LINDT & SPRÜNGLI

SEMI-ANNUAL REPORT JANUARY–JUNE 2009

Kilchberg, August 25, 2009

Lindt & Sprüngli on track
Sales and profit guidance of March 2009 confirmed
Organic growth of 0.2% in a challenging market environment
Successful and proven business strategy to be continued

Dear shareholders

Against the background of an increasingly widespread economic downturn, Lindt & Sprüngli remained on course in the first half of 2009 and confirms the growth and profit guidance for 2009 announced previously in March 2009.

As declared with the announcement of the annual financial statements for 2008, and in accordance with the accounting trend among consumer goods manufacturers, as well as the expectation of a future alignment of IFRS accounting principles with US GAAP, a change in revenue recognition was put into effect for the first half of 2009; commercial payments for services rendered in the shape of listing fees, advertising, second placements and commercial cooperations (trade promotions) will be offset against sales with effect from January 1, 2009 and no longer shown as operating expenses. This change involves a reduction of 11.7% in the published half-year sales for the previous year, but has no influence on the net income and balance sheet of our company. A detailed reconciliation is available on pages 12 and 13.

At the end of June 2009, Group organic growth in local currency terms increased by 0.2% against the same period last year. Because of the weakness of certain important currencies such as the EUR, GBP, CAD and AUD, sometimes running into high double-digit figures, and despite a slight strengthening of the US dollar, consolidated sales in Swiss franc terms reached a total of CHF 979 million (–5.4%) in the first six months of the year. The economic circumstances lead most trade partners to reduce their stocks; consequently, offtake rates exceeded effective sales of Lindt & Sprüngli. This resulted in market share gains for LINDT.

Because of the difficult global economic situation, price increases attributable to rising cocoa prices were only partly passed on, so that the higher raw material costs and negative currency influences could not be fully compensated. However, the company's sales performance clearly shows that demand for innovative, high quality and trustworthy products also remains strong in an adverse market environment and, thanks to its premium strategy, the company's competitiveness continues intact even under the most challenging conditions.

The operating profit (EBIT), excluding the special charges already announced in March 2009, amounts to CHF 24.1 million (previous year CHF 33.6 million). This decline is explained by higher material costs, adverse currency exchange factors and slightly higher depreciation, which could only be compensated in part by optimization of the operating and personnel costs as well as efficiency increases. The special charges are related to LINDT retail outlet closures in the USA (CHF 14.7 million), and an impairment of the warehouse building in Italy (CHF 7.5 million), and amounted to a total of CHF 22.2 million in the first half of 2009. After considering the special charges, the operating profit (EBIT) amounted to CHF 1.9 million.

The restructuring measures which have been taken, combined with the uncompromising premium positioning and the tenacious pursuit of our successful business model based on quality, brand image and innovation, will continue to strengthen the competitiveness and market position of our Group and ensure that it is favorably placed to take advantage of the future economic upturn.

Provided that the global economy continues to stabilize, albeit very slowly, in the second half of 2009 and that the swine flu pandemic does not reach drastic levels, we are maintaining our sales and profit guidance announced in March 2009 with growth between 2 and 5%, respectively an operating profit (EBIT) of between CHF 260 and CHF 280 million for the year 2009 as a whole. We are convinced that our market-focused growth strategy gives us a unique opportunity, especially in these economically challenging times, to further enhance our position in the premium chocolate segment and, by doing so, lay the groundwork for profitable long-term growth.

Ernst Tanner
Chairman and Chief Executive Officer

COMMENT ON THE SEMI-ANNUAL REPORT

When analyzing the Group's semi-annual earnings, it is important to bear in mind the seasonal and gift-oriented nature of the premium chocolate business: 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 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.

