

## INCOME STATEMENT

	2012	2011
<i>January 1 to December 31, in CHF 000</i>		
<i>Income</i>		
Dividend income	22 100	40 100
Adjustment to impairment charge on investments	14 300	0
Interest income	1 735	619
Foreign exchange gains	635	685
Income from securities	43	301
Other income	0	4 001
<b>Total income</b>	<b>38 813</b>	<b>45 706</b>
<i>Expense</i>		
Interest expense	- 10 491	- 5 567
Foreign exchange losses	- 582	- 574
Losses on securities	- 2 973	- 3 161
General administration expense	- 9 094	- 3 897
<b>Total expense</b>	<b>- 23 140</b>	<b>- 13 199</b>
<b>Net profit for the year</b>	<b>15 673</b>	<b>32 507</b>

## BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE EARNINGS

### ASSETS

	2012	2011
<i>at December 31, in CHF 000</i>		
<i>Current assets</i>		
Cash and cash equivalents	505	550
Securities	9 588	3 741
Prepayments	307	117
Short-term receivables	396	197
	1 456	1 265
	from third parties	from third parties
	from Group companies	from Group companies
<b>Total current assets</b>	<b>12 252</b>	<b>5 870</b>
<i>Non-current assets</i>		
Investments	745 331	594 225
Loans and receivables from Group companies	16 755	16 902
Discounts and capitalised issuance cost on bond/syndicated loan	6 475	1 879
<b>Total non-current assets</b>	<b>768 561</b>	<b>613 006</b>
<b>Total assets</b>	<b>780 813</b>	<b>618 876</b>

**LIABILITIES AND EQUITY**

	2012	2011
<i>at December 31, in CHF 000</i>		
<i>Liabilities</i>		
Short-term bank debt/overdrafts	0	19
Current liabilities		456
towards third parties	498	
towards Group companies	83 110	105 263
Accrued expenses		2 719
towards third parties	5 074	
Syndicated loan	36 231	0
Bond payable	200 000	140 000
Provisions	64 000	64 000
<b>Total liabilities</b>	<b>388 913</b>	<b>312 457</b>
<i>Equity</i>		
Share capital	3 436	2 800
General legal reserves	560	560
Reserve for treasury stock	12 350	5 185
Capital reserves <sup>1)</sup>	119 299	20 188
Unrestricted reserves	192 948	198 164
Earnings available for distribution		47 015
Earnings brought forward	47 634	
Net profit for the year	15 673	32 507
<b>Total equity</b>	<b>391 900</b>	<b>306 419</b>
<b>Total liabilities and equity</b>	<b>780 813</b>	<b>618 876</b>

<sup>1)</sup> The CHF 99 111 thousand increase in Valora Holding AG's capital reserves position has been reported to the Swiss Federal tax authorities. Until confirmation has been received from them, this position may be subject to modification.

## NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

### A BASIS OF PRESENTATION

Valora Holding AG's annual accounts are drawn up in accordance with the provisions of Swiss company law (Swiss Code of Obligations).

### B NOTES

**1 CONTINGENT LIABILITIES.** At December 31, 2012 the Group's contingent liabilities in favour of subsidiaries – consisting of sureties, subordination, keep well agreements, guarantees and other contingencies – totalled CHF 241.8 million (2011: CHF 210.1 million) with a further CHF 1.0 million in favour of third parties (2011: CHF 1.0 million).

### 2 BOND OUTSTANDING

	Coupon	Maturity	At 31.12.2012	At 31.12.2011
in CHF 000				
Bond 2012–2018	2.50%	02.03.2018	200 000	0
Bond 2005–2012	2.875%	12.07.2012	0	140 000

### 3 TREASURY STOCK HELD BY THE COMPANY AND ITS SUBSIDIARIES

	2012 Number of shares	2012 Net book value	2011 Number of shares	2011 Net book value
in CHF 000				
<b>Opening balance (at January 1)</b>	<b>19 920</b>	<b>3 722</b>	<b>46 630</b>	<b>14 819</b>
Sales	– 58 615	– 11 996	– 61 364	– 18 319
Purchases	90 397	20 744	34 654	10 383
Value adjustments	–	– 2 900	–	– 3 161
<b>Closing balance (at December 31)</b>	<b>51 702</b>	<b>9 570</b>	<b>19 920</b>	<b>3 722</b>

The share purchases in 2012 were made at market prices ranging from CHF 174.30 to CHF 301.75.

