CONSOLIDATED INCOME STATEMENT

January 1 to December 31, in CHF 000 (except per-share amounts)	Note	2012	%	2011	%
Net revenues	8	**2 847 910**	**100.0**	**2 817 904**	**100.0**
Cost of goods and materials		– 1 907 566	– 67.0	– 1 941 531	– 68.9
Personnel expense	9	– 385 528	– 13.5	– 409 295	– 14.5
Other operating expenses	10	– 448 677	– 15.8	– 358 075	– 12.7
Depreciation and impairments	20, 21, 22	– 55 450	– 2.0	– 46 522	– 1.7
Other revenues	11	30 165	1.1	8 697	0.3
Other expenses	11	– 15 079	– 0.5	– 652	0.0
Operating profit (EBIT)	8	**65 775**	**2.3**	**70 526**	**2.5**
Financial expense	12	– 14 426	– 0.5	– 5 955	– 0.1
Financial income	13	1 802	0.1	2 220	0.0
Share of result from associates and joint ventures	25	469	0.0	255	0.0
Earnings before taxes		**53 620**	**1.9**	**67 046**	**2.4**
Income taxes	14	– 7 876	– 0.3	– 10 006	– 0.4
Net profit from continuing operations		**45 744**	**1.6**	**57 040**	**2.0**
Net profit from discontinued operations	7	0	0.0	317	0.0
Net Group profit		**45 744**	**1.6**	**57 357**	**2.0**
Attributable to shareholders of Valora Holding AG		45 443	1.6	56 328	2.0
Attributable to non-controlling interests		301	0.0	1 029	0.0
Earnings per share					
from continuing operations, diluted and undiluted (in CHF)	15	15.60		20.24	
from discontinued operations, diluted and undiluted (in CHF)	7	0		0.11	
from continued and discontinued operations, diluted and undiluted (in CHF)	15	**15.60**		**20.35**	

The accompanying notes from page 49 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in CHF 000	Note	2012	2011
Net Group profit		**45 744**	**57 357**
Actuarial gains / (losses), before deferred income taxes	30	320	– 45 125
Deferred income taxes	30	– 63	9 091
Actuarial gains / (losses), after deferred income taxes		**257**	**– 36 034**
Valuation gains / (losses) on financial investments available for sale before deferred income taxes		– 64	67
Deferred income taxes		16	– 17
Valuation gains / (losses) on financial investments available for sale, after deferred income taxes		**– 48**	**50**
Cash flow hedge		**– 2 499**	**– 8 834**
Currency translation adjustments		**1 001**	**– 1 251**
Total other comprehensive income		**– 1 289**	**– 46 069**
Total comprehensive income		**44 455**	**11 288**
Attributable to shareholders of Valora Holding AG		44 049	10 373
Attributable to non-controlling interests		406	915

The accompanying notes from page 49 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Note	31.12.2012	%	31.12.2011	%
Current assets					
Cash and cash equivalents	16	147 153		109 562	
Derivative financial assets	33	7		166	
Trade accounts receivable	17	169 292		174 042	
Inventories	18	233 136		236 299	
Current income tax receivables		1 780		4 453	
Other current receivables	19	86 476		66 597	
Total current assets		**637 844**	**39.8 %**	**591 119**	**53.6 %**
Non-current assets					
Property, plant and equipment	20	230 269		219 302	
Goodwill, software and other intangible assets	22	652 992		232 788	
Investment property	21	5 645		5 752	
Investment in associates and joint ventures	25	4 554		4 291	
Financial assets	24	22 647		8 881	
Net pension asset	30	21 255		13 417	
Deferred income tax assets	14	26 884		27 570	
Total non-current assets		**964 246**	**60.2 %**	**512 001**	**46.4 %**
Total assets		**1 602 090**	**100.0 %**	**1 103 120**	**100.0 %**

LIABILITIES AND EQUITY

in CHF 000	Note	**31.12.2012**	**%**	31.12.2011	**%**
Current liabilities					
Short-term financial debt	26	16 187		141 869	
Derivative financial liabilities	33	2 820		9 056	
Trade accounts payable	27	266 145		293 056	
Current income tax liabilities		36 597		12 565	
Other current liabilities	28	140 034		144 846	
Current provisions	29	5 481		0	
Total current liabilities		**467 264**	**29.2 %**	**601 392**	**54.5 %**
Non-current liabilities					
Other non-current liabilities	26	495 521		3 644	
Long-term accrued pension cost	30	12 358		15 026	
Long-term provisions	29	400		6 121	
Deferred income tax liabilities	14	51 231		14 605	
Total non-current liabilities		**559 510**	**34.9 %**	**39 396**	**3.6 %**
Total liabilities		**1 026 774**	**64.1 %**	**640 788**	**58.1 %**
Equity					
Share capital	36	3 436		2 800	
Treasury stock		– 12 350		– 5 185	
Mark-to-market, financial instruments		– 11 335		– 8 788	
Retained earnings		631 343		510 585	
Cumulative translation adjustments		– 40 842		– 41 738	
Equity of Valora Holding AG shareholders		**570 252**	**35.6 %**	**457 674**	**41.5 %**
Non-controlling interests in shareholders' equity		5 064		4 658	
Total equity		**575 316**	**35.9 %**	**462 332**	**41.9 %**
Total liabilities and equity		**1 602 090**	**100.0 %**	**1 103 120**	**100.0 %**

The accompanying notes from page 49 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in CHF 000	Note	2012	2011
Operating profit (EBIT)		**65 775**	**70 526**
Elimination of non-cash transactions in operating profit (EBIT)			
Depreciation and impairments on property, plant, equipment and investment properties	20, 21	33 283	28 435
Amortisation of intangible assets	22	22 167	18 087
Losses / (gains) on sales of fixed assets, net	11	12 255	– 449
Book-value gain on sale of subsidiaries, net	6	– 22 900	0
Share-based remuneration	31	642	483
Release of provisions, net	29	0	– 2 195
Decrease in accrued pension cost		– 7 581	– 10 729
Decrease in other non-current liabilities		– 630	– 2 083
Changes in net working capital, net of acquisitions and disposals of business units			
Decrease in trade accounts receivable		6 010	3 574
Decrease / (increase) in inventories		6 436	– 12 336
Decrease / (increase) in other current assets		633	– 2 525
(Decrease) / increase in trade accounts payable		– 14 490	20 896
Provisions assigned	29	– 753	– 181
Decrease in other liabilities		– 26 132	– 3 523
Net cash provided by operating activities		**74 715**	**107 980**
Interest paid		– 19 139	– 6 273
Income taxes paid		– 2 332	– 7 250
Interest received		1 085	2 294
Dividends received		194	239
Total net cash provided by operating activities		**54 523**	**96 990**

January 1 to December 31, in CHF 000	Note	2012	2011
Cash flow from investing activities			
Investment in property, plant and equipment	20	– 50 530	– 38 055
Investment grants received	20	12	0
Proceeds from sale of property, plant and equipment	20	59 828	9 485
Investment-property purchases	21	– 36	0
Proceeds from sale of investment property	21	17	0
Acquisition of subsidiaries, net of cash acquired	6	– 318 614	– 40 263
Disposal of subsidiaries, net of cash sold	6	28 335	0
Share capital increase by associate company		0	– 54
Sale of joint venture		934	0
Sales of financial investments		1 277	176
Purchases of other intangible assets	22	– 21 702	– 17 006
Proceeds from sale of other intangible assets	22	137	179
Net cash used in investing activities		**– 300 342**	**– 85 538**
Cash flow from financing activities			
Payment of short-term financial liabilities		– 17 271	– 1 476
(Payment) / increase of long-term financial liabilities	26	283 035	– 2 230
Issuance of bonds		199 652	0
Redemption of bonds		– 140 000	0
Treasury stock purchased		– 20 744	– 10 383
Treasury stock sold		11 634	15 267
Dividends paid to Valora Holding AG shareholders		– 31 888	– 31 893
Dividends paid to non-controlling interests		0	– 413
Expenses arising from Valora Holding AG share-capital increase		– 1 949	0
Net revenues / (expenses) from financing activities		**282 469**	**– 31 128**
Net increase / (decrease) in cash and cash equivalents		**36 650**	**– 19 676**
Translation adjustments on cash and cash equivalents		941	– 1 223
Cash and cash equivalents at beginning of year		109 562	130 461
Cash and cash equivalents at year end	16	**147 153**	**109 562**

The accompanying notes from page 49 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

	Equity of Valora Holding AG							
in CHF 000	Share capital	Treasury stock	Mark-to-market, financial instruments	Retained earnings	Cumulative translation adjustments	Total equity of Valora Holding AG shareholders	Non-controlling interests	Total equity
Balance at December 31, 2010	**2 800**	**– 9 484**	**– 4**	**521 275**	**– 40 601**	**473 986**	**4 156**	**478 142**
Net Group profit				56 328		56 328	1 029	57 357
Total other comprehensive income			– 8 784	– 36 034	– 1 137	– 45 955	– 114	– 46 069
Total comprehensive income			– 8 784	20 294	– 1 137	10 373	915	11 288
Share-based payments				– 247		– 247		– 247
Dividend paid				– 31 893		– 31 893	– 413	– 32 306
Additions to treasury stock		– 10 383				– 10 383		– 10 383
Decrease in treasury stock		14 682		1 156		15 838		15 838
Balance at December 31, 2011	**2 800**	**– 5 185**	**– 8 788**	**510 585**	**– 41 738**	**457 674**	**4 658**	**462 332**
Net Group profit				45 443		45 443	301	45 744
Total other comprehensive income			– 2 547	257	896	– 1 394	105	– 1 289
Total comprehensive income			– 2 547	45 700	896	44 049	406	44 455
Share-based payments				203		203		203
Dividend paid				– 31 888		– 31 888		– 31 888
Additions to treasury stock		– 20 744				– 20 744		– 20 744
Decrease in treasury stock		13 579		– 1 457		12 122		12 122
Share-capital increase	636			108 200		108 836		108 836
Balance at December 31, 2012	**3 436**	**– 12 350**	**– 11 335**	**631 343**	**– 40 842**	**570 252**	**5 064**	**575 316**

The accompanying notes from page 49 to page 103 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION REGARDING THE GROUP

Valora is a trading group operating on a Europe-wide scale. Valora Holding AG, the firm's parent company, is incorporated in Muttenz, Switzerland and its shares are listed on SIX Swiss Exchange. Valora's consolidated financial statements for the 2012 financial year were approved by the Board of Directors on March 19, 2013. These consolidated financial statements are subject to approval by the General Meeting of Shareholders to be held on April 18, 2013.

2 ACCOUNTING POLICIES

Basis of financial statement presentation. In preparing its consolidated financial statements Valora generally applies the historical cost principle. The exceptions to this are derivative financial instruments and financial assets available for sale, both of which are stated at fair value. Consolidation is based on the individual group companies' financial statements, which are prepared according to a uniform set of accounting principles. The Group consolidates its accounts in Swiss francs (CHF). Unless otherwise stated, all values stated in money terms have been rounded to the nearest thousand Swiss francs.

Compliance with IFRS, the Swiss Code of Obligations and Swiss Stock Exchange listing rules. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal provisions of the Swiss Code of Obligations. They also meet all the listing regulations promulgated by the SIX Swiss Exchange.

Key accounting principles.

Consolidation. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's financial statements also encompass those of its subsidiaries and participations as follows:

Consolidated companies. Group companies which Valora Holding AG directly or indirectly controls are fully consolidated. In determining whether such control exists, any potential voting rights arising from shares which could currently be acquired through exercise or conversion are also taken into account. Group companies acquired are consolidated from the day Valora assumes control over them and deconsolidated from the day Valora ceases to exercise such control.

Consolidation method. All intra-Group assets, liabilities, revenues and expenditures, and all unrealised gains or losses in intra-Group transactions, are fully eliminated. Whenever companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are valued at the fair value prevailing at the time of the acquisition, and the difference between the purchase price paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill. Non-controlling interests are defined as that part of the shareholders' equity of a subsidiary which are not directly or indirectly attributable to the shareholders of Valora Holding AG. These non-controlling interests are disclosed separately in the consolidated income statement, consolidated statement of comprehensive income and the balance sheet. In the Group balance sheet, non-controlling interests are shown in the shareholders' equity section, but are reported separately from the equity attributable to shareholders of Valora Holding AG. Purchases of non-controlling interests are treated as equity transactions, with the difference between the purchase price paid and the book value of the net assets acquired being allocated to the equity attributable to the shareholders of Valora Holding AG.

Non-consolidated participations (associated companies and joint ventures). Associated companies and joint ventures are treated according to the equity method. Associated companies are companies over which Valora exerts significant influence, but does not control. Significant influence is assumed to be exerted on companies in which Valora holds between 20 % and 50 % of the voting shares. Joint ventures are defined as joint undertakings which are managed with one partner under a contractual agreement. Participations treated under the equity method are recorded on the balance sheet at purchase cost and reported under "Investments in associates and joint ventures". In the reporting periods following acquisition, the value of this item is adjusted to reflect Valora's share of the changes in shareholders' equity of the associated companies and joint ventures. Any valuation gains or losses not affecting net income of associated companies and joint ventures are credited or debited directly to Valora's other comprehensive income. Dividends received by Valora reduce the value of its investments.

Scope of consolidation. Note 38 provides an overview of the Valora Group's significant subsidiaries.

Changes in consolidation scope. As of January 1, 2012, the Valora Group acquired 78 % of Karl Schmelzer-J.Bettenhausen GmbH & Co. KG and of its limited-liability partner, both with registered offices in Vienna, Austria. As of April 2, 2012, the Valora Group acquired 100 % of Convenience Concept GmbH with registered offices in Ratingen, Germany. As of October 10, 2012, the Valora Group acquired 100 % of Brezelbäckerei Ditsch GmbH, Prisma Backwaren GmbH and Brezelkönig GmbH & Co. KG, all three with registered offices in Mainz, Germany. As of October 17, 2012, the operations of Valora Services Austria GmbH, whose registered offices are in Anif, Austria were sold in their entirety.

As of January 1, 2011, the Valora Group acquired 100 % of the two economically linked companies Delvita Delikatessen GmbH and Salty Snacks GmbH, both with registered offices in Nettetal, Germany. As of August 23, 2011, the Valora Group acquired 100 % of Scandinavian Cosmetics AB, a Swedish company with registered offices in Malmö.

Additional information on these transactions is presented in note 6 below.

Consolidation period. The consolidation period applied to all Group companies is the calendar year. The financial statements are presented as of December 31.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS) and interpretations thereof. Adoption of the following changes to International Financial Reporting Standards (IFRS) and interpretations thereof was first required for the Group's 2012 accounts:

IAS 12 (revised) "Recovery of Underlying Assets"
The changes to IAS 12 do not have any effect on the consolidated financial statements of the Valora Group.

IFRS 7 (revised) "Transfers of Financial Assets"
The changes to IFRS 12 do not have any effect on the consolidated financial statements of the Valora Group.

