

Cloetta

Interim report

1 September 2009 – 31 May 2010

Q3



Third quarter

1 March 2010 – 31 May 2010

Net sales	SEK 267 million	(237)
of which, Cloetta products	SEK 230 million	(204)
Operating profit/loss	SEK 4 million	(–8)
Operating profit excluding items affecting comparability ¹⁾	SEK 4 million	(2)
Operating margin	1.5 %	(neg)
Operating margin excluding items affecting comparability ¹⁾	1.5 %	(0.8)
Profit/loss before tax	SEK 3 million	(–8)
Profit/loss after tax	SEK 2 million	(–7)
Earnings per share, basic and diluted	SEK 0.09	(–0.32)

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

Nine months

1 September 2009 – 31 May 2010

Net sales	SEK 848 million	(972) ²⁾
of which, Cloetta products	SEK 729 million	(671)
Operating profit/loss	SEK 41 million	(22)
Operating profit excluding items affecting comparability ¹⁾	SEK 41 million	(27)
Operating margin	4.8 %	(2.3)
Operating margin excluding items affecting comparability ¹⁾	4.8 %	(2.8)
Profit/loss before tax	SEK 38 million	(24)
Profit/loss after tax	SEK 27 million	(25)
Earnings per share, basic and diluted	SEK 1.14	(1.03)

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

Cloetta spreads joy and chocolate

We can once again look back on a successful quarter. Sales of Cloetta's products, including several new product launches, rose by 13% in the third quarter at the same time that operating profit improved. Operating profit for the first nine months reached SEK 41 million, compared to SEK 27 million the year before, excluding items affecting comparability. As in earlier quarters, a high level of efficiency in production contributed to growth in earnings. However, the steadily rising price of cocoa has had a negative impact on our manufacturing costs.

The focus on product innovations was intensified during the quarter through ambitious marketing investments in both product and umbrella brands in connection with the launches. At the same time, ongoing efforts have been made to optimise efficiency in Cloetta's organisation with a goal to find organisational solutions that promote close cooperation and short decision-making and communication paths.

In the chocolate bar segment, Cloetta relaunched Tarragona in the first quarter. Cloetta good – a whole new milk chocolate bar in four taste varieties that is also Fairtrade-labelled – was launched in the second quarter. When it comes to corporate responsibility and Cloetta's actions, the Cloetta good chocolate bar series is a small but important part of a larger context.

In the third quarter Cloetta launched its summer campaign on the theme of "Summer of Love", including a limited edition of Kexchoklad Snacks Hallon and Polly Summer Berries.

Cloetta has launched six new chocolate products in "The Official Wedding Series" to commemorate the wedding of Her Royal Highness Crown Princess Victoria and Mr. Daniel Westling. Swedish lingon and blueberries set the tone for the product series. The products have been available for sale in grocery stores, tourist shops and other outlets since mid-April, but are planned to end in connection with the wedding. Through the launch we have significantly increased our market share in the filled chocolates segment.

Cloetta also participated in Love Stockholm 2010, the City of Stockholm's two-week festival in celebration of the upcoming royal wedding. Here, Cloetta was included in the Swedish Institute's brand platform Brands of Sweden. Cloetta's participation was centred around the classic favourite Plopp, which was given a temporary playful package design in honour of the occasion.

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. We will continue our efforts to offer our well known brands in delicious new combinations.



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, Guld nougat, Bridge, Juleskum, Sportlunch, Extra Starka and the Cloetta good chocolate bar series. 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

		Third quarter		Nine months		Rolling 12	Full year 08/09
		Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Jun 2009 –May 2010	Sep 2008 –Aug 2009
Net sales	SEK M	267	237	848	972 ²⁾	1,060	1,184 ²⁾
Operating profit ¹⁾	SEK M	4	2	41	27	22	8
Operating margin ¹⁾	%	1.5	0.8	4.8	2.8	2.1	0.7
Items affecting comparability with an effect on operating profit, net	SEK M	–	–10	–	–5	–3	–8
Profit before tax ¹⁾	SEK M	3	2	38	29	16	7
Profit/loss for the period	SEK M	2	–7	27	25	8	6
Cash flow from operating activities	SEK M	–3	5	–7	128	–8	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.

