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, 2014		December 31, 2013	
ASSETS					
Property, plant, and equipment	7	1,088.1		853.3	
Intangible assets	8	1,394.5		20.6	
Financial assets	9	1,215.7		1,019.2	
Deferred tax assets	10	61.1		21.9	
Total non-current assets		**3,759.4**	**67.4%**	**1,915.0**	**49.3%**
Inventories	11	611.7		454.8	
Accounts receivable	12	917.5		683.7	
Other receivables		105.2		78.5	
Accrued income		2.2		1.9	
Derivative assets	13	13.5		16.3	
Marketable securities and short-term financial assets	14	0.2		111.1	
Cash and cash equivalents	15	171.8		619.4	
Total current assets		**1,822.1**	**32.6%**	**1,965.7**	**50.7%**
Total assets		**5,581.5**	**100.0%**	**3,880.7**	**100.0%**
LIABILITIES					
Share and participation capital	16	23.2		22.9	
Treasury stock		–159.8		–71.3	
Retained earnings and other reserves		3,136.7		2,683.1	
Equity attributable to shareholders		**3,000.1**		**2,634.7**	
Non-controlling interests		1.6		–	
Total equity		**3,001.7**	**53.8%**	**2,634.7**	**67.9%**
Bonds	17	996.6		–	
Loans	17	1.3		1.0	
Deferred tax liabilities	10	371.6		301.6	
Pension liabilities	18	180.3		118.8	
Other non-current liabilities		11.2		10.9	
Provisions	19	77.4		75.1	
Total non-current liabilities		**1,638.4**	**29.3%**	**507.4**	**13.1%**
Accounts payable to suppliers	20	190.1		181.5	
Other accounts payable		41.7		40.6	
Current tax liabilities		76.4		33.7	
Accrued liabilities	21	582.1		473.2	
Derivative liabilities	13	32.8		3.6	
Bank and other borrowings	17	18.3		6.0	
Total current liabilities		**941.4**	**16.9%**	**738.6**	**19.0%**
Total liabilities		**2,579.8**	**46.2%**	**1,246.0**	**32.1%**
Total liabilities and shareholders' equity		**5,581.5**	**100.0%**	**3,880.7**	**100.0%**

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

CONSOLIDATED INCOME STATEMENT

CHF million	Note	2014		2013	
INCOME					
Sales		3,385.4	100.0%	2,882.5	100.0%
Other income	22	18.2		13.6	
Total income		**3,403.6**	**100.5%**	**2,896.1**	**100.5%**
EXPENSES					
Material expenses		–1,218.1	–36.0%	–982.4	–34.1%
Changes in inventories		–9.8	–0.3%	39.2	1.4%
Personnel expenses	23	–719.5	–21.2%	–654.7	–22.7%
Operating expenses		–868.2	–25.6%	–794.9	–27.6%
Depreciation, amortization, and impairment	7, 8	–113.7	–3.4%	–99.2	–3.4%
Total expenses		**–2,929.3**	**–86.5%**	**–2,492.0**	**–86.5%**
Operating profit		474.3	14.0%	404.1	14.0%
Income from financial assets	24	3.6		1.1	
Expense from financial assets	24	–5.4		–3.9	
Income before taxes		472.5	14.0%	401.3	13.9%
Taxes	25	–129.9		–98.3	
Net income		**342.6**	**10.1%**	**303.0**	**10.5%**
of which attributable to non-controlling interests		0.2		–	
of which attributable to shareholders of the parent		342.4		303.0	
Non-diluted earnings per share/10 PC (in CHF)	26	1,503.5		1,339.3	
Diluted earnings per share/10 PC (in CHF)	26	1,459.9		1,313.9	

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

STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
CHF million	After taxes	After taxes
Net income	342.6	303.0
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	90.3	857.5
Transfer of pension assets to non-profit funds	–	–200.8
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	–1.7	16.8
Currency translation	80.8	–11.5
Total comprehensive income / (loss)	**512.0**	**965.0**
of which attributable to non-controlling interests	0.1	–
of which attributable to shareholders of the parent	511.9	965.0

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

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	**Equity attributable to Share-holders**	Non-controlling interest	**Total equity**
Balance as at January 1, 2013		**22.6**	**–113.8**	**362.4**	**–6.3**	**1,671.5**	**–241.9**	**1,694.4**	**–**	**1,694.4**
Total comprehensive income		–	–	–	16.8	959.7	–11.5	965.0	–	965.0
Capital increase 1)	16	0.5	–	129.7	–	–1.7	–	128.5	–	128.5
Purchase of own shares and participation certificates 2)		–	–44.7	–	–	–	–	–44.7	–	–44.7
Sale of own shares 3)		–	0.6	–	–	0.4	–	1.0	–	1.0
Cancellation of shares 4)		–0.3	84.2	–	–	–83.9	–	–	–	–
Share-based payment 5)	28	–	2.4	–	–	17.7	–	20.1	–	20.1
Reclass into Retained Earnings		–	–	–120.7	–	120.7	–	–	–	–
Distribution of profits		–	–	–	–	–129.7	–	–129.7	–	–129.7
Balance as at December 31, 2013		**22.9**	**–71.3**	**371.4**	**10.5**	**2,554.8**	**–253.4**	**2,634.7**	**–**	**2,634.7**
Total comprehensive income		–	–	–	–1.7	432.8	80.8	511.9	0.1	512.0
Capital increase 1)	16	0.3	–	73.8	–	–1.0	–	73.1	1.5	74.6
Purchase of own shares and participation certificates 6)		–	–90.1	–	–	–	–	–90.1	–	–90.1
Sale of own shares 7)		–	0.4	–	–	0.6	–	1.0	–	1.0
Share-based payment 8)	28	–	1.2	–	–	16.4	–	17.6	–	17.6
Reclass into Retained Earnings		–	–	–126.3	–	126.3	–	–	–	–
Distribution of profits		–	–	–	–	–148.0	–	–148.0	–	–148.0
Balance as at December 31, 2014		**23.2**	**–159.8**	**318.9**	**8.8**	**2,981.8**	**–172.6**	**3,000.1**	**1.6**	**3,001.7**

1) All directly attributable transaction costs are netted against retained earnings realized on exercise of options (TCHF 1,002 in 2014; TCHF 1,668 in 2013).
2) The Group acquired 870 of its own registered shares and 1,682 of its own participation certificates in 2013. The average amount paid per share was CHF 43,913 and CHF 3,843 per certificate respectively.
3) In 2013, the Group sold 24 of its own registered shares at an average sales price of CHF 42,348 per share. The gain on sale of TCHF 440 has been recognized in retained earnings.
4) In 2013, the Group cancelled 589 of its own registered shares and 22,253 of its own participation certificates, these have been recorded in equity at cost.
5) In 2013, 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 3.6 million.
6) The Group acquired 773 of its own registered shares and 11,048 of its own participation certificates in 2014. The average amount paid per share was CHF 55,894 and CHF 4,254 per certificate respectively.
7) In 2014, the Group sold 18 of its own registered shares at an average sales price of CHF 55,039 per share. The gain on sale of TCHF 587 has been recognized in retained earnings.
8) In 2014, the position "Share-based payments" also includes the distribution of 50 own registered shares to the CEO of the Group with a total value of CHF 2.4 million.

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

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Note	2014		2013	
Net income		342.6		303.0	
Depreciation, amortization, and impairment	7, 8	113.7		99.2	
Changes in provisions, value adjustments and pension assets		–22.0		4.5	
Decrease (+)/increase (–) of accounts receivable		–199.7		–37.1	
Decrease (+)/increase (–) of inventories		10.3		–61.2	
Decrease (+)/increase (–) of other receivables		–5.9		5.7	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities		29.6		0.7	
Decrease (–)/increase (+) of accounts payable		–23.7		21.4	
Decrease (–)/increase (+) of other payables and accrued liabilities		82.3		50.8	
Non-cash effective items		–19.0		32.1	
Cash flow from operating activities (operating cash flow)			**308.2**		**419.1**
Investments in property, plant, and equipment	7	–223.6		–177.4	
Disposals of property, plant, and equipment		1.6		0.6	
Investments in intangible assets	8	–11.0		–14.0	
Disposals (+)/investments (–) in financial assets (excluding pension assets)		–6.5		–1.6	
Marketable securities and short-term financial assets	14				
Investments		–254.1		–113.4	
Disposals		364.6		261.4	
Acquisition of subsidiaries	32	–1,474.6		–	
Cash flow from investment activities			**–1,603.6**		**–44.4**
Proceeds from borrowings	17	13.6		0.8	
Repayments of loans/borrowings	17	–1.9		–5.5	
Proceeds from the issuance of bonds	17	996.6		–	
Capital increase (including premium)		73.1		128.6	
Purchase of treasury stock		–90.1		–44.7	
Distribution of profits		–148.0		–129.7	
Cash flow with non-controlling interests		1.5		–	
Cash flow from financing activities			**844.8**		**–50.5**
Net increase (+)/decrease (–) in cash and cash equivalents			**–450.6**		**324.2**
Cash and cash equivalents as at January 1		619.4		295.8	
Exchange gains/(losses) on cash and cash equivalents		**3.0**	**622.4**	**–0.6**	**295.2**
Cash and cash equivalents as at December 31	15		**171.8**		**619.4**
Interest received from third parties [1)]			4.5		1.0
Interest paid to third parties [1)]			6.4		2.7
Income tax paid [1)]			101.8		81.3

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, Küfferle and since September 2014, Russell Stover, Whitman's and Pangburn's. The Group has twelve manufacturing plants worldwide (six in Europe and six in the United States) and mainly sells 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 9, 2015.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2014 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
	Kansas City, MO	Russell Stover Candies, LLC. [2]	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 (Nordic) 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	1,227.0
South Africa	Capetown	Lindt & Sprüngli (South Africa) (Pty) Ltd. [1]	D	100	ZAR	100.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd. [1]	D	100	HKD	180.5
China	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	144.5
Russia	Moscow	Lindt & Sprüngli (Russia) LLC [1]	D	100	RUB	10.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Holding Ltda. [3]	D	100	BRL	9.0
		Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. [3,4]	D	51	BRL	8.0

D – Distribution, P – Production, M – Management

1) Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2) Acquired in 2014. See note 32.
3) Newly founded in 2014.
4) The Joint Venture with the CRMPAR Holding S.A. is a subsidiary with substantial non-controlling interests and is therefore fully consolidated according to IFRS 10 "Consolidated Financial Statements". The non-controlling interests are CHF 1.6 million. These are not material for the Group.

2. ACCOUNTING PRINCIPLES

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

With the exception of the marketable securities, financial assets 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 assets and liabilities presented in the annual report, the disclosure of contingent assets and liabilities and the disclosure of income and expenses in the reporting period. The actual results may differ from these estimates.

