LINDT & SPRÜNGLI

SEMI-ANNUAL REPORT
JANUARY – JUNE 2010

LINDT & SPRÜNGLI CONTINUES DYNAMICS OF LONG-TERM SUCCESS

ORGANIC GROWTH IN LOCAL CURRENCIES OF 9.2%

INCREASE IN OPERATING PROFIT (EBIT) UP 40.7%

SALES AND PROFIT TARGETS CONFIRMED FOR THE FULL YEAR

DEAR SHAREHOLDERS

I am very pleased to inform you that after the transitional year 2009, which was characterized by a regressive economic situation and internal Group restructuring, Lindt & Sprüngli continues its dynamics of long-term success of the previous years in terms of growth and profit.

Consumer sentiment improved slightly as the global economy slowly stabilized and showed the first signs of an upswing. Although most chocolate markets reported moderate growth in value terms over the first six months of 2010, there was stagnation in many places in terms of volume, especially in Europe and the USA. Competition, which had become even more intense during the global economic crisis, continues to focus very heavily on pricing. Rising raw material prices, particularly for cocoa beans, and the extreme fluctuations experienced by key currencies made the economic framework conditions even more difficult.

Against the background of these challenges, Lindt & Sprüngli has not only succeeded in meeting the growth and profit forecasts published last March, but has also slightly exceeded expectations. In comparison with the same period in the previous year, the Group achieved organic growth in local currencies of 9.2% as at June 30, 2010, far exceeding the performance of the chocolate market as a whole. In Swiss francs, this equates to sales of CHF 1,057 billion, an increase of 7.9%. The difference between growth in terms of local currencies and Swiss francs is mainly due to the continued weakening of the US dollar, euro and pound sterling.

The growth was primarily fuelled by increased volumes and improvements of product mixes as well as the launch of innovative products. The sales success enjoyed by new products reflects the consumers' appreciation of the creativity and quality offered by LINDT. In light of the still insecure economic situation, price adjustments to date have only been made cautiously and selectively due to the rising cost of cocoa. The Company will keep striving to offset the record raw material costs as far as possible through increased efficiency and cost management. Potential price increases will therefore mainly depend on the rate of inflation and the currency situation in different countries.

All subsidiaries and regions contributed to the achieved growth. It is thanks to this positive trend that Lindt & Sprüngli has once again been able to gain market shares across all its markets. Double-digit growth rates were gained in North America. All countries in Europe, particularly the UK, France and Sweden, reported important progress. In Italy, too, where last year's financial crisis had an especially severe impact on consumer sentiment, sales increased significantly in the first half of 2010. On the Swiss home market the previous year's sales were also exceeded.

Export operations to Asia, the Middle East and Latin America, as well as the duty-free / travel retail business, have reported important progress. A particular highlight has been the opening of a new cocoa mass facility at the manufacturing plant in Stratham, New Hampshire, which guarantees full control over all manufacturing steps in the USA from now on, from the bean to the finished product. The Group thus possesses ultra modern machinery on site with the corresponding capacities to ensure that the growing demand can be met efficiently, quickly and flexibly.

Operating profit (EBIT) at the end of June 2010 stood at CHF 33.9 million, representing an increase of 40.7% or CHF 9.8 million compared to the result of the previous year of CHF 24.1 million prior to the recognition of restructuring costs. This positive performance is the result of the measures taken over the past 18 months to streamline and boost efficiency across all areas. In the light of an economic situation which, although on the road to recovery, has not yet stabilized, and bearing in mind the continuing volatility of the framework conditions in the raw materials and currency sectors, Lindt & Sprüngli will continue to pursue its proven premium strategy based on quality, innovation, passion and exclusive chocolate expertise from the cocoa bean right through to the finished product.

Lindt & Sprüngli confirms the sales and profit forecasts for the full year 2010 which it announced in March 2010 and is expecting organic growth in sale of 5 to 7%, and an EBIT of CHF 300 to 340 million. The Company's priority will remain the strengthening of the brand and gaining market shares.

Ernst Tanner
Chairman and Chief Executive Officer

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

The first half of 2010 was dominated by the start of an economic upswing, albeit one that has proved moderate overall. The economic situation in the majority of Lindt & Sprüngli's main sales markets has stabilized in comparison with the same period in the previous year. Greater volatility on the currency markets were the indirect effect of governments intervening in their countries' economies. Huge fluctuations have been and continue to be reported on the raw material markets, particularly in the cocoa sector: the price of a metric ton of cocoa on the London futures market has risen by around 60% since the end of 2008. Although this price increase is due in part to the supply and demand situation, the principal causes are a rise in the number of speculative transactions combined with greater interest amongst investors for raw material funds.