THIRD QUARTER (MARCH – MAY 2010)

Net sales

Net sales for the quarter rose to SEK 267 million (237).

Sales of Cloetta's products amounted to SEK 230 million (204), an increase of 13%.

In the Swedish market, which accounts for around 85% of sales, Cloetta's products were up by 11%. The rise in sales is partly attributable Cloetta's Wedding Series and new products launched in connection with the summer campaign, including Kex Snacks Hallon, Polly Summer Berries and the Center Nougat countline. Easter sales of pick-and-mix and marshmallows were also higher than in the year-earlier period.

Sales of Cloetta's prioritised brands rose by 2% compared to the prior year, mainly due to increased sales of Polly and Center and the launch of the Tarragona and Cloetta good chocolate bar brands.

Profit

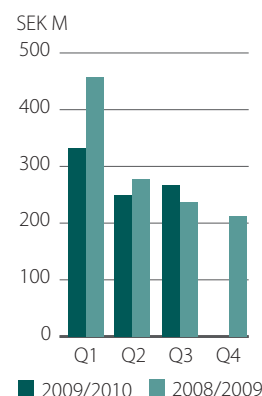
Gross profit

Gross profit for the period was SEK 85 million (75), which corresponds to a gross margin on par with the previous year, at 31.8% (31.6). The figure for the comparison period includes restructuring charges of SEK 2 million.

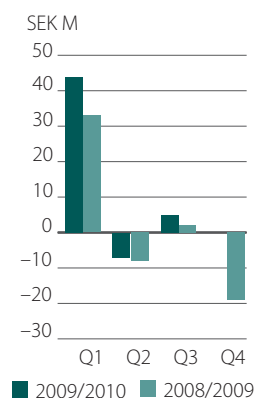


The Cloetta good chocolate bar is certified by Fairtrade and is aimed at promoting improved working and living conditions for small-scale producers and agricultural workers in developing countries. The Cloetta good chocolate bar series is available in four taste varieties – milk chocolate, mint crisp, hazelnut and cashew & cranberries.

Net sales



Operating profit¹⁾



1) Excluding items affecting comparability.



The introduction of a new design for Påskeskum was well received by consumers.

Operating profit/loss

Selling and administrative expenses amounted to SEK 84 million (79), an increase that is mainly attributable to marketing activities during the period in connection with the launch of the Cloetta good chocolate bar series, Cloetta's Wedding Series and the summer campaign. The figure for the comparison period includes restructuring charges of SEK 8 million.

Operating profit/loss was SEK 4 million (-8) and operating margin was 1.5% (neg). Operating profit for the period was positively affected by foreign exchange differences of SEK 3 million (-4). Foreign exchange effects are reported together with other operating income and expenses.

Profit/loss before tax

Profit/loss before tax was SEK 3 million (-8). Net financial items totalled SEK -1 million, compared to SEK 0 million the year before.

Profit/loss for the period

Profit after tax amounted to SEK 2 million (-7), which is equal to basic and diluted earnings per share of SEK 0.09 (-0.32). The period's income tax was SEK -1 million (1).

NINE MONTHS (SEPTEMBER 2009 – MAY 2010)

Net sales

Net sales for the period declined to SEK 848 million (972), which is due to Cloetta's discontinued sales of Fazer products as of 1 January 2009.

Sales Cloetta's products rose by 9% to SEK 729 million (671).

In the Swedish market, which accounts for around 85% of sales, sales of Cloetta's products increased by 7%. The rise in sales is partly attributable to strong Christmas sales of Cloetta's new filled chocolate box and Juleskum as well as the new products launched in the chocolate bar segment, Cloetta's Wedding Series and the summer campaign.

