BARRY CALLEBAUT




Letter to Investors

Barry Callebaut AG reports continued strong sales and earnings growth in the first half of 2002/03

- Operating profit (EBIT) increases by 25% to CHF 130.4 million; in local currencies increase of 31%
- Net profit up 13% to CHF 75.9 million, in local currencies up 20%
- Sales volumes up 17% to 480,497 tons
- Sales revenues up 44% to CHF 1,906.4 million, in local currencies increase of 52%
- Gross profit up 34% to CHF 612.3 million, in local currencies increase of 39%
- Refinancing of Group through a senior 5-year loan facility and a debt financing structure in the capital markets finalized

Zurich/Switzerland, April 9, 2003 – With a further increase in both sales and net profit in the first six months of fiscal 2002/03 ended February 28, 2003, Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, confirmed its growth potential. These good results have been achieved in stagnating and in some regions even contracting chocolate markets. Market shares for Barry Callebaut in the segment of chocolate for industrial customers as well as for artisanal users were further enhanced.

Review of Operations

Comparison of the Six-month Periods Ended 28 February 2002 and 2003

Revenues from Sales and Services. Revenues increased by 44.2% to CHF 1,906.4 million in the six-month period ended 28 February 2003 from CHF 1,322.3 million in the 2002 period. This growth is largely attributable to the effect of the Stollwerck acquisition and an increase in cocoa bean prices, and was partly offset by a reduction in sales volumes in our Cocoa, Sourcing & Risk Management business unit and unfavorable exchange rate movements.

Our consolidated results for the six-month period ended 28 February 2003 reflect the impact of our acquisition of Stollwerck in August 2002, which accounts for CHF 415.1 million of the increase.

Eliminating the effect of the acquisition of Stollwerck, revenues increased by 12.7% to CHF 1,491.3 million in the six-month period ended 28 February 2003 from CHF 1,322.3 million in the 2002 period. The principal reason for the increase in revenues on a comparable basis was the increase in average cocoa bean prices in the six-month period ended 28 February 2003 compared to the 2002 period. In constant currency terms, and eliminating the effect of the Stollwerck acquisition, our revenues increased by 20.2% to CHF 1,589.5 million in the six-month period ended 28 February 2003 from CHF 1,322.3 million in the 2002 period.

Sales volumes increased by 16.7% to 480,497 tons in the six-month period ended 28 February 2003 from 411,826 tons in the 2002 period. The acquisition of Stollwerck accounted for almost all of the increase.

- In our Food Manufacturers business unit, revenues increased by 11.9% to CHF 826.6 million in the six-month period ended 28 February 2003 from CHF 738.4 million in the 2002 period. The growth was primarily attributable to the increase in average cocoa bean prices in the six-month period ended 28 February 2003 compared to the 2002 period and a 3.8 % increase in sales volumes.
- In our Gourmet & Specialties business unit, revenues increased by 7.9% to CHF 249.7 million in the six-month period ended 28 February 2003 from CHF 231.4 million in the 2002 period. This increase was largely the result of our strategy of focusing on the high-margin segment and dropping low-margin customer label activities as well as on our ability to increase average margins per kilogram.
- In our Cocoa, Sourcing & Risk Management business unit, revenues increased by 33.1% to CHF 293.5 million in the six-month period ended 28 February 2003 from CHF 220.5 million in the 2002 period. Sales volumes decreased by 10.4% in the six-month period ended 28 February 2003 compared to the 2002 period as a result of the closure of a facility that processed semi-finished products in connection with our strategy of reducing sales of semi-finished products to third parties.
- In our Consumer Products business unit, revenues increased by 306.6% to CHF 536.6 million in the six-month period ended 28 February 2003 from CHF 132.0 million in the 2002 period. All of the increase was attributable to the Stollwerck acquisition. Excluding the effect of the Stollwerck acquisition, revenues in the Consumer Products business unit remained constant over the two periods. Sales volumes increased by 232.4% to 92,453 tons in the six-month period ended 28 February 2003 from 27,815 tons in the 2002 period. All of the increase was again attributable to the Stollwerck acquisition.

