Annual Report 2000/01

BARRY CALLEBAUT

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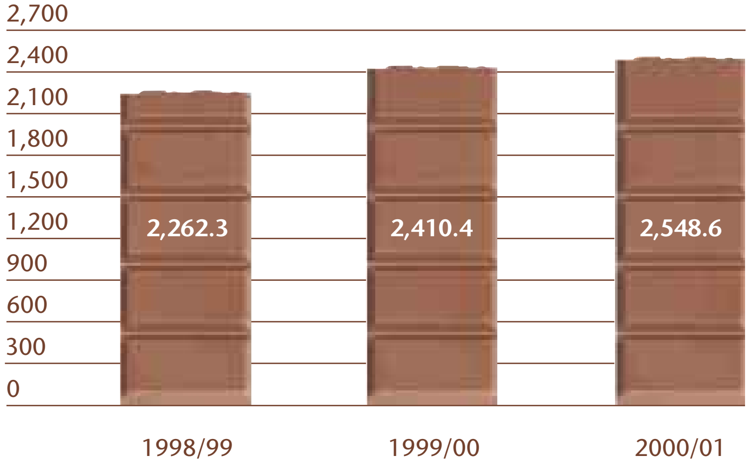
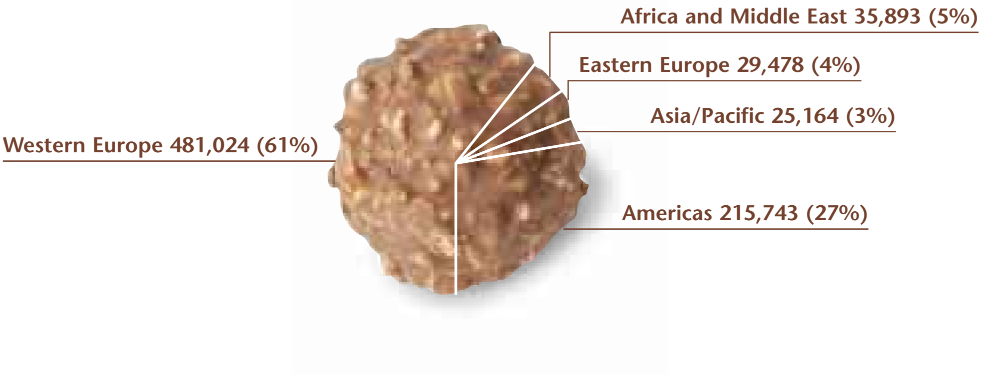
Key Figures

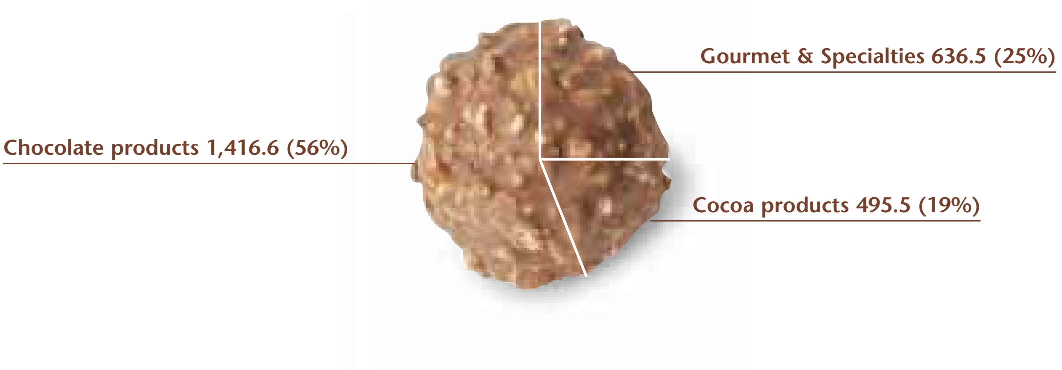
Development of sales revenue
in CHF millions



Sales volume 2000/01 per region
in tons

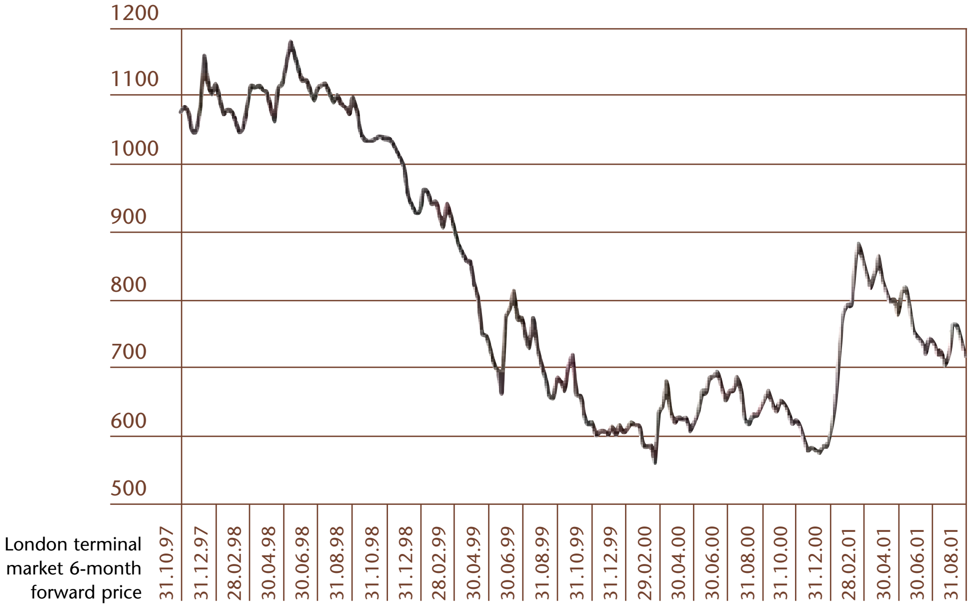


Sales revenue 2000/01 per business unit
in CHF millions

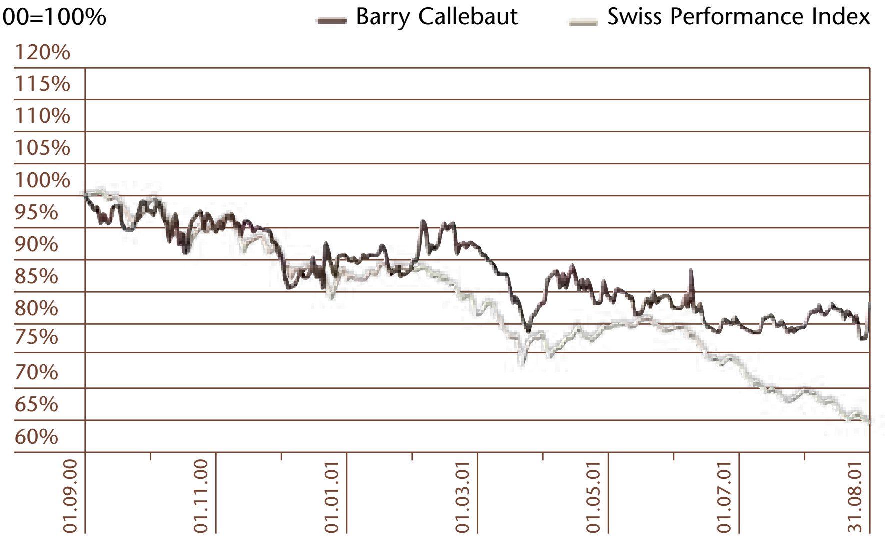


EBIT development
in CHF millions

Cocoa price development
in GBP per ton



Share price development
01.09.00=100%



Key Figures

in CHF		Change 2000/01	2000/01	1999/00	1998/99
Sales revenue	CHF m	+6%	2,548.6	2,410.4	2,262.3
Sales volume	Tons	+5%	787,302	752,040	643,376
EBITDA [1]	CHF m	+11%	266.2	240.3	207.2
Operating profit (EBIT)	CHF m	+13%	168.0	148.7	130.2
Net profit (PAT)	CHF m	+8%	97.1	90.0	100.2
Cash flow [2]	CHF m	+8%	195.3	181.6	177.2
Balance sheet total	CHF m	-8%	2,042.2	2,218.9	1,620.0
Net working capital	CHF m	-14%	765.9	894.3	585.9
Non current assets	CHF m	-8%	823.1	894.0	734.2
Net debt	CHF m	-24%	786.2	1,029.2	656.8
Equity	CHF m	+7%	697.4	648.8	619.7
Return on capital employed (ROCE) [3]	%	+4%	14.0%	13.5%	15.9%
Return on equity (ROE)	%	+0%	13.9%	13.9%	16.2%
EBIT per ton	CHF	+8%	213.4	197.8	202.4
Debt to equity ratio	%	-29%	112.7%	158.6%	106.0%
EBITDA per share	CHF	+11%	51.5	46.5	40.1
Earnings per share	CHF	+8%	18.8	17.4	19.4
Dividend per share [4]	CHF	+3%	6.7	6.5	6.5
Employees		-5%	4,911	5,158	3,219

[1] EBIT + depreciation on property, plant and equipment + amortization of goodwill and other intangibles
[2] Net profit + depreciation on property, plant and equipment + amortization of goodwill and other intangibles
[3] EBITA / Average (Capital employed – Goodwill)
[4] Based on a dividend proposal of CHF 6,70 for 2000/01

in EURO		Change 2000/01	2000/01	1999/00	1998/99
Sales revenue	EUR m	+6%	1,680.2	1,589.1	1,491.5
EBITDA [1]	EUR m	+11%	175.5	158.5	136.6
Operating profit (EBIT)	EUR m	+13%	110.7	98.1	85.9
Net profit (PAT)	EUR m	+8%	64.0	59.4	66.1
Cash flow [2]	EUR m	+8%	128.7	119.7	116.8
Balance sheet total	EUR m	-8%	1,346.4	1,462.9	1,068.1
Net working capital	EUR m	-14%	505.0	589.6	386.3
Non current assets	EUR m	-8%	542.6	589.4	484.1
Net debt	EUR m	-24%	518.3	678.5	433.0
Equity	EUR m	+7%	459.8	427.8	408.5

in USD		Change 2000/01	2000/01	1999/00	1998/99
Sales revenue	USD m	+6%	1,540.2	1,456.7	1,367.2
EBITDA [1]	USD m	+11%	160.9	145.2	125.2
Operating profit (EBIT)	USD m	+13%	101.5	89.9	78.7
Net profit (PAT)	USD m	+8%	58.7	54.4	60.6
Cash flow [2]	USD m	+8%	118.0	109.8	107.1
Balance sheet total	USD m	-8%	1,234.2	1,340.9	979.1
Net working capital	USD m	-14%	462.9	540.5	354.1
Non current assets	USD m	-8%	497.4	540.3	443.7
Net debt	USD m	-24%	475.1	622.0	396.9
Equity	USD m	+7%	421.4	392.1	374.5

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 US dollars (USD) at the rate of CHF 1.6547 to USD 1 and from Swiss francs into Euros (EUR) at the rate of CHF 1.5168 to EUR 1 (closing rates as of August 31, 2001).

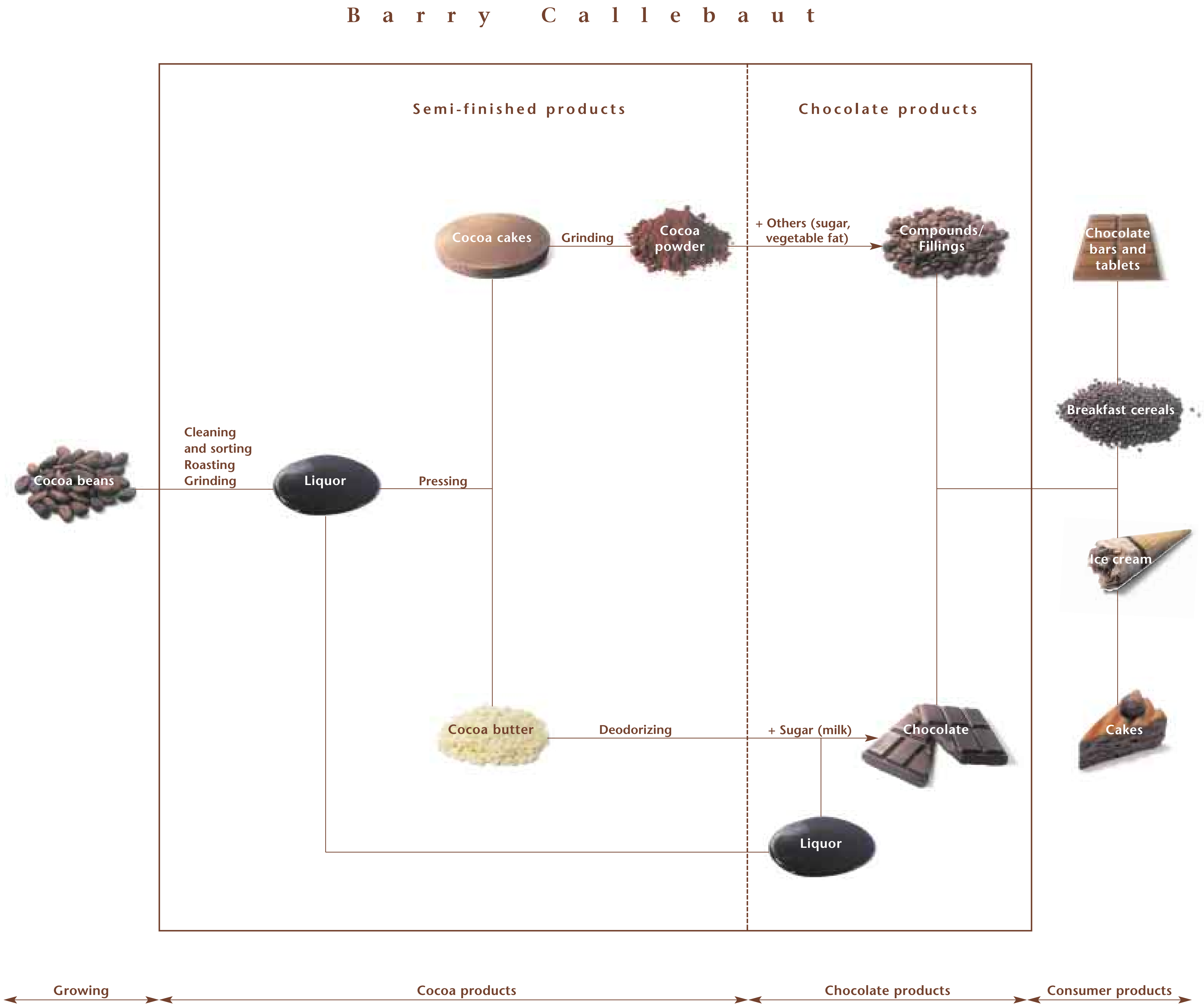
Contents

Company Profile

Satisfied customers have made Barry Callebaut what we are today: the world's leading manufacturer of high quality cocoa and chocolate products with annual sales of CHF 2.5 billion. The company processes 14% of the global cocoa harvest, operates 24 production facilities in 16 countries and employs about 5,000 people. It is organized into the business areas Cocoa & Sourcing (Risk Management, Sourcing & Semi-Finished Products), Chocolate for Industrial Clients (Food Manufacturers), Gourmet & Specialties (Food Service) and Consumer Products.

