LINDT & SPRÜNGLI

SEMI-ANNUAL REPORT
JANUARY – JUNE 2015

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

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SEMI-ANNUAL REPORT 2015

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- Growth of the Lindt & Sprüngli Group in local currencies (incl. Russell Stover) + 24.9 %
- Group sales up + 17.4 % to CHF 1.409 billion (incl. Russell Stover)
- Market share gains in all strategically important markets
- Integration of Russell Stover, largest acquisition in the company's history, on track
- Net income (EBIT) up + 17.5 % to CHF 90.6 million
- Medium to long-term targets for organic sales growth confirmed for the full year

DEAR SHAREHOLDERS

Lindt & Sprüngli achieved another excellent result in the first half of 2015. The long-term growth strategy implemented by our Group over a decade ago is paying off in a challenging environment. We have maintained our strong track record of recent years by achieving above-average organic sales growth of 9.4 % during the first six months of 2015, despite record-high prices for raw materials, a strong Swiss franc and only weakly growing and in some cases stagnating chocolate markets. The Group's solid growth is being driven by the European core markets, North American, the emerging markets and our store network Global Retail. In North America, the company continues to achieve double-digit growth and extend its already strong leading position with the integration of the traditional US chocolate company Russell Stover acquired last year. Including Russell Stover's share of sales, consolidated for the first time in the 2015 reporting period, growth in local currencies is up by 24.9 %. This ongoing success confirms that Lindt & Sprüngli continues to be one of the most successful premium chocolate companies in the world.

Record-high prices for cocoa beans, hazelnuts and almonds, as well as the persistently strong Swiss franc, are also creating challenges for Lindt & Sprüngli. Given the particular nature of these challenges, the company's long-standing and successful business model pays off well. Uncompromising commitment to the highest quality, continuing innovation, a clear market positioning and steady investment in the brand and in new technologies enable the company to benefit from its carefully implemented strategy. In this way, Lindt & Sprüngli continues to successfully secure its No. 1 position in the premium chocolate segment. Thanks to ongoing investment in the brand and production capacity, it has been possible to offset – at least in part – the increases in raw material prices through improved efficiency and productivity and to offer premium products with real added value, for which consumers are willing to accept selective price adjustments.

In all geographical regions Lindt & Sprüngli is achieving organic growth and has once again won additional market share in all strategically important markets, despite the fact that key markets for chocolate like Switzerland and Europe are largely saturated and facing extremely difficult market conditions. In a flat Swiss chocolate market, Lindt & Sprüngli achieved good results. LINDT continues to realize sales growth in Italy through its expanding modern retail channels. In Germany and France, the increase in LINDT sales was well above the market average, even reaching double digits in the UK.

Lindt & Sprüngli also achieved double-digit growth of 10.3 % in North America with its LINDT and GHIRARDELLI brands. As in the previous year, the company is outperforming the chocolate market as a whole. The integration of the prestigious American chocolate manufacturer Russell Stover acquired last summer is progressing rapidly at all levels, and is in line with our ambitious targets during the first six months of the year. This strategically important acquisition – the largest in the company's history – allows us to continue to expand the strong position we already occupy in the world's biggest chocolate market.

In Australia too, Lindt & Sprüngli has been stepping up its growth rate year by year, with our subsidiary achieving particularly dynamic growth in the high double digits. Progress in the developing markets Japan, South Africa, Russia and Brazil has been very positive as well.

An increasingly important contribution comes from Lindt & Sprüngli's Global Retail Division, which focuses on the continuing extension of our own worldwide store network. This concept is a crucial component of our future-oriented expansion strategy. As a steadily growing line of business, Global Retail has a significant role to play in the success of the company: not only in core markets, but also in new markets, whose chocolate traditions are not yet developed. It is also very important in the home market of Switzerland. Last year we opened two shops in prime Swiss tourist locations to generate new impulses: at the Swiss Museum of Transport in Lucerne and on the Jungfraujoch, now the highest shop in Europe at 3271 meters above sea level. In mid-June 2015 these openings were followed by an inauguration in Zermatt, where we opened an exclusive LINDT shop at a prime location – just in time for the celebrations marking the 150th anniversary of the first Matterhorn ascent. Our shop offers a breathtaking view of the Matterhorn, one of Switzerland's most iconic and frequently photographed tourist attractions.

In the first half of 2015, the Lindt & Sprüngli Group achieved consolidated sales of CHF 1.409 billion. This equates to sales growth in Swiss francs of + 17.4 % (in local currencies: + 24.9 %). Excluding Russell Stover the organic growth is + 9.4 %. The currency effect on Group sales from the further strengthening of the Swiss franc is – 7.5 % (including the Russell Stover acquisition).

