BARRY CALLEBAUT

2006/07

# letter to investors

Sales revenue up 10.6% to CHF 4,106.8 million

Major outsourcing contracts with Nestlé, Hershey's and Cadbury

EBIT growth of 9.8% to CHF 324.0 million

# Agenda

| | Date | |
|---|---|---|
| Annual General Meeting 2006/07, Zurich | November | 29, 2007 |
| 3-month key sales figures 2007/08 | January | 22, 2008 |
| Half-year results 2007/08, Zurich | April | 3, 2008 |
| 9-month key sales figures 2007/08 | July | 1, 2008 |
| Annual results 2007/08, Zurich | November | 6, 2008 |
| Annual General Meeting 2007/08, Zurich | December | 4, 2008 |

# Fiscal year 2006/07: Barry Callebaut reports continued strong sales and profit growth

- **Sales volumes rise 8.5% to 1,059,200 tonnes**
- **Sales revenue increases 10.6% to CHF 4,106.8 million**
- **Operating profit (EBIT) up 9.8% to CHF 324.0 million**
- **Net profit from continuing operations up 9.1% to CHF 207.0 million**
- **Sale of Brach's has been signed; Brach's therefore classified as discontinued business**
- **Increased 4-year financial targets: annual top-line growth of 9–11%, EBIT growth of 11–14% and net profit growth of 13–16%**
- **Board of Directors proposes a payout of CHF 11.50 per share, up from CHF 10.50**

Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, today published its results for fiscal year 2006/07 closed as of August 31, 2007. Following the signing of an agreement to sell Brach's in the U.S., the business has been classified as discontinued business and prior-year figures have been restated accordingly. To eliminate distorting effects on key figures, physical bean sales are excluded from sales revenue, which only shows processed goods sold.

In fiscal year 2006/07, the company's sales volumes rose strongly by 8.5% to 1,059,200 tonnes, with all regions contributing to the increase. Region Europe registered the strongest volume growth with a 10.1% increase. Group sales revenue grew significantly by 10.6% to CHF 4,106.8 million, driven by a strong performance in the Food Manufacturers business unit. Operating profit (EBIT) increased to CHF 324.0 million, or a 9.8% rise, reflecting a good performance of all regions and business units. The EBIT improvement was achieved despite the earlier communicated deterioration of the combined (cocoa) ratio and a challenging raw material cost environment, which together had a negative impact of approximately CHF 30 million on the company's operating result. However, Barry Callebaut's business model allowed it to compensate the major part of higher raw material costs. Net profit from continuing operations went up 9.1% to CHF 207.0 million.

Patrick De Maeseneire, CEO of Barry Callebaut, said: "I am pleased with our results and our achievements in fiscal year 2006/07. We grew more than twice as fast as the global chocolate market. Food Manufacturers continued to be the driving force for volume gain and the Gourmet business had a very strong second semester. Our cost environment will remain challenging amid high raw material prices, but we have responded to these pressures by optimizing our cost structure and increasing sales prices. The major long-term supply agreements with 3 of the top 5 global confectionery makers have clearly positioned us as the outsourcing partner of choice in the food industry."

**Increased financial targets for the 4-year period 2007/08 through 2010/11**
With four major outsourcing agreements and the acquisition or construction of additional production capacities in Western Europe, Russia, North America, China and Japan, Barry Callebaut has entered a phase of accelerated growth. The company has therefore increased its mid-term performance targets significantly. The revised target for top-line growth is twice as high as the previous target. Operating profit (EBIT) and net profit will also increase faster despite significant investments, start-up costs and additional depreciation related to the additional production capacities. The increased targets for the 4-year period 2007/08 through 2010/11 are on average: annual top-line growth of 9–11%, EBIT growth of 11–14% and net profit growth of 13–16%.

**Outlook**
Looking ahead, CEO Patrick De Maeseneire said: "With four major long-term supply agreements, a completely transformed manufacturing footprint in the Americas and a targeted geographic expansion into high-growth markets, we have built a strong basis for accelerated growth in the future. This is why we have increased our financial targets for the 4-year period 2007/08 through 2010/11. Despite a challenging cost environment amid high raw material prices and uncertainties from the currency and financial markets, I am confident that we will continue to outpace the global chocolate market and further improve our performance. This, of course, barring any major unforeseen events."