NEW IFRS STANDARDS AND INTERPRETATIONS

New and amended IFRS and interpretations (effective as of January 1, 2014 and thereafter) — The Lindt & Sprüngli Group has applied the following new IFRS standards and interpretations in 2014:
- Amendment to IAS 32 – "Financial instruments: Presentation" on offsetting of financial assets and financial liabilities;
- Amendment to IAS 39 – "Financial instruments: Recognition and measurements" on the novation of derivatives and the continuation of hedge accounting; and
- Revised version of IFRIC 21 – "Leavies" sets out the accounting for an obligation to pay a levy.

None of the new or amended IFRS and interpretations had a significant impact on the Lindt & Sprüngli Group's financial position or performance.

New and amended IFRS and interpretations that are required in future periods

The following standards, amendments and interpretations have already been published and are required in future periods, but have not been early adopted by the Lindt & Sprüngli Group:
- IFRS 9 – "Financial Instruments" addresses classification, measurement, and recognition of financial assets and financial liabilities. The new standard will fully replace IAS 39 – "Financial instruments: Recognition and measurements" in 2018; and
- IFRS 15 – "Revenue from contracts with customers" will replace IAS 11 – "Construction Contracts" and IAS 18 – "Revenue" and related interpretations in 2017.

None of these standards are expected to have a significant effect on the consolidated financial statements of the Lindt & Sprüngli Group.

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. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns trhough its power over the entity.

Non-controlling interests are shown as a component of equity on the balance sheet and the share of the profit attributable to non-controlling interests is shown as a component of profit for the year in the income statement.

Newly acquired companies are consolidated from the effective date of control using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are recognised in the balance sheet at fair value. Acquisition costs exceeding the Group's share of the fair value of the identifiable net assets are recognised as goodwill. Transaction costs are recognised as an expense in the period in which they are incurred.

FOREIGN CURRENCY TRANSLATION — The consolidated financial statements are presented in Swiss francs, which is the parent company's functional and reporting currency. In order to hedge against currency risks, the Group engages in currency forwards and options trading. The methods of recognizing and measuring these derivative financial instruments in the Balance Sheet are explained below.

Foreign exchange differences arising from the translation of loans that are held as net investments in a foreign operation are recognized separately in other comprehensive income. The repayment of these loans is not considered as a divestment (partial or full). As a consequence, the respective accumulated currency translation differences are not recycled from other comprehensive income to the income statement.

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

		Balance Sheet year-end rates		Income Statement average rates	
CHF		**2014**	2013	**2014**	2013
Euro zone	1 EUR	1.20	1.23	1.21	1.23
USA	1 USD	0.99	0.89	0.94	0.92
Great Britain	1 GBP	1.54	1.47	1.51	1.45
Canada	1 CAD	0.85	0.84	0.84	0.89
Australia	1 AUD	0.81	0.79	0.82	0.89
Poland	100 PLN	28.10	29.55	28.94	29.39
Mexico	100 MXN	6.73	6.80	6.87	7.19
Sweden	100 SEK	12.79	13.88	13.32	14.20
Czech Republic	100 CZK	4.34	4.48	4.40	4.71
Japan	100 JPY	0.83	0.85	0.86	0.95
South Africa	100 ZAR	8.55	8.49	8.45	9.59
Hong Kong	100 HKD	12.76	11.48	11.80	11.95
China	100 CNY	15.96	14.71	15.50	14.94
Russia	100 RUB	1.72	2.70	2.29	2.78
Brazil	100 BRL	36.84	–	37.30	–

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

Land is not depreciated. Profits and losses from disposals are recorded in the Income Statement.

INTANGIBLE ASSETS

Goodwill — Goodwill is the excess of the costs of acquisition over the Group's interest in the fair value of the net assets acquired. Goodwill is not amortized, but is tested for impairment at each balance sheet date instead.

Other intangible assets — "EDP Software" and "customer relationships" are recognized at cost and amortized on a straight line basis over their economic life from the initial date on which the Group can use them. "EDP Software" is amortized over a period of three to five years, "customer relationships" over a period of 10 to 20 years. The economic life of the intangible asset is regularly reviewed. "Brands and intellectual property rights" are not amortized but tested for impairment at each balance sheet date instead. All identifiable intangible assets (such as "brands and intellectual property rights" and "customer relationships") acquired in the course of a business combination are initially recognized at fair value.

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 establish 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 — The Lindt & Sprüngli Group distinguishes between lease liabilities resulting from finance and operating leases.

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 and distribution 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 recognizes, measures, impairs (if required), presents and discloses financial assets as required by IAS 39 – "Financial Instruments: Recognition and Measurement", IAS 32 – "Financial Instruments: Presentation" and IFRS 7 – "Financial Instruments: Disclosures". 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. 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.

FINANCIAL LIABILITIES — Financial liabilities 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). Gains 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 (revised) are determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. This method takes into account years of service up to the reporting period and requires the Group to make estimates about demographic variables (such as mortality, turnover) and financial variables (such as future salary increase) that will affect the final cost of the benefits.
The cost of defined benefit plans has three components:
– service cost recognized in profit and loss;
– net-interest expense or income recognized in profit and loss; and
– remeasurement recognized in other comprehensive income.

Service cost includes current service cost, past service cost and gains or losses on settlements. Past service cost is recognized in the period the plan amendment occurs. Curtailment gains and losses are accounted for as past service cost. Contributions from plan participants' or a third party reduce the service cost and are therefore deducted if they are based on the formal terms of the plan or arise from a constructive obligation.

Net interest cost is equal to the discount rate multiplied with the net defined benefit liability (asset) taking into account changes during the year. Remeasurements of the net defined benefit liability (asset) include actuarial gains and losses on the defined benefit obligation from:
– changes in assumptions and experience adjustments;
– return on plan assets excluding the interest income on the plan assets that is included in the net interest; and
– changes in the effect of the asset ceiling (if applicable) excluding amounts included in the net interest.

Remeasurements recorded in other comprehensive income are not recycled.

The Group presents both components of the defined benefit costs in the line item "Employee benefits expense" in its Consolidated Income Statement. Remeasurements are recognized in the OCI. The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

For the other long-term employee benefits the present value of the defined benefit obligation is recognized at the balance sheet date. Changes of the present value are recorded as personnel expenses in the Income Statement.

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 returns of goods 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 or the future tax rate announced is applied.

Deferred tax assets 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.

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 JUDGMENTS — When preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. Actual values may differ from these estimates. Estimates and assumptions significantly affect the following areas:

- Pension plans: The calculation of the recognized assets and liabilities from defined benefit plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and changes in employee benefits. In addition, the Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.
- When testing goodwill and other intangible assets with indefinite useful life, parameters such as future discounted cash flows, discount rates and the underlying growth rates are based on estimates and assumptions.
- The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining deferred tax assets and deferred tax liabilities or current income tax accruals. There are many transactions and calculations for which the determination of the applicable tax rate and the expected current income tax position.

In the course of restructuring the pension fund schemes within the Lindt & Sprüngli Group in 2013, two non-profit funds were founded. According to IFRS 10 – "Consolidated financial statements" it is not required to consolidate these two funds because amongst other things, the Lindt & Sprüngli Group is not exposed to variable returns.

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 instruments in order to manage existing or future transactions of operating and / or financial assets and liabilities.

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, 2014 and 31 December, 2013, there were no such transactions.

The most material financial assets as of December 31, 2014 and 2013 are not interest-bearing. These include predominantly cash and cash equivalents in Swiss franc. The acquisition of Russell Stover Candies, LLC caused a reduction of liquid funds and minimized the interest rate risks of the financial assets of the Lindt & Sprüngli Group. Instead, the majority of the interest rate risk related to the financial liabilities of the Lindt & Sprüngli Group has been covered with the issuance of fix rate bonds. The sensitivities on the other positions are not material.

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, 2014 and 2013, 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, 2014, the net financial position amounted to CHF – 844.2 million (net liquidity of CHF 724 million in 2013). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings as at December 31, 2014 and 2013, of the contractual maturity date:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2014 Total
Bond	0.1	5.3	260.9	775.0	1,041.3
Loans	–	–	1.2	0.1	1.3
Accounts payable	184.9	5.2	–	–	190.1
Other accounts payable	39.0	1.2	–	–	40.2
Derivative assets	–4.4	–8.7	–0.5	–	–13.6
Derivative liabilities	9.5	2.7	20.6	–	32.8
Bank and other borrowings	17.8	0.4	–	–	18.2
Total contractually fixed payments	**246.9**	**6.1**	**282.2**	**775.1**	**1,310.3**

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2013 Total
Loans	–	–	0.9	0.1	1.0
Other long-term borrowings	–	–	2.9	8.0	10.9
Accounts payable	177.9	3.6	–	–	181.5
Other accounts payable	39.1	1.4	0.1	–	40.6
Derivative assets	–5.0	–11.3	–	–	–16.3
Derivative liabilities	1.4	1.2	1.0	–	3.6
Bank and other borrowings	3.8	2.2	–	–	6.0
Total contractually fixed payments	**217.3**	**–2.9**	**4.9**	**8.1**	**227.3**

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 53.8 % as of December 31, 2014 (67.9 % in 2013).

The goals and procedures as of December 31, 2014, 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, China and Brazil 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	2014	2013	2014	2013	2014	2013	**2014**	2013
Sales	2,003.1	1,870.5	1,259.4	876.2	393.8	359.9	3,656.3	3,106.6
Less sales between segments	258.9	216.2	12.0	7.9	–	–	270.9	224.1
Third party sales	**1,744.2**	**1,654.3**	**1,247.4**	**868.3**	**393.8**	**359.9**	**3,385.4**	**2,882.5**
Operating profit	259.4	249.4	165.6	109.4	49.3	45.3	474.3	404.1
Net financial result							–1.8	–2.8
Income before taxes							**472.5**	**401.3**
Taxes							–129.9	–98.3
Net income							**342.6**	**303.0**

The following countries achieved the highest sales Group-wide in 2014:
- USA CHF 1,080.2 million (CHF 709.1 million in 2013)
- Germany CHF 518.9 million (CHF 501.1 million in 2013)
- France CHF 380.6 million (CHF 362.9 million in 2013)

BALANCE SHEET AND OTHER INFORMATION

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2014	2013	2014	2013	2014	2013	**2014**	2013
Assets [1)]	3,401.2	3,193.9	2,015.4	554.5	164.9	132.3	5,581.5	3,880.7
Liabilities [1)]	2,120.8	989.7	344.6	152.3	114.4	104.0	2,579.8	1,246.0
Investments	151.2	154.8	58.3	32.2	25.1	4.4	234.6	191.4
Depreciation and amortization	76.4	70.9	31.1	25.0	2.4	2.6	109.9	98.5
Impairment	3.5	0.1	0.1	0.3	0.2	0.3	3.8	0.7

1) Positions in assets of CHF –7.6 million (CHF 4.7 million in 2013) and in liabilities of CHF 52.3 million (CHF 60.1 million in 2013) which cannot be clearly allocated to a particular segment are disclosed in the category "All other segments".