Our clients 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 our products, to artisanal users, including hotels, gastronomy, chocolate makers, pastry chefs and bakers. We also provide a comprehensive range of services in the fields of product development, processing, training and marketing.

Barry Callebaut's core competency is its comprehensive know-how of all aspects of the art of chocolate making, from the global sourcing of cocoa beans to the development and manufacture of excellent chocolate products. We are driven by our core values: customer focus – commitment – cost efficiency – innovation – integrity.



Letter to the Shareholders

Dear Shareholders

Barry Callebaut can look back on a successful fiscal year 2000/01. Consolidated sales revenue increased by 6% to CHF 2.5 billion. This means that we have exceeded the objective we set ourselves of growing at twice the rate of the market as a whole. A solid operating profit (EBIT) of CHF 168.0 million, or 13% more than the previous year, translates to an EBIT of CHF 213 per ton, or 8% higher than the previous year. Net profit did not increase at the same rate as EBIT, largely due to higher financing costs entailed by the full consolidation of strategic cocoa positions. Net profit rose to CHF 97 million (+8%). Total assets were reduced by almost CHF 180 million. The debt-to-equity ratio fell to a satisfying 113%, against 159% in the previous year. The equity ratio increased to 34%, from 29% in the previous year.

Barry Callebaut is the global market leader in a market characterized by concentration and steady growth. Consolidation of the market is in full swing. As market leader, we are determined to play our part.

Strategic concentration

In our business, size is a necessary, but on its own insufficient, prerequisite for long-term success. Our growth to date has been achieved based on our dedication to customer focus, commitment, innovation, cost leadership and integrity. These factors will clearly be at the center of all our activities enhancing the growth of our Group. We therefore want to bring our products and services even closer than before to the interface with our clients.

We have defined four strategic businesses: Cocoa & Sourcing (Risk Management, Sourcing & Semi-Finished), Chocolate for Industrial Clients (Food Manufacturers), Gourmet & Specialties (Food Service) and Consumer Products. In Cocoa & Sourcing (Risk Management, Sourcing & Semi-Finished), we are reducing the share of the business of cocoa products for third parties, while retaining our existing know-how throughout the whole value chain by producing for our own needs. This will reduce our exposure to fluctuations in the price of semi-finished products. In the Chocolate for Industrial Clients (Food Manufacturers) business area, we will focus on the reinforcement of our cost leadership in combination with the provision of further services to enhance our products. In the Gourmet & Specialties (Food Service) area, we will place an increased emphasis on innovative, high-value, high-margin products and services. The Consumer Products business area concentrates on niche products in carefully selected markets. These measures will help secure sustainable quality growth for the whole Group.

Our strategy is reflected in our adapted management structure, in which globally organized areas of responsibility will allow us to approach the different customer segments in a coordinated manner. The Cocoa business, Risk Management and Global Sourcing have been combined into a single unit so that cocoa production can now also benefit fully from our risk management skills in the Sourcing area. In order to bring it closer to its customers, the Chocolate business area, which was organized into two regions, Europe/Asia-Pacific and the Americas, has been reorganized by customer segment into Chocolate for Industrial Clients (Food Manufacturers) and Gourmet & Specialties (Food Service). In order to strengthen our cost leadership, all logistics and production processes have been merged into the Production & Supply Chain Management area. The Consumer Products business area has been an independent unit since July 2001.

Innovation – the driving force of market success

Innovation is a key factor in Barry Callebaut's market success. By innovation, we mean the development of a series of superior new products that provide a clear additional benefit for consumers, working in close cooperation with our clients and other partners. Examples of this approach are the recent development of a non-soluble cocoa powder which, in the much-loved tiramisù, for example, does not mix with the other ingredients, giving the dessert a particularly appetizing look, or the extraction of polyphenol from unfermented cocoa beans. Polyphenol is an antioxidant that has a positive influence on the human ageing process. There is a photographic report on innovation in this annual report. The photographs were taken in our research and development departments in Belgium and France.

Further optimization of processes during the year

Consolidation and process optimization were at center stage during the past fiscal year. This made decisive measures and restructuring necessary, particularly in North America. Barry Callebaut has thus further improved the conditions for the successful implementation of its strategy. We have examined various acquisition opportunities, but not followed them through, as none of the cases we looked at fulfilled our requirement profile in terms of profitability, quality and sustainability.

Developments in the cocoa producing countries of Africa

Liberalization measures in the Ivory Coast resulted in lower prices and a more volatile price structure, accompanied by increased supply of cocoa beans and lower quality. Only towards the end of the year under review did the price of cocoa start to rise slowly. In order to ensure a high level of quality and to further diversify the sources of the cocoa beans we buy, we reinforced our presence in Ghana through the opening of our own production facility.

Various parties raised accusations of abusive working practices, going as far as child slavery on farms in West Africa. Barry Callebaut does not own any plantations. We are, however, greatly concerned with the improvement of working conditions in the producing countries. We have, therefore, joined other members of the industry in signing an agreement committing us to work closely with the most important cocoa and chocolate industry associations in Europe and the USA, the governments concerned and relevant non-governmental organizations (NGOs) towards a solution.

Outlook for 2002

In Cocoa & Sourcing (Risk Management, Sourcing & Semi-Finished), the sourcing of cocoa beans, especially organic and origin beans, will be more greatly diversified and extended. In the Chocolate for Industrial Clients (Food Manufacturers) area, we are striving to further optimize process and logistics costs and to take over out-sourcing capacities from our customers. The Gourmet & Specialties (Food Service) area will focus on the further development of its multi-brand concept. The main focus of the Consumer Products area is the development and reinforcement of key accounts. We will also take measures to optimize internal production links within the Production & Supply Chain Management area.

Barry Callebaut expects that the continued implementation of the measures foreseen in our strategy will bear fruit in fiscal year 2001/02 and further strengthen our operating performance. The short-term effects of the present slow-down of the economy cannot be estimated with precision. Above all, in light of the continuing structural changes in the cocoa and chocolate industries, we are confident that the measures we have taken will continue to enhance our leadership position.

Changes in the Board of Directors

At the Annual General Meeting on December 13, 2001 Mr Klaus J. Jacobs and Dr Gaudenz Staehelin will retire from the Board of Barry Callebaut AG. The other members of the Board, the Senior Management Team and the employees of Barry Callebaut AG are very grateful to these two gentlemen for their many years of most active involvement and the valuable experience they placed at the service of our company. In Klaus J. Jacobs one of the most prominent international business personalities in the food industry is leaving our Board. It was his vision that brought about Barry Callebaut AG as it exists today, which he built from various small to medium-sized companies into the world's leader in the manufacture of high-quality cocoa and chocolate products.

Proposals to the Annual General Meeting

It is proposed that Mr Rolando Benedick, in Basle, Switzerland, CEO of Manor AG, and Dr Christian Jacobs, in Hamburg, Germany, designated Chairman of the Board of KJ Jacobs AG, be elected to the Board of Directors. Mr Andreas Schmid (Chairman of the Board and CEO) and Mr Pierre Vermaut have made themselves available for re-election.

In view of the profit for the year and the outlook for the current fiscal year, the Board recommends to the Annual General Meeting a dividend increase to CHF 6.70, compared to CHF 6.50 last year, for each registered share.

Thanks

The successful results for the year under review could only be achieved thanks to the high level of commitment and technical expertise of our 5,000 employees. The Board and Management thank them most warmly. Our thanks also go to our clients and shareholders, on whose many years of confidence and support our company has been able to thrive.

Andreas Schmid
Chairman of the Board and CEO

Board of Directors and Management

Board of Directors

Andreas Schmid
Chairman

Klaus J. Jacobs
(until December 13, 2001)

Andreas W. Keller

Dr Gaudenz Staehelin
(until December 13, 2001)

Pierre Vermaut

The Board of Directors proposes to the Annual General Meeting of the Shareholders that Mr Ronaldo Benedick and Dr Christian Jacobs be elected as new members of the Board of Directors.

Senior Management Team

Andreas Schmid
Chief Executive Officer

Jean-Michel Mélis
Industrial Clients
(Food Manufacturers)

Dirk Poelman
Production & Supply Chain Management

Ralph Schmitz-Dräger
Chief Financial Officer

Rudolf Schwab
Cocoa & Sourcing
(Risk Management, Sourcing & Semi-Finished)

Benoît Villers
Gourmet & Specialties
(Food Service)

Market Development

The world economy has been slowing down, especially in the final quarter of the year under review. Given the very strong competition in the world market for chocolate, not only must prices be set at a competitive level, but great demands are also made on product quality and service. Furthermore, clients expect a continuous flow of new, innovative products that offer improved consumer benefits, such as convenience or health-promoting supplements.

As the global market leader, Barry Callebaut is well equipped to face these challenges. Our comprehensive expertise covering the entire chocolate value chain, our high degree of flexibility and continuous productivity improvement enable us to supply our clients with high-quality products and services at competitive prices. We have reduced costs further, through improvements in efficiency and productivity, in order to reinforce our cost leadership. Our objective is to generate 10–15% of total sales each year with new or improved products coming from our systematic development program.

The manufacturing and logistics processes are capital and material intensive, which entails a high cost of capital. Critical mass, optimum capacity utilization and worldwide integration and centralization are essential in order to reduce and optimize costs. For chocolate and gourmet products, this applies at the regional level, for cocoa products on the global scale.

In this respect, Barry Callebaut made further progress in the year under review. In September 2000, our European Distribution Center was opened on 17,000 square meters of land in Aalst, Belgium. Here, all the products manufactured in Europe can be stored under optimum conditions before being shipped all over the world. A project which will allow all stages of an order – from preparing a quotation, through shipment to issuing the final invoice – to be processed centrally will be implemented at first in Europe in mid-2002. The resultant streamlining and simplification of processes will allow us to service our clients more efficiently. Last but not least, the optimization of the complete supply chain is gaining in importance all the time.

Geographical Development

Europe

Western Europe continues to be Barry Callebaut's largest market. Sales increased by 4%. By mid-2002, the productivity improvement program that was launched before the start of the year will result in the introduction of the so-called Sales Price System, which will create total transparency in relation to transactions with clients. The facility in Drongen, Belgium, will be closed by the end of 2001, allowing us to use other existing production capacity more effectively. In Belgium, an e-commerce platform for Gourmet clients was launched for the Callebaut brand. Sales in Eastern Europe declined by 2%. In Poland, production capacity was increased by the addition of a new compound line. We also plan to further expand the exchange of recipes between our various production facilities.

The Americas

Sales increased by 10%. The economic slow-down resulted in a general pressure on margins and an intensifying of competition, primarily in low price segments. However, Barry Callebaut succeeded in both gaining market share and benefiting from increasing health consciousness in North America through the growing use of products with additional benefits, such as organic products, without added sugar, fat-free or high-protein products and products that have not been subject to genetic engineering. A new sales office was opened in California to allow more focused penetration of the West Coast.

Asia / Pacific / Africa

Sales in the Asia/Pacific region increased by 3%. We see great market opportunities in these countries.

Africa produced a sales growth of 23%, primarily because of the consolidation of Van Houten for the full year. We are now present in Senegal, Cameroon and the Ivory Coast – markets which offer great potential for growth – with our own production facilities.

During the year, the Ivory Coast raised a tax claim against our local subsidiary in the amount of CHF 247 million for the years 1998–2000, as we reported earlier. We do not consider this claim justified and have decided to take appropriate measures to counter this claim.

In the Middle East, Barry Callebaut was faced with some very strong quality and price competition, resulting in stable sales.

