

Cloetta

Year-end report

1 September 2009 – 31 August 2010

Q4



Fourth quarter

1 June 2010 – 31 August 2010

Net sales	SEK 213 million	(212)
of which, Cloetta products	SEK 185 million	(181)
Operating profit/loss	SEK –6 million	(–22)
Operating profit/loss excluding items affecting comparability ¹⁾	SEK –6 million	(–19)
Operating margin	neg	(neg)
Operating margin excluding items affecting comparability ¹⁾	neg	(neg)
Profit/loss before tax	SEK –7 million	(–25)
Profit/loss after tax	SEK –5 million	(–19)
Earnings per share, basic and diluted	SEK –0.24	(–0.80)

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

Full year

1 September 2009 – 31 August 2010

Net sales	SEK 1,061 million	(1,184) ²⁾
of which, Cloetta products	SEK 914 million	(850)
Operating profit	SEK 35 million	(0)
Operating profit excluding items affecting comparability ¹⁾	SEK 35 million	(8)
Operating margin	3.3%	(0)
Operating margin excluding items affecting comparability ¹⁾	3.3%	(0.7)
Profit/loss before tax	SEK 31 million	(–1)
Profit after tax	SEK 22 million	(6)
Earnings per share, basic and diluted	SEK 0.90	(0.23)
Proposed dividend per share	SEK 0.75	(–)

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

Good combinations

Sales of Cloetta's products, which include several new launches, rose by 8% during the year. Operating profit increased from SEK 8 million in the previous year to SEK 35 million excluding items affecting comparability. In the fourth quarter, which is our weakest of the year, sales of Cloetta's products were up by 2% at the same time that operating profit improved. The increase in profit for the full year is partly due to higher sales, multiple new product launches and changes in the product mix, and partly to the effects of greater efficiency in production. However, earnings were negatively affected by higher manufacturing costs as a result of rising raw material costs.

Through The Official Wedding Series to commemorate the wedding of Crown Princess Victoria and Mr. Daniel Westling, we increased our sales during the quarter in the filled chocolates segment, where we have previously had a limited offering. The new products, with ingredients like Swedish lingonberries and blueberries, were well received by both customers and consumers and we considerably expanded our share of the filled chocolates market.

The seasonal new product launches Kexchoklad Snacks Hallon and Polly Summer Berries, which were introduced as part of Cloetta's summer campaign on the theme of "Summer of Love", gained rapid popularity among consumers. In the summer the results of our collaboration with SIA-glass were positive and ice cream products based on our Tarragona, Plopp and Guld nougat brands all earned a spot among the top ten on SIA's sales list.

Cloetta's focus on launching new products in the chocolate bar segment continued during the quarter. A successful combination of Cloetta's milk chocolate and nuts under the Tarragona brand was launched during the year. In the fourth quarter we presented an exciting new taste variety – Tarragona with pistachio and almonds. In addition, we are now expanding the Tarragona family with large-sized bars in three taste combinations for the grocery trade.

Cloetta was nominated as Supplier of the Year at the Swedish grocery industry's annual gala, an event organised by the magazine Fri Köpenskap. In the past year Cloetta was also named Supplier of the Year by Reitangruppen, which crowned Tarragona product of the year in the Pressbyrå convenience store chain. The nominations are a recognition of the hard work of all of Cloetta's employees during the year. On a rolling 12-month basis from August 2009 to July 2010, it is also clear that Cloetta has grown faster than the total Swedish confectionery market (value trend according to Nielsen).

In the past year we saw a continuous improvement in efficiency at the Ljungsbro factory. The effects of completed equipment investments and Fazer's decision to transfer production of certain products to Finland have forced us to downsize our production staff.

With the new and flatter organisation introduced this summer, we have created conditions for the company's various functions to come closer to the actual business operations, actively participate in the development of our product range and achieve a deeper understanding of Cloetta's goals, strategies and future direction.