Operating Expenses. Total operating expenses increased by 45.8% to CHF 1,776.0 million in the six-month period ended 28 February 2003 from CHF 1,217.7 million in the 2002 period. The principal reasons for the increase were the acquisition of Stollwerck and the increase in cocoa bean prices. Operating expenses as a percentage of revenues increased to 93.2% in the six-month period ended 28 February 2003 from 92.1% in the 2002 period. On a per ton basis, operating expenses increased to CHF 3,696 per ton in the six-month period ended 28 February 2003 from CHF 2,956 per ton in the 2002 period. The increase in operating expenses as a percentage of sales and on a per ton basis was principally the result of higher cocoa bean prices, which were largely offset by increased revenues.

Material consumed increased by 49.5% to CHF 1,294.1 million in the six-month period ended 28 February 2003 from CHF 865.4 million in the 2002 period, due to the acquisition of Stollwerck, the increase in cocoa bean prices and favorable exchange rate movements. On a per ton basis, material consumed increased by 28.2% to CHF 2,693 per ton in the six-month period ended 28 February 2003 from CHF 2,101 per ton in the 2002 period.

Operating expenses excluding material consumed increased by 36.8% to CHF 481.9 million in the six-month period ended 28 February 2003 from CHF 352.3 million in the 2002 period. This increase resulted from the Stollwerck acquisition. Eliminating the effect of the acquisition of Stollwerck, operating expenses excluding material consumed remained flat.

Gross Profit. Gross profit, defined as revenues less material consumed, increased by 34.0% to CHF 612.3 million in the six-month period ended 28 February 2003 from CHF 456.9 million in the 2002 period. On a per ton basis, gross profit increased by 14.8% to CHF 1,274 per ton in the six-month period ended 28 February 2003 from CHF 1,109 per ton in the 2002 period. The increase in gross profit per ton reflects an improved product mix primarily due to the addition of the higher-margin Stollwerck products and to the strategic reduction of sales of lower-margin semi-finished products to third parties.

- In our Food Manufacturers business unit, gross profit decreased by 3.0% to CHF 226.2 million in the six-month period ended 28 February 2003 from CHF 233.3 million in the 2002 period. The decrease was primarily due to negative exchange rate movements (- 5.1%), offset in part by volume increases.
- In our Gourmet & Specialties business unit, gross profit increased by 5.5% to CHF 82.3 million in the six-month period ended 28 February 2003 from CHF 78 million in the 2002 period. The increase was the result of volume increases and more favorable pricing on certain products, offset in part by negative exchange rate movements.
- In our Cocoa, Sourcing & Risk Management business unit, gross profit decreased by 15.8% to CHF 87.9 million in the six-month period ended 28 February 2003 from CHF 104.4 million in the 2002 period. The decrease was due to decreased volumes and negative exchange rate movements.
- In our Consumer Products business unit, gross profit increased by 424.0% to CHF 215.9 million in the six-month period ended 28 February 2003 from CHF 41.2 million in the 2002 period. The increase was due to the addition of the Stollwerck products.

Operating Profit. Operating profit increased by 24.7% to CHF 130.4 million in the six-month period ended 28 February 2003 from CHF 104.6 million in the 2002 period. Operating profit as a percentage of revenues decreased to 6.8% in the six-month period ended 28 February 2003 from 7.9% in the 2002 period, primarily as a result of the increase in average cocoa bean prices between the two periods. On a per ton basis, operating profit increased by 6.8% to CHF 271.3 per ton from CHF 254.1 per ton in the 2002 period. This reflects our ability to pass on increases in cocoa bean prices to our customers.

Financial Cost, net. Financial cost increased by 53.7% to CHF 35.2 million in the six-month period ended 28 February 2003 from CHF 22.9 million in the 2002 period. The increase resulted from the overall increase in our working capital requirements due to the increase in average cocoa bean prices in the six-month period ended 28 February 2003 and from CHF 162.4 million of indebtedness incurred and assumed in connection with the acquisition of Stollwerck.

Taxes. Taxes increased by 4.8% to CHF 19.6 million in the six-month period ended 28 February 2003 from CHF 18.7 million in the 2002 period. The effective tax rate decreased to 20.5% in the six-month period ended 28 February 2003 from 22.0% in the 2002 period. The decrease in the effective tax rate is attributable to an increase in the proportion of profit before tax from countries with lower tax rates.

Net Profit. Net profit increased by 12.9% to CHF 75.9 million in the six-month period ended 28 February 2003 from CHF 67.2 million in the 2002 period.

