

Financial Report Valora 2007

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Review of Group results

Valora achieved encouraging results in the second half of 2007, following a disappointing first six months. Despite a declining overall market for press products, during the final six months of 2007 net sales at Valora's Swiss kiosks, the Group's largest business operation, were maintained at the levels seen in the same period of 2006, while operating income was raised by CHF 6.5 million. Group net sales for 2007 as a whole were up nearly 3%, with Valora Trade benefiting notably from the ongoing expansion of its network of internationally active principals, while the Retail division generated increased sales from its growing outlet network in Germany. Valora Media's net sales suffered from the absence of a major soccer picture card campaign of the kind seen during the 2006 World Cup. The Valora Group's net income for the year fell from CHF 66 million to CHF 52 million.

A Valora Group

Measures already under way to enhance profitability were accelerated and fine tuned during the second half of 2007. Particular emphasis was placed on driving the strategically important IT modernisation project forward. The second half of 2007 also saw the Group's Swiss kiosk business raise its sales by CHF 19 million compared to the the first six months of the year, while Group-wide net sales were up nearly 6% on the same period a year earlier. Consolidated operating earnings increased by CHF 10 million, or more than 30%, between the second half of 2007 and the second half of 2006.

| Net revenues | | | | | |
|--------------------------|----------------|---------------|----------------|---------------|-------------|
| in CHF million | 2007 | Portion | 2006 | Portion | Change |
| Valora Retail | 1 665.4 | 59.0% | 1 632.9 | 59.4% | 2.0% |
| Valora Media | 553.2 | 19.6% | 560.2 | 20.4% | - 1.3% |
| Valora Trade | 791.0 | 28.0% | 748.2 | 27.2% | 5.7% |
| Other | 14.4 | 0.5% | 15.3 | 0.6% | |
| Intersegment elimination | - 202.2 | | - 207.3 | | |
| Group total | 2 821.8 | 100.0% | 2 749.3 | 100.0% | 2.6% |
| Switzerland | 1 696.2 | 60.1% | 1 697.8 | 61.8% | - 0.1% |
| Elsewhere | 1 125.6 | 39.9% | 1 051.5 | 38.2% | 7.0% |

The Valora Group's net 2007 sales were up nearly 3% on the year, reaching CHF 2 822 million. The fastest sales growth was achieved by Valora Trade, whose turnover rose by almost

6%, while revenues at Valora Retail were up 2%. Overall market contraction and, above all, the absence of major soccer card promotions shaved just over 1% off sales. Noticeably higher turnover was generated by the production companies now in the process of being sold. Their sales rose from CHF 165 million in 2006 to CHF 181 million in 2007, representing a 9.6% increase. Valora Trade's intra-Group sales rose by a comparable percentage, reaching CHF 56 million. With the production companies' results included, the Valora Group's net sales rose from CHF 2 863 million in 2006 to 2 947 million in 2007.

| in CHF million | 2007 | | 2006 | |
|-------------------------|----------------|---------------|----------------|---------------|
| Net revenues | 2 821.8 | 100.0% | 2 749.3 | 100.0% |
| Gross profit | 858.5 | 30.4% | 855.9 | 31.1% |
| – Operating costs, net | – 802.6 | 28.4% | – 789.4 | – 28.7% |
| Operating profit | 55.9 | 2.0% | 66.5 | 2.4% |

Excluding production company results, Group operating earnings fell to CHF 55.9 million. This decline of CHF 10.6 million, or 16%, was mainly attributable to lower sales at Valora Media, the slide in profits at Valora Retail during the first half of 2007 and the non-recurrence of the extra revenue Valora Trade generated in 2006 from the brands it disposed of that year. Including the CHF 9.6 million of 2007 operating earnings contributed by the Own Brands companies, the Valora Group's operating profit for 2007 was CHF 65.5 million, largely compensating for the dip in profits experienced in the first six months of the year.

B Valora Retail

| in CHF million | 2007 | | 2006 | |
|-------------------------|----------------|---------------|----------------|---------------|
| Net revenues | 1 665.4 | 100.0% | 1 632.9 | 100.0% |
| Gross profit | 536.6 | 32.2% | 540.1 | 33.1% |
| – Operating costs, net | – 519.4 | 31.2% | – 518.7 | – 31.8% |
| Operating profit | 17.2 | 1.0% | 21.4 | 1.3% |

In 2007, Valora's Retail division succeeded in increasing sales by some CHF 30 million to CHF 1 665 million. The expansion at Kiosk Germany enabled it to boost sales 13%, the fastest rate of growth in the division, while Kiosk Luxembourg and the division's convenience and filling station business in Switzerland both increased turnover by 7%. Wholesaling operations in Switzerland benefited from a broader distribution network encompassing more outlets and were able to increase revenues by CHF 8 million. Conversely, the kiosk operations in Switzerland saw their turnover decline by CHF 21 million on the year. Besides the absence of collectible soccer cards and a significant drop in the number of lottery tickets sold, lower press sales were a major factor contributing to decline in turnover, which was not fully offset by increased sales of food items, which rose 7% on the year. Gastronomy operations generated CHF 3 million less in overall sales, though with the results of outlets

closed during the year stripped out, like-for-like sales increased by CHF 1 million between 2006 and 2007. Analysis of turnover by product group shows that most of the division's increase in revenues was generated by higher sales of tobacco products. These were up 5.2% or some CHF 37 million on the year, despite the fact that overall market volume declined in response to higher product prices as a result of increased tobacco duties. The division benefited from expanded floor space at new and existing outlets in Germany as well as from the broader distribution coverage achieved by wholesaling operations. It is also encouraging to note that the CHF 23 million fall in non-food sales mainly caused by the lack of a major soccer picture card campaign was nearly entirely made up for by higher sales of food items. These higher revenues were principally attributable to the successful roll out of new modules (such as the "mach mal Pause" or "Take a break" concept) or the new chilled drinks displays as well as to the significantly higher food turnover being achieved throughout the division's convenience store business. Lower sales of press products at the kiosks in Switzerland were compensated for by expanding operations in Germany and increased book sales. In aggregate, the Group's gross profits eased some CHF 3 million on the year, while operating profits fell by CHF 17 million, generating an operating margin of just over 1%.

In addition to completing the establishment of a uniform systems architecture incorporating modern, integrated till terminals at all outlets and the rapid implementation of measures to increase profitability at the kiosks in Switzerland, management will devote significant attention in the next few years to expansion-led growth in Germany and to optimising sales concepts in the division's fast-growing filling-station and convenience store operations.

C Valora Media

| in CHF million | 2007 | | 2006 | |
|-------------------------|--------------|---------------|--------------|---------------|
| Net revenues | 553.2 | 100.0% | 560.2 | 100.0% |
| Gross profit | 154.3 | 27.9% | 153.9 | 27.5% |
| – Operating costs, net | – 129.1 | 23.3% | – 125.7 | – 22.5% |
| Operating profit | 25.2 | 4.6% | 28.2 | 5.0% |

Despite the contraction of the overall market, sales of newspapers and periodicals were increased by just under CHF 1 million. This was achieved principally thanks to higher magazine sales in Austria and initiatives to increase volumes distributed to third-party customers in Switzerland. Book sales posted encouraging growth in Luxembourg. The 1.3 % decline in the division's overall sales is mainly due to the absence of revenues from selling collectible soccer picture cards. Continuing refinement of its press inventory management software enabled Valora Media to achieve further cuts in the number of returned items in 2007, while high paper recycling prices made it possible to generate a greater bottom line contribution from those items which still remained unsold. Costs rose on several fronts. Freight and fuel increased in price, logistics costs went up as the third-party customer network was expanded and rents and real estate costs also rose in line with prevailing market conditions. Operating profit for 2007 came in at just over CHF 25 million, slightly below the excellent result achieved during 2006, the soccer World Cup year. The recent addition of the maga-

zine publishers Egmont Ehapa and Marquard Media to its client list in Austria, expansion of the division's subscription business and the imminent launch of the Euro 08 soccer picture card collection all point to significant growth for the division in 2008.

D Valora Trade

| in CHF million | 2007 | | 2006 | |
|-------------------------|--------------|---------------|--------------|---------------|
| Net revenues | 791.0 | 100.0% | 748.2 | 100.0% |
| Gross profit | 153.1 | 19.4% | 146.9 | 19.6% |
| – Operating costs, net | – 136.0 | 17.2% | – 127.2 | – 17.0% |
| Operating profit | 17.1 | 2.2% | 19.7 | 2.6% |

Valora's Trade division (the results table above covers the division's ongoing distribution activities) turned in another year of good sales growth, with revenues advancing nearly 6%. The fastest rates of sales growth were achieved in the Nordic region, where Denmark was up 15% and Finland advanced 13%, and in Central Europe, where Austrian sales increased by 9%. Sweden and Norway both suffered small declines in their sales volumes as a consequence of the departure of individual principal customers. Austria achieved some noticeable successes with its sales of herbal sweets manufactured by Ricola, which advanced to that market's number one slot for these products. Valora Trade Finland signed up significant numbers of new principals. In Switzerland, the division's domestic market, the Ferrero products it represents achieved above-average sales growth, partly thanks to new product listings. Growing volumes of business with internationally active principals placed increased downward pressure on margins. This, coupled with the greater proportion of deliveries now accounted for by the lower-margin discount segment, shaved 0.2 percentage points off the division's gross margins. The CHF 2.6 million fall in Valora Trade's operating earnings to CHF 17.1 million is the result of one-off effects in 2006, when the division not only sold its Kobbs and Ocean Food brands but also released provisions made earlier in connection with the sale of its Merkur coffee roasting operations. Stripping out the effect of these special items, which amount to some CHF 3.2 million in aggregate, the division improved its operating profit slightly and held margins steady.

E Corporate

The Corporate area, comprising the Swiss logistics organisation, Corporate Information Services and Group support functions such as finance, HR and corporate communication, experienced a modest CHF 1 million fall in net logistics services sales to third parties. Lower volumes, improvements to process efficiency and an optimisation of route planning made it possible to cut logistics costs by CHF 4.4 million. Implementation of the modern electronic retail platform (ERP) and the roll out of integrated electronic till systems increased IT costs by over CHF 6 million compared to 2006 levels. The first key milestones in the ERP project were reached when the migration of Media and finance systems to the new SAP platform was successfully completed at the end of 2007. The remainder of the project, which is focused on the Retail division, can be expected to be completed smoothly. The

Valora Group pursues a policy of charging the net costs of its corporate functions, i.e. the direct costs incurred minus logistics sales to third parties, directly to the divisions. Since the production companies are now presented in the accounts as discontinued operations, the corporate overhead costs incurred in connection with these entities were not allocated to their results, which explains the loss of some CHF 4 million shown for the Corporate area in 2007.

F Financial result and taxes

The first six months of 2007 saw interest rates in Switzerland generally tightening, as evidenced by the clear uptrend in 3-month CHF Libor. Rates eased slightly in the second half of the year in the wake of the sub-prime crisis. The hedging strategy adopted by Valora enabled it to keep net interest expense modest. The Group's net financing results improved by a further CHF 3.2 million on the year, principally as a result of a reduction in net debt, a partial redemption and refinancing of an existing syndicated loan facility, improved financing terms and the ongoing extension of cash pooling structures. The low effective tax rate seen in 2006 was due to special one-off circumstances. In 2007, the Group's tax burden fluctuated around its targeted level of 23% of pre-tax earnings.

G Liquidity, cash flow and key financial data

| Key financial data | | |
|--|--------------|--------------|
| in CHF million | 2007 | 2006 |
| Cash and cash equivalents | 153.4 | 222.1 |
| Free cash flow | 70.6 | 58.4 |
| Equity | 587.9 | 560.9 |
| Equity in % of total assets | 45.0% | 42.3% |
| Net profit | 52.3 | 65.8 |
| Net debt | 46.0 | 60.6 |
| Net working capital ¹⁾ | 129.6 | 123.6 |
| Net working capital in % of net revenues | 4.6% | 4.5% |
| Earnings per share (from continuing activities) | 13.09 | 16.89 |

¹⁾ 2006 net working capital has been adjusted for discontinued operations, so that the net working capital in % of net sales ratio is comparable between the two years shown

As in 2006, the Valora Group made the most of the surplus liquidity it generated by repaying a portion of its outstanding syndicated loan, thus cutting its net debt to CHF 46 million. This outflow, coupled with the dividend paid in 2007, resulted in total financing-related expenditure of over CHF 100 million. The CHF 12.2 million increase in free cash flow is principally the result of the efficient management of working capital.

H Valora Value Added

| Valora Value Added | | |
|--|--------------|------------|
| in CHF million | 2007 | 2006 |
| Net Operating Profit after Taxes (NOPAT) | 56.6 | 71.3 |
| Average invested capital ¹⁾ | 867.4 | 903.9 |
| WACC | 7.0% | 7.0% |
| Capital costs | 60.7 | 63.3 |
| Valora Value Added | - 4.1 | 8.8 |

¹⁾ New formula which includes cash and cash equivalent assets

In 2008, the Valora Group will introduce the concept of Valora Value Added, or VVA, which is designed to measure the sustained return the Group generates over and above capital costs and is derived from the classic definition of economic value added. VVA consists, on the one hand, of net operating profits before taxes (NOPAT) and, on the other hand, a weighted average cost of capital which is set at 7%. This 7% WACC takes account of the costs of equity and debt capital and is based on benchmark figures for the industry as a whole and projected interest rate levels. Valora reviews the underlying WACC figures regularly and adjusts the capital costs used in VVA calculations if they exceed a defined range. The average invested capital figures used in the new VVA calculations differ from the net capital employed figures used previously, because, unlike these, they also include the cash positions in the balance sheet, which are essential to the Group's operations. By making VVA the basis for its incentive compensation, Valora intends to motivate its managers to create value which is sustainable over the longer term. In future, the emphasis will not be solely on sales growth and operating margins, but will take the efficiency of capital utilisation into account as well. Using this approach to compare 2007 results with those for 2006 shows that the lower operating profit generated in 2007, with its concomitant fall in NOPAT, resulted in VVA falling by some CHF 13 million. In the years to come, management's focus will be on achieving a sustained increase in VVA and therefore in creating an enduring increase in the company's value generation.

I Outlook

The key task for 2008 will be to pursue the path the company has taken and, above all, to continue implementation of Valora's new IT architecture. By the end of 2008, the planned closed loop inventory management system for the kiosk business in Switzerland should be fully operational. This will provide the basis for further enhancements to process efficiency and set the stage for modern enterprise management. By introducing new product ranges and sales concepts to the kiosks, the Retail division will increasingly be able to compensate for declining sales in categories whose overall market is shrinking, thus driving forward the turnaround of the Group's core business in Switzerland. In its other business areas, the Group's objective is to extend and strengthen the strong market positions it already enjoys. Thanks to Valora's sound financing and balance sheet structure, both targeted acquisitions and organic growth can be financed from internally generated resources.

Consolidated income statement

| January 1 to December 31, in CHF 000 (except per-share amounts) | Note | 2007 | % | 2006 | % |
|---|------------|------------------|--------------|------------------|--------------|
| Net revenues | 4 | 2 821 755 | 100.0 | 2 749 273 | 100.0 |
| Cost of goods | | - 1 963 214 | - 69.6 | - 1 893 406 | - 68.9 |
| Gross profit | | 858 541 | 30.4 | 855 867 | 31.1 |
| Personnel expense | 5 | - 454 915 | - 16.1 | - 452 543 | - 16.5 |
| Other operating expenses | 6 | - 320 048 | - 11.3 | - 316 261 | - 11.5 |
| Depreciation and amortisation of operating assets | 16, 17, 18 | - 42 137 | - 1.5 | - 39 237 | - 1.4 |
| Other income, net | 7 | 14 417 | 0.5 | 18 685 | 0.7 |
| Operating profit | | 55 858 | 2.0 | 66 511 | 2.4 |
| Financial expense | 8 | - 10 377 | - 0.4 | - 12 847 | - 0.5 |
| Financial income | 9 | 8 072 | 0.3 | 7 335 | 0.3 |
| Share of result from associates and joint ventures | | 1 806 | 0.1 | 220 | 0.0 |
| Earnings before taxes | | 55 359 | 2.0 | 61 219 | 2.2 |
| Income taxes | 10 | - 12 551 | - 0.5 | - 6 530 | - 0.2 |
| Net profit from continuing operations | | 42 808 | 1.5 | 54 689 | 2.0 |
| Net profit from discontinued operations | 3 | 9 471 | 0.3 | 11 147 | 0.4 |
| Net Group profit | | 52 279 | 1.8 | 65 836 | 2.4 |
| Attributable to shareholders of Valora Holding AG | | 51 364 | 1.8 | 65 153 | 2.4 |
| Attributable to minority interests | | 915 | 0.0 | 683 | 0.0 |
| Earnings per share | | | | | |
| from continuing operations, diluted and undiluted (in CHF) | 11 | 13.09 | | 16.89 | |

The accompanying notes from page 49 to page 95 form an integral part of these consolidated financial statements.

Consolidated balance sheet

| Assets | | | | | |
|--|------|------------------|--------------|------------------|--------------|
| At December 31 , in CHF 000 | Note | 2007 | % | 2006 | % |
| Current assets | | | | | |
| Cash and cash equivalents | 12 | 153 426 | | 222 100 | |
| Derivative assets | 29 | 286 | | 0 | |
| Trade accounts receivable | 13 | 164 499 | | 168 402 | |
| Inventories | 14 | 246 995 | | 267 660 | |
| Current income tax receivable | | 75 | | 1 229 | |
| Other short-term receivables | 15 | 43 802 | | 47 092 | |
| Current assets | | 609 083 | 46.6 | 706 483 | 53.3 |
| Assets held in disposal groups | 3 | 178 053 | | 0 | |
| Total current assets | | 787 136 | 60.2 | 706 483 | 53.3 |
| Non-current assets | | | | | |
| Property, plant and equipment | 16 | 237 977 | | 318 574 | |
| Goodwill, software and other intangible assets | 18 | 134 515 | | 159 845 | |
| Investment property | 17 | 15 316 | | 19 083 | |
| Investment in associates and joint ventures | 21 | 14 635 | | 13 055 | |
| Long-term financial assets | 20 | 26 349 | | 11 602 | |
| Net pension asset | 26 | 54 574 | | 54 574 | |
| Deferred income tax assets | 10 | 36 041 | | 41 557 | |
| Total non-current assets | | 519 407 | 39.8 | 618 290 | 46.7 |
| Total assets | | 1 306 543 | 100.0 | 1 324 773 | 100.0 |

| Liabilities and equity | | | | | |
|---|------|------------------|--------------|------------------|--------------|
| At December 31, in CHF 000 | Note | 2007 | % | 2006 | % |
| Current liabilities | | | | | |
| Short-term financial debt | 22 | 1 708 | | 2 198 | |
| Derivative liabilities | 29 | 0 | | 619 | |
| Trade accounts payable | 23 | 281 854 | | 295 848 | |
| Current income tax liabilities | | 9 696 | | 7 916 | |
| Other current liabilities | 24 | 120 304 | | 116 327 | |
| Current provisions | 25 | 250 | | 10 844 | |
| Current liabilities | | 413 812 | 31.7 | 433 752 | 32.8 |
| Liabilities from disposal groups | 3 | 69 963 | | 0 | |
| Total current liabilities | | 483 775 | 37.0 | 433 752 | 32.8 |
| Non-current liabilities | | | | | |
| Long-term financial debt | 22 | 197 740 | | 280 452 | |
| Long-term accrued pension cost | 26 | 10 012 | | 9 905 | |
| Long-term provisions | 25 | 8 812 | | 14 030 | |
| Deferred income tax liabilities | 10 | 18 264 | | 25 778 | |
| Total non-current liabilities | | 234 828 | 18.0 | 330 165 | 24.9 |
| Total liabilities | | 718 603 | 55.0 | 763 917 | 57.7 |
| Equity | | | | | |
| Share capital | 32 | 3 300 | | 3 300 | |
| Additional paid-in capital | | 3 986 | | 4 432 | |
| Treasury stock | | - 28 481 | | - 29 567 | |
| Valuation reserves | | 152 | | - 518 | |
| Retained earnings | | 591 320 | | 568 764 | |
| Cumulative translation adjustments | | 14 239 | | 11 522 | |
| Equity of Valora Holding AG shareholders | | 584 516 | 44.7 | 557 933 | 42.1 |
| Minority interest in shareholders' equity | | 3 424 | | 2 923 | |
| Total equity | | 587 940 | 45.0 | 560 856 | 42.3 |
| Total liabilities and equity | | 1 306 543 | 100.0 | 1 324 773 | 100.0 |