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 **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

		Fourth quarter		Full year	
		Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Net sales	SEK M	213	212	1,061	1,184 ²⁾
Operating profit/loss ¹⁾	SEK M	–6	–19	35	8
Operating margin ¹⁾	%	neg	neg	3.3	0.7
Items affecting comparability with an effect on operating profit, net	SEK M	–	–3	–	–8
Profit/loss before tax ¹⁾	SEK M	–7	–22	31	7
Profit/loss for the period	SEK M	–5	–19	22	6
Cash flow from operating activities	SEK M	26	–1	19	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.

FOURTH QUARTER (JUNE – AUGUST 2010)

Net sales

Sales of Cloetta's products amounted to SEK 185 million (181), an increase of 2%.

Net sales for the fourth quarter rose to SEK 213 million (212).

In the Swedish market, which accounts for around 85% of sales, net sales were on par with the same period of last year. In the fourth quarter Cloetta launched the new products Kexchoklad Snacks Hallon, Polly Summer Berries and Center Nougat as part of the summer campaign. Sales to the other Nordic countries were up, mainly due to continued strong development in the Finnish market and the launch of Cloetta's Fairtrade-labelled Good milk chocolate bar in Norway.

Sales of Cloetta's prioritised brands rose by 3% in the quarter compared to the same period of last year, partly thanks to the ongoing launch of chocolate bars under the Tarragona brand.

Profit

Gross profit

Gross profit for the period was SEK 56 million (53). This corresponds to a gross margin that is higher than in the previous year at 26.3% (25.0), partly owing to a good product mix.

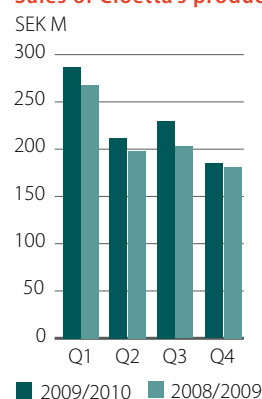
Operating profit

Selling and administrative expenses amounted to SEK 64 million (70), where the figure for the comparison period includes restructuring charges of SEK 3 million. Despite the drop in costs, marketing activities nonetheless increased among other things in connection with the Wedding Series and the summer campaign.

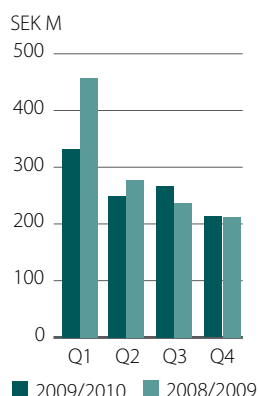


The Tarragona family has been expanded by 155-gram bars in three taste combinations.

Sales of Cloetta's products



Net sales



Operating profit/loss was SEK –6 million (–22) and operating margin was thus negative (neg). Operating profit for the period was positively affected by foreign exchange differences of SEK 2 million (–5). During the quarter the positive foreign exchange effect, which is reported together with other operating income and expenses, was undermined by higher raw material costs that impacted gross margin.

Profit before tax

Profit/loss before tax was SEK –7 million (–25). Net financial items totalled SEK –1 million, compared to SEK –3 million the year before.

Profit for the period

Profit/loss after tax was SEK –5 million (–19), which is equal to basic and diluted earnings per share of SEK –0.24 (–0.80). The period's income tax expense was SEK 2 million (6).

FULL YEAR (SEPTEMBER 2009 – AUGUST 2010)

Net sales

Sales of Cloetta's products amounted to SEK 914 million (850), an increase of 8%.

Total net sales for the period fell to SEK 1,061 million (1,184) due to Cloetta's discontinued sales of Fazer products as of 1 January 2009.

In the Swedish market, which accounts for around 85% of sales, Cloetta's products increased by 5%. 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, including Tarragona and Good, Cloetta's Wedding Series and the summer campaign. Sales to the other Nordic countries have also shown favourable development during the year, mainly in the Finnish market with products like Center and Polly.

Sales of Cloetta's prioritised brands were up by 3% compared to the prior year, partly thanks to increased sales of Juleskum, the relaunch of Tarragona, Good and Polly.

