Letter to Investors

Barry Callebaut AG reports results for first quarter of fiscal year 2003/04:

Double-digit operating and net profit growth

- **Sales revenue went up by 16% to CHF 1.2 billion**
- **Operating profit (EBIT) increased by 15% to CHF 91.5 million**
- **Net profit (PAT) up 17% to CHF 56.7 million, in line with the double-digit net profit growth expected by the Group for the entire fiscal year**

Zurich/Switzerland, January 7, 2004 – Barry Callebaut AG, the world's leading manufacturer of cocoa and chocolate products, announced today its results for the first quarter of fiscal year 2003/04. Sales revenue increased by 16%, sales volumes to third parties by 7%, operating profit (EBIT) by 15% to CHF 91.5 million and net profit (PAT) by 17% to CHF 56.7 million for the three-month period ended November 30, 2003.

Sales revenue went up by 16% or CHF 167.8 million to CHF 1,224.7 million, up from CHF 1,056.9 million in the same prior-year period. This increase is partly attributable to the acquisitions of Brach's and Luijckx, which together accounted for CHF 127.5 million of the increase.

Sales volumes of products sold to third-party customers increased by 7% to 285,666 tonnes, compared to 266,763 tonnes in the same prior-year period.

Major contributing factors to the favorable development of sales revenue versus sales volume were the net currency effect, the first-time consolidation of Brach's and Luijckx – with higher margin per tonne products – as well as price increases. Organic volume growth was achieved in the Food Manufacturers business unit, driven by the factors described in the "Industrial Business segment" section.

Gross profit (defined as sales revenue less material consumed) jumped 34% to CHF 441.4 million, up from CHF 330.4 million. Due to the first-time inclusion of the higher value added products from Brach's and Luijckx, the gross profit over sales margin stood at 36%, an increase of almost 5%-pts over last year. **Operating profit (EBIT)** rose 15% to CHF 91.5 million, up from CHF 79.3 million. Main contributors to the EBIT increase were organic growth and margin extensions, some positive currency effects as well as the first-time consolidation of Brach's and Luijckx. EBIT per tonne, as an indicator of operational performance, was CHF 320.3 or plus 8% compared to the same prior-year period. Despite the anticipated higher financing costs, **net profit (PAT)** increased to CHF 56.7 million, which was a rewarding 17% above the CHF 48.5 million reported for the first three months of fiscal 2002/03.

Total assets increased by 11% to CHF 3,014.8 million compared to the end of fiscal year 2002/03 (closed as of August 31, 2003), mainly as a result of the first-time consolidation of Brach's. **Net working capital** increased by 16% or CHF 151.1 million in comparison to the level at the end of

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fiscal 2002/03, which is a reflection of the consolidation of Brach's, the seasonality of the chocolate business resulting in higher receivables and the increased need for cocoa beans in the peak months between late August and Easter. **Net debt** increased less than net working capital, rising by only 8% or CHF 84.3 million. **Shareholders' equity** increased by 5% to CHF 798.2 million, up from CHF 759.2 million at the end of fiscal 2002/03 on August 31, 2003.

On November 30, 2003, the Group had a workforce of 9,645 people, an increase of 1,808 employees since the end of August 2003, of which the acquisition of Brach's contributed 1,632 employees.

Patrick De Maeseneire, CEO of Barry Callebaut: "We are pleased with the results achieved in the first quarter of fiscal 2003/04 from September to November 2003. In an economic environment which was still weak during this period, especially in Europe, we have been able to increase sales and to translate this increase into double-digit operating and net profit growth."

Development of business segments

Industrial business segment

The Industrial business segment, which supplies the big consumer goods manufacturers, sold 179,837 tonnes of cocoa, semi-finished and chocolate products, composed of 31,492 tonnes from the Cocoa business unit and 148,345 tonnes from the Food Manufacturers business unit. Sales revenue advanced by 4% to CHF 623.0 million, up from CHF 601.8 million, which illustrates the positive impact of our pricing strategy.

Cocoa prices drifted sideways in the reporting period and closed below the level of GBP 900 per tonne. Barry Callebaut is actively pursuing the diversification of its bean sourcing. The presence of the Group in Ghana continues to pay off. Volumes of cocoa products sold to third-party customers declined by 6% in the first three months of fiscal 2003/04. However, with sales prices having recovered, sales revenue increased by 14% to CHF 158.6 million, up from CHF 139.1 million.

