LINDT & SPRÜNGLI

ANNUAL REPORT 2012

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

LINDT & SPRÜNGLI

CREDO

We are an international group and are recognized as a leader in the market for premium quality chocolate.

We strive for excellence to maximize worldwide market opportunities. We thoroughly understand our consumers, their habits, needs, behavior and attitudes. This understanding serves as the base to create products and services of superior quality and value. We will never make concessions that compromise our quality of product, packaging and execution.

Our working environment attracts and retains the best people.

We encourage, recognize and reward individual innovation, personal initiative and leadership of people throughout the organization. Respect of personal individuality, trust and fair play characterize our working relationships. Teamwork across all disciplines, business segments and geographies is a corporate requirement to create a seamless company of people who support all others for mutual success. We will develop professionals and facilitate communication and understanding across all disciplines.

Our partnership with our consumers, customers and suppliers is mutually rewarding and prosperous.

An in-depth understanding of our consumers' needs and our customers' and suppliers' objectives and strategies enables us to build a mutually rewarding and long lasting partnership.

We want to be recognized as a company which cares for the environment and the communities we live and work in.

Environmental concerns play an ever increasing role in our decision making process. We respect and feel responsible for the needs of the communities in which we live.

The successful pursuit of our commitments guarantees our shareholders an attractive long term investment and the independence of our company.

We wish to remain in control of our destiny. Independence through superior performance will allow us to maintain this control.

INCOME STATEMENT

		2012	2011	Change in %
Sales	CHF million	2,669.5	2,488.6	7.3
EBITDA	CHF million	468.3	421.9	11.0
in % of sales	%	17.5	17.0	
EBIT	CHF million	362.5	328.7	10.3
in % of sales	%	13.6	13.2	
Net income	CHF million	271.9	246.5	10.3
in % of sales	%	10.2	9.9	
Operating cash flow	CHF million	381.2	345.4	10.4
in % of sales	%	14.3	13.9	

BALANCE SHEET

		2012	2011	Change in %
Total assets	CHF million	2,619.9	2,516.0	4.1
Current assets	CHF million	1,714.2	1,643.5	4.3
in % of total assets	%	65.4	65.3	
Non-current assets	CHF million	905.7	872.5	3.8
in % of total assets	%	34.6	34.7	
Non-current liabilities	CHF million	205.8	214.2	–3.9
in % of total assets	%	7.9	8.5	
Shareholders' equity	CHF million	1,727.1	1,619.1	6.7
in % of total assets	%	65.9	64.4	
Investments in PPE / intangible assets	CHF million	144.6	104.2	38.8
in % of operating cash flow	%	37.9	30.2	

EMPLOYEES

		2012	2011	Change in %
Average number of employees		8,157	7,779	4.9
Sales per employee	TCHF	327.3	319.9	2.3

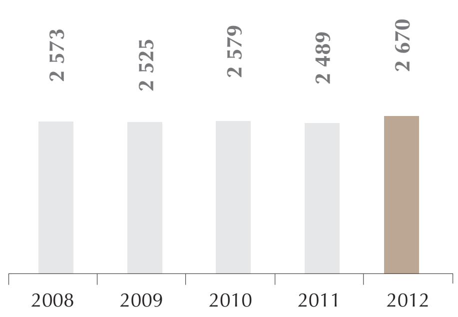
DATA PER SHARE

		2012	2011	Change in %
Non-diluted earnings per share/10 PC [1]	CHF	1,198	1,084	10.5
Operating cash flow per share/10 PC	CHF	1,686	1,485	13.5
Dividend per share/10 PC	CHF	575 [2]	500	15.0
Payout ratio	%	47.8	47.2	
Shareholders' equity per share/10 PC	CHF	7,637	6,960	9.7
Price registered share at December 31	CHF	34,515	31,390	10.0
Price participation certificate at December 31	CHF	2,980	2,794	6.7
Market capitalization at December 31	CHF million	7,383.8	6,982.3	5.8

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

SALES

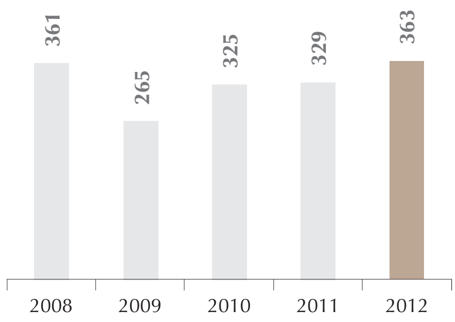
(CHF million)



Organic growth: 4.9% 2.3% 7.3% 6.0% 6.8%

OPERATING PROFIT (EBIT)

(CHF million)



in % of sales: 14.0% 10.5% 12.6% 13.2% 13.6%

CONTENT

ANNUAL REPORT 2012

FINANCIAL YEAR 2012

CHAIRMAN'S REPORT

DEAR SHAREHOLDERS

I am pleased to report another successful financial year, in which we achieved our strategic goals in terms of sales and profit performance. Once again we proved that Lindt & Sprüngli can be relied on regarding the attainment of its announced growth and earnings targets, and thus meriting the confidence of its shareholders as well as institutional investors and analysts alike. The good results were achieved in an environment which was sometimes difficult and affected the Swiss economy in 2012, mainly on the export side, as well as other European countries, especially in the southern regions.

Against this background, an increase in our consolidated Group sales of 7.3 % to CHF 2.670 billion (previous year: CHF 2.489 billion) and organic growth in local currency terms of 6.8 % is an achievement of which we can be proud. This solid performance is all the more noteworthy as it was achieved from our own strength, primarily through a substantial increase in volumes and with accompanying market share gains on almost all key markets as well as in our emerging regions. Practically all our subsidiary companies made a decisive contribution to this positive development.

The global market for chocolate is scarcely growing today. Despite this environment, our key European sales markets, led by Germany, France and England, reported a particularly favorable, trend. Only in Italy did business weaken slightly because of the very difficult overall conditions. On the highly competitive Swiss domestic market, we succeeded in surpassing the previous year's sales figures, thus increasing our market shares. This broke new records once again in the tablet and pralinés segment. However, the strong Swiss franc had some effect on exports from Switzerland and on the duty-free business. North America reported double-digit growth again in 2012 with the LINDT and GHIRARDELLI brands. A pleasing sales increase was also achieved in Australia, attributable to the successful LINDT Chocolate Café concept and expanded distribution in the retail trade. Familiarity with the LINDT brand is steadily rising on the emerging markets. With the clear aim of gradually taking control of access to these dynamic markets, Lindt & Sprüngli subsidiary companies were incorporated in Shanghai and Moscow in the year under review – a further step towards the outgoing advance of our geographical expansion and laying a sustainable foundation for future growth.

The good sales performance was driven by steady innovation in our year-round business and by numerous new creations for traditional festive occasions, in particular for Easter and Christmas. We also repeatedly manage to create many additional gift-giving opportunities and events with special offers in a limited edition to highlight the precious gift character of our products. Another sales factor which is coming to play an increasingly important role is the Global Retail Organization, set up in 2009, which coordinates and further extends our global distribution network at Group level. Our own sales units not only generate additional turnover, one of their main roles is to establish the LINDT brand as a premium chocolate on emerging markets.

Thanks to our quality commitment, our creativity and product innovation, and not least because of our proven marketing expertise, we have been able to grow consistently faster than the overall chocolate market in the past 20 years, and to lay increasingly strong roots all around the world underpinning the market position of LINDT as a global premium brand.

With a higher operating profit (EBIT) of 10.3 % at CHF 362.5 million (previous year: CHF 328.7 million) and the growth of our operating profit margin by 40 basis points we once again met our earnings forecasts. The net income stood at CHF 271.9 million, up 10.3 % on the previous year. The return on sales is 10.2 % with operating cash flow at CHF 381.2 million. With a balance sheet that remains extremely robust the company's capital structure is as strong as ever.

The share buyback program launched in April 2011 for 5 % of the registered capital was completed on December 20, 2012. In all, 3,889 registered shares and 75,253 participation certificates were bought back. The total value of the buybacks was CHF 326.9 million. The Annual Shareholders' Meeting on April 18, 2013, will be asked to agree to a capital reduction by the destruction of the remaining 589 registered shares repurchased and 22,253 participation certificates which were not already destroyed by the decision of the Annual Shareholders' Meeting in 2012. This had a correspondingly favorable impact on the average return on equity in 2012.

In the past financial year, the equity markets, including the Swiss stock market, gained momentum which encouraged investors to be less reticent. Thus, conservative shares were relegated somewhat to the background. However, with a gain of around 10 % in the registered share price and 7 % for the participation certificate, the development of Lindt & Sprüngli securities still proved pleasing in 2012.

The Board of Directors will be proposing to the Annual Shareholders' Meeting on April 18, 2013, the payment of a dividend of CHF 575.– per registered share (CHF 535.– from a withholding-tax-free distribution from the approved capital contribution reserve and CHF 40.– from available retained earnings) and CHF 57.50 per participation certificate (CHF 53.50 from a withholding-tax-free distribution from the approved capital contribution reserve and CHF 4.– from available retained earnings). This is equivalent to a 15 % increase on the dividend distribution of the previous year.

RETROSPECT

Twenty years of management responsibility for Lindt & Sprüngli are a welcome opportunity for me to take stock. Since Dr Rudolph R. Sprüngli confidently handed over the destiny of LINDT to the new management, we have achieved a great deal and paved the way for future success. A Swiss family business with an international presence has grown into an global group with Swiss roots which has tripled the value of its sales and multiplied its net income almost seven times over. In the same period, 4,200 new jobs were created worldwide and the workforce was more than doubled. This success is founded on the business model developed 20 years ago which focuses on quality, brand enhancement, innovation, marketing expertise, process know-how, and geographical expansion.

Twenty years ago, there were many countries on the world map in which the LINDT brand was still largely unknown. In the course of our geographical expansion with three strategic acquisitions, the establishment of our own subsidiary companies and the development of a Global Retail Organization, LINDT's presence was expanded to some 120 countries. In 1992, more than 80 % of sales were generated in Switzerland, Germany, and France. The USA, the world's biggest chocolate market, did not play a significant role at that time. Nowadays, the global distribution of sales is well-balanced with the USA as the Group's biggest single market. At the same time, around CHF 2.5 billion were invested in production and logistics, including some 400 million at our Swiss sites in Kilchberg, Olten and Altendorf. Today, Lindt & Sprüngli is one of the most state-of-the-art and best-equipped chocolate manufacturers in the world.

Perhaps the most decisive contributory factor to our success, however, was the definition of a uniform worldwide brand perception and the exclusive positioning of LINDT in the premium chocolate segment. Our brand values were standardized and accompanied by a clear global message which focuses on quality, innovation, and passion, and has now been reflected for nearly 20 years in all our communication by the LINDT Master Chocolatiers – a concept that remains highly successful. Since 2009, our cooperation with Roger Federer as a global brand ambassador and internationally acknowledged popular figure has complemented our communication strategy perfectly. Year after year, many new products and sales concepts are being created, to the great approval of our consumers. This high pace of innovation is unmatched in the chocolate industry. With our profound knowledge of the local markets and consumer needs we are able to anticipate trends. That gives us a valuable competitive edge.

However, we have not only advanced our business profitably but also created sustainable values for our shareholders. In the past 20 years they have enjoyed constantly rising dividends and a share price which has been multiplied by twelve. The same situation applies to the participation certificate.

Know-how, motivation, and commitment are required in order to constantly improve our market position and keep one step ahead of the competition. Above all, strong identification with the company and the product is essential. Success is never the merit of a single person but always the outcome of shared endeavors by long-established and experienced teams in the Board of Directors, at Group Management level, and in our local management teams – and also of course on the part of all those employees around the world who place their passion and expertise at the service of Lindt & Sprüngli, day in and day out. I would like to take this opportunity to extend my sincere thanks to all these people who have accompanied me loyally up to now, and to share the successes of the last 20 years with them. Together we look forward to a bright future.

OUTLOOK

Since the beginning of 2013, there have been some signs that the Swiss franc is slightly weakening. If this trend is confirmed on a sustainable basis, it is likely to have a positive impact on the domestic export business. At the same time, however, the general economic slowdown caused by the global debt crisis is weighing on the development of unemployment, which may in turn increasingly undermine consumer sentiment. With a full pipeline of innovations and marketing measures on our key markets and an intensified presence on new emerging markets, Lindt & Sprüngli is well equipped to face these challenges. For the current year, we confirm our long-term sales and earnings targets with a view to sales growth of 6 to 8 % and an increase in our operating profit by 20 to 40 basis points.

Ernst Tanner
Chairman and Chief Executive Officer

LINDT MANAGEMENT TEAM

GROUP MANAGEMENT

ERNST TANNER
GROUP CEO
with Lindt & Sprüngli since 1993

"With real pride, I look back on what we achieved with our long-standing and experienced management team in the past 20 years. We will continue to go ahead with our expansion strategy and pave the way for a prosperous future."

UWE SOMMER
GROUP MARKETING & SALES
with Lindt & Sprüngli since 1993

"Nowadays, the LINDT Master Chocolatiers are recognized all over the world. They are a byword for uncompromising quality and passion for the creation of a never-ending stream of new products which are enthusiastically received by consumers all over the world."

"I am proud of our achievements of the past 20 years."

ERNST TANNER

DR DIETER WEISSKOPF
GROUP CFO
with Lindt & Sprüngli since 1995

"The strong balance sheet achieved in the past 20 years enables long-term investments to be made in the development of global markets. We can also look back on progress in the attainment of an impressive financial system, a sustainable supply chain for raw materials, and increased efficiency on the production side."

EXTENDED GROUP MANAGEMENT

DR ADALBERT LECHNER
GERMANY, AUSTRIA
with Lindt & Sprüngli since 1993

"Germany is our most important sales market in Europe. With regular innovations and strong brand support, we have been able to grow our market shares year on year in a highly competitive environment. Today we produce more than three times of LINDT Chocolate in Aachen than we did 15 years ago."

KAMILLO KITZMANTEL
SWITZERLAND, EXPORT, DUTY-FREE
with Lindt & Sprüngli since 1994

"In Switzerland today, three times as much LINDT chocolate is being manufactured compared to 20 years ago. We are proud that some 80 % of LINDT products are exported from our historical Kilchberg site, spreading the good reputation of Swiss chocolate culture across the world."

ANDREAS PFLUGER
NORTH AMERICA, ITALY, AUSTRALIA, CHINA
with Lindt & Sprüngli since 1994

"Twenty years ago, our passionate goal was to conquer the world's biggest chocolate market. Today, 30 % of our total sales are generated in North America. As a next step, we will establish Swiss chocolate culture with full conviction on the highly promising Asian market."

ROLF FALLEGGER
FRANCE, U.K., CZECH REPUBLIC, POLAND, RUSSIA
with Lindt & Sprüngli since 1997

"In England, Europe's biggest chocolate market, our local team has established LINDT as a premium brand and laid the foundation for further growth. With the incorporation of our own subsidiary in Russia in 2012, we made further progress towards the implementation of our expansion plans in the countries of Central and Eastern Europe."

COUNTRY CEOs

THOMAS LINEMAYR
CEO LINDT USA
with Lindt & Sprüngli since 1995

"We have expanded our LINDT site in the US through substantial investments over the years to meet rising demand. Publicly effective marketing activities have substantially contributed to establish LINDT's position as the leading premium brand. This has enabled us to increase our sales ten times in the past twenty years."

MARTIN THOMPSON
CEO GHIRARDELLI
with Lindt & Sprüngli since 2004

"The acquisition of GHIRARDELLI in 1998 was a key step in gaining access to the US market. GHIRARDELLI is a uniquely American brand which stands for quality and tradition. We have transformed it from a regional brand on the west coast into a nationwide premium label."

RUDI BLATTER
CEO LINDT CANADA
with Lindt & Sprüngli since 1995

"Since the incorporation of the Canadian subsidiary in 1995, we have been able to build up a substantial market share and an excellent image. Today, LINDT products are available in almost all the trade channels and in our own LINDT boutiques. These products are highly popular and LINDT remains the fastest growing chocolate brand in Canada."

STEPHEN LOANE
CEO LINDT AUSTRALIA
with Lindt & Sprüngli since 1997

"Twenty years ago the LINDT brand was relatively unknown in Australia. Through the innovative concept of the LINDT Chocolate Cafés we have succeeded in launching our brand successfully 'down under' and establishing its lasting presence. Today, LINDT is the uncontested no. one in the premium chocolate segment."

ALAIN GERMIQUET
CEO LINDT FRANCE
with Lindt & Sprüngli since 2007

"Year on year, LINDT is the most innovative premium chocolate brand in France. We manage time and time again to reinvent the tablet segment with innovative formats or refined taste variants. This has enabled us to establish and further expand our leading market position."

"Today, the LINDT Master Chocolatiers are recognized all over the world."

UWE SOMMER

"Our strong balance sheet permits long-term investments."

DR DIETER WEISSKOPF

FABRIZIO PARINI
CEO LINDT ITALY
with Lindt & Sprüngli since 1995

"Twenty years ago, LINDT was already the leading brand in the traditional trade. Today, LINDT is the leader in all distribution channels in the premium chocolate segment, and the best times are yet to come. I am proud to have been able to contribute to this success."

VINCENZO MONTUORI
CEO CAFFAREL
with Lindt & Sprüngli since 1990

"Since Lindt & Sprüngli acquired Caffarel in 1997, this historical chocolate company has been transformed into a modern business which perfectly embodies the great Italian tradition in typical domestic chocolate specialties, with its excellent products available in Italy and the whole world."

REVIEW 2012

HIGHLIGHTS

JANUARY

LINDT CHOCOLATERIA, KILCHBERG

The LINDT Chocolateria in Kilchberg, opened by brand ambassador Roger Federer in November 2011, enjoyed a successful first year of business. The hands-on chocolate courses are proving very popular, and visitor numbers have exceeded all expectations from day one.

APRIL

CHOCOLATE STUDIO, CAPE TOWN

In response to strong demand, the LINDT Chocolate Studio in Cape Town, South Africa, has been expanded. Visitors here have the chance to step into the world of chocolate and make their own creations under the expert guidance of a LINDT Master Chocolatier.

