LINDT & SPRÜNGLI

SEMI-ANNUAL REPORT JANUARY – JUNE 2007

Kilchberg, August 21, 2007

Sales top CHF 1 billion mark already by June 30 for the first time ever.
High double-digit sales growth: +15,7% in CHF, +13,5% in local currencies.
Operating profit (EBIT) improves by CHF 16,2 million to CHF 31,7 million.
Lindt & Sprüngli continues trend in long-term growth and acquires further market shares.

Comment

The Lindt & Sprüngli Group has managed to maintain the sustained positive developments of recent years. With high, double-digit organic growth of +13,5% in local currencies and a 15,7% sales' increase in Swiss francs, Lindt & Sprüngli is growing faster than the overall market and is winning market share in all markets and segments. The efficiency of the strategy pursued for years now focusing on the exclusive positioning in the premium chocolate segment, uncompromising product quality and the continuous flow of innovations has thus been impressively confirmed yet again. A uniform global communications strategy and ongoing brand support are other factors that have contributed to the Group's success.

When analyzing the Group's earnings in the first half of 2007, it is important to bear in mind the seasonal and gift-oriented nature of the premium chocolate business: the Lindt & Sprüngli Group makes around 40% of its annual sales during the first half of each year, but at the end of June these sales are charged with around 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.

The excellent growth in sales during the first half of 2007 has seen operating profit (EBIT) rise substantially by CHF 16.2 million to CHF 31.7 million or +104%, while the semi-annual net income has increased by CHF 13.1 million to CHF 23.0 million or +131%.

As in 2006, the semi-annual report for 2007 is based on IFRS accounting standards.

Market

In line with economic growth in Europe and the slight drop in unemployment figures, consumer confidence remains optimistic in the majority of the countries despite rising interest rates and higher taxes on consumption. Retail sales also continue to develop positively. In some countries, however, retailers with full product range and discounters find themselves in a stiffly competitive environment and this has led to particularly aggressive pricing policies by these market players. Against this backdrop, the most important chocolate markets overall showed a slight increase in value compared with last year, while the actual volumes sold continued to stagnate or even fall.

Two distinct trends of the past years are becoming increasingly clear: on the one hand, continuing growth in the premium quality segment with an increasing preference for dark chocolate with a high cocoa content and, on the other, a generally positive development of low-priced private labels.

Sales

For the first time ever, Lindt & Sprüngli has reached sales of more than one billion Swiss francs by June 30, precisely CHF 1.138 billion, which is equivalent to an increase of CHF 154.8 million, or 15.7% in Swiss francs and 13.5% in local currencies over last year's same period. With the exception of the USD and the CAD, all other relevant currencies firmed against the Swiss franc compared with the first half of 2006, leading to an added improvement of 2.2 percentage points in Swiss francs. All Group companies played a part in this success and in gaining market shares in all segments.

Product Segments

Lindt & Sprüngli pays major importance to intensive market and consumer research, which enables the company to identify and interpret consumer needs and habits at an early stage. As always, continuous renewal of the product range – also in the seasonal, gift-oriented premium chocolate segment – had a very significant influence on *the spring business*. Overall, selective new products launched to coincide with Valentine's Day, Easter and Mother's Day resulted in double-digit growth compared with last year.

On *Valentine's Day*, LINDT specialties once again achieved encouraging growth, particularly in the Anglo-Saxon markets (UK, Australia, USA, Canada). However, Valentine's Day is becoming increasingly important in other western European countries thanks to new and innovative product concepts. *Easter business* this year was further supported by the relative lateness of the festival. The attractive Easter collection is updated every year and helped LINDT to further extend and consolidate its position in this important segment.

In the somewhat static *chocolate tablet segment*, an attractive and varied range of products (bought mainly for self-consumption) that exceed consumers' expectations is vital. The first highly popular product line in LINDT's tablet segment, which caters to the increasingly important trend towards dark premium chocolate, is EXCELLENCE.