Profit

Gross profit

Gross profit for the period was SEK 329 million (336), which corresponds to a gross margin of 31.0% (28.4). The figure for the comparison period includes restructuring charges of SEK 7 million. Gross margin excluding items affecting comparability was 31.0% (29.0). Gross margin for the period was strengthened by successful sales of Cloetta's products, a good product mix and high efficiency in production.

Operating profit

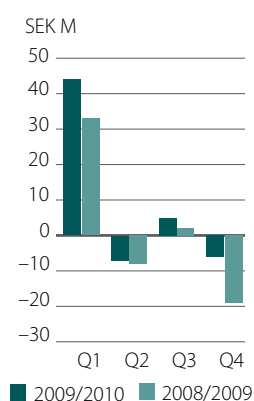
Selling and administrative expenses amounted to SEK 299 million (365). The figure for the comparison period includes restructuring charges of SEK 44 million. Excluding these charges, selling and administrative expenses decreased by SEK 22 million, which is connected to Cloetta's licensed sales of Fazer products during the period from September to December 2008.

Operating profit improved to SEK 35 million (0) with an operating margin of 3.3% (0). Excluding items affecting comparability, operating profit for the period rose from SEK 8 million to SEK 35 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 31 million. Operating profit for the period was positively affected by foreign exchange differences of SEK 6 million (–8). During the year the positive foreign exchange effect, which is reported together with other operating income and expenses, was undermined by higher raw material costs that impacted gross margin. Among other things, the price of cocoa has risen to historically very high levels since the autumn of 2009. Due to the use of forward contracts, the recent strengthening of the Swedish krona will have a delayed effect.

Profit before tax

Profit/loss before tax was SEK 31 million (–1). Net financial items totalled SEK –4 million, compared to SEK –1 million the year before. The negative net financial items reported by the Group in spite of a net receivable are mainly explained by the fact that interest on the pension liability and the convertible note programme for the employees is significantly higher than the yield on financial assets.

Operating profit¹⁾



1) Excluding items affecting comparability.



Kexchoklad and A Swedish Classic held the Vätternrundan long-distance bicycle race in June 2010.

Profit for the period

Profit after tax was SEK 22 million (6), which is equal to basic and diluted earnings per share of SEK 0.90 (0.23). The period's income tax expense was SEK –9 million (7). The effective tax rate was 30.9%. The somewhat higher tax rate is mainly attributable to non-deductible expenses and imputed interest on tax allocation reserves. 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 and reduced the income tax expense by approximately SEK 7 million in the previous period.

Financing and liquidity

Cash and cash equivalents and short-term investments at the end of the period amounted to SEK 245 million (277).

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 August 2010 was SEK 19 million (127). For the fourth quarter, cash flow from operating activities was SEK 26 million (–1). The higher number of newly launched products and earlier Christmas production affected the size of inventories and therefore also had a negative impact on cash flow. The effects of the demerger had a positive effect on cash flow in the comparison period. Net cash of SEK 51 million (111) was utilised for investments in property, plant and equipment during the 12-month period. Interest-bearing assets exceeded interest-bearing liabilities by a net amount (i.e. a net receivable) of SEK 144 million (183) on the closing date. The equity/assets ratio was 65.7% (63.9).

Investments

Gross expenditure on property plant and equipment during the period totalled SEK 51 million (111) and included both capacity and replacement investments in the existing production lines. Depreciation/amortisation amounted to SEK 50 million (46).

Other disclosures

Employees

The average number of employees during the period from September 2009 to August 2010 was 452 (464). 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.

No provisions have been made for the production staff redundancies announced in Ljungsbro during September 2010, since the employees are not exempted from work during the notice period.

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 August 2010 (full year).

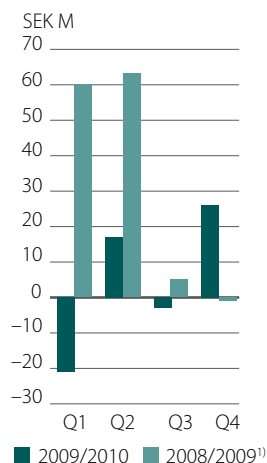
Net sales in the Parent Company reached SEK 35 million (39) and referred mainly to intra-group services. Operating profit/loss was SEK 3 million (–3), of which restructuring charges in connection with the demerger amounted to SEK 5 million in the comparison period.

