FINANCIAL REPORT

OF THE LINDT & SPRÜNGLI GROUP

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CONSOLIDATED BALANCE SHEET

CHF million	Note	December 31, 2015		December 31, 2014	
ASSETS					
Property, plant, and equipment	7	1,150.3		1,088.1	
Intangible assets	8	1,393.9		1,394.5	
Financial assets	9	1,571.3		1,215.7	
Deferred tax assets	10	31.8		61.1	
Total non-current assets		**4,147.3**	**66.3%**	**3,759.4**	**67.4%**
Inventories	11	647.5		611.7	
Accounts receivable	12	907.1		917.5	
Other receivables		122.4		105.2	
Accrued income		4.1		2.2	
Derivative assets	13	26.1		13.5	
Marketable securities and short-term financial assets	14	0.2		0.2	
Cash and cash equivalents	15	404.3		171.8	
Total current assets		**2,111.7**	**33.7%**	**1,822.1**	**32.6%**
Total assets		**6,259.0**	**100.0%**	**5,581.5**	**100.0%**
LIABILITIES					
Share and participation capital	16	23.5		23.2	
Treasury stock		–113.1		–159.8	
Retained earnings and other reserves		3,575.1		3,136.7	
Equity attributable to shareholders		**3,485.5**		**3,000.1**	
Non-controlling interests		4.2		1.6	
Total equity		**3,489.7**	**55.7%**	**3,001.7**	**53.8%**
Bonds	17	997.1		996.6	
Loans	17	1.8		1.3	
Deferred tax liabilities	10	461.7		371.6	
Pension liabilities	18	209.7		180.3	
Other non-current liabilities		8.4		11.2	
Provisions	19	103.6		77.4	
Total non-current liabilities		**1,782.3**	**28.5%**	**1,638.4**	**29.3%**
Accounts payable to suppliers	20	183.3		190.1	
Other accounts payable		50.6		41.7	
Current tax liabilities		28.0		76.4	
Accrued liabilities	21	608.6		582.1	
Derivative liabilities	13	29.4		32.8	
Bank and other borrowings	17	87.1		18.3	
Total current liabilities		**987.0**	**15.8%**	**941.4**	**16.9%**
Total liabilities		**2,769.3**	**44.3%**	**2,579.8**	**46.2%**
Total liabilities and shareholders' equity		**6,259.0**	**100.0%**	**5,581.5**	**100.0%**

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

CONSOLIDATED INCOME STATEMENT

CHF million	Note	2015		2014	
INCOME					
Sales		3,653.3	100.0%	3,385.4	100.0%
Other income	22	17.9		18.2	
Total income		**3,671.2**	**100.5%**	**3,403.6**	**100.5%**
EXPENSES					
Material expenses		–1,363.1	–37.3%	–1,218.1	–36.0%
Changes in inventories		57.1	1.6%	–9.8	–0.3%
Personnel expenses	23	–807.1	–22.1%	–719.5	–21.2%
Operating expenses		–912.3	–25.0%	–868.2	–25.6%
Depreciation, amortization, and impairment	7, 8	–127.0	–3.5%	–113.7	–3.4%
Total expenses		**–3,152.4**	**–86.3%**	**–2,929.3**	**–86.5%**
Operating profit		518.8	14.2%	474.3	14.0%
Income from financial assets	24	3.7		3.6	
Expense from financial assets	24	–11.0		–5.4	
Income before taxes		511.5	14.0%	472.5	14.0%
Taxes	25	–130.5		–129.9	
Net income		**381.0**	**10.4%**	**342.6**	**10.1%**
of which attributable to non-controlling interests		0.6		0.2	
of which attributable to shareholders of the parent		380.4		342.4	
Non-diluted earnings per share/10 PC (in CHF)	26	1,645.7		1,503.5	
Diluted earnings per share/10 PC (in CHF)	26	1,612.4		1,459.9	

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

STATEMENT OF COMPREHENSIVE INCOME

	2015	2014
CHF million	After taxes	After taxes
Net income	381.0	342.6
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	237.0	90.3
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	10.7	–1.7
Currency translation	–67.2	80.8
Total comprehensive income / (loss)	**561.5**	**512.0**
of which attributable to non-controlling interests	–0.2	0.1
of which attributable to shareholders of the parent	561.7	511.9

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, 2014		**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	16	–	–90.1	–	–	–	–	–90.1	–	–90.1
Sale of own shares [1]	16	–	0.4	–	–	0.6	–	1.0	–	1.0
Share-based payment	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**
Total comprehensive income		–	–	–	10.7	617.4	–66.4	561.7	–0.2	561.5
Capital increase [1]	16	0.4	–	103.2	–	–1.5	–	102.1	2.8	104.9
Purchase of own shares and participation certificates	16	–	–10.1	–	–	–	–	–10.1	–	–10.1
Sale of own shares [1]	16	–	1.0	–	–	1.4	–	2.4	–	2.4
Cancellation of shares		–0.1	54.6	–	–	–54.5	–	–	–	–
Share-based payment	28	–	1.2	–	–	15.6	–	16.8	–	16.8
Recognition of defined benefit plan	18	–	–	–	–	–21.2	–	–21.2	–	–21.2
Reclass into retained earnings		–	–	–74.6	–	74.6	–	–	–	–
Distribution of profits		–	–	–	–	–166.3	–	–166.3	–	–166.3
Balance as at December 31, 2015		**23.5**	**–113.1**	**347.5**	**19.5**	**3,447.3**	**–239.0**	**3,485.5**	**4.2**	**3,489.7**

1) All directly attributable transaction costs related to capital increase and the gain on sale of registered shares are recognized in retained earnings.

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

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Note	2015	2015	2014	2014
Net income		381.0		342.6	
Depreciation, amortization, and impairment	7, 8	127.0		113.7	
Changes in provisions, value adjustments and pension assets		29.3		–22.0	
Decrease (+)/increase (–) of accounts receivable		–47.3		–199.7	
Decrease (+)/increase (–) of inventories		–54.6		10.3	
Decrease (+)/increase (–) of other receivables		–24.0		–5.9	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities		–7.7		29.6	
Decrease (–)/increase (+) of accounts payable		6.7		–23.7	
Decrease (–)/increase (+) of other payables and accrued liabilities		28.2		82.3	
Non-cash effective items [1]		50.3		–19.0	
Cash flow from operating activities (operating cash flow)			**488.9**		**308.2**
Investments in property, plant, and equipment	7	–235.0		–223.6	
Disposals of property, plant, and equipment		4.1		1.6	
Investments in intangible assets	8	–17.8		–11.0	
Disposals (+)/investments (–) in financial assets (excluding pension assets)		1.6		–6.5	
Marketable securities and short-term financial assets	14				
Investments		–52.5		–254.1	
Disposals		52.5		364.6	
Acquisition of subsidiaries	32	–		–1,474.6	
Cash flow from investment activities			**–247.1**		**–1,603.6**
Proceeds from borrowings	17	83.7		13.6	
Repayments of loans/borrowings	17	–12.9		–1.9	
Proceeds from the issuance of bonds	17	–		996.6	
Capital increase (including premium)		102.1		73.1	
Purchase of treasury stock		–10.1		–90.1	
Sale of treasury stock		1.4		–	
Distribution of profits		–166.3		–148.0	
Cash flow with non-controlling interests		2.8		1.5	
Cash flow from financing activities			**0.7**		**844.8**
Net increase (+)/decrease (–) in cash and cash equivalents			**242.6**		**–450.6**
Cash and cash equivalents as at January 1		171.8		619.4	
Exchange gains/(losses) on cash and cash equivalents		**–10.1**	**161.7**	**3.0**	**622.4**
Cash and cash equivalents as at December 31	**15**		**404.3**		**171.8**
Interest received from third parties [2]			1.1		4.5
Interest paid to third parties [2]			9.8		6.4
Income tax paid [2]			131.8		101.8