Market

After a widespread and dramatic reaction on the consumer and trade front to the drastic deterioration of the world economy at the end of 2008, consumer sentiment remained largely subdued even if, in the second quarter of 2009, consumer attitudes and incoming orders from the trade in certain markets, especially in North America, improved almost to normal levels. This slight upward trend is barely noticeable on the European markets where the crisis affected consumer spending somewhat later. Especially in Great Britain, Europe's biggest chocolate market, and in Spain, consumer sentiment worsened as the economic and employment market situation became more acute in the first half of the year. The crisis-linked, cyclical downturn has also had significant impacts in other European countries. Not until the end of the reporting period, a slight stabilization of consumption at a low level was observed in these markets, together with an end of destocking by trade partners. The global decline of travel activity, which was further aggravated in recent months by the fear of the swine flu pandemic, continues to severely affect the Duty Free/Travel Retail business.

In this difficult market environment, private labels, hard discounters and aggressive price promotions are becoming increasingly important. On the other hand, a sustained trend in favor of quality chocolate with a high brand image can be observed in many countries, although somewhat slower than in the past because of the prevailing economic situation. These two trends are adversely affecting the medium quality and price segments, resulting in a general decline in volume, which is attributable to weak consumer sentiment and substantial price increases in the chocolate industry.

Sales

As per June 30, 2009, Lindt & Sprüngli achieved organic growth in local currency terms of 0.2%, which is equivalent, under the negative influence of important currency parities, to a decline in sales expressed in Swiss franc terms by 5.4% to CHF 979 million (previous year, according to the new accounting method of trade promotions: CHF 1035 million). As already announced at the presentation of the annual financial statements for 2008, Lindt & Sprüngli strives to maintain the pricing of its products as stable as possible through efficiency gains and optimized cost management, despite the rising price of cocoa and at the expense of temporarily lower gross margins. Thanks to this strategy, the market position was not only strengthened but further enhanced in most countries.

Despite the currently challenging economic and market environment which is accompanied by a downtrading trend on the part of some consumer groups, Lindt & Sprüngli continues to hold firm to its uncompromising premium strategy and is convinced not only of its ability to overcome the latest, cyclical challenges, but also to emerge strengthened in the long run from the world economic crisis, and so be well-positioned to benefit from the next upturn.

Product segments

Thanks to the strong positioning in the premium quality segment and a prestigious brand image, innovative pralinés creations and seasonal specialties with strong gift characteristics are performing well even in the present tough economic environment. In both these segments with particularly high added value, Lindt & Sprüngli is especially well established and able to report continuing positive progress. On the other hand, especially in times of economic downturn, the tablet segment is confronted with generally stronger price competition; however, Lindt & Sprüngli has been able to significantly distance itself from such competition, thanks to its many innovations and the well-known LINDT quality standards.

Seasonal business
The trade tended initially to hold back on orders for St Valentine's Day. In the end, however, LINDT was able to report good sales figures, especially in the English-speaking markets, with high-value gift products such as the LINDOR metal hearts with crystal decor. The relatively late Easter date had a positive impact on business. Sales of Lindt & Sprüngli products to the trade and offtake were well above last year and achieved pleasing growth results in most countries, largely due to the increasing global success of the favorite GOLD BUNNY.

Pralinés segment
LINDOR, in all its many taste variations, remains the finest advertisement for LINDT worldwide. These tender melting truffles are the principal sales driver within the pralinés range, ensuring constant year-on-year growth which, in fact, proved even better than average in the first half of 2009. Positive progress was also made in Germany and France, where the LINDOR brand has of late been greatly strengthened. New product launches such as the innovative "Mousse" pralinés, together with product extensions and added lines also proved highly popular. The business in assorted pralinés is largely seasonal and mainly focused on the Christmas period. In the second half of 2009, the LINDT Maîtres Chocolatiers will surprise consumers with new and highly promising pralinés concepts.

Tablet segment
Lindt & Sprüngli has not been able to escape the general recessive trend in the tablet segment altogether; however, it has held firm to its premium quality and price strategy without engaging in the prevailing aggressive price competition. Once again the EXCELLENCE tablets, with their high cocoa content, made positive progress thanks to successful expansion of the range including the "70% mild" and "Fleur de Sel" variants. The filled tablet segment benefited from the "Mousse au Chocolat" line which has now been introduced in practically all of LINDT's major markets. Tablet recipes, specially created for the local markets, also achieved pleasing growth. On the other hand, some large dark chocolate tablets (150 g) with exotic fillings did not sell as well in certain markets.