The second very successful pillar in this sector is the filled tablet segment. Here, LINDT generated enormous interest in all markets with original new products like PETITS DESSERTS. However, the existing specialty chocolate bars based on long-proven milk recipes continue to be popular and extremely successful. Apart from these, product concepts like CREATION 70% launched in the second half of 2006 or SENSATION FRUIT in the first half of 2007 were successfully developed and increased in popularity.

In the *pralinés segment*, LINDOR balls continue their impressive success following the introduction of novel specialties such as a dark chocolate variant with 60% cocoa and are one of the most successful and best-known LINDT products worldwide. The Group further consolidated its position as a manufacturer of dark pralinés with a high cocoa content following the introduction of EXCELLENCE specialties and various products showing the provenance of cocoa beans from single origins. Our well-known SWISS TRADITION pralinés assortments were effectively relaunched with a new image; additional new products and innovations for all markets are currently in the pipeline in preparation for the autumn and Christmas seasons.

Companies

European companies: The joint segment Europe and Middle East showed solid growth of 16.2% in Swiss francs, taking them to CHF 800.6 million. Compared with last year, Lindt & Sprüngli reported sales increases between 4% and 30% and higher market shares in all its markets. Most major European markets reported outstanding double-digit growth. Compared with last year, LINDT's companies in France, Austria and Spain, together with the export markets in Europe and the Middle East, reported highly encouraging growth rates substantially above the market average. In the UK, too, growth rates remained at a high double-digit level, while those in Switzerland, Germany and Italy weakened slightly. Very good progress was reported in expanding markets like Poland and Sweden.

Growth in the seasonal sector and in the permanent business of the European Lindt & Sprüngli Group companies was driven by the enormous product variety as well as creativity in product development and innovative marketing concepts. With the middle-to-low market segment becoming increasingly difficult for market participants, Lindt & Sprüngli further consolidated its seasonal business during the first half of the year with successful new product launches, and extended its strong position in the premium segment of the tablet and pralinés sector.

North American companies: Growth rates for the four North and Latin American companies increased by an average of 14.5% to CHF 245.3 million, or by 18,5% to USD 200 million in local currencies. This is substantially above the growth of the overall market and resulted in considerable gains in market share. Owing to the continuing expansion of the distribution network and increased listings, business with the trade is growing over proportionally. These dynamics are also promising potentials for the future. In the USA and Canada, the premium chocolate segment has been growing faster than the overall chocolate market due to positive economic conditions and consumer confidence in these countries and, to a considerable extent, thanks to the investments made by LINDT and GHIRARDELLI. These developments were accompanied by the entry of numerous competitors in the premium sector, all making concerted attempts to establish themselves in this segment. The excellent developments for Lindt & Sprüngli are due to faster product rotation, the extension of the product range available to existing trade channels and expanded distribution to new customers. The product focus remains firmly on LINDOR and EXCELLENCE, while Ghirardelli concentrated on its extremely successful SQUARES, which were complemented by new specialties with a high cocoa content. These positive developments were given an additional boost by the expansion of the seasonal range to include high-quality gift items from LINDT and GHIRARDELLI.

Ongoing investments in marketing led to increased awareness of the two brands in North America among both consumers and retailing partners. The trade is becoming increasingly attuned to the potential and attractiveness of LINDT's and GHIRARDELLI's premium concepts and providing them with ever-greater support.

Other markets: In Australia, Lindt & Sprüngli has established itself as one of the leading chocolate manufacturers, having reached high double-digit sales growth and acquiring considerable gains in market share. Apart from its very successful pralinés and seasonal business, the company has also shown encouraging growth rates in the tablet segment. Uninterrupted progress in the premium segment is attracting more and more market players looking to profit from the situation.

The second Lindt Chocolate Café was opened in Sydney in autumn 2006 and got off to a very good start. The high-quality concept on which the café is based has proven extremely successful and as a result a third café is scheduled to open later this year.

Excellent progress was also made in *duty free* business as well as by *export markets* in Europe and overseas.