Business Unit Development

Cocoa & Sourcing

(Risk Management, Sourcing & Semi-Finished)

In the Cocoa business unit, which has now been merged in organizational terms with Global Sourcing, the most important products are cocoa liquor, cocoa butter and branded cocoa powder. Around half of production is supplied to third parties and half processed further by the company itself. Sales to third parties increased by 12% to CHF 495.5 million, or 19% of total sales, although volume declined by 3%. This is a consequence of our deliberate reduction of sales to third parties, higher prices of cocoa powder and cocao bean sales. Costs in the Sourcing area were further reduced by the worldwide central procurement system implemented in recent years.
E-procurement is playing an increasingly important role.

The price level, which increases following the inadequate cocoa harvest of 2000/01, and generally higher price volatility make improved risk and supply management essential. Apart from political changes in the most important cocoa producing country in the world, the Ivory Coast, West Africa generally experienced increased demand-side competition from competing buyers, accentuated by stronger local demand. As part of its geographical risk diversification, Barry Callebaut established a new production facility in Ghana. In order to exploit the potential for profitable premium products, the procurement of organic cocoa beans direct from producers and small cooperatives was increased in order to ensure a consistently high quality.

Chocolate for Industrial Clients

(Food Manufacturers)

The Chocolate for Industrial Clients business unit increased its sales by 2% to CHF 1,416.6 million, or 56% of total sales, based on solid sales growth of almost all products, particularly in Europe. With a worldwide increase in chocolate consumption of roughly 2%, Barry Callebaut is targeting a higher rate of growth than that and a simultaneous reduction of costs. The concentration of the client base on ever fewer large clients has continued. Barry Callebaut has successfully exploited this development for some time as an opportunity by positioning itself as a know-how partner and service provider for the globally active food industry. Here, quality plays a central role as a response to increasing consumer demands. ISO Standard 9002 has already been implemented and ISO Standard 9001 will be implemented in all production facilities throughout the world by the end of 2003.

The focus of the business development effort will be on premium and health-promoting products, such as chocolate without added sugar. In the Kosher products area, Barry Callebaut benefited from a significant competitive advantage based on a very demanding certificate of quality.

As a result of the March 2000 Chocolate Directive, the EU is now permitting the addition of non-cocoa vegetable fats to chocolate. Barry Callebaut generally rejects this opportunity for its own recipes for quality reasons, but is able to satisfy any such client demand at any time.

Gourmet & Specialties (Food Service)

Gourmet & Specialties, which supplies special products to artisanal users, such as chocolate makers, confectioners and hotels and restaurants, increased sales by 10% to CHF 636.5 million. The main reason for the increase was above-average growth in premium specialties. This business unit, which was deliberately pushed hardest during the year, is already contributing 25% to Group sales. In the next few years, Barry Callebaut is targeting above-average growth in the sector, compared to overall market growth. Additional potential has been identified in North and Latin America, in particular.

Opportunities are also to be found in the trends towards healthy and health-promoting nutrition and towards convenience food that requires no further processing by their artisanal or private users.

In order to achieve a still more focused approach to the market in future, marketing responsibilities for the three strategic brands, Cacao Barry, Callebaut and Carma, have been reorganized and the sales organizations reinforced. The objective is to more clearly position the existing brands for French gastronomy (Cacao Barry), Belgian quality chocolate (Callebaut) and “Produce of Switzerland”, especially in the dessert area (Carma).

Consumer Products

Our Consumer Products business area was converted into an independent unit during the year. It encompasses niche products that are sold in some European and African countries through selected distribution channels and represents an extension to our strategic customer segments. Its figures are incorporated in the Gourmet & Specialties area.

Financial Report

Income statement

Total sales amounted to CHF 2,548.6 million, or an increase of 6% over the previous year. Growth in volume terms was 5% and 787,302 tons were sold.

The year under review was characterized by the implementation of customer-oriented business units, the continuation of our cost-reduction program, the restructuring of our North American operations and the integration during the course of the year of previously acquired companies, Chadler US, Chadler Brazil, Aztec Srl, Italy, C.J. van Houten & Zoon AG, Switzerland, and Société Africaine de Cacao Saco SA, Ivory Coast. The activities of the "Gummi-Bear Factory" in Germany, which had sales of approx. CHF 40 million, were sold on October 1, 2000.

Earnings before interest and tax (EBIT) increased overproportionally by 13% to reach CHF 168.0 million. Three quarters of this resulted from volume and margin growth and one quarter from cost-reduction measures. Restructuring costs amounted to CHF 17.8 million.

Net profit for the year of CHF 97.1 million was 8% higher than the previous year. The increase in financing costs to CHF 63.8 million, against CHF 53.3 million in the previous year, was caused by the financing of acquisitions, of the strategic cocoa positions and higher interest rates. Non-operating income of CHF 15.9 million largely reflects the sale of assets.
The corporate tax rate increased by 1.4% to 18.9%.
Cash flow increased by 8% to CHF 195.3 million.

Balance sheet

Total assets were reduced by CHF 176.6 million to CHF 2,042.2 million, despite sales and volume increases. Trade account receivables were reduced by CHF 142.6 million mainly as a result of an asset-backed securitization program. Intensive inventory management resulted in a reduction of CHF 35.9 million in stocks in production process. Strategic cocoa positions increased by CHF 58.8 million to CHF 394.3 million. We were able to reduce non-current assets, which amounted to CHF 823.1 million at year-end.

As a result of our successful management of assets, net debt was reduced from CHF 1,029.2 million to CHF 786.2 million, an improvement of 24%. The debt-to-equity ratio was 113% against 159% in the previous year. Shareholders' equity as a percentage of total assets increased to 34% from 29% in the previous year.

Employees

Recruiting qualified employees continued to be challenging, especially in Europe. The Internet has been used increasingly for job advertisements as well as for training and internal communications in general. The company has followed the trend towards a more flexible organization of work and completed the change from fixed weekly working hours to the annual working hours model.

Our employees make a decisive contribution to our success in our global competitive environment. That is why we invest heavily in recruiting qualified people. But we know that that is not enough, so we want to offer our employees interesting development and career perspectives in order to not just attract but also retain them in the long-term. That is why Barry Callebaut places great emphasis on the training and development of its employees at all levels.

As a global company maintaining subsidiaries in many countries with very different cultures, we possess a great wealth of knowledge and experience. This is a competitive advantage that we nurture carefully, through job rotation, for example, multifunctional working groups, multinational workshops and targeted assignments abroad. Workshops are held regularly for the individual divisions, allowing participants to develop joint concepts and projects for the solution of the tasks and projects that face them. Our Group-wide training modules are regulary attended by around 200 managers and young high potential employees, in order to strengthen their social competence and to become familiarized with such subjects as "Entrepreneurship", "Continuous Improvement" or "Business Communication". In Belgium, a mentoring program was introduced recently, in which young employees with great abilities but little experience as yet, are assigned an experienced colleague to act as coach and to accompany them through the early years of their professional life.

Barry Callebaut also provides intensive training programs for production operators. These encompass detailed manuals covering all activities, written by internal specialists and external experts trained in educational techniques, combined with training courses at the workplace and individual "e-learning" at the PC. At present, 20 employees, working in a group with external consultants are establishing a two-year program to provide a training course that will accompany the implementation of various modules from our efficiency improvement program, "Focus 2001".

Innovation – the Key to the Future

Innovation is a key issue for Barry Callebaut. Our future success in a highly competitive environment can only be assured by continuous development and innovative products that provide added value to our customers. Our goal is to renew 10–15% of our existing product range each year. This commitment translates into significant investments in process and product-oriented research and development. Barry Callebaut maintains close contacts and continuous dialogue with customers, academic institutions and consumers to ensure its developments respond to both present and future needs and to market trends.

More than just food

One of these trends, to which a great potential in the future has been ascribed, lies in the direction of healthy or health-promoting foodstuffs. For example, researchers have discovered that cocoa beans contain polyphenols. Polyphenol is an antioxidant, a substance that binds free radicals and renders them harmless. The oxidizing effect of free radicals is responsible, among other things, for the ageing process in the human organism as well as certain diseases of the heart and brain. Other foodstuffs, such as grape juice and green tea, also contain antioxidants, but, because of its molecular composition, the form found in cocoa beans is of unusually high quality and thus effectiveness.

Following an intensive research and development effort, Barry Callebaut has now succeeded in developing a special process for the extraction of the polyphenol contained in unfermented cocoa beans. A patent has already been applied for. It is already evident that this development provides perspectives in the future that go far beyond the traditional core business of cocoa and chocolate and which could be of interest, for example, to the pharmaceuticals, beverages and cosmetics sectors. This will provide Barry Callebaut additional market opportunities in completely new customer segments in addition to those with which it currently does business.

An increasingly important consideration is the combination of health, convenience and indulgence. The first health-promoting chocolate products are already available on the market. Particular mention should be made of a polyphenol-enriched chocolate that is well established in Japan and a milk drink sold in the U.S. to teenagers, baby-boomers and older people. Both these products were developed by Barry Callebaut in close cooperation with our clients.

Numerous development projects

Barry Callebaut is active in several areas of innovation simultaneously. One development that will be introduced to the market in the very near future allows fillings with new tastes to be produced containing a variety of spices. A further project is concerned with prolonging the storage lives of fillings avoiding the use of alcohol as a preservative. Further work is being undertaken on the development of white fillings that do not turn brown when heated, as has been the case to date, but retain their color as well as promising new advantages in terms of their viscosity. A further innovation is the non-soluble cocoa powder which, in products such as ice cream or desserts, will prevent the mixing of the cocoa with the other ingredients. All these products are targeted at providing a clearly defined additional benefit compared to existing products.

Alliances with universities

Several development projects are being carried out in close cooperation with universities. For example, Barry Callebaut is collaborating with the Pharmacological Institute of the University of Bordeaux in France in its investigations into polyphenol. This project is concerned with the fact that beta sitosterol is released during the extraction of polyphenol, a substance that provides new opportunities in the development of medications for certain types of cancer. A cocoa genetic investigation project is being carried out in collaboration with the American Cocoa Research Institute of Pennsylvania State University. In conjunction with the Federal Institute of Technology (ETH) Zurich, Switzerland, Barry Callebaut has succeeded in developing a milk powder that can be used to optimize the taste of milk chocolate.

New horizons

In all its efforts at innovation, Barry Callebaut remains in constant contact with its customers and consumers, as this is the only way to develop products that will be immediately acceptable to the market. The cooperation that it actively seeks with others stretches from technical support to in-depth consulting. Barry Callebaut thus makes a substantial contribution to a development that will eventually give a new direction to the whole of the foodstuffs sector far beyond the horizons of pure nutrition. This future is not a far-off vision, but is already starting to take shape today.

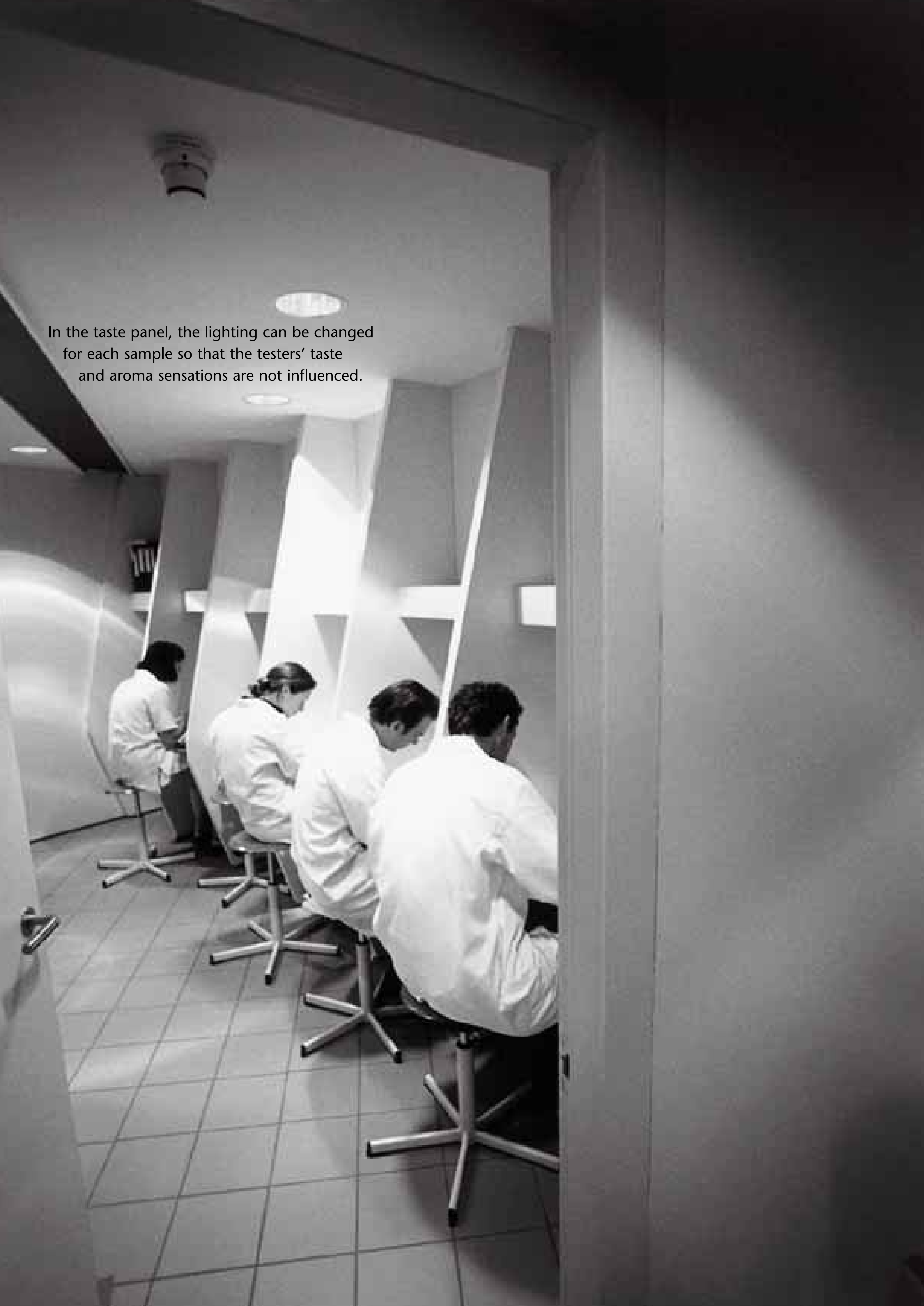
Cocoa beans – the basic raw material
for chocolate.

