

# Cloetta

## Interim report

1 September – 30 November 2009

# Q1



### First quarter

Net sales	SEK 332 million	(457) <sup>2)</sup>
Operating profit	SEK 44 million	(38)
Operating profit excluding items affecting comparability <sup>1)</sup>	SEK 44 million	(33)
Operating margin	13.3%	(8.3)
Operating margin excluding items affecting comparability <sup>1)</sup>	13.3%	(7.2)
Profit before tax	SEK 44 million	(39)
Profit after tax	SEK 32 million	(37)
Earnings per share, basic and diluted	SEK 1.30	(1.53)

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

2) Including sales of Fazer's products during the period from September to December 2008.

# Comments from the CEO

*It is a longstanding Cloetta tradition to deliver delicious combinations such as wafers and chocolate, toffee and chocolate, nuts and chocolate and marshmallows for Christmas, to name a few.*

Sales of Cloetta's brands during our first quarter, which includes the important Christmas season and is thus the most significant quarter in terms of earnings, rose by 7%. In the past quarter we relaunched Tarragona, a chocolate bar with nuts in three delicious combinations. A new assorted chocolate box and Cloetta's Juleskum have also contributed to growth in sales.

Strong sales, successful product launches and efficient production also resulted in an improved operating profit for the first quarter, from SEK 33 million to SEK 44 million. Our annual profit for 2008/2009 was better than anticipated in connection with the demerger and our first quarter of 2009/2010 is showing a continuation of the same trend.

The focus on the Cloetta brand and our various product brands was increased during the quarter through the closing of our office in Stockholm to gather all development and marketing resources in Ljungsbro. Greater closeness between product development, production and other functions will provide scope for faster decisions and higher level of activity in all brand-related matters. Cloetta's brands are created through the combined efforts of all our employees.

The price of cocoa rose at the end of the period. Together with a continued weak Swedish krona, this has led to higher raw material costs. Due to the use of forward contracts, these increased costs will affect us at a certain delay.

We can look back on a good first quarter – and ahead of us we have several exciting product innovations – in delicious new combinations.



Curt Petri, Managing Director and CEO

## Financial information

		First quarter		Rolling 12	Full year 08/09
		2009 Sep–Nov	2008 Sep–Nov	Dec 2008– Nov 2009	Sep 2008– Aug 2009
Net sales	SEK M	332	457 <sup>2)</sup>	1,059 <sup>2)</sup>	1,184 <sup>2)</sup>
Operating profit <sup>1)</sup>	SEK M	44	33	19	8
Operating margin <sup>1)</sup>	%	13.3	7.2	1.8	0.7
Items affecting comparability with an effect on operating profit, net	SEK M	–	5	–13	–8
Profit before tax <sup>1)</sup>	SEK M	44	34	17	7
Profit for the period	SEK M	32	37	1	6
Cash flow from operating activities	SEK M	–21	60	46	127

1) Excluding items affecting comparability.

2) Including sales of Fazer's products during the period from September to December 2008.

## About Cloetta

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



## Financial overview

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

All comments refer to quarterly figures unless otherwise specified.

### 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.

### Net sales

Net sales for the quarter fell to SEK 332 million (457), which is mainly due to Cloetta's discontinued sales of Fazer products as of 1 January 2009.

Sales Cloetta's products rose by 7%, excluding sales of products manufactured on contract to Fazer and Cloetta's licensed sales of Fazer products during the period from September to December 2008.

In the Swedish market, which accounts for around 85% of sales, sales of Cloetta's products increased by 5%. The rise in net sales is partly attributable to strong Christmas sales, with particularly robust growth for Cloetta's new assorted chocolate box and Juleskum.

Sales of Cloetta's ten prioritised brands were up by 3% compared to the prior year, where the relaunch of Tarragona and introduction of the Center Nougat role made a positive contribution to sales for the quarter. Cloetta's prioritised brands are Kexchoklad, Center, Plopp, Polly, Tarragona, Guld nougat, Bridge, Juleskum, Sportlunch and Extra Starka.