Sales of Cloetta's prioritised brands were up by 2% compared to the prior year, partly thanks to increased sales of Juleskum, the relaunch of Tarragona and Polly.

Profit

Gross profit

Gross profit for the period was SEK 273 million (283), which corresponds to a gross margin of 32.2% (29.1). The figure for the comparison period includes restructuring charges of SEK 7 million. Gross margin for the period was strengthened by successful sales of Cloetta's products and high efficiency in production. However, the price of cocoa has risen to historically very high levels since the autumn of 2009, which together with a previously weak Swedish krona is having a negative impact on manufacturing costs. Due to the use of forward contracts for cocoa and currencies, these higher costs affect earnings at a certain delay.

Operating profit

Selling and administrative expenses amounted to SEK 235 million (295). The figure for the comparison period includes restructuring charges of SEK 41 million. Excluding these charges, selling and administrative expenses decreased by SEK 19 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 41 million (22) with an operating margin of 4.8% (2.3). Compared to operating profit for the year-earlier period, excluding items affecting comparability, operating profit for the first nine months was up by SEK 14 million. The figure for the prior 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 18 million. Operating profit for the period was positively affected by foreign exchange differences of SEK 4 million (-9). Foreign exchange effects are reported together with other operating income and expenses.

Profit before tax

Profit before tax was SEK 38 million (24). Net financial items totalled SEK -3 million, compared to SEK 2 million the year before.



Plopp's special packaging for Love Stockholm 2010.

Profit for the period

Profit after tax amounted to SEK 27 million (25), which is equal to basic and diluted earnings per share of SEK 1.14 (1.03). The period's income tax was SEK –11 (1). 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 1,060 million. Operating profit for the rolling 12-month period was SEK 19 million, or SEK 22 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 235 million (295).

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 year-end, i.e. in the second quarter.

Cash flow from operating activities for the period from September 2009 to May 2010 amounted to SEK –7 million (128). For the third quarter, cash flow from operating activities was SEK –3 million (5). The effects of the demerger affected cash flow in the comparison periods. Net cash of SEK 34 million (91) was utilised for investments in property, plant and equipment during the nine-month period. Interest-bearing assets exceeded interest-bearing liabilities by a net amount (i.e. a net receivable) of SEK 136 million (227) on the closing date. 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 66.0% (64.5).

Capital expenditure

Gross expenditure on property plant and equipment during the period totalled SEK 34 million (91) and included both capacity and replacement investments in the existing production lines. Depreciation/amortisation amounted to SEK 37 million (35).

Other disclosures

Employees

The average number of employees during the period from September 2009 to May 2010 was 454 (468). 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 May 2010 (nine months).

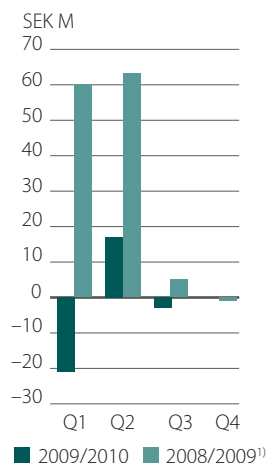
Net sales in the Parent Company reached SEK 26 million (29) and referred mainly to intra-group services. Operating profit was SEK 2 million (–3), of which restructuring charges in connection with the demerger amounted to SEK 5 million in the comparison period.

Net financial items totalled SEK –2 million (79). Net financial items for the prior year consist mainly of dividends from the subsidiary Cloetta Sverige AB. Profit before tax was SEK 0 million (76) and profit after tax was SEK 0 million (76).

Cash and cash equivalents and short-term investments amounted to SEK 69 million (63).

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.

Cash flow from operating activities



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



SIA's Tarragona ice cream is one of the summer's cool new launches.



One of Cloetta's total of six products in The Official Wedding Series.



Center Nougat is being launched as both a double and single countline.