The following countries held the greatest portion of fixed and intangible assets Group-wide in 2014:
- USA CHF 1,279.2 million (CHF 214.6 million in 2013)
- Germany CHF 263.9 million (CHF 227.7 million in 2013)
- Switzerland CHF 169.6 million (CHF 165.1 million in 2013)
- Italy CHF 123.8 million (CHF 128.5 million in 2013)

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:

		2014		2013	
CHF million	Level [1]	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Fair value through profit or loss					
Derivatives	1	3.3	3.3	7.9	7.9
Derivatives	2	10.2	10.2	8.4	8.4
Marketable securities and short-term financial assets	1/2	0.2	0.2	11.1	11.1
Total fair value through profit or loss		**13.7**	**13.7**	**27.4**	**27.4**
Held to maturity					
Deposit	2	–	–	100.0	100.0
Total held to maturity		**–**	**–**	**100.0**	**100.0**
Available for sale					
Investments third parties	3	2.3	2.3	2.3	2.3
Total available for sale		**2.3**	**2.3**	**2.3**	**2.3**
Total cash and cash equivalents, loans and receivables [2]		**1,160.7**	**1,160.7**	**1,303.1**	**1,353.6**
Total financial assets		**1,176.7**	**1,176.7**	**1,432.8**	**1,483.3**
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	1.0	1.0	–	–
Derivatives	2	31.8	31.8	3.6	3.6
Total fair value through profit or loss		**32.8**	**32.8**	**3.6**	**3.6**
Bonds	1	996.6	996.6	–	–
Loans [3]		1.3	1.3	1.0	1.0
Other non-current liabilities		11.2	11.2	10.9	10.9
Accounts payable		190.1	190.1	181.5	181.5
Other accounts payable		41.8	41.8	40.6	40.6
Bank and other borrowings [3]		18.3	18.3	6.0	6.0
Total loans and payables [3]		**1,259.3**	**1,259.3**	**240.0**	**240.0**
Total financial liabilities		**1,292.1**	**1,292.1**	**243.6**	**243.6**

1) 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.
For financial instruments with a short term maturity date it is expected that the carrying amounts are a reasonable approximation of the respective fair values.
2) Contains cash and cash equivalents, accounts receivable, other receivables, and loans to third parties.
3) See note 17.

7. PROPERTY, PLANT, AND EQUIPMENT

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2014 Total
Acquisition costs as at January 1, 2014	**742.8**	**967.4**	**182.2**	**135.2**	**2,027.6**
Additions	49.8	80.0	15.1	78.7	223.6
Retirements	–0.8	–5.2	–2.3	–	–8.3
Transfers	53.5	44.0	3.4	–101.3	–0.4
Acquisition of subsidiary (note 32)	65.3	18.3	8.2	1.4	93.2
Currency translation	17.1	13.4	0.8	2.7	34.0
Acquisition costs as at December 31, 2014	**927.7**	**1,117.8**	**207.4**	**116.7**	**2,369.6**
Accumulated depreciation as at January 1, 2014	**382.0**	**645.7**	**146.6**	**–**	**1,174.3**
Additions	31.0	54.6	15.2	–	100.9
Impairments	3.5	0.1	0.2	–	3.8
Retirements	–0.7	–4.5	–2.1	–	–7.3
Transfers	–	–	–	–	–
Currency translation	4.3	5.4	0.3	–	10.0
Accumulated depreciation as at December 31, 2014	**420.1**	**701.3**	**160.1**	**–**	**1,281.5**
Net fixed assets as at December 31, 2014	**507.6**	**416.5**	**47.3**	**116.7**	**1,088.1**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2013 Total
Acquisition costs as at January 1, 2013	**706.6**	**928.8**	**166.8**	**65.9**	**1,868.1**
Additions	29.9	34.7	14.6	98.1	177.4
Retirements	–4.0	–9.9	–1.8	–	–15.7
Transfers	13.3	12.7	2.5	–28.6	–0.1
Currency translation	–3.0	1.1	0.1	–0.2	–2.0
Acquisition costs as at December 31, 2013	**742.8**	**967.4**	**182.2**	**135.2**	**2,027.6**
Accumulated depreciation as at January 1, 2013	**359.9**	**602.7**	**134.1**	**–**	**1,096.7**
Additions	27.9	50.1	14.1	–	92.1
Impairments	0.2	0.5	–	–	0.7
Retirements	–3.8	–9.8	–1.7	–	–15.3
Transfers	–0.6	0.6	–0.1	–	–0.1
Currency translation	–1.6	1.6	0.2	–	0.2
Accumulated depreciation as at December 31, 2013	**382.0**	**645.7**	**146.6**	**–**	**1,174.3**
Net fixed assets as at December 31, 2013	**360.8**	**321.7**	**35.6**	**135.2**	**853.3**

Advance payments of CHF 50.6 million (CHF 35.8 million in 2013) are included in the position construction in progress. The insurance value of property, plant, and equipment amounts to CHF 3,026.6 million (CHF 2,240.9 million in 2013). No mortgages exist on land and buildings.

The impairment charge of CHF 3.8 million (CHF 0.7 million in 2013) consists of writedowns of land and buildings of CHF 3.5 million (CHF 0.2 million in 2013) and of machinery and other fixed assets of CHF 0.3 million (CHF 0.5 million in 2013).

The net book value of capitalized assets, under financial lease, amounted to CHF 1.4 million (CHF 1.8 million in 2013). Operating lease commitments are not capitalized.

8. INTANGIBLE ASSETS

CHF million	EDP software and consultancy	Brands and intellectual property rights	Customer relationships	Goodwill	Other Intangible Assets	2014 Total
Acquisition costs as at January 1, 2014	**70.4**	**–**	**–**	**–**	**5.3**	**75.7**
Additions	8.1	–	–	–	2.9	11.0
Retirements	–1.7	–	–	–	–	–1.7
Transfers	0.4	–	–	–	–	0.4
Acquisition of subsidiary (note 32)	–	459.9	121.5	716.1	–	1,297.5
Currency translation	0.8	–0.1	10.8	63.6	–0.1	75.0
Acquisition costs as at December 31, 2014	**78.0**	**459.8**	**132.3**	**779.7**	**8.0**	**1,457.9**
Accumulated depreciation as at January 1, 2014	**55.1**	**–**	**–**	**–**	**–**	**55.1**
Additions	6.1	–	2.8	–	0.1	9.0
Retirements	–1.7	–	–	–	–	–1.7
Currency translation	0.8	–	0.2	–	–	1.0
Accumulated depreciation as at December 31, 2014	**60.3**	**–**	**3.0**	**–**	**0.1**	**63.4**
Net intangible assets as at December 31, 2014	**17.7**	**459.8**	**129.3**	**779.7**	**7.9**	**1,394.5**

CHF million	EDP software and consultancy	Brands and intellectual property rights	Customer relationships	Goodwill	Other Intangible Assets	2013 Total
Acquisition costs as at January 1, 2013	**63.2**	**–**	**–**	**–**	**–**	**63.2**
Additions	8.8	–	–	–	5.3	14.0
Retirements	–0.7	–	–	–	–	–0.7
Transfers	0.1	–	–	–	–	0.1
Currency translation	–0.8	–	–	–	–	–0.8
Acquisition costs as at December 31, 2013	**70.4**	**–**	**–**	**–**	**5.3**	**75.7**
Accumulated depreciation as at January 1, 2013	**50.0**	**–**	**–**	**–**	**–**	**50.0**
Additions	6.4	–	–	–	–	6.4
Retirements	–0.7	–	–	–	–	–0.7
Transfers	0.1	–	–	–	–	0.1
Currency translation	–0.7	–	–	–	–	–0.7
Accumulated depreciation as at December 31, 2013	**55.1**	**–**	**–**	**–**	**–**	**55.1**
Net intangible assets as at December 31, 2013	**15.3**	**–**	**–**	**–**	**5.3**	**20.6**

Research and development expenditures amounted to CHF 9.5 million (CHF 8.3 million in 2013) and are expensed as incurred.

An impairment test of goodwill and other intangible assets with infinite life (i.e. “Brands and intellectual property rights”) relating to the acquisition of Russell Stover Candies, LLC (i.e. cash generating unit) in 2014 has been conducted. The recoverable amount was determined based on future discounted cash flows, planning assumptions over the next years plus a residual value. The calculation of the recoverable amount is mainly sensitive to sales growth, EBIT margin and discount rate. The gross margin is based on historical data and expected data for the Group and the industry.

As the assumptions applied for the purchase price allocation (see note 32) have basically not changed since the acquisition date, the same discount rate of 7.7% after taxes and essentially the same assumptions of a 5% sales growth in the next years and a terminal growth rate of 3% and the usual group wide operating profit margins were applied for the calculation of the recoverable amount.

The recoverable amount for goodwill and intangible assets with infinite life is higher than the carrying amount.

9. FINANCIAL ASSETS

CHF million	2014	2013
Pension fund assets [1]	1,208.5	1,016.9
Loans to third parties	4.9	–
Investments third parties (available for sale)	2.3	2.3
Total	**1,215.7**	**1,019.2**

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	2014	2013
At January 1	**279.7**	**16.3**
Deferred income tax expense	–8.8	–11.8
Tax charged to comprehensive income	40.5	274.4
Currency translation	–0.9	0.8
At December 31	**310.5**	**279.7**

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

CHF million	2014	2013
Deferred tax assets		
Property, plant, and equipment	13.9	4.7
Intangible assets	–	–
Pension assets and liabilities	37.3	17.5
Receivables	7.8	7.9
Inventories	22.4	12.4
Payables and accruals	68.7	38.7
Other	4.6	5.1
Deferred tax assets gross	**154.8**	**86.3**
Netting	–93.7	–64.4
Total	**61.1**	**21.9**
Deferred tax liabilities		
Property, plant, and equipment	43.6	42.5
Intangible assets	31.8	–
Pension assets and liabilities	362.5	304.9
Receivables	7.6	1.9
Inventories	4.5	4.3
Payables and accruals	14.5	11.0
Derivative assets and liabilities	0.3	0.8
Other	0.4	0.6
Deferred tax liabilities gross	**465.2**	**366.0**
Netting	–93.7	–64.4
Total	**371.6**	**301.6**
Net deferred tax	**310.5**	**279.7**

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 expiration of tax loss carry-forwards are:

CHF million	2014	2013
Between one and five years	2.8	12.2
Between six and ten years	14.7	24.2
Over ten years	1.6	8.0
Total	**19.1**	**44.4**

Tax loss carry-forwards utilized in 2014 amounted to CHF 10.2 million (CHF 47.9 million in 2013).

11. INVENTORIES

CHF million	2014	2013
Raw material	99.9	73.9
Packaging material	110.0	82.6
Semi-finished and finished products	459.7	334.4
Value adjustment	–57.9	–36.1
Total	**611.7**	**454.8**

In 2014, CHF 3.0 million (CHF 1.7 million in 2013) of the value adjustment as at the end of 2013 have been released to the income statement.