In addition, during 2012, Valora Holding AG purchased a total of 90397 shares at an average price of CHF 229.48 and sold a total of 58615 shares at an average price of CHF 204.66.

At December 31, 2012, treasury shares held by Valora Holding AG represented 1.5 % of the company's issued share capital (0.71 % at year-end 2011).

**4 NET RELEASE OF HIDDEN RESERVES.** Hidden reserves of CHF 14.3 million were released in 2012 (none were released in 2011).

5 REMUNERATION AND SHAREHOLDINGS

Remuneration 2012

	Director's fee/ base salary	Short Term Plan (STP) <sup>1)</sup>	Long Term Plan (LTP) <sup>2)</sup>	Emolument in kind	Termination payments	Other remuneration <sup>4)</sup>	Total 2012
in CHF 000							
<b>Board of Directors</b>							
Rolando Benedick Chairman and CEO	716.7	–	64.2	–	–	48.8	829.7
Markus Fiechter Vice-Chairman and Lead Director	160.0	–	22.6	–	–	16.0	198.6
Bernhard Heusler Board member	110.0	–	15.5	–	–	8.8	134.3
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	16.9	–	–	9.7	146.6
Conrad Löffel <sup>3)</sup> Chairman of Audit Committee	120.0	–	115.5	–	–	15.3	250.8
<b>Total remuneration to Board members</b>	<b>1 226.7</b>	<b>–</b>	<b>234.7</b>	<b>–</b>	<b>–</b>	<b>98.6</b>	<b>1 560.0</b>
<b>Group Executive Management</b>							
Lorenzo Trezzini CFO	400.1	102.9	633.5	15.0	–	198.7	1 350.2
<b>Total remuneration to current members of Group Executive Management</b>	<b>2 089.7</b>	<b>402.4</b>	<b>717.9</b>	<b>82.5</b>	<b>–</b>	<b>613.8</b>	<b>3 906.3</b>
Total remuneration to former members of Group Executive Management	16.7	4.2	–	7.2	–	8.8	36.9
<b>Total remuneration to Group Executive Management (GEM)</b>	<b>2 106.4</b>	<b>406.6</b>	<b>717.9</b>	<b>89.7</b>	<b>–</b>	<b>622.6</b>	<b>3 943.2</b>

<sup>1)</sup> These are the effective costs of the bonuses granted in respect of 2012, which will be paid out in April 2013.

<sup>2)</sup> The total number of shares covered by the LTP is 67098. The costs of running the LTP comprise interest payments to finance the LTP share purchases for members of the Board of Directors and Group Executive Management and the difference between the market price of the shares on the date they were allocated and their average closing price over the twenty trading days preceding the commencement of the LTP programme.

<sup>3)</sup> Remuneration paid in respect of the 3733 options in the option programme amounted to CHF 115.5 thousand. The exercise price of the options was CHF 301.75 for the first tranche and CHF 199.85 for the second tranche of the LTP 2011, which corresponds to the shares' average closing prices over the twenty days preceding commencement of these two programmes. The market price at the time the options were awarded was CHF 291.00 for the first tranche and CHF 219.20 for the second tranche of the LTP 2011. The value of the options determined using the Black Scholes model was based on the following key parameters:

Plan	2nd Tranche LTP 2011	1st Tranche LTP 2011
Number of options	1883	1850
Expiration date	30.10.2015	30.10.2013
Implied volatility	35%	35%
Risk-free rate of interest	0.523%	0.523%
Value per option	CHF 38.56	CHF 2.09

<sup>4)</sup> These amounts include payments to pension plans and other benefit schemes.