JUNE

GHIRARDELLI STORE, DISNEYLAND

The new GHIRARDELLI restaurant at the Disneyland Resort in Anaheim, California, opened its doors in June. Since then, it has given visitors of the popular theme park an even sweeter experience with a choice of chocolate products and ice cream.

JUNE

LINDT BOUTIQUE 5TH AVENUE, NEW YORK

In June, Lindt & Sprüngli opened a new LINDT boutique at a prime address in midtown New York City. Here, consumers can receive advice about chocolate and choose from a wide selection of the finest LINDT products.

EASTER

60 YEARS GOLD BUNNY

The LINDT Master Chocolatiers have good reason to celebrate! GOLD BUNNY has been enjoying growing popularity among young and old at Easter for 60 years now. Numerous marketing campaigns worldwide have made it an Easter icon.

SPRING

LAUNCH OF THE FROG PRINCE RANGE

Even adults can dream sometimes – of living for the moment or meeting their one true love. In those moments, the new LINDT Frog Prince brings their wishes closer to reality, awakening the magic and wonder of childhood days.

SEPTEMBER

LAUNCH OF THE HELLO RANGE

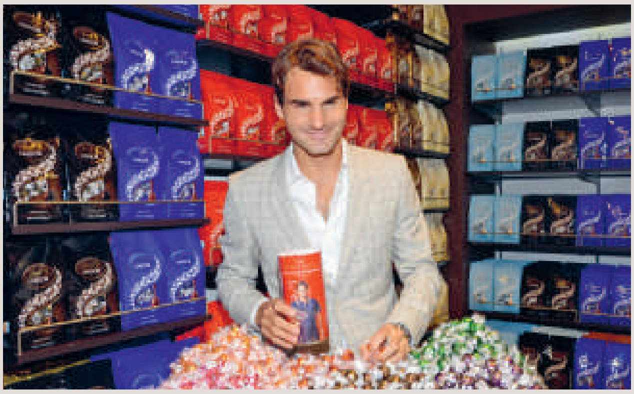
HELLO – LINDT's new lifestyle product line – is here, enthralling chocolate fans with four tasty variants: Caramel Brownie, Crunchy Nougat, Strawberry Cheesecake, and Cookies & Cream. The launch of this new product concept, geared towards a fashionable audience, was marked by a unique party in the trendy city of Berlin. The event was perfectly complemented by an innovative, youth-oriented TV advertisement and a large number of other marketing measures. The product line has been a huge success, and will soon be available worldwide!

BRAND AMBASSADOR

ROGER FEDERER

AUGUST

OPENING OF LINDT BOUTIQUE, NEW YORK



Immediately after playing at the Olympics in London, brand ambassador Roger Federer flew to New York to open the new LINDT Chocolate Boutique on 5th Avenue, one of the most famous shopping streets in the world. Hundreds of fans were waiting for the champion long before the doors opened. Before taking part in the Grand Slam tournament in Flushing Meadows, Federer signed a host of LINDT items that lucky chocolate fans had a chance of winning, including an exclusive limited-edition box of delicately melting LINDOR truffles.

NOVEMBER

MEET & GREET WITH BRAND AMBASSADOR ROGER FEDERER, BASEL

A major LINDT competition in Switzerland attracted lots of entrants. Ultimately, however, only a handful of lucky winners had the opportunity to meet LINDT brand ambassador Roger Federer. After a chocolate course at the LINDT Chocolateria in Kilchberg, the winners went on to Basel, where they had the opportunity to chat with Roger in person. A photo was then organized for the participants to take home with them as a souvenir. Following the meet & greet the day was rounded off with a convivial dinner.

NOVEMBER

ROGER AND HIS NEW FAVORITE PRODUCT: THE LINDT TEDDY

MARKETING

THE DELICIOUS CHOCOLATE EXPERIENCE

A strong brand is the most important capital of any consumer goods business. It creates confidence and is associated by consumers with a number of tangible, emotional, and characteristic aspects. Brand management and communication of product values are therefore among the most important tasks of the business management. To build a brand, two criteria are essential: firstly the product must be clearly differentiated from other offers available on the market, and secondly, the message must fully reflect the communicated product properties. For many years, the chocolate industry has experienced stagnating and often declining markets while the number of suppliers has been rising. Competition increasingly concerns the price, and the product offering is monotonous. Real innovations are increasingly few and far between. More than ever before a unique experience of the brand and product profile determines lasting success on the market. The task of the marketing department is to convey the unique nature and added value of the products to the consumer in a credible and memorable manner.

As the world's biggest manufacturer of premium products, Lindt & Sprüngli recognized the challenges of the chocolate market 20 years ago, and stepped up the pace of innovation in the field of product development and marketing concepts substantially. Thanks to in-depth market and consumer analyses, the LINDT Master Chocolatiers are proving repeatedly successful in responding effectively to consumers' expectations. The Group-wide communication concept with the LINDT Master Chocolatiers is structured to achieve optimized synergy effects with classical marketing instruments such as advertising, consumer promotions, point-of-sale presence, and events for the public, so as to keep the image and quality values of the LINDT brand in the public eye through a universal presence. As the outstanding symbols of these premium values, the LINDT Master Chocolatiers create a shared framework all over the world for all LINDT products, and have generated consistent images with consumers for the past 20 years or so. The primary aim of this global high-level brand campaign is to make the LINDT brand a real experience. Each piece of LINDT chocolate is intended to convey the passion placed by our Master Chocolatiers in the development and manufacture of their products and by so doing to build image values.

To support this highly successful communication concept, Lindt & Sprüngli signed a long-term partnership with the Swiss tennis champion Roger Federer in October 2009 to acquire an additional popular identification potential for the LINDT brand. Roger Federer is a unique embodiment of the values which are fundamental to Lindt & Sprüngli, such as Swissness, premiumness, quality, and passion, making him an ideal global brand ambassador.

For the past 20 years, Lindt & Sprüngli has been uniquely successful in repeatedly developing, instead of monotonous or aggressive price opportunities, new and creative ideas, innovative products and concepts, and consistently associating them with the global communication aims led by the LINDT Master Chocolatiers.

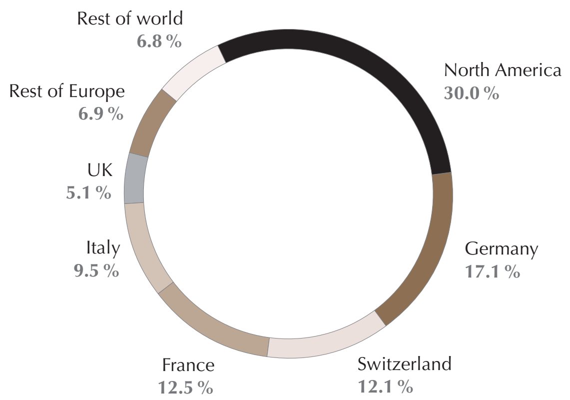
Lindt
DEPUIS 1845
DEPUIS 1845
HELLO MY NAME IS
Strawberry CHEESECAKE
Lindt CREATION
JAN VON WERTH

MARKETS

As the leading global supplier in the premium chocolate segment, Lindt & Sprüngli operates 20 subsidiary companies worldwide and eight production sites in Europe and the USA. Via its own organization and numerous distribution partners, the group of companies is present round the world in over 120 countries with its LINDT, GHIRARDELLI, and CAFFAREL brands.

SALES BY REGIONS

in percentages



SWITZERLAND

In 2012, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG reported sales worth some CHF 324 million, equivalent to the figure for the previous year. Good progress made on the domestic market was not enough to compensate in full the impact of the strong franc on our export business.

Because of the growing tendency for domestic purchasing power to migrate to the neighboring euro countries, and weaker overall tourism figures, the Swiss chocolate market as a whole declined in the year under review. In contrast, the value of LINDT sales on the domestic market was well above the market average with further gains against the previous year. The LINDT brand is stronger than ever in Switzerland and its market share reached a historic peak in the year under review. Contributory factors were the comprehensive year-round assortment, as well as the important seasonal trade with specially created festive collections and products, such as the GOLD BUNNY or the LINDT TEDDY. LINDT was the clear no. one on St. Valentine's Day. A special highlight in 2012 was the tenth anniversary of the by now traditional "Festival du Chocolat." The pralinés promotion conducted over two days by members of our executive staff is by far the biggest chocolate event in Switzerland. The Meet & Greet with market ambassador Roger Federer in Basel, which was open to winners of a LINDOR promotion, remains an unforgettable event. However, the export business was impaired by the strong franc and the widespread decline of purchasing power in a number of countries.

GERMANY

Chocoladefabriken Lindt & Sprüngli GmbH ended the financial year with a substantial sales gain of 8 % to EUR 378.8 million (previous year: EUR 350.8 million). The German subsidiary company once again proved its great ability to innovate with the launch of the new HELLO range.

The global debt crisis and continuing uncertainty in the euro zone caused the economic situation to weaken slightly in Germany too, in 2012. In particular, the volume of exports, the main driver of the German economy up to now, declined but this did not have a negative impact on the domestic market. Private consumption even showed a slightly positive trend. The overall chocolate market was back in growth again for the first time, and LINDT succeeded in doing substantially better than the average thanks to its strong seasonal business and the launch of many new products. The introduction of the new HELLO "Nice to sweet you" product line proved to be an absolute highlight with an exceptional touch. This modern life style assortment appeals to a young and cosmopolitan target group and is developing in a very promising way. LINDT achieved a substantial increase in its turnover overall in Germany with a higher-than-average gain in market shares. The trend of the Global Retail Organization with our own LINDT shops remains pleasing in Germany.

FRANCE

Lindt & Sprüngli SAS was able to increase its sales by an above-average of 7.4 % to EUR 276.8 million (previous year: EUR 257.6 million) and further extended its leading position.

Despite a difficult economic environment, the overall chocolate market proved resilient and continued to grow. The LINDT brand managed to outperform this trend easily, and further strengthened its position by gaining many new market shares in every segment. The no. one position of our brand in the year-round tablet business was once again successfully maintained through the addition of new products to the EXCELLENCE line and the filled CREATION tablets. The new EXCELLENCE Caramel Fleur de Sel and the CREATION Pistache tablets launched in 2012 count among LINDT's most successful innovations in the last ten years on the French market. Further market shares were also gained during the Easter seasonal business and Mother's Day. Thanks to numerous marketing measures, including a new TV spot for CONNAISSEURS Pralinés, and for the traditional specialty LES PYRENEENS, LINDT maintained its leading position for assorted pralinés in the Christmas business through which some 40 % of the annual sales volume is achieved on the French chocolate market.

ITALY

Lindt & Sprüngli SpA and Caffarel SpA reported consolidated sales worth EUR 211.0 million (previous year: EUR 221.4 million). The 4,7 % decline is explained by the exceptionally difficult economic environment.

Changes in the country's fiscal policy brought a reduction of purchasing power, which in turn had a negative impact on the chocolate market as a whole. Nevertheless, **LINDT** managed to assert its position and gain new market shares in every segment against the background of generally shrinking trade. Thanks to effective activities at the point of sale and the launch of new recipes for the key EXCELLENCE and LINDOR brands, further progress was achieved. Our own distribution network was extended with the opening of five more LINDT shops in the year under review. With a total of 43 units, Italy now has the biggest network of retail outlets of our group of companies in Europe. A highlight in 2012 was our renewed participation, as one of the main sponsors, in the well-established "Eurochocolate" festival in Perugia. Throughout the city the LINDT TEDDY was prominently displayed in over 85 specialty retail outlets, thus making a strong publicity impact.

CAFFAREL managed to assert its position on the market and achieved good results with its most important traditional product, GIANDUIOTTI. These high-quality exclusive pralinés are available in more than 10,000 specialty stores and have been welcomed by quality-conscious clients since 1826. The export business has developed strongly in Europe and more especially in Asia.

NORTH AMERICA

With the LINDT and GHIRARDELLI brands in the USA as well as LINDT in Canada, Lindt & Sprüngli reported cumulative sales worth USD 853.7 million (previous year: USD 775.1 million). This is equivalent to growth of 10.1 %, far above the market average in a challenging market environment. Once again LINDT and GHIRARDELLI were among the fastest-growing chocolate labels.

With a gain of 11.7 %, **LINDT** was the fastest-growing major chocolate brand in the USA. The GOLD BUNNY reported a record result and is the star product at Easter in North America. The cooperation with the Culinary Institute of America (CIA) proved particularly rewarding. For example, at a talent competition of young confectioners, an EXCELLENCE Mocha Coconut tablet was created in a limited edition. Particular mention must be made of the exceptionally successful Facebook promotion for LINDOR as a highlight of successful publicity activities. More than one million LINDOR packs were distributed as gifts nationwide, thus further enhancing familiarity with the product. In the year under review, LINDT USA opened seven new shops, one of them on the famous 5th Avenue shopping street in New York.

Ghirardelli Chocolate Company achieved growth of 9.6 %, thereby further extending its leading market position. The main contributors to growth were the popular SQUARES and the constantly expanding Baking Chocolate segment. Their own restaurant and retail outlet chain continued to report strong progress with over seven million customer contacts annually. The inauguration of the new GHIRARDELLI restaurant in Disneyland, California, achieved particular acclaim. The new premises in the leisure park are a faithful replica of the chocolate factory on the historical Ghirardelli Square in San Francisco, built from old plans. Another highlight was this year's GHIRARDELLI Chocolate Festival on Ghirardelli Square with over 40,000 visitors.

Lindt & Sprüngli (Canada) Inc. once again raised its market share substantially with a sales gain of over 8.3 %. The leading position in the tablet segment was further extended and the top ranking of LINDOR in the Christmas business was strengthened. In Canada, LINDT dominates the St Valentine's Day trade. With nationwide sponsorship activities during the Toronto International Film Festival, the Roger's Cup Tennis Tournament and the Stars on Ice ice-skating show, familiarity with LINDT as a premium brand was further consolidated.

UNITED KINGDOM

With sales growth of 10.1 %, Lindt & Sprüngli (UK) Ltd. managed to report an altogether satisfactory result in a challenging economic environment.

The consumer climate in the UK was impaired by high inflation and a stringent austerity policy. Nevertheless LINDT succeeded in growing faster than the chocolate market as a whole and in winning further market shares. LINDOR Milk remained the most successful product, and was available in a special pack to mark Queen Elizabeth II's 60th anniversary on the throne. In the tablet segment, the EXCELLENCE line, which was already extremely well established, was supplemented by wasabi, coconut, and sea salt flavors, while the filled CREATION tablets were newly introduced. Particular mention should be made here of our presence in the House of Switzerland during the Olympic Games in London. Here the LINDT Master Chocolatiers demonstrated their craft skills to a large audience. Further highlights were the opening of two new LINDT boutiques and the collection of donations for children in need under the motto "Show you care with the LINDT Bear."

REST OF EUROPE

Lindt & Sprüngli (Austria) Ges.m.b.H. achieved modest 1 % sales growth, attributable, among other things, to progress with the Global Retail concept. In the year under review, two new LINDT boutiques were opened in Schönbrunn Palace and the Tyrol Department Store. **Lindt & Sprüngli (España) SA** continues to be confronted with challenging economic conditions but still reported a stable result in the Spanish retail trade. This is attributable largely to strong Christmas business in which LINDT was the only brand to make progress. **Lindt & Sprüngli (Sweden) AB** also coordinates activities on the growing markets of Norway and Finland. Overall, those three markets achieved a strong double-digit gain in the value of sales. In November, the first LINDT boutique was opened near Göteborg with a view to providing an impressive demonstration of LINDT's premium character and product diversity. **Lindt & Sprüngli (Czechia) s.r.o.** looks back on another successful year. In the fourth year of trading since its inception, high double-digit growth was achieved. LINDT remains the country's most dynamic chocolate brand. Following the great success of the LINDT store in Prague, a second point of sale was opened in the central region of the Czech Republic in 2012. **Lindt & Sprüngli (Poland) Sp. z o.o.** reported good sales progress. The extensive EXCELLENCE range is performing particularly well. In November a LINDT Shop opened its doors in Warsaw. In **Russia** a subsidiary company was founded in the year under review to continue to push ahead with access to this dynamic market under our own management.

REST OF WORLD

Lindt & Sprüngli (Australia) Pty. Ltd. successfully ended the year 2012 with sales growth of 7.6 %. The boxed-chocolates category made particularly strong gains thanks to many innovations. In the tablet segment EXCELLENCE won new consumers with fresh recipes such as strawberry, coconut, and sea salt. Overall, LINDT again succeeded in winning important market shares and further extending its leading market position. In its first year of business, **Lindt & Sprüngli (South Africa) Pty. Ltd.** made further progress. Many EXCELLENCE products were newly launched and promoted in the trade with a festival. Because of the strong demand for chocolate courses, the Chocolate Studio in Cape Town was extended including more retail space.

In the **Middle East** region more chocolate was consumed, especially in Saudi Arabia, Qatar, and the United Arab Emirates. LINDT is particularly popular here because of the generally strong interest in premium products. The chocolate markets in **Asia** all continue to report strong growth. In the premium segment LINDT expanded its sales substantially and won new market shares. LINDT achieved excellent development in China, Hong Kong, and Japan in particular. In Tokyo, for instance, four more Chocolate Cafés were opened. LINDOR truffles are the most popular LINDT product in the Far East. They are in strong demand especially as gifts for festive occasions. In China, the LINDT presence in department stores was expanded greatly. To enable the market to be canvased still more effectively on site, the new **Lindt & Sprüngli (China) Ltd.** subsidiary company was incorporated in Shanghai. Great importance is attached to the constantly growing chocolate market in **Latin America**, and our distribution network is being expanded continuously in every region. Familiarity with the LINDT brand is enhanced through carefully chosen and targeted marketing activities.