1) As at December 31, 2015, movements of CHF 30.8 million result from the translation of foreign exchange balances (CHF –1.9 million in 2014).
2) 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 7, 2016.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2015 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.	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	218.3
China	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	174.4
Russia	Moscow	Lindt & Sprüngli (Russia) LLC [1]	D	100	RUB	11.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Holding Ltda.	D	100	BRL	33.0
		Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. [2]	D	51	BRL	28.7

D – Distribution, P – Production, M – Management
1) Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2) 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 4.2 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, 2015 and thereafter) — The Lindt & Sprüngli Group has applied the following new IFRS standards and interpretations in 2015:

– Various revised standards and interpretations related to the annual improvements to IFRS of the Cycle 2010 to 2012 and the Cycle 2011 to 2013.

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;
– IFRS 15 – "Revenue from contracts with customers" will replace IAS 11 – "Construction Contracts", IAS 18 – "Revenue", and related interpretations in 2017; and
– IFRS 16 – "Leases" will replace IAS 17 and become effective on January 1, 2019. The new standard will change the presentation in the financial statements as the majority of leases will become on-balance sheet liabilities with corresponding right of use assets. Early adoption is permitted for companies that also apply IFRS 15 – "Revenue from contracts with customers".

These new standards may be relevant to the consolidated financial statements. The Lindt & Sprüngli Group is currently assessing the impact of the adoption.

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 the rights to variable returns from its involvement with the entity, and has the ability to affect those returns through 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		**2015**	2014	**2015**	2014
Euro zone	1 EUR	1.08	1.20	1.07	1.21
USA	1 USD	0.99	0.99	0.97	0.94
Great Britain	1 GBP	1.47	1.54	1.48	1.51
Canada	1 CAD	0.71	0.85	0.75	0.84
Australia	1 AUD	0.72	0.81	0.72	0.82
Poland	100 PLN	25.42	28.10	25.54	28.94
Mexico	100 MXN	5.70	6.73	5.02	6.87
Sweden	100 SEK	11.77	12.79	11.47	13.32
Czech Republic	100 CZK	4.00	4.34	3.94	4.40
Japan	100 JPY	0.82	0.83	0.80	0.86
South Africa	100 ZAR	6.36	8.55	7.53	8.45
Hong Kong	100 HKD	12.76	12.76	10.32	11.80
China	100 CNY	15.24	15.96	15.48	15.50
Russia	100 RUB	1.35	1.72	1.53	2.29
Brazil	100 BRL	25.21	36.84	27.75	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 in the fourth quarter of each reporting period 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 Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual Shareholders' 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 other comprehensive income. 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 approval of the dividend distribution.

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 predominantly 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 these 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 financial position 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, 2015 and 2014, there were no such transactions.

The most material financial assets as of December 31, 2015 and 2014 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. 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, 2015 and 2014, 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. The net financial position (defined as cash and cash equivalents plus marketable securities less financial debt), is monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2015, the net financial position amounted to CHF – 681.5 million (CHF – 844.2 million in 2014). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings as at December 31, 2015 and 2014, of the contractual maturity date:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2015 Total
Bond (including interests)	0.1	5.3	260.5	770.0	1,035.9
Loans	–	–	1.6	0.2	1.8
Accounts payable	177.4	6.0	–	–	183.4
Other accounts payable	48.9	1.1	–	–	50.0
Derivative assets	–6.2	–19.5	–0.4	–	–26.1
Derivative liabilities	25.7	3.3	0.4	–	29.4
Bank and other borrowings	86.6	0.5	–	–	87.1
Total contractually fixed payments	**332.5**	**–3.3**	**262.1**	**770.2**	**1,361.5**

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**

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 55.7 % as of December 31, 2015 (53.8 % in 2014).

The goals and procedures as of December 31, 2015, related to capital management have not been changed compared to the previous year.

5. SEGMENT INFORMATION: ACCORDING TO GEOGRAPHIC SEGMENTS

The Group is organized and managed by means 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 business segments to be disclosed are:
- "Europe", consisting of the European companies and business units;
- "NAFTA", consisting of the companies in the USA, Canada, and Mexico; and
- "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	2015	2014	2015	2014	2015	2014	**2015**	2014
Sales	1,924.6	2,003.1	1,588.7	1,259.4	414.0	393.8	3,927.3	3,656.3
Less sales between segments	261.4	258.9	12.6	12.0	–	–	274.0	270.9
Third party sales	**1,663.2**	**1,744.2**	**1,576.1**	**1,247.4**	**414.0**	**393.8**	**3,653.3**	**3,385.4**
Operating profit	263.7	259.4	205.7	165.6	49.4	49.3	518.8	474.3
Net financial result							–7.3	–1.8
Income before taxes							**511.5**	**472.5**
Taxes							–130.5	–129.9
Net income							**381.0**	**342.6**

The following countries achieved the highest sales group wide in 2015:
- USA CHF 1,407.2 million (CHF 1,080.2 million in 2014)
- Germany CHF 492.0 million (CHF 518.9 million in 2014)

Balance sheet and other information

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2015	2014	2015	2014	2015	2014	**2015**	2014
Assets [1]	3,935.1	3,401.2	2,107.4	2,015.4	216.5	164.9	6,259.0	5,581.5
Liabilities [1]	2,295.5	2,120.8	335.8	344.6	138.0	114.4	2,769.3	2,579.8
Investments	116.4	151.2	94.8	58.3	41.6	25.1	252.8	234.6
Depreciation and amortization	78.5	76.4	44.0	31.1	3.5	2.4	126.0	109.9
Impairment	0.9	3.5	–	0.1	0.1	0.2	1.0	3.8

1) Assets of CHF 4.9 million (CHF –7.6 million in 2014) and liabilities of CHF 71.3 million (CHF 52.3 million in 2014) 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 2015:
- USA CHF 1,326.6 million (CHF 1,279.2 million in 2014)
- Germany CHF 257.5 million (CHF 263.9 million in 2014)

6. FINANCIAL INSTRUMENTS, FAIR VALUE, AND HIERARCHY LEVELS

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

		2015		2014	
CHF million	Level [1]	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Fair value through profit or loss					
Derivatives	1	10.7	10.7	3.3	3.3
Derivatives	2	15.4	15.4	10.2	10.2
Marketable securities and short-term financial assets	1/2	0.2	0.2	0.2	0.2
Total fair value through profit or loss		**26.3**	**26.3**	**13.7**	**13.7**
Available for sale					
Investments third parties	3	1.3	1.3	2.3	2.3
Total available for sale		**1.3**	**1.3**	**2.3**	**2.3**
Total cash and cash equivalents, loans and receivables [2]		**1,377.2**	**1,377.2**	**1,160.7**	**1,160.7**
Total financial assets		**1,404.8**	**1,404.8**	**1,176.7**	**1,176.7**
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	0.2	0.2	1.0	1.0
Derivatives	2	29.2	29.2	31.8	31.8
Total fair value through profit or loss		**29.4**	**29.4**	**32.8**	**32.8**
Bonds	1	997.1	1,029.1	996.6	996.6
Loans [3]		1.8	1.8	1.3	1.3
Other non-current liabilities		8.4	8.4	11.2	11.2
Accounts payable		183.3	183.3	190.1	190.1
Other accounts payable		50.6	50.6	41.8	41.8
Bank and other borrowings [3]		87.1	87.1	18.3	18.3
Total loans and payables		**1,328.3**	**1,360.4**	**1,259.3**	**1,259.3**
Total financial liabilities		**1,357.7**	**1,389.7**	**1,292.1**	**1,292.1**

