

Cloetta

Interim report

1 September 2009 – 28 February 2010

Q2



Second quarter

1 December 2009 – 28 February 2010

Net sales	SEK 249 million	(278) ²⁾
of which, Cloetta products	SEK 212 million	(199)
Operating profit	SEK -7 million	(-8)
Operating profit/loss excluding items affecting comparability ¹⁾	SEK -7 million	(-8)
Operating margin	neg	(neg)
Operating margin excluding items affecting comparability ¹⁾	neg	(neg)
Profit/loss before tax	SEK -9 million	(-7)
Profit/loss after tax	SEK -7 million	(-5)
Earnings per share, basic and diluted	SEK -0.25	(-0.18)

1) Mainly attributable to the demerger of Cloetta Fazer in the previous year.

2) Including sales of Fazer's products during December 2008.

First half

1 September 2009 – 28 February 2010

Net sales	SEK 581 million	(735) ²⁾
of which, Cloetta products	SEK 499 million	(467)
Operating profit	SEK 37 million	(30)
Operating profit excluding items affecting comparability ¹⁾	SEK 37 million	(25)
Operating margin	6.4%	(4.1)
Operating margin excluding items affecting comparability ¹⁾	6.4%	(3.4)
Profit/loss before tax	SEK 35 million	(32)
Profit/loss after tax	SEK 25 million	(32)
Earnings per share, basic and diluted	SEK 1.05	(1.35)

1) Mainly attributable to the demerger of Cloetta Fazer in the previous year.

2) Including sales of Fazer's products during September–December 2008

Comments from the CEO

Several interesting product launches – in new and good combinations

We can look back on a good second quarter when continued strong Christmas sales in December and successful product launches boosted sales of Cloetta's products by 7%, at the same time that operating profit improved. Operating profit for the first half of the year was SEK 37 million, compared to SEK 25 million the year before, excluding items affecting comparability. Continued high efficiency in production has contributed to the improvement in earnings. However, the high price of cocoa and a weak Swedish krona during the period had a sustained negative impact on our raw material costs.

As a new and independent company, Cloetta has entered an offensive period with the introduction of a number of new products. Last autumn the Tarragona chocolate bar was relaunched in three taste varieties and in the second quarter we presented several interesting partnerships and product innovations – in new and good combinations.

Cloetta has signed an agreement with En Svensk Klassiker (A Swedish Classic) to become head sponsor of sporting Sweden's crowning achievement. Through the new agreement, Kexchoklad will have the opportunity to cooperate with a partner that works across all seasons with challenges that appeal to the Swedish people and thereby contribute to a better and happier performance – a good combination.

In the past quarter Cloetta launched Cloetta good – a whole new chocolate bar in four taste varieties that is made from Fairtrade-labelled chocolate. The chocolate bars are certified by Fairtrade, which is aimed at promoting improved working and living conditions for small-scale producers and agricultural workers in developing countries. Our introduction of Fairtrade-labelled chocolate is an expression of our desire to combine good flavour with a good cause.

The partnership between Cloetta and SIA Glass has been known for some time and has now resulted in the introduction of three well known classics from Cloetta in combination with ice cream – Plopp and Guldnougat as cones and Tarragona as a classic ice cream bar.

Cloetta is one of 17 suppliers approved by the Royal Court of Sweden to develop products for "The Official Wedding Series" to commemorate the wedding of Her Royal Highness Crown Princess Victoria and Mr. Daniel Westling. Cloetta has launched six new chocolate products in which Swedish lingon and blueberries set the tone for the commemorative series, which includes both boxes of exclusive filled chocolates and chocolate bars. Given the combination of romantic and festive, together with The Crown Princess Couple's Wedding Foundation's mission to combat exclusion among young people, the choice to develop these products was very easy for us at Cloetta. This is a cause we are more than happy to be associated with. Behind The Official Wedding Series there is a real ambition to do good, and we hope that our products can contribute to this in two senses. The products will be available for sale in starting on in mid-April.