Future implementation of International Financial Reporting Standards (IFRS) and interpretations thereof. These consolidated financial statements have not yet adopted the following new standards or modifications to existing standards and their interpretation, all of which the Valora Group will be required to apply in its accounts for 2013 or thereafter:

In June 2011, a revised version of IAS 19 "Employee Benefits" was published. Application of this new version of IAS 19 will be mandatory for all financial years starting on or after January 1, 2013. The new standard no longer permits actuarial gains and losses on defined benefit employee schemes to be reported under the so-called corridor method. The Valora Group does not avail itself of this method, reporting such gains and losses under total other comprehensive income instead. Since the approach that the revised standard will require in this matter is already used by the Valora Group, these changes will not have any affect on its consolidated accounts. The revised standard also requires that the current method of basing expected returns from plan assets on an expected net return be replaced by a method which applies the discount rate used to calculate the net present value of a defined benefit plan's projected benefit obligation. There is also a requirement that past service costs be immediately recognised in the income statement at the time they occur and the distribution of risks between employee and employer changes. The effects of these changes on the Valora Group's future income statements and balance sheets cannot be definitively assessed at this stage. Premature application of the new version of this standard would have resulted in a charge to net income of an estimated CHF 7.3 million and would have reduced the charge to other comprehensive income by the same amount. It would not have had any effect on the Group's consolidated comprehensive income.

With effect from January 1, 2013, the changes to IAS 1 "Presentation of Items of Other Comprehensive Income", IAS 27 "Consolidated and Separate Financial Statements", IAS 28 "Investments in Associates and Joint Ventures" and IFRS 7 "Offsetting Financial Assets and Financial Liabilities" will become applicable, as will the new IFRS 10 "Consolidated Financial Statements" standard, the new IFRS 11 "Joint Arrangements" standard, the new IFRS 12 "Disclosure of Interests in Other Entities" standard, the new IFRS 13 "Fair Value Measurement" standard and the IFRS Annual Improvements 2009-11 Cycle. While it is anticipated that these various changes will not have any material financial effects, they will result in changes to the information presented in the Notes to the Consolidated Financial Statements and to the presentation of the Group's statement of consollidated comprehensive income.

The following new standards and future changes to existing IFRS standards are currently being analysed: with effect from January 1, 2014, the changes to IAS 32 "Offsetting Financial Assets and Financial Liabilities" will become applicable, as will the IFRS Annual Improvements 2010-12 Cycle. With effect from January 1, 2015, the new IFRS 9 "Financial Instruments" standard will become applicable. It is not currently anticipated that these changes will have any material effect on the Group's financial statements.

4 GENERAL ACCOUNTING POLICIES

Conversion of foreign currencies. Transactions in foreign currencies are converted into Swiss francs at the exchange rate applicable on the transaction date. At the balance sheet date, amounts receivable and payable in foreign currencies are converted into Swiss francs at the exchange rate applicable on that date, and any exchange rate differences so arising are booked to the income statement.

Upon consolidation, the assets and liabilities of subsidiaries whose operating currency is not the Swiss franc are converted into Swiss francs at the exchange rate prevailing on the balance sheet date. Income statement, cash flow statement and other movement items are converted into Swiss francs at average exchange rates for the period, provided such presentation sufficiently approximates the figures which would result from the application of transaction date rates. If not, movement items are converted at effective transaction rates. Exchange rate gains and losses arising from the translation of annual financial statements of non-Swiss-franc subsidiaries are booked to other comprehensive income and reported separately as currency translation adjustments.

Exchange rates applied to key foreign currencies

	Average rate for 2012	**Rate at December 31, 2012**	Average rate for 2011	Rate at December 31, 2011
Euro, 1 EUR	1.205	1.208	1.234	1.214
Swedish krona, 100 SEK	13.86	14.07	13.68	13.64
Danish krone, 100 DKK	16.19	16.19	16.52	16.33
Norwegian krone, 100 NOK	16.12	16.45	15.83	15.67

Net revenues and revenue recognition. Net revenues include all proceeds from the sale of goods, services and products manufactured by Valora itself, net of any deductions including rebates, discounts and other agreed concessions. Retail sales by the Valora Retail division are recognised upon sale to the customer. Payment is made in cash or by credit card. The sales value recorded is the amount received net of credit card fees. Wholesale revenues are recognised when the goods have been delivered, the customer has accepted them and there is sufficient certainty of the amount being received. Goods sold wholesale may be supplied on a sale-or-return basis. Where this applies, net revenues will be reduced by estimated return rates based on experience and other appropriate assumptions. In the case of sales for third parties, the commission due to Valora is recognised in net revenues.

Equity-based remuneration. The Valora Group pays some of the remuneration it grants in the form of Valora shares. The expense from this recorded in the income statement is calculated by multiplying the number of shares granted by the market price prevailing on the grant date (minus any amount payable by the recipients). The expense arising from schemes which will definitely be paid out in shares (equity settled schemes) is accrued against shareholders' equity. The expense from schemes where payment in shares is not certain is accrued as a liability. If the conditions for the allocation of shares extend over several years, the relevant expenses are accrued in appropriate proportions to the years concerned, based on the degree to which the targets are expected to be achieved.

Net financial results. Net gains and losses on the valuation of financial instruments at balance sheet dates which are credited or debited to the income statement do not include any dividend or interest payments. Dividend and interest income is reported separately (see note 13).

Income tax. Income tax is calculated based on the tax laws of each applicable sovereign jurisdiction and is charged to the income statement for the accounting period in which the net income in question arose. The applicable effective tax rates are applied to net income.

Deferred taxes which arise as a result of timing differences between the values of assets and liabilities reported on the balance sheet and their applicable tax values are shown as deferred tax assets or deferred tax liabilities. Deferred tax assets are recognised when there is a probability that sufficient taxable income will be available to offset against them. Deferred income taxes are calculated based on the rates of tax which are expected to apply in the tax period in which the deferred tax asset or liability concerned will be realised or settled. Deferred tax liabilities on temporary differences are generally recorded. Deferred tax assets are recognised only when there is a probability that there will be sufficient taxable income available to offset against them. Taxes receivable are offset against taxes payable if they relate to the same taxable entity and there is an enforceable legal basis for them to be offset against each other. Changes to deferred tax liabilities or assets are reported as tax expense or income in the income statement. This does not apply to deferred taxes relating to positions which are either shown under other comprehensive income or are accrued directly to shareholders' equity.

Disposals of business units. When business units which are not classified as discontinued operations are sold, their operating results until the date of their sale are included under the appropriate line items in the income statement and cash flow statement.

Net profit/loss from discontinued operations. When business segments or significant business areas are sold, all the income statement items relating to these units are aggregated and shown in a separate income statement line as results from discontinued operations. The cash flow statement shows detailed cash flows from continuing operations only. The net cash flows from discontinued operations generated by operating, investing and financing activities are disclosed in one line each.

Earnings per share. Earnings per share are calculated by dividing the net profit from continuing operations attributable to shareholders of Valora Holding AG by the average number of shares of the Valora Holding AG parent company outstanding. Diluted earnings per share take account of the dilutive effects of potential changes to the number of outstanding shares and adjust earnings per share accordingly.

Cash and cash equivalents. Cash and cash equivalents comprise cash balances, sight deposits with banks and short-term money market investments with a maturity not exceeding 3 months.

Trade accounts receivable. Trade accounts receivable are recorded at amortised costs minus any necessary adjustments for doubtful accounts. Adjustments are made if there is objective evidence that the amount may not be received in full.

Inventory. Inventory items are carried at the lower of either their purchase or manufacturing cost or their net realisable value. For Valora's Retail division, inventory is valued at average purchase cost, based on a moving average method. The Valora Services and Valora Trade divisions use the first-in, first-out method (FiFo). Ditsch/Brezelkönig values both its finished and unfinished products at their production cost, while all other inventory items are valued at average purchase cost based on a moving average method. Slow-moving or obsolete inventory items are valued according to standard business practices, with the items in question being partially or wholly written off.

Non-current assets held for sale. Non-current assets are classified as held for sale and valued at the lower of book or fair value minus selling costs, if their book value is expected to be realised principally from their sale rather than from their continued operational use. The assets in question must be immediately saleable and there must be a high probability that their sale will occur. If entire business units are held for sale, all their assets and all their directly attributable liabilities are recorded in the balance sheet separately as assets held in, or liabilities from, disposal groups.

Property, plant and equipment. Property plant and equipment is recorded at cost minus accumulated depreciation. Subsequent expenditure for renovation is capitalised only if the costs can be reliably determined and an economic benefit results from them. If these conditions are met, the renovation costs so capitalised are depreciated over the economically useful life of the property. All other renovation and maintenance costs are expensed directly to the income statement. Capitalised extensions and installations in rented premises are depreciated over their estimated economically useful life or the remaining term of the rental lease, if this is shorter. The interest costs relating to facilities which have been under construction for longer periods of time are capitalised.

Depreciation is charged according to the linear method, based on the estimated economically useful life of the item concerned:

	Years
Land for operational use	no depreciation
Buildings and building components, operational	15–40
Machinery, equipment, fixtures and fittings	6–10
Vehicles	5
IT hardware	3–5

Investment property. Investment property is recorded at purchase or construction cost minus accumulated depreciation. The fair values reported in these notes are based on current estimates of their income-generating capacity. Subsequent expenditure for renovation is capitalised only if the costs can be reliably determined and an economic benefit results from them. If these conditions are met, the renovation costs so capitalised are depreciated over their useful economic life. All other renovation and maintenance costs are expensed directly to the income statement.

The depreciation method is straight line, based on the following estimates of economically useful life:

	Years
Land	no depreciation
Buildings	20–60

Impairments to property, plant and equipment. The current values of property, plant and equipment are reviewed whenever changing circumstances or specific events suggest that their current book values might be too high. If the current book value of an asset exceeds its realisable value, which is defined as the higher of its current fair value minus selling costs or its value in use, the asset will be written down to its realisable value. Once made, an impairment may be reversed only if the assumptions previously used in determining the realisable value of the asset concerned have been subject to change. If such a change has occurred, the book value of the asset in question will be raised to its current realisable value. This new realisable value may not, however, exceed the value at which the asset would have been carried if no previous impairments had occurred and it had simply been subject to regular straight-line depreciation. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Government grants. Government grants are recognised at their fair value provided the Group meets the requisite conditions for receiving them. Grants which do not relate to investments are recognised in the income statement under Other income in the period in which the expense to which the grant relates was incurred. Investment grants are recognised as reductions in the purchase or production cost of the asset concerned and result in a corresponding reduction of the scheduled depreciation charges applied to it in subsequent periods.

Leases. Assets acquired under leasing agreements which transfer the benefits and risk of ownership from the lessor to the lessee are classified as non-current assets of the relevant category. Assets acquired under finance leases are initially capitalised at the lower of their market value or the net present value of all binding future leasing payments contracted at the beginning of the lease. On the liabilities side this same amount is recognised as a finance lease liability. Leased assets are amortised over their anticipated economically useful lives or the life of the lease if this is shorter and transfer of ownership at the end of the lease is not certain.

Similarly, fixed assets leased to third parties under agreements transferring substantially all the benefits and risks of ownership to the lessee are classified not as property, plant and equipment but as financial assets, recorded at the present value of the future leasing payments receivable.

Expense and income arising from operating leases is recognised in the income statement in a linear fashion over the life of the leases.

Intangible assets, excluding goodwill. Intangible assets are classified into one of the following three categories: software, intangible assets of limited duration or intangible assets of unlimited duration. All intangible assets, excluding goodwill, are carried at historical purchase or production cost minus accumulated depreciation.

Software. The purchase or production costs of software are recognised on the balance sheet if Valora expects to derive future economic benefit from the software concerned. Straight-line depreciation is applied over the expected economically useful life of the software.

Intangible assets of definite duration. Straight-line amortisation is applied to intangible assets of limited duration over their expected economically useful lives.

Intangible assets of indefinite duration. Intangible assets of unlimited duration are not subject to scheduled amortisation charges. They are subjected to an impairment test at least once a year, with impairment charges being recorded against them as required.

Amortisation is carried out based on the following estimates of economically useful life:

	Years
Software	3–5
Intangible assets of definite duration	3–20
Intangible assets of indefinite duration	no amortisation

Impairments to intangible assets. The current values of intangible assets excluding goodwill are reviewed whenever changing circumstances or specific events suggest that their current book values might be too high. If the current book value of an asset exceeds its realisable value, which is defined as the higher of its current fair value minus selling costs or its value in use, the asset will be written down to its realisable value. Once made, an impairment (other than one made to goodwill) may be reversed only if the assumptions previously used in determining the realisable value of the asset concerned have been subject to change. If such a change has occurred, the book value of the asset in question will be raised to its current realisable value. This new realisable value may not, however, exceed the value at which the asset would have been carried if no previous impairments had occurred and it had simply been subject to regular depreciation. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Goodwill. Goodwill is the amount by which the purchase price which the Group paid for a company it acquired exceeds the fair value of that company's net assets. Goodwill is recognised on the balance sheet in accordance with IFRS 3, and is attributed to the appropriate cash generating unit (CGU). The CGU is then subjected to an impairment test, which is carried out at least once a year, and more frequently should there be evidence suggesting possible impairment. This involves comparing the book value of the CGU to which the goodwill was assigned with the CGU's current realisable value. This realisable value is defined as the higher of the fair value of the CGU minus selling costs and its value in use. The fair value minus selling costs is defined as the amount which could be obtained for its disposal in an arm's length transaction on current market terms between willing and knowledgeable transacting parties after deduction of selling costs. If the book value of the cash generating unit exceeds this realisable value, the goodwill is impaired and the amount of the impairment will be charged to the income statement. No increases in the carrying value of goodwill are permitted.

Financial assets. Financial assets are classified according to one of the following categories:
- at fair value through profit or loss
- loans and receivables
- held to maturity
- available for sale

Classification depends on the purpose for which the financial assets were acquired and is determined when the assets are first recognised.

Financial assets at fair value through profit or loss. These include financial assets and derivative financial instruments held for trading purposes, as well as other assets assigned to this category on initial recognition. Financial assets are assigned to this category if they are acquired with a view to short-term sale. Financial assets in this category are either held for trading purposes or sold within 12 months of purchase.

Loans and receivables. Loans and receivables are financial assets whose payment dates and amounts are either fixed or can be determined and which are not traded in a market. They include the trade accounts receivable and other receivables which are shown separately on the balance sheet. They are classified as current assets unless their maturity is more than 12 months after the balance sheet date.

Held to maturity. This category covers financial assets which the company has the intention and the ability to hold until they mature. Valora does not hold any financial assets in this category.

Available for sale. This category covers minority interests (i.e. shareholdings of less than 20%) and financial assets not assigned to any other category. Financial assets available for sale are classified as non-current assets unless they are intended to be sold within 12 months.

All purchases and sales of financial assets are recorded on the trade date. Financial assets, except those held at fair value through profit and loss, are initially recorded at fair value plus transaction costs. Financial assets held for trading purpose are initially recorded at market value excluding transaction costs and thereafter, like all other “at fair value through profit or loss” assets, at their market value. Loans and receivables and financial assets held to maturity are recorded at their amortised value calculated by the effective yield method. Financial assets available for sale are carried at fair value, using market prices where available or model-based valuations where no market exists. Equity participations which are not traded in a market and for which insufficient data is available to perform a valuation are carried at cost (minus any impairments). Unrealised gains and losses are credited or debited to other comprehensive income. Enduring or significant impairments are recorded and charged to the income statement. When an available for sale financial asset is sold, the valuation adjustments which have been accumulated against shareholders’ equity in respect of it are passed to the income statement.