The accompanying notes from page 49 to page 95 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

| January 1 to December 31, in CHF 000 | Note | 2007 | 2006 |
|--|--------|----------------|----------------|
| Operating profit from continuing operations | | 55 858 | 66 511 |
| Elimination of non-cash transactions | | | |
| Depreciation on property, plant, equipment and investment property | 16, 17 | 32 202 | 30 688 |
| Amortisation of intangible assets | 18 | 9 935 | 8 549 |
| (Gains) losses on sale of fixed assets, net | 7 | - 14 | 331 |
| Impairment of financial assets | | 0 | 12 |
| Share-based payments | 27 | 1 947 | 4 425 |
| Release of provisions, net | 25 | - 7 694 | - 9 870 |
| Changes in net working capital, net of acquisitions and disposals of business units | | | |
| (Increase) decrease in trade accounts receivable | | - 8 927 | 2 802 |
| Decrease (increase) in inventories | | 12 297 | - 4 412 |
| Decrease in other current assets | | 4 208 | 6 795 |
| Decrease in trade accounts payable | | - 3 076 | - 9 252 |
| Increase in accrued pension cost | | 82 | 494 |
| Provisions assigned | 25 | - 7 022 | - 8 171 |
| Increase in other liabilities | | 10 699 | 6 541 |
| Cash generated from operating activities from continuing operations | | 100 495 | 95 443 |
| Interest paid | | - 10 095 | - 12 026 |
| Income taxes paid | | - 3 014 | - 4 734 |
| Interest received | | 6 218 | 6 122 |
| Net cash provided by operating activities from continuing operations | | 93 604 | 84 805 |
| Net cash provided by operating activities from discontinued operations | 3 | 14 564 | 19 209 |
| Net cash provided by operating activities | | 108 168 | 104 014 |

| January 1 to December 31, in CHF 000 | | | |
|---|------|------------------|-----------------|
| | Note | 2007 | 2006 |
| Cash flow from investing activities | | | |
| Investment in fixed assets | 16 | - 33 230 | - 38 424 |
| Proceeds from sale of fixed assets | 16 | 1 361 | 5 664 |
| Investment in investment property | 17 | - 23 | 0 |
| Proceeds from sale of investment property | 17 | 4 524 | 13 303 |
| Disposal of business units, net of cash sold | 3, 2 | 0 | 11 747 |
| Sales (purchases) of long-term financial assets | | 19 002 | - 7 644 |
| Purchases of other intangible assets | 18 | - 14 792 | - 11 306 |
| Proceeds from sale of other intangible assets | 18 | 169 | 291 |
| Net cash used in investing activities from continuing operations | | - 22 989 | - 26 369 |
| Net cash used in investing activities from discontinued operations | 3 | - 13 636 | - 11 414 |
| Net cash used in investing activities | | - 36 625 | - 37 783 |
| Cash flow from financing activities | | | |
| Repayment of short-term financial debt, net | | - 12 738 | - 48 743 |
| Increase in long-term financial liabilities | 22 | 30 002 | 101 545 |
| Repayment of long-term financial liabilities | 22 | - 111 925 | - 105 589 |
| Treasury stock purchased | | - 6 556 | - 1 841 |
| Treasury stock sold | | 3 694 | 718 |
| Dividends paid | | - 28 808 | - 28 785 |
| Dividends paid to minorities | | - 506 | - 303 |
| Net cash used in financing activities from continuing operations | | - 126 837 | - 82 998 |
| Net cash (used in) provided by financing activities from discontinued operations | 3 | - 1 949 | 8 594 |
| Net cash used in financing activities | | - 128 786 | - 74 404 |
| Net decrease in cash and cash equivalents from continuing operations | | - 56 222 | - 24 562 |
| Net (decrease) increase in cash and cash equivalents from discontinued operations | | - 1 021 | 16 389 |
| Net decrease in cash and cash equivalents | | - 57 243 | - 8 173 |
| Translation adjustments on cash and cash equivalents | | 1 638 | 4 381 |
| Cash and cash equivalents at beginning of year from continuing operations | | 218 643 | 217 344 |
| Cash and cash equivalents at beginning of year from discontinued operations | | 3 457 | 8 548 |
| Cash and cash equivalents at beginning of year | | 222 100 | 225 892 |
| Cash and cash equivalents at year end from continuing operations | 12 | 153 426 | 218 643 |
| Cash and cash equivalents at year end from discontinued operations | 3 | 13 069 | 3 457 |
| Cash and cash equivalents at year end | | 166 495 | 222 100 |

The accompanying notes from page 49 to page 95 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

| in CHF 000 | Note | Equity of Valora Holding AG shareholders | | | | | Minority interest | Total equity |
|--|------|--|-----------------|-------------------|------------------------------------|---------------------------------------|-------------------|----------------|
| | | Share capital | Other reserves | Retained earnings | Cumulative translation adjustments | Total equity of majority shareholders | | |
| Balance at January 1, 2006 | | 3 300 | - 28 558 | 532 396 | 4 005 | 511 143 | 2 454 | 513 597 |
| Fair value loss on available-for-sale financial assets | 20 | | - 18 | | | - 18 | | - 18 |
| Fair value loss on cash flow hedges | 29 | | - 515 | | | - 515 | | - 515 |
| Creation of tax assets on share based payments | 10 | | 96 | | | 96 | | 96 |
| Translation adjustments | | | | | 7 517 | 7 517 | 89 | 7 606 |
| Income (expense) recognised directly in equity | | | - 437 | | 7 517 | 7 080 | 89 | 7 169 |
| Net profit | | | | 65 153 | | 65 153 | 683 | 65 836 |
| Total profit (loss) reported | | | - 437 | 65 153 | 7 517 | 72 233 | 772 | 73 005 |
| Share-based payments | 27 | | 3 158 | | | 3 158 | | 3 158 |
| Dividend paid on 2005 result | | | | - 28 785 | | - 28 785 | - 303 | - 29 088 |
| Treasury stock purchased | | | - 1 841 | | | - 1 841 | | - 1 841 |
| Decrease in treasury stock ¹⁾ | | | 2 025 | | | 2 025 | | 2 025 |
| Balance at December 31, 2006 | | 3 300 | - 25 653 | 568 764 | 11 522 | 557 933 | 2 923 | 560 856 |
| Fair value loss on available-for-sale financial assets | 20 | | - 50 | | | - 50 | | - 50 |
| Fair value gain on cash flow hedges | 29 | | 720 | | | 720 | | 720 |
| Release of tax assets on share-based payments | 10 | | - 92 | | | - 92 | | - 92 |
| Translation adjustments | | | | | 2 717 | 2 717 | 92 | 2 809 |
| Income (expense) recognised directly in equity | | | 578 | | 2 717 | 3 295 | 92 | 3 387 |
| Net profit | | | | 51 364 | | 51 364 | 915 | 52 279 |
| Total profit (loss) reported | | | 578 | 51 364 | 2 717 | 54 659 | 1 007 | 55 666 |
| Share-based payments | 27 | | - 354 | | | - 354 | | - 354 |
| Dividend paid on 2006 result | | | | - 28 808 | | - 28 808 | - 506 | - 29 314 |
| Treasury stock purchased | | | - 6 556 | | | - 6 556 | | - 6 556 |
| Decrease in treasury stock ¹⁾ | | | 7 642 | | | 7 642 | | 7 642 |
| Balance at December 31, 2007 | | 3 300 | - 24 343 | 591 320 | 14 239 | 584 516 | 3 424 | 587 940 |

¹⁾ 2007: shares allocated to employees and Board members plus shares sold in market, 2006: shares allocated to employees and Board members

The accompanying notes from page 49 to page 95 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Summary of significant accounting policies

Basis of presentation. The Valora Group's annual consolidated financial statements have been prepared on the basis of historical cost (except for financial assets and liabilities, which are stated at fair value), in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal requirements of the Swiss Code of Obligations. The reporting currency is the Swiss franc (CHF). The most significant accounting policies are detailed below.

Scope of consolidation. Note 34 provides an overview of the most significant Group companies.

Consolidation principles. Valora's annual consolidated financial statements encompass Valora Holding AG and all its directly or indirectly held subsidiaries. Subsidiaries are defined as companies over which the Group is able to exert control. In determining whether such control exists, the voting rights from shares which are currently exercisable or convertible are taken into account.

Associated companies and joint ventures are treated according to the equity method. Associated companies are those 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 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 impacting the equity of associated companies and joint ventures are also credited or debited directly to Valora's equity. Dividends received reduce the value of these investments.

Subsidiaries and investments are included in the consolidated financial statements from the day they are acquired (assumption of control) and are removed from the day they are sold (transfer of control).

All intercompany balances, transactions and unrealised gains these generate are eliminated on consolidation.

Balances and transactions with associated companies and joint ventures reported under the equity method are shown separately as items with associates.

Minority interests represent the portion of the Group's net income and net assets which is not attributable to the Group. Minority interests are disclosed in separate entries in the Group income statement and the Group balance sheet. In the Group balance sheet, minority interests are shown in the shareholders' equity section, but are reported separately from the equity attributable to Valora Holding AG shareholders. Purchases of minority interests are treated according to the purchase method, with the difference between the purchase price paid and the book value of net assets acquired being recognised as goodwill.

Adoption of new accounting standards. Adoption of the following significant changes to International Financial Reporting Standards (IFRS) or of interpretations thereof was first required for the Valora Group's 2007 annual financial statements:

IFRS 7 «Financial instruments: disclosures» requires certain additional disclosures to be made regarding financial instruments and financial risks. These additional disclosures, which are contained in these Group financial statements, do not affect the classification or valuation of positions in financial instruments held by the Group.

The amendment to IAS 1 «Presentation of financial statements - capital disclosures» requires companies to disclose their objectives, policies and processes for managing capital. These Group financial statements also comply with this requirement.

Future changes to accounting policies. The following IFRS requirements, all contained in revisions to existing standards or new standards and all of which will enter into force on or after January 1, 2009, have not yet been applied: IFRS 8 «Operating segments», which will replace IAS 14 «Segment reporting»; IAS 23 «Borrowing costs»; IAS 27 «Consolidated and separate financial statements»; IFRS 3 «Business combinations»; IFRS 2 «Share-based payment»; and further modifications to IAS 1 «Presentation of financial statements». The potential effect of these aforementioned modified or new standards on Group financial statements cannot yet be fully assessed. Changes to IAS 32 «Financial instruments: presentation», which will enter into force on January 1, 2009, will have no effect on the Valora Group's consolidated financial statements.

IFRIC 14: This standard, which applies to financial reporting periods beginning on or after January 1, 2008, has also not been implemented ahead of time. The effect which IFRIC 14 will have on Valora's net pension asset is currently being evaluated.

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 directly to consolidated shareholders' equity and reported separately as accumulated currency translation differences.

Exchange rates applied for key foreign currencies

| | Average rate for 2007 | Rate at December 31, 2007 | Average rate for 2006 | Rate at December 31, 2006 |
|------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|
| Euro: EUR 1 | 1.643 | 1.656 | 1.573 | 1.608 |
| Swedish krona: SEK 100 | 17.75 | 17.55 | 17.01 | 17.80 |
| Danish krone: DKK 100 | 22.04 | 22.21 | 21.09 | 21.56 |

Net revenues and revenue recognition. Net revenues include all proceeds from the sale of goods and services, 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.

Equity based compensation. The Valora Group pays some of the compensation it grants to its senior management 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.

Expenses for services provided by third parties which are paid for with Valora shares are charged to the income statement at the market value of the services provided.

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 Notes 8 and 9).

Income taxes. Current income taxes are based on the taxable net income of the current year and are charged to the income statement accordingly.

Deferred income taxes are calculated according to the liability method, which is applied comprehensively to all temporary differences between Group and taxable book values. The tax rates applied are those expected to prevail on the balance sheet date or at the time these temporary differences are realised. Tax loss carry forwards and other deferred tax credits are recognised as assets only if it is probable that they can be offset against future taxes.

Deferred taxes are not calculated on temporary book value differences on investments in subsidiaries or associates, unless it is likely that they will be realised in the foreseeable future or their realisation cannot be managed or controlled.

Disposals of business units. When business units 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 cash flow from continuing operations only.

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 AG parent company outstanding. Diluted earnings per share take account of potentially dilutive effects such as those arising from convertible bond issues or option schemes. These shares are included in the calculation of the number of outstanding shares and the diluted earnings per share figures are reported accordingly.

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

Trade accounts receivable. Trade accounts receivable are recorded at their present value minus any necessary impairment adjustments for doubtful accounts. Impairment adjustments are made if there is objective evidence that the amount may not be received in full.

Inventories. Inventories are recorded at the lower of cost or net realisable value. For the Valora Retail division, cost price is determined according to the retail method, while the Valora Media and Trade divisions apply the first in, first out (FIFO) method. Write-downs on slow moving or obsolete inventories are determined according to standard business practices. Non-matured forward purchases made by the various production companies are treated as off balance sheet items.

Non-current assets held for sale. Fixed assets are classified as held for sale and valued at the lower of book or market value minus selling costs, if their book value is expected to be realised principally from their sale rather than their continued operational use. If entire business units are held for sale, all their fixed assets and all liabilities directly attributable thereto are recorded in the balance sheet separately as assets or liabilities from entities held for sale.

Property, plant and equipment. Property plant and equipment, excluding property held for investment, 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 capi-

talised are depreciated over their useful economic life. All other renovation and maintenance costs are expensed directly to the income statement. Interest payable on loans for facilities under construction is charged directly to the income statement.

A straight line amortisation schedule is used, based on the following estimates of economically useful life:

| | Years |
|---|-------|
| Real estate used for operations | 20-40 |
| Machinery, equipment, installations and furnishings | 6-10 |
| Vehicles | 5 |
| IT hardware | 3-5 |

Investment property. Investment property is recorded at cost minus accumulated depreciation. The fair values stated in the notes are based on capitalisations of current earnings value calculations. Increases in fair value are not capitalised. 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. Capitalised extensions and other installations on rented premises are amortised over their expected useful life or the remaining period of the lease, should this be shorter. Interest payable on loans for facilities under construction is charged directly to the income statement.

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

| | Years |
|---------------------|-------|
| Investment property | 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. Assets whose current book value exceeds their realisable value are written down to the discounted value of the future cash flows the assets are expected to generate. Once made, a non-scheduled write-down may be reversed only if the estimated realisable value of the asset concerned has been subject to change since the date of its most recent non-scheduled write-down. If such a revised estimate has been made, the book value of the asset in question will be increased to its current realisable value. This realisable value may not, however, exceed the value at which the asset would have been carried if no previous non-scheduled write-downs had occurred and it had simply been subjected to regular straight-line depreciation. Any increase in value resulting from such an adjustment is recorded in the income statement immediately.

Leases. Assets acquired under leasing agreements which transfer the benefits and risks 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.

Operating lease payments are charged - and operating lease payments received are credited - to the income statement linearly over the life of the leases.

Intangible assets excluding goodwill. Intangible assets excluding goodwill are carried at cost minus accumulated depreciation.

A straight line amortisation schedule is used, based on the following estimates of economically useful life:

| | Years |
|-------------------------|-------|
| Software | 3-5 |
| Other intangible assets | 3-10 |

Impairments to intangible assets. The value of intangible assets excluding goodwill is reviewed whenever changing circumstances or specific events suggest that their book value might be too high. Assets whose current book value exceeds their realisable value are written down to the discounted value of the future cash flows the assets are expected to generate. Once made, a non-scheduled write-down to an intangible asset other than goodwill may be reversed only if the estimated realisable value of the asset concerned has been subject to change since the date of its most recent non-scheduled write-down. If such a revised estimate has been made, the book value of the asset in question will be increased to its current realisable value. This realisable value may not, however, exceed the value at which the asset would have been carried if no previous non-scheduled write-downs had occurred and it had simply been subjected to regular straight-line depreciation. Any increase in value resulting from such an adjustment is recorded in the income statement immediately.

Goodwill from acquisitions. The difference between the purchase price paid for an acquired company and the market value of the proportionate net assets acquired at the date of purchase is recognised as goodwill from acquisitions according to the purchase method. Subsequent upward adjustments of such valuations are not permitted.

Impairments to goodwill. Goodwill is not systematically amortised, but is subjected to an impairment test at least annually at the end of each year or upon any indication of diminished value. Impairment tests are conducted at the level of the smallest cash generating unit to which goodwill was attributed on acquisition. If the book value exceeds the realisable value an impairment will be recorded to adjust the book value down to the realisable value.

Financial assets. Financial assets are classified as:

- at fair value through profit or loss
- loans and receivables
- held to maturity
- available for sale

Financial assets are classified according to the purpose for which they were acquired. Classification is determined when the assets are initially recognised.

Financial assets at fair value through profit or loss. These include financial assets and derivatives 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 recorded as current financial assets if they are held for trading purposes or are intended to be sold within 12 months.

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. They are classified as current assets if they mature within 12 months of the balance sheet date or non-current assets if they mature thereafter.

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.

All purchases and sales of financial assets are recorded on the trade date.

Financial assets, except those held at fair value through profit or loss, are initially recorded at fair value plus transaction costs. Financial assets held for trading purposes are initially recorded at market value excluding transactions 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 market value, using market offered 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. Unrealised gains and losses are credited or debited directly to shareholders' equity. Enduring or significant impairments are recorded and charged to the income statement. Valuation adjustments accumulated against equity are passed to the income statement upon sale.

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

Provisions. Provisions are recorded when events in the past give rise to a liability whose amount can be reliably estimated and for whose settlement an outflow of cash is probable. Provisions are carried at fair value.

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 compensation trajectories. Years of service costs are charged to the income statement in the period in which they are incurred. The effect of changes in actuarial assumptions is distributed equally over the participants' assumed average remaining years of service and recorded in the income statement proportionately each year. Actuarial gains and losses exceeding 10% of the greater of the dynamically calculated present value of projected benefit obligations or the pension fund assets at market prices are systematically amortised over the scheme participants' average remaining years of service, using the so-called corridor method.

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. Derivative financial instruments are recorded at their market value prevailing on the balance sheet date. 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 value of the item being hedged and those in the hedging instrument cancel each other out in the income statement. 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 market 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 offset changes in the value of the item it hedges. When hedges which qualify for hedge accounting treatment are initially transacted, 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 value of future cash flows are credited or debited to shareholders' equity, while gains or losses which do not meet this effectiveness requirement are immediately recorded in the income statement. The amounts recorded in shareholders' equity are then transferred to the income statement when the cash flows they hedge are booked. When a derivative financial instrument held for hedging purposes matures, is sold or no longer meets hedge accounting criteria, any unrealised gains or losses accumulated against shareholders' equity up to that time are not transferred to the income statement until the expected transaction for which the hedge was established is recognised in the income statement. However, if a previously anticipated transaction is no longer expected to occur, any such gains or losses previously booked to shareholders' equity are released to the income statement immediately.

At present, Valora enters into cash flow hedges only.

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. In particular, 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 concerning 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 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:

Goodwill. The consolidated balance sheet carries goodwill from continuing operations at CHF 90 million (see Note 18). As explained above, this is subjected to an impairment test upon any evidence that stated book values might exceed realisable amounts, and 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 for many of its employees 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 asset surplus, which is capitalised in the consolidated balance sheet at CHF 55 million, representing the portion of the surplus from which the Group could derive future economic benefit net of actuarial losses not recorded. These valuations are based on a number of assumptions, principal among which are the discount rate applied to future benefits, the expected return on the invested capital, and the expected future pensions and salaries of the plan participants (see Note 26). Actual outcomes may diverge considerably from the assumptions made and thus require an amortisation of the capitalised asset value shown.

Income taxes. Of the deferred tax assets shown, CHF 23.6 million relate to tax loss carry forwards of Valora AG which can be offset against future net earnings for income tax purposes in the years remaining until they lapse (the first expiration is in 3 years, the last in 5). IFRS requires deferred tax assets to be recorded for the amount of future tax savings expected to be realised from these carry forwards. The amount of these future tax savings depends on the level of net income which will be generated before the carry forwards lapse. Future net income may therefore be impacted by tax asset write-offs if future earnings are below current estimates, or may benefit from additional profits if future earnings exceed current estimates.

2 Acquisitions and disposals of business units

Transactions in 2007. No business units were acquired or disposed of during 2007.

Transactions in 2006. No business units were acquired or disposed of during 2006. The Fotolabo Group, which had already been classified under discontinued operations in 2005, was sold in the spring of 2006 (see Note 3).

3 Discontinued operations

In the spring of 2007, the Board of Directors announced its decision to sell the Own Brands operations which are part of Valora's Trade division. Accordingly, with effect from July 1, 2007, the balance sheet items concerned were classified as assets and liabilities relating to disposal groups, since completion of the sale of the entire business area within the next 12 months is regarded as probable. Valuation at realisable market prices net of selling costs made it necessary to write down goodwill by CHF 10.0 million.

In the income statement, the net income generated by Own Brands is shown as results from discontinued operations.

In the spring of 2006, the Group sold the Fotolabo Group, which had been classified under discontinued operations in 2005. The sale was completed in two separate transactions. One transaction covered the laboratory in Switzerland, its related service companies and the laboratory in Finland. These units were sold on March 16, 2006. The other transaction covered the laboratory in France and its related distribution companies. This sale was completed on April 19, 2006.

In 2007 it was possible to release provisions established for guarantees made in connection with the Fotolabo disposal which were no longer needed. In addition, a number of

costs were reimbursed. These revenues are included in the results from discontinued operations shown in the consolidated income statement.