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	2015 Total
Acquisition costs as at January 1, 2015	**927.7**	**1,117.8**	**207.4**	**116.7**	**2,369.6**
Additions	64.7	48.2	16.7	105.4	235.0
Retirements	–31.5	–7.0	–2.3	–1.4	–42.2
Transfers	16.0	55.0	4.7	–75.6	0.1
Currency translation	–44.4	–64.9	–13.4	–3.9	–126.6
Acquisition costs as at December 31, 2015	**932.5**	**1,149.1**	**213.1**	**141.2**	**2,435.9**
Accumulated depreciation as at January 1, 2015	**420.1**	**701.3**	**160.1**	**–**	**1,281.5**
Additions	36.0	58.5	16.4	–	110.9
Impairments	0.1	0.9	–	–	1.0
Retirements	–28.1	–6.5	–2.0	–	–36.6
Transfers	0.1	–	–0.1	–	–
Currency translation	–19.8	–40.9	–10.5	–	–71.2
Accumulated depreciation as at December 31, 2015	**408.4**	**713.3**	**163.9**	**–**	**1,285.6**
Net fixed assets as at December 31, 2015	**524.1**	**435.8**	**49.2**	**141.2**	**1,150.3**

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	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
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**

Advance payments of CHF 89.9 million (CHF 50.6 million in 2014) are included in the position construction in progress. The insurance value of property, plant, and equipment amounts to CHF 3,088.1 million (CHF 3,026.6 million in 2014). No mortgages exist on land and buildings.

The impairment charge totals CHF 1.0 million (CHF 3.8 million in 2014) and consists of writedowns of land and buildings amounting CHF 0.1 million (CHF 3.5 million in 2014) and of machinery and other fixed assets amounting CHF 0.9 million (CHF 0.3 million in 2014).

The net book value of capitalized assets, under financial lease, amounted to CHF 1.9 million (CHF 1.4 million in 2014). Operating lease commitments are not capitalized.

8. INTANGIBLE ASSETS

CHF million	EDP software and consultancy	Customer relationships	Brands and intellectual property	Goodwill	Other intangible assets	2015 Total
Acquisition costs as at January 1, 2015	**78.0**	**132.3**	**459.8**	**779.7**	**8.0**	**1,457.9**
Additions	10.5	–	–	–	7.3	17.8
Retirements	–5.6	–	–	–	–	–5.6
Transfers	–0.1	–	–	–	–	–0.1
Currency translation	–4.9	–	–	–0.2	–1.7	–6.8
Acquisition costs as at December 31, 2015	**77.9**	**132.3**	**459.8**	**779.5**	**13.6**	**1,463.1**
Accumulated depreciation as at January 1, 2015	**60.3**	**3.0**	**–**	**–**	**0.1**	**63.4**
Additions	6.3	8.6	–	–	0.2	15.1
Retirements	–5.6	–	–	–	–	–5.6
Currency translation	–3.8	0.2	–	–	–0.1	–3.7
Accumulated depreciation as at December 31, 2015	**57.2**	**11.8**	**–**	**–**	**0.2**	**69.2**
Net intangible assets as at December 31, 2015	**20.7**	**120.5**	**459.8**	**779.5**	**13.4**	**1,393.9**

CHF million	EDP software and consultancy	Customer relationships	Brands and intellectual property	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	–	121.5	459.9	716.1	–	1,297.5
Currency translation	0.8	10.8	–0.1	63.6	–0.1	75.0
Acquisition costs as at December 31, 2014	**78.0**	**132.3**	**459.8**	**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**	**129.3**	**459.8**	**779.7**	**7.9**	**1,394.5**

Research and development expenditures amounted to CHF 10.5 million (CHF 9.5 million in 2014) and are expensed as incurred.

Impairment test of goodwill and other intangible assets with infinite life

An impairment test of goodwill and other intangible assets with infinite life (i.e. “Brands and intellectual property”) 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, tax and discount rate. The gross margin is based on historical data and expected data for the Group and the industry. In line with internal benchmarks, the recoverable amount was calculated based on projected cash flows over a period of ten years and applying annual sales growth of 5 % with the usual group wide operating profit margins. A terminal growth rate of 2.5 % and a discount rate of 6.1 % were used.

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

9. FINANCIAL ASSETS

CHF million	2015	2014
Prepaid pension funds [1]	1,565.1	1,208.5
Loans to third parties	4.9	4.9
Investments third parties (available for sale)	1.3	2.3
Total	**1,571.3**	**1,215.7**

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	2015	2014
At January 1	**310.5**	**279.7**
Deferred income tax expense	29.6	–8.8
Tax charged to comprehensive income	102.2	40.5
Recognition of defined benefit plan [1]	–14.6	–
Currency translation	2.2	–0.9
At December 31	**429.9**	**310.5**

1) See note 18.

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

CHF million	2015	2014
Deferred tax assets		
Property, plant, and equipment	2.5	13.9
Pension assets and liabilities	44.7	37.3
Receivables	7.1	7.8
Inventories	19.9	22.4
Payables and accruals	45.1	68.7
Other	45.3	4.6
Deferred tax assets gross	**165.0**	**154.8**
Netting	–133.2	–93.7
Total	**31.8**	**61.1**
Deferred tax liabilities		
Property, plant, and equipment	35.1	43.6
Intangible assets	45.9	31.8
Pension assets and liabilities	469.4	362.5
Receivables	6.9	7.6
Inventories	4.1	4.5
Payables and accruals	14.0	14.5
Derivative assets and liabilities	–	0.3
Other	19.5	0.4
Deferred tax liabilities gross	**594.9**	**465.2**
Netting	–133.2	–93.7
Total	**461.7**	**371.6**
Net deferred tax	**429.9**	**310.5**

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 tax loss carry-forwards of which no deferred tax assets are recognised expire as follows:

CHF million	2015	2014
Between one and five years	6.2	2.8
Between six and ten years	12.6	14.7
Over ten years	2.9	1.6
Total	**21.7**	**19.1**

Tax loss carry-forwards utilized in 2015 amounted to CHF 1.1 million (CHF 10.2 million in 2014).

11. INVENTORIES

CHF million	2015	2014
Raw material	113.9	99.9
Packaging material	96.9	110.0
Semi-finished and finished products	478.5	459.7
Value adjustment	–41.8	–57.9
Total	**647.5**	**611.7**

In 2015, CHF 6.3 million (CHF 3.0 million in 2014) of the value adjustment as at the end of 2014 have been released to the income statement.