On the whole, consumer sentiment in Lindt & Sprüngli's principal markets improved compared with the equivalent period in the previous year. Most chocolate markets grew slightly once again in value terms over the past twelve months. From the volume point of view, however, growth remained moderate, particularly in Europe and North America. The trading environment was characterized by rather deflationary trends. In the current economic climate, partners in the retail trade are attempting to set themselves apart from their competitors through their pricing in particular. Full-range suppliers are also using special offers in order to keep up with the discounters. Lindt & Sprüngli, as a recognized supplier of premium products, distances itself from a competition that is fought almost exclusively over price, and only participates in promotional activities to a limited extent.

Uderpinned by the improved consumer sentiment and an economic outlook that promises increased stability, the long-standing and unbroken trend for "trading up" in the chocolate segment has reaffirmed itself over recent months. Against the background of an economic and market environment that did, however, remain challenging, the strategy that has been pursued consistently now for many years – exclusive positioning in the premium chocolate segment and uncompromising product quality – has proven itself once again to be a valuable and solid basis on which to continue the Company's success.

SALES

As at June 30, 2010, the Lindt & Sprüngli Group achieved sales of CHF 1,057 billion, an increase of 9.2% in local currencies or 7.9% in Swiss francs during the same period in the previous year. The lower sales figures in Swiss francs are mainly due to the continuing weakening of the US dollar, euro and pound sterling against the Swiss franc. The level of growth achieved is significantly above the performance of the chocolate market as a whole, which once again led to corresponding gains in the market share.

As already stated at the year-end presentation to the press in March 2010, price increases are only envisaged on a selective basis due to the current framework conditions, in spite of a continuing rise in cocoa prices. The growth in sales reported over the first half of the year was primarily due to increases in volume and improvements of mixes, as well as the launch of new products, which enabled LINDT to further strengthen its position across all its markets. Despite the continued uncertainty of an economic environment that remains weak and dominated by currency fluctuations and volatile raw material costs, Lindt & Sprüngli continues to hold firm to its long-term strategy of premium, quality products. The Group is convinced that this uncompromising continuity will enable current challenges to be overcome. Optimum product quality, innovation, complete control of the procurement chain and production processes as well as sustainable business at all levels are and will remain undisputed success factors, even when faced with a difficult economic situation.

PRODUCT SEGMENTS

Thanks to the strong positioning in the premium quality segment and a prestigious brand image, innovative pralinés creations and seasonal specialties with gift characteristics are performing well, even in the present tough economic environment. In these two segments, Lindt & Sprüngli generates particularly high added value thanks to the premium nature of the products and can report a sustained positive trend. Although the tablet segment is confronted with generally stronger price competition, Lindt & Sprüngli has been able to maintain its leading position, thanks to its many innovations with their huge potential.

Seasonal business

With the important festivals around St Valentine's Day, Easter and Mothers' Day, the gift-oriented seasonal business posted good rates of growth in the first six months of 2010 compared with the previous year. This year, too, Lindt & Sprüngli has been able to rely on a very good position in the market. Besides many other products, those recording the most sales included above all the heart-shaped LINDOR gift boxes for St Valentine's Day, the GOLD BUNNY for Easter and the LINDOR gift packs for Mothers' Day. Thanks to additional advertising support and more intensive activities at points of sale, these seasonal products were once again able to post a pleasing level of growth across most markets.

Pralinés segment

The LINDOR balls, with their different flavors and guises, remain the finest advertisement for LINDT worldwide. In the first half of 2010, they reported above-average growth once again. Especially in the Anglo-Saxon markets such as the USA and the UK, the tender melting LINDOR balls are proving ever more popular with consumers. In addition, efforts begun last year to anchor the LINDOR balls more strongly in the key markets of Germany and France have proven very successful.

Tablet segment

The specialty tablets EXCELLENCE, CREATION and PETITS DESSERTS recorded excellent progress in the first half of the year in all countries. The EXCELLENCE tablet range has been extended by new variations, and is particularly popular with consumers thanks to its high cocoa content. Spring 2010 saw the highly successful Swiss launch of PASSION CHOCOLAT from LINDT, a new premium tablet range that is innovative in every respect. The extraordinarily high popularity of the product means that its distribution to other European countries is being stepped up.