Cloetta has a number of strong and very well known brands, such as Kexchoklad, Polly, Center and Plopp, that have become favourites of the Swedish people over the years.

Good combinations have always been and will continue to be Cloetta's recipe for success.



Curt Petri, Managing Director and CEO

About Cloetta

Founded in 1862, Cloetta is the oldest and only major Swedish confectionery company in the Nordic region. The company's best known brands are **Kexchoklad, Center, Plopp, Polly, Tarragona, Guldnougat, Bridge, Juleskum, Sportlunch, Extra Starka** and **Cloetta good**. Cloetta has two production units in Sweden, one in Ljungsbro and one in Alingsås. Since 16 February 2009, the company's class B shares are traded on NASDAQ OMX Stockholm Nordic.



Financial information

		Second quarter		First half		Rolling 12	Full year 08/09
		Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Mar 2009 – Feb 2010	Sep 2008 – Aug 2009
Net sales	SEK M	249	278 ²⁾	581	735 ²⁾	1,030 ²⁾	1,184 ²⁾
of which, Cloetta products	SEK M	212	199	499	467		
Operating profit/loss ¹⁾	SEK M	–7	–8	37	25	20	8
Operating margin ¹⁾	%	neg	neg	6.4	3.4	1.9	0.7
Items affecting comparability with an effect on operating profit, net	SEK M	–	–	–	5	–13	–8
Profit/loss before tax ¹⁾	SEK M	–9	–7	35	27	15	7
Profit/loss for the period	SEK M	–7	–5	25	32	–1	6
Cash flow from operating activities	SEK M	17	63	–4	123	0	127

1) Excluding items affecting comparability.

2) Including sales of Fazer's products during September – December 2008.

Financial overview

The financial year runs from 1 September 2009 to 31 August 2010.

Seasonal variations

Cloetta's business follows a seasonal cycle in which the first quarter leading up to Christmas (September–November) is the strongest from a sales and earnings perspective. To a large extent, the company's full-year profit is therefore dependent on sales during this period. The Easter holiday, which is the second peak season in the confectionery market, falls in Cloetta's third quarter, but affects sales in both the second (December–February) and third quarters (March–May) to a varying degree from year to year since Easter falls in either March or April. Cloetta's fourth quarter (June–August) is the weakest of the year in relative terms, as consumption of confectionery is normally lower during the summer months.



Cloetta Kexchoklad is the main sponsor of sporting Sweden's crowning achievement – A Swedish Classic.

SECOND QUARTER (DECEMBER 2009 – FEBRUARY 2010)

Net sales

Net sales for the quarter fell to SEK 249 million (278), which is due to Cloetta's discontinued sales of Fazer products as of 1 January 2009.

Sales Cloetta's products amounted to SEK 212 million (199), an increase of 7%.

In the Swedish market, which accounts for around 85% of sales, Cloetta's products increased by 4%. The rise in net sales is partly attributable to continued strong Christmas sales in December. Cloetta's new assorted chocolate box and Juleskum had a particularly positive impact on sales, but the launch of Cloetta good also contributed to the increase.

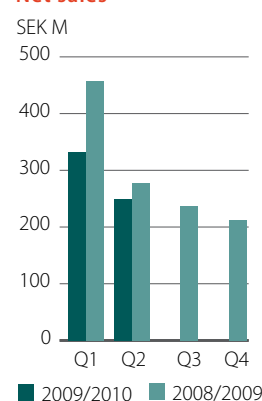
Sales of Cloetta's prioritised brands, to which Cloetta good was added during the period, rose by 5% compared to the prior year. In addition to higher sales of Juleskum and Cloetta good, the two largest brands Kexchoklad and Polly also showed growth in sales. Cloetta's prioritised brands are Kexchoklad, Center, Plopp, Polly, Tarragona, Guldnougat, Bridge, Juleskum, Sportlunch, Extra Starka and Cloetta good.