Cash Flow. We generated "Operating cash flow before working capital changes" of CHF 137.6 million in the six-month period ended 28 February 2003 compared to CHF 113.3 million for the 2002 period. The increase was primarily the result of the inclusion of Stollwerck's cash flows in the six-month period ended 28 February 2003.
Net cash from operations was CHF (35.1) million and CHF (18.7) million for the six-

month period ended 28 February 2003 and 2002, respectively. The decrease is attributable to higher working capital requirements primarily as a result of increased average cocoa bean prices.

Net cash from investing activities was CHF (44.8) million and CHF (32.6) million for the six-month period ended 28 February 2003 and 2002, respectively. The principal components of our investing activities in both periods under review were ordinary course capital expenditures. In the six-month period ended 28 February 2003, this item was also impacted by the acquisition of the remaining 2.56% minority shares of Stollwerck AG.

Net cash flow from financing activities increased to CHF 105.4 million in the six-month period ended 28 February 2003 from CHF (26.5) million in the six-month period ended 28 February 2002. In the six-month period ended 28 February 2003, we utilized drawings under our credit facilities to finance increases in working capital requirements caused by the increase in cocoa bean prices.

Review of regional market developments. In Western Europe sales volumes went up by 27% to 325,270 tons, corresponding to 67% of the Group's sales volume of 480,497 tons for the period under review, largely as a result of the Stollwerck acquisition. Western Europe is Barry Callebaut's most important market. Sales volumes in Eastern Europe (4% of the total sales volume) grew 4% to 17,822 tons.

Sales volumes in the Americas (North and Latin America) were down by 2% as a consequence of reduced cocoa sales. The Americas accounted for 22% of total sales volumes, or 104,568 tons.

Volumes in Asia/Pacific jumped by 14% subsequent to reinforced sales efforts. This region's share of total volumes amounted to 3%, or 15,297 tons.

Volumes in Africa and the Middle East decreased by 2% against the background of the difficult political situation in several countries in this region. The region contributed 4% or 17,540 tons to total volumes.

Long-term financing structure. Barry Callebaut has successfully concluded a 5-year senior loan facility with a syndicate of its main relationship banks and has placed a 9¼% Senior Subordinated Notes in the amount of EUR 165 million, maturing in 2010, in the capital markets. The proceeds have been used to refinance existing indebtedness. By putting this long-term refinancing structure in place Barry Callebaut has improved its debt profile, reduced its short-term debt exposure and strengthened its overall liquidity.

Outlook. Despite generally flat or even declining markets and depressed consumer sentiment Barry Callebaut was able to further enhance its leadership position in chocolate for industrial customers as well as for artisanal users with market shares of 39% and 35%, respectively. The currently prevailing political and economic uncertainties make forecasts very difficult. However, barring any major unforeseen event, the company is confident that it will be able to exceed the CHF 200 million EBIT threshold for full fiscal year 2002/03.

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About Barry Callebaut AG:

With annual sales of CHF 2.6 billion for fiscal year 2001/02, Barry Callebaut is the world's leading manufacturer of high-quality cocoa and chocolate products. Barry Callebaut operates some 34 production facilities in 16 countries and employs approximately 7,000 people. The company is organized into four strategic business units: Cocoa, Sourcing & Risk Management, Food Manufacturers, Gourmet & Specialties and Consumer Products.

The company's customers range from industrial processors, such as the world famous branded consumer goods manufacturers who produce chocolate, confectionery, biscuits, dairy products, ice cream and breakfast cereals incorporating Barry Callebaut's products, to artisanal users, including hotels, gastronomy, chocolate makers, pastry chefs and bakers, to partners in the food retailing industry for whom the Barry Callebaut Group produces branded, customer label and other consumer products. Barry Callebaut also provides a comprehensive range of services in the fields of product development, processing, training and marketing.

The holding company, Barry Callebaut AG, has been listed on the SWX Swiss Exchange since June 1998 (ticker symbol BARN). The fully paid-up share capital amounts to CHF 517 million, divided into registered shares with a nominal value of CHF 100 each. On February 28, 2003, the close of the second quarter of fiscal 2002/03, the market capitalization was CHF 838 million.

Fiscal year 2002/03 will close on August 31, 2003. Results for the nine-month period ending May 31, 2003 will be published on July 1, 2003.