COMPANIES

Europe

Sales in the segment "Europe" grew by 8.0% in local currencies in the first half of 2010. Due to the further devaluation of the euro and the pound sterling, the growth in sales in terms of Swiss francs was slightly weaker, at 5.2%, and reached a total of CHF 657.1 million. All markets reported good to very good progress. Special attention should be drawn here to the UK, France and Sweden, which reported double-digit growth. As both the economic situation and consumer sentiment stabilized, sales also improved in Italy, which last year had been on a downward trend. In the Swiss home market, it was possible to exceed last year's sales figures slightly in an overall flagging chocolate market.

North America

Consolidated organic growth in local currency terms stood at 13.0% for the four North American companies. Due to the slight weakness of the US dollar compared with the previous period, this equates to an increase in sales in Swiss franc terms of 9.9% at a total sales level of CHF 271.7 million. The sales trend for the Company's own US chain of retail stores was impaired slightly due to the restructuring measures introduced last year, which are running on schedule and which will see the number of LINDT boutiques reduced to around 30 by the end of 2010. On the other hand, business with the retail trade has been significantly expanded. LINDT and GHIRARDELLI have now become the undisputed market leaders in the premium segment in the USA and Canada. Thanks to greater investment in advertising, awareness of the two brands has risen even further. The growth in sales has been underpinned by an increased sales frequency among existing customers as well as the attraction of new customers. Thus, it has been possible to steadily gain market shares in all North American markets over the past six months. The opening of the new large-scale facility for cocoa mass and for tablet production at Lindt & Sprüngli (USA) Inc. ran successfully.

Rest of the world
In the “rest of the world” segment, the Company achieved total sales equating to CHF 127.8 million. Thanks to the appreciation of the Australian dollar against the Swiss franc, growth in this segment in Swiss franc terms was significantly higher, at 19.0%, than in local currencies (7.8%). In the export business, the individual countries experienced different rates of growth over the past six months, reflecting the respective economic situation in each country. For instance, the duty-free / travel retail business reported good growth rates thanks to rising air passenger numbers, as did exports to Asia, the Middle East and Latin America. In Australia, the global brand ambassador Roger Federer opened a new LINDT Chocolat Café in Melbourne at the beginning of the year. In addition, a new company was founded in Japan in the first half of 2010 and a LINDT Chocolat Café was opened in Tokyo.

COSTS
Material costs in relation to sales increased from 34.7% in the previous period to 38.0%. The rise in material costs is once again due to the enormous increases in cocoa prices. Thanks to a prudent and long-term-oriented purchasing policy and to currency effects, however, the Group succeeded in limiting the impact of the significant price rises. The above-average level of growth saw personnel costs fall by 26.4% in relation to sales (previous year: 26.7%), in spite of the appointment of 196 new employees across the Group, bringing the total workforce to 6,984. At 30.1%, the operating expenditure margin in the first half of 2010 is above the previous year’s figure of 27.7%, which has been adjusted for one-off costs and is thus comparable. In absolute terms, the increase in operating expenditure in comparison with 2009 is mainly due to greater investments in marketing and advertising to further strengthen the Company’s market position.

INCOME
Operating profit (EBIT) stands at CHF 33.9 million, representing an increase of 40.7% or CHF 9.8 million over the result of the previous year of CHF 24.1 million prior to the recognition of restructuring costs. This result attests to the progress made in the measures introduced to increase efficiency across all areas. Due to the very low interest rates for short-term investments in Swiss francs, the financial result does not reflect the very high net liquidity position. After deducting income tax, which remained unchanged in percentage terms, the net income for the first half of 2010 stands at CHF 24.8 million. This equates to an increase of CHF 6.2 million (33.3%) on the previous year’s result of CHF 18.6 million, which has been adjusted to take account of restructuring costs.