Net income (EBIT) per June 30, 2015, was 17.5 % higher compared with the same period in 2014, at CHF 90.6 million. The currency effect at EBIT level is – 10.6 % compared with the prior-year period, due to the appreciation of the Swiss franc. After deducting corporate tax, which was slightly higher at 27.5 % due to the profit contribution of Russell Stover, the Group's net income was CHF 65.0 million. This represents an increase of CHF 9.2 million (+ 16.5 %) over the prior-year period.

Outlook — The strong Swiss franc and high raw material prices will continue to present major challenges for Lindt & Sprüngli. We are maintaining our 6 % to 8 % target for medium to long-term annual organic sales growth. Russell Stover's integration into the Group is the top priority for this year, and is being accomplished as rapidly as possible. After this integration has been successfully completed, Lindt & Sprüngli will once again aim for its long-term earnings target: an increase in the EBIT margin of 20 to 40 basis points.

Ernst Tanner
Chairman and Chief Executive Officer
Chocoladefabriken Lindt & Sprüngli AG

COMMENT

When interpreting first half-year results, it must be borne in mind that Lindt & Sprüngli is active in the seasonal, gift-oriented premium-chocolate segment, where less than 40 % of total annual sales are achieved in the first half of the year. However, these figures must be set against the fact that about one-half of the fixed production, administration and marketing costs have already been booked at the end of June. Thus, in the first half-year, profitability in relation to sales is generally well below the figures stated for the year as a whole.

MARKET ENVIRONMENT

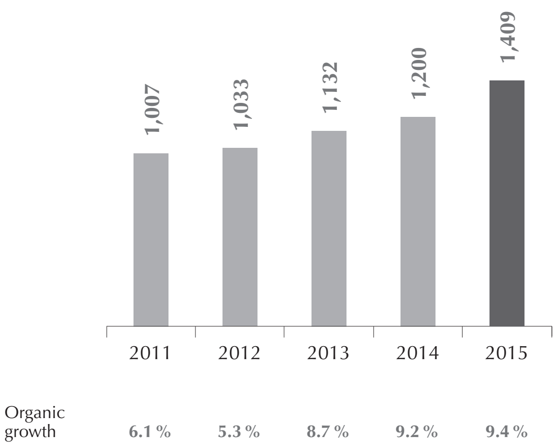
The economy has stabilized or slightly improved in Lindt & Sprüngli's core markets, mainly due to the expansive monetary policy pursued by the central banks, which also encouraged positive consumer sentiment in developed markets. The company still faces challenges following last January's decision by the Swiss National Bank (SNB) to abandon the Euro exchange-rate floor, as well as rising raw material prices for cocoa, hazelnuts and almonds, and intense competitive retail trade pressure. Continuous price increases in the raw material markets, which can only partly be passed on to trade partners and consumers, are an ongoing trend.

Chocolate market — Volumes grew only slightly, or in some cases, stagnated in key chocolate markets. The premium chocolate segment, fortunately, continues to enjoy above-average growth. Reasons for low volumes in the overall market were higher raw material prices, especially for cocoa, and the resulting price increases introduced by the industry. Although Lindt & Sprüngli has also raised its prices – slightly more in the USA than in European markets – volume and price developed very strongly.

Currencies — The SNB's decision to abandon the Euro exchange-rate floor triggered a massive appreciation of the Swiss franc. Not only the Euro, but also the Canadian and Australian dollar, pound sterling and emerging market currencies (Brazilian real, Russian ruble and

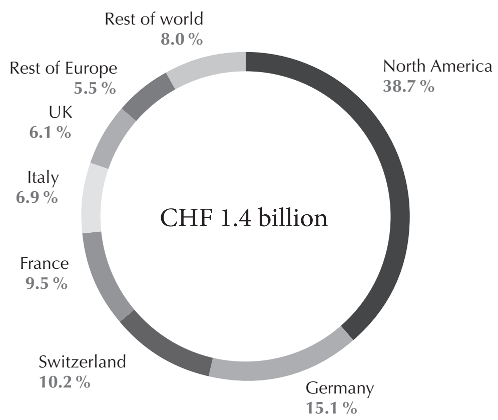
GROUP SALES

Half-year 2015, in CHF million



SALES BY REGIONS

Half-year 2015



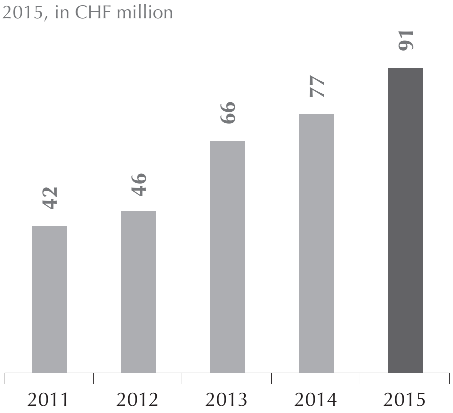
South African rand) lost ground against the Swiss franc – very substantially, in some cases. In contrast, the US dollar firmed somewhat, compared with the previous year. The currency translation effect on sales was – 7.5 % and at EBIT level on consolidation – 10.6 %. At the same time, costs for customers of exports from Swiss production facilities increased in the areas of duty-free, sales to distributors and sales to subsidiaries. Another important point regarding the effects of the stronger Swiss franc: costs for administrative headquarters are incurred in the home currency.