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Key Figures (unaudited pro-forma financial statement)

in CHF		Change in %	6 months up to 28.02.2003	6 months up to 28.02.2002
Financial key figures				
Sales revenue	CHF m	44.2%	**1,906.4**	1,322.3
Sales volume	Tons	16.7%	**480,497**	411,826
Gross profit	CHF m	34.0%	**612.3**	456.9
Operating profit (EBIT)	CHF m	24.7%	**130.4**	104.6
Net profit (PAT)	CHF m	12.9%	**75.9**	67.2
Cash flow (1)	CHF m	20.0%	**137.2**	114.3
EBIT per ton	CHF	6.8%	**271.3**	254.1
EBIT per share	CHF	24.6%	**25.22**	20.24
Earnings per share, undiluted	CHF	7.6%	**14.70**	13.66
Earnings per share, diluted	CHF	12.9%	**14.67**	13.00
Sales volumes				
by business unit (2)				
• Cocoa, Sourcing & Risk Mgt	Tons	-10.4%	**62,127**	69,306
• Food Manufacturers	Tons	3.8%	**270,312**	260,508
• Gourmet & Specialties	Tons	2.6%	**55,605**	54,197
• Consumer Products	Tons	232.4%	**92,453**	27,815
by region				
• Western Europe	Tons	26.8%	**325,270**	256,500
• Eastern Europe	Tons	3.7%	**17,822**	17,180
• Americas	Tons	-2.1%	**104,568**	106,778
• Asia / Pacific	Tons	14.3%	**15,297**	13,380
• Africa and Middle East	Tons	-2.5%	**17,540**	17,988
Sales revenue				
by business unit (2)				
• Cocoa, Sourcing & Risk Mgt	CHF m	33.1%	**293.5**	220.5
• Food Manufacturers	CHF m	11.9%	**826.6**	738.4
• Gourmet & Specialties	CHF m	7.9%	**249.7**	231.4
• Consumer Products	CHF m	306.7%	**536.6**	132.0
Balance Sheet				
Total assets	CHF m	27.8%	**2,789.3**	2,181.9
Net working capital	CHF m	5.8%	**950.9**	899.1
Non-current assets	CHF m	26.6%	**1,023.1**	808.2
Net debt	CHF m	23.0%	**1,072.9**	872.4
Equity	CHF m	-2.9%	**709.2**	730.2
Employees		46.8%	**6,986**	4,759

(1) Net profit + depreciation of tangible assets + amortization of goodwill and other intangibles
(2) Prior year figures have been brought in line with the current split of Business Unit responsibilities

in EUR		**Change in %**	**6 months up to 28.02.2003**	**6 months up to 28.02.2002**
Sales revenue	EUR m	45.5%	**1,303.2**	895.6
Operating profit (EBIT)	EUR m	25.8%	**89.1**	70.8
Net profit (PAT)	EUR m	14.1%	**51.9**	45.5
Total assets	EUR m	29.0%	**1,906.9**	1,477.9
Net working capital	EUR m	6.7%	**650.0**	609.0
Non-current assets	EUR m	27.8%	**699.4**	547.4
Net debt	EUR m	24.1%	**733.5**	590.9
Equity	EUR m	-2.0%	**484.8**	494.6
in USD		**Change in %**	**6 months up to 28.02.2003**	**6 months up to 28.02.2002**
Sales revenue	USD m	80.6%	**1,400.7**	775.4
Operating profit (EBIT)	USD m	56.3%	**95.8**	61.3
Net profit (PAT)	USD m	41.4%	**55.7**	39.4
Total assets	USD m	60.2%	**2,049.5**	1,279.4
Net working capital	USD m	32.5%	**698.7**	527.2
Non-current assets	USD m	58.6%	**751.7**	473.9
Net debt	USD m	54.1%	**788.3**	511.6
Equity	USD m	21.7%	**521.1**	428.2

Barry Callebaut is a Swiss corporation and as such presents its financial statements in Swiss francs (CHF). For convenience, some selected financial data were translated from Swiss francs into Euros (EUR) at the rate of CHF 1.4628 and CHF 1.4764, respectively, to EUR 1 and from Swiss francs into US dollars (USD) at the rate of CHF 1.3610 and CHF 1.7054, respectively, to USD 1. (Closing rates as of February 28, 2003 and February 28, 2002, respectively)