12. ACCOUNTS RECEIVABLE

CHF million	2015	2014
Accounts receivable, gross	934.2	944.9
Value adjustment	–27.1	–27.4
Total	**907.1**	**917.5**
Value adjustment as at January 1	**–27.4**	**–20.4**
Addition	–6.7	–13.1
Utilization	4.8	4.4
Release	0.9	1.8
Currency translation	1.3	–0.1
Value adjustment as at December 31	**–27.1**	**–27.4**

The following table presents the aging of accounts receivable:

CHF million	2015	2014
Not yet past due	756.0	733.8
Past due 1–30 days	130.2	127.7
Past due 31–90 days	29.0	60.1
Past due over 91 days	19.0	23.3
Accounts receivable gross	**934.2**	**944.9**

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

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

CHF million	2015	2014
CHF	48.6	52.8
EUR	312.3	352.8
USD	340.6	304.1
GBP	57.3	59.3
Other currencies	148.3	148.5
Accounts receivable net	**907.1**	**917.5**

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RESERVES

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

	2015		2014	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	26.1	7.3	13.5	5.2
Other derivatives	–	22.1	–	27.6
Total	**26.1**	**29.4**	**13.5**	**32.8**

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2015, is CHF 1,531.2 million (CHF 1,403.3 million in 2014). 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 19.5 million as of December 31, 2015 (net gains of CHF 8.8 million in 2014), 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	2015	2014
Fair-value-through-profit-or-loss financial assets	0.2	0.2
Total	**0.2**	**0.2**

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

CHF million	2015	2014
CHF equity securities	0.2	0.2
Total	**0.2**	**0.2**

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 "Expense from financial assets" in the income statement.

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

15. CASH AND CASH EQUIVALENTS

CHF million	2015	2014
Cash at bank and in hand	141.9	171.1
Short-term bank deposits	262.4	0.7
Total	**404.3**	**171.8**

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

16. SHARE AND PARTICIPATION CAPITAL

	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, 2014	**136,111**	**925,311**	**13.6**	**9.3**	**22.9**
Capital increase	–	30,755	–	0.308	0.3
At December 31, 2014	**136,111**	**956,066**	**13.6**	**9.6**	**23.2**
Capital increase	–	45,139	–	0.451	0.5
Cancellation of shares	–23	–12,730	–0.002	–0.127	–0.1
At December 31, 2015	**136,088**	**988,475**	**13.6**	**9.9**	**23.5**

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

The conditional capital has a total of 483,767 participation certificates (PC) (528,906 in 2014) with a par value of CHF 10.–. Of this total, 229,317 (174,456 in 2014) are reserved for employee stock option programs; the remaining 254,450 participation certificates (354,450 in 2014) are reserved for capital market transactions. There is no other authorized capital. In 2015, a total of 45,139 (30,755 in 2014) of the employee options were exercised at an average price of CHF 2,297 (CHF 2,410 in 2014). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

The own registered shares and parcipation capital of the Group are as follows:

	2015		2014	
Inventory of treasury stock	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**2,558**	**12,730**	**1,853**	**1,682**
Additions	139	–	750	–
Retirements	–90	–	–68	–
Share buy-back program	–	–	23	11,048
Cancellation of shares	–23	–12,730	–	–
Inventory as at December 31	**2,584**	**–**	**2,558**	**12,730**
Average cost of additions (in CHF)	72,316	–	56,034	–
Average sales price of retirements (in CHF)	58,171	–	50,538	–
Average cost of share buy-back program (in CHF)	–	–	50,076	4,254
Average cost of cancellation of shares (in CHF)	50,076	4,200	–	–

17. FINANCIAL LIABILITIES

CHF million	**2015**	2014
Non-current		
CHF 250 million floating rate bond, 2014–2017	249.8	249.6
CHF 500 million 0.5% Bond, 2014–2020	499.1	498.9
CHF 250 million 1.0% Bond, 2014–2024	248.2	248.1
Loans	1.8	1.3
Current		
Bank and other borrowings	87.1	18.3
Total borrowings	**1,086.0**	**1,016.2**

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;
- CHF 500 million bond with a term of 6 years and a fixed coupon of 0.5 % per annum. The interests are paid annually on October 8; and
- CHF 250 million bond with a term of 10 years and a fixed coupon of 1.0 % per annum. The interests are paid annually on October 8.

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

CHF million	2015	2014
CHF	997.1	996.6
EUR	4.5	9.9
USD	83.7	8.2
Other currencies	0.7	1.5
Total	**1,086.0**	**1,016.2**

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 2015 the employer contributions to defined contribution plans amounted to CHF 10.6 million (CHF 8.5 million in 2014).

18.2 Multi-employer plans

Two subsidiaries in the USA are affiliated to a multi-employer plan. At the time of the preparation of the year-end closing 2014 the necessary information to estimate in a reasonable way the share of the Groups' defined benefit liability was not yet available. As a result the plan has been treated as a defined contribution plan. In 2015, the Lindt & Sprüngli Group has obtained the necessary information on the active employees, former employees with vested rights and pensioniers and was able to recognize the plan as a defined benefit plan in the balance sheet. The calculation has been prepared by an independent actuary. The plan has been recognized as a defined benefit plan as of September 30, 2015. The first time recognition of the net liability of CHF 35.8 million (CHF 21.2 million net of deferred taxes) as of September 30, 2015 has been directly booked against retained earnings.

For the period Januar 1 until September 30, 2015, the plan has still been treated as a defined contribution plan. The employer contribution during this period was CHF 1.2 million (CHF 1.5 million in 2014).

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.

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, Italy and Austria.

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 2015, the rate was 1.75% (1.75% in 2014).

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.

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 (Betriebsrentengesetz).

The plans are regulated by the German pension law. 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 USA

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 by independent actuaries at December 31, 2015. The market value of assets at December 31, 2015 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	
	2015	2014	**2015**	2014
Discount rate	2.0%	1.9%	2.0%	2.1%
Future salary increases	1.3%	1.5%		
Future pension adjustments	0.4%	0.5%		

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

	2015			2014		
	Switzerland	Germany	USA	Switzerland	Germany	USA
Retirement in 20 years (age of 45 at balance sheet date)						
Men	23.24	21.64	19.36	23.16	21.52	20.40
Women	25.67	25.58	21.51	25.59	25.46	21.70
Retirement at balance sheet date (age of 65)						
Men	21.49	18.99	17.69	21.39	18.85	18.80
Women	23.96	23.06	20.41	23.86	22.92	22.92

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	**2015**	2014	**2015**	2014
Employee benefits expense				
Total service cost				
Current service cost	17.1	12.6	0.5	0.6
Past service cost and curtailments	0.1	0.1	–	–
Plan settlements	–0.8	–	–	–
Net interest cost	–16.0	–19.8	0.1	0.2
Liability management cost	0.6	0.8	–	–
Actuarial gains (–)/losses (+)	–	–	0.2	0.6
Total defined benefit cost (+)/gain (–) of the period	**1.0**	**–6.3**	**0.8**	**1.4**
Valuation components accounted for in OCI				
Actuarial gains (–)/losses (+)				
Arising from changes in demographic assumptions	1.5	–	–	–
Arising from changes in financial assumptions	11.4	62.3	–	–
Arising from experiences	–0.6	–0.8	–	–
Return on plan assets (excluding amounts in net interest)	–351.9	–193.2	–	–
Return on reimbursment (excluding amounts in net interest)	0.6	0.3	–	–
Total defined benefit cost (+)/gain (–) recognized in OCI	**–339.0**	**–131.4**	**–**	**–**
Total defined benefit cost (+)/gain (–)	**–338.0**	**–137.7**	**–**	**–**

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	**2015**	2014	**2015**	2014
Defined benefit obligation as at January 1	**542.3**	**438.5**	**8.1**	**8.3**
Current service cost	17.1	12.6	0.5	0.6
Plan participants' contributions	4.1	4.9	–	–
Interest expense on the net present value of the obligation	10.3	11.4	0.1	0.2
Actuarial gains (–)/losses (+)	12.3	61.5	0.2	0.6
Past service gains (–)/losses (+)	0.1	0.2	–	–
Gains (–)/losses (+) on settlements	–0.8	–	–	–
Liabilities assumed in business combinations	–	36.3	–	–
Benefits paid through pension assets	–18.3	–13.9	–	–
Benefits paid by employer	–10.1	–9.0	–1.0	–1.5
Recognition of defined benefit plan [1]	61.3	–	–	–
Currency exchange differences	–10.9	–0.2	–0.6	–0.1
Defined benefit obligation as at December 31	**607.4**	**542.3**	**7.3**	**8.1**

1) See explanation in paragraph 18.2.

