

## Income statement

January 1 to December 31, in CHF 000	2006	2005
<b>Income</b>		
Dividend income	31 600	29 950
Interest income	1 605	1 532
Foreign exchange gains	670	1
Income from securities	0	4 291
Income from royalties	10 510	11 192
Other income	0	431
<b>Total income</b>	<b>44 385</b>	<b>47 397</b>
<b>Expense</b>		
Interest expense	- 11 523	- 16 963
Foreign exchange losses	- 639	- 21
Losses on securities	- 429	- 6 074
General administration expense	- 4 255	- 2 980
<b>Total expense</b>	<b>- 16 846</b>	<b>- 26 038</b>
<b>Net profit for the year</b>	<b>27 539</b>	<b>21 359</b>

## Balance sheet before appropriation of available retained earnings

Assets			
At December 31, in CHF 000		2006	2005
<b>Current assets</b>			
Cash and cash equivalents		1 060	1 216
Securities		27 205	27 825
Prepayments	From third parties	2	0
Short-term receivables	From third parties	238	206
	From Group companies	1 578	2 104
Loans receivable and advances made to Group companies		108	3 739
<b>Total current assets</b>		<b>30 191</b>	<b>35 090</b>
<b>Non-current assets</b>			
Investments		613 525	651 110
Loans receivable from Group companies		21 559	21 913
Discounts and capitalised issuance cost on bonds issued		1 557	1 840
Brands		111 025	111 025
<b>Total non-current assets</b>		<b>747 666</b>	<b>785 888</b>
<b>Total assets</b>		<b>777 857</b>	<b>820 978</b>

<b>Liabilities and equity</b>			
<b>At December 31, in CHF 000</b>		<b>2006</b>	2005
<b>Liabilities</b>			
Short-term bank debt / overdrafts		0	3 361
Current liabilities	Towards third parties	665	829
Accrued expenses	Towards third parties	3 177	2 271
Loans payable to Group companies		46 729	86 413
Syndicated credit loans		130 000	130 000
Bonds payable		140 000	140 000
Accrued liabilities		55 553	55 125
<b>Total liabilities</b>		<b>376 124</b>	<b>417 999</b>
<b>Equity</b>			
Share capital		3 300	3 300
Legal reserves	General reserves	140 664	140 664
	Reserve for treasury stock	29 725	30 073
Unrestricted reserves		128 933	128 585
Earnings available for distribution	Earnings brought forward	71 572	78 998
	Net profit for the year	27 539	21 359
<b>Total equity</b>		<b>401 733</b>	<b>402 979</b>
<b>Total liabilities and equity</b>		<b>777 857</b>	<b>820 978</b>

## Notes to the financial statements

### A Basis of Presentation

Valora AG's annual accounts are drawn up in accordance with the provisions of Swiss company law.

### B Notes

**1 Contingent liabilities.** At December 31, 2006, the Group's contingent liabilities, consisting of sureties, subordination and keep well agreements, guarantees and other contingent liabilities in favour of subsidiaries totalled CHF 138.7 million, vs CHF 181.6 million at year-end 2005. None of these contingent liabilities covered obligations by third parties.

#### 2 Bonds outstanding

in CHF 000	Coupon	Maturity	At 31.12.2006	At 31.12.2005
Bond 2005–2012	2.875%	12.07.2012	140 000	140 000

#### 3 Treasury stock held by the company and its subsidiaries

in CHF 000	Number of shares 2006	Net book value 2006	Number of shares 2005	Net book value 2005
<b>Opening balance (at January 1)</b>	<b>109 221</b>	<b>27 824</b>	<b>300 157</b>	<b>77 057</b>
<b>Disposals</b>				
Employee/executive share ownership plans	– 7 958	– 2 031	– 13 721	– 3 842
<b>Stockmarket purchases and sales</b>				
Sales / capital reduction	0	0	– 274 510	– 71 469
Reduction in nominal value	–	0	–	– 955
Value adjustments	–	– 429	–	– 1 753
Purchases	5 528	1 841	97 295	28 786
<b>Closing balance (at December 31)</b>	<b>106 791</b>	<b>27 205</b>	<b>109 221</b>	<b>27 824</b>

Purchases were made at the then prevailing market prices.

**4 Net release of hidden reserves.** There were no net releases of hidden reserves in the 2006 or 2005 financial years.

**5 Significant shareholders.** Under Valora Holding AG's Articles of Association, no single shareholder may control more than 5% of the shares without the Board of Directors' approval. At December 31, 2006, 5% of the share capital comprised 165 000 registered shares. At December 31, 2006, Alpine Select AG held a total of 5.73% (or 189 048) shares, both directly and via its subsidiary, Sumara AG, of which total only 5% are registered as voting shares. The Board of Directors and the Group Executive Management hold 0.2% of the shares (2005: 0.1%).

## 6 Significant subsidiaries of Valora Holding AG

Switzerland	At 31.12.2006 Holding in %	At 31.12.2005 Holding in %
Valora AG, MuttENZ	100.0	100.0
Valora Management AG, Berne	100.0	100.0
Valora Investment AG, Berne	0	100.0
Merkur AG, Berne	100.0	100.0
Kiosk AG, MuttENZ	100.0	100.0
Germany		
Valora Holding Germany GmbH, Hamburg	5.1	5.1
United Kingdom		
Valora Holding Finance Ltd, Guernsey	100.0	100.0

**7 Approved and conditional share capital.** The Annual General Meeting held on 11 May, 2000 approved the creation of additional conditional share capital of a nominal CHF 84 000. At December 31, 2006, none of these shares had been issued.

## Proposed appropriation of earnings available for distribution

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

in CHF 000	2006	2005
<b>Net profit for the year</b>	<b>27 539</b>	<b>21 359</b>
+ Earnings brought forward	71 572	78 998
<b>Earnings available for distribution</b>	<b>99 111</b>	<b>100 357</b>
<b>The Board of Directors proposes</b>		
Payment of a dividend of CHF 9.00 per registered share entitled to dividend	- 28 808	- 28 785
<b>Balance to be carried forward</b>	<b>70 303</b>	<b>71 572</b>
<b>Dividend distribution (in CHF)</b>		
Gross dividend per share	9.00	9.00
- less 35% withholding tax	- 3.15	- 3.15
<b>Net dividend per share (in CHF)</b>	<b>5.85</b>	<b>5.85</b>

## Report of the statutory auditors

### Report of the statutory auditors to the General Meeting of Valora Holding AG, Bern

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes, pages 57 to 61) of Valora Holding AG for the year ended December 31, 2006.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, the financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Hanspeter Gerber    Andreas Aebersold  
Lead Auditor

Bern, March 22, 2007