Interest-bearing debt. Interest-bearing liabilities are carried at their amortised value, with differences between their initial and maturity values being determined by the effective yield method and charged to financial expense.

Provisions. Provisions are recorded when, as a result of a past event, a liability has arisen whose amount can be reliably estimated and for whose settlement an outflow of cash is probable. Provisions are recorded at the net present value, as of the balance-sheet date, of the estimated future cash outflow.

Liabilities from employee pension schemes. Valora pays employer contributions to various pension schemes established according to local legislation. For defined benefit schemes, the present value of the benefit obligation is determined by an annual actuarial assessment under the projected unit credit method. These assessments take account of the contribution years accumulated by employees at the assessment date as well as their expected future remuneration trajectories. The employer's pension expense, interest costs and expected investment returns are booked to the income statement in the period in which they occur. Actuarial gains and losses and the effect of any ceiling applied to the net pension fund assets are accumulated under other comprehensive income.

Expenses for defined contribution pension schemes are charged to the income statement in the period in which they are incurred.

Accounting for derivative financial instruments and hedging transactions. Positions in derivative financial instruments are recorded at their value when established and adjusted thereafter to reflect changes in fair value. Recognition methods for gains or losses depend on whether the instrument was used to hedge an identifiable risk and whether the conditions for hedge accounting are met. The objective of recognising a transaction as a hedge is to ensure that changes in the value of the item being hedged and those in the hedging instrument cancel each other out during the time the hedge is in place. If a derivative financial instrument is not designated as a hedge or if it does not meet hedge accounting criteria, gains and losses arising from changes in its fair value are recognised in the income statement. To qualify for hedge accounting treatment, a hedging transaction must meet a number of strict criteria relating to transaction documentation, probability, hedge effectiveness and valuation reliability. When engaging in a hedging transaction, the Group documents the relationship between the hedging instrument and the hedged item and the purpose and strategy of the hedge. This process also requires that all derivatives used for hedging purposes be linked to specific assets or liabilities, or to firm commitments and expected future transactions. Both when a hedge is set up and during its life the Group documents the extent to which changes in the fair value of the derivative financial instrument offset changes in the value of the item it hedges. When hedges which qualify for hedge accounting treatment are initially established, they are classified either as a) hedging the fair value of a specific asset or liability (fair value hedges), b) hedging future cash flows arising from an expected future transaction or a firm commitment (cash flow hedges), or c) hedging a net investment in a foreign subsidiary.

Any gains or losses from hedging instruments classified as cash flow hedges which effectively offset changes in the value of future cash flows are booked to other comprehensive income. Gains or losses which do not meet this effectiveness requirement are immediately recorded in the income statement. The amounts recorded under other comprehensive income are then transferred to the income statement when the cash flows they hedge are booked.

If the requirements for hedge accounting treatment are no longer met, any gains and losses accumulated under other comprehensive income will remain in shareholders' equity until the underlying transaction for which the hedge was established has occurred. If the underlying transaction is no longer expected to occur, these accumulated gains and losses will immediately be passed to the income statement.

5 MANAGEMENT'S ESTIMATIONS, ASSUMPTIONS AND EXERCISE OF DISCRETION

Significant assumptions in the application of accounting principles. The application of accounting principles to the Group requires assessments by management which – while no estimates are used to this end – may have a significant influence on the figures reported in the consolidated financial statements. Management assessments are needed in the analysis of the substance of complex transactions. In the opinion of management, these financial statements do not contain any assumptions regarding the application of accounting principles which have a material effect on the figures reported.

Significant estimations. Preparation of the consolidated financial statements under IFRS requires the use of estimations regarding the future and may have an influence on the amount of certain items reported in the income statement, the statement of comprehensive income, the balance sheet and their explanatory notes. Any estimations underlying the figures reported in the consolidated financial statements are based on experience and the information available at the time the statements were prepared. Estimations and assumptions are reviewed regularly and adapted where necessary. Nevertheless, subsequent actual outcomes may diverge from earlier estimations. Any changes resulting from modifications of estimated values are recognised in the consolidated financial statements in the year in which such modifications are made. Estimations and assumptions bearing significant risks of substantial future changes to book values are listed below:

Property, plant and equipment. The useful life of property, plant and equipment is determined based on experience and the current technical characteristics of the assets concerned. The actual useful life of a specific asset may deviate from that initially determined due to changes in technology and market conditions. In the event of such a deviation, the remaining useful life of the asset concerned is adjusted. The value of fixed assets is always re-assessed whenever changes in circumstances indicate that their current book value may exceed their fair value. Fair value is determined on the basis of estimates and management's assumptions about the economic utility of the assets concerned. Values subsequently realised can deviate from these estimates (see note 20).

Goodwill. The consolidated balance sheet carries goodwill from continuing operations at CHF 469.6 million (see note 22). As explained above, this goodwill is subjected to an impairment test whenever evidence suggests that its realisable value may have diminished and in any event at least once annually.

The impairment tests are based on estimated future free cash flows, using discounted cash flow analysis, for each of the cash generating units concerned. The principal factors affecting these valuations are the estimated net revenues, estimated operating margins and the discount rate applied.

Net pension asset. The Group maintains occupational pension schemes of its own which are classified as defined benefit schemes for IFRS purposes. IFRS requires an annual comparison of the pension plans' assets with the dynamically calculated net present value of their benefit obligations. These valuations showed a pension plan surplus for the Swiss schemes which is capitalised in the consolidated balance sheet and which corresponds to that portion of the surplus which the Group is entitled to offset against its benefit obligations under the plans concerned. These valuations are based on a number of assumptions, principal among which are the discount rate applied to future benefits, the expected rate of return on the invested capital, and the expected future pensions and salaries of the plan participants (see note 30). Actual outcomes may diverge considerably from the assumptions made.

Deferred income tax assets. Under IFRS rules, that portion of any tax loss carry forwards which can be expected to result in future tax savings should be recognised as a deferred tax asset (see note 14). The amount of tax savings which are then actually achieved will depend on the level of income generated before the tax loss carry forwards expire. This means that future net income may be impacted by impairments on deferred tax assets if the profits the Group generates during the relevant period are below initial expectations. Conversely, additional net income may be recognised if the profits the Group generates exceed expectations and previously unrecognised tax loss carry forwards can be drawn on.

Provisions. Provisions are established for liabilities whose amount and / or due date cannot be determined with certainty and a future disbursement in respect of the matter in question is probable. A further prerequisite for the creation of such provisions is that the amount of the potential loss can be reliably estimated. In assessing whether a provision is appropriate and what its amount should be, the best available estimates and assumptions are made with regard to the situation as of the balance sheet date. Since new evidence and unfolding events can have a significant effect on subsequent outcomes, earlier estimates and assumptions may be revised in the light of later evidence and events, if their effect on these estimates and assumptions is substantial (see note 29).

6 ACQUISITIONS AND DISPOSALS OF BUSINESS UNITS

Transactions completed in 2012.

Sale of Services Austria. Sale of Services Austria operations. The operations of Valora Services Austria GmbH, whose registered offices are in Anif, Austria, were sold in their entirety as of October 17, 2012. The book-value gain realised on this transaction is recognised under Other income (see note 11).

Net assets sold, net sale price, net cash generated

in CHF 000	Book values
Current assets	20 923
Non-current assets	20 857
Current liabilities	– 22 105
Non-current liabilities	– 5 743
= Net assets sold	**13 932**
Gain on sale of subsidiary	22 900
Reclassification of currency-translation differences	– 1 381
Reclassification of valuation gains on financial assets available for sale	– 64
= Net sale price	**35 387**
Outstanding net sale price	– 7 005
Cash and cash equivalents sold	– 47
= Net cash from sales of subsidiaries	**28 335**

Acquisitions

Net assets purchased, purchase price, net cash used

in CHF 000	Ditsch / Brezelkönig fair value (preliminary)	Convenience Concept fair value	Schmelzer-Bettenhausen fair value
Current assets	46 958	13 714	1 163
Intangible assets	87 500	23 624	108
Other non-current assets	79 684	15 039	856
Current liabilities	– 56 714	– 27 291	– 1 289
Deferred income tax liabilities	– 32 496	– 7 848	– 6
Other non-current liabilities	– 1 082	0	– 341
= Net assets acquired	**123 850**	**17 238**	**491**
Previously held interest	0	0	– 108
Goodwill from acquisition	244 564	72 459	1 332
= Purchase price	**368 414**	**89 697**	**1 715**
Outstanding contingent consideration	0	– 6 737	0
Consideration paid by cancellation of offsetting items	– 20 472	0	0
Consideration paid through issuance of new shares	– 110 785	0	0
= Consideration paid in cash and cash equivalents	237 157	82 960	1 715
Cash and cash equivalents acquired	– 3 119	– 17	– 82
= Cash used in acquisition of subsidiaries	**234 038**	**82 943**	**1 633**

Acquisition of Ditsch / Brezelkönig. As of October 10, 2012, the Valora Group acquired 100% of Brezelbäckerei Ditsch GmbH, Prisma Backwaren GmbH and Brezelkönig GmbH & Co. KG, all three having their registered offices in Mainz, Germany. Brezelkönig GmbH & Co. KG operates in Switzerland, while Brezelbäckerei Ditsch GmbH and Prisma Backwaren GmbH operate in Germany. These companies produce bakery products which they distribute through retail and wholesale channels. The companies' 230 outlets in Germany and Switzerland are operated on an agency basis. These acquisitions have enabled Valora to enter the rapidly growing market for food and beverages destined for immediate consumption. Given the nature of its business and its organisational structure, separate internal reporting and monitoring arrangements have been established for Ditsch / Brezelkönig, which constitutes a separate reporting segment in its own right. Since not all the information necessary for a final determination of the companies' net assets and purchase-price consideration are yet available, the figures relating to asset values, liabilities and purchase-price consideration remain provisional at this stage.

The provisional capitalised goodwill of CHF 244.6 million represents the portions of the purchase price which were not recognisable. These relate to the benefits to Valora of the growth and synergy potential arising from this acquisition. Valora expects a proportion of this goodwill to be tax-deductible.

The provisional purchase-price consideration for these acquisitions amounts to CHF 368.4 million, of which CHF 237.1 million was paid in cash, CHF 110.8 million was paid through the issuance of new Valora shares and CHF 20.5 million was paid by receivable offset.

Following its acquisition by Valora, Ditsch / Brezelkönig contributed CHF 50.1 million to Group 2012 net revenues and CHF 4.7 million to Group 2012 net income. Had the acquisition been made on January 1, 2012, the contribution to Group 2012 net revenues would have been CHF 185.4 million and the net income contribution CHF 19.7 million.

Acquisition of Convenience Concept. As of April 2, 2012, the Valora Group acquired 100% of Convenience Concept GmbH, a German company with registered offices in Ratingen. The company operates a number of retail concepts through its network of more than 1 200 outlets, all of which are managed by independent business partners or franchisees. This acquisition has enabled Valora to strengthen its position in small-outlet retail at heavily frequented sites throughout Germany. The results generated by Convenience Concept are included in Valora's segment reporting for its Retail division.

The provisional capitalised goodwill of CHF 244.6 million represents the portions of the purchase price which were not recognisable, relating to the benefits to Valora of the growth and synergy potential arising from this acquisition. These relate to synergies arising from the acquisition and to the strengthening of Valora's position vis-à-vis its wholesale suppliers. Valora does not expect the capitalised goodwill to be tax-deductible.

The purchase price for this acquisition amounts to CHF 89.7 million, of which CHF 83.0 million has been paid and CHF 6.7 million currently remains outstanding. The purchase agreement includes a contingent consideration arrangement under which a further consideration will become payable in 2015 provided an agreed sales metric has been reached. The undiscounted value of the payment potentially falling due in 2015 is either CHF 7.2 million, if the agreed sales metric is reached, or zero, if it is not. Since there is every probability that the agreed metric will be reached, the net present value of the contingent consideration, amounting to CHF 6.7 million, has been recognised as a liability.

Current assets comprise accounts receivable with a market value of CHF 13.7 million. The gross amount of all accounts receivable is CHF 15.0 million, to which impairments of CHF 1.3 million were applied at the time of the acquisition.

Following its acquisition by Valora, Convenience Concept GmbH contributed CHF 38.2 million to Group 2012 net revenues and CHF 3.0 million to Group 2012 net income. Had the acquisition been made on January 1, 2012, the contribution to Group 2012 net revenues would have been CHF 50.7 million and the net income contribution CHF 4.0 million.

Acquisition of Schmelzer-Bettenhausen. As of January 1, 2012, the Valora Group acquired 78% of both Karl Schmelzer-J.Bettenhausen GmbH & Co. KG and its limited-liability partner, both having their registered offices in Vienna, Austria. Including the 22% stake it already held at the time, Valora thus acquired all the shares in these companies as of January 1, 2012.

The company operates a total of 10 bookshops at Austrian railway stations and at Vienna airport. Schmelzer-Bettenhausen has been renamed Valora Retail Austria and its results are included in Valora's segment reporting for its Retail division.

The capitalised goodwill of CHF 1.3 million represents the portions of the purchase price which were not recognisable, relating to the benefits to Valora of establishing an Austrian retail market presence, to its opportunities for future expansion in that market and to anticipated synergies with its P&B retail format. These relate to the benefits to Valora of establishing an Austrian retail market presence, its opportunities for future expansion in that market and anticipated synergies with its P&B retail format. Valora does not expect the capitalised goodwill to be tax-deductible.

The purchase price amounted to CHF 1.7 million, which has been paid in full.

The fair value of the stake Valora held in Schmelzer-Bettenhausen at the time of the acquisition was carried at CHF 0.1 million. The gain arising from the revaluation of this position was CHF 0.1 million. This is reported in the income statement under share of result from associates and joint ventures.

The company's current assets comprise receivables with a market value of CHF 0.2 million. No impairments have been recorded against these and their full contractual value is expected to be realisable.

Following its acquisition by Valora, Schmelzer-Bettenhausen contributed CHF 16.5 million to Group 2012 net revenues. It made a negative contribution of CHF –0.8 million to the Group's 2012 net income.

Transaction costs. The total transaction costs attributable to these acquisitions amounted to CHF 5.4 million, of which CHF 3.8 million relate to Ditsch / Brezelkönig and CHF 1.5 million to Convenience Concept. These costs, CHF 1.7 million of which were incurred in 2011, are included in the income statement under "Other operating expenses".

Transactions completed in 2011.

Acquisitions

Net assets purchased, purchase price paid, net cash used

in CHF 000	**Delvita and Salty Snacks fair value**	**Scandinavian Cosmetics fair value**
Current assets	3 092	17 915
Intangible assets	1 751	11 702
Other non-current assets	79	105
Current liabilities	– 1 277	– 13 572
Deferred income tax liabilities	– 560	– 4 127
= Net assets acquired	**3 085**	**12 023**
Goodwill from acquisition	1 409	26 031
= Purchase price	**4 494**	**38 054**
Outstanding contingent consideration	– 873	0
= Purchase price paid	3 621	38 054
Cash and cash equivalents acquired	– 647	– 765
= Cash used in acquisition of subsidiaries	**2 974**	**37 289**

Acquisition of Delvita und Salty Snacks. As of January 1, 2011, the Valora Group acquired 100% of Delvita Delikatessen GmbH and 100% of SaltySnackS GmbH, both with registered offices in Nettetal, Germany. Following the acquisition, the two companies were merged to form Salty Snacks Delicatessen GmbH and the new entity's registered offices were established in Mülheim an der Ruhr, Germany. The company is a traditional trading firm whose principal activities are the distribution of savoury snacks and specialised novelty products to medium-sized suppliers and principals. In the Valora Group's segment reporting, Delvita and Salty Snacks are incorporated in the results of Valora Trade.