Changes in the fair value of plan assets

CHF million	Pension plans 2015	2014
Fair value of plan assets as at January 1	**1,578.5**	**1,344.8**
Plan participants' contributions	4.1	4.9
Contributions by employer	3.6	3.8
Interest income	25.9	31.0
Return on plan assets (excluding interest income)	351.9	193.2
Assets assumed in business combinations	–	14.7
Benefits paid through pension assets	–18.3	–13.9
Liability management cost	–0.6	–0.7
Recognition of defined benefit plan [1]	25.5	–
Currency translations	–0.4	0.7
Fair value of plan assets as at December 31	**1,970.2**	**1,578.5**

1) See explanation in paragraph 18.2.

Development of reimbursement rights [1]

CHF million	2015	2014
Reimbursement rights as at January 1	**13.1**	**–**
Employer contributions	0.8	0.1
Interest income on reimbursements	0.6	0.2
Return on reimbursement (excluding interest income)	–0.6	–0.3
Business combinations	–	17.9
Reimbursements to employer	–1.8	–5.5
Currency translation	–0.1	0.7
Reimbursement rights as at December 31	**12.0**	**13.1**

1) Relates exclusively to reimbursement rights of company Russell Stover Candies, LLC, which was acquired in 2014.

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	2015	2014	2015	2014
Present value of funded obligation	579.4	508.7	–	–
Fair value of plan assets	–1,970.2	–1,578.5	–	–
Underfunding (+) / Overfunding (–)	**–1,390.8**	**–1,069.8**	**–**	**–**
Present value of unfunded obligations	28.0	33.5	7.3	8.1
Net pension liability (+) / asset (–)	**–1,362.8**	**–1,036.3**	**7.3**	**8.1**
Thereof pension liabilities	202.4	172.2	7.3	8.1
Thereof pension assets [1]	–1,565.1	–1,208.4	–	–

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 required 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 asset categories:

	2015			2014		
CHF million	listed	not listed	Total	listed	not listed	Total
Equities	1,661.0	–	1,661.0	1,305.9	–	1,305.9
Bonds	106.4	–	106.4	103.3	–	103.3
Alternative investments	5.80	–	5.8	–	–	–
Real estate	3.40	105.0	108.4	–	97.8	97.8
Qualified insurance policies	–	18.2	18.2	–	17.3	17.3
Liquidity	–	71.9	71.9	–	47.0	47.0
Other investement	–	–1.5	–1.5	–	7.2	7.2
Total	**1,776.6**	**193.60**	**1,970.20**	**1,409.2**	**169.3**	**1,578.5**

The plan assets include investments in the Group with a market value of CHF 1,514.4 million at December 31, 2015 (CHF 1,168.4 million at December 31, 2014). Moreover, the Group has occupied property from the pension funds with a market value of CHF 16.8 million at December 31, 2015 (CHF 16.8 million at December 31, 2014).

In 2015 the assets provided a return of CHF 380.5 million (CHF 227.7 million in 2014). In 2016 the expected employer contributions amount to CHF 5.2 million and the expected payments for pensions by the employer to CHF 2.2 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	2015	2014
Active employees	345.9	317.6
Vested terminations	23.2	11.8
Pensioners	238.3	212.9
Total	**607.4**	**542.3**

The average duration of the liabilities at December 31, 2015 is 17.5 years (17.8 years at December 31, 2014).

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	2015		2014	
Increase (+)/decrease (–) of assumptions by	+0.25%	-0.25%	+0.25%	-0.25%
Discount rate	–24.9	26.8	–21.9	23.5
Salary increase	9.5	–9.4	8.8	–8.7
Pension indexations	14.5	–13.8	14.1	–13.2

19. PROVISIONS

CHF million	Business risks	Other	Total
Provisions as at January 1, 2014	**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	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**
Addition	39.7	6.0	45.7
Utilization	–1.5	–2.9	–4.4
Release	–14.2	–	–14.2
Currency translation	–0.7	–0.2	–0.9
Provisions as at December 31, 2015	**83.6**	**20.0**	**103.6**

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, 2015.

20. ACCOUNTS PAYABLE

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

CHF million	2015	2014
CHF	13.3	7.8
EUR	97.5	108.2
USD	50.6	51.3
GBP	8.6	8.1
Other currencies	13.3	14.7
Total	**183.3**	**190.1**

21. ACCRUED LIABILITIES

CHF million	2015	2014
Trade	335.2	328.7
Salaries/wages and social costs	107.0	107.8
Other	166.4	145.6
Total	**608.6**	**582.1**

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	2015	2014
Fees from third parties	2.8	3.4
Insurance reimbursements	3.5	3.3
Other	11.6	11.5
Total	**17.9**	**18.2**

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	2015	2014
Wages and salaries	604.5	518.1
Social benefits	123.6	118.2
Other	79.0	83.2
Total	**807.1**	**719.5**

For the year 2015, the Group employed an average of 13,180 people (10,712 in 2014).

24. NET FINANCIAL RESULT

CHF million	2015	2014
Interest income	0.6	1.2
Interest expense	–11.0	–5.0
Income (+)/expense (–) from financial assets		
Fair value through profit or loss	–	–0.4
Other	3.1	2.4
Total	**–7.3**	**–1.8**

25. TAXES

CHF million	2015	2014
Current taxes	94.8	133.8
Deferred taxes	29.6	–8.8
Other taxes	6.1	4.9
Total	**130.5**	**129.9**

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	2015	2014
Income before taxes	**511.5**	**472.5**
Expected tax [1]	**119.2**	**121.3**
Change in applicable tax rates on temporary differences	–1.8	–
Utilization of unrecognized tax loss carry-forwards from prior years	–0.2	–
Adjustments related to prior years	–2.5	–2.0
Other	15.9	10.6
Total	**130.5**	**129.9**

1) Based on the average applicable tax rate (23.3% in 2015; 25.7% in 2014).

The tax for each component of other comprehensive income is:

	2015			2014		
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	10.9	–0.2	10.7	–2.3	0.6	–1.7
Defined benefit plan	339.0	–102.0	237.0	131.4	–41.1	90.3
Currency translation	–67.2	–	–67.2	80.8	–	80.8
Total	**282.7**	**–102.2**	**180.5**	**209.9**	**–40.5**	**169.4**

26. EARNINGS PER SHARE / PARTICIPATION CERTIFICATE (PC)

	2015	2014
Non-diluted earnings per share / 10 PC (CHF)	**1,645.7**	**1,503.5**
Net income (CHF million)	380.4	342.4
Weighted average number of registered shares / 10 PC	231,149	227,739
Diluted earnings per share / 10 PC (CHF)	**1,612.4**	**1,459.9**
Net income (CHF million)	380.4	342.4
Weighted average number of registered shares / 10 PC and outstanding options on 10 PC	235,920	234,529

27. DIVIDEND PER SHARE / PARTICIPATION CERTIFICATE (PC)

CHF	2015	2014
Dividend per share / 10 PC	800.00[1]	725.00

1) Proposal of the Board of Directors.