Remuneration 2011

in CHF 000	Director's fee/ base salary	Short Term Plan (STP) <sup>1)</sup>	Long Term Plan (LTP) <sup>2)</sup>	Emolument in kind	Termination payments	Other remuneration <sup>4)</sup>	Total 2011
<b>Board of Directors</b>							
Rolando Benedick Chairman	450.0	–	49.5	–	–	32.3	531.8
Markus Fiechter Vice-Chairman	160.0	–	16.8	–	–	12.3	189.1
Bernhard Heusler Board member	110.0	–	11.2	–	–	8.4	129.6
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	13.2	–	–	9.3	142.5
Conrad Löffel <sup>3)</sup> Chairman of Audit Committee	120.0	–	87.5	–	–	24.8	232.3
<b>Total remuneration to Board members</b>	<b>960.0</b>	<b>–</b>	<b>178.2</b>	<b>–</b>	<b>–</b>	<b>87.1</b>	<b>1 225.3</b>
<b>Group Executive Management</b>							
Thomas Vollmoeller CEO	600.0	204.3	88.3	20.0	–	171.6	1 084.2
<b>Total remuneration to Group Executive Management, including CEO</b>	<b>2 080.7</b>	<b>432.8</b>	<b>146.5</b>	<b>80.0</b>	<b>–</b>	<b>519.2</b>	<b>3 259.2</b>
Total remuneration to former members of Group Executive Management	400.8	100.0	37.6	15.0	–	74.7	628.1
<b>Total remuneration to Group Executive Management (GEM), including CEO</b>	<b>2 481.5</b>	<b>532.8</b>	<b>184.1</b>	<b>95.0</b>	<b>–</b>	<b>593.9</b>	<b>3 887.3</b>

<sup>1)</sup> These are the effective costs of the bonuses granted in respect of 2011, which will be paid out in April 2012.

<sup>2)</sup> The total number of shares covered by the LTP is 81 863. The costs of running the LTP comprise interest payments to finance the LTP share purchases for members of the Board of Directors and Group Executive Management and the difference between the market price of the shares on the date they were allocated and their average closing price over the twenty trading days preceding the commencement of the LTP programme.

<sup>3)</sup> Remuneration paid in respect of the 3197 options in the option programme amounted to CHF 87.5 thousand. The exercise price of the options was CHF 148.05 for the second tranche of the 2009 LTP and CHF 301.75 for the first tranche of the 2011 LTP, which in each case is the average closing price of the shares for the twenty trading days preceding the commencement of the programmes concerned. The market price at the time the options were awarded was CHF 161 for the second tranche of the 2009 LTP and CHF 291 for the first tranche of the 2011 LTP. The value of the options determined using the Black Scholes model was based on the following key parameters:

Plan	LTP 2009	LTP 2011
Number of options	1347	1850
Expiration date	31.01.2012	30.10.2013
Implied volatility	38%	35%
Risk-free rate of interest	0.175%	0.523%
Value per option	CHF 48.50	CHF 11.65

<sup>4)</sup> These amounts include payments to pension plans and other benefit schemes.

No payments were made to persons closely associated with current or former members of the Board of Directors or Group Executive Management which were not commensurate with market practice.

Remuneration paid to Board members is directly charged to Valora Holding AG. Remuneration paid to members of Group Executive Management is paid by their employer, Valora Management AG.

