

## Consolidated income statement

January 1 to December 31, in CHF 000 (except per-share amounts)	Note	2007	%	2006	%
<b>Net revenues</b>	4	<b>2 821 755</b>	<b>100.0</b>	<b>2 749 273</b>	<b>100.0</b>
Cost of goods		- 1 963 214	- 69.6	- 1 893 406	- 68.9
<b>Gross profit</b>		<b>858 541</b>	<b>30.4</b>	<b>855 867</b>	<b>31.1</b>
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
<b>Operating profit</b>		<b>55 858</b>	<b>2.0</b>	<b>66 511</b>	<b>2.4</b>
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
<b>Earnings before taxes</b>		<b>55 359</b>	<b>2.0</b>	<b>61 219</b>	<b>2.2</b>
Income taxes	10	- 12 551	- 0.5	- 6 530	- 0.2
<b>Net profit from continuing operations</b>		<b>42 808</b>	<b>1.5</b>	<b>54 689</b>	<b>2.0</b>
Net profit from discontinued operations	3	9 471	0.3	11 147	0.4
<b>Net Group profit</b>		<b>52 279</b>	<b>1.8</b>	<b>65 836</b>	<b>2.4</b>
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
<b>Earnings per share</b>					
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

<b>Assets</b>					
<b>At December 31</b> , in CHF 000	Note	<b>2007</b>	<b>%</b>	2006	<b>%</b>
<b>Current assets</b>					
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	
<b>Current assets</b>		<b>609 083</b>	<b>46.6</b>	<b>706 483</b>	<b>53.3</b>
Assets held in disposal groups	3	178 053		0	
<b>Total current assets</b>		<b>787 136</b>	<b>60.2</b>	<b>706 483</b>	<b>53.3</b>
<b>Non-current assets</b>					
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	
<b>Total non-current assets</b>		<b>519 407</b>	<b>39.8</b>	<b>618 290</b>	<b>46.7</b>
<b>Total assets</b>		<b>1 306 543</b>	<b>100.0</b>	<b>1 324 773</b>	<b>100.0</b>

<b>Liabilities and equity</b>					
<b>At December 31, in CHF 000</b>	Note	<b>2007</b>	<b>%</b>	2006	%
<b>Current liabilities</b>					
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	
<b>Current liabilities</b>		<b>413 812</b>	<b>31.7</b>	<b>433 752</b>	<b>32.8</b>
Liabilities from disposal groups	3	69 963		0	
<b>Total current liabilities</b>		<b>483 775</b>	<b>37.0</b>	<b>433 752</b>	<b>32.8</b>
<b>Non-current liabilities</b>					
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	
<b>Total non-current liabilities</b>		<b>234 828</b>	<b>18.0</b>	<b>330 165</b>	<b>24.9</b>
<b>Total liabilities</b>		<b>718 603</b>	<b>55.0</b>	<b>763 917</b>	<b>57.7</b>
<b>Equity</b>					
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	
<b>Equity of Valora Holding AG shareholders</b>		<b>584 516</b>	<b>44.7</b>	<b>557 933</b>	<b>42.1</b>
Minority interest in shareholders' equity		3 424		2 923	
<b>Total equity</b>		<b>587 940</b>	<b>45.0</b>	<b>560 856</b>	<b>42.3</b>
<b>Total liabilities and equity</b>		<b>1 306 543</b>	<b>100.0</b>	<b>1 324 773</b>	<b>100.0</b>

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
<b>Operating profit from continuing operations</b>		<b>55 858</b>	<b>66 511</b>
<b>Elimination of non-cash transactions</b>			
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
<b>Changes in net working capital, net of acquisitions and disposals of business units</b>			
(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
<b>Cash generated from operating activities from continuing operations</b>		<b>100 495</b>	<b>95 443</b>
Interest paid		- 10 095	- 12 026
Income taxes paid		- 3 014	- 4 734
Interest received		6 218	6 122
<b>Net cash provided by operating activities from continuing operations</b>		<b>93 604</b>	<b>84 805</b>
Net cash provided by operating activities from discontinued operations	3	14 564	19 209
<b>Net cash provided by operating activities</b>		<b>108 168</b>	<b>104 014</b>