### Profit

#### Gross profit

Gross profit for the period was SEK 114 million (129), which corresponds to a gross margin of 34.3% (28.2). 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 continued to increase during the autumn, which together with a weak Swedish krona had a negative impact on manufacturing 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 74 million (134). The comparison period included restructuring charges of SEK 33 million. Excluding these charges, selling and administrative expenses decreased by SEK 27 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 44 million (38) with an operating margin of 13.3% (8.3). Compared to operating profit for the year-earlier quarter, which amounted to SEK 33 million excluding items affecting comparability, operating profit for the period was up by SEK 11 million. The previous year included profit of SEK 3 million on the sale of Fazer's products. Operating profit for the period was positively affected by foreign exchange gains of SEK 4 million (0). Foreign exchange effects are reported together with other operating income and expenses.

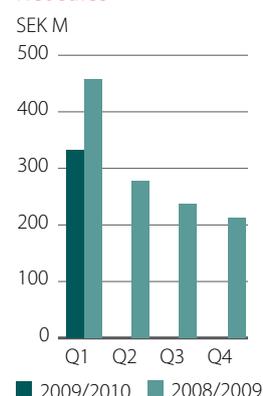
#### Profit before tax

Profit before tax was SEK 44 million (39). Net financial items totalled SEK 0 million, compared to SEK 1 million the year before.

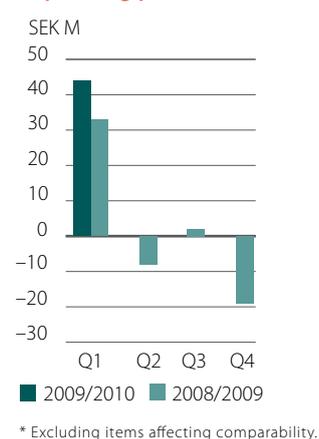
#### Profit for the period

Profit after tax amounted to SEK 32 million (37), equal to basic and diluted earnings per share of SEK 1.30 (1.53). The period's income tax expense was SEK –12 million (–2). Starting in 2009 the corporate tax in Sweden has been reduced from 28% to 26.3%. The lower tax rate was applied

### Net sales



### Operating profit\*



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 1,059 million. Operating profit for the rolling 12 month period was SEK 6 million, or SEK 19 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 240 million (270).

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 amounted to SEK –21 million (60). Net cash of SEK 16 million (23) was utilised for investments in property, plant and equipment. Interest-bearing assets exceeded interest-bearing liabilities by a net amount (i.e. a net receivable) of SEK 145 million (200). The net receivable thus decreased by SEK 12 million during the period. The equity/assets ratio was 63.7% (61.2).

### Capital expenditure

Gross expenditure on property plant and equipment during the period totalled SEK 16 million (23) and included both capacity and replacement investments in the existing production lines. Depreciation amounted to SEK 11 million (13).

### Other disclosures

#### Employees

The average number of employees during the period was 465 (490), 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.

Net sales in the Parent Company for the period reached SEK 9 million (10) and referred mainly to intra-group services. Operating profit was SEK –1 million (–1), 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 (0). Profit before tax was SEK –2 million (–1) and profit after tax was SEK –2 million (–2).

Cash and cash equivalents and short-term investments amounted to SEK 57 million (2).

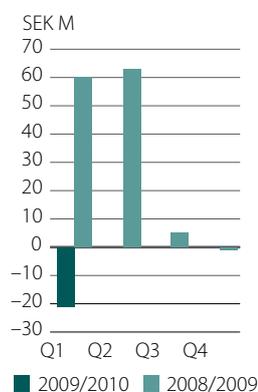
Cloetta's SEK 30 million convertible note programme for the employees runs from 14 May 2009 to 30 March 2012 and will bear interest at a rate equal to STIBOR plus 2.5 percentage points. The convertible notes can be converted to class B shares in Cloetta during the period from 25 February 2011 to 25 February 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 4 February 2009, the stock exchange's listing committee approved Cloetta's application for listing on NASDAQ OMX Stockholm. On 16 February 2009, trading 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 to 30 November 2009, 2,240,543 shares were traded. The highest quoted bid price for the Cloetta share was SEK 34.0 and the lowest was SEK 27.60.