The Cloetta share

Trading of the class B share of Cloetta AB (publ) commenced on NASD AQ OMX Stockholm on 16 February 2009. 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 31 May 2010, 4,860,107 shares were traded, equal to around 22% of the total number of class B shares. The highest quoted bid price for the Cloetta share was SEK 43.80 and the lowest was SEK 27.60.

Shareholders

AB Malfors Promotor is the principal shareholder in Cloetta AB (publ). At 31 May 2010, Cloetta AB had 4,300 shareholders and the principal shareholder Malfors Promotor held 74.6% of the votes and 52.3% of the share capital. Other institutional investors held 12.8% of the votes and 24.0% of the share capital. The number of shares on the same date amounted to 24,119,196, were of which 21,759,196 of class B and 2,360,000 of class A.

Related party transactions

The definition of related party transactions changed in connection with the demerger of Cloetta Fazer. 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 August 2010) will be published on 19 October 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, 22 June 2010
Cloetta AB (publ)

Olof Svenfelt
Chairman

Lennart Bohlin
Board member

Johan Hjertzonsson
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 interim report has been reviewed by the company's auditors.

Review of Interim Financial Information performed by the Independent Auditor of the Entity in accordance with IAS 34 and Chapter 9 of the Annual Accounts Act (1995:1554)

To the Board of Directors of Cloetta AB
Corporate ID number 556308-8144

Introduction

We have reviewed the interim report of Cloetta AB (publ) at 31 May 2010 and for the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, **Review of Interim Financial Information Performed by the Independent Auditor of the Entity**. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the group and in accordance with the Annual Accounts Act for the parent company.

Stockholm, 22 June 2010
KPMG AB

Helene Willberg
Authorised Public Accountant

Summary consolidated profit and loss accounts

SEK M	Third quarter		Nine months		Rolling 12	Full year 08/09
	Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Jun 2009 –May 2010	Sep 2008 –Aug 2009
Net sales	267	237	848	972	1,060	1,184
Cost of goods sold	–182	–162	–575	–689	–734	–848
Gross profit	85	75	273	283	326	336
Other operating income	3	–1	4	37	4	37
Selling and administrative expenses	–84	–79	–235	–295	–305	–365
Other operating expenses	0	–3	–1	–3	–6	–8
Operating profit/loss	4	–8	41	22	19	0
Financial items	–1	0	–3	2	–6	–1
Profit/loss before tax	3	–8	38	24	13	–1
Income tax expense	–1	1	–11	1	–5	7
Profit/loss for the period	2	–7	27	25	8	6
Profit/loss for the period attributable to:						
Owners of the Parent Company	2	–7	27	25	8	6
Earnings per share, basic and diluted	0.09	–0.32	1.14	1.03	0.35	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

SEK M	Third quarter		Nine months		Rolling 12	Full year 08/09
	Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Jun 2009 –May 2010	Sep 2008 –Aug 2009
Profit/loss for the period	2	–7	27	25	8	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	2	–7	27	25	8	6
Comprehensive income for the period attributable to:						
Owners of the Parent Company	2	–7	27	25	8	6

Comparative information

	Third quarter		Nine months		Rolling 12	Full year 08/09
SEK M	Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Jun 2009 –May 2010	Sep 2008 –Aug 2009
Cost of goods sold						
Restructuring charges	–	–2	–	–7	0	–7
Total cost of goods sold	–	–2	–	–7	0	–7
Selling and administrative expenses						
Restructuring charges	–	–8	–	–41	–3	–44
Total selling and administrative expenses	–	–8	–	–41	–3	–44
Other operating income and expenses						
Compensation from Fazer Confectionery for restructuring charges	–	–	–	28	–	28
Compensation from Fazer Confectionery for forward exchange contracts	–	–	–	6	–	6
Reversal of provision for contingent consideration	–	–	–	9	–	9
Total other operating income and expenses	–	–	–	43	–	43
Effect on operating profit	–	–10	–	–5	–3	–8
Income tax expense	–	3	–	4	1	5
Effect on profit for the period	–	–7	–	–1	–2	–3