January 1 to December 31, in CHF 000			
	Note	2007	2006
<b>Cash flow from investing activities</b>			
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
<b>Net cash used in investing activities from continuing operations</b>		<b>- 22 989</b>	<b>- 26 369</b>
Net cash used in investing activities from discontinued operations	3	- 13 636	- 11 414
<b>Net cash used in investing activities</b>		<b>- 36 625</b>	<b>- 37 783</b>
<b>Cash flow from financing activities</b>			
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
<b>Net cash used in financing activities from continuing operations</b>		<b>- 126 837</b>	<b>- 82 998</b>
Net cash (used in) provided by financing activities from discontinued operations	3	- 1 949	8 594
<b>Net cash used in financing activities</b>		<b>- 128 786</b>	<b>- 74 404</b>
<b>Net decrease in cash and cash equivalents from continuing operations</b>		<b>- 56 222</b>	<b>- 24 562</b>
Net (decrease) increase in cash and cash equivalents from discontinued operations		- 1 021	16 389
<b>Net decrease in cash and cash equivalents</b>		<b>- 57 243</b>	<b>- 8 173</b>
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
<b>Cash and cash equivalents at year end from continuing operations</b>	12	<b>153 426</b>	<b>218 643</b>
Cash and cash equivalents at year end from discontinued operations	3	13 069	3 457
<b>Cash and cash equivalents at year end</b>		<b>166 495</b>	<b>222 100</b>

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		
<b>Balance at January 1, 2006</b>		<b>3 300</b>	<b>- 28 558</b>	<b>532 396</b>	<b>4 005</b>	<b>511 143</b>	<b>2 454</b>	<b>513 597</b>
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
<b>Income (expense) recognised directly in equity</b>			<b>- 437</b>		<b>7 517</b>	<b>7 080</b>	<b>89</b>	<b>7 169</b>
Net profit				65 153		65 153	683	65 836
<b>Total profit (loss) reported</b>			<b>- 437</b>	<b>65 153</b>	<b>7 517</b>	<b>72 233</b>	<b>772</b>	<b>73 005</b>
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 <sup>1)</sup>			2 025			2 025		2 025
<b>Balance at December 31, 2006</b>		<b>3 300</b>	<b>- 25 653</b>	<b>568 764</b>	<b>11 522</b>	<b>557 933</b>	<b>2 923</b>	<b>560 856</b>
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
<b>Income (expense) recognised directly in equity</b>			<b>578</b>		<b>2 717</b>	<b>3 295</b>	<b>92</b>	<b>3 387</b>
Net profit				51 364		51 364	915	52 279
<b>Total profit (loss) reported</b>			<b>578</b>	<b>51 364</b>	<b>2 717</b>	<b>54 659</b>	<b>1 007</b>	<b>55 666</b>
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 <sup>1)</sup>			7 642			7 642		7 642
<b>Balance at December 31, 2007</b>		<b>3 300</b>	<b>- 24 343</b>	<b>591 320</b>	<b>14 239</b>	<b>584 516</b>	<b>3 424</b>	<b>587 940</b>

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

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
<b>Net assets</b>	<b>108 090</b>	<b>88 817</b>

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
<b>Total change in cash and cash equivalents</b>	<b>- 1 053</b>	<b>17 249</b>