Profit

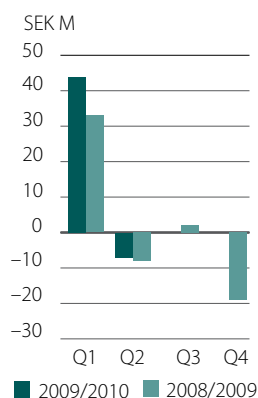
Gross profit

Gross profit for the period was SEK 74 million (79), which corresponds to a gross margin of 29.7% (28.4). Continued strong sales of Cloetta's prioritised brands and high efficiency in production led to a somewhat higher gross margin for the period.

Net sales



Operating profit¹⁾



1) Excluding items affecting comparability

Operating profit

Selling and administrative expenses amounted to SEK 77 million (82), a decrease of SEK 5 million that is mainly attributable to the Cloetta's licensed sales of Fazer's products during December 2008.

Operating profit improved to SEK -7 million (-8) and operating margin was negative (neg). The previous year included profit of SEK 1 million on the sale of Fazer's products. Operating profit for the period was negatively affected by foreign exchange losses of SEK 3 million (5). Strengthening of the Swedish krona during the second quarter had a negative effect on valuation of forward exchange contracts in force. Foreign exchange effects are reported together with other operating income and expenses.

Profit/loss before tax

Profit before tax was SEK -9 million (-7). Net financial items totalled SEK -2 million, compared to SEK 1 million the year before.

Profit for the period

Profit after tax amounted to SEK -7 million (-5), which is equal to basic and diluted earnings per share of SEK -0.25 (-0.18). The period's income tax expense was SEK 2 million (2).

FIRST HALF (SEPTEMBER 2009 – FEBRUARY 2010)

Net sales

Net sales for the period declined to SEK 581 million (735), which is due to Cloetta's discontinued sales of Fazer products as of 1 January 2009.

Sales Cloetta's products amounted to SEK 499 million (467), an increase of 7%.

In the Swedish market, which accounts for around 85% of sales, sales of Cloetta's products were up by 5%. The rise in net sales is partly attributable to strong Christmas sales in the first quarter and beginning of the second quarter, when Cloetta's new assorted chocolate box and Juleskum in particular contributed to the increase. The new products launched during the period in the chocolate bar segment, Tarragona and Cloetta good, added to growth in sales.

Sales of Cloetta's prioritised brands rose by 4% compared to the prior year, partly thanks to increased sales of Juleskum and the relaunch of Tarragona and higher sales of the two largest brands, Kexchoklad och Polly.

Profit

Gross profit

Gross profit for the period was SEK 188 million (208), which corresponds to a gross margin of 32.4% (28.3). The figure for the comparison period includes restructuring charges of SEK 5 million. Gross margin for the period was strengthened by successful sales of Cloetta's products and high efficiency in production. The price of cocoa rose to historically very high levels in the autumn of 2009, which together with a weak Swedish krona during the period had a negative impact on raw material costs. Due to the use of forward contracts for cocoa and currencies, these higher costs will affect earnings at a certain delay.

Operating profit

Selling and administrative expenses amounted to SEK 151 million (216). The comparison period includes restructuring charges of SEK 33 million. Excluding these charges, selling and administrative expenses decreased by SEK 32 million, which is mainly connected to Cloetta's licensed sales of Fazer products during the period from September to December 2008.

Operating profit improved to SEK 37 million (30) with an operating margin of 6.4% (4.1). Compared to operating profit for the year-earlier quarter excluding items affecting comparability, operating profit for the period was up by SEK 12 million. The previous year included profit of SEK 4 million on the sale of Fazer's products, which means that profit in Cloetta's operations increased by SEK 16 million. Operating profit for the period was positively affected by foreign exchange gains of SEK 1 million (-5). Foreign exchange effects are reported together with other operating income and expenses.



Part of the net proceeds from Cloetta's sales of the six confectionery products in The Wedding Series will go to the Crown Princess Couple's Wedding Foundation. The objective of the foundation is to combat exclusion and promote good health among children and young people in Sweden.

Profit before tax

Profit before tax was SEK 35 million (32). Net financial items totalled SEK –2 million, compared to SEK 2 million the year before.