#### Cash flow from operating activities



Cloetta's new assorted chocolate box was launched for Christmas 2009

## Shareholders

AB Malfors Promotor is the principal shareholder in Cloetta AB (publ). At 30 November 2009, Cloetta AB had 3,956 shareholders and the principal shareholder Malfors Promotor held 74.6% of the votes and 52.3% of the share capital. During the quarter, Malfors Promotor increased its holding through the acquisition of an additional 1,800,000 class B shares. Other institutional investors held 13.3% of the votes and 25.0% 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

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.

In a sponsorship context, Kexchoklad is closely associated with the mountains and skiing. But the new agreement will provide scope to cooperate with a partner that works across all seasons with challenges that appeal to the Swedish people. Here, Kexchoklad will be visible and contribute to a better and happier performance.

## Other

The interim report for the second quarter (December 2009 to February 2010) will be published on 23 March 2010.

There is a greater focus on launching attractive new products to customers and consumers under Cloetta's strong brands.

Kexchoklad  
Center  
Plopp  
Polly  
Tarragona  
Guld nougat  
Bridge  
Juleskum  
Sportlunch  
Extra Starka



Ljungsbro, 18 December 2009  
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

SEK M	First quarter		Rolling 12	Full year 08/09
	2009 Sep–Nov	2008 Sep–Nov	Dec 2008– Nov 2009	Sep 2008– Aug 2009
Net sales	332	457	1,059	1,184
Cost of goods sold	-218	-328	-738	-848
<b>Gross profit</b>	<b>114</b>	129	321	336
Other operating income	4	43	-2	37
Selling and administrative expenses	-74	-134	-305	-365
Other operating expenses	0	-	-8	-8
<b>Operating profit</b>	<b>44</b>	38	6	0
Financial items	0	1	-2	-1
<b>Profit/loss before tax</b>	<b>44</b>	39	4	-1
<b>Income tax expense</b>	<b>-12</b>	-2	-3	7
<b>Profit for the period</b>	<b>32</b>	37	1	6
<b>Profit for the period attributable to:</b>				
Equity holders of the Parent Company	32	37	1	6
Earnings per share, basic and diluted	1.30	1.53	0.00	0.23
Number of shares at end of period <sup>1)</sup>	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	First quarter		Rolling 12	Full year 08/09
	2009 Sep–Nov	2008 Sep–Nov	Dec 2008– Nov 2009	Sep 2008– Aug 2009
<b>Profit for the period</b>	<b>32</b>	37	1	6
<b>Other comprehensive income</b>				
Translation differences	0	0	0	0
<b>Other comprehensive income for the period</b>	<b>0</b>	0	0	0
<b>Total comprehensive income for the period</b>	<b>32</b>	37	1	6
<b>Comprehensive income for the period attributable to:</b>				
Equity holders of the Parent Company	32	37	1	6

## Comparative information

SEK M	First quarter		Rolling 12	Full year 08/09
	2009 Sep–Nov	2008 Sep–Nov	Dec 2008– Nov 2009	Sep 2008– Aug 2009
<b>Cost of goods sold</b>				
Restructuring charges	–	–5	–2	–7
<b>Total cost of goods sold</b>	–	–5	–2	–7
<b>Selling and administrative expenses</b>				
Restructuring charges	–	–33	–11	–44
<b>Total selling and administrative expenses</b>	–	–33	–11	–44
<b>Other operating income and expenses</b>				
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
<b>Total other operating income and expenses</b>	–	43	–	43
Effect on operating profit	–	5	–13	–8
Income tax expense	–	1	4	5
<b>Effect on profit for the period</b>	–	6	–9	–3

## Quarterly data

	Q1	Q4	Q3	Q2	Q1
	2009 Sep–Nov	2009 Jun–Aug	2009 Mars–May	Dec 2008– Feb 2009	2008 Sep–Nov
Net sales, SEK M	332	212	237	278 <sup>2)</sup>	457 <sup>2)</sup>
Operating profit/loss, SEK M	44	–22	–8	–8	38
Operating margin, %	13.3	neg.	neg.	neg.	8.3
Operating profit/loss, SEK M <sup>1)</sup>	44	–19	2	–8	33
Operating margin, % <sup>1)</sup>	13.3	neg.	0.8	neg.	7.2
Earnings per share, SEK	1.30	–0.80	–0.32	–0.18	1.53

1) Excluding items affecting comparability.