The capitalised goodwill of CHF 1.4 million represents the portions of the purchase price which were not recognisable. These relate to synergies arising from the acquisition, the extent to which the acquired company's products complement and extend Valora Trade Germany's product mix and the strengthening of Valora Trade Germany's market position vis-à-vis its trade partners. Valora does not expect the capitalised goodwill to be tax deductible.

The purchase price of the acquisition was CHF 4.5 million, of which CHF 3.6 million has been paid and CHF 0.9 million is currently outstanding under the terms of a contingent consideration arrangement. Payment of this contingent consideration depends on the attainment of two separate performance-related milestones. If these are achieved, the related payments will fall due in 2012 and 2013. The amount of the potential undiscounted disbursements associated with this arrangement is between zero and EUR 0.7 million (CHF 0.9 million). Since there is every probability that these milestones will be achieved, a liability equal to the maximum possible amount has been recognised.

CHF 0.3 million was paid in 2012. Based on the latest management estimates, CHF 0.4 million will be payable under the contract in 2013. This is recorded as a liability as of year-end 2012.

Current assets at the time of the acquisition comprised accounts receivable with a market value of CHF 1.7 million. No impairments were recorded against them and their full contractual value was realised.

In the year it was acquired by Valora, Delvita and Salty Snacks contributed net revenues of CHF 12.2 million and net profit of CHF 0.9 million to the Group's consolidated results.

Acquisition of Scandinavian Cosmetics. As of August 23, 2011, the Valora Group acquired 100% of the Swedish company Scandinavian Cosmetics, whose registered offices are in Malmö. The company is Sweden's leading cosmetics distributor. Scandinavian Cosmetics has been integrated into the operations of Valora's Trade division.

The capitalised goodwill of CHF 26.0 million represents the portions of the purchase price which were not recognisable. These relate to the benefits to Valora of gaining access to new geographic markets and synergies which Valora expects to achieve from the creation of a cross-border Scandinavian cosmetics platform. Valora does not expect the capitalised goodwill to be tax deductible.

The total purchase price for this acquisition was CHF 38.1 million (SEK 308 million), one quarter of which – CHF 9.5 million (SEK 77 million) – has been paid into an escrow account as a contingent consideration. After 3 years, this amount will be released to the vendor in full (including accrued interest) provided that the 5 most important contractual relationships the company currently has in place remain unchanged and in force at that time. Since there is every probability that this condition will be met, the total purchase price has been recorded as the purchase price paid. As of December 31, 2012 this condition was fully met.

Current assets at the time of the acquisition comprised accounts receivable with a market value of CHF 4.3 million. No impairments were applied to these and their full contractual value was realised.

In the year it was acquired by Valora, Scandinavian Cosmetics contributed net revenues of CHF 31.5 million and net profit of CHF 2.0 million to the Group's consolidated results. Had the acquisition taken place with effect from January 1, 2011, net revenues would have been CHF 69.9 million and net profit CHF 2.4 million.

Transaction costs. The total transaction costs attributable to these acquisitions amounted to CHF 0.7 million. These have been recorded in the income statement under "Other operating expenses".

7 DISCONTINUED OPERATIONS

The remaining guarantees made in respect of Sørlandchips AS expired in 2011. As a result, the remaining provisions, amounting to CHF 0.3 million, were released in their entirety in 2011.

No such releases were made to the income statement in 2012.

Income statement for discontinued operations

January 1 – December 31, in CHF 000	**2012**	2011
Net revenues	0	0
Gross profit	**0**	**0**
Operating expenses	0	0
Other income, net	0	317
Operating profit (EBIT)	**0**	**317**
Financial result	0	0
Profit before taxes	**0**	**317**
Income taxes	0	0
Operating profit	**0**	**317**
Accumulated currency translation differences	0	0
Net profit from discontinued operations	**0**	**317**

Earnings per share from discontinued operations amounted to CHF 0.00 in 2012 (CHF 0.11 in 2011). There were no dilutive effects in 2012 and 2011.

8 SEGMENT REPORTING

The Valora Group is a trading company operating on a Europe-wide scale, with business activities carried out in the following four reportable business segments:

Valora Retail: Valora Retail operates small retail outlets at heavily frequented locations in Switzerland, Germany, Luxembourg and Austria. The division operates country-wide marketing and distribution systems for press, tobacco and consumer products for daily use and the impulse buyer's market. Valora Retail's market presence comprises the k kiosk, k presse + buch, avec., P&B, tabacon, ServiceStore DB, CIGO and Caffè Spettacolo formats.

Ditsch / Brezelkönig: Ditsch / Brezelkönig produces lye-bread and other bakery products in Germany and Switzerland. These are distributed both to its own agency outlets and to the wholesale sector. Ditsch / Brezelkönig was established as a new reporting segment in the Group's accounts as of October 10, 2012 (see note 6).

Valora Services: Valora Services is engaged in the distribution of press products as well as carrying out wholesaling activities. In its press distribution activities for Valora-operated and third-party retail outlets in Switzerland and Luxembourg, the division is the market leader, both for traditional physical distribution and other services. In Switzerland, Valora Services also distributes food and non-food articles to the retail trade.

Valora Trade: Valora Trade deploys a range of customer-specific distribution and marketing solutions to supply fast-moving consumer goods to the organised and independent retail sectors in seven European national markets.

Other: The Valora Group's corporate support functions in finance, human resources, business development, legal services and communications, as well as its IT services and the central logistics functions for Valora Retail Switzerland and Valora Services Switzerland are all classified under "Other" . The net revenues shown for this division are those arising from the logistics services it provides. The assets for this segment predominantly consist of loans to Group companies, cash and cash equivalents and short-term receivables. Its liabilities essentially comprise the bond issue and the syndicated loan listed in note 26.

Reportable segments are identified on the basis of the type of products each segment deals in and the way in which these are distributed. At Valora, these segments comprise a variety of retail formats and geographical regions. The net revenues generated by these segments relate to the sale of goods. Their non-current assets comprise property, plant and equipment, investment property and intangible assets (additions to which are shown without changes in consolidation scope). Valora's internal reporting is based on the same valuation principles as its external reporting.

Segment data by division

2012

in CHF 000	Valora Retail	Ditsch/ Brezelkönig	Valora Services	Valora Trade	Other	Intersegment elimination	Total Group
Net revenues							
Total	**1 663 375**	**50 085**	**464 977**	**792 537**	**13 612**	**– 136 676**	**2 847 910**
From third parties	1 660 952	50 085	335 241	788 020	13 612	0	2 847 910
From other divisions	2 423	0	129 736	4 517	0	– 136 676	0
Operating profit (EBIT)							
Total	[1] **25 345**	**7 135**	**11 979**	**8 106**	**13 210**	**0**	**65 775**
Depreciation and impairment charges	30 537	3 441	3 462	3 332	14 678	0	55 450
Additions to long-term assets							
Total	**43 486**	**3 674**	**886**	**5 895**	**14 799**	**0**	**68 740**
Segment assets							
Total	**639 004**	**455 334**	**155 448**	**376 394**	**441 552**	**– 465 642**	**1 602 090**
Investment in associates and joint ventures	0	0	0	4 554	0	0	4 554
Segment liabilities							
Total	**549 259**	**88 607**	**83 111**	**212 923**	**558 516**	**– 465 642**	**1 026 774**

[1] The Retail division's operating profit includes the CHF 14.2 million loss incurred on the sale of the Muttenz facility.

Net revenues from third parties comprise CHF 2712 million for goods sold, CHF 95 million for services provided and CHF 41 million for sales of goods produced by Valora itself. The depreciation and impairment charges include impairments of CHF 952 thousand for Valora Retail, impairment of CHF 75 thousand for Valora Services and impairments of CHF 115 thousand for Other.

2011

in CHF 000	Valora Retail	Valora Services	Valora Trade	Other	Intersegment elimination	Total Group
Net revenues						
Total	**1 613 174**	**599 742**	**744 522**	**10 829**	**– 150 363**	**2 817 904**
From third parties	1 611 226	456 665	739 184	10 829	0	2 817 904
From other divisions	1 948	143 077	5 338	0	– 150 363	0
Operating profit (EBIT)						
Total	**41 793**	**19 954**	**16 335**	**– 7 556**	**0**	**70 526**
Depreciation and impairment charges	24 575	4 511	3 222	14 214	0	46 522
Increase of provisions	0	0	0	753	0	753
Release of provisions	– 2 948	0	0	0	0	– 2 948
Additions to long-term assets						
Total	**29 386**	**1 505**	**1 755**	**22 032**	**0**	**54 678**
Segment assets						
Total	**574 325**	**213 394**	**361 858**	**337 590**	**– 384 047**	**1 103 120**
Investment in associates and joint ventures	0	2	4 289	0	0	4 291
Segment liabilities						
Total	**463 760**	**132 084**	**204 605**	**224 386**	**– 384 047**	**640 788**

Net revenues from third parties comprise CHF 2753 million for goods sold and CHF 65 million for services provided. The depreciation and impairment charges include impairments of CHF 814 thousand for Valora Retail.

Segment data by region

2012

in CHF 000	Switzerland	Germany	Other Europe	Total Group
Net revenues from third parties	1 646 079	412 693	789 138	2 847 910
Long-term assets	322 384	422 125	144 397	888 906

2011

in CHF 000	Switzerland	Germany	Other Europe	Total Group
Net revenues from third parties	1 731 815	324 416	761 673	2 817 904
Long-term assets	245 275	50 699	161 868	457 842

The information shown regarding revenues and non-current assets (property, plant and equipment, investment property and intangible assets) is based on the location of the subsidiaries concerned. No single customer accounts for more than 10% of net revenues from third parties.

9 PERSONNEL EXPENSES

in CHF 000	**2012**	2011
Salaries and wages	321 580	348 162
Social security payments	48 413	47 063
Share-based payments	642	483
Other personnel expenses	14 893	13 587
Total personnel expenses	**385 528**	**409 295**
Number of employees (full-time equivalent basis) at December 31	5 962	5 801

Social security payments include CHF 4233 thousand (CHF 3664 thousand in 2011) in respect of defined contribution pension plans. Other personnel expenses essentially comprise remuneration for temporary staff paid to employment agencies, staff training costs and personnel recruitment costs. The increase in the number of employees in 2012 reflects acquisitions made by Valora.

10 OTHER OPERATING EXPENSES

in CHF 000	2012	2011
Rent	152 291	127 410
Real-estate expenses	8 057	6 359
Energy	25 371	22 333
Insurance	1 874	1 707
Communications and IT	28 625	20 641
Advertising and sales	69 429	59 643
Shipping and dispatch	61 737	61 720
General administration	30 478	28 542
Capital and other taxes	987	1 320
Agency fees	51 575	11 767
Operating leases	5 420	3 643
Other operating expenses	12 833	12 990
Total other operating expenses	**448 677**	**358 075**

11 OTHER REVENUES AND OTHER EXPENSES

in CHF 000	2012	2011
Rental income	3 114	2 510
Gains from disposal of non-current assets	2 392	1 033
Gain on sale of subsidiary (see note 6)	22 900	0
Other revenues	1 759	5 154
Total other revenues	**30 165**	**8 697**

The gains from disposal of non-current assets in 2012 principally relate to property sales. Other revenues in 2011 include the release of provisions established in respect of litigation (see note 29).

in CHF 000	2012	2011
Losses from disposal of non-current assets	– 14 647	– 584
Other expenses	– 432	– 68
Total other expenses	**– 15 079**	**– 652**

The losses from disposal of non-current assets in 2012 principally relate to the sale of the Muttenz facility.

12 FINANCIAL EXPENSE

in CHF 000	2012	2011
Cost of bank loans and liabilities	6 106	1 966
Interest on bonds issued	7 958	4 352
Interest on finance leases	89	115
Interest-rate effect of long-term provisions (see note 29)	113	– 899
Net losses from derivative financial instruments	160	0
Currency translation losses, net	0	421
Total financial expense	**14 426**	**5 955**

13 FINANCIAL INCOME

in CHF 000	2012	2011
Interest earned on cash, cash equivalents, loans and receivables	695	653
Interest income from finance leases	318	334
Write-down reversals, net	598	0
Net gains from derivative financial instruments	0	1 217
Dividend income from financial investments available for sale	85	16
Currency translation gains, net	106	0
Total financial income	**1 802**	**2 220**

14 INCOME TAXES

Income tax expense was as follows:

in CHF 000	2012	2011
Expense on current income taxes	9 854	3 939
Expense/(income) from deferred income taxes	– 1 978	6 067
Total income tax	**7 876**	**10 006**

A current tax benefit amounting to CHF 198 thousand was recorded directly to shareholders' equity in 2012 (none in 2011).

The differences between reported Group income tax expense and the expected tax expenses of the individual Group companies based on their applicable tax rates can be reconciled as follows:

in CHF 000	**2012**	2011
Profit before income taxes	53 620	67 046
Expected average Group tax rate	17.36 %	20.44 %
Income taxes at expected Group tax rate	**9 308**	**13 704**
Expenses not recognised for tax purposes / non-taxable revenues	2 637	1 267
Utilisation of previously unrecognised loss carry forwards	– 2 067	– 786
Out-of-period effects on current income taxes	– 706	– 3 054
Impairments recognised against deferred income tax assets	7 763	2 652
Release of previous impairments against deferred income tax assets	– 8 001	– 3 985
Changes in tax rates	– 344	0
Other effects	– 714	208
Total reported income taxes	**7 876**	**10 006**
Effective tax rate	14.7 %	14.9 %

Expected average Group tax rates take account of the tax rates applying to individual entities on a weighted basis. The expected average Group tax rate for 2012 is lower than the previous year, because entities with comparatively lower tax rates generated a higher proportion of Group pre-tax earnings than in 2011.