Test of milk powder
on fat content.

A sample on the way to the laboratory where it will undergo various tests, including viscosity and taste.

Test of samples in a
micro-biological analysis.

A smelling test by a member of the taste panel, members of staff with special organoleptic training.



In the taste panel, the lighting can be changed for each sample so that the testers' taste and aroma sensations are not influenced.

The taste panel: test control on taste, compared with the taste of other products manufactured earlier.







Customer training session
in Barry Callebaut's
"Chocolate College"
in Wieze, Belgium.

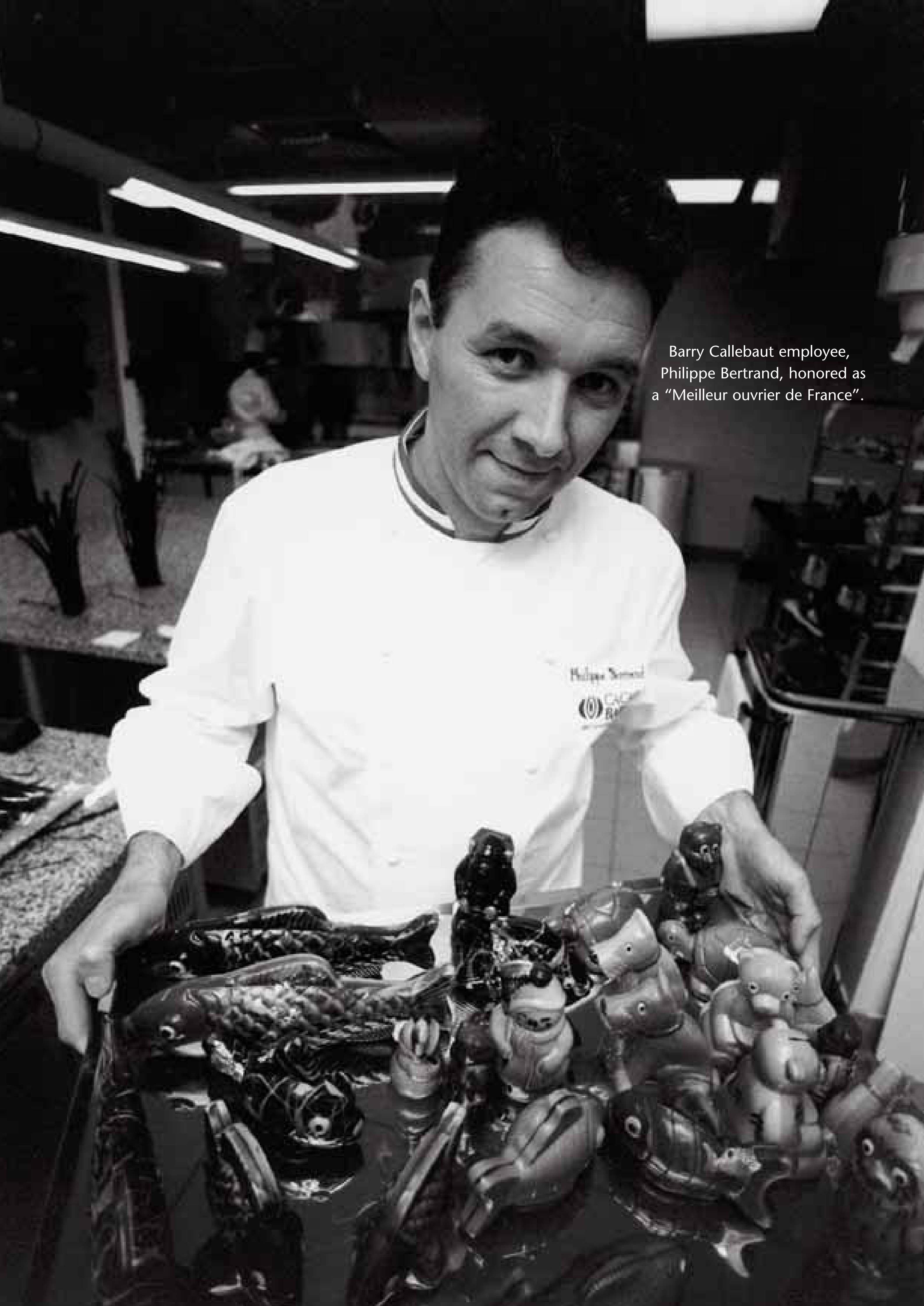



As carefully as a three-star chef... Dipping chocolate in Barry Callebaut's "Chocolate College".


Attentive customers.

On the trail of the taste secret. Practical session in Barry Callebaut's "Chocolate College".

Barry Callebaut supplies not only chocolate, but also offers service products such as a wide selection of moulds.



Barry Callebaut employee,
Philippe Bertrand, honored as
a “Meilleur ouvrier de France”.

Barry Callebaut AG P.O. Box CH-8034 Zurich Phone +41 1 388 61 57 Fax +41 1 388 61 53

Consolidated Financial Statements
with Auditors' Report

Consolidated Balance Sheet

Assets

for the year ended August 31, 2001			
in thousands of Swiss Francs	Notes	2000/01	1999/00
Current assets			
Cash and cash equivalents		81,521	69,249
Short term deposits		189	366
Trade accounts receivable	3	231,140	373,712
Inventories	4	781,997	759,170
of which cocoa beans stock		*394,259*	*335,501*
Other current assets	5	124,290	122,328
		1,219,137	**1,324,825**
Non-current assets			
Property, plant and equipment	6	484,110	544,005
Investments	7	5,197	5,436
Intangible assets	8	325,131	334,345
Deferred tax assets	20	6,086	6,450
Other non-current assets		2,564	3,806
		823,088	**894,042**
Total assets		**2,042,225**	**2,218,867**

Liabilities and shareholders' equity

for the year ended August 31, 2001			
in thousands of Swiss Francs	Notes	2000/01	1999/00
Current liabilities			
Bank overdrafts		28,425	78,000
Short-term debt	9	588,154	714,828
Loans from related parties	26	–	2,414
Trade accounts payable		169,964	174,171
Income tax payable		22,887	18,687
Provisions	10	49,086	56,234
Other current liabilities	11	129,546	111,794
		988,062	**1,156,128**
Non-current liabilities			
Long-term debt	12	253,595	305,823
Deferred tax liabilities	20	37,264	35,804
Other non-current liabilities	14	63,393	65,769
		354,252	**407,396**
Total liabilities		**1,342,314**	**1,563,524**
Minority interests	**15**	**2,546**	**6,497**
Shareholders' equity			
Share capital	16	517,000	517,000
Retained earnings and reserves		180,365	131,846
		697,365	**648,846**
Total liabilities, minority interests and shareholders' equity		**2,042,225**	**2,218,867**

Consolidated Statement of Income

for the year ended August 31, 2001

in thousands of Swiss Francs	Notes	2000/01	1999/00
Operating income			
Revenue from sales and services		2,548,599	2,410,404
Operating expenses			
Material consumed		1,711,431	1,641,155
Personnel		276,380	253,800
Advertising and promotion		16,454	12,894
Depreciation of tangible assets	6	72,117	70,076
Depreciation and amortization of intangible assets	8	26,092	21,521
Loss from associated companies		–	9,493
Other operating expenses	17	278,140	252,722
Total operating expenses		**2,380,614**	**2,261,661**
Operating profit		**167,985**	**148,743**
Financial cost, net	18	(63,763)	(53,337)
Non-operating income, net	19	15,853	12,987
Profit before taxes and minority interest		**120,075**	**108,393**
Taxes	20	(22,750)	(18,948)
Profit before minority interest		**97,325**	**89,445**
Minority interest	15	(270)	588
Net profit		**97,055**	**90,033**
Earnings per share (CHF/share)	21	19.73	18.10
Diluted earnings per share (CHF/share)	21	18.77	17.41
Proposed dividend per share (CHF/share)		6.70	6.50

Consolidated Statement of Cash Flows

Cash flows from operating activities

for the year ended August 31, 2001

in thousands of Swiss Francs	Notes	2000/01	1999/00
Income before minority interest and taxes		120,075	108,393
Adjustments for:			
Depreciation and amortization of tangible and intangible non-current assets		98,208	91,596
Impairment of assets		4,125	–
Foreign exchange (gain)/loss		(2,305)	(83)
Interest income		(5,774)	(4,901)
Interest expense		68,519	56,563
Gain on sale of investments		–	(5,390)
Other non-operating expense/(income)		(13,548)	(7,515)
Loss from associated companies		–	9,493
Operating cash flow before working capital changes		**269,300**	**248,156**
(Increase) Decrease in trade accounts receivable		142,572	29,592
(Increase) Decrease in inventories		(22,827)	(270,211)
(Increase) Decrease in other current assets		(22,863)	51,196
(Increase) Decrease in other non-current assets		(2,222)	(4,780)
Increase (Decrease) in trade accounts payable		(4,205)	(36,821)
Increase (Decrease) in other current liabilities		7,765	17,400
Cash generated from operations		**367,520**	**34,532**
Interest paid		(64,898)	(53,934)
Income taxes paid		(20,424)	(23,574)
Realised exchange gain/(loss)		18,424	(20,867)
Net cash flow from operating activities		**300,622**	**(63,843)**

Consolidated Statement of Cash Flows

Cash flows from investing activities

for the year ended August 31, 2001			
in thousands of Swiss Francs	Notes	2000/01	1999/00
Purchase of property, plant and equipment		(68,008)	(105,088)
Proceeds from sale of property, plant and equipment, other assets and businesses		49,307	16,146
Expenditure for development projects		(12,091)	–
Proceeds from sale of investments		–	12,205
Acquisition of subsidiaries	22	–	(80,744)
Other non-operating income/(expense)		3,126	7,629
Interest received		5,648	4,494
Net cash flow from investing activities		**(22,018)**	**(145,358)**

Cash flows from financing activities

Increase (Decrease) in short-term debt	(165,934)	253,781
Increase (Decrease) in loans and deposits of related parties	(2,414)	10,848
Increase in long-term debt	3,692	34,081
(Decrease) in long-term debt	(16,660)	(14,427)
Decrease in deposits long-term	(57)	(1,050)
(Increase) in deposits short-term	177	–
Increase (Decrease) in other non-current liabilities	(916)	(31,500)
Dividends paid	(31,934)	(32,769)
Dividends paid to minority shareholders	(224)	(42)
Acquisition of treasury shares	(5,891)	(35,953)
Sale of treasury shares	8,204	1,436
Net cash flow from financing activities	**(211,957)**	**184,405**

Effect of change in consolidation method SACO	–	3,800
Effect of change in minority interests	(3,343)	(286)
Effects of exchange rate changes	(1,457)	(58)
Net increase (decrease) in cash and cash equivalents	**61,847**	**(21,340)**
Cash and cash equivalents at beginning of year	(8,751)	12,589
Cash and cash equivalents at end of year	**53,096**	**(8,751)**

Cash and cash equivalents	81,521	69,249
Bank overdrafts	(28,425)	(78,000)
Cash and cash equivalents as defined for the cash flow statement	**53,096**	**(8,751)**

Consolidated Statement of Changes in Equity

for the year ended August 31, 2001 (in thousands of Swiss Francs)	**Share capital**	**Legal reserves**	**Accumulated deficit**	**Treasury shares**	**Cumulative translation adjustment**	**Total**
at August 31, 1999	517,000	198,430	(71,373)	(34,079)	9,646	619,624
Effect of IAS 19 revised			(14,202)			(14,202)
Dividends paid			(32,769)			(32,769)
Acquisition of treasury shares				(35,953)		(35,953)
Sale of treasury shares			(28)	1,464		1,436
Decrease minority share			331			331
Current year translation adjustments					20,346	20,346
Net profit for the year			90,033			90,033
at August 31, 2000	**517,000**	**198,430**	**(28,008)**	**(68,568)**	**29,992**	**648,846**
Dividends paid			(31,934)			(31,934)
Acquisition of treasury shares				(5,891)		(5,891)
Sale of treasury shares			(711)	8,915		8,204
Decrease minority share			776			776
Current year translation adjustments					(19,691)	(19,691)
Internal merger gain		49,106	(49,106)			–
Net profit for the year			97,055			97,055
at August 31, 2001	**517,000**	**247,536**	**(11,928)**	**(65,544)**	**10,301**	**697,365**

Legal reserves of CHF 168.9 million are not distributable to the shareholders pursuant to Swiss law.

Treasury shares include the book value of CHF 65.5 million (1999/00: CHF 68.6 million) treasury shares bought by Barry Callebaut AG in order to allow the exercise of option rights by members of the Group’s management and Board of Directors (see Note 23).

Treasury shares are valued at cost and have been deducted from equity. The fair value on August 31, 2001, of the treasury shares amounted to CHF 53.3 million (1999/00: CHF 68.0 million).

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders.