**Barry Callebaut (www.barry-callebaut.com):**
With annual sales of more than CHF 4 billion for fiscal year 2006/07, Zurich-based Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate – from the cocoa bean to the finished product on the store shelf. Barry Callebaut is present in 23 countries, operates 37 production facilities and employs approximately 8,000 people. The company serves the entire food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers), to global retailers. It also provides a comprehensive range of services in the fields of product development, processing, training and marketing.

# Key figures Barry Callebaut Group

| as of August 31, | | Change (%) | **2006/07** | 2005/06[9] |
|---|---|---|---|---|
| **Income statement** | | | | |
| Sales revenue | CHF m | 10.6% | 4,106.8 | 3,713.2 |
| Sales volumes | Tonnes | 8.5% | 1,059,200 | 976,661 |
| EBITDA[1] | CHF m | 8.8% | 427.1 | 392.5 |
| Operating profit (EBIT) | CHF m | 9.8% | 324.0 | 295.0 |
| Net profit[2] | CHF m | 9.1% | 207.0 | 189.7 |
| Cash flow[3] | CHF m | 16.9% | 406.8 | 347.9 |
| EBIT per tonne | CHF | 1.3% | 305.9 | 302.0 |
| **Balance sheet** | | | | |
| Total assets | CHF m | 13.3% | 3,186.7 | 2,811.8 |
| Net working capital[4] | CHF m | (4.0%) | 883.9 | 920.9 |
| Non-current assets | CHF m | 2.2% | 1,211.3 | 1,184.9 |
| Net debt | CHF m | 2.6% | 930.2 | 906.9 |
| Shareholders' equity[5] | CHF m | 6.0% | 1,059.1 | 999.2 |
| **Ratios** | | | | |
| Economic Value Added (EVA) | CHF m | 16.6% | 122.9 | 105.4 |
| Return on invested capital (ROIC)[6] | % | 4.4% | 14.3% | 13.7% |
| Return on equity (ROE) | % | 3.0% | 19.5% | 19.0% |
| Debt to equity ratio | % | (3.2%) | 87.8% | 90.8% |
| **Shares** | | | | |
| Share price at year end | CHF | 59.2% | 873 | 548 |
| EBIT per share (issued) | CHF | 9.8% | 62.7 | 57.1 |
| Earnings per share | CHF | 9.3% | 40.2 | 36.7 |
| Cash earnings per share[7] | CHF | 17.4% | 78.6 | 66.9 |
| Payout per share[8] | CHF | 9.5% | 11.5 | 10.5 |
| **Other** | | | | |
| Employees | | 8.0% | 7,592 | 7,028 |

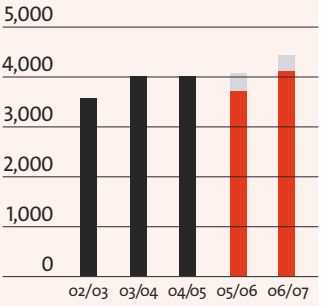
Following the signing of an agreement to sell Brach's in the U.S., the division has been classified as discontinued business and prior-year figures have been restated except for the Balance Sheet as stipulated by IFRS 5.
To eliminate distorting effects on key figures, physical bean sales have been excluded from sales revenue.

1 EBIT + depreciation on 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 continuing commercial activities and current provisions
5 Total equity attributable to the shareholders of the parent company
6 EBIT *(1-effective tax rate)/average capital employed
7 Operating cash flow before working capital changes/diluted shares outstanding
8 Par value reduction instead of a dividend; 2006/07 as proposed by the Board of Directors to the shareholders
9 Certain comparatives have been restated or reclassified to conform to the current period's presentation

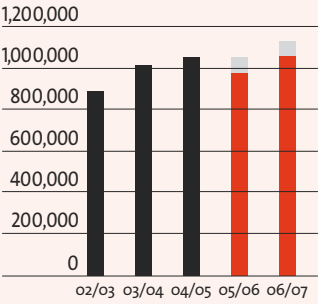
# Key figures Barry Callebaut Group

Discontinued operations (Brach's)
Continuing operations (excl. Brach's)