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
<b>Total</b>	<b>1 665 363</b>	<b>553 182</b>	<b>791 017</b>	<b>14 378</b>	<b>- 202 185</b>	<b>2 821 755</b>
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
<b>Total</b>	<b>1 632 855</b>	<b>560 223</b>	<b>748 250</b>	<b>15 283</b>	<b>- 207 338</b>	<b>2 749 273</b>
Change (%)	2.0	- 1.3	5.7			2.6
Operating profit for 2007						
<b>Operating profit</b>	<b>17 193</b>	<b>25 219</b>	<b>17 050</b>	<b>- 3 604</b>		<b>55 858</b>
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
<b>Operating profit for 2007 included the following non-cash expenses</b>						
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
<b>Operating profit for 2006 included the following non-cash expenses</b>						
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
<b>Capital expenditure</b>						
<b>2007</b>	<b>24 437</b>	<b>2 138</b>	<b>2 923</b>	<b>18 040</b>		<b>47 538</b>
2006	24 343	1 612	2 775	30 991		59 721
<b>Segment assets</b>						
<b>At December 31, 2007</b>	<b>541 222</b>	<b>211 823</b>	<b>320 984</b>	<b>564 187</b>	- 331 673	<b>1 306 543</b>
At December 31, 2006	522 577	211 715	298 948	657 957	- 366 424	1 324 773
<b>Segment liabilities</b>						
<b>At December 31, 2007</b>	<b>447 812</b>	<b>118 790</b>	<b>186 963</b>	<b>296 711</b>	- 331 673	<b>718 603</b>
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
<b>2007</b>	<b>1 696 177</b>	<b>1 125 578</b>	<b>2 821 755</b>
2006	1 697 818	1 051 455	2 749 273
Change (%)	- 0.1	7.0	2.6
Capital expenditure			
<b>2007</b>	<b>36 080</b>	<b>11 458</b>	<b>47 538</b>
2006	41 925	17 796	59 721
Segment assets			
<b>At December 31, 2007</b>	<b>882 581</b>	<b>423 962</b>	<b>1 306 543</b>
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
<b>Total personnel expense</b>	<b>454 915</b>	<b>452 543</b>
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
<b>Total other operating expenses</b>	<b>320 048</b>	<b>316 261</b>

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
<b>Total other income, net</b>	<b>14 417</b>	<b>18 685</b>

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
<b>Total financial expense</b>	<b>10 377</b>	<b>12 847</b>

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
<b>Total financial income</b>	<b>8 072</b>	<b>7 335</b>

## 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
<b>Total income tax expense for continuing operations</b>	<b>12 551</b>	<b>6 530</b>

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%
<b>Income taxes at expected Group tax rate</b>	<b>12 010</b>	<b>13 289</b>
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
<b>Total reported income taxes</b>	<b>12 551</b>	<b>6 530</b>

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(-)
<b>Balance at January 1, 2006</b>	<b>43 800</b>	<b>- 29 361</b>	<b>14 439</b>
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
<b>Balance at December 31, 2006</b>	<b>41 557</b>	<b>- 25 778</b>	<b>15 779</b>
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
<b>Balance at December 31, 2007</b>	<b>36 041</b>	<b>- 18 264</b>	<b>17 777</b>

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
<b>Total tax-deductible losses carried forward from continuing operations</b>	<b>541 388</b>	<b>561 592</b>

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
<b>Net profit from continuing operations attributable to Valora Holding AG shareholders (in CHF 000)</b>	<b>41 893</b>	<b>54 006</b>
Average number of shares outstanding	3 201 312	3 197 186
<b>Earnings per share from continuing operations (in CHF)</b>	<b>13.09</b>	<b>16.89</b>

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
<b>Total cash and cash equivalents</b>	<b>153 426</b>	<b>222 100</b>

## 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
<b>Total trade accounts receivable, net</b>	<b>164 499</b>	<b>168 402</b>

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

in CHF 000	2007	2006
<b>Position at January 1</b>	<b>3 088</b>	<b>5 698</b>
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
<b>Position at December 31</b>	<b>2 114</b>	<b>3 088</b>

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
<b>Total trade accounts receivable, net</b>	<b>164 499</b>	<b>168 402</b>
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
<b>Total trade accounts receivable, net</b>	<b>164 499</b>	<b>168 402</b>