Raw materials — Raw material prices for chocolate continued to rise substantially in the first half of the year. This is particularly true for cocoa beans, whose price has risen more than 10 % since the end of 2014. Despite a modest decline in overall demand, prices were driven even higher by the expectation of poor harvests due to worsening climatic conditions and record-high speculative positions in the futures markets. On top of that, prices for hazelnuts and almonds virtually doubled, compared with the previous year, mainly due to a frost in 2014 that hit hazel trees as they were in full bloom, damaging the nut crop as well as the drought affecting the world's biggest almond-growing region in northern California. Prices for milk and sugar decreased slightly.

Trade — The competitive trade situation continues to be extremely challenging as a result of price trends. Lindt & Sprüngli selectively increased product prices. However, these adjustments were fairly modest in European markets, which are experiencing zero, or even negative, inflation. A wide range of permanent and seasonal activities at the point of sale, along with numerous of innovative and popular product offerings, make Lindt & Sprüngli a particularly important partner for the trade in the premium chocolate segment.

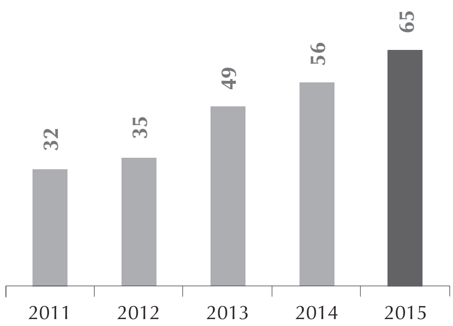
OPERATING PROFIT (EBIT)

Half-year 2015, in CHF million



NET INCOME

Half-year 2015, in CHF million



SALES

As of June 30, 2015, Lindt & Sprüngli achieved sales of CHF 1.409 billion. This equates to sales growth in Swiss francs of 17.4 % (in local currencies: + 24.9 %). Excluding Russell Stover the organic growth was 9.4 %. This figure is thus higher than the medium to long-term target range of 6 % to 8 %. All three geographical segments contributed to this impressive growth: "Europe" provided + 6.9 %, "NAFTA" (excluding Russell Stover) + 10.3 % and "Rest of the World" + 18.2 %. Lindt & Sprüngli continues to grow substantially faster than the overall chocolate market and made additional significant market share gains. Above-average growth was primarily due to rising volumes, ongoing product-mix optimization, innovative product launches and seasonal sales peaks. The currency translation effect on sales caused by the stronger Swiss franc was – 7.5 %. The Global Retail Division is making an increasingly important contribution to the Group's growth. In the first half of 2015 it once again reported strong organic growth of 18.9 %. This dynamic expansion was driven by 16 additional points of sale in selected prime locations.

PRODUCTS

Seasonal offer — As a leading global producer of premium chocolate, Lindt & Sprüngli is particularly well positioned in this segment and continues to extend its existing leadership. The first half of the year is always characterized by seasonal highlights like Valentine's Day, Easter and Mother's Day. These are all perfect occasions for giving premium-quality chocolate as a gift or buying it as a personal treat. Every year, new collections are offered to consumers, with many packaging innovations; a suitable LINDT product can be found for any occasion. The traditional GOLD BUNNY, which has been part of the Easter range since 1952, as well as LINDOR line seasonal specialties once again proved particularly popular in the first half of 2015.

Pralinés — In this category, the LINDOR range is the most important product line. This smooth melting truffle creation is being specially supplemented by local taste versions for individual countries. This top-selling product delights consumers all over the world, with 21 varieties in all. The exceptional degree of product acceptance provides an excellent basis for prospecting new markets in the emerging countries. In the first half of 2015, this category once again achieved above-average growth both with LINDOR and with a wide range of assorted pralinés.

Tablet — The leading brands of chocolate tablets, EXCELLENCE and CREATION, once again reported impressive growth rates in the first half of the year. Lindt & Sprüngli constantly presents surprising new offerings, with innovative recipes in a format and packaging that reflect the spirit of the times and often inspire entirely new trends. This applies especially to the dark chocolate segment with a high cocoa content, in which Lindt & Sprüngli has been one of the most innovative manufacturers for decades. With the well-established HELLO line, LINDT is modernizing its appeal; this lifestyle line is targeted particularly at a younger audience, or those young at heart.