12. ACCOUNTS RECEIVABLE

CHF million	2014	2013
Accounts receivable, gross	944.9	704.1
Value adjustment	–27.4	–20.4
Total	**917.5**	**683.7**
Value adjustment as at January 1	**–20.4**	**–21.2**
Addition	–13.1	–3.2
Utilization	4.4	3.0
Release	1.8	1.0
Currency translation	–0.1	–
Value adjustment as at December 31	**–27.4**	**–20.4**

The following table presents the aging of accounts receivable:

CHF million	2014	2013
Not yet past due	733.8	561.4
Past due 1–30 days	127.7	93.4
Past due 31–90 days	60.1	23.3
Past due over 91 days	23.3	26.0
Accounts receivable gross	**944.9**	**704.1**

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	2014	2013
CHF	52.8	53.1
EUR	352.8	345.6
USD	304.1	105.8
GBP	59.3	47.1
Other currencies	148.5	132.1
Accounts receivable net	**917.5**	**683.7**

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RESERVES

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

	2014		2013	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	13.5	5.2	16.2	2.8
Other derivatives	–	27.6	0.1	0.8
Total	**13.5**	**32.8**	**16.3**	**3.6**

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2014, is CHF 1,403.3 million (CHF 692.8 million in 2013). The majority of gains and losses recognized in the hedging reserve, as shown in the Consolidated Statement of Changes in Equity amounting to a net gain of CHF 8.8 million as of December 31, 2014 (net gains of CHF 10.5 million in 2013), will be released to material expenses 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	2014	2013
Fair-value-through-profit-or-loss financial assets	0.2	11.1
Held-to-maturity financial assets	–	100.0
Total	**0.2**	**111.1**

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

CHF million	2014	2013
CHF equity securities	0.2	8.5
EUR equity securities	–	2.6
Total	**0.2**	**11.1**

The carrying amounts of the above financial assets are designated as "at 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 CHF deposit of CHF 100.0 million, was repaid in full in 2014. In 2013, the deposit was valued at amortized cost.

15. CASH AND CASH EQUIVALENTS

CHF million	2014	2013
Cash at bank and in hand	171.1	614.4
Short-term bank deposits	0.7	5.0
Total	**171.8**	**619.4**

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

	Number of registered shares (RS) [1]	Number of participation certificates (PC) [2]	Registered shares (CHF million)	Participation certificates (CHF million)	Total (CHF million)
At January 1, 2013	**136,700**	**894,488**	**13.7**	**8.9**	**22.6**
Capital increase	–	53,076	–	0.5	0.5
Cancellation of shares	–589	–22,253	–0.1	–0.2	–0.3
At December 31, 2013	**136,111**	**925,311**	**13.6**	**9.3**	**22.9**
Capital increase	–	30,755	–	0.3	0.3
At December 31, 2014	**136,111**	**956,066**	**13.6**	**9.6**	**23.2**

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

The conditional capital has a total of 528,906 participation certificates (PC) (559,661 in 2013) with a par value of CHF 10.–. Of this total, 174,456 (205,211 in 2013) are reserved for employee stock option programs; the remaining 354,450 participation certificates (354,450 in 2013) are reserved for capital market transactions. There is no other authorized capital. In 2014, a total of 30,755 (53,076 in 2013) of the employee options were exercised at an average price of CHF 2,409.56 (CHF 2,454.23 in 2013). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

17. FINANCIAL LIABILITIES

CHF million	2014	2013
Non-current		
CHF 250 million floating rate bond, 2014–2017	249.6	–
CHF 500 million 0.5% Bond, 2014–2020	498.9	–
CHF 250 million 1.0% Bond, 2014–2024	248.1	–
Loans	1.3	1.0
Current		
Bank and other borrowings	18.3	6.0
Total borrowings	**1,016.2**	**7.0**

In September 2014 Lindt & Sprüngli Group placed bonds of CHF 1 billion in order to finance the acquisition of Russell Stover Candies, LLC. The bonds consist of the following three tranches:

- CHF 250 million floating rate bond with a term of 3 years and a floating interest rate based on 3-month CHF LIBOR plus 0.18 % per annum. The interests are paid quarterly, starting January 8, 2015;
- CHF 500 million bond with a term of 6 years and a fixed coupon of 0.5 % per annum. The interest payments will be due on an annual basis, starting October 8, 2015; and
- CHF 250 million bond with a term of 10 years and a fixed coupon of 1.0 % per annum. The interest payments will be due on an annual basis, starting October 8, 2015.

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

CHF million	2014	2013
CHF	996.6	–
EUR	9.9	6.6
USD	8.2	–
Other currencies	1.5	0.4
Total	**1,016.2**	**7.0**

18. PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

The Group operates in and outside of Switzerland different pension plans for employees that satisfy the participation criteria. Among these plans are defined contribution and defined benefit plans that cover most of the employees against retirement, disability and death.

18.1 DEFINED CONTRIBUTION PLANS

The Group offers to employees that satisfy the eligibility criteria defined contribution plans in different locations. The Group is obliged to pay a fixed percentage of the annual pay to these pension schemes. To some of these plans, the employees also have to make contributions. These are typically deducted by the employer from the monthly salary and paid to the pension fund. Apart from the payment of the contributions, the employer has no further obligation to these pension funds or to the employees.

In 2014 the employer contributions to Defined Contribution Plans amounted to CHF 8.5 million (CHF 7.5 million in 2013).

18.2 MULTI-EMPLOYER PLANS

The Group offers to employees that satisfy the eligibility criteria defined contribution plans in different locations. Some subsidiaries in the US are affiliated to a multi-employer plan. Based on the terms of the plan, the plan qualifies as a defined benefit plan. The Lindt & Sprüngli Group is in discussion with the trustees of the plan to obtain the information, that are required to recognize the plan as a defined benefit plan. At the time of the preparation of this disclosure note, the necessary information to estimate in a reasonable way the share of the Groups' defined benefit liability was not yet available. In particular, the plan was not yet able to provide the participation data for the former employees with vested rights and the pensioners relating to the Group that would have allowed estimating the defined benefit obligation. Based on this situation and as required by IAS 19, the plan is currently treated as a defined contribution plan. The Group is analyzing the situation on an ongoing basis. As soon as sufficient information is available to reasonably estimate the pension liability, the plan will be recognized as a defined benefit plan in the balance sheet. This change in accounting principle will be recognized in equity.

The employer contribution to this plan is calculated based on the working hours of the active employees. For each hour a fixed contribution is paid to the plan. This fixed amount is determined based on a collective agreement with the relevant unions.

In 2014 the employer contribution to the multi-employer plan amounts to CHF 1.5 million (CHF 1.1 million in 2013). In 2015 the employer contribution is estimated at CHF 1.8 million. The increase in 2015 compared to 2014 is related to the acquisition of Russell Stover Candies, LCC (12 months of contribution in 2015 compared to only four months in 2014).

The Group can be liable to the plan for other entities' obligations under the terms and conditions as the minimum funding requirements may lead to higher contributions. This is the case if another affiliated company gets insolvent.

If the affiliation contract to the plan is terminated, the Group must pay a withdrawal liability. The withdrawal liability is calculated based on the total contributions of the afiliated employers and the employer contributions of the Group to the plan. Based on the latest available information of the multi-employer plan at December 31, 2012, the total withdrawal liability of the plan amounts to USD 4.9 billion. The Group's share of the withdrawal liability is at 0.9 % for 2014.

18.3 DEFINED BENEFIT PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS PLANS

The Group finances Defined Benefit Plans for the employees that satisfy the criteria to join such plans. The most significant Defined Benefit Plans are located in Switzerland, Germany, USA, France, and Italy.

In addition to these plans, the Group operates jubilee benefit plans and other plans with benefits depending on the past years of service. These plans qualify as other long-term employee benefits under IAS 19.

a) Employee benefits plans in Switzerland

The Group operates different pension schemes in Switzerland. They are either organized through a separate foundation or through an affiliation to a collective foundation of an insurance company. The foundations are governed by foundation boards. The foundation boards are made up by an equal number of employee and employer representatives. The members of the foundation board are obliged by the law and the plan rules to act in the interest of the member (active employees and pensioners) only. Since the decisions are taken by the foundation boards, the only influence of the group is through its representatives.

The main duties of the foundation boards include the decision about the plan rules including the level of the contributions, the organization and the investment strategy.

The benefits are mainly depending on the insured salary and the years of service. For some of the plans the benefits are depending on retirement savings account. At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse's pension, or a lump sum. In addition to retirement benefits, the plan benefits also include disability and death benefits. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules or may withdraw funds early for the purchase of a residential property for their own use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In defining the benefits, the minimum requirements of the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2014, the rate was 1.75% (1.5% in 2013).

The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, the inflation risk if it results in a salary increase, the interest risk, the disability risk and the risk of longevity.

The employee and employer's contributions are set by the foundation board. The employer has to finance at least 50% of the total contributions. Contributions can also be financed through employer welfare fund or finance foundations of the employer. In the event of a shortfall, recapitalization contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

Beside the pension schemes, there are employer foundations that have as a main task to finance the pension schemes. The board members of these foundations are appointed exclusively by the employer.

In March 2013, the Board of the foundation "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" has restructured the pension fund schemes within the Group. As a consequence assets from one of the pension funds have been transferred to an employer fund and two other nonprofit funds. The value of assets transferred to the two non-profit funds, which are no longer in the scope of IAS 19, amounted to CHF 286.0 million. Under IFRIC 14 the net assets of the employer fund had to be considered as an economic benefit of the employer and to be fully recognized as an asset in the consolidated balance sheet of the Group, resulting in an increase of financial assets and deferred tax liabilities of CHF 855.0 million in 2013 (before the transfer of the pension assets to the two non-profit funds).

b) Employee benefits plans in Germany

In Germany the group operates different company pension plans. These plans are based on different rules and agreements between the employer and employees. For certain management employees individual agreements are applied. The plan provides benefits in the event of retirement, disability and death. Depending on the plan rules, the benefits are either paid as pensions for life or as lump sums. The most significant plans are financed directly by the employer. Upon termination of the employment prior to retirement, the vested benefits remain preserved as required by the German pension law.

The plans are regulated by the German pension law (Betriebsrentengesetz). The most significant risks in these plans are the life expectancy risk, the salary increase risk, and the inflation risk that might result in pension adjustments.

c) Employee benefits plans in the US

In relation to the acquisition of Russell Stover Candies, LLC two defined benefit plans and one multi-employer plan (see note 18.2) have been assumed by the Group. The first defined benefit plan is a closed defined benefit plan. The old age benefits are calculated based on the years of service and a fixed USD amount. The benefits are typically provided as annual old age pensions for life. Next to the old age benefits, the plan provides death benefits. The plan is financed in full by the employer. Plan participant's contributions are not allowed. Due to the plan characteristics, the employer is exposed to different actuarial risks, in special to the risk of the development of the future life expectancy.

In the second defined benefit plan the employee receives a lump sum equal to the savings account at retirement. In addition to the savings account, the return on the investments chosen by the employee are reimbursed. The underlying assets are separated in a trust but do not qualify as defined benefit assets under IAS 19 as the assets are available to the creditors. Nevertheless, the trust reimburses the Company for the payments of the benefits. For this plan there is no actuarial risk, as long as the investments of the trust cover the investments chosen by the employees.

d) Other employee benefits plans

The other plans are located in France, Italy and Austria. These plans are based on the local legal requirements.

