



Letter to Investors

Barry Callebaut reports results for first six months of fiscal year 2004/05:

Strong volume and net profit growth

- Sales volumes up 6% to 561,033 tonnes, of which 5% was organic growth
- Due to lower cocoa bean prices and negative currency effects, sales revenue down by 1.5% to CHF 2,166.1 million
- Operating profit before amortization (EBITA) stable at CHF 165.8 million
- Net profit (PAT) grew 21% to reach CHF 101.3 million, partly due to changes in accounting standards; on a like-for-like basis up 7.5%
- Squeeze-out of German Stollwerck AG completed
- Geographic expansion in industrial and artisanal activities: chocolate factory to be opened on U.S. West Coast in August 2005; white chocolate line added in Singapore; decision taken to build factory in Russia

Zurich/Switzerland, April 11, 2005 – Barry Callebaut AG, the world's leading manufacturer of high-quality cocoa and chocolate products, announced today its results for the six-month

period ended February 28, 2005. The most notable achievements were a sales volume growth of 6% as well as a net profit (PAT) increase of 21%, or +7.5% on a like-for-like basis. The good sales trend in the Industrial Business Segment was sustained. Reinforced by an early Easter holiday this year, the second quarter came to a strong end. It has to be noted that chocolate is a seasonal business with the majority of consumer purchases being made in the months before Christmas and Easter.

Review of Operations

Comparison of the six-month periods ended February 28, 2005 and 2004

Sales Revenues. Sales revenues decreased slightly by 1.5% to CHF 2,166.1 million in the six-month period ended February 28, 2005 compared to CHF 2,199.3 million in the 2004 period. Volume growth and the acquisition of AM Foods impacted sales revenues positively, but this was more than offset by lower cocoa prices and negative exchange rate effects, caused mainly by the depreciation of the Euro and US Dollar against the Swiss Franc compared to the equivalent prior year period. After eliminating the effects of acquisitions, exchange rates and cocoa prices, sales revenues in the first six months were up 3.5%. Business units Cocoa, Food Manufacturers and Gourmet & Specialties contributed to the organic sales revenue growth.

Sales Volumes. Total sales volumes of products sold to third-party customers increased by 33,599

tonnes or 6.4% to 561,033 tonnes in the first half of fiscal year 2004/05 compared to 527,434 tonnes in the prior-year period. Eliminating the effect of the acquisition of AM Foods, sales volumes increased organically by 4.9% to 553,280 tonnes. While all business units contributed to the sales volume increase, the main contribution came from the Food Manufacturers business unit.

Gross Profit. Gross profit, defined as sales revenues less material consumed, decreased by 8.1% or CHF 66.1 million to CHF 751.6 million in the six-month period ended February 28, 2005 from CHF 817.7 million in the 2004 period. Total material consumed increased by 2.4%, or CHF 32.9 million in the period under review, due to the higher sales volumes, sharply increased costs for hazelnuts and the first-time consolidation of AM Foods, partly offset by lower cocoa bean prices and currency effects. On a per tonne basis, gross profit decreased by 13.5% to CHF 1,340 per tonne during this period compared to CHF 1,550 per tonne during the equivalent 2004 period. Excluding the currency impact, the business unit Food Manufacturers maintained gross profit per tonne, whereas the Cocoa business unit experienced a slight decrease due to the expected lower combined ratio margin of the semi-finished business and Gourmet & Specialties suffered from the development in the Consumer Africa division. Our Consumer business unit saw a strong decrease in gross profit per tonne in Europe due to the continued negative impacts from hazelnut prices and the adverse product mix development. This decline has been addressed with several measures and, as a result, operating expenses are now considerably lower. In the business unit Consumer Products North America gross profit per tonne declined due to lower sales of fruit snacks products as well as negative currency effects.