MARKET SEGMENTS

Europe — In the first half of 2015, organic growth in local currencies reached 6.9 % in the Europe segment. The Euro lost value compared with the same period of the previous year, due to the SNB's decision to abandon the Euro exchange-rate floor. In Swiss franc terms, sales were down 4.9 % to CHF 683.0 million (prior year: CHF 718.0 million). Despite a high degree of saturation, Lindt & Sprüngli performed well in its key markets Germany, France and especially the UK with strong rates in local currencies. In Switzerland and Italy, where the overall market momentum is much weaker, Lindt & Sprüngli achieved impressive results.

North America — With total sales of CHF 370.1 million (excluding Russell Stover), Lindt & Sprüngli managed to achieve excellent growth in Swiss franc of 14.9 % in the NAFTA segment. Organic sales growth results in 10.3 % due to a US dollar firming against the Swiss franc. Our two subsidiaries with the LINDT and GHIRARDELLI brands contributed to this good result and gained further significant market shares. The double-digit growth achieved in North America was strengthened by the contribution from the traditional US chocolate manufacturer Russell Stover, which was consolidated in the Group for the first time. In the first half of the year, the NAFTA region's sales increased by 69.2 % in Swiss franc terms to CHF 544.9 million. The integration is on track and strengthens Lindt & Sprüngli's presence in the premium chocolate segment in North America, the world's largest chocolate market.

Rest of the world — The markets in this segment saw their sales in local currencies increase by 18.2 % to CHF 181.0 million. This represents an increase of 13.3 % after translation into Swiss francs. The lower growth in Swiss franc terms can be explained primarily by the fact that the AUD, JPY, ZAR and BRL currencies are much weaker against the Swiss franc. Australia continues to report strong growth and new subsidiaries in South Africa and Russia are making very good progress as well. The same applies to Japan: our subsidiary there now operates 15 boutiques. The build-up of the new Brazilian company, as a joint venture with the CRM Group, is as expected going well and now includes nine LINDT shops. The global distributors' business, running from Switzerland, managed to improve despite the strong Swiss franc; this group supports ongoing long-term development of the LINDT brand in more than 120 countries.

COSTS

When reviewing costs for the first half of 2015, it must be remembered that Russell Stover is included for the first time. Programs to boost efficiency have been rolled out in all areas to counteract the relentless rise in raw material prices over recent years. Progress was made in production, packaging sourcing, indirect costs and administration. Material costs and changes in inventory show a combined expense ratio of 36.2 % (previous year: 35.2 %). Including the Russell Stover workforce, consolidated for the first time in the reporting period, the number of full-time employees worldwide compared with the prior year rose in the first half-year by 3,298 to a total of 12,043. Because of increasing volumes, the newly created jobs are based primarily in the production and in the owned retail store sector. Due to the relatively high number of Russell Stover employees consolidated for the first time, personnel expenditure as a percentage of sales was 70 basis points higher at 26.5 % (previous year: 25.8 %). The operating expenditure ratio reached 27.2 %, below the previous year's figure (29.0 %). Marketing investments have also increased in the first half of 2015, as in prior years. The steady reduction of the operating expenditure ratio is essentially attributable to an increase in sales and administration costs that was proportionately lower than the sales growth.

INCOME

Absolute performance figures again improved strongly compared with the previous year. At the end of June 2015, net income (EBIT) amounted to CHF 90.6 million, equivalent to an increase of CHF 13.5 million or 17.5 % compared with the same period in 2014 (CHF 77.1 million). The currency effect at EBIT level on consolidation is – 10.6 % compared with the prior-year period, due to the Swiss franc's appreciation. The further improvement in EBIT is attributable to strong sales volume growth, more efficient production processes, continuous cost savings and the first-time consolidation of Russell Stover for the first six months of 2015. Despite significant currency translation effects, negative interest rates in Swiss francs and the first interest payment on corporate bonds issued, Lindt & Sprüngli's net financial result, CHF – 0.9 million for the first half of 2015, was close to the previous year's figure of CHF – 0.7 million. The income tax rate for the Group was 27.5 % in the first six months (previous year: 27.0 %). The modest increase is due to the profit contribution from Russell Stover, which is taxed at the standard US corporate tax rate of more than 35 %. After deduction of taxes, net income for the first half of 2015 is CHF 65.0 million, representing an increase of CHF 9.2 million, or 16.5 % compared with the prior-year period (CHF 55.8 million).

