

INCOME STATEMENT

	2014	2013
<i>January 1 to December 31, in CHF 000</i>		
<i>Income</i>		
Dividend income	50 148	40 100
Adjustment to impairment charge on investments	0	14 000
Interest income	3 997	694
Foreign exchange gains	4 032	2 571
Income from securities	17	1 644
Total income	58 194	59 009
<i>Expense</i>		
Interest expense	– 20 372	– 18 060
Foreign exchange losses	– 320	– 3 255
Losses on securities	– 1 573	– 59
General administration expense	– 4 804	– 4 135
Total expense	– 27 069	– 25 509
Net profit for the year	31 125	33 500

BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE EARNINGS

ASSETS

	2014	2013
<i>at December 31, in CHF 000</i>		
<i>Current assets</i>		
Cash and cash equivalents	1 860	141
Securities	13 813	7 774
Prepayments	131	179
Short-term receivables	165	175
	1 654	1 975
Total current assets	17 623	10 244
<i>Non-current assets</i>		
Investments	890 555	1 028 699
Loans and receivables from Group companies	154 577	15 383
Discounts and capitalised issuance cost on bond/syndicated loan	2 327	3 427
Total non-current assets	1 047 459	1 047 509
Total assets	1 065 082	1 057 753

LIABILITIES AND EQUITY

	2014	2013
<i>at December 31, in CHF 000</i>		
<i>Liabilities</i>		
Current liabilities		
towards third parties	296	468
towards Group companies	121 618	99 547
Accrued expenses		
towards third parties	7 136	6 536
Bond payable	320 000	320 000
Bonded-loan	180 450	184 110
Provisions	64 000	64 000
Total liabilities	693 500	674 661
<i>Equity</i>		
Share capital	3 436	3 436
General legal reserves	687	687
Reserve for treasury stock	15 701	8 015
Capital contribution	56 867	99 502
Unrestricted reserves	189 594	197 280
Profit available for distribution		
Profit carried forward	74 172	40 672
Net profit for the year	31 125	33 500
Total equity	371 582	383 092
Total liabilities and equity	1 065 082	1 057 753

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

A BASIS OF PRESENTATION

Valora Holding AG's annual accounts are drawn up in accordance with the provisions of Swiss company law (Swiss Code of Obligations). In accordance with the transitional arrangements provided for in the new Swiss financial-reporting legislation, these annual accounts have not been prepared according to the new requirements on financial-statement presentation and financial reporting in the Swiss Code of Obligations which came into force on January 1, 2013, but according to the previous requirements.

B NOTES

1 CONTINGENT LIABILITIES. At December 31, 2014 the Group's contingent liabilities in favour of subsidiaries – consisting of sureties, subordination, keep-well agreements, guarantees and other contingencies – totalled CHF 226.4 million (CHF 271.2 million in 2013). At December 31, 2014, the Group had no contingent liabilities in favour of third parties (CHF 1.0 million in 2013).

2 BOND OUTSTANDING

	Coupon	Maturity	31.12.2014	31.12.2013
in CHF 000				
Bond 2012–2018	2.50%	02.03.2018	200 000	200 000
Perpetual hybrid bond issue	4.00%	30.10.2018 ¹⁾	120 000	120 000

¹⁾ While the perpetual hybrid bond issue has no fixed maturity, it cannot be called by the issuer prior to October 30, 2018.

3 TREASURY STOCK HELD BY THE COMPANY AND ITS SUBSIDIARIES

	2014 Number of shares	2014 Net book value	2013 Number of shares	2013 Net book value
in CHF 000				
Opening balance (at January 1)	34 014	7 756	51 702	9 570
Sales	– 15 554	– 3 758	– 22 375	– 4 404
Purchases	43 409	11 370	4 687	947
Value adjustments	–	– 1 573	–	1 643
Closing balance (at December 31)	61 869	13 795	34 014	7 756

In addition, during 2014, Valora Holding AG purchased a total of 43 409 shares at an average price of CHF 261.93 and sold a total of 15 554 shares at an average price of CHF 241.64.

At December 31, 2014, treasury shares held by Valora Holding AG represented 1.8% of the company's issued share capital (1.0% at year-end 2013).

4 NET RELEASE OF HIDDEN RESERVES. No hidden reserves were released in 2014 (CHF 14.0 million in 2013).

5 SHAREHOLDINGS

Shareholdings. At December 31, 2014 und 2013, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2014 Number of shares	2014 Share of total voting rights in %	2014 of which subject to a lock-up period	2013 Number of shares	2013 Share of total voting rights in %	2013 of which subject to a lock-up period
Board of Directors						
Rolando Benedick Chairman	16 325	0.48	537: 06.05.2017	29 772	0.87	7 063: 31.10.2015
Markus Fiechter Vice-Chairman	3 724	0.11	224: 06.05.2017	9 578	0.28	2 511: 31.10.2015
Bernhard Heusler Board member	162	0.00	162: 06.05.2017	3 422	0.10	1 726: 31.10.2015
Franz Julen Chairman of Nomination and Compensation Committee	628	0.02	178: 06.05.2017	4 183	0.12	1 883: 31.10.2015
Ernst Peter Ditsch Board member (since April 2013)	635 599	18.50	none	635 599	18.50	none
Conrad Löffel ¹⁾ Chairman of Audit Committee (until 7 May 2014)	0	0.00	none	0	0.00	none
Cornelia Ritz Bossicard Chairwoman of Audit Committee (since 7 May 2014)	178	0.00	178: 06.05.2017	0	0.00	none
Total Board of Directors	656 616	19.11		682 554	19.87	

¹⁾ The Long Term Plan for Conrad Löffel is option-based.

