LINDT & SPRÜNGLI

ANNUAL REPORT 2009

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

LINDT & SPRÜNGLI

ANNUAL REPORT 2009

For the past 165 years, premium chocolate manufacturer Lindt & Sprüngli has been committed to render top quality. This begins with the selection of the finest raw materials, ranging from their careful processing to the elegant packaging of the finished product.
The profound know-how and the sound experience in the areas of product development, manufacturing and marketing accumulated by the LINDT Maîtres Chocolatiers over generations, is the principal core competence of Lindt & Sprüngli and the secret of the company's success.
New and surprising creations find their place next to established chocolates in the extensive product range each year. The LINDT brand has become the embodiment for premium chocolate with Swiss origin, uncompromising quality and long-standing tradition.

LINDT & SPRÜNGLI GROUP

INCOME STATEMENT

		2009	2008 1)	Change in %
Sales	CHF million	2,524.8	2,573.2	–1.9
EBITDA	CHF million	382.1	460.5	–17.0
in % of sales	%	15.1	17.9	
EBIT	CHF million	264.8	361.2	–26.7
in % of sales	%	10.5	14.0	
Net income	CHF million	193.1	261.5	–26.2
in % of sales	%	7.6	10.2	
Operating cash flow	CHF million	470.1	294.7	59.5
in % of sales	%	18.6	11.5	

BALANCE SHEET

		2009	2008	Change in %
Total assets	CHF million	2,476.0	2,409.9	2.7
Current assets	CHF million	1,535.8	1,474.2	4.2
in % of total assets	%	62.0	61.2	
Non-current assets	CHF million	940.2	935.7	0.5
in % of total assets	%	38.0	38.8	
Non-current liabilities	CHF million	220.9	205.7	7.4
in % of total assets	%	8.9	8.5	
Shareholders' equity	CHF million	1,617.7	1,479.0	9.4
in % of total assets	%	65.3	61.4	
Investments in PPE/intangible assets	CHF million	123.5	198.6	–37.8
in % of operating cash flow	%	26.3	67.4	

EMPLOYEES

		2009	2008 1)	Change in %
Average number of employees		7,409	7,712	–3.9
Sales per employee	TCHF	340.8	333.7	2.1

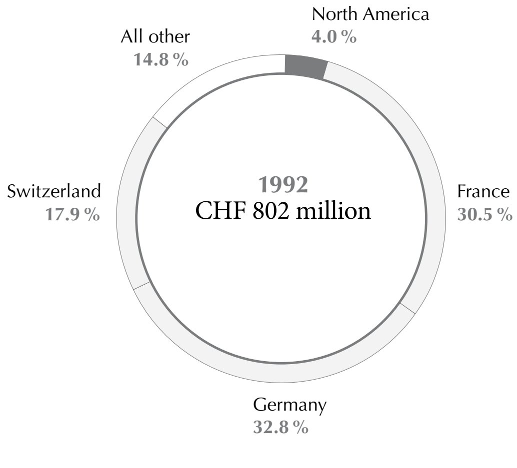
1) 2008 comparatives of the income statement have been adjusted. See note 2 of the accounting principles.

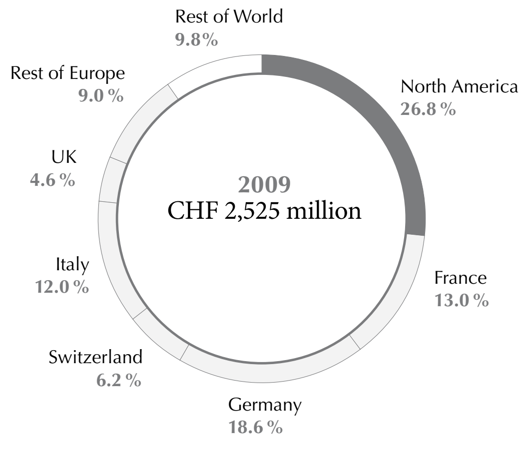
DATA PER SHARE

		2009	2008	Change in %
Non-diluted earnings per share/10 PC [1]	CHF	851	1,158	–26.5
Operating cash flow per share/10 PC	CHF	2,059	1,299	58.5
Dividend per share/10 PC	CHF	400 [2]	360	11.1
Payout ratio	%	47.3	31.2	
Shareholders' equity per share/10 PC	CHF	7,085	6,518	8.7
Price registered share at December 31	CHF	25,405	22,600	12.4
Price participation certificate at December 31	CHF	2,220	1,960	13.3
Market capitalization at December 31	CHF million	5,517.6	4,867.7	13.4

1) Based on weighted average number of registered shares/10 participation certificates
2) Proposal of the Board of Directors

SALES BY COUNTRY
GEOGRAPHIC EXPANSION 1992/2009





Since the appointment of the new management in 1992: Geographic expansion and well-balanced sales split.

CONTENT

ANNUAL REPORT 2009

FINANCIAL YEAR 2010

CHAIRMAN'S REPORT

DEAR SHAREHOLDERS

The last financial year saw a global economic downturn which affected different countries with varying degrees of severity. Some markets, which had already been in the eye of the storm at the end of 2008, recovered, if only hesitantly, in the second half of the year under review. Other business locations were confronted with persistent problems throughout the year, making their situation still more acute. The chocolate market was additionally burdened by record commodity prices, especially for cocoa beans, and, for the first time in more than ten years, reported a decline in volume of more than 2 %. Unemployment numbers rose almost everywhere, resulting in a progressive worsening of consumer sentiment. Against this background, manufacturers of premium and luxury goods were particularly exposed to major challenges. On the chocolate market consumers turned increasingly to low cost products and private labels. Only a few branded articles, such as LINDT chocolates, were able to resist this trend because of their acknowledged quality and prestigious image, and gain further market shares. This is certainly also attributable to the fact that, precisely in crisis situations, consistent brand management and the tenacious pursuit of a successful business policy over many years enables the company to effectively withstand great challenges.

As expected, the financial year 2009 turned out to be a transitional year for Lindt & Sprüngli, not only because of the general economic background but also in many other respects. Appropriate measures therefore had to be taken to safeguard long-term sales and profit growth. These included, for example, major investments in production facilities in the USA in order to satisfy growing demand from the retail trade and enable the entire cocoa processing to be handled locally. There were both economic and ecological reasons for this, the aim being to improve customer service and shorten transport routes, while at the same time reducing dependence on exchange rates and customs duties. In parallel, as already announced, the number of LINDT boutiques in big shopping malls was cut back as part of the structural reorganization of our own US chain of retail outlets. In Italy, additional synergies on the logistics side were created by merging the warehouse sites of the two subsidiary companies. Other important steps were taken to further optimize efficiency and costs. All these measures are evidence of the forward-looking approach taken by the company with a view to the sustainable assurance of competitiveness, and hence long-term success. Even when times are challenging, this must also include the strategically important continuation, or even a targeted increase of investments in marketing and brand image as major pillars of our proven business model.

In this way, and despite the extremely severe economic background conditions, Lindt & Sprüngli managed to achieve organic growth of 2.3 % in local currency terms. Because of the impact of currency-related factors, Group sales in Swiss francs fell slightly by 1.9 % to CHF 2.52 billion (previous year: CHF 2.57 billion). To make allowance for an increasingly widespread accounting practice in the consumer goods industry, and the forthcoming adjustment of IFRS accounting standards to US GAAP, the method used to state the sales figures for 2009 was changed. Payments to the trade for services rendered have now been offset against sales and are no longer shown as operating expenditure. The sales figures for the previous year were adjusted accordingly. However, this change has no influence on the company's net profit and balance sheet.

Given the prevailing market circumstances, the achieved sales figure can be regarded as satisfactory. Against the background of a very weak overall development of the general chocolate market and an extremely cautious attitude on the part of the retail trade, substantial market shares were gained almost everywhere. We are particularly pleased to note that sales in the USA, and also in Canada and Australia, showed above average development in the second half of the year. As in previous years, LINDT and GHIRARDELLI were once again the two fastest growing chocolate brands in the USA. In Italy, the progressive restructuring of the traditional trade in favor of modern distribution channels proved a great challenge, especially for CAFFAREL products which are only distributed via the specialized trade. On the other hand, sales of LINDT products through modern retail outlets proved highly dynamic. Export business suffered under the difficult situation of many distributers who were confronted with liquidity shortages and problematic currency movements. The duty free/travel retail business was even more seriously affected because of the decline in travel.

One highlight of the last financial year was the appointment of Roger Federer as LINDT's global brand ambassador, which resulted in an impressive media presence at the end of October. With his attractive and down-to-earth personality, the tennis champion enjoys global popularity and embodies character traits which perfectly match LINDT's own fundamental values: Swissness, perfection and passion. The association of these important attributes with the names of LINDT and Federer symbolizes the perfect match between the no. 1 of the premium chocolate market and the no. 1 in the tennis world. This cooperation will not sideline the successful communication concept of our omnipresent Maîtres Chocolatiers, but will, on the contrary, endow the LINDT brand with additional and likeable identification potential.

As already announced, in the year under review the focus was placed more strongly on the further development of market shares than on the maximization of profit. We are convinced that, with this market-led growth strategy, we have created a strong basis from which we will benefit in view of the coming economic upturn. As expected, our operating profit (EBIT) stood at CHF 264.8 million (previous year CHF 361.2 million), and was with a profit margin of 10.5% in the target range announced for 2009.

The Group net profit followed suit at CHF 193.1 million (previous year CHF 261.5 million). This is equivalent to a 7.6% return on sales (previous year 10.2%). While the operating cash flow rose by 59.5% to CHF 470.1 million against the previous year, the Group's net liquidity more than tripled and reached CHF 356 million (previous year CHF 109 million). At the end of 2009 our equity ratio and average return on equity stood at 65.3% and 12.5%, respectively.

The value per year-end price of the Lindt & Sprüngli registered share and of the participation certificate improved over the year by 12.4% and 13.3%, respectively; this did not quite match the overall performance of the Swiss stock exchange. However, the below-average development of Lindt & Sprüngli stocks certainly does not reflect the sound values of our business and leaves a great deal of potential open for the future.

For decades the company has placed great emphasis on the appropriate participation of shareholders in the success of the business. The Board of Directors – despite the lower earnings reported in the transitional year 2009 – will therefore propose to the forthcoming General Meeting of April 22, 2010, a gross dividend per registered share and participation certificate of CHF 400.– and CHF 40.–, respectively, 11.1% higher than in the previous year.

This profit distribution is attributable in no small measure to the commitment of our more than 7,400 employees. Through their outstanding dedication and above-average motivation they contributed greatly, especially in these difficult times, to master the challenges with which we were confronted. I wish to take this opportunity to thank them all. I also owe a debt of gratitude to all our business partners for their fair cooperation, founded on our mutual success. Last but not least, I wish to acknowledge the loyalty and confidence of our shareholders.

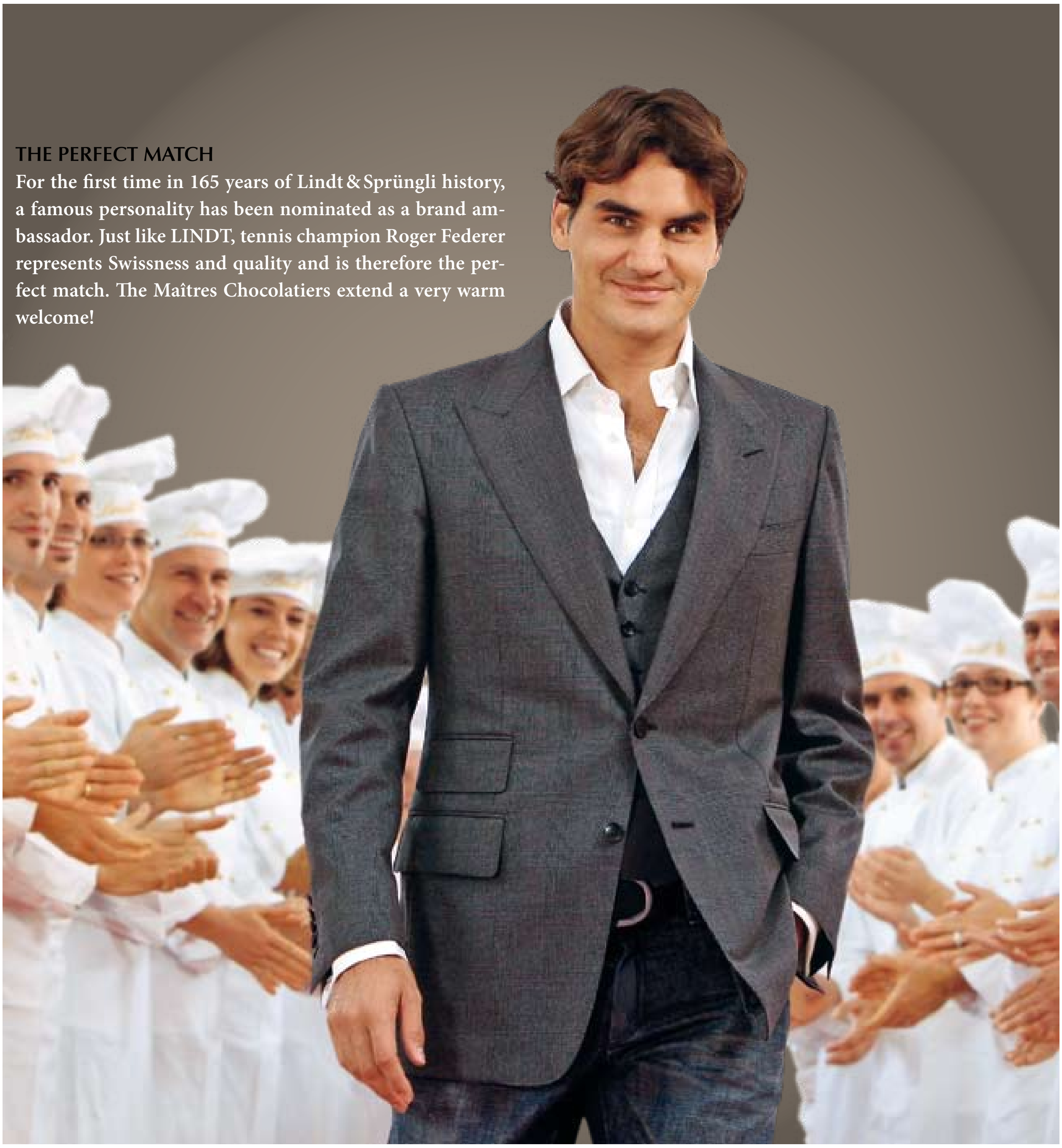
OUTLOOK

The current financial year brings reasonable expectations of a slow recovery of the world economy and a progressive improvement of consumer sentiment, which may become stronger in the second half. Consequently, we also expect a more optimistic stance on the part of our trading partners. However, the pace and scope of this trend will vary from one country to another. The situation on the commodity markets will present an ongoing challenge. Reliable forecasts are hard to make at this juncture, especially for cocoa prices. Similarly, volatility on the currency markets is another uncertain factor. The employment market situation cannot be expected to ease either in the near future. Against the background of this environment which remains as challenging as ever, we must further strengthen the business and expand our market position; we will then be well placed to benefit from the coming upturn. As a company with strong management, a clearly defined positioning and a sustainable business strategy, Lindt & Sprüngli has the necessary resources and financial backing to invest in the future, even under difficult conditions. That is why we will further strengthen our presence on the traditional markets by stepping up our marketing activities, while also driving forward our geographical expansion by moving step-by-step into new growth markets. Intensified concentration on the part of the manufacturing industry will also bring further opportunities for LINDT, which we will exploit. The major acquisitions and mergers that have taken place in recent years in the confectionery industry are likely to lead to a standardization of the market offer. That in turn will give the premium chocolate segment a still more exclusive profile, and offer great potential for LINDT as the worldwide leader in this segment. The Board of Directors and the Group Management are therefore convinced that the company is optimally positioned for a successful future.

Ernst Tanner
Chairman and Chief Executive Officer

HIGHLIGHTS 2009

THE PERFECT MATCH: ROGER FEDERER BECOMES GLOBAL BRAND AMBASSADOR FOR LINDT, HIS FAVOURITE CHOCOLATE



THE PERFECT MATCH
For the first time in 165 years of Lindt & Sprüngli history, a famous personality has been nominated as a brand ambassador. Just like LINDT, tennis champion Roger Federer represents Swissness and quality and is therefore the perfect match. The Maîtres Chocolatiers extend a very warm welcome!

PRALINÉS

PETITS CARRÉS INSPIRÉS

In autumn 2009, Lindt & Sprüngli launched a totally new pralinés concept in Switzerland. With a modern design, the Lait and Noir varieties of the LINDT "Petits Carrés Inspirés" pralinés provide a highly diverse selection of different flavors. A product that appeals to all senses!

PRALINÉS FINESSE

The wafer-thin "Pralinés Finesse" are the latest creation of the LINDT Maîtres Chocolatiers from Germany, and impress with their refined filling and artistic decoration. Fine ingredients such as macadamia nuts, pistachios and Bourbon vanilla guarantee an outstanding taste experience. One for connoisseurs!

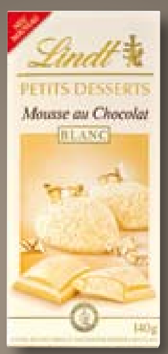
LINDOR BALLS

Whether as a treat or as gift, the popular LINDOR balls have an ever-increasing fan base. LINDOR balls celebrated their 60th anniversary in 2009. Find out more about this famous product on page 26!

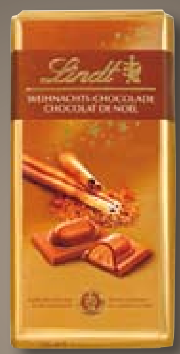
DELUXE PRALINÉS BY CAFFAREL

Caffarel launched this premium box of pralinés in 2009, and it has quickly become a best seller. The elegant gift box is full of exquisite assorted pralinés. Experience pure pleasure!

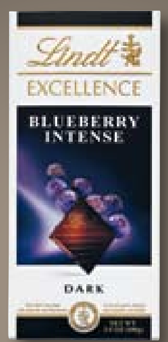
TABLETS



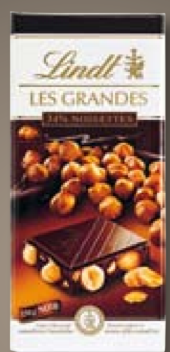
PETITS DESSERTS: MOUSSE AU CHOCOLAT BLANC
In time for spring 2009, the existing line of the dessert classic in tablet form was enhanced by the addition of a white chocolate variant that stands out thanks to its temptingly light filling of finest white chocolate mousse. Incomparably good!



WEIHNACHTS-CHOCOLADE
A lavish symphony of fine milk chocolate with a hint of cinnamon and coriander that is eagerly awaited by our customers every year. The best seller at Advent generates as much sales revenue in just three months as other products in the entire year. Limited edition!



EXCELLENCE BLUEBERRY INTENSE
In Scandinavia, Lindt & Sprüngli rounded off its existing EXCELLENCE range with a new flavor in 2009, proving trend intuition. A composition of full-bodied dark chocolate with a fruity taste of blueberries. Unsurpassable!



LES GRANDES
The tablet innovation for nut lovers. The unique recipe combines fine chocolate with whole nuts and slivers of caramelized nuts. A masterpiece for discerning gourmets from the LINDT Maîtres Chocolatiers. The nuttiest chocolate available!

SEASONAL PRODUCTS

GHIRARDELLI LUXE MILK

The popular "sweetheart gifts" by GHIRARDELLI came out in a new design just in time for St Valentine's Day 2009. The premium gift box is filled with SQUARES in the variations almond, hazelnut, milk and crisp. Passion in chocolate!

GOLD BUNNY

The LINDT GOLD BUNNY was lovingly created by the Maîtres Chocolatiers over 50 years ago, and has become a cult item at Easter. In its various guises, it made more than 90 million hops over the counters in more than 60 countries worldwide in 2009.

NOCCIOR

Captivates with its well-balanced blend of delicious milk chocolate and crunchy hazelnuts from Piedmont, as well as its XXL size. Almost a million chocolate eggs of NOCCIOR were sold in Italy, making it the ultimate Easter gift!

PRALINÉS DU CONFISEUR

Every praliné is a unique masterpiece and delivers an incomparable taste experience. The LINDT Maîtres Chocolatiers guarantee this by selecting high-quality ingredients and paying great attention to detail. The perfect Christmas gift!

SPRING

In spring, nature awakes from its long hibernation. Colorful crocuses channel their way through the vanishing snow fields, and lilies of the valley rise up from the soil. Laburnums and magnolias bathe the world in a delightful sea of color, and the sparrows chirp in the bushes and sing from the rooftops. Springtime brings with it a fresh wind and arouses curiosity for new life.

ALMONDS – A DELICACY FOR THOUSANDS OF YEARS

Whether sweet or bitter, roasted or shelled, as a decorative enhancement or a fine ingredient: the almond is the crowning glory of many masterpieces of the LINDT Maîtres Chocolatiers. It blends perfectly with the various flavors of the LINDT specialties. Whether the delicate recipes have been enjoying success for years or are one of many more recent innovations: every piece guarantees exquisite culinary delights.

The ornately decorated "Amande de Luxe" is one of the most extravagant pralinés that LINDT has ever created. Until today, each individual roasted sweet almond is placed by hand. Underneath are velvety gianduia and a delicate mixture of roasted fragments of crisp almonds and smooth LINDT chocolate. The queen of pralinés.

MARKETS

SWITZERLAND

In an extremely challenging economic environment for premium products, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG reported a 4.0 % decline in sales to CHF 313.5 million (previous year adjusted: CHF 326.6 million). Thanks to innovative product offerings and a unique presence in the retail outlets, sales on the Swiss domestic market proved highly satisfactory. However, the result was impaired by the difficult situation on the export markets and in the duty-free sector. In the prevailing circumstances, it can nevertheless be described as satisfactory.

The Swiss market was also affected, somewhat later and to a lesser extent than others, by turbulence in the financial and economic world. Alongside weak consumer sentiment, the consequences of a sharp fall in the number of visiting tourists were clearly felt.