2) Including sales of Fazer's products during the period from September to December 2008.

## Summary consolidated balance sheets

SEK M	2009 30 Nov	2008 30 Nov	2009 31 Aug
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets			
Goodwill	91	91	91
Other intangible assets	53	53	52
Tangible assets	466	407	461
Financial assets	2	4	2
<b>Total non-current assets</b>	<b>612</b>	<b>555</b>	<b>606</b>
<b>Current assets</b>			
Inventories	118	140	117
Current receivables	197	245	113
Short-term investments	21	21	21
Cash and cash equivalents	219	249	256
<b>Total current assets</b>	<b>555</b>	<b>655</b>	<b>507</b>
<b>TOTAL ASSETS</b>	<b>1,167</b>	<b>1,210</b>	<b>1,113</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>743</b>	<b>740</b>	<b>711</b>
<b>Non-current liabilities</b>			
Deferred tax liability	108	104	108
Other provisions	72	106	73
Convertible debenture loan	27	–	26
<b>Total non-current liabilities</b>	<b>207</b>	<b>210</b>	<b>207</b>
<b>Current liabilities</b>	<b>217</b>	<b>260</b>	<b>195</b>
<b>Total equity and liabilities</b>	<b>1,167</b>	<b>1,210</b>	<b>1,113</b>
Pledged assets	2	4	2
Contingent liabilities	2	7	2

## Consolidated statements of changes in equity

SEK M	2009 Sep–Nov	2008 Sep–Nov	Sep 2008– Aug 2009
Equity at beginning of period	711	707	707
Total comprehensive income for the period	32	37	6
Contributed capital, convertible debenture loan	–	–	2
Dividend	–	–4	–4
<b>Equity at end of period</b>	<b>743</b>	<b>740</b>	<b>711</b>

## Summary consolidated cash flow statements

SEK M	First quarter		Rolling 12	Full year 08/09
	2009 Sep–Nov	2008 Sep–Nov	Dec 2008– Nov 2009	Sep 2008– Aug 2009
Cash flow from operating activities before changes in working capital	46	86	8	48
Changes in working capital	-67	-26	38	79
<b>Cash flow from operating activities</b>	<b>-21</b>	60	46	127
Cash flow from investing activities	-16	-44	-101	-129
<b>Cash flow after investing activities</b>	<b>-37</b>	16	-55	-2
Cash flow from financing activities	-	-46	25	-21
<b>Cash flow for the period</b>	<b>-37</b>	-30	-30	-23
Cash and cash equivalents at beginning of period	256	279	249	279
Cash and cash equivalents at end of period	219	249	219	256
Cash, cash equivalents and short-term investments < 3 months	219	249	219	256
Short-term investments > 3 months	21	21	21	21
<b>Total cash, cash equivalents and short-term investments</b>	<b>240</b>	270	240	277

## Key ratios

		First quarter		Full year 08/09	2008
		2009 Sep–Nov	2008 Sep–Nov	Sep 2008– Aug 2009	2008 Jan–Aug
Operating profit/loss	SEK M	44	38	0	-84
Operating margin	%	13.3	8.3	0	neg.
Items affecting comparability with an effect on operating profit	SEK M	-	5	-8	-92
Operating profit excluding items affecting comparability	SEK M	44	33	8	8
Operating margin excluding items affecting comparability	%	13.3	7.2	0.7	1.0
Profit/loss before tax	SEK M	44	39	-1	-81
Earnings per share, basic and diluted	SEK	1.30	1.53	0.23	-3.50
Earnings per share, basic and diluted <sup>1)</sup>	SEK	1.30	1.29	0.35	0.31
Return on capital employed <sup>1,2)</sup>	%	2.6	4.5	1.2	3.8
Return on equity after tax <sup>2)</sup>	%	1.5	3.7	1.3	neg.
Cash flow from operating activities	SEK M	-21	60	127	-35
Cash flow after investments in property, plant and equipment	SEK M	-37	37	16	-121
Net receivable	SEK M	145	200	183	171
Equity/assets ratio	%	63.7	61.2	63.9	60.9
Equity per share	SEK	30.81	30.70	29.48	29.34
Average number of employees		465	490	464	503
Number of shares at end of period <sup>3)</sup>		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	First quarter		Full year 08/09
	2009 Sep–Nov	2008 Sep–Nov	Sep 2008– Aug 2009
Net sales	9	10	39
Costs for property management and sold services	0	0	–1
<b>Gross profit</b>	<b>9</b>	<b>10</b>	<b>38</b>
Administrative expenses	–10	–11	–41
Other operating income and expenses	0	–	0
<b>Operating profit/loss</b>	<b>–1</b>	<b>–1</b>	<b>–3</b>
Result from participations in group companies	–	–	80
Other financial income and expenses	–1	0	–1
<b>Profit/loss before tax</b>	<b>–2</b>	<b>–1</b>	<b>76</b>
Appropriations	–	–	–1
Income tax expense	0	–1	1
<b>Profit/loss for the period</b>	<b>–2</b>	<b>–2</b>	<b>76</b>