Profit for the period

Profit after tax amounted to SEK 25 million (32), which is equal to basic and diluted earnings per share of SEK 1.05 (1.35). The period's income tax expense was SEK –10 million (–0). Starting in 2009 the corporate tax in Sweden has been reduced from 28% to 26.3%. The lower tax rate was applied in calculation of deferred tax on untaxed reserves in the previous period and reduced the period's income tax expense by approximately SEK 7 million.

Rolling 12 months

Net sales for the rolling 12 month period totalled SEK 1,030 million. Operating profit for the rolling 12 month period was SEK 7 million, or SEK 20 million excluding items affecting comparability.

Financing and liquidity

Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 245 million (306).

Cloetta's working capital requirement is exposed to seasonal variations, partly due to a build-up of inventories in preparation for increased sales during the Christmas holiday. This means that the working capital requirement is normally highest during the autumn, i.e. in the first quarter, and lowest at the end of the financial year, i.e. in the second quarter.

Cash flow from operating activities for the period from September 2009 to February 2010 amounted to SEK –4 million (123). For the second quarter, cash flow from operating activities was SEK 17 million (63). The effects of the demerger affected cash flow in the comparison periods. Net cash of SEK 28 million (45) was utilised for investments in property, plant and equipment in the first half of the year. Interest-bearing assets exceeded interest-bearing liabilities by a net amount (i.e. a net receivable) of SEK 148 million (239). Compared to the same closing date in the prior year, the net receivable has thus decreased by SEK 91 million. The equity/assets ratio was 63.3% (64.8).

Capital expenditure

Gross expenditure on property plant and equipment during the period totalled SEK 28 million (45) and included both capacity and replacement investments in the existing production lines. Depreciation amounted to SEK 24 million (23).

Other disclosures

Employees

The average number of employees during the period from September 2009 to February 2010 was 453 (475), where the decrease refers mainly to the previous year's staff reductions in response to redundancies arising in connection with the demerger and the workforce reductions carried out at the factory in Alingsås.

Parent Company

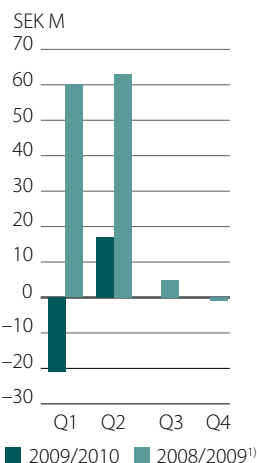
Cloetta AB's primary activities include head office functions such as group-wide management and administration. The comments below refer to the period from September 2009 to February 2010 (the first half of Cloetta's financial year).

Net sales in the Parent Company reached SEK 17 million (19) and referred mainly to intra-group services. Operating profit was SEK 0 million (–5), of which restructuring charges in connection with the demerger amounted to SEK 5 million in the comparison period.

Net financial items totalled SEK –1 million (–1). Profit before tax was SEK –1 million (–6) and profit after tax was SEK –1 million (–6).

Cash and cash equivalents and short-term investments amounted to SEK 67 million (5).

Cash flow from operating activities



1) The effects of the demerger affect cash flow in the comparison periods.



Fairtrade contributes to improved working and living conditions for small-scale producers and agricultural workers in developing countries, among other things by combating child labour and discrimination. All of our milk chocolate bars are made at Cloetta's factory in Ljungsbro, Sweden.



Cloetta's SEK 30 million convertible note programme for the employees runs from 14 May 2009 to 30 March 2012 and will bear interest at a rate equal to STIBOR plus 2.5 percentage points. The convertible notes can be converted to class B shares in Cloetta during the period from 25 February 2011 to 25 February 2012 at a conversion rate of SEK 30.40, which upon full conversion will increase the number of class B shares by 1,004,889. The interest rate for the period from 10 November 2009 to 10 November 2010 has been set at 3.48%. The next interest instalment is due for payment on 10 November 2010.

The Cloetta share

On 16 February 2009, trading of the class B share of Cloetta AB (publ) commenced on NASDAQ OMX Stockholm. The share is traded under the ticker symbol CLA B with ISIN code SE0002626861. A round lot consists of one (1) share.