Summary of Accounting Policies

Basis of presentation

The consolidated financial statements of Barry Callebaut AG and its subsidiaries have been prepared in accordance with International Accounting Standards and the provisions of the Swiss Code of Obligations. For consolidation purposes, Barry Callebaut AG and its subsidiaries (the Group) prepare financial statements using the historical cost convention, except as disclosed in the accounting policies below.

Basis of consolidation

The consolidated financial statements of the Group include all the assets and liabilities of Barry Callebaut AG and the companies which it controls. Control is normally evidenced when a company owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital. The equity and net income attributable to minority shareholders' interests are shown separately in the balance sheet and statement of income. All material intercompany transactions and balances are eliminated. Companies acquired during the year are consolidated from the date control is transferred to the Group and subsidiaries disposed of are included up to the effective date of disposal.

Foreign currency translation

Assets and liabilities of Group companies reporting in currencies other than Swiss Francs are translated to Swiss Francs using year-end rates of exchange. Income and expenses are translated at the average rates of exchange for the year. Differences arising from the translation of foreign currency financial statements using the above method are directly credited or debited to retained earnings and reserves in shareholders' equity.

Foreign currency transactions

Transactions during the year in foreign currencies are translated into the respective local currencies at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into respective local currencies at the exchange rates prevailing at the year-end date. Exchange gains and losses are included in the statement of income.

Financial instruments

Financial instruments, which are held for the long term or to maturity are stated in the balance sheet at cost less provisions to reduce the carrying amounts to the estimated recoverable amounts.

Changes in the value of financial instruments held to hedge commodities and currency or interest rate risks are recognised in income together with corresponding gains or losses from a change in value of the hedged position. Foreign exchange forward, swap and option contracts are entered into to hedge against foreign currency exposures of the Group.

Summary of Accounting Policies

Financial instruments which are not hedges and are not held for the long term are stated in the balance sheet at their market value at the year-end. Changes in market value are recognised in income as they arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and unrestricted bank deposit balances with an original maturity of 90 days or less. Cash and cash equivalents are carried in the balance sheet at cost.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash on hand, deposits held at call with banks, other short-term highly liquid investments, reduced by the bank overdrafts.

Trade accounts receivable

Trade accounts receivable are stated at their nominal value, less necessary provisions for bad and doubtful debts.

Specific provisions are made for accounts receivable balances of which recovery is doubtful. In addition, general provisions are recorded for the remaining receivables based on the expected incidence of bad debts, taking into account past experience.

Inventories

Inventories of cocoa products of the Group's producing companies are stated mark-to-market excluding unrealised trading profits. Trading profits represent gains and losses resulting from comparing the contractual market price of the purchased inventory with the prevailing market price when the inventories were purchased.

Inventories of other products of the Group's producing companies are stated at the lower of cost and net realisable value. The cost of inventories comprises the costs of materials, direct labour and production overheads and is determined using the average cost or first-in-first-out method. Net realisable value is the estimated selling price less costs of completion and direct selling and distribution expenses.

Inventories include the mark-to-market of open physical purchase and sales commitments of the Group's producing companies. As with inventories of cocoa products, these open commitments are stated mark-to-market excluding trading profits. The mark-to-market valuation principles applied are structured to improve the matching of revenues and expenses as they are incurred.

All inventories and open commitments of the Group's central purchasing company are stated mark-to-market. Trading profits representing unrealised gains and losses are included in the mark-to-market valuation of these positions.

Summary of Accounting Policies

Investments and loans

Investments in associated companies, in which the Group holds an interest of between 20% and 50% and has the power to participate in the financial and operating policies of the investee, are accounted for using the equity method. The investment is stated at the value of the Group's share in the company's equity, and the Group's share of the net income or loss of the associated company is reflected in income. Goodwill in connection with investments in associated companies is accounted for using the same method as for goodwill arising in connection with subsidiaries.

Equity interests of less than 20% and loans are carried at cost less appropriate provisions for permanent impairment in value.

Intangible assets

Goodwill

Goodwill, being the excess of the cost of acquisition of subsidiaries and associated companies over the fair value of their attributable net assets at the date of acquisition, is capitalised and amortised on a straight line basis over its anticipated useful life but not exceeding 20 years. Goodwill relating to acquisitions arising prior to August 31, 1995, has been fully written off against reserves.

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable net assets over the cost of acquisition. Negative goodwill is presented in the same balance sheet caption as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, that portion of negative goodwill is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the remaining useful life of those assets. Negative goodwill in excess of the fair value of those assets is recognised in the income statement immediately.

The unamortised balance of goodwill is reviewed annually and the value is written down if recovery by way of the expected benefits is permanently impaired.

Other intangible assets

Other acquired intangible assets (e.g. patents, trademarks, licences) are amortised on a straight-line basis over their anticipated useful life but not exceeding 20 years. Intangible assets are not revalued.

Research and development costs

Research cost and product development costs are expensed as incurred, because it is considered impossible to quantify the existence of a market for the related products with reasonable assurance.

Summary of Accounting Policies

Development costs for projects are capitalised as an intangible asset if it can be demonstrated that the project will probably generate future economic benefits. Development costs that have been capitalised are amortised on a straight-line basis over the period of its expected benefits. The amortisation periods adopted do not exceed five years.

Property, plant and equipment

Property, plant and equipment are valued at the acquisition or construction cost less economic depreciation. A straight-line method of depreciation is applied through the estimated useful life.

Estimated useful lives of major classes of depreciable assets are:

Buildings	20 to 33 years
Plant and machinery	10 years
Office furniture and equipment	3 to 5 years
Motor vehicles	4 to 5 years

Improvements that extend the useful life or increase the value of an asset are capitalised and depreciated over the remaining useful life of the asset. All other maintenance and repair expenditures are charged to the statement of income as incurred.

The carrying amounts of fixed assets are reviewed periodically to assess whether they are recoverable in the form of future benefits. If the recoverable amount of an asset has declined below its carrying amount, an impairment loss is recognised to reduce the value of the assets to its recoverable amount. In determining the recoverable amount of the assets, expected cash flows are discounted to their present value.

Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitment and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the income statement as incurred.

Summary of Accounting Policies

Employee benefits

Post-employment benefits

The liabilities of the Group arising from defined benefit obligations and the related current service costs are determined on an actuarial basis at least every three years using the projected unit credit method.

Actuarial gains and losses are recognised in the income statement, over the remaining working lives of the employee, only to the extent that their cumulative amount exceeds 10% of the greater of the present values of the obligation or of the fair values of plan assets.

For defined benefit plans the actuarial cost charged to the income statement consists of current service cost, interest cost, expected return on plan assets and past service cost as well as actuarial gains or losses to the extent they are recognised. The past service cost for the enhancement of pension benefits is accounted for when such benefits vest.

Some benefits are also provided by defined contribution plans; contributions to such plans are charged to the income statement as incurred.

Post-retirement benefits other than pensions

Certain subsidiaries provide healthcare and insurance benefits for a portion of their retired employees and their eligible dependent. The cost of these benefits is actuarially determined and included in the related function expenses over the employees' working lives. The related liability is included in long-term liabilities.

Employee share participation plans

No compensation cost is recognised in these financial statements for options granted to employees from employee share participation plans.

Other long-term employee benefits

Other long-term employee benefits represent amounts due to employees under deferred compensation arrangements mandated by certain jurisdictions in which the Group conducts its operations. Benefit cost is recognised on an accrual basis in the income statement. The related liability is included in other long-term liabilities.

Taxes

Taxes are provided based on reported income and include taxes on capital as well as non-recoverable taxes withheld on dividends, management fees and royalties received or paid. Such taxes are calculated in accordance with the tax regulations in effect in each country.

The Group provides for deferred taxes using the balance sheet liability method. Deferred income tax is provided on all temporary differences arising between the tax values of assets and liabilities and their values in the consolidated financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax balances are adjusted for subsequent changes in tax rates and for new taxes imposed.

Non-recoverable withholding taxes are only accrued if distribution by subsidiary companies is foreseen.

Revenues from sales and services

Revenues from the sale of goods are recognised when a title passes to the buyer. Appropriate provisions are made for all additional costs to be incurred in connection with the sales including the cost of returns.

Government grants

Provided that there is reasonable assurance that they will be irrevocably received, grants relating to capital expenditure are deducted from the cost of the fixed assets. Other grants are recognised in income over the periods of the related costs.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made.

Provisions are recorded for identifiable penalties, committed costs and restructuring costs. Restructuring provisions mainly comprise employee termination payments. Specific provisions for restructuring costs are recorded at such time as the management approves the decision to restructure and a formal plan for restructuring is properly communicated.

Borrowing costs

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Notes

1. Organization and business activity

Barry Callebaut AG ("the Group") was incorporated on November 24, 1994, under Swiss law having its head office in Zurich, Mainaustrasse 2, Switzerland.

The Barry Callebaut Group is the world leader in industrial chocolate, which serves a wide range of food and beverage companies that use chocolate, cocoa and related products. The company offers a broad and expanding range of chocolate and other cocoa-based products for sale to its customers and produces over 1,500 recipes of processed products. Barry Callebaut is fully vertically integrated from sourcing of the raw material through production of semi-finished products and further production of processed industrial chocolate products.

The principal brands under which the Group operates are Barry Callebaut, Callebaut, Cacao Barry, Van Leer, Carma and Van Houten for chocolate products and Bensdorp, Van Houten and Chadler for cocoa powder and vending mix.

The principal countries in which the Group operates include Belgium, Brazil, Cameroon, Canada, France, Germany, Italy, Ivory Coast, Netherlands, Poland, Senegal, Singapore, Switzerland, the United Kingdom and the USA.

In January 2000, Barry Callebaut acquired from Jacobs AG the remaining 51% in Société Africaine de Cacao SACO. The consolidated income statement of the Barry Callebaut Group fully consolidates the income statement of SACO as from January 1, 2000. Previously an interest of 49% in the result made for the period September to December 1999 was consolidated using the equity method.
In February 2000 retroactively to January 1, 2000, Barry Callebaut acquired from Jacobs AG 100% of the company Omnigest.
The financial statements of Omnigest are consolidated as from January 1, 2000.
In March 2000, Barry Callebaut acquired from Jacobs AG 100% of all the Van Houten companies operating in Africa, Asia and Europe.
The financial statements of the Van Houten companies are consolidated as from March 1, 2000.
As of March 1, 2000, Barry Callebaut acquired from Nestlé Italiana S.p.a. 100% of the company Aztec S.r.l. The financial statements of Aztec are consolidated as from March 1, 2000.
The total purchase price of the different acquisitions of the business year 1999/00 amounted to CHF 39.36 million of which CHF 19.93 million relates to acquisitions from Jacobs AG. This includes the transaction value of the Van Houten companies net of Brach Van Houten Holding Inc., USA, which was not acquired.
On October 1, 2000, the Group sold the Gummibear fruitgum business to a third party.
On October 24, 2001, Barry Callebaut AG's Board of Directors authorised these financial statements for issue.

2. Group companies

As per February 26, 2001, Barry Callebaut AG merged with C.J. Van Houten & Zoon AG, a former subsidiary. The merger was effective as of September 1, 2000. The principal subsidiaries of Barry Callebaut are the following (owned 100% unless indicated otherwise):

Country	Subsidiary
Switzerland	Barry Callebaut Sourcing AG
	Barry Callebaut Schweiz AG
	Van Houten Service AG
	VH Africa Holding S.A (51.0%)
Belgium	Barry Callebaut Services N.V.
	Barry Callebaut Belgium N.V.
Brazil	Barry Callebaut Brazil SA (formerly Chadler Industrial Da Bahia SA)
Cameroon	Société Industrielle Camerounaise des Cacaos SA (67.1%)
	Chocolaterie Confiserie Camerounaise Chococam SA (72.2%)
Canada	Barry Callebaut Canada Inc.
France	Barry Callebaut Manufacturing France SA
	Barry Callebaut France SA (merged with SCI & Associés)
	Chocodif SA
Gabon	Chocogab (71.4%)
Germany	Barry Callebaut Deutschland GmbH
	Van Houten GmbH & Co. KG
	C.J. Van Houten & Zoon Holding GmbH
Great Britain	S & A Lesme Ltd.
	Barry Callebaut UK Ltd.
	Barry Callebaut Manufacturing (UK) Ltd.
Italy	Barry Callebaut Italia S.p.a.
	Aztec S.r.l.
Ivory Coast	Société Africaine de Cacao SACO SA
	Barry Callebaut Négoce SA
	SN Chocodi SA (98.6%)
	Alliance Cacao SA (51.5%)
Mexico	Barry Callebaut Mexico SA
Netherlands	Barry Callebaut Holding B.V.
	Barry Callebaut Netherlands B.V.
Panama	Adis Holdings Inc. (merged with Van Houten Finance & Trading)
Poland	Barry Callebaut Polska Sp.z.o.o.
Senegal	Chocosen S.A.
Singapore	Barry Callebaut Asia Pacific (Singapore) Pte. Ltd.
	Van Houten (Singapore) Pte. Ltd.
Spain	Barry Callebaut Ibérica SL
USA	Barry Callebaut USA Inc.
	Chadler US

The Group had 4,911 and 5,158 employees at August 31, 2001 and 2000 respectively.

Notes

3. Trade accounts receivable

in thousands of Swiss Francs	2000/01	1999/00
Trade accounts receivable	253,427	395,689
Provision for doubtful debtors	(22,287)	(21,977)
	231,140	**373,712**

During the year ended August 31, 2001, the Group entered into a securitisation program with an asset-purchasing company for trade receivables in BC Belgium, BC France, and BC United Kingdom. Under this program third party trade receivables are sold on a monthly basis at their nominal value minus a discount in exchange for cash. These receivables amounting to CHF 155.3 million at August 31, 2001, are derecognised from the balance sheet.

