

## INCOME STATEMENT

	2009	2008
<b>January 1 to December 31, in CHF 000</b>		
<i>Income</i>		
Dividend income	31 300	28 200
Interest income	840	2 980
Foreign exchange gains	110	1 249
Income from securities	6 766	1 042
Income from royalties	0	420
Other income	67	18 948
<b>Total income</b>	<b>39 083</b>	<b>52 839</b>
<i>Expense</i>		
Interest expense	- 5 672	- 8 457
Foreign exchange losses	- 30	- 2 932
Losses on securities	- 169	- 36 621
General administration expense	- 4 136	- 4 770
<b>Total expense</b>	<b>- 10 007</b>	<b>- 52 780</b>
<b>Net profit for the year</b>	<b>29 076</b>	<b>59</b>

## BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE EARNINGS

### ASSETS

	2009	2008
<i>at December 31, in CHF 000</i>		
<i>Current assets</i>		
Cash and cash equivalents	1 020	2 711
Securities	12 537	72 063
Prepayments	251	0
Short-term receivables	284	352
	985	591
<b>Total current assets</b>	<b>15 077</b>	<b>75 717</b>
<i>Non-current assets</i>		
Investments	515 075	514 375
Loans and receivables from Group companies	10 984	17 969
Discounts and capitalised issuance cost on bonds issued	708	991
<b>Total non-current assets</b>	<b>526 767</b>	<b>533 335</b>
<b>Total assets</b>	<b>541 844</b>	<b>609 052</b>

**LIABILITIES AND EQUITY**

	2009	2008
<b>at December 31, in CHF 000</b>		
<i>Liabilities</i>		
Short-term bank debt/overdrafts	3	577
Current liabilities	505	3 624
	towards third parties	35 716
	towards Group companies	48 207
Accrued expenses	2 742	2 403
	towards third parties	
Syndicated credit loans	0	5 000
Bonds payable	140 000	140 000
Provisions	51 286	51 081
<b>Total liabilities</b>	<b>242 743</b>	<b>238 401</b>
<i>Equity</i>		
Share capital	2 800	3 300
General legal reserves	140 664	140 664
Reserve for treasury stock	10 323	108 180
Unrestricted reserves	73 110	50 673
Earnings available for distribution	43 128	67 775
	Earnings brought forward	
	Net profit for the year	29 076
<b>Total equity</b>	<b>299 101</b>	<b>370 651</b>
<b>Total liabilities and equity</b>	<b>541 844</b>	<b>609 052</b>

## NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

### NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

#### A BASIS OF PRESENTATION

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

#### B NOTES

**1 CONTINGENT LIABILITIES.** At December 31, 2009 the Group's contingent liabilities, consisting of sureties, subordination and keep well agreements, guarantees and other contingent liabilities in favour of subsidiaries totalled CHF 222.5 million (CHF 199.20 in 2008), plus a further CHF 1.0 million in favour of third parties (none in 2008). In 2008, keep well agreements for rental liabilities of German subsidiaries amounting to EUR 51 million were not disclosed.

#### 2 BONDS OUTSTANDING

	Coupon	Maturity	At 31.12.2009	At 31.12.2007
in CHF 000				
Bond 2005–2012	2.875%	12.07.2012	140 000	140 000

#### 3 TREASURY STOCK HELD BY THE COMPANY AND ITS SUBSIDIARIES

	2009 Number of shares	2009 Net book value	2008 Number of shares	2008 Net book value
in CHF 000				
<b>Opening balance (at January 1)</b>	<b>487 314</b>	<b>72 045</b>	<b>107 057</b>	<b>27 015</b>
Share capital reduction	- 500 000	- 103 509		
Sales	- 90 347	- 13 591	- 11 550	- 2 812
Purchases	152 899	24 695	391 807	84 629
Value adjustments	-	32 879	-	- 36 787
<b>Closing balance (at December 31)</b>	<b>49 866</b>	<b>12 519</b>	<b>487 314</b>	<b>72 045</b>