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 1 million (76) and profit after tax was SEK 0 million (76).

Cash and cash equivalents and short-term investments amounted to SEK 72 million (56).

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.



Tarragona has been launched in a new taste combination – Tarragona pistachio and almond.



BJUD PÅ EN BIT KÄRLEK
Chokladbiter med blåbär och lingon

Cloetta

Bite-sized pieces of dark chocolate with blueberries and milk chocolate with lingonberries.



JuleSkum has been given a new design in preparation for Christmas 2010.



Since the launch, Good is the top-selling Fairtrade-labelled milk chocolate bar on the Swedish market.

In October 2010 the packaging design for Good won third place in the international Pentawards packaging design competition in the confectionery category.

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 August 2010, 5,201,404 shares were traded, equal to around 24% 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. The share price on 31 August 2010 was SEK 39.10 (last price paid).

Shareholders

AB Malfors Promotor is the principal shareholder in Cloetta AB (publ). At 31 August 2010, Cloetta AB had 4,432 shareholders and the principal shareholder Malfors Promotor held 74.6% of the votes and 52.3% of the share capital. Other institutional investors held 12.7% of the votes and 23.8% of the share capital. The number of shares on the same date amounted to 24,119,196, of which 21,759,196 were of class B and 2,360,000 were 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 is regarded as a related party transaction. During the period from September 2009 to August 2010 the Parent Company's purchases from related parties amounted to SEK 1 million (0), equal to 0.1% of the Group's total purchases.

The Board's proposed dividend

The Board proposes a dividend of SEK 0.75 per share (–) for the financial year.

Nominating Committee

With regard to election of new Board members and auditors, Cloetta's Nominating Committee proposes that the Annual General Meeting resolve to re-elect the Board.

Furthermore, the Nominating Committee proposes that the Annual General Meeting resolve to re-elect KPMG AB as the company's independent auditor.

Subsequent events

On 14 September, Cloetta cut 17 jobs at the factory in Ljungsbro. The redundancies will affect employees in production and are a response to Fazer's decision to transfer production of certain products that are currently manufactured in Ljungsbro to Finland and the effects of completed equipment investments.

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

Annual General Meeting

The Annual General Meeting will be held at 2:00 p.m. on Wednesday, 15 December 2010, at Collegium in Linköping. The notice to attend the Annual General Meeting will be sent in mid-November 2010.

Annual report

The annual report for the financial year will be posted on Cloetta's website www.cloetta.com by the week beginning 22 November at the latest. The printed annual report will be available at Cloetta's head office in Ljungsbro no later than 25 November 2010.

Other

The interim report for the first quarter (September 2010 to November 2010) will be published on 15 December 2010.

The Board of Directors and the Managing Director hereby give their assurance that the interim report provides 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, 19 October 2010

Cloetta AB (publ)

Olof Svenfelt
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 interim report has not been reviewed by the company's auditors.

Summary consolidated profit and loss accounts

SEK M	Fourth quarter	Full year		
	Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Net sales	213	212	1,061	1,184
Cost of goods sold	–157	–159	–732	–848
Gross profit	56	53	329	336
Other operating income	2	0	6	37
Selling and administrative expenses	–64	–70	–299	–365
Other operating expenses	0	–5	–1	–8
Operating profit/loss	–6	–22	35	0
Financial items	–1	–3	–4	–1
Profit/loss before tax	–7	–25	31	–1
Income tax expense	2	6	–9	7
Profit/loss for the period	–5	–19	22	6
Profit/loss for the period attributable to:				
Owners of the Parent Company	–5	–19	22	6
Earnings per share, basic and diluted	–0.24	–0.80	0.90	0.23
Number of shares at end of period ¹⁾	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	Fourth quarter	Full year		
	Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Profit/loss for the period	–5	–19	22	6
Other comprehensive income				
Translation differences	0	0	0	0
Other comprehensive income for the period	0	0	0	0
Total comprehensive income for the period	–5	–19	22	6
Comprehensive income for the period attributable to:				
Owners of the Parent Company	–5	–19	22	6