*Loans and advances.* At December 31, 2012 and 2011 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

*Shareholdings.* At December 31, 2012 and 2011, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2012	2012	2012	2011	2011	2011
	Number of shares	Share of total voting rights in%	of which subject to a lock-up period	Number of shares	Share of total voting rights in %	of which subject to a lock-up period
<b>Board of Directors</b>						
Rolando Benedick Chairman and CEO (since May 2012)	29 772	0.87	6 937: 31.10.2013 7 063: 31.10.2015	22 709	0.81	5 049: 31.01.2012 6 937: 31.10.2013
Markus Fiechter Vice-Chairman and Lead Director	8 344	0.24	2 467: 31.10.2013 2 511: 31.10.2015	5 833	0.21	1 683: 31.01.2012 2 467: 31.10.2013
Bernhard Heusler Board member	4 544	0.13	1 696: 31.10.2013 1 726: 31.10.2015	3 940	0.14	1 122: 31.01.2012 1 696: 31.10.2013
Franz Julen Chairman of Nomination and Compensation Committee	6 876	0.20	1 850: 31.10.2013 1 883: 31.10.2015	4 993	0.18	1 346: 31.01.2012 1 850: 31.10.2013
Conrad Löffel Chairman of Audit Committee	0	0.00	none	0	0.00	none

	2012	2012	2012	2011	2011	2011
	Number of shares	Share of total voting rights in %	of which subject to a lock-up period	Number of shares	Share of total voting rights in %	of which subject to a lock-up period
<b>Group Executive Management</b>						
Thomas Vollmoeller CEO (until 31.05.2012)	0	0.00	none	22 269	0.80	10 098: 31.01.2012 12 171: 31.10.2013
Michael Mueller <sup>1)</sup> CFO (from 1.11.2012)	12 000	0.35	6 000: 31.10.2013 6 000: 31.10.2015	0	0.00	none
Lorenzo Trezzini CFO (until 31.10.2012)	0	0.00	none	9 465	0.34	4 232: 31.01.2012 5 233: 31.10.2013
Andreas Berger Head, Valora Retail division (from 17.01.2011)	12 145	0.35	6 073: 30.04.2013 6 072: 30.04.2015	12 145	0.43	6 073: 30.04.2013 6 072: 30.04.2015
Alexander Theobald Head, Valora Services division	7 315	0.21	3 657: 30.04.2013	7 315	0.26	3 658: 30.04.2012 3 657: 30.04.2013
Alex Minder Head, Valora Trade division	11 618	0.34	207: 03.04.2013 96: 22.04.2013 4 710: 31.10.2013 709: 02.04.2014 4 795: 31.10.2015	10 632	0.38	3 809: 31.01.2012 120: 21.03.2012 828: 28.03.2012 207: 03.04.2013 96: 22.04.2013 4 710: 31.10.2013 709: 02.04.2014
<b>Total shares held by Board and GEM</b>	<b>92 614</b>	<b>2.69</b>		<b>99 301</b>	<b>3.55</b>	

<sup>1)</sup> In addition, Michael Mueller holds a further 575000 OTC call options (not written by Valora). The exercise price of these options is CHF 200, with 100 options exercising into 1 Valora registered share. The options expire on December 19, 2014 and they are subject to an extraordinary trading embargo (i.e. cannot be sold) until April 30, 2014.

**6 MAJOR SHAREHOLDERS.** The Ordinary General Meeting of shareholders held in 2010 removed the statutory restriction (in German: "Vinkulierung") which prevented any shareholder from having voting rights recognised in respect of more than 5% of the share capital issued. At December 31, 2012 this 5% threshold was equivalent to 171 780 shares.

As of December 31, 2012, Credit Suisse Funds AG (formerly Credit Suisse Asset Management Funds AG), Zurich held 151 034 registered shares, which represents 4.40% of the company's issued share capital (6.66% in 2011).

As of December 31, 2012, Ernst Peter Ditsch held 635 599 registered shares, which represents 18.50% of the company's issued share capital (0.00% in 2011).

As of December 31, 2012, UBS Fund Management (Switzerland) AG held 191 139 registered shares, which represents 5.56% of the company's issued share capital (6.58% in 2011).