On a like-for-like basis, volumes of chocolate products sold by the Food Manufacturers business unit went up by 2%, with increases achieved in Italy, France, the Americas and Asia-Pacific. Last year's volume included approx. 1,700 tonnes delivered to Brach's and Luijckx and approx. 4,000 tonnes of low/negative margin industrial chocolate sales at Stollwerck, which have been discontinued in the meantime. Sales revenue was CHF 464.4 million and remained practically stable at the level of the first three months of fiscal year 2002/03 (CHF 462.7 million).

Food Service/Retail business segment

The Food Service/Retail business segment serves a broad range of customers from the craftsmen to the international retailers, selling its products primarily on the basis of pricelists. The range of products is being extended more and more towards high-margin, ready-to-use and ready-to-consume products. Therefore, sales revenue reporting is more meaningful for this business segment than sales volumes.

The Food Service/Retail business segment grew its sales revenue by 32% to CHF 601.7 million, up CHF 146.6 million, with Luijckx and Brach's accounting for CHF 127.5 million of the increase.

The Gourmet & Specialties business unit grew its sales revenue by 13%, from CHF 136.7 million to CHF 154.6 million, as a result of the Luijckx acquisition. The continued change in the composition of the product mix, together with cost reductions, had a favorable impact on the margins.

Sales revenue reported by Consumer Products amounted to CHF 447.1 million, the main influencing factor being the first-time inclusion of Brach's, along with currency effects as well as price increases. Despite the generally difficult economic environment in Germany, it was possible to increase prices in this market. Some organic growth was achieved in two core markets, namely Germany and France, thanks to strong sales of the Sarotti brand as well as the customer label business in Asia-Pacific. In the US, chocolate sales are growing considerably faster than sugar and confections sales. With Brach's now being a member of the Barry Callebaut Group, the introduction of a new attractive range of chocolate products will be stepped up. Brach's, in its first quarter of consolidation, contributed positively to the Group's EBIT.

Outlook

It is premature to comment on the Christmas business as the first quarter of fiscal 2003/04 ended on November 30, 2003 and consumers increasingly push back their shopping to the last few days leading up to Christmas. In regard to the full fiscal year 2003/04, CEO Patrick De Maeseneire is, however, confident: *"*If the first signals of economic recovery can be sustained, we believe we can achieve the stated double-digit growth for operating profit (EBIT) and net profit (PAT) in the current fiscal year."

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About Barry Callebaut:

With annual sales of approx. CHF 3.6 billion for fiscal year 2002/03 (ended August 31, 2003), Zurich-based Barry Callebaut is the world's leading manufacturer of high-quality cocoa, chocolate and confectionery products – from the cocoa bean to the finished product on the store shelf. After the acquisition of Brach's Confections Holding, Inc. in September 2003, Barry Callebaut operates more than 30 production facilities in 17 countries and employs more than 9,500 people. The company serves the entire food industry, from food manufacturers to professional users of chocolate (such as chocolatiers, pastry chefs or bakers), to retailers. It 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 November 30, 2003, the close of the first quarter of fiscal 2003/04, the market capitalization was approx. CHF 1,208.5 million.

Fiscal year 2003/04 will close on August 31, 2004. Results for the full fiscal year 2003/04 will be published on November 10, 2004.

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KEY FIGURES (unaudited)

		3-mths 2003/04	3-mths 2002/03	Variance
Financial key figures				
Sales revenue	CHF m	1'224.7	1'056.9	15.9%
Sales volume	mt	285'666	266'763	7.1%
Operating profit (EBIT)	CHF m	91.5	79.3	15.4%
Net profit (PAT)	CHF m	56.7	48.5	16.9%
Cash Flow [1]	CHF m	88.1	80.4	9.6%
EBIT per tonne	CHF	320.3	297.7	7.6%
EBIT per share	CHF	17.70	15.34	15.4%
Earnings per share (undiluted)	CHF	10.99	9.39	17.0%
Earnings per share (diluted)	CHF	10.96	9.37	17.0%
Sales Volumes				
By business segment				
Industrial Business Segment	mt	179'837	183'699	-2.1%
Cocoa	mt	31'492	33'466	-5.9%
Food Manufacturers	mt	148'345	150'233	-1.3%
Food Service/Retail Business Segment	mt	105'829	83'064	27.4%
Gourmet & Specialties	mt	29'394	30'505	-3.6%
Consumer products	mt	76'435	52'559	45.4%
By geographical area				
Europe	mt	188'745	193'529	-2.5%
Americas	mt	78'720	56'112	40.3%
Asia-Pacific/Africa	mt	18'201	17'122	6.3%
Sales revenue				
By business segment				
Industrial Business Segment	CHF m	623.0	601.8	3.5%
Cocoa	CHF m	158.6	139.1	14.0%
Food Manufacturers	CHF m	464.4	462.7	0.4%
Food Service/Retail Business Segment	CHF m	601.7	455.1	32.2%
Gourmet & Specialties	CHF m	154.6	136.7	13.1%
Consumer products	CHF m	447.1	318.4	40.4%
By geographical area				
Europe	CHF m	843.2	792.1	6.5%
Americas	CHF m	308.1	198.4	55.3%
Asia-Pacific/Africa	CHF m	73.4	66.4	10.5%