Companies

With the first-time introduction of IFRS 8 (segment reporting), the definition of the country segments is slightly different from that in 2008. The figures for the previous year have been adjusted accordingly and are presented in the detailed table on page 14.

Europe
The European segment was able to hold sales in local currency terms at the previous year's level. The devaluation of the GBP and EUR against the Swiss franc did, however, result in an overall reduction of sales figures in Swiss franc terms of 8.7% to CHF 624 million. In important markets such as Switzerland, France and England, a slight gain was reported in local currency terms. With the exception of Spain which has been particularly hard hit by the crisis and accompanying unemployment, sales in other countries were maintained around the same level as in the previous year. Growth in the markets of Sweden, Poland and the Czech Republic remained highly satisfactory.

North America
Consolidated sales in Swiss franc terms of the four North American companies rose by 10% to CHF 247.2 million. Because of the slightly stronger US dollar, growth in local currencies achieved a rate of 5.5%. The restructuring of the US retail network, which has already been announced, is on schedule. Since the end of 2008, 14 LINDT boutiques have been closed. The remaining closures are scheduled for 2010, leaving approximately 25 flagship and outlet stores. Despite globally subdued consumer sentiment, Lindt & Sprüngli's retail trade business in the US remains very good. The two brands LINDT and GHIRARDELLI are more firmly and widely established than ever before in the market and continue to gain ground as the clear leaders in the premium chocolate segment. This positive trend is attributable to a great extent to the ever growing success of the LINDOR truffles by LINDT and the SQUARES by GHIRARDELLI.

Rest of the world

In this segment, Lindt & Sprüngli reported an overall sales downturn of 8% in local currency terms. Due to adverse currency exchange influences, this is equivalent to a decline of 15% in Swiss francs. Against the background of the world economic crisis, export business via third party distributors, who were very reluctant to place new orders, suffered heavily. The important Duty Free/Travel Retail segment, with tourism and business travel badly affected by the added threat of the swine flu pandemic, was particularly hard hit. On the other hand, in Australia, the biggest market in this geographical segment, Lindt & Sprüngli reported exceptional double-digit growth and pleasing market share gains with five successful Lindt Chocolat Cafés and an increasingly strong presence in the retail trade. This market, which is very attractive for premium chocolate, still has considerable potential.

Costs

The reporting period saw relatively major destocking thus resulting in a reduction of the reported material expenditure. Therefore, both positions must be assessed jointly in a half-yearly comparison. The outcome is an expenditure margin of 38.1% (previous year 35.8%) reflecting the continuing increase in commodity prices, especially for cocoa products. With a ratio against sales of 26.7% (previous year 27.4%), the positive trend of personnel costs reported in previous years continued; this is attributable to the highly flexible use of the capacity of the different production sites. As of June 30, 2009, operating expenditure reached a total of CHF 294 million or 30% of sales. These figures include special charges amounting to CHF 14.7 million for the closure of LINDT boutiques in the USA, without which the expenditure margin of 28.5% would have been around one percentage point below the previous year. This positive trend shows that an optimum response to a changed market situation is also possible at cost level. At a total of CHF 55.4 million or 5.7% of sales, depreciation, amortisation and impairment include a value adjustment on the LINDT warehouse building in Italy in the amount of CHF 7.5 million.

Income

As a result of not passing on higher material costs, especially for commodities, and the substantial overall negative exchange rate effects, the gross margin in the first half of 2009 was lower than in the previous year. Thanks to further efficiency gains in the areas of production, purchasing and cost management, the Group achieved an operating result (EBIT) which amounts to CHF 24.1 million before special charges. However, those special charges reduced this result by CHF 22.2 million to CHF 1.9 million. After deducting taxes and allowing for a net financial result which was well above the figure for last year, the semi-annual net income amounts to CHF 2.7 million.

Balance sheet

Compared to the 2008 year-end figures, the balance sheet total was approximately CHF 250 million lower as of June 30, 2009, reflecting the normal seasonal reduction of current assets. At 66.8% the equity ratio for the first half reflects a solid level of financing, enabling the Group to finance the necessary long-term investments for future growth from its own resources. At a comfortable CHF 312 million, the net financial position as per June 30, 2009, is some CHF 141 million higher than the equivalent figure for the same period last year, and CHF 203 million above the 2008 year-end equivalent.