BALANCE SHEET

Compared with the 2014 year-end, total assets as of June 30, 2015, fell by around CHF 186 million to CHF 5,396 million. The reduction on the asset side is related to the usual seasonal decline in accounts receivable compared to the end of the past year – partly offset by higher inventories attributable to rising raw material prices. As of June 30, 2015, the net financial position was roughly CHF – 755 million (year-end 2014: CHF – 844 million). This results in an increase of CHF 89 million versus the end of 2014. Expressed as a percentage of the total assets, the equity ratio fell slightly to 52.2 % (December 31, 2014: 53.8 %), due to the massive appreciation of the Swiss franc.

OUTLOOK FOR THE FULL YEAR 2015

OUTLOOK

Sales — For the year 2015 as a whole, Lindt & Sprüngli confirms the existing medium to long-term strategic sales growth forecast in local currency terms of 6 % to 8 %.

Income — The integration of Russell Stover in the USA is a top priority for the Group in the current year and is being accomplished as rapidly as possible. This integration will make Lindt & Sprüngli one of the three biggest producer in the US chocolate market and give it leadership in the area of premium chocolate and seasonal products. The consistently strong Swiss franc and high raw material prices continue to pose significant challenges for the Group. Once the integration of Russell Stover has been successfully completed, Lindt & Sprüngli will once again aim for its long-term earnings target of an increase in the EBIT margin of 20 to 40 basis points.

Investments — Lindt & Sprüngli's enduring success is based on an uncompromising commitment to premium quality. In order to guarantee the highest standards of product quality and safety, as well as to ensure the sustainability of raw materials sourcing, the company exercises tight control over all the processes involved in sourcing, production and distribution. This is only possible thanks to the high quality of raw materials – especially careful selection of the finest cocoa beans – conscientious and responsible production, and elegant packaging that complements the premium standards and delights the consumer. Lindt & Sprüngli is therefore continuously investing in buildings and production facilities at all its manufacturing sites. This leaves the company well equipped to satisfy consumer demand at all times. Lindt & Sprüngli's investment volume in the current year is therefore estimated at around CHF 280 million.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

CHF million	June 30, 2015		December 31, 2014	
ASSETS				
Property, plant, and equipment	1,038.6		1,088.1	
Intangible assets	1,335.3		1,394.5	
Financial assets	1,258.3		1,215.7	
Deferred tax assets	49.4		61.1	
Total non-current assets	**3,681.6**	**68.2 %**	**3,759.4**	**67.4 %**
Inventories	665.0		611.7	
Accounts receivable	319.5		917.5	
Other receivables	118.4		105.2	
Accrued income	4.6		2.2	
Derivative assets	32.1		13.5	
Marketable securities and short-term financial assets	51.2		0.2	
Cash and cash equivalents	523.1		171.8	
Total current assets	**1,713.9**	**31.8 %**	**1,822.1**	**32.6 %**
Total assets	**5,395.5**	**100.0 %**	**5,581.5**	**100.0 %**
LIABILITIES				
Share and participation capital	23.4		23.2	
Treasury stock	–158.1		–159.8	
Retained earnings and other reserves	2,949.8		3,136.7	
Equity attributable to shareholders	**2,815.1**		**3,000.1**	
Non-controlling interests	3.5		1.6	
Total equity	**2,818.6**	**52.2 %**	**3,001.7**	**53.8 %**
Bonds	996.8		996.6	
Loans	1.2		1.3	
Deferred tax liabilities	380.6		371.6	
Pension liabilities	208.1		180.3	
Other non-current liabilities	8.2		11.2	
Provisions	78.7		77.4	
Total non-current liabilities	**1,673.6**	**31.0 %**	**1,638.4**	**29.3 %**
Accounts payable to suppliers	143.4		190.1	
Other accounts payable	15.5		41.7	
Current tax liabilities	8.2		76.4	
Accrued liabilities	382.6		582.1	
Derivative liabilities	22.4		32.8	
Bank and other borrowings	331.2		18.3	
Total current liabilities	**903.3**	**16.8 %**	**941.4**	**16.9 %**
Total liabilities	**2,576.9**	**47.8 %**	**2,579.8**	**46.2 %**
Total liabilities and equity	**5,395.5**	**100.0 %**	**5,581.5**	**100.0 %**

The accompanying notes form an integral part of the consolidated semi-annual statements.