Quarterly data

		Q3	Q2	Q1	Q4	Q3
		2010 Mar–May	Dec 2009 –Feb 2010	2009 Sep–Nov	2009 Jun–Aug	2009 Mar–May
Net sales	SEK M	267	249	332	212	237
Operating profit/loss	SEK M	4	–7	44	–22	–8
Operating margin	%	1.5	neg	13.3	neg.	neg
Operating profit/loss ¹⁾	SEK M	4	–7	44	–19	2
Operating margin ¹⁾	%	1.5	neg	13.3	neg.	0.8
Earnings per share	SEK	0.09	–0.25	1.30	–0.80	–0.32

1) Excluding items affecting comparability.

Summary consolidated balance sheets

SEK M	2010 31 May	2009 31 May	2009 31 Aug
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	91	91	91
Other intangible assets	53	53	52
Tangible assets	457	454	461
Financial assets	2	4	2
Total non-current assets	603	602	606
Current assets			
Inventories	150	125	117
Current receivables	131	109	113
Short-term investments	45	21	21
Cash and cash equivalents	190	274	256
Total current assets	516	529	507
TOTAL ASSETS	1,119	1,131	1,113
EQUITY AND LIABILITIES			
Equity			
	738	730	711
Non-current liabilities			
Deferred tax liability	106	113	108
Other provisions	74	92	73
Convertible debenture loan	28	26	26
Total non-current liabilities	208	231	207
Current liabilities	173	170	195
TOTAL EQUITY AND LIABILITIES	1,119	1,131	1,113
Pledged assets	2	4	2
Contingent liabilities	2	2	2

Consolidated statements of changes in equity

SEK M	Sep 2009 – May 2010	Sep 2008 – May 2009	Sep 2008 – Aug 2009
Equity at beginning of period	711	707	707
Total comprehensive income for the period	27	25	6
Contributed capital, convertible debenture loan	–	2	2
Dividend	–	–4	–4
Equity at end of period	738	730	711

Summary consolidated cash flow statements

	Third quarter		Nine months		Rolling 12	Full year 08/09
SEK M	Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Jun 2009 –May 2010	Sep 2008 –Aug 2009
Cash flow from operating activities before changes in working capital	28	10	68	64	52	48
Changes in working capital	–31	–5	–75	64	–60	79
Cash flow from operating activities	–3	5	–7	128	–8	127
Cash flow from investing activities	–6	–36	–59	–112	–76	–129
Cash flow after investing activities	–9	–31	–66	16	–84	–2
Cash flow from financing activities	–	30	–	–21	0	–21
Cash flow for the period	–9	–1	–66	–5	–84	–23
Cash and cash equivalents at beginning of period	199	275	256	279	274	279
Cash and cash equivalents at end of period	190	274	190	274	190	256
Cash, cash equivalents and short-term investments < 3 months	190	274	190	274	190	256
Short-term investments > 3 months	45	21	45	21	45	21
Total cash, cash equivalents and short-term investments	235	295	235	295	235	277

Key ratios

		Third quarter		Nine months		Rolling 12	2008
		Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Sep 2008 –Aug 2009	2008 Jan–Aug
Operating profit/loss	SEK M	4	–8	41	22	0	–84
Operating margin	%	1.5	neg	4.8	2.3	0	neg
Items affecting comparability with an effect on operating profit	SEK M	–	–10	–	–5	–8	–92
Operating profit excluding items affecting comparability	SEK M	4	2	41	27	8	8
Operating margin excluding items affecting comparability	%	1.5	0.8	4.8	2.8	0.7	1.0
Profit/loss before tax	SEK M	3	–8	38	24	–1	–81
Earnings per share, basic and diluted	SEK	0.09	–0.32	1.14	1.03	0.23	–3.50
Earnings per share, basic and diluted ¹⁾	SEK	0.09	–0.03	1.14	1.07	0.35	0.31
Return on capital employed ^{1,2)}	%	2.8	4.3	2.8	4.3	1.2	3.8
Return on equity after tax ^{1,2)}	%	1.4	3.7	1.4	3.7	1.3	neg
Cash flow from operating activities	SEK M	–3	5	–7	128	127	–35
Cash flow after investments in property, plant and equipment	SEK M	–9	–41	–41	37	16	–121
Net receivable	SEK M	136	227	136	227	183	171
Equity/assets ratio	%	66.0	64.5	66.0	64.5	63.9	60.9
Equity per share	SEK	30.62	30.27	30.62	30.27	29.47	29.34
Average number of employees		456	453	454	468	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.

