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FINANCIAL STATEMENTS OF BARRY CALLEBAUT AG

Barry Callebaut AG
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Income Statement

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

Retained earnings

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

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Balance Sheet

Assets

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

Liabilities and shareholders' equity

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

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

Notes to the Financial Statements

1 Liens, guarantees and pledges in favor of third parties

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

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

2 Fire insurance value of property, plant and equipment

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

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3 Investments

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

1 In 2010/11, share capital was increased by EUR 1,162,295 in Barry Callebaut Belgium Consumer N.V. whereas the share capital of Barry Callebaut Belgium N.V. was reduced by the same amount (share capital split)

2 In 2010/11, share capital was increased by EUR 90,000,000

3 Participation sold as a result of the disposal of the European consumer business as of September 30, 2011

Investments are stated at cost less any provision for impairment.

4 Treasury shares

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

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5 Significant shareholders

as of August 31,	2011	2010
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Nicolas and Philippe Jacobs ¹	5.53%	6.14%
Nathalie Jacobs	3.07%	3.07%

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

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

Remuneration of key management¹ for the fiscal year 2010/11

	Compen- sation fix	Compen- sation variable	Other compen- sation ²	Number of shares ³	Value of shares ⁴	Total remuneration 10/11	Total remuneration 09/10
Board of Directors (BoD) in thousands of CHF							
Andreas Jacobs Chairman/Delegate	350.0	–	–	360	280.8	630.8	533.8
Andreas Schmid Vice Chairman Member of the AFRQCC ⁵	180.0	–	56.0	180	140.4	376.4	317.9
Rolando Benedick Member of the NCC ⁶	125.0	–	29.8	180	140.4	295.2	233.2
James L. Donald Member of the NCC	125.0	–	–	180	140.4	265.4	216.9
Markus Fiechter ⁷ Member of the AFRQCC	–	–	–	–	–	–	–
Stefan Pfander Chairman of the NCC	140.0	–	–	180	140.4	280.4	239.4
Jakob Baer ⁸ Member of the AFRQCC	50.0	–	4.5	180	132.3	186.8	n/a
Urs Widmer Chairman of the AFRQCC	140.0	–	13.8	180	140.4	294.2	255.1
Total remuneration Board of Directors	1,110.0	–	104.1	1,440	1,115.1	2,329.2	1,796.3
Remuneration Executive Committee⁹	3,433.9	3,740.3	1,926.4	9,353	7,295.3	16,395.9	14,444.4
Total remuneration of key management	4,543.9	3,740.3	2,030.5	10,793	8,410.4	18,725.1	16,240.7
Highest individual remuneration within Executive Committee: Juergen Steinemann CEO Barry Callebaut Group	1,000.0	1,224.1	1,210.0	3,750	2,925.0	6,359.1	4,866.5

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

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

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Holdings of shares and options¹⁰

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

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

2 Including social security and pension contributions as well as other benefits

3 Number of shares granted in relation to the fiscal year under review; vesting subject to meeting service and/or performance conditions

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

5 Audit, Finance, Risk, Quality & Compliance Committee

6 Nomination & Compensation Committee

7 No compensation paid. Services rendered by Markus Fiechter as a member of the BoD are covered by the service fee charged by Jacobs Holding AG (see also note 28 of the Consolidated Financial Statements of Barry Callebaut Group)

8 Jakob Baer was elected as member of the BoD at the General Assembly held on December 7, 2010

9 Disclosure relates to the Executive Committee as in place on August 31, 2011, i.e.: Juergen Steinemann, Victor Balli, Massimo Garavaglia, Steven Retzlaff, David S. Johnson, Dirk Poelman and Hans P. Vriens

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

11 Excluding the 50.11% participation held by Jacobs Holding AG

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7 Risk assessment disclosures

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

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

8 Subsequent events

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

9 Appropriation of available earnings and reserves

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

9.1 Allocation from Reserves from capital contributions to free reserves

in the amount of CHF 80,135,000.

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

in the amount of CHF 80,135,000.

9.3 Carry-forward of the balance of retained earnings

of CHF 1,224,031,781.



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

Barry Callebaut AG, Zurich

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

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

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

Report on Other Legal Requirements

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

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

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

KPMG AG

Roger Neiningger
Licensed Audit Expert
Auditor in Charge

Marc Ziegler
Licensed Audit Expert

Zurich, November 7, 2011