Changes to deferred income taxes were as follows:

Changes to deferred tax assets and liabilities in CHF 000	**Deferred tax assets**	**Deferred tax liabilities**	**Net assets (+) / Net liabilities (–)**
Balance at December 31, 2010	**31 154**	**– 15 911**	**15 243**
Deferred taxes recorded in the income statement	– 3 307	– 2 760	– 6 067
Deferred taxes recorded in other comprehensive income	19	9 055	9 074
Additions to consolidation scope	0	– 4 687	– 4 687
Currency translation differences	– 296	– 302	– 598
Balance at December 31, 2011	**27 570**	**– 14 605**	**12 965**
Deferred taxes recorded in the income statement	– 698	2 676	1 978
Deferred taxes recorded in other comprehensive income	13	– 60	– 47
Additions to consolidation scope	0	– 40 350	– 40 350
Removals from consolidation scope	0	1 303	1 303
Currency translation differences	– 1	– 195	– 196
Balance at December 31, 2012	**26 884**	**– 51 231**	**– 24 347**

The composition of the capitalised deferred income tax assets and liabilities is as follows:

Deferred tax assets by source of difference	**2012**	2011
in CHF 000		
Current assets	486	590
Property, plant and equipment	768	82
Goodwill, software and other intangible assets	10 253	19 208
Liabilities and provisions	1 423	2 102
Tax loss carry forwards	15 458	8 123
Total	**28 388**	**30 105**
Deferred tax liabilities by source of difference		
Current assets	– 340	– 1 546
Property, plant and equipment	– 10 826	– 3 833
Goodwill, software and other intangible assets	– 36 201	– 7 512
Net pension asset	– 4 186	– 2 723
Other non-current assets	– 1 165	– 938
Liabilities and provisions	– 17	– 588
Total	**– 52 735**	**– 17 140**
Reported in the balance sheet		
Deferred income tax assets	26 884	27 570
Deferred income tax liabilities	– 51 231	– 14 605
Total deferrred income tax assets, net	**– 24 347**	**12 965**

Tax loss carry forwards are as follows: CHF 209.2 million (CHF 218.8 million in 2011). In 2012, CHF 48.1 million of the CHF 160.7 million available was not recognised as a deferred tax asset, since it is unlikely that this will be realised. In 2011, CHF 58.8 million of the CHF 193.4 million available was not recognised as a deferred tax asset for the same reason. These tax loss carry forwards either cannot expire or have expiration dates more than 5 years in the future.

There are temporary differences amounting to CHF 261.0 million (CHF 210.4 million in 2011) for which no deferred tax assets were capitalised.

15 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to shareholders of Valora Holding AG by the weighted average number of shares outstanding.

in CHF 000	**2012**	2011
Net profit from continuing operations	45 744	57 040
Net profit attributable to non-controlling interests	– 301	– 1 029
Net profit from continuing operations attributable to Valora Holding AG shareholders	45 443	56 011
Net profit from discontinued operations	0	317
Net profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**45 443**	**56 328**
Average number of shares outstanding	2 913 674	2 767 795
Earnings per share from continuing operations (in CHF)	15.60	20.24
Earnings per share from continued and discontinued operations (in CHF)	**15.60**	**20.35**

There were no dilutive effects in 2012 or 2011.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2012**	2011
Petty cash and bank sight deposits	146 745	109 180
Bank term deposits and money market investments < 3 months	408	382
Total cash and cash equivalents	**147 153**	**109 562**
of which pledged	6 341	9 826

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	**2012**	2011
Trade accounts receivable, gross	173 622	177 811
Allowance for bad and doubtful debts	– 4 330	– 3 769
Total trade accounts receivable, net	**169 292**	**174 042**

Allowances for trade accounts receivable are shown in the table below:

in CHF 000	2012	2011
Position at January 1	**3 769**	**2 934**
Removal from consolidation scope	– 33	0
Allowance creation charged to income	2 543	2 133
Allowances released to income	– 386	– 321
Allowances utilised	– 1 570	– 960
Currency translation differences	7	– 17
Position at December 31	**4 330**	**3 769**

The year-end composition, by vintage, of overdue trade accounts receivable which have not been subjected to allowance is as follows:

in CHF 000	2012	2011
Up to 10 days overdue	6 247	9 552
More than 10 days, but less than one month overdue	15 107	10 027
More than one month, but less than two months overdue	1 434	2 767
More than two months, but less than four months overdue	538	1 121
More than four months overdue	253	399

The breakdown of trade accounts receivable by currency is as follows:

in CHF 000	2012	2011
CHF	67 397	69 636
DKK	30 225	29 467
EUR	36 340	39 792
NOK	10 573	12 169
SEK	24 748	22 957
Others	9	21
Total trade accounts receivable, net	**169 292**	**174 042**

18 INVENTORIES

in CHF 000	**2012**	2011
Merchandise	228 644	236 189
Finished and semi-finished goods	2 594	0
Other inventories	1 898	110
Total inventories	**233 136**	**236 299**

In 2012, write-downs of CHF 6.0 million were charged to cost of goods (CHF 5.7 million in 2011).

19 OTHER CURRENT RECEIVABLES

in CHF 000	**2012**	2011
Value-added tax, withholding tax and other taxes recoverable	4 350	6 183
Prepaid expenses and accrued income	20 977	19 875
Short-term receivables from finance leases	620	621
Miscellaneous receivables	60 529	39 918
Total other current receivables	**86 476**	**66 597**

The miscellaneous receivables above principally comprise cost reimbursement receivables and payments receivable from social security agencies and insurers. Additional information relating to receivables from finance leases can be found in note 23.

20 PROPERTY, PLANT AND EQUIPMENT

in CHF 000	Land	Buildings	Machinery and equipment	Projects in progress	Total
At cost					
Balance at December 31, 2010	**18 590**	**144 396**	**353 025**	**7 941**	**523 952**
Consolidation scope additions	0	0	184	0	184
Additions	0	11	24 106	13 790	37 907
Disposals	– 2 193	– 4 584	– 18 756	0	– 25 533
Transfers	0	0	4 461	– 5 121	– 660
Translation adjustments	– 179	– 378	– 1 886	– 32	– 2 475
Balance at December 31, 2011	**16 218**	**139 445**	**361 134**	**16 578**	**533 375**
Consolidation scope additions	6 427	14 506	66 995	7 379	95 307
Consolidation scope removals	– 5 996	– 8 378	– 7 868	0	– 22 242
Additions	0	8 687	39 302	1 405	49 394
Disposals	– 9 676	– 131 451	– 32 544	0	– 173 671
Transfers	0	6 659	15 187	– 21 829	17
Translation adjustments	– 31	– 86	– 200	– 22	– 339
Balance at December 31, 2012	**6 942**	**29 382**	**442 006**	**3 511**	**481 841**
Accumulated depreciation / impairments					
Balance at December 31, 2010	**0**	**– 58 917**	**– 247 329**	**0**	**– 306 246**
Additions	0	– 2 584	– 24 908	0	– 27 492
Impairment	0	0	– 814	0	– 814
Disposals	0	1 948	17 075	0	19 023
Transfers	0	0	0	0	0
Translation adjustments	0	172	1 284	0	1 456
Balance at December 31, 2011	**0**	**– 59 381**	**– 254 692**	**0**	**– 314 073**
Consolidation scope removals	0	5 330	6 103	0	11 433
Additions	0	– 2 546	– 29 662	0	– 32 208
Impairment	0	0	– 959	0	– 959
Disposals	0	54 771	29 293	0	84 064
Transfers	0	0	0	0	0
Translation adjustments	0	36	135	0	171
Balance at December 31, 2012	**0**	**– 1 790**	**– 249 782**	**0**	**– 251 572**
Net book value					
at December 31 2011	16 218	80 064	106 442	16 578	219 302
at December 31, 2012	**6 942**	**27 592**	**192 224**	**3 511**	**230 269**

Property, plant and equipment includes finance leases on machinery and equipment with a book value of CHF 2.8 million (CHF 1.1 million in 2011).

Fire insurance values of property, plant and equipment in CHF 000	**2012**	2011
Property (including investment property)	78 362	171 544
Plant and equipment	456 329	408 044
Total	**534 691**	**579 588**

21 INVESTMENT PROPERTY

The acquisition costs and book values for the investment property portfolio were as follows:

Investment property in CHF 000	**2012**	2011
At cost		
Balance at January 1	**10 146**	**10 317**
Additions	36	0
Disposals	– 213	0
Translation adjustments	– 29	– 171
Balance at December 31	**9 940**	**10 146**
Cumulative depreciation		
Balance at January 1	**– 4 394**	**– 4 378**
Additions	– 116	– 129
Disposals	196	0
Translation adjustments	19	113
Balance at December 31	**– 4 295**	**– 4 394**
Total net book value	**5 645**	**5 752**

The estimated market value (based on yield value assessments) of the investment properties was CHF 6.5 million (CHF 7.8 million in 2011). The rental income from the investment properties was CHF 1.2 million (CHF 1.1 million in 2011) and the associated maintenance and operational costs were CHF 0.4 million (CHF 0.2 million in 2011).

22 GOODWILL, SOFTWARE AND OTHER INTANGIBLE ASSETS

in CHF 000	Goodwill from acquisitions	Intangible assets with indefinite useful life	Software and intangible assets with definite useful life	Projects in progress	Total
At cost					
Balance at December 31, 2010	**124 674**	**0**	**128 111**	**6 263**	**259 048**
Consolidation scope additions	27 440	0	13 453	0	40 893
Consolidation scope removals	0	0	0	0	0
Additions	0	0	7 256	9 515	16 771
Disposals	0	0	– 6 601	0	– 6 601
Transfers	0	0	4 594	– 3 934	660
Translation adjustments	1 521	0	– 350	– 76	1 095
Balance at December 31, 2011	**153 635**	**0**	**146 463**	**11 768**	**311 866**
Consolidation scope additions	318 355	48 753	62 477	2	429 587
Consolidation scope removals	– 3 831	0	– 22 716	0	– 26 547
Additions	0	0	14 382	4 928	19 310
Disposals	0	0	– 2 040	0	– 2 040
Transfers	0	0	5 336	– 5 353	– 17
Translation adjustments	1 465	0	402	– 28	1 839
Balance at December 31, 2012	**469 624**	**48 753**	**204 304**	**11 317**	**733 998**
Accumulated amortisation / impairments					
Balance at December 31, 2010	**0**	**0**	**– 68 315**	**0**	**– 68 315**
Consolidation scope removals	0	0	0	0	0
Additions	0	0	– 18 087	0	– 18 087
Disposals	0	0	6 423	0	6 423
Transfers	0	0	0	0	0
Translation adjustments	0	0	901	0	901
Balance at December 31, 2011	**0**	**0**	**– 79 078**	**0**	**– 79 078**
Consolidation scope removals	0	0	18 227	0	18 227
Additions	0	0	– 21 984	0	– 21 984
Impairment	0	0	– 183	0	– 183
Disposals	0	0	1 904	0	1 904
Transfers	0	0	0	0	0
Translation adjustments	0	0	108	0	108
Balance at December 31, 2012	**0**	**0**	**– 81 006**	**0**	**– 81 006**
Book value					
at December 31, 2011	153 635	0	67 385	11 768	232 788
at December 31, 2012	**469 624**	**48 753**	**123 298**	**11 317**	**652 992**

Intangible assets with indefinite useful life. Intangible assets with indefinite useful life relate to the Ditsch and Brezelkönig brands.

Software and intangible assets with finite useful life. Software and intangible assets with finite useful life comprises CHF 34.4 million for software (CHF 40.7 million in 2011) and CHF 88.9 million for intangible assets with finite useful life (CHF 26.7 million in 2011), CHF 20.0 million of which relate to Convenience Concept supply contracts and CHF 38.1 million of which relate to Ditsch / Brezelkönig customer relationships (see note 6).

Goodwill impairment test. Goodwill is assigned to the Group's cash-generating units. It is initially allocated to business segments and then, within these, to geographically related markets. The composition of the goodwill positions is as follows:

in CHF 000	Segment	Year acquired	2012	2011
Valora Trade Nordics Denmark	Trade	2001	14 028	14 028
Valora Trade Nordics Sweden	Trade	2001	2 294	2 294
Scandinavian Cosmetics	Trade	2011	29 647	28 733
EMH Norway	Trade	2010	10 470	9 975
Valora Trade Austria	Trade	1995	9 312	9 312
Valora Trade Germany	Trade	1997 / 2011	4 069	4 076
Valora Services Luxembourg (MPK)	Services	2000	43 342	43 342
Valora Services Austria (PGV)	Services	2004	0	3 850
Valora Retail Switzerland	Retail	2002	12 774	12 774
Valora Retail Kiosk Germany	Retail	2008 / 2010	17 855	17 947
Konrad Wittwer Germany	Retail	2009	7 267	7 304
Convenience Concept Germany	Retail	2012	72 676	0
Schmelzer-Bettenhausen Austria	Retail	2012	1 326	0
Ditsch Germany and Brezelkönig Switzerland	Ditsch / Brezelk.	2012	244 564	0
Total book value at December 31			**469 624**	**153 635**

Impairment tests are carried out at least once a year or in case of evidence of possible impairment. Each unit's realisable value is determined on the basis of its value in use and then compared to its book value. An impairment adjustment will be made only if the book value of the cash-generating unit exceeds its value in use. Valuation is carried out on the basis of projected future free cash flows from cash-generating units to which goodwill has been allocated, using the discounted cash flow (DCF) method. These projected cash flows are discounted at a rate equal to the pre-tax weighted average cost of capital.

These projected cash flows are derived from the business plans for the next three years, which reflect management's expectations and have been approved by the Board of Directors. In the case of the Ditsch / Brezelkönig group of companies, which was acquired in October 2012, these projections are based on a long-term business plan for the period from 2013 to 2017, with a growth rate of 1.5 % being applied to the residual value projected for the plan's final year. These business plans are based on the following key assumptions:

Valora Trade Nordics, Scandinavian Cosmetics, EMH Norway. Average sales growth for the next three planning years will be between 3 % and nearly 5 % and margins will either remain constant or improve slightly.

Valora Trade Austria. Average sales growth for the next three planning years will be 9 % and margins will improve.

Valora Trade Germany. Average sales growth for the next three planning years will be 5 % and margins will improve.

Valora Services Luxembourg (MPK). Average sales for the next three planning years will decline slightly and margins will deteriorate.

Convenience Concept. Average sales growth for the next three planning years will be 10 % and margins will improve.

Schmelzer-Bettenhausen. Average sales growth for the next three planning years will be 5 % and margins will improve.

Ditsch / Brezelkönig. Average sales growth for the planning period will be a good 8 % and margins will remain stable.

Valora Retail Schweiz. Average sales growth for the next three planning years will be a good 1 % and margins will remain stable..

Valora Retail Kiosk Deutschland, Konrad Wittwer. Average sales growth for the next three planning years be between – 3 % and 0 % and margins will slightly improve or remain stable.

Cash flows after this three-year period are modelled by using a residual value based on projections for the third planning year and assume zero growth thereafter. The discount rates applied are based on data observed in Swiss financial markets which is then adjusted to reflect currency and country-specific risks. The discount rates used (pre tax) are as follows:

in CHF 000	Currency	2012	2011
Valora Trade Nordics Denmark	DKK	8.1 %	7.7 %
Valora Trade Nordics Sweden	SEK	7.3 %	7.1 %
Scandinavian Cosmetics	SEK	8.1 %	8.0 %
EMH Norway	NOK	9.0 %	8.1 %
Valora Trade Austria	EUR	8.3 %	7.6 %
Valora Trade Germany	EUR	7.7 %	7.1 %
Valora Services Luxembourg (MPK)	EUR	8.6 %	7.9 %
Valora Services Austria (PGV)	EUR	–	7.2 %
Valora Retail Switzerland	CHF	6.4 %	6.2 %
Valora Retail Kiosk Germany	EUR	7.8 %	7.2 %
Konrad Wittwer Germany	EUR	7.5 %	6.7 %
Convenience Concept Germany	EUR	7.8 %	–
Schmelzer-Bettenhausen Austria	EUR	8.4 %	–
Ditsch Germany and Brezelkönig Switzerland	EUR	8.4 %	–

No impairments to goodwill were charged to the income statements for 2012 or 2011.