Income statement for discontinued operations

| January 1 - December 31, in CHF 000 | Own Brands 2007 | Fotolabo 2007 | Total 2007 | Own Brands 2006 | Fotolabo 2006 | Total 2006 |
|---|-----------------------|------------------|-----------------|-----------------------|------------------|----------------|
| Net revenues | 181 406 | 0 | 181 406 | 165 488 | 14 975 | 180 463 |
| Gross profit | 102 615 | 0 | 102 615 | 98 484 | 12 159 | 110 643 |
| Operating expenses | - 86 032 | 0 | - 86 032 | - 82 868 | - 12 807 | - 95 675 |
| Other income, net | 3 044 | 991 | 4 035 | - 165 | 0 | - 165 |
| Goodwill amortisation | - 10 000 | 0 | - 10 000 | 0 | 0 | 0 |
| Operating profit | 9 627 | 991 | 10 618 | 15 451 | - 648 | 14 803 |
| Financial result | - 1 744 | 0 | - 1 744 | - 741 | - 46 | - 787 |
| Profit/Loss before taxes | 7 883 | 991 | 8 874 | 14 710 | - 694 | 14 016 |
| Income taxes | 597 | 0 | 597 | - 2 924 | 130 | - 2 794 |
| Operating profit/loss | 8 480 | 991 | 9 471 | 11 786 | - 564 | 11 222 |
| Accumulated exchange rate differences | 0 | 0 | 0 | 0 | - 75 | - 75 |
| Net profit/loss from discon- tinued operations | 8 480 | 991 | 9 471 | 11 786 | - 639 | 11 147 |

Earnings per share from discontinued operations amounted to CHF 2.96 in 2007 (CHF 3.49 in 2006). There were no dilutive effects in 2007 or 2006.

Net assets of discontinued operations

| in CHF 000 | 31.12.2007 | 31.12.2006 |
|---------------------------------|----------------|---------------|
| Cash and cash equivalents | 13 069 | 3 457 |
| Trade accounts receivable | 21 537 | 21 625 |
| Inventories | 10 896 | 10 294 |
| Other current assets | 8 059 | 16 252 |
| Property, plant and equipment | 99 548 | 80 554 |
| Goodwill | 20 639 | 30 639 |
| Other fixed assets | 4 305 | 1 025 |
| Trade accounts payable | -13 125 | - 15 339 |
| Other current liabilities | - 19 250 | - 15 786 |
| Long-term financial liabilities | - 29 081 | - 35 755 |
| Other long-term liabilities | - 8 507 | - 8 149 |
| Net assets | 108 090 | 88 817 |

As part of their regular business operations, some Group companies enter into forward purchase contracts. Settlement of these positions at maturity is always carried out on a physical basis. At the balance sheet date the aggregate contract value of open forward contracts amounted to CHF 2.4 million (CHF 1.5 million in 2006) with a maximum maturity of September 30, 2008.

Cash flow from discontinued operations

| in CHF 000 | 1.1. - 31.12.2007 | 1.1. - 31.12.2006 |
|--|-------------------|-------------------|
| Net cash provided by operating activities | 14 564 | 19 209 |
| Net cash used in investing activities | - 13 636 | - 11 414 |
| Net cash (used in) provided by financing activities | - 1 949 | 8 594 |
| Translation adjustments on cash and cash equivalents | - 32 | 860 |
| Total change in cash and cash equivalents | - 1 053 | 17 249 |

Cash flow from discontinued operations for 2006 includes cash flow items from both Own Brands and the Fotolabo group.

4 Segment reporting

The Valora Group is an international trading and services group, with operating activities carried out by the following divisions:

Valora Retail: Valora Retail operates small retail outlets at heavily frequented locations in Switzerland, Germany and Luxembourg. 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 Media: Valora Media is a specialised wholesaler intermediating between publishers and the retail sector. The division supplies newspapers, magazines and books to the Group's own retail outlets and those of third parties in Switzerland, Austria and Luxembourg.

Valora Trade: Valora Trade acts as an exclusive distributor to the retail sector of both food and non-food branded goods.

Other: This includes the corporate functions for Finance, Human Resources and IT, the central logistic functions for Valora Retail Switzerland and Valora Media Switzerland, together with the assets of discontinued operations. Sales represent the logistics services provided.

Segment data by division

| Net revenues for 2007 | | | | | | |
|---------------------------|------------------|----------------|----------------|----------------|--------------------------|------------------|
| in CHF 000 | Valora Retail | Valora Media | Valora Trade | Others | Intersegment elimination | Total Group |
| From third parties | 1 664 893 | 358 235 | 784 249 | 14 378 | 0 | 2 821 755 |
| From other divisions | 470 | 194 947 | 6 768 | 0 | - 202 185 | 0 |
| Total | 1 665 363 | 553 182 | 791 017 | 14 378 | - 202 185 | 2 821 755 |
| Net revenues for 2006 | | | | | | |
| From third parties | 1 632 761 | 359 792 | 741 881 | 14 839 | 0 | 2 749 273 |
| From other divisions | 94 | 200 431 | 6 369 | 444 | - 207 338 | 0 |
| Total | 1 632 855 | 560 223 | 748 250 | 15 283 | - 207 338 | 2 749 273 |
| Change (%) | 2.0 | - 1.3 | 5.7 | | | 2.6 |
| Operating profit for 2007 | | | | | | |
| Operating profit | 17 193 | 25 219 | 17 050 | - 3 604 | | 55 858 |
| Operating profit for 2006 | | | | | | |
| Operating profit | 21 409 | 28 238 | 19 670 | - 2 806 | | 66 511 |

Valora Retail's share of the results generated by associates and joint ventures amounted to CHF 0.9 million (CHF - 0.4 million in 2006). For Valora Media the corresponding figures were CHF 0.1 million in 2007 (CHF 0.0 million in 2006) and for Valora Trade they were CHF 0.8 million in 2007 (CHF 0.6 million in 2006).

| in CHF 000 | Valora Retail | Valora Media | Valora Trade | Others | Intersegment elimination | Total Group |
|---|------------------|-----------------|-----------------|----------------|-----------------------------|------------------|
| Operating profit for 2007 included the following non-cash expenses | | | | | | |
| Depreciation | 20 866 | 5 751 | 3 063 | 11 507 | | 41 187 |
| Impairments | 0 | 48 | 0 | 902 | | 950 |
| Release of provisions, net | - 3 264 | 0 | 0 | - 4 430 | | - 7 694 |
| Operating profit for 2006 included the following non-cash expenses | | | | | | |
| Depreciation | 20 306 | 5 600 | 3 096 | 10 617 | | 39 619 |
| Impairments | 0 | 0 | 0 | 91 | | 91 |
| Value enhancement of previously impaired properties | 0 | 0 | 0 | - 473 | | - 473 |
| Release of provisions, net | - 5 387 | - 431 | - 58 | - 3 994 | | - 9 870 |
| Capital expenditure | | | | | | |
| 2007 | 24 437 | 2 138 | 2 923 | 18 040 | | 47 538 |
| 2006 | 24 343 | 1 612 | 2 775 | 30 991 | | 59 721 |
| Segment assets | | | | | | |
| At December 31, 2007 | 541 222 | 211 823 | 320 984 | 564 187 | - 331 673 | 1 306 543 |
| At December 31, 2006 | 522 577 | 211 715 | 298 948 | 657 957 | - 366 424 | 1 324 773 |
| Segment liabilities | | | | | | |
| At December 31, 2007 | 447 812 | 118 790 | 186 963 | 296 711 | - 331 673 | 718 603 |
| At December 31, 2006 | 446 067 | 115 954 | 174 647 | 393 673 | - 366 424 | 763 917 |

Valora Retail's share of the book values attributable to associates and joint ventures amounted to CHF 9.3 million in 2007 (CHF 8.5 million in 2006). For Valora Media the corresponding figures were CHF 0.0 million in 2007 (CHF 0.0 million in 2006) and for Valora Trade they were CHF 5.3 million in 2007 (CHF 4.5 million in 2006).

Segment data by region

| Net revenues from third parties | | | |
|---------------------------------|------------------|------------------|------------------|
| in CHF 000 | Switzerland | Europe | Total Group |
| 2007 | 1 696 177 | 1 125 578 | 2 821 755 |
| 2006 | 1 697 818 | 1 051 455 | 2 749 273 |
| Change (%) | - 0.1 | 7.0 | 2.6 |
| Capital expenditure | | | |
| 2007 | 36 080 | 11 458 | 47 538 |
| 2006 | 41 925 | 17 796 | 59 721 |
| Segment assets | | | |
| At December 31, 2007 | 882 581 | 423 962 | 1 306 543 |
| At December 31, 2006 | 954 958 | 369 815 | 1 324 773 |

5 Personnel expenses

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| Salaries and wages | 381 915 | 374 260 |
| Pension cost of defined benefit plans | 11 668 | 13 767 |
| Pension cost of defined contribution plans | 2 544 | 1 032 |
| Other social security payments | 40 850 | 43 119 |
| Share-based payments | 1 947 | 4 425 |
| Other personnel expenses | 15 991 | 15 940 |
| Total personnel expense | 454 915 | 452 543 |
| Average number of employees (full-time equivalents) | 6 495 | 6 707 |

In 2007, the Valora employer's pension fund assumed costs of CHF 2.5 million in connection with early retirements and additional premium payments.

6 Other operating expenses

| in CHF 000 | 2007 | 2006 |
|---------------------------------------|----------------|----------------|
| Rent | 113 422 | 111 489 |
| Real-estate expenses | 7 439 | 7 415 |
| Energy | 18 476 | 19 289 |
| Insurance | 3 581 | 2 848 |
| Communications and IT | 19 312 | 16 073 |
| Advertising and sales | 50 847 | 50 956 |
| Shipping and dispatch | 68 828 | 68 905 |
| General administration | 24 387 | 25 947 |
| Capital and other taxes | 1 080 | 804 |
| Miscellaneous | 12 676 | 12 535 |
| Total other operating expenses | 320 048 | 316 261 |

Miscellaneous operating expenses include operating lease payments totalling CHF 4.8 million (CHF 5.8 million in 2006).

The higher communications and IT costs shown for 2007 are attributable to expenditure on modernising the IT infrastructure in Switzerland.

7 Other income, net

| in CHF 000 | 2007 | 2006 |
|---|---------------|---------------|
| Rental income | 2 378 | 2 745 |
| Gains (losses) of non-current assets, net | 14 | - 331 |
| Miscellaneous expenses | - 86 | - 244 |
| Miscellaneous income | 12 111 | 16 515 |
| Total other income, net | 14 417 | 18 685 |

Miscellaneous income includes CHF 7.7 million (CHF 7.4 million in 2006) arising from the release of provisions. Also included are proceeds of CHF 2.9 million (CHF 2.2 million in 2006) from an account receivable arising from a prior disposal which had been subject to impairment.

8 Financial expense

| in CHF 000 | 2007 | 2006 |
|--|---------------|---------------|
| Interest on bank debt and mortgages | 6 056 | 7 950 |
| Interest on bonds issued | 4 591 | 4 307 |
| Interest on finance leases | 162 | 62 |
| Net (gains) losses on financial derivative instruments | - 185 | 100 |
| Fair value adjustments on long-term provisions | - 247 | 428 |
| Total financial expense | 10 377 | 12 847 |

The fall in interest expense on bank debt and mortgages is principally due to the repayment of syndicated loans.

The fair value adjustments on long-term provisions in 2007 include CHF 0.7 million of released provisions.

9 Financial income

| in CHF 000 | 2007 | 2006 |
|--|--------------|--------------|
| Interest earned on cash, cash equivalents, loans and receivables | 5 291 | 4 322 |
| Interest income from finance leases | 335 | 29 |
| Dividend income from financial investments available for sale | 17 | 8 |
| Realised gains on financial investments available for sale | 6 | 0 |
| Foreign exchange gains, net | 2 423 | 2 976 |
| Total financial income | 8 072 | 7 335 |

10 Income taxes

Income tax expense was as follows:

| in CHF 000 | 2007 | 2006 |
|---|---------------|--------------|
| Expense on current income taxes | 7 020 | 8 402 |
| Expense (revenue) from deferred taxes | 5 531 | - 1 872 |
| Total income tax expense for continuing operations | 12 551 | 6 530 |

In addition, temporary differences arising from the recognition of equity based compensation from share schemes resulted in CHF 92 thousand of deferred tax assets being marked against shareholders' equity (CHF 96 thousand in 2006).

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 | 2007 | 2006 |
|---|---------------|---------------|
| Profit before income taxes | 55 359 | 61 219 |
| Expected average Group tax rate | 21.7% | 21.7% |
| Income taxes at expected Group tax rate | 12 010 | 13 289 |
| Non-tax-deductible tax expense | 189 | 639 |
| Utilisation of losses not previously recognised | - 3 027 | - 6 996 |
| Out-of-period effects on current income taxes | 3 348 | 148 |
| Tax rate changes and other effects, net | 31 | - 550 |
| Total reported income taxes | 12 551 | 6 530 |

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 January 1, 2006 | 43 800 | - 29 361 | 14 439 |
| Deferred taxes included in net income | - 2 546 | 4 169 | 1 623 |
| Deferred taxes included in shareholders' equity | 96 | 0 | 96 |
| Exchange rate differences | 207 | - 586 | - 379 |
| Balance at December 31, 2006 | 41 557 | - 25 778 | 15 779 |
| Of which from discontinued operations | - 489 | 8 038 | 7 549 |
| Deferred taxes included in net income | - 5 187 | - 344 | - 5 531 |
| Deferred taxes included in shareholders' equity | - 92 | 0 | - 92 |
| Exchange rate differences | 252 | - 180 | 72 |
| Balance at December 31, 2007 | 36 041 | - 18 264 | 17 777 |

Tax deductible losses carried forward amount to CHF 541.4 million (CHF 561.6 million in 2006). These will lapse as follows:

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| Within one year | 8 | 4 |
| Within 2 years | 8 | 6 |
| Within 3 years | 181 614 | 6 |
| Within 4 years | 61 996 | 197 085 |
| Within 5 years | 51 914 | 61 995 |
| After more than 5 years | 245 848 | 302 496 |
| Total tax-deductible losses carried forward from continuing operations | 541 388 | 561 592 |

In 2007, deferred tax assets amounting to CHF 125.9 million (out of a total of CHF 432.1 million) from continuing operations were not capitalised, as it is unlikely that they can be offset against future tax expenses (in 2006, CHF 150.9 million out of a total of CHF 445.9 million were not capitalised for the same reason).

Deferred tax liabilities on temporary valuation differences on investments carried at CHF 514.2 million (CHF 502.8 million in 2006) were not capitalised, as it is not intended to realise them in the foreseeable future.

The distribution of dividends by Valora Holding AG is of no relevance to the Group's income tax position.

11 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.

| | 2007 | 2006 |
|--|---------------|---------------|
| Net profit from continuing operations (in CHF 000) | 42 808 | 54 689 |
| Net profit attributable to minority interests (in CHF 000) | - 915 | - 683 |
| Net profit from continuing operations attributable to Valora Holding AG shareholders (in CHF 000) | 41 893 | 54 006 |
| Average number of shares outstanding | 3 201 312 | 3 197 186 |
| Earnings per share from continuing operations (in CHF) | 13.09 | 16.89 |

There were no dilutive effects in 2007 or 2006.

12 Cash and cash equivalents

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| Petty cash and bank sight deposits | 147 958 | 218 800 |
| Short-term deposits and money-market investments < 3 months | 5 468 | 3 300 |
| Total cash and cash equivalents | 153 426 | 222 100 |

13 Trade accounts receivable

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| Trade accounts receivable, gross | 166 613 | 171 490 |
| Allowance for bad and doubtful debts | - 2 114 | - 3 088 |
| Total trade accounts receivable, net | 164 499 | 168 402 |

Impairments to trade accounts receivable are shown in the table below:

| in CHF 000 | 2007 | 2006 |
|---------------------------------------|--------------|--------------|
| Position at January 1 | 3 088 | 5 698 |
| Of which from discontinued operations | - 70 | 0 |
| Impairment creation charged to income | 390 | 655 |
| Impairments released to income | - 1 072 | - 3 144 |
| Impairments utilised | - 239 | - 145 |
| Exchange rate differences | 17 | 24 |
| Position at December 31 | 2 114 | 3 088 |

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

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| Total trade accounts receivable, net | 164 499 | 168 402 |
| Of which | | |
| Not yet overdue | 131 447 | 125 966 |
| Up to 10 days overdue | 13 455 | 24 043 |
| More than 10 days, but less than one month overdue | 16 053 | 10 070 |
| More than one month, but less than two months overdue | 1 563 | 3 950 |
| More than two months, but less than four months overdue | 1 267 | 2 799 |
| More than four months overdue | 714 | 1 574 |

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

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| CHF | 67 367 | 72 628 |
| DKK | 28 060 | 22 572 |
| EUR | 39 260 | 40 676 |
| NOK | 4 928 | 5 555 |
| SEK | 24 670 | 25 500 |
| Others | 214 | 1 471 |
| Total trade accounts receivable, net | 164 499 | 168 402 |

14 Inventories

| in CHF 000 | 2007 | 2006 |
|----------------------------|----------------|----------------|
| Raw materials and supplies | 335 | 7 433 |
| Finished goods | 1 381 | 3 858 |
| Merchandise | 245 279 | 256 369 |
| Total inventories | 246 995 | 267 660 |

In 2007, inventory write-downs of CHF 20.0 million (CHF 16.5 million in 2006) were charged to cost of goods sold. No inventories were carried at their net realisable value (none in 2006). The fall in the carrying value of raw materials and supplies and of finished goods is mainly due to Own Brands inventories having been classified under disposal groups during 2007.

15 Other current receivables

| in CHF 000 | 2007 | 2006 |
|--|---------------|---------------|
| Value-added tax, withholding tax and other taxes recoverable | 2 443 | 4 108 |
| Prepaid expenses and accrued income | 12 341 | 7 724 |
| Short-term receivables from finance leases | 278 | 265 |
| Miscellaneous receivables | 28 740 | 34 995 |
| Total other current receivables | 43 802 | 47 092 |

The differences between the 2006 and 2007 carrying values of other current receivables are mainly due to Own Brands receivables being classified under disposal groups during 2007.

16 Property, plant and equipment

| At cost | | | | | |
|---------------------------------------|---------------|-----------------|-----------------------|----------------------|---------------------|
| in CHF 000 | Land | Buildings | Machinery & equipment | Projects in progress | Total |
| Balance at January 1, 2006 | 27 298 | 198 095 | 478 087 | 2 612 | 706 092 |
| Additions | 25 | 1 104 | 41 008 | 6 218 | 48 355 |
| Disposals | - 3 119 | - 6 607 | - 27 028 | 0 | - 36 754 |
| Reclassifications | 0 | 309 | 1 595 | - 2 640 | ¹⁾ - 736 |
| Translation adjustments | 291 | 1 650 | 5 928 | 132 | 8 001 |
| Balance at December 31, 2006 | 24 495 | 194 551 | 499 590 | 6 322 | 724 958 |
| Of which from discontinued operations | - 2 784 | - 45 458 | - 121 312 | - 4 714 | - 174 268 |
| Additions | 0 | 264 | 32 069 | 428 | 32 761 |
| Disposals | 0 | 0 | - 55 257 | 0 | - 55 257 |
| Reclassifications | 0 | 1 022 | 574 | - 1 596 | 0 |
| Translation adjustments | 246 | 675 | 2 112 | 6 | 3 039 |
| Balance at December 31, 2007 | 21 957 | 151 054 | 357 776 | 446 | 531 233 |
| Accumulated depreciation | | | | | |
| Balance at January 1, 2006 | 0 | - 50 188 | - 333 421 | 0 | - 383 609 |
| Additions | 0 | - 5 907 | - 34 145 | 0 | - 40 052 |
| Impairments | 0 | 0 | - 188 | 0 | - 188 |
| Disposals | 0 | 1 149 | 20 612 | 0 | 21 761 |
| Translation adjustments | 0 | - 478 | - 3 818 | 0 | - 4 296 |
| Balance at December 31, 2006 | 0 | - 55 424 | - 350 960 | 0 | - 406 384 |
| Of which from discontinued operations | 0 | 9 518 | 84 197 | 0 | 93 715 |
| Additions | 0 | - 4 492 | - 27 075 | 0 | - 31 567 |
| Impairments | 0 | 0 | - 266 | 0 | - 266 |
| Disposals | 0 | 0 | 52 877 | 0 | 52 877 |
| Translation adjustments | 0 | - 139 | - 1 492 | 0 | - 1 631 |
| Balance at December 31, 2007 | 0 | - 50 537 | - 242 719 | 0 | - 293 256 |
| Net book value | | | | | |
| At December 31, 2006 | 24 495 | 139 127 | 148 630 | 6 322 | 318 574 |
| At December 31, 2007 | 21 957 | 100 517 | 115 057 | 446 | 237 977 |

¹⁾ Reclassified to intangible assets

No property, plant and equipment was pledged to secure mortgage loans (CHF 7.6 million in 2006). Property, plant and equipment at year end 2007 includes no real estate held on finance leases (CHF 1.2 million in 2006), but does include machinery and equipment held on finance leases amounting to CHF 3.0 million (CHF 1.9 million in 2006).

| Fire insurance values of property, plant and equipment | | |
|--|----------------|----------------|
| in CHF 000 | 2007 | 2006 |
| Property (including investment property) | 265 239 | 321 734 |
| Plant and equipment | 423 541 | 541 608 |
| Total | 688 780 | 863 342 |

17 Investment property

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

| Investment property | | |
|----------------------------------|----------------|-----------------|
| in CHF 000 | 2007 | 2006 |
| At cost | | |
| Balance at January 1 | 27 904 | 56 686 |
| Additions | 23 | 0 |
| Disposals | - 4 380 | - 29 372 |
| Translation adjustments | 231 | 590 |
| Balance at December 31 | 23 778 | 27 904 |
| Accumulated depreciation | | |
| Balance at January 1 | - 8 821 | - 24 385 |
| Additions | - 369 | - 681 |
| Impairments | 0 | 473 |
| Disposals | 889 | 16 069 |
| Translation adjustments | - 161 | - 297 |
| Balance at December 31 | - 8 462 | - 8 821 |
| Total net carrying amount | 15 316 | 19 083 |

The estimated market value (based on capitalised income value calculations) amounted to CHF 20.8 million in 2007 (CHF 25.6 million in 2006). The capitalised income value calculations were carried out by a suitably qualified expert who also undertakes valuations for the Valora Group's employee pension fund. Rental revenues from the investment properties amounted to CHF 2.2 million (CHF 2.7 million in 2006) and corresponding property expenses amounted to CHF 1.6 million (CHF 0.8 million in 2006). Properties with an aggregate value of CHF 2.4 million (CHF 2.5 million in 2006) were pledged to secure mortgages.