DUTY-FREE/TRAVEL RETAIL

Lindt & Sprüngli was able to consolidate its leadership in the travel retail business. However, this pleasing trend was held back somewhat by the strong Swiss franc, as had already been the case in the previous year. The popular LINDOR portfolio was extended to include the new 400 g LINDOR Tube White. Once again the large-format tablets, which became even more firmly established on this market, proved very popular. Swiss Premium Napolitains were again the biggest sales driver, being suitable both as an attractive gift and for own consumption. The design of the globally successful “Truffes Ballotins” was made still more attractive and elegant. The year 2012 saw implementation of the prestigious LINDT shop-in-shop concepts in both Europe and Asia.

PROCUREMENT

Because of adverse weather conditions in West Africa, delivery shortages occurred in the early part of the year and drove up cocoa prices. The Ivory Coast implemented a new sales program based on an auction system, which stabilized prices somewhat. A forecast harvest shortfall then made the situation more acute once again. This was followed by a period of great nervousness on the futures markets in London and New York. Market prices remained high as general uncertainty about the new selling system in the Ivory Coast spread. Against expectations, a good harvest ensued and prices fell slightly towards mid-September. On the London cocoa futures market, prices ranged from a low of GBP 1,321 to a high of GBP 1,735 per ton of cocoa. The situation on the milk market also remained tense. Prices rose because of lower production figures. World sugar production saw good harvests in Europe, Russia, and India. The white sugar prices on the London Exchange were stable but they lost some ground in the USA. The price of hazelnuts was initially high as both the key production countries, Italy, and Turkey, reported smaller harvests. Towards the middle of the year prices slackened again thanks to favorable forecasts for the next harvest. Against a background of sustained heavy demand for almonds from California prices rose continuously. In the packaging sector the cost of aluminum, paper, and cardboard remained stable.

EXPANSION

AN INTERNATIONAL GROUP WITH SWISS ROOTS

Progressive globalization of the markets and consumer habits, ongoing changes in the social structures of many new and fast-growing markets in the emerging countries, and the accompanying improvement of purchasing power and life style enjoyed by increasingly broad sectors of society open up great opportunities for Lindt & Sprüngli. These must be grasped through expansion plans to ensure that, once these change processes have been completed, Lindt & Sprüngli is well placed in future to benefit from the investments made today.

When the present management took over responsibility for the Group back in 1993, geographical expansion was one of its clearly defined priorities. That is why, over the past 20 years, Lindt & Sprüngli has organized the expansion of its business in the traditional mature European markets and so achieved profitable growth by deploying its own resources; at the same time, it has driven forward its global presence through external acquisitions and the incorporation of its own distribution companies. The initial focus was placed on markets with an established chocolate tradition to which Lindt & Sprüngli systematically imparted new dynamism through innovations and new distribution concepts, together with targeted and constantly enhanced marketing measures across the years. Wherever Lindt & Sprüngli wished to establish its presence, it succeeded in strengthening the LINDT brand and lastingly positioning it; thus generating strong growth over a period of many years while also constantly increasing profitability.

Lindt & Sprüngli made its first strategic acquisition when it took over Hofbauer in 1994. At that time, this Austrian confectioner was a byword for high quality and outstanding workmanship, thus perfectly reflecting our brand values. Just three years later, the traditional Turin-based company Caffarel was acquired with its "Gianduia 1865" product that was already known well beyond the national borders. To exploit the potential of the North American chocolate market still more effectively, the oldest and most traditional US chocolate maker, Ghirardelli Chocolate Company in San Francisco, was integrated into the Group in 1998. It's most popular signature product range, the SQUARES, is named after the town's landmark "Ghirardelli Square" which was the historical manufacturing site of Ghirardelli.

To make use of global growth opportunities and make LINDT still more widely known all over the world, not only new markets but also new distribution channels had to be found. In the permanent search for additional growth opportunities, it became clear that a successful own sales concept has enormous potential to enhance familiarity with the brand, and is an ideal way of gaining access to new markets with little or no chocolate tradition. The systematic implementation of this new direct distribution model with its different conceptual facets required a professional management structure. In 2009, a centralized global retail organization was founded at Group level for this purpose. The stated aim is to generate additional sales by setting up our own global network of sales outlets and so creating sustainable growth opportunities for the future, without impairing relations with the retail trade. At present there are around 200 LINDT shops worldwide, including around 20 Ghirardelli Chocolate & Ice Cream Shops.


Ghirardelli Square
Lindt
Lindt
Lindt
Lindt
Ghirardelli
WANT MORE CHOCOLATE?
WANT MORE CHOCOLATE?
GHIRARDELLI

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Sustainable and socially responsible action is firmly rooted in Lindt & Sprüngli's corporate philosophy and an important prerequisite for the company's long-term economic success. This major issue and all the related aspects are therefore dealt with at the most senior management level. They are also monitored by a Board of Directors' committee.

→ Corporate Governance Chapter,
Corporate Social Responsibility Committee, page 35

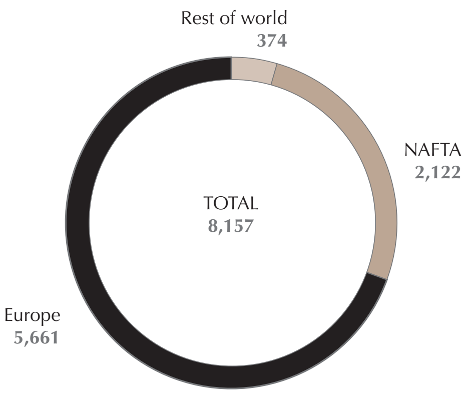
The company has also formulated clear guidelines in this area which are published in a separate chapter on the Lindt & Sprüngli website where they can be consulted by all the stakeholders at any time.

www.lindt.com/csr

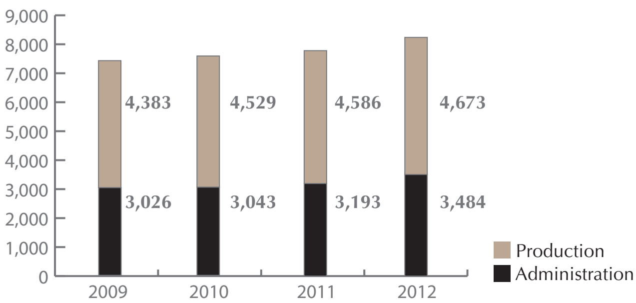
Site policy — The group of companies has been firmly committed to its Kilchberg site since the factory was built in 1898/1899. This facility has been constantly expanded for well over 100 years. In the past 20 years, two further sites were built and later extended in Olten (cocoa mass production) and Altendorf (logistics). Chocoladefabriken Lindt & Sprüngli (Schweiz) AG is not only the biggest exporter within the Group which supplies cocoa mass to the sister companies in Germany and Italy, and exports finished LINDT products to European countries and overseas, but is also the biggest employer on the left bank of Lake Zurich. To safeguard future growth, geographical expansion plays a particularly important role and is driven forward by the incorporation of its own organizations. In the financial year 2012, new subsidiary companies were inaugurated in Shanghai, China, and in Moscow, Russia. As a result the company currently has more than 20 independent groups and its own regional representations all over the world.

Personnel — In the year under review Lindt & Sprüngli employed 8,157 people worldwide. These staff members are outstanding in their professional expertise, dedication, and high degree of identification with the products and the company itself. Staff turnover is low and the resulting loyalty particularly high. The Group sets great store by its core values such as trust, fair play, team spirit, and mutual respect. These values are firmly anchored in the corporate credo. Employee satisfaction holds the key to the Group's long-term success. To obtain a general idea of staff sentiment, an anonymous employee survey has been conducted at regular intervals since 2004. A survey of this kind was held for the fourth time in 2012, and achieved an above-average response rate of 82 percent. The survey clearly showed that a majority of the employees are strongly committed to Lindt & Sprüngli as an employer; their degree of identification both with the company and with the brand is very high. Feedback on the

NUMBER PERSONNEL GLOBAL



DEVELOPMENT PERSONNEL GLOBAL



following points was particularly favorable: attractive and varied job content, pleasant working climate and management attitudes of the particular line managers. In line with the policy of training staff for future responsibilities, the number of training places is constantly being increased and extended to include new specializations. In recent years, an international 18-month trainee program for food technologists and business management students has been built up in various areas. As independent surveys regularly confirm, Lindt & Sprüngli (Schweiz) AG is one of the country's most popular employers.

Safety at the workplace — The improvement of safety at the workplace is a top priority. That is why a binding "Health and Safety" program was introduced some years ago for all the production companies within the Group. Compliance with that program is regularly verified by internal audits. The program has now become an established feature of the corporate culture and is not only being implemented in an exemplary manner by our staff members but also actively supported by them. As a result, the number of occupational accidents in the Lindt & Sprüngli production companies has been greatly reduced.

Consumers — As the number of consumer enquiries has risen constantly over the years and great importance is attached throughout the business to consumer care extending beyond product purchases, a specific Customer Relationship Management system (CRM) was implemented in 2009. Since 2011 this system has enabled all enquiries to be recorded centrally worldwide and answered efficiently. In the year under review, a total of some 70,000 enquiries reached headquarters and the subsidiary companies all over the world. The topics dealt with are particularly varied and range from general product information to complaints, suggestions and sustainability issues.

Supplier Code of Conduct — Lindt & Sprüngli is committed to ethical and socially responsible company management. The same conduct is also expected from all our suppliers; by signing the "Suppliers' Code of Conduct" they give a written undertaking to comply with the laws and regulations concerning working conditions and the environment. This code is binding and compliance by various suppliers is verified from time to time on a random sample basis by an external team of experts. In addition, since 2010 Lindt & Sprüngli has undertaken to comply with the UN Global Compact directives. These are based on ten principles in the areas of human rights, working standards, environmental protection, and prevention of corruption.

http://www.lindt.com/swf/eng/company/social-responsibility/policies/policies/#c3775

Environment — The Group's environmental guidelines are extensive and aim to safeguard the long-term conservation and regeneration of ecological resources. This is done for example through ongoing internal energy-saving projects and by participation in international initiatives such as the "Carbon Disclosure Project". In 2002, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG entered into a voluntary agreement with the Swiss Federal Office for the Environment with a view to assuring compliance with the Kyoto Protocol objectives. Efforts made to generate and implement measures leading to efficiency improvements or energy savings enabled these criteria to be exceeded by a substantial margin. At the end of 2012, the aim set for CO_2 emissions was even exceeded by an absolute figure of some 30 percent. The data recorded in this way formed the basis for the future efforts of the group to achieve a further reduction of CO_2 emissions.

Social Commitment — All the subsidiary companies belonging to the Group make numerous regular donations to local organizations, association and social schemes. Particular importance attaches here to the project partnership launched in the previous year between Lindt & Sprüngli and the Roger Federer Foundation in favor of a promotional program of winter assistance for deprived children in Switzerland.

SUSTAINABLE COCOA CULTIVATION

As a premium chocolate manufacturer, Lindt & Sprüngli has always retained full control over every stage of chocolate production with a permanent and uncompromising commitment to quality. But quality begins with the procurement of the finest raw materials from the best growing regions. Only carefully selected cocoa beans from these particular regions are used, including fine cocoa from Latin America and the Caribbean, together with consumer cocoa from Ghana where one of the highest-quality varieties is cultivated.

However, the quality of cocoa procurement at Lindt & Sprüngli has several different facets and is not simply confined to certain flavor features or impeccable fermentation processes. Sustainability aspects involving responsible and socially compatible cocoa growing are at least equally important. The traceability of the cocoa beans used back to their origin forms the basis for the Lindt & Sprüngli concept of sustainability. The "Ghana Traceable" project has therefore been implemented in cooperation with Armajaro and Source Trust since 2008. Lindt & Sprüngli is not just one of the founding members of this purchasing model, but also by far the largest buyer of traceable cocoa beans from Ghana in this context. Each sack of cocoa beans from Ghana can therefore be traced back to the village community of the particular growing district. Close contacts maintained by our partners Armajaro and Source Trust with the farmers who supply our cocoa beans on site enable a deep understanding of local social conditions to be gained. In this way we are able to respond to any socially reprehensible practices such as child labor.

Traceability of cocoa back to its source is the foundation of the Lindt & Sprüngli sustainability concept.

The additional premiums paid by Lindt & Sprüngli as part of this purchasing model are employed locally for specific purposes and make an effective contribution to the improvement of farmers' living conditions and earnings.

Since the inception of this partnership in 2008, Lindt & Sprüngli has invested some 5.5 million USD in infrastructure and social projects via the non-profit organization Source Trust. For example, work began in September 2010 on the construction of a new junior high school in the Dunkwa District. This facility was opened in 2011 and an annex for the teaching staff was added in 2012. A further part of these special premiums goes to Village Resource Centers (VRC), which are equipped with computers and internet access and used by pupils and teachers alike for education, and also by farmers for training purposes. In addition, we are committed to the provision of drinking water supplies and have already financed a substantial number of wells. The projects supported by Lindt & Sprüngli are accompanied by our partners on site and verified at regular intervals by visiting delegations from the company at the highest Group level.

www.sourcetrust.org

Because of the positive experience gained with the purchasing model in Ghana we have been motivated to set up a similar project for the procurement of high-grade cocoa from Latin America. After initial clarifications with partners on site, we began to procure relatively small quantities of traceable cocoa beans from Ecuador and Madagascar in 2011. The proportion of these cocoa beans has been constantly extended in the financial year 2012. In Ecuador, Lindt & Sprüngli is now acting as a financing partner to support a research project for the clear identification of high-quality Ariba cocoa beans.

For quality reasons, Lindt & Sprüngli cannot dispense with comprehensive control of every single production stage or the procurement of cocoa beans based on our own selection criteria. That is why we ourselves accept responsibility for the socially compatible and sustainable handling of the principal raw material, cocoa; we do not leave this task to the familiar sustainability seals. With our procurement model in Ghana, we have demonstrated our dedication to these values in our own particular way. We have undertaken to communicate this action in transparent and detailed terms to the public, and to adopt a road map for the attainment of our objectives which is published on our website.

Lindt & Sprüngli has likewise decided to initiate a program for verification of the traceable cocoa supply chain by independent entities. As part of the "Geo-Traceability Project," more than 42,000 farmers will be covered between 2012 and 2016 in 34 LINDT districts (Ghana). Relevant data will thus be gathered in order to gain a thorough insight into their social and economic circumstances and so implement more efficient improvement measures. Targeted trainings in the various agricultural, social, and environmentally relevant sectors will further enhance awareness of these issues. The introduction of an internal control system additionally enables information to be generated to trace the development and improvement of the living conditions of the farmers, their families, and the particular village communities, thereby laying an increasingly solid foundation for the permanent prevention of child labor. This verification covers cocoa procurement by Lindt & Sprüngli from Ghana in the first instance and is to be extended by 2020 to the entire cocoa procurement chain.

www.lindt.com/csr

Addea-Manu Augustine, aged 57, cocoa farmer: "We are very grateful to LINDT and Source Trust for our new water supply. The water is now much cleaner and has greatly improved the health of the whole community."

Project type	Total since 2008
Trained farmers	3609
Schools	1
Nurseries	1
Boreholes	102
VRCs	21
Moskito nets	38 600
Farmer shop	1

Joseph Albert Appiah, aged 55, school principal: "The Village Resource Center enables us to give our pupils IT training which is so important nowadays."

INVESTING IN THE FUTURE

TODAY LINDT & SPRÜNGLI'S PRODUCTION FACILITIES ARE STATE-OF-THE-ART IN THE CHOCOLATE INDUSTRY

From the outset, Lindt & Sprüngli's core expertise has consisted in the production of delicious chocolate products, from the choice of the finest raw materials to the finished product.

The first major investment in the company's history was the purchase of the site and construction of the chocolate factory in Kilchberg back in 1898, where chocolate is still produced today and exported all over the world. Just one year later, the secret conching technique was acquired together with the Rodolphe Lindt brand at a cost of 1.5 million gold francs. The revolutionary know-how secured in this way remains the basis of our expertise in chocolate which has undergone constant refinement.

Lindt & Sprüngli has always remained true to the pioneering spirit of its founding fathers. In response to the constantly growing demand for high-quality LINDT premium chocolate, the Group has invested in the expansion of its production sites and in the acquisition of new machinery. In the past 20 years, a total of some CHF 2.5 billion have been invested to extend capacities, optimize productivity, and enhance quality with the goal to improve competitiveness with a view to set the base for future growth.

For example, the Kilchberg site has been extended by a cocoa processing facility in Olten and a logistic center in Altendorf. Our Olten site now not only produces cocoa mass for Switzerland but also for Germany and Italy and has tripled the original production volume. Altendorf is a hub for the export of LINDT products to some 120 countries. Substantial investments have also been made in the USA, the world's biggest chocolate market. At the company's headquarters on the East Coast in Stratham, cocoa mass has been produced since 2010 according to the stringent quality criteria of the Swiss parent company. Lindt & Sprüngli USA has therefore now become independent of imports from Switzerland which brings with it a minimization of currency risks and transport costs, together with a more environmentally friendly eco-balance. In Germany, France and Italy, our principal manufacturing sites in Europe, we have constantly invested in the expansion of the factories. The current major projects involve an investment volume of more than EUR 100 million.

Our production facilities are divided into so-called competence centers equipped with the very latest technologies for industrial manufacturing. Within the group of companies, the Swiss subsidiary has taken over expertise for pralinés while France specializes in the manufacture of tablets and Germany in chocolate figures and seasonal products. The production facilities, some of which are highly complex, use innovative techniques and cutting-edge technology often developed specifically to meet our own particular needs. In this respect, the exchange of technological expertise and process know-how between the sister companies has proved extremely effective.


NEUBAU LOGISTIK-ZENTRUM 2011
Lindt

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

GROUP STRUCTURE — 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 market capitalization based on the 2012 year-end prices is CHF 7.4 billion.

→ Security and listing numbers of the securities see page 93

The company's group structure is very lean. While the Board of Directors handles management, strategy and supervisory duties at the highest level, the CEO and Group Management are responsible for operational management tasks in which they are assisted by the Extended Group Management.

→ Board of Directors see page 30
→ Group Management see page 38

The scope of consolidation of Chocoladefabriken Lindt & Sprüngli AG includes the 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.