The credit risk is not transferred. The discount amounting to CHF 15.1 million at August 31, 2001, represents a collateral for the transaction and is included in the "Receivables from asset-purchasing company" under other current assets (see Note 5).

Trade receivables sold under the program and collected before the next roll-over, amounting to CHF 22.8 million at August 31, 2001, are classified as a payable towards the asset-purchasing company (see Note 11).

4. Inventories

in thousands of Swiss Francs	2000/01	1999/00
Cocoa beans stock	394,259	335,501
Other raw materials and packaging materials	177,523	203,511
Semi-finished and finished products	207,228	215,734
Other	2,987	4,424
	781,997	**759,170**

At August 31, 2001, the Group held cocoa beans stock for an amount of CHF 394,259 (1999/00: CHF 335,501). In an industrial environment stock policies are mostly aimed at minimising inventories. The stock policy for cocoa beans however is based on trading criteria. Quality reasons (i.e. buying good-quality main-crop beans that are only available a few months per year) and hedging strategies are the main drivers for the volume of cocoa beans stock.

5. Other current assets

in thousands of Swiss Francs	2000/01	1999/00
Prepaid expenses	5,078	8,699
Accrued income	11,659	22,093
Prepaid taxes	12,192	14,384
Receivables from governments	26,645	20,331
Margin calls paid	95	–
Current account KJ Jacobs AG	25,094	25,074
Advances to cocoa suppliers	9,639	5,842
Receivables from asset-purchasing company	19,392	–
Unrealised profits on financial foreign exchange contracts	3,938	3,701
Other	10,558	22,204
	124,290	**122,328**

"Receivables from governments" as per August 31, 2000, have been reclassified for an amount of CHF 13,494 which was reported last year under "Other".

Notes

6. Property, plant and equipment

in thousands of Swiss Francs	Land and buildings	Plant and machinery	Furniture equipment and motor vehicles	Under construction	Total 2000/01	Total 1999/00
Cost						
Beginning of the period	361,684	826,010	123,239	19,467	1,330,400	918,709
Change in Group structure	–	–	–	–	–	316,558
Additions	1,280	18,662	7,940	40,126	68,008	80,474
Disposals	(37,397)	(59,470)	(5,201)	(120)	(102,188)	(25,460)
Currency translation adjustments	(11,025)	(27,973)	(3,949)	(952)	(43,899)	16,905
Reclassifications	2,512	21,436	(3,972)	(18,918)	1,058	23,214
at August 31	**317,054**	**778,665**	**118,057**	**39,603**	**1,253,379**	**1,330,400**
Accumulated depreciation						
Beginning of the period	160,070	539,309	87,020	(4)	786,395	502,407
Change in Group structure	–	–	–	–	–	212,857
Depreciation charge	9,394	51,539	11,184	–	72,117	70,076
Impairment losses	–	4,125	–	–	4,125	–
Disposals	(17,338)	(47,921)	(4,044)	–	(69,303)	(9,314)
Currency translation adjustments	(4,207)	(17,253)	(2,524)	–	(23,984)	2,142
Reclassifications	212	3,943	(4,236)	–	(81)	8,227
at August 31	**148,131**	**533,742**	**87,400**	**(4)**	**769,269**	**786,395**
Net at September 1, 2000	201,614	286,701	36,219	19,471	–	544,005
Net at August 31, 2001	**168,923**	**244,923**	**30,657**	**39,607**	**484,110**	**–**

Repair and maintenance expenses for the business year 2000/01 amounted to CHF 48,075 (1999/00: CHF 42,861). The fire insurance value of property, plant and equipment amounted to CHF 1,514,257 and CHF 1,591,282 at August 31, 2001 and 2000 respectively.

Pursuant to the closure of the site in Drongen (Belgium), an impairment charge of CHF 4,125 had to be recognised in the Income Statement.

At August 31, 2001, tangible assets held under financial leases amount to CHF 1,042 (1999/00: CHF 2,452).

Borrowing costs of CHF 383 (1999/00: CHF 0) arising on financing specifically entered into for the construction of a new factory were capitalised during the year and are included in “Additions” in the table above. A capitalisation rate of 7.5 % was used, representing the borrowing cost of the loan used to finance the project.

Bank borrowings are secured by mortgages on properties for a value of CHF 22,877 (1999/00: CHF 48,742) (see Note 27).

7. Investments

	participation	2000/01	1999/00
Jacquot, France	25%	4,482	4,625
Other		715	811
		5,197	**5,436**

Notes

8. Intangible assets

in thousands of Swiss Francs	Goodwill	Brand names	Development costs	Other	2000/01	1999/00
Gross amount						
Balance at September 1	370,433	25,625	–	6,800	402,858	344,798
Additions	2,215	–	12,091	2,912	17,218	49,601
Disposals	–	–	–	(19)	(19)	–
Currency translation adjustments	(1,378)	–	(64)	(323)	(1,765)	1,658
Change in group structure	–	–	–	–	–	6,801
Reclassifications	–	–	1,187	–	1,187	–
Balance at August 31	**371,270**	**25,625**	**13,214**	**9,370**	**419,479**	**402,858**
Accumulated depreciation						
Balance as at September 1	65,383	1,275	–	1,855	68,513	46,571
Additions	21,258	2,550	234	2,050	26,092	21,542
Disposals	–	–	–	(2)	(2)	–
Currency translation adjustments	(193)	–	(1)	(78)	(272)	140
Change in group structure	–	–	–	–	–	260
Reclassifications	129	–	58	(170)	17	–
Balance at August 31	**86,577**	**3,825**	**291**	**3,655**	**94,348**	**68,513**
Net at September 1, 2000	305,050	24,350	–	4,945	–	334,345
Net book value at August 31, 2001	**284,693**	**21,800**	**12,923**	**5,715**	**325,131**	–

The remaining amortisation period of goodwill on acquisitions is varying between 4 and 19 years.
The remaining amortisation period of other intangibles is varying between 2 and 19 years.
Net goodwill amounted to CHF 284,693 at August 31, 2001 (1999/00: CHF 305,050).

Development costs amounting to CHF 12,923 mainly relate to the FOCUS 2001 project. This project is aimed at the optimisation, redesign or substantial improvement of a number of key business processes in Europe. The depreciation period is 5 years starting from next year, when the FOCUS 2001 project will become fully operational.

9. Short-term debt

in thousands of Swiss Francs	2000/01	1999/00
Amounts due to banks	547,118	665,778
Current portion of long-term bank borrowings	39,260	47,020
Interest bearing loans from employees	1,544	1,663
Finance lease obligation	232	367
	588,154	**714,828**

The carrying value of short-term debt approximates the estimated fair value due to the short-term nature of these instruments.

Short-term financial liabilities are mainly denominated in EUR, in CHF and in USD. Rates of annual interest are mainly variable and range from 3% to 6%.

Notes

10. Provisions

in thousands of Swiss Francs	Provision for restructuring costs	Other provisions	Total
Balance at beginning of period	46,610	9,624	56,234
Additional provisions	157	11,418	11,575
Used	(9,985)	(1,224)	(11,209)
Reversed	(887)	(5,589)	(6,476)
Reclassifications	(4,500)	4,500	–
Currency translation adjustments	(355)	(683)	(1,038)
at August 31, 2001	**31,040**	**18,046**	**49,086**

Provisions mainly relate to industrial restructuring activities in several countries for which the exact timing is not yet known. Provisions for tax contingencies amounting to CHF 4,500 have been reclassified in the current business year into "Other provisions" since they were misclassified in the prior year.

11. Other current liabilities

in thousands of Swiss Francs	2000/01	1999/00
Accrued wages and social charges	36,368	35,383
Pension liabilities	2,368	1,404
Interests accrued	2,861	3,029
Year-end rebates and commissions	6,034	6,406
Other taxes	6,786	8,021
Margin calls received	–	690
Payable to KJ Jacobs AG	–	9,177
Payable to asset-purchasing company	22,832	–
Unrealised losses on financial foreign exchange contracts	2,945	–
Other	49,352	47,684
	129,546	**111,794**

Notes

12. Long-term debt

in thousands of Swiss Francs	2000/01	1999/00
Bank borrowings		
(in various currencies – 84% in EUR – and the majority at variable rates		
varying between 3% and 12.5% p.a.)	289,601	346,155
Less current portion (Note 9)	(39,260)	(47,020)
Interest-bearing loans from employees	2,258	4,556
Long-term other loans	79	1,157
Finance lease obligation	917	975
	253,595	**305,823**

Long-term debt, stemming from loans relating to the consolidation of the Barry acquisition loans in February 1998, remains subject to financial covenants to the effect that the consolidated net shareholders' equity, minus goodwill in excess of CHF 300 million, shall not be less than 30% of the consolidated balance sheet total minus cash and cash equivalents and minus goodwill in excess of CHF 300 million. Further, the consolidated equity must be equivalent to the level reached as at August 31, 1997, of CHF 315 million.

Repayments of long-term debt are due in the following fiscal years:

in thousands of Swiss Francs	2000/01	1999/00
2001/02	–	46,416
2002/03	42,470	45,629
2003/04	175,780	179,194
2004/05	7,550	4,672
2005/06 and thereafter (2000)	25,979	29,912
2006/07 and thereafter (2001)	1,816	–
	253,595	**305,823**

13. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
in thousands of Swiss Francs	2000/01	1999/00	2000/01	1999/00
Amounts payable under finance leases				
within one year	282	419	232	367
in the second to fifth year inclusive	637	604	562	519
more than five years	355	461	355	456
	1,274	**1,484**	**1,149**	**1,342**
less: future finance charges	(125)	(142)	n/a	n/a
Present value of lease obligations	**1,149**	**1,342**	**1,149**	**1,342**
less amount due for settlement within 12 months			(232)	(367)
Amount due for settlement after 12 months			917	975

The Group entered into finance leasing arrangements for certain buildings and machinery. The average term of finance leases entered into is 10 years. The average effective borrowing rate was 6%. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payment.

The fair value of the Group's obligations approximates their carrying amount.

Notes

14. Other non-current liabilities

in thousands of Swiss Francs	2000/01	1999/00
Pension liabilities (Note 23)	60,724	62,214
Other	2,669	3,555
	63,393	**65,769**

15. Minority interests

These consist mainly of third-party shareholders' interests in the equity and net income of:

	2000/01	1999/00
Alliance Cacao	48.5%	–
Barry Callebaut Polska	–	5.0%
Chocogab	28.6%	28.6%
Chocolaterie Confiserie Camerounaise Chococam	27.8%	27.8%
Chocosen	–	49.0%
Grundstückgesellschaft Norderstedt/Boizenburg	–	6.0%
SN Chocodi	1.4%	1.4%
Société Industrielle Camerounaise des Cacaos	32.9%	32.9%
VH Africa Holding	49.0%	49.0%

Movements in minority interests

in thousands of Swiss Francs	2000/01	1999/00
Opening balance	6,497	1,889
Minority share of profits/(losses)	270	(588)
Purchase of minority shares	(3,343)	(331)
Dividends paid to minority shareholders	(224)	(42)
Change in group structure	(847)	5,656
Currency translation adjustment	193	(87)
at August 31	**2,546**	**6,497**

16. Share capital

in thousands of Swiss Francs	2000/01	1999/00
Share capital is represented by 5,170,000		
authorized and issued shares (1999/00: 5,170,000)		
of CHF 100 each, fully paid	**517,000**	**517,000**

There were no movements in the share capital of the company either in 2000/01 or 1999/00 reporting periods.

The Company has one class of ordinary shares, which carry no right to fixed dividend.

17. Research and development costs

Operating expenses include CHF 4.6 million (1999/00: CHF 5.2 million) research and development costs.

18. Financial cost

in thousands of Swiss Francs	2000/01	1999/00
Financial income		
Interest income	5,774	4,901
Income from investments	1,037	31
Financial expense		
Interest expense	(68,519)	(56,563)
Bank charges	(2,055)	(1,706)
	(63,763)	**(53,337)**

Interest expense includes interest paid under a commodity repurchase agreement for an amount of CHF 10.0 million for the year 2000/01 (1999/00: CHF 9.9 million). Interest expense for 2000/01 also includes interest paid under a securitisation program of trade receivables for an amount of CHF 5.5 million (1999/00: CHF 0 million).

19. Non-operating income and expense

in thousands of Swiss Francs	2000/01	1999/00
Non-operating income		
Foreign exchange gains	38,379	46,719
Gain on sale of investment in Gertrude Hawks	–	5,390
Gain related to fixed assets damage	–	5,460
Gain related to sale of property, other assets and business	16,422	3,577
Other	3,512	–
	58,313	**61,146**

in thousands of Swiss Francs	2000/01	1999/00
Non-operating expense		
Foreign exchange losses	(36,074)	(46,636)
Other non-operating expense	(6,386)	(1,523)
	(42,460)	**(48,159)**

Non-operating income, net	**15,853**	**12,987**

Notes

20. Taxes

Tax losses carried forward utilised during the year were CHF 119.5 million (1999/00: CHF 29.3 million). The tax relief hereon however was limited (CHF 3,395) because the major part related to Barry Callebaut AG for which the tax effectiveness of the utilisation of tax losses carried forward is only marginal due to its holding status.
At August 31, 2001, the Group had unutilised tax losses carried forward of approximately CHF 393.6 million (1999/00: CHF 462.1 million) which are available for offset against future taxable income. Of these CHF 393.6 million, CHF 233.3 million can be used for an unlimited period of time. The remaining CHF 160.3 million expire as follows: CHF 20.2 million in 2005, CHF 138.8 million in 2007, CHF 0.6 million in 2009, CHF 0.5 million in 2010 and CHF 0.2 million in 2011.

in thousands of Swiss Francs	2000/01	1999/00
Tax expenses		
Current taxes	21,838	23,812
Deferred taxes	2,512	(1,964)
Release of tax provisions	(1,600)	(2,900)
	22,750	**18,948**

in thousands of Swiss Francs	2000/01	1999/00
Reconciliation of tax expenses		
Income before taxes and minority interest	120,075	108,393
Expected taxes at the domestic rates applicable to profit in the countries concerned	34,291	44,632
Weighted average applicable tax rate	28.56%	41.18%
Tax relief on losses carried forward	(3,395)	(9,986)
Tax effect of non-deductible expenses	18,893	13,645
Tax effect of income not subject to tax	(25,101)	(28,765)
Release of tax provisions at consolidated level, net	(1,600)	(2,900)
Adjustments related to prior years	(338)	2,322
Benefit from previously unrecognised differences	–	–
	22,750	**18,948**

The change of the weighted average applicable tax rate is mainly due to an increase of business in countries with low tax rates.