An industrial building in Germany was sold as planned during 2007. Sales of the former headquarters of Valora Trade Switzerland in Burgdorf and another industrial building in Germany were completed according to plan during the 3rd quarter of 2006. Following these sales, impairments totalling CHF 0.5 million made in the first half of 2006 were reversed.

18 Goodwill, software and other intangible assets

| At cost | Goodwill from acqui- sitions | Software and other intangible assets | Projects in progress | Total |
|---------------------------------------|------------------------------------|---|-------------------------|-------------------|
| in CHF 000 | | | | |
| Balance at January 1, 2006 | 120 081 | 88 187 | 0 | 208 268 |
| Additions | 0 | 9 896 | 1 469 | 11 365 |
| Disposals | 0 | - 1 608 | 0 | - 1 608 |
| Reclassifications | 0 | 341 | 395 | ¹⁾ 736 |
| Translation adjustments | 161 | 1 411 | 9 | 1 581 |
| Balance at December 31, 2006 | 120 242 | 98 227 | 1 873 | 220 342 |
| Of which from discontinued operations | - 30 639 | - 1 319 | 0 | - 31 958 |
| Additions | 0 | 11 493 | 3 261 | 14 754 |
| Disposals | 0 | - 28 938 | 0 | - 28 938 |
| Reclassifications | 0 | 115 | - 115 | 0 |
| Translation adjustments | 154 | 1 395 | 16 | 1 565 |
| Balance at December 31, 2007 | 89 757 | 80 973 | 5 035 | 175 765 |
| Accumulated amortisation | | | | |
| Balance at January 1, 2006 | 0 | - 52 603 | 0 | - 52 603 |
| Additions | 0 | - 8 412 | 0 | - 8 412 |
| Impairments | 0 | - 248 | 0 | - 248 |
| Disposals | 0 | 1 346 | 0 | 1 346 |
| Translation adjustments | 0 | - 580 | 0 | - 580 |
| Balance at December 31, 2006 | 0 | - 60 497 | 0 | - 60 497 |
| Of which from discontinued operations | 0 | 1 061 | 0 | 1 061 |
| Additions | 0 | - 9 251 | 0 | - 9 251 |
| Impairments | 0 | - 684 | 0 | - 684 |
| Disposals | 0 | 28 769 | 0 | 28 769 |
| Translation adjustments | 0 | - 648 | 0 | - 648 |
| Balance at December 31, 2007 | 0 | - 41 250 | 0 | - 41 250 |
| Book value | | | | |
| At December 31, 2006 | 120 242 | 37 730 | 1 873 | 159 845 |
| At December 31, 2007 | 89 757 | 39 723 | 5 035 | 134 515 |

¹⁾ Reclassified from property, plant and equipment

Software and other intangible assets comprise CHF 18.5 million for software and CHF 21.2 million for other intangible assets, of which CHF 17.1 million relate to delivery rights recognised as assets in the books of the PGV Group.

Goodwill Impairment Test. Fair value is calculated on the basis of value-in-use. Valuations were based on the discounted value of estimated future free cash flows of cash generating units to which goodwill has been attributed. Cash flows for the next 3 years, drawn from the business plans approved by division management, are taken into account, after which a residual value is assumed. The discount rate applied is based on weighted aver-

age cost of capital calculations, and also takes currency-specific risks into account. Since the calculations use after-tax cash flows, the discount rates are also adjusted for tax.

Valora Trade Nordics. Goodwill amounting to CHF 16.3 million has been assigned to Valora Trade's Scandinavian business units. The key assumptions used are a discount rate of 8% and the budgeted operating margin.

Valora Media Luxembourg - MPK. Goodwill amounting to CHF 43.3 million has been assigned to the Luxembourg press wholesale unit. The key assumptions here are a 8.5% discount rate and the budgeted operating margin.

Valora Media Austria - PGV. Goodwill amounting to CHF 5.3 million has been assigned to the press wholesaling unit in Austria. The key assumptions used are a discount rate of 8.5% and the budgeted operating margin.

Valora Retail Switzerland. Goodwill amounting to CHF 12.8 million has been assigned to the kiosk unit. The key assumptions here are a 7.0% discount rate and the budgeted operating margin.

Impairment tests were also conducted for the other, smaller goodwill items.

No impairments to goodwill on continuing operations were charged to the income statements for 2007 or 2006. The impairment tests carried out show that if the discount rate applied were raised by 1.5 percentage points, all book values would still be below the resulting realisable values.

19 Receivables from real estate and finance leases

| | | |
|--|--------------|--------------|
| Future receivables from real estate leases | | |
| in CHF 000 | 2007 | 2006 |
| Rental payments received during period | 2 378 | 2 745 |
| Future rental receivables from current real estate leases | | |
| Within one year | 1 801 | 1 452 |
| Within 1-2 years | 1 429 | 1 253 |
| Within 2-3 years | 1 197 | 1 014 |
| Within 3-4 years | 1 146 | 787 |
| Within 4-5 years | 1 098 | 685 |
| After more than 5 years | 1 588 | 1 570 |
| Total receivables from current real estate leases | 8 259 | 6 761 |
| Future receivables from finance leases | | |
| in CHF 000 | 2007 | 2006 |
| Payments received during period | 599 | 62 |

| | | |
|---|--------------|--------------|
| Future receivables from current finance leases | | |
| Within one year | 604 | 599 |
| Within 1-2 years | 604 | 599 |
| Within 2-3 years | 604 | 599 |
| Within 3-4 years | 604 | 599 |
| Within 4-5 years | 604 | 599 |
| After more than 5 years | 6 133 | 6 678 |
| Total future receivables from finance leases | 9 153 | 9 673 |
| minus future interest credits | - 2 931 | - 3 186 |
| Total future receivables from finance leases (present value) | 6 222 | 6 487 |
| minus current portion (see Note 15) | - 278 | - 265 |
| Non-current receivables from finance leases (see Note 20) | 5 944 | 6 222 |
| Present value of minimum future finance lease revenues | | |
| in CHF 000 | 2007 | 2006 |
| Within one year | 587 | 580 |
| Within 1-2 years | 556 | 550 |
| Within 2-3 years | 526 | 522 |
| Within 3-4 years | 499 | 495 |
| Within 4-5 years | 473 | 470 |
| After more than 5 years | 3 581 | 3 870 |
| Total present value of minimum future finance lease revenues | 6 222 | 6 487 |

Valora Holding AG moved its headquarters in Berne during 2006. The finance leases cover extensions to the former headquarters made during the Valora tenancy, which the new tenant is using.

20 Financial assets

| | | |
|-------------------------------------|---------------|---------------|
| Non-current financial assets | | |
| in CHF 000 | 2007 | 2006 |
| Loans and receivables | 18 842 | 3 782 |
| Receivables from finance leases | 5 944 | 6 222 |
| Financial assets available for sale | 1 563 | 1 598 |
| Total financial assets | 26 349 | 11 602 |

The financial assets available for sale include CHF 677 thousand (CHF 690 thousand in 2006) 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. Sales of such assets during 2007 resulted in a realised profit of CHF 6 thousand.

21 Investments in associates and joint ventures

| Summary balance sheet of associates and joint ventures | | |
|--|---------------|---------------|
| in CHF 000 | 2007 | 2006 |
| Current assets | 11 333 | 10 143 |
| Non-current assets | 40 539 | 36 627 |
| Current liabilities | - 13 821 | - 12 264 |
| Non-current liabilities | - 6 654 | - 7 385 |
| = Equity | 31 397 | 27 121 |

| Summary income statement of associates and joint ventures | | |
|---|--------------|------------|
| in CHF 000 | 2007 | 2006 |
| Net revenues | 49 659 | 44 858 |
| Operating profit | 4 182 | 1 599 |
| Net profit | 3 438 | 996 |

Investments in associates and joint ventures comprise 50 % of cevanova AG (Valora Retail), the operator of Avec outlets in Switzerland, 45 % of Borup Kemi A/S, Denmark (Valora Trade), 50 % of Kaumy S.r.o., Czech Republic (Valora Trade) and 22 % of Karl Schmelzer - J. Bettenhausen bookshops, OHG, Vienna, Austria (Valora Media).

22 Financial debt

| Short-term financial debt | | |
|--|--------------|--------------|
| in CHF 000 | 2007 | 2006 |
| Current bank debt | 3 | 1 039 |
| Current portion of non-current bank debt | 740 | 530 |
| Current portion of finance lease obligations | 965 | 629 |
| Total short-term financial debt | 1 708 | 2 198 |

| Long-term financial debt | | |
|---------------------------------------|----------------|----------------|
| in CHF 000 | 2007 | 2006 |
| Bank loans | 49 545 | 129 294 |
| Mortgages | 0 | 2 548 |
| Bonds | 138 650 | 138 373 |
| Finance lease obligations | 1 882 | 1 364 |
| Other long-term debt | 7 663 | 8 873 |
| Total long-term financial debt | 197 740 | 280 452 |

Bank loans relate solely to the syndicated credit facility totalling CHF 50 million taken out by Valora Holding AG, all of which is floating rate. An interest rate swap was entered into as a hedge for the floating interest payments and this has been designated as a cash flow hedge (see Note 29). Under the syndicated credit agreement, the Valora Group has covenanted to maintain its equity ratio and indebtedness within certain parameters during the life of the facility.

| Bonds | | | 2007 | 2006 |
|-----------------------|---------|----------|---------|---------|
| in CHF 000 | Gross | Discount | net | net |
| 2.875% bond 2005–2012 | 140 000 | 1 350 | 138 650 | 138 373 |

The effective yield on the bond is 3.1%.

| Maturities at year end were as follows | | |
|---|----------------|----------------|
| in CHF 000 | 2007 | 2006 |
| Within one year | 1 705 | 1 159 |
| Within 1-2 years | 3 264 | 9 628 |
| Within 2-3 years | 0 | 2 207 |
| Within 3-4 years | 0 | 658 |
| Within 4-5 years | 194 208 | 29 948 |
| After more than 5 years | 268 | 238 011 |
| Total | 199 445 | 281 611 |
| Current portion of long-term financial debt | - 1 705 | - 1 159 |
| Total long-term financial debt | 197 740 | 280 452 |

During 2007 a nominal total of CHF 80.0 million in outstanding syndicated credits were redeemed.

Interest rates ranged from 1.77% to 5.50%. The weighted average rate of interest on financial liabilities was 3.14% (3.25% in 2006).

The currency composition of the Group's long-term financial debt is as follows:

| in CHF 000 | 2007 | 2006 |
|---------------------------------------|----------------|----------------|
| CHF | 190 379 | 270 122 |
| EUR | 6 013 | 7 284 |
| SEK | 1 348 | 3 046 |
| Total long-term financial debt | 197 740 | 280 452 |

23 Trade accounts payable

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

| in CHF 000 | 2007 | 2006 |
|-------------------------------------|----------------|----------------|
| CHF | 130 213 | 161 548 |
| DKK | 15 849 | 12 449 |
| EUR | 101 853 | 89 361 |
| NOK | 4 437 | 4 212 |
| SEK | 28 756 | 26 453 |
| Other | 746 | 1 825 |
| Total trade accounts payable | 281 854 | 295 848 |

24 Other current liabilities

| in CHF 000 | 2007 | 2006 |
|---|----------------|----------------|
| Value-added tax and other taxes owed | 11 530 | 9 379 |
| Social security contributions payable | 3 497 | 3 231 |
| Accruals for overtime and unused vacation | 19 377 | 19 638 |
| Pension cost payable | 763 | 1 019 |
| Warranties and similar current accruals | 17 | 845 |
| Accrued expenses | 65 165 | 54 925 |
| Miscellaneous current liabilities | 19 955 | 27 290 |
| Total other current liabilities | 120 304 | 116 327 |

25 Provisions

| in CHF 000 | Guarantees | Litigation | Restructuring | Total |
|-------------------------------------|---------------|--------------|---------------|---------------|
| Balance at January 1, 2006 | 7 685 | 5 514 | 19 911 | 33 110 |
| Utilised | - 520 | - 29 | - 10 046 | - 10 595 |
| Amounts released to income | - 1 015 | - 1 506 | - 4 849 | - 7 370 |
| Recognised | 9 195 | 0 | 0 | 9 195 |
| Fair value adjustment | 231 | 197 | 0 | 428 |
| Translation adjustments | 0 | 52 | 54 | 106 |
| Balance at December 31, 2006 | 15 576 | 4 228 | 5 070 | 24 874 |
| Utilised | - 5 092 | - 124 | - 1 806 | - 7 022 |
| Amounts released to income | - 5 978 | 0 | - 3 264 | - 9 242 |
| Fair value adjustment | 244 | 205 | 0 | 449 |
| Translation adjustments | 0 | 3 | 0 | 3 |
| Balance at December 31, 2007 | 4 750 | 4 312 | 0 | 9 062 |
| Current provisions | 250 | 0 | 0 | 250 |
| Long-term provisions | 4 500 | 4 312 | 0 | 8 812 |
| Total provisions | 4 750 | 4 312 | 0 | 9 062 |

Guarantees. These comprise contractual guarantees in connection with the Selecta IPO, the business units sold as part of the focusing strategy and the sale of Fotolabo. Changes in 2007: as part of the Fotolabo sale, guarantees totalling CHF 5.1 million were issued, the provisions for CHF 0.9 million of which have since been released to income. A re-assessment of the provisions in relation to the Selecta IPO showed these to be no longer necessary, with the result that CHF 5.1 million of provisions were released to income.

Litigation. Provisions totalling CHF 6.5 million were made in Germany in 2003 in connection with a fraud case and for pending litigation involving Valora Retail.

The last pending item of litigation for Valora Retail was resolved in 2007. This used up CHF 0.1 million of the provisions set aside. The litigation relating to the fraud case in Germany is however taking longer than originally foreseen and will probably be concluded after 2008.

Restructuring. In 2005 provisions totalling CHF 18.3 million were created to cover restructuring in the Swiss Retail, Media and books operations. CHF 15.3 million of these related to Valora Retail, CHF 0.7 million to Valora Media and CHF 2.3 million to Corporate.

This restructuring programme was completed according to plan during 2007. Of the CHF 1.8 million utilised in 2007, CHF 1.3 million related to the Retail division and CHF 0.5 million to Corporate. This left a remaining provision for Retail of CHF 3.3 million which was released to income.

26 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, 2007.

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 | 2007 | 2006 |
| Current present value of benefit obligation at January 1 | 651 327 | 568 599 |
| Benefit entitlements earned by participants | 34 506 | 31 289 |
| Interest costs | 19 739 | 17 249 |
| Curtailments, redemptions and modifications to plans | 0 | 2 933 |
| Benefits paid out | - 36 865 | - 34 132 |
| Actuarial (gain) loss on benefit obligation | - 83 207 | 64 696 |
| Exchange rate losses | 15 | 693 |
| Current present value of benefit obligation at December 31 | 585 515 | 651 327 |
| Plan assets at market value at January 1 | 697 449 | 651 862 |
| Expected net return on assets | 32 070 | 29 975 |
| Employer contributions | 10 990 | 13 433 |
| Employee contributions | 10 768 | 10 597 |
| Benefits paid out | - 36 686 | - 33 753 |
| Actuarial (loss) gain on plan assets | - 16 868 | 25 270 |
| Exchange rate gains | 63 | 65 |
| Plan assets at market value at December 31 | 697 786 | 697 449 |

Changes in the discount rates applied and in assumptions about the proportion of retiring staff likely to elect lump sum options, as well as modifications in the number of plan participants, resulted in an actuarial gain on the liability side. The actuarial losses on the assets were the result of portfolio performance being below expectations.

During 2007, the Valora employer's financing foundation assumed costs of CHF 2.5 million in connection with early retirements and additional premium payments.

| Balance sheet data | | |
|---|----------------|---------------|
| in CHF 000 | 2007 | 2006 |
| Present value of funded plan benefit obligations | - 574 095 | - 640 556 |
| Plan assets at market value | 697 786 | 697 449 |
| Surplus on funded plans | 123 691 | 56 893 |
| Present value of unfunded benefit obligations | - 11 420 | - 10 771 |
| Surplus not eligible for capitalisation under IAS 19.58 | - 75 081 | - 28 085 |
| Unrecorded actuarial losses | 7 372 | 26 632 |
| Total surplus | 44 562 | 44 669 |
| of which capitalised as employer contribution surplus | 54 574 | 54 574 |
| of which capitalised as employer contribution liability | - 10 012 | - 9 905 |

The surpluses on funded plans increased by CHF 66.8 million. This was principally due to the higher discount rate applied, which reduced the value of pension obligations. The sale of Own Brands will mean that a small number of employees will leave the pension plan in Switzerland. The effect of this on the net pension asset will be modest.

| Income statement | | |
|--|-----------------|-----------------|
| in CHF 000 | 2007 | 2006 |
| Actuarial pension costs | - 34 506 | - 31 289 |
| Interest costs | - 19 739 | - 17 249 |
| Expected net return on assets | 32 070 | 29 975 |
| Adjustment for IAS 19.58 | 46 735 | - 28 779 |
| Changes in unrecorded plan assets | - 46 996 | 25 582 |
| Losses from plan curtailments, redemptions and modifications | 0 | - 2 933 |
| Net pension cost for period | - 22 436 | - 24 693 |
| Employee contributions | 10 768 | 10 926 |
| Actuarial net pension costs | - 11 668 | - 13 767 |
| Key actuarial assumptions | | |
| | 2007 | 2006 |
| Discount rate | 3.25% | 2.75% |
| Expected net return on plan assets | 4.50% | 4.50% |
| Expected rate of increase in future salary levels | 2.00% | 2.00% |
| Expected rate of increase of future pension levels | 0.50% | 0.50% |

The calculations for the Swiss plans used the EVK2000 mortality table.

| Asset allocation | Expected long-term return | | | Expected contribution to aggregate return | 2006 |
|---------------------------|---------------------------|-------|--------------|---|----------------|
| | 2007 | | | | |
| Cash and cash equivalents | 5.10% | 2.00% | 0.10% | | 9.81% |
| Fixed income | 24.80% | 3.50% | 0.87% | | 31.22% |
| Equity | 40.50% | 7.00% | 2.84% | | 32.24% |
| Real estate | 27.60% | 4.50% | 1.24% | | 24.87% |
| Other | 2.00% | 2.00% | 0.04% | | 1.86% |
| Total | 100.00% | | 5.09% | | 100.00% |
| Costs | | | - 0.59% | | |
| Net return | | | 4.50% | | |

The effective return generated in 2007 was 2.80% (6.64% in 2006). 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 | | | |
|---|----------------|-----------------|-----------------|
| in CHF 000 | 2007 | 2006 | 2005 |
| Present value of funded pension liabilities | - 574 095 | - 640 556 | - 558 899 |
| Pension assets at market prices | 697 786 | 697 449 | 651 862 |
| Funded pension plans' surpluses | 123 691 | 56 893 | 92 963 |
| Adjustments based on past experience | | | |
| Adjustments to pension plan liabilities based on past experience | 43 277 | - 42 648 | 1 613 |
| Adjustments to pension plan liabilities based on modified assumptions | 40 138 | - 21 835 | - 35 665 |
| Adjustments to pension plan assets based on past experience | - 16 868 | 25 270 | 2 313 |
| Actuarial gains (losses) on funded pension plans | 66 547 | - 39 213 | - 31 739 |

27 Share based payments

Employees. The following share based schemes exist for management and non-management employees:

Board share ownership plan. Members of the Board of Directors are entitled to receive shares based on the year-on-year growth achieved in Valora earnings per share. Shares are allocated on a linear scale rising from zero to a fixed maximum amount, corresponding to a 10% year-on-year increase in earnings per share. The value of the shares allocated - based on their market value on the day of allocation - can reach a maximum of 100% of the basic director's fee paid in cash. The shares may not be sold during the 5 years following their initial allocation, and a cash payment in lieu is not possible. Directors leaving the Board may keep shares already allocated to them, but remain bound by the lock-up period. Based on the 2007 results, no shares were awarded.

Group Executive share ownership plan. A new share based compensation agreement was established with members of Group Executive Management in 2006. Under this agreement, 40% of bonuses paid in respect of the years from 2006 to 2008 will be in the form of Valora shares. Shares are allocated on the basis of a share price of CHF 237 and the shares are subject to a 5-year lock-up period. In addition, provided growth targets for earnings per share in a given year are reached, participants in this plan will subsequently receive 30% of the number of shares allocated under the plan in prior years. Cash payment in lieu is not possible. Unconditionally allocated shares remain in the participants' possession upon cessation of employment, but the lock-up period continues to apply. A total of 2 229 shares were allocated in respect of 2007. The market price prevailing for the shares at the time of their allocation was CHF 270.25.