→ Details of subsidiaries see page 52

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

MAJOR SHAREHOLDERS — As of December 31, 2012, 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 29,143 registered shares or 21.3 % of the share capital and thus 21.3 % of the voting rights of the company. "Chase Nominee Ltd.," London, held a total of 6,057 registered shares or 4.43 % of the share capital. As far as the company knows, there are no tied shareholding agreements between these shareholders.

As of December 31, 2012, 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.

CAPITAL STRUCTURE

As of December 31, 2012, Chocoladefabriken Lindt & Sprüngli AG presents the following capital structure:

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

	2012
Registered shares*	CHF 13,670,000
Bearer participation certificates**	CHF 8,944,880
Total ordinary capital	CHF 22,614,880

* 136,700 registered shares par value of CHF 100.– each
** 894,488 bearer participation certificates par value of CHF 10.– each

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 6,127,370. The conditional capital comprises a total of 612,737 bearer participation certificates with a par value of CHF 10.– each. As of December 31, 2012, of this total, the remaining 258,287 are reserved for employee stock option programs; and 354,450 participation certificates are reserved for capital market transactions. Further information about auhtorized and conditional capital can be found in article 4bis of the Articles of Association which are available on the Web page of Chocoladefabriken Lindt & Sprüngli AG.

http://irpages2.equitystory.com/lindt_relaunch/pdf/Articles__28012011.pdf

There is no other authorized capital apart from the conditional capital.

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)**
2010	14,000,000	140,000	9,017,990	901,799
2011	14,000,000	140,000	9,261,790	926,179
2012	13,670,000	136,700	8,944,880	894,488

Conditional capital

No. of bearer participation certificates (PC)**

Year	Total	Capital market PC	Employee PC
2010	658,426	354,450	303,976
2011	634,046	354,450	279,596
2012	612,737	354,450	258,287

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

In 2012, the company annihilatet 3,300 registered shares and 53,000 participation certificates, which were bought back by the company within the frame of its share buy-back programme. By doing so, the share capital was reduced by CHF 330,000 and the participation capital by CHF 530,000.

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 and adopt suitable provisions for the application of these rules. The implementing provisions for these rules are defined in the regulation of the Board of Directors on "Registration of registered shares and keeping the share register of Chocoladefabriken Lindt & Sprüngli AG."

http://irpages2.equitystory.com/lindt_relaunch/pdf/Eintragungsreglement_en.pdf

According to these provisions, in particular (1) the intention of a shareholder to acquire a long-term interest in the company or (2) the acquisition of shares as part of a long-term strategic business relationship or a merger, together with the acquisition or allocation of shares on the occasion of the acquisition by the company of a particular asset, are treated as special cases within the meaning of article 3, subsection 9 of the Articles of Association.

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 21.3 % 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."

http://irpages2.equitystory.com/lindt_relaunch/pdf/Eintragungsreglement_en.pdf

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
2006	23,100	2,251	until 2013	13,939	9,161
2007	25,530	2,983	until 2014	350	25,180
2008	12,733	3,149	until 2015	0	12,733
2009	33,141	1,543	until 2016	5,753	27,388
2010	34,730	2,200	until 2017	0	34,730
2011	34,730	2,523	until 2018	0	34,730
2012	35,725	2,679	until 2019	0	35,725
Total	**199,689**			**20,042**	**179,647**

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised for a maximum of seven years after the grant and are subject to a blocking period of three, four and five years respectively. The strike price is equivalent to a five-day average of the closing daily prices of the share on the Swiss stock market prior to the date of issue.

In 2012, a total of 21,309 of the above employee options were exercised (previous year: 24,380). Therefore, the "ordinary" participation capital was increased in 2012 by CHF 213,090 by the corresponding reduction in the "conditional" participation capital reserved for the employee stock option programs. The 179,647 options outstanding as of December 31, 2012, and not yet exercised are equivalent to 7.9 % 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 half-year 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, 2012, the Board had six active members. Ernst Tanner (CEO) is an executive member of the Board, all other members are non-executive members.

BOARD OF DIRECTORS


Ernst Tanner


Dr Kurt Widmer


Dr Rudolf K. Sprüngli


Dr Franz-Peter Oesch


Antonio Bulgheroni


Dkfm Elisabeth Gürtler

Name, function	1. Election	Until
Ernst Tanner, Chairman and CEO	1993	2014
Dr Kurt Widmer, member	1987	2013
Dr Rudolf K. Sprüngli, member	1988	2013
Dr Franz-Peter Oesch, member	1991	2015
Antonio Bulgheroni, member and Lead Director	1996	2014
Dkfm. Elisabeth Gürtler, member	2009	2015

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 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 byelections 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, Elisabeth Gürtler and Dr Franz-Peter Oesch were reelected as members of the Board of Directors 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 Business schools in London and in Harvard. 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 has been a member of the Board of Directors of the Swiss Swatch Group since 1995 and Vice Chairman since 2011. He also has a seat on the Supervisory Board of the German Krombacher Brauerei GmbH & Co. KG, and is 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. He is a proven finance and banking expert and was a member of the Executive Board of Schweizerische Kreditanstalt or Credit Suisse and Credit Suisse Holding from 1983 until 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. Mr Sprüngli is also a member of the Board of Directors of Peter Halter Liegenschaften AG and Communicators 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 "swisslegal asg advocati" in St Gallen since 1971. Mr Oesch is also Chairman of the Board of Directors of the St 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 the chocolate business, 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 is also Vice Chairman of the Board of Diretors of Banca Popolare di Bergamo and 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 was from 1998 till 2012 a member of the Supervisory Board of Erste Group Bank AG. Since 2004, she 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 — The Board of Directors is self-constituting. Under the chairmanship of the current Chairman or of the member of the Board of Directors with the longest service record, it elects a chairman to serve for a term of office which is identical to that of their membership of the Board of Directors. If the chairmanship is abandoned prematurely, or if the Chairman is dismissed from the Board of Directors or retires from the Board before ending the 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 Delegate of the Board of Directors, the Group Management and the Extended Group Management, provides timely information for the Board of Directors on all matters which are important for the decision-making process and monitoring of significant aspects of the company. 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 Delegate of the Board of Directors (CEO) is entrusted with the task of managing the business jointly with the Group Management and is assisted by the Extended Group Management. He is Chairman of the Group Management. Further details of the tasks of the CEO, the Group Management and the Extended Group Management will be found on page 36 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 in his absence 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 and one extraordinary convened meetings were held. One member was not present at the regular meeting and two members were not present at the extraordinary meeting. Each meeting generally lasted for four to five hours. Members of the Group Management regularly attended these meetings. No external consultants took part in meetings of the Board of Directors in the year under review.

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 consists 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 in 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 Audit 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 Audit Committee makes recommendations to the Board of Directors for important decisions in the aforementioned matters, such as the approval of risk management principles, 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 2012, four regularly scheduled meetings were held. The meeting generally lasted between one and two hours. Members of the Group Management regularly attended these meetings. The auditors attended meetings of the Audit Committee on one occasion. Direct access for the auditors to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Board of Directors in the year under review.
→ Information on the auditor see page 43

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 Dkfm. Elisabeth Gürtler.

The Compensation & Nomination Committee sets guidelines for the compensation of the Board of Directors, the Group Management as well as the Extended Group Management 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 the Extended Group Management and the Managing Directors of the subsidiaries. The committee approves and sets guidelines for employment agreements with the 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. If the compensation of a particular member of the Board of Directors is involved, that member withdraws from the deliberations.

Furthermore, the Compensation & Nomination Committee submits suggestions to the Board of Directors regarding the appointment and dismissal of members of the Group Management, the Extended Group Management, and Managing Directors of subsidiaries as well as the criteria for election and reelection of the Board of Directors. The committee only has a preparatory and consultative role in these areas, the relevant decisions being taken by the Board of Directors as a whole. The committee meets at least twice a year. In the year under review, two regularly convened meetings were held, but one member did not attend the first of these meetings. Each meeting lasted generally for one to two hours. Members of the Group Management regularly attended these meetings. No external consultants attended these meetings.

Corporate Social Responsibility Committee — The Corporate Social Responsibility Committee consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board of Directors. The CFO attends the meetings. The following members belong to this committee: Dr Rudolf K. Sprüngli (Chairman), Dr Kurt Widmer, and Ernst Tanner.

The Corporate Social Responsibility 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 a preparatory as well as consultative role. It meets as often as business requires, at least once a year. One regularly convened meeting took place in the year under review and lasted for around two hours. The CFO attended this meeting. No external consultants were present at this meeting.

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:
- Performs the inalienable statutory tasks. The Board of Directors is therefore responsible for strategic management of the company, giving the necessary instructions and supervising the Management
- Determines strategic, organizational, accounting, and financial planning guidelines
- Changes to the legal structure of the Group (especially incorporation of new subsidiary companies, acquisitions, joint ventures, as well as liquidation of companies)
- Appointment and dismissal of the Chairman, the delegate, the secretary and the Lead Director of the Board of Directors together with the members of the Group Management, the Extended 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 business to the delegate of the Board of Directors (CEO) and Group Management on the basis of the organizational regulation. They are supported by the Extended Group Management.

Delegate of the Board of Directors (CEO) — The CEO is the Chairman of the Group Management and responsible for procurement and forwarding of information to the Group Management, the Extended Group Management, and the members of the Board of Directors. The CEO must also ensure that the decisions and instructions of the Board of Directors are acted upon by the Group Management and Extended 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. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific areas.

→ For details of the members of the Group Management, see page 38

Extended Group Management — The members of the Extended Group Management perform the duties entrusted to them by the Chairman of the Group Management or by members of the Group Management in the area of country/market responsibility (looking after foreign subsidiary companies and providing services for them) and/or functional responsibility. The members of the Extended Group Management may assume additional responsibility in the capacity of Managing Director/CEO of a subsidiary company or at Group level with pure market/country responsibility and/or functional responsibility.

→ For details of the members of the Extended Group Management, see page 38

INFORMATION AND CONTROLLING INSTRUMENTS

— The Board of Directors is kept regularly informed of all important matters relating to the business activity of the Group. Members of the Group Management attend the meetings of the Board of Directors and report on the latest state of business and on important projects and events. Extraordinary occurrences are called to the attention of the members of the Board of Directors without delay. To obtain a direct picture of the market situation, the Board of Directors regularly visits national companies and meets the local business management.

The Board of Directors will be kept informed in writing on a quarterly basis by means of an extensive and complete Management Information System (MIS) about profit and loss, balance sheet, cash flow, investments, and personnel both of the Group and the subsidiaries. The information is provided both on a historical basis and as a year-end forecast.

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, profit and loss, balance sheet, cash flow, investments, and personnel. 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 of the Group to be assessed, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity (risk control reporting). Members of the Group Management regularly attended the meetings of the Audit Committee. The Group has no internal audit department. Accordingly, the internal financial control system, the management information and risk management reporting of the Group is given very special attention.

GROUP MANAGEMENT


Ernst Tanner


Uwe Sommer


Dr Dieter Weisskopf

EXTENDED GROUP MANAGEMENT


Dr Adalbert Lechner


Kamillo Kitzmantel


Andreas Pfluger


Rolf Fallegger

Each year, a report is submitted to the Audit Committee on the internal financial control processes in the various corporate functions of the subsidiary companies (IT, Procurement, Production, Sales, Salary payments, Treasury, HR and Financial Reporting). Within the framework of the yearly audit, the auditors may be charged with special assignments, which go over and beyond the legal and statutory requirements.

GROUP MANAGEMENT

On December 31, 2012, Chocoladefabriken Lindt & Sprüngli AG's Group Management had three members.

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

Until his resignation as of end of August 2012, Hansjürg Klingler was responsible for the development of Overseas and Duty-Free markets as well as member of the Group Management of Chocoladefabriken Lindt & Sprüngli AG. After his resignation his tasks were handed over to the other members of the Group Management as well as the Extended Group Management.

Ernst Tanner (CH) For details refer to "Board of Directors" on page 32 of this Annual Report.

Uwe Sommer (CH) 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. Previously, 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 assignments of Mr Tanner, the members of the 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.

EXTENDED GROUP MANAGEMENT

On December 31, 2012, Chocoladefabriken Lindt & Sprüngli AG's Extended Group Management had four members.

Name, responsibility	Since
Dr Adalbert Lechner, Country responsibility	1993
Kamillo Kitzmantel, Country responsibility	1994
Andreas Pfluger, Country responsibility	1994
Rolf Fallegger, Country responsibility	1997

Dr Adalbert Lechner (AT) Lawyer — After graduating in law, Mr Lechner held several positions with L'Oréal and Johnson & Johnson, before joining the Lindt & Sprüngli Group in 1993 as CEO of the Austrian subsidiary company. In 1997, he took over responsibility for management of Chocoladefabriken Lindt & Sprüngli GmbH in Aachen. Since 2001, Mr Lechner has also held management responsibility for Austria. He has been a member of the Extended Group Management since 2011.

Kamillo Kitzmantel (AT/CH) Dipl. Kfm. — Mr Kitzmantel initially held various positions with Fischer Ski, Johnson & Johnson and Bahlsen before joining Lindt & Sprüngli Germany in 1994 as Marketing and Sales Manager. One year later, he was appointed CEO of the Swiss subsidiary company over which he still presides today. Since August

2012, he is also responsible for Duty-Free. He temporarily also took management responsibility for the Ghirardelli Chocolate Company in the USA and national responsibility for the Italian market. He has been a member of the Extended Group Management since 2011.

Andreas Pfluger (CH) lic. rer. pol. — Mr Pfluger began his career with Unilever in Switzerland before joining Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1994. In 1997, he took over responsibility for building up the newly incoporated subsidiary company in Australia as its CEO. He has held further positions as CEO of the French subsidiary company and of the Ghirardelli Chocolate Company in California (USA). In 2011 he returned to the Swiss headquarters and has been a member of the Extended Group Management since then. Mr Pfluger is responsible for development of the specific markets.

Rolf Fallegger (CH) lic. oec. HSG — Mr Fallegger began his career in 1991 in marketing with Procter & Gamble in Geneva, Great Britain, and Belgium. He joined Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1997. He was then appointed CEO of the Lindt & Sprüngli subsidiary companies in Great Britain and France. In 2009, he returned to the Swiss base and has been a member of the Extended Group Management since 2011. Mr Fallegger is responsible for the development of specific markets.

The members of the Extended Group Management are not active in other management or supervisory bodies. The members of the Extended Group Management 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 GOVERNANCE — The Compensation & Nomination Committee sets guidelines for the compensation of members of the Board of Directors, the Group Management, the Extended Group Managament, and Managing Directors and management of the subsidiary companies, verifies each year whether these guidelines are still appropriate and supervises compliance with them. On the basis of these compensation guidelines, the committee determines each year the overall total and the individual compensation of the members of the Board of Directors, the Group Management, the Extended Group Management as well as the managing directors and management of the subsidiary companies. The individual members of the Board of Directors abstain when a vote is taken on their own compensation. The other members of the Board of Directors do not take part at the meetings of the committee. Members of the Group Management and the Extended Group Management do not take part in the discussion and decision-making procedures concerning their own compensation. The committee likewise determines the principles and number of employee stock options for an extended group of employees. In the last financial year, the Compensation & Nomination Committee did not use any external consultants.

COMPENSATION PRINCIPLES — The compensation system at Lindt & Sprüngli has four main objectives:

1. long-term motivation of staff,
2. creating long-term loyalty between key personnel and the company,
3. making sure that the costs of compensation are suitably related to the results, and
4. ensuring that the Management acts in the long-term interests of the owners.

Staff loyalty is regarded as particularly important at Lindt & Sprüngli, and is reflected in particular in the extraordinarily high permanence of the Management over a number of years. This is particularly important for the maker of a premium product working with long-term objectives. The compensation principles at Lindt & Sprüngli are intended to produce a medium and long-term effect and remain sustainable. Continuity is a high priority. No changes were made to the existing compensation system in the financial year 2012.

COMPENSATION SYSTEM — The compensation guidelines are implemented by means of a simple and traceable compensation system. This consists of a mix of basic salary, short-term cash bonuses and long-term performance incentives in the form of equity capital instruments appropriate to the position held. The basic salary essentially reflects the functional grade, competences and experience of each employee. The variable components provide a performance incentive and reward for the attainment of the set objectives. The equity capital instruments strengthen shareholder focus within the business management and ensure that the interests of the Management coincide in the long-term with those of the shareholders.

COMPENSATION OF THE BOARD OF DIRECTORS — The members of the Board of Directors receive a compensation in form of a fixed fee which is paid in cash after the General Meeting. This form of compensation releases the Board of Directors from possible conflicts of interest in assessing the performance of the business. The Compensation & Nomination Committee takes the view that the total compensation of the Board of Directors is equivalent to that of comparable listed Swiss companies.

COMPENSATION OF THE GROUP MANAGEMENT, EXTENDED GROUP MANAGEMENT, MANAGING DIRECTORS, AND MANAGEMENT OF THE SUBSIDIARY COMPANIES — The compensation of the members of the Group Management, the Extended Group Management, Managing Directors, and management of the subsidiary companies consists of a basic salary, a cash bonus and long-term variable compensation in the form of employee stock options. The variable component within the total compensation (cash bonus and employee options) weigh highly for the members of the Group Management and Extended Group Management and can in combination reach values of more than 100 % of the basic salary. This is to be ascribed to the high action of employee options in the mix. The element of capital participation with long blocking periods of three to five years until realization, supports the longterm action, which is important in the consumer goods industry and which has proved vital in the development of the Group in the past years.The amount of the overall compensation is determined by the requirements and responsibility of the recipients and is regularly verified by making horizontal and vertical comparisons within the Group. When new appointments are made, the Compensation & Nomination Committee receives market data from the consumer goods sector which are also taken into consideration for the post which is to be newly occupied. The contracts of employment make no provision for severance compensation; the blocking periods for shares and options do not lapse upon departure. Vesting periods are not shortened and no additional contributions to occupational benefit schemes are promised.

Basic compensation — The basic salary is paid monthly in cash in 12 or 13 equal installments. Furthermore, members of the Group Management, the Extended Group Management and managing directors of the subsidiary companies receive a company car and belong to the same pension fund plans as employees of the particular subsidiary companies.