## Summary parent company balance sheets

SEK M	2009 30 Nov	2008 30 Nov	2009 31 Aug
<b>ASSETS</b>			
<i>Non-current assets</i>			
Tangible assets	4	4	4
Financial assets	539	538	539
<b>Total non-current assets</b>	<b>543</b>	<b>542</b>	<b>543</b>
<i>Current assets</i>	<b>95</b>	50	98
<b>TOTAL ASSETS</b>	<b>638</b>	<b>592</b>	<b>641</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
Restricted	121	121	121
Non-restricted	479	401	481
<b>Total equity</b>	<b>600</b>	<b>522</b>	<b>602</b>
<i>Untaxed reserves</i>	<b>1</b>	–	1
<i>Non-current liabilities</i>			
Other provisions	0	0	0
Convertible debenture loan	27	–	26
<b>Total non-current liabilities</b>	<b>27</b>	<b>0</b>	<b>26</b>
<i>Current liabilities</i>	<b>10</b>	70	12
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>638</b>	<b>592</b>	<b>641</b>
Pledged assets	None	None	None
Contingent liabilities	72	75	71

## 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 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 30 November 2009 amounted to SEK 240 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, 71% of the forecasted net flows at 30 November 2009 were hedged for a period of 9 months forward, which is in line with the Group's finance policy.

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.

Further more information about risk management, see the annual report for 2009 at [www.cloetta.se](http://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 valuations 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. 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 includes only transactions with owners.

Detailed information about the accounting policies can be found in the annual report for 2009, at [www.cloetta.se](http://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](http://www.cloetta.se).

For information about risk management, see pages 53 and 87 of Cloetta's annual report for 2009 at [www.cloetta.se](http://www.cloetta.se)

For detailed accounting policies, see page 69 of Cloetta's annual report for 2009 at [www.cloetta.se](http://www.cloetta.se)

## Financial calendar 2010

### Financial year 2009 – 2010

Interim report Q2, Sept 2009 – Feb 2010	23 March 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](http://www.cloetta.com)



## Key events during the quarter

- SIA Glass and Cloetta and Cloetta have signed a partnership agreement under which a number of new ice cream products with flavours and consistencies inspired by well known Cloetta products will be introduced at the beginning of 2010.
- During the autumn Cloetta expanded the Center family with a new roll, Center Nougat.
- Sweden's top-selling throat lozenge, Extra Starka Original, was given a whole new package design during the quarter. In addition, Cloetta launched a refreshing new product, Extra Starka – Extra effektiv. The Extra Starka series also includes Original and Citron in regular and sugar-free versions. The sugar-free throat lozenges now contain Xylitol.
- Cloetta has changed its distributor in Denmark to A/S Beauvais, which will take over responsibility for distribution and marketing of Cloetta's brands and products in the Danish market as of 1 April 2010.
- Tarragona was successfully relaunched in Pressbyrån and 7-Eleven stores as a chocolate bar in three taste varieties: Tarragona Hazelnut, Tarragona Almond and Tarragona Cashew.
- Ahead of the Christmas season, Cloetta launched its new assorted chocolate sampler, a mix of thirty-two light and dark filled chocolates in nine different flavours packaged in a 300 g box.



# Cloetta