Management share ownership plan. Since 2003, higher management in Switzerland (except, with effect from 2006, members of Group Executive Management) has been entitled to participate, on a voluntary basis, in a share plan under which shares are allocated on the basis of the year-on-year growth achieved in Valora earnings per share. Managers

electing to join the scheme must commit to remain in it for the next three years and to purchase shares with a market value of CHF 6 000 for cash each year. Additional shares are then awarded on a linear scale from zero to a fixed maximum amount - corresponding to a 10% year-on-year increase in earnings per share. Participants may earn a maximum of 50 shares each year. Neither the purchased nor the awarded shares may be sold during the 5 years immediately following their acquisition and a cash payment in lieu is not possible. Allocated shares remain in the employee's possession upon cessation of employment, but the lock-up period continues to apply. Based on the 2007 results, no shares were allocated.

Employee share ownership plan. Provided specific criteria are fulfilled and based on their function or management position, employees in Switzerland are entitled to acquire shares at the beginning of each year on preferential terms. Shares may be purchased at 40% 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 5 years immediately following purchase. The proceeds of these share sales to employees are credited directly to shareholders' equity.

Suppliers. In 2007, no goods or services were paid for with Valora shares, nor were the prices paid for any goods or services linked to the Valora share price.

| Share based payment expense | 2007 | 2006 |
|---|--------------|--------------|
| in CHF 000 | | |
| Employee and executive share ownership plans reported as personnel expense (see Note 5) | 1 947 | 4 425 |
| Total share-based payment expense | 1 947 | 4 425 |

28 Contingencies and commitments

| Contingent liabilities | 2007 | 2006 |
|-------------------------------------|--------------|--------------|
| in CHF 000 | | |
| Sureties | 344 | 516 |
| Other contingent liabilities | 662 | 695 |
| Total contingent liabilities | 1 006 | 1 211 |

The probability of any of these contingent liabilities triggering a cash outflow is estimated not to exceed 25%.

| Commitments | 2007 | 2006 |
|------------------------------|----------------|----------------|
| in CHF 000 | | |
| Long-term rental commitments | 285 904 | 237 286 |
| Operating lease commitments | 10 641 | 13 444 |
| Finance lease commitments | 3 000 | 2 126 |
| Total commitments | 299 545 | 252 856 |

| Long-term rental commitments | | |
|---|----------------|----------------|
| in CHF 000 | 2007 | 2006 |
| Minimum rental expense in period | 39 287 | 54 010 |
| Conditional rental expense in period | 74 135 | 57 479 |
| Total rental expense in period | 113 422 | 111 489 |
| Leases maturing | | |
| Within one year | 62 855 | 53 277 |
| Within 1-2 years | 52 876 | 49 514 |
| Within 2-3 years | 47 882 | 38 550 |
| Within 3-4 years | 33 360 | 35 161 |
| Within 4-5 years | 30 677 | 18 656 |
| After more than 5 years | 58 254 | 42 128 |
| Total long-term rental commitments | 285 904 | 237 286 |

Long-term rental commitments serve primarily to secure kiosk locations for the long term.

| Operating lease commitments | | |
|---|---------------|---------------|
| in CHF 000 | 2007 | 2006 |
| Total expenses for operating leases in period | 4 776 | 5 788 |
| Leases maturing | | |
| Within one year | 4 711 | 5 801 |
| Within 1-2 years | 3 026 | 4 233 |
| Within 2-3 years | 1 728 | 2 274 |
| Within 3-4 years | 845 | 949 |
| Within 4-5 years | 331 | 172 |
| After more than 5 years | 0 | 15 |
| Total operating lease commitments | 10 641 | 13 444 |
| Finance lease commitments | | |
| in CHF 000 | 2007 | 2006 |
| Total expenses for finance leases in period | 943 | 586 |

| | | |
|--|--------------|--------------|
| Leases maturing | | |
| Within one year | 1 566 | 1 119 |
| Within 1-2 years | 1 100 | 922 |
| Within 2-3 years | 310 | 59 |
| Within 3-4 years | 24 | 26 |
| Within 4-5 years | 0 | 0 |
| Total financial lease commitments | 3 000 | 2 126 |
| Less future interest charges | - 153 | - 133 |
| Total finance lease obligation (present value) | 2 847 | 1 993 |
| Less current portion of finance lease obligation (see Note 22) | - 965 | - 629 |
| Long-term finance lease obligation (see Note 22) | 1 882 | 1 364 |
| Present value of future minimum payments under finance leases | | |
| in CHF 000 | 2007 | 2006 |
| Within one year | 1 477 | 1 051 |
| Within 1-2 years | 1 044 | 866 |
| Within 2-3 years | 302 | 53 |
| Within 3-4 years | 24 | 23 |
| Total present value of future minimum finance lease payments | 2 847 | 1 993 |

29 Financial 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 shareholders' equity. 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, from the exports made by its production companies 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 shareholders' equity which would result from hypothetical changes in key exchange rates. Translation risks are not taken into account.

| FX rate sensitivity in CHF 000 | Hypothetical change (in percent) 2007 | Impact on 2007 pre-tax earnings | Impact on 2007 shareholders' equity | Hypothetical change (in percent) 2006 | Impact on 2006 pre-tax earnings | Impact on 2006 shareholders' equity |
|-----------------------------------|---|---------------------------------------|--|---|---------------------------------------|--|
| CHF / DKK | +/- 3.6% | +/- 818 | +/- 0 | +/- 2.6% | +/- 568 | +/- 0 |
| CHF / EUR | +/- 3.7% | +/- 451 | +/- 4 773 | +/- 2.6% | +/- 279 | +/- 4 056 |
| CHF / NOK | +/- 7.3% | +/- 24 | +/- 1 108 | +/- 6.2% | +/- 4 | +/- 935 |
| CHF / SEK | +/- 6.9% | +/- 206 | +/- 6 322 | +/- 4.8% | +/- 183 | +/- 4 545 |

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.

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. Group financial policy stipulates that at least 50% of its credits should be at fixed interest rates. 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 main liabilities with fixed long-term effective interest rates are the 2.875% bond issue, which matures in July 2012, and the syndicated credit (see Note 22).

The table below shows the principal changes in pre-tax earnings and shareholders' equity 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) 2007 | Impact on 2007 pre-tax earnings | Impact on 2007 shareholders' equity | Hypothetical change (in basis points) 2006 | Impact on 2006 pre-tax earnings | Impact on 2006 shareholders' equity |
|---|--|---------------------------------|-------------------------------------|--|---------------------------------|-------------------------------------|
| CHF | +/- 20 | +/- 35 | +/- 330 | +/- 50 | -/+ 27 | +/- 955 |
| DKK | +/- 40 | +/- 67 | +/- 0 | +/- 10 | +/- 7 | +/- 0 |
| EUR | +/- 60 | +/- 318 | +/- 0 | +/- 10 | +/- 50 | +/- 0 |
| NOK | +/- 40 | +/- 23 | +/- 0 | +/- 70 | +/- 26 | +/- 0 |
| SEK | +/- 30 | +/- 85 | +/- 0 | +/- 40 | +/- 131 | +/- 0 |

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. 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, 2007 | | | | | |
| Short-term financial liabilities | 62 | 198 | 1 553 | 0 | 0 |
| Interest rate swaps | 0 | 211 | 628 | 3 348 | 836 |
| Trade accounts payable | 213 671 | 67 984 | 199 | 0 | 0 |
| Other short-term financial liabilities | 95 803 | 13 836 | 10 665 | 0 | 0 |
| Long-term financial liabilities | 129 | 485 | 7 403 | 220 159 | 1 382 |
| Total | 309 665 | 82 714 | 20 448 | 223 507 | 2 218 |
| at December 31, 2006 | | | | | |
| Short-term financial liabilities | 109 | 392 | 1 883 | 0 | 0 |
| Interest rate swaps | 0 | 148 | 439 | 2 348 | 1 175 |
| Trade accounts payable | 232 304 | 63 411 | 133 | 0 | 0 |
| Other short-term financial liabilities | 89 337 | 16 111 | 10 879 | 0 | 0 |
| Long-term financial liabilities | 83 | 1 066 | 8 896 | 71 689 | 248 328 |
| Total | 321 833 | 81 128 | 22 230 | 74 037 | 249 503 |

The Valora Group has at its disposal a variety of committed and committed credit lines whose purpose is to enable it to manage its liquidity position smoothly 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

2007 and year end 2006, the Valora Group had no accounts receivable from individual customers which accounted for more than 8.0% of its total accounts receivable.

The maximum default risk on the Group's financial assets is the book value of the instruments concerned.

The Valora Group works with a number of selected, first-class core banks. Corporate Treasury co-ordinates both the Group's banking relationships and its information policy vis-à-vis its core banks. The establishment of new banking relationships and the termination of existing ones takes place in consultation with Corporate Treasury.

Tools for hedging and risk management. The Valora Group enters into interest rate swaps in order to hedge the Group's interest rate exposure. Risk positions arising from existing asset and liability items, as well as those arising from future commitments, are centrally managed.

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 values have been determined either by valuations made by the counterparty with whom the positions are held, market closing prices at December 31 2007 or 2006, or by the use of standard pricing models.

| Derivative financial instruments in CHF 000 | 2007 contract value | 2006 contract value | 2007 replacement value | 2006 replacement value |
|--|------------------------|------------------------|------------------------------|------------------------------|
| Interest rate instruments | | | | |
| Swaps | 30 000 | 30 000 | 205 | - 515 |
| Currency instruments | | | | |
| Forward contracts | 10 370 | 14 177 | 81 | - 104 |
| Total derivative financial instruments | 40 370 | 44 177 | 286 | - 619 |
| Derivative financial instruments maturing | | | | |
| in CHF 000 | | | 2007 | 2006 |
| Within one year | | | 10 370 | 14 177 |
| Within 1-2 years | | | 0 | 0 |
| Within 2-3 years | | | 0 | 0 |
| Within 3-4 years | | | 0 | 0 |
| Within 4-5 years | | | 0 | 0 |
| After more than 5 years | | | 30 000 | 30 000 |
| Total derivative financial instruments | | | 40 370 | 44 177 |

| Market value of cash flow hedges | | |
|--|------------|--------------|
| in CHF 000 | 2007 | 2006 |
| Contracts with positive (negative) replacement value | | |
| Interest rate swaps | 205 | - 515 |

The interest rate swap designated as a cash flow hedge serves to hedge part of the floating rate payments on Valora Holding AG's syndicated loan facility. The hedged interest payments are payable quarterly and mature in 2013.

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 minority interests). Calculation of equity cover does not take account of any of the changes to shareholders' equity shown in the statement of changes in equity on page 48. The Group's capital and equity cover are shown in the table below:

| in CHF 000 | 2007 | 2006 |
|--|----------------|----------------|
| Equity attributable to shareholders of Valora Holding AG | 584 516 | 557 933 |
| Equity attributable to minority interests | 3 424 | 2 923 |
| Total shareholders' equity | 587 940 | 560 856 |
| Equity ratio | 45.0% | 42.3% |

The Valora Group is not subject to any regulatory capital requirements of the type prevalent in the financial services industry.

30 Financial instruments

| Book values, fair values and valuation categories | | | | | |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|
| in CHF 000 | Valuation category | 2007 book value | 2006 book value | 2007 fair value | 2006 fair value |
| Assets | | | | | |
| Cash and cash equivalents | LaR | 153 426 | 222 100 | 153 426 | 222 100 |
| Derivatives not designated as hedges | FAHfT | 81 | 0 | 81 | 0 |
| Derivatives designated as hedges | n/a | 205 | 0 | 205 | 0 |
| Trade accounts receivable | LaR | 164 499 | 168 402 | 164 499 | 168 402 |
| Other short-term receivables | LaR | 43 802 | 47 092 | 43 802 | 47 092 |
| Long-term interest-bearing investments | LaR | 24 786 | 10 004 | 24 786 | 10 004 |
| Financial assets available for sale valued at cost | AFS | 677 | 690 | n/a | n/a |
| Financial assets available for sale valued at fair value | AFS | 886 | 908 | 886 | 908 |
| Liabilities | | | | | |
| Short-term financial liabilities | FLAC | 1 708 | 2 198 | 1 708 | 2 198 |
| Derivatives not designated as hedges | FLHfT | 0 | 104 | 0 | 104 |
| Derivatives designated as hedges | n/a | 0 | 515 | 0 | 515 |
| Trade accounts payable | FLAC | 281 854 | 295 848 | 281 854 | 295 848 |
| Other short-term liabilities | FLAC | 120 304 | 116 327 | 120 304 | 116 327 |
| Long-term financial liabilities | FLAC | 197 740 | 280 452 | 190 192 | 280 783 |
| Classified by category | | | | | |
| Loans and receivables (LaR) | | 386 513 | 447 598 | 386 513 | 447 598 |
| Financial assets held for trading (FAHfT) | | 81 | 0 | 81 | 0 |
| Financial assets available for sale (AFS) | | 1 563 | 1 598 | n/a | n/a |
| Financial liabilities at cost (FLAC) | | 601 606 | 694 825 | 594 058 | 695 156 |
| Financial liabilities held for trading (FLHfT) | | 0 | 104 | 0 | 104 |

The fair value of long-term fixed income instruments - with the exception of that of the Group's outstanding bond issue - was determined by discounting their expected future cash flows at prevailing market interest rates. The fair value of the bond issue corresponds to the nominal value of the outstanding amount multiplied by the market price prevailing on the balance sheet date. Details of the valuation methods applied to the derivative financial instrument positions and to the Group's financial assets available for sale can be found in Notes 1, 20 and 29. All short-term financial instruments have been valued on the assumption that their book values constitute reasonable approximations of their fair value, since the effects of discounting them are negligible.

31 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 34.

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

| | | |
|--|--------------|--------------|
| Goods and services sold to related parties | | |
| in CHF 000 | 2007 | 2006 |
| Goods sold to | | |
| Joint ventures in which Valora is a partner | 191 | 159 |
| Services to | | |
| Associates | 278 | 0 |
| Total goods and services sold | 469 | 159 |
| Goods and services purchased from related parties | | |
| in CHF 000 | 2007 | 2006 |
| Goods purchased from | | |
| Associates | 0 | 266 |
| Services purchased from | | |
| Other related parties | 174 | 64 |
| Total goods and services purchased | 174 | 330 |
| Leasing payments to related parties | | |
| in CHF 000 | 2007 | 2006 |
| Other related parties | 3 348 | 3 261 |
| Total leasing payments | 3 348 | 3 261 |

The leasing payments to subsidiaries shown here relate to rental payments for the business premises of a subsidiary in Luxembourg.

| | | |
|---|-------------|----------|
| Leasing payments from related parties | | |
| in CHF 000 | 2007 | 2006 |
| Pension plan foundation and other related companies | 167 | 0 |
| Total leasing payments | 167 | 0 |

Management and board compensation. Compensation 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 compensation | | |
|--|--------------|--------------|
| in CHF 000 | 2007 | 2006 |
| Salaries and other short-term benefits ¹⁾ | 5 898 | 5 513 |
| Post-employment benefits | 289 | 258 |
| Termination benefits ²⁾ | 0 | 274 |
| Share-based payments | 660 | 2 012 |
| Total management and Board compensation ³⁾ | 6 847 | 8 057 |

¹⁾ Including vehicle costs paid by the employer.

²⁾ If a member of Group Executive Management leaves the Group, the Nomination and Compensation Committee decides on any leaving settlement.

³⁾ Board member Paul-Bernhard Kallen elected not to receive his Director's fee. Valora Holding AG transferred an equivalent amount to a charitable foundation. The amount thus donated is not included in the total management and Board compensation figure shown here.

Details of emoluments 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 663b bis 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 not received any sureties for receivables nor has it issued any guarantees for liabilities.

| Receivables for the sale of goods and services to related parties | | |
|---|-------------|----------|
| in CHF 000 | 2007 | 2006 |
| Gross receivables from joint ventures | 56 | 5 |
| Impairments | 0 | 0 |
| Total receivables | 56 | 5 |

Loans. The cevanova AG joint venture has a relatively high level of loan financing given its equity base. These loans are therefore regarded as equity from an economic point of view and the Group's proportionate investment is recorded accordingly. The table below shows year-end balances and movements in these loans over the period, broken down by contract type.

| Loans to related parties | | |
|---|----------------|----------------|
| in CHF 000 | 2007 | 2006 |
| Nominal loans to joint ventures on January 1 | 10 000 | 10 000 |
| Loans granted to joint ventures | 0 | 0 |
| Nominal loans on December 31 | 10 000 | 10 000 |
| Impairments on January 1 | - 1 539 | - 1 152 |
| Valuation increases/(Increased impairments) | 874 | - 387 |
| Total impairments | - 665 | - 1 539 |
| Loans to joint ventures, net | 9 335 | 8 461 |

Contingent liabilities and guarantees. No guarantees or other contingent liabilities exist towards related parties.

32 Equity

| Shares outstanding | | |
|--|------------------|------------------|
| in number of shares | 2007 | 2006 |
| Total registered shares | 3 300 000 | 3 300 000 |
| of which treasury stock | | |
| Position at January 1 | 106 791 | 109 221 |
| Share-based plans for employees and management | - 16 852 | - 7 958 |
| Market sales | - 9 582 | 0 |
| Buy-back programme for employee share plan | 0 | 5 528 |
| Purchases in market | 26 700 | 0 |
| Total treasury stock | 107 057 | 106 791 |
| Total shares outstanding | 3 192 943 | 3 193 209 |
| Average number of shares outstanding | 3 201 312 | 3 197 186 |

A dividend of CHF 9.00 per share was paid in 2007 (CHF 9.00 per share was paid in 2006). Dividend distributions are based on net income for the year and earnings carried forward by the Valora Holding AG parent company. As part of the employee share plan 7 661 shares of treasury stock were sold to employees.

Since the capital reduction in 2005, the share capital has consisted of 3 300 000 registered shares of CHF 1.00 nominal value each.

A conditional share capital of 84 000 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, 2007.

33 Subsequent events

On January 30, 2008 an extraordinary general meeting of shareholders was held in Berne. The election of new Board members was the sole agenda item. The meeting elected Messrs. Conrad Löffel, Roland Benedick and Markus Fiechter. The newly constituted Board of Directors held its first meeting immediately following the general meeting and elected Rolando Benedick as its new Chairman.

The Group's consolidated financial statements were approved by the Board of Directors of Valora Holding AG on March 18, 2008. The Board of Directors recommends that the general meeting to be held on April 29, 2008 approve the Group financial statements and approve the payment of a dividend of CHF 9.00 per share from the profits of Valora Holding AG available for distribution. At the general meeting, i.e. after publication of the Group financial statements, the shareholders of Valora Holding AG, in their capacity as owners of the parent company, have the right to send these Group financial statements back for modification.