The last actuarial valuation was prepared at December 31, 2014 by independent actuaries. The market value of assets at December 31, 2014 was estimated based on the information available at the moment of preparing the results.

The main assumptions on which the actuarial calculations are based can be summarized as follows:

	Pension plans		Other long-term employee benefits	
	2014	2013	**2014**	2013
Discount rate	1.9%	2.6%	2.7%	3.3%
Future salary increases	1.5%	1.6%		
Future pension adjustments	0.5%	0.6%		

For the countries with material pension obligations the following assumptions about the life expectancy at age 65 were taken into account:

	2014			2013		
	Switzerland	Germany	USA	Switzerland	Germany	USA
Retirement in 20 years (age of 45 at balance sheet date)						
Men	23.16	21.52	20.40	23.09	21.39	–
Women	25.59	25.46	21.70	25.52	25.34	–
Retirement at balance sheet date (age of 65)						
Men	21.39	18.85	18.80	21.29	18.71	–
Women	23.86	22.92	22.92	23.76	22.79	–

The amounts recognized in the income statement and in the Other Comprehensive Income (OCI) can be summarized as follows:

	Pension plans		Other long-term employee benefits	
CHF million	**2014**	2013	**2014**	2013
Employee benefits expense				
Total service cost				
Current service cost	12.6	13.0	0.6	0.6
Past service cost und curailments	0.1	0.6	–	–
Net interest cost	–19.8	–10.4	0.2	0.3
Liability management cost	0.8	0.6	–	–
Actuarial gains and losses	–	–	0.6	–
Total defined benefit cost (+) / gain (–) of the period	**–6.3**	**3.8**	**1.4**	**0.9**
Valuation components accounted for in OCI				
Actuarial gains and losses				
Arising from changes in demographic assumptions	–	0.3	–	–
Arising from changes in financial assumptions	62.3	–22.9	–	–
Arising from experiences	–0.8	2.4	–	–
Return on plan assets (excl. amounts in net interest)	–193.2	–344.9	–	–
Return on reimbursment (excluding interest income)	0.3	–	–	–
Changes in asset ceiling	–	–851.5	–	–
Total defined benefit cost (+) / gain (–) recognized in OCI	**–131.4**	**–1,216.6**	–	–
Total defined benefit cost (+) / gain (–)	**–137.7**	**–1,212.8**	–	–

The changes in pension obligations, pension assets and the asset ceiling can be summarized as follows:

Changes in the present value of the defined benefit obligation

	Pension plans		Other long-term employee benefits	
CHF million	**2014**	2013	**2014**	2013
Defined benefit obligation as at January 1	**438.5**	**448.1**	**8.3**	**9.4**
Current service cost	12.6	13.0	0.6	0.7
Plan participants' contributions	4.9	3.9	–	–
Interest expense on the net present value of the obligation	11.4	10.0	0.2	0.3
Actuarial gains (–) / losses (+)	61.5	–21.0	0.6	–
Past service (gain) / loss	0.2	0.6	–	–
Liabilities assumed in business combinations	36.3	–	–	–
Benefits paid through pension assets	–13.9	–14.6	–	–
Benefits paid by employer	–9.0	–3.0	–1.5	–2.1
Currency exchange differences	–0.2	1.5	–0.1	–
Defined benefit obligation as at December 31	**542.3**	**438.5**	**8.1**	**8.3**

Changes in the fair value of plan assets

CHF million	Pension plans 2014	2013
Fair value of plan assets as at January 1	**1,344.8**	**1,272.9**
Plan participants' contributions	4.9	3.9
Contributions by employer	3.8	2.8
Interest income	31.0	24.0
Return on plan assets (excl. Interest income)	193.2	344.9
Transfer of assets	–	–288.5
Assets assumed in business combinations	14.7	–
Benefits paid through pension assets	–13.9	–14.6
Liability management cost	–0.7	–0.7
Currency translations	0.7	0.1
Fair value of plan assets as at December 31	**1,578.5**	**1,344.8**

Development of reimbursement rights [1)]

CHF million	2014
Reimbursement rights as at January 1	**–**
Employee contributions	–
Employer contributions	0.1
Interest income on reimbursements	0.2
Return on reimbursement (excluding interest income)	–0.3
Business combinations	17.9
Reimbursements to employer	–5.5
Currency translation	0.7
Reimbursement rights as at December 31	**13.1**

1) Relates exclusively to reimbursment rights of newly acquired company Russell Stover Candies, LLC.

Change in the asset ceiling

CHF million	Pension plans 2014	2013
Asset ceiling at January 1	**–**	**851.5**
Interest income recognized in OCI	–	3.5
Change in asset ceiling recognized in OCI	–	–855.0
Fair value of plan assets as at December 31	**–**	**–**

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

Amount recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million	**2014**	2013	**2014**	2013
Present value of funded obligation	508.7	419.2	–	–
Fair value of plan assets	–1,578.5	–1,344.8	–	–
Underfunding (+) / Overfunding (–)	**–1,069.8**	**–925.6**	**–**	**–**
Present value of unfunded obligations	33.5	19.2	8.1	8.3
Net pension liability (+) / asset (–)	**–1,036.3**	**–906.4**	**8.1**	**8.3**
Thereof pension liabilities	172.2	110.5	8.1	8.3
Thereof pension assets [1]	–1,208.4	–1,016.9	–	–

1) See note 9.

The plan assets are mainly managed by the Swiss pension plans and employer funds. The foundation boards issue investment guidelines for the plan assets which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The pension plans are also subject to the legal requirements on diversification and safety laid down by the BVG. Investment in bonds have in general at least an A rating, investments in real estate are typically held directly by the plans.

The foundation boards of the pension funds regularly review whether the chosen investment strategy is appropriate in view of the the pension benefits to be provided and whether the risk capability is in line with the demographic structure. Compliance with the investment guidelines and the investment results of the investment advisors are reviewed by the foundation boards of the pension funds.

The investments in the employer foundation and primarily in the finance foundation are mainly invested in shares of the Group.

The pension assets mainly consist of the following categories of securities:

			2014			2013
CHF million	listed	not listed	Total	listed	not listed	Total
Equities	1,305.9	–	1,305.9	1,123.5	–	1,123.5
Bonds	103.3	–	103.3	65.0	–	65.0
Real estate	–	97.8	97.8	–	97.8	97.8
Qualified insurance policies	–	17.3	17.3	–	15.6	15.6
Liquidity	–	47.0	47.0	–	27.6	27.6
Other investement	–	7.2	7.2	–	15.3	15.3
Total	**1,409.2**	**169.3**	**1,578.5**	**1,188.5**	**156.3**	**1,344.8**

The plan assets include investments in the Group with a market value of CHF 1,168.4 million at December 31, 2014 (CHF 1,019.4 million at December 31, 2013). Moreover, the Group has occupied property from the pension funds with a market value of CHF 16.8 million at December 31, 2014 (CHF 13.8 million at December 31, 2013).

In 2014 the assets provided a return of CHF 227.7 million (CHF 368.9 million in 2013). In 2015 the expected employer contributions amount to CHF 2.9 million and the expected payments for pensions by the employer to CHF 2.8 million.

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits, and members receiving pensions:

		Pension plans
CHF million	2014	2013
Active employees	317.6	240.5
Vested terminations	11.8	6.3
Pensioners	212.9	191.7
Total	**542.3**	**438.5**

The average duration of the liabilities at December 31, 2014 is 17.8 years (16.4 years at December 31, 2013).

The following table shows the impact of the change of the discount rate, salary increase, and pension indexation on the present value of the defined benefit obligation:

CHF million		2014		2013
Increase (+)/decrease (–) of assumptions by	+0.25%	–0.25%	+0.25%	–0.25%
Discount rate	–21.9	23.5	–16.6	17.9
Salary increase	8.8	–8.7	6.4	–6.4
Pension indexations	14.1	–13.2	11.3	–10.2

19. PROVISIONS

CHF million	Business risks	Other	Total
Provisions as at January 1, 2013	**44.4**	**11.8**	**56.2**
Addition	22.8	3.9	26.7
Utilization	–1.4	–0.9	–2.3
Release	–5.1	–0.5	–5.6
Currency translation	0.1	–	0.1
Provisions as at December 31, 2013	**60.8**	**14.3**	**75.1**
Addition	8.0	1.3	9.3
Utilization	–1.8	–1.3	–3.1
Release	–10.7	–2.3	–13.0
Acquisition of subsidiary (note 32)	3.7	4.8	8.5
Currency translation	0.3	0.3	0.6
Provisions as at December 31, 2014	**60.3**	**17.1**	**77.4**

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, 2014.

20. ACCOUNTS PAYABLE

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

CHF million	2014	2013
CHF	7.8	11.9
EUR	108.2	116.5
USD	51.3	28.8
GBP	8.1	9.0
Other currencies	14.7	15.3
Total	**190.1**	**181.5**

21. ACCRUED LIABILITIES

CHF million	2014	2013
Trade	328.7	251.7
Salaries/wages and social costs	107.8	89.5
Other	145.6	132.0
Total	**582.1**	**473.2**

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, whereas the position "Other" comprises accruals for third-party services rendered as well as commissions.

22. OTHER INCOME

CHF million	2014	2013
Fees from third parties	3.4	3.2
Insurance reimbursements	3.3	0.4
Other	11.5	10.0
Total	**18.2**	**13.6**

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	2014	2013
Wages and salaries	518.1	462.5
Social benefits	118.2	114.2
Other	83.2	78.0
Total	**719.5**	**654.7**

For the year 2014, the Group employed an average of 10,712 people (8,949 in 2013).

24. NET FINANCIAL RESULT

CHF million	2014	2013
Interest income	1.2	1.1
Interest expense	–5.0	–3.1
Income (+)/expense (–) from financial assets		
Fair value through profit or loss	–0.4	–0.2
Other	2.4	–0.6
Total	**–1.8**	**–2.8**

25. TAXES

CHF million	2014	2013
Current taxes	133.8	106.4
Deferred taxes	–8.8	–11.8
Other taxes	4.9	3.6
Total	**129.9**	**98.3**

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	2014	2013
Income before taxes	**472.5**	**401.3**
Expected tax [1]	**121.3**	**106.3**
Change in applicable tax rates on temporary differences	–	0.6
Utilization of unrecognized tax loss carry-forwards from prior years	–	–28.0
Adjustments related to prior years	–2.0	–1.6
Other	10.6	20.9
Total	**129.9**	**98.3**

1) Based on the average applicable tax rate (25.7% in 2014; 26.5% in 2013).