OUTLOOK FOR FULL YEAR 2009

Sales
Based on the half-year results, the substantial increase in marketing and promotional investments planned for the second half of the year and the accompanying market share gains, Lindt & Sprüngli is maintaining its growth guidance for the year as a whole at 2 to 5%, as previously announced last March. However, this forecast will depend on further low level stabilization of the global economy, and the absence of a severe outbreak of the swine flu pandemic which would have serious consequences.

Income
Considering the same assumptions as mentioned above, the company confirms its operating profit guidance announced last spring in the range of CHF 260 to 280 million for the year 2009 as a whole. Based on these estimates, the net income will benefit from an improved financial result compared to last year.

Investments
Thanks to its ongoing investment activity, and as one of the few premium chocolate manufacturers with total in-house control at every stage, from cocoa bean purchasing to the finished and packed product, Lindt & Sprüngli is able to use the very latest technology in its production processes, increase efficiency, and by doing so meet the demand for high quality chocolate in the still expanding upper premium segment. Great care has also been taken to reconcile economic and ecological factors as effectively as possible. Under these circumstances, a new production line for tablets will be put into operation in the Lindt & Sprüngli factory in the USA during 2009, followed by a cocoa liquor facility. These major investments will reduce dependence on imports from Europe, ensure more flexible supply of the US market at lower cost and, last but not least, improve the eco-balance by shortening transportation routes. Overall, investments in the current business year are estimated at CHF 150 to 170 million.

PREVIEW FOR 2010

The company expects the world economy to continue to stabilize. Nevertheless, unemployment and consumer sentiment are unlikely to show even a slight improvement until the latter part of 2010. Moreover, wide fluctuations of currency developments in Lindt & Sprüngli's main sales markets and also of commodity prices, especially for cocoa, seem likely. Under these conditions the Group will be making only moderate price increases next year. Based on expected market share gains in the second half of 2009 as a consequence of higher marketing investments, Lindt & Sprüngli will continue to focus its priorities in 2010 predominantly on an improvement of its market position rather than on profit maximization. The Group sees a unique opportunity, especially in a challenging economic environment, of further strengthening its position in the premium chocolate segment and, by doing so, laying the groundwork for sustained profitable growth.

Consolidated Balance Sheet (unaudited)

	June 30, 2009		December 31, 2008	
	CHF million	%	CHF million	%
ASSETS				
Property, plant and equipment	859.4		839.4	
Intangible assets	16.4		13.4	
Financial assets	80.3		80.0	
Deferred tax assets	3.1		2.9	
Total non-current assets	**959.2**	**44.5%**	**935.7**	**38.8%**
Inventories	445.4		437.9	
Accounts receivable	301.4		709.5	
Other receivables	85.8		70.3	
Accrued income	12.7		19.3	
Derivative assets	12.5		33.9	
Marketable securities	11.1		11.3	
Cash and cash equivalents	326.5		192.0	
Total current assets	**1 195.4**	**55.5%**	**1 474.2**	**61.2%**
Total assets	**2 154.6**	**100.0%**	**2 409.9**	**100.0%**
LIABILITIES				
Share and participation capital	22.8		22.7	
Treasury stock	–30.4		–0.8	
Retained earnings and other reserves	1 447.6		1 457.1	
Total shareholders' equity	**1 440.0**	**66.8%**	**1 479.0**	**61.4%**
Loans	1.0		0.8	
Deferred tax liabilities	36.9		29.0	
Pension liabilities	134.9		132.0	
Other non-current liabilities	7.2		9.8	
Provisions	30.0		34.1	
Total non-current liabilities	**210.0**	**9.8%**	**205.7**	**8.5%**
Accounts payable to suppliers	122.4		168.5	
Other accounts payable	25.4		32.4	
Current tax liabilities	26.2		30.2	
Accrued liabilities	291.0		332.7	
Derivative liabilities	14.8		67.5	
Bank and other borrowings	24.8		93.9	
Total current liabilities	**504.6**	**23.4%**	**725.2**	**30.1%**
Total liabilities	**714.6**	**33.2%**	**930.9**	**38.6%**
Total liabilities and shareholders' equity	**2 154.6**	**100.0%**	**2 409.9**	**100.0%**