34 Significant subsidiaries of the Valora Group

| Switzerland | | | | | | | | |
|---|----------|----------------------------|-------------------|-----------|---------------|--------------|--------------|-------------------------|
| in CHF 000 | Currency | Nominal capital in million | Shareholding in % | Corporate | Valora Retail | Valora Media | Valora Trade | discontinued operations |
| Valora Management AG, Berne | CHF | 0.5 | 100.0 | ■ | | | | |
| Valora Finanz AG, Baar | CHF | 0.2 | 100.0 | ■ | | | | |
| Valora Investment AG, Berne | CHF | 0.3 | 100.0 | ■ | | | | |
| Ravita AG, Baar | CHF | 0.1 | 100.0 | | ■ | | | |
| Merkur AG, Berne | CHF | 20.0 | 100.0 | ■ | | | | |
| Valora AG, MuttENZ | CHF | 29.4 | 100.0 | | ■ | ■ | ■ | |
| Melisa SA, Lugano | CHF | 0.4 | 100.0 | | | ■ | | |
| Kägi Söhne AG, Lichtensteig | CHF | 4.0 | 100.0 | | | | | ■ |
| Roland Murten AG, Murten | CHF | 22.5 | 100.0 | | | | | ■ |
| cevanova AG, Berne | CHF | 6.0 | 50.0 | | ■ | | | |
| France | | | | | | | | |
| Cansimag France SA, St-Amarin | EUR | 0.6 | 100.0 | | | | | ■ |
| Germany | | | | | | | | |
| Valora Holding Germany GmbH, Hamburg | EUR | 0.4 | 100.0 | ■ | | | | |
| Stilke GmbH, Hamburg | EUR | 3.8 | 100.0 | | ■ | | | |
| Sussmann's Presse&Buch GmbH, Munich | EUR | 0.1 | 100.0 | | ■ | | | |
| BHG Bahnhofs-Handels GmbH, Berlin | EUR | 0.5 | 100.0 | | ■ | | | |
| HD Presse&Buch GmbH, Hamburg | EUR | 0.1 | 100.0 | | ■ | | | |
| Valora Retail City Operations GmbH, Hamburg | EUR | 0.1 | 100.0 | | ■ | | | |
| Valora Retail Services GmbH, Hamburg | EUR | 0.1 | 100.0 | | ■ | | | |
| Valora Trade Germany GmbH, Mülheim a.d.Ruhr | EUR | 0.2 | 68.0 | | | | ■ | |
| Benelux | | | | | | | | |
| Messageries Paul Kraus Shop S.à.r.l., Luxembourg | EUR | 3.0 | 100.0 | | ■ | | | |
| Messageries Paul Kraus S.à.r.l., Luxembourg | EUR | 3.0 | 100.0 | | | ■ | | |
| Messageries du livre S.à.r.l., Luxembourg | EUR | 1.5 | 100.0 | | | ■ | | |
| Transports et Garages Presse S.à.r.l., Luxembourg | EUR | 0.1 | 100.0 | | | ■ | | |

| United Kingdom | | | | | | | | |
|---|----------|----------------------------|-------------------|-----------|---------------|--------------|--------------|-------------------------|
| in CHF 000 | Currency | Nominal capital in million | Shareholding in % | Corporate | Valora Retail | Valora Media | Valora Trade | discontinued operations |
| Valora Holding Finance Ltd, Guernsey | CHF | 573.9 | 100.0 | ■ | | | | |
| Valora Treasury Center Ltd, Guernsey | CHF | 0.5 | 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 Lebensmittel GmbH + Co. KG, Neunkirchen | EUR | 0.1 | 100.0 | | | | ■ | |
| Pressegrossvertrieb Salzburg GmbH, Anif | EUR | 0.7 | 100.0 | | | ■ | | |
| Sweden | | | | | | | | |
| Valora Holding Sweden AB, Stockholm | SEK | 0.5 | 100.0 | ■ | | | | |
| Gillebagaren AB, Oerkelljunga | SEK | 0.6 | 100.0 | | | | | ■ |
| Valora Trade Sweden AB, Stockholm | SEK | 12.0 | 100.0 | | | | ■ | |
| Norway | | | | | | | | |
| Valora Holding Norway AS, Royken | NOK | 0.1 | 100.0 | ■ | | | | |
| Valora Trade Norway AS, Royken | NOK | 5.7 | 100.0 | | | | ■ | |
| Sørlandschips AS, Royken | NOK | 3.7 | 100.0 | | | | | ■ |
| 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 | | | | ■ | |
| Other countries | | | | | | | | |
| Kaumy S.r.o., Fulnek, Czech Republic | CZK | 0.1 | 50.0 | | | | ■ | |

Report of the group auditors

As auditors of the group, we have audited the consolidated financial statements (income statement, balance sheet, cash flow statement, statement of changes in equity and notes, pages 43 to 95) of the Valora Group for the year ended December 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated 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 and with the International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

PricewaterhouseCoopers AG

Hanspeter Gerber Moritz Oberli
Lead Auditor

Berne, March 18, 2008

Income statement

| January 1 to December 31, in CHF 000 | 2007 | 2006 |
|--------------------------------------|-----------------|-----------------|
| Income | | |
| Dividend income | 31 100 | 31 600 |
| Interest income | 1 264 | 1 605 |
| Foreign exchange gains | 735 | 670 |
| Income from securities | 1 528 | 0 |
| Income from royalties | 15 016 | 10 510 |
| Other income | 26 | 0 |
| Total income | 49 669 | 44 385 |
| Expense | | |
| Interest expense | - 11 720 | - 11 523 |
| Foreign exchange losses | - 676 | - 639 |
| Losses on securities | 0 | - 429 |
| Write-down on majority shareholdings | - 5 000 | 0 |
| General administration expense | - 6 000 | - 4 255 |
| Total expense | - 23 396 | - 16 846 |
| Net profit for the year | 26 273 | 27 539 |

Balance sheet before appropriation of available retained earnings

| Assets | | |
|---|----------------|----------------|
| at December 31, in CHF 000 | 2007 | 2006 |
| Current assets | | |
| Cash and cash equivalents | 3 609 | 1 060 |
| Securities | 27 033 | 27 205 |
| Prepayments from third parties | 0 | 2 |
| Short-term receivables from third parties | 156 | 238 |
| from Group companies | 3 322 | 1 578 |
| Loans, receivables and advances made to Group companies | 0 | 108 |
| Total current assets | 34 120 | 30 191 |
| Non-current assets | | |
| Investments | 608 875 | 613 525 |
| Loans and receivables from Group companies | 22 210 | 21 559 |
| Discounts and capitalised issuance cost on bonds issued | 1 274 | 1 557 |
| Brands | 111 025 | 111 025 |
| Total non-current assets | 743 384 | 747 666 |
| Total assets | 777 504 | 777 857 |

| Liabilities and equity | | | |
|-------------------------------------|----------------------------|----------------|----------------|
| at December 31, in CHF 000 | | 2007 | 2006 |
| Liabilities | | | |
| Short-term bank debt/overdrafts | | 50 106 | 0 |
| Current liabilities | towards third parties | 1 273 | 665 |
| | towards Group companies | 844 | 0 |
| Accrued expenses | towards third parties | 2 701 | 3 177 |
| Loans payable to Group companies | | 77 380 | 46 729 |
| Syndicated credit loans | | 50 000 | 130 000 |
| Bonds payable | | 140 000 | 140 000 |
| Accrued liabilities | | 56 002 | 55 553 |
| Total liabilities | | 378 306 | 376 124 |
| Equity | | | |
| Share capital | | 3 300 | 3 300 |
| Legal reserves | General reserves | 140 664 | 140 664 |
| | Reserve for treasury stock | 28 999 | 29 725 |
| Unrestricted reserves | | 129 659 | 128 933 |
| Earnings available for distribution | Earnings brought forward | 70 303 | 71 572 |
| | Net profit for the year | 26 273 | 27 539 |
| Total equity | | 399 198 | 401 733 |
| Total liabilities and equity | | 777 504 | 777 857 |

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, 2007 the Group's contingent liabilities, consisting of sureties, subordination and keep well agreements, guarantees and other contingent liabilities in favour of subsidiaries totalled CHF 149.6 million, vs CHF 138.7 million at year-end 2006. None of these contingent liabilities covered obligations by third parties.

2 Bonds outstanding

| in CHF 000 | Coupon | Maturity | At 31.12.2007 | At 31.12.2006 |
|----------------|--------|------------|---------------|---------------|
| 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 2007 | Net book value 2007 | Number of shares 2006 | Net book value 2006 |
|--|--------------------------|------------------------|--------------------------|------------------------|
| Opening balance (at January 1) | 106 791 | 27 205 | 109 221 | 27 824 |
| Disposals | | | | |
| Employee/executive share ownership plans | – 16 852 | – 4 293 | – 7 958 | – 2 031 |
| Stock market purchases and sales | | | | |
| Sales | – 9 582 | – 2 441 | 0 | 0 |
| Value adjustments | – | 0 | – | – 429 |
| Purchases | 26 700 | 6 544 | 5 528 | 1 841 |
| Closing balance (at December 31) | 107 057 | 27 015 | 106 791 | 27 205 |

These purchases were made at prevailing market prices ranging from CHF 215.00 to CHF 288.00.

4 Net release of hidden reserves. There were no net releases of hidden reserves in the 2007 or 2006 financial years.

5 Compensation and shareholdings

Compensation

| in CHF 000 | Director's fee/ base salary | Profit sharing | | | | | | Emolument in kind | Termination payments | Other compensation ⁵⁾ | Total 2007 | Total 2006 |
|---|--------------------------------|-----------------------------|---------------|-------------------------|-------------------------------|----------------------------|-------------------------------|-------------------|----------------------|----------------------------------|----------------|----------------|
| | | Cash payments ²⁾ | | Board share plan | | Group Executive share plan | | | | | | |
| | | Regular bonus | Special bonus | No. of shares allocated | Value of shares ³⁾ | No. of shares allocated | Value of shares ⁴⁾ | | | | | |
| | | | | | | | | | | | | |
| Board of Directors ¹⁾ | | | | | | | | | | | | |
| Beatrice Tschanz Kramel Chairwoman from Nov. 30, 2007. Also chairs Nomination and Compensation Committee. | 120.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 15.2 | 135.2 | 223.4 |
| Werner Kuster Vice-Chairman | 100.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 8.6 | 108.6 | 144.5 |
| Andreas Gubler Chairman of Audit Committee | 110.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 14.0 | 124.0 | 194.2 |
| Franz Julen Board member since 2007 AGM | 100.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 12.7 | 112.7 | – |
| Paul-Bernhard Kallen ⁷⁾ Board member since 2007 AGM | 0.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 0.0 | 0.0 | – |
| Felix Weber Board member | 110.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 14.0 | 124.0 | 235.0 |
| Fritz Ammann Chairman till Nov. 30, 2007 | 175.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 21.4 | 196.4 | 473.3 |
| Peter K pfer Board member until 2007 AGM | 0.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 0.0 | 0.0 | 68.7 |
| Total Board compensation⁷⁾ | 715.0 | – | – | 0 | 0.0 | – | – | 0.0 | 0.0 | 85.9 | 800.9 | 1 339.1 |
| Group Management | | | | | | | | | | | | |
| Peter W st, CEO and interim Head of Valora Retail division | 600.0 | 261.0 | 225.0 | – | – | 735 | 198.6 | 50.1 | 0.0 | 219.8 | 1 554.5 | 1 983.9 |
| Total for Group Management incl. CEO ⁶⁾ | 2 666.7 | 871.3 | 881.2 | – | – | 2 229 | 602.4 | 222.6 | 0.0 | 802.1 | 6 046.3 | 6 717.4 |

¹⁾ Functions of Board members at December 31, 2007

²⁾ The amounts shown in the table represent the effective expenses booked for the 2007 (or 2006) financial year in relation to bonuses which will be paid in April 2008 (or were paid in April 2007). The regular bonus relates to reported financial results and the 2006 - 2008 bonus plan. The Nomination and Compensation Committee decided to award a special cash bonus in respect of 2007.

³⁾ Under IFRS 2 the market value of the shares at the time they were granted was CHF 351.75 per share. The shares are subject to a 5-year lock-up period. Based on 2007 results, no shares were awarded. Details of the Board of Directors' share ownership programme can be found in Note 27 to the consolidated financial statements.

⁴⁾ Under IFRS 2 the market value of the shares at the time they were granted was CHF 270.25 per share. The shares are subject to a 5-year lock-up period. Details of the Group Executive share ownership programme can be found in Note 27 to the consolidated financial statements.

⁵⁾ These amounts constitute payments made to pension plans and other benefit schemes as well as the discount granted by the employer as part of the employee share ownership programme.

⁶⁾ These amounts comprise compensation paid in respect of 2007 and ongoing compensation payments to Directors leaving the Board (these payments being in accordance with the relevant employment contracts).

⁷⁾ Board Director Paul-Bernhard Kallen elected not to receive his Director's fee. Valora Holding AG donated an equivalent amount to a charitable foundation. The amount donated is not included in the total Board compensation shown here.

No compensation was paid to former members of the Board of Directors or Group Executive Management. No compensation not corresponding to customary market practice was paid to current or former members of the Board of Directors or to persons associated with Group Executive Management. Compensation paid to Board members is charged directly to Valora Holding AG. Compensation paid to members of Group Executive Management is paid by their employer, Valora Management AG.

Loans and advances. At December 31, 2007 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

Shareholdings. At December 31, 2007, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

| | Number of shares | Share of total voting rights in % | of which subject to a lock-period till |
|---|------------------|-----------------------------------|---|
| Board of Directors ¹⁾ | | | |
| Beatrice Tschanz Kramel Chairwoman from Nov. 30 2007. Also chairs Nomination and Compensation Committee. | 909 | 0.03 | 286: 27.04.2010 323: 25.04.2012 |
| Werner Kuster Vice-Chairman | 655 | 0.02 | 229: 27.04.2010 231: 25.04.2012 |
| Andreas Gubler Chairman of Audit Committee | 540 | 0.02 | 229: 27.04.2010 231: 25.04.2012 |
| Franz Julen Board member | 100 | 0.00 | none |
| Paul-Bernhard Kallen Board member | 2 500 | 0.08 | none |
| Felix Weber Board member | 324 | 0.01 | 323: 25.04.2012 |
| Group Management | | | |
| Peter Wüst CEO and interim Head of Valora Retail division | 3 286 | 0.10 | 63: 22.03.2010 1 200: 06.04.2010 29: 01.07.2011 120: 21.03.2012 1 874: 28.03.2012 |
| Markus Voegeli CFO | 1 869 | 0.06 | 190: 06.04.2010 180: 01.07.2011 120: 21.03.2012 1 249: 28.03.2012 |
| Christian Schock Head of Valora Media division | 436 | 0.01 | 436: 28.03.2012 |
| Alex Minder Head of Valora Trade division | 1 405 | 0.04 | 304: 06.04.2010 153: 01.07.2011 120: 21.03.2012 828: 28.03.2012 |
| Ruedi Keller Head of Valora Management Services division | 1 357 | 0.04 | 456: 06.04.2010 27: 01.07.2011 120: 21.03.2012 754: 28.03.2012 |

| | | |
|---|---------------|-------------|
| Total for Board and Group Management | 13 381 | 0.41 |
|---|---------------|-------------|

¹⁾ Board functions at December 31, 2007.

6 Significant shareholders. Valora Holding AG's articles of association state that no shareholder may hold more than 5% of its voting shares. At December 31, 2007, 5% of the outstanding shares equated to 165 000 registered shares. At December 31, the Pictet Group ¹⁾ held, through its subsidiaries a total of 219 211 registered shares of Valora Holding AG, which is equivalent to 6.64% of the votes, though the number of shares registered to vote represents only 5% of the outstanding voting shares.

In addition, on January 10, 2008, UBS Fund Management (Switzerland) Ltd, Basle held a total of 173 604 registered shares of Valora Holding AG, which is equivalent to 5.26% of the voting shares, though the number of shares registered to vote represents only 5% of the outstanding voting shares.

On December 31, 2006, Alpine Select AG held, either directly or via its subsidiary Sumara AG, a total of 5.73% of the registered shares of Valora Holding AG (corresponding to 189 048 shares), though the number of shares registered to vote represents only 5% of the outstanding voting shares.

¹⁾ Pictet Funds SA - Swiss Mid Small Cap, Geneva; The Alphanatics Funds Ltd, Grand Cayman; Pictet Funds (LUX) Sicav - Small Caps Europe, Luxembourg; Pictet Funds (Europe) - Pictet Funds (CH) - Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Pool Swiss Equities, Luxembourg; Pictet Funds SA - Pictet Institut. Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Continental European Equit., Luxembourg; Pictet Funds SA - Pictet Fund (CH) Enhanced, Geneva; Pictet Funds (LUX) Sicav - EAFE Pool Equities, Luxembourg; Pictet Funds SA - Swiss Market Tracker, Geneva; Pictet Funds (LUX) Sicav - EAFE Pool, Luxembourg; Pictet International Equity Fund, Wilmington; Pictet Funds SA - Institutional Swiss Equit. Tracker, Geneva; Pictet Funds SA - Swiss Equities Pool, Geneva; Pictet Funds SA - Subvenimus Institutional Fund, Geneva

7 Significant subsidiaries of Valora Holding AG

| Switzerland | 31.12.2007 Holding in % | 31.12.2006 Holding in % |
|--------------------------------------|----------------------------|----------------------------|
| Valora AG, MuttENZ | 100.0 | 100.0 |
| Valora Management AG, Berne | 100.0 | 100.0 |
| Valora Investment AG, Berne | 100.0 | 0 |
| Merkur AG, Berne | 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 |

8 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, 2007, 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 | 2007 | 2006 |
|---|---------------|---------------|
| Net profit for the year | 26 273 | 27 539 |
| + Earnings brought forward | 70 303 | 71 572 |
| Earnings available for distribution | 96 576 | 99 111 |
| The Board of Directors proposes | | |
| Payment of a dividend of CHF 9.00 per registered share entitled to dividend | - 28 801 | - 28 808 |
| Balance to be carried forward | 67 775 | 70 303 |
| Dividend distribution (in CHF) | | |
| Gross dividend per share | 9.00 | 9.00 |
| - less 35% withholding tax | - 3.15 | - 3.15 |
| Net dividend per share (in CHF) | 5.85 | 5.85 |

Report of the statutory auditors

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

As statutory auditors, we have audited the accounting records and the financial statements (income statement, balance sheet and notes, pages 97 to 103) of Valora Holding AG for the year ended December 31, 2007.

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 Moritz Oberli
Lead Auditor

Berne, March 18, 2008

Corporate governance report

1 Group structure and shareholders

1.1 Group structure. The operational structure of the Valora Group is presented on page 11.

1.1.1 Listed companies within the scope of consolidation. The only listed company within the Valora Group is Valora Holding AG, which is domiciled in Berne. The company is listed in the main segment of the SWX Swiss Exchange and on the BX Berne Exchange (Swiss securities number 208 897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN CH 0002088976). The company's market capitalisation for the last five years is presented on page 123.

1.1.2 Non-listed companies within the scope of consolidation. These companies are set out on pages 94 - 95, with the company name and domicile, total share capital and the percentage thereof held by Group companies.

1.2 Significant shareholders. Since January 1, 2007, the following significant shareholders reported their holdings in shares of Valora Holding AG as required by Article 20 of the Swiss Stock Exchange Act as follows:

On February 15, 2007, Bank Julius Bär & Co. Ltd, Zurich reported holding 165 353 registered shares, representing 5.01% of the outstanding share capital, subsequently reporting, on March 9, 2007, that its holdings had decreased below the 5% trigger level.

On July 16, 2007, Alpine Select AG, Zug reported that the aggregate number of registered shares jointly held by itself and its subsidiary Sumara AG, Zug had been reduced to less than 5% of Valora Holding AG's outstanding share capital on July 13, 2007.

On September 24, 2007, Deutsche Bank Ltd, Frankfurt reported that, at September 18, 2007, it held a total of 77 473 registered shares of Valora Holding AG as well as an aggregate long position of 5 610 500 call options and covered warrants on Valora Holding AG registered shares whose terms either required or permitted physical delivery of the underlying shares on exercise and that these instruments covered a further 92 593 registered shares. Deutsche Bank AG's aggregate position thus represented 5.15% of the company's outstanding voting shares. On October 11, 2007, Deutsche Bank Ltd, Frankfurt reported that it and its subsidiary DWS Investments Switzerland, Zurich, held a combined position amounting to 86 484 registered shares of Valora Holding AG and a further long position of 6 010 500 call options and covered warrants on Valora Holding AG registered shares whose terms either required or permitted physical delivery of the shares on exercise and that these instruments covered a further 100 592 shares. In aggregate, these holdings thus represented 5.67% of the outstanding voting shares of Valora Holding AG. On October 15, 2007, Deutsche Bank then reported that the aggregate position in Valora Holding AG registered shares held by it and its subsidiary, DWS Investments Switzerland, Zurich, had fallen below 5% of the outstanding share capital on October 10, 2007.

On October 18, 2007, a group of investors reported that, at October 15, 2007, it held a total of 363 291 registered shares of Valora Holding AG, equating to 11.01% of the outstanding voting shares. The group consisted of: a) GoldenPeaks Capital Management Ltd, Grand Cayman, as Investment Manager of GoldenPeaks Active Value Master Fund Ltd, b) Lombard Odier Darier Hentsch Fund Managers SA, Geneva, c) Pictet Funds SA, Geneva as

Administrators of Pictet (CH) - Swiss Equities and Pictet (CH) - Mid Small Cap, d) Pictet Funds (Lux) Absolute Return Global Diversified, Luxembourg, e) Pictet Funds (Lux) Small Cap Europe, Luxembourg, f) The Alphanatics Fund, Grand Cayman and g) 3V Asset Management AG, Zurich. The type of agreement was reported as non-binding and the person designated as representing all members of the group was Adriano Agosti, GoldenPeaks Capital Management Ltd, Grand Cayman.

On November 1, 2007, the following group members reported that on that date they held a total of 333 711 registered shares of Valora Holding AG, representing 10.11% of the outstanding voting shares: a) GoldenPeaks Capital Management Ltd, Grand Cayman, as Investment Manager of GoldenPeaks Active Value Master Fund Ltd, b) GoldenPeaks Capital Partners Ltd, Zug. c) Pictet Funds SA, Geneva as Administrators of Pictet (CH) - Swiss Equities and Pictet (CH) - Swiss Mid Small Cap, Pictet - Institutional Swiss Equities, Pictet (CH) Enhanced - Swiss Equities 130/130, d) Pictet Funds (Lux) - Absolute Return Global Diversified, Luxembourg, e) Pictet Funds (Lux) Small Cap Europe, Luxembourg, f) Pictet Funds (Lux) - Continental European Equities, Luxembourg, g) Pictet Funds (Europe) SA, Luxembourg - Pictet Strategy Fund - Global Strategy - (CHF), h) The Alphanatics Fund, George Town, Grand Cayman and i) 3V Asset Management AG, Zurich. The type of agreement was reported as non-binding and the person designated as representing all members of the group was Adriano Agosti, GoldenPeaks Capital Management Ltd, Grand Cayman. This November 1, 2007 report also stated that the composition of the group had changed as follows: Lombard Odier Darier Hentsch Fund Managers SA, Geneva had left the group, while GoldenPeaks Capital Partners Ltd, Zug, Pictet Funds (Lux) - Continental European Equities, Luxembourg and Pictet Funds (Europe) SA, Luxembourg had joined. On December 17, 2007, the above group reported its dissolution on that same date.

On December 4, 2007, Amber Capital LP, New York reported that in its capacity as Investment Manager of Amber Master Fund (Cayman), George Town, Grand Cayman - Amber Capital LP is mandated with the independent management of shares held by the beneficiary owner Amber Master Fund (Cayman) - reported that it held a total of 102 415 registered shares of Valora Holding AG, representing 3.10% of the outstanding voting shares.