Variable cash compensation — The variable bonus of the CEO, the members of the Group Management and the Extended Group Management is determined by the achievement of the set targets of the results reported for the Group (in particular sales and proft figures) and by the attainment of personal qualitative objectives for the year which are assessed by the Compensation & Nomination Committee. Particular account is taken of the management conduct and contribution to the further development of the business. Lindt & Sprüngli is convinced of the benefits of its decentralized organization which gives the country managers great freedom of corporate action. Accordingly, their annual cash bonus is determined in full by the financial performance of the particular country or region. The profit targets (operating profit) set for the individual country companies during the budget process are the determining factors for the managing directors of the subsidiary companies. Both minimum and maximum values are set here. In exceptional cases, the bonus may be adjusted at the discretion of the Group Management members on the basis of an overall assessment.

Fixed equity compensation — In addition, the CEO receives a fixed number of shares each year which remain blocked for five years. This long-term agreement which was contractually adopted at the time of his appointment in 1993 ensures concordance between the interests of the CEO and those of the shareholders. As distinct from a fixed sum, the value of the compensation package received by the CEO is lower when the share price falls and vice versa.

Option plan — The option plan involves the Group Management, the Extended Group Management, managing directors and management of the subsidiary companies, and an extended circle of employees in the long-term development of the business. In the year under review, the options were allocated to the beneficiaries on February 7. The number of options is determined by the Compensation & Nomination Committee and depends on the position of the employee concerned and his/her influence on the long-term success of the company. Options are granted in a relation of one option to one participation certificate (1:1). The option strike price is equivalent to the market value at the time of allocation, based on the average closing price on five trading days. The options have an exertion period of maximum seven years after allocation and are subject to a blocking period for exertion of three, four, and five years respectively (after three, four, and five years, these options can be exercised in proportions of 35 %, 35 %, and 30 % respectively).

ADDITIONAL FEES, COMPENSATION AND LOANS — Apart from the payments listed on pages 80 and 81 of this report, no further compensation was allocated in the year under review – neither on a private basis nor via a consulting company – to executive and non-executive members of the Board of Directors as well as members of the Group Management and the Extended Group Management. Moreover, as of December 31, 2012, no loans, advances or credits of the Group or of any of its subsidiary companies were made to members of the Board of Directors, the Group Management, the Extended Group Management or to managing directors and management of the subsidiary companies. In 2012, no compensation was paid out to former members of the Board of Directors or Group Management.

COMPENSATION, ALLOCATION, AND OWNERSHIP OF SHARES AND OPTIONS — Details of the fixed and variable gross compensation, allocation of shares and option rights paid or set aside in the year under review, together with the ownership of shares, participation certificates, and options on participation certificates for members of the Board of Directors, Group Management, Extended Group Management and former members of the corporate bodies are set out as required by article 663b^bis OR in the notes of the consolidated financial statements on pages 80 to 82 of this report. The compensation of the Board of Directors, Group Management, and Extended Group Management as well as former members of the corporate bodies has not changed significantly since the previous year.

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. Details of the restrictions placed on the transfer of registered shares and the limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, will be found on page 29 of this Annual Report and in the respective regulation of the Board of Directors "Registered Share and Shareholder Registry Regulations Lindt & Sprüngli AG."

http://irpages2.equitystory.com/lindt_relaunch/pdf/Eintragungsreglement_en.pdf

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 or similar are linked to each other or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may make exceptions to the voting rights restrictions. In the reporting year, the Board of Directors granted no such exception.

The restriction on voting rights does not apply to the corporate proxy, the independent proxy, and the custodial proxy designated by the company, provided that they are appointed to act as proxy by the shareholders, nor does it apply to shareholders who are listed in the share register as owning more than 6 % of the voting rights. As the "Fund for Pension Supplements of Chocoladefabriken Lindt & Sprüngli AG" is entered in the share register with a shareholding interest of more than 6 %, the voting right limitation does not apply to that fund.

A revocation of the statutory restrictions of voting rights requires a three-quarter majority of the votes represented at the Annual Shareholders' 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 Articles 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."

A shareholder whose name appears in the share register as owning at least 2 % of the equity capital of the company may ask for an item to be placed on the agenda. The request for an item to be placed on the agenda must be sent to the Board of Directors in writing no less than 60 days before the meeting stating the matters to be discussed and the proposals made. These requests for items to be placed on the agenda and the accompanying proposals must be placed before the General Meeting together with the opinion of the Board of Directors on them. 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, Zurich, 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 2012 reporting year is the seventh 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 not be allowed to serve as responsible lead auditor as of the financial year 2013.

AUDIT FEE — The total audit fees billed by the auditing company in the reporting year 2012 amounted to TCHF 1,398.

ADDITIONAL FEES — The total sum of additional fees mainly related to tax and EDP consulting, billed by the audit company in the reporting year 2012 totalled TCHF 139.

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.

Before the interim audit, the auditors prepare an audit plan which is then submitted to the members of the Audit Committee. Based on an analysis of the current business and audit risks, the main points to be audited are proposed in this plan. The audit plan is approved by the Audit Committee and then also by the whole Board of Directors. The appropriate nature of the audit fee is also reviewed on this occasion. The report on the final audit for the annual financial statement is dispatched to all the members of the Board of Directors. It is previously discussed in the Audit Committee with the auditors, and then approved by the whole Board of Directors at the meeting called to adopt the annual report in a circular resolution.

In the year under review, the auditors once 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 34 of this Annual Report.

SHAREHOLDER INFORMATION

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

Middle of January	Net sales of the previous year
Middle of 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 “Handelsamtsblatt.” In addition, information about the company is published and processed by selected media and by leading international banks. All data about the business can also be consulted on the company Web site. Company press releases can also be consulted on that Web site. For news and ad-hoc communications, a push system is likewise available on the company Web site.
www.lindt.com/int/swf/eng/company/investors

Interested parties can obtain a free copy of the annual report of Chocoladefabriken Lindt & Sprüngli AG in the original version from the Group headquarters at Seestrasse 204, 8802 Kilchberg.

For further information contact the investor relations department of the Group via phone number + 41 44 716 25 37 or e-mail investors@lindt.com.

INNOVATION & TRADITION

EACH NEWLY LAUNCHED PRODUCT SHOULD HAVE THE POTENTIAL TO BECOME A CLASSIC ONE DAY

Innovation is a permanent feature of Lindt & Sprüngli's history. Back in 1845, Mr Sprüngli and his son made chocolate in a solid form for the first time in German-speaking Switzerland. Thanks to the conching technique a revolution followed in 1879 in the shape of the legendary, soft-melting LINDT Surfin tablet. Today, LINDT is still typified by an unusually rapid pace of innovation. Not a single year passes without LINDT introducing distinguished new creations to the market. The LINDT Master Chocolatiers worked tirelessly on unusual chocolate recipes and revolutionized the world of chocolate more than once with their inventions. No combination is impossible; only the finest raw materials are good enough and the assurance of uncompromising quality and perfect manufacture remains a prerequisite for every new product.

With its history dating back for more than 165 years, Lindt & Sprüngli is a highly traditional business which has succeeded in permanently establishing itself on the market as a premium chocolate brand and in building up a loyal customer base. Throughout this period, classics have been further developed and supplemented by many attractive innovations. Innovation does not simply mean the launch of totally new products, but also entails the updating of existing lines which have been best sellers for many years. They include for example the optimization of recipes and the adaptation of packaging to the latest standards.

In product development, consumer needs are always prominent. We can only be successful in the long run if we are familiar with the wishes of our consumers. Many surveys, questionnaires, and tasting sessions give our Master Chocolatiers information about the preferences and habits of chocolate lovers whose standards are becoming increasingly exacting. Input from our marketing department is equally important. Trends are discovered and new impetus given, for instance in the late 1980s, when LINDT significantly shaped the market for dark chocolate with its extra-thin EXCELLENCE tablets with a high cocoa content. After countless tests, genuinely innovative products are finally introduced onto the market as a perfect response to consumer needs.

The HELLO lifestyle line was an exemplary and successful new launch in 2012, which was celebrated with a big party in Berlin. Many of the prominent personalities present beat the publicity drum for LINDT so that this event with a strong media impact was a topic of discussion for days on end. Its young and trendy presentation and sophisticated taste combinations delight the consumers. Another important new launch was the LINDT TEDDY in 2011. With its festive presentation and pleated red ribbon with a heart pendant it is a perfect addition to the success story of other figures such as the GOLD BUNNY. Millions of this item have been sold all over the world for more than 60 years, making it an uncontested icon for the Easter season. The same goes for the globally successful LINDOR product line which enjoys growing popularity since over 60 years. In recent years, the "Creation" in twelve different varations, "Les Grandes" and the "Passion Chocolat" represent the most successful launches in the tablet segment.

Chocolat Lindt
BERRY Affair
HELLO, es ist wieder SOMMER!
CHOCOLAT LINDT BERNE
Lindt EXCELLENCE
70% COCOA
DARK·NOIR
GHIRARDELLI SQUARES
Lindt GOLDHASE
Lindt LINDOR
Lindt PASSION CHOCOLAT
ORANGE & PISTACHE
Lindt PASSION CHOCOLAT
CARAMEL & FLEUR DE SEL

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

CHF million	Note	December 31, 2012		December 31, 2011	
ASSETS					
Property, plant, and equipment	7	771.4		742.1	
Intangible assets	8	13.2		13.3	
Financial assets	9	113.4		109.5	
Deferred tax assets	10	7.7		7.6	
Total non-current assets		**905.7**	**34.6 %**	**872.5**	**34.7 %**
Inventories	11	405.1		402.5	
Accounts receivable	12	662.2		654.9	
Other receivables		82.7		72.5	
Accrued income		3.9		4.1	
Derivative assets	13	5.3		13.6	
Marketable securities and short-term financial assets	14	259.2		54.1	
Cash and cash equivalents	15	295.8		441.8	
Total current assets		**1,714.2**	**65.4 %**	**1,643.5**	**65.3 %**
Total assets		**2,619.9**	**100.0 %**	**2,516.0**	**100.0 %**
LIABILITIES					
Share and participation capital	16	22.6		23.3	
Treasury stock		–113.8		–252.3	
Retained earnings and other reserves		1,818.3		1,848.1	
Total shareholders' equity		**1,727.1**	**65.9 %**	**1,619.1**	**64.4 %**
Loans	17	1.1		1.1	
Deferred tax liabilities	10	33.1		29.2	
Pension liabilities	18	105.0		125.0	
Other non-current liabilities		10.4		10.1	
Provisions	19	56.2		48.8	
Total non-current liabilities		**205.8**	**7.9 %**	**214.2**	**8.5 %**
Accounts payable to suppliers	20	161.0		164.9	
Other accounts payable		40.1		45.1	
Current tax liabilities		21.1		20.0	
Accrued liabilities	21	442.9		415.7	
Derivative liabilities	13	11.0		28.6	
Bank and other borrowings	17	10.9		8.4	
Total current liabilities		**687.0**	**26.2 %**	**682.7**	**27.1 %**
Total liabilities		**892.8**	**34.1 %**	**896.9**	**35.6 %**
Total liabilities and shareholders' equity		**2,619.9**	**100.0 %**	**2,516.0**	**100.0 %**

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

CONSOLIDATED INCOME STATEMENT

CHF million	Note	2012		2011	
INCOME					
Sales		2,669.5	100.0%	2,488.6	100.0%
Other income	22	13.9		10.3	
Total income		**2,683.4**	**100.5%**	**2,498.9**	**100.4%**
EXPENSES					
Material expenses		–940.6	–35.2%	–915.4	–36.8%
Changes in inventories		0.6	0.0%	23.0	0.9%
Personnel expenses	23	–567.2	–21.2%	–540.5	–21.7%
Operating expenses		–707.9	–26.5%	–644.1	–25.9%
Depreciation, amortization, and impairment	7, 8	–105.8	–4.0%	–93.2	–3.7%
Total expenses		**–2,320.9**	**–86.9%**	**–2,170.2**	**–87.2%**
Operating profit		362.5	13.6%	328.7	13.2%
Income from financial assets	24	4.6		10.1	
Expense from financial assets	24	–5.4		–10.2	
Income before taxes		361.7	13.5%	328.6	13.2%
Taxes	25	–89.8		–82.1	
NET INCOME		**271.9**	**10.2%**	**246.5**	**9.9%**
Attributable to shareholders		271.9		246.5	
Non-diluted earnings per share/10 PC (in CHF)	26	1,198.3		1,084.1	
Diluted earnings per share/10 PC (in CHF)	26	1,186.9		1,078.1	

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

STATEMENT OF COMPREHENSIVE INCOME

CHF million	2012 After taxes	2011 After taxes
Net income	271.9	246.5
Other comprehensive income and losses		
Hedge accounting	8.6	–12.3
Unrealized gains/(losses) on available-for-sale financial assets	–	0.5
Currency translation	–13.4	–15.9
Total comprehensive income/(loss)	**267.1**	**218.8**
Attributable to shareholders	267.1	218.8

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	Note	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	Shareholders' equity
Balance as at January 1, 2011		**23.0**	**–33.5**	**341.5**	**–2.6**	**1,556.7**	**–212.6**	**1,672.5**
Total comprehensive income					–12.3	247.0	–15.9	218.8
Capital increase [1)]	16	0.3		36.0				36.3
Purchase of own shares [2)]			–219.6					–219.6
Sale of own shares [3)]			0.8			0.2		1.0
Share-based payment	28					14.0		14.0
Distribution of profits/emoluments to directors						–103.9		–103.9
Reclass into Capital Contribution Reserve [4)]				56.0		–56.0		–
Balance as at December 31, 2011		**23.3**	**–252.3**	**433.5**	**–14.9**	**1,658.0**	**–228.5**	**1,619.1**
Total comprehensive income					8.6	271.9	–13.4	267.1
Capital increase [1)]	16	0.2		40.8		–0.5		40.5
Purchase of own shares and participation certificates [5)]			–107.3					–107.3
Sale of own shares [6)]			0.7			0.3		1.0
Cancellation of shares [7)]		–0.9	242.7			–241.8		–
Share-based payment [8)]	28		2.4			16.2		18.6
Reclass into Retained Earnings				–111.9		111.9		–
Distribution of profits						–111.9		–111.9
Balance as at December 31, 2012		**22.6**	**–113.8**	**362.4**	**–6.3**	**1,704.1**	**–241.9**	**1,727.1**

1) All directly attributable transaction costs are netted against retained earnings realized on exercise of options (2012: TCHF 529, 2011: TCHF 494).
2) The Group acquired 3,183 of its own registered shares and 45,845 of its own participation certificates between April and December 2011. The average amount paid per share was CHF 30,836 and CHF 2,649 per certificate respectively.
3) On July 29, 2011, the Group sold 32 of its own registered shares at an average sales price of CHF 30,905 per share. The gain on sale of TCHF 164 has been recognized in retained earnings.
4) Reclass of value adjustments and capital transaction costs from share premium.
5) The Group acquired 706 of its own registered shares and 29,408 of its own participation certificates between January and December 2012. The average amount paid per share was CHF 32,706 and CHF 2,865 per certificate respectively.
6) On July 18, 2012, the Group sold 28 of its own registered shares at an average sales price of CHF 35,101 per share. The gain on sale of TCHF 310 has been recognized in retained earnings.
7) In 2012, the Group cancelled 3,300 of its own registered shares and 53,000 of its own participation certificates, these have been recorded in equity at cost.
8) In 2012 the position, "share-based payments", also includes the distribution of 100 own registered shares to the CEO of the Group with a total value of CHF 3.2 million.

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

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Note	2012	2012	2011	2011
Net income		271.9		246.5	
Depreciation, amortization, and impairment	7, 8	105.8		93.2	
Changes in provisions, value adjustments and prepaid pension funds		–12.8		–7.9	
Decrease (+)/increase (–) of accounts receivable		–9.9		–21.0	
Decrease (+)/increase (–) of inventories		–8.3		–14.9	
Decrease (+)/increase (–) of other receivables		–11.1		–26.0	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities		–0.1		7.0	
Decrease (–)/increase (+) of accounts payable		–2.7		15.1	
Decrease (–)/increase (+) of other payables and accrued liabilities		27.8		33.8	
Non-cash effective items		20.6		19.6	
Cash flow from operating activities (operating cash flow)			**381.2**		**345.4**
Investments in property, plant, and equipment	7	–138.2		–99.3	
Disposals of property, plant, and equipment		0.6		0.4	
Investments in intangible assets	8	–6.4		–4.9	
Disposals (+)/investments (–) in financial assets		–		0.1	
Marketable securities and short-term financial assets					
Investments		–258.3		–57.8	
Disposals		53.3		16.2	
Cash flow from investment activities			**–349.0**		**–145.3**
Repayments of loans/borrowings		–0.5		–10.6	
Proceeds from loans/borrowings		3.1		3.8	
Capital increase (including premium)		40.5		36.3	
Purchase of treasury stock		–107.3		–219.6	
Sale of treasury stock		–		1.0	
Distribution of profits/emoluments to directors		–111.9		–103.9	
Cash flow from financing activities			**–176.1**		**–293.0**
Net increase (+)/decrease (–) in cash and cash equivalents			**–143.9**		**–92.9**
Cash and cash equivalents as at January 1		441.8		540.4	
Exchange gains/(losses) on cash and cash equivalents		**–2.1**	**439.7**	**–5.7**	**534.7**
Cash and cash equivalents as at December 31	**15**		**295.8**		**441.8**
Interest received from third parties [1]			2.0		6.9
Interest paid to third parties [1]			3.2		6.2
Income tax paid [1]			71.9		85.9

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 has been listed since 1986 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 14, 2013.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2012, 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 & 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	17.0
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	248.1
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
Japan	Tokyo	Lindt & Sprüngli Japan Co., Ltd.	D	100	JPY	355.0
South Africa	Capetown	Lindt & Sprüngli (South Africa) (Pty) Ltd. [1]	D	100	ZAR	70.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd. [1]	D	100	HKD	100.5
China [2]	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	81.5
Russia [2]	Moscow	Lindt & Sprüngli (Russia) LLC [1]	D	100	RUB	2.0
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) Newly founded in 2012.