Consolidated Statement of Income (unaudited)

for the period ended February 28, 2003 and 2002

in millions of CHF	Change in %	6 months up to 28.02.2003	6 months up to 28.02.2002
Operating income			
Revenue from sales and serv ices	44.2%	1'906.4	1'322.3
Operating expenses			
Material consumed	49.5%	1'294.1	865.4
Personnel expenses	34.5%	198.5	147.6
Advertising and promotion	286.2%	37.4	9.7
Depreciation of tangible assets	30.9%	44.7	34.1
Depreciation and amortization of intangible assets	28.5%	16.7	13.0
Other operating expenses	24.8%	184.6	147.9
Total operating expenses	45.9%	1'776.0	1'217.7
Operating profit (EBIT)	24.6%	130.4	104.6
Financial cost, net	53.7%	-35.2	-22.9
Non-operating income, net	-81.0%	0.6	3.2
Profit before taxes and minority interest	12.8%	95.8	84.9
Taxes	4.6%	-19.6	-18.7
Profit before minority interest	15.2%	76.2	66.2
Minority interest	-132.0%	-0.3	1.0
Net profit	**12.9%**	**75.9**	**67.2**
Earnings per share (CHF/share)	7.6%	14.70	13.66
Diluted earnings per share (CHF/share)	12.9%	14.67	13.00

CONSOLIDATED BALANCE SHEET (unaudited)

Assets

for the period ended February 28, 2003

in millions of Swiss Francs	**28.02.2003**	**28.02.2002**
Current assets		
Cash and cash equivalents and short term deposits	124.0	118.3
Trade accounts receivable	419.1	263.1
Inventories	965.8	823.2
of which cocoa beans stock	*455.8*	*444.0*
Other current assets [1]	257.3	169.1
	1'766.2	**1'373.7**
Non-current assets		
Property, plant and equipment	645.9	479.3
Investments	4.6	5.0
Intangible assets	349.3	315.6
Other non-current assets	23.3	8.3
	1'023.1	**808.2**
Total assets	**2'789.3**	**2'181.9**

Liabilities and shareholders' equity

for the period ended February 28, 2003

in millions of Swiss Francs	**28.02.2003**	**28.02.2002**
Current liabilities		
Bank overdrafts and short-term debt	1'087.7	766.9
Trade accounts payable	250.7	174.4
Provisions	140.6	28.2
Other current liabilities [2]	300.0	153.7
	1'779.0	**1'123.2**
Non-current liabilities		
Long-term debt	112.0	226.1
Deferred tax liabilities	55.5	37.6
Other non-current liabilities	132.4	63.8
	299.9	**327.5**
Total liabilities	**2'078.9**	**1'450.7**
Minority interests	**1.2**	**1.0**
Shareholders' equity		
Share capital	517.0	517.0
Retained earnings and reserves	192.2	213.2
	709.2	**730.2**
Total liabilities, minority interests and shareholders' equity	**2'789.3**	**2'181.9**

1 Incl. Valuation of open commitments and cocoa inventories
2 Incl. income tax payable

Consolidated cash flow statement (unaudited)

In millions of Swiss Francs	**6 months up to 28.02.2003**	**6 months up to 28.02.2002**
Operating cash flow before working capital changes	**137.6**	**113.3**
(Increase) Decrease in trade accounts receivable and other current assets	(81.6)	(76.7)
(Increase) Decrease in inventories	(39.8)	(34.3)
(Increase) Decrease in other non-current assets	0.9	0.3
Increase (Decrease) in current and non-current liabilities	(52.2)	(21.3)
Net cash flow from operations	**(35.1)**	**(18.7)**
Net cash flow from investing activities	**(44.8)**	**(32.6)**
Net cash flow from financing activities	**105.4**	**(26.5)**
Effect of change in minority interests	(2.2)	(1.5)
Effects of exchange rate changes	5.2	(0.4)
Net increase (decrease) in cash and cash equivalents	**28.5**	**(79.7)**
Cash and cash equivalents at beginning of the period	12.2	53.1
Cash and cash equivalents at end of the period	**40.7**	**(26.6)**
Cash and cash equivalents	122.3	116.9
Bank overdrafts	(81.6)	(143.5)
Cash and cash equivalents as defined for the cash flow statement	**40.7**	**(26.6)**

