Barry Callebaut Japan Ltd.	100	JPY	1,260,000,000
Malaysia	Barry Callebaut Malaysia Sdn Bhd	60	MYR	36,000,000
	Selbourne Food Services Sdn Bhd	60	MYR	2,000,000
Mexico	Barry Callebaut Mexico Distributors SA de CV	100	MXN	117,196,530
	Barry Callebaut Servicios SA de CV	100	MXN	50,000
	Barry Callebaut Mexico, S. de RL de CV	100	MXN	13,027,200

Notes

Country	Subsidiary	Ownership in %	Currency	Capital
Poland	Barry Callebaut Manufacturing Polska Sp. z o.o.	100	PLN	10,000,000
	Barry Callebaut Polska Sp. z o.o.	100	PLN	50,000
Russia	Barry Callebaut Netherlands Russia LLC	100	RUB	1,046,463,481
	Gor Trade LLC	100	RUB	685,000,000
Singapore	Barry Callebaut Asia Pacific (Singapore) Pte. Ltd.	100	SGD	83,856,669
Spain	Barry Callebaut Ibérica SL	100	EUR	25,000
	Barry Callebaut Pastry Manufacturing Ibérica SL	80	EUR	300,000
Sweden	Barry Callebaut Sweden AB	100	SEK	100,000
	Eurogran Nordic AB	100	SEK	100,000
The Netherlands	Barry Callebaut Nederland B.V.	100	EUR	36,435,000
	Luijckx B.V.	100	EUR	18,242
	Hoogenboom Benelux BV	100	EUR	18,152
	Dings Décor B.V.	70	EUR	22,689
Turkey	Barry Callebaut Eurasia Gida Sanayi VE Ticaret Ltd. Sti	100	TRL	40,000
USA	Barry Callebaut Cocoa USA Inc.	100	USD	7,663
	Brach's Confections Holding, Inc.	100	USD	100,001,000
	Barry Callebaut USA LLC	100	USD	100,190,211

The following companies are dormant and for this reason are not disclosed as principal subsidiaries:
Van Houten Service AG, Barry Callebaut Holding (UK) Ltd., Adis Holding Inc., Barry Callebaut USA Holding, Inc., Omnigest SAS, Alliance Cacao SA

32. Risk assessment disclosure required by Swiss Law

Group Risk Management

Barry Callebaut's Group Risk Management (GRM) is a corporate function responsible for implementing and managing all Group Risk Functions including the Enterprise Risk Management (ERM) under the direction and approvals of the Audit, Finance, Risk, Quality and Compliance Committee (AFRQCC) committee of the Board of Directors. The Group's ERM Framework is designed to create an aggregate view on all existing major risks exposed to; evaluating, prioritizing and controlling such group risk portfolio. The ERM model is based on Committee for Sponsoring Organizations (COSO) framework and classifies risks into major five risk categories: Strategic, Market, Financial Reporting, Operating and Compliance/Legal Risks. The Group's ERM is multidimensional in that risks are identified, assessed and controlled not only directly from the legal entity but also from specialized Corporate Functions such as Quality Assurance, Sourcing and Cocoa, Group Finance and Treasury, Operations & Supply Chain Organization (OSCO), Information Management, Global Human Resources, Innovations and Research and Development and Group Insurance all under the GRM umbrella. Risk assessments are the responsibility of line management but overseen and controlled by GRM. The reason for performing these line component level risk assessments is to highlight local issues where risks can be mitigated quickly and efficiently.

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

Financial risks management is described in more detail in note 28.

33. Subsequent events

On November 3, 2009, the Group has signed an agreement to acquire the Spanish chocolate maker Chocovic, S.A. The transaction is subject to the approval of the competition authorities and is expected to close in early 2010.

The Consolidated Financial Statements were authorized for issue by the Board of Directors on November 10, 2009, and are subject to approval by the Annual General Meeting of Shareholders on December 8, 2009.

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

Barry Callebaut AG, Zurich

As Statutory Auditor, we have audited the accompanying Consolidated Financial Statements of Barry Callebaut AG, which comprise the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and Notes on pages 48 to 100 for the year ended August 31, 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the Consolidated 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, 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

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

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

We recommend that the Consolidated Financial Statements submitted to you be approved.