Costs

Thanks to Lindt & Sprüngli's carefully orchestrated long-term procurement and purchasing policies, price increases for raw materials like cocoa, cocoa butter and dairy products – some of them massive – during the first half of 2007 had no overall negative effect on costs: *material costs* as a proportion of sales as of June 30, 2007 stood at 32%, a slight increase of 0.1 percentage point over the same period in 2006 (31.9%).

In view of high worldwide demand and the uncertainty of the harvests, prices of bulk cocoa on the futures stock exchanges as well as the ratio for cocoa butter both rose. As a result of increasing consumer demand for products with a high cocoa content, the prices paid for flavor cocoa also rose significantly. Milk prices, both on the world markets and in the protective Swiss and EU trading areas, also tended upwards. The *cost of packaging material,* on the other hand, remained virtually unchanged in comparison to last year.

As a proportion of sales, *personnel costs* remained constant at 24.8%. Compared with last year, the workforce increased by 407 to 6804 full-time employees.

As a percentage of sales, *operating costs* remained virtually unchanged at 38.1% compared with the same period last year. As in previous years *marketing investments*, which are included under operating expenses, continued to rise at an above-average rate, helping to further strengthen and consolidate the LINDT brand in all the world's important chocolate markets. And likewise, as in previous years, the operating expenses in the areas of administration and sales were under proportional compared with the total increase in turnover.

Income

Thanks to excellent sales growth, a slight improvement in the gross margin and optimum cost control in all areas, *operating profit (EBIT)* rose by CHF 16.2 million to CHF 31.7 million compared with the same period last year despite increased marketing investments.

After taking into account the slightly higher net financial result and an unchanged tax rate, the *half-yearly profit* rose by CHF 13.1 million to CHF 23 million.

Balance Sheet

Compared with the end of 2006, the balance sheet total fell by CHF 180.5 million as a result of the seasonal reduction in working capital. In view of the high level of investments carried out during the first half of 2007, non-current assets rose by around CHF 75 million compared with the end of the year. As of June 30, 2007, the shareholders' equity ratio stood at 59.4%, which reflected the Group's continuing financial solidity. As of June 30, 2007 the net financial position stood at a comfortable CHF 218 million, which represents an increase of CHF 42 million over the first six months of 2006.

Outlook for full Year 2007

Sales: Organic growth during the first half of 2007 stood at 13,5%, once again clearly in excess of medium to long-term targets of 6% to 8%. Nevertheless, Lindt & Sprüngli intends to stick to these long-term bandwidths. In view of the results achieved in the first half of 2007, the Lindt & Sprüngli Group's short-term forecast, i.e. for 2007 overall, is an increase in sales of 10%, or slightly higher. It should be remembered that growth during the same period last year was very strong.

In view of the massive increase in commodity prices of recent months – particularly of the flavor cocoa so important for Lindt & Sprüngli – adjustments to the prices of our products are increasingly more likely. However, Lindt & Sprüngli firmly believes that a price increase would be accepted by consumers because of LINDT's exclusive positioning in the premium chocolate segment and the unconditional product quality.

Capital expenditures: Providing the needed capacity to keep up with the Group's high-level growth (both sales and volume) will require high annual capital expenditures from 2007 to 2009. The level of investment for the current year will be substantially over CHF 200 million.

As part of its commitment to uncompromising quality for its consumers, Lindt & Sprüngli believes in carrying out every single stage of the production process in house. The Group is one of few chocolate manufacturers that still maintains complete control over every phase of production. This strategy is in strong contrast to the clear tendency in the industry to outsource one or several production steps to industrial manufacturers.

Lindt & Sprüngli believes that its philosophy of total control throughout the manufacturing process is a decisive investment in the trust and confidence of consumers which will give it a valuable long-term competitive advantage.

Net income: As in previous years, Lindt & Sprüngli is striving for a long-term increase in operating profit margin (EBIT) of approximately 20–40 base points compared with the same period for the previous year. It is confident of reaching this objective again in 2007. The net income for the year should also benefit from slight improvements in the net financial result and tax rate.