Operating Expenses. Operating expenses before amortization, defined as gross profit minus EBITA, decreased by 10.2% or CHF 66.2 million to CHF 585.8 million in the six-month period ended February 28, 2005 from CHF 652.0 million in the prior-year period. In other words, we managed to successfully compensate what we lost on the gross profit line. The reasons behind this cost reduction were reduced personnel costs due to a reduction in average headcount, mainly as a consequence of further restructuring measures in our Consumer Europe business, a shift of customer promotion costs from the line

“advertising and promotion” to “discounts”, which are reflected in net sales, as well as a reduction in other operating expenses. All lines benefited from exchange rate effects, partly offset by the first-time consolidation of AM Foods. Operating expenses as a percentage of gross profit decreased to 77.9% for the first six months of this fiscal year compared with 79.7% in the equivalent prior-year period. On a per tonne basis, operating expenses decreased to CHF 1,044 per tonne in the six-month period ended February 28, 2005 from CHF 1,236 per tonne in the 2004 period.

EBITA. Earnings before interest, taxes and amortization were stable at CHF 165.8 million in the six-month period ended February 28, 2005 compared to CHF 165.7 million in prior year. EBITA as a percentage of revenues increased to 7.7% compared to 7.5% in the equivalent 2004 period. On a per tonne basis, EBITA decreased to CHF 295.5 per tonne compared to CHF 314.2 per tonne in the same prior-year period, primarily attributable to currency effects, the adverse product mix development in the Consumer Products units and the impact of hazelnut prices on Consumer Products Europe.

According to the revised IFRS standards, the amortization of goodwill was ceased as from this reporting period onwards whereas in the comparable prior year period the amortization of intangible assets included goodwill amortization in the amount of CHF 11.4 million.

Financial Cost, net. Financial cost decreased by 20.1% to CHF 38.2 million in the six-month period ended February 28, 2005 from CHF 47.8 million in the 2004 period. This decrease was attributable to reduced interest rates and average debt compared to the equivalent prior year period as well as some minor one-time effects.

Taxes. Taxes increased to CHF 20.2 million in the six-month period ended February 28, 2005 from CHF 17.5 million in the 2004 period. The effective tax rate decreased to 16.6% in the six-month period ended February 28, 2005 from 17.2% in the 2004 period. The further decrease in the effective tax rate was mainly attributable to the usage of tax losses carried forward as well as to the first-time recognition of deferred tax assets in those entities that managed the turnaround to positive taxable results and thus can make use of the existing tax loss carry forwards.

Net Profit (PAT). Net profit increased by 21.2% to CHF 101.3 million for the first half of fiscal year 2004/05 compared with CHF 83.6 million for the equivalent prior-year period. On a like for like basis, considering the ceased amortization of goodwill according to the new IFRS standards, profit after tax increased by CHF 6.3 million or 7.5%.

Cash Flow. “Operating cash flow before working capital changes” of CHF 157.6 million was generated in the six-month period ended February 28, 2005 compared to CHF 154.4 million for the 2004 period. Net cash flow from operations including working capital changes was a positive CHF 107.6 million for the first six months of this fiscal year compared with CHF 109.3 million for the equivalent 2004 period. Due to seasonality in the first half year, increasing net working capital led to a cash drain.

Net cash flow from investing activities was CHF (95.7) million and CHF (37.1) million for the six-month period ended February 28, 2005 and 2004, respectively. Apart from capital expenditures related to continuous investments in our on-going operations in both periods, this year’s amount includes the acquisition of AM Foods.

Total assets as of the end of February 2005 stood at CHF 2,691.4 million, which represents a decrease of 2.5% compared to the CHF 2,760.5 million at the end of fiscal year 2003/04. Lower cocoa bean prices and currency effects shortened the balance sheet, partly compensated by the impact from the AM Foods acquisition. **Net working capital** (including short-term provisions) increased by 1.1% or CHF 10.5 million compared to the level at the end of fiscal year 2003/04. Besides the AM Foods impact, this mainly reflects the seasonality of the chocolate business, which normally results in higher net working capital at the end of February. This seasonal increase was partly offset by enhanced working capital management, a further decrease in cocoa bean prices and positive currency effects. **Net debt** increased by 4.2% or CHF 39.2 million to CHF 982.2 million, reflecting the impact of AM Foods and the financing of the increase in working capital, partly offset by positive exchange rate effects. **Shareholders’ equity** increased by 7.4% or CHF 58.9 million to CHF 859.8 million, up from CHF 800.9 million at the end of fiscal year 2003/04.