KPMG AG

Roger Neininger
Licensed Audit Expert
Auditor in Charge

Marc Ziegler
Licensed Audit Expert

Zurich, November 10, 2009

5-Year Overview

Key Figures Barry Callebaut Group		CAGR (%)[14]	2008/09	2007/08	2006/07	2005/06[15]	2004/05[16]
Consolidated Income Statement							
Sales volume	Tonnes	3.6%	1,213,610	1,166,007	1,059,200	976,661	1,052,467
Sales revenue	CHF m	4.7%	4,880.2	4,815.4	4,106.8	3,713.2	4,061.1
EBITDA[1]	CHF m	5.2%	456.1	443.7	427.1	392.5	372.2
Operating profit (EBIT)	CHF m	7.9%	350.8	341.1	324.0	295.0	258.3
Net profit from continuing operations[2]	CHF m	9.9%	226.9	209.1	207.0	189.7	155.3
Net profit for the year	CHF m	9.9%	226.9	205.5	124.1	183,5	155.3
Cash flow[3]	CHF m	7.5%	418.1	434.3	406.8	347.9	312.6
EBIT/sales revenue	%		7.2%	7.1%	7.9%	7.9%	6.4%
EBIT per tonne	CHF	4.2%	289.1	292.5	305.9	302.0	245.5
Balance Sheet							
Total assets	CHF m	6.5%	3,514.8	3,729.5	3,186.7	2,811.8	2,734.1
Net working capital[4]	CHF m	5.0%	1,010.1	1,037.1	883.9	920.9	830.8
Non-current assets	CHF m	5.2%	1,432.2	1,423.7	1,211.3	1,184.9	1,168.2
Net debt	CHF m	(0.3%)	942.7	1,041.2	930.2	906.9	953.5
Shareholders' equity[5]	CHF m	10.8%	1,255.6	1,175.9	1,059.1	999.2	833.4
Capital expenditure[6]	CHF m	9.0%	144.4	249.9	153.1	114.7	102.2
Ratios							
Economic Value Added (EVA)	CHF m	10.4%	129.9	126.3	122.9	105.4	87.3
Return on invested capital (ROIC)[7]	%		13.9%	14.0%	14.3%	13.7%	12.9%
Return on equity (ROE)	%		18.1%	17.7%	19.5%	19.0%	18.7%
Debt to equity ratio	%		75.1%	88.5%	87.8%	90.8%	114.4%
Solvency ratio[8]	%		35.7%	31.5%	33.2%	35.5%	30.5%
Interest coverage ratio[9]		2.7%	5.0	4.8	5.1	5.3	4.5
Net debt/EBITDA		(5.2%)	2.1	2.3	2.2	2.3	2.6
CAPEX/sales revenue	%		3.0%	5.2%	3.7%	3.1%	2.5%
Shares							
Share price at fiscal year end	CHF	11.6%	574	724	873	548	370
EBIT per share (issued)	CHF	7.9%	67.8	66.0	62.7	57.1	50.0
Basic earnings per share[10]	CHF	9.7%	44.0	40.4	40.2	36.7	30.3
Cash earnings per share[11]	CHF	7.5%	81.1	83.9	78.6	66.9	60.8
Payout per share[12]	CHF	11.8%	12.5	11.5	11.5	10.5	8.0
Payout ratio	%		28%	28%	29%	29%	27%
Price-earnings ratio at year end[13]		1.7%	13.0	17.9	21.7	14.9	12.2
Market capitalization at year end	CHF m	11.6%	2,967.6	3,743.1	4,510.8	2,833.2	1,912.9
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	10.2%	59.5	59.5	54.3	41.4	40.3
Other							
Employees		(3.1%)	7,525	7,281	7,592	7,028	8,542
Beans processed	Tonnes	6.8%	541,847	471,149	442,378	435,825	416,659
Chocolate & compound production	Tonnes	5.4%	971,951	947,387	885,372	838,940	788,582

1 EBIT + depreciation of property, plant and equipment + amortization of intangible assets
2 Net profit from continuing operations (including minorities)
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 the net profit for the year attributable to the shareholders of the parent company excluding the net loss from discontinued operations/basic shares outstanding
11 Operating cash flow before working capital changes/basic shares outstanding
12 Par value reduction instead of a dividend; 2008/09 as proposed by the Board of Directors to the Annual General Meeting
13 Share price at year end/basic earnings per share
14 Compound annual growth rate
15 Certain comparatives have been restated or reclassified to conform to the current period's presentation
16 Key figures for 2004/05 have been calculated on a pro forma basis excluding the impact of restructuring charges amounting to CHF 94 million