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

Consolidated Income Statement (unaudited)

	January–June 2009		January–June[1] 2008	
	CHF million	%	CHF million	%
INCOME				
Sales	979.0	100.0%	1 034.9	100.0%
Other income	6.1		6.5	
Total income	**985.1**	**100.6%**	**1 041.4**	**100.6%**
EXPENSES				
Material expenses	–340.0	–34.7%	–388.3	–37.5%
Changes in inventories	–32.8	–3.4%	17.3	1.7%
Personnel expenses	–261.3	–26.7%	–283.1	–27.4%
Operating expenses	–293.7	–30.0%	–307.1	–29.7%
Depreciation, amortization and impairment	–55.4	–5.7%	–46.6	–4.5%
Total expenses	**–983.2**	**–100.4%**	**–1 007.8**	**–97.4%**
Operating profit	1.9	0.2%	33.6	3.2%
Income from financial assets	5.3		8.4	
Expense from financial assets	–3.5		–10.2	
Income before taxes	3.7	0.4%	31.8	3.1%
Taxes	–1.0		–8.9	
NET INCOME	**2.7**	**0.3%**	**22.9**	**2.2%**
Attributable to shareholders	2.7		22.9	
Non-diluted earnings per share/10 PC (in CHF)	11.9		101.7	
Diluted earnings per share/10 PC (in CHF)	11.9		99.6	

[1] 2008 comparatives have been adjusted. See note 1.

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

Statement of Comprehensive Income and Losses (unaudited)

CHF million	January–June 2009	January–June 2008
Net income	2.7	22.9
Other comprehensive income and losses after tax		
Hedge accounting	26.3	–3.7
Unrealized gains/(losses) on available-for-sale financial assets	0.8	–1.4
Currency translation	31.8	–47.4
Total comprehensive income/(loss)	**61.6**	**–29.6**

Consolidated Statement of Changes in Equity (unaudited)

CHF million	Share-/ PC-capital	Treasury stock	Consolidated reserves	Hedge accounting	Retained earnings	Currency translation	Share-holders' equity
Balance as at December 31, 2007	**22.4**	**–**	**283.1**	**–1.7**	**1 072.5**	**13.1**	**1 389.4**
Total comprehensive income/(loss)				–3.7	21.5	–47.4	–29.6
Capital increase [1]	0.193		17.7				17.9
Share-based payment					5.6		5.6
Distribution of profits					–74.5		–74.5
Balance as at June 30, 2008	**22.6**	**–**	**300.8**	**–5.4**	**1 025.1**	**–34.3**	**1 308.8**
Balance as at December 31, 2008	**22.7**	**–0.8**	**307.1**	**–25.9**	**1 269.3**	**–93.4**	**1 479.0**
Total comprehensive income/(loss)				26.3	3.5	31.8	61.6
Capital increase [1]	0.072		5.9				6.0
Purchase of own shares [2]		–30.0					–30.0
Sale of own shares [3]		0.4			–0.1		0.3
Share-based payment					5.5		5.5
Distribution of profits					–82.4		–82.4
Balance as at June 30, 2009	**22.8**	**–30.4**	**313.0**	**0.4**	**1 195.8**	**–61.6**	**1 440.0**

1) All directly attributable transaction costs are netted against the premium realized on exercise of options (2009: TCHF 86, 2008: TCHF 265).
2) The Group acquired 1246 of its own registered shares on May 27, 2009. The amount per share paid to acquire the shares was CHF 24 000.
3) The Group sold 13 own registered shares on April 22, 2009, at an average sales price of CHF 22 300 per share. The loss on sale of TCHF 84 has been recognized in shareholders' equity.