## Sales revenue
in CHF million



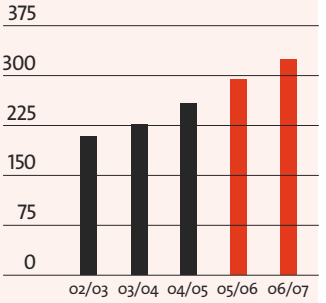

## Sales volumes
in tonnes



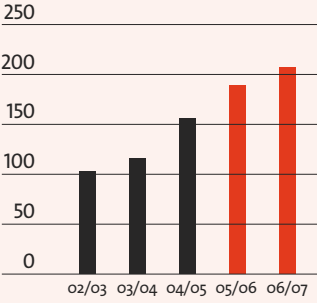

Continuing operations (excl. Brach's)

* Net profit from continuing operations

## EBIT
in CHF million




## Net profit*
in CHF million



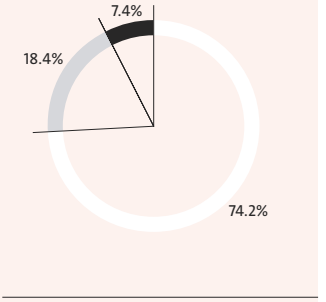

### By region

| | |
|---|---|
| Europe | CHF m 3,048.4 |
| Americas | CHF m 756.8 |
| Asia and Rest of World | CHF m 301.6 |

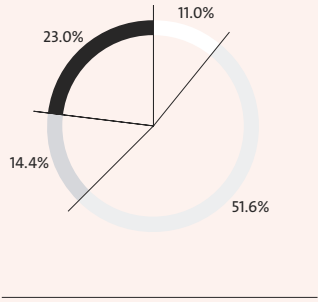
### By business unit

| | |
|---|---|
| Cocoa | CHF m 453.6 |
| Food Manufacturers | CHF m 2,120.6 |
| Gourmet & Specialties | CHF m 590.7 |
| Consumer Products | CHF m 941.9 |

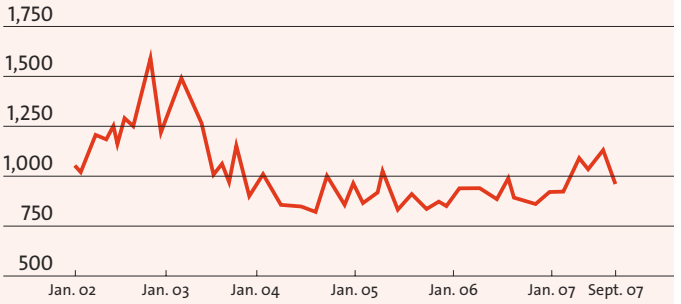
## Sales revenue by region 2006/07
in CHF million