Consolidated statement of equity (unaudited)

for the period ended February 28, 2003

In millions of Swiss Francs	**Share capital**	**Legal reserves**	**Accumu-lated deficit**	**Treasury shares**	**Cumulative translation adjustment**	**Total**
at August 31, 2001	517.0	247.5	(11.9)	(65.5)	10.3	697.4
Dividends paid			(33.0)			(33.0)
Transactions in treasury shares			(0.6)	0.3		(0.3)
Current year translation adjustments					(1.1)	(1.1)
Internal merger loss		(7.0)	7.0			0.0
Net profit for the period			67.2			67.2
at February 28, 2002	**517.0**	**240.5**	**28.7**	**(65.2)**	**9.2**	**730.2**
at August 31, 2002	517.0	240.5	(47.3)	(0.0)	(16.7)	693.5
Dividends paid			(35.6)			(35.6)
Transactions in treasury shares			(4.0)	(0.3)		(4.3)
Current year translation adjustments					(20.3)	(20.3)
Net profit for the period			75.9			75.9
at February 28, 2003	**517.0**	**240.5**	**(11.0)**	**(0.3)**	**(37.0)**	**709.2**

There were no movements in the share capital of the company either in the first half year of 2002/03 or 2001/02 reporting period. The share capital is represented by 5,170,000 authorised and issued shares of each CHF 100, fully paid in.

Notes to the consolidated interim financial statements (unaudited)

1. Accounting policies and basis of presentation

Barry Callebaut AG's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS, formerly International Accounting Standards or IAS) and the provisions of the Swiss Code of Obligations. These unaudited interim condensed Financial Statements are stated in accordance with the regulations of IAS 34 "Interim Financial Statements". In preparing the interim Financial Statements, the same accounting principles and methods of computation are applied as in the Financial Statements at 31 August 2002 and for the year then ended. These interim Financial Statements should be read in conjunction with the audited Financial Statements included in the Barry Callebaut Annual Report 2001/02.

2. Group Companies

In October 2002, the Group made a mandatory public offer in accordance with German stock exchange regulations to buy out the remaining shareholders of Stollwerck AG (3.9%). Under the provisions of this public offer the Group acquired an additional 2.56% of the share capital and currently holds 98.66% of the shares of Stollwerck AG. The Group has started a squeeze out procedure and proposed a cash compensation of EUR 295 per share for the remaining 1.34% of shares held by the minority shareholders. This amount corresponds to the cash amount that was paid to the Stollwerck shareholders within the scope of the mandatory public offer issued on September 17, 2002. Stollwerck shares will no longer be listed once all minority shareholders are bought out.

There were no other changes in the group structure during the first half year of 2002/03.

The group employed 6,987 and 4,759 employees as of February 28, 2003 and 2002, respectively. The regression in comparison with the situation as of August 31, 2002 (7,583 employees) is mainly due to the fact that the temporary employees of the Stollwerck companies were still included last year yet are no longer taken into account.

3. Capital expenditure

Capital expenditure for the first half year of 2002/03 amounted to CHF 44.8 million (CHF 39.7 million first half year 2001/02) and includes CHF 7.3 million in supplementary goodwill with regard to the additional 2.56% of Stollwerck AG shares that were acquired from the minority shareholders in October 2002 under the public offer. The remaining capital expenditure relates to continuous investments in connection with our on-going production operations. There were no major disposals in the first half year of 2002/03 (nor in 2001/02).

4. Debt refinancing

In March, the Group concluded a 5-year senior loan facility with a syndicate of its main relationschip banks and also successfully placed EUR 165 million of 9 1/4% Senior Subordinated Notes in the capital market, maturing in 2010. The proceeds have been used to refinance existing indebtedness.

5. Operating revenues

The Group's business is typically influenced by seasonality in revenues and expenses over the course of the year. Historically, consumer purchases of chocolate products are highest in the months before Christmas and Easter. As a result, sales of semi-finished and processed products to customers are highest in the period between late August and the end of November, which includes production for the Christmas season, and to a lesser degree, in the pre-Easter season.

In the first half year of 2002/03 revenues increased by 44.2% to CHF 1,906.4 million from CHF 1,322.3 million. The most important reason for the considerable growth in sales revenue is the impact of the Stollwerck acquisition, which accounts for CHF 415.1 million (or 31.4%) of the increase. Besides, sales revenue was positively affected by the increase in average cocoa prices in the first half of 2002/03 as compared to the first half of 2001/02. The increase in average cocoa prices is primarily reflected in the BU Cocoa, Sourcing & Risk Management which, despite the deliberate volume reduction, reported a significant increase in sales revenue. On the other hand, sales revenue was adversely affected (-5.1%) due to the appreciation of the Swiss franc versus most of the other group currencies.