Comparative information

SEK M	Fourth quarter		Full year	
	Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Cost of goods sold				
Restructuring charges	–	–	–	–7
Total cost of goods sold	–	–	–	–7
Selling and administrative expenses				
Restructuring charges	–	–3	–	–44
Total selling and administrative expenses	–	–3	–	–44
Other operating income and expenses				
Compensation received from Fazer Confectionery for restructuring charges	–	–	–	28
Compensation received from Fazer Confectionery for forward exchange contracts	–	–	–	6
Reversal of provision for additional purchase price	–	–	–	9
Total other operating income and expenses	–	–	–	43
Effect on operating profit	–	–3	–	–8
Income tax expense	–	1	–	5
Effect on profit for the period	–	–2	–	–3

Quarterly data

		Q4	Q3	Q2	Q1	Q4
		2010 Jun–Aug	2010 Mar–May	Dec 2009 –Feb 2010	2009 Sep–Nov	2009 Jun–Aug
Net sales	SEK M	213	267	249	332	212
Operating profit/loss	SEK M	–6	4	–7	44	–22
Operating margin	%	neg	1.5	neg	13.3	neg
Operating profit/loss ¹⁾	SEK M	–6	4	–7	44	–19
Operating margin ¹⁾	%	neg	1.5	neg	13.3	neg
Earnings per share	SEK	–0.24	0.09	–0.25	1.30	–0.80

1) Excluding items affecting comparability.

Summary consolidated balance sheets

SEK M	2010 31 Aug	2009 31 Aug
ASSETS		
Non-current assets		
Intangible assets		
Goodwill	91	91
Other intangible assets	53	52
Tangible assets	460	461
Financial assets	1	2
Total non-current assets	605	606
Current assets		
Inventories	145	117
Current receivables	121	113
Short-term investments	50	21
Cash and cash equivalents	195	256
Total current assets	511	507
TOTAL ASSETS	1,116	1,113
EQUITY AND LIABILITIES		
Equity	733	711
Non-current liabilities		
Deferred tax liability	103	108
Other provisions	74	73
Convertible debenture loan	28	26
Total non-current liabilities	205	207
Current liabilities	178	195
TOTAL EQUITY AND LIABILITIES	1,116	1,113
Pledged assets	1	2
Contingent liabilities	2	2

Consolidated statements of changes in equity

SEK M	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Equity at beginning of period	711	707
Total comprehensive income for the period	22	6
Contributed capital, convertible debenture loan	–	2
Dividend	–	–4
Equity at end of period	733	711

Summary consolidated cash flow statements

SEK M	Fourth quarter		Full year	
	Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Cash flow from operating activities before changes in working capital	3	–16	71	48
Changes in working capital	23	15	–52	79
Cash flow from operating activities	26	–1	19	127
Net investments in property, plant and equipment	–17	–20	–51	–111
Other cash flow from investing activities	–4	3	–29	–18
Cash flow after investing activities	5	–18	–61	–2
Cash flow from financing activities	–	–	–	–21
Cash flow for the period	5	–18	–61	–23
Cash and cash equivalents at beginning of period	190	274	256	279
Cash and cash equivalents at end of period	195	256	195	256
Cash, cash equivalents and short-term investments < 3 months	195	256	195	256
Short-term investments > 3 months	50	21	50	21
	245	277	245	277