		30.11.2003	31.08.2003	Variance
Balance sheet				
Balance sheet total	CHF m	3'014.8	2’712.7	11.1%
Net working capital	CHF m	1'106.2	955.1	15.8%
Non-current assets	CHF m	1'105.2	1'049.9	5.3%
Net debt	CHF m	1'114.4	1'030.1	8.2%
Shareholders' equity	CHF m	798.2	759.2	5.1%
Employees		9'645	7'837	23.1%

[1] Net profit + depreciation tangible assets + amortization of goodwill and other intangibles

CONSOLIDATED STATEMENT OF INCOME (unaudited)

for the period ended November 30, 2003 and 2002

in millions of Swiss Francs	**3-mths 2003/04**	**3-mths 2002/03**
Operating income		
Revenue from sales and services	1'224.7	1'056.9
Operating expenses		
Material consumed	783.3	726.5
Personnel	136.2	102.6
Advertising and promotion	40.5	20.8
Depreciation of tangible assets	27.6	23.5
Amortization of intangible assets	3.9	8.4
Other operating expenses	141.7	95.8
Total operating expenses	1'133.2	977.6
Operating profit (EBIT)	91.5	79.3
Financial cost, net	-22.8	-15.9
Non-operating income, net	0.1	0.1
Profit before taxes and minority interest	68.8	63.5
Taxes	-12.4	-14.4
Profit before minority interest	56.4	49.1
Minority interest	0.3	-0.6
Net profit	**56.7**	**48.5**
Earnings per share (CHF/share)	10.99	9.39
Diluted earnings per share (CHF/share)	10.96	9.37

CONSOLIDATED BALANCE SHEET (unaudited)

Assets

for the period ended November 30, 2003

in millions of Swiss Francs	**30.11.2003**	**31.08.2003**
Current assets		
Cash and cash equivalents and short-term deposits	90.2	36.8
Trade accounts receivable	564.0	326.1
Inventories	998.3	1,068.6
of which cocoa beans stock	*384.6*	*435.4*
Other current assets [1]	257.1	231.3
	1'909.6	**1,662.8**
Non-current assets		
Property, plant and equipment	758.8	663.7
Investments	5.2	5.0
Intangible assets	309.1 [2]	361.4
Other non-current assets	32.1	19.8
	1'105.2	**1,049.9**
Total assets	**3'014.8**	**2,712.7**

Liabilities and shareholders' equity

for the period ended November 30, 2003

in millions of Swiss Francs	**30.11.2003**	**31.08.2003**
Current liabilities		
Bank overdrafts and short-term debt	561.1	494.8
Trade accounts payable	267.1	308.2
Provisions	68.7	48.0
Other current liabilities [3]	377.4	314.7
	1'274.3	**1,165.7**
Non-current liabilities		
Long-term debt	643.4	575.2
Deferred tax liabilities	45.8	47.1
Employee benefits	186.8	128.4
Provisions	50.6	21.0
Other non-current liabilities	9.6	9.4
	936.2	**781.1**
Total liabilities	**2'210.5**	**1,946.8**
Minority interests	**6.1**	**6.7**
Shareholders' equity		
Share capital	517.0	517.0
Retained earnings and reserves	281.2	242.2
	798.2	**759.2**
Total liabilities and shareholders' equity	**3'014.8**	**2,712.7**

[1] Includes valuation of open commitments and cocoa inventories

[2] Includes badwill with regards to the Brach's acquisition.

[3] Includes income tax payable

CONSOLIDATED CASH FLOW STATEMENT (unaudited)

in millions of Swiss Francs	**3-mths 2003/04**	**3-mths 2002/03**
Operating cash flow before working capital changes	**87.8**	**81.0**
(Increase) Decrease in trade accounts receivable and other current assets	(153.2)	(267.1)
(Increase) Decrease in inventories	132.7	(38.8)
(Increase) Decrease in other non-current assets	2.4	0.3
Increase (Decrease) in current and non-current liabilities	(90.5)	105.5
Net cash flow from operations	**(20.8)**	**(119.0)**
Net cash flow from investing activities	**(17.8)**	**(22.4)**
Net cash flow from financing activities	**56.1**	**195.4**
Effect of change in minority interests	(0.6)	(1.9)
Effects of exchange rate changes	(14.7)	(7.4)
Net increase (decrease) in cash and cash equivalents	**2.2**	**44.7**
Cash and cash equivalents at beginning of the period	1.0	12.2
Cash and cash equivalents at end of the period	**3.2**	**56.9**
Cash and cash equivalents	89.7	163.9
Bank overdrafts	(86.5)	(107.0)
Cash and cash equivalents as defined for the cash flow statement	**3.2**	**56.9**