## Sales revenue by business unit 2006/07
in CHF million

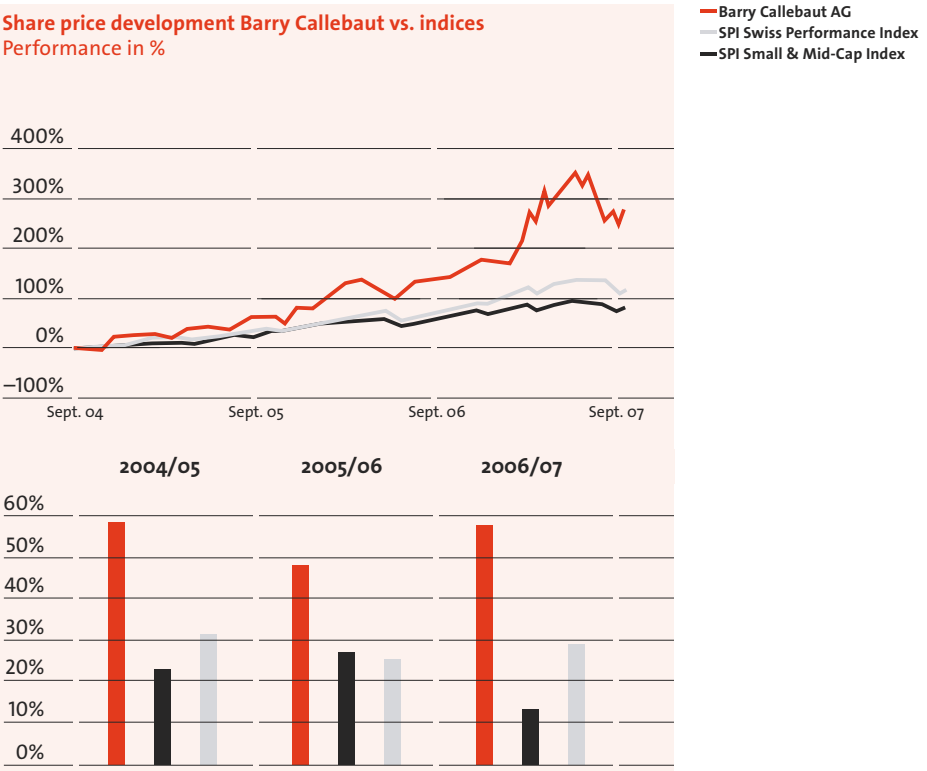


**Cocoa price**
London Cocoa Terminal Market
in GBP/tonne




6-month forward delivery prices

**Share price development Barry Callebaut vs. indices**
Performance in %




The bar chart shows the performance of the Barry Callebaut share in percent against the performance of the SPI Swiss Performance Index and the SPI Small & Mid-Cap Index in the respective one-year period.

# Reflections on a year of growth and partnership

## Interview with the Chairman and the CEO

**Q Mr. Jacobs, could you please briefly describe Barry Callebaut's fiscal year 2006/07?**

**AJ** I am very pleased to look back on yet another successful year for Barry Callebaut. Not only did we manage to grow more than twice as fast as the global chocolate market, but we also set the course for continued growth in the future by signing long-term outsourcing agreements with three of the top five global confectionery makers, expanding and optimizing our worldwide factory network and we took further action in the area of social responsibility. We are well positioned for accelerated growth.

**Q Which achievements are you most proud of?**

**AJ** The outsourcing agreements with Nestlé, Hershey's and Cadbury Schweppes, which have clearly established us as the outsourcing partner of choice for the world's leading food manufacturers. If we add up the three supply agreements, we will have approximately 150,000 tonnes of additional volume per year within the next two to three years. In parallel, we expanded our manufacturing network in France, Italy and North America, as well as outside our traditional markets by opening a new factory in Russia and constructing one in China. We also plan to open a sales office and Chocolate Academy in India. Furthermore, we have strengthened our foothold in Japan, where we agreed to buy chocolate production equipment from Morinaga – a leading Japanese confectionery maker – and signed a supply agreement with them as well. Another highlight of the year was the successful placement of a EUR 350 million 10-year bond.

**Q In September 2007, you announced your intention to divest your U.S. sugar-candy subsidiary, Brach's. What led to this decision?**

**AJ** We acquired Brach's because we wanted to get access to the large U.S. retailers and to manufacture customer label chocolate for them. We were able to grow customer label chocolate products, but rather insignificantly. The market for customer label products in the U.S. has not developed in the same way as in Europe. Therefore, Brach's is still selling around 80% non-chocolate products. These factors prompted us to do a strategic review earlier this year. The conclusion was that as a chocolate company we should concentrate on chocolate products and sell Brach's to a new owner that would be able to further develop the Brach's brand and business.

**"It is not only important to have the right strategy but also to have the right talent, because people are the heart and engine of the company. This is why Barry Callebaut is focusing on succession planning."**

**Andreas Jacobs**
Chairman of the Board

**Q Mr. De Maeseneire, what are the main factors that led to your success in the past fiscal year?**

**PDM** Our success rests on the three pillars of our growth strategy: innovation, geographic expansion and cost leadership. The successful interplay of these strategic focal points has convinced multinational confectionery makers to choose Barry Callebaut as their preferred partner. Our wide product range and strong innovation platform are among our greatest competitive advantages. In addition, our global geographic reach, with 37 factories on four continents, allows us to better serve our customers. However, innovation and geographic expansion are only possible if we succeed in maintaining cost leadership in the long term. To achieve this, we are constantly optimizing our cost structure at every step of the value chain, while refining our production processes and technologies and improving our use of energy. This strategy has served us well so far, and we expect to continue to reap the fruits of our investments.