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

CHF million	January – June 2015		January – June 2014	
INCOME				
Sales	1,408.9	100.0 %	1,199.9	100.0 %
Other income	7.5		7.9	
Total income	**1,416.4**	**100.5 %**	**1,207.8**	**100.7 %**
EXPENSES				
Material expenses	–568.1	–40.3 %	–444.1	–37.0 %
Changes in inventories	58.0	4.1 %	21.1	1.8 %
Personnel expenses	–372.8	–26.5 %	–309.1	–25.8 %
Operating expenses	–383.7	–27.2 %	–347.7	–29.0 %
Depreciation, amortization, and impairment	–59.2	–4.2 %	–50.9	–4.2 %
Total expenses	**–1,325.8**	**–94.1 %**	**–1,130.7**	**–94.2 %**
Operating profit	90.6	6.4 %	77.1	6.4 %
Income from financial assets	3.4		2.5	
Expense from financial assets	–4.3		–3.2	
Income before taxes	89.7	6.4 %	76.4	6.4 %
Taxes	–24.7		–20.6	
Net income	**65.0**	**4.6 %**	**55.8**	**4.7 %**
of which attributable to non-controlling interests	0.5		–	
of which attributable to shareholders of the parent	64.5		55.8	
Non-diluted earnings per share/10 PC (in CHF)	278.1		243.2	
Diluted earnings per share/10 PC (in CHF)	272.6		234.8	

The accompanying notes form an integral part of the consolidated semi-annual statements.

STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

CHF million	January – June 2015	January – June 2014
Net income	65.0	55.8
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	–8.9	75.8
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	5.1	0.1
Currency translation	–148.9	–4.4
Total comprehensive (loss) / income	**–87.7**	**127.3**
of which attributable to non-controlling interests	0.1	–
of which attributable to shareholders of the parent	–87.8	127.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

CHF million	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	Equity attributable to Share-holders	Non-controlling interest	Total equity
Balance as at January 1, 2014	**22.9**	**–71.3**	**371.4**	**10.5**	**2,554.8**	**–253.4**	**2,634.7**	**–**	**2,634.7**
Total comprehensive income	–	–	–	0.1	131.6	–4.4	127.3	–	127.3
Capital increase [1]	0.2	–	48.5	–	–	–	48.7	–	48.7
Purchase of own shares and participation certificates [2]	–	–42.1	–	–	–	–	–42.1	–	–42.1
Share-based payment [3]	–	1.2	–	–	9.2	–	10.4	–	10.4
Reclass into Retained Earnings	–	–	–126.3	–	126.3	–	–	–	–
Distribution of profits	–	–	–	–	–148.0	–	–148.0	–	–148.0
Balance as at June 30, 2014	**23.1**	**–112.2**	**293.7**	**10.6**	**2,673.9**	**–257.8**	**2,631.1**	**–**	**2,631.1**
Balance as at January 1, 2015	**23.2**	**–159.8**	**318.9**	**8.8**	**2,981.8**	**–172.6**	**3,000.1**	**1.6**	**3,001.7**
Total comprehensive income	–	–	–	5.1	55.6	–148.5	–87.8	0.1	–87.7
Capital increase [1]	0.2	–	56.9	–	–	–	57.1	1.8	58.9
Sale of own shares and participation certificates [4]	–	0.5	–	–	0.8	–	1.3	–	1.3
Share-based payment [3]	–	1.2	–	–	9.5	–	10.7	–	10.7
Reclass into Retained Earnings	–	–	–74.6	–	74.6	–	–	–	–
Distribution of profits	–	–	–	–	–166.3	–	–166.3	–	–166.3
Balance as at June 30, 2015	**23.4**	**–158.1**	**301.2**	**13.9**	**2,955.8**	**–321.1**	**2,815.1**	**3.5**	**2,818.6**

1) All directly attributable transaction costs realized on exercise of options are included in the share premium (TCHF 831 in 2015; TCHF 653 in 2014) and offset against retained earnings at year end.
2) Within the framework of the share buy-back program the Group acquired 23 of its own registered shares and 9,652 of its own participation certificates between January and June 2014. The average amount paid was CHF 50,076 for the registered shares and CHF 4,244 for the participation certificates.
3) In 2015 the position “Share-based payments” also includes the distribution of 50 own registered shares to the CEO of the Group with a total value of CHF 2.9 million (2014: 50 own registered shares with a total value of CHF 2.4 million).
4) In may 2015 the Group sold 24 of its own registered shares at an average sales price of CHF 58,845 per share. The gain on sale of TCHF 836 has been recognized in retained earnings.

The accompanying notes form an integral part of the consolidated semi-annual statements.

CONSOLIDATED CASH FLOW STATEMENT
(UNAUDITED)