BALANCE SHEET
The balance sheet total was down CHF 261.8 million in comparison to year end 2009, partly due to the normal seasonal reduction of current assets but also to adverse currency effects. As investment activities slowed somewhat compared with the previous years, fixed assets fell by CHF 38.1 million overall to CHF 796.1 million. As at June 30, 2010, the equity ratio stands at a very high level of 68.5% due to the positive effect of a reduced balance sheet total as against the end of the year. Total current assets performed well thanks to the levels of seasonal demand that are typical for the business. Accounts receivable were reduced by CHF 366.0 million to CHF 290.0 million due to the corresponding payments for seasonal business. As at the reporting date, June 30, 2010, the net financial position stands at a record CHF 446.0 million. Compared with the level at the end of 2009, this equates to an increase of CHF 90.9 million; as against the reporting date of the 2009 half-year, it corresponds to an increase of CHF 134.2 million.

OUTLOOK FOR THE FULL YEAR 2010

Sales

Lindt & Sprüngli confirms the sales targets it announced back in March for the current financial year, which envisaged organic growth of 5–7%. This forecast is based on a rather moderate estimate of the economic data and consumer sentiment in Lindt & Sprüngli's principal markets for the coming months, which will have a corresponding impact on the Company's growth momentum in the second half of the year. This will, in turn, affect comparability with the disproportionately good performance in the second half of 2009.

Income

In light of the framework conditions mentioned above, Lindt & Sprüngli is also retaining its previously published operating profit forecast for the 2010 full year of CHF 300–340 million. The Company is confident that, on the costs side, neither the impact of the continuing volatility of cocoa prices nor the planned substantial increase in marketing investment will pose material obstacles to prevent this objective from being achieved.

Investments

Lindt & Sprüngli has control of all production steps in the manufacturing process, from the selection of the cocoa beans right through to the finished and packed product. This approach allows the best cocoa bean varieties to be carefully selected and purchased in a socially responsible manner, and permits the use of LINDT specific production processes and stringent quality-control procedures for the end product. The manufacture of premium chocolate products across all stages of production is a complex process that requires intensive investment. Thanks to the recently completed extension at the LINDT plant in the USA, the Company will, in future, be able to reduce its dependence on European imports and thus also on currency effects. At the same time, supply capability on the market is being optimized. Based on an unchanged level of maintenance investment and planned expansions of capacity, the Group is expecting to invest a total of CHF 110–130 million in the current year.

PREVIEW FOR 2011

Lindt & Sprüngli is predicting that the economic environment in the key principal markets will stabilize and permit a moderate rate of growth. In spite of the austerity packages demanded – and in some cases implemented – by the various governments almost everywhere, and regardless of the fact that unemployment figures are expected to fall slightly, consumer sentiment looks set to improve gradually. Furthermore, it seems likely that currencies as well as high raw material prices, driven up by speculation and affecting the cocoa sector in particular, will remain as volatile as before. Based on these assumptions, Lindt & Sprüngli is expecting sales to increase by 6–8% in 2011 as things stand, and is thus forecasting a return to the long-term strategic targets for consistent annual growth. In the coming year, Lindt & Sprüngli will continue to focus on further strengthening the brand and gaining market shares on a steady basis, as well as on stepping up the opening and development of new markets. On the one hand, the planned 8–10% increase in operating profit will depend on successful activity on the market, where Lindt & Sprüngli has ensured profitable growth for many years thanks to innovative products and marketing strategies. On the other hand, however, it will be necessary to implement potential price adjustments and cost-cutting measures at all operational levels if targets are to be met. However, these assumptions will only hold true if the situation on the currency and raw material markets does not worsen further to a significant extent over the coming months.

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	June 30, 2010		December 31, 2009	
	CHF million	%	CHF million	%
ASSETS				
Property, plant and equipment	796.1		834.2	
Intangible assets	15.2		17.9	
Financial assets	84.2		84.0	
Deferred tax assets	4.0		4.1	
Total non-current assets	**899.5**	**40.6 %**	**940.2**	**38.0 %**
Inventories	452.6		424.6	
Accounts receivable	290.0		656.0	
Other receivables	67.7		62.9	
Accrued income	6.9		9.0	
Derivative assets	23.3		8.2	
Marketable securities	19.2		7.9	
Cash and cash equivalents	455.0		367.2	
Total current assets	**1,314.7**	**59.4 %**	**1,535.8**	**62.0 %**
Total assets	**2,214.2**	**100.0 %**	**2,476.0**	**100.0 %**
LIABILITIES				
Share and participation capital	22.9		22.8	
Treasury stock	–29.5		–29.5	
Retained earnings and other reserves	1,522.3		1,624.4	
Total shareholders' equity	**1,515.7**	**68.5 %**	**1,617.7**	**65.3 %**
Loans	0.8		1.1	
Deferred tax liabilities	21.9		25.6	
Pension liabilities	127.8		135.6	
Other non-current liabilities	10.5		10.7	
Provisions	45.8		47.9	
Total non-current liabilities	**206.8**	**9.3 %**	**220.9**	**8.9 %**
Accounts payable to suppliers	105.5		172.7	
Other payable	21.6		37.9	
Current tax liabilities	15.3		30.3	
Accrued liabilities	296.1		364.3	
Derivative liabilities	25.8		13.4	
Bank and other borrowings	27.4		18.8	
Total current liabilities	**491.7**	**22.2 %**	**637.4**	**25.8 %**
Total liabilities	**698.5**	**31.5 %**	**858.3**	**34.7 %**
Total liabilities and shareholders' equity	**2,214.2**	**100.0 %**	**2,476.0**	**100.0 %**