In the case of the cash-generating units listed below, possible changes in the key assumptions on which the projections have been made could result in book value exceeding value in use:

The impairment test for the Valora Services Luxembourg (MPK) goodwill position produced a value in use which exceeds the book value of net assets by CHF 1.9 million. A 0.2 percentage-point increase in the discount rate used would, under otherwise identical assumptions, result in book value only just being covered by value in use. For all other units, the impairment tests for 2012 and 2011 show that in the event of a 1.5 percentage-point increase in the discount rate (which is regarded as being within the realms of the possible) all these units would have a value in use which would be higher than their book values.

The value in use for Valora Trade Austria exceeds its book value by CHF 4.8 million. If sales were to stagnate at their 2012 levels (i.e. were there to be zero sales growth), CHF 0.2 million of the goodwill position would no longer be matched by value in use. In the event of zero sales growth, the goodwill recorded for all other units would continue to be covered by their value in use.

In the event of both these scenarios occurring together (i.e. a 1.5% increase in the discount rate appplied and zero sales growth) the goodwill for the following units would become impaired by the following amounts: Valora Trade Nordics Denmark (CHF 1.8 million), Valora Trade Nordics Sweden (CHF 1.1 million), Valora Trade Austria (CHF 3.6 million) and Valora Services Luxembourg (CHF 9.5 million). The impairment tests for Valora Trade Nordics Denmark and Valora Trade Nordics Sweden showed value in use figures which exceeded book value by CHF 18.1 million and CHF 4.7 million respectively.

23 RECEIVABLES FROM REAL ESTATE AND FINANCE LEASES

Receivables from real estate leases	**2012**	2011
in CHF 000		
Rental payments received during period	18 853	4 896
Future rental receivables		
Within one year	15 488	3 946
Within 1 – 2 years	13 475	3 358
Within 2 – 3 years	11 174	3 104
Within 3 – 4 years	9 091	2 719
Within 4 – 5 years	6 296	2 508
After more than 5 years	8 750	7 020
Total future receivables from current real estate leases	**64 274**	**22 655**

Receivables from other operating leases	2012	2011
in CHF 000		
Payments received during period	3 666	373
Future rental receivables		
Within one year	3 293	361
Within 1 – 2 years	2 945	280
Within 2 – 3 years	2 602	206
Within 3 – 4 years	2 266	133
Within 4 – 5 years	2 016	38
After more than 5 years	2 232	0
Total future receivables from other operating leases	**15 354**	**1 018**

Other operating leases concern retail shop equipment rented to franchisees in Germany.

Receivables from finance leases	2012	2011
in CHF 000		
Payments received during period	642	643
Maturity of receivables		
Within one year	643	643
Within 1 – 2 years	643	643
Within 2 – 3 years	643	643
Within 3 – 4 years	643	643
Within 4 – 5 years	643	643
After more than 5 years	3 332	3 975
Total future receivables from finance leases	**6 547**	**7 190**
Less future interest charges	– 1 783	– 2 100
Total future receivables from finance leases (present value)	**4 764**	**5 090**
Less current portion (see note 19)	– 620	– 621
Non-current receivables from finance leases (see note 24)	**4 144**	**4 469**

Present value of minimum future finance lease revenues	2012	2011
in CHF 000		
Within one year	620	621
Within 1 – 2 years	582	582
Within 2 – 3 years	546	546
Within 3 – 4 years	512	512
Within 4 – 5 years	480	480
After more than 5 years	2 024	2 349
Total present value of minimum future finance lease revenues	**4 764**	**5 090**

The finance leases cover extensions to the former headquarters in Bern made during Valora's tenancy, which the new tenant is using.

24 FINANCIAL ASSETS

in CHF 000	**2012**	2011
Loans	149	2 094
Receivables from finance leases	4 144	4 469
Other long-term receivables	17 525	0
Financial assets available for sale	829	2 318
Total financial assets	**22 647**	**8 881**

Note 23 provides further information on receivables from finance leases.

The financial assets available for sale include CHF 649 thousand (CHF 647 thousand in 2011) of unlisted shareholdings for which there is no active market and about which insufficient information is available to form the basis for a valuation. These items are therefore carried at cost minus an impairment for enduring loss in value.

Other long-term receivables relate to the undisbursed portion of the sale price for the Muttenz facility which is offset by a 10-year usufruct agreement granting Valora occupancy of the facility during that period. This agreement is secured by a lien on the property.

25 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Summary balance sheet of associates in CHF 000	**2012**	2011
Current assets	29	1 231
Non-current assets	20 142	20 652
Current liabilities	– 7 702	– 10 058
Non-current liabilities	– 2 349	– 2 328
Equity	**10 120**	**9 497**
Equity attributable to Valora	**4 554**	**4 291**

Summary income statement of associates and joint ventures in CHF 000	**2012**	2011
Net revenues	2 171	24 339
Operating profit (EBIT)	1 410	1 268
Net profit	**918**	**600**
Net profit attributable to Valora	**413**	**255**
Revaluation following subsequent complete acquisition by Valora	56	0
Share of result from associates and joint ventures	**469**	**255**

Investments in associates comprise 45 % of Borup Kemi Holding A / S, Denmark (Valora Trade). Karl Schmelzer – J. Bettenhausen, Austria has been fully consolidated since January 1, 2012 (see note 6). Investments in joint ventures relate to 50 % of Kaumy S.r.o., Czech Republic (Valora Trade), a position which was sold in December 2011. The sale proceeds were transferred to Valora on January 3, 2012.

26 SHORT-TERM FINANCIAL DEBT AND OTHER LONG-TERM LIABILITIES

Short-term financial debt in CHF 000	**2012**	2011
Current bank debt	15 340	1 651
Bonds	0	139 844
Current portion of finance lease obligations	847	374
Total short-term financial debt	**16 187**	**141 869**

Other non-current liabilities in CHF 000	**2012**	2011
Bank loans	283 069	– 1 737
Bonds	199 700	0
Finance lease obligations	1 906	667
Other long-term liabilities	10 846	4 714
Total other non-current liabilities	**495 521**	**3 644**

Note 32 provides further information on liabilities arising from finance leases.

The bank loans relate to the syndicated loan taken out by Valora Holding AG, which is a floating rate facility. A new syndicated loan facility has been in place since September 24, 2012. The new arrangement, providing Valora with access to CHF 100 million and EUR 250 million, has replaced the earlier CHF 300 million arrangement. The transaction costs arising from the new facility will be amortised over its 5 year life. Under the syndicated loan agreement, the Valora Group has covenanted to maintain its equity ratio and indebtedness within certain parameters during the life of the facility.

The other long-term liabilities consist of financial debt amounting to CHF 7897 thousand (CHF 690 thousand in 2011) and other liabilities of CHF 2 949 thousand (4 024 thousand in 2011).

Bonds in CHF 000	**Gross**	**Dicount, net**	**2012 net**	2011 net
2.5% bond 2012 – 2018	200 000	300	199 700	0
2.875% bond 2005 – 2012	0	0	0	139 844

The effective yield on the 2.5 % bond is 3.4 % (2.875 % bond: 3.1 %).

Maturities at year end were as follows: in CHF 000	**2012**	2011
Within one year	16 187	141 869
Within 1 – 2 years	31 744	518
Within 2 – 3 years	24 301	– 148
Within 3 – 4 years	24 036	– 217
Within 4 – 5 years	211 964	– 312
After more than 5 years	200 527	– 221
Total financial debt	**508 759**	**141 489**
Current portion of long-term financial debt	– 16 187	– 141 869
Total long-term financial debt	**492 572**	**– 380**

Long-term bank loans equivalent to CHF 283.0 million were contracted through the syndicated loan facility in 2012 (none in 2011). The negative values in 2011 shown for some of the maturity bands are attributable to the effect of the capitalised transaction costs of the syndicated loan facility.

The interest rates paid ranged between 2.6% and 4.4% (vs 2.2% and 4.0% in 2011). The weighted average interest rate on Valora's financial debt was 3.7% (3.1% in 2011). The currency composition of the Group's long-term financial debt is as follows:

in CHF 000	**2012**	2011
CHF	201 624	– 1 629
DKK	581	586
EUR	290 367	663
Total long-term financial debt	**492 572**	**– 380**
Other long-term liabilities (CHF)	2 949	4 024
Total other non-current liabilities	**495 521**	**3 644**

27 TRADE ACCOUNTS PAYABLE

The currency composition of the Group's trade accounts payable is as follows:

in CHF 000	**2012**	2011
CHF	152 118	163 029
DKK	22 092	23 963
EUR	60 519	77 894
NOK	6 019	5 065
SEK	24 856	22 650
Other	541	455
Total trade accounts payable	**266 145**	**293 056**

28 OTHER CURRENT LIABILITIES

in CHF 000	**2012**	2011
Value-added tax and other taxes owed	13 390	20 215
Social security contributions payable	1 539	1 255
Accruals for overtime, unused vacation and variable elements of remuneration	15 444	13 642
Pension cost payable	2 858	1 781
Accrued expenses	63 926	74 659
Other current liabilities	42 877	33 294
Total other current liabilities	**140 034**	**144 846**

Accrued expenses comprise press-expense accruals, interest-expense accruals and other miscellaneous expense accruals. Other current liabilities comprise liabilities for rental and rental-related costs, liabilities arising from investments in fixed assets and intangible assets and miscellaneous other liabilities.

29 PROVISIONS

in CHF 000	Guarantees	Litigation	Restructuring	Total
Balance at December 31, 2010	**5 584**	**4 002**	**181**	**9 767**
Created	0	753	0	753
Utilised	0	0	– 181	– 181
Amounts released to income	– 317	– 2 948	0	– 3 265
Interest effect	104	– 1 003	0	– 899
Currency translation differences	– 3	– 51	0	– 54
Balance at December 31, 2011	**5 368**	**753**	**0**	**6 121**
Consolidation scope additions	0	400	0	400
Created	0	0	0	0
Utilised	0	– 753	0	– 753
Amounts released to income	0	0	0	0
Interest effect	113	0	0	113
Currency translation differences	0	0	0	0
Balance at December 31, 2012	**5 481**	**400**	**0**	**5 881**
Current provisions	5 481	0	0	5 481
Long-term provisions	0	400	0	400
Total provisions	**5 481**	**400**	**0**	**5 881**

Guarantees. At December 31, 2012, these comprised contractual guarantees issued in connection with the sales of Fotolabo and the Own Brands unit.

Changes in 2011: Due to the final expiration of the remaining portions of a guarantee, provisions of CHF 0.3 million were released to income.

Claims relating to the guarantees issued in connection with the sale of Fotolabo and Own Brands can be lodged until 2013.

Litigation. Changes in 2012: the CHF 0.8 million provision established in 2011 for a litigation case in Switzerland was fully utilised. The change in consolidation scope relates to a litigation case in Germany.

The provisions established in 2003 in relation to a fraud case in Germany and to Valora Retail cases were fully released to income during 2011. Disbursements in connection with these cases are now no longer deemed probable.

Restructuring. Provisions utilised in respect of restructuring measures in the Group’s Swiss operations amounted to CHF 0.2 million in 2011.

30 RETIREMENT BENEFIT LIABILITIES

Current legislation requires most employees to be covered by pension schemes financed by contributions from the Valora Group and its employees. These schemes take the form of state and employer-sponsored plans, contracts with private insurers and independent foundations or welfare plans. While the benefits paid by these schemes vary according to the legislative provisions and economic circumstances of the countries in which they are established, they are generally based on years of service and average remuneration of the employees and cover the risks of old age, death and disability in accordance with applicable local occupational pension plan law.

The most recent actuarial assessment of these schemes was conducted as of December 31, 2012. The assumptions used were based on the economic circumstances prevailing in the countries in which the plans operate. The plans' assets are invested according to the guidelines laid down by local legislation. Valora pays its contributions in accordance with the various plans' rules.

Plan liabilities and assets

in CHF 000	**2012**	2011
Present value of benefit obligation at January 1	595 172	594 074
Current service cost to employer	15 900	16 168
Contributions by plan participants	7 887	9 138
Interest cost	13 657	16 481
Plan curtailments, settlements and modifications	– 22 532	– 24 989
Benefits paid	– 48 803	– 39 781
Business combinations	2 687	0
Consolidation scope removals	– 3 879	0
Actuarial loss / (gain) on benefit obligation	23 091	24 483
Exchange rate losses / (gains)	308	– 402
Present value of benefit obligation at December 31	**583 488**	**595 172**
Plan assets at fair value at January 1	593 563	625 578
Expected net return on plan assets	22 275	24 930
Employer contributions	11 335	13 533
Contributions by plan participants	7 887	9 138
Plan curtailments, settlements and modifications	– 19 551	– 20 552
Benefits paid	– 48 270	– 38 380
Business combinations	1 735	0
Actuarial gain / (loss) on plan assets	23 411	– 20 642
Exchange rate gains / (losses)	0	– 42
Plan assets at fair value at December 31	**592 385**	**593 563**

Changes made in 2012 with regard to the assumed discount rate decrease resulted in an actuarial loss on the Group's pension obligations. The actuarial gain on plan assets resulted from investment returns which were higher than anticipated.

For 2013, the Group expects to make employer's contributions of CHF 10.4 million to its funded plans.

The surplus on fund-based plans increased by CHF 7.1 million (following a CHF 32.8 million in decline in 2011). This essentially reflects returns on pension-fund assets which exceeded expectations.

Balance sheet data in CHF 000	**2012**	2011
Present value of funded benefit obligations	– 571 829	– 580 146
Plan assets at fair value	592 385	593 563
Surplus on fund-based plans	**20 556**	**13 417**
Present value of unfunded pension liabilities	– 11 659	– 15 026
Total net pension position	**8 897**	**– 1 609**
of which capitalised as net pension asset	21 255	13 417
of which capitalised as long-term accrued pension cost	– 12 358	– 15 026

The long-term pension-fund liabilities relate to unfunded benefit obligations of CHF 11.7 million (CHF 15.0 million in 2011). Long-term pension-fund liabilities on funded plans amounted to CHF 0.7 million (none in 2011).

Income statement in CHF 000	**2012**	2011
Current service cost to employer	– 15 900	– 16 168
Interest cost	– 13 657	– 16 481
Plan curtailments, settlements and modifications	2 981	4 437
Expected net return on plan assets	22 275	24 930
Past service cost recognised in period	0	– 923
Net pension cost for period	**– 4 301**	**– 4 205**

Actuarial gains / losses recorded in other comprehensive income in CHF 000	**2012**	2011
January 1	– 77 565	– 41 531
Actuarial gains / (losses)	320	– 45 125
Deferred taxes	– 63	9 091
December 31	**– 77 308**	**– 77 565**

Key actuarial assumptions	**2012**	2011
Discount rate	1.75 %	2.25 %
Expected net return on plan assets	3.25 %	3.75 %
Expected rate of increase in future salary levels	1.00 %	1.50 %
Expected rate of increase in future pension levels	0.25 %	0.25 %

The calculations for Switzerland were based on the BVG 2010 mortality table.