On February 28, 2005, the Group employed a **workforce** of approximately 8,700 people, or 2.5% less than on August 31, 2004, due to restructuring of the Group in Germany and the US.

Development of business segments

- In our Industrial business segment, sales volumes were 355,032 tonnes which corresponds to 7% organic growth from the 331,027 tonnes for the same prior-year period. Sales revenues were impacted by lower cocoa bean prices and adverse currency effects, and thus rose minimally to CHF 1,130.1 million compared to CHF 1,128.2 million in the comparable prior year period.

In our Cocoa business unit, revenues decreased by 7.6% to CHF 251.7 million in the six-month period ended February 28, 2005 from CHF 272.3 million in the prior-year period although sales volumes increased by 9.2%. The contrasting decline in revenues was the net result of lower underlying cocoa bean prices, the currency effects, especially the further weakening of the US Dollar and the Euro, and a somewhat decreased combined ratio margin. Taken together these factors more than offset the volume growth. BU Cocoa was able to increase the sales of cocoa liquor and powder, whereas butter volume slightly decreased. The strong sales volume increase compared to the equivalent period of the previous year was mainly generated in Europe and the Americas whereas sales volumes in the rest of the world were stable.

In our Food Manufacturers business unit, revenues increased by 2.6% to CHF 878.4 million for the first six months of the fiscal year 2004/05 from CHF 855.9 million in the same prior year period. Organic growth of net sales revenues amounted to 8.6% – versus sales volume growth of 6.8% or 18,381 tonnes – but this was partly offset by the lower underlying cocoa prices as well as negative currency impacts. Growth was particularly strong in Europe (with the UK, Spain, Eastern Europe all recording double-digit growth rates) and in Asia-Pacific (plus 30%).

In the Industrial business segment, EBITA decreased slightly by 0.3% to CHF 107.9 million in the six-month period ended

February 28, 2005 from CHF 108.2 million in the 2004 period, negatively affected by the adverse currency impact. Whereas the BU Cocoa – like in the first quarter – reported a somewhat lower contribution due to the expected lower combined ratio margin on semi-finished products, BU Food Manufacturers experienced continued operating profit growth.

- In our Food Service/Retail business segment sales revenues decreased by 3.3% to CHF 1,036.0 million from CHF 1,071.1 million in the comparable prior-year period.

In our Gourmet & Specialties business unit, revenues increased by 4.9% to CHF 307.1 million from CHF 292.7 million in the prior-year period. This increase was due to the first-time inclusion of AM Foods and the organic volume growth, which was partly offset by the lower cocoa prices and currency effects. Whereas the Gourmet business showed solid revenue growth of 4.8%, the revenues of the Consumer Africa division experienced a strong decline following the turmoil in Ivory Coast and difficult trading conditions in Cameroon. For the total BU, the growth of sales revenues compared to previous year was mainly achieved in Europe, and partly offset by the aforementioned lower sales in the African countries.

In our Consumer Products business units (Europe and North America), revenues decreased by 6.4% to CHF 728.9 million in the six-month period ended February 28, 2005 from CHF 778.4 million in the 2004 period. The majority of this decrease resulted from lower sales of fruit snack products in North America and the unfavorable product mix development in Europe reported in the first quarter of the current fiscal year, reinforced by negative currency effects. All other product categories in North America – sugar candy, branded as well as customer label chocolate products, in particular seasonal chocolate products – were up. In Europe, further price increases with retailers have been achieved but will only have an impact in the subsequent quarters.