During the period January 1 to record date (April 26, 2016), 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:

	2015		2014	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	**144,425**	**2,809**	**157,509**	**2,576**
New option rights	25,465	4,811	19,550	4,062
Exercised rights	–45,139	2,297	–30,755	2,410
Cancelled rights	–3,807	2,977	–1,879	2,897
Expired rights	–56	3,149	–	–
Outstanding options as at December 31 [1]	**120,888**	**3,416**	**144,425**	**2,809**
of which exercisable at December 31	13,354	2,421	26,082	2,126
Average remaining time to expiration (in days)	743		796	

1) The exercise price varies between CHF 1,543 to CHF 4,811 as at December 31, 2015.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 14.0 million (CHF 15.2 million in 2014). The assumptions used to calculate the expenses for the grants 2012 to 2015 are listed in the following table:

Date of issue	28.1.2015	13.1.2014	11.1.2013	7.2.2012
Number of issued options	25,465	19,550	33,450	35,725
of which in bracket A (blocking period three years)	8,847	6,787	11,649	12,450
of which in bracket B (blocking period four years)	8,962	6,883	11,758	12,556
of which in bracket C (blocking period five years)	7,656	5,880	10,043	10,719
Issuing price in CHF	4,811	4,062	3,123	2,679
Price of participation certificates on date of issue in CHF	4,730	4,036	3,159	2,711
Value of options on issuing date				
bracket A (blocking period three years) in CHF	607	634	568	492
bracket B (blocking period four years) in CHF	654	692	588	510
bracket C (blocking period five years) in CHF	688	735	592	533
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	2.2%	2.3%	2.4%	2.5%
Expected volatility	21.3%	22.1%	22.9%	23.8%
Expected dividend yield	1.53%	1.49%	1.45%	1.39%
Risk-free interest rate	(0.53)–(0.38)%	0.66–0.92%	0.46–0.57%	0.48–0.63%
Model	Binomial model			

29. CONTINGENCIES

The Group had no guarantees in favor of third parties either at December 31, 2015 or December 31, 2014.

30. COMMITMENTS

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

CHF million	2015	2014
Property, plant, and equipment	62.4	43.2

The future lease payments under operating lease commitments are:

CHF million	2015	2014
Up to one year	54.8	50.8
Between one and five years	141.0	125.5
Over five years	66.0	59.6
Total	**261.8**	**235.9**

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 17.4 million (CHF 18.7 million in 2014) and with which rental income of CHF 0.2 million (CHF 0.3 million in 2014) and license fee income of CHF 0.6 million (CHF 0.6 million in 2014) were generated. Receivables outstanding against this company were CHF 12.6 million (CHF 12.5 million in 2014) at the balance sheet date.

139 registered shares were bought from the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" in 2015 (750 in 2014) at a price of CHF 72,316 (CHF 56,034 in 2014) 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 9 to 15, 2015.

As of December 31, 2015 and 2014, a loan of CHF 4.9 million 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, Group Management and Extended Group Management

In 2015 the Group consisted of 6 non-executive and executive directors (7 in 2014), including one deceased member in August 2015. The number of executive officers is 8 in 2015 (8 in 2014). The compensation paid to non-executive directors and executive officers is shown below:

CHF million	**2015**	2014
Fixed cash compensation [1]	6,937	6,449
Variable bonus component [2]	4,676	5,410
Other compensation [3]	1,747	1,380
Options [4]	6,804	6,060
Registered shares	2,859	2,450
Total	**23,023**	**21,749**

1) 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.
2) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).
3) Employees part of social charges (AHV) related to exercising of options and grant of registered shares, paid by employer.
4) The valuation of Option grants on Lindt & Sprüngli participation certificates is based on the market value at grant date.

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, 2015, 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. Since the acquisition date, Russell Stover Candies, LLC is fully consolidated in the financial statements of the Group.

The cash consideration paid in the course of the asset deal and its allocation to the identified net assets were not adjusted. The purchase price allocation is final.

33. EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for publication by the Board of Directors on March 7, 2016. The approval of the consolidated financial statements by the shareholders will take place at the Annual Shareholders' Meeting. No events have occurred up to March 7, 2016, 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 72 to 106), for the year ended 31 December 2015.

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 31 December 2015 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 Audit expert Auditor in charge	**Richard Müller** Audit expert

Zurich, 7 March 2016

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BALANCE SHEET

CHF thousand	Note	December 31, 2015	December 31, 2014
ASSETS			
Cash and cash equivalents		10,182	58,642
Marketable securities and short-term financial assets		261,895	–
Accounts receivable			
from third parties		7,301	6,819
from subsidiaries		1,978	12,608
Other receivables			
from subsidiaries		83,091	–
Loans to subsidiaries		260,000	90,000
Accrued income			
from third parties		1	–
from subsidiaries		23,197	18,779
Total current assets		**647,645**	**186,848**
Loans to subsidiaries		170,000	430,000
Investments	4	855,683	861,209
Intangible assets		501,210	501,210
Total non-current assets		**1,526,893**	**1,792,419**
Total assets		**2,174,538**	**1,979,267**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accounts payable to subsidiaries		–	11,498
Short term interest-bearing liabilities			
to third parties		83,091	–
to subsidiaries		70,804	82,669
Other accounts payable			
to third parties		428	745
Tax liabilities		13,749	14,678
Accrued liabilities			
to third parties		3,350	3,802
to subsidiaries		10	2,545
Total current liabilities		**171,432**	**115,937**
Bonds	5	1,000,000	1,000,000
Total non current liabilities		**1,000,000**	**1,000,000**
Share capital		13,609	13,611
Participation capital		9,885	9,561
Reserve from capital contribution	7	114,856	86,187
General legal reserve		76,040	76,040
Special reserve	7	653,983	629,646
Retained earnings			
Balance brought forward from previous year		36,032	32,391
Net income for the year		211,766	215,414
Treasury stock	6	–113,065	–144,905
Treasury stock (share buy-back program)	6	–	–54,615
Total shareholders' equity		**1,003,106**	**863,330**
Total liabilities and shareholders' equity		**2,174,538**	**1,979,267**

INCOME STATEMENT

CHF thousand	2015	2014
Dividends and other income from subsidiaries	262,363	250,064
Other income	1,104	721
Other expenses	–13,807	–24,436
Value adjustments on investments	–15,558	–1,561
Operating profit	**234,102**	**224,788**
Income from financial assets	27,458	30,052
Expense from financial assets	–26,276	–20,217
Income before taxes	**235,284**	**234,623**
Taxes	–23,518	–19,209
Net income	**211,766**	**215,414**

NOTES TO THE FINANCIAL STATEMENTS

1. INTRODUCTION

The financial statements of Chocladefabriken Lindt & Sprüngli AG, with registered office in Kilchberg, were prepared in accordance with the Swiss accounting legislation of the Swiss Code of Obligations (CO).

Chocoladefabriken Lindt & Sprüngli AG is presenting consolidated financial statements according to an internationally accepted reporting standard. Therefore, theses financial statements and notes do not include additional disclosures, cash flow statement and management report, according to Art. 961d, paragraph 1 CO.