The tax for each component of other comprehensive income is:

	2014			2013		
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	–2.3	0.6	–1.7	17.2	–0.4	16.8
Defined benefit plan	131.4	–41.1	90.3	1,016.7	–360.0	656.7
Currency translation	80.8	–	80.8	–11.5	–	–11.5
Total	**209.9**	**–40.5**	**169.4**	**1,022.4**	**–360.4**	**662.0**

26. EARNINGS PER SHARE / PARTICIPATION CERTIFICATE

CHF million	2014	2013
Non-diluted earnings per share / 10 PC (CHF)	**1,503.5**	**1,339.3**
Net income (CHF million)	342.4	303.0
Weighted average number of registered shares / 10 participation certificates	227,739	226,237
Diluted earnings per share / 10 PC (CHF)	**1,459.9**	**1,313.9**
Net income (CHF million)	342.4	303.0
Weighted average number of registered shares / 10 participation certificates / outstanding options on 10 PC	234,529	230,612

27. DIVIDEND PER SHARE / PARTICIPATION CERTIFICATE

CHF	2014	2013
Dividend per share / 10 PC	725.00[1]	650.00

1) Proposal of the Board of Directors.

During the period January 1 to record date (April 29, 2015), 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 during the vesting 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:

	2014		2013	
	Number of options	Weighted average exercise price (CHF / PC)	Number of options	Weighted average exercise price (CHF / PC)
Outstanding options as at January 1	**157,509**	**2,576.27**	**179,647**	**2,437.21**
New option rights	19,550	4,062.00	33,450	3,123.00
Exercised rights	–30,755	2,409.56	–53,076	2,454.23
Cancelled rights	–1,879	2,897.40	–2,512	2,490.76
Outstanding options as at December 31	**144,425**	**2,808.70** [1]	**157,509**	**2,576.27**
of which exercisable at December 31	26,082	2,126.13	23,458	2,502.58
Average remaining time to expiration (in days)	796		622	

1) The exercise price varies between CHF 1,543 to CHF 4,062.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 15.2 million (CHF 16.5 million in 2013). The assumptions used to calculate the expenses for the grants 2011 to 2014 are listed in the following table:

Date of issue	13.1.2014	11.1.2013	7.2.2012	18.3.2011
Number of issued options	19,550	33,450	35,725	36,180
of which in bracket A (blocking period three years)	6,787	11,649	12,450	12,617
of which in bracket B (blocking period four years)	6,883	11,758	12,556	12,705
of which in bracket C (blocking period five years)	5,880	10,043	10,719	10,858
Issuing price in CHF	4,062	3,123	2,679	2,523
Price of participation certificates on date of issue in CHF	4,036	3,159	2,711	2,580
Value of options on issuing date				
bracket A (blocking period three years) in CHF	633.56	568.13	491.66	524.31
bracket B (blocking period four years) in CHF	691.87	587.76	509.70	557.09
bracket C (blocking period five years) in CHF	735.21	592.07	533.03	587.88
Maximum life span (in years)	7	7	7	7
Form of compensation	PC from conditional capital			
Expected life span (in years)	5–6	5–6	5–6	5–6
Expected rate of retirement per year	2.3%	2.4%	2.5%	2.5%
Expected volatility	22.1%	22.9%	23.8%	24.3%
Expected dividend yield	1.49%	1.45%	1.39%	1.32%
Risk-free interest rate	0.66–0.92%	0.46–0.57%	0.48–0.63%	1.48–1.70%
Model	Binomial model			

29. CONTINGENCIES

The Group had no guarantees in favor of third parties either at December 31, 2014 or December 31, 2013.

30. COMMITMENTS

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

CHF million	2014	2013
Property, plant, and equipment	43.2	117.7

The future lease payments under operating lease commitments are:

CHF million	2014	2013
Up to one year	50.8	41.1
Between one and five years	125.5	108.7
Over five years	59.6	49.3
Total	**235.9**	**199.1**

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

31. TRANSACTIONS WITH RELATED PARTIES

A family member of a member of the Board of Directors has a majority share in a company, to which products were sold at arm's length for the value of CHF 18.7 million (CHF 18.1 million in 2013) and with which rental income of CHF 0.3 million (CHF 0.3 million in 2013) and license fee income of CHF 0.6 million (CHF 0.5 million in 2013) were generated. Receivables outstanding against this company were CHF 12.5 million (CHF 12.0 million in 2013) at the balance sheet date.

750 registered shares were bought from the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" in 2014 (750 in 2013) at a price of CHF 56,034.– (CHF 45,118.– in 2013) per share (including stamp duty), which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period December 12 to 18, 2014.

As of December 31, 2014, a loan of CHF 4.9 million (CHF 1.5 million in 2013) was outstanding against the "Lindt Chocolate Competence Foundation". All conditions of this loan are agreed at arm's length.

REMUNERATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Considering a resignation and a new entry in 2014 the Group consisted of 7 non-executive and executive directors (6 in 2013). The number of executive officers is 8 in 2014 (8 in 2013). The compensation paid to non-executive directors and executive officers is shown below:

CHF million	2014	2013 (Market Value) 1)	2013 (tax value)
Fixed cash compensation 2)	6,449	6,389	6,305
Variable bonus component 3)	5,410	4,760	4,760
Other compensation 4)	1,380	844	844
Options 1)	6,060	8,727	4,566
Registered shares	2,450	3,602	2,691
Total	**21,749**	**24,322**	**19,166**

1) The valuation of Option grants on Lindt & Sprüngli participation certificates is based on the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). Whereas until 2013 the tax value resulting from the allowance of the blocking period has been deducted, no tax deduction is considered from 2014 onwards. The prior year has been restated for comparison.
2) Total gross cash compensation and allowances for Officers and Directors including pension benefits paid by employer (excluding social charges paid by employer) for the Officers.
3) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).
4) Employees part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.

Apart from the payments mentioned above, no payments were made on a private basis or via consulting companies to either an executive or non-executive member of the Board or a member of Group Management or Extended Group Management. As of December 31, 2014, 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.

32. BUSINESS COMBINATIONS

On September 8, 2014 the Lindt & Sprüngli Group acquired Russell Stover Candies, LLC, a traditional US family business and the leading manufacturer of pralines and seasonal candies in the US, headquartered in Kansas City, Missouri. This biggest and most important strategic acquisition in the company's history will give Lindt & Sprüngli an established presence throughout the USA with its LINDT, GHIRARDELLI, RUSSELL STOVER, WHITMAN'S and PANGBURN'S brands. The addition of the Russell Stover and Whitman's brands perfectly complements Lindt & Sprüngli's existing chocolate portfolio and will make the company the Number 3 North American chocolate manufacturer. Since the acquisition date, Russell Stover Candies, LLC is fully consolidated in the financial statements of the Group.

In the course of the asset deal and based on the provisional purchase price allocation the Lindt & Sprüngli Group identified net assets of CHF 783.5 million for the cash settled consideration of CHF 1,499.6 million (CHF 1,148.6 million including the present value of future tax savings):

CHF million	2014
Property, plant, and equipment	93.2
Brands and intellectual property rights	459.9
Customer relationships	121.5
Inventories	155.3
Accounts receivables	22.7
Cash and cash equivalents	24.9
Other current assets	21.5
Pension liabilities	–21.7
Provisions	–8.5
Accounts payable	–44.9
Accrued liabilities	–40.5
Fair Value of acquired net assets	**783.5**
Goodwill	716.1
Total	**1,499.6**

The fair values of the identifiable intangible assets consist of "brands and intellectual property rights" and "customer relationships". The goodwill resulting from the acquisition amounts to CHF 716.1 million and mainly represents a control premium and the synergies that can be expected from integrating the acquired company into the Lindt & Sprüngli Group's existing business.

"Goodwill", "brands and intellectual property rights" and "customer relationships" were recognized in the tax accounts and can be depreciated over their taxable useful life on a straight line basis. The present value of these tax deductible depreciation is estimated at CHF 351.0 million and represents future tax savings. Directly attributable transaction costs of CHF 7.2 million are reported as part of the "operating expenses".

As communicated in the course of the acquisition, annual sales of Russell Stover Candies, LLC amount to USD 500 million. During the four months since acquisition until December 31, 2014 the Company accounted for sales of CHF 252.1 million and contributed to the consolidated operating result on a group-wide common basis, considering seasonal fluctuations and the purchase price allocation conducted in inventories.

33. 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. 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, Tax, Legal, Human Resources, Operations, Marketing, and Sales review continuously the effectiveness of the risk management at subsidiary and Group level.

34. EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for publication by the Board of Directors on March 9, 2015. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting.

On January 15, 2015, the Swiss National Bank announced its discontinuation of the minimum exchange rate of 1.20 for the Swiss franc against the Euro. This has led among others to an appreciation of the Swiss franc against the Euro.

The translation of Group companies and associated companies with different functional currencies may have an effect on the consolidated financial statement and correspondingly on the cumulative exchange rate differences recognized in equity.

At the time of approval of the financial statement, the discontinuation of the minimum exchange rate and the resulting value development of the Swiss franc had no impact on the 2014 financial statements.

No events have occurred up to March 9, 2015, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

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, cash flow statement, statement of changes in equity and notes (pages 64 to 103), for the year ended December 31, 2014.

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, 2014 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

Bruno Häfliger	**Richard Müller**
Audit expert	Audit expert
Auditor in charge	

Zurich, March 9, 2015

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BALANCE SHEET

CHF thousand	Note	**December 31, 2014**	December 31, 2013
ASSETS			
Investments		861,209	484,740
Intangible assets		501,210	41,409
Loans to subsidiaries		430,000	–
Total non-current assets		**1,792,419**	**526,149**
Receivables			
from third parties		6,819	3,421
from subsidiaries		12,608	14,859
Accrued income			
from third parties		–	11
from subsidiaries		18,779	12,049
Loans to subsidiaries		90,000	–
Financial investments		–	110,825
Treasury stock	4	144,905	89,134
Treasury stock (share buy-back program)	4	54,615	6,465
Cash and cash equivalents		58,642	413,673
Total current assets		**386,368**	**650,437**
Total assets		**2,178,787**	**1,176,586**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		13,611	13,611
Participation capital	5	9,561	9,253
Legal reserves			
General legal reserve		76,040	76,040
Reserve from capital contribution	6	86,187	138,733
Reserve for treasury stock		159,847	71,305
Special reserve	6	469,799	389,344
Retained earnings		247,805	224,003
Total shareholders' equity		**1,062,850**	**922,289**
Bonds	3	1,000,000	–
Total non-current liabilities		**1,000,000**	**–**
Accounts payable to subsidiaries		94,167	235,577
Tax liabilities		14,678	11,388
Accrued liabilities			
to third parties		3,802	2,357
to subsidiaries		2,545	4,597
Other liabilities		745	378
Total current liabilities		**115,937**	**254,297**
Total liabilities and shareholders' equity		**2,178,787**	**1,176,586**

INCOME STATEMENT

CHF thousand	2014	2013
Dividends and other income from subsidiaries	250,064	207,968
Other income	721	99
Total operating income	**250,785**	**208,067**
Administrative and miscellaneous overhead costs	–24,436	–20,226
Value adjustments on investments	–1,561	–
Operating profit	**224,788**	**187,841**
Income from financial assets	30,052	23,706
Expense from financial assets	–20,217	–9,829
Income before taxes	**234,623**	**201,718**
Taxes	–19,209	–14,989
Net income	**215,414**	**186,729**

NOTES TO THE FINANCIAL STATEMENTS

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

Contingent liabilities as at December 31, 2014, amounted to CHF 198.9 million (CHF 178.6 million in 2013). This figure comprises guarantees given to counterparties providing credit lines for borrowings and hedging to 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. INVESTMENTS

The investments in subsidiaries are listed on page 69 of the notes to the consolidated financial statements.