CONSOLIDATED STATEMENT OF EQUITY (unaudited)

for the period ended November 30, 2003

in millions of Swiss Francs	**Share capital**	**Legal reserves**	**Retained earnings/ (Accumulated deficit)**	**Treasury shares**	**Hedging Reserve**	**Cumulative translation adjustment**	**Total**
at August 31, 2002	517.0	240.5	(47.3)	0.0	0.0	(16.7)	693.5
Transactions in treasury shares				(2.7)			(2.7)
Current year translation adjustments						(4.0)	(4.0)
Net profit for the period			48.5				48.5
at November 30, 2002	**517.0**	**240.5**	**1.2**	**(2.7)**	**0.0**	**(20.7)**	**735.3**
at August 31, 2003	517.0	240.5	16.6	(0.0)	2.5	(17.4)	759.2
Transactions in treasury shares				(5.1)			(5.1)
Equity reserve cash flow hedges					2.1		2.1
Current year translation adjustments						(14.7)	(14.7)
Net profit for the period			56.7				56.7
at November 30, 2003	**517.0**	**240.5**	**73.3**	**(5.1)**	**4.6**	**(32.1)**	**798.2**

There were no movements in the share capital of the company either in the first three months of 2003/04 or 2002/03 reporting period. The share capital is represented by 5,170,000 authorized 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 the 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', except for the disclosure of segmental EBIT, which is provided on a semestrial basis only. In preparing the interim Financial Statements, the same accounting principles and methods of computation are applied as in the Financial Statements at August 31, 2003 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 2002/03.

Previous year's figures cannot be compared directly to the current year's figures since they did not yet include the Graverboom Group "Luijckx" (acquired in March 2003), nor the Brach's Group (acquired in September 2003).

2 Group Companies

On September 17, 2003, the Group acquired the U.S.-based Brach's Confections Holding Inc. from KJ Jacobs AG. The acquisition of Brach's gives Barry Callebaut a significant presence in the most important confectionery market, the U.S., and access to the world's largest retailers, major super markets, and other distribution channels. The total purchase consideration amounted to USD 16.0 million, consisting of a purchase price of USD 1 for 100% of the equity of Brach's and USD 16.0 million of assumed debt. Brach's is included in the consolidated financial statements of Barry Callebaut Group as of September 1, 2003. The Group tentatively completed the allocation of the purchase price related to the Brach's acquisition. However, subsequent identification or changes in the value of the assets and liabilities acquired may result in a corresponding adjustment of the purchase accounting.

The group employed 9,645 and 7,084 employees on November 30, 2003 and 2002, respectively.

3 Capital expenditure

Capital expenditure for the three-month period ended November 30, 2003 amounted to CHF 17.8 million (CHF 25.5 million for the three-month period ended November, 2002). The prior-year amount includes the additional 2.56% Stollwerck AG shares that were acquired from the Stollwerck minority shareholders in October 2002 under the public offer.

The major part of capital expenditure in the current year relates to continuous investments in connection with our on-going production operations.

There were no major disposals in the three-month period ended November 30, 2003 (nor in the three-month period ended November 30, 2002).

4 Debt refinancing

In March 2003, the Group concluded a 5-year senior loan facility with a syndicate of its main relationship banks and also successfully placed EUR 165 million of 9 1/4% Senior Subordinated Notes in the capital markets, maturing in 2010. The proceeds of the issue were used to refinance existing short- and long-term indebtedness. By putting this long-term refinancing in place, Barry Callebaut has improved its debt profile, by reducing its short-term debt exposure.

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 three-month period ended November 30, 2003 revenues increased by 15.9% to CHF 1,224.7 million up from CHF 1,056.9 million. The most important reason for the considerable growth in sales revenue is the impact of the Brach's acquisition and Graverboom, which accounts for CHF 127.5 million (or 12.0%) of the increase.

Operating profit surged by CHF 12.2 million (15.4%) from CHF 79.3 million to CHF 91.5 million while Net profit rose by CHF 8.2 million (16.9%) from CHF 48.5 million to CHF 56.7 million. The increase in financial costs pertaining to the refinancing operation the Group entered into in March 2003, could be more than offset by lower tax expenses. As a result, in relative terms, the increase of Net profit was more significant than the increase of EBIT.