In the Food Service/Retail business segment, EBITA decreased slightly by 0.4% to CHF 83.9 million in the six-month period ended February 28, 2005 from CHF 84.2 million in

the 2004 period, also impacted negatively by the currency effect. In our Gourmet & Specialties business unit the EBITA increase resulted from higher volumes in the Gourmet division and the acquisition of AM Foods. In our Consumer Products business units, both Consumer Products Europe as well as Consumer Products North America contributed positively to EBITA. However, the contribution from the European business declined due to the above-mentioned reasons, whereas Consumer Americas was able to increase profitability, thanks in part to other operating income.

Review of regional market developments. In Europe sales volumes on a comparable basis (i.e. eliminating the impact of the AM Foods acquisition) increased by 5.5% to 359,600 tonnes, corresponding to 65.0% of the Group's total. Sales volumes in the Americas were up by 3.6% to 155,249 tonnes, representing 28.1% of total sales volume. In Asia-Pacific/Africa sales volumes grew by 4.3% to 38,430 tonnes or 6.9% of total sales volume.

Squeeze-out of German Stollwerck AG completed

On April 6, 2005 the Squeeze-out resolution of the shareholder assembly of Stollwerck AG of 2003 was entered into the commercial register and has thereby become effective, leaving Van Houten Beteiligungs AG & Co. KG, a group company of Barry Callebaut AG, as the sole shareholder of Stollwerck AG. The registration was made possible through a settlement agreement among Stollwerck AG, Van Houten and certain shareholders who had brought actions against the Squeeze-out resolution. The listing of Stollwerck shares on the Frankfurt and Düsseldorf stock exchanges has been terminated. The Barry Callebaut Group will incur additional costs of around EUR 1.2 million as a consequence of the settlement, which included a conditional supplementary payment of EUR 100 per share for the 10,200 Stollwerck shares formerly held by the now excluded minority shareholders.

Outlook

With regard to full fiscal year 2004/05 CEO Patrick De Maeseneire said: "The

development of the German economy is disappointing and below all forecasts. The resulting unfavorable consumer sentiment in Germany, where 70% of the sales of the Consumer Products Europe unit are generated, forces us to explore all opportunities for increasing efficiency and achieving cost leadership. Based on the continued strong sales and earnings in our traditional business with industrial and artisanal customers, we are confident we can meet the communicated targets for the full year, barring any major extraordinary impact.”

Geographic expansion in growth markets: U.S. West Coast, Singapore, Russia and China

To better meet the needs of its rapidly growing customer base on the U.S. West Coast, Barry Callebaut announced the opening of a factory in American Canyon, Napa County, California. California is the biggest U.S. chocolate market. Barry Callebaut has grown its sales on the U.S. West Coast by 8-10% over the last two years. The new factory, where 65 jobs will initially be created, will be fully operational on August 1, 2005, offer a capacity of approx. 25,000 tonnes and manufacture chocolate products designed for industrial and artisanal customers. Warehousing, distribution and customer service for all finished goods of the Barry Callebaut Group on the West Coast will be integrated in the American Canyon facility.

On April 6, 2005, the company’s Singapore factory was expanded with a new production line for white chocolate, increasing total annual production capacity by 10,000 tonnes and reinforcing Barry Callebaut’s position as a “total solutions supplier” in the Asia Pacific region.

The Board of Directors of Barry Callebaut has also approved the construction of a factory with an annual capacity of approx. 25,000 tonnes in the Moscow area, Russia, to supply multinational customers. A letter of intent with a local partner has been signed and a joint project team has been formed. Furthermore, a Barry Callebaut team is developing a business case for a factory in China.

Barry Callebaut (www.barry-callebaut.com):
With annual sales of more than CHF 4 billion for fiscal year 2003/04, 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. Barry Callebaut operates more than 30 production facilities in 22 countries and employs approx. 8,700 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.

Fiscal year 2004/05 will close on August 31, 2005.