Contents

Income Statement

for the fiscal year ended August 31,	2008/09	2007/08
in CHF		
Income		
Dividend income	110,000,000	409,762,430
Financial income	7,661,120	53,356,260
License income	38,513,363	39,819,048
Management fees	22,510,824	23,816,909
Other income	15,466,509	6,086,761
Total income	**194,151,816**	**532,841,408**
Expenses		
Personnel expenses	(33,478,497)	(34,326,106)
Financial expenses	(13,290,633)	(40,606,244)
Depreciation of property, plant and equipment	(770,364)	(674,667)
Amortization of intangible assets	(12,702,883)	(12,294,897)
License expenses	(570,990)	(2,254,416)
Unrealized loss on treasury shares	(439,966)	(1,753,151)
Other expenses	(26,888,636)	(28,727,475)
Total expenses	**(88,141,969)**	**(120,636,956)**
Profit before taxes	**106,009,847**	**412,204,452**
Income taxes	(922,490)	(881,288)
Net profit for the year	**105,087,357**	**411,323,164**

Retained earnings

in CHF	2008/09	2007/08
Retained earnings as of September 1,	841,902,604	427,462,105
(Increase) decrease of reserve for treasury shares	8,990,434	3,092,450
Capital reduction on treasury shares	62,629	24,885
Net profit	105,087,357	411,323,164
Retainted earnings as of August 31,	**956,043,024**	**841,902,604**

Balance Sheet

Assets

as of August 31, in CHF	2009	2008[2]
Current assets		
Cash and cash equivalents	42,523	56,655
Treasury shares	4,172,899	11,850,148
Accounts receivable from Group companies	25,990,075	27,719,549
Short-term loans granted to Group companies	19,357	3,864,975
Other current assets	2,537,091	2,598,202
Total current assets	**32,761,945**	**46,089,529**
Non-current assets		
Property, plant and equipment	1,562,389	2,087,121
Financial assets		
Investments	1,723,177,978	1,596,349,978
Intangible assets		
Trademarks	6,514,687	15,627,143
Patents/Product development costs	2,016,984	2,272,605
Other	543,806	759,962
Total non-current assets	**1,733,815,844**	**1,617,096,809**
Total assets	**1,766,577,789**	**1,663,186,338**

Liabilities and shareholders' equity

as of August 31, in CHF	2009	2008
Current liabilities		
Bank overdrafts	–	1,535,051
Accounts payable to third parties	5,055,923	1,813,316
Accounts payable to Group companies	5,385,251	7,965,424
Accounts payable to shareholders	316,011	294,636
Short-term loans from Group companies	359,149,996	298,936,114
Accrued liabilities	15,559,877	16,928,474
Accrued taxes	1,316,449	1,614,027
Total liabilities	**386,783,507**	**329,087,042**
Shareholders' equity		
Share capital[1]	262,119,000	321,574,000
Legal reserves	157,019,393	157,019,393
Reserve for treasury shares	4,612,865	13,603,299
Retained earnings	956,043,024	841,902,604
Total shareholders' equity	**1,379,794,282**	**1,334,099,296**
Total liabilities and shareholders' equity	**1,766,577,789**	**1,663,186,338**

1 The share capital as of August 31, 2009, consists of 5,170,000 fully paid-in shares at a nominal value of CHF 50.70 (August 31, 2008: CHF 62.20)

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

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 850 million (CHF 1,293.7 million; 2007/08: CHF 1,374 million) obtained by Barry Callebaut Services N.V., Belgium, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 956.0 million less 35% withholding tax). Furthermore, the Company is also a co-debtor for the Senior Notes of EUR 350 million (CHF 532.7 million; 2007/08: CHF 566 million) issued 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 713.9 million (2007/08: CHF 669.0 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,	**2009**	2008
in CHF		
Fire insurance value of property, plant and equipment	5,200,000	5,200,000

3. Investments

Name and domicile	**Share capital**		**Purpose**	**Percentage of investment**	
as of August 31,				**2009**	2008
ADIS Holding Inc., Panama	CHF	41,624,342	Dormant	100%	100%
Barry Callebaut Belgium N.V., Belgium	EUR	62,700,000	Production, Sales	100%	100%
Barry Callebaut Nederland B.V., The Netherlands	EUR	36,435,000	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	EUR	528,710,000	In-house Bank	100%	100%
Barry Callebaut Sourcing AG, Switzerland	CHF	2,000,000	Sourcing	100%	100%
Chocolat Alprose SA, Switzerland	CHF	7,000,000	Production, Sales	100%	100%
C.J. Van Houten & Zoon Holding GmbH, Germany	EUR	72,092,155	Holding	100%	100%
Luijckx B.V., The Netherlands	EUR	18,242	Production, Sales	100%	100%
Schloss Marbach GmbH Germany	EUR	1,600,000	Conference and Training Center	100%	-
Van Houten Service AG, Switzerland	CHF	100,000	Dormant	100%	100%

Investments are stated at cost less any provision for impairment.