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

Consolidated Cash Flow Statement (unaudited)

	January–June 2009		January–June 2008	
	CHF million	CHF million	CHF million	CHF million
Net income	2.7		22.9	
Depreciation, amortization and impairment	56.4		46.6	
Changes in provisions and value adjustments	–14.1		4.4	
Decrease (+)/Increase (–) of accounts receivable	429.6		477.6	
Decrease (+)/Increase (–) of inventories	10.8		–64.9	
Decrease (+)/Increase (–) of prepayments and other receivables	9.0		–6.3	
Decrease (+)/Increase (–) of accrued income	13.7		7.1	
Decrease (–)/Increase (+) of accounts payable	–50.4		–87.8	
Decrease (–)/Increase (+) of other payables and accrued liabilities	–85.9		–158.1	
Non-cash effective items	–3.3		18.6	
Cash flow from operating activities		**368.5**		**260.1**
Investments in property, plant and equipment	–58.5		–97.3	
Disposals of property, plant and equipment	0.1		0.2	
Investments in intangible assets	–2.9		–2.3	
Investments in financial assets	–1.0		–1.7	
Marketable securities				
Investments	–1.0		–5.4	
Disposals	1.6		27.2	
Cash flow from investment activities		**–61.7**		**–79.3**
Proceeds from borrowings	20.1		26.8	
Repayments of borrowings	–89.8		–25.4	
Repayments of bond	–		–100.0	
Capital increase (including premium)	6.0		17.9	
Purchase of treasury stock	–30.0		–	
Sale of treasury stock	0.4		–	
Dividends paid to shareholders	–82.4		–74.5	
Cash flow from financing activities		**–175.7**		**–155.2**
Net Increase (+)/Decrease (–) in cash and cash equivalents		**131.1**		**25.6**
Cash and cash equivalents as at January 1	**192.0**		**189.1**	
Exchange gains/(losses) on cash and cash equivalents	**3.4**	**195.4**	**–3.6**	**185.5**
Cash and cash equivalents as at June 30		**326.5**		**211.1**
Interest received from 3rd parties [1)]		3.4		8.2
Interest paid to 3rd parties [1)]		3.3		7.5
Income tax paid [1)]		36.0		36.1

1) 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 consolidated semi-annual report as at June 30, 2009, has been prepared in accordance with the accounting principles described in the annual financial statements for the year ended December 31, 2008, as well as the requirements of IAS 34 – Interim Financial Reporting. The condensed form of financial statements has been applied to this report.

New IFRS Standards and Interpretations
Of the many new standards, amendments to standards and interpretations, which must be applied for the reporting period beginning January 1, 2009, the following IFRS standards and interpretations have been adopted in the consolidated semi-annual report: IAS 1 – Revised Presentation of Financial Statements, IAS 23 – Borrowing Costs, IFRS 8 – Operating Segments and IFRIC 13 – Customer Loyalty Programmes. The adoption of these standards and interpretations did not have any impact on the financial position and performance of the Group. The adoption of IFRS 8 – Operating Segments required the disclosure of the operating segments *Europe*, *NAFTA* and *All other Segments*. These operating segments replace the segments *Europe and Middle East*, *North and Latin America* and *Rest of the World*, which were disclosed previously in accordance with IAS 14 – Segment Reporting. Additional information on these segments along with restated comparison data are disclosed in note 5.

Retroactive application of accounting principles
A change in accounting regarding revenue recognition was introduced as of January 1, 2009. In the past, revenue consisted of delivery of goods and services to 3rd parties minus returns, price reductions, and turnover and value-added taxes. Payments to trade partners for services rendered (for example listings, advertising, secondary placements, commercial cooperations, etc.) were reported previously as trade promotion expenses, classified under operating expenses. IFRS does not specifically define the accounting treatment of trade promotion expense. Consequently a uniform accounting standard does not exist among European consumer goods manufacturers reporting in accordance with IFRS. Nevertheless there is a trend to move towards reporting trade promotion expenses as a direct deduction of revenue. In view of this development and the expectation of a future alignment of IFRS standards with US GAAP, all payments to trade partners have been deducted from revenue in the semi-annual report as at June 30, 2009. The only exception to this change represents distinctly and clearly identifiable services, rendered by trade partners, which could also be rendered by 3rd parties at comparable costs. This change in accounting treatment does not have an impact on the operating profit, the net income, the balance sheet nor the cash flow statement with the exception that trade promotion expense has been reclassified from the position "Operating expenses" to the position "Sales" of the income statement. The semi-annual report 2008 has been adjusted accordingly. The reconciliation is given in the table below.