Asset allocation	**2012**	**Expected long-term return**	**Contribution to pension plan income**	2011
Cash and cash equivalents	6.70 %	0.50 %	0.03 %	8.10 %
Fixed income	30.30 %	2.00 %	0.61 %	28.10 %
Equity	25.90 %	5.75 %	1.49 %	23.40 %
Real estate	32.70 %	3.50 %	1.14 %	36.40 %
Other	4.40 %	3.00 %	0.13 %	4.00 %
Total	**100.00 %**		**3.40 %**	**100.00 %**
Costs			– 0.15 %	
Net return			**3.25 %**	

The amount of the effective net return from plan assets was CHF 45.7 million (CHF 4.3 million in 2011). The effective total return generated in 2012 was 7.7% (0.7% in 2011). The pension plans hold no securities issued by Valora Holding AG and do not let any significant portion of their real estate to the Valora Group.

Surpluses / Deficits in CHF 000	**2012**	2011	2010	2009	2008
Present value of pension liabilities	– 583 488	– 595 172	– 594 074	– 575 658	– 539 310
Pension assets at fair values	592 385	593 563	625 578	598 069	569 500
Pension asset recognition ceiling	0	0	0	– 8 243	0
Unrecognised past service cost	0	0	923	1 846	0
Net pension plan position	**8 897**	**– 1 609**	**32 427**	**16 014**	**30 190**
Adjustments based on past experience					
Adjustments to pension plan liabilities based on past experience	4 765	3 785	6 343	8 078	17 091
Adjustments to pension plan liabilities based on modified assumptions	– 27 856	– 28 268	– 13 328	– 33 147	29 044
Adjustments to pension plan assets based on past experience	23 411	– 20 642	12 354	9 489	– 127 445
Actuarial gains / (losses)	**320**	**– 45 125**	**5 369**	**– 15 580**	**– 81 310**

31 SHARE-BASED PAYMENTS

Valora operates the following share-based remuneration plans for its Board of Directors, management and staff:

LTP share-based programme for the Board of Directors and Group Executive Management. Since January 2009, the overall remuneration paid to the Board of Directors and Group Executive Management has included a share-based, long-term oriented remuneration plan, the Long Term Plan or LTP. This plan forms an integral part of the overall remuneration of the Board of Directors and Group Executive Management.

The LTP offers its participants the opportunity of buying a specific number of shares, which the Nomination and Compensation Committee determines for each participant individually in accordance with the procedure described below. Under the plan, each participant may purchase two tranches of shares, each tranche having a lock-up period which begins and ends on a different date. As a rule, the lock-up period is between 27 and 45 months.

The purchase price for the shares in the plan is the average closing price recorded on SIX Swiss Exchange over the 20 trading days preceding the commencement of the LTP. Participants finance the purchase of their shares individually through a bank loan, with the shares being pledged to the bank as collateral.

On the last day of each lock-up period, Valora will offer to buy back the shares in the relevant tranche from the plan participants at that day's SIX Swiss Exchange closing price. Participants wishing to avail themselves of this offer must advise Valora on the last day of the lock-up period how many of their shares they wish to sell back in this way. Once the lock-up period is over, parti-cipants have free access to any shares they elect not to sell. Should the price at which Valora buys back the shares tendered to it by the plan participants on the last day of the lock-up period (i.e. the closing price on that day) be lower than the purchase price fixed at the start of the LTP period, Valora undertakes to the lending bank and the plan participants that it will reimburse any difference between these prices, and that it will reimburse the plan participants for any tax disadvantage arising. Valora's share price guarantee to the bank will expire no later than the final day of the second lock-up period. The financing costs incurred by Valora are limited to the interest it pays on the loans. In the event of a plan participant's employment being terminated by Valora before the end of either the first or the second lock-up period, the participant is required to sell a pro rata portion of the shares back to Valora at the original purchase price and the bank loan must be repaid in full. Should a plan participant resign from Valora, all the shares in any tranche whose lock-up period has not expired must be sold back to Valora at the original purchase price, and the participant has no pro rata entitlement to any shares in the plan. For Board members, stepping down from the Board or not standing for re-election to the Board is regarded as tantamount to resignation.

The Board of Directors has granted cash-exercised options instead of shares[1] to Conrad Löffel. Otherwise, his participation is subject to all the other terms and conditions of the plan. The total costs of the LTP programme for 2012 amounted to CHF 953 thousand (CHF 362 thousand in 2011)

[1] The exercise price of the options was CHF 199.85 for the second tranche of the 2011 LTP and CHF 301.75 for the first tranche of the 2011 LTP, which is the average trading price of the shares during the twenty trading days prior to the commencement of the LTP. The market price at the time the options were awarded was CHF 219.20 for the second tranche of the 2011 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	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 %
Fair Value per option	CHF 38.56	CHF 2.09

The book value of the liability arising from the cash exercise options was CHF 76 thousand at 31.12.12 (31.12.2011: CHF 87 thousand).

ISPP share programme for specific executive-level employees. In 2012 a new voluntary individual programme was established under which certain executive-level employees (other than members of Group Executive Management) can receive a portion of their total remuneration in the form of Valora shares. Shares allocated under this International Share Participation Programme (or ISPP) are subject to a first vesting period until March 31, 2014 (for the first retention period) and a second vesting period until March 31, 2016 (for the second retention period), after which ownership is transferred to the plan participants. The personnel expenses relating to the ISPP are recognised over the length of the vesting periods. In CHF 2012 they amounted to CHF 0.3 million.

Employee share ownership plan. Provided specific criteria are fulfilled and based on their function or management position, employees in Switzerland (other than members of Group Executive Management) are entitled to acquire shares at the beginning of each year on preferential terms. Shares may be purchased at 60% of the average market price for the shares during the previous November. Shares so acquired enjoy all usual shareholder rights, but may not be sold during the 3 years immediately following purchase. The proceeds of these share sales to employees are credited directly to shareholders' equity.

Personnel costs for share-based remuneration plans in CHF 000	**2012**	2011
Expenses related to Valora Group share-based plans for employees and management (equity settled)	569	426
Expenses related to Valora Group share-based plans for employees and management (cash settled)	73	57
Total share-based plan expenses charged to income	**642**	**483**

32 CONTINGENT LIABILITIES, COMMITMENTS FROM LEASING AND OTHER CONTRACTS

Contingent liabilities in CHF 000	**2012**	2011
Sureties	162	152
Other contingent liabilities	12 668	14 470
Total contingent liabilities	**12 830**	**14 622**

Future commitments from operating leases and other contracts in CHF 000	**2012**	2011
Long-term rental commitments	525 536	264 543
Other operating lease commitments	8 416	6 279
Future commitments from other contracts	82 506	106 637
Total commitments	**616 458**	**377 459**

Long-term rental commitments	**2012**	2011
in CHF 000		
Minimum rental expense in period	115 631	47 990
Conditional rental expense in period	36 660	79 420
Total rental expense in period	**152 291**	**127 410**
Leases maturing		
Within one year	122 217	65 147
Within 1–2 years	107 606	55 138
Within 2–3 years	84 737	44 868
Within 3–4 years	70 468	31 892
Within 4–5 years	55 807	23 636
After more than 5 years	84 701	43 862
Total long-term rental commitments	**525 536**	**264 543**

The majority of the long-term rental agreements serve to secure kiosk sites for the long term. Some of the rents under these agreements are linked to turnover.

Other operating leases	**2012**	2011
in CHF 000		
Total expenses for other operating leases in period	5 420	3 643
Leases maturing		
Within one year	4 239	3 220
Within 1–2 years	2 754	2 039
Within 2–3 years	1 192	898
Within 3–4 years	219	119
Within 4–5 years	12	3
After more than 5 years	0	0
Total future commitments from other operating leases	**8 416**	**6 279**

The other operating lease liabilities principally relate to leased vehicles.

Other contracts	**2012**	2011
in CHF 000		
Total expenditure on other contracts during year	13 793	2 664
Leases maturing		
Within one year	12 945	23 790
Within 1–2 years	12 330	13 242
Within 2–3 years	11 992	12 829
Within 3–4 years	11 677	12 496
Within 4–5 years	11 390	12 165
After more than 5 years	22 172	32 115
Total future commitments from other contracts	**82 506**	**106 637**

The Group's future commitments from other contracts mostly relate to IT outsourcing agreements.

Finance lease commitments in CHF 000	**2012**	2011
Total payments (interest and amortisation) in year	667	578
Leases maturing		
Within one year	959	439
Within 1 – 2 years	852	320
Within 2 – 3 years	729	226
Within 3 – 4 years	437	140
Within 4 – 5 years	0	39
After more than 5 years	0	0
Total financial lease commitments	**2 977**	**1 164**
Less future interest charges	– 224	– 123
Total finance lease obligation (present value)	**2 753**	**1 041**
Less current portion of finance lease obligation (see note 26)	– 847	– 374
Long-term finance lease obligation (see note 26)	**1 906**	**667**

Present value of future minimum payments under finance leases in CHF 000	**2012**	2011
Within one year	847	374
Within 1 – 2 years	783	289
Within 2 – 3 years	694	206
Within 3 – 4 years	429	134
Within 4 – 5 years	0	38
After more than 5 years	0	0
Total present value of future minimum lease payments	**2 753**	**1 041**

The finance leasing obligations relate both to leased retail shop equipment and computer hardware.

33 RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

The international scale of its business operations and its financing structure both expose the Valora Group to a variety of financial risks. These not only include market risks such as foreign exchange and interest rate risk, but also encompass liquidity and credit risks. Valora's financial risk management activities aim to limit these risks. Valora's fundamental financial policies are promulgated by Group Executive Management and overseen by the Board of Directors. Responsibility for implementing Group financial policy and for financial risk management lies with the central Corporate Treasury.

In order to visualise market risks, sensitivity analyses are conducted which show the effects which hypothetical changes in relevant risk variables would have on pre-tax net income and other comprehensive income. These potential effects are determined by applying the assumed changes in risk variables to the valuation of the Group's positions in financial instruments. The interest rate scenarios used show differences between the current level of interest rates and those assumed to prevail at the end of the following year. The hypothetical changes in currencies are based on 1-year volatility levels prevailing at the balance sheet date.

Exchange rate risks. Transaction risks arise from the fact that the local currency value of payments whose amounts have been fixed in another currency can increase or decrease as a result of fluctuations in the exchange rate between the two currencies. For Valora, transaction risks arise as a result of its purchasing goods and services from suppliers abroad and on intra-Group transactions. Most Group companies transact the majority of their business in their local currency. In order to limit transaction risk, currency derivatives are used from time to time. Currency translation risks, on the other hand, arise when the balance sheets of subsidiaries outside Switzerland are converted into Swiss francs for consolidation.

The table below shows the main effects on pre-tax earnings and other comprehensive income which would result from hypothetical changes in key exchange rates.

FX rate sensitivity in CHF 000	**Hypothetical change (in percent) 2012**	**Impact on 2012 pre-tax earnings**	**Impact on 2012 other comprehensive income**	Hypothetical change (in percent) 2011	Impact on 2011 pre-tax earnings	Impact on 2011 other comprehensive income
CHF / DKK	+/– 1.7%	+/– 328	+/– 0	+/– 16.3%	+/– 2 467	+/– 0
CHF / EUR	+/– 1.7%	+/– 505	+/– 1 690	+/– 16.3%	+/– 7 875	+/– 14 615
CHF / NOK	+/– 5.8%	+/– 339	+/– 767	+/– 19.1%	+/– 1 133	+/– 2 390
CHF / SEK	+/– 7.0%	+/– 896	+/– 4 566	+/– 19.9%	+/– 837	+/– 12 698
DKK / NOK	+/– 5.9%	+/– 244	+/– 0	+/– 7.8%	+/– 8	+/– 0

Net investments in subsidiaries outside Switzerland are also analysed periodically and the risks are assessed in the light of the volatility of the currencies concerned. These analyses show that the currency translation risk is modest compared to available shareholders' equity. Translation risks are not hedged.

Interest rate risks. Cash and cash equivalents are the Group's principal interest-bearing assets. Since the interest rates applicable to these assets are floating, the interest earnings derived from them are directly affected by market interest rates. Under normal circumstances, the Group's principal interest rate risk relates to the interest paid on its financial liabilities. Floating rate financial liabilities expose the Group to net interest income or expense risk. Financial liabilities with fixed interest rates, on the other hand, expose the Group to the risk of shifts in the current market value of its liabilities. In order to achieve the target mix between fixed and floating interest rate exposure, interest rate hedging transactions are entered into where necessary. The Group's interest-bearing liabilities essentially comprise the 2.5% bond issue and the syndicated loan facility (see note 26).

In the sensitivity analysis of the interest rate risk, impacts arise only on positions with variable interest rates. The table below shows the principal changes in pre-tax earnings which would result from hypothetical shifts in the level of interest rates in the main currencies in which Valora operates.

Interest rate sensitivity in CHF 000	**Hypothetical change (in basis points) 2012**	**Impact on 2012 pre-tax earnings**	Hypothetical change (in basis points) 2011	Impact on 2011 pre-tax earnings
CHF	+/– 3	+/– 6	+/– 47	+/– 39
DKK	+/– 3	+/– 1	+/– 12	+/– 5
EUR	+/– 10	+/– 60	+/– 131	+/– 355
NOK	+/– 9	+/– 8	+/– 36	+/– 13
SEK	+/– 4	+/– 5	+/– 204	+/– 72

In the table above, the 2012 column does not include data for the interest-rate-swap position established to hedge the interest-rate risk on the syndicated-loan facility (see Tools for hedging and risk management). Assuming a hypothetical change in the 5-year swap rate of +/–167 basis points, the change in the value of this hedge, at December 31, 2012, would have impacted other comprehensive by +/– CHF 17.2 million.

The table above does not include in 2011 a CHF 100 million forward-starting interest rate swap (see Tools for hedging and risk management). As of December 31, 2011, the impact on other comprehensive income which would have arisen from a +/–25 basis point shift in 6-year swap rates would have been CHF +/–1.7 million.

Liquidity risks. Liquidity risk management aims to ensure the Group is always able to meet its payment obligations in full and on time. The Valora Group continually monitors its liquidity position and uses cash pool structures to optimise it. Additional liquidity reserves in the form of credit lines and cash ensure that the Group remains both solvent and financially flexible.

The table below shows the nominal interest and redemption payments arising from the Group's financial obligations. It takes account of all instruments in which the Group held positions at December 31 of the two years shown. Interest amounts payable on floating rate instruments have been determined based on the most recent fixing preceding year end.

in CHF 000	**up to 1 month**	**from 1 to 3 months**	**from 3 months to 1 year**	**from 1 to 5 years**	**more than 5 years**
At December 31, 2012					
Short-term financial liabilities	407	2 768	13 471	0	0
Derivative financial liabilities	54	90	2 599	0	0
Trade accounts payable	239 767	26 354	24	0	0
Other short-term financial liabilities (financial instruments portion)	72 034	9 445	14 244	0	0
Long-term financial liabilities	95	7 231	6 836	346 398	205 479
Total	**312 357**	**45 888**	**37 174**	**346 398**	**205 479**
At December 31, 2011					
Short-term financial liabilities	1 397	630	144 039	0	0
Derivative financial liabilities	122	8 856	56	22	0
Trade accounts payable	252 784	40 259	13	0	0
Other short-term financial liabilities (financial instruments portion)	48 695	42 468	11 059	0	0
Long-term financial liabilities	0	0	0	1 357	0
Total	**302 998**	**92 213**	**155 167**	**1 379**	**0**

The Valora Group has at its disposal a number of committed and uncommitted credit lines, enabling it to optimise its liquidity management at all times.