4. Treasury shares

The Company holds 6,932 treasury shares as of August 31, 2009 (2008: 16,454). In 2008/09, the Company bought 14,212 shares at an average price of CHF 619.80 per share (2007/08: 14,798 shares at an average price of CHF 819.21) and transferred 23,734 shares at an average price of CHF 749.94 per share (2007/08: 17,832 shares transferred at an average price of CHF 853.25). As of August 31, 2009, the treasury shares have been valued at average price of CHF 601.98 per share (2007/08: average price of CHF 720.20 per share).

5. Significant shareholders

as of August 31,	2009	2008
Jacobs Holding AG, Zurich, Switzerland	50.21%	50.50%
Renata Jacobs	8.48%	8.43%
Nicolas and Philippe Jacobs[1]	6.14%	6.14%
Nathalie Jacobs	3.07%	3.07%

1 Form a group of shareholders according to Swiss Stock exchange regulations as published in the Swiss Official Gazette of Commerce of February 4, 2008

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

Remuneration of key management[1] for the fiscal year 2008/09

in thousands of CHF **Board of Directors (BoD)**	Compen-sation fix	Compen-sation variable	Other compen-sation[2]	Number of shares[3]	Value of shares[4]	**Total remunera-tion 08/09**	**Total remunera-tion 07/08**
Andreas Jacobs Chairman/Delegate	300.0	–	1.0	360	179.3	**480.3**	**667.0**
Andreas Schmid Vice Chairman Member of the AFRQCC[5]	226.7	–	60.4	180	89.6	**376.7**	**872.8**
Rolando Benedick Member of the NCC[6]	105.0	–	13.6	180	89.6	**208.2**	**309.3**
James L. Donald Member of the NCC	100.0	–	–	180	122.3	**222.3**	**n/a**
Markus Fiechter[7] Member of the AFRQCC	–	–	–	–	–	**–**	**–**
Stefan Pfander Chairman of the NCC	110.0	–	5.2	180	89.6	**204.8**	**292.8**
Urs Widmer Chairman of the AFRQCC	115.0	–	5.9	180	89.6	**210.5**	**309.3**
Total remuneration Board of Directors	**956.7**	**–**	**86.1**	**1,260**	**660.0**	**1,702.8**	**2,451.2**
Remuneration Senior Management Team (SMT)[8]	**2,705.4**	**3,055.9**	**1,339.9**	**15,437**	**9,016.9**	**16,118.1**	**16,008.5**
Total remuneration of key management	**3,662.1**	**3,055.9**	**1,426.0**	**16,697**	**9,676.9**	**17,820.9**	**18,459.7**
Highest individual remuneration within SMT: **Patrick De Maeseneire** former CEO Barry Callebaut Group	750.0	744.7	385.7	6,490	4,300.5	6,180.9	5,126.4

The remuneration to Patrick De Maeseneire includes 4,024 shares, that had been granted to him in his employment contract in view of the full term of his employment. There were no termination payments nor payments to former members of the Board of Directors or Senior Management Team during the fiscal year under review.

As of August 31, 2009, no loans or credits to members of the Board of Directors or Senior Management Team or parties closely related to them are outstanding.

Holdings of shares and options[9]

	Number of Shares 2008/09	Number of Shares 2007/08
Board of Directors		
Andreas Jacobs (Chairman)[10, 11]	1,200	1,200
Andreas Schmid (Vice Chairman)	12,150	11,400
Rolando Benedick	1,320	1,920
James L. Donald	–	n/a
Markus Fiechter	–	–
Stefan Pfander	600	400
Urs Widmer	800	600
Senior Management Team		
Juergen B. Steinemann, CEO Barry Callebaut Group	–	n/a
Patrick De Maeseneire, former CEO Barry Callebaut Group	n/a	3,750[12]
Victor Balli, CFO Barry Callebaut Group	310	210
Onno Bleeker, former President Western Europe	–	–
Massimo Garavaglia, President Western Europe	3,000	1,500
David Johnson, President Americas	1,800	n/a
Steven Retzlaff, President Global Sourcing & Cocoa	150	–