On December 6, 2007, Richelieu Finance Gestion Privée, Société Anonyme, Paris reported that, at December 1, 2007, through its investment funds Richelieu Europe and Richelieu Evolution, it held a total of 134 000 registered shares of Valora Holding AG, representing 4.06% of the outstanding voting shares. On January 29, 2008, Richelieu Finance Gestion Privée reported that, as a result of sales by two public funds it manages, its aggregate holdings in Valora Holding AG registered shares at January 24, 2008, amounted to 97 628 shares, which equates to 2.96% of the outstanding voting shares.

On December 6, 2007, Lombard Odier Darier Hentsch Fund Managers SA (LODHFM), Geneva reported that, at December 3, 2007, it held a total of 132 092 registered shares of Valora Holding AG, representing 4.00% of the outstanding voting shares. These 132 092 shares were reported as being held as follows: 99 892 (or 3.03% of all voting shares) by LODH Swiss Cap (ex-SMI), 2 186 (or 0.07%) by LODH Opportunity Swiss Small and Mid Caps and 30 014 (or 0.91%) by IF IST2 - Actions Suisses Valeurs Complémentaires.

On January 28, 2008, Lombard Odier Darier Hentsch Fund Managers SA (LODHFM) reported that, at January 25, 2008, share sales had reduced the aggregate position held by

its investment funds LODH Swiss Cap (ex-SMI) and LODH Opportunity Swiss Small and Mid Caps to 96 441 registered shares of Valora Holding AG, representing 2.92% of the outstanding voting shares.

Purchases of its own shares by Valora Holding AG resulted in its holding 107 057 shares of treasury stock at December 7, 2007, which equates to 3.24% of the company's outstanding voting shares.

On December 20, 2007, a group of investors acting in concert reported that, at December 17, 2007, they held a total of 147 916 registered shares of Valora Holding AG, representing 4.48% of the outstanding voting shares. The group comprised: a) GoldenPeaks Capital Management Ltd, Grand Cayman, as Investment Manager of GoldenPeaks Active Value Master Fund Ltd, and b) GoldenPeaks Capital Partners Ltd, Zug.

On January 14, 2008, UBS Fund Management (Switzerland) Ltd, Basle reported that at January 10, 2008 it held a total of 173 604 registered shares of Valora Holding AG, representing 5.26% of the outstanding voting shares.

On February 20, 2008, the State of New Jersey Common Pension Fund D, Trenton, NJ 08625 reported that, at December 1, 2007, it held a total of 150 000 registered shares of Valora Holding AG, representing 4.55% of the outstanding voting shares.

1.3 Cross-shareholdings. There are no cross-shareholdings with any other companies.

2 Capital structure

2.1 Capital structure at December 31, 2007. Ordinary capital of Valora Holding AG: CHF 3 300 000, comprising 3 300 000 registered shares each of CHF 1.00 nominal value. Conditional capital of Valora Holding AG: CHF 84 000, comprising 84 000 registered shares each of CHF 1.00 nominal value.

2.2 Conditional capital. Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares each of CHF 1.00 nominal value, was approved by the Annual General Meeting of May 11, 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued by December 31, 2007.

2.3 Changes in capital structure. No changes in capital structure occurred during the years 2006 or 2007. Changes in capital structure which occurred in 2005 are reported on page 68 of the 2005 Financial Report.

The movements in the reserves and equity of Valora Holding AG are shown in the balance sheet (page 99) and in the notes to the annual financial statements of Valora Holding AG (page 100).

2.4 Shares, participation certificates and dividend-right certificates. All 3 300 000 registered shares have a nominal value of CHF 1.00 each and are fully paid up. Each share entitles its holder to a dividend, apart from the shares held as treasury stock by Valora Holding AG. There are no preferred rights.

Valora Holding AG has not issued any participation certificates or dividend-right certificates.

2.5 Convertible bonds and options. At December 31, 2007 Valora Holding AG did not have any convertible bonds or options outstanding.

2.6 Restrictions on share transferability and the registration of nominees. Details of these restrictions are set out in section 6.1 of this Corporate Governance Report.

3 Board of Directors

3.1 Members of the Board of Directors. Name, year of birth, nationality, education and professional background

3.1.1 Members of the Board of Directors at December 31, 2007.



Beatrice Tschanz Kramel, 1944, Swiss, Chairwoman, journalist, has held posts as head of corporate communications at Ringier AG, Jelmoli AG and SAir Group and as a Member of the Executive Committee of Centerpulse. Independent communications consultant since 2003.



Werner Kuster, 1941, Swiss, Deputy Chairman, doctorate in Engineering from the Swiss Federal Institute of Technology, has held CEO posts in retail with the Globus group and EPA. Independent management consultant since 2002.



Andreas Gubler, 1957, Swiss, doctorate in Law, attorney at law, LL. M., has actively practised in law offices in Berne, Zurich and Washington D.C. and with Ernst & Young, Former member of the Executive Committee of Askli Holding. Partner in the law firm of Gubler Walther Leuch in Berne.



Franz Julen, 1958, Swiss, Swiss Federal diploma in hotel and restaurant management, has held posts as deputy director of MBD Sportmarketing, chairman of the management committee of Vökl International AG and COO of INTERSPORT International Corporation. CEO of INTERSPORT International Corporation since 2000.



Paul-Bernhard Kallen, 1957, German, doctorate in Political Economy, masters degree in Economics, former partner at McKinsey, has held various executive positions with the Hubert Burda Media Group, and has been a member of its management board since 1999.



Felix Weber, 1950, Swiss, doctorate in economics from the University of St. Gallen, has held posts as CEO of Alusuisse South Africa, partner with McKinsey & Co. Zurich and Executive Vice President and CFO of Adecco. Managing Director of Lehman Brothers (Europe), Zurich, since 2006.

Fritz Ammann stepped down as Chairman as of the end of November 2007, whereupon the Board of Directors elected Beatrice Tschanz Kramel to serve as interim Chairwoman. Felix Weber began a temporary leave of absence from his Board duties at the end of October 2007 in order to avoid any potential conflicts of interest.

No member of the Board of Directors has any management mandate within the Valora Group or any significant business relations to the Group.

3.1.2 Board members newly elected with effect from January 30, 2008.

An extraordinary general meeting of shareholders was held on January 30, 2008. Its sole agenda item was the election of new Board members. Following the extraordinary general meeting, the newly constituted Board of Directors held its first meeting, at which it elected Rolando Benedick as its new Chairman. Werner Kuster will remain Vice Chairman. The extraordinary general meeting elected the following new Board members:



Rolando Benedick, 1946, Swiss, has held posts as CEO of Innovazione and CEO of the Manor Group. Chairman of the Board of Directors of the Manor Group since 2000, Board member at Barry Callebaut, Jacobs Holding AG, MCH Messe Schweiz AG and Accarda AG.



Markus Fiechter, 1956, Swiss, masters degrees in Chemical Engineering from the Swiss Federal Institute of Technology and in Economics from the St. Gallen Business School, has previously held posts as a consultant with The Boston Consulting Group and as CEO of the Minibar group. CEO of Jacobs Holding AG since 2004, Board member at Barry Callebaut and Minibar AG.



Conrad Löffel, 1946, Swiss, Federally qualified Swiss auditor, has held posts as CFO of Intercontainer, CFO of Kuoni, CFO of Danzas and partner and member of the Board of Directors of Ernst & Young AG, Basle. Independent management consultant since 2006.

3.2 Other business activities and interests. A number of Board members engage in other business activities with major companies.

3.2.1 Membership of supervisory boards.

- Rolando Benedick: Chairman of the Board of Directors of the Manor Group, Board member at Barry Callebaut, Jacobs Holding AG and MCH Messe Schweiz AG.
- Markus Fiechter: Chairman of the Board of Directors of Barry Callebaut and Minibar AG.
- Andreas Gubler: Chairman of the Board of Directors of Micro Value AG.
- Franz Julen: Vice Chairman of the Supervisory Board of the Union of Groups of Independent Retailers of Europe (UGAL).
- Paul-Bernhard Kallen: Chairman of the Supervisory Board of Tomorrow Focus AG.
- Felix Weber: member of the Board of Directors of Syngenta AG, Vice-Chairman of the Board of Directors of Publigroupe AG.

3.2.2 Memberships of Executive Committees

- Markus Fiechter: CEO of Jacobs Holding AG, Zurich
- Franz Julen: CEO of INTERSPORT International Corporation, Berne
- Paul-Bernhard Kallen: member of the Management Board of the Hubert Burda Media Group, Munich
- Felix Weber: Managing Director of Lehman Brothers (Europe), Zurich

3.3 Elections and terms of office. The Board of Directors comprises at least three members. They are elected for a term of three years, after which they may be re-elected. To ensure rotation, the period of office as a Board member is limited: every member must retire at the latest after serving four full three-year terms. Members retire permanently from the Board on the date of the Annual General Meeting preceding their 70th birthday. This also applies to the Chairman of the Board. Any exceptions to the above are subject to the approval of the General Meeting. The election and re-election of Board members is staggered as much as possible.

Board members' terms of office:

| | First elected | Current term ends |
|-------------------------|---------------|-------------------|
| Rolando Benedick | 2008 | 2011 |
| Werner Kuster | 2005 | 2008 |
| Markus Fiechter | 2008 | 2011 |
| Andreas Gubler | 1999 | 2008 |
| Franz Julen | 2007 | 2010 |
| Paul-Bernhard Kallen | 2007 | 2010 |
| Conrad Löffel | 2008 | 2011 |
| Beatrice Tschanz Kramel | 2000 | 2009 |
| Felix Weber | 2006 | 2009 |

3.4 Internal organisational structure and committees. There is no specific allocation of responsibilities among Board members. Board members are, however, selected so as to ensure that the Board as a whole has specific expertise in the finance, retail, media, publishing, franchising, trading, IT and legal fields.

Until the extraordinary general meeting of shareholders in January 2008, the composition of the Board committees was as follows:

- Audit Committee: Andreas Gubler (Chairman following Felix Weber's departure at the end of October, 2007), Franz Julen and Felix Weber (Chairman until the beginning of his leave of absence at the end of October, 2007).
- Nomination and Compensation Committee: Beatrice Tschanz Kramel (Chairwoman), Franz Julen (from the end of November, 2007) and Werner Kuster.

In addition, by virtue of their offices, Board Chairman Fritz Ammann was a member of the standing committees until the end of November, 2007, and Board Chairwoman Beatrice Tschanz Kramel was a member of them from the end of November, 2007.

Since the extraordinary general meeting of shareholders held on January 30, 2008 the composition of the Board committees has been as follows:

- Audit Committee: Conrad Löffel (Chairman), Andreas Gubler, Werner Kuster.
- Nomination and Compensation Committee: Franz Julen (Chairman), Markus Fiechter, Paul-Bernhard Kallen, Beatrice Tschanz Kramel.

By virtue of his office, Board Chairman Rolando Benedick is a member of the standing committees.

The duties of the Audit Committee are as follows:

- a) To assess accounting practices and principles, financial control and financial planning on behalf of the Board of Directors.
- b) To assess the risks to which the Valora Group is exposed on behalf of the Board of Directors.
- c) To monitor the efficiency of management and information systems and other internal control mechanisms.
- d) To define the mandates of the statutory and group auditors and monitor their work.
- e) To appoint, commission and supervise the internal auditors and establish the annual auditing plan.
- f) To conduct an annual discussion of the annual financial statements with the statutory and group auditors and with the internal auditors.
- g) To assess the half-yearly and the annual financial statements of the Company and the Valora Group and the reports of the statutory and group auditors on behalf of the Board of Directors.
- h) To assess the appropriateness of financial reporting on behalf of the Board of Directors.
- i) To conduct a preliminary appraisal of the professional qualifications of specialised auditors on behalf of the Board of Directors.
- k) To assess major modifications to the tax structure of the Valora Group on behalf of the Board of Directors.

For the duties specified in a), b), g), h), i) and k) above, the Audit Committee exercises a preparatory function. For the duties specified in c), d), e) and f) above, the Audit Committee exercises a decision-making function.

The duties of the Nomination and Compensation Committee are as follows:

- a) To propose candidate new Board members to the Board of Directors.
- b) To prepare proposals on the remuneration of the Chairman of the Board and the other Board members and submit these to the Board.
- c) To prepare the appointment and dismissal of the individuals charged with conducting the business of Valora Holding AG, the Valora Group and its divisions (i.e. the CEO, the CFO and the other members of Group Executive Management) for submission to the Board of Directors.
- d) To determine the salaries and other terms and conditions of employment for the CEO and the other members of Group Executive Management.
- e) To prepare general salary increases (wage rounds) for submission to the Board of Directors.
- f) To prepare management and employee share and option plans and results related bonus plans for submission to the Board of Directors.

For the duties specified in a), b), c), e) and f) above, the Nomination and Compensation Committee exercises a preparatory function. For the duties specified in d) above, the Nomination and Compensation Committee exercises a decision-making function.

In 2007, the Board of Directors held 14 meetings, of which seven were full-day and seven half-day sessions. A number of conference calls were also held. The Audit Committee held four half-day meetings, while the Nomination and Compensation Committee convened for eight half-day sessions. The Board and its committees may also invite further persons, particularly the CEO, the CFO and representatives of the internal and external auditors, to attend their meetings. Internal and external auditors were represented at all Audit Committee meetings.

3.5 Definition of areas of responsibility. The Board of Directors is responsible for approving corporate strategy and specifying the organisational structure, and bears overall responsibility for personnel matters. It establishes the guidelines for financial and investment policy, and approves long-term borrowings in excess of CHF 10 million, acquisitions and disposals of shareholdings and the purchase and sale of real estate whose transaction price exceeds CHF 2 million.

The CEO is responsible for the overall management of the Group. He coordinates the activities of the various divisions, chairs Group Executive Management and is the immediate superior of each Group Executive Management member. Group Executive Management is responsible for preparing all the Group's business activities which lie within the remit of the CEO or the Board of Directors. The heads of the divisions are responsible for managing their division with the aim of ensuring its profitable and sustainable development. They are also responsible for establishing the management tools required for their division in addition to those specified in the relevant Group-level guidelines.

3.6 Information and control tools of the Board of Directors. The Board of Directors is regularly provided, through the Valora Group's management information system, with monthly short-term income statements for the divisions and the Group, details of significant business events, information on the shareholder structure and details of current progress towards the implementation of decisions made by the General Meeting or itself. The Chairman of the Board is provided with a copy of the minutes of all Group Executive Management meetings. Any member of the Board of Directors may demand information from management on the overall course of business and operations and, with the approval of the Chairman of the Board, on specific business transactions. Any Board member may also demand that company books and files be made available for their inspection.

4 Group Executive Management

4.1 Members of Group Executive Management Name, year of birth, nationality, education and professional background



Peter Wüst, 1953, Swiss, graduate in business administration, has held senior management positions with Diethelm & Co. (international trading) and Jakob Rohner AG (textile trading), and as head of sales and marketing of the Nuance Group. From 1 March, 2003, Head of the Valora Sourcing & Marketing Division. CEO of the Valora Group since 11 June, 2003. Interim head of the Valora Retail division since August 27, 2007.



Markus Voegeli, 1961, Swiss, economics graduate, has held senior management positions in finance and controlling for Swissair in Switzerland, as CFO of the Nuance Group in Australia and Swissôtel Group in the US. CFO and then CEO of MediService AG, Zuchwil. CFO of the Valora Group since 15 August, 2004.



Christian Schock, 1954, Luxembourg, graduate in mechanical engineering, INSEAD MBA, has held various management positions at Reuters in Luxembourg and Germany, as Managing Director SES-Astra's multimedia subsidiary and as CEO of Messageries Paul Kraus, Luxembourg. Head of Valora Media division since 1 July, 2006



Alex Minder, 1957, Swiss, graduate in business administration, Executive MBA, has held senior management positions at Bally International Ltd and Impuls Saatchi & Saatchi, as Managing Director Cadbury Switzerland, and as a board member Cadbury Western Europe. Head of Valora Trade division since 1 May, 2004.



Ruedi Keller, 1951, Swiss, SIB diploma in financial controlling, IFKS higher business diploma, held various management positions at Swissair in and outside Switzerland, as head of business administration at the Swissair Training Center, and head of strategic business development at the Nuance Group. Head of the Valora Management Services division since 19 January, 2004.

Manfred Zipp, head of the Valora Retail division, left the company by mutual agreement on August 27, 2007. Ruedi Keller, head of the Valora Management Services division, left the company when the division was dissolved in March 2008.

Prior to his appointment to the Group Executive Committee, Christian Schock had been CEO of Messageries Paul Kraus (MPK) for 3 years and was thus responsible for Valora's press and book wholesale and kiosk activities in Luxembourg. None of the other members of the Group Executive Committee had previously worked for Valora.

4.2 Other major activities and vested interests in listed companies. None of the members of the Group Executive Committee engages in any further activities in any management or supervisory body of any listed Swiss or foreign company, has any permanent management or consultancy function for any company outside the Valora Group, has any public function or holds any political office.

The Valora Group is a founding member of the Swiss Retail Industry Group [Interessengemeinschaft Detailhandel Schweiz] where it is represented by Peter Wüst. Ruedi Keller is Chairman of the supervisory boards of the Valora pension fund, the Valora executive pension fund and the Valora employer's pension foundation, all of which have their registered offices in Berne.

4.3 Management contracts. There are no management contracts between Valora Holding AG and any companies or individuals outside the Valora Group.

5 Compensation, shareholdings and loans

5.1 Components of compensation and shareholding programmes and their determination

5.1.1 Board of Directors. A fixed director's fee is paid to each member of the Board of Directors. Additional emoluments are paid to the Chairman and the members of the Board Committees. A share scheme also exists which allocates shares on the basis of earnings per share growth versus the previous year. Only those Board members who were in office for one entire year, from AGM to AGM, are entitled to receive shares. Shares are allocated on a linear scale rising from zero to a fixed maximum amount, corresponding to a 10% year-on-year increase in earnings per share. The value of the shares allocated - based on their market value on the day of allocation - can reach a maximum of 100% of the basic Director's fee paid in cash. The shares may not be sold during the 5 years following their initial allocation, and a cash payment in lieu is not possible. No attendance fees are paid for meetings, though travel expenses are reimbursed. The full Board of Directors determines the level of directors' emoluments and reviews them on a regular basis.

5.1.2 Group Executive Management. Members of Group Executive Management receive an annual salary which comprises both a fixed and a variable portion, the latter constituting their ordinary bonus. The fixed and variable portions each represent 50% of target annual compensation. The compensation paid to members of the Group Executive Committee is reviewed periodically. The current compensation system was established in 2006. An independent external consultant carried out benchmark comparisons based on data for analogous economic sectors and job descriptions collected throughout Western Europe.

The variable compensation component is based on the following key figures (comparing final Group financial statements with budget targets): Group net income (40% weighting), EBITA of the market division managed by the member of Group Executive Management concerned, or return on invested capital for non-market divisions (30% weighting) and the extent to which specific personal objectives were reached (30% weighting). 40% of the variable portion of total compensation is paid in the form of Valora shares. Payment in shares is made on the basis of a share price of CHF 237. The shares may not be sold during the five years immediately following their initial allocation. In addition, provided an agreed target earnings per share growth of 3% is achieved in a given year, the next year a further 30% of the total number of shares granted under the scheme in prior years is allocated to members of Group Executive Management. A cash payment in lieu is not possible. Members of Group Executive Management are also eligible to buy shares on preferential terms as part of the employee share scheme. The number of shares which they can purchase under this scheme each year depends on the Valora Group's consolidated net income and is fixed at 1.8 shares per CHF 1 million of net income.

The Board of Directors' Nomination and Compensation Committee determines the level of total compensation paid and decides on the award of results-based bonuses. The Committee informs the Board of Directors of its decision at the next Board meeting. The Nomination and Compensation Committee has decided to pay a special cash bonus in respect of 2007.

Details of compensation paid to the Board of Directors and the Group Executive Committee and of the Valora shares held by their members can be found in note 5 to the financial statements of Valora Holding AG on page 101.

6 Shareholders' participation rights

6.1 Voting-right and representation restrictions. Each share entitles its holder to one vote at the General Meeting. Voting is limited to those individuals who are entered as shareholders with voting rights in the Share Register. The Board of Directors may refuse to acknowledge a holder of Valora shares as a shareholder with voting rights if the holder's new holding, together with the voting shares which they are already shown as holding in the Share Register, would exceed 5% of all Valora registered shares entered in the Commercial Register. This limitation does not apply, however, in the case of the exercising of subscription rights. In such an event, the holder will be entered in the Share Register as a shareholder without voting rights for the portion of shares held in excess of this 5% threshold. For the determination of this limit, a group clause shall apply. The Board of Directors may exception-

ally acknowledge a shareholder as holding more than 5% of all registered shares with voting rights, in particular:

- if the shares are acquired following a merger or business combination;
- if the shares are acquired through a non-cash payment or a share exchange;
- if the shares are intended to underpin a long-term collaboration or strategic alliance.

No such exceptions were granted in 2007.

The Board of Directors may also refuse acknowledgement and entry in the Share Register as a shareholder with voting rights to any shareholder who fails to confirm expressly, upon request, that they have acquired the shares concerned in their own name and for their own account. The Board of Directors may also cancel – with retroactive effect to the date of original entry – the entry in the Share Register as a shareholder with voting rights of any shareholder who, upon subsequent inquiry, is found to have obtained the shares concerned by making a false declaration, and may have them entered instead as shares without voting rights. Any such cancellation must be communicated immediately to the shareholder concerned.