Notes

Deferred taxes

in thousands of CHF	Balance at September 1, 1999	Deferred tax (income)/ expense 1999/00	Effect of acquisitions	Currency translation adjustments	Balance at August 31, 2000	Deferred tax (income)/ expense 2000/01	Effect of acquisitions	Currency translation adjustments	Balance at August 31, 2001
Deferred tax assets									
Deferred tax depreciation fixed assets	(172)	(44)	–	(9)	(225)	8,156	–	(116)	7,815
Deferred tax inventories	–	–	–	–	–	–	–	–	–
Deferred tax provisions	–	300	(1,038)	23	(715)	(6,113)	–	195	(6,632)
Deferred tax other assets	76	80	(1,040)	(2)	(886)	(3,025)	–	183	(3,728)
Deferred tax other liabilities	(937)	450	(913)	(24)	(1,424)	(2,514)	–	398	(3,541)
Capitalisation of tax loss carried forward	–	(3,200)	–	–	(3,200)	3,200	–	–	–
	(1,033)	**(2,414)**	**(2,991)**	**(11)**	**(6,450)**	**(296)**	–	**660**	**(6,086)**
Deferred tax liabilities									
Deferred tax depreciation fixed assets	25,005	7,663	–	1,574	34,242	(1,522)	–	(1,570)	31,150
Deferred tax inventories	(290)	2,302	–	(11)	2,001	5,243	–	(25)	7,219
Deferred tax provisions	7,517	(4,452)	–	(666)	2,399	3,046	–	(63)	5,382
Deferred tax other assets	998	(6,556)	–	(81)	(5,638)	(1,300)	–	346	(6,592)
Deferred tax other liabilities	247	1,493	896	165	2,800	(2,659)	–	(36)	105
	33,477	**450**	**896**	**981**	**35,804**	**2,808**	–	**(1,348)**	**37,264**
Total deferred tax	**32,443**	**(1,964)**	**(2,095)**	**970**	**29,354**	**2,512**	–	**(688)**	**31,178**

21. Earnings per share

The following amounts of earnings have been used as the numerator in the calculation of basic and diluted earnings per share:

in thousands of Swiss Francs	2000/01	1999/00
Net result attributable to ordinary shareholders, used as numerator for basic earnings per share	97,055	90,033
After-tax effect of income and expense on dilutive potential ordinary shares	–	–
Adjusted net result used as numerator for diluted earnings per share	97,055	90,033

The following numbers of shares have been used as the denominator in the calculation of basic and diluted earnings per share:

	2000/01	1999/00
Weighted average number of shares issued	5,170,000	5,170,000
Weighted average number of treasury shares	251,826	195,635
Weighted average number of ordinary shares outstanding, used as denominator for basic earnings per share	4,918,174	4,974,365
Weighted average number of dilutive treasury shares held in coverage of the stock option plan	251,826	195,635
Adjusted weighted average number of ordinary shares, used as denominator for diluted earnings per share	5,170,000	5,170,000

Notes

22. Cash flow from acquisitions

Acquisitions

in thousands of Swiss Francs	2000/01	1999/00
Current assets	–	(229,361)
Non-current assets	–	(132,832)
Goodwill	–	(23,629)
Short-term liabilities	–	236,450
Long-term liabilities	–	104,195
Minority interest	–	5,814
Total purchase price	–	**(39,363)**
Part of purchase price not paid in cash	–	9,177
Less: cash and bank overdrafts acquired	–	(50,558)
Cash flow for acquisition, net of cash and bank overdrafts acquired	–	**(80,744)**

Net profit for the year includes profit of CHF 7.6 million from companies acquired in 1999/00 (profit of CHF 6.1 million for the year 1999/00 from companies acquired in 1999/00). No companies were acquired in 2000/01.

23. Employee benefits

The Group has, apart from the legally required social security schemes, numerous independent pension plans. The assets are principally held externally. For certain Group companies, however, no independent assets exist for the pension and other long-term employee benefit obligations. In these cases, the related liability is included in the balance sheet.

Liabilities recognised in the balance sheet

in thousands of Swiss Francs	2000/01	1999/00
Pension funds		
defined benefit plans	56,416	57,780
defined contribution plans	2,296	–
Other post-retirement benefit plans	372	356
Other long-term employee benefits	1,640	4,078
	60,724	**62,214**

Assets recognised in the balance sheet

in thousands of Swiss Francs	2000/01	1999/00
Pension funds		
defined benefit plans	3,050	2,269
	3,050	**2,269**

Notes

Reconciliation of assets/liabilities recognised in the balance sheet

in thousands of Swiss Francs	Defined benefit retirement plans	Other post-employment benefits	Total 2000/01
Present value of funded obligations	103,916	4,311	108,227
Fair value of plan assets	(72,727)	–	(72,727)
Excess of liabilities/(assets) of funded obligations	31,189	4,311	35,500
Present value of unfunded obligations	31,630	(437)	31,193
Unrecognised past services cost of non-vested benefits	–	243	243
Net unrecognised actuarial gains/(losses)	(9,434)	172	(9,262)
Unrecognised assets	–	–	–
Net accrued liabilities	**53,385**	**4,289**	**57,674**

Expenses recognised in the income statement

in thousands of Swiss Francs	Defined benefit retirement plans	Other post-employment benefits	Total 2000/01	Total 1999/00
Current service cost	8,207	–	8,207	5,715
Interest cost	5,525	16	5,541	5,385
Expected return on plan assets	(6,140)	–	(6,140)	(5,614)
Net actuarial (gain)/loss recognised in the year	8	(12)	(4)	5
Loss/(gain) on early retirement, curtailments, settlements	0	17	17	–
Past service cost	51	–	51	1,331
Employees' contributions	(1,068)	–	(1,068)	(870)
Total defined benefit expenses	**6,583**	**21**	**6,604**	**5,952**

The actual return on plan assets in 2000/01 was negative for an amount of CHF 6,262 (1999/00: positive return of CHF 3,996).

Movement of defined benefits net liabilities

in thousands of Swiss Francs	Defined benefit retirement plans	Other post-employment benefits	Total 2000/01
at September 1, 2000	55,511	4,434	59,945
Changes in Group structure	–	–	–
Currency translation adjustments	(1,090)	(155)	(1,245)
Total defined benefit expenses	6,583	21	6,604
Contributions	(2,105)	(11)	(2,116)
Benefits paid	(5,514)	–	(5,514)
at August 31, 2001	**53,385**	**4,289**	**57,674**

Principal actuarial assumptions used

	2000/01	1999/00
Discount rates	5.75%	5.75%
Expected rate of salary increase	5%	5%
Expected return on plan assets	5%	5%

Notes

Share compensation plan

The Group has adopted various incentive plans to attract, retain and motivate management and employees and to reward them for their contribution to the performance of the Group.

In fiscal year 1998, the Group introduced a stock option plan. Under this plan, a specific limited group of executives and some of the members of the Board of Directors are granted options to acquire registered shares of Barry Callebaut AG at a predetermined strike price. The options will vest on the basis of 20% per year over 5 years. Once vested, the options can be exercised over a period of 5 years.

The number of options granted depends on the performance of the individuals. No expenses related to the stock option plan were recorded in the income statement.

Stock option plan

	Number of options 2000/01	Weighted average exercise price (CHF/share)	Number of options 1999/00	Weighted average exercise price (CHF/share)
Outstanding at September 1	314,500		127,500	
Granted during the year	–		187,000	
Exercised during the year	–		–	
Forfeited during the year	–		–	
Outstanding as at August 31	**314,500**		**314,500**	
Exercisable as at August 31	**186,000**	**250**	**99,000**	**263**

The rights are exercised through the year in accordance with the rules of the plan.

The total options outstanding at August 31, 2001, had exercise prices ranging from CHF 234.5 to CHF 322 (1999/00: CHF 234.5 to CHF 322).

	Number of options 2000/01	Number of options 1999/00
Expiry date – August		
2003	32,500	32,500
2004	32,500	32,500
2005	60,500	60,500
2006	60,500	60,500
2007	60,500	60,500
2008	34,000	34,000
2009	34,000	34,000
	314,500	**314,500**

Notes

24. Information by segment and geographical area

I – Primary segment information: geographical by location of assets

in thousands of Swiss Francs	Europe 2000/01	Europe 1999/00	Americas 2000/01	Americas 1999/00	Asia-Pacific/Africa 2000/01	Asia-Pacific/Africa 1999/00	Eliminations 2000/01	Eliminations 1999/00	Consolidated 2000/01	Consolidated 1999/00
Revenue										
External sales	1,813,580	1,770,064	625,716	562,152	109,303	78,188	–	–	2,548,599	2,410,404
Intersegment sales	243,297	244,312	12,801	1,959	207,589	160,484	(463,687)	(406,755)	–	–
Income from sales and services	**2,056,877**	**2,014,376**	**638,517**	**564,111**	**316,892**	**238,672**	**(463,687)**	**(406,755)**	**2,548,599**	**2,410,404**
Segment result	158,270	116,668	10,442	21,457	(727)	20,111	–	–	167,985	158,236
Loss share associated companies	–	–	–	–	–	(9,493)	–	–	–	(9,493)
Operating income	**158,270**	**116,668**	**10,442**	**21,457**	**(727)**	**10,618**	–	–	**167,985**	**148,743**
Non-operating income, net									**15,853**	**12,987**
Financial cost, net									**(63,763)**	**(53,337)**
Total taxes									**(22,750)**	**(18,948)**
Minority interest									**(270)**	**588**
Net profit for the year									**97,055**	**90,033**

I – Primary segment information: geographical by location of assets – continued

in thousands of Swiss Francs	Europe 2000/01	Europe 1999/00	Americas 2000/01	Americas 1999/00	Asia-Pacific/Afrika 2000/01	Asia-Pacific/Afrika 1999/00	Eliminations 2000/01	Eliminations 1999/00	Consolidated 2000/01	Consolidated 1999/00
Other information										
Segment assets	1,431,550	1,572,301	385,141	429,364	225,534	217,202	–	–	2,042,225	2,218,867
Corporate assets	–	–	–	–	–	–	–	–	–	–
Consolidated total assets	**1,431,550**	**1,572,301**	**385,141**	**429,364**	**225,534**	**217,202**	–	–	**2,042,225**	**2,218,867**
Segment liabilities	1,070,830	1,235,416	105,437	164,698	143,160	144,723	–	–	1,319,427	1,544,837
Corporate liabilities	–	–	–	–	–	–	–	–	22,887	18,687
Consolidated total liabilities	**1,070,830**	**1,235,416**	**105,437**	**164,698**	**143,160**	**144,723**	–	–	**1,342,314**	**1,563,524**
Capital expenditure	51,259	123,313	15,668	81,888	18,299	54,284	–	–	85,226	259,485
Depreciation and amortisation	(64,007)	(66,242)	(23,601)	(17,390)	(10,601)	(7,965)	–	–	(98,209)	(91,597)

II – Secondary business segment information

in thousands of Swiss Francs	Chocolate for industrial clients 2000/01	Chocolate for industrial clients 1999/00	Gourmet & Specialities 2000/01	Gourmet & Specialities 1999/00	Cocoa & Sourcing 2000/01	Cocoa & Sourcing 1999/00	Corporate 2000/01	Corporate 1999/00	Eliminations 2000/01	Eliminations 1999/00	Consolidated 2000/01	Consolidated 1999/00
Revenue from external sales	1,416,601	1,391,504	636,493	578,237	495,505	440,663	–	–	–	–	2,548,599	2,410,404
Intersegment sales	154,405	175,212	–	–	327,245	289,358	–	–	(481,650)	(464,570)		
Total sales	1,571,006	1,566,716	636,493	578,237	822,750	730,021	–	–	(481,650)	(464,570)	2,548,599	2,410,404
Gross profit	434,288	415,165	180,883	166,559	221,997	187,525	–	–	–	–	837,168	769,249
Carrying amount of segment assets	730,812	998,534	198,591	215,768	742,615	620,860	370,207	383,705	–	–	2,042,225	2,218,867
Capital expenditure	33,114	86,627	5,828	72,832	25,654	68,313	20,630	31,713	–	–	85,226	259,485

The carrying amount of segment assets in the segment corporate includes the goodwill.

Capital expenditure includes the purchase of property, plant and equipment and the acquisition of goodwill.