With declining sales volumes (– 7.1 %), the trend on the chocolate market proved adverse from mid-year onwards. This tendency was mitigated somewhat by price rises, but the overall result in value terms at the end of the year was negative at – 4 %. In this challenging environment, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG achieved sales of CHF 313.5 million thanks to the determined pursuit of its premium strategy.

In the Easter trade, which still proved very positive overall, the GOLD BUNNY remained highly popular and demonstrated its enormous sales potential through double-digit growth.

A strong focus was placed on the LINDOR brand with the new "LINDOR Festival" for consumers taking place for the first time in retail channels on Mothers' Day. In the traditional praliné segment, the launch of the "Petits Carrés Inspirés" set new standards of both, taste and optical presentation, in the autumn of 2009.

Following the successful introduction of "Mousse au Chocolat" tablets in the milk, dark and hazelnut flavors in the previous year, the existing range was extended with a "Mousse au Chocolat Blanc" tablet, as well as two varieties of "Mousse au Chocolat" pralinés and an assorted "Mousse au Chocolat" gift pack for the Christmas season.

On the retail front, another hard discount chain opened its first branches on the Swiss market in early 2009. Because of our selective distribution strategy, LINDT products are not available through this channel. In the growing segment of 24-hour business (convenience market) the small-format range was successfully extended with the LINDT "Double Lait" bar.

The impressive brand image and high quality profile of Lindt & Sprüngli were confirmed in a Reader's Digest survey. In the chocolate branch, Swiss citizens chose LINDT as the "Most Trusted Brand" of chocolate in Switzerland.

GERMANY

Against the background of a challenging retail landscape, Chocoladefabriken Lindt & Sprüngli GmbH achieved a small increase in sales of 0.1 % to EUR 309.2 million (previous year adjusted: EUR 309.0 million) and was again able to gain new market shares due to the weak overall market tendency.

The German economy contracted by 5 % in 2009, in the wake of the global financial and economic crisis. With higher collective wage bargaining agreements, rising pensions and the so far limited impact of the recession on the employment market, private consumption rose by a moderate 0.7 %, proving surprisingly robust.

In 2009 the chocolate market in Germany showed weak growth of 0.2 % in value terms, largely accounted for by price rises. The general volume of sales to the final consumer shrank by – 0.6 %, but LINDT achieved better results and increased its market shares. Because of destocking, however, this phenomenon is not fully reflected in the sales figures to the trade.

On the market for chocolate tablets, which saw aggressive price competition, LINDT accessed new target groups by launching attractive sampling offers. In the dark chocolate segment, which declined further, the introduction of EXCELLENCE 50 %, EXCELLENCE 90 % and EXCELLENCE "Roasted Almond" set new high notes. The traditional tablets were supplemented by new articles such as "Vollmilch Feinschmelzend" and LES GRANDES, supported by advertising and attractive promotions.

Pralinés sales rose once again. Alongside the good performance of the restyled classics such as "Edle Auslese" and "Für Kenner," the launch of "Pralinés Finesse" (wafer-thin pralinés with sophisticated fillings) supported by TV advertising proved highly successful. With attractive new articles and an anniversary promotion to mark their 60th birthday, LINDOR products achieved dynamic growth.

The GOLD BUNNY once again reported above-average growth, attributable both to the existing variants and by new additions to the range. Innovations such as the new "Easter Tradition" assortment also helped LINDT to further extend its market leadership significantly in the Easter segment.

The chocolate Santa Claus articles repeated the record result of the previous year at the point of sale, thanks to new products and successful activities. Other new items such as the "Mini-Weihnachtsmann 60 %," the "Mousse au Chocolat" tablet with cinnamon and coriander, together with "Feinherb" and "Vollmilch Zimt" drinking chocolate helped to consolidate LINDT's market leadership in the Christmas business.

FRANCE

Lindt & Sprüngli SAS was able to forge ahead again with the previous year's growth in 2009, with sales up by 3.8 % at EUR 217.3 million (previous year adjusted: EUR 209.4 million). This again made Lindt & Sprüngli one of the fastest growing premium chocolate manufacturers in France, enabling it to further extend its leadership, especially in the important tablet segment.

The French economy was less severely affected than that of other countries by the recession and returned to growth in the second half of the year. The new "Law on the Modernization of the Economy (LME)" eased the criteria for price negotiations in commerce; this led to a huge expansion of promotional campaigns.

With an increase of just 1.2 %, the overall market for chocolate tablets reported somewhat flat growth. Nevertheless, thanks to successful main products and highly promising innovations, LINDT was still able to make progress in the tablet segment: six out of ten best-selling chocolate innovations came from LINDT.

The new EXCELLENCE 90 % and the expansion of the "Mousse au Chocolat" tablet range to include a white chocolate variety were well received by consumers. With the launch of the innovative line of thin EXCELLENCE "Fin Cœur" tablets made of 70 % chocolate, and filled with a touch of raspberry, hazelnut or truffles, LINDT launched a unique new concept. The "Maxi Plaisir" and EXCELLENCE "Sea Salt" products were also expanded further.

In view of the challenging economic environment, LINDT's seasonal business can be regarded as satisfactory. Thanks to its wider distribution, the GOLD BUNNY continued on its unbroken path of growth. The Easter range of LINDOR and the mini eggs proved equally satisfactory. LINDT was accordingly able to further extend its market position and gain new market shares.

Growth at Christmas was based primarily on the good development of LINDOR, to a great extent thanks to a national marketing campaign called "LINDOR Day" at the beginning of the season in early October. The development of a new gift range of CHAMPS-ELYSEES pralinés, the optimized recipe of the PETITS

DESSERTS assortment, the reintroduction of LINDOLA as well as the launch of "Variation Cacao" pralinés were supported by a comprehensive print advertising campaign, which covered all the assorted pralinés offerings.

ITALY

The two Italian subsidiary companies, Lindt & Sprüngli SpA and Caffarel SpA, reported consolidated sales of EUR 205.1 million (previous year adjusted: EUR 214.5 million) in a difficult economic environment. LINDT made welcome progress in the modern trade channels, while CAFFAREL suffered from the continuing contraction of traditional distribution, although it did maintain its leadership in this area.

Despite the global crisis and difficult economic situation in Italy, the chocolate market proved to be astonishingly resilient in the modern trade sector. Among the sales channels for chocolate, the progressive shift from the traditional to the modern trade made itself felt. This was reflected in further closures of specialist retail outlets and in a general decline of the smaller points of sale. Distributed exclusively via the traditional trade, the CAFFAREL brand was particularly affected by this trend.

LINDT proved to be the most dynamic brand on the Italian chocolate market, increasing its market shares and further enhancing its leadership in the premium segment. The LINDOR balls took center stage and benefited from an extensive marketing plan.

LINDT was by far the most successful brand in the tablet segment. All the tablets, especially the newly launched EXCELLENCE 90 % and the LES GRANDES line, contributed to this robust development.

In the Easter business 2009, the LINDT GOLD BUNNY once again demonstrated its huge sales potential with two-figure growth on the previous year. In addition, XXL chocolate eggs are also a particularly popular product in Italy for the Easter season. To satisfy demand and strengthen growth potential in this category, the entire NOCCIOR range was redesigned in 2009.

Caffarel SpA regressed because of subdued pralinés sales. A further aggravating factor was the ongoing shift from traditional to modern trade, and the fact that stocks in the specialty stores were run down significantly. Despite these adverse factors, CAFFAREL managed to maintain its leadership in the traditional channels and was able to launch highly promising new ideas in the packaging sector for particularly prestigious gift articles. Core products like NOCCIOLOTTO and GIANDUIOTTO achieved good results, partly because of additions such as NOCCIOLOTTO dark and MANDORLOTTO to the existing range.

AUSTRIA

Lindt & Sprüngli (Austria) Ges.m.b.H. achieved further growth in a generally subdued reporting year 2009, and strengthened its position further by gaining new market shares. This positive trend is largely attributable to the uncompromising focus on innovation in the tablet segment and in the seasonal business.

The year 2009 proved extremely fragile for the food trade in Austria. By comparison with the sharp down-turn of the economy as a whole (– 3.8 %), this sector nevertheless proved surprisingly stable with growth of just under 2 %. In this difficult environment, the chocolate market likewise grew by just under 2 %. As had been the case in the previous year, this rise was again attributable entirely to price increases. In terms of volume, however, the chocolate market fell by just under 4 % in 2009.

Considering the circumstances, it is all the more pleasing to note that Lindt & Sprüngli proved capable yet again of achieving value growth of 1.9 % in Austria, making it one of the few companies in the branch which succeeded in doing so. With double-digit growth for classical gift pralinés and many successful new launches in the tablet and seasonal sectors, Lindt & Sprüngli was able to further extend its market share and strengthen its position on the market. LES GRANDES tablets contributed to this good result as did LINDOR products, together with assorted pralinés and Easter articles, led by the GOLD BUNNY.

In 2009 the aggressive private label policy of the leading retailers became a still more prominent feature. However, Lindt & Sprüngli remains the leading value-added partner in the chocolate market. Many product innovations and intensive marketing activities, especially on the advertising side, helped greatly to strengthen this position in 2009.

SPAIN

Lindt y Sprüngli (España) SA was affected by the prevailing weak economy in Spain; however, it won further market shares despite the growing importance of private label business in the trade.

In the year under review the Spanish economy shrank by 3.6 %, while unemployment rose to more than 19 %, a historic peak. This trend had a corresponding impact on the behavior of consumers who increasingly changed over to less expensive products in the shape of private labels in every product category. The chocolate market did not escape this trend and reported a negative performance, with sales down 3 % in value for the first time in 15 years.

In this extremely challenging market environment, Lindt y Sprüngli (España) SA reported sales down by 8.9 %. However, LINDT did manage to gain market shares as stocks were run down significantly in the trade. This growth is largely attributable to the strong focus on the important LINDOR brand and also to the launch of fast-selling tablet innovations including EXCELLENCE 90 % or PETITS DESSERTS "Mousse au Chocolat."

Once again LINDOR proved to be an impressive growth driver thanks to new product variants, including white chocolate LINDOR balls. In addition, LINDOR was broadly supported by advertising campaigns and many tasting events in all the trade channels. Assorted pralinés made good progress with the CHAMPS-ELYSEES, EL BOMBON and SWISS TRADITION collections.

The new "Pick & Mix" sales offering, giving consumers an opportunity to make up their own choice of chocolates and try out unfamiliar products in small quantities proved highly popular.

GREAT BRITAIN

In a difficult economic environment, Lindt & Sprüngli (UK) Ltd. achieved above-average sales growth of 4.4 %, so consolidating its market position.

The British economy, which had been particularly hard-hit by the global financial crisis in the previous year, suffered the aftermath in 2009 and contracted by around 4.7 %. This made Great Britain one of the worst performers among the economies of the European Union.

In this particularly difficult economic environment, Lindt & Sprüngli (UK) Ltd. managed to consolidate its position on the market with a consistent focus on the key brands LINDOR and EXCELLENCE.

As LINDOR balls continue to report highly promising growth, the assortment was supplemented in the year under review by white chocolate LINDOR balls. During the important Christmas season, LINDOR was additionally supported by a strong marketing plan. Three million samples of LINDOR balls in the "milk" and "white" taste varieties were also handed out to consumers for tasting. All of these activities resulted in faster growth and market share gains.

In the tablet segment, EXCELLENCE again proved to be a growth driver, especially with successful new launches such as EXCELLENCE 90 % and a variant with roasted almonds. These two varieties very soon became the fastest-growing lines on the market. To attract a constant stream of new consumers to the brand, EXCELLENCE was supported by an advertising campaign.

Existing relations with the trade were further extended and optimized in 2009. This was reflected in a stronger presence of the products in the retail outlets, despite the closing down of one major distribution partner.

Easter business proved positive with pleasing growth. The GOLD BUNNY was once again a top sales hit. LINDOR Easter eggs very soon rose to no. 1 ranking among premium chocolate egg sales, and rounded off the range accordingly. Christmas business proved highly dynamic, especially because of the range of seasonal LINDOR products.

POLAND

Lindt & Sprüngli (Poland) Sp. z o.o. looks back on a successful business year in 2009, with sales growth of 15 %.

Because of the global crisis, economic growth in Poland fell from 5.0 % in the previous year to around 1.4 %. However, the country was one of the few industrialized nations to withstand the recession to some extent, and performed comparatively well.

In the year under review, the chocolate market advanced well with growth of 7 %. With 15 % higher sales, Lindt & Sprüngli reported another above-average result in Poland, making it by far the strongest chocolate company in growth terms on the Polish market. New market shares were therefore gained in every segment. LINDOR made an excellent contribution in this regard. The no. 1 ranking of the GOLD BUNNY among the hollow figures on sale at Easter remained unchallenged.

SWEDEN

Despite the economic crisis, which did not leave Sweden unscathed, Lindt & Sprüngli (Sweden) AB achieved an excellent result. With growth of 25.4 %, substantial market shares were gained in every category. For the fourth year in succession, this made LINDT the most dynamic brand on the Swedish chocolate market.

The market for premium chocolate proved astonishingly robust in the reporting year. Thanks to the constant focus on key brands and a continuously high rate of innovation, which enables consumers to regularly sample new recipes, LINDT once again confirmed its leadership in this segment.

Demand for tablets with a high cocoa content continued to be particularly high. With EXCELLENCE and CREATION 70 %, LINDT again became the market leader in this segment in 2009. The launch of the new EXCELLENCE "Blueberry" proved especially successful. This launch was additionally strengthened by activities in the conventional communication channels in the form of television and print advertising, use of the modern electronic media such as Internet, and tastings at the point of sale.

In addition, the tablet segment in Sweden was supplemented in autumn 2009 by the internationally successful "Mousse au Chocolat" tablets. This product launch, too, was accompanied by a nationwide sampling campaign.

Progress similar to that reported on the tablets market was also achieved by LINDOR in the pralinés segment. LINDOR gift packages are especially popular on seasonal festive occasions. For instance, the metal heart tin with a crystal decor proved to be a sales hit on St Valentine's Day.

NORTHERN, CENTRAL AND EASTERN EUROPE / BENELUX COUNTRIES

These regions were seriously affected by the economic crisis, which was reflected first and foremost in a dramatic collapse of the currencies concerned in Central and Eastern Europe, and a rapid rise in unemployment numbers.

Nevertheless, Lindt & Sprüngli managed to grow and win new market shares in many countries. This pleasing trend is attributable generally to the unchanged focus on EXCELLENCE, and especially on the LINDOR products, which reported sales growth over 30 % in several regions. Higher investments in the brand had a positive impact, as did the launch of many attractive new products such as the "Mousse au Chocolat" tablets, the CREATION assortment or the new LINDOR gift packs for festive occasions. This very good result was, however, seriously impaired in many countries by adverse currency movements.

The weakness of the Russian ruble and the running down of distributor and trade stocks led to a fairly modest result on the Russian market. Despite these circumstances, the two key brands LINDOR and EXCELLENCE were nevertheless able to substantially strengthen their position thanks to constant marketing support. The LINDT brand is therefore firmly established in Moscow and St Petersburg, and more intensive efforts will now be made to canvass the rest of the country.

The subsidiary Lindt & Sprüngli (Czechia) s.r.o., incorporated in the previous year, established itself successfully on the market in the year under review, and has considerable potential for further growth.

The other Eastern European countries reported only moderate growth. Especially in Romania, Hungary, the Ukraine and CIS countries, the progress achieved in the previous year could not be maintained on the same scale. Nevertheless, here, too, continuous investments were made to enhance the brand image, which will help to generate further growth in these countries when the next economic upturn ensues. Northern Europe reported positive development with very pleasing sales growth, especially in Denmark and Finland. In Denmark, EXCELLENCE and CREATION have now become the leading products in the tablet segment.

Overall the Benelux countries reported a very positive performance with double-digit sales growth in Luxembourg, the Netherlands and in Belgium.

NORTH AMERICA

In North America (USA, Canada and Mexico), Lindt & Sprüngli reported aggregate sales worth USD 635.5 million (previous year adjusted: USD 590.4 million), equivalent to 7.6 % growth. This very good result is particularly pleasing because it was achieved in a challenging market environment and despite the general decline in chocolate consumption. The well-known LINDOR balls by LINDT and the SQUARES by GHIRARDELLI remained highly successful. But the tablets and many seasonal products of these two brands also reported robust growth in terms of sales and market shares.

USA

Lindt & Sprüngli (USA) Inc. reported sales growth of 8 % in 2009 against the background of a tense economic situation, and a constantly growing number of competitors wishing to access the premium segment. This sustained positive trend is largely attributable to good results in the retail trade. LINDT was able to gain substantial market shares and remains a leader in the premium chocolate segment. Innovative product launches in the tablet segment and the universally popular LINDOR balls, together with various seasonal articles, all contributed to this result. To further enhance this success, marketing investments were strengthened, especially for TV and online advertising activities.

In the course of 2009, the number of own boutiques was reduced. At the time of the LINDT market launch in the mid-1990s, the concept had helped to create greater consumer awareness in the USA of a brand which had previously been largely unknown there. Today, LINDT is universally known and has acquired a solid position on the market. Accordingly, with the passage of time, the boutiques have therefore increasingly lost their original importance. Some of the remaining LINDT boutiques are established at prime sites which reflect the fine product image, such as the one on 5th Avenue in New York City.

To satisfy constant demand growth for LINDT chocolate in the USA, major investment projects were adopted in the year under review with a view to increasing local production capacity. Work began in 2009 on the installation of a facility to produce cocoa mass. This is due to be operational in early 2010. The plant in the USA will therefore be optimally equipped to handle every stage of cocoa processing, starting with the bean. Further investments were made in another LINDOR ball and tablet manufacturing facility. The existing production capacities make Lindt & Sprüngli (USA) Inc. one of the biggest employers on the New Hampshire coast.

Ghirardelli Chocolate Company has been well established on the west coast of America for almost 160 years, and reported 7.4 % growth in its 2009 financial year. With this above-average result, market shares were increased yet again and the company's position strengthened accordingly.

All the business areas and product categories performed well. The particularly successful SQUARES, the popular seasonal articles as well as the tablet range once again proved strong growth drivers. Under the "Luxe Milk" name, GHIRARDELLI further extended its premium offering in the milk chocolate category. Supported by national TV campaigns, a stronger market presence was established and new consumers won over.

The retail trade and the restaurant branch, which are important for GHIRARDELLI, again reported strong growth in a challenging environment. The online shop also developed positively; the entire product range can be ordered directly from this shop.

CANADA

The Canadian chocolate market as a whole reported moderate 3 % growth in the year under review, attributable mainly to the dynamic premium segment. Lindt & Sprüngli (Canada) Inc. led the growth in this sector at a pace which was twice as fast as the general trend of the market. Consequently, despite the continuing uncertain economic situation, LINDT was able to further consolidate its strong position and gain substantial new market shares.

The biggest brand LINDOR once again exceeded all expectations and remained number 1 in the important seasonal trade, which accounts for three-quarters of annual sales. This makes LINDOR by far the most popular brand with consumers for all important festive occasions. Sales of the GOLD BUNNY also rose strongly, making this one of the top three Easter articles in 2009. Sales were additionally supported by creative marketing activities and in-store promotions.

The dynamism in the tablet business was further boosted by key brands such as EXCELLENCE, PETITS DESSERTS, LES GRANDES and SWISS CLASSICS, so that LINDT is by now close to the top ranking in this segment.

MEXICO

In the year under review Mexico was severely affected by the global economic crisis. The gross domestic product shrank by more than 7 %, in turn seriously affecting the purchasing power of Mexican consumers. Nevertheless, Lindt & Sprüngli de Mexico SA de CV further consolidated its market position at a low level.

AUSTRALIA

Following on from its successes of previous years, Lindt & Sprüngli (Australia) Pty. Ltd. once again achieved higher than average sales growth of 14.5 %.

Although the Australian economy was not entirely spared the turbulence on the world market, and the trading environment proved increasingly price-oriented, Lindt & Sprüngli managed to grow by an excellent 14.5 % in Australia.

LINDOR remains by far the most important brand in the pralinés segment and was able to further consolidate its market leadership in the “Boxed Chocolate” category. The EXCELLENCE line made promising progress, led by the EXCELLENCE 70 % variety, which proved to be an unprecedented sales hit in the year under review. With sales growth exceeding the market trend, the LINDT GOLD BUNNY once again achieved an altogether positive result in the important Easter trade.

The LINDT Chocolat Café concept is proving increasingly popular and regularly attracts many chocolate lovers. Two further cafés were therefore opened in Melbourne in 2009. There are now six LINDT Chocolat Café in total. The two new cafés proved a great success from the outset, helping greatly to increase familiarity with LINDT and further enhancing the positive image of the brand on the Australian market.

OTHER MARKETS

After a rather weak first half-year, many markets in the Asian region recovered relatively quickly in the second half of the year. The Chinese economy, in particular, proved resilient in a difficult global environment and reported positive growth. In general, chocolate sales stagnated throughout the region as Asian consumers became increasingly price sensitive.

In this challenging environment, **Lindt & Sprüngli (Asia-Pacific) Ltd.** achieved further growth (8.3 %) and won substantial new market shares. On the key markets of Hong Kong and China, the presence of LINDT products was expanded significantly. LINDOR balls made a great contribution to this trend. These are becoming increasingly popular year after year, and are particularly appreciated as gift articles for the Chinese New Year, the most important festive occasion in China. In addition, EXCELLENCE tablets and classical SWISS MILK tablets proved successful, with further gains in their respective market positions.

In **Japan** the LINDT brand is now one of the most popular imported chocolate products. Here too, LINDOR is proving highly attractive and demand is strong, both for own consumption and as a gift item. The dark EXCELLENCE tablets are also achieving good sales figures nationwide.

The **Middle East** and **African regions** continued to grow. The markets of Saudi Arabia and Algeria also developed very well. This was largely attributable to the fact that these regions were somewhat less affected than others by the economic downturn. In this environment LINDT gained new market shares in every sector. On the tablet side, this was achieved by an extension of the EXCELLENCE line while in the pralinés segment both LINDOR products and assorted pralinés proved to be the biggest growth drivers.