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which approve the fiduciary entry of registered shares with voting rights above the 5% limit for trustees who disclose the nature of their trusteeship (nominees, ADR banks). Such trustees must be overseen by banking or financial market regulators, however, or must otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and are able to provide the names, addresses and shareholdings of the owners of the shares concerned. No exceptions for the fiduciary entry of registered shares above the 5% threshold were granted in 2007.

A shareholder may be represented at a General Meeting only by their legal representative, by another shareholder attending the General Meeting whose name is entered in the Share Register, by a proxy for deposited shares, by an executive body of the company or by the independent shareholders' representative.

6.2 Statutory quorums. As a rule, the General Meeting passes its resolutions and conducts its elections by a simple majority of the votes cast. Under Article 12 of the Articles of Incorporation (dated April 27, 2005), however, the following resolutions require a majority of two-thirds of the shares represented and an absolute majority of the nominal value represented:

- changing the object of the company
- introducing shares with privileged voting rights
- limiting or facilitating the transferability of registered shares
- increases in authorised or conditional capital
- capital increases from shareholders' equity, against non-cash payments or for acquisition purposes, and the granting of special benefits
- limiting or suspending subscription rights
- relocating the company's registered office
- dissolving the company without liquidation or by merger.

6.3 Convocation of the General Meeting. General Meetings are formally called at least 20 days in advance through corresponding publication in the «Schweizerisches Handelsamtsblatt» (Swiss Official Gazette of Commerce). The holders of registered shares shown in the Share Register may also be invited by letter.

6.4 Additional agenda items. Shareholders who represent shares with a total nominal value of CHF 100 000 or more may request that an item be placed on the agenda of a General Meeting, provided they submit details thereof to the company in writing at least 50 calendar days in advance of the General Meeting concerned.

6.5 Registrations in the share register. To attend the 2008 Annual General Meeting, a shareholder must submit their request for registration in the Share Register to the company by April 22, 2008.

7 Changes of control and defence measures

7.1 Duty to make an offer. The company has no «opting out» or «opting up» clauses in its Articles of Incorporation.

7.2 Clauses on changes of control. There are no change of control clauses in favour of any members of the Board or Directors, the Group Executive Committee or other members of management.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor. PricewaterhouseCoopers AG assumed the audit mandate at the 1942 Annual General Meeting. The lead auditor, Hanspeter Gerber, took over the mandate from Andreas Baur in 2006, as provided for by PricewaterhouseCoopers rotation rules. These rotation rules also stipulate that the roles of both engagement manager and lead auditor may be carried out by the same persons for no longer than seven years.

8.2 Auditing fees. The total costs of the auditing conducted by PricewaterhouseCoopers AG in 2007 amounted to CHF 1.4 million.

8.3 Additional fees. During 2007, the auditors invoiced a total of CHF 0.2 million to Group companies for additional services.

8.4 Information instruments available to the external and internal auditors. The Board of Directors' Audit Committee defines the audit mandates of the statutory and Group auditors and has the responsibility of ensuring appropriate controls are carried out. The internal audit mandate is carried out by Ernst & Young. Both internal and external auditors attended all Audit Committee meetings. The Audit Committee meetings at which the interim and full-year financial results are reviewed are always attended by all members of the

Board of Directors. The external auditors submit to the Audit Committee both the report on the financial statements for the year just completed as well as an audit plan for the current financial year. The internal auditors submit the audit plan for the current year to the Audit Committee and also provide it with a separate report on each audit they carry out.

9 Information policy

The company holds an annual results media conference every year for the media and financial analysts. All shareholders receive, together with the invitation to the Annual General Meeting, a summary of the key figures from the Annual Report.

The company publishes a consolidated report (unaudited) on the first half-year at the end of August and distributes this to all shareholders. Telephone conferences are conducted if warranted by major developments or events.

Permanent sources of information:

- the www.valora.com website
- the Valora Group annual and half-year reports
- media releases

Media Relations: Stefania Misteli

Investor Relations: Stefan Knuchel

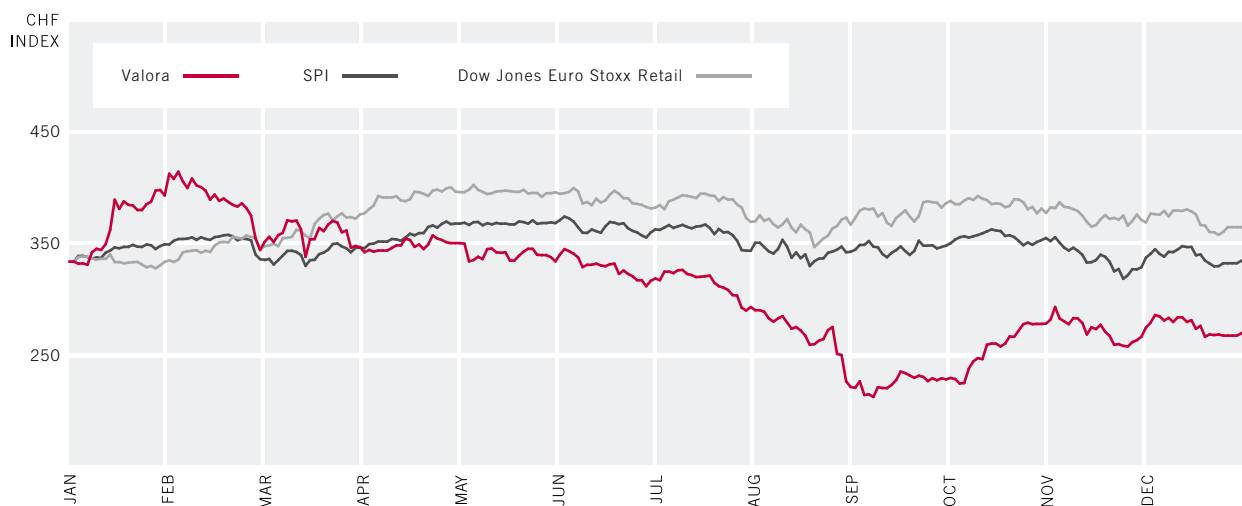
Valora shares

1 Share price trends

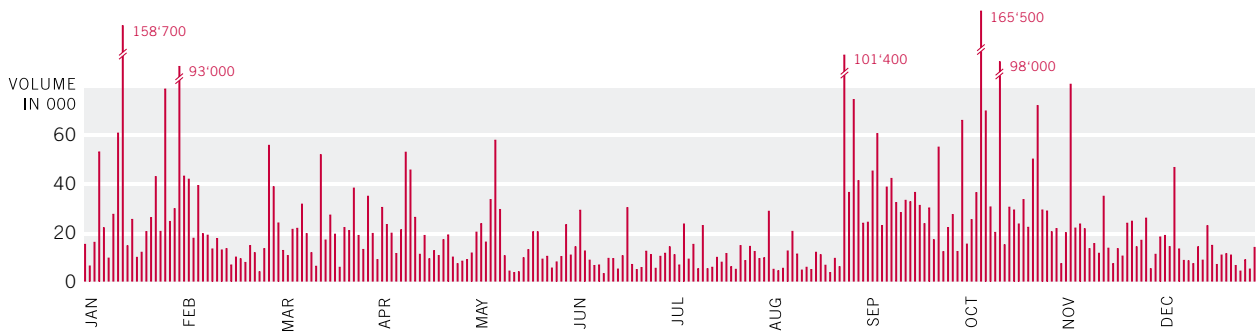
Valora shares underperformed the overall market during 2007. The shares started the year at CHF 338.50, before rising in response to speculative demand to reach a high for the year of CHF 416.00. The share price declined thereafter, closing at CHF 347.00, near its low for the day, when the 2006 full-year results were announced. A modest recovery to CHF 357.75 on April 23, 2007 was followed by lower prices in the wake of the general worsening of equity market valuations during the summer. Following the Group's announcement of an anticipated fall in first-half 2007 earnings on August 24, the share price slid to a low of CHF 239.00 before recovering to CHF 254.50 at the close that day. Interim 2007 results were reported on August 28 as was an assessment of the current business outlook and a description of new measures to improve future results. That day saw the shares tumble to an intra-day low of CHF 230.00. Subsequent weakness took the price to a low for the year of CHF 206.10 on September 4, retracing some of its losses that same day to close at CHF 218.60. Thereafter, the shares gained ground more or less continuously, principally driven by news that a group of investors acting in concert had assembled behind the Golden Peaks investment fund managed by Adriano Agosti. Valora shares closed the year at CHF 274.75.

The shares declined 18% during 2007, having risen 31% in 2006. This was well below the 2007 performance of the broad SPI index, which eased 1% on the year, having gained 21% in 2006.

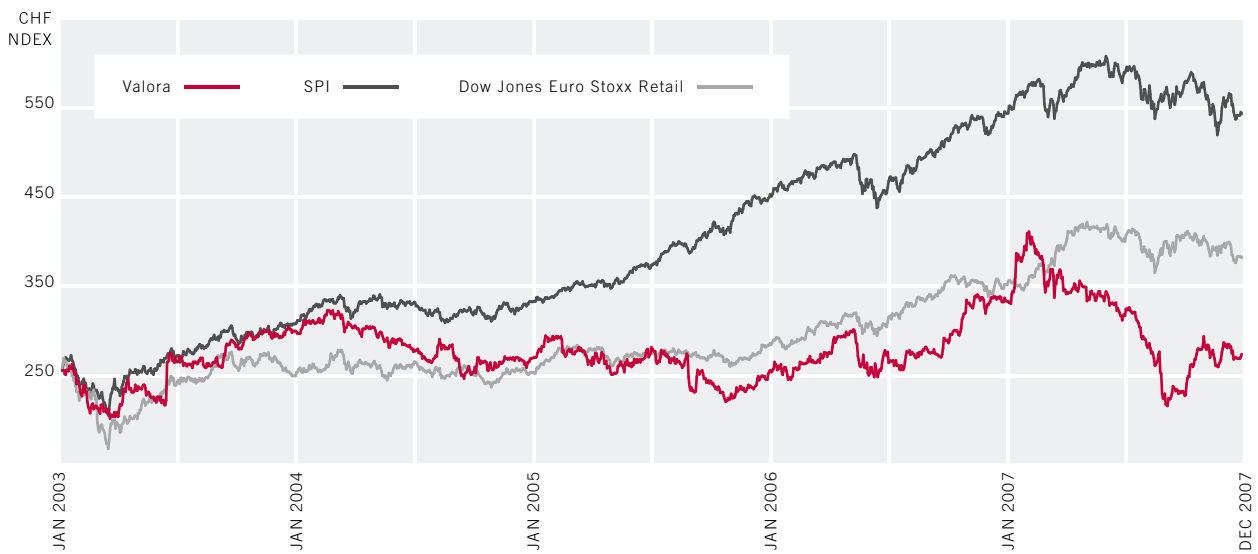
Valora share price trend 2007



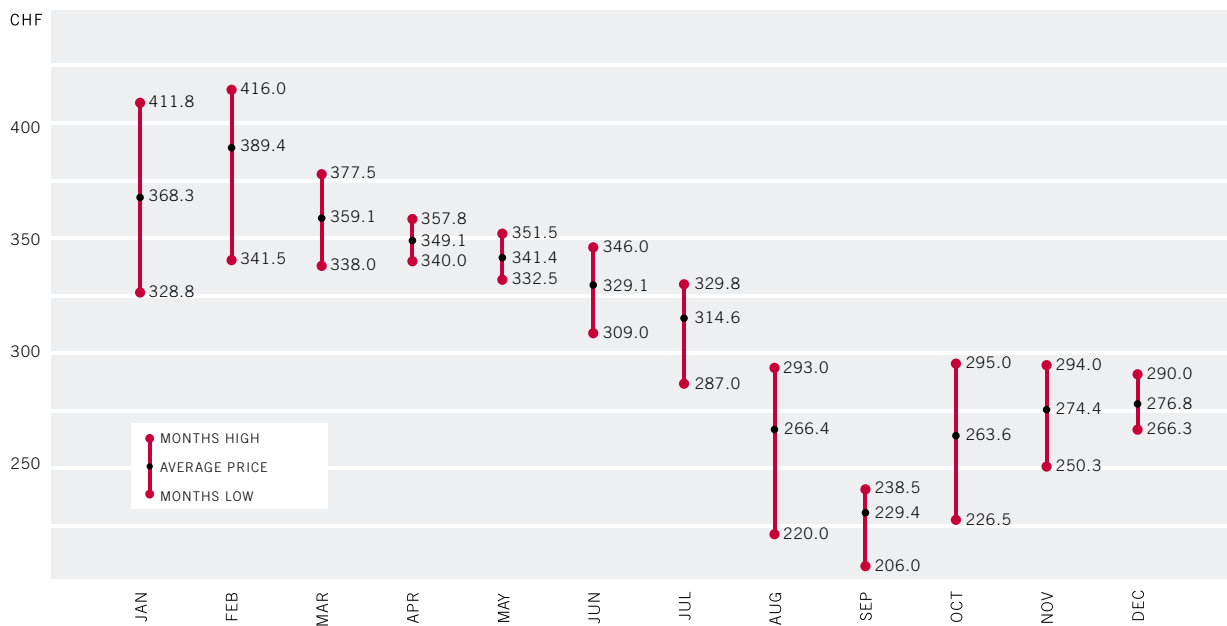
Valora share volume 2007



Valora share price trend 2003-2007



Month highs/lows in 2007



2 Shareholder returns

| Share price | | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-----|------------------------------|----------------------|----------------------|----------------------|----------------|
| Year end | CHF | 274.75 | 334.75 | 254.75 | 280.00 | 308.00 |
| Distributions to shareholders | | | | | | |
| Dividends/Reimbursements of nominal value | CHF | ¹⁾ 9 | 9 | 9 | ²⁾ 9 | 9 |
| Dividend yield | % | 3.3 | 2.7 | 3.5 | 3.2 | 2.9 |
| Annual returns | | | | | | |
| excluding dividends | % | - 17.9 | 31.4 | - 9.0 | - 9.1 | 16.2 |
| including dividends | % | - 15.2 | 34.9 | - 5.8 | - 6.2 | 19.6 |
| Average return | | | | | | |
| | | 2003-2007 5 Years | 2003-2006 4 Years | 2003-2005 3 Years | 2003-2004 2 Years | 2003 1 Year |
| excluding dividends | % | 0.7 | 6.0 | -1.3 | 2.8 | 16.2 |
| including dividends | % | 4.1 | 9.1 | 2.1 | 6.1 | 19.6 |

¹⁾ Proposed

²⁾ Reimbursement of nominal value

3 Key share ratios

| | | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------|---------------------|---------------------|---------------------|---------------------|---------|
| Operating profit per share ¹⁾ | CHF | ³⁾ 17.45 | ³⁾ 20.80 | ²⁾ 8.45 | ²⁾ 46.76 | - 26.95 |
| Free cash flow per share ^{1) 4)} | CHF | ³⁾ 22.06 | ³⁾ 18.28 | ²⁾ 17.41 | ²⁾ 87.95 | 18.68 |
| Earnings per share ¹⁾ | CHF | ³⁾ 13.09 | ³⁾ 16.89 | ²⁾ 1.17 | ²⁾ 41.66 | - 27.00 |
| Equity per share ¹⁾ | CHF | 183.66 | 175.42 | 160.68 | 170.27 | 196.70 |
| P/E Ratio ¹⁾ | 31.12 | ³⁾ 21.0 | ³⁾ 19.8 | ²⁾ 217.9 | ²⁾ 6.7 | n/a |

¹⁾ Based on average number of shares outstanding

²⁾ Continuing operations (without Fotolabo Group)

³⁾ Continuing operations (without Fotolabo Group and Own Brands)

⁴⁾ Free cash flow: net cash provided by operating activities less net cash used in investing activities

4 Shareholder data and capital structure

| Structure of registered shareholders | | At 31.12.2007 | At 31.12.2006 |
|--------------------------------------|-------------------------------|-----------------|-----------------|
| Structure | Significant shareholders > 5% | 6.64% of shares | 5.73% of shares |
| | 10 largest shareholders | 37.0% of shares | 29.8% of shares |
| | 100 largest shareholders | 55.0% of shares | 47.6% of shares |
| Origin | Switzerland | 61.6% of shares | 69.8% of shares |
| | Elsewhere | 38.4% of shares | 30.2% of shares |

Valora Holding AG's share capital of CHF 3.3 million comprises 3.3 million registered shares with a nominal value of CHF 1.00 each.

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Annual General Meeting of May 11, 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued by December 31, 2007.

The Articles of Incorporation limit the voting rights which may be held by individual shareholders or groups of shareholders to 5%. The Board of Directors may allow exceptions to this rule. No such exceptions were granted in 2007. Non-Swiss shareholders are registered in the share register in the same way as Swiss shareholders. The company has made uninterrupted dividend payments or nominal value reimbursements since 1920.

5 Share capital

| | | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|-------------|-----------|-----------|-----------|-----------|-----------|
| Total registered shares ¹⁾ | Shares | 3 300 000 | 3 300 000 | 3 300 000 | 3 570 000 | 4 200 000 |
| Treasury shares ¹⁾ | Shares | 107 057 | 106 791 | 109 221 | 300 157 | 302 474 |
| Number of shares outstanding ¹⁾ | Shares | 3 192 943 | 3 193 209 | 3 190 779 | 3 269 843 | 3 897 526 |
| Market capitalisation ^{1) 2)} | CHF million | 877 | 1 069 | 813 | 916 | 1 200 |
| Average number of shares outstanding | Shares | 3 201 312 | 3 197 186 | 3 196 384 | 3 664 006 | 3 935 088 |
| Number of registered shareholders ¹⁾ | | 7 385 | 7 789 | 9 344 | 9 581 | 10 027 |

¹⁾ At 31.12.

²⁾ Based on number of shares outstanding at 31.12.

6 Tax values

| | Securities no. | At 31.12.2007 | At 31.12.2006 | At 31.12.2005 | At 31.12.2004 | At 31.12.2003 |
|---|----------------|---------------|---------------|---------------|---------------|---------------|
| Registered shares of CHF 1.00 / CHF 10.00 | 208 897 | 274.75 | 334.75 | 254.75 | 280.00 | 308.00 |
| 2.875% bond 2005-2012 | 2 189 351 | 93.70% | 98.80% | 98.90% | – | – |

Five-year summary

| | | 2007 ²⁾ | 2006 ²⁾ | 2005 ¹⁾ | 2004 ¹⁾ | 2003 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|----------------|
| Net revenues | CHF million | 2 821.8 | 2 749.3 | 2 846.4 | 2 858.5 | 3 021.4 |
| Change | % | 2.6 | - 3.4 | - 0.4 | - 5.4 | - 1.8 |
| Operating profit | CHF million | 55.9 | 66.5 | 27.0 | 171.3 | - 106.0 |
| in % of net revenues | % | 2.0 | 2.4 | 0.9 | 6.0 | n/a |
| Net profit (net loss) | CHF million | 42.8 | 54.7 | 4.7 | 153.7 | - 106.3 |
| Change | % | - 21.7 | + 1 055.5 | - 96.9 | n/a | n/a |
| in % of net revenues | % | 1.5 | 2.0 | 0.2 | 5.4 | n/a |
| in % of equity | % | 7.3 | 9.8 | 0.9 | 24.6 | n/a |
| Net cash provided by (used in) | | | | | | |
| Operating activities | CHF million | 93.6 | 84.8 | 96.4 | 173.3 | 137.3 |
| Investing activities | CHF million | - 23.0 | - 26.4 | - 40.7 | 148.9 | - 63.8 |
| Free cash flow | CHF million | 70.6 | 58.4 | 55.7 | 322.2 | 73.5 |
| Financing activities | CHF million | - 126.8 | - 83.0 | - 123.7 | - 232.2 | - 108.1 |
| Earnings (loss) per share | CHF | 13.09 | 16.89 | 1.17 | 41.66 | - 27.00 |
| Change | % | - 22.5 | + 1 343.6 | - 97.2 | n/a | n/a |
| Free cash flow per share | CHF | 22.06 | 18.28 | 17.41 | 87.95 | 18.68 |
| Change | % | + 20.7 | + 5.0 | - 80.2 | + 370.8 | - 12.9 |
| Cash and cash equivalents | CHF million | 153.4 | 222.1 | 219.7 | 291.6 | 209.9 |
| Equity | CHF million | 587.9 | 560.9 | 513.6 | 623.9 | 744.0 |
| Balance sheet equity ratio | % | 45.0 | 42.3 | 37.8 | 41.4 | 45.3 |
| Average number of employees | | 6 495 | 6 707 | 7 454 | 7 903 | 8 995 |
| Change | % | - 3.2 | - 10.0 | - 5.7 | - 12.1 | - 5.9 |
| Net revenues per employee | CHF 000 | 434 | 410 | 382 | 362 | 336 |
| Change | % | + 5.9 | + 7.3 | + 5.5 | + 7.7 | + 4.3 |
| Number of sales outlets at December 31 | | 1 404 | 1 414 | 1 464 | 1 531 | 1 615 |
| Net sales per sales outlet ³⁾ | CHF 000 | 1 186 | 1 155 | 1 153 | 1 099 | 925 |

All totals and percentages are based on unrounded figures from the consolidated financial statements.

¹⁾ From continuing operations (without Fotalabo Group)

²⁾ From continuing operations (without Fotalabo Group and Own Brands)

³⁾ Net sales of Valora Retail only

If there is any doubt or there are different interpretations, the German wording carries weight, not the English wording.