During the period from 1 September 2009 to 28 February 2010, 3,858,932 shares were traded, equal to around 18% of the total number of class B shares. The highest quoted bid price for the Cloetta share was SEK 34.00 and the lowest was SEK 27.60.

Shareholders

AB Malfors Promotor is the principal shareholder in Cloetta AB (publ). At 28 February Cloetta AB had 3,947 shareholders and the principal shareholder Malfors Promotor held 74.6% of the votes and 52.3% of the share capital. During the first quarter, Malfors Promotor increased its holding through the acquisition of 1,800,000 class B shares. Other institutional investors held 13.0% of the votes and 24.4% of the share capital.

Related party transactions

The definition of related party transactions changed in connection with Cloetta's separation from the Fazer group. Following the demerger, Cloetta AB is an independent and autonomous company. Its principal shareholder is AB Malfors Promotor and any buying and selling of goods and services between Cloetta and the principal shareholder are regarded as related party transactions. No such transactions took place during the period under review.

Subsequent events

After the end of the reporting period, no significant events have taken place that could affect the company's operations.

Other

The interim report for the third quarter (September 2009 to May 2010) will be published on 22 June 2010.



The Board of Directors and the Managing Director hereby give their assurance that the interim report gives a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Ljungsbro, 23 March 2010
Cloetta AB (publ)

Olof Svenfelt
Board Chairman

Lennart Bohlin
Board member

Johan Hjertonsson
Board member

Ulrika Stuart Hamilton
Board member

Mikael Svenfelt
Board member

Meg Tivéus
Board member

Lena Grönedal
Employee representative

Birgitta Hillman
Employee representative

Curt Petri
Managing Director and CEO

The information in this report has not been reviewed by the company's auditors.

Summary consolidated profit and loss accounts

	Second quarter		First half		Rolling 12	Full year 08/09
SEK M	Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Mar 2009 – Feb 2010	Sep 2008 – Aug 2009
Net sales	249	278	581	735	1,030	1,184
Cost of goods sold	-175	-199	-393	-527	-714	-848
Gross profit	74	79	188	208	316	336
Other operating income	0	–	1	38	0	37
Selling and administrative expenses	-77	-82	-151	-216	-300	-365
Other operating expenses	-4	-5	-1	–	-9	-8
Operating profit/loss	-7	-8	37	30	7	0
Financial items	-2	1	-2	2	-5	-1
Profit/loss before tax	-9	-7	35	32	2	-1
Income tax expense	2	2	-10	0	-3	7
Profit/loss for the period	-7	-5	25	32	-1	6
Profit/loss for the period attributable to:						
Owners of the Parent Company	-7	-5	25	32	-1	6
Earnings per share, basic and diluted	-0.25	-0.18	1.05	1.35	-0.07	0.23
Number of shares at end of period ¹⁾	24,119,196	24,119,196	24,119,196	24,119,196	24,119,196	24,119,196

1) Which also corresponds to the average number of shares during the period.

Consolidated statements of comprehensive income

	Second quarter		First half		Rolling 12	Full year 08/09
SEK M	Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Mar 2009 – Feb 2010	Sep 2008 – Aug 2009
Profit for the period	-7	-5	25	32	-1	6
Other comprehensive income						
Translation differences	0	0	0	0	0	0
Other comprehensive income for the period	0	0	0	0	0	0
Total comprehensive income for the period	-7	-5	25	32	-1	6
Comprehensive income for the period attributable to:						
Owners of the Parent Company	-7	-5	25	32	-1	6