#### 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
<b>Total inventories</b>	<b>246 995</b>	<b>267 660</b>

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
<b>Total other current receivables</b>	<b>43 802</b>	<b>47 092</b>

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
<b>Balance at January 1, 2006</b>	<b>27 298</b>	<b>198 095</b>	<b>478 087</b>	<b>2 612</b>	<b>706 092</b>
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	<sup>1)</sup> - 736
Translation adjustments	291	1 650	5 928	132	8 001
<b>Balance at December 31, 2006</b>	<b>24 495</b>	<b>194 551</b>	<b>499 590</b>	<b>6 322</b>	<b>724 958</b>
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
<b>Balance at December 31, 2007</b>	<b>21 957</b>	<b>151 054</b>	<b>357 776</b>	<b>446</b>	<b>531 233</b>
Accumulated depreciation					
<b>Balance at January 1, 2006</b>	<b>0</b>	<b>- 50 188</b>	<b>- 333 421</b>	<b>0</b>	<b>- 383 609</b>
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
<b>Balance at December 31, 2006</b>	<b>0</b>	<b>- 55 424</b>	<b>- 350 960</b>	<b>0</b>	<b>- 406 384</b>
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
<b>Balance at December 31, 2007</b>	<b>0</b>	<b>- 50 537</b>	<b>- 242 719</b>	<b>0</b>	<b>- 293 256</b>
Net book value					
At December 31, 2006	24 495	139 127	148 630	6 322	318 574
<b>At December 31, 2007</b>	<b>21 957</b>	<b>100 517</b>	<b>115 057</b>	<b>446</b>	<b>237 977</b>

<sup>1)</sup> 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
<b>Total</b>	<b>688 780</b>	<b>863 342</b>

## 17 Investment property

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

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

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				
<b>Balance at January 1, 2006</b>	<b>120 081</b>	<b>88 187</b>	<b>0</b>	<b>208 268</b>
Additions	0	9 896	1 469	11 365
Disposals	0	- 1 608	0	- 1 608
Reclassifications	0	341	395	<sup>1)</sup> 736
Translation adjustments	161	1 411	9	1 581
<b>Balance at December 31, 2006</b>	<b>120 242</b>	<b>98 227</b>	<b>1 873</b>	<b>220 342</b>
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
<b>Balance at December 31, 2007</b>	<b>89 757</b>	<b>80 973</b>	<b>5 035</b>	<b>175 765</b>
<b>Accumulated amortisation</b>				
<b>Balance at January 1, 2006</b>	<b>0</b>	<b>- 52 603</b>	<b>0</b>	<b>- 52 603</b>
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
<b>Balance at December 31, 2006</b>	<b>0</b>	<b>- 60 497</b>	<b>0</b>	<b>- 60 497</b>
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
<b>Balance at December 31, 2007</b>	<b>0</b>	<b>- 41 250</b>	<b>0</b>	<b>- 41 250</b>
<b>Book value</b>				
At December 31, 2006	120 242	37 730	1 873	159 845
<b>At December 31, 2007</b>	<b>89 757</b>	<b>39 723</b>	<b>5 035</b>	<b>134 515</b>

<sup>1)</sup> 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

<b>Future receivables from real estate leases</b>		
in CHF 000	<b>2007</b>	2006
Rental payments received during period	2 378	2 745
<b>Future rental receivables from current real estate leases</b>		
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
<b>Total receivables from current real estate leases</b>	<b>8 259</b>	<b>6 761</b>
<b>Future receivables from finance leases</b>		
in CHF 000	<b>2007</b>	2006
Payments received during period	599	62

<b>Future receivables from current finance leases</b>		
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
<b>Total future receivables from finance leases</b>	<b>9 153</b>	<b>9 673</b>
minus future interest credits	- 2 931	- 3 186
<b>Total future receivables from finance leases (present value)</b>	<b>6 222</b>	<b>6 487</b>
minus current portion (see Note 15)	- 278	- 265
<b>Non-current receivables from finance leases (see Note 20)</b>	<b>5 944</b>	<b>6 222</b>
<b>Present value of minimum future finance lease revenues</b>		
in CHF 000	<b>2007</b>	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
<b>Total present value of minimum future finance lease revenues</b>	<b>6 222</b>	<b>6 487</b>