The structure of the 2014 financial statements have been adjusted in order to be comparable with the 2015 presentation.

2. ACCOUNTING POLICIES

Fixed assets

Fixed assets are valued at historical cost less impairment. The intangible assets include mainly the intelectual property rights of Russell Stover Candies, LLC, acquired in 2014.

Treasury shares

Treasury shares are recognized at acquisition cost and are presented as a deduction from shareholder's equity. Upon sale of treasury shares, the realized gain or loss is recognized through the income statement as income or expense from financial assets.

Financial liabilities

Financial liabilities are recognized at nominal value. Agio as well as disagio and also bond issue costs are booked in income statement.

Dividends and other income from subsidiaries

Dividend income resulting from financial investments is recorded upon approval of the dividend distribution.
"Other income from subsidiaries" mainly consist of license fees, which are recognized in the period they fall due.

Foreign currency translation

The foreign exchange rates are listed on page 79 of the notes to the consolidation financial statements. In deviation to the table on page 79 transactions in the income statement are booked at the respective month-end rate.

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

Contingent liabilities as at December 31, 2015, amounted to CHF 271.5 million (CHF 198.9 million in 2014). 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.

4. INVESTMENTS

The investments in subsidiaries are listed on page 77 of the notes to the consolidated financial statements.

5. 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;
– CHF 500 million bond with a term of 6 years and a fixed coupon of 0.5 % per annum. The interests are paid annually on October 8; and
– CHF 250 million bond with a term of 10 years and a fixed coupon of 1.0 % per annum. The interests are paid annually on October 8.

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**

6. ACQUISITION AND SALE OF REGISTERED SHARES AND PARTICIPATION CERTIFICATES

	2015		2014	
Inventory of treasury stock	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**2,558**	**12,730**	**1,853**	**1,682**
Additions	139	–	750	–
Retirements	–90	–	–68	–
Share buy-back program	–	–	23	11,048
Cancellation of shares	–23	–12,730	–	–
Inventory as at December 31	**2,584**	**–**	**2,558**	**12,730**
Average cost of additions (in CHF)	72,316	–	56,034	–
Average sales price of retirements (in CHF)	58,171	–	50,538	–
Average cost of share buy-back program (in CHF)	–	–	50,076	4,254
Average cost of cancellation of shares (in CHF)	50,076	4,200	–	–

7. RESERVES

	Reserves from capital contribution				Special reserves
CHF thousand	Requested	Approved	Not approved [1]	Total	Total
Balance as at January 1, 2014	**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**
Reclassification reserves for own shares	–	–	–	–	105,232
Reclassification reserves for own shares (Share buy-back program)	–	–	–	–	54,615
Balance as at December 31, 2014 (new accounting law)	**72,794**	**3,225**	**10,168**	**86,187**	**629,646**
Reserve from retained earnings	–	–	–	–	120,000
Additions during the year	101,726	–	1,508	103,234	–1,508
Approved reserves from capital contribution					
FTA approval March 19, 2015	–72,794	72,794	–	–	–
FTA approval February 16, 2016	–101,726	101,726	–	–	–
Share buy-back program	–	–	–	–	–54,615
Cancellation of shares	–	–	–	–	130
Reclassification of valuation of treasury shares	–	–	–	–	–39,670
Proposed dividend distribution	–	–75,308	–	–75,308	–
Undistributed dividends on own registered shares and participation certificates	–	1,229	–	1,229	–
Options exercised from January 1 to April 29, 2015	–	–486	–	–486	–
Balance as at December 31, 2015	**–**	**103,180**	**11,676**	**114,856**	**653,983**

1) The Swiss federal tax administration (FTA) has not yet approved the capital transaction costs of TCHF 11,676 as reserves from capital contribution. This practice may be changed in the future.

8. MANDATORY DISCLOSURE OF INTEREST POSITIONS PURSUANT TO ART. 663C CO

As of December 31, 2015, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders known to the Company (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 Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation". As a group they held 20.2 % of the voting rights of the Company (20.3 % in 2014).

The participation of the Board of Directors, Group Management and Extended Group Management as at December 31, 2015, according to Art. 663c CO is as follows:

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2015	2014	**2015**	2014	**2015**	2014
E. Tanner	Chairman and CEO	3,103	3,103	9,000	6,943	12,250	19,750
A. Bulgheroni	Member of the Board	1,000	1,000	–	–	1,900	5,900
Dkfm E. Gürtler	Member of the Board	1	–	50	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr F. P. Oesch	Member of the Board, deceased in 2015	–	13	–	–	–	–
P. Schadeberg-Herrmann	Member of the Board	115	131	–	–	–	–
U. Sommer	Group Management	12	12	40	140	6,150	7,450
Dr D. Weisskopf	Group Management	7	7	2,400	2,400	7,475	9,650
A. Pfluger	Group Management	5	5	30	30	5,100	5,188
R. Fallegger	Group Management	5	5	1,154	1,969	4,088	6,035
K. Kitzmantel	Extended Group Management	5	5	5	100	4,088	4,338
A. Lechner	Extended Group Management	6	6	56	53	5,178	5,650
T. Linemayr	Extended Group Management	4	4	77	77	4,967	5,500
Total		**5,355**	**5,383**	**12,812**	**11,712**	**51,196**	**69,461**

All other disclosures relating to the remuneration of the Board of Directos, Group Management and Extended Group Management are provided in the Compensation Report.

9. NUMBER OF EMPLOYEES

Chocoladefabriken Lindt & Sprüngli AG has no employees.

PROPOSAL FOR THE DISTRIBUTION OF AVAILABLE RETAINED EARNINGS

CHF	December 31, 2015	December 31, 2014
Balance brought forward	35,117,871	32,281,871
Net income	211,766,388	215,413,866
Other	914,218[1]	109,174
Available retained earnings	**247,798,477**	**247,804,911**
Shares and participation certificates as per bylaws of CHF 23,493,550 as at December 31, 2015 (CHF 23,171,760 in 2014)		
400% (400% in 2014) dividend	–93,974,200[2]	–92,687,040
Allocation to special reserves	–120,000,000	–120,000,000
Balance carried forward	**33,824,277**	**35,117,871**
Allocation of approved capital contribution reserve to free reserves	93,974,200[2]	75,308,220
Withholding tax exempt distribution CHF 400.– per registered share/CHF 40.– per participation certificate (CHF 325.– per RS/CHF 32.50 per PC in 2014)	–93,974,200[2]	–75,308,220

1) Includes dividends not distributed on treasury stock held (CHF 1,512,400), dividends distributed on options exercised during the period January 1 to April 29, 2015 (CHF –599,040) and unclaimed, expired dividends (CHF 858).
2) Number of registered shares and participation certificates, status as at December 31, 2015. During the period from January 1 until record date (April 26, 2016), 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 2015 the Board of Directors proposes a total dividend of CHF 800.– per registered share and CHF 80.– per participation certificate.

CHF 400.– per registered share and CHF 40.– 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 110 to 115), for the year ended 31 December 2015.

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 31 December 2015 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.