Key ratios

		Fourth quarter		Full year		2008
		Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009	2008 Jan–Aug
Operating profit/loss	SEK M	–6	–22	35	0	–84
Operating margin	%	neg	neg	3.3	0	neg
Items affecting comparability with an effect on operating profit	SEK M	–	–3	–	–8	–92
Operating profit/loss excluding items affecting comparability	SEK M	–6	–19	35	8	8
Operating margin excluding items affecting comparability	%	neg	neg	3.3	0.7	1.0
Profit/loss before tax	SEK M	–7	–25	31	–1	–81
Earnings per share, basic and diluted	SEK	–0.24	–0.80	0.90	0.23	–3.50
Earnings per share, basic and diluted ¹⁾	SEK	–0.24	–0.71	0.90	0.35	0.31
Return on capital employed ^{1,2)}	%	4.7	1.2	4.7	1.2	3.8
Return on equity after tax ^{1,2)}	%	3.0	1.3	3.0	1.3	neg
Cash flow from operating activities	SEK M	26	–1	19	127	–35
Cash flow after investments in property, plant and equipment	SEK M	9	–21	–32	16	–121
Net receivable	SEK M	144	183	144	183	171
Equity/assets ratio	%	65.7	63.9	65.7	63.9	60.9
Equity per share	SEK	30.38	29.47	30.38	29.47	29.34
Average number of employees		447	454	452	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

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 2009 annual report.

Summary parent company profit and loss accounts

SEK M	Fourth quarter		Full year	
	Jun 2010 –Aug 2010	Jun 2009 –Aug 2009	Sep 2009 –Aug 2010	Sep 2008 –Aug 2009
Net sales	9	10	35	39
Costs for property management and sold services	–1	–1	–1	–1
Gross profit	8	9	34	38
Administrative expenses	–7	–9	–31	–41
Other operating income and expenses	0	0	0	0
Operating profit/loss	1	0	3	–3
Result from participations in group companies	–	–	–	80
Other financial income and expenses	0	0	–2	–1
Profit before tax	1	0	1	76
Appropriations	–1	–1	–1	–1
Income tax expense	0	1	0	1
Profit for the period	0	0	0	76

Summary parent company balance sheets

SEK M	2010 31 Aug	2009 31 Aug
ASSETS		
Non-current assets		
Tangible assets	4	4
Financial assets	540	539
Total non-current assets	544	543
Current assets	101	98
TOTAL ASSETS	645	641
EQUITY AND LIABILITIES		
Equity		
Restricted equity	121	121
Non-restricted equity	481	481
Total equity	602	602
Untaxed reserves	2	1
Non-current liabilities		
Other provisions	1	0
Convertible debenture loan	28	26
Total non-current liabilities	29	26
Current liabilities	12	12
TOTAL EQUITY AND LIABILITIES	645	641
Pledged assets	None	None
Contingent liabilities	75	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



During the wedding festivities in Stockholm on 19 June, Cloetta handed out Plopp bars with messages of love.

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 65% 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 31 August 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, 62% of the forecasted net flows at 31 August 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. However, these risks are minor in view of the company's low interest expenses and good liquidity.

For further 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. 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, which 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.com.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the management to make judgements, 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.

Financial calendar 2010–2011

Annual report, Sept 2009 – Aug 2010	week 47 2010
Annual General Meeting 2009/2010	15 December 2010
Interim report Q1, Sep–Nov 2010	15 December 2010
Interim report Q2, Sept 2010 – Feb 2011	23 March 2011
Interim report Q3, Sept 2010 – May 2011	23 June 2011
Year-end report, Sept 2010 – Aug 2011	18 October 2011

For additional information contact

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

Key events during the quarter

- On 6 June Cloetta hosted the Citizenship Ceremony at City Hall in Stockholm.
- On 14 June Cloetta held a concert in connection with Stockholm Love 2010 and on 19 June Cloetta took part in the celebration surrounding the wedding of Crown Princess Victoria and Mr. Daniel Westling. In connection with the festivities, Plopp was given a new wrapper with the messages Kiss, Hug, Joy and Love.
- During the summer, Cloetta spread joy throughout Sweden with its summer campaign featuring Kexchoklad Snacks Hallon and Polly Summer Berries.
- Kexchoklad and A Swedish Classic carried out the Vätternrundan long-distance bicycle race and the Vansbrosimningen open water swimming competition.
- Tarragona was launched as large sized 155-gram bars in three taste varieties for passionate nut lovers. As an exciting new combination, Cloetta launched Tarragona with pistachio and almond.
- Cloetta was one of three candidates nominated as Supplier of the Year at the Swedish grocery industry's annual gala.



Cloetta