CHF million	January – June 2015		January – June 2014	
Net income	65.0		55.8	
Depreciation, amortization and impairment	59.2		50.9	
Changes in provisions, value adjustments and pension assets	0.4		–5.3	
Decrease (+)/increase (–) of accounts receivable	521.7		361.0	
Decrease (+)/increase (–) of inventories	–97.2		–66.4	
Decrease (+)/increase (–) of prepayments and other receivables	–23.6		–23.8	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities	–26.6		–6.7	
Decrease (–)/increase (+) of accounts payable	–27.6		–53.6	
Decrease (–)/increase (+) of other payables and accrued liabilities	–236.8		–152.1	
Non-cash effective items [1]	73.5		11.0	
Cash flow from operating activities (operating cash flow)		**308.0**		**170.8**
Investments in property, plant, and equipment	–99.4		–99.3	
Disposals of property, plant, and equipment	0.5		0.6	
Investments in intangible assets	–5.0		–5.8	
Disposals (+)/investments (–) in financial assets (excluding pension assets)	–		–2.5	
Marketable securities and short-term financial assets				
Investments	–51.6		–254.1	
Disposals	0.6		252.9	
Cash flow from investment activities		**–154.9**		**–108.2**
Proceeds from borrowings	42.1		–	
Repayments of borrowings	–		–2.0	
Proceeds from loans	273.7		–	
Repayments of loans	–		–1.9	
Capital increase (including premium)	57.1		48.7	
Purchase of treasury stock and PC-capital	–		–42.1	
Sale of treasury stock	1.4		–	
Distribution of profits	–166.3		–148.0	
Cash flow with non-controlling interests	1.8		–	
Cash flow from financing activities		**209.8**		**–145.3**
Net increase (+)/decrease (–) in cash and cash equivalents		**362.9**		**–82.7**
Cash and cash equivalents as at January 1	171.8		619.4	
Exchange gains/(losses) on cash and cash equivalents	**–11.6**	**160.2**	**–1.4**	**618.0**
Cash and cash equivalents as at June 30		**523.1**		**535.3**
Interest received from third parties [2]		0.2		0.6
Interest paid to third parties [2]		1.4		0.8
Income tax paid [2]		71.6		48.3

1) As of June 30, 2015, movements of CHF 63.0 million result from the translation of foreign exchange balances (2014: CHF 1.5 million).
2) Included in cash flow from operating activities.

The accompanying notes form an integral part of the consolidated semi-annual statements.

NOTES TO THE SEMI-ANNUAL REPORT

1. ACCOUNTING PRINCIPLES

The unaudited consolidated semi-annual report as at June 30, 2015, has been prepared in accordance with the requirements of IAS 34 – Interim Financial Reporting. The accounting principles outlined in the annual financial statements for the year ended December 31, 2014 have been applied consistently. The condensed form of financial statements has been applied to this report.

New IFRS standards and interpretations

The Group has reviewed changes to IFRS, its amendments and interpretations, which must be applied for the reporting period beginning January 1, 2015, and concluded that they have no impact on these semi-annual consolidated financial statements.

Estimates and assumptions

When preparing the semi-annual report, Management makes estimates and assumptions that have an impact on the disclosed assets and liabilities at the balance sheet date, as well as the disclosed expenses and income in the reporting period. The actual results may differ from these estimates.

Validation of a multiemployer Plan in the U.S.

Some subsidiaries in the U.S. are affiliated to a multi-employer plan. Based on the terms of the plan, the plan qualifies as a defined benefit plan. At the time of the preparation of this interim report, the necessary information to estimate the share of the Groups' defined benefit liability was not yet available. The Lindt & Sprüngli Group is in discussion with the trustees of the plan to obtain the information, that are required to recognize the plan as a defined benefit plan. As a consequence thereof the plan is currently treated as a defined contribution plan. As soon as sufficient information is available to reasonably estimate the pension liability, the plan will be recognized as a defined benefit plan in the balance sheet. This change in accounting principle will be recognized in equity.

2. SEASONALITY

When analyzing the Group's results in the first half of the year, it is important to bear in mind the seasonal and gift-oriented nature of the premium chocolate business. Experience shows that the Lindt & Sprüngli Group makes less than 40% of its annual sales during the first half of each year, but at the end of June these sales are charged with approximately half of the fixed costs of production, administration, and marketing. This means that the profitability of the Lindt & Sprüngli Group in relation to sales in the first half of the year cannot be equated with its profitability over the year as a whole. Likewise, the balance of accounts receivable is substantially lower at the end of the first half of the year than at the end of the year (declining orders during the summer season compared to the Christmas business).

3. SHARE AND PARTICIPATION CAPITAL

The conditional capital as at June 30, 2015, has a total of 503,432 (539,952 as at June 30, 2014) participation certificates with a par value of CHF 10. Of this total, 248,982 (185,502 as at June 30, 2014) are reserved for employee stock option programs; the remaining 254,450 (354,450 as at June 30, 2014) participation certificates are reserved for capital market transactions. In the six-month period ended June 30, 2015, a total of 25,474 employee options were exercised at an average exercise price of CHF 2,277.21 (for the six-month period ended June 30, 2014: 19,709 employee options were exercised at an average exercise price of CHF 2,506.45).

As a consequence of the current market conditions, the Group has decided to fulfill seasonal working capital funding needs with short term bank loans.

