

Media Release

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SIX Exchange Regulation
SIX Swiss Exchange Ltd
Media Relations
Selnaustrasse 30
P.O. Box
CH-8021 Zurich

T +41 58 854 2675
F +41 58 854 2710
pressoffice@six-group.com

www.six-exchange-regulation.com

SIX Swiss Exchange Sanction Commission – Differing expert opinions on accounting mean no sanction against Barry Callebaut

Following a request for the imposition of a sanction, the Sanction Commission was required to ascertain whether Barry Callebaut AG had breached IFRS accounting standards in the preparation of its 2007/2008 consolidated financial statements and thereby violated the Listing Rules. The IFRS experts consulted reached differing opinions, and Barry Callebaut substantiated its actions on the basis of one such opinion. The Sanction Commission ruled that in these circumstances the correct application of the IFRS cannot be established by means of sanction proceedings.

On 6 November 2008, Barry Callebaut published its 2007/2008 consolidated financial statements as audited by KPMG AG. KPMG confirmed that the consolidated financial statements gave a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS). SIX Exchange Regulation also reviewed the statements and concluded that the valuation of inventory volumes was in violation of IAS 2 and that the fair value / hedge accounting treatment of inventories as hedging instruments was in breach of IAS 39. By contrast, Barry Callebaut presented an opinion prepared by KPMG AG stating that the chosen mode of reporting was the best possible way to provide information on the business model. What is more, an expert opinion was submitted by the Institute of Accounting, Controlling and Auditing of the University of St. Gallen which stated that the accounting model applied by Barry Callebaut is in compliance with the IFRS.

The Sanction Commission mandated a partner of PricewaterhouseCoopers AG to prepare an expert opinion. This particular opinion represented a different understanding on how best to apply IAS 2 to Barry Callebaut's business model and on the correct fair value / hedge accounting treatment under IFRS.

The Sanction Commission imposes sanctions where "the gravity of the offence and the degree of fault" so demand (Art. 82 of the Listing Rules then in force). If

such a level of specialized knowhow is necessary to be able to implement IAS 2 and IAS 39 and if specialists from the issuing company, from SIX Exchange Regulation, from KPMG AG, the Institute of Accounting, Controlling and Auditing of the University of St. Gallen and PricewaterhouseCoopers AG not only come up with differing findings as to the application of the IFRS but also reach differing opinions on how best to report to investors, no one can be reproached for relying on one given expert opinion. In these circumstances, it can not be stated that Barry Callebaut or its responsible persons are at fault. Rather, a significant degree of expert knowledge was evidently drawn on to ensure proper application of IFRS.

In these circumstances, it cannot be the object of sanction proceedings to declare just one of the varying opinions as IFRS-compliant and appropriate for Barry Callebaut's business model. It has therefore been ruled neither to issue a sanction nor to charge the costs of proceedings.

Barry Callebaut has in the meantime indicated that, on the basis of the expert opinions, it will adjust its reporting procedures to adequately take the differing views into consideration.

Information on financial reporting regulations can be found at: http://www.six-exchange-regulation.com/obligations/financial_reporting_en.html

Previous sanction decisions in the area of financial reporting can be found at: http://www.six-exchange-regulation.com/enforcement/sanction_decisions/financial_reporting_en.html

Should you have any questions, please feel free to contact Werner Vogt, Head Media Relations.

Phone: +41 58 854 2675
Fax: +41 58 854 2710
E-mail: pressoffice@six-group.com

SIX Exchange Regulation

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SIX Exchange Regulation's independence from SIX Swiss Exchange's operating business is guaranteed by its direct subordination to the Chairman of the Board of Directors of SIX Group. SIX Exchange Regulation consists of the divisions Listing & Enforcement, responsible for regulating issuers, and Surveillance & Enforcement monitoring trading.

Sanction Commission

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