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Key Figures for Barry Callebaut (unaudited)

		Change (%)	6 months up to 28.02.2005	6 months up to 28.02.2004
Income Statement				
Sales revenue <i>in local currencies</i>	CHF m	-1.5	2,166.1 2,214.8	2,199.3
Sales volume	mt	6.4	561,033	527,434
Gross profit <i>in local currencies</i>	CHF m	-8.1	751.6 770.2	817.7
Operating profit before amortization (EBITA) <i>in local currencies</i>	CHF m	0.1	165.8 168.6	165.7
EBITA per tonne <i>in local currencies</i>	CHF	-6.0	295.5 300.5	314.2
Net profit (PAT) <i>in local currencies</i>	CHF m	21.2	101.3 104.7	83.6
Cash flow ¹⁾	CHF m	2.7	157.7	153.5
Shares				
EBITA per share <i>in local currencies</i>	CHF	0.1	32.1 32.6	32.1
Earnings per share (undiluted)	CHF	21.4	19.7	16.2
Earnings per share (diluted)	CHF	21.1	19.6	16.2
			Feb 28, 2005	Aug 31, 2004
Balance Sheet				
Balance sheet total	CHF m	-2.5	2,691.4	2,760.5
Net working capital	CHF m	1.1	924.5	914.1
Non-current assets	CHF m	2.7	1,129.5	1,099.9
Net debt	CHF m	4.2	982.2	943.0
Shareholders' equity	CHF m	7.4	859.8	800.9
Other				
Employees		-2.5	8,709	8,933

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

Key figures by business segment

		Change (%)	6 months up to 28.02.2005	6 months up to 28.02.2004
Industrial Business Segment				
Sales revenue	CHF m	0.2	1,130.1	1,128.2
- <i>Cocoa</i>	<i>CHF m</i>	-7.6	251.7	272.3
- <i>Food Manufacturers</i>	<i>CHF m</i>	2.6	878.4	855.9
Sales volumes	mt	7.3	355,032	331,027
- <i>Cocoa</i>	<i>mt</i>	9.2	66,701	61,077
- <i>Food Manufacturers</i>	<i>mt</i>	6.8	288,331	269,950
EBITA	CHF m	-0.3	107.9	108.2
EBITDA	CHF m	-0.5	133.9	134.6
Food Service/Retail Business Segment				
Sales revenue	CHF m	-3.3	1,036.0	1,071.1
- <i>Gourmet & Specialties</i>	<i>CHF m</i>	4.9	307.1	292.7
- <i>Consumer Products</i>	<i>CHF m</i>	-6.4	728.9	778.4
EBITA	CHF m	-0.4	83.9	84.2
EBITDA	CHF m	-3.7	108.0	112.1

Consolidated statement of income (unaudited)

for the period ended	6 months 2004/05	6 months 2003/04
in millions of Swiss Francs		
Operating income		
Revenue from sales and services	2,166.1	2,199.3
Operating expenses		
Material consumed	1,414.5	1,381.6
Personnel	243.0	276.9
Advertising and promotion	56.6	70.8
Depreciation of tangible assets	50.3	54.0
Amortization of intangible assets	6.1	15.9
Other operating expenses	235.9	250.3
Total operating expenses	2,006.4	2,049.5
Operating profit (EBIT)	159.7	149.8
Financial cost, net	-38.2	-47.8
Profit before taxes and minority interest	121.5	102.0
Taxes	-20.2	-17.5
Profit before minority interest	101.3	84.5
Minority interest	0.0	-0.9
Net profit	101.3	83.6
Earnings per share (CHF/share)	19.7	16.2
Diluted earnings per share (CHF/share)	19.6	16.2

Consolidated Balance Sheet (unaudited)

for the period ended

Feb 28, 2005

Aug 30, 2004

Assets

in millions of Swiss Francs

Current assets

Cash and cash equivalents and short-term deposits	44.3	38.6
Trade accounts receivable	371.7	387.4
Inventories	919.2	987.5
<i>of which cocoa beans stock</i>	367.5	382.0
Other current assets ¹⁾	226.7	247.1
	1,561.9	1'660.6

Non-current assets

Property, plant and equipment	714.6	746.1
Investments	5.0	5.0
Intangible assets	373.2	316.8 ²⁾
Long-term deposits	2.9	3.4
Other non-current assets	33.8	28.6
	1,129.5	1'099.9