**Q What was the main challenge?**

**PDM** Our main challenge was the cost environment due to rising raw material prices. Cocoa prices increased by almost 15 % during the year, partly due to market speculation, while milk powder prices almost doubled as a result of increased demand in emerging markets and a drought in Australia that reduced supplies.

**"We won three major outsourcing deals; we totally transformed our set-up in North America; we strengthened our footprint in Asia and issued a EUR 350 million bond. It has been a busy year for Barry Callebaut. We are now ideally positioned for accelerated future growth."**

**Patrick De Maeseneire**
Chief Executive Officer

**Q How did you address these challenges?**

**PDM** In the industrial and the customer label business, which represents approximately 80% of our business, our contract pricing is based on hedged raw material costs. New contracts will always be priced taking into account any changes in raw material prices. This ensures that any increases in raw material costs are passed on to customers. In our Gourmet and branded Retail business we operate with price lists that are adjusted on a regular basis. Our sourcing department manages all purchasing activities centrally and applies consistent risk management tools to limit our raw material price risk exposure.

**Q How did your main markets develop?**

**PDM** The global chocolate confectionery market grew by 3.5% from 2006 to 2007 and is valued at around CHF 90 billion. The fastest growth is seen in emerging markets, driven by countries such as Russia and China. Demand for chocolate in China will be further spurred on by the Olympic Games in 2008 and by the World Expo in Shanghai in 2010. In Western Europe and North America the market for standard chocolates is mature and growth can be attributed mainly to premium products, such as origin, organic, health-enhancing and fair-trade chocolates. Dark chocolate, with a high cocoa content, is experiencing rapid growth helped by positive media coverage on the potential health benefits of cocoa.

**Q Where do you see the greatest growth potential?**

**AJ** Western Europe already has the highest consumption of chocolate in the world. We therefore see the biggest potential in Eastern Europe and in China. In China the annual per capita consumption of chocolate is 100 grams, which is 1% of that in Switzerland. In the next five years we intend to double our sales in Eastern Europe and Asia. To accomplish this, as I mentioned earlier, we are starting up new factories in Russia and China, we are acquiring production equipment in Japan and will open our first sales office in India in the second half of 2007. Did you know that about 500 to 600 million people live in the Greater Shanghai area? These people are curious and want to explore new things, and as their incomes rise and they start to travel more, they will get acquainted with Western-style chocolate and will want to buy it at home. By the end of next year, we will have five production sites in Eastern Europe and Asia, two of the most dynamic regions in the world in terms of chocolate consumption.

**Q Why do customers choose Barry Callebaut?**

**AJ** Barry Callebaut is the only fully integrated chocolate manufacturer – from the bean to the shelf – with a global presence. Our activities range from sourcing raw materials through production of semi-finished products, all the way to making chocolate, gourmet and specialty products. Our heritage and our knowledge of the chocolate business make us the business partner of choice for the entire food industry. We invest a lot of time and effort to fully understand customer needs, which differ greatly from individual artisans to industrial manufacturers and global retailers. To best serve our customers we are organized along customer segments within our regions.

**Q How does Barry Callebaut differ from its competitors?**

**AJ** Our ability to produce a broad range of specifically tailored products of consistent quality at locations close to our customers sets us apart from the competition and enables us to use our constantly evolving expertise to help our customers grow their businesses. We also provide a comprehensive range of services in the fields of product development, processing, training and marketing. We are currently present in 23 countries, with nearly all our factories ISO-9001 certified, and we are expanding our operations in emerging markets. In the area of innovation we pioneer new trends in the chocolate industry through focused R&D activities and consumer surveys to help us stay ahead of the game by better understanding changing consumer preferences.