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 annual report, the disclosure of contingent assets and liabilities as at the closing date of the financial statements and the disclosed expenses and income in the reporting period. The actual results may differ from these estimates.

IFRS STANDARDS AND INTERPRETATIONS

New and amended IFRS standards and interpretations (effective as of January 1, 2012) — The new standards, amendments to standards and interpretations, which must be applied for the reporting period 2012, did not have any impact on the financial position and performance of the Group.

New and amended IFRS standards and interpretations (effective as of January 1, 2013 and thereafter) — The Group is assessing the effect on the Group's result and financial position of the standards and interpretations, which have been published by the time of the release of these consolidated financial statements. The standards, which must be adopted by January 1, 2013 and thereafter are:

- IAS 19 – Employee benefits
- IFRS 9 – Financial instruments – classification and measurement
- IFRS 10 – Consolidated financial statements
- IFRS 12 – Disclosures of interest in other entities
- IFRS 13 – Fair value measurement

In 2011 the IASB issued IAS 19 - Employee benefits (revised). The revision of this standard becomes effective as of January 1, 2013. Since the Group applies the corridor method under IAS 19, it must record all actuarial gains and losses, not previously recognized, in shareholders' equity. According to IAS 19 (revised) the expected return on plan assets and interest expense will be recognized in the new category, net interest expense. Net interest expense is calculated by multiplying the discount rate with the underfunding or overfunding of the plan.

Had the Group adopted IAS 19 (revised) already for the business year 2012, shareholders' equity would have been reduced by approximately CHF 27 million net after taxes as at January 1, 2012, and by approximately CHF 29 million net after taxes as at December 31, 2012. Personnel expenses would have increased by approximately CHF 32 million. This increase in expense is explained by the change in the economic benefits recognized under IFRIC 14. Under the current IAS 19 this has been recognized in the income statement, under IAS 19 (revised) the increase will be recognized via the position 'Other' in other comprehensive income direct in shareholders' equity.

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 realizes 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. Unrealized 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 have a currency of a hyper-inflationary economy):

- 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").

Upon disposal of a subsidiary, the accumulated currency translation will be released to the income statement from shareholders' equity; otherwise known as 'recycling'. The repayment of a loan held by a subsidiary is not considered as a disposal – partial or full. Therefore the respective accumulated currency translation would not be recycled from shareholders' equity to the income statement.

Foreign exchange rates — The Group applied the following exchange rates:

		Balance sheet year-end rates		Income statement average rates	
CHF		**2012**	2011	**2012**	2011
Euro zone	1 EUR	1.21	1.22	1.21	1.24
USA	1 USD	0.92	0.94	0.94	0.89
Great Britain	1 GBP	1.48	1.46	1.48	1.44
Canada	1 CAD	0.92	0.92	0.94	0.90
Australia	1 AUD	0.95	0.96	0.97	0.92
Poland	100 PLN	29.63	27.41	29.01	29.57
Mexico	100 MXN	7.05	6.74	7.05	6.72
Sweden	100 SEK	14.03	13.66	13.88	13.70
Czech Republic	100 CZK	4.81	4.74	4.81	4.99
Japan	100 JPY	1.06	1.22	1.17	1.12
South Africa	100 ZAR	10.80	11.60	11.41	11.59
Hong Kong	100 HKD	11.80	–	11.89	–
China	100 CNY	14.70	–	14.93	–
Russia	100 RUB	3.01	–	3.00	–

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 amortized 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 realizable 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. Assets with undefined utilization periods as for example goodwill or intangible assets, and which are not in use yet, are not depreciated and are subject to a yearly impairment test. Depreciable assets are tested for their recoverability, if there are signs, that the book value is no longer realizable.

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 realizable 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 realizable 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 ninety days.

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 the majority of loans and receivables have been accounted for as short-term commitments; they were included in the balance sheet items "accounts receivable" and "other receivables." 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 has been transferred to a third 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. Realized and unrealized 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 when 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 third 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 third 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.

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.

Deferred taxes also arise due to temporary differences from investments in subsidiaries and associated companies. Deferred taxes are not recognized, if the following two conditions are met: The parent company is able to manage the timing of the release of temporary differences and it is probable, that the temporary differences are not going to be reversed in the near future.

RESEARCH AND DEVELOPMENT COSTS — Development costs for new products are capitalized, if the relevant criteria for capitalization are met. There are no capitalized development costs in these consolidated financial statements.

SHARE-BASED PAYMENTS — 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 February 7, 2012, the vesting conditions for 5,000 of the 35,725 outstanding options, granted in 2012, 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 2,679, 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 2012 by CHF 2.3 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, 2012, the calculated benefit amounted to CHF 107.9 million (CHF 104.4 million in 2011) 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 institutions (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 risks — 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, 2012, there were no transactions.

The most material financial assets as of December 31, 2012 and 2011, are not interest-bearing. Therefore no material sensitivities exist on these positions, which include predominantly cash and cash equivalents in Swiss franc. A part of the financial assets as of December 31, 2012 and 2011, bears variable interest rates. No material sensitivities exist on these positions.

***Commodity price risks* —** 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, 2012 and 2011, 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 sheet 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 bank borrowings), is continually monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2012, the net liquidity position amounted to CHF 543 million (CHF 486 million in 2011). 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, 2012 and 2011, of the contractual maturity date:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	**2012 Total**
Loans	–	–	1.0	0.1	1.1
Other long-term borrowings	–	–	3.0	7.4	10.4
Accounts payable	155.8	5.2	–	–	161.0
Other accounts payable	38.5	1.5	0.1	–	40.1
Derivative assets	–1.8	–3.3	–0.2	–	–5.3
Derivative liabilities	1.9	5.6	3.5	–	11.0
Bank and other borrowings	10.4	0.5	–	–	10.9
Total contractually fixed payments	**204.8**	**9.5**	**7.4**	**7.5**	**229.2**

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2011 Total
Loans	–	–	0.9	0.2	1.1
Other long-term borrowings	–	–	2.2	7.9	10.1
Accounts payable	160.1	4.8	–	–	164.9
Other accounts payable	43.5	1.5	0.1	–	45.1
Derivative assets	–3.7	–9.9	–	–	–13.6
Derivative liabilities	4.4	23.5	0.7	–	28.6
Bank and other borrowings	7.9	0.5	–	–	8.4
Total contractually fixed payments	**212.2**	**20.4**	**3.9**	**8.1**	**244.6**

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 65.9 % as of December 31, 2012 (64.4 % in 2011). The goals and procedures as of December 31, 2012, 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 organized 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 companies in Australia, Japan, South Africa, Hong Kong, and China as well as the business units distributors and duty-free.

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

SEGMENT INCOME

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2012	2011	2012	2011	2012	2011	2012	2011
Sales	1,737.2	1,698.9	803.5	695.2	341.1	304.7	2,881.8	2,698.8
less Sales between segments	208.1	207.9	4.2	2.3	–	–	212.3	210.2
Third party sales	**1,529.1**	**1,491.0**	**799.3**	**692.9**	**341.1**	**304.7**	**2,669.5**	**2,488.6**
Operating profit	243.0	231.8	91.9	67.9	27.6	29.0	362.5	328.7
Net financial result							–0.8	–0.1
Income before taxes							**361.7**	**328.6**
Taxes							–89.8	–82.1
NET INCOME							**271.9**	**246.5**

The following subsidiaries achieved the highest sales turnover Group-wide in 2012:

- Chocoladefabriken Lindt & Sprüngli GmbH, Germany CHF 457.1 million (CHF 435.4 million in 2011)
- Ghirardelli Chocolate Company, USA CHF 351.5 million (CHF 306.2 million in 2011)
- Lindt & Sprüngli SAS, France CHF 334.0 million (CHF 319.8 million in 2011)

BALANCE SHEET AND OTHER INFORMATION

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2012	2011	2012	2011	2012	2011	2012	2011
Assets 1)	1,983.8	1,906.1	509.2	485.0	126.9	124.9	2,619.9	2,516.0
Liabilities 1)	663.3	672.0	134.3	118.0	95.2	106.9	892.8	896.9
Investments	99.7	81.6	37.8	18.9	7.1	3.7	144.6	104.2
Depreciation and amortization	67.8	66.7	24.4	22.4	2.7	2.1	94.9	91.2
Impairment	5.7	1.4	0.7	0.5	4.5	0.1	10.9	2.0

1) Assets of CHF –7.2 million (CHF –4.1 million in 2011) and liabilities of CHF 47.7 million (CHF 57.1 million in 2011) which cannot be clearly allocated to a particular segment are disclosed in the category “All other segments”.

The following subsidiaries held the greatest portion of fixed and intangible assets Group-wide in 2012:

- Chocoladefabriken Lindt & Sprüngli GmbH, Germany CHF 168.7 million (CHF 140.2 million in 2011)
- Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Switzerland CHF 164.5 million (CHF 175.7 million in 2011)
- Lindt & Sprüngli (USA) Inc., USA CHF 120.4 million (CHF 117.2 million in 2011)
- Lindt & Sprüngli SpA, Italy CHF 101.4 million (CHF 105.5 million in 2011)
- Ghirardelli Chocolate Company, USA CHF 95.0 million (CHF 92.5 million in 2011)

6. FINANCIAL INSTRUMENTS, FAIR VALUE, AND HIERARCHY LEVELS

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

		2012		2011	
CHF million	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Loans and receivables					
Cash and cash equivalents		295.8	295.8	441.8	441.8
Accounts receivable		662.2	662.2	654.9	654.9
Other receivables		54.9	54.9	58.3	58.3
Loans to third parties		0.4	0.4	0.3	0.3
Total loans and receivables		**1,013.3**	**1,013.3**	**1,155.3**	**1,155.3**
Fair value through profit or loss					
Derivatives	1	0.4	0.4	0.1	0.1
Derivatives	2	4.9	4.9	13.5	13.5
Marketable securities and short-term financial assets	1/2	259.2	259.2	9.3	9.3
Total fair value through profit or loss		**264.5**	**264.5**	**22.9**	**22.9**
Available for sale					
Marketable securities	1	–	–	1.3	1.3
Investments third parties	3	2.3	2.3	2.3	2.3
Total available for sale		**2.3**	**2.3**	**3.6**	**3.6**
Held to maturity					
Deposit	2	–	–	43.5	43.5
Total held to maturity		**–**	**–**	**43.5**	**43.5**
Total financial assets		**1,280.1**	**1,280.1**	**1,225.3**	**1,225.3**
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	3.9	3.9	11.5	11.5
Derivatives	2	7.1	7.1	17.1	17.1
Total fair value through profit or loss		**11.0**	**11.0**	**28.6**	**28.6**
Loans and payables					
Loans		9.0	9.0	5.9	5.9
Other non-current liabilities		10.4	10.4	10.1	10.1
Accounts payable		161.0	161.0	164.9	164.9
Other accounts payable		40.1	40.1	45.1	45.1
Bank and other borrowings		3.0	3.0	3.6	3.6
Total loans and payables		**223.5**	**223.5**	**229.6**	**229.6**
Total financial liabilities		**234.5**	**234.5**	**258.2**	**258.2**

Level 1 - The fair value measurement of same financial instruments is based on quoted prices in active markets.
Level 2 - The fair value measurement of same financial instruments is based on observable market data, other than quoted prices in Level 1.
Level 3 - Valuation technique using non-observable data.

7. PROPERTY, PLANT, AND EQUIPMENT

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2012 Total
Acquisition costs as at January 1, 2012	**664.5**	**886.8**	**158.7**	**48.8**	**1,758.8**
Additions	37.3	44.4	12.8	43.7	138.2
Retirements	–1.0	–5.4	–3.9	–	–10.3
Transfers	13.0	12.5	0.4	–26.0	–0.1
Currency translation	–7.2	–9.5	–1.2	–0.6	–18.5
Acquisition costs as at December 31, 2012	**706.6**	**928.8**	**166.8**	**65.9**	**1,868.1**
Accumulated depreciation as at January 1, 2012	**328.3**	**564.5**	**123.9**	**–**	**1,016.7**
Additions	26.3	48.3	13.9	–	88.5
Impairments	9.5	0.4	1.0	–	10.9
Retirements	–0.9	–5.0	–3.6	–	–9.5
Currency translation	–3.3	–5.5	–1.1	–	–9.9
Accumulated depreciation as at December 31, 2012	**359.9**	**602.7**	**134.1**	**–**	**1,096.7**
Net fixed assets as at December 31, 2012	**346.7**	**326.1**	**32.7**	**65.9**	**771.4**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2011 Total
Acquisition costs as at January 1, 2011	**650.7**	**871.3**	**154.6**	**26.1**	**1,702.7**
Additions	18.2	30.0	12.7	38.4	99.3
Retirements	–3.1	–10.3	–6.4	–	–19.8
Transfers	5.7	8.6	0.6	–15.6	–0.7
Currency translation	–7.0	–12.8	–2.8	–0.1	–22.7
Acquisition costs as at December 31, 2011	**664.5**	**886.8**	**158.7**	**48.8**	**1,758.8**
Accumulated depreciation as at January 1, 2011	**309.3**	**534.6**	**118.7**	**–**	**962.6**
Additions	24.7	46.3	13.5	–	84.5
Impairments	0.7	1.1	0.1	–	1.9
Retirements	–2.7	–9.5	–6.2	–	–18.4
Transfers	–0.3	0.3	–	–	–
Currency translation	–3.4	–8.3	–2.2	–	–13.9
Accumulated depreciation as at December 31, 2011	**328.3**	**564.5**	**123.9**	**–**	**1,016.7**
Net fixed assets as at December 31, 2011	**336.2**	**322.3**	**34.8**	**48.8**	**742.1**

Advance payments of CHF 20.3 million (CHF 12.8 million in 2011) are included in the position construction in progress. The insurance value of property, plant, and equipment amounts to CHF 2,139.6 million (CHF 2,032.0 million in 2011). No mortgages exist on land and buildings.

The impairment charge of CHF 10.9 million (CHF 1.9 million in 2011) consists of writedowns of machinery and production equipment (CHF 1.4 million, CHF 1.1 million in 2011) and of land and buildings (CHF 9.5 million, CHF 0.7 million in 2011). Of the land and buildings CHF 6.0 million relates to the impairment of retail locations.

The net book value of capitalized assets, under financial lease, amounted to CHF 1.7 million (CHF 1.6 million in 2011). Operating lease commitments are expensed immediately.

8. INTANGIBLE ASSETS

	EDP software and consultancy	
CHF million	2012	2011
Acquisition costs as at January 1	**57.7**	**53.6**
Additions	6.4	4.9
Retirements	–0.4	–0.8
Transfers from property, plant, and equipment	0.1	0.7
Currency translation	–0.6	–0.7
Acquisition costs as at December 31	**63.2**	**57.7**
Accumulated amortization as at January 1	**44.4**	**38.9**
Additions	6.4	6.7
Impairments	–	0.1
Retirements	–0.4	–0.8
Currency translation	–0.4	–0.5
Accumulated amortization as at December 31	**50.0**	**44.4**
Net intangible assets as at December 31	**13.2**	**13.3**

Research and development expenditures amounted to CHF 7.4 million (CHF 7.0 million in 2011) and are expensed immediately.

9. FINANCIAL ASSETS

CHF million	2012	2011
Prepaid pension funds [1]	110.7	106.9
Loans to third parties	0.4	0.3
Investments third parties (available for sale)	2.3	2.3
Total	**113.4**	**109.5**

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	2012	2011
At January 1	**21.6**	**21.0**
Deferred income tax expense	3.5	0.7
Tax charged to equity	0.4	–
Currency translation	–0.1	–0.1
At December 31	**25.4**	**21.6**

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

CHF million	2012	2011
Deferred tax assets		
Property, plant, and equipment, intangible assets	3.7	4.0
Pension assets and liabilities	11.7	15.7
Receivables	8.4	9.1
Inventories	5.6	5.6
Payables and accruals	17.0	15.4
Derivative assets and liabilities	–	0.8
Other	0.6	0.7
Deferred tax assets gross	**47.0**	**51.3**
Netting	–39.3	–43.7
Total	**7.7**	**7.6**
Deferred tax liabilities		
Property, plant, and equipment, intangible assets	22.1	24.5
Pension assets and liabilities	33.4	33.3
Receivables	2.2	2.8
Inventories	4.0	3.3
Payables and accruals	10.2	8.7
Derivative assets and liabilities	0.4	0.2
Other	0.1	0.1
Deferred tax liabilities gross	**72.4**	**72.9**
Netting	–39.3	–43.7
Total	**33.1**	**29.2**
NET DEFERRED TAX	**25.4**	**21.6**

TAX LOSS CARRY-FORWARDS

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization 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	2012	2011
Between one and five years	11.2	9.6
Between six and ten years	40.4	31.9
Over ten years	39.4	46.0
Total	**91.0**	**87.5**

Tax loss carry-forwards utilized in 2012 amounted to CHF 1.3 million (CHF 0 in 2011).

11. INVENTORIES

CHF million	2012	2011
Raw material	73.4	65.5
Packaging material	68.3	66.4
Semi-finished and finished products	296.3	302.3
Value adjustment	–32.9	–31.7
Total	**405.1**	**402.5**

In 2012, CHF 3.7 million (CHF 2.8 million in 2011) of the value adjustment as at the end of 2011 has been released to the income statement.