Reconciliation of the 2008 comparatives of the consolidated income statement:

CHF million	January–June 2008[1]	Adjusted January–June 2008	Change
Sales	1 171.5	1 034.9	–136.6
Other income	6.5	6.5	–
Total income	**1 178.0**	**1 041.4**	**–136.6**
Material expenses	–388.3	–388.3	–
Changes in inventories	17.3	17.3	–
Personnel expenses	–283.1	–283.1	–
Operating expenses	–443.7	–307.1	136.6
Depreciation, amortization and impairment	–46.6	–46.6	–
Total expenses	**–1 144.4**	**–1 007.8**	**136.6**
Operating profit	33.6	33.6	–
Net financial result	–1.8	–1.8	–
Income before taxes	31.8	31.8	–
Taxes	–8.9	–8.9	–
NET INCOME	**22.9**	**22.9**	**–**

[1] As originally published in the semi-annual report 2008.

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.

2. Seasonality

When analyzing the Group's results in the first half of 2009, it is important to bear in mind the seasonal and gift-oriented nature of the premium chocolate business. 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 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 as at June 30, 2009, has a total of 533 758 (548 216 as at June 30, 2008) participation certificates with a par value of CHF 10.–. Of this total, 179 308 (193 766 as at June 30, 2008) are reserved for employee stock option programs; the remaining 354 450 (354 450 as at June 30, 2008) participation certificates are reserved for capital market transactions. In the six-month period ended June 30, 2009, a total of 7248 employe options were exercised at an average exercise price of CHF 836.92 (for the six-month period ended June 30, 2008: 19 292 employee options were exercised at an average exercise price of CHF 939.47).

4. Dividends

The proposed dividend – CHF 360.– (CHF 330 .– in 2008) per registered share and CHF 36.– (CHF 33.– in 2008) per participation certificate – was approved at the annual shareholders' meeting held on April 16, 2009. The dividends were paid as of April 21, 2009.

5. Segment information

The business of the Group is mainly managed at the subsidiary level in the 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, in Canada and Mexico.
- Business segment *All other Segments*, consisting of the company in Australia and 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 Europe		Segment NAFTA		All other Segments		Total	
CHF million	2009	2008	2009	2008	2009	2008	2009	2008
Sales	716.7	791.4	248.7	226.3	107.4	126.8	1 072.8	1 144.5
./. Sales between segments	92.3	107.6	1.5	2.0	–	–	93.8	109.6
3rd party sales	624.4	683.8	247.2	224.3	107.4	126.8	979.0	1 034.9
Operating profit	13.0	32.5	–19.2	–14.0	8.1	15.1	1.9	33.6
Net financial result							1.8	–1.8
Income before taxes							3.7	31.8
Taxes							–1.0	–8.9
Net income							**2.7**	**22.9**

Information

Lindt & Sprüngli will report on the further course of business on the following dates:

Agenda

January 19, 2010	Net sales for 2009
March 16, 2010	2009 Year-end Presentation to the Press (morning) 2009 Year-end Presentation to Financial Analysts (afternoon)
April 22, 2010	112th Annual General Meeting
August 24, 2010	Release of Semi-Annual Report January to June 2010

Investor Relations

Chocoladefabriken Lindt & Sprüngli AG
Dr. Dieter Weisskopf, Chief Financial Officer
Seestrasse 204
CH-8802 Kilchberg
Phone +41 44 716 25 37
Fax +41 44 716 26 60
E-mail investors@lindt.com

Internet

www.lindt.com

The expectations expressed in the semi-annual report are based on assumptions. The actual results may vary from these. The semi-annual report is published in German and English whereas the German version is binding.

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CHOCOLADEFABRIKEN
LINDT & SPRÜNGLI AG

SEESTRASSE 204, CH-8802 KILCHBERG
SCHWEIZ/SWITZERLAND

WWW.LINDT.COM