**"One in four chocolate products worldwide contains Barry Callebaut chocolate."**

**Q Do you expect more manufacturers to outsource to Barry Callebaut in the future?**

**PDM** Yes, absolutely! There are two fundamental arguments that support the ongoing outsourcing trend. First, there are the financial criteria. If a manufacturer foregoes the first production steps and focuses on the final production stages, he frees up funds that are otherwise consumed in the cocoa processing stages. Barry Callebaut can offer to handle these first production steps at a reasonable price and good quality because we work efficiently and possess the necessary know-how. In addition, customers only pay 45 days after the delivery, which is good for their balance sheet. The second driving force of outsourcing is the growing complexity of the chocolate industry. Consumers are asking for more variety, such as origin chocolate, health-enhancing or organic chocolate. For the producers it is getting ever more difficult to reconcile the rising quality demands of the consumers with the growing price pressures in the retail market. For them outsourcing is the solution. And we are here to provide them with this service.

**Q What are the current trends in the chocolate market?**

**PDM** Consumers are increasingly seeking more intense taste experiences. Dark chocolate has continued to gain in popularity because of its taste profile and its potential health benefits as a rich source of antioxidants. The trend towards dark chocolate has fed consumer interest in premium chocolate, with high levels of cocoa, as well as organic varieties and exotic flavors. Single-origin chocolate, which is made from cocoa beans originating from one specific country, enjoys great popularity.

**Q How does Barry Callebaut address these trends?**

**PDM** Barry Callebaut offers its customers the most varied single-origin chocolate assortment of any chocolate producer in the world. We launched more than ten new origins this year and more will follow. Consumers are also becoming increasingly more health-conscious. In line with this trend, we are focusing on harnessing the healthy components of the cocoa bean and preserving them in new chocolate products. Our new ACTICOA™ cocoa powder, which contains a guaranteed minimum level of cocoa polyphenols – antioxidants that help keep our bodies healthy – is one such example. In close cooperation with dentists, we developed tooth-friendly chocolate and launched it in September. We also have probiotic chocolate and sugar-reduced chocolate that offer additional health benefits. All these new products are based on well-founded scientific research developed by working together with the best universities and scientists in the world to allow our customers to indulge and be healthy at the same time. For consumers, who attach great importance to the provenance of ingredients we offer fair-trade chocolate. This fast pace of product launches means that we have to be vigilant in terms of safeguarding our intellectual property. We have therefore increased our patent filing activities.

**Q What activities is Barry Callebaut involved in to promote corporate social responsibility?**

**AJ** As the world's leading manufacturer of cocoa and chocolate products, we recognize that our business operations have an impact on the lives of many people. Together with other industry members, we're working hard to ensure that cocoa is grown and processed responsibly. We also support on-the-ground projects in West Africa. In Ivory Coast we have launched our own "Quality Partner program," where we work closely with participating cocoa farmers to provide them with training and healthcare. We also provide education for children of participating cocoa farmers. As part of the program we train the farmers in improving the quality of their beans, which enables them to get a premium for their beans, and thereby helps them achieve greater economic security.

**"People smile when you give them chocolate. And I am proud to work for the No. 1 company in the industry that makes people smile."**

# Consolidated Statement of Income

| for the year ended August 31, | 2007 | 2006[2] |
|---|---|---|
| in thousands of CHF | | restated[1] |
| **Revenue from sales and services** | **4,106,768** | **3,713,216** |
| Cost of goods sold | (3,452,950) | (3,101,431) |
| **Gross profit** | **653,818** | **611,785** |
| Marketing & Sales | (123,462) | (111,817) |
| General & Administration | (243,494) | (224,975) |
| Other income | 54,901 | 30,658 |
| Other expense | (17,741) | (10,680) |
| **Operating profit (EBIT)** | **324,022** | **294,971** |
| Financial income | 30,272 | 12,388 |
| Financial expense | (113,868) | (86,600) |
| Result from investments in associates | (60) | – |
| **Profit before income taxes** | **240,366** | **220,759** |
| Income taxes | (33,319) | (31,036) |
| **Net profit from continuing operations** | **207,047** | **189,723** |
| Net loss from discontinued operations, net of tax | (82,991) | (6,149) |
| **Net profit for the year** | **124,056** | **183,574** |
| of which attributable to the shareholders of the parent company | 124,035 | 183,022 |
| of which attributable to minority interests | 21 | 552 |