12. ACCOUNTS RECEIVABLE

CHF million	2012	2011
Accounts receivable, gross	683.4	678.9
Value adjustment	–21.2	–24.0
Total	**662.2**	**654.9**

CHF million	2012	2011
Value adjustment as at January 1	**–24.0**	**–20.4**
Addition	–7.9	–6.5
Utilization	7.6	2.4
Release	2.9	0.3
Currency translation	0.2	0.2
Value adjustment as at December 31	**–21.2**	**–24.0**

The following table presents the aging of accounts receivable:

CHF million	2012	2011
Not yet past due	550.7	528.9
Past due 1–30 days	80.5	94.6
Past due 31–90 days	30.9	33.3
Past due over 91 days	21.3	22.1
Accounts receivable gross	**683.4**	**678.9**

Historically, the default rate for accounts receivable in the 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	2012	2011
CHF	52.7	62.0
EUR	340.2	326.1
USD	85.2	108.3
GBP	44.6	38.1
Other currencies	139.5	120.4
Accounts receivable net	**662.2**	**654.9**

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RESERVES

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

	2012		2011	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	5.2	11.0	11.2	26.9
Other derivatives	0.1	–	2.4	1.7
Total	**5.3**	**11.0**	**13.6**	**28.6**

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2012, is CHF 671.9 million (CHF 662.5 million in 2011). 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 6.3 million in net losses (CHF 14.9 million in 2011), on forward-currency and raw-material contracts as of December 31, 2012, will be released to material expense in the income statement at various dates within the next 24 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 AND SHORT-TERM FINANCIAL ASSETS

CHF million	2012	2011
Available-for-sale financial assets	–	1.3
Fair-value-through-profit-or-loss financial assets	259.2	9.3
Held-to-maturity financial assets	–	43.5
Total	**259.2**	**54.1**

Available-for-sale financial assets

CHF million	2012	2011
At January 1	**1.3**	**4.1**
Additions	–	4.4
Disposals	–2.4	–6.9
Net gains/(losses) transfer to equity	–	0.5
Impairment / transfer to income statement	1.1	–0.8
At December 31	**–**	**1.3**

In 2012, all available-for-sale financial assets were disposed of (carrying amount in 2011, CHF 1.3 million). The Group released impairment gains of CHF 1.1 million (CHF 0.8 million impairment loss in 2011), which relates to available-for-sale financial assets.

Fair-value-through-profit-or-loss financial assets (Held for trading)

CHF million	2012	2011
CHF equity securities	6.6	5.5
EUR equity securities	2.6	3.2
USD equity securities	–	0.6
CHF money market	250.0	–
Total	**259.2**	**9.3**

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.

Held-to-maturity financial assets
The held-to-maturity financial asset, a EUR deposit (CHF 43.5 Mio), was repaid in full in 2012. In 2011, the deposit was valued at amortized cost and the fair value did not significantly deviate from that value.

15. CASH AND CASH EQUIVALENTS

CHF million	2012	2011
Cash at bank and in hand	280.6	369.2
Short-term bank deposits	15.2	72.6
Total	**295.8**	**441.8**

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, 2011	**140,000**	**901,799**	**14.0**	**9.0**	**23.0**
Capital increase	–	24,380	–	0.3	0.3
At December 31, 2011	**140,000**	**926,179**	**14.0**	**9.3**	**23.3**
Capital increase	–	21,309	–	0.10	0.1
Cancellation of shares	–3,300	–53,000	–0.33	–0.50	–0.8
At December 31, 2012	**136,700**	**894,488**	**13.7**	**8.9**	**22.6**

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

The conditional capital has a total of 612,737 participation certificates (PC) (634,046 in 2011) with a par value of CHF 10.–. Of this total, 258,287 (279,596 in 2011) are reserved for employee stock option programs; the remaining 354,450 participation certificates (354,450 in 2011) are reserved for capital market transactions. There is no other authorized capital. In 2012, a total of 21,309 (24,380 in 2011) of the employee options were exercised at an average price of CHF 1,923.67 (CHF 1,510.38 in 2011). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

17. BORROWINGS

CHF million	2012	2011
Non-current		
Loans	1.1	1.1
Current		
Bank and other borrowings	10.9	8.4
Total borrowings	**12.0**	**9.5**

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

CHF million	2012	2011
EUR	4.3	5.0
CAD	5.5	–
Other currencies	2.2	4.5
Total	**12.0**	**9.5**

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.

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	2012	2011	2012	2011
Current service cost	11.6	10.7	0.5	1.0
Interest on obligation	12.8	12.9	0.4	0.4
Expected return on plan assets	–56.0	–53.7	–	–
Changes in unrecognized assets (IAS 19.58)	66.8	19.7	–	–
Net actuarial gains (–)/losses (+) recognized	–52.7	1.0	0.7	0.2
Total included in employee benefits expense	**–17.5**	**–9.4**	**1.6**	**1.6**
Actual return on plan assets	117.7	59.6		

Changes in the present value of the defined benefit obligation

	Pension plans		Other long-term employee benefits	
CHF million	2012	2011	2012	2011
Defined benefit obligation as at January 1	**450.8**	**406.5**	**9.7**	**9.8**
Current service cost	11.6	10.7	0.5	1.0
Plan participants' contributions	4.2	3.6	–	–
Interest on obligation	12.7	13.0	0.4	0.4
Benefits and net transferal paid through pension assets	–20.5	–19.0	–	–
Benefits paid by employer	–2.8	–3.0	–1.8	–1.5
Actuarial gains (–)/losses (+)	9.9	41.0	0.7	0.2
Past service costs and others	0.3	–	–	–
Currency translation	–0.6	–2.0	–0.1	–0.2
Defined benefit obligation as at December 31	**465.6**	**450.8**	**9.4**	**9.7**

Changes in the fair value of plan assets

	Pension plans	
CHF million	2012	2011
Fair value of plan assets as at January 1	**1,168.7**	**1,122.3**
Plan participants' contributions	4.2	3.6
Contributions by employer	2.8	2.4
Benefits and net transferal paid through pension assets	–20.5	–19.0
Expected return on plan assets	56.0	53.7
Actuarial gains (+)/losses (–)	61.7	5.9
Currency translations	–0.1	–0.2
Fair value of plan assets as at December 31	**1,272.8**	**1,168.7**

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

Asset classes

	Pension plans	
	2012 in %	2011 in %
Equities	85	82
Bonds	5	7
Real estate	7	8
Others including cash	3	3
Total	**100**	**100**

The pension assets as at December 31, 2012, include shares of Chocoladefabriken Lindt & Sprüngli AG with a market value of CHF 988.5 million (CHF 918.0 million in 2011). The market value of real estate rented by the Group is CHF 13.6 million as at December 31, 2012, (CHF 14.1 million in 2011).

Expected employer contributions for 2013 amount to CHF 2.5 million.

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

Amounts recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million	2012	2011	2012	2011
Present value of funded obligation	446.3	434.4	–	–
Fair value of plan assets	–1,272.9	–1,168.7	–	–
Underfunding (+) / Overfunding (–)	**–826.6**	**–734.3**	**–**	**–**
Present value of unfunded obligations	19.3	16.4	9.4	9.6
Unrecognized actuarial gains (+) / losses (–)	–23.5	–22.7	–	–
Unrecognized past service costs	–0.3	–	–	–
Unrecognized prepaid pension costs	816.0	749.1	–	–
Net pension liability	**–15.1**	**8.5**	**9.4**	**9.6**

Amounts in the balance sheet

Pension liabilities	95.6	115.4	9.4	9.6
Assets (prepaid pension funds) [1]	–110.7	–106.9	–	–
Net pension liability	**–15.1**	**8.5**	**9.4**	**9.6**

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	
	2012	2011	**2012**	2011
Discount rate	2.3 %	2.9 %	3.5 %	4.5 %
Future salary increases	1.6 %	2.0 %		
Future pension increases	0.5 %	0.9 %		

Calculation of yearly expense

Discount rate	2.9 %	3.3 %	4.5 %	4.6 %
Expected return on plan assets [1]	4.8 %	4.8 %		

1) The expected long-term rates of return on plan assets are based on interests of first grade bonds at the balance sheet date and the historical risk premiums for the other asset classes.

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

CHF million	**2012**	2011	2010	2009	2008
Defined benefit obligation	465.6	450.8	406.5	392.2	392.7
Fair value of assets	–1,272.8	–1,168.7	–1,122.2	–974.6	–877.5
Underfunding (+) / Overfunding (–)	**–807.2**	**–717.9**	**–715.7**	**–582.4**	**–484.8**
Experience adjustments on plan liabilities	2.8	–6.5	5.4	1.4	2.3
Experience adjustments on plan assets	61.7	5.9	108.0	68.8	–612.1
Net pension liability	15.1	8.5	25.2	44.8	46.2

DEFINED CONTRIBUTION PLANS

In the 2012 financial year, contributions to defined contribution plans came to CHF 6.8 million (CHF 6.5 million in 2011).

19. PROVISIONS

CHF million	Business risks	Other	2012 Total
Provisions as at January 1, 2011	**33.7**	**14.3**	**48.0**
Addition	12.3	1.5	13.8
Utilization	–1.9	–3.5	–5.4
Release	–6.1	–1.2	–7.3
Currency translation	–0.2	–0.1	–0.3
Provisions as at December 31, 2011	**37.8**	**11.0**	**48.8**
Addition	12.5	8.2	20.7
Utilization	–2.4	–7.2	–9.6
Release	–3.4	–0.2	–3.6
Currency translation	–0.1	–	–0.1
Provisions as at December 31, 2012	**44.4**	**11.8**	**56.2**

CHF million	2012	2011
Current	24.8	25.6
Non-current	31.4	23.2
Total	**56.2**	**48.8**

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. The timing of outflows is uncertain as it depends upon the outcome of the proceedings.

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, 2012.

20. ACCOUNTS PAYABLE

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

CHF million	2012	2011
CHF	12.1	9.3
EUR	116.3	106.8
USD	14.2	24.7
GBP	3.9	7.2
Other currencies	14.5	16.9
Total	**161.0**	**164.9**

21. ACCRUED LIABILITIES

CHF million	2012	2011
Trade	235.9	232.6
Salaries / wages and social costs	81.4	76.4
Other	125.6	106.7
Total	**442.9**	**415.7**

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 third-party services rendered as well as commissions.

22. OTHER INCOME

CHF million	2012	2011
Fees from third parties	2.8	2.8
Insurance reimbursements	1.2	0.5
Other	9.9	7.0
Total	**13.9**	**10.3**

The position "Fees from third 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	2012	2011
Wages and salaries	420.0	395.9
Social benefits	82.7	84.5
Other	64.5	60.1
Total	**567.2**	**540.5**

For the year 2012, the Group employed an average of 8,157 people (7,779 in 2011).

24. NET FINANCIAL RESULT

CHF million	2012	2011
Interest income	**1.5**	**5.4**
Interest expense	**–3.9**	**–6.3**
Income (+) / expense (–) from financial assets		
Fair value through profit or loss	2.2	–1.9
Available for sale, realized gains (+)/losses (–)	–1.5	–1.2
Available for sale, impairment	–	–0.8
Other	0.9	4.7
Total	**–0.8**	**–0.1**

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

25. TAXES

CHF million	2012	2011
Current taxes	80.8	76.5
Deferred taxes	3.5	0.7
Other taxes	5.5	4.9
Total	**89.8**	**82.1**

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	2012	2011
Income before taxes	**361.7**	**328.6**
Expected tax [1] calculated on profits in the respective countries	**89.4**	**78.2**
Change in applicable tax rates on temporary differences	0.2	–0.2
Utilization of unrecognized tax loss carry-forwards from prior years	–0.3	–
Adjustments related to prior years	0.3	1.8
Other	0.2	2.3
Total	**89.8**	**82.1**

1) Based on the average expected applicable tax rate (2012: 24.7 %, 2011: 23.8 %).

The tax for each component of other comprehensive income is:

	2012			2011		
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	9.0	–0.4	8.6	–12.3	–	–12.3
Unrealized gains/(losses) on available-for-sale financial assets	–	–	–	0.5	–	0.5
Currency translation	–13.4	–	–13.4	–15.9	–	–15.9
Total	**–4.4**	**–0.4**	**–4.8**	**–27.7**	**–**	**–27.7**

26. EARNINGS PER SHARE/PARTICIPATION CERTIFICATE

	2012	2011
Non-diluted earnings per share / 10 PC (CHF)	**1,198.3**	**1,084.1**
Net income (CHF million)	271.9	246.5
Weighted average number of registered shares / 10 participation certificates	226,903	227,387
Diluted earnings per share / 10 PC (CHF)	**1,186.9**	**1,078.1**
Net income (CHF million)	271.9	246.5
Weighted average number of registered shares / 10 participation certificates / outstanding options on 10 PC	229,082	228,653

27. DIVIDEND PER SHARE/PARTICIPATION CERTIFICATE

CHF	2012	2011
Dividend per share / 10 PC	575.00[1)]	500.00

1) Proposal of the Board of Directors

During the period January 1 to record date (April 24, 2013), 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 (registered shares and participation certificates) as well as the exercise of options, granted through the employee stock option plan.

28. SHARE-BASED PAYMENTS

Options on participation certificates 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

	2012		2011	
	Number of options	Weighted average exercise price (CHF / PC)	Number of options	Weighted average exercise price (CHF / PC)
Outstanding options as at January 1	**170,650**	**2,319.56**	**162,342**	**2,151.13**
New option rights	35,725	2,679.00	36,180	2,523.00
Exercised rights	–21,309	1,923.67	–24,380	1,510.38
Cancelled rights	–5,419	2,345.58	–3,492	2,246.46
Outstanding options as at December 31	**179,647**	**2,437.21** [1)]	**170,650**	**2,319.56**
of which exercisable at December 31	49,372	2,698.48	47,355	2,556.21
Average remaining time to expiration (in days)	547		655	

1) The exercise price varies between CHF 1,543.- to CHF 3,149.-.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 15.4 million (CHF 14.0 million in 2011). The assumptions used to calculate the expenses for the grants 2009 to 2012 are listed in the following table:

Date of issue	7.2.2012	18.3.2011	2.3.2010	1.4.2009
Number of issued options	35,725	36,180	38,155	37,205
of which in bracket A (blocking period three years)	12,450	12,617	13,317	13,022
of which in bracket B (blocking period four years)	12,556	12,705	13,388	13,022
of which in bracket C (blocking period five years)	10,719	10,858	11,450	11,161
Issuing price in CHF	2,679	2,523	2,200	1,543
Price of participation certificates on date of issue in CHF	2,711	2,580	2,218	1,507
Value of options on issuing date				
bracket A (blocking period three years) in CHF	491.66	524.31	403.23	250.72
bracket B (blocking period four years) in CHF	509.70	557.09	428.06	277.41
bracket C (blocking period five years) in CHF	533.03	587.88	462.68	302.31
Maximum life span (in years)	7.00	7.00	7.00	7.00
Form of compensation	PC from conditional capital			
Expected life span (in years)	5–6	5–6	4–6	4–6
Expected rate of retirement per year	2.5 %	2.5 %	2.7 %	2.8 %
Expected volatility	23.8 %	24.3 %	22.3 %	21.7 %
Expected dividend yield	1.39 %	1.32 %	1.24 %	1.16 %
Risk-free interest rate	0.48–0.63 %	1.48–1.70 %	1.50–1.72 %	1.69–1.95 %
Model	Binomial model			

29. CONTINGENCIES

The Group had no guarantees in favor of third parties either at December 31, 2012 or December 31, 2011.

30. COMMITMENTS

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

CHF million	2012	2011
Property, plant, and equipment	45.5	24.7

The future lease payments under operating lease commitments are:

CHF million	2012	2011
Up to one year	35.7	29.6
Between one and five years	98.4	86.7
Over five years	56.0	47.7
Total	**190.1**	**164.0**

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 17.3 million (CHF 18.2 million in 2011) and with which rental income of CHF 0.2 million (CHF 0.2 million in 2011) and license fee income of CHF 0.4 million (CHF 0.2 million in 2011) were generated. Receivables outstanding against this company were CHF 13.0 million (CHF 12.8 million in 2011) at the balance sheet date.

Registered shares were not bought from the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" in 2012 (130 registered shares were bought in 2011 at a price of CHF 28,204.– per share, which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period March 11 to March 17, 2011).

REMUNERATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT (ART. 663B^{BIS} OR)

I Board of Directors

CHF thousand		2012 Cash compensation 1)	2011 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 Audit and Compensation Committee, Lead director	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	145	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		**985**	**985**

1) Total gross cash compensation and allowances (excluding social charges paid by employer), in the form of board fees and emoluments to directors.
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 2012, Mr. Bulgheroni received a grant of 2,000 options on Lindt & Sprüngli participation certificates (2,000 in 2011) under the terms and conditions of the Lindt & Sprüngli employee share option plan, valued at TCHF 622 (TCHF 721 in 2011). He further received a gross fee of TCHF 31 (TCHF 32 in 2011) for his function as Chairman of the Board of Lindt & Sprüngli SpA and Caffarel SpA.

II Group Management and Extended Group Management

CHF thousand	Fixed cash compensation 1)	Variable bonus component 2)	Other compensation 3)	Options 4)	Registered shares 5)	2012 Total remuneration
Ernst Tanner, CEO 6)	1,256	1,600	129	1,555	2,369	6,909
Other members of the Group Management and Extended Group Management 7)	4,139	3,031	375	3,033	–	10,578
Total	**5,395**	**4,631**	**504**	**4,588**	**2,369**	**17,487**

CHF thousand	Fixed cash compensation 1)	Variable bonus component 2)	Other compensation 3)	Options 4)	Registered shares 5)	2011 Total remuneration
Ernst Tanner, CEO 6)	1,269	1,600	631	1,805	2,740	8,045
Other members of the Group Management and Extended Group Management 7)	4,257	2,930	89	3,970	–	11,246
Total	**5,526**	**4,530**	**720**	**5,775**	**2,740**	**19,291**

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) related to exercising of options and grant of registered shares, 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 2012 to Mr. Tanner was 5,000 units (5,000 units in 2011) and to all other members of the Group Management and the Extended Group Management 9,750 units (11,000 units in 2011).
5) Grant of 100 Lindt & Sprüngli registered shares in 2012 (130 in 2011), 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 and Extended Group Management members is seven.

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 or Extended Group Management. Nor have any payments been made to former executive or non-executive members of the Board, Group Management or Extended Group Management. As of December 31, 2012, there were no loans, advances or credits due to the Group or any of its subsidiaries by any of the members of the Board, the Group Management or the Extended Group Management.