Comparative information

	Second quarter		First half		Rolling 12	Full year 08/09
SEK M	Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Mar 2009 – Feb 2010	Sep 2008 – Aug 2009
Cost of goods sold						
Restructuring charges	–	–	–	–5	–2	–7
Total cost of goods sold	–	–	–	–5	–2	–7
Selling and administrative expenses						
Restructuring charges	–	–	–	–33	–11	–44
Total selling and administrative expenses	–	–	–	–33	–11	–44
Other operating income and expenses						
Compensation received from Fazer Confectionery for restructuring charges	–	–	–	28	–	28
Compensation received from Fazer Confectionery for forward exchange contracts	–	–	–	6	–	6
Reversal of provision for additional purchase price	–	–	–	9	–	9
Total other operating income and expenses	–	–	–	43	–	43
Effect on operating profit	–	–	–	5	–13	–8
Income tax expense	–	–	–	1	4	5
Effect on profit for the period	–	–	–	6	–9	–3

Quarterly data

		Q2	Q1	Q4	Q3	Q2
		Dec 2009– Feb 2010	2009 Sep–Nov	2009 Jun–Aug	2009 Mar–May	Dec 2008 – Feb 2009
Net sales	SEK M	249	332	212	237	278 ²⁾
Operating profit	SEK M	–7	44	–22	–8	–8
Operating margin	%	neg	13,3	neg	neg	neg
Operating profit/loss ¹⁾	SEK M	–7	44	–19	2	–8
Operating margin ¹⁾	%	neg	13,3	neg	0,8	neg
Earnings per share	SEK	–0.25	1.30	–0.80	–0.32	–0.18

1) Excluding items affecting comparability.

2) Including the sale of Fazer's products during December 2008.

Summary consolidated balance sheets

SEK M	2010 28 Feb	2009 28 Feb	2009 31 Aug
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	91	91	91
Other intangible assets	53	53	52
Tangible assets	464	420	461
Financial assets	2	4	2
Total non-current assets	610	568	606
Current assets			
Inventories	138	108	117
Current receivables	170	152	113
Short-term investments	46	31	21
Cash and cash equivalents	199	275	256
Total current assets	553	566	507
TOTAL ASSETS	1,163	1,134	1,113
EQUITY AND LIABILITIES			
Equity			
	736	735	711
Non-current liabilities			
Deferred tax liability	107	112	108
Other provisions	74	85	73
Convertible debenture loan	27	–	26
Total non-current liabilities	208	197	207
Current liabilities	219	202	195
TOTAL EQUITY AND LIABILITIES	1,163	1,134	1,113
Pledged assets	2	4	2
Contingent liabilities	2	8	2

Consolidated statements of changes in equity

SEK M	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Sep 2008 – Aug 2009
Equity at beginning of period	711	707	707
Total comprehensive income for the period	25	32	6
Contributed capital, convertible debenture loan	–	–	2
Dividend	–	–4	–4
Equity at end of period	736	735	711

Summary consolidated cash flow statements

	Second quarter		First half		Rolling 12	Full year 08/09
SEK M	Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Mar 2009 – Feb 2010	Sep 2008 – Aug 2009
Cash flow from operating activities before changes in working capital	-7	-28	39	57	30	48
Changes in working capital	24	91	-43	66	-30	79
Cash flow from operating activities	17	63	-4	123	0	127
Cash flow from investing activities	-37	-32	-53	-76	-106	-129
Cash flow after investing activities	-20	31	-57	47	-106	-2
Cash flow from financing activities	-	-5	-	-51	30	-21
Cash flow for the period	-20	26	-57	-4	-76	-23
Cash and cash equivalents at beginning of period	219	249	256	279	275	279
Cash and cash equivalents at end of period	199	275	199	275	199	256
Cash, cash equivalents and short-term investments < 3 months	199	275	199	275	199	256
Short-term investments > 3 months	46	31	46	31	46	21
Total cash, cash equivalents and short-term investments	245	306	245	306	245	277