DUTY-FREE/TRAVEL RETAIL

The steep decline in passenger numbers and the generally subdued buying sentiment in the airport sector figured prominently among the many challenges facing the Duty-Free Segment in the year under review. The situation was rendered still more acute by the fear of a latent swine flu pandemic. Despite these circumstances, LINDT managed to assert its position on the market with the high-profile launch of further 300g Silver tablets and focused effectively on the “Swiss Premium Napolitains” and LINDOR sales hits. Even so the result was regressive at the end of the year.

In this sensitive market environment, aggressive price promotions also became increasingly important. However, in the Travel Retail segment Lindt & Sprüngli is tenaciously following its uncompromising premium, quality and price strategy, and so placing emphasis on the expertise which was once again impressively demonstrated by the LINDT Maîtres Chocolatiers at airports in 2009.

PROCUREMENT

In the year under review, price movements varied greatly from one commodity to another. Cocoa, the most important raw material for Lindt & Sprüngli, reached its highest price for 33 years in 2009. On the London cocoa futures market, prices ranged from a low of GBP 1,573/t to a high of GBP 2,350/t; at the end of the year they were on average 29 % higher than in the previous year. The reasons for this phenomenon included lower cocoa harvests and speculation on the commodity markets. Although diminishing demand for cocoa and cocoa products was reported, prices rose very strongly towards the middle of the year. This was attributable mainly to the fact that increasing liquidity on the markets caused investors to bet heavily on commodities. Moreover, hedge funds, which specialized in cocoa and coffee, acquired increasing positions on the futures markets in London and New York. There are no signs of any easing of the situation in this area in the near future.

Sugar prices on the markets have more than doubled because of speculative positions and poor harvests by the world's principal sugar producers (Brazil, India and China) since the beginning of 2009. Sugar prices in the EU and Switzerland on the other hand are falling. This is explained by the implementation this year of the final phase of the EU sugar market regulation which began in 2006.

Because of overproduction, **world and EU milk prices** proved very low at the beginning of the year, and only picked up again slowly in the second half. Milk prices in Switzerland were corrected slightly downwards on two occasions, but are still above the general average. The prices of hazelnuts rose because of smaller harvests and official controls on quantities. In the packaging sector, aluminum and cardboard prices tended to fall.

Largely because of the sharp increase in cocoa procurement prices, Lindt & Sprüngli had to raise its prices to the trade by an average of 2.5 % worldwide in 2009. Notwithstanding this fact, work is in progress to hold prices stable as far as possible through internal efficiency programs and optimized cost management.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

For Lindt & Sprüngli, social responsibility, sparing use of resources and careful treatment of the environment are central corporate values. Lindt & Sprüngli therefore has a clearly defined Corporate Social Responsibility (CSR) strategy which is being implemented in all the relevant areas of the business, and constantly reviewed and extended with a view to making further improvements. It is therefore an important component of the corporate culture, and makes a key contribution to the success of the business. Compliance with the criteria of this CSR policy is additionally monitored by a special committee of the Board of Directors, the CSR Committee (further details will be found in the chapter on Corporate Governance, Corporate Social Responsibility Committee, page 37).

By far the most important development in 2009 was the integration of a comprehensive CSR chapter on the Lindt & Sprüngli Web site at www.lindt.com/csr. Answers can be found here to all important questions arising in connection with growth, production and consumption of LINDT chocolate. Detailed information about the membership of various bodies and compliance with guidelines is also available.

Site policy — with a history dating back for over 160 years, the Group feels a strong commitment to its Swiss site. Consequently, the Group headquarters in Kilchberg has expanded steadily in recent years. Moreover, Lindt & Sprüngli Switzerland is one of the biggest employers on the left bank of Lake Zurich, and so bears great social responsibility in the region.

The expansion of the Lindt & Sprüngli works in Stratham, USA, was successfully completed in the year under review. Since the strategic market launch in the USA in the mid-1990s, the LINDT brand has grown continuously. To meet ever growing local demand, major investments costing several millions were made in 2009 for the installation of the new cocoa mass facility, as well as a production line for tablets and LINDOR. From now on, direct deliveries of cocoa beans can be made to the Lindt & Sprüngli works in the USA, where they will be processed, thus making the business independent of cocoa mass imports from the European Lindt & Sprüngli subsidiary companies. This means shorter overseas transport routes, with a positive impact on the overall ecological balance. Moreover, the business will be less exposed to the impact of fluctuations in the value of the dollar.

Personnel — in the year under review, the Lindt & Sprüngli Group employed on average 7,400 people worldwide. This number is subject to seasonal variations on the production side, but remained relatively constant by comparison with the previous year in terms of the number of permanent staff, despite the prevailing economic situation.

Every business depends on its entire workforce for its success. Therefore above-average commitment, excellent professional expertise and strong identification with the products and the business itself are necessary. So Lindt & Sprüngli promotes staff who adopt a long-term perspective at every level of the organization. Central values such as trust, fair play, team spirit and mutual respect are particularly important to the Group, and are firmly rooted in the corporate credo.

An anonymized staff survey has been conducted at regular intervals since 2004 to determine the mood prevailing throughout the Group, and to assess general levels of job satisfaction. A survey of this kind was held for the third time in 2009 with an above average response rate of almost 80 %. Positive feedback was particularly given for the following points: attractiveness as an employer, job content, internal information policy and management attitudes. Other factors such as an excellent employee commitment, long service with the company and different rankings also demonstrate the fact that Lindt & Sprüngli is a popular and respected employer.

Since the company attaches the utmost priority to the security of its personnel at the workplace, a binding “Health and Safety Program” was introduced at the end of 2008 for all the production companies belonging to the Group. Intensive training sessions prepared the relevant managers, together with the employees concerned, for the implementation of the guidelines. An extension of the program to the distribution companies is planned for the year 2010.

In the year under review, progress was also made in the area of "health at the workplace." Lindt & Sprüngli is aware that regular exercise at the workplace can favorably influence its employees' sense of well-being. So an active health promotion initiative was put in place a few years ago. The "train to keep fit" movement program comprises a series of loosening-up exercises, and these are practiced daily in certain production areas. Lindt & Sprüngli won an award from the SUVA accident insurance scheme in 2009 for its exemplary encouragement of movement at the workplace. Furthermore, in the year under review, the focus was also placed on a number of preventive measures against the latent risk of swine flu. They included, among others, the definition of a pandemic plan to cover the whole Group, in which, in addition to a regular information campaign on the subject for all staff, practical measures were also taken, such as the installation of hand disinfectant dispensers and free H1N1 flu vaccination for employees.

These and other measures demonstrate the Lindt & Sprüngli Group Management's awareness of its social responsibility for the health and safety of all their staff.

Binding company directives — as a leading international chocolate manufacturer, Lindt & Sprüngli is committed to ethical, fair and socially responsible company management. The same conduct is expected from everyone with whom Lindt & Sprüngli maintains business relations. To highlight this endeavor, the Lindt & Sprüngli code of conduct for suppliers was implemented in 2009. This lays down the mandatory requirements to be met by suppliers regarding the compliance with laws and regulations concerning working conditions and the environment. This code is binding and is verified at regular intervals on a random sample basis by Lindt & Sprüngli.

In addition, the Group's environmental directives were revised and developed further. The principles formulated in this way provide the framework for long-term attainment of the goals, in particular the maintenance and regeneration of ecological resources. By taking part in international initiatives such as the "Carbon Disclosure Project," Lindt & Sprüngli's efforts are measured and compared with those of similar businesses. Since these environmental indicator measurements focused in previous years on the manufacturing companies, the intention now is to extend the area covered to the logistic chain. The data gathered in this way form the basis for the current and future endeavors of Lindt & Sprüngli to reduce $C0_2$ emissions within the supply chain.

Sustainable cocoa cultivation — to guarantee high product quality, Lindt & Sprüngli monitors and verifies all the production steps. This begins with the choice of the finest cocoa beans which are by far the most important raw material for the company. It is not simply a matter of purchasing high quality beans, but also, as part of a long-term procurement policy, of improving social conditions in the cocoa bean production countries.

Lindt & Sprüngli commits itself to the sustainable cultivation of cocoa plants through active membership of various organizations such as the "World Cocoa Foundation" or the "Sustainable Tree Crop Program." In recent years, the company has paid special attention to the development of a specific purchasing model for traceable cocoa beans from Ghana, and has done pioneering work in this regard. This was done primarily out of the conviction that the traceability of cocoa beans is the key parameter to gaining better control over the procurement chain, thus enabling direct influence to be exerted on local issues such as child labor.

The agreements between Lindt & Sprüngli and the local cocoa suppliers, who are at the heart of this project, have been clearly defined. Official regulation procedures guarantee fixed prices for all the participating farmers, as well as the adequate availability of top quality cocoa beans. In addition, flawless traceability of the cocoa beans back to the individual villages is assured. As part of this purchasing concept, in 2009 Lindt & Sprüngli paid a special premium of more than one million US dollars for cocoa from Ghana in order to guarantee traceability and support social projects. These agreements are implemented locally via the nonprofit organization "Source Trust." They include the development of the regional infrastructure of highways, wells and schools, together with investments in farming machinery to improve working conditions, and in seedlings to optimize cocoa quality.

With this unique purchasing model, Lindt & Sprüngli makes a real contribution to the promotion of socially responsible and economically fair conditions for cocoa farmers in Ghana. The end result is impressive. Lindt & Sprüngli not only plays an active pioneering role in the design of this purchasing model, but is by far the biggest customer for traceable cocoa beans within the framework of this project. Building on the positive experience acquired in this way, investigations are already made to extend this purchasing concept to the procurement of fine grade cocoa from Latin America.

Environment — climate-neutral printing is an effective measure for making a voluntary contribution to the environment by minimizing $C0_2$ emissions. Lindt & Sprüngli's assigned printing plant is an acknowledged climate partner for print products. Since 2008, the $C0_2$ volume needed to print the annual report has been measured and neutralized by purchasing emission reduction certificates. The "Climate Neutral" seal is acknowledged throughout the world, and is being used by an increasing number of companies and organizations to make a valuable contribution to the environment. In addition, the annual report is printed on FSC paper. The Forest Stewardship Council is an independent organization set up in 1993 to prevent the uprooting of forests, and identifies products accordingly as originating from properly managed forests and controlled origins. The FSC is one of the world's foremost initiatives in this sector, and constitutes an internationally acknowledged standard for companies which are committed to sustainable dealings with the environment.

The recycling of cocoa is a special challenge for Lindt & Sprüngli. During the manufacturing of cocoa mass, the cocoa beans are broken up and their contents, known as "cocoa nibs," are used for further production. Large quantities of cocoa husks remain and must be disposed of. An outstanding project for the recycling of cocoa husks was devised this year in the Lindt & Sprüngli works in Stratham, USA. The way is being prepared for passing the cocoa husks on to the nearby PSNH coal fired power plant where they will be burnt and thus produce energy from renewable biomass. The pilot phase has shown that the cocoa husks have good combustion values.

SUMMER

Summer keeps us on the move. We seek both the sun and the shade; the meadows and the water; leisure and liveliness. Around midday, the air starts to shimmer above the asphalt and the birds fall silent, but as soon as the sun sinks beyond the horizon, life returns, and the squares and streets are transformed into a bustling throng of happy people.

FRUITS – CULINARY DELICACIES CREATIVELY COMBINED

Summer is the season for fruits. At the beginning of June, the radiant red of ripe strawberries signals the start of the hottest months of the year. The gentle acidity of rhubarb and passion fruit provides a refreshing counterpoint to the sweet culinary temptations to which we succumb. Gourmets, too, know that many fruits can be combined with fine chocolate in surprising ways to create a new taste experience – a challenge that the LINDT Maîtres Chocolatiers take on with tremendous passion and talent for invention.

And so, year after year, new summer creations are being developed like the white Chocoletti with stracciatella or strawberry and rhubarb filling, the milk chocolate variant with an exotic coconut flavor, or the dark Chocoletti that surprise with a fruity, fresh mixture of passion fruit and blood orange. Bit by bit pure pleasure.

THE FASCINATING WORLD OF THE MAÎTRES CHOCOLATIERS
60 YEARS OF LINDOR

It has a cool melting heart that is unendingly delicate, fine chocolate that entices the senses, and it is a closely-guarded secret recipe of the LINDT Maîtres Chocolatiers. LINDOR has been the pinnacle of pleasure for 60 years.

A MOMENT OF CHOCOLATE MAGIC — The LINDT Maîtres Chocolatiers discovered the perfect recipe exactly 60 years ago. They created a chocolate that has enjoyed immense popularity in the past until today thanks to its delicately melting yet cooling filling. Originally, LINDOR was only available in a tablet version. However, in the constant search for new product types, the tablet was soon redeveloped and joined by the now famous LINDOR balls. After 60 years, LINDOR is now available in a wide variety of versions and flavors. But let's start from the beginning…

HOW IT ALL BEGAN — During the economic recovery after the Second World War, the LINDT Maîtres Chocolatiers were commissioned to design a totally new chocolate tablet. The objective was to invent a hitherto unknown taste experience that would utterly enchant consumers. After an interminable creative phase, it finally came into being in 1949. The LINDOR recipe was born, and it has eclipsed all other commercially available chocolate varieties ever since, with its delicate melting quality and secret filling. This was the start of a success story with real rarity value because in today's fast-paced world of consumer goods, only a few branded products persist for such a long time.

AN EXCEPTIONAL NAME — The LINDT Maîtres Chocolatiers could not have chosen a more suitable name all those years ago. The name LINDOR is made up of LINDT, the warrantor for outstanding chocolate passion, and "or," the French word for gold. Together, these two words therefore constitute a promise of top quality and exquisite pleasure. In addition, the name Lindor also has historical roots. In the opera "The Barber of Seville," written by Pierre Beaumarchais in 1773, a Spanish count, under the name of Lindor, features as the lover of the penniless girl Rosina. Inspired by this love story, in 1778, Wolfgang Amadeus Mozart composed a piano sonata with 12 variations on this romance and called it "Je suis Lindor." Around the end of the 19th century the name then appears again, this time in American history. Immigrants with the Alsatian surname "Linder" travelled to the USA. The name was subsequently anglicized as "Lindor."

If the statistics are to be believed, there are still around 450 people in the USA who answer to the name "Lindor."

A UNIQUE RECIPE — A firm shell of finest chocolate with a filling that melts away delicately on the tongue. No wonder LINDOR fans state that LINDOR is the only chocolate in the world to make their hearts melt, too. Of course, many imitators have constantly tried and failed to copy the combination of the ingredients of this delicious chocolate. It goes without saying that this recipe, which remains unchanged to this day, is one of the most closely guarded secrets of the LINDT Maîtres Chocolatiers.

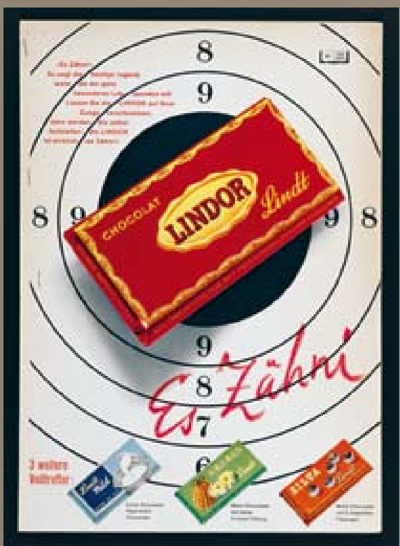
ENTICINGLY DECORATED — In 1949, LINDOR was initially only available in a tablet version. Three years later, the same recipe became available in the form of small rectangular minitablets called Napolitains. Several years later, in 1962 to be precise, the two products were given a sophisticated decoration in the form of the delicate white lace on the packaging that ideally reflects the extraordinary taste experience. Why, of all things, was a lace motif chosen for chocolate packaging? The answer is quite simple: then as now, the famous St Gallen lace represented an absolute luxury product, thus drawing several parallels with the excellent LINDT chocolate. Some examples are Swiss quality, global renown, the array of refined creations and skilled handiwork that requires a huge amount of expertise and passion. What is more, the fine white lace on the packaging has never gone out of fashion in all these years. Every now and then it has been updated a little, or seasonally adorned with a couple of sparkling stars for Christmas or glittering hearts for St Valentine's Day. However, despite the minor changes, it has remained the hallmark of this brand to this day.

THE BALL STARTS ROLLING — In 1967, almost 20 years after the recipe was invented, the real breakthrough was finally made with the LINDOR balls. Originally conceived as a Christmas tree decoration, the new version was soon added to the existing range. The product not only proved highly popular, but also fitted into the production program extremely well, as the hollow body line had previously only been used for Easter bunnies and Santa Clauses. Today, it is a real source of pride that production of LINDOR balls now exceeds one billion in almost 100 different countries.

IRRESISTIBLE TASTE — The classic milk chocolate LINDOR balls are still the most popular flavor worldwide after all these years. They account for more than 50 % of the overall sales of LINDOR each year. Surprising new flavors have constantly been added over the years, and as a result there is now a wide selection to choose from. The LINDOR Dark was launched in 1984, followed by the LINDOR White in 1985 and the LINDOR Hazelnut in 1994. Today, the assorted LINDOR range with the four traditional flavors of Milk, Dark, White and Hazelnut ranks right behind the unrivalled red LINDOR Milk on the popularity scale. However, the LINDT Maîtres Chocolatiers have a keen flair for trends and know that consumption habits vary from country to country. That is why they wasted no time in adding typically country-specific variations to the range. For instance, in the USA, consumers can enjoy LINDOR balls with a peanut butter filling. Peppermint recipes are just as popular during Christmas time in the USA as in other English-speaking countries. In contrast, Europeans prefer the traditional recipes made from white, dark or milk chocolate. This selection is supplemented by the LINDOR Stracciatella balls every spring, a filling of crunchy hazelnuts in the autumn and a seasonal variety with warming spices such as cinnamon and coriander in the cold winter months. But not every composition is successful from the beginning. For example, when the LINDOR Stracciatella was launched in Australia, it initially failed to generate the expected demand. Intensive consumer research subsequently showed that the Italian term "Stracciatella," which is well-known in Europe from the famous ice-cream variety of the same name, was not understood. The renaming of LINDOR Stracciatella as "Cookies & Cream," a term in common use in the English-speaking world, finally delivered the desired success, and the variety is now an established product in Australia.

ADVERTISING THROUGH THE AGES — It is obvious that important leader products like the LINDOR balls must constantly be advertised in order to remain firmly entrenched in the minds of consumers. Over the years, this has resulted in a vast and varied collection of advertising posters that are now stored as artefacts in the historical archives of Lindt & Sprüngli. Initially limited to print media, LINDOR communication later spread to television. Let us take a quick stroll through 60 years of advertising history of an extremely successful product. The first advertisements, called "Reklamen" at the time, were entirely poster-based and aimed at showing the product in conjunction with a simple advertising slogan. In the mid-1960s, the advertisements with the dolls by Sasha Morgenthaler from Bern became popular. As unique handmade items, these dolls formed the perfect parallel to the premium products of LINDT in advertising terms. In the 1970s and 1980s, the focus shifted back towards the product itself, before the enticing side of the LINDOR balls with their delicate melting quality was emphasized at the beginning of the 1990s. For the last ten years, a new communication concept has been implemented in which the LINDT Maîtres Chocolatiers appear on TV as LINDOR ambassadors, demonstrating their passion and expertise. Since 2009, LINDOR has also had its own microsite on www.lindor.ch and has been focusing on personal feel-good moments, always featuring a LINDOR ball. Although the style of advertising has changed over the years, the message has always remained the same: LINDOR is the ultimate smooth melting chocolat delight.

THE QUEEN OF CHOCOLATES — There is no doubt that the LINDOR recipe enjoys tremendous popularity all over the world. Every single day, the LINDT Maîtres Chocolatiers receive vast amounts of fan mail containing glowing compliments. Not without reason do consumers state that LINDOR is "unique" and the "queen of chocolates." The letters also include suggestions for expanding the LINDOR product range. Of course, the LINDT Maîtres Chocolatiers look into these recommendations tirelessly and are always working on new ways to surprise consumers. For instance, a LINDOR ball in XXL format has been produced in Italy. To meet consumers' requirements regarding LINDOR, and of course to make their consumption even more pleasurable, a LINDOR festival was initiated in Switzerland in 2009. Here, LINDT Maîtres Chocolatiers offered LINDOR balls for tasting and shared their passion for the product directly with consumers. On the subject of taste, did you know that everyone enjoys LINDOR balls in a different way? For example, there are the impatient LINDOR fans, who are so excited that they can hardly wait and put the entire ball into their mouth straightaway. And then there are the LINDOR lovers who savor the ball and let it melt away on their tongue until its full aroma gradually unfolds on the palate. And then, there are those who first bite off half of the ball and then lick out the delicately melting filling with gusto. So what type are you?



1950
"The bull's eye": The vision of advertisers becomes reality. The LINDOR tablet, which was created in late autumn of the same year, develops indeed into a "direct hit". Billboard from 1950.

Mid 1960ies
The dolls of Sasha Morgenthaler from Bern are used for LINDOR advertising. As unique and handmade items, they represent the perfect parallel in advertising to the smooth LINDOR recipe.

Mid 1980ies
In 1984, the LINDOR family is extended by LINDOR Noir, consisting of finest surfin chocolate with a delicate, bittersweet filling.

LINDOR has existed for 60 years without ever going out of fashion, and it still tastes as uniquely and unmistakably good now as it did then. The LINDT Maîtres Chocolatiers would like to take this opportunity to extend a big thank-you to all LINDOR lovers for their enduring loyalty.

AUTUMN

Autumn has two facets. One shines with golden brightness when harvest is in full swing; the other is dark and casts its melancholy shadow over leafless trees and shortened days. These two faces only make sense when we look at them together. What would the lushness of the summer months be without the barrenness of the cool season? Or the stillness of the approaching winter without the sweet fruits of autumn?

NUTS – GUESTS OF HONOR AMONG THE LINDT INGREDIENTS

Autumn bestows on us a wonderful variety of delicious nuts. As an energy source for cold days, they are one of the most valuable foods. Fascinated by the combination of fine chocolate and exquisite hazelnuts from the best growing regions, such as Piedmont, the LINDT Maîtres Chocolatiers are constantly working on new recipes. They experiment with the roasting, caramelizing and grinding of whole hazelnuts, and combine almonds and pistachios with dark and light chocolate or special pralinés fillings in order to do full justice to the aromatic finesse of these ingredients.