For definitions of key ratios, see page 93 of the annual report.

Summary parent company profit and loss accounts

SEK M	Third quarter		Nine months		Full year 08/09
	Mar 2010 –May 2010	Mar 2009 –May 2009	Sep 2009 –May 2010	Sep 2008 –May 2009	Sep 2008 – Aug 2009
Net sales	9	10	26	29	39
Costs for property management and sold services	0	0	0	0	–1
Gross profit	9	10	26	29	38
Administrative expenses	–7	–8	–24	–32	–41
Other operating income and expenses	0	–	0	–	0
Operating profit/loss	2	2	2	–3	–3
Result from participations in group companies	–	80	–	80	80
Other financial income and expenses	–1	0	–2	–1	–1
Profit before tax	1	82	0	76	76
Appropriations	–	–	–	–	–1
Income tax expense	0	0	0	0	1
Profit for the period	1	82	0	76	76

Summary parent company balance sheets

SEK M	2010 31 May	2009 31 May	2009 31 Aug
ASSETS			
Non-current assets			
Tangible assets	4	4	4
Financial assets	540	538	539
Total non-current assets	544	542	543
Current assets	98	96	98
TOTAL ASSETS	642	638	641
EQUITY AND LIABILITIES			
Equity			
Restricted equity	121	121	121
Non-restricted equity	481	481	481
Total equity	602	602	602
Untaxed reserves	1	–	1
Non-current liabilities			
Other provisions	0	1	0
Convertible debenture loan	28	26	26
Total non-current liabilities	28	27	26
Current liabilities	11	9	12
TOTAL EQUITY AND LIABILITIES	642	638	641
Pledged assets	None	None	None
Contingent liabilities	74	7	71

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

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



Bite-sized chocolate pieces with dark chocolate/blueberry and milk chocolate/lingonberry.

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, the prices of several of Cloetta's 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 31 May 2010 amounted to SEK 235 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, 62% of the forecasted net flows at 31 May 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.com.

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 IFRS 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 maker. The management monitors the Group's entire operations in its internal reporting and the financial statements 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, at www.cloetta.com.

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.com.

Financial calendar 2010

Financial year 2009 – 2010

Year-end report, Sep 2009 – Aug 2010

19 October 2010

Annual report, Sep 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 marshmallows are a classic combination for Easter. Ahead of the Easter holiday, Paskeskum was launched with a new design in four different flavours and colours.
- Cloetta's Wedding Series was launched in the retail trade. The series consists of three different filled chocolate boxes to suit various tastes and occasions, a box with bite-sized chocolate pieces and two Tarragona chocolate bars with different nut combinations.
- Kexchoklad Snacks Hallon was launched as a limited edition. Crispy, bite-sized squares with a taste of raspberry.
- The Polly family was expanded with the new Polly Summer Berries, consisting of Polly drops with a flavour of dark chocolate with strawberry, light chocolate with strawberry and white chocolate with wild strawberry.
- Center Nougat was launched as a double and single countline.
- Cloetta was a main partner to Love Stockholm 2010 and was on site in Stockholm during the festivities. Cloetta also represents Brands of Sweden, a brand concept for international profiling of Swedish companies in contexts where commercial brands are not permitted.


LOVE2010
Stockholm
The Capital of Scandinavia



Cloetta

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