1 Key management is defined as Board of Directors (BoD) and Senior Management Team (SMT)
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. Chairman until December 2008: Rolando Benedick
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 note 29 in the Consolidated Financial Statements of Barry Callebaut Group)
8 Disclosure relates to the SMT as in place on August 31, 2009, i.e. Juergen B. Steinemann, Victor Balli, Onno Bleeker, Massimo Garavaglia, Steven Retzlaff and Dave Johnson. Also included are, however, the remuneration paid to Patrick De Maeseneire for his services rendered during the year under review and the remuneration paid to Andreas Jacobs for assuming the role of CEO a.i. June – August 2009.
9 Including shares of related parties to the individual BoD/SMT
10 Excluding the 50.21% participation held by Jacobs Holding AG
11 On August 31, 2009 a related party to Andreas Jacobs held 5,000 call options with a strike price of CHF 545 and an expiry date of September 7, 2009.
12 On August 31, 2008 the former SMT member Patrick De Maeseneire held 3,750 shares and 5,674 put options issued by Patrick De Maeseneire, i.e. eight different instruments with strike prices from CHF 780 to CHF 950 and expiry dates from September 10, 2008, to January 15, 2010; outstanding were 5,864 call options, i.e. nine different instruments with strike prices from CHF 814 to CHF 1,020 and expiry dates from September 10, 2008, to January 15, 2010

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 and respective response by the management. The procedures and actions to identify the risks, and where appropriate to remediate, 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 are responsible to monitor those procedures and processes and ensure effective measures.

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 32 and 28 respectively.

8. Subsequent events

On November 3, 2009, the company has signed an agreement to acquire the Spanish chocolate maker Chocovic, S.A. The transaction is subject to the approval of the competition authorities and is expected to close in early 2010. There are no further events after the balance sheet date to be disclosed.

Appropriation of available earnings

The Board of Directors proposes to carry forward the balance of retained earnings of CHF 956,043,024.

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Report of the Statutory Auditor to the General Meeting 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 104 to 108 for the year ended August 31, 2009.

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, 2009 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 10, 2009