	2014	2014	2014	2013	2013	2013
	Number of shares	Share of total voting rights in %	of which subject to a lock-up period	Number of shares	Share of total voting rights in %	of which subject to a lock-up period
Group Executive Management						
Michael Mueller ¹⁾ CEO	24 000	0.70	18 000: 31.10.2015	24 000	0.70	18 000: 31.10.2015
Tobias Knechtle CFO (since 1st March 2014)	8 000	0.23	8 000: 31.10.2015	0	0.00	none
Andreas Berger Head, Valora Retail division	12 145	0.35	6 072: 31.10.2015	12 145	0.35	6 072: 30.04.2015
Thomas Eisele Head Ditsch/Brezelkönig division	2 301	0.07	1 123: 31.10.2015	0	0.00	none
Alex Minder Head, Valora Trade division	11 618	0.34	4 795: 31.10.2015	11 618	0.34	709: 02.04.2014 4 795: 31.10.2015
Aleander Theobald Head, Valora Services division (until 31 August 2014)	0	0.00	none	12 315	0.36	8 657: 31.10.2015
Total Group Executive Management	58 064	1.69		60 078	1.75	
Total shares held by Board and GEM	714 680	20.80		742 632	21.62	

¹⁾ In addition, Michael Mueller holds a further 575 000 OTC call options (not written by Valora). The exercise price of these options is CHF 200, with 100 options exercising into 1 Valora registered share. The options expire on December 19, 2014 and they are subject to an extraordinary lock-up period (i.e. cannot be sold) until April 30, 2014.

Loans and advances At December 31, 2014 und 2013 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

6 MAJOR SHAREHOLDERS. The Ordinary General Meeting of shareholders held in 2010 removed the statutory restriction (in German: "Vinkulierung") which prevented any shareholder from having voting rights recognised in respect of more than 5% of the share capital issued. At December 31, 2014 this 5% threshold was equivalent to 171 780 shares.

As of December 31, 2014, Ernst Peter Ditsch held 635 599 registered shares, which represents 18.50% of the company's issued share capital (18.50% in 2013).

As of December 31, 2014, Ethenea Independent Investors SA, Munsbach, Luxembourg held 172 200 registered shares, which represents 5.0% of the company's issued share capital (0.0% in 2013).

As of December 31, 2014, Credit Suisse Funds AG, Zurich held 130 647 registered shares, which represents 3.8% of the company's issued share capital (5.10% in 2013).

7 SIGNIFICANT SUBSIDIARIES OF VALORA HOLDING AG

	31.12.2014 Holding in %	31.12.2013 Holding in %
<i>Switzerland</i>		
Valora International AG, MuttENZ	100.0	100.0
Valora Management AG, MuttENZ	100.0	100.0
Almond Retail Services AG, Zurich	100.0	–
Brezelkönig AG, Emmen	100.0	100.0
Alimarca AG, MuttENZ	100.0	100.0
<i>Germany</i>		
Valora Holding Germany GmbH, Hamburg	5.1	5.1
<i>United Kingdom</i>		
Valora Holding Finance Ltd, Guernsey	100.0	100.0

8 CURRENT LIABILITIES. Valora Holding AG's current liabilities towards Group companies include Valora Holding AG's portion of the Group's cash pool.

9 APPROVED AND CONDITIONAL SHARE CAPITAL. The Annual General Meeting held on 11 May, 2000 approved the creation of additional conditional share capital of a nominal of CHF 84'000. At December 31, 2014, none of these shares had been issued.

At their Ordinary General Meeting on April 18, 2013, Valora shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 18, 2015, by up to CHF 250'000 through the issue of up to 250'000 fully paid up new shares of CHF 1.00 nominal each.

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

PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION AND DISBURSEMENT FROM CAPITAL CONTRIBUTION

*Proposal for the appropriation of earnings available
 for distribution*

	2014	2013
in CHF 000		
Net profit for the year	31 125	33 500
+ Profit carried forward	74 172	40 672
Earnings available for distribution	105 297	74 172
<i>The Board of Directors proposes</i>		
Balance to be carried forward	105 297	74 172
<i>Proposed disbursement from capital contribution</i>		
Capital contribution (before disbursement) ¹⁾	56 867	99 502
Distribution (following prior reclassification as free reserves)	- 42 945	- 42 945
Capital contribution (after distribution)	13 922	56 557
<i>Dividend distribution (in CHF)</i>		
Disbursement from free reserves (exempt from withholding tax)	12.50	12.50
Net dividend per share (in CHF)	12.50	12.50

¹⁾ For the 24 767 shares held by the company itself at the distribution date no dividend was paid, thus increasing the capital contribution carried forward by CHF 310 thousand.

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

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the accompanying financial statements of Valora Holding AG, Muttenz, which comprise the income statement, balance sheet, and notes (pages 153 to 159), for the year ended 31 December 2014.

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

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

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

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

Opinion. In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

Ernst & Young AG

Martin Gröli
Licensed audit expert
(Auditor in charge)

Daniel Maiwald
Licensed audit expert

Basle, 23 March 2015