Total assets

2,691.4 **2'760.5**

Liabilities and shareholders' equity

in millions of Swiss Francs

Current liabilities

Bank overdrafts and short-term debt	404.1	325.5
Trade accounts payable	269.2	273.8
Provisions	9.8	38.6
Other current liabilities ³⁾	314.1	395.6
	997.2	1'033.5

Non-current liabilities

Long-term debt	625.3	659.5
Deferred tax liabilities	42.9	41.9
Employee benefits	152.4	171.6
Provisions	4.1	36.5
Other non-current liabilities	3.0	9.7
	827.7	919.2

Total liabilities

1,824.9 **1'952.7**

Minority interests

6.7 **6.9**

Shareholders' equity

Share capital	476.7	517.0
Retained earnings and reserves	383.1	283.9
	859.8	800.9

Total liabilities and shareholders' equity

2,691.4 **2'760.5**

¹⁾ Incl. valuation of open commitments and cocoa inventories

²⁾ Net of remaining carrying amount (CHF 17,5 million) of goodwill arising from the Brach's acquisition

³⁾ Includes income tax payable

Consolidated cash flow statement (unaudited)

6 months
2004/05

6 months
2003/04

in millions of Swiss Francs

Operating cash flow before working capital changes	157.6	154.4
(Increase) Decrease in trade accounts receivable and other current assets	34.6	(71.4)
(Increase) Decrease in inventories	56.6	129.4
(Increase) Decrease in other non-current assets	(6.3)	(2.9)
Increase (Decrease) in current and non-current liabilities	(134.9)	(100.3)
Net cash flow from operations	107.6	109.3
Net cash flow from investing activities	(95.7)	(37.1)
Net cash flow from financing activities	(48.2)	(66.8)
Effect of change in minority interests	(0.2)	0.6
Effects of exchange rate changes	(0.6)	(16.6)
Net increase (decrease) in cash and cash equivalents	(37.1)	(10.6)
Cash and cash equivalents at beginning of the period	(1.8)	1.0
Cash and cash equivalents at end of the period	(38.9)	(9.6)
Cash and cash equivalents	42.5	48.9
Bank overdrafts	(81.4)	(58.5)
Cash and cash equivalents as defined for the cash flow statement	(38.9)	(9.6)

Consolidated statement of equity (unaudited)

for the period ended
February 28, 2005

	Share capital ¹⁾	Legal reserves	Retained earnings	Treasury shares	Hedging reserve	Cumulative translation adjustment	Total
in millions of Swiss Francs							
at August 31, 2003	517.0	240.5	16.6	(0.0)	2.5	(17.4)	759.2
Dividends paid			(36.2)				(36.2)
Transactions in treasury shares			0.5	(7.4)			(6.9)
Equity reserve cash flow hedges					(3.2)		(3.2)
Current year translation adjustments						(16.6)	(16.6)
Net profit for the period			83.6				83.6
at February 28, 2004	517.0	240.5	64.5	(7.4)	(0.7)	(34.0)	779.9
at August 31, 2004	517.0	240.5	89.0	(9.8)	(0.5)	(35.3)	800.9
Capital reduction ¹⁾	(40.3)						(40.3)
Transactions in treasury shares			(5.9)	5.0			(0.9)
Equity reserve cash flow hedges					(1.1)		(1.1)
Current year translation adjustments						(17.6)	(17.6)
Negative goodwill Brach's ²⁾			17.5				17.5
Net profit for the period			101.3				101.3
at February 28, 2005	476.7	240.5	201.9	(4.8)	(1.6)	(52.9)	859.8

¹⁾ Instead of a dividend, the annual shareholders' meeting decided on a share capital reduction of CHF 7.80 per share (total share capital reduction of CHF 40.3 million). After this transaction, the share capital is represented by 5,170,000 authorized and issued shares of each CHF 92.20.

²⁾ The remaining negative goodwill of the Brach's acquisition has been recorded in equity as of September 1, 2004 in line with the revised IFRS requirements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (unaudited)

for the period ended February 28, 2005

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 August 31, 2004 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 2003/04.