The praliné "Tarte aux Noisettes" consists of a delicate filling of crisply caramelized hazelnuts embedded in a delicately melting chocolate shell. A real treasure.

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

The Lindt & Sprüngli Group is globally active, developing, producing and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with its headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The security and listing numbers of the respective securities can be found on page 93 of this report. The market capitalization based on the 2009 year-end prices is CHF 5.5 billion.

The company's group structure is very lean and relies on two governing bodies, the Board of Directors and the Group Management. The two bodies have different responsibilities and functions. The individual markets, under their local management, have a broad autonomy, which ensures optimum performance close to the market.

The scope of consolidation of Chocoladefabriken Lindt & Sprüngli AG includes the wholly-owned subsidiaries listed in Notes to the consolidated financial statements. Details about these companies, such as name, domicile, share capital, participation, etc. can be found there as well (see page 52, figure 1).

Chocoladefabriken Lindt & Sprüngli AG holds no interests in publicly traded companies.

As of December 31, 2009, Chocoladefabriken Lindt & Sprüngli AG disclosed the following major shareholders which own voting shares of more than 3 %: "Fonds für Pensionsergänzungen" (fund for pension supplements) of Chocoladefabriken Lindt & Sprüngli AG, Kilchberg ZH held a total of 30,842 registered shares or 22.03 % of the share capital and thus 22.03 % of the voting rights of the company.

In the year under review, the company received no disclosure reports indicating that further shareholders own more than 3 % of the equity capital or voting rights of the company.

Chocoladefabriken Lindt & Sprüngli AG does not hold cross interests, and there are no shareholder agreements or voting trusts.

CAPITAL STRUCTURE

As of December 31, 2009, Chocoladefabriken Lindt & Sprüngli AG presents the following capital structure.

ORDINARY CAPITAL — The ordinary capital is composed of two types of securities:

	2009
Registered shares*	CHF 14,000,000
Bearer participation certificates**	CHF 8,832,980
Total ordinary capital	CHF 22,832,980

* 140,000 registered shares par value CHF 100.–
** 883,298 bearer participation certificates par value CHF 10.–

The registered share has a voting right at the General Meeting, whereas the bearer participation certificates have no voting rights. Both types of shares have the same rights to dividends and proceeds of liquidation in proportion to their par value. All shares are fully paid-in. No bonus certificates ("Genussscheine") were issued.

AUTHORIZED AND CONDITIONAL CAPITAL — The Group possesses a total conditional capital of CHF 5,269,270. The conditional capital comprises a total of 526,927 bearer participation certificates with a par value of CHF 10.–. Of this total, 172,477 are reserved for employee stock option programs; the remaining 354,450 participation certificates are reserved for capital market transactions.

There is no other authorized capital apart from the conditional capital. For details please refer to article 4bis of the Articles of Association, which is accessible on the Web site of Chocoladefabriken Lindt & Sprüngli AG (http://www.lindt.com/int/swf/eng/investor-relations/).

CHANGES IN CAPITAL — During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Ordinary capital

Year	Share capital in CHF	Registered shares (RS)*	Participation capital in CHF	No. of bearer participation certificates (PC)**
2007	14,000,000	140,000	8,427,170	842,717
2008	14,000,000	140,000	8,692,190	869,219
2009	14,000,000	140,000	8,832,980	883,298

Conditional capital

No. of bearer participation certificates (PC)**

Year	Total	Capital market-PC	Employee-PC
2007	567,508	354,450	213,058
2008	541,006	354,450	186,556
2009	526,927	354,450	172,477

Number of securities, status as at December 31.
* Registered shares par value CHF 100.–
** Bearer participation certificates: par value CHF 10.–

RESTRICTIONS REGARDING ASSIGNABILITY AND NOMINEE ENTRIES — Both registered shares and participation certificates can be acquired without restrictions. According to article 3, subsection 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4 % of the total of registered shares as entered in the Commercial register. Moreover, according to article 685d, subsection 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if upon demand by the Board the buyer does not formally state that the shares are purchased on his own behalf and on his own account. According to article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships, who are interrelated to one another through capital ownership, through voting rights or common management, or who are otherwise linked, as well as natural persons and legal entities or partnerships who act in concert in regard to a registration restriction, are considered to be one single shareholder. Based on article 3, subsection 9 of the Articles of Association, the Board of Directors may make exceptions to these provisions in special cases. In the year under review, no exceptions were granted. Based on the long-term participation and with regard to the purpose of the Foundation, the Board of Directors already granted such an exception prior to the year under review for the 22.03 % of the voting rights of the "Fonds für Pensionsergänzungen" (fund for pension supplements) of Chocoladefabriken Lindt & Sprüngli AG.

A nominee shareholder will be granted full shareholder status for a maximum of 2 % of the registered share capital as entered in the Commercial Register, if such nominee discloses in writing name, address, domicile or seat, nationality and shareholdings of those persons on whose account he holds the shares. Over the limit of 2 %, the Board of Directors will enter the shares of a nominee as voting shares in the shareholder register if such nominee discloses, in writing, name, address, domicile or seat, nationality and shareholdings of those persons for which accounts he holds 0.5 % or more of the then outstanding share capital, whereby entry per trustor is limited to 4 %, respectively to 10 % per nominee collectively. Article 3, subsection 7 of the Articles of Association is applicable to nominees likewise.

The regulations to these rules are defined in the Regulations of the Board of Directors "Registration of registered shares and keeping of the share register of Chocoladefabriken Lindt & Sprüngli AG" (these regulations are available on http://www.lindt.com/int/swf/eng/investor-relations/).

A revocation of these restrictions regarding the assignability requires a resolution by the shareholders at the General Meeting with a voting majority of at least three quarters of the shares represented.

OUTSTANDING OPTIONS AND CONVERTIBLE BONDS — Options on bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details concerning the number of options issued and still outstanding with the corresponding terms and conditions are shown in the table below:

Year of allocation	Number	Strike price (CHF)	Term	No. of rights exercised	No. of exercisable rights
2003	24,750	648	until 2010	10,373	5,377
2004	28,468	1,095	until 2011	13,182	15,286
2005	27,900	1,607	until 2012	3,743	24,157
2006	23,175	2,251	until 2013	87	23,088
2007	27,245	2,983	until 2014	0	27,245
2008	14,140	3,149	until 2015	0	14,140
2009	36,355	1,543	until 2016	0	36,355
TOTAL	**182,033**			36,385	145,648

The options were granted at a ratio of 1 option to 1 participation certificate. The options can be exercised for a maximum of 7 years after the grant and are subject to a blocking period of 3, 4 and 5 years respectively.

In 2009, a total of 14,079 of the above employee options were exercised (previous year: 26,502). Therefore, the "ordinary" participation capital was increased in 2009 by the corresponding reduction in the "conditional" participation capital reserved for the employee stock option programs. The 145,648 options outstanding as of December 31, 2009, and not yet exercised are equivalent to 6.4 % of the total capital. There are no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

BOARD OF DIRECTORS

ROLE AND FUNCTION — The Board of Directors makes decisions jointly and, for specific matters, is assisted by Board committees. The Board's primary function is to provide guidance and exercise control over the Group. The Board makes strategic decisions and defines the general means for achieving the goals it has set for the company. It sets the agenda for the General Meeting and approves the annual and interim reports. Decisions regarding the appointment of members to the Group Management or of Managing Directors of subsidiaries as well as the nomination of the statutory auditor for election at the General Meeting are taken by the full Board.

MEMBERS — The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members. If the number of members falls below five, the minimum membership must be restored at the next Ordinary General Meeting. As of December 31, 2009, the Board had six active members. Ernst Tanner (CEO) is an Executive member of the Board, all other members are non-executive members.

Name, Function	1. Election	Until
Ernst Tanner, Chairman and CEO	1993	2011
Dr Kurt Widmer, member	1987	2010
Dr Rudolf K. Sprüngli, member	1988	2010
Dr Franz-Peter Oesch, member	1991	2012
Dr Peter Baumberger, member	1992	2009
Antonio Bulgheroni, member and Lead Director	1996	2011
Dkfm. Elisabeth Gürtler, member	2009	2012

Until his retirement at the Ordinary General Meeting of 2009, Dr Peter Baumberger was also a member of the Board of Directors of Chocoladefabriken Lindt & Sprüngli AG. When Dr Peter Baumberger retired, he was replaced at the Ordinary General Meeting of 2009 by Dkfm. Elisabeth Gürtler who was elected as a member of the Board of Directors.

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli SpA until his retirement in April 2007. In the past three years, the other non-executive members of the Board were not actively engaged in the management of the Group or of a subsidiary and none of them had business relations with any entity within the Group.

The members of the Board of Directors are individually elected by the shareholders at the General Meeting in each case for a three-year term of office to ensure the phased renewal of the Board. No limitation is placed on their reelection. When by-elections are held, the new members serve out the term of office of their predecessors. If a member leaves, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In the year under review, Dr Franz-Peter Oesch was re-elected as a member of the Board of Directors for a three-year term of office and Dkfm. Elisabeth Gürtler was appointed to replace the retiring member Dr Peter Baumberger for a three-year term of office.

Ernst Tanner (CH) Mr Tanner was elected CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. He completed a commercial education and thereafter attended a number of management training courses in London and at Harvard University. Before joining Lindt & Sprüngli, Mr Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, his last position having been Company Group Chairman Europe. Mr Tanner is also a member of the Board of Directors at Credit Suisse Group and Swatch Group. He is likewise a member of the Board of Directors of the Zurich Chamber of Commerce and a delegate of the Society for the Promotion of the Swiss Economy.

Dr Kurt Widmer (CH) Mr Widmer completed his studies with a doctorate in law and has been a member of the Board of Directors since 1987. Mr Widmer is a proven finance and banking expert and was a member of the Executive Board of Schweizerische Kreditanstalt and Credit Suisse Holding prior to his retirement in 1995. As CEO from 1993 to 1995, Mr Widmer was principally responsible for the repositioning and the successful integration of Schweizerische Volksbank into the Credit Suisse Group.

Dr Rudolf K. Sprüngli (CH) Mr Sprüngli completed his studies with a doctorate in economics and has been a member of the Board of Directors since 1988. Due to his former executive activities for the Group and for an international premium food-trading company, Mr Sprüngli is an expert authority in the chocolate business. Today, Mr Sprüngli manages his own consulting firm. Additionally, he is member of the Board of Directors at Peter Halter Liegenschaften AG and Fabric Frontline AG as well as Chairman of Freies Gymnasium Zurich.

Dr Franz-Peter Oesch (CH) Mr Oesch completed his studies with a doctorate in law and was appointed to practise as an attorney-at-law in the canton of St Gallen in 1972. His membership in the Board of Directors dates back to 1991. He has been a partner of the law firm "asg.advocati" in St Gallen since 1971. Mr Oesch is also Chairman of the Board of Directors of the Sankt Galler Kantonalbank.

Antonio Bulgheroni (IT) Mr Bulgheroni is a member of the Board of Directors since 1996 and Lead Director since February 2009. Due to decades of gathering experience in all management areas of chocolate production, distribution and the Italian retail trade, Mr Bulgheroni is a proven expert in the chocolate industry. He was CEO of Lindt & Sprüngli SpA from 1993 until his retirement in April 2007. Since then he has been Chairman of the Board of both subsidiaries in Italy. Mr. Bulgheroni holds other Board mandates with Banca Popolare Commercio e Industria SpA (Chairman) and Autogrill SpA. He is also Honorary Consul of Switzerland in Varese.

Dkfm. Elisabeth Gürtler (AT) Ms Elisabeth Gürtler has been a member of the Board of Directors since 2009. She completed her business-science studies with a master's degree, and subsequently acquired an outstanding reputation in particular as manager of the world-famous Sacher Hotels in Vienna and Salzburg, in an area in which premium quality plays a key role. Ms Gürtler sits on the supervisory board of Erste Group Bank AG and is a member of the general council of the Austrian National Bank. Since 2007, she has also been Managing Director of the Spanish Riding School in Vienna.

INTERNAL ORGANIZATION OF THE BOARD OF DIRECTORS — The Board of Directors is self-constituting. By a majority decision and under the chairmanship of the current chairman or of the member of the Board of Directors with the longest service record, it elects a member of the Board to serve as chairman for a term of office which is identical to that of his membership of the Board of Directors. If he abandons the chairmanship prematurely, or if the chairman is dismissed from the Board of Directors or retires from the Board before ending his term of office, the Board of Directors must immediately be reconstituted. The chairman presides over the General Meeting, represents the company in dealings with third parties and, in cooperation with the Group management, provides timely information about all matters which are important for the decision-making process and the monitoring of substantial aspects of the company for the attention of the Board of Directors. He is responsible for preparing all the matters to be dealt with by the Board of Directors, for placing them on the agenda and for convening and chairing meetings of the Board of Directors.

The Board of Directors likewise appoints one of its members to serve as a delegate of the Board of Directors (CEO) to whom the Board of Directors entrusts management of the business. The tasks of the CEO are described on page 38 of this annual report.

The Board of Directors may also appoint a non-executive member from its ranks to serve as the lead director. The lead director, who is appointed for three years or for the duration of his term of office as a member of the Board of Directors, is entrusted with the task of safeguarding the independence of the Board of Directors in relation to the Chairman and CEO if both these functions are held by the same member of the Board of Directors. If necessary, the lead director has authority to convene and chair a meeting of the Board of Directors himself which will not be attended by the Chairman and CEO. He must notify the outcome of any such meeting to the Chairman and CEO.

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG is firmly convinced that the dual mandate of Ernst Tanner as Chairman of the Board and CEO ensures effective leadership and excellent communication among shareholders, the Board of Directors and the management. Leading Corporate Governance practice also recognizes that a dual mandate of Chairman of the Board and CEO can be advantageous for a company, if the company provides for the appropriate control mechanisms. These comprise a majority of non-executive Board members, Board Committees (Audit Committee, Compensation & Nomination Committee and Corporate Social Responsibility Committee), each consisting of non-executive or a majority of non-executive Board members, as well as the appointment of a non-executive, experienced member of the Board of Directors as Lead Director. With the appointment of Antonio Bulgheroni as Lead Director, Chocoladefabriken Lindt & Sprüngli AG has introduced the latter control mechanism.

The Board of Directors meets regularly and as often as business requires it, but at least four times each year. Meetings are convened by the Chairman or by another member of the Board of Directors appointed to represent him or by the lead director. Each member of the Board of Directors is authorized to ask for a meeting to be convened without delay, while stating the purpose. The Chairman or another member of the Board of Directors authorized to represent him or the lead director presides over the meeting. Apart from the members of the Board of Directors, the meetings may likewise be attended by members of the Group Management and other non-members. In the year under review, four regularly-convened meetings were held.

COMMITTEES OF THE BOARD OF DIRECTORS — The Board of Directors is assisted in its work by three committees; the Audit Committee, the Compensation & Nomination Committee and the Corporate Social Responsibility Committee. The Board of Directors may decide at any time by a majority decision to set up further committees. Until that time, all other tasks of the Board of Directors in particular in the areas of corporate governance, communication, relations with investors and shareholders will continue to be performed by the whole Board of Directors.

Audit Committee — The Audit Committee is made up of three members of the Board of Directors. At least two of them, together with the Chairman, must be non-executive members of the Board of Directors. The CFO has a consultative vote on the committee. The committee consists of the following members: Dr Franz-Peter Oesch (Chairman), Dr Rudolf K. Sprüngli and Antonio Bulgheroni. The members of the committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The committee supports the Board of Directors in its function of strategic supervision, with particular reference to the main audit areas, complete presentation of the financial statements / audit findings, compliance with statutory requirements and the services of the external auditors. In addition, the committee assesses the expediency of the financial reporting and internal control system. It ensures ongoing communication with the external auditors. Likewise, it keeps the risk management principles of the Group, and the appropriate nature of the risks taken under constant review, especially in the areas of investments, currencies, raw material procurement and liquidity. The committee makes recommendations to the Board of Directors for important decisions in the aforementioned matters, such as the adoption of the annual accounts statement or proposals for the appointment of the statutory auditor. The committee itself has no decision-making powers. It may, however, decide independently to entrust the auditor with special assignments and approve the fee budget for audit tasks submitted by the external auditors.

The committee meets as often as business requires, but at least four times a year. In 2009, four regularly scheduled meetings were held. The auditors attended meetings of the Audit Committee on two occasions. Direct access for the auditors to the Audit Committee is guaranteed at all times. Information about the auditors will be found on page 42 of this annual report.

Compensation & Nomination Committee — The Compensation & Nomination Committee consists of three non-executive members of the Board of Directors, namely: Dr Kurt Widmer (Chairman), Antonio Bulgheroni and Dr Peter Baumberger (until his retirement at the Ordinary General Meeting in 2009), afterwards replaced by Dkfm. Elisabeth Gürtler. The committee sets guidelines for the compensation of the Board of Directors, the Group management as well as the Vice Presidents International and the Managing Directors of the subsidiaries, and supervises the adherence of the fixed parameters. In line with these principles, it decides every year on the overall total and the individual compensation (salaries, bonus payments and allocations in the framework of the employee stock option plan) of each member of the Board of Directors and the Group Management, as well as of the afore-mentioned persons. The committee approves and sets guidelines for employment agreements with Group Management and other employees in key positions. The committee verifies and decides on changes to the bonus and stock option plans. In the above areas the committee has authority to take decisions.

Furthermore, the committee submits suggestions to the Board of Directors regarding the appointment and dismissal of members of the Group Management, Vice Presidents International and Managing Directors of subsidiaries as well as the criteria for election and re-election of the Board of Directors. The committee only has a consultative role in these areas. The committee meets at least twice each year. In the year under review, two regularly scheduled meetings were held.

Corporate Social Responsibility Committee — The Corporate Responsibility Committee consists of three members of the Board of Directors. The following members belong to this committee: Dr Rudolf K. Sprüngli (Chairman), Dr Kurt Widmer and Ernst Tanner. This committee supports the Board of Directors in setting the strategic direction for the activities of the company, whilst aiming for comprehensive sustainable management. Furthermore, it is responsible for the development and adaption of all globally valid corporate policies in this area, and monitors compliance in the legal aspects. The committee has advisory as well as preparatory competences. It meets as often as business requires, at least once a year. One regularly convened meeting took place in the year under review.

ALLOCATION OF COMPETENCES — The essential principles for allocating the competences and responsibilities among the Board of Directors and the Group Management are set forth in the organizational regulation. Below is a summary of the basic principles:

Board of Directors:

- Takes over the irrevocable regulatory duties; in this way the Board of Directors has the responsibility for the overall guidance and the supervision of the management.
- Determines strategic, organizational, accounting and financial planning guidelines.
- Changes to the legal structure of the Group (incorporation of new subsidiary companies, acquisitions, joint ventures, liquidation of companies, etc.).
- Appointment and dismissal of the chairman, delegate, secretary and lead director together with the members of the Group Management and chief executive officers of the subsidiary companies.
- Approves the budgets for the Group and the individual subsidiaries.

The Board of Directors has assigned the management of day-to-day operations to the delegate of the Board of Directors and the Group Management, as stipulated in the business and organizational regulations of the company.

Delegate of the Board of Directors (CEO) — The delegate of the Board of Directors is the Chairman of the Group Management for which he is responsible, save where otherwise stipulated in the organizational regulations. The delegate is likewise responsible for ongoing contacts with the Group Management and must take care of the procurement and forwarding of information to the other members of the Board of Directors. The delegate must also ensure that the decisions and instructions of the Board of Directors are acted upon by the Group Management. Last but not least, he is responsible for managing the operational business of the Group within the framework of its strategic and political objectives, and for the planning of the entire business and reporting within the Group.

Group Management — The Group Management is responsible for the implementation of the Group strategies. In addition, the individual members of the Group Management must lead their allocated functional and responsibility areas within the framework of the Group policy and in compliance with the instructions given by the delegate of the Board of Directors.

INFORMATION AND CONTROLLING INSTRUMENTS — At each meeting of the Board of Directors the CEO and Group Management will provide orientation concerning the current progress of business and the major business occurrences. The members of the Board of Directors will be notified immediately about extraordinary occurrences.

Additionally, the Board of Directors will be regularly informed on a quarterly basis by means of an extensive and complete Management Information System (MIS) about profit and loss, balance sheet, investments, and personnel, both of the Group and the subsidiaries. Information will be available on a historical basis and as year-end projection. On request, the same extensive historical information will be forwarded to the members of the Board of Directors on a monthly basis.

Furthermore, the members of the Board of Directors receive, on an annual basis, a detailed overall budget, together with a three-year medium-term plan with forecasts of the future development of the individual subsidiaries and the consolidated group of companies, covering the income statement, balance sheet, investments, and cash flow. An annually updated Group-wide analysis of the strategic, operational and financial risks – including valuations, actions taken to limit risks and responsibilities – will also be presented.

To enable the risk parameters to be assessed, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity. On request, the same Group-wide information can be provided on an ongoing basis. The Group has no internal audit department. Accordingly, management information and risk management reporting at Chocoladefabriken Lindt & Sprüngli AG is given very special attention. In the past and within the framework of the yearly audit, the auditors used to be charged with special assignments, which went over and beyond the legal and statutory requirements.

GROUP MANAGEMENT

On December 31, 2009, Chocoladefabriken Lindt & Sprüngli AG's Group Management had four members.

Name, responsibility	Since
Ernst Tanner, Chief Executive Officer	1993
Hansjürg Klingler, Duty-Free & Country Responsibility	1993
Uwe Sommer, Marketing/Sales & Country Responsibility	1993
Dr Dieter Weisskopf, Chief Financial Officer, Finance/Administration/Procurement/Operations	1995

Ernst Tanner (CH) For details refer to "Board of Directors" on page 35 of this Annual Report.

Hansjürg Klingler (CH) Lawyer – Mr Klingler has been a member of the Group Management since 1993 and is responsible for establishing Overseas and Duty-Free markets. Previously, he was Head of Legal and Administration, and then Deputy Group Head at Forbo, an international construction-material supplying group.