Consolidated Balance Sheet (unaudited)

	June 30, 2007		December 31, 2006	
	CHF million	%	CHF million	%
ASSETS				
Property, plant and equipment	742.5		671.5	
Intangible assets	11.9		11.4	
Financial assets	21.8		21.5	
Deferred tax assets	10.5		7.1	
Total Non-current Assets	**786.7**	**40.3**	**711.5**	**33.4**
Inventories	424.1		358.5	
Accounts receivable	332.5		742.4	
Other receivables	65.5		48.0	
Accrued income	4.7		7.3	
Derivative assets	6.5		6.1	
Marketable securities	41.7		34.3	
Cash and cash equivalents	288.9		223.0	
Total Current Assets	**1 163.9**	**59.7**	**1 419.6**	**66.6**
Total Assets	**1 950.6**	**100.0**	**2 131.1**	**100.0**
LIABILITIES				
Share and participation capital	22.4		22.2	
Treasury stock	–7.4		–8.3	
Retained earnings and other reserves	1 143.3		1 141.9	
Total Shareholders‘ Equity	**1 158.3**	**59.4**	**1 155.8**	**54.2**
Bond	99.7		99.6	
Loans	0.9		0.9	
Deferred tax liabilities	34.6		31.4	
Pension liabilities	148.6		143.4	
Other non-current liabilities	9.3		10.1	
Provisions	33.6		33.4	
Total Non-current Liabilities	**326.7**	**16.7**	**318.8**	**15.0**
Accounts payable to suppliers	136.2		209.4	
Other accounts payable	24.5		33.0	
Current tax liabilities	25.1		34.6	
Accrued liabilities	260.6		330.1	
Derivative liabilities	5.7		2.6	
Bank and other borrowings	13.5		46.8	
Total Current Liabilities	**465.6**	**23.9**	**656.5**	**30.8**
Total Liabilities	**792.3**	**40.6**	**975.3**	**45.8**
Total Liabilities and Shareholders‘ Equity	**1 950.6**	**100.0**	**2 131.1**	**100.0**

Consolidated Income Statement (unaudited)

	June 30, 2007		June 30, 2006	
	CHF million	%	CHF million	%
INCOME				
Sales	1 138.2	100.0	983.4	100.0
Other income	5.8		3.7	
Total Income	**1 144.0**	**100.5**	**987.1**	**100.4**
EXPENSES				
Material costs	–363.7	–32.0	–313.4	–31.9
Changes in inventories	13.7	1.2	2.9	0.3
Personnel expenses	–282.2	–24.8	–244.1	–24.8
Operating expenses	–434.7	–38.1	–374.6	–38.1
Depreciation and amortisation	–45.4	–4.0	–42.4	–4.3
Total Expenses	**–1 112.3**	**–97.7**	**–971.6**	**–98.8**
Operating profit	31.7	2.8	15.5	1.6
Net financial result	1.0		–1.4	
Operating profit before taxes	32.7	2.9	14.1	1.4
Taxes	–9.7		–4.2	
NET INCOME	**23.0**	**2.0**	**9.9**	**1.0**
Attributable to shareholders	23.0		9.9	
Non-diluted earnings per share/10 PC (CHF)	103.4		44.9	
Diluted earnings per share/10 PC (CHF)	100.7		43.8	

Consolidated Statement of Changes in Equity (unaudited)