Key ratios

		Second quarter		First half		Full year 08/09	2008
		Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Sep 2008 – Aug 2009	2008 Jan–Aug
Operating profit/loss	SEK M	-7	-8	37	30	0	-84
Operating margin	%	neg	neg	6.4	4.1	0	neg
Items affecting comparability with an effect on operating profit	SEK M	-	-	-	5	-8	-92
Operating profit/loss excluding items affecting comparability	SEK M	-7	-8	37	25	8	8
Operating margin excluding items affecting comparability	%	neg	neg	6.4	3.4	0.7	1.0
Profit/loss before tax	SEK M	-9	-7	35	32	-1	-81
Earnings per share, basic and diluted	SEK	-0.25	-0.18	1.05	1.35	0.23	-3.50
Earnings per share, basic and diluted ¹⁾	SEK	-0.25	-0.18	1.05	1.10	0.35	0.31
Return on capital employed ^{1,2)}	%	2.5	4.6	2.5	4.6	1.2	3.8
Return on equity after tax ^{1,2)}	%	1.1	4.0	1.1	4.0	1.3	neg
Cash flow from operating activities	SEK M	17	63	-4	123	127	-35
Cash flow after investments in property, plant and equipment	SEK M	5	41	-32	78	16	-121
Net receivable	SEK M	148	239	148	239	183	171
Equity/assets ratio	%	63.3	64.8	63.3	64.8	63.9	60.9
Equity per share	%	30.52	30.47	30.52	30.47	29.48	29.34
Average number of employees	SEK	450	464	453	475	464	503
Number of shares at end of period ³⁾		24,119,196	24,119,196	24,119,196	24,119,196	24,119,196	24,119,196

1) Excluding items affecting comparability.

2) Refers to rolling 12-month period.

3) Which also corresponds to the average number of shares during the period.

Summary parent company profit and loss accounts

SEK M	Second quarter		First half		Full year 08/09
	Dec 2009 – Feb 2010	Dec 2008 – Feb 2009	Sep 2009 – Feb 2010	Sep 2008 – Feb 2009	Sep 2008 – Aug 2009
Net sales	8	9	17	19	39
Costs for property management and sold services	0	0	0	0	-1
Gross profit	8	9	17	19	38
Administrative expenses	-7	-13	-17	-24	-41
Other operating income and expenses	0	-	0	-	0
Operating profit/loss	1	-4	0	-5	-3
Result from participations in group companies	-	-	-	-	80
Other financial income and expenses	0	-1	-1	-1	-1
Profit/loss before tax	1	-5	-1	-6	76
Appropriations	-	-	-	-	-1
Income tax expense	0	1	0	0	1
Profit/loss for the period	1	-4	-1	-6	76

Summary parent company balance sheets

SEK M	2010 28 Feb	2009 28 Feb	2009 31 Aug
ASSETS			
<i>Non-current assets</i>			
Tangible assets	4	4	4
Financial assets	539	538	539
Total non-current assets	543	542	543
<i>Current assets</i>	96	43	98
TOTAL ASSETS	639	585	641
EQUITY AND LIABILITIES			
<i>Equity</i>			
Restricted equity	121	121	121
Non-restricted equity	480	397	481
Total equity	601	518	602
<i>Untaxed reserves</i>	1	-	1
<i>Non-current liabilities</i>			
Other provisions	0	0	0
Convertible debenture loan	27	-	26
Total non-current liabilities	27	0	26
<i>Current liabilities</i>	10	67	12
TOTAL EQUITY AND LIABILITIES	639	585	641
Pledged assets	None	None	None
Contingent liabilities	74	8	71

For information about risk management, see pages 53 and 87 of Cloetta's annual report for 2009 at www.cloetta.se

For detailed accounting policies, see page 69 of Cloetta's annual report for 2009 at www.cloetta.se

Operating and financial risks in the Group and the Parent Company

Through its operations, the Cloetta Group is exposed to both operating and financial risks. The operating risks and handled by the operating units and the financial risks by the central finance function.

The Group's manufacturing costs account for approximately 55% of total costs. Of total manufacturing costs, raw materials and packaging make up approximately 60%. The most significant raw materials in terms of value are cocoa, sugar and milk products. Compared to the previous year, prices for several raw materials have risen. Due to the use of forward contracts, the impact of these rising costs on earnings is somewhat delayed. Price development for raw materials is monitored and analysed continuously.