3. BONDS

In September 2014 the Company placed bonds of CHF 1 billion in order to finance the acquisition of Russell Stover Candies, LLC. The bonds consist of the following three tranches:

- CHF 250 million floating rate bond with a term of 3 years and a floating interest rate based on 3-month CHF LIBOR plus 0.18% per annum. The interests are paid quarterly, starting January 8, 2015;
- CHF 500 million bond with a term of 6 years and a fixed coupon of 0.5% per annum. The interest payments will be due on an annual basis, starting October 8, 2015; and
- CHF 250 million bond with a term of 10 years and a fixed coupon of 1.0% per annum. The interest payments will be due on an annual basis, starting October 8, 2015.

CHF million	Interest rate	Term	Notional amount
Floating rate bond	variable	2014–2017	250.0
Straight bond	0.5%	2014–2020	500.0
Straight bond	1.0%	2014–2024	250.0
Total			**1,000.0**

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

	2014		2013	
Inventory of treasury stock	RS	PC	RS	PC
Inventory as at January 1	**1,853**	**1,682**	**1,696**	**22,253**
Additions	750	–	870	–
Retirements	–68	–	–124	–
Share buy-back program [1]	23	11,048	–	1,682
Cancellation of shares	–	–	–589	–22,253
Inventory as at December 31	**2,558**	**12,730**	**1,853**	**1,682**
Average cost of additions (in CHF)	56,034	–	43,913	–
Average sales price of retirements (in CHF)	50,538	–	37,199	–
Average cost of share buy-back program (in CHF)	50,076	4,254	–	3,843
Average cost of cancellation of shares (in CHF)	–	–	33,008	2,910

1) Own treasury stock (Share buy-back program) is valued at historical costs.

5. CONDITIONAL AND APPROVED CAPITAL

As of December 31, 2014, the conditional capital had a total of 528,906 participation certificates (559,661 participation certificates in 2013) with a par value of CHF 10.–. Of this total, 174,456 (205,211 in 2013) are reserved for employee stock option programs and the remaining 354,450 (354,450 in 2013) for capital market transactions. In the year under review, a total of 30,755 employee stock options (53,076 employee stock options in 2013) were exercised at an average price of CHF 2,409.56 (CHF 2,454.23 in 2013).

6. RESERVES

	Reserves from Capital Contribution				Special Reserves
CHF thousand	Requested	Approved	Not approved [1]	Total	Total
Balance as at January 1, 2013	**–**	**122,223**	**7,498**	**129,721**	**282,421**
Reserve from retained earnings	–	–	–	–	150,000
Additions during the year	128,061	–	1,668	129,729	–1,668
Treasury stock	–	–	–	–	–35,226
Share buy-back program	–	–	–	–	–6,465
Cancellation of shares	–	–	–	–	281
Proposed dividend distribution	–	–120,990	–	–120,990	–
Undistributed dividends on own registered shares and participation certificates	–	2,109	–	2,109	–
Options exercised from January 1 to April 24, 2013	–	–1,834	–	–1,834	–
Balance as at December 31, 2013	**128,061**	**1,508**	**9,166**	**138,735**	**389,343**
Reserve from retained earnings	–	–	–	–	170,000
Additions during the year	72,794	–	1,002	73,796	–1,002
FTA approval March 17, 2014					
Approved reserves from capital contribution	–128,061	128,061	–	–	–
Treasury stock	–	–	–	–	–40,392
Share buy-back program	–	–	–	–	–48,150
Proposed dividend distribution	–	–126,896	–	–126,896	–
Undistributed dividends on own registered shares and participation certificates	–	1,421	–	1,421	–
Options exercised from January 1 to April 30, 2014	–	–869	–	–869	–
Balance as at December 31, 2014	**72,794**	**3,225**	**10,168**	**86,187**	**469,799**

1) The Swiss tax administration (FTA) has not yet approved the capital transaction costs of TCHF 10,168 as reserves from capital contribution. This practice may be changed in the future.

7. MANDATORY DISCLOSURE OF INTEREST POSITIONS PURSUANT TO ART. 663C CO (SWISS CODE OF OBLIGATION)

As of December 31, 2014, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders (in accordance with Art. 663c CO and the articles of association), which own voting shares of more than 4%: "Fonds für Pensionsergänzungen of Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtung der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation". As a group they held 20.3% of the voting rights of the Company (20.9% in 2013).

The participation of the Board of Directors, Group Management and Extended Group Management as at December 31, 2014, according to Art. 663c CO is as follows:

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2014	2013	**2014**	2013	**2014**	2013
E. Tanner	Chairman and CEO	3,103	3,039	6,943	8,967	19,750	17,750
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	5,900	5,900
Dr K. Widmer [1)]	Member of the Board	–	35	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,090	–	–	–	–
Dr F. P. Oesch	Member of the Board	13	17	–	–	–	–
P. Schadeberg-Herrmann	Member of the Board	131	–	–	–	–	–
U. Sommer	Group Management	12	12	140	1,449	7,450	9,369
Dr D. Weisskopf	Group Management	7	5	2,400	1,800	9,650	10,550
A. Pfluger	Group Management	5	5	30	30	5,188	8,213
R. Fallegger	Group Management	5	5	1,969	1,612	6,035	5,985
K. Kitzmantel	Extended Group Management	5	5	100	100	4,338	4,938
A. Lechner	Extended Group Management	6	6	53	53	5,650	6,900
T. Linemayr	Extended Group Management	4	4	77	77	5,500	5,350
Total		**5,383**	**5,223**	**11,712**	**14,088**	**69,461**	**74,955**

1) Mr. Dr K. Widmer left the Lindt & Sprüngli Group in 2014, therefore no participation is reported for 2014.

All other disclosures relating to the remuneration of the Board of Directos, Group Management and Extended Group Management required by Art. 663B^{bis} CO are provided in the Compensation Report.

8. 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 the notes of the consolidated financial statements.

9. ACCOUNTING REGULATION

Chocoladefabriken Lindt & Sprüngli AG has not early adopted the new provisions on accounting and financial reporting of the Swiss Code of Obligations. The new accounting law must be applied from January 1, 2015 onwards.

PROPOSAL FOR THE DISTRIBUTION OF AVAILABLE RETAINED EARNINGS

CHF	**December 31, 2014**	December 31, 2013
Balance brought forward	32,281,871	37,238,992
Net income	215,413,866	186,729,478
Other	109,174 [1]	34,401
Available retained earnings	**247,804,911**	**224,002,871**
Shares and participation certificates as per bylaws of CHF 23,171,760 as at December 31, 2014 (CHF 22,864,210 in 2013)		
5% statutory dividend	–	–1,143,211
400% (90% in 2013) dividend	–92,687,040 [2]	–20,577,789
Allocations to special reserves	–120,000,000	–170,000,000
Balance carried forward	**35,117,871**	**32,281,871**
Allocation of requested capital contribution reserve to free reserves	75,308,220 [2]	126,896,366
Withholding tax exempt distribution CHF 325.– per dividend-bearing share/CHF 32.50 per participation certificate (CHF 555.– per dividend-bearing share/CHF 55.50 per participation certificate in 2013)	–75,308,220 [2]	–126,896,366

1) Includes dividends not distributed on treasury stock held (CHF 243,191), dividends distributed on options exercised during the period January 1 to April 30, 2014 (CHF –148,742) and unclaimed, expired dividends (CHF 14,725)
2) Number of registered shares and participation certificates, status as at December 31, 2014. During the period from January 1 until record date (April 29, 2015), 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 2014 the Board of Directors proposes a total dividend of CHF 725.– per registered share and CHF 72.50 per participation certificate.

CHF 325.– per registered share and CHF 32.50 per participation certificate are distributed out of the approved capital contribution reserve (agio) and CHF 400.– per registered share and CHF 40.– 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 106 to 111), for the year ended December 31, 2014.

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, 2014 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 and reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

pwc PricewaterhouseCoopers AG

Bruno Häfliger	**Richard Müller**
Audit expert	Audit expert
Auditor in charge	

Zurich, March 9, 2015

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

GROUP FINANCIAL KEY DATA – FIVE-YEAR REVIEW

		2014	2013	2012	2011	2010
INCOME STATEMENT						
Sales	CHF million	3,385.4	2,882.5	2,669.5	2,488.6	2,579.3
EBITDA	CHF million	588.0	503.3	435.9	421.9	423.3
in % of sales	%	17.4	17.5	16.3	17.0	16.4
EBIT	CHF million	474.3	404.1	330.1	328.7	325.3
in % of sales	%	14.0	14.0	12.4	13.2	12.6
Net income	CHF million	342.6	303.0	244.9	246.5	241.9
in % of sales	%	10.1	10.5	9.2	9.9	9.4
in % of average shareholders' equity	%	12.2	14.0	14.9	15.0	14.7
Operating cash flow	CHF million	308.2	419.1	381.2	345.4	363.7
in % of sales	%	9.1	14.5	14.3	13.9	14.1
Depreciation, amortization, and impairment	CHF million	113.7	99.2	105.8	93.2	98.0
BALANCE SHEET						
Total assets	CHF million	5,581.5	3,880.7	2,640.9	2,516.0	2,524.7
Current assets	CHF million	1,822.1	1,965.7	1,714.2	1,643.5	1,672.7
in % of total assets	%	32.6	50.7	64.9	65.3	66.3
Non-current assets	CHF million	3,759.4	1,915.0	926.7	872.5	852.0
in % of total assets	%	67.4	49.3	35.1	34.7	33.7
Non-current liabilities	CHF million	1,638.4	507.4	259.5	214.2	209.6
in % of total assets	%	29.3	13.1	9.8	8.5	8.3
Shareholders' equity	CHF million	3,001.7	2,634.7	1,694.4	1,619.1	1,672.5
in % of total assets	%	53.8	67.9	64.2	64.4	66.2
Investments in PPE/intangible assets	CHF million	234.6	191.4	144.6	104.2	88.6
in % of operating cash flow	%	76.1	45.7	38.0	30.2	24.4
EMPLOYEES						
Average number of employees		10,712	8,949	8,157	7,779	7,572
Sales per employee	TCHF	316.0	322.1	327.3	319.9	340.6

DATA PER SHARE / PARTICIPATION CERTIFICATE – FIVE-YEAR REVIEW

		2014	2013	2012	2011	2010
SHARE						
Registered shares at CHF 100.– par [1]	Number	136,111	136,111	136,700	140,000	140,000
Participation certificates at CHF 10.– par [2]	Number	956,066	925,311	894,488	926,179	901,799
Non-diluted earnings per share / 10 PC [3]	CHF	1,504	1,339	1,079	1,084	1,061
Operating cash flow per share / 10 PC	CHF	1,330	1,833	1,686	1,485	1,580
Shareholders' equity per share / 10 PC [4]	CHF	12,954	11,523	7,492	6,960	7,266
Payout ratio	%	49.1	49.0	53.1	47.2	42.8
REGISTERED SHARE						
Year-end price	CHF	57,160	48,100	34,515	31,390	30,100
High of the year	CHF	59,140	48,890	36,265	33,850	31,150
Low of the year	CHF	48,100	34,650	30,385	25,500	24,350
Dividend	CHF	725.00 [5]	650.00	575.00	500.00	450.00
P/E ratio [6]	Factor	38.01	35.92	31.99	28.96	28.37
PARTICIPATION CERTIFICATE						
Year-end price	CHF	4,932	4,021	2,980	2,794	2,826
High of the year	CHF	5,095	4,036	3,050	2,891	2,925
Low of the year	CHF	4,013	3,002	2,650	1,955	2,124
Dividend	CHF	72.50 [5]	65.00	57.50	50.00	45.00
P/E ratio [6]	Factor	32.79	30.03	27.62	25.77	26.64
Market capitalization [6]	CHF million	12,495.4	10,267.6	7,383.8	6,982.3	6,762.5
in % of shareholders' equity [4]	%	416.3	389.7	435.8	431.2	404.3

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 170 years, Lindt & Sprüngli confirms its reputation as one of the most innovative and creative companies in the Premium chocolate market. Quality chocolate from Lindt & Sprüngli 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.