**7 SIGNIFICANT SUBSIDIARIES OF VALORA HOLDING AG**

	31.12.2012 Holding in %	31.12.2011 Holding in %
<i>Switzerland</i>		
Valora International AG, Muttenz	100.0	100.0
Valora Management AG, Muttenz	100.0	100.0
<i>Germany</i>		
Valora Holding Germany GmbH, Hamburg	5.1	5.1
Brezelkönig GmbH & Co. KG, Mainz	100.0	0.0
<i>United Kingdom</i>		
Valora Holding Finance Ltd, Guernsey	100.0	100.0

**8 CURRENT LIABILITIES.** Valora Holding AG's current liabilities towards Group companies include Valora Holding AG's portion of the Group's cash pool. The banking arrangements for the entire cash pool are managed by a subsidiary of Valora Holding AG.

**9 APPROVED AND CONDITIONAL SHARE CAPITAL.** The Annual General Meeting held on 11 May, 2000 approved the creation of additional conditional share capital of a nominal CHF 84000. At December 31, 2012, none of these shares had been issued.

At their Ordinary General Meeting on April 15, 2011, Valora shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 15, 2013, by up to CHF 840000 through the issue of up to 840000 fully paid up new shares of CHF 1.00 nominal each.

In connection with the completion of its acquisition of the Ditsch/Brezelkönig group of companies, Valora increased its share capital by CHF 635 599 on November 6, 2012 – from CHF 2800 000 to CHF 3 435 599 – by issuing 635 599 registered shares with a nominal value of CHF 1 each. Existing shareholders were granted no subscription rights to these new shares, which were transferred to Ernst Peter Ditsch in consideration of his transfer to Valora of all the outstanding shares of Brezelkönig GmbH & Co. KG and der Zweite Brezelkönig Verwaltungs GmbH, both of which have their registered offices in Mainz, Germany. These new shares represent the portion of the purchase price for these two companies not paid in cash.

**10 RISK ASSESSMENT.** Each year, the Valora Group carries out a risk assessment during October and November with the Board of Directors and Group Executive Management. The objective is to make the main risks to which Valora is exposed more transparent, to improve the quality of risk dialogue, and to define practical steps for addressing the key risks which Valora faces. The process begins with a series of structured interviews with individual members of Group Executive Management. A Group Executive Management workshop is then held which discusses the results, identifies the main risks, analyses and evaluates them, and plans appropriate action. The workshop results are then discussed with the Board of Directors and a set of planned measures is decided upon.

## PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION AND DISBURSEMENT FROM CAPITAL RESERVES

### *Proposal for the appropriation of earnings available for distribution*

	2012	2011
in CHF 000		
<b>Net profit for the year</b>	<b>15 673</b>	<b>32 507</b>
+ Earnings brought forward <sup>1)</sup>	47 634	47 015
<b>Earnings available for distribution</b>	<b>63 307</b>	<b>79 522</b>
<i>The Board of Directors proposes</i>		
Transfer to general legal reserves	- 127	0
Dividend	- 22 847	- 32 200
<b>Balance to be carried forward</b>	<b>40 333</b>	<b>47 322</b>
<i>Proposed disbursement from capital reserves</i>		
Capital reserves (before disbursement)	119 299	20 188
Distribution (following prior reclassification as free reserves)	- 20 098	0
<b>Capital reserves (after distribution)</b>	<b>99 201</b>	<b>20 188</b>
<i>Dividend distribution (in CHF)</i>		
Disbursement from free reserves (exempt from withholding tax)	5.85	0.00
Gross dividend per share	6.65	11.50
- 35% withholding tax	- 2.33	- 4.03
<b>Net dividend per share (in CHF)</b>	<b>10.17</b>	<b>7.47</b>

<sup>1)</sup> For the 27 168 shares held by the company itself at the distribution date no dividend was paid, thus increasing the earnings carried forward by CHF 312 thousand.

## REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VALORA HOLDING AG, MUTTENZ

### REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Valora Holding AG, Muttenz, which comprise the income statement, balance sheet and notes (pages 105 to 113), for the year ended 31 December 2012.

**Board of Directors' Responsibility.** The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility.** Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

### REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young AG

Martin Gröli  
Licensed audit expert  
(Auditor in charge)

Stefanie Walter  
Licensed audit expert

Zurich, 19 March 2013