PricewaterhouseCoopers AG

Bruno Häfliger Audit expert Auditor in charge	Richard Müller Audit expert

Zurich, 7 March 2016

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GROUP FINANCIAL KEY DATA – FIVE-YEAR REVIEW

		2015	2014	2013	2012	2011
INCOME STATEMENT						
Sales	CHF million	3,653.3	3,385.4	2,882.5	2,669.5	2,488.6
EBITDA	CHF million	645.8	588.0	503.3	435.9	421.9
in % of sales	%	17.7	17.4	17.5	16.3	17.0
EBIT	CHF million	518.8	474.3	404.1	330.1	328.7
in % of sales	%	14.2	14.0	14.0	12.4	13.2
Net income	CHF million	381.0	342.6	303.0	244.9	246.5
in % of sales	%	10.4	10.1	10.5	9.2	9.9
in % of average shareholders' equity	%	11.7	12.2	14.0	14.9	15.0
Operating cash flow	CHF million	488.9	308.2	419.1	381.2	345.4
in % of sales	%	13.4	9.1	14.5	14.3	13.9
Depreciation, amortization, and impairment	CHF million	127.0	113.7	99.2	105.8	93.2
BALANCE SHEET						
Total assets	CHF million	6,259.0	5,581.5	3,880.7	2,640.9	2,516.0
Current assets	CHF million	2,111.7	1,822.1	1,965.7	1,714.2	1,643.5
in % of total assets	%	33.7	32.6	50.7	64.9	65.4
Non-current assets	CHF million	4,147.3	3,759.4	1,915.0	926.7	872.5
in % of total assets	%	66.3	67.4	49.3	35.1	34.7
Non-current liabilities	CHF million	1,782.3	1,638.4	507.4	259.5	214.2
in % of total assets	%	28.5	29.3	13.1	9.8	8.5
Shareholders' equity	CHF million	3,489.7	3,001.7	2,634.7	1,694.4	1,619.1
in % of total assets	%	55.7	53.8	67.9	64.2	64.4
Investments in PPE/intangible assets	CHF million	252.8	234.6	191.4	144.6	104.2
in % of operating cash flow	%	51.7	76.1	45.7	38.0	30.2
EMPLOYEES						
Average number of employees		13,180	10,712	8,949	8,157	7,779
Sales per employee	TCHF	277.2	316.0	322.1	327.3	319.9

DATA PER SHARE / PARTICIPATION CERTIFICATE – FIVE-YEAR REVIEW

		2015	2014	2013	2012	2011
SHARE						
Registered shares at CHF 100.– par [1]	Number	136,088	136,111	136,111	136,700	140,000
Participation certificates at CHF 10.– par [2]	Number	988,475	956,066	925,311	894,488	926,179
Non-diluted earnings per share / 10 PC [3]	CHF	1,646	1,504	1,339	1,079	1,084
Operating cash flow per share / 10 PC [3]	CHF	2,115	1,353	1,852	1,680	1,519
Shareholders' equity per share / 10 PC [4]	CHF	14,854	12,954	11,523	7,492	6,960
Payout ratio	%	49.3	49.0	49.0	53.1	47.2
REGISTERED SHARE						
Year-end price	CHF	74,620	57,160	48,100	34,515	31,390
High of the year	CHF	76,000	59,140	48,890	36,265	33,850
Low of the year	CHF	53,740	48,100	34,650	30,385	25,500
Dividend	CHF	800.00 [5]	725.00	650.00	575.00	500.00
P/E ratio [6]	Factor	45.33	38.01	35.92	31.99	28.96
PARTICIPATION CERTIFICATE						
Year-end price	CHF	6,255	4,932	4,021	2,980	2,794
High of the year	CHF	6,300	5,095	4,036	3,050	2,891
Low of the year	CHF	4,570	4,013	3,002	2,650	1,955
Dividend	CHF	80.00 [5]	72.50	65.00	57.50	50.00
P/E ratio [6]	Factor	38.00	32.79	30.03	27.62	25.77
Market capitalization [6]	CHF million	16,337.8	12,495.4	10,267.6	7,383.8	6,982.3
in % of shareholders' equity [4]	%	468.2	416.3	389.7	435.8	431.2

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

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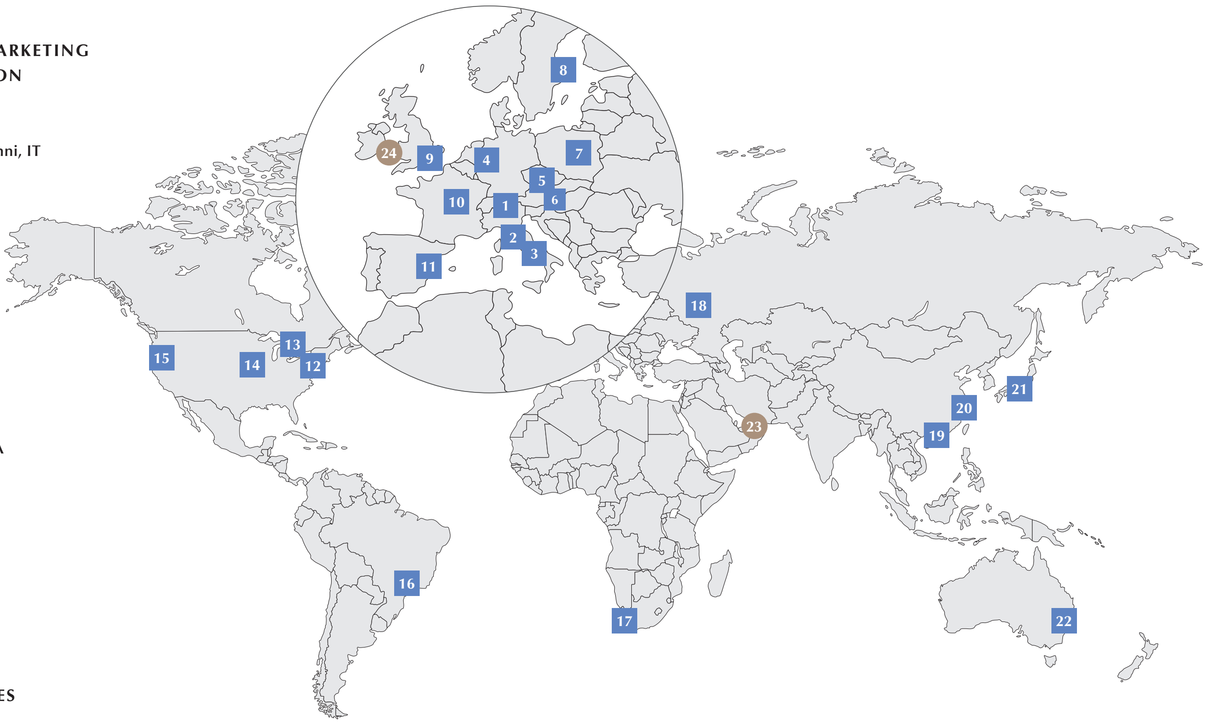
3 Luserna S. Giovanni, IT
4 Aachen, DE
5 Prague, CZ
6 Vienna, AT
7 Warsaw, PL
8 Stockholm, SE
9 London, GB
10 Paris, FR
11 Barcelona, ES
12 Stratham, USA
13 Toronto, CA
14 Kansas City, USA
15 San Leandro, USA
16 São Paulo, BR
17 Cape Town, ZA
18 Moscow, RU
19 Hong Kong, CN
20 Shanghai, CN
21 Tokyo, JP
22 Sydney, AU

REGIONAL OFFICES

23 Dubai, UAE
24 Dublin, IRL



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INFORMATION

AGENDA

April 21, 2016	118th Annual Shareholders' Meeting
April 27, 2016	Payment of dividend
July 22, 2016	Half-year report 2016
mid January, 2017	Net sales 2016
mid March, 2017	Full-year results 2016
April 20, 2017	119th Annual Shareholders' Meeting

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