Contents

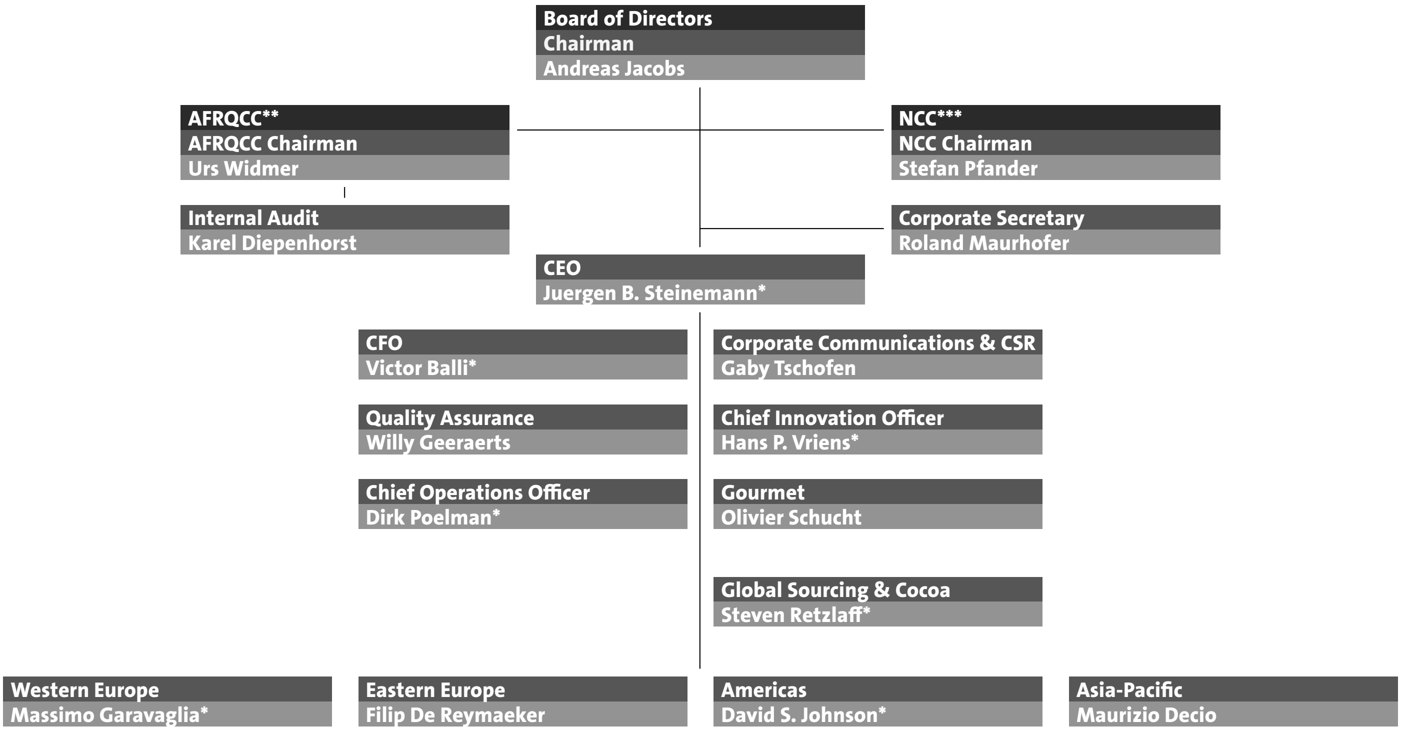
Corporate Governance

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

The information that follows is provided in accordance with the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange. The principles and rules on 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.

Group structure and shareholders

The organization of the Barry Callebaut Group has a regional focus and is divided into three regions (Western and Eastern Europe, reported as Region Europe; Americas and Asia-Pacific/Rest of World) and a Global Sourcing and Cocoa unit. The following chart provides an overview of the operational Group structure as of November 10, 2009:



* Member of the Executive Committee
** AFRQCC: Audit, Finance, Risk, Quality & Compliance Committee (see page 116)
*** NCC: Nomination & Compensation Committee (see page 116)

Information about the stock listing, principal subsidiaries and significant shareholders of Barry Callebaut is given on pages 53, 61, 97, 99 and 100 of the Consolidated Financial Statements and on pages 106, 107 and 108 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 SIX Corporate Governance Directive regarding the capital structure is given in note 27 (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.

As of August 31, 2009, the Board of Directors consisted of seven 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
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. From June to August 2009 he served as ad interim CEO of Barry Callebaut AG.

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 postgraduate degree in European competition law (Dr. iur.) from the University of Freiburg im Breisgau. Afterwards, he obtained a Master of Business Administration from Insead in Fontainebleau.

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

Andreas Schmid (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 2002 and 2006, he chaired the Board of Kuoni Travel Holding AG. He was a member of the Board of Adecco SA from 1999 to 2004 and a member of the Advisory Board of the Credit Suisse Group from 2001 to 2007, before the Advisory Board was dissolved.

Andreas Schmid is Chairman of Oettinger Davidoff Group and Unique (Zurich Airport AG). He is Chairman of the Supervisory Board of Symrise AG, Chairman of the Board of Directors of gategroup Holding AG and member of the Board of Directors of Karl Steiner AG.

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

Rolando Benedick
Director since 2001, Swiss national

Rolando Benedick (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 Board of Directors of the Manor Sud SA and Valora Holding AG. He is a member of the Supervisory Board of the Galfa Group. In addition, he serves as a non-executive Board member of "Messe Schweiz" MCH Group AG, the Gottlieb Duttweiler Institute (GDI) and as Chairman of the "Leopard Club" Locarno and of the Freiwillige 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. 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 Consultant, Project Manager and 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.

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). In 1981, he joined Wrigley GmbH in Germany, where he held various executive positions in several countries within the Wrigley Group. Until January 2006, he was Chairman Europe of the Wm. Wrigley Jr. Company in Chicago, USA, and Vice President of the Wm. Wrigley Jr. Company.

Stefan Pfander is Supervisory Board Member of Maxingvest AG (Holding company, Beiersdorf AG, Tchibo GmbH) and Deputy Chairman of the Supervisory Boards of GfK SE (market research institute). He also serves as a member of the Board of Directors of Sweet Global Network e.V. (international confectionery trade association).

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

Urs Widmer
Director since 2004, Swiss national

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 ATAG Ernst & Young Holding AG. From 1998 to 2002, Urs Widmer was Chairman of the Board of Directors of ATAG Ernst & Young AG.

Urs Widmer has served as Chairman of the Board of Directors of Vontobel Holding AG and Bank Vontobel AG since 2005. He is also a member of the Board of Directors of Helvetia Holding AG. He is a trustee of various foundations such as Technopark Foundation and Zoo Zurich.

Urs Widmer earned a doctorate from the Faculty of Law at Zurich University.

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 duration of the Board meetings is usually six hours, but varies from meeting to meeting, depending on the agenda. 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 production site.

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.

By 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, members of the Executive Committee were present at all Board and Committee meetings.

Resolutions are adopted by 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 recorded in written minutes of the meeting.

During the last fiscal year, the Board of Directors met six times for regular Board meetings and twice in the context of extraordinary Board meetings via conference calls.

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), 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.