4. DIVIDENDS

The proposed dividend – CHF 725 (CHF 650 in 2014) per registered share and CHF 72.50 (CHF 65 in 2014) per participation certificate – was approved at the annual shareholders' meeting held on April 23, 2015. The dividends were paid as of April 30, 2015.

5. SEGMENT INFORMATION

The management of the Group is organized by means of companies of individual countries. For the definition of business segments to be disclosed, the Group has aggregated subsidiaries of individual countries on the basis of similar economic characteristics (foreign exchange risks, growth outlooks, same economic areas), similar products and trading environment, and economic attributes (gross profit margins).

The three segments to be disclosed are:

- Business segment "Europe", consisting of the European companies and business units.
- Business segment "NAFTA", consisting of the companies in the USA, Canada, and Mexico.
- Business segment "All other segments", consisting of the companies in Australia, Japan, South Africa, Hong Kong, China and Brazil as well as the business units distributors and duty free.

The Group considers the operating result as the segment result. Transactions between segments are valued and recorded in accordance with the cost plus method.

SEGMENT INCOME

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Sales	796.1	829.3	552.0	327.7	181.0	159.9	1,529.1	1,316.9
./. Sales between segments	113.1	111.3	7.1	5.7	–	–	120.2	117.0
Third party sales	**683.0**	**718.0**	**544.9**	**322.0**	**181.0**	**159.9**	**1,408.9**	**1,199.9**
Operating profit	59.2	53.4	13.5	7.4	17.9	16.3	90.6	77.1
Net financial result							–0.9	–0.7
Income before taxes							**89.7**	**76.4**
Taxes							–24.7	–20.6
Net income							**65.0**	**55.8**

6. FINANCIAL INSTRUMENTS, FAIR VALUE, AND HIERARCHY LEVELS

The following table shows the carrying amounts and fair values of financial instruments recognized in the consolidated balance sheet, analyzed by categories and hierarchy levels:

		June 30, 2015		December 31,2014	
CHF million	Level [1]	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Fair value through profit or loss					
Derivatives	1	9.5	9.5	3.3	3.3
Derivatives	2	22.6	22.6	10.2	10.2
Marketable securities and short-term financial assets	1/2	1.2	1.2	0.2	0.2
Total fair value through profit or loss		**33.3**	**33.3**	**13.7**	**13.7**
Held to maturity					
Deposit	2	50.0	50.0	–	–
Total held to maturity		**50.0**	**50.0**	**–**	**–**
Available for sale					
Investments third parties	3	2.3	2.3	2.3	2.3
Total available for sale		**2.3**	**2.3**	**2.3**	**2.3**
Total cash and cash equivalents, loans and receivables [2]		**893.3**	**893.3**	**1,160.7**	**1,160.7**
Total financial assets		**978.9**	**978.9**	**1,176.7**	**1,176.7**
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	–	–	1.0	1.0
Derivatives	2	22.4	22.4	31.8	31.8
Total fair value through profit or loss		**22.4**	**22.4**	**32.8**	**32.8**
Bonds	1	996.8	1,020.1	996.6	996.6
Loans		1.2	1.2	1.3	1.3
Other non-current liabilities		8.2	8.2	11.2	11.2
Accounts payable		143.4	143.4	190.1	190.1
Other accounts payable		15.5	15.5	41.8	41.8
Bank and other borrowings		331.2	331.2	18.3	18.3
Total loans and payables		**1,496.4**	**1,519.7**	**1,259.3**	**1,259.3**
Total financial liabilities		**1,518.7**	**1,542.0**	**1,292.1**	**1,292.1**

1) Level 1 – The fair value measurement of same financial instruments is based on quoted prices in active markets.
Level 2 – The fair value measurement of same financial instruments is based on observable market data, other than quoted prices in Level 1.
Level 3 – Valuation technique using non-observable data.
For financial instruments with a short term maturity date it is expected that the carrying amounts are a reasonable approximation of the respective fair values.
2) Contains cash and cash equivalents, accounts receivable, other receivables, and loans to third parties.

7. EVENTS AFTER THE BALANCE SHEET DATE

The unaudited consolidated semi-annual financial statements were approved for publication by the Group Management on August 18, 2015. No other events have occurred up to August 18, 2015, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

INFORMATION

UPCOMING EVENTS

January 14, 2016	Net sales 2015
March 8, 2016	Full-year results 2015
April 21, 2016	118th Annual Shareholders' Meeting
July 22, 2016	Semi-annual report 2016

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Forward-looking statements:
Some of the statements expressed in the semi-annual report are based on forward-looking assumptions. The actual results may vary from these for a variety of reasons, including among others factors such as general economic conditions, fluctuations within the currency and raw materials sector, and changes to the regulatory landscape. Forward-looking statements made in this report are neither updated nor revised. The semi-annual report is published in German and English, with the German version being binding.

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