CHF million	Share-/ PC-capital	Treasury stock	Consolidated reserves	Hedge accounting	Retained earnings	Currency translations	Share-holders' equity
Balance as at December 31, 2005	**22.0**	**–6.4**	**251.4**	**–4.4**	**697.4**	**11.1**	**971.1**
Net income					9.9		9.9
Capital increase [1]	0.098		7.1				7.2
Share based payment		1.6			2.6		4.2
Dividends					–50.1		–50.1
Gains and losses recognized directly in equity:							
Hedge accounting				3.8			3.8
Currency translation						–13.7	–13.7
Balance as at June 30, 2006	**22.1**	**–4.8**	**258.5**	**–0.6**	**659.8**	**–2.6**	**932.4**
Balance as at December 31, 2006	**22.2**	**–8.3**	**263.3**	**2.5**	**863.9**	**12.2**	**1 155.8**
Net income					23.0		23.0
Capital increase [1]	0.191		14.4				14.6
Sale of own shares [2]		0.9					0.9
Share based payment					6.5		6.5
Dividends					–61.7		–61.7
Gains and losses recognized directly in equity:							
Hedge accounting				–1.4			–1.4
Unrealized losses on available-for-sale financial assets					–0.1		–0.1
Currency translation						20.7	20.7
Balance as at June 30, 2007	**22.4**	**–7.4**	**277.7**	**1.1**	**831.6**	**32.9**	**1 158.3**

[1] All directly attributable transaction costs are netted against the premium realized on exercise of options (2007: CHF 266k, 2006: CHF 124k).

[2] The Group sold 29 own registered shares on January 5, 2007, at an average sales price of CHF 30 836 per share. The gain on sale of CHF 53k has been recognized in shareholders' equity.

Consolidated Cash Flow Statement (unaudited)

	June 30, 2007		June 30, 2006	
	CHF million	CHF million	CHF million	CHF million
Net income	23.0		9.9	
Depreciation and amortization	45.4		42.4	
Changes in provisions and value adjustments	0.8		3.3	
Non-cash effective items	7.0		5.8	
Cash Flow from Operations before Changes in Net-current Assets		**76.2**		**61.4**
Decrease (+) / Increase (–) of accounts receivable	422.3		395.4	
Decrease (+) / Increase (–) of inventories	–55.7		–39.3	
Decrease (+) / Increase (–) of prepayments and other receivables	–1.7		–2.2	
Decrease (+) / Increase (–) of accrued income	2.6		0.9	
Decrease (–) / Increase (+) of accounts payable	–77.4		–87.1	
Decrease (–) / Increase (+) of other payables and accrued liabilities	–108.7	181.4	–77.8	189.9
Cash Flow from Operating Activities		**257.6**		**251.3**
Investments in property, plant and equipment	–102.8		–60.4	
Disposals of property, plant and equipment	0.1		0.3	
Investments in intangible assets	–2.6		–1.5	
Investments (–) / disposals (+) financial assets	–0.3		0.5	
Investments (–) / disposals (+) in marketable securities	–5.1		–42.2	
Cash Flow from Investment Activities		**–110.7**		**–103.3**
Repayments of borrowings	–25.2		–46.7	
Repayments of loans	–10.4		–7.2	
Capital increase (including premium)	14.6		7.2	
Sale of treasury shares/PC	0.9		–	
Dividends paid to shareholders	–61.7		–50.1	
Cash Flow from Financing Activities		**–81.8**		**–96.8**
Net Increase (+) / Decrease (–) in cash and cash equivalents		**65.1**		**51.2**
Cash and cash equivalents as at January 1	**223.0**		**167.7**	
Exchange gains/losses on cash and cash equivalents	**0.8**	**223.8**	**4.7**	**172.4**
Cash and cash equivalents as at June 30		**288.9**		**223.6**

Notes to the Semi-Annual Report

1. Accounting principles

The consolidated half-year report as at June 30, 2007, has been prepared in accordance with the accounting principles described in the annual financial statements for the year ended December 31, 2006, as well as the requirements of IAS 34 – Interim Financial Reporting. IFRS 7 "Financial Instruments: Disclosures", effective as of January 1, 2007, has no significant effect for this reporting period. The Group has not elected early adoption of IAS 23 "Borrowing Costs" and IFRS 8 "Operating Segments", which will be effective from January 1, 2009. The condensed form of financial statements has been applied to this report.

When preparing the half-year 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.