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

CONSOLIDATED INCOME STATEMENT
(UNAUDITED)

	January – June 2010		January – June 2009	
	CHF million	%	CHF million	%
INCOME				
Sales	1,056.6	100.0 %	979.0	100.0 %
Other income	5.5		6.1	
Total income	**1,062.1**	**100.5 %**	**985.1**	**100.6 %**
EXPENSES				
Material expenses	–401.0	–38.0 %	–340.0	–34.7 %
Changes in inventories	18.5	1.8 %	–32.8	–3.4 %
Personnel expenses	–279.3	–26.4 %	–261.3	–26.7 %
Operating expenses	–317.8	–30.1 %	–293.7	–30.0 %
Depreciation, amortization and impairment	–48.6	–4.6 %	–55.4	–5.7 %
Total expenses	**–1,028.2**	**–97.3 %**	**–983.2**	**–100.4 %**
Operating profit	33.9	3.2 %	1.9	0.2 %
Income from financial assets	3.8		5.3	
Expense from financial assets	–3.9		–3.5	
Income before taxes	33.8	3.2 %	3.7	0.4 %
Taxes	–9.0		–1.0	
Net income	**24.8**	**2.3 %**	**2.7**	**0.3 %**
Attributable to shareholders	24.8		2.7	
Non-diluted earnings per share / 10 PC (in CHF)	108.90		11.90	
Diluted earnings per share / 10 PC (in CHF)	108.90		11.90	

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

STATEMENT OF COMPREHENSIVE INCOME AND LOSSES
(UNAUDITED)

CHF million	January – June 2010	January – June 2009
Net income	24.8	2.7
Other comprehensive income and losses after taxes		
Hedge accounting	0.3	26.3
Unrealized gains / (losses) on available-for-sale financial assets	–0.6	0.8
Currency translation	–51.8	31.8
Total comprehensive income / (loss)	**–27.3**	**61.6**
Attributable to shareholders	–27.3	61.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)

CHF million	Share/ PC capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	Share-holders' equity
Balance as at January 1, 2009	**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**
Balance as at December 31, 2009	**22.8**	**–29.5**	**320.4**	**0.4**	**1,391.4**	**–87.8**	**1,617.7**
Total comprehensive income/(loss)				0.3	24.2	–51.8	–27.3
Capital increase [1]	0.107		10.5				10.6
Share-based payment					6.4		6.4
Distribution of profits					–91.7		–91.7
Balance as at June 30, 2010	**22.9**	**–29.5**	**330.9**	**0.7**	**1,330.3**	**–139.6**	**1,515.7**

1) All directly attributable transaction costs are netted against the premium realized on exercise of options (2010: TCHF 110, 2009: TCHF 86).
2) The Group acquired 1,246 of its own registered shares on May 27, 2009. The amount per share paid to acquire the shares was CHF 24,018.
3) The Group sold 13 of its 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)