Credit risks. Credit risks arise when a contractual partner is not in a position to meet its obligations as agreed. Valora constantly reviews its accounts receivable and manages them so as to avoid the formation of significant credit or concentration risks. At year end 2012 and year end 2011, the Valora Group had no accounts receivable from individual customers which accounted for more than 6.0% of its total accounts receivable.

The Valora Group conducts its financial transactions with a selected number of first-class financial institutions. Specific situations may require subsidiaries to transact business with other banks. The establishment and discontinuation of banking relationships is subject to approval by the Group's corporate treasury, which regularly reviews all banking relationships on the basis of external ratings and sets exposure limits for all counterparties. The maximum default risk of CHF 413 million on the Group's financial assets (CHF 347 million in 2011) is equal to the book value of these instruments (see note 34).

The table below shows the Group's sight deposits and fixed maturity deposits with maturities of 3 months or less by rating of the banking counterparties with whom they are placed. The table uses Standard & Poor's ratings.

Sight deposits and fixed maturity deposits maturing in < 3 months placed with banks in CHF 000	**2012**	2011
AAA and / or state guarantee (AAA states)	10 069	3 808
AA	42 647	25 755
A	56 776	48 689
No Rating	2 185	2 018
Total sight deposits and fixed maturity deposits maturing in < 3 months placed with banks [1]	**111 677**	**80 270**

[1] The remainder of the cash and cash equivalents position shown in the balance sheet relates to cash (including cash in transit).

Tools for hedging and risk management. The Valora Group uses FX forward contracts to mitigate its foreign exchange risk. Interest-rate swaps are also used to hedge interest-rate risk. Exposure arising from existing asset and liability items, as well as those arising from future commitments, is centrally managed.

In order to hedge 50% of the future interest expense arising from the bond issue launched on February 1, 2012 (see note 37), Valora entered into a forward-starting interest rate swap. This swap has been designated as a cash flow hedge for the interest payments on the bond issue. The fair value of this interest-rate swap is equal to its negative replacement value, which amounted to CHF 8.8 million on December 31, 2011. This position was closed on February 1, 2012, with a negative replacement value of CHF 10.4 million. CHF 1.4 million of the change in the position's negative replacement value between these two dates was charged to other comprehensive income and the remaining CHF 0.2 million was charged to financial expense. In 2012, CHF 1.4 million was reclassified from shareholders' equity to financial expense. The cash flows hedged by this swap will occur in the years from 2012 to 2018, during which time they will have an income-statement impact.

In order to hedge the interest costs of the EUR 250 million syndicated-loan facility (EUR 84 million of which was drawn on an amortising basis and EUR 166 million of which was drawn on a non-amortising basis, see note 26), two interest-rate swap positions were established on October 31, 2012. These have been designated as cash flow hedges for the EUR syndicated loan. The fair value of these two hedge positions is equivalent to their negative replacement value of CHF 2.5 million and has been charged to other comprehensive income. The cash flows hedged by this swap will occur in the years from 2012 to 2017, during which time they will have an income-statement impact.

The table below shows both the contract values, or nominal underlying amounts, of the Group's positions in derivative financial instruments as well as their aggregate replacement values. The information, which is presented by instrument type, relates to valuations at balance sheet dates.

Contract values or underlying nominal amounts show the volume of the underlying transactions at the balance sheet dates. They do not contain any information about the market risk these positions involve. The replacement value of these positions has been determined by valuations provided by the counterparty, market prices at December 31, 2011 and 2012 or through standard pricing model valuations using market data.

Derivative financial instruments in CHF 000	**2012 Contract value**	2011 Contract value	**2012 Replacement value**	2011 Replacement value
Currency instruments				
Forward contracts / Derivative financial assets	4 239	17 117	7	166
Forward contracts / Derivative financial liabilities	13 051	17 189	201	135
Interest instruments				
Interest rate swap / Derivative financial liabilities	301 925	100 000	2 542	8 834
Total derivative financial assets	**4 239**	**17 117**	**7**	**166**
Total derivative financial liabilities	**314 976**	**117 189**	**2 743**	**8 969**

Notional contract values of derivative financial instruments by maturity band in CHF 000	**2012**	2011
Within one year	29 971	134 306
Within 1 – 2 years	25 362	0
Within 2 – 3 years	25 362	0
Within 3 – 4 years	25 362	0
Within 4 – 5 years	213 158	0
After more than 5 years	0	0
Total notional value of derivative financial instruments	**319 215**	**134 306**

Capital management. The overarching objective of the Valora Group's capital management activities is to ensure that high credit quality and a sound shareholders' equity foundation are maintained so as to support the Group's business activities and maximise value for its shareholders.

The Valora Group manages its capital structure and modifies it in response to changes in economic circumstances. In order to maintain or adapt its capital structure, the Valora Group can elect to implement a number of measures, such as modifying the amount of dividends paid to shareholders, capital repayments to shareholders or the issuance of new shares.

The Group monitors its capital position by reference to its equity cover, which is calculated on the basis of the percentage of total assets represented by shareholders' equity (including non-controlling interests). The Group's capital and equity cover are shown in the table below:

in CHF 000	**2012**	2011
Equity attributable to shareholders of Valora Holding	570 252	457 674
Equity attributable to non-controlling interests	5 064	4 658
Total shareholders equity	**575 316**	**462 332**
Equity cover	**35.9 %**	**41.9 %**

The Valora Group is not subject to any regulatory capital requirements of the type prevalent in the financial services industry. The Group's required minimum equity cover is stipulated in the financial covenants governing its bank lending agreements (see note 26).

Risk assessment stipulated by Swiss Code of Obligations. In both 2011 and 2012, the Valora Group carried out a risk assessment with the Board of Directors and Group Executive Management during October and November. The objective of these assessments 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 results of these assessments were reviewed at meetings with the Board of Directors and sets of planned measures were decided upon. Additional information regarding the risk assessment process and the risks identified can be found in section 3.6.1 of the corporate governance report.

34 FINANCIAL INSTRUMENTS

Book values, fair values and valuation categories in CHF 000	Valuation category	**Book value 2012**	Book value 2011	**Fair Value 2012**	Fair Value 2011
Assets					
Cash and cash equivalents	LaR	147 153	109 562	147 153	109 562
Derivative financial assets (hierarchy level 2)	FAHfT	7	166	7	166
Trade accounts receivable	LaR	169 292	174 042	169 292	174 042
Other short-term receivables (financial instruments portion)	LaR	73 486	54 548	73 486	54 548
Long-term interest-bearing investments	LaR	4 293	6 562	4 293	6 562
Other long-term receivables	LaR	17 525	–	17 525	–
Financial assets available for sale valued at cost	AfS	649	647	n/a	n/a
Financial assets available for sale (hierarchy level 2) at fair value	AfS	180	1 671	180	1 671
Liabilities					
Short-term financial liabilities	FLAC	16 187	141 869	16 187	143 089
Derivative financial liabilities (hierarchy level 2)	FLHfT	2 743	8 969	2 743	8 969
Trade accounts payable	FLAC	266 145	293 056	266 145	293 056
Other financial liabilities (financial instruments portion)	FLAC	95 722	104 107	95 722	104 107
Long-term financial liabilities	FLAC	492 572	– 380	502 172	– 380
Classified by category					
Loans and receivables	LaR	411 749	344 714	411 749	344 714
Financial assets held for trading	FAHfT	7	166	7	166
Financial assets available for sale	AfS	829	2 318	n/a	n/a
Financial liabilities at cost	FLAC	870 626	538 652	880 226	539 872
Financial liabilities held for trading	FLHfT	2 743	9 056	2 743	9 056

The assumption made for all short-term financial instruments – other than the bond issue (see note 26) – is that book value represents a reasonable approximation of fair value, since the discounting effects are insignificant. The fair value of the bond issue is equal to its nominal value multiplied by its market price on the balance sheet date. Details of the valuations applied to derivative financial instruments and financial investments available for sale are contained in notes 4, 24 and 33. The fair values of the other long-term interest-bearing financial instruments were determined by discounting their expected future cash flows using market interest rates.

35 TRANSACTIONS AND BALANCES OUTSTANDING WITH RELATED PARTIES

The consolidated financial statements encompass Valora Holding AG as the ultimate parent company along with all subsidiaries it directly or indirectly controls, as set out in note 38.

Transactions. Business was transacted with related individuals and companies as follows:

Goods and services sold to related parties in CHF 000	**2012**	2011
Goods sold to		
Associates	0	3 044
Other related parties	1 082	0
Services to		
Associates	272	278
Other related parties	161	160
Total goods and services sold	**1 515**	**3 482**

Goods and services purchased from related parties in CHF 000	**2012**	2011
Goods purchased from		
Other related parties	2 590	2 238
Services purchased from		
Other related parties	677	284
Total goods and services purchased	**3 267**	**2 522**

Management and Board remuneration. Remuneration paid to management and the Board of Directors includes all expenses shown in the consolidated financial statements directly relating to members of the Group Executive Committee and the Board of Directors.

Management and Board remuneration in CHF 000	**2012**	2011
Salaries and other short-term benefits [1]	4 251	4 386
Post-employment benefits	299	365
Share-based payments	953	362
Total Management and Board remuneration [2]	**5 503**	**5 113**

[1] Including vehicle costs paid by the employer.
[2] Remuneration totalling CHF 37 thousand was paid to a former member of Group Executive Management in 2012 (2011: CHF 628 thousand).

Details of the remuneration paid to the Board of Directors and Group Executive Management, as well as details of their holdings of Valora Holding AG shares and of the shares held by significant shareholders (as required by Articles 663bbis and 663c of the Swiss Code of Obligations), can be found in notes 5 and 6 to the financial statements of Valora Holding AG.

Receivables and liabilities. The terms and conditions governing receivables and liabilities are those commonly used by the relevant companies. The Valora Group has neither received any sureties for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties and associate companies in CHF 000	**2012**	2011
Receivables from associates	0	299
Receivables from other related parties	323	362
Total receivables	**323**	**661**

Liabilities towards related parties and associate companies in CHF 000	**2012**	2011
Liabilities towards related parties	5 387	184
Total liabilities	**5 387**	**184**

Contingent liabilities and guarantees. Apart from the guarantee issued in connection with the LTP share purchase programme, which is described in note 31, the Valora Group has entered into no other guarantees or contingent liabilities towards related parties or companies.

36 EQUITY

Shares outstanding	**2012**	2011
in Stück		
Total registered shares	3 435 599	2 800 000
of which treasury stock		
Position at January 1	19 920	46 630
Additions to treasury stock	90 397	34 654
Decreases in treasury stock	– 58 615	– 61 364
Total treasury stock at December 31	**51 702**	**19 920**
Total shares outstanding (after deduction of treasury stock) at December 31	**3 383 897**	**2 780 080**
Average number of shares outstanding (after deduction of treasury stock)	**2 913 674**	**2 767 795**

A dividend of CHF 11.50 per share was paid in 2012 relating to the year 2011 (CHF 11.50 per share was paid in 2011 relating to the year 2010). Dividend distributions are based on net income for the year and earnings carried forward by the Valora Holding AG parent company.

The company's issued share capital comprises 3435599 shares of CHF 1.00 nominal value each. A conditional share capital of 84000 shares exists which the Board of Directors may use for existing or future management share plans. None of these shares had been issued at December 31, 2012.

At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders granted the Board of Directors authority to raise up to CHF 840 000 of additional share capital through the issue of up to 840 000 shares of CHF 1.00 nominal value each at any time until April 15, 2013. On November 6, 2012, 635 599 shares of this authorised share capital were issued in order to complete the Ditsch / Brezelkönig acquisition (see note 6).

The transaction costs arising from this share-capital increase, which have been charged to shareholders' equity, amounted to CHF 1.9 million.

37 SUBSEQUENT EVENTS

These consolidated financial statements were approved by the Board of Directors of Valora Holding AG on March 19, 2013. The Board of Directors recommends that the Ordinary General Meeting of Shareholders to be held on April 18, 2013 approve these financial statements.

38 SIGNIFICANT SUBSIDIARIES OF THE VALORA GROUP

	Currency	Nominal capital in million	Shareholding in %	Corporate	Valora Retail	Ditsch / Brezelkönig	Valora Services	Valora Trade
Switzerland								
Valora Management AG, Muttenz	CHF	0.5	100.0	•				
Valora International AG, Muttenz	CHF	20.0	100.0	•	•			
Valora Schweiz AG, Muttenz	CHF	5.2	100.0	•	•		•	•
Alimarca AG, Muttenz	CHF	0.1	100.0			•		
Germany								
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•				
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•			
Sussmann's Presse & Buch GmbH, Hamburg	EUR	0.1	100.0		•			
BHG Bahnhofs-Handels-Vertriebs GmbH, Hamburg	EUR	0.5	100.0		•			
Delvita GmbH, Mülheim a.d. Ruhr	EUR	0.1	100.0					•
Valora Retail Services GmbH, Hamburg	EUR	0.1	100.0		•			
Konrad Wittwer GmbH Bahnhofsbuchhandlungen, Hamburg	EUR	0.3	100.0		•			
Valora Retail Kiosk GmbH, Hamburg	EUR	0.1	100.0	•	•			
Valora Trade Germany GmbH, Mülheim a.d. Ruhr	EUR	0.2	68.0					•
Convenience Concept GmbH, Ratingen	EUR	0.1	100.0		•			
Brezelbäckerei Ditsch GmbH, Mainz	EUR	0.1	100.0			•		
Brezelkönig GmbH + Co. KG, Mainz	EUR	0.8	100.0			•		
Luxembourg								
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•				
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•		•	
Messageries du livre S.à r.l., Luxembourg	EUR	1.5	100.0		•			

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Ditsch / Brezelkönig	Valora Services	Valora Trade
United Kingdom								
Valora Holding Finance Ltd., Guernsey	CHF	555.4	100.0	•				
Austria								
Valora Holding Austria AG, Anif	EUR	1.1	100.0	•				
Valora Trade Austria GmbH + Co. KG, Neunkirchen	EUR	3.6	100.0					•
Plagemann Lebensmittelhandels GmbH + Co. KG, Neunkirchen	EUR	0.1	100.0					•
Valora Retail Austria GmbH + Co. KG, Vienna	EUR	0.1	100.0		•			
Sweden								
Valora Holding Sweden AB, Stockholm	SEK	0.5	100.0	•				
Valora Trade Sweden AB, Stockholm	SEK	12.0	100.0					•
Scandinavian Cosmetics AB, Malmö	SEK	0.5	100.0					•
Norway								
Valora Holding Norway AS, Røyken	NOK	10.0	100.0	•				
Valora Trade Norway AS, Røyken	NOK	2.0	100.0					•
Engelschiøn Marwell Hauge AS, Oslo	NOK	2.7	80.0					•
Denmark								
Valora Trade Denmark A/S, Herlev	DKK	43.0	100.0					•
Valora Trade Denmark Beverages A/S, Herlev	DKK	2.0	75.0					•
Finland								
Oy Valora Trade Finland AB, Helsinki	EUR	0.1	100.0					•

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

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Valora Holding AG, which comprise the income statement, comprehensive income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 42 to 103), for the year ended 31 December 2012.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight 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 consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated 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