Notes

III – Revenue from external sales by geographical location of customers

	Europe		Americas		Asia-Pacific/Africa		Eliminations		Consolidated	
in thousands of Swiss Francs	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
External sales revenue	1,688,526	1,630,649	667,655	608,969	192,418	170,786	–	–	2,548,599	2,410,404

The definition of segments used in the primary and secondary business information is as follows:

Geographical segments:

Americas consists of all countries of North America and South America.

Europe consists of the following countries: the British Isles, France, Belgium, Netherlands, Luxembourg, Germany, Italy, Spain, Portugal, all Eastern Europe countries, all Scandinavian countries, Switzerland, Austria, Greece, Turkey.

Asia-Pacific/Africa consists of all other countries.

Business segments:

Since September 1, 2000, the Group has been structured into the business units Chocolate for industrial clients, Gourmet & Specialities, and Cocoa & Sourcing.

Prior year secondary segment information has been restated to reflect properly this new business unit structure.

Chocolate for industrial clients (Food Manufacturers) consists of all finished chocolate products which are sold to industrial clients.

Gourmet & Specialities (Food Service) products mainly consist of branded chocolate, mixtures for catering equipment, fruit preparation and specialities, cocoa powder and related products sold to hotels, restaurants, canteens, chocolatiers and bakeries, and also includes consumer products.

Cocoa & Sourcing (Risk Management, Sourcing & Semi-Finished) consists of all types of cocoa liquor, cocoa butter, cocoa cake and cocoa powder products.

The pricing of intersegment sales is based on market ratios for semi-finished products and on a cost plus mechanism for processed products.

25. Credit risk and concentration of credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. The extent of the Group's credit risk exposure is represented by the aggregate balance of amounts receivable, reduced by the effects of netting arrangements, if any, with counterparties. The maximum credit risk exposure in the event of other parties failing to perform their obligation was 592.5 CHF million as of August 31, 2001 (1999/00: 565.7 CHF million).

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers of who are internationally dispersed. The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Based on the Group's historical experience in collection of accounts receivable, the recorded allowances have proved to be adequate. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

26. Related parties

69.9% of the share capital of Barry Callebaut AG is held by KJ Jacobs AG, Zurich, Switzerland, and certain members of the Klaus J. Jacobs' family.

Significant transactions and balances between the Group and related parties are as follows:

in thousands of Swiss Francs	2000/01	1999/00
Sales to related parties	6,072	46,232
Operating expenses paid to related parties	4,142	2,537
Operating income received from related parties	(495)	–
Royalties	(289)	(1,296)
Loans from related parties	–	2,414
Accounts receivable related parties	25,727	27,529
Accounts payable related parties	2,598	12,202
Purchase of investments	–	19,929
Purchase of treasury stocks	–	12,116
Net financial expenses/(income) to related parties	(368)	1,017

Because of the acquisition of the Van Houten Group in March 2000, the transactions with these companies were included in prior year as related parties until the end of February 2000.

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

Notes

27. Commitments, contingencies and financial instruments with off-balance sheet risk

Fair value of financial instruments
The following methods and assumptions were used to estimate the fair value of financial instruments.

Cash and cash equivalents
The carrying value approximates fair value because of the short-term maturity of these instruments.

Trade accounts receivable
Fair value approximates cost less provision for doubtful debts.

Other financial assets and financial liabilities
Other financial assets and financial liabilities include short-term deposits with third parties, deposits with related parties, short-term and long-term debts and loans from related parties as well as other assets and liabilities. The carrying amount of these financial instruments approximates fair value as the majority of the debts are at variable interest rates. The fair values of these items were based on expected cash flows or available market prices.

Derivative financial instruments
The group uses derivative financial instruments to hedge underlying transactional currency exposure and to hedge the contract prices of future sales deliveries. All derivative financial instruments are valued at mark-to-market.

in thousands of Swiss Francs	2000/01	1999/00
Contingent liabilities		
Guarantees to third parties	2,659	4,146
Restrictions on title to assets	22,877	48,742
Bills discounted	–	962
Commitments		
Future capital expenditures	515	252
Foreign exchange sales obligations	1,067,113	807,301
Foreign exchange purchase obligations	938,228	964,335
Physical sales obligations	1,398,611	1,469,516
Physical purchase (including repurchase) obligations	887,958	467,186
Cocoa terminal market sales	391,799	505,279
Cocoa terminal market purchases	285,398	427,159

At August 31, 2001, the Group had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business, the Group has given guarantees amounting to CHF 2,659 (1999/00: CHF 4,146) to third parties.

Restrictions on title to assets amounting to CHF 22,877 (1999/00: CHF 48,742) entirely relate to mortgages on land and property.

In April 1998, Barry Callebaut AG exercised a call option to purchase between 300’000 and 400’000 tons of cocoa beans. In September 1998, the option was assigned to a non-consolidated entity, which in turn granted Barry Callebaut Sourcing AG a three-year call option for the same tonnage.

At September 25, 1998, the non-consolidated entity effectively bought the cocoa beans along with the underlying hedges. To finance the transaction, the non-consolidated entity entered into a Commodity Repurchase Agreement with a large bank covering the entire position, which is hedged with a broker. Barry Callebaut AG has issued on behalf of the non-consolidated entity irrevocable and unconditional performance guarantees to both the bank, covering obligations arising in connection with the commodity Repurchase Agreement, and to the broker, covering obligations arising in connection with the underlying hedges. Total obligations of the non-consolidated entity under commodity repurchase obligations for the Barry Callebaut Group at August 31, 2001 amount to CHF 0 million (1999/00: CHF 162 million).

Notes

Operating lease arrangements

in thousands of Swiss Francs	2000/01	1999/00
Lease paid under operating leases	16,030	8,685

At the balance sheet date, the Group had outstanding commitments under operating leases, which fall due as follows:

in thousands of Swiss Francs	2000/01	1999/00
Within one year	2,834	1,403
In the second to the fifth year inclusive	7,679	3,244
After five years	5,517	4,038

Operating lease payments represent rentals payable by the Group for certain vehicles and machinery. Leases are negotiated for an average term of four years.

Others

The operations and earnings of the Group continue, from time to time, and in varying degrees, to be affected by legislative, fiscal and regulatory developments in the countries in which it operates. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings, are not predictable.

Group companies are involved in various legal actions and claims. In 2001, the Group company Société Africaine de Cacao SACO received a tax claim of CHF 247 million. SACO disputed this claim. This matter remains unsettled.

Provisions have been made where quantifiable and deemed necessary. In the opinion of the Board of Directors, after taking appropriate legal advice, the future settlements of such actions and claims will not have a material effect on the Group's financial position.

ANDERSEN

Report of the Group Auditors to the General Meeting of the Shareholders of Barry Callebaut AG, Zurich

As auditors of the Group, we have audited the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of cash flows, consolidated statement of changes in equity and notes / pages 38 to 66) of Barry Callebaut AG for the year ended August 31, 2001.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation.
We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Accounting Standards (IAS) and comply with the Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

ARTHUR ANDERSEN AG

Thomas Stenz
Auditors in charge

Stefan Weuste

Zurich, October 26, 2001

Financial Statements
Barry Callebaut AG

Balance Sheet

Assets

for the year ended August 31, 2001		
in Swiss Francs	2000/01	1999/00
Current assets		
Cash	778,139	2,104,365
Accounts receivable from Group companies	7,449,809	42,941,687
Accounts receivable from shareholder	25,093,513	–
Short-term loans granted to Group companies	135,219,154	–
Other receivables and prepayments	1,578,473	120,931
Total current assets	**170,119,088**	**45,166,983**
Non-current assets		
Fixed assets	1,127,894	279,950
Financial assets		
Treasury shares	53,318,835	60,425,456
Investments	862,606,543	854,669,066
Intangible assets		
Capitalised costs of the capital increase and the going public	16,166,332	16,166,332
less accumulated amortisation	(12,933,064)	(9,699,798)
Trademarks	124,650	124,650
Total non-current assets	**920,411,190**	**921,965,656**
Total assets	**1,090,530,278**	**967,132,639**

Liabilities and shareholders' equity

for the year ended August 31, 2001		
in Swiss Francs	2000/01	1999/00
Current liabilities		
Accounts payable to third parties	916,556	158,465
Accounts payable to Group companies	5,575,244	146,869,710
Accounts payable to shareholders	–	9,037,292
Short-term loans from Group companies	300,602,458	54,551,899
Accrued liabilities	1,294,692	286,471
Accrued taxes	909,481	641,907
Total liabilities	**309,298,431**	**211,545,744**
Shareholders' equity		
Share capital – 5,170,000 registered shares at CHF 100 nominal value	517,000,000	517,000,000
Legal reserve	181,992,241	129,861,974
Reserve for treasury shares	65,544,223	68,568,382
Retained earnings	16,695,383	40,156,539
Total shareholders' equity	**781,231,847**	**755,586,895**
Total liabilities and shareholders' equity	**1,090,530,278**	**967,132,639**

Statement of Income and Retained Earnings

for the year ended August 31, 2001

in Swiss Francs	2000/01	1999/00
Income		
Dividend income	15,904,525	33,000,000
Financial income	3,946,457	745,728
License income	18,931,118	18,074,275
Gain from the sale of investments	2,167,715	–
Other	985,047	112,898
	41,934,862	**51,932,901**
Expenses		
Personnel	2,317,930	453,495
Financial expenses	12,425,855	1,091,482
Amortisation and depreciation	3,406,322	3,247,249
License expenses	2,156,587	4,910,246
Unrealised loss on treasury shares	4,058,061	1,843,941
Other	8,466,963	6,176,550
	32,831,718	**17,722,963**
Income before taxes	**9,103,144**	**34,209,938**
Taxes	629,800	1,187,935
Net income for the year	**8,473,344**	**33,022,003**
Retained earnings		
Balance, beginning of year	40,156,539	39,903,350
Dividend	(31,934,500)	(32,768,814)
Net income for the year	8,473,344	33,022,003
Balance, end of year	**16,695,383**	**40,156,539**

Notes to Financial Statements

for the year ended August 31, 2001

in Swiss Francs	2000/01	1999/00
1. Liens, guarantees and pledges in favour of third parties: The Company is a co-debtor for bank loans of BEF 6.3 billion (CHF 238 million; 1999/00: BEF 9 billion or CHF 338 million) obtained by Barry Callebaut Services N.V., Belgium, and EUR 895,000 (CHF 1,357,536; 1999/00: CHF 0) obtained by Van Houten GmbH & Co. KG, Germany.		
2. Assets pledged, mortgaged or assigned to secure obligations of the Company	none	none
3. Financial lease commitments	none	none
4. Fire insurance value of tangible fixed assets	494,500	none
5. Obligations to employee benefit institutions	none	none
6. Bonds issued	none	none
7. Investments		

Name and domicile	**Percentage of investment**	
	2000/01	1999/00
ADIS Holding Inc., Panama	100%	100%
Barry Callebaut Holding BV, The Netherlands	100%	100%
Barry Callebaut Schweiz AG, Switzerland	100%	100%
Barry Callebaut Sourcing AG, Switzerland	100%	100%
Chocodif S.A., France	100%	–
Chocosen SA, Senegal	100%	–
C.J. Van Houten & Zoon AG, Switzerland	–	100%
C.J. Van Houten & Zoon Holding GmbH, Germany	100%	–
Van Houten (Asia Pacific) Ltd, Hong Kong	50%	–
Van Houten Service AG, Switzerland	100%	–
VH Africa Holding SA, Switzerland	51%	–

As per February 26, 2001, Barry Callebaut AG merged with C.J. Van Houten & Zoon AG, a former subsidiary. The merger was effective as of September 1, 2000.

	2000/01	1999/00
8. Material dissolution of excess reserves	none	none
9. Revaluation of assets	none	none

Notes to Financial Statements

for the year ended August 31, 2001

in Swiss Francs	2000/01	1999/00
10. Treasury shares: In connection with the stock option plan for the management, the Company holds 248,800 (1999/00: 257,679) treasury shares as of August 31, 2001. In 2000/01 the Company bought 24,629 shares at an average price of CHF 239.19 per share (1999/00: 150,594 shares at an average price of CHF 238.74) and sold 33,508 shares at an average price of CHF 244.51 per share (1999/00: 5,500 shares at an average price of CHF 261.52). As of August 31, 2001, the treasury shares have been revalued to the average closing price of August 2001, of CHF 214.30 per share (1999/00: to the option strike price of CHF 234.50 per share).		
11. Authorized and conditional increase of capital	none	none
12. Important shareholders		
KJ Jacobs AG, Zurich, Switzerland, and certain members of Klaus J. Jacobs' family	69.9%	69.9%
13. Allocation of retained earnings		
The Board of Directors proposes to allocate the balance of retained earnings as follows:		
Available retained earnings	16,695,383	
Withdrawal from legal reserves	17,943,617	
Dividend	(34,639,000)	
Carried forward	**0**	

ANDERSEN

Report of the Statutory Auditors to the General Meeting of the Shareholders of Barry Callebaut AG, Zurich

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, statement of income and retained earnings and notes/pages 70 to 73) of Barry Callebaut AG for the year ended August 31, 2001.

These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with the Swiss law and the Company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

ARTHUR ANDERSEN AG

Thomas Stenz
Auditors in charge

Stefan Weuste

Zurich, October 26, 2001

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Agenda

Annual General Meeting 2000/01, Zurich

December 13, 2001

Press release on half-year results 2001/02

April 4, 2002

Press release and media conference on year-end results 2001/02, Zurich

November 12, 2002

Analysts' Conference on year-end results 2001/02, Zurich

November 12, 2002

Annual General Meeting 2001/02, Zurich

December 12, 2002

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