Uwe Sommer (D) Economist, MA. – Mr Sommer joined the Lindt & Sprüngli Group in 1993 as a member of the Group Management, responsible for Marketing and Sales with country responsibilities. He gained his professional experience as an executive in the marketing/sales sector of Procter & Gamble, Mars in Germany and England, and as CEO with Johnson & Johnson in Austria.

Dr Dieter Weisskopf (CH) PhD in Economics/Business Administration – Mr Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration and Purchasing. Since 2004, he is also responsible for manufacturing. Starting his career at Swiss Union Bank, he gained additional experience in the banking sector in Mexico and Brazil, later changing to the food industry, namely the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the financial sector, lastly as CFO in Canada and Switzerland.

Except for the above-mentioned Board assignments of Mr Tanner, the members of Group Management are not active in other management or supervisory bodies. They are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

COMPENSATION, EQUITY PARTICIPATIONS AND LOANS

COMPENSATION AND OPTION PLAN — The Compensation & Nomination Committee sets guidelines for the compensation of the Board of Directors, the Group Management as well as the Vice Presidents International and the Managing Directors of the subsidiaries and supervises the adherence to the fixed parameters. In line with these principles, it decides yearly on the overall total and the individual compensation (salaries, bonus payments and allocations in the framework of the employee stock option plans) of each member of the Board of Directors and the Group Management as well as of the aforementioned persons. For details about the organization and the fields of responsibility of the Compensation & Nomination Committee refer to page 37 of this Annual Report.

REMUNERATION OF THE BOARD OF DIRECTORS — The members of the Board of Directors are entitled to remuneration commensurate with their activities and responsibilities. The size of the total compensation package is based on comparative market studies of peers with similar functions and responsibilities.

REMUNERATION OF THE MEMBERS OF THE GROUP MANAGEMENT, THE MANAGING DIRECTORS OF SUBSIDIARIES AND VICE PRESIDENTS INTERNATIONAL — Remuneration of the members of the Group Management, the Managing Directors of subsidiaries and Vice Presidents International is composed of a basic salary, a performance-related bonus and a long-term element in the form of employee stock options. Comparisons of peers with similar activities and responsibilities plus the employee's performance and experience form the foundation of the basic salary. The performance-related part of the compensation package is calculated on the basis of annual individual and company objectives achieved. The Earnings Before Interest and Tax (EBIT) is a material target figure in the determination of the bonus. The performance-related part of the salary is a significant aspect of the overall compensation package.

Lindt & Sprüngli places high priority on the continuity of management in key positions. The existing employee option plan is designed to give important decision-makers in the Group a long-term incentive. The group of persons entitled to participate in the plan, as well as the number of participation certificates granted, is determined according to the importance of each position for the company's long-term development.

COMPENSATION, ALLOCATION AND OWNERSHIP OF SHARES AND OPTIONS — Details of the fixed and variable gross compensation, allocation of shares and option rights in the year under review, together with ownership of shares, participation certificates and options on participation certificates for the Board of Directors, the Group Management and former members of the corporate bodies, will be found as required in article 663bbis OR on pages 79 and 80 of the notes to the consolidated financial statements of this report.

ADDITIONAL FEES, COMPENSATION AND LOANS — Apart from the payments listed on pages 79 and 80 of this report, no other payments – neither on a private basis nor via a consulting company – were made to executive or non-executive members of the Board of Directors or the Group Management. In addition, as of December 31, 2009, no further loans, advances, or credits of the Group or any of its subsidiary companies were made to any of the members of the Board of Directors, the Group Management, the Vice Presidents or the Managing Directors of subsidiaries.

SHAREHOLDERS' RIGHTS OF PARTICIPATION

RESTRICTION OF VOTING RIGHTS AND PROXY — The transfer of nominal shares and consequently the recognition of the buyer of nominal shares as a shareholder with voting rights, as well as the registering of nominees as shareholders with voting rights are subject to certain restrictions. According to article 3, subsection 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to a buyer of shares if the number of shares held by that buyer exceeds 4 % of the total registered shares as entered in the Commercial Register. In the context of assignability of nominal shares as well as the restrictions regarding nominee-registrations, refer to the information given on page 33 of this Annual Report as well as the respective Regulations of the Board of Directors "Registration of registered shares and keeping of the share register of Chocoladefabriken Lindt & Sprüngli AG" (this regulation is available on http://www.lindt.com/int/swf/eng/investor-relations/).

According to article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, whether with his own shares or with those voted by proxy, more than 6 % of total voting shares when exercising the voting rights at the General Meeting. Natural persons or legal entities, which either by the number of shares or the pooling of votes are linked to each other or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may make excep-tions to the voting rights restrictions. In the reporting year, the Board of Directors granted such an exception to the "Fonds für Pensionsergänzungen" (fund for pension supplements) of Chocoladefabriken Lindt & Sprüngli AG for 22.03 % of the voting rights, in light of the purpose of the fund.

The restriction on voting rights does not apply to the corporate proxy, the independent proxy, and the custodial proxy designated by the company, provided they are retained as proxy by the shareholder.

A revocation of the statutory restrictions of voting rights requires a three-quarter majority of the votes represented at the General Meeting.

According to article 12, subsection 2 of the Articles of Association, a shareholder can be represented at the General Meeting by another shareholder by written proxy.

STATUTORY QUORUM — The General Meeting passes its resolutions by an absolute majority of the votes represented, unless the Articles of Association or the law prescribe otherwise.

According to article 15, subsection 3 of the Article of Association, amendments of the Articles of Association regarding the relocation of headquarters, transformation of nominal shares into bearer shares, the assignment of nominal shares, the representation of shares at the General Meeting, the amendment of article 15, subsection 3 of the Articles of Association as well as the dissolution or the merger of the company requires a three-quarter majority vote of represented shares.

CALLING OF THE ANNUAL GENERAL MEETING, AGENDA AND SHARE REGISTER — Shareholders are given notice by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss "Handelsamtsblatt."

Shareholders who together represent shares with a par value of at least CHF 1 million may request an item to be put on the agenda. Requests must be made in writing at least six weeks in advance of the General Meeting, and presented to the General Meeting together with the assessment of the Board of Directors for a decision to be taken. During the General Meeting, requests and justifications therefore for items not on the agenda may be brought up before the meeting for discussion. A decision about these items, however, may not be taken until the next General Meeting after review by the Board of Directors.

Requests made within the realm of the agenda items do not need prior announcement.

Shares will be entered into the register up to 20 days before the General Meeting.

CHANGE IN CONTROL AND DEFENSIVE MEASURES

In the event of a change in control of the company, the employee options granted can be exercised without regard to the three to five year blocking period. Other than that, there are no special agreements concerning a change in control that would favor either the members of the Board of Directors or the Group Management or any other management members of the company.

The Articles of Association of incorporation make no special provision for "opting out" or "opting up" pursuant to article 22 BEHG of March 24, 1995 about stock exchange and stock trading.

AUDITORS

MANDATE — The General Meeting first appointed PricewaterhouseCoopers AG, Zürich, as its statutory auditor in April 2002. According to the Articles of Association of the company, the auditors must be newly appointed or confirmed each year by the General Meeting. The 2009 reporting year is the fourth year for the responsible lead auditor Matthias von Moos. Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not hold office for more than seven years. Matthias von Moos will therefore be allowed to serve as responsible lead auditor until the end of the 2012 financial year at the latest.

AUDIT FEE — The total audit fees billed by the auditing company in the reporting year 2009 amounted to TCHF 1,394.

ADDITIONAL FEES — The total sum of additional fees mainly related to tax and EDP consulting, billed by the audit company in the reporting year 2009 totalled TCHF 307.

SUPERVISORY AND CONTROLLING BODIES — Supervision and control with respect to the performance of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the whole Board of Directors in this task. The committee also ensures that the ongoing communication with the auditors is intact. It regularly discusses with their representatives the results of the audit activities in the areas of control and accounting activities as well as the suitability of the internal control systems.
In the year under review 2009, the auditors twice attended a meeting of the Audit Committee. Direct access for the auditors to the Audit Committee is granted at all times. Information about the organization and the scope of duties can be found on page 37 of this Annual Report.

SHAREHOLDER INFORMATION

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

End of January	Net sales of the previous year
Mid-March	Income statement and full-year results
End of April	Annual General Meeting
End of August	Half-year report

For details refer to "Information" on the cover.

The statutory publication is the Swiss Official Gazette of Commerce "Schweizerisches Handelsamtsblatt." In addition, information about the company is published and analyzed by the Swiss and international media and by leading international banks.

All company information is also available on the Internet under "Investor Relations" at the Web site www.lindt.com. Company press releases can also be consulted on that Web site (http://www.lindt.com/int/swf/eng/investor-relations/). Both the annual and the interim reports can be obtained in hardcopy and free of charge at the Group's headquarters, Seestrasse 204, 8802 Kilchberg. For further information contact the investor relations department, phone + 41 44 716 25 37 or e-mail investors@lindt.com.

WINTER

Snow falls softly. It leaves a white covering over the world, a soft blanket that gently crunches under each footstep. Hare tracks intersect and eventually disappear into wood groves. It is the season of togetherness and hospitality. A fire crackles in the grate and the fragrances of Christmas fill the air. Outside, it's crisp and cold, and inside frost patterns begin to decorate the windows.

SPICES – DISCOVERIES FROM ALL OVER THE WORLD

Spices have always played a key role in creative cooking. Kings and emperors had the finest and most exotic specialties brought to them from all over the world and considered them as valuable as gold. Closing your eyes on a frosty winter's day conjures up smells of warming spices such as cloves, cinnamon and cardamon; an unmistakable sign that Advent has arrived. The intense fragrances and flavors require subtle and artistic hands. In combination with selected chocolate, they fire the creativity of every LINDT Maître Chocolatier. Looking ahead with excitement to the forthcoming celebrations, Santa Claus and reindeer put on their finest garments and the LINDT range is presented in its festive splendor.

In a truly seasonal touch, special winter flavors are available such as the popular nuts in nougat and milk chocolate with a hint of cinnamon and coriander.

FINANCIAL REPORT

OF THE LINDT & SPRÜNGLI GROUP

CONSOLIDATED STATEMENTS OF THE LINDT & SPRÜNGLI GROUP

FINANCIAL STATEMENTS OF CHOCOLADEFABRIKEN LINDT & SPRÜNGLI AG

FINANCIAL AND OTHER INFORMATION

CONSOLIDATED BALANCE SHEET

		December 31, 2009		December 31, 2008	
	Note	CHF million	%	CHF million	%
ASSETS					
Property, plant and equipment	7	834.2		839.4	
Intangible assets	8	17.9		13.4	
Financial assets	9	84.0		80.0	
Deferred tax assets	10	4.1		2.9	
Total non-current assets		**940.2**	**38.0 %**	**935.7**	**38.8 %**
Inventories	11	424.6		437.9	
Accounts receivable	12	656.0		709.5	
Other receivables		62.9		70.3	
Accrued income		9.0		19.3	
Derivative assets	13	8.2		33.9	
Marketable securities	14	7.9		11.3	
Cash and cash equivalents	15	367.2		192.0	
Total current assets		**1,535.8**	**62.0 %**	**1,474.2**	**61.2 %**
Total assets		**2,476.0**	**100.0 %**	**2,409.9**	**100.0 %**
LIABILITIES					
Share and participation capital	16	22.8		22.7	
Treasury stock		–29.5		–0.8	
Retained earnings and other reserves		1,624.4		1,457.1	
Total shareholders' equity		**1,617.7**	**65.3 %**	**1,479.0**	**61.4 %**
Loans	17	1.1		0.8	
Deferred tax liabilities	10	25.6		29.0	
Pension liabilities	18	135.6		132.0	
Other non-current liabilities		10.7		9.8	
Provisions	19	47.9		34.1	
Total non-current liabilities		**220.9**	**8.9 %**	**205.7**	**8.5 %**
Accounts payable to suppliers	20	172.7		168.5	
Other accounts payable		37.9		32.4	
Current tax liabilities		30.3		30.2	
Accrued liabilities	21	364.3		332.7	
Derivative liabilities	13	13.4		67.5	
Bank and other borrowings	17	18.8		93.9	
Total current liabilities		**637.4**	**25.8 %**	**725.2**	**30.1 %**
Total liabilities		**858.3**	**34.7 %**	**930.9**	**38.6 %**
Total liabilities and shareholders' equity		**2,476.0**	**100.0 %**	**2,409.9**	**100.0 %**

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

CONSOLIDATED INCOME STATEMENT

		2009		2008 [1]	
	Note	CHF million	%	CHF million	%
INCOME					
Sales		2,524.8	100.0%	2,573.2	100.0%
Other income	22	13.9		11.7	
Total income		**2,538.7**	**100.6%**	**2,584.9**	**100.4%**
EXPENSES					
Material expenses		–905.6	–36.0%	–957.6	–37.1%
Changes in inventories		–7.2	–0.3%	36.4	1.4%
Personnel expenses	23	–571.8	–22.6%	–544.6	–21.2%
Operating expenses		–672.0	–26.6%	–658.6	–25.6%
Depreciation, amortization and impairment	7, 8	–117.3	–4.6%	–99.3	–3.9%
Total expenses		**–2,273.9**	**–90.1%**	**–2,223.7**	**–86.4%**
Operating profit		264.8	10.5%	361.2	14.0%
Income from financial assets	24	5.4		10.1	
Expense from financial assets	24	–7.2		–20.6	
Income before taxes		263.0	10.4%	350.7	13.6%
Taxes	25	–69.9		–89.2	
Net income		**193.1**	**7.6%**	**261.5**	**10.2%**
Attributable to shareholders		193.1		261.5	
Non-diluted earnings per share/10 PC (in CHF)	26	850.9		1,157.5	
Diluted earnings per share/10 PC (in CHF)	26	850.9		1,140.4	

1) 2008 comparatives have been adjusted. See note 2.

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

STATEMENT OF COMPREHENSIVE INCOME

	2009			2008		
CHF million	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Net income	193.1	–	193.1	261.5	–	261.5
Other comprehensive income and losses						
Hedge accounting	29.0	–2.7	26.3	–25.9	1.7	–24.2
Unrealized gains/(losses) on available-for-sale financial assets	0.647	–0.047	0.6	–	–	–
Currency translation	5.6	–	5.6	–106.4	–	–106.4
Total comprehensive income/(loss)	**228.3**	**–2.7**	**225.6**	**129.2**	**1.7**	**130.9**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	Share-/PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	Share-holders' equity
Balance as at January 1, 2008	**22.4**	**0.0**	**283.1**	**–1.7**	**1,072.5**	**13.0**	**1,389.4**
Total comprehensive income/(loss)				–24.2	261.5	–106.4	130.9
Capital increase [1]	0.265		24.0				24.3
Purchase of own shares [2]		–0.8					–0.8
Share-based payment [3]					10.1		10.1
Distribution of profits					–74.9		–74.9
Balance as at December 31, 2008	**22.7**	**–0.8**	**307.1**	**–25.9**	**1,269.2**	**–93.4**	**1,479.0**
Total comprehensive income/(loss)				26.3	193.7	5.6	225.6
Capital increase [1]	0.141		13.3				13.4
Purchase of own shares [4]		–29.9					–29.9
Sale of own shares [5]		1.3					1.3
Share-based payment [3]					10.7		10.7
Distribution of profits					–82.4		–82.4
Balance as at December 31, 2009	**22.8**	**–29.5**	**320.4**	**0.4**	**1,391.4**	**–87.8**	**1,617.7**

1) All directly attributable transaction costs are netted against the premium realized on exercise of options (2009: TCHF 192, 2008: TCHF 403).
2) The Group acquired eight and 22 of its own registered shares on September 29 and October 14, 2008, respectively. The amount per share paid to acquire the shares was CHF 29,667 and CHF 27,355, respectively.
3) For options granted after November 7, 2002, the expenses are charged to the income statement in a straight proportion to the option's expected period of expiry. The recorded expenses amount to CHF 10.7 million (CHF 10.1 million in 2008). The assumptions to calculate the expenses are disclosed in note 28 of the notes to the consolidated financial statements.
4) 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.
5) The Group sold 13 and 37 of its own registered shares on April 22, 2009, and November 4, 2009, at an average sales price of CHF 22,300 and CHF 26,862 per share, respectively. The gain on sale of TCHF 22 has been recognized in shareholders' equity.

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

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Note	2009	2009	2008	2008
Net income		193.1		261.5	
Depreciation, amortization and impairment	7, 8, 14	117.3		104.6	
Changes in provisions and value adjustments		7.5		–9.4	
Decrease (+)/increase (–) of accounts receivable		71.3		21.9	
Decrease (+)/increase (–) of inventories		15.3		–52.5	
Decrease (+)/increase (–) of prepayments and other receivables		6.0		–6.6	
Decrease (+)/increase (–) of accrued income		20.2		–10.3	
Decrease (–)/increase (+) of accounts payable		2.6		–46.2	
Decrease (–)/increase (+) of other payables and accrued liabilities		34.9		–11.0	
Non-cash effective items		1.9		42.7	
Cash flow from operating activities (operating cash flow)			**470.1**		**294.7**
Investments in property, plant and equipment	7	–115.2		–193.7	
Disposals of property, plant and equipment		0.9		0.4	
Investments in intangible assets	8	–8.3		–4.9	
Disposals (+)/investments (–) in financial assets		–1.0		–0.8	
Marketable securities					
Investments		–9.3		–9.7	
Disposals		14.0		28.7	
Cash flow from investment activities			**–118.9**		**–180.0**
Proceeds from borrowings		–		56.6	
Repayments of bonds/borrowings	17	–77.5		–105.1	
Repayments of loans		–0.1		–2.5	
Capital increase (including premium)	16	13.4		24.3	
Purchase of treasury stock		–29.9		–0.8	
Sale of treasury stock		1.3		–	
Dividends paid to shareholders		–82.4		–74.9	
Cash flow from financing activities			**–175.2**		**–102.4**
Net increase (+)/decrease (–) in cash and cash equivalents			**176.0**		**12.3**
Cash and cash equivalents as at January 1	**15**	**192.0**		**189.1**	
Exchange gains/(losses) on cash and cash equivalents		**–0.8**	**191.2**	**–9.4**	**179.7**
Cash and cash equivalents as at December 31	**15**		**367.2**		**192.0**
Interest received from 3rd parties[1]			4.1		10.6
Interest paid to 3rd parties[1]			7.0		12.9
Income tax paid[1]			81.0		75.0

1) Included in cash flow from operating activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS ACTIVITIES AND GROUP COMPANIES

Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries manufacture and sell premium chocolate products. The products are sold under the brand names Lindt, Ghirardelli, Caffarel, Hofbauer and Küfferle. Worldwide the Group has eight manufacturing plants (six in Europe and two in the United States) and sells mainly in countries within Europe and the NAFTA countries.

The Company is a limited liability company incorporated and domiciled in Kilchberg ZH, Switzerland.

The Company is listed on the SIX Swiss Exchange (ISIN number: registered shares CH0010570759, participation certificates CH0010570767).

These consolidated financial statements were approved for publication by the Board of Directors on March 4, 2010.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2009, are:

Country	Domicile	Subsidiary	Business activity	Percentage of ownership	Currency	Capital in million
Switzerland	Kilchberg	Chocoladefabriken Lindt & Sprüngli (Schweiz) AG	P & D	100 %	CHF	10.0
		Indestro AG [1]	M	100 %	CHF	0.1
		Lindt & Sprüngli (International) AG [1]	M	100 %	CHF	0.2
		Lindt & Sprüngli Financière AG [1]	M	100 %	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH [1]	P & D	100 %	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P & D	100 %	EUR	13.0
Italy	Induno	Lindt & Sprüngli SpA [1]	P & D	100 %	EUR	5.2
	Luserna	Caffarel SpA	P & D	100 %	EUR	2.2
Great Britain	London	Lindt & Sprüngli (UK) Ltd. [1]	D	100 %	GBP	1.5
USA	Stratham, NH	Lindt & Sprüngli (USA) Inc. [1]	P & D	100 %	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P & D	100 %	USD	0.1
Spain	Barcelona	Lindt y Sprüngli (España) SA	D	100 %	EUR	3.0
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H. [1]	P & D	100 %	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o. [1]	D	100 %	PLN	7.0
Canada	Toronto	Lindt & Sprüngli (Canada) Inc. [1]	D	100 %	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd. [1]	D	100 %	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV [1]	D	100 %	MXN	218.1
Sweden	Stockholm	Lindt & Sprüngli (Sweden) AB [1]	D	100 %	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (Czechia) s.r.o. [1]	D	100 %	CZK	0.2
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd.	D	100 %	HKD	0.5
Guernsey	St. Peter Port	Lindt & Sprüngli (Finance) Ltd.	M	100 %	EUR	0.1

D – Distribution, P – Production, M – Management
1) Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.

2. ACCOUNTING PRINCIPLES

BASIS OF PREPARATION — The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG (Lindt & Sprüngli Group) were prepared in accordance with International Financial Reporting Standards (IFRS).

With the exception of the marketable securities and the derivative financial instruments, which are recognized at fair value, the consolidated financial statements are based on historical costs.

When preparing the financial statements, Management makes estimates and assumptions that have an impact on the disclosed assets and liabilities in the report, the disclosure of contingent assets and liabilities as at closing date of the financial statements and the disclosed expenses and income in the reporting period. The actual results may differ from these estimates.

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 these consolidated statements: 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 resulted in 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. Lindt & Sprüngli assessed the potential impact of new standards and interpretations which became or will become effective after January 1, 2010. Lindt & Sprüngli concluded that with the exception of IFRS 9 – Financial Instruments – Classification and Measurement none of the standards or interpretations which have been published by the time of the release of these consolidated financial statements will have a significant effect on the Group's result and financial position. IFRS 9 must to be adopted by January 1, 2013. This standard will change the classification and measurement of financial instruments and hedging requirements.

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 these consolidated financial statements as at December 31, 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 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 – December 2008 [1]	Adjusted January – December 2008	Change
Sales	2,937.3	2,573.2	–364.1
Other income	11.7	11.7	–
			–
Total income	**2,949.0**	**2,584.9**	**–364.1**
Material expenses	–957.6	–957.6	–
Changes in inventories	36.4	36.4	–
Personnel expenses	–544.6	–544.6	–
Operating expenses	–1,022.7	–658.6	364.1
Depreciation, amortization and impairment	–99.3	–99.3	–
Total expenses	**–2,587.8**	**–2,223.7**	**364.1**
Operating profit	361.2	361.2	–
Income from financial assets	10.1	10.1	–
Expense from financial assets	–20.6	–20.6	–
Income before taxes	350.7	350.7	–
Taxes	–89.2	–89.2	–
Net income	**261.5**	**261.5**	**–**

1) As originally published in the consolidated financial statements 2008.