PARTICIPATION OF THE BOARD OF DIRECTORS, GROUP MANAGEMENT AND EXTENDED 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	
		2012	2011	**2012**	2011	**2012**	2011
E. Tanner	Chairman and CEO	2,903	2,803	4,525	7,225	32,500	27,500
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	9,300	10,000
Dr K. Widmer	Member of the Board	35	35	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,100	1,014	–	–	–	–
Dr F. P. Oesch	Member of the Board	17	17	–	–	–	–
H. J. Klingler	Group Management	10	10	995	2,000	8,250	11,250
U. Sommer	Group Management	22	10	194	260	11,309	11,000
Dr D. Weisskopf	Group Management	5	5	1,800	1,100	11,300	11,000
R. Fallegger	Extended Group Management	5	5	504	50	6,163	6,200
K. Kitzmantel	Extended Group Management	5	5	100	419	6,463	5,650
A. Lechner	Extended Group Management	4	4	53	53	6,900	6,900
A. Pfluger	Extended Group Management	5	5	30	30	6,713	5,650
Total		**5,111**	**4,913**	**8,201**	**11,137**	**98,898**	**95,150**

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 14, 2013. 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 14, 2013, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

The board of the foundation "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" has resolved at its meeting on March 11, 2013, to restructure the pension fund schemes within the Group. As a consequence there will be a transfer of assets from one of the pension funds to an employer fund, which is allowed to finance the other pension funds within the Group, and to two other non-profit funds. Under IFRIC 14 the employer fund has to be recognized as an asset in the consolidated balance sheet of the Group. Therefore, the equity of the Group will increase at March 11 by approximately CHF 450 million net after taxes. Since the other two funds are no longer in the scope of IAS 19, the market value of assets as shown in note 18 will be reduced by approximately CHF 220 million.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 82), for the year ended December 31, 2012.

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 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 December 31, 2012, 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.

pwc
PricewaterhouseCoopers AG

Matthias von Moos Audit expert Auditor in charge	Richard Müller Audit expert

Zurich, March 14, 2013

BALANCE SHEET

CHF thousand	Note	December 31, 2012	December 31, 2011
ASSETS			
Investments		475,085	462,703
Intangible assets		41,409	41,409
Total non-current assets		**516,494**	**504,112**
Receivables			
from third parties		7,655	6,952
from subsidiaries		4,968	2,601
Accrued income			
from subsidiaries		9,206	9,388
Financial investments		258,960	8,866
Treasury stock	9	38,212	38,770
Treasury stock (share buy-back program)	9	84,196	219,583
Cash and cash equivalents		112,638	316,042
Total current assets		**515,835**	**602,202**
Total assets		**1,032,329**	**1,106,314**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		13,670	14,000
Participation capital	10	8,945	9,262
Legal reserves			
General legal reserve		76,040	76,040
Reserve from capital contribution	11	129,721	200,799
Reserve for treasury stock		113,810	252,271
Special reserve	11	282,421	256,365
Retained earnings		196,285	166,904
Total shareholders' equity		**820,892**	**975,641**
Accounts payable to subsidiaries		194,194	108,366
Tax liabilities		10,543	8,400
Accrued liabilities			
to third parties		2,455	2,342
to subsidiaries		2,974	1,284
Other liabilities		1,271	10,281
Total liabilities		**211,437**	**130,673**
Total liabilities and shareholders' equity		**1,032,329**	**1,106,314**

INCOME STATEMENT

CHF thousand	2012	2011
Dividends and other income from subsidiaries	184,467	168,861
Other income	63	68
Total operating income	**184,530**	**168,929**
Administrative and miscellaneous overhead costs	–12,446	–16,833
Operating profit	**172,084**	**152,096**
Income from financial assets	13,141	16,341
Expense from financial assets	–9,327	–14,661
Income before taxes	**175,898**	**153,776**
Taxes	–16,519	–14,539
NET INCOME	**159,379**	**139,237**

NOTES TO THE FINANCIAL STATEMENTS

1. LIABILITIES ARISING FROM GUARANTEES AND PLEDGES IN FAVOR OF THIRD PARTIES
Contingent liabilities as at December 31, 2012, amounted to CHF 186.7 million (CHF 169.9 million in 2011). This figure comprises guarantees to third 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. 15, paragraph 1, item c of the Swiss Value Added Tax Law and Art. 22, paragraphs 1 and 2 of the Swiss Value Added Tax Ordinance, 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, 2012.

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, which would have had any significant effect on the results, were dissolved during 2012.

8. REVALUATIONS
No revaluations which exceed acquisition costs were recognized.

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

	2012		2011	
Inventory of treasury stock (registered shares (RS) and participation certificates (PC))	RS	PC	RS	PC
Inventory as at January 1	**4,418**	**45,845**	**1,267**	**–**
Retirements	–128	–	–32	–
Share buy-back program	706	29,408	3,183	45,845
Cancellation of shares	–3,300	–53,000	–	–
Inventory as at December 31	**1,696**	**22,253**	**4,418**	**45,845**
Average sales price of retirements (in CHF)	32,410	–	30,905	–
Average cost of share buy-back program (in CHF)	32,706	2,865	30,836	2,649
Average cost of cancellation of shares (in CHF)	30,849	2,659	–	–

10. CONDITIONAL AND APPROVED CAPITAL

As of December 31, 2012, the conditional capital had a total of 612,737 participation certificates (634,046 participation certificates in 2011) with a par value of CHF 10.–. Of this total, 258,287 (279,596 in 2011) are reserved for employee stock option programs and the remaining 354,450 (354,450 in 2011) for capital market transactions. In the year under review, a total of 21,309 employee stock options (24,380 employee stock options in 2011) were exercised at an average price of CHF 1,923.67 (CHF 1,510.38 in 2011).

11. RESERVES

	Reserves from Capital Contribution				Special Reserves
CHF thousand	Requested	Approved	Not approved [1]	Total	
Balance as at January 1, 2011	**108,724**	**–**	**–**	**108,724**	**484,111**
Reserve from retained earnings	–	–	–	–	47,000
FTA approval October 24, 2011					
Approved reserves from capital contribution	–108,724	108,724	–	–	–
Reclassification of valuation	–	49,021	–	49,021	–49,021
Unapproved reserves from capital contribution	–	–	6,475	6,475	–6,475
Additions during the year, request for approval filed	36,085	–	494	36,579	–494
Treasury stock	–	–	–	–	827
Share buy-back program	–	–	–	–	–219,583
Balance as at December 31, 2011	**36,085**	**157,745**	**6,969**	**200,799**	**256,365**
Reserve from retained earnings	–	–	–	–	130,000
Additions during the year	40,250	–	529	40,779	–529
FTA approval February 23, 2013					
Approved reserves from capital contribution	–76,335	76,335	–	–	–
Treasury stock	–	–	–	–	3,074
Share buy-back program	–	–	–	–	–107,349
Cancellation of shares	–	–	–	–	860
Proposed dividend distribution	–	–116,309	–	–116,309	–
Undistributed dividends on own registered shares and participation certificates	–	5,020	–	5,020	–
Options exercised from January 1 to May 3, 2012	–	–568	–	–568	–
Balance as at December 31, 2012	**–**	**122,223**	**7,498**	**129,721**	**282,421**

1) The Swiss tax administration (FTA) has not yet approved the capital transaction costs of TCHF 7,498 as reserves from capital contribution. This practice may be changed in the future.

12. MANDATORY DISCLOSURE OF INTEREST POSITIONS PURSUANT TO ART. 663C OR (CODE OF OBLIGATION)

As of December 31, 2012, 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, 21.3 % (20.8 % in 2011).

13. REMUNERATION AND OWNERSHIP OF THE BOARD OF DIRECTORS, GROUP MANAGEMENT AND EXTENDED 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 80 to 82 of the notes to the consolidated financial statements.

14. 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 82.

PROPOSAL FOR THE DISTRIBUTION OF AVAILABLE RETAINED EARNINGS

CHF	December 31, 2012	December 31, 2011
Balance brought forward	36,905,468	27,666,693
Net income	159,379,476	139,236,933
Other	–	1,842 [1)]
Available retained earnings	**196,284,944**	**166,905,468**
Shares and participation certificates as per bylaws of CHF 22,614,880 as at December 31, 2012 (CHF 23,261,790 in 2011)		
5 % statutory dividend	–1,130,744 [2)]	–
35 % additional dividend	–7,915,208 [2)]	–
Allocations to special reserves	–150,000,000	–130,000,000
Balance carried forward	**37,238,992**	**36,905,468**
Allocation of approved capital contribution reserve to free reserves	120,989,608 [2)]	116,308,950
Withholding tax exempt distribution CHF 535 per dividend-bearing share / CHF 53.50 per participation certificate (CHF 500 per dividend-bearing share / CHF 50 per participation certificate in 2011)	–120,989,608 [2)]	–116,308,950

1) Includes expired dividends.
2) Number of registered shares and participation certificates, status as at December 31, 2012. During the period from January 1 until record date (April 24, 2013), 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. Consequently the allocation of the approved capital contribution reserve to free reserves will be adjusted accordingly.

For 2012 the Board of Directors proposes a total dividend of CHF 575.- per registered share and CHF 57.50 per participation certificate. CHF 535.- per registered share and CHF 53.50 per participation certificate are distributed out of the approved capital contribution reserve and CHF 40.- per registered share and CHF 4.- per participation certificate are distributed out of retained earnings.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

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 88), for the year ended December 31, 2012.

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.

OPINION

In our opinion, the financial statements for the year ended December 31, 2012, 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	**Richard Müller**
Audit expert	Audit expert
Auditor in charge	

Zurich, March 14, 2013

GROUP FINANCIAL KEY DATA – FIVE-YEAR REVIEW

		2012	2011	2010	2009	2008
INCOME STATEMENT						
Sales	CHF million	2,669.5	2,488.6	2,579.3	2,524.8	2,573.2
EBITDA	CHF million	468.3	421.9	423.3	382.1	460.5
in % of sales	%	17.5	17.0	16.4	15.1	17.9
EBIT	CHF million	362.5	328.7	325.3	264.8	361.2
in % of sales	%	13.6	13.2	12.6	10.5	14.0
Net income	CHF million	271.9	246.5	241.9	193.1	261.5
in % of sales	%	10.2	9.9	9.4	7.6	10.2
in % of average shareholders' equity	%	16.3	15.0	14.7	12.5	18.2
Operating cash flow	CHF million	381.2	345.4	363.7	470.1	294.7
in % of sales	%	14.3	13.9	14.1	18.6	11.5
Depreciation, amortization, and impairment	CHF million	105.8	93.2	98.0	117.3	99.3
BALANCE SHEET						
Total assets	CHF million	2,619.9	2,516.0	2,524.7	2,476.0	2,409.9
Current assets	CHF million	1,714.2	1,643.5	1,672.7	1,535.8	1,474.2
in % of total assets	%	65.4	65.3	66.3	62.0	61.2
Non-current assets	CHF million	905.7	872.5	852.0	940.2	935.7
in % of total assets	%	34.6	34.7	33.7	38.0	38.8
Non-current liabilities	CHF million	205.8	214.2	209.6	220.9	205.7
in % of total assets	%	7.9	8.5	8.3	8.9	8.5
Shareholders' equity	CHF million	1,727.1	1,619.1	1,672.5	1,617.7	1,479.0
in % of total assets	%	65.9	64.4	66.2	65.3	61.4
Investments in PPE / intangible assets	CHF million	144.6	104.2	88.6	123.5	198.6
in % of operating cash flow	%	37.9	30.2	24.4	26.3	67.4
EMPLOYEES						
Average number of employees		8,157	7,779	7,572	7,409	7,712
Sales per employee	TCHF	327.3	319.9	340.6	340.8	333.7

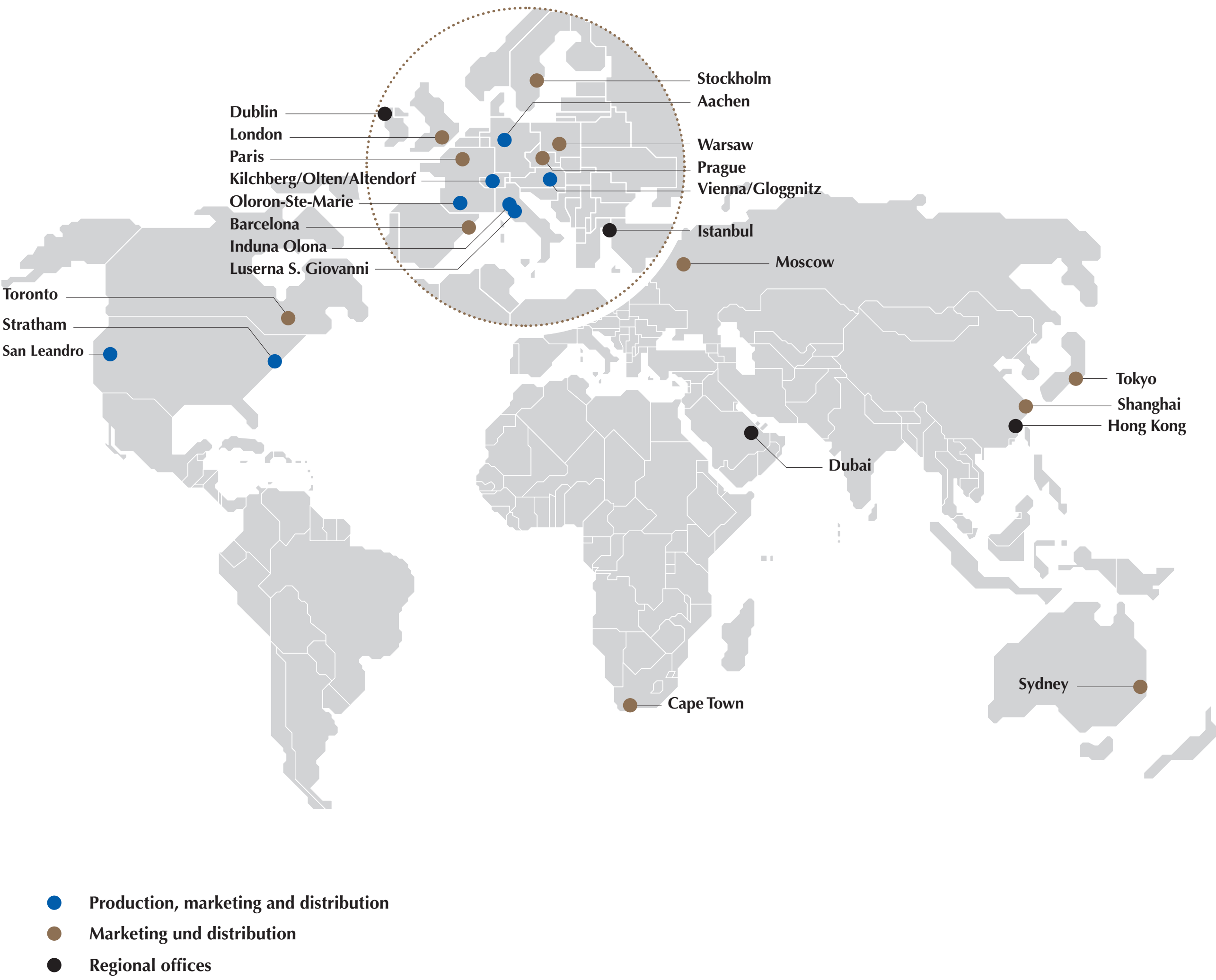
DATA PER SHARE/PARTICIPATION CERTIFICATE – FIVE-YEAR REVIEW

		2012	2011	2010	2009	2008
SHARE						
Registered shares at CHF 100.– par [1]	Number	136,700	140,000	140,000	140,000	140,000
Participation certificates at CHF 10.– par [2]	Number	894,488	926,179	901,799	883,298	869,219
Non-diluted earnings per share/10 PC [3]	CHF	1,198	1,084	1,061	851	1,158
Operating cash flow per share/10 PC	CHF	1,686	1,485	1,580	2,059	1,299
Shareholders' equity per share/10 PC [4]	CHF	7,637	6,960	7,266	7,085	6,518
Payout ratio	%	47.8	47.2	42.8	47.3	31.2
REGISTERED SHARE						
Year-end price	CHF	34,515	31,390	30,100	25,405	22,600
High of the year	CHF	36,265	33,850	31,150	29,835	41,530
Low of the year	CHF	30,385	25,500	24,350	18,090	22,600
Dividend	CHF	575.00 [5]	500.00	450.00	400.00	360.00
P / E ratio [6]	Factor	28.81	28.96	28.37	29.85	19.52
PARTICIPATION CERTIFICATE						
Year-end price	CHF	2,980	2,794	2,826	2,220	1,960
High of the year	CHF	3,050	2,891	2,925	2,516	4,000
Low of the year	CHF	2,650	1,955	2,124	1,500	1,903
Dividend	CHF	57.50 [5]	50.00	45.00	40.00	36.00
P / E ratio [6]	Factor	24.87	25.77	26.64	26.09	16.93
Market capitalization [6]	CHF million	7,383.8	6,982.3	6,762.5	5,517.6	4,867.7
in % of shareholders' equity [4]	%	427.5	431.2	404.3	341.1	329.1

1) ISIN number CH0010570759, security number 1057075.
2) ISIN number CH0010570767, security number 1057076.
3) 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

For more than 165 years, Lindt & Sprüngli confirms its reputation as one of the most innovative and creative companies in the Premium chocolate market. LINDT quality chocolate is distributed via own subsidiary companies and representative offices as well as countless independent distributors around the globe. The main markets are Switzerland, Germany, France, Italy, Great Britain, Spain, and other European countries, as well as North America, Canada and Australia. The LINDT brand with its extensive and innovative global and local range of finest quality chocolate is present in around 120 countries worldwide.



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INFORMATION

AGENDA

April 18, 2013	115th Annual Shareholders' Meeting
April 25, 2013	Payment of dividend
August 22, 2013	Semi-annual report 2013
January 14, 2014	Net sales 2013
March 14, 2014	Full-year results 2013
April 24, 2014	116th Annual Shareholders' Meeting

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