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

<b>Non-current financial assets</b>		
in CHF 000	<b>2007</b>	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
<b>Total financial assets</b>	<b>26 349</b>	<b>11 602</b>

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
<b>= Equity</b>	<b>31 397</b>	<b>27 121</b>

  

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
<b>Net profit</b>	<b>3 438</b>	<b>996</b>

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
<b>Total short-term financial debt</b>	<b>1 708</b>	<b>2 198</b>

  

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
<b>Total long-term financial debt</b>	<b>197 740</b>	<b>280 452</b>

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
<b>Total</b>	<b>199 445</b>	<b>281 611</b>
Current portion of long-term financial debt	- 1 705	- 1 159
<b>Total long-term financial debt</b>	<b>197 740</b>	<b>280 452</b>

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
<b>Total long-term financial debt</b>	<b>197 740</b>	<b>280 452</b>

### 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
<b>Total trade accounts payable</b>	<b>281 854</b>	<b>295 848</b>

### 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
<b>Total other current liabilities</b>	<b>120 304</b>	<b>116 327</b>

### 25 Provisions

in CHF 000	Guarantees	Litigation	Restructuring	Total
<b>Balance at January 1, 2006</b>	<b>7 685</b>	<b>5 514</b>	<b>19 911</b>	<b>33 110</b>
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
<b>Balance at December 31, 2006</b>	<b>15 576</b>	<b>4 228</b>	<b>5 070</b>	<b>24 874</b>
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
<b>Balance at December 31, 2007</b>	<b>4 750</b>	<b>4 312</b>	<b>0</b>	<b>9 062</b>
Current provisions	250	0	0	250
Long-term provisions	4 500	4 312	0	8 812
<b>Total provisions</b>	<b>4 750</b>	<b>4 312</b>	<b>0</b>	<b>9 062</b>

**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
<b>Current present value of benefit obligation at December 31</b>	<b>585 515</b>	<b>651 327</b>
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
<b>Plan assets at market value at December 31</b>	<b>697 786</b>	<b>697 449</b>

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
<b>Surplus on funded plans</b>	<b>123 691</b>	<b>56 893</b>
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
<b>Total surplus</b>	<b>44 562</b>	<b>44 669</b>
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
<b>Net pension cost for period</b>	<b>- 22 436</b>	<b>- 24 693</b>
Employee contributions	10 768	10 926
<b>Actuarial net pension costs</b>	<b>- 11 668</b>	<b>- 13 767</b>

  

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	2007			2006
		Expected long-term return	Expected contribution to aggregate return	
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%
<b>Total</b>	<b>100.00%</b>		<b>5.09%</b>	<b>100.00%</b>
Costs			- 0.59%	
<b>Net return</b>			<b>4.50%</b>	

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
<b>Funded pension plans' surpluses</b>	<b>123 691</b>	<b>56 893</b>	<b>92 963</b>
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
<b>Actuarial gains (losses) on funded pension plans</b>	<b>66 547</b>	<b>- 39 213</b>	<b>- 31 739</b>

## 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
<b>Total share-based payment expense</b>	<b>1 947</b>	<b>4 425</b>

## 28 Contingencies and commitments

Contingent liabilities	2007	2006
in CHF 000		
Sureties	344	516
Other contingent liabilities	662	695
<b>Total contingent liabilities</b>	<b>1 006</b>	<b>1 211</b>

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
<b>Total commitments</b>	<b>299 545</b>	<b>252 856</b>



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
<b>Total rental expense in period</b>	<b>113 422</b>	<b>111 489</b>
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
<b>Total long-term rental commitments</b>	<b>285 904</b>	<b>237 286</b>