The Group did not opt for the early adoption of IAS 1, 2, 8, 10, 16, 17, 21, 24, 27, 28, 32, 33, 36 and 38 (all revised in 2003) nor IFRS 2, 4 and 5.

2 Group Companies

On September 2, 2004, the Group acquired from Arla Foods amba of Denmark the business of Arla's subsidiary AM Foods K/S, Denmark. AM Foods produces and sells chocolate and cappuccino vending mix products primarily to the food service sector in the key markets of Europe as well as Scandinavia and Eastern Europe. AM Foods was integrated into the Group's Gourmet & Specialties business unit, which includes (amongst others) the business with cocoa and chocolate blends for vending machines and the hotel/restaurant business. The Group has not completed the allocation of the purchase price as it is in the process of identifying and determining the fair value of the assets acquired and liabilities assumed. The results of AM Foods are consolidated as from September 1, 2004 onwards.

The Group employed 8,709 employees as of February 28, 2005 compared to 8,933 as at August 31, 2004.

3 Capital expenditure

Capital expenditure for the six-month period ended February 28, 2005 amounted to CHF 95.7 million including the acquisition of AM Foods (CHF 37.1 million for the six-month period ended February 28, 2004).

Apart from the acquisition of AM Foods, capital expenditure is related to continuous investments in connection with our on-going production operations. There were no major disposals in the six-month period ended February 28, 2005 (nor in the six-month period ended February 28, 2004).

4 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, the pre-Easter season.

In the six-month period ended February 28, 2005 due to the reduction in cocoa prices and negative currency impacts compared to previous year, revenues decreased by 1.5% to CHF 2,166.1 million from CHF 2,199.3 million. Sales volumes at the same time have been increased by 6.4% from 527,434 to 561,033 metric tonnes.

Operating profit before amortization (EBITA) was stable at CHF 165.8 million (previous year CHF 165.7 million).

Whereas the remaining negative goodwill of Brach's was – in line with the revised IFRS standards – fully reversed against equity at September 1, 2004, the previous year includes an amount of CHF 12.0 million that was released to offset effective incurred losses as well as restructuring and integration expenses in Brach's and start-up expenses for the Vernell plant in Mexico. Other operating expenses include the curtailments of pension/ health care plans.

Net profit (PAT) increased by CHF 17.7 million (or 21.1%) from CHF 83.6 million to CHF 101.3 million. At a stable EBITA this increase of PAT is mainly due to the before mentioned ceased amortization of goodwill as well as lower financing and tax expenses.

5 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.

in millions of Swiss Francs	Feb 28, 2005	Feb 28, 2004
Net result attributable to ordinary shareholders, used as numerator for basic earnings per share	101.3	83.6
After-tax effect of income and expense on dilutive potential ordinary shares	-	-
Adjusted net result used as numerator for diluted earnings per share	101.3	83.6
Weighted average number of shares issued	5,170,000	5,170,000
Weighted average number of treasury shares	32,764	13,192
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	5,137,236	5,156,808
Weighted average number of dilutive potential ordinary shares	32,764	13,192
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,170,000	5,170,000

6 Dividends

At the shareholders' meeting in December 2004 it has been decided that instead of a dividend payment share capital will be reduced and paid back to the shareholders by CHF 7.80 per share (reduction of nominal share value from CHF 100 to CHF 92.20). The respective payment to the shareholders was effected with value date March 1, 2005.

7 Segment information

Primary segment information

	Industrial Business		Food Service & Retail Business		Corporate/ Unallocated		Consolidated	
	6-mths 04/05	6-mths 03/04	6-mths 04/05	6-mths 03/04	6-mths 04/05	6-mths 03/04	6-mths 04/05	6-mths 03/04
In millions of Swiss Francs								
Revenue from external sales	1,130.1	1,128.2	1,036.0	1,071.1	-	-	2,166.1	2,199.3
Operating profit before amortization (EBITA)	107.9	108.2	83.9	84.2	(26.0)	(26.7)	165.8	165.7

Secondary segment information

	Europe		Americas		Asia-Pacific/Africa		Consolidated	
	6-mths 04/05	6-mths 03/04	6-mths 04/05	6-mths 03/04	6-mths 04/05	6-mths 03/04	6-mths 04/05	6-mths 03/04
In millions of Swiss Francs								
Revenue from external sales	1,514.2	1,488.6	516.5	564.3	135.4	146.4	2,166.1	2,199.3

8 Contingencies

At February 28, 2005 the Group was not aware of any new major contingent liability in comparison with the situation as per end of August 2004. 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.