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, approving the audit fees, overseeing the external audit coverage, specifying how the external auditors report to the Board and/or the Audit Committee, assessing additional "non-audit" services, reviewing accounting policies and policy decisions, and reviewing the annual financial statements and related notes.

The scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities. The internal audit function reports to the Chairman of the AFRQCC. Significant findings of internal audits are presented and reviewed in the meetings of the AFRQCC and of the Board of Directors. In the last fiscal year, no internal audit task was carried out by a third party.

The external auditors attended one meeting of the Audit, Finance, Risk, Quality & Compliance Committee in fiscal year 2008/09.

The AFRQCC meets as often as business requires, but at least three times per fiscal year. In the last fiscal year, the committee met four times. The length of the meetings is usually two hours, but varies from meeting to meeting, depending on the agenda.

Nomination & Compensation Committee

Stefan Pfander (Chairman), Rolando Benedick, James Donald

The responsibilities of the Nomination & Compensation Committee (NCC) are to make recommendations to the Board in respect of 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. In the last fiscal year, the committee met three times. The length of the meetings is usually two hours, but varies from meeting to meeting, depending on the agenda.

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

Executive Committee

As of November 2009, the former Senior Management Team has been extended by two additional members and renamed to Executive Committee which is headed by the Chief Executive Officer. For external activities of the members of the Executive Committee see their curriculum vitae.

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

* Until May 2009, Patrick De Maeseneire served as Chief Executive Officer. From June until August 2009, Andreas Jacobs assumed the position of Chief Executive Officer ad interim.

** Until August 2009, Massimo Garavaglia was co-responsible for Americas. Until August 2009, Onno Bleeker was co-responsible for Western Europe.

Juergen B. Steinemann
Chief Executive Officer, German national

Juergen B. Steinemann (1958) was appointed Chief Executive Officer of Barry Callebaut AG effective August 1, 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 with sales of EUR 5 billion in 2008, more than 100 production and processing plants in more than 30 countries and about 9,300 employees.

From 1999 to 2001, Mr. Steinemann served as CEO of Unilever's former subsidiary Loders Croklaan, which produced and marketed specialty oils and fats for the chocolate, bakery and functional foods industry. Between 1990 and 1998, Juergen Steinemann was with the former Eridania Beghin-Say Group, where he held various senior positions in business-to-business marketing and sales, 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 excutive 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 effective June 1, 2009, and is a member of the Executive Committee of Barry Callebaut AG. Until August 2009, Massimo Garavaglia was co-responsible for the Region Americas.

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 effective May 1, 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, Minn., 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 member of the board of directors of Arthur J. Gallagher & Co, an international insurance brokerage and risk management company with headquarters in Itasca, IL/USA.

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 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.

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

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, as an auditor. From 1990 to 1993, he worked as a Supervising Audit Senior and Audit Manager for KPMG Fides, Zurich. He then joined JMP Newcor AG, Zug, as Director of European Finance and Operations, where he worked for three years.

Steven Retzlaff joined Barry Callebaut as 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 is a Certified Public Accountant (CPA) and holds a Bachelor of Arts in Economics from Whitman College. He also studied at the Institute of European Studies in Madrid and at Insead in Fontainebleau.

Hans Vriens
Chief Innovation Officer, Dutch national

Hans P. Vriens (1965) was appointed to the position of Chief Innovation Officer and member of the Management Team in December 2005. Since November 2009, Hans Vriens has been a member of the Executive Committee.

From 2001 to 2005, Hans Vriens was active as the owner of VF&CO. B.V. in Amsterdam, Netherlands, a holding company which invests in and develops new consumer brands for itself and for third-party customers. Activities include consulting for large multinational companies in functional foods, a partnership selling an energy drink in a new packaging concept, as well as the production and distribution of a functional dairy product.

Prior to this, Hans Vriens served as Executive Board Member responsible for Sales, Marketing and Interactive at EM-TV & 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/Effems in Spain and in the Netherlands.

Hans P. Vriens holds a BBA in Marketing from the Nijenrode 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.

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 package of remuneration, which corresponds to 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. For the Board it is based on fixed directors' fees and the granting of Barry Callebaut AG shares.