Operating profit surged by CHF 25.8 million (24.6 %) from CHF 104.6 million to CHF 130.4 million while Net profit rose by CHF 8.7 million (12.9%) from CHF 67.2 million to CHF 75.9 million. No significant impairment losses had to be recognized during the first half of 2002/03. On a constant exchange rate basis, Operating profit and Net profit would have amounted to CHF 137.4 million and CHF 80.9 million, representing an increase of CHF 32.8 million (31.4%) and CHF 13.7 million (20.4%), respectively.

6. Earnings per share

Basic and diluted earnings per share are calculated with the net result for the respective periods and the weighted average number of ordinary shares issued as per the end of each period as disclosed hereunder. The weighted average number excludes the treasury shares held by the Group under the existing share compensation plan and stock option scheme for a specific, limited group of executives and members of the Board of Directors.

	28/02/2003	**28/02/2002**
Net result attributable to ordinary shareholders, used as numerator for basic earnings per share	75.9	62.7
After-tax effect of income and expense on dilutive potential ordinary shares	-	-
Adjusted net result used as numerator for diluted earnings per share	75.9	67.2
Weighted average number of shares issued	5’170’000	5’170’000
Weighted average number of treasury shares	10’459	250’165
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5’159’541	4’919’835
Weighted average number of dilutive potential ordinary shares	10’459	250’165
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5’170’000	5’170’000

7. Dividends

In December 2002 a dividend of CHF 6.9 per share (CHF 35.6 million in total) was paid. An interim dividend is not planned.

8. Segment information

Primary segment information after first half of 2002/03 (unaudited)

	Europe		Americas		Asia Pacific/ Africa		Eliminations		Consolidated	
in millions of Swiss Francs	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02
Revenue from external sales	1'496.7	948.1	350.1	317.0	59.6	57.2	0.0	0.0	1'906.4	1'322.3
Gross Profit	474.8	319.9	90.7	98.4	46.8	38.6	0.0	0.0	612.3	456.9
Operating income	108.1	102.1	16.9	8.1	5.4	(5.6)	0.0	0.0	130.4	104.6

Secondary segment information after first half of 2002/03 (unaudited)

	Cocoa & Sourcing		Food Manufacturers		Gourmet & Specialties		Consumer		Eliminations		Consolidated	
in millions of Swiss Francs	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02	**2nd Q 02/03**	2nd Q 01/02
Revenue from external sales	293.5	220.5	826.6	738.4	249.7	231.4	536.6	132.0	0.0	0.0	1'906.4	1'322.3
Intersegment sales	687.1	484.3	105.6	78.0	0.1	0.1	0.0	0.0	(792.8)	(562.4)	0.0	0.0
Total sales	980.6	704.8	932.2	816.4	249.8	231.5	536.6	132.0	(792.8)	(562.4)	1'906.4	1'322.3
Gross profit	87.9	104.4	226.2	233.3	82.3	78.0	215.9	41.2	0.0	0.0	612.3	456.9

9. Contingencies

As at February 28, 2003 the Group was not aware of any new major contingent liability in comparison with the situation as per the end of August 2002. The existing contingent liabilities are primarily in respect of bank and other guarantees arising in the ordinary course of business, from which it is anticipated that no material obligations will arise.

10. Related parties

Transactions with related parties are carried out on commercial terms and conditions and at market prices.

11. Subsequent events

Ivory Coast

In September 2002, a political conflict between government troops and rebel forces started in Ivory Coast as a result of which rebel forces gained control over territory in northern and western Ivory Coast. The French government has intervened in the conflict in an attempt to avert civil war, and leading members of the Economic Community of West African States have attempted to broker cease-fire talks. Peace talks under the supervision of the French government led to the approval on 26 January 2003 of a framework agreement addressing some of the most contentious issues, such as citizenship, land ownership, and eligibility for presidency. However, supporters of the current government have demonstrated against this agreement. If the current level of