CHF million	January – June 2010		January – June 2009	
Net income	24.8		2.7	
Depreciation, amortization and impairment	48.6		56.4	
Changes in provisions and value adjustments	–2.0		–14.1	
Decrease (+) / increase (–) of accounts receivable	347.6		429.6	
Decrease (+) / increase (–) of inventories	–44.7		10.8	
Decrease (+) / increase (–) of prepayments and other receivables	3.2		9.0	
Decrease (+) / increase (–) of accrued income	–0.8		13.7	
Decrease (–) / increase (+) of accounts payable	–58.4		–50.4	
Decrease (–) / increase (+) of other payables and accrued liabilities	–95.5		–85.9	
Non-cash effective items	3.6		–3.3	
Cash flow from operating activities (operating cash flow)		**226.4**		**368.5**
Investments in property, plant and equipment	–38.6		–58.5	
Disposals of property, plant and equipment	0.3		0.1	
Investments in intangible assets	–1.7		–2.9	
Disposals (+) / investments (–) in financial assets	0.2		–1.0	
Marketable securities				
Investments	–12.7		–1.0	
Disposals	–		1.6	
Cash flow from investment activities		**–52.5**		**–61.7**
Proceeds from borrowings	20.0		20.1	
Repayments of borrowings	–10.6		–89.8	
Capital increase (including premium)	10.6		6.0	
Purchase of treasury stock	–		–30.0	
Sale of treasury stock	–		0.4	
Dividends paid to shareholders	–91.7		–82.4	
Cash flow from financing activities		**–71.7**		**–175.7**
Net increase (+) / decrease (–) in cash and cash equivalents		**102.2**		**131.1**
Cash and cash equivalents as at January 1	**367.2**		**192.0**	
Exchange gains / (losses) on cash and cash equivalents	**–14.4**	**352.8**	**3.4**	**195.4**
Cash and cash equivalents as at June 30		**455.0**		**326.5**
Interest received [1]		3.1		3.4
Interest paid [1]		3.5		3.3
Income tax paid [1]		32.9		36.0

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 unaudited consolidated semi-annual report as at June 30, 2010, has been prepared in accordance with the accounting principles described in the annual financial statements for the year ended December 31, 2009, 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, 2010, the Group has reviewed these and concluded that they have no impact on the 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.

2. SEASONALITY

When analyzing the Group's results in the first half of 2010, 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 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, 2010, has a total of 666,229 (533,758 as at June 30, 2009) participation certificates with a par value of CHF 10.–. Of this total, 311,779 (179,308 as at June 30, 2009) are reserved for employee stock option programs; the remaining 354,450 (354,450 as at June 30, 2009) participation certificates are reserved for capital market transactions. In the six-month period ended June 30, 2010, a total of 10,698 employee options were exercised at an average exercise price of CHF 1,006.28 (for the six-month period ended June 30, 2009: 7,248 employee options were exercised at an average exercise price of CHF 836.92).

4. DIVIDENDS

The proposed dividend – CHF 400.– (CHF 360.– in 2009) per registered share and CHF 40.– (CHF 36.– in 2009) per participation certificate – was approved at the annual shareholders' meeting held on April 22, 2010. The dividends were paid as of April 29, 2010.

5. SEGMENT INFORMATION

The business 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, in Canada and Mexico.
- Business segment "All other Segments," consisting of the companies in Australia and Japan 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	2010	2009	2010	2009	2010	2009	2010	2009
Sales	743.5	716.7	272.8	248.7	127.8	107.4	1,144.1	1,072.8
./. Sales between segments	86.4	92.3	1.1	1.5	–	–	87.5	93.8
3rd party sales	657.1	624.4	271.7	247.2	127.8	107.4	1,056.6	979.0
Operating profit	30.0	13.0	–2.9	–19.2	6.8	8.1	33.9	1.9
Net financial result							–0.1	1.8
Income before taxes							33.8	3.7
Taxes							–9.0	–1.0
Net income							**24.8**	**2.7**

6. EVENTS AFTER THE BALANCE SHEET DATE

The unaudited consolidated financial statements were approved for publication by the Group Management on August 16, 2010. No events have occurred up to August 16, 2010, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

INFORMATION

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

AGENDA

January 18, 2011	Net sales for 2010
March 15, 2011	2010 Year-end Presentation
April 28, 2011	113th Annual Shareholder Meeting
August 23, 2011	Release of Semi-Annual Report January to June 2011

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
Email: investors@lindt.com
www.lindt.com

SHARE REGISTER

c/o Nimbus AG
Postfach
CH-8866 Ziegelbrücke
Phone +41 55 617 37 56
Fax +41 55 617 37 38
Email: lindt@nimbus.ch

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LINDT & SPRÜNGLI

CHOCOLADEFABRIKEN
LINDT & SPRÜNGLI AG
SEESTRASSE 204, CH – 8802 KILCHBERG
SWITZERLAND

www.lindt.com