GLOBAL PRESENCE

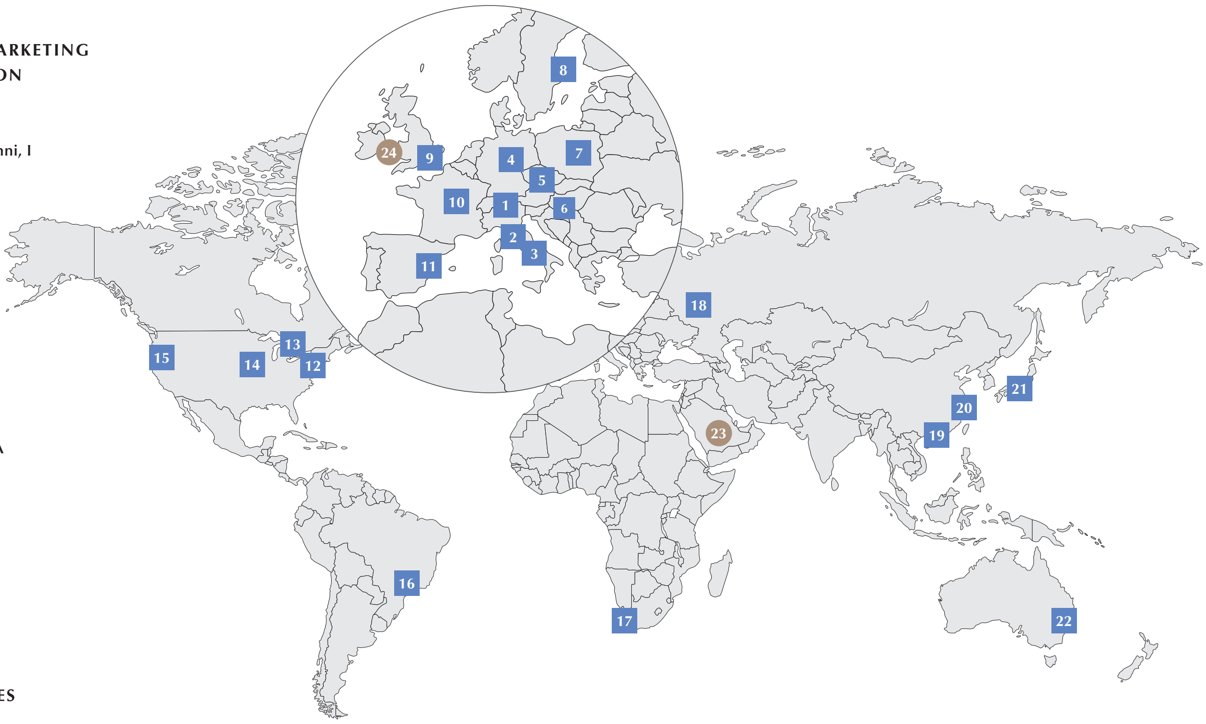
WE MAKE THE WORLD A SWEETER PLACE

PRODUCTION, MARKETING AND DISTRIBUTION

1 Kilchberg, CH
2 Induna Olona, I
3 Luserna S. Giovanni, I
4 Aachen, D
5 Prague, CZ
6 Vienna, A
7 Warsaw, PL
8 Stockholm, S
9 London, GB
10 Paris, F
11 Barcelona, E
12 Stratham, USA
13 Toronto, CA
14 Kansas City, USA
15 San Leandro, USA
16 Sao Paulo, BR
17 Cape Town, ZA
18 Moscow, RU
19 Hong Kong, CN
20 Shanghai, CN
21 Tokyo, JP
22 Sydney, AU

REGIONAL OFFICES

23 Dubai, UAE
24 Dublin, IRL



Chocoladefabriken Lindt & Sprüngli (Schweiz) AG
Seestrasse 204, CH-8802 Kilchberg
Phone +41 44 716 22 33, Fax +41 44 715 39 85

Chocoladefabriken Lindt & Sprüngli GmbH
Süsterfeldstrasse 130, DE-52072 Aachen
Phone +49 241 8881 0, Fax +49 241 8881 211

Lindt & Sprüngli SAS
5, bd. de la Madeleine, FR-75001 Paris
Phone +33 1 58 62 36 36, Fax +33 1 58 62 36 00

Lindt & Sprüngli S.p.A.
Largo Edoardo Bulgheroni 1, IT-21056 Induno Olona
Phone +39 0332 20 91 11, Fax +39 0332-20 35 05

Lindt & Sprüngli (Austria) Gesellschaft m.b.H.
Hietzinger Haupstrasse 1A, AT-1130 Wien
Phone +43 1 60 18 20, Fax +43 1 60 18 28 00

Lindt & Sprüngli (UK) Limited
Top Floor, 4 New Square, Bedfont Lakes
Feltham, Middlesex TW14 8HA, Great Britain
Phone +44 208 602 4100, Fax +44 208 602 4111

Lindt & Sprüngli (España) SA
Marina 16 – 18, ES-08005 Barcelona
Phone +34 93 459 02 00, Fax +34 93 459 47 52

Lindt & Sprüngli (Nordics) AB
Telegrafgatan 6A, SE-16972 Solna
Phone +46 8 546 140 00, Fax +46 8 546 140 44

Lindt & Sprüngli (Poland) Sp. z o.o.
ul. Jakuba Kubickiego 5, PL-02-954 Warszawa
Phone +48 22 642 28 29, Fax +48 22 842 86 58

Lindt & Sprüngli (Czechia) s.r.o.
Karolinska 1, CZ-18000 Prague 8-Karlin
Phone +420 222 316 488, Fax +420 222 316 489

Lindt & Sprüngli (Russia) LLC
16A, Leningradskoe shosse, building 1,
Moscow, 125171, Russian Federation
Tel. +7 495 204 88 00, Fax + 7 495 204 88 11

Lindt & Sprüngli (South Africa) (Pty) Ltd.
72 Waterkant Street, Green Point
Cape Town 8001, South Africa
Phone +27 21 831 0310, Fax +27 21 831 0312

Lindt & Sprüngli (USA) Inc.
One Fine Chocolate Place
Stratham, NH 03885-2592, USA
Phone +1 603 778 81 00, Fax +1 603 778 31 02

Lindt & Sprüngli (Canada), Inc.
181 University Avenue, Suite 900
Toronto, Ontario M5H 3M7, Canada
Phone +1 416 351 85 66, Fax +1 416 351 85 07

Lindt & Sprüngli (Brazil) Holding Ltda.
Rua João Lourenço, 560
2o andar, sala 1
Vila Nova Conceição
São Paulo, Brasil, CEP 04508-030
Phone +55 11 4689 8180 , Fax +55 11 4689 7073

Lindt & Sprüngli (Asia-Pacific) Ltd.
Room 3428, Sun Hung Kai Centre
30 Harbour Road, Wan Chai, Hongkong, China
Phone + 852 25 26 58 29, Fax + 852 28 10 59 71

Lindt & Sprüngli (China) Ltd.
Tomson International Commercial Building
Room 1607-1608
710 Dong Fang Road, Pudong
200122 Shanghai, PR of China
Tel. + 86 21 5831 1998, Fax + 86 21 5830 0263

Lindt & Sprüngli Japan Co., Ltd.
Pole Star Building No.5, 7-6-12 Ginza, Chuo-ku
Tokyo, Japan
Phone +81 3 55 37 77, Fax +81 3 55 37 38 88

Lindt & Sprüngli (Australia) Pty Ltd
Level 7, 299 Elizabeth Street
Sydney, NSW 2000, Australia
Phone +61 282 68 00 00, Fax +61 292 83 72 65

Lindt & Sprüngli (Asia-Pacific) Ltd.
Room 3428, Sun Hung Kai Centre
30 Harbour Road, Wan Chai, Hong Kong, China
Phone +852 25 26 58 29, Fax +852 28 10 59 71

Caffarel S.p.A.
Via Gianavello 41, IT-10062 Luserna S. Giovanni
Phone +39 0121 958 111, Fax +39 0121 901 853

Ghirardelli Chocolate Company
1111 – 139th Avenue
San Leandro, CA 94578-2631, USA
Phone +1 510 483 69 70, Fax +1 510 297 26 49

Russell Stover Candies, LLC
4900 Oak Street
Kansas City, MO 64112
Phone +1 816 842 92 40, Fax +1 816 561 43 50

Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Rep. Office Dubai
PO Box 72155
Dubai, UAE
Tel. + 971 (4) 331 70 01, Fax + 971 (4) 331 7002

Lindt & Sprüngli (UK) Limited, Rep. Office Dublin
Unit 310, QHouse, 76 Furze Road, Sandyford
Dublin 18, Irland
Phone + 353 (1) 293 69 09, Fax + 353 (1) 293 6913

INFORMATION

AGENDA

April 23, 2015	117th Annual Shareholders' Meeting
April 30, 2015	Payment of dividend
July 14, 2015	Half-year sales 2015
August 18, 2015	Half-year report 2015
mid January, 2016	Net sales 2015
mid March, 2016	Full-year results 2015
April 21, 2016	118th Annual Shareholders' Meeting

INVESTOR RELATIONS

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

MEDIA RELATIONS

Chocoladefabriken Lindt & Sprüngli AG
Sylvia Kälin, Corporate Communications
Seestrasse 204
CH-8802 Kilchberg
Phone +41 44 716 24 56
Fax +41 44 716 26 61
E-mail: mediarelations-in@lindt.com
www.lindt.com

SHARE REGISTER

Chocoladefabriken Lindt & Sprüngli AG
Share register
c/o Nimbus AG
P.O. Box
CH-8866 Ziegelbrücke
Phone +41 55 617 37 56
Fax +41 55 617 37 38
E-mail: lindt@nimbus.ch

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