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
<b>Total operating lease commitments</b>	<b>10 641</b>	<b>13 444</b>
Finance lease commitments		
in CHF 000	2007	2006
Total expenses for finance leases in period	943	586

<b>Leases maturing</b>		
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
<b>Total financial lease commitments</b>	<b>3 000</b>	<b>2 126</b>
Less future interest charges	- 153	- 133
<b>Total finance lease obligation (present value)</b>	<b>2 847</b>	<b>1 993</b>
Less current portion of finance lease obligation (see Note 22)	- 965	- 629
<b>Long-term finance lease obligation (see Note 22)</b>	<b>1 882</b>	<b>1 364</b>
<b>Present value of future minimum payments under finance leases</b>		
in CHF 000	<b>2007</b>	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
<b>Total present value of future minimum finance lease payments</b>	<b>2 847</b>	<b>1 993</b>

## 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
<b>at December 31, 2007</b>					
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
<b>Total</b>	<b>309 665</b>	<b>82 714</b>	<b>20 448</b>	<b>223 507</b>	<b>2 218</b>
<b>at December 31, 2006</b>					
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
<b>Total</b>	<b>321 833</b>	<b>81 128</b>	<b>22 230</b>	<b>74 037</b>	<b>249 503</b>

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
<b>Interest rate instruments</b>				
Swaps	30 000	30 000	205	- 515
<b>Currency instruments</b>				
Forward contracts	10 370	14 177	81	- 104
<b>Total derivative financial instruments</b>	<b>40 370</b>	<b>44 177</b>	<b>286</b>	<b>- 619</b>
<b>Derivative financial instruments maturing</b>				
in CHF 000			<b>2007</b>	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
<b>Total derivative financial instruments</b>			<b>40 370</b>	<b>44 177</b>

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

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
<b>Total shareholders' equity</b>	<b>587 940</b>	<b>560 856</b>
<b>Equity ratio</b>	<b>45.0%</b>	<b>42.3%</b>

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		2007	2006	2007	2006
in CHF 000	Valuation category	book value	book value	fair value	fair value
<b>Assets</b>					
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
<b>Liabilities</b>					
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
<b>Classified by category</b>					
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:

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

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

<b>Leasing payments from related parties</b>		
in CHF 000	<b>2007</b>	2006
Pension plan foundation and other related companies	167	0
<b>Total leasing payments</b>	<b>167</b>	<b>0</b>



**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	<b>2007</b>	2006
Salaries and other short-term benefits <sup>1)</sup>	5 898	5 513
Post-employment benefits	289	258
Termination benefits <sup>2)</sup>	0	274
Share-based payments	660	2 012
<b>Total management and Board compensation <sup>3)</sup></b>	<b>6 847</b>	<b>8 057</b>

<sup>1)</sup> Including vehicle costs paid by the employer.

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

<sup>3)</sup> 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	<b>2007</b>	2006
Gross receivables from joint ventures	56	5
Impairments	0	0
<b>Total receivables</b>	<b>56</b>	<b>5</b>

**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
<b>Nominal loans to joint ventures on January 1</b>	<b>10 000</b>	<b>10 000</b>
Loans granted to joint ventures	0	0
<b>Nominal loans on December 31</b>	<b>10 000</b>	<b>10 000</b>
<b>Impairments on January 1</b>	<b>- 1 539</b>	<b>- 1 152</b>
Valuation increases/(Increased impairments)	874	- 387
<b>Total impairments</b>	<b>- 665</b>	<b>- 1 539</b>
<b>Loans to joint ventures, net</b>	<b>9 335</b>	<b>8 461</b>

**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
<b>Total treasury stock</b>	<b>107 057</b>	<b>106 791</b>
<b>Total shares outstanding</b>	<b>3 192 943</b>	<b>3 193 209</b>
<b>Average number of shares outstanding</b>	<b>3 201 312</b>	<b>3 197 186</b>

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