No significant impairment losses had to be recognized during the three-month period ended November 30, 2003, neither was Net profit affected by any significant exceptional item.

6 Earnings per share

Basic and diluted earnings per share are calculated on the net result for the respective periods and on the weighted average number of ordinary shares issued as per 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.

	30/11/2003	**30/11/2002**
Net result attributable to ordinary shareholders, used as numerator for basic earnings per share	56.7	48.5
After-tax effect of income and expense on dilutive potential ordinary shares	-	-
Adjusted net result used as numerator for diluted earnings per share	56.7	48.5
Weighted average number of shares issued	5'170'000	5'170'000
Weighted average number of treasury shares	16'790	12'491
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5'153'210	5'157'509
Weighted average number of dilutive potential ordinary shares	16'790	12'491
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5'170'000	5'170'000

7 Dividends

During the first quarter no dividends were paid. An interim dividend is not planned.

8 Segment information

Primary segment information

	Industrial Business		Food Service & Retail Business		Corporate/ unallocated		Consolidated	
in millions of Swiss Francs	**3-mths 03/04**	3-mths 02/03	**3-mths 03/04**	3-mths 02/03	**3-mths 03/04**	3-mths 02/03	**3-mths 03/04**	3-mths 02/03
Revenue from external sales	623.0	601.8	601.7	455.1			1'224.7	1'056.9

Secondary segment information

	Europe		Americas		Asia-Pacific/Africa		Consolidated	
in millions of Swiss Francs	**3-mths 03/04**	3-mths 02/03	**3-mths 03/04**	3-mths 02/03	**3-mths 03/04**	3-mths 02/03	**3-mths 03/04**	3-mths 02/03
Revenue from external sales	843.2	792.1	308.1	198.4	73.4	66.4	1'224.7	1'056.9

9 Contingencies

At November 30, 2003 the Group was not aware of any new major contingent liability in comparison with the situation as per end of August 2003. 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.

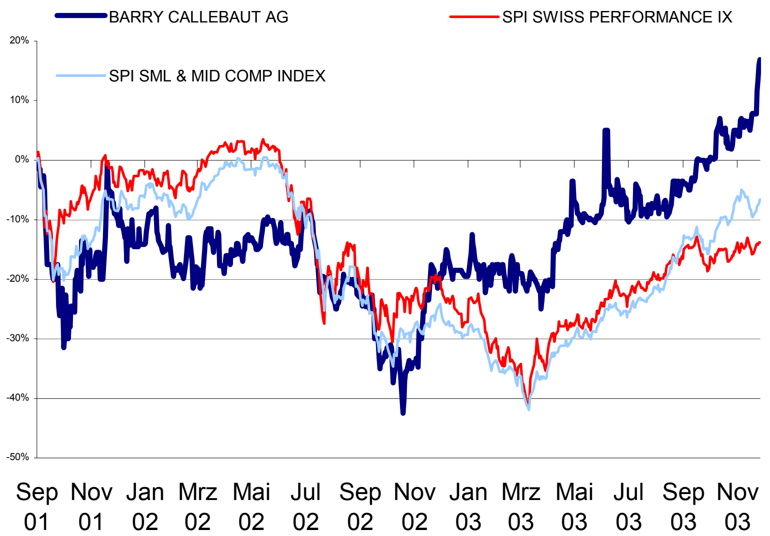
10 Related parties

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

11 Subsequent events

The proposed dividend of 7.00 CHF per share (CHF 36.2 million in total) has been approved by the Annual General Meeting of shareholders on December 10, 2003 and was paid in December 2003.

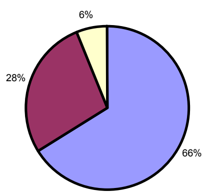
Share Price Performance



London Cocoa Terminal Market
6-month forward delivery prices

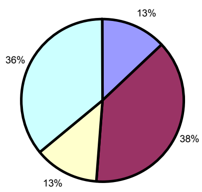
Sales volumes by region
3 months up to 30.11.2003
(in mt)

Total	285'666
Europe	188'745
Americas	78'720
Asia-Pacific/Africa	18'201



Sales revenue by business unit
3 months up to 30.11.2003
(in CHF millions)

Total	1,224.7
Cocoa	158.6
Food Manufacturers	464.4
Gourmet & Specialties	154.6
Consumer Products	447.1



Sales revenue by region
3 months up to 30.11.2003
(in CHF millions)

Total	1,224.7
Europe	843.2
Americas	308.1
Asia-Pacific/Africa	73.4