**Earnings per share from continuing and discontinued operations**

| | | |
|---|---|---|
| Basic earnings per share (CHF/share) | 24.05 | 35.53 |
| Diluted earnings per share (CHF/share) | 23.97 | 35.21 |

**Earnings per share from continuing operations[3]**

| | | |
|---|---|---|
| Basic earnings per share (CHF/share) | 40.15 | 36.72 |
| Diluted earnings per share (CHF/share) | 40.01 | 36.39 |

1 See note about discontinued operations – page 5
2 Certain comparatives have been reclassified to conform with the current period's presentation
3 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, in thousands of CHF | 2007 | 2006[1] |
|---|---|---|
| **Current assets** | | |
| Cash & cash equivalents | 35,714 | 38,229 |
| Short-term deposits | 5,424 | 2,048 |
| Trade receivables | 297,469 | 290,333 |
| Inventories | 1,102,137 | 946,022 |
| Derivative financial assets | 168,384 | 106,192 |
| Income tax assets | 1,787 | 7,117 |
| Other current assets | 241,079 | 236,997 |
| Assets held for sale | 123,417 | – |
| **Total current assets** | **1,975,411** | **1,626,938** |
| **Non-current assets** | | |
| Property, plant and equipment | 724,130 | 719,250 |
| Financial assets | 7,266 | 7,000 |
| Investments in associates | 484 | – |
| Intangible assets | 410,950 | 396,464 |
| Deferred tax assets | 43,731 | 49,485 |
| Other non-current assets | 24,700 | 12,693 |
| **Total non-current assets** | **1,211,261** | **1,184,892** |
| **Total assets** | **3,186,672** | **2,811,830** |

## Liabilities and equity

| as of August 31, in thousands of CHF | 2007 | 2006 |
|---|---|---|
| **Current liabilities** | | |
| Bank overdrafts | 60,874 | 44,101 |
| Short-term debt | 349,662 | 342,505 |
| Trade payables | 384,708 | 318,572 |
| Income tax liabilities | 36,247 | 44,103 |
| Provisions | 5,091 | 17,077 |
| Derivative financial liabilities | 74,259 | 43,138 |
| Other current liabilities | 408,249 | 242,914 |
| Liabilities directly associated with assets held for sale | 34,468 | – |
| **Total current liabilities** | **1,353,558** | **1,052,410** |
| **Non-current liabilities** | | |
| Long-term debt | 564,527 | 569,204 |
| Deferred tax liabilities | 54,480 | 47,106 |
| Employee benefit obligations | 146,968 | 136,102 |
| Provisions | 1,879 | 2,384 |
| Other non-current liabilities | 2,326 | 1,176 |
| **Total non-current liabilities** | **770,180** | **755,972** |
| **Total liabilities** | **2,123,738** | **1,808,382** |
| **Equity** | | |
| Share capital | 381,029 | 435,314 |
| Retained earnings and other reserves | 678,040 | 563,897 |
| **Total equity attributable to the shareholders of the parent company[2]** | **1,059,069** | **999,211** |
| Minority interests | 3,865 | 4,237 |
| **Total equity** | **1,062,934** | **1,003,448** |
| **Total liabilities and equity** | **3,186,672** | **2,811,830** |

1 Certain comparatives have been restated or reclassified to conform with the current year's presentation
2 Shareholders' equity