CONSOLIDATION METHOD — The consolidated financial statements include the accounts of the parent company and all the entities it controls (subsidiaries) up to December 31 of each year. An entity is controlled if the parent company has the possibility to govern its financial and operating policies and as a result realises an economic benefit.

At the time an entity is acquired, the subsidiary's assets, liabilities and contingent liabilities are valued at fair value. If the purchase price exceeds the fair value of the identifiable net assets, the difference is reported as goodwill. Negative goodwill exists when the acquisition price is below the fair value of the net assets; this is reflected in the income statement in the financial year of the business combination. The shares acquired of minority interests are disclosed pro rata as part of the fair value of recorded assets and liabilities.

The results of subsidiaries acquired or sold during the year are included in the Group's income statement when the acquisition or the sale takes place.

Intercompany receivables and liabilities, as well as expenses and income are offset against each other. Unrealised profits resulting from intercompany transactions are fully eliminated. The reporting and valuation methods of the subsidiaries are – if necessary – changed so that a single method is applied to the entire Group's balance sheet.

FOREIGN CURRENCY TRANSLATION

Functional currency and reporting currency — The subsidiaries prepare their financial statements in the currency of the primary economic environment in which the entity operates, the so-called functional currency. The consolidated financial statements are presented in Swiss francs, which is the Group's reporting currency.

Business transactions and balances — Foreign currency transactions are translated into the functional currency at the rates valid at the date of transaction. Currency gains and losses resulting from these transactions or from the conversion of foreign exchange positions are reflected in the income statement. In order to hedge against currency risks, the Group engages in currency forwards and options trading. The methods of recording and evaluating these derivative financial instruments in the balance sheet are explained below.

Subsidiaries — All subsidiaries, which use a functional currency other than the Swiss franc (CHF), are translated into the Group's reporting currency as follows (none of the subsidiaries use a highly inflationary currency):

- Assets and liabilities of the entities are translated at the closing rate at balance sheet date.
- Income and expenses are translated at a weighted yearly average exchange rate.
- All resulting translation differences are disclosed in a separate category of shareholders' equity not affecting operating result ("currency translation").

Differences of exchange resulting from the translation of loans to be considered as net investments in foreign entities at the time of consolidation, are initially recorded separately in shareholders' equity. In the financial year of the disposal, currency translation differences are recorded as part of the proceeds or losses from sales.

Foreign exchange rates — The following exchange rates were applied for the Group's foreign currencies:

		Balance sheet year-end rates		Income statement average rates	
		2009	2008	2009	2008
Euro zone	1 EUR	1.49	1.49	1.51	1.57
USA	1 USD	1.03	1.06	1.07	1.10
Great Britain	1 GBP	1.66	1.53	1.68	1.99
Canada	1 CAD	0.98	0.87	0.96	1.00
Australia	1 AUD	0.93	0.73	0.86	0.90
Poland	100 PLN	36.04	35.76	35.15	44.30
Mexico	100 MXN	7.88	7.68	7.98	9.47
Sweden	100 SEK	14.47	13.63	14.30	16.27
Czech Republic	100 CZK	5.62	5.59	5.74	6.21

PROPERTY, PLANT AND EQUIPMENT — Property, plant and equipment are valued at historical cost, less the accumulated depreciation. The assets are depreciated using the straight-line method over the period of their expected useful economic life.

Historical cost includes all costs associated with the acquisition. Subsequent costs increasing the value of an asset are, depending on the case, either recorded in the book value of the asset or as a separate asset, to the extent that it can be assumed that it is likely that the Group will benefit from it in the future and that its costs can be calculated in a reliable manner. All other repair or maintenance costs are reflected in the income statement in the year of their occurrence.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down their cost to their residual values. The following useful lives have been applied:

- Buildings (incl. installations): 5 – 40 years
- Machinery: 10 – 15 years
- Other fixed assets: 3 – 8 years

Profits and losses from disposals are recorded in the income statement.

INTANGIBLE ASSETS

Software — Acquired computer software licences, as well as development costs, are capitalized with the costs incurred to bring the software to use. The capitalized costs are depreciated using the straight-line method over the period of the economic useful life (three to five years).

IMPAIRMENT — The Group records the difference between the realisable value and the book value of fixed assets, goodwill or intangible assets as impairment. The valuation is made for an individual asset or, if this is not possible, on a group of assets to which separate sources of cash flows are allocated. In order to appraise the future benefits, the expected future cash flows are discounted.

LEASING — Leasing agreements are classified as finance leases if the leasing conditions transfer most risks and benefits resulting from ownership to the lessee. All other leasing agreements are classified as operating leases.

Assets held under finance leasing agreements are recorded at the lower of fair value and the net present value of the minimum leasing rates in the balance sheet. The resulting liabilities towards the lessor are recorded as payables to finance leases. The leasing rates are spread in proportion to the interest expense and the decrease in leasing liabilities, thus generating a constant interest rate for the remaining balance of the liabilities for each reporting period.

Payments made under operating leases (net of any incentives received or expected from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

INVENTORIES — Inventories are valued at the lower of cost and net realisable value. Costs include all direct material and production costs, as well as overhead, which are incurred in order to bring inventories to their current location and condition. Costs are calculated using the FIFO method. Net realisable value equals the estimated selling price in the ordinary course of business less cost of goods produced and applicable variable selling expenses.

CASH AND CASH EQUIVALENTS — Cash and cash equivalents includes cash on hand, cash in bank, other short-term highly liquid investments with an original maturity period of up to three months.

FINANCIAL ASSETS — The Group classifies its financial assets into four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. At each balance sheet date, Management re-assesses the classification of its investments at initial recording.

Financial assets at fair value through profit or loss — This category of financial assets is subdivided into the following two categories:

– financial assets held for trading and
– those designated "at fair value through profit or loss" at the time of acquisition

Financial assets are allocated to this category if they were acquired with the intention to be sold in the short term or if Management categorized them as such voluntarily. Derivative financial instruments are also allocated to the category "at fair value through profit or loss" unless they are designated as hedging transactions. Financial assets allocated to this category are disclosed as short-term assets unless they belong to the category "held for trading" or it is expected that they will be sold within a maximum of twelve months after the balance sheet date.

Loans and receivables — Loans and receivables are considered non-derivative financial assets with fixed and determinable payments and for which no quoted market rate exists in an active market. They include credit loans and trade receivables in as far as they are not intended for resale (otherwise they are to be allocated to "available for sale"). Loans and receivables are categorized as short-term assets, unless their remaining post-balance sheet date life exceeds twelve months. Within the reporting period all loans and receivables have been accounted for as short-term commitments; they were included in the balance sheet items "accounts receivable" and "other receivable." Value adjustments are made to outstanding receivables for which repayment is considered doubtful.

Financial investments held to maturity — Financial investments held to maturity are non-derivative financial assets with fixed and determinable payments and maturities and for which Management has the intention – and the possibility – to hold until their final maturity elapses.

"Available for sale financial assets" — The category "available for sale" consists of non-derivative financial assets which either cannot be allocated to any other category or which are allocated to this category voluntarily. They are disclosed as long-term assets, unless Management intends to sell them within the twelve months following the balance sheet date.

Purchases and sales of financial assets are recorded on trade-date – the date on which the Group has committed to buy or sell the asset. Investments in financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried “at fair value through profit or loss.” The derecognition of a financial investment occurs at the moment when the right to receive future cash flows from the investment expires or have been transferred to a 3rd party and the Group has transferred substantially all risks and benefits of ownership. Financial investments categorized as “available-for-sale” and “at fair value through profit or loss” are valued at fair value. “Loans and receivables” and “held-to-maturity” investments are valued at amortized cost using the effective interest method. Realised and unrealised profits and losses arising from changes in the fair value of financial investments categorized as “fair value through profit or loss” are reflected in the income statement in the reporting period, in which they occur.

The fair value of listed investments is defined by using the current paid or, if not available, bid price. If the market for a financial asset is not active and / or the security is unlisted, the Group can determine the fair value by using valuation procedures. These are based on recent arm’s length transactions, reference to similar financial instruments, the discounting of the future cash flows and the application of the option pricing models.

Available-for-sale financial assets, which have a market value of more than 40 % below their original costs, or are, for a sustained 18-month period, below their original costs, are considered as impaired and the accumulated fair value adjustment in equity will be recognized in the income statement. Impairment losses recognized in the income statement for an investment in an equity instrument classified as “available-for-sale” shall not be reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as “available-for-sale” increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss shall be reversed in the income statement.

PROVISIONS — Provisions are recognized when the Group has a legal or constructive obligation arising from a past event, where it is likely that there will be an outflow of resources and a reasonable estimate can be made thereof.

DIVIDENDS — In accordance with Swiss law and the Company’s Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid.

BORROWINGS — Borrowings are recognized initially when the Group commits to a contract and records the amount of the proceeds (net of transaction costs) received. Borrowings are then valued at amortized cost using the effective interest method. The amortized cost consists of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the difference possible between the original amount and the amount due at maturity). Profits or losses are recognized in the income statement as a result of amortization or when a borrowing is written off. A borrowing is written off when it is repaid, abandoned or it expires.

EMPLOYEE BENEFITS — The expense and defined benefit obligations for the significant defined benefit plans and other long-term employee benefits in accordance with IAS 19 are determined using the Projected Unit Credit Method. This takes into account insurance years up to the valuation date. Valuation of defined benefit obligations for the material benefit plans is carried out yearly, for the other plans periodically. Valuation of pension assets is done annually, at market value.

Current service costs are recorded in the income statement for the period in which they are incurred.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments in excess of the greater of 10 % of the value of plan assets or 10 % of the defined benefit obligation are charged or credited to income over the employees’ expected average remaining working lives.

The limitation of the pension asset is calculated according to the requirements of IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions.

REVENUE RECOGNITION — Revenue consists of delivery of goods and services to 3rd parties net of value-added taxes and minus price reductions and all payments to trade partners with the exception of payments for distinctly and clearly identifiable services, rendered by trade partners, which could also be rendered by 3rd parties at comparable costs. Revenue is to be recorded in the income statement once the risks and rewards of the goods are transferred to the buyer. For goods returned or other types of payments regarding the sales, adequate accruals are recorded.

Interest income is recognized on an accrual basis, taking into consideration the outstanding sums lent and the actual interest rate to be applied.

Dividend income resulting from financial investments is recorded upon legal entitlement to payment of the share owner.

OPERATING EXPENSES — Operating expenses include marketing, distribution and administrative expenses. Trade promotion payments, for which distributors or retailers perform clearly identifiable services, are not deducted from sales but are disclosed as marketing expenses.

BORROWING COSTS — Interest expenses incurred from borrowings, used to finance the construction of fixed assets, are capitalized for the period in which it takes to build the asset for its intended purpose. All other borrowing costs are immediately expensed in the income statement.

TAXES — Taxes are based on the yearly profit and include non-refundable taxes at source levied on the amounts received or paid for dividends, interest and licence fees. These taxes are levied according to a country's directives.

Deferred income taxes are accounted for according to the Balance-Sheet-Liability Method, on temporary differences arising between the tax and IFRS bases of assets and liabilities. In order to calculate the deferred income taxes, the legal tax rate in use at the time is applied.

Deferred tax assets – for unutilized tax losses – are recorded to the extent that it is probable that future taxable profit is likely to be achieved against which the temporary differences can be offset.

RESEARCH AND DEVELOPMENT COSTS — Research and development costs are fully expensed in the income statement in the year in which they are incurred. Development costs for new products are not capitalized because the certainty of a future economic benefit is only proven once the newly developed products have been introduced to the market.

SHARE-BASED PAYMENTS — In compliance with the transitional directives, IFRS 2 was applied to all equity instruments granted after November 7, 2002. The Group grants several employees options on officially listed participation certificates. These options have a blocking period of three to five years and a maximum maturity of seven years. The options expire once the employee leaves the company. Cash settlements are not allowed. The disbursement of these equity instruments is valued at fair value at grant date. The fair value determined at grant date is recorded in a straight-line method over the vesting period. This is based on the estimated number of participation certificates, which entitles a holder to additional benefits. The fair value was defined with the help of the binomial model used to determine the price of the options. The anticipated maturity period included the conditions of the employee option plan, such as the blocking period and the non-transferability.

On April 1, 2009, the vesting conditions for 5,000 of the 37,205 outstanding options, granted in 2009, have been modified. All the other parameters, especially the blocking periods of three, four and five years, as well as the exercise price of CHF 1,543, remained unchanged. Based on the modification, the total fair value of these options must be directly charged to the income statement in the period under review and cannot be spread over three years. This impact increased the expenses for share-based payment in 2009 by CHF 1.3 million and will relieve the expenses for the following years.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES — Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivative financial instruments as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (securing the cash flow).

At the beginning of the business transaction, the Group documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in fair value of derivatives, which are designated and qualify as cash flow hedges, is accounted for in equity. Profit and loss from the ineffective portion of the value adjustment are recognized immediately in the income statement.

Amounts accumulated in equity are recognized in the income statement in the same reporting period when the hedged item affects profit and loss.

Critical accounting estimates and judgements — The "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" is disclosed as a pension fund according to IAS 19.48 (defined benefit pension plan). The fund takes over disbursements to employees who take early retirement and the inflationary adjustment on pension payments as well as a part of the contributions of the employer and employees to Swiss pension funds related to the defined pension plans. The plan assets of the fund cannot be repatriated to the Company. The future obligations, as well as the benefits, were calculated according to the rules stipulated in IAS 19. The recorded assets comply with the requirements of IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions. As at December 31, 2009, the calculated benefit amounted to CHF 78.2 million (CHF 74.9 million in 2008) and is disclosed in the item "Financial Assets" (see note 9).

3. RISK MANAGEMENT

Due to its global activity, the Group is exposed to a number of risks: strategic, operational and financial. Within the scope of the annual risk management process, the individual risk positions are classified into these three categories, where they are assessed, limited and assigned to authorities.

In view of the existing and inevitable strategic and operating risks of the core business, Management's objective is to minimize the impact of the financial risks on the operating and net profit for the reporting period.

FINANCIAL RISK MANAGEMENT — The Group is exposed to financial risks. The financial instruments are divided, in accordance with IFRS 7, into the following categories: market risks (exchange rates, interest rates and commodities), credit risks and liquidity risks. The central treasury department (Corporate Treasury) is responsible for the coordination of risk management and works closely with the operational Group companies. The decentralized Group structure gives strong autonomy to the individual operational Group companies, particularly with regard to the management of exchange rate and commodity risks. The risk policies issued by the Audit Committee serve as guidelines for the entire risk management.

Centralized systems, specifically for the regular recording and consolidation of the Group-wide foreign exchange and commodity positions, as well as regular internal reporting, ensure that the risk positions can be consolidated and managed in a timely manner despite the Group's decentralized management system. The Group only engages in derivative financial transactions if a highly probable forecast transaction or a recognized asset or liability exists.

Market risks

Exchange rate risks — The Group's reporting currency is the Swiss franc, which is exposed to fluctuations in foreign exchange rates, primarily with respect to the Euro, the various dollar currencies and Pound Sterling. Foreign exchange rate risk is not generated from sales, since the operational Group companies invoice in their local functional currencies. On the other hand, the Group is exposed to exchange rate risk on trade payables for goods and services. These transactions are hedged to a great extent using forward currency contracts. The operational Group companies transact all currency instruments with Corporate Treasury, which hedges net positions by means of financial instruments with credit-worthy financial institutes (short-term rating A1 / P1).

Since the operational Group companies transact the majority of their transactions in their own functional currencies and any remaining non-functional currency-based transactions are hedged with currency forward contracts, the exchange rate risk at balance sheet date is not material. The changes, in exchange rates, include the fair value of the currency forward contracts since entering into the contract and are recognized in accordance with IAS 39.

Interest rate risk — Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period and currency of the liquid funds on a continuous basis. Corporate Treasury may use derivative financial instruments in order to manage the interest rate risk of balance sheet assets and liabilities and future cash flows. As of December 31, 2009, there were no material transactions.

The most material financial assets as of December 31, 2009 and 2008, are not interest-bearing. Therefore no material sensitivities exist on these positions. A part of the financial assets as of December 31, 2009 and 2008, bears variable interest rates. No material sensitivities exist on these positions.

Commodity price risk — The Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climatic conditions, seasonal conditions, seasonal demand and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. In exceptional market conditions, commodity futures are also used; however, they are only processed centrally by Corporate Treasury. The commodity futures of cocoa beans of a necessary quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and so can be at various levels throughout the year. Based on the existing contract volume as of December 31, 2009 and 2008, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IAS 39.

Credit risks — Credit risks occur when a counterparty, such as a supplier, a client or a financial institute is unable to fulfil its contractual duties. This risk is minimized since the operational Group companies have implemented standard processes for defining lending limits for clients and suppliers, and monitor adherence to these processes on an ongoing basis. Due to the geographical spread of the turnover and the large number of clients, the Group's concentration of risk is limited. Financial credit risks are limited by investing (liquid funds and / or derivative financial instruments) with various lending institutions holding a short-term A1 / P1-rating only. The maximum risk of loss of balance assets is limited to the carrying values of those assets, as reflected in the notes to the financial statements (including derivative financial instruments).

Liquidity risks — Liquidity risk exists when the Group or a Group company does not settle or meet its financial obligations (untimely repayment of financial debt, payment of interest). The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity as well as an investment policy coordinated by Corporate Treasury. Liquidity, which the Group defines as the net liquidity position (cash and cash equivalents, marketable securities less borrowings), is continually monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2009, the net liquidity position amounted to CHF 356 million (CHF 109 million in 2008). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings based on the remaining periods, as at December 31, 2009 and 2008, of the contractual maturity date:

CHF million December 31, 2009	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	Total
Loans	–	–	0.7	0.4	1.1
Other long-term borrowings	–	–	2.7	8.0	10.7
Accounts payable	172.4	0.3	–	–	172.7
Other accounts payable	36.5	1.2	0.1	0.1	37.9
Derivative liabilities	9.1	3.4	0.9	–	13.4
Bank and other borrowings	18.3	0.5	–	–	18.8
Total contractually fixed payments	**236.3**	**5.4**	**4.4**	**8.5**	**254.6**

CHF million December 31, 2008	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	Total
Loans	–	–	0.5	0.3	0.8
Other long-term borrowings	–	–	2.7	7.1	9.8
Accounts payable	167.5	1.0	–	–	168.5
Other accounts payable	30.3	1.9	0.1	0.1	32.4
Derivative liabilities	14.7	52.8	–	–	67.5
Bank and other borrowings	82.3	11.6	–	–	93.9
Total contractually fixed payments	**294.8**	**67.3**	**3.3**	**7.5**	**372.9**

4. CAPITAL MANAGEMENT

The goal of the Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment.

The Group monitors its capital based on the ratio of shareholders' equity in percentage to total assets, which was 65.3 % as of December 31, 2009 (61.4 % in 2008). As of December 31, 2009, the goals and procedures related to capital management have not been changed compared to the previous year.

5. SEGMENT INFORMATION: ACCORDING TO GEOGRAPHIC SEGMENTS

The management of the Group is organised by means of companies of individual countries. For the definition of business segments to be disclosed, the Group has aggregated companies of individual countries on the basis of similar economic structures (foreign exchange risks, growth perspectives, element of an economic area), similar products and trade landscapes 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 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 INCOME

	Segment Europe		Segment NAFTA		All other Segments		**Total**	
CHF million	2009	2008	2009	2008	2009	2008	2009	2008
Sales	1,779.0	1,867.1	683.6	655.5	277.7	281.3	2,740.3	2,803.9
./. Sales between segments	212.2	227.1	3.3	3.6	–	–	215.5	230.7
3rd party sales	1,566.8	1,640.0	680.3	651.9	277.7	281.3	2,524.8	2,573.2
Operating profit	207.8	270.9	24.9	40.5	32.1	49.8	264.8	361.2
Net financial result							–1.8	–10.5
Income before taxes							263.0	350.7
Taxes							–69.9	–89.2
Net income							**193.1**	**261.5**

The following subsidiaries achieved Group-wide the highest sales turnover in 2009:
- Chocoladefabriken Lindt & Sprüngli GmbH, Germany — CHF 466.3 million
- Lindt & Sprüngli SAS, France — CHF 327.7 million
- Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Switzerland — CHF 313.5 million

BALANCE SHEET AND OTHER INFORMATION

	Segment Europe		Segment NAFTA		All other Segments		**Total**	
CHF million	2009	2008	2009	2008	2009	2008	2009	2008
Assets [1)]	1,895.8	1,875.9	482.2	447.4	98.0	86.6	2,476.0	2,409.9
Liabilities [1)]	693.0	752.9	106.8	69.5	58.5	108.5	858.3	930.9
Investments	71.0	139.6	49.5	56.5	3.0	2.5	123.5	198.6
Depreciation and amortization	71.6	69.2	23.4	23.6	1.3	0.8	96.3	93.6
Impairment	14.8	2.0	5.6	3.7	0.6	–	21.0	5.7

1) Assets and liabilities which cannot be clearly allocated to a particular segment are disclosed in the category "All other Segments."