The Group's financial risks consist primarily of currency risk, interest rate risk and credit risk. Cash and cash equivalents and short-term investments at 28 February 2010 amounted to SEK 245 million. The Group's investment strategies are based on the guidelines set out in the Board's finance policy. With regard to the Group's currency hedging, 68% of the forecasted net flows at 28 February 2010 were hedged for a period of 9 months forward, which is in line with the Group's finance policy. Due to the use of forward exchange contracts, exchange rate fluctuations affect profit at a certain delay.

Because the Parent Company's operations consist mainly of group-wide management and administration, its risks are limited to interest rate risk and liquidity risk.

For more information about risk management, see the annual report for 2009 on Cloetta's website www.cloetta.se.

Accounting policies and other disclosures

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The applied standards and interpretations are those that were in force and had been endorsed by the EU at 1 September 2009. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1.2, Supplementary Accounting Rules for Groups, has been applied.

The consolidated interim report is presented in accordance with IAS 34 Interim Financial Reporting and in compliance with the relevant provisions in the Swedish Companies Act and the Swedish Securities Market Act. The same accounting and valuation methods have been applied as in the most recent annual report. The interim report for the Parent Company has been prepared in accordance with the Swedish Companies Act and the Swedish Securities Market Act, which are consistent with the provisions in recommendation RFR 2.2, Accounting for Legal Entities. The same accounting and valuation methods have been applied as in the most recent annual report.

IFRS 8 (Operating Segments) is effective for financial periods beginning on or after 1 January 2009 and thus applies to the Group starting in the current financial year. The new standard requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision. The management monitors the Group's entire operations in its internal reporting and the financial statements therefore contain no reporting by segment. Because the financial statements are presented in conformity with internal reporting to the management, this standard will not affect the presentation of the financial statements.

IAS 1 (Presentation of Financial Statements) is effective for financial periods beginning on or after 1 January 2009 and thus applies to the Group starting in the current financial year. The revised standard primarily requires changes in the presentation and titles of financial statements. The change will not affect the determination of the reported amounts. The change has affected the Group in that income and expenses that were previously presented in the statement of changes in equity are now presented in a separate report directly following the profit and loss account; the consolidated statement of comprehensive income. The statement of changes in equity will include only transactions with owners.

Detailed information about the accounting policies can be found in the annual report for 2009, see Cloetta's website www.cloetta.se.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual outcomes may differ from these estimates and assumptions.

The estimates and assumptions are evaluated on a regular basis. Changes in estimates are reported in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Demerger of Cloetta Fazer

More information about the demerger of Cloetta Fazer is provided on page 49 of Cloetta's annual report for 2009, at www.cloetta.se.

Financial calendar 2009-2010

Financial year 2009 – 2010

Interim report Q3, Sept 2009 – May 2010	22 June 2010
Year-end report, Sept 2009 – Aug 2010	19 October 2010
Annual report, Sept 2009 – Aug 2010	week 48 2010
Annual General Meeting 2009/2010	15 December 2010

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The annual report and interim reports are also published on www.cloetta.com

Key events during the quarter

- Cloetta and SIA Glass presented three new ice cream favourites. Three well known classics from Cloetta are now being launched as ice creams: Plopp, Guldnougat and Tarragona.
- Cloetta has signed an agreement with En Svensk Klassiker (A Swedish Classic) to become head sponsor of sporting Sweden's crowning achievement. En Svensk Klassiker consists of five well known and legendary long-distance races in cycling, cross-country skiing, swimming and running.
- Cloetta good, a new brand for a series of Fairtrade-labelled milk chocolate bars, was launched in four taste varieties. An excellent example of good combinations – chocolate and Fairtrade.
- Cloetta was one of 17 approved suppliers to The Official Wedding Series to commemorate the wedding of Her Royal Highness Crown Princess Victoria and Mr. Daniel Westling. Cloetta will launch six new chocolate products, both boxes with exclusive filled chocolates and chocolate bars. Part of the proceeds from Cloetta's sales of the products will go to The Crown Princess Couple's Wedding Foundation.
- Cloetta was named "Pressbyrån Supplier of the Year 2009".
- The successful relaunch of Tarragona in three taste varieties was expanded to the entire service trade.



Cloetta