# Consolidated Statement of Cash Flows

## Cash flows from operating activities[1]

| for the year ended August 31, in thousands of CHF | **2007** | 2006[2] |
|---|---|---|
| Profit before income taxes from continuing operations | 240,366 | 220,759 |
| Loss before income taxes from discontinued operations | (76,669) | (5,298) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 98,166 | 99,875 |
| Amortization of intangible assets | 17,184 | 12,852 |
| Impairment of property, plant & equipment | 53,613 | 393 |
| Recognition of negative goodwill on acquisitions | (25,444) | – |
| (Gain) on sale of property, plant and equipment | (1,871) | (3,980) |
| (Gain) on sale of subsidiary | (1,280) | – |
| Foreign exchange (gain)/loss | 7,007 | (4,109) |
| Fair value (gain)/ loss on derivative financial instruments | (48,986) | (5,500) |
| Fair value (gain)/loss on hedged firm commitments | 91,234 | (43,340) |
| Fair value (gain)/loss on inventories | (46,357) | (9,600) |
| Write-down of inventories | 3,510 | 1,484 |
| Increase (decrease) of bad debt allowance | 3,917 | 1,339 |
| Increase (decrease) of provisions | 6,290 | 2,532 |
| Increase (decrease) of employee benefit obligations | (5,077) | (7,095) |
| Equity-settled share-based payments | 8,400 | 7,756 |
| Result from investments in associates | 60 | – |
| (Interest income) | (3,553) | (2,795) |
| Interest expense | 86,263 | 82,670 |
| **Operating cash flow before working capital changes** | **406,773** | **347,943** |
| (Increase) decrease in trade receivables | (61,734) | 36,716 |
| (Increase) decrease in inventories | (123,949) | (73,447) |
| (Increase) decrease in other current assets | (21,385) | 63,417 |
| Increase (decrease) in trade payables | 74,538 | 39,825 |
| Increase (decrease) in other current liabilities and use of provisions | 94,145 | (91,934) |
| **Cash generated from operations** | **368,388** | **322,520** |
| (Interest paid) | (91,105) | (66,956) |
| (Income taxes paid) | (42,555) | (43,022) |
| **Net cash flow from operating activities** | **234,728** | **212,542** |

# Consolidated Statement of Cash Flows

## Cash flows from investing activities[1]

| for the year ended August 31, in thousands of CHF | **2007** | 2006 |
|---|---|---|
| Purchase of property, plant and equipment | (136,354) | (87,876) |
| Proceeds from sale of property, plant and equipment | 10,112 | 9,301 |
| Acquisition of subsidiaries, net of cash acquired | 914 | – |
| Expenditure for development costs (software) | (16,722) | (26,804) |
| Cash inflow on disposal of subsidiary | 4,630 | – |
| Investments in associates | (538) | – |
| Decrease of deposits | 5,050 | 3,641 |
| (Increase) of deposits | (3,293) | (1,534) |
| (Increase) in other non current assets | (18,684) | – |
| Decrease in other non current assets | 1,284 | 752 |
| Interest received | 2,641 | 1,851 |
| **Net cash (outflow) inflow from investing activities** | **(150,960)** | **(100,669)** |

## Cash flows from financing activities[1]

| for the year ended August 31, in thousands of CHF | **2007** | 2006 |
|---|---|---|
| Proceeds from the issue of short-term debt | 103,242 | 134,633 |
| Repayment of short-term debt | (105,978) | – |
| Proceeds from the issue of long-term debt | 824,457 | 1,984 |
| Repayment of long-term debt | (851,911) | (203,970) |
| Capital reduction | (54,209) | (41,360) |
| Purchase of treasury shares | (18,184) | (8,211) |
| Sale of treasury shares | – | 44 |
| Dividends paid to minority shareholders | (137) | (238) |
| Effect of change in minority interests | 97 | 929 |
| **Net cash (outflow) inflow from financing activities** | **(102,623)** | **(116,189)** |
| Effect of exchange rate changes on cash and cash equivalents | (433) | (168) |
| **Net increase (decrease) in cash and cash equivalents** | **(19,288)** | **(4,484)** |
| Cash and cash equivalents at beginning of year | (5,872) | (1,388) |
| **Cash and cash equivalents at end of year** | **(25,160)** | **(5,872)** |
| **Net increase (decrease) in cash and cash equivalents** | **(19,288)** | **(4,484)** |
| Cash | 1,118 | 584 |
| Banks | 34,592 | 37,642 |
| Marketable securities | 4 | 3 |
| Bank overdrafts | (60,874) | (44,101) |
| **Cash and cash equivalents as defined for the cash flow statement** | **(25,160)** | **(5,872)** |

1 The Cash Flow Statement includes the cash flow from discontinued operations
2 Certain comparatives have been reclassified to conform with the current period's presentation

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