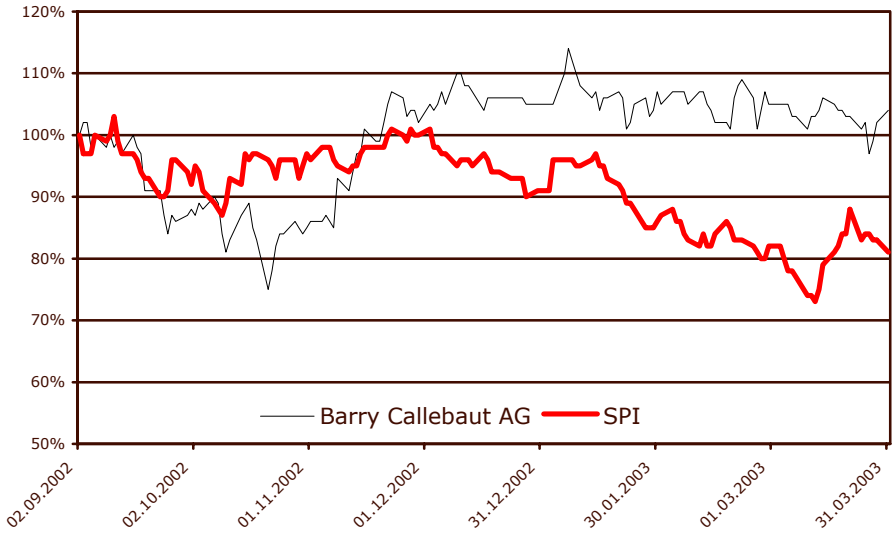
instability in Ivory Coast continues, or if the situation would further deteriorate, the supply of key raw material could be disrupted for extended periods, the prices of cocoa beans would likely increase significantly and the Group could be forced to increase the use of cocoa beans from other regions.

The Group has undertaken certain steps to mitigate the effects of these risks on its processing operations and sourcing of cocoa beans. These steps include increasing its purchase of cocoa beans from Ghana, Indonesia, and Nigeria. The Group has accelerated efforts to process shipments out of Ivory Coast on a more timely basis and to upgrade its Ghana processing facility to add an additional cocoa liquor line. In addition, the Group is building strategic stocks of cocoa beans outside of these regions. Although the Group cannot entirely eliminate the risks inherent to the situation, the measures and actions taken should reduce the risks for the Group in case the conflict flares up and escalates.

Acquisition of Graverboom

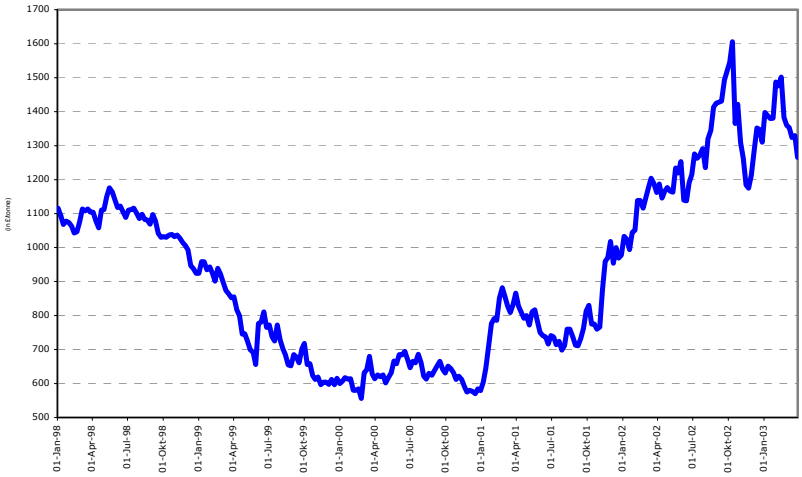
On March 3, 2003 the Group acquired the entire issued share capital of Graverboom, a leading Dutch manufacturer of specialty chocolate products. Through this acquisition the Group has acquired gourmet and speciality operations primarily in Western Europe, including the Netherlands, France and Belgium. Through the acquisition of Graverboom the Group has acquired a profitable leader in the segment of Gourmet & Specialities and has made an important step in the further development of the Gourmet & Specialities business unit.

Share Price Performance



Cocoa Price Development - London Cocoa Terminal Market

6-month forward delivery prices



Sales volumes by region (in tons)

Total	480'497
Western Europe	325'270
Eastern Europe	17'822
Americas	104'568
Asia / Pacific	15'297
Africa and Middle East	17'540

Sales Volumes by business unit (in tons)

Total	480'497
Cocoa products	62'127
Food Manufacturers	270'312
Gourmet & Specialties	55'605
Consumer products	92'453

Sales revenue by business unit (in CHF millions)

Total	1'906.4
Cocoa products	293.5
Food Manufacturers	826.6
Gourmet & Specialties	249.7
Consumer Products	536.6