The following subsidiaries held Group-wide the greatest portion of fixed and intangible assets in 2009:
- Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Switzerland — CHF 189.5 million
- Chocoladefabriken Lindt & Sprüngli GmbH, Germany — CHF 156.9 million
- Lindt & Sprüngli (USA) Inc. USA, — CHF 136.1 million
- Lindt & Sprüngli SpA, Italy — CHF 125.0 million
- Ghirardelli Chocolate Company, USA — CHF 100.8 million

6. FINANCIAL INSTRUMENTS, FAIR VALUE AND HIERARCHY LEVELS

The following table shows the carrying values and fair values of financial instruments recognised in the consolidated balance sheet analyzed by categories and hierarchy levels at year-end:

		2009		2008	
CHF million	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Loans and receivables					
Cash and cash equivalents		367.2	367.2	192.0	192.0
Accounts receivable		656.0	656.0	709.5	709.5
Other receivables		50.3	50.3	57.6	57.6
Loans to 3rd parties		0.5	0.5	0.5	0.5
Total loans and receivables		**1,074.0**	**1,074.0**	**959.6**	**959.6**
Fair value through profit or loss					
Derivatives	1	3.7	3.7	9.4	9.4
Derivatives	2	4.5	4.5	24.5	24.5
Marketable securities	1	3.1	3.1	4.2	4.2
Total fair value through profit or loss		**11.3**	**11.3**	**38.1**	**38.1**
Available for sale					
Marketable securities	1	4.8	4.8	7.1	7.1
Investments 3rd parties	2	2.7	2.7	1.7	1.7
Total available for sale		**7.5**	**7.5**	**8.8**	**8.8**
Total financial assets		**1,092.8**	**1,092.8**	**1,006.5**	**1,006.5**
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	1.3	1.3	–	–
Derivatives	2	12.1	12.1	67.5	67.5
Total fair value through profit or loss		**13.4**	**13.4**	**67.5**	**67.5**
Loans and payables					
Loans		2.1	2.1	2.4	2.4
Other non-current liabilities		10.7	10.7	9.8	9.8
Accounts payable		172.7	172.7	168.5	168.5
Other accounts payable		37.9	37.9	32.4	32.4
Bank and other borrowings		17.8	17.8	92.4	92.4
Total loans and payables		**241.2**	**241.2**	**305.5**	**305.5**
Total financial liabilities		**254.6**	**254.6**	**373.0**	**373.0**

Level 1 – The fair value measurement of same financial instruments is based on quoted prices in active markets or dealer and supplier quotes.
Level 2 – The fair value measurement of same financial instruments is based on observable market data, other than quoted prices in Level 1.

7. PROPERTY, PLANT AND EQUIPMENT

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2009 Total
Acquisition costs as at January 1	685.6	851.1	162.4	107.3	1,806.4
Additions	21.4	44.2	13.0	36.6	115.2
Retirements	–14.7	–22.8	–10.6	–0.1	–48.2
Transfers	9.7	60.7	3.8	–76.7	–2.5
Currency translation	–2.4	–5.2	0.1	–0.4	–7.9
Acquisition costs as at December 31	699.6	928.0	168.7	66.7	1,863.0
Accumulated depreciation as at January 1	303.5	537.4	126.1	–	967.0
Additions	26.5	48.5	15.0	–	90.0
Impairments	11.5	9.1	–	–	20.6
Retirements	–13.2	–21.8	–10.5	–	–45.5
Transfers	–0.9	1.5	–0.6	–	–
Currency translation	–1.0	–2.3	–	–	–3.3
Accumulated depreciation as at December 31	326.4	572.4	130.0	–	1,028.8
Net fixed assets as at December 31	**373.2**	**355.6**	**38.7**	**66.7**	**834.2**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2008 Total
Acquisition costs as at January 1	690.1	838.6	169.6	73.9	1,772.2
Additions	33.7	66.1	15.7	78.2	193.7
Retirements	–4.2	–9.5	–8.5	–	–22.2
Transfers	14.6	22.9	0.4	–38.1	–0.2
Currency translation	–48.6	–67.0	–14.8	–6.7	–137.1
Acquisition costs as at December 31	685.6	851.1	162.4	107.3	1,806.4
Accumulated depreciation as at January 1	297.0	541.4	131.8	–	970.2
Additions	27.9	44.9	14.8	–	87.6
Impairments	2.8	2.5	0.1	–	5.4
Retirements	–4.2	–9.0	–8.4	–	–21.6
Transfers	–	0.6	–0.6	–	–
Currency translation	–20.0	–43.0	–11.6	–	–74.6
Accumulated depreciation as at December 31	303.5	537.4	126.1	–	967.0
Net fixed assets as at December 31	**382.1**	**313.7**	**36.3**	**107.3**	**839.4**

Advance payments of CHF 29.3 million (CHF 38.7 million in 2008) are included in the position construction in progress. The insurance value of property, plant and equipment amounts to CHF 2,218.1 million (CHF 2,163.8 million in 2008). No mortgages exist on land and buildings.

The impairment charge of CHF 20.6 million (CHF 5.4 million in 2008) consists mainly of writedowns of production equipment (CHF 9.8 million, CHF 2.6 million in 2008) and of fixed assets in own stores (CHF 0.6 million, CHF 2.8 million in 2008). In addition, 2009 includes an impairment charge on a warehouse in Italy amounting to CHF 10.2 million.

The net book value (NBV) of capitalized assets, under financial lease, amounted to CHF 1.8 million (CHF 1.4 million in 2008). Operating lease commitments are expensed immediately.

8. INTANGIBLE ASSETS

	EDP software and consultancy	
CHF million	2009	2008
Acquisition costs as at January 1	47.7	53.6
Additions	8.3	4.9
Retirements	–3.1	–5.5
Transfers	2.5	0.2
Currency translation	0.6	–5.5
Acquisition costs as at December 31	56.0	47.7
Accumulated amortization as at January 1	34.3	37.1
Additions	6.3	6.0
Impairments	0.4	0.3
Retirements	–3.1	–5.5
Currency translation	0.2	–3.6
Accumulated amortization as at December 31	38.1	34.3
Net intangible assets as at December 31	**17.9**	**13.4**

Research and development expenditures amounted to CHF 7.0 million (CHF 6.9 million in 2008) and are expensed immediately.

9. FINANCIAL ASSETS

CHF million	2009	2008
Prepaid pension funds [1]	80.8	77.8
Loans to 3rd parties	0.5	0.5
Investments 3rd parties (available for sale)	2.7	1.7
Total	**84.0**	**80.0**

1) See note 18.

10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The net value of deferred tax liabilities is as follows:

CHF million	2009	2008
At January 1	**26.1**	**27.4**
Currency translation	–0.5	–1.6
Deferred income tax expense	–14.3	10.3
Tax charged to equity	10.2	–10.0
At December 31	**21.5**	**26.1**

Deferred tax assets and liabilities have been generated from the following balance sheet positions:

CHF million	2009	2008
Deferred tax assets		
Property, plant and equipment and intangible assets	3.9	2.5
Pension assets and liabilities	17.0	16.1
Receivables	7.1	6.2
Inventories	8.3	6.8
Payables and accruals	18.6	10.3
Derivative assets and liabilities	2.2	17.6
Other	0.6	0.7
Deferred tax assets gross	57.7	60.2
Netting	–53.6	–57.3
Total	**4.1**	**2.9**
Deferred tax liabilities		
Property, plant and equipment and intangible assets	34.0	31.9
Pension assets and liabilities	25.6	23.9
Receivables	2.1	1.8
Inventories	6.0	5.0
Payables and accruals	8.7	7.8
Derivative assets and liabilities	2.6	15.8
Other	0.2	0.1
Deferred tax liabilities gross	79.2	86.3
Netting	–53.6	–57.3
Total	**25.6**	**29.0**
Net deferred tax	**21.5**	**26.1**

TAX LOSS CARRY-FORWARDS — Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred tax assets on tax loss carry-forwards. The expiration of tax loss carry-forwards are:

CHF million	2009	2008
Between one and five years	2.0	1.5
Between six and ten years	26.8	10.2
Over ten years	58.7	60.2
Total	**87.5**	**71.9**

Tax loss carry-forwards utilized in 2009 amounted to CHF 0.2 million (CHF 0.5 million in 2008).

11. INVENTORIES

CHF million	2009	2008
Raw material	90.4	75.8
Packaging material	71.0	79.9
Semi-finished and finished products	300.9	314.3
Value adjustment	–37.7	–32.1
Total	**424.6**	**437.9**

In 2009, CHF 4.5 million of the value adjustment as of end 2008 has been released to the benefit of the profit and loss.

12. ACCOUNTS RECEIVABLE

CHF million	2009	2008
Accounts receivable	676.6	730.7
Value adjustment	–20.6	–21.2
Total	**656.0**	**709.5**

CHF million	2009	2008
Value adjustment as at January 1	**–21.2**	**–18.8**
Addition	–7.4	–8.4
Utilization	3.3	2.2
Release	4.7	2.3
Currency translation	–	1.5
Value adjustment as at December 31	**–20.6**	**–21.2**

The following table presents the ageing of accounts receivable:

CHF million	2009	2008
Not yet past due	501.3	599.8
Past due 1–30 days	94.8	64.1
Past due 31–90 days	51.5	48.1
Past due over 91 days	29.0	18.7
Accounts receivable gross	**676.6**	**730.7**

Historically, the default rate for accounts receivable in the age category "not yet past due" was lower than 1%. Hence the default risk is considered to be low. Value adjustments are calculated based on the assessment of the default risk with regards to accounts receivable balances already past due.

The carrying amounts of accounts receivable are denominated in the following currencies.

CHF million	2009	2008
CHF	60.4	50.2
EUR	366.5	486.9
USD	84.4	66.7
GBP	30.0	24.8
Other currencies	114.7	80.9
Accounts receivable net	**656.0**	**709.5**

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RESERVES

At the balance sheet date, the fair value of derivative financial instruments was as follows:

	2009		2008	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	7.9	8.6	29.0	67.5
Other derivatives	0.3	4.8	4.9	–
Total	**8.2**	**13.4**	**33.9**	**67.5**

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2009, is CHF 542.1 million (CHF 567.6 million in 2008). The majority of gains and losses recognized in the hedging reserve, as shown in the Consolidated Statement of Changes in Equity in the amount of CHF 26.3 million in net gains (CHF 24.2 million in net losses in 2008), on forward-currency and raw-material contracts as of December 31, 2009, will be released to material expense in the income statement at various dates within the next twelve months. Other derivative instruments, which have been executed in accordance with the risk policy and do not qualify for hedge accounting under the criteria of IAS 39, as well as the ineffective portion of designated derivative instruments, have been recognized immediately in the income statement.

14. MARKETABLE SECURITIES

Available-for-sale financial asset

CHF million	2009	2008
At January 1	**7.1**	**15.9**
Additions	9.4	6.6
Disposals	–17.5	–10.1
Net gains/(losses) transfer to equity	0.6	–
Impairment	5.2	–5.2
Currency translation	–	–0.1
At December 31	**4.8**	**7.1**
Whereof current	4.8	7.1
Whereof non-current	–	–

In 2009 the Group didn’t release losses (CHF 5.2 million in 2008), related to available-for-sale financial assets, from equity, as impairment into the income statement.

The carrying amount of available-for-sale financial assets as at December 31, consists of:

CHF million	2009	2008
CHF equity securities	4.8	7.1
Total	**4.8**	**7.1**

Fair-value-through-profit-or-loss financial assets

CHF million	2009	2008
CHF equity securities	0.5	1.1
EUR equity securities	1.9	2.2
USD equity securities	0.7	0.9
Total	**3.1**	**4.2**

The carrying amounts of the above financial assets are designated as fair value through profit or loss upon initial recognition. Changes in the fair values of these assets are recorded in the positions "Income from financial assets" and "Expenses from financial assets" in the income statement.

The fair value of all quoted securities is based on their currently paid or, if not available, bid prices in an active market.

15. CASH AND CASH EQUIVALENTS

CHF million	2009	2008
Cash at bank and in hand	235.1	86.7
Short-term bank deposits	132.1	105.3
Total	**367.2**	**192.0**

The effective interest rate on short-term bank deposits reflects the average interest rate of the money market as well as the development of the currencies invested with an original maturity period of up to three months.

16. SHARE AND PARTICIPATION CAPITAL

CHF million	Number of registered shares (RS) 1)	Number of participation certificates (PC) 2)	Registered shares	Participation certificates	Total
At January 1, 2008	**140,000**	**842,717**	**14.0**	**8.4**	**22.4**
Capital increase	–	26,502	–	0.265	0.3
At December 31, 2008	**140,000**	**869,219**	**14.0**	**8.7**	**22.7**
Capital increase	–	14,079	–	0.141	0.1
At December 31, 2009	**140,000**	**883,298**	**14.0**	**8.8**	**22.8**

1) At par value of CHF 100.–.
2) At par value of CHF 10.–.

The conditional capital has a total of 526,927 participation certificates (541,006 in 2008) with a par value of CHF 10.–. Of this total, 172,477 (186,556 in 2008) are reserved for employee stock option programs; the remaining 354,450 participation certificates (354,450 in 2008) are reserved for capital market transactions. There is no other authorized capital. In 2009, a total of 14,079 (26,502 in 2008) of the employee options were exercised at an average price of CHF 968.42 (CHF 930.61 in 2008). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

17. BORROWINGS

CHF million	2009	2008
Non-current		
Bank borrowings	1.1	0.8
Current		
Bank borrowings	18.8	93.9
Total borrowings	**19.9**	**94.7**

The carrying amounts of the Group's borrowings denominated in the following currencies are:

CHF million	2009	2008
EUR	15.8	79.9
Other currencies	4.1	14.8
Total	**19.9**	**94.7**

18. PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

In accordance with local laws and practices, the Group operates various benefit plans. Among these plans are defined benefits and defined contribution plans. These plans cover the majority of employees for death, disability and retirement. There are also plans for anniversary benefits or other benefits related to years of service, which qualify as plans for other long-term employee benefits.

Benefits are usually dependent on one or more factors such as the number of years the employee was covered in the plan, age, insurable salary and to some extent on the accumulated old age capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer.

The economic benefit available, as reduction in future employer contributions, is determined annually according to the applicable plan rules and the statutory requirement in the jurisdiction of the plan based on IFRIC 14. During the financial year 2009, the Group recognized an increase in the economic benefit net of deferred taxes of CHF 4.1 million (CHF 20.7 million in 2008) in the income statement.

Defined benefits pension plans and other long-term employee benefits — The following amounts have been recorded in the income statement as personnel expense:

Employee benefits expense

	Pension plans		Other long-term employee benefits	
CHF million	2009	2008	2009	2008
Current service cost	10.2	9.8	2.7	1.3
Interest on obligation	14.3	14.3	0.4	0.4
Expected return on plan assets	–42.4	–69.8	–	–
Changes in unrecognized assets (IAS 19.58)	87.3	–557.8	–	–
Gains (–)/losses (+) on curtailments or settlements	–1.6	–	–	–
Net actuarial gains (–)/losses (+) recognized	–63.4	583.5	0.1	0.1
Past service costs	–	–1.0	–	0.2
Total included in employee benefits expense	**4.4**	**–21.0**	**3.2**	**2.0**
Actual return on plan assets	111.2	–542.4		

Changes in the present value of the defined benefit obligation

	Pension plans		Other long-term employee benefits	
CHF million	2009	2008	2009	2008
Defined benefit obligation as at January 1	**392.7**	**399.8**	**8.0**	**7.7**
Current service cost	10.2	9.8	2.7	1.3
Plan participants’ contributions	3.2	3.6	–	–
Interest on obligation	14.3	14.3	0.4	0.4
Benefits and net transferal paid through pension assets	–19.2	–13.4	–	–
Benefits paid by employer	–3.9	–6.0	–1.2	–0.9
Curtailments and settlements	–1.5	–	–	–
Actuarial gains (–)/losses (+)	–3.6	–4.8	0.1	0.1
Past service costs and others	–	–1.0	–	0.2
Currency translation	–	–9.6	–	–0.8
Defined benefit obligation as at December 31	**392.2**	**392.7**	**10.0**	**8.0**

Changes in the fair value of plan assets

	Pension plans	
CHF million	2009	2008
Fair value of plan assets as at January 1	**877.5**	**1,424.5**
Plan participants’ contributions	3.2	3.6
Contributions by employer	1.9	6.0
Benefits and net transferal paid through pension assets	–19.2	–13.4
Expected return on plan assets	42.4	69.8
Actuarial gains (+)/losses (–)	68.8	–612.1
Currency translations	–	–0.9
Fair value of plan assets as at December 31	**974.6**	**877.5**

The pension assets are composed of the following essential asset classes:

Asset classes

	Pension plans	
Valuation date December 31	2009 in %	2008 in %
Equities	80	78
Bonds	8	9
Real estate	9	9
Others including cash	3	4
Total	**100**	**100**

The pension assets as at December 31, 2009, include shares of the Lindt & Sprüngli Group with a market value of CHF 786.0 million (CHF 702.2 million in 2008). The market value of real estate rented by the Group is CHF 13.8 million (CHF 12.2 million in 2008).

Expected employer contributions for 2010 amount to CHF 2.1 million.

The net position of pension obligations in the balance sheet can be summarized as follows:

Amount recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million Valuation date December 31	2009	2008	2009	2008
Present value of funded obligation	372.6	372.0	–	–
Fair value of plan assets	–974.6	–877.5	–	–
Underfunding (+)/Overfunding (–)	–602.0	–505.5	–	–
Present value of unfunded obligations	19.7	20.7	10.0	8.0
Unrecognized actuarial gains (+)/losses (–)	24.5	15.6	–	–
Unrecognized past service costs	–	0.1	–	–
Unrecognized prepaid pension cost	602.6	515.3	–	–
Net liability	**44.8**	**46.2**	**10.0**	**8.0**

Amounts in the balance sheet

Pension liabilities	125.6	124.0	10.0	8.0
Assets (prepaid pension funds) [1]	–80.8	–77.8	–	–
Net liability	**44.8**	**46.2**	**10.0**	**8.0**

1) See note 9.

The following principal assumptions form the basis for the actuarial calculation:

Calculation of defined benefit obligations

	Pension plans		Other long-term employee benefits	
Valuation date December 31	2009	2008	2009	2008
Discount rate	3.70%	3.80%	5.40%	5.40%
Future salary increases	2.10%	2.20%		
Future pension increases	1.30%	1.30%		

Calculation of yearly expense

Discount rate	3.70%	3.70%	5.40%	5.20%
Expected return on plan assets	4.90%	4.90%		

The following table shows how the actual development of obligations and assets for the benefit plans deviates from their expected development.

CHF million Valuation date December 31	2009	2008	2007	2006	2005
Defined benefit obligation	392.2	392.7	399.8	403.5	389.9
Fair value of assets	–974.6	–877.5	–1,424.5	–1,132.1	–846.5
Underfunding (+)/Overfunding (–)	–582.4	–484.8	–1,024.7	–728.6	–456.6
Experience adjustments on plan liabilities	1.4	2.3	–9.8	–1.2	7.8
Experience adjustments on plan assets	68.8	–612.1	253.5	249.6	153.6
Net liability	44.8	46.2	88.6	114.0	108.5

DEFINED CONTRIBUTION PLANS — In the 2009 financial year, contributions to defined contribution plans came to CHF 6.0 million (CHF 6.7 million in 2008).

19. PROVISIONS

CHF million	Business risks	Other	2009 Total
Provisions as at January 1	**26.3**	**7.8**	**34.1**
Addition	14.5	10.6	25.1
Utilization	–1.4	–1.8	–3.2
Release	–4.4	–3.6	–8.0
Currency translation	–	–0.1	–0.1
Provisions as at December 31	**35.0**	**12.9**	**47.9**

CHF million	2009	2008
Current	26.8	12.6
Non-current	21.1	21.5
Total	**47.9**	**34.1**

Other provisions for business risks include unsettled claims, onerous contracts as well as legal and administrative proceedings, which arise during the normal course of business. Provisions are recognized at balance sheet date when a present legal or constructive obligation as a result of past events occurs and the expected outflow of resources can be reliably estimated.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant loss beyond the amounts provided at December 31, 2009.

20. ACCOUNTS PAYABLE

The carrying amounts of the Group's accounts payable are denominated in the following currencies:

CHF million	2009	2008
CHF	16.8	13.1
EUR	124.1	116.7
USD	9.5	18.6
GBP	10.2	10.5
Other currencies	12.1	9.6
Total	**172.7**	**168.5**

21. ACCRUED LIABILITIES

CHF million	2009	2008
Trade	187.8	185.4
Salaries/wages and social costs	72.0	61.0
Other	104.5	86.3
Total	**364.3**	**332.7**

Trade-related accrued liabilities comprise year-end rebates, returns, markdowns on seasonal products and other services provided by trade partners.

The line "Salaries / wages and social costs" is related to bonuses, overtime and outstanding vacation days.

The position "Other" comprises accruals for 3rd-party services rendered as well as commissions.

22. OTHER INCOME

CHF million	2009	2008
Fees from 3rd parties	3.1	3.6
Insurance reimbursements	0.9	0.6
Other	9.9	7.5
Total	**13.9**	**11.7**

The position "Fees from 3rd parties" comprises mainly the reimbursement of freight charges. The position "Other" includes mainly licence fees, rental income and company-produced additions involving investments in fixed assets.

23. PERSONNEL EXPENSES

CHF million	2009	2008
Wages and salaries	414.2	415.1
Social benefits	106.5	78.2
Other	51.1	51.3
Total	**571.8**	**544.6**

For the year 2009, the Group employed an average of 7,409 people (7,712 in 2008).

24. NET FINANCIAL RESULT

CHF million	2009	2008
Interest income	4.3	10.1
Interest expense		
3⅝%-Bond, 1998–2008	–	–1.9
Other	–6.8	–11.2
Income (+)/expense (–) from financial assets		
Fair value through profit or loss	0.6	–0.6
Available for sale, realized gains (+)/losses (–)	0.5	–0.1
Available for sale, impairment	–	–5.2
Other	–0.4	–1.6
Total	**–1.8**	**–10.5**

The details of the impairment on available-for-sale financial assets are given in note 14.

The position “Other” represents mainly interest expense incurred in connection with 3rd-party borrowings.

25. TAXES

CHF million	2009	2008
Current taxes	81.5	76.8
Deferred taxes	–14.3	10.3
Other taxes	2.7	2.1
Total	**69.9**	**89.2**

The tax on the Group’s income before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

CHF million	2009	2008
Income before taxes	263.0	350.7
Expected tax [1] calculated on profits in the respective countries	64.7	98.5
Change in applicable tax rates on temporary differences	–	–0.7
Utilization of unrecognized tax loss carry-forwards from prior years	–	–0.1
Adjustments related to prior years	1.2	2.4
Revaluation of fixed assets in tax accounts	–4.5	–7.8
Other	8.5	–3.1
Total	**69.9**	**89.2**

1) Based on the average expected applicable tax rate (2009: 24.6 %, 2008: 28.1 %).