2. Seasonality

When analyzing the Group's results in the first half of 2007, it is important to bear in mind the seasonal and gift-oriented nature of the premium chocolate business. The Lindt & Sprüngli Group makes approx. 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 are substantially lower at the end of the first half of the year as 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 has a total of 574 467 (599 819 as at June 30, 2006) participation certificates with a par value of CHF 10.–. Of this total, 220 017 (245 369 as at June 30, 2006) are reserved for employee stock option programs; the remaining 354 450 (354 450 as at June 30, 2006) participation certificates are reserved for capital market transactions. In the six-month period ended June 30, 2007, a total of 19 142 employee options were exercised at an average exercise price of CHF 774.17 (for the six-month period ended June 30, 2006: 9848 employee options were exercised at an average exercise price of CHF 747.39).

4. Dividends

The proposed dividend – CHF 275.– per registered share and CHF 27.50 per participation certificate – was approved at the annual shareholders' meeting held on April 26, 2007. On May 2, 2007, the dividends were paid.

5. Segment information: According to geographic segments

The segment reporting is based on the management structure and internal reporting procedures. Separating the capitalized earnings values according to geographical segments depends on where assets are situated. The location of clients does not diverge significantly from those of the assets.

	Europe and Middle East		North and Latin America		Rest of the world		Total	
CHF million	2007	2006	2007	2006	2007	2006	2007	2006
Third-party sales	**800.6**	688.8	**245.3**	214.2	**92.3**	80.4	**1 138.2**	983.4
Operating profit	**25.6**	18.1	**–8.1**	–13.6	**14.2**	11.0	**31.7**	15.5

Information

The Lindt & Sprüngli Group will publish information about its operations on the following dates:

Agenda

January 22, 2008	Net Sales for 2007
March 18, 2008	2007 Year-end Presentation to the Press (morning)
	2007 Year-end Presentation to Financial Analysts (afternoon)
April 25, 2008	110th Annual General Meeting
Second-half of August 2008:	Release of Semi-Annual Report January to June 2008

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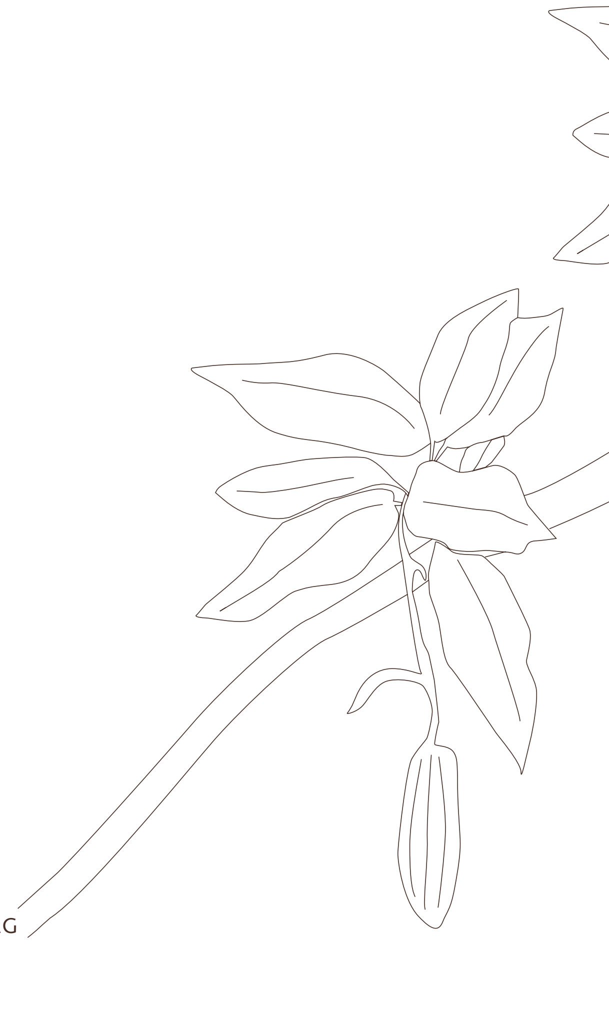

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