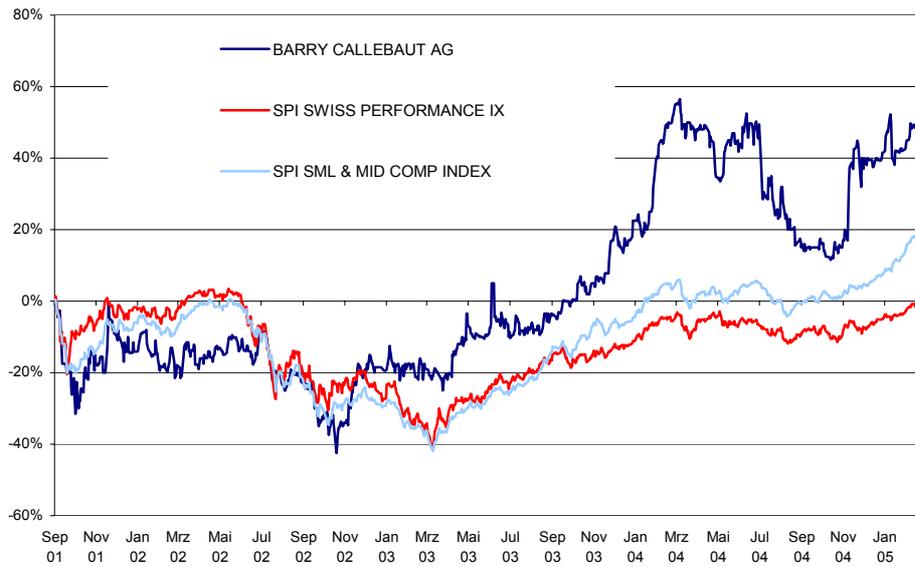
9 Related parties

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

10 Subsequent events

On April 6, 2005 the Squeeze-out resolution of the shareholder assembly of Stollwerck AG of 2003 has been entered into the commercial register and has thereby become effective, leaving Van Houten Beteiligungs AG & Co. KG, a group company of Barry Callebaut AG, the sole shareholder of Stollwerck AG. The listing of the Stollwerck shares on the Frankfurt and Düsseldorf stock exchanges has been terminated.

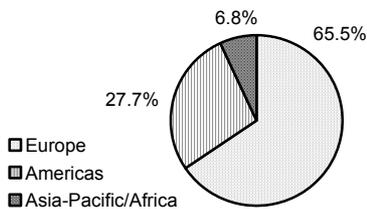
Share Price Performance



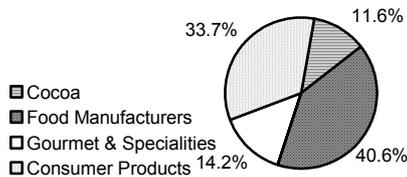
London Cocoa Terminal Market 6-month forward delivery prices



Sales volumes by region 6 months up to 28.02.2005 (in mt)	
Total	561,033
Europe	367,354
Americas	155,249
Asia-Pacific/Africa	38,430



Sales revenue by business unit 6 months up to 28.02.2005 (in CHF millions)	
Total	2,166.1
Cocoa	251.7
Food Manufacturers	878.4
Gourmet & Specialties	307.1
Consumer Products	728.9



Sales revenue by region 6 months up to 28.02.2005 (in CHF millions)	
Total	2,166.1
Europe	1,514.2
Americas	516.5
Asia-Pacific/Africa	135.4