26. EARNINGS PER SHARE

	2009	2008
Non-diluted earnings per share / 10 PC (CHF)	**850.9**	**1,157.5**
Net income (CHF million)	193.1	261.5
Weighted average number of registered shares / 10 participation certificates	226,929	225,928
Diluted earnings per share / 10 PC (CHF)	**850.9**	**1,140.4**
Net income (CHF million)	193.1	261.5
Weighted average number of registered shares / 10 participation certificates / outstanding options on 10 PC	226,514	229,297

27. DIVIDEND PER SHARE

CHF	2009	2008
Dividend per share / 10 PC	**400.00** 1)	**360.00**

1) Proposal of the Board of Directors

During the period January 1 to April 29, 2010 (date of the dividend distribution), the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock as well as the exercise of options, granted through the employee stock option plan.

28. SHARE-BASED PAYMENTS

Options on participation certificates (PC) of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee stock option program. An option entitles an employee to a participation certificate at an exercise price, which consists of an average of the price of the five days preceding the issue date. The options have a blocking period of three to five years and if not exercised, they expire after seven years. Changes in outstanding options can be viewed in the table below:

CHANGES IN THE OPTION RIGHTS

	2009		2008	
	Number of options	Weighted average exercise price (CHF / PC)	Number of options	Weighted average exercise price (CHF / PC)
Outstanding options as at January 1	**124,062**	**2,035.14**	**136,524**	**1,704.81**
New option rights	37,205	1,543.00	14,340	3,149.00
Exercised rights	–14,079	968.42	–26,502	930.61
Cancelled rights	–1,540	2,174.10	–300	2,524.33
Outstanding options as at December 31	**145,648**	**2,011.07** 1)	**124,062**	**2,035.14**
of which exercisable at December 31	44,766	1,438.80	32,227	1,057.82
Average remaining time to expiration (in days)	678		701	

1) The exercise price varies between CHF 648.– and CHF 3,149.–

For options granted after November 7, 2002, the expenses are charged to the income statement proportionally according to the option's expected period of expiration. The recorded expenses amount to CHF 10.7 million (CHF 10.1 million in 2008). The assumptions used to calculate the expenses for the grants 2006 – 2009 are listed in the following table:

Date of issue	1.4.2009	18.3.2008	15.3.2007	16.6.2006
Number of issued options	37,205	14,340	28,000	23,250
of which in Bracket A (blocking period three years)	13,022	5,018	9,780	8,127
of which in Bracket B (blocking period four years)	13,022	5,020	9,820	8,148
of which in Bracket C (blocking period five years)	11,161	4,302	8,400	6,975
Issuing price in CHF	1,543	3,149	2,983	2,251
Price of participation certificates on date of issue in CHF	1,507	3,099	3,000	2,344
Value of options on issuing date				
Bracket A (blocking period three years) in CHF	250.72	575.17	563.21	467.02
Bracket B (blocking period four years) in CHF	277.41	623.18	603.28	492.73
Bracket C (blocking period five years) in CHF	302.31	653.39	627.60	503.86
Maximum life span (in years)	7.00	7.04	7.04	7.00
Form of compensation	PC from conditional capital			
Expected life span (in years)	4 – 6	4 – 6	4 – 6	4 – 6
Expected rate of retirement per year	2.8 %	2.8 %	3.1 %	3.5 %
Expected volatility	21.7 %	20.8 %	19.3 %	17.9 %
Expected dividend yield	1.16 %	1.11 %	1.14 %	1.17 %
Risk-free interest rate	1.69 – 1.95 %	2.88 – 2.97 %	2.63 – 2.67 %	2.63 – 2.73 %
Model	Binomial model			

29. CONTINGENCIES

The Group had no guarantees in favor of 3rd parties either at December 31, 2009, or December 31, 2008.

30. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is:

CHF million	2009	2008
Property, plant and equipment	8.8	15.1

The future lease payments under operating lease commitments are:

CHF million	2009	2008
Up to one year	28.3	23.3
Between one and five years	82.1	81.4
Over five years	46.0	48.0
Total	**156.4**	**152.7**

Leasing commitments are related to the rental of retail stores, warehouse and office space, cars and IT hardware.

31. TRANSACTIONS WITH RELATED PARTIES

A family member of a member of the Board of Directors has a majority share in a company, to which products were sold at arm's length for the value of CHF 18.9 million (CHF 15.7 million in 2008) and with which rental income of CHF 0.1 million were generated. Receivables outstanding against this company were CHF 10.8 million (CHF 8.0 million in 2008) at the balance sheet date.

130 registered shares were bought in 2009 from the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" at a price of CHF 18,628.– per share (110 registered shares at a price of CHF 34,408.– per share in 2008), which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period March 26 – April 1, 2009.

Remuneration of the Board of Directors and Group Management (Art. 663b^{bis} OR)

I Board of Directors

		2009	2008
CHF thousands		Cash compensation [1]	Cash compensation [1]
E. Tanner [2]	Chairman and CEO, Member of the CSR Committee [3]	260	260
A. Bulgheroni [4]	Board member, member of the Compensation Committee	145	145
Dr K. Widmer	Board member, member of the Compensation and CSR Committee [3]	145	145
Dkfm E. Gürtler	Board member, member of the Compensation Committee	73	–
Dr P. Baumberger	Board member, member of the Audit & Compensation Committee, deceased 2009	–	145
Dr R. K. Sprüngli	Board member, member of the Audit and CSR Committee [3]	145	145
Dr F. P. Oesch	Board member, member of the Audit Committee	145	145
Total		**913**	**985**

1) Total gross cash compensation and allowances (excluding social charges paid by employer).
2) Cash compensation for the function as Chairman of the Board.
3) CSR Committee: Corporate Social Responsibility Committee.
4) In addition to his remuneration as member of the Board, as Lead Director and as member of the Audit and Compensation Committee in 2009 Mr. Bulgheroni received a grant of 2000 options on Lindt & Sprüngli participation certificates (0 in 2008) under the term and conditions of the Lindt & Sprüngli employee share option plan, valued at TCHF 355. He further received a gross fee of TCHF 39 for his function as Chairman of the Board of L & S Italy and Caffarel SpA.

II Group Management

CHF thousands	Fixed cash compensation [1]	Variable bonus component [2]	Other compensation [3]	Options [4]	Registered shares [5]	2009 Total remuneration
Ernst Tanner, CEO [6]	1,282	1,600	143	888	1,810	5,723
Other members of Group Management [7]	1,951	1,750	230	1,066	–	4,997
Total	**3,233**	**3,350**	**373**	**1,954**	**1,810**	**10,720**

CHF thousands	Fixed cash compensation [1]	Variable bonus component [2]	Other compensation [3]	Options [4]	Registered shares [5]	2008 Total remuneration
Ernst Tanner, CEO [6]	1,293	1,600	205	1,016	2,828	6,942
Other members of Group Management [7]	1,953	1,750	182	1,119	–	5,004
Total	**3,246**	**3,350**	**387**	**2,135**	**2,828**	**11,946**

1) Total gross cash compensation and allowances including pension benefits paid by employer (excluding social charges paid by employer).
2) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).
3) Employees part of social charges (AHV) upon exercising of options, paid by employer.
4) Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). The valuation reflects the tax value of the options, i.e. based on Black Scholes option value minus respective tax allowance for the blocking period. The total number of granted share options in 2009 to Mr. Tanner was 5,000 units (2,500 units in 2008) and to all other members of the Group Management 6,000 units (2,750 units in 2008).
5) Grant of 130 Lindt & Sprüngli registered shares in 2009 (110 in 2008), based on initial working contract from 1993. Value calculation based on tax value of grant minus tax allowance for the five-year vesting period.
6) Compensation for function as CEO, fixed base salary of CHF 1.3 million (including pension benefits paid by employer) unchanged since 1993.
7) The number of other Group Management members is three.

Apart from the payments mentioned above, no payments were made – neither on a private basis nor via consulting companies – to either an executive or non-executive member of the Board or a member of Group Management. As of December 31, 2009, there were no loans, advances or credits due to the Group or any of its subsidiaries by any of the members of the Board or Group Management.

Participation of the Board of Directors and Group Management in the Lindt & Sprüngli Group as at December 31 (Art. 663c OR)

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2009	2008	2009	2008	2009	2008
E. Tanner	Chairman and CEO	2,150	1,992	4,530	4,200	29,000	26,500
A. Bulgheroni	Member of the Board	1,004	1,004	2,290	2,095	12,000	11,250
Dr K. Widmer	Member of the Board	35	35	–	–	–	–
Dr P. Baumberger	Member of the Board, deceased in 2009	–	53	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,005	1,005	–	–	–	–
Dr F. P. Oesch	Member of the Board	17	17	–	–	–	–
H. J. Klingler	Group Management	10	10	2,000	2,000	7,900	6,200
U. Sommer	Group Management	5	5	240	201	9,800	8,600
Dr D. Weisskopf	Group Management	5	20	–	336	8,800	9,000
Total		**4,231**	**4,141**	**9,060**	**8,832**	**67,500**	**61,550**

32. RISK MANAGEMENT DISCLOSURES REQUIRED BY SWISS LAW

The identification and assessment of strategic, operational and financial risks is coordinated by the Group's CFO. Once a year a comprehensive risk inventory, including assessment of risk exposure and likelihood, is established and financial risks, including raw materials, are quantified based on respective volatilities. The Audit Committee and the Board of Directors are informed on a regular basis about the nature and assessment of risks and measures taken to mitigate them. Corporate functions such as Controlling, Treasury, Legal, Human Resources, Operations and Marketing & Sales review continuously the effectiveness of the risk management at subsidiary and Group level.

33. EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for publication by the Board of Directors on March 4, 2010. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting. No events have occurred up to March 4, 2010, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

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Report of the statutory auditor
to the general meeting of
Chocoladefabriken Lindt & Sprüngli AG
Kilchberg

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes (pages 48 to 81), for the year ended 31 December 2009.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting

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policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Matthias von Moos	Roger Kunz
Audit expert	Audit expert
Auditor in charge	

Zurich, 4 March 2010

BALANCE SHEET

	Note	December 31, 2009 CHF 1000	December 31, 2008 CHF 1000
ASSETS			
Investments		440,328	387,208
Intangible assets		41,409	41,407
Loans to subsidiaries		17,630	17,630
Total non-current assets		**499,367**	**446,245**
Receivables from subsidiaries		72,976	577,733
Other receivables		6,487	4,366
Accrued income		21	38
Financial investments		5,857	8,875
Treasury stock	9	31,146	678
Cash and cash equivalents		230,743	133,867
Total current assets		**347,230**	**725,557**
Total assets		**846,597**	**1,171,802**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		14,000	14,000
Participation capital	10	8,833	8,692
Legal reserves		163,682	150,378
Special reserves		415,120	368,785
Reserves for treasury stock		29,504	839
Net earnings		185,133	176,858
Total shareholders' equity		**816,272**	**719,552**
Accounts payable to subsidiaries		14,371	426,398
Tax liabilities		14,064	24,295
Accrued liabilities		1,414	1,485
Other liabilities		476	72
Total liabilities		**30,325**	**452,250**
Total liabilities and shareholders' equity		**846,597**	**1,171,802**

INCOME STATEMENT

	2009	2008
	CHF 1000	CHF 1000
Dividends and other income from subsidiaries	177,571	181,291
Other income	1	174
Total operating income	**177,572**	**181,465**
Administrative and miscellaneous overhead costs	–12,110	–7,970
Operating profit	**165,462**	**173,495**
Income from financial assets	26,583	19,968
Expense from financial assets	–11,513	–20,827
Income before taxes	**180,532**	**172,636**
Taxes	–14,870	–14,790
Net income	**165,662**	**157,846**

NOTES TO THE FINANCIAL STATEMENTS

1. LIABILITIES ARISING FROM GUARANTEES AND PLEDGES IN FAVOR OF 3RD PARTIES

Contingent liabilities as at December 31, 2009, amounted to CHF 169.0 million (CHF 161.6 million in 2008). This figure comprises guarantees to 3rd parties for subsidiaries, mainly to banks in the form of allocating credit lines for subsidiaries.

The companies, Chocoladefabriken Lindt & Sprüngli AG, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Lindt & Sprüngli Financière AG, Lindt & Sprüngli (International) AG and Indestro AG, together form a Swiss-VAT group. According to Art. 32(e) of the Swiss Federal Law with regard to VAT, and leaflet 01 of the Federal Tax Administration, Group Taxation, paragraph 13.4, all members participating in VAT-group taxation are jointly liable for all taxes owed by the VAT group (including interest), which arose during their period of membership.

2. ASSETS PLEDGED OR ASSIGNED

There were no pledged or assigned assets as at December 31, 2009.

3. LEASING LIABILITIES

The company has no leasing liabilities.

4. FIRE INSURANCE VALUES

The company does not own fixed assets.

5. LIABILITIES DUE TO WELFARE SCHEMES

The company does not have any outstanding accounts payable due to welfare schemes.

6 INVESTMENTS

The investments in subsidiaries are listed on page 52 of the notes to the consolidated financial statements.

7. DISSOLUTION OF UNDISCLOSED RESERVES

No undisclosed reserves were dissolved during 2009, that would have had any significant effect on the results.

8. REVALUATIONS

No revaluations, which exceed acquisition costs, were recognized.

9. ACQUISITION AND SALE OF TREASURY STOCK (REGISTERED SHARES (RS) AND PARTICIPATION CERTIFICATES (PC)

	2009		2008	
Inventory of treasury stock	RS	PC	RS	PC
Inventory as at January 1	30	–	–	–
Additions	1,246	–	30	–
Retirements	–50	–	–	–
Inventory as at December 31	1,226	–	30	–
Average cost of additions	CHF 24,018	–	CHF 27,972	–
Average sales price of retirements	CHF 25,676	–	–	–

10. CONDITIONAL AND APPROVED CAPITAL

As of December 31, 2009, the conditional capital had a total of 526,927 participation certificates (541,006 participation certificates in 2008) with a par value of CHF 10.–. Of this total, 172,477 (186,556 in 2008) are reserved for employee stock option programs and the remaining 354,450 (354,450 in 2008) for capital market transactions. In the year under review, a total of 14,079 employee stock options (26,502 employee stock options in 2008) were exercised at an average price of CHF 968.42 (CHF 930.61 in 2008).

11. MANDATORY DISCLOSURE OF INTEREST POSITIONS PURSUANT TO ART. 663C OR

As of December 31, 2009, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders (in accordance with Art. 663c OR, Swiss Commercial Code and the articles of association) which own voting shares of more than 4%:

Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG, 22.0% (22.1% in 2008).

12. REMUNERATION AND OWNERSHIP OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT ACCORDING TO ART. 663B^{BIS} AND 663C OR

The details of remuneration of and ownership held by the Board of Directors and Group Management are given on pages 79 and 80 of the notes to the consolidated financial statements.

13. RISK MANAGEMENT DISCLOSURES

Chocoladefabriken Lindt & Sprüngli AG is fully integrated into the Group-wide risk assessment process of the Lindt & Sprüngli Group. This Group risk assessment process also addresses the nature and scope of business activities and the specific risks of Chocoladefabriken Lindt & Sprüngli AG. Refer to note 32 in the notes to the consolidated financial statements on page 81.

PROPOSAL FOR THE DISTRIBUTION OF NET EARNINGS

	December 31, 2009	December 31, 2008
	CHF	CHF
Balance brought forward	19,471,145	19,011,203
Net income	165,662,325	157,846,423
Net earnings	**185,133,470**	**176,857,626**
Dividend-bearing shares and participation certificates of CHF 22,832,980 (CHF 22,392,190 in 2008)		
5 % statutory dividend	−1,141,649 [1)]	−1,134,610
395 % (355 % in 2008) additional dividend	−90,190,271 [1)]	−80,557,275
Options exercised from January 1 to April 21, 2009 5 % statutory and 355 % additional dividend	–	−220,716
Dividends on treasury stock held on April 21, 2009	–	6,120
Emoluments to directors	−480,000	−480,000
Allocations to special reserves	−73,000,000	−75,000,000
Balance carried forward	**20,351,550**	**19,471,145**

1) Number of registered shares and participation certificates, status as at December 31, 2009: During the period January 1 to April 29, 2010 (date of the dividend distribution), the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock as well as the exercise of options, granted through the employee stock option plan.

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Report of the statutory auditor
to the general meeting of
Chocoladefabriken Lindt & Sprüngli AG
Kilchberg

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement and notes (pages 84 to 87), for the year ended 31 December 2009.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PRICEWATERHOUSECOOPERS

Opinion
In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Matthias von Moos	Roger Kunz
Audit expert	Audit expert
Auditor in charge	

Zurich, 4 March 2010

GROUP FINANCIAL KEY DATA – FIVE-YEAR REVIEW

		2009	2008 [1]	2007 [1]	2006 [1]	2005 [1]
INCOME STATEMENT						
Sales	CHF million	2,524.8	2,573.2	2,605.6	2,312.1	2,009.0
EBITDA	CHF million	382.1	460.5	444.3	381.2	325.1
in % of sales	%	15.1	17.9	17.1	16.5	16.2
EBIT	CHF million	264.8	361.2	350.8	297.2	248.6
in % of sales	%	10.5	14.0	13.5	12.9	12.4
Net income	CHF million	193.1	261.5	250.5	209.2	172.7
in % of sales	%	7.6	10.2	9.6	9.0	8.6
in % of average shareholders' equity	%	12.5	18.2	19.7	19.7	19.6
Operating cash flow	CHF million	470.1	294.7	217.4	276.6	189.2
in % of sales	%	18.6	11.5	8.3	12.0	9.4
Depreciation, amortization and impairment	CHF million	117.3	99.3	93.5	84.0	76.5
BALANCE SHEET						
Total assets	CHF million	2,476.0	2,409.9	2,469.4	2,134.1	1,908.1
Current assets	CHF million	1,535.8	1,474.2	1,599.4	1,419.6	1,255.2
in % of total assets	%	62.0	61.2	64.8	66.5	65.8
Non-current assets	CHF million	940.2	935.7	870.0	714.5	652.9
in % of total assets	%	38.0	38.8	35.2	33.5	34.2
Non-current liabilities	CHF million	220.9	205.7	221.6	319.7	312.7
in % of total assets	%	8.9	8.5	8.9	15.0	16.4
Shareholders' equity	CHF million	1,617.7	1,479.0	1,389.4	1,157.9	971.1
in % of total assets	%	65.3	61.4	56.3	54.2	50.9
Investments in PPE/intangible assets	CHF million	123.5	198.6	235.1	146.4	128.9
in % of operating cash flow	%	26.3	67.4	108.1	52.9	68.1
EMPLOYEES						
Average number of employees		7,409	7,712	7,793	7,044	6,652
Sales per employee	TCHF	340.8	333.7	334.4	328.2	302.0

1) 2005 – 2008 comparatives of the income statement have been adjusted. See note 2 of the accounting principles.

DATA PER SHARE / PARTICIPATION CERTIFICATE – FIVE-YEAR REVIEW

		2009	2008	2007	2006	2005
SHARE						
Registered shares at CHF 100.– par [1]	Number	140,000	140,000	140,000	140,000	140,000
Participation certificates at CHF 10.– par [2]	Number	883,298	869,219	842,717	816,616	800,558
Non-diluted earnings per share / 10 PC [3]	CHF	851	1,158	1,123	948	788
Operating cash flow per share / 10 PC	CHF	2,059	1,299	969	1,248	860
Shareholders' equity per share / 10 PC [4]	CHF	7,085	6,518	6,195	5,224	4,413
Payout ratio	%	47.3	31.2	29.5	29.2	28.7
REGISTERED SHARE						
Year-end price	CHF	25,405	22,600	39,770	30,700	21,950
High of the year	CHF	29,835	41,530	44,500	31,800	22,990
Low of the year	CHF	18,090	22,600	27,000	22,005	15,720
Dividend	CHF	400.00 [5]	360.00	330.00	275.00	225.00
P/E ratio [6]	Factor	29.85	19.52	35.41	32.38	27.86
PARTICIPATION CERTIFICATE						
Year-end price	CHF	2,220	1,960	3,920	3,008	2,237
High of the year	CHF	2,516	4,000	4,148	3,050	2,350
Low of the year	CHF	1,500	1,903	2,680	2,118	1,526
Dividend	CHF	40.00 [5]	36.00	33.00	27.50	22.50
P/E ratio [6]	Factor	26.09	16.93	34.91	31.73	28.39
Market capitalization [6]	CHF million	5,517.6	4,867.7	8,871.3	6,754.4	4,863.8
in % of shareholders' equity [4]	%	341.1	329.1	638.5	583.3	500.9

1) ISIN number CH0010570759, Security number 1057075.
2) ISIN number CH0010570767, Security number 1057076.
3) For 2005–2009 based on weighted average number of registered shares / 10 participation certificates.
4) Year-end shareholders' equity.
5) Proposal of the Board of Directors.
6) Based on year-end prices of registered shares and participation certificates.

ADDRESSES OF THE LINDT & SPRÜNGLI GROUP

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BOARD OF DIRECTORS AND GROUP MANAGEMENT

BOARD OF DIRECTORS	Term expires spring
Ernst Tanner Chairman and CEO	**2011**
Dr Kurt Widmer	**2010**
Dr Rudolf K. Sprüngli	**2010**
Dr Franz Peter Oesch	**2012**
Dkfm Elisabeth Gürtler	**2012**
Antonio Bulgheroni	**2011**

GROUP MANAGEMENT

Ernst Tanner
Chairman of the Board and CEO

Uwe Sommer
Director
Marketing / Sales
Country responsibility

Hansjürg Klingler
Director
Duty Free
Country responsibility

Dr Dieter Weisskopf
Director
Finance / Administration /
Procurement / Operations

INFORMATION

AGENDA

April 22, 2010	112th Annual Shareholders' Meeting
April 29, 2010	Payment of Dividend
August 24, 2010	Semi-annual report 2010
January 18, 2011	Net sales 2010
March 15, 2011	Full-year results 2010
April 28, 2011	113th Annual Shareholders' Meeting

INVESTOR RELATIONS

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