The top management remuneration framework of Barry Callebaut consists of four elements: fixed base salary, short-term cash-based incentives related to EBIT/EVA/Working Capital targets in the fiscal year under review (50 to 100% of base salary), long-term incentives in the form of share allotments (70 to 125%) and benefits (10 to 20%). The short-term bonus criteria for the members of the Executive Committee are for the CEO and CFO: Group EVA, Group EBIT, Working Capital and Earnings per Share, and for the other members of the Executive Committee: predominantly Regional EBIT (or Group EBIT respectively for the corporate functions), as well as Group EVA and Working Capital. The allotment of shares is based on a deferred share plan. Participants are granted a number of shares, of which 80% will be given without being linked to performance criteria. The shares will vest as follows: 30% after one year, 30% after two years and 40% after three years, half of which (20%) are subject to achieving the performance criteria defined by the Nomination & Compensation Committee. The performance criteria for the grants made in the fiscal year under review are the earnings per share. This remuneration scheme has been applied to the eligible top executives who have joined the company since 2007 (Juergen B. Steinemann, Victor Balli, David Johnson). The participants of the former remuneration scheme are being transferred to the new scheme after varying transition periods and until such time, these individuals are granted restricted shares with blocking periods of at least one year.

On a yearly basis, usually at the November Board meeting, the Board, upon recommendation of the NCC, decides on the performance-related cash bonuses relating to the previous fiscal year and the compensation system for the coming calendar year.

For details regarding the compensation, shareholdings and loans of the members of the Board of Directors and the Senior Management Team 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 services agreements, under which Jacobs Holding AG offers to Barry Callebaut certain management, consultancy and flight services as well as training facilities. In the past fiscal year, 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 2008/09, 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.

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 two members of the Executive Committee have a fixed minimum duration of three years, 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.

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

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.

For the past fiscal year, 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) CHF 0.5 million and for advisory services in connection with the Group's internal control system CHF 0.1 million. Adequate measures for the avoidance of potential conflicts of interests between the different services provided by KPMG were observed, notably in respect of the advisory services regarding the Group's internal control system (executed by the KPMG Internal Audit, Risk and Compliance Services team). The internal control system project was monitored by the AFRQCC and supervised by the Chairman of the AFRQCC.

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 quarterly 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 current fiscal year and contacts are given on page 124.

Chocolate Glossary

A

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

B

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

C

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

Cocoa powder ratio
Price of 1 metric tonne of cocoa powder relative to the price of 1 metric 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/or butter 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.

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, powder and/or butter. 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. These products are manufactured with raw materials purchased from Fairtrade manufacturers.

Fermentation
Fermentation is an essential and 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.

H

HACCP
HACCP stands for Hazard Analysis and Critical Control Point. It is a management plan that follows a systematic and preventive approach to ensure quality and safety of Barry Callebaut products and the environment in which they are produced.

I

Industry Protocol
Also known as Cocoa Protocol or Harkin-Engel Protocol. The Protocol was signed in 2001 by cocoa and chocolate manufactuers, 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 signers 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.

K

Kosher
Foods certified as "Kosher" comply with Jewish dietary laws. The certification is done by Orthodox Jewish Kashrut dietary law specialists.

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, powder and/or butter to which powdered milk, sugar, 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.

O

Origin chocolate
Chocolate made from beans from one single-origin country or region.

P

Polyphenols
Cocoa beans contain polyphenols of unusually high quality and effectiveness. Polyphenols are antioxidants. 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 big part of the cacao butter is removed from the cocoa liquor.

Q

Quality Partner program
Barry Callebaut's program with cocoa cooperatives in Côte d'Ivoire. The goal is to provide farmers with access to better training in agricultural techniques and how to manage their business and personal finances, as well as access to healthcare for themselves and their families, and sensitization about child labor issues and the importance of schooling for their children. The training enables farmers to improve the quality of their farms and business practices and to deliver more and better-quality cocoa beans.

R

Rainforest Alliance
The Rainforest Alliance works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behavior.

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.

Sugar
Sugar is the largest commodity on the world market, followed by coffee and cocoa. It is used as one of the main ingredients for chocolate (up to 55%).

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.

U

UTZ
UTZ CERTIFIED Good Inside is dedicated to creating an open and transparent marketplace for agricultural products. Founded in 2002, UTZ CERTIFIED has been a pioneer in the field of certification and traceability of coffee supply chains. Based on this success, it is developing sustainability models for other sectors, such as cocoa, tea and palm oil.

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 or powder.

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Financial calendar

	Date	
Annual General Meeting 2008/09, Zurich	December	8, 2009
3-month key sales figures 2009/10	January	13, 2010
Half-year results 2009/10, Zurich	April	1, 2010
9-month key sales figures 2009/10	June	30, 2010
Year-end results 2009/10, Zurich	November	4, 2010
Annual General Meeting 2010/11, Zurich	December	7, 2010

Forward-looking statements

Certain statements in this Annual Report 2008/09 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," and "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. 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 November 10, 2009. Barry Callebaut does not undertake to publish any update or revision of any forward-looking statements.

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