The Ordinary General Meeting of shareholders held on April 29, 2008 approved a share buy-back programme proposed by the Board. This programme covered a maximum of 500 000 registered shares to be repurchased through a second trading line on SIX Swiss Exchange, and provided for these shares to be cancelled and the company's issued share capital reduced accordingly. This was successfully executed between July 1, 2008 and February 27, 2009, at a total amount of CHF 99.9 million. The average price paid for the shares so repurchased was CHF 199.9. The Ordinary General Meeting of shareholders held on April 29, 2009 approved the Board's proposal that these shares be destroyed and the company's share capital reduced accordingly. The repurchased shares were then cancelled on July 9, 2009. As a result, the company's issued share capital is now CHF 2 800 000, comprising 2 800 000 registered shares of CHF 1.- nominal value each.

The share purchases were made at market prices ranging from CHF 144.59 to CHF 186.75. In addition, during 2009, Valora Holding AG purchased a total of 152 899 shares at an average price of CHF 161.51 and sold a total of 90 347 shares at an average price of CHF 150.43.

At December 31, 2009, treasury shares held by Valora Holding AG represented 1.78% of the company's issued share capital (14.77% at year-end 2008).

**4 NET RELEASE OF HIDDEN RESERVES.** There were no net releases of hidden reserves in the 2009 or 2008 financial years.

5 REMUNERATION AND SHAREHOLDINGS

Remuneration in 2009

in CHF 000	Director's fee/ base salary	Short Term Plan (STP) <sup>1)</sup>	Long Term Plan (LTP) <sup>2)</sup>	Emolument in kind	Termination payments	Other remuneration <sup>4)</sup>	Total 2009
<b>Board of Directors</b>							
Rolando Benedick Chairman	450.0	–	65.7	–	–	55.4	571.1
Markus Fiechter Vice-Chairman	150.0	–	21.9	–	–	19.9	191.8
Bernhard Heusler Board member	100.0	–	14.6	–	–	13.2	127.8
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	17.5	–	–	16.1	153.6
Conrad Löffel <sup>3)</sup> Chairman of Audit Committee	120.0	–	76.9	–	–	18.8	215.7
<b>Total remuneration to Board members</b>	<b>940.0</b>	<b>–</b>	<b>196.6</b>	<b>–</b>	<b>–</b>	<b>123.4</b>	<b>1 260.0</b>
<b>Group Management</b>							
Thomas Vollmoeller CEO	600.0	202.8	131.3	20.0	–	165.5	1 119.6
<b>Total remuneration to Group Executive Management (GEM), including CEO</b>	<b>2 050.0</b>	<b>509.6</b>	<b>341.9</b>	<b>80.0</b>	<b>–</b>	<b>458.5</b>	<b>3 440.0</b>

In 2009, no remuneration was paid to former members of the Board of Directors or former members of Group Executive Management.

<sup>1)</sup> These are the effective costs of the bonuses granted in respect of 2009, which will be paid out in April 2010.

<sup>2)</sup> The total number of shares covered by the LTP is 73 517. The costs of the LTP comprise interest expense for financing the LTP share programme for Board Directors and members of Group Executive Management and the difference between the market price of the shares when they were awarded on January 29, 2009 and the average trading price of the shares during the twenty trading days preceding the LTP's commencement on January 1, 2009.

<sup>3)</sup> Remuneration paid in respect of the 2 693 options in the option programme amounted to CHF 76.9 thousands. The options have an exercise price of CHF 148.05, which is the average trading price of the shares during the twenty trading days prior to the commencement of the LTP. The market price of the shares when the options were awarded was CHF 161. The value of the options determined using the Black Scholes model was based on the following key parameters:

Number of options	1 346	1 347
Expiration date	01.01.2011	01.01.2012
Implied volatility	32 %	33 %
Risk-free rate of interest	0.638 %	0.87 %
Value per option	CHF 108.96	CHF 114.43

<sup>4)</sup> These amounts include payments to pension plans and other benefit schemes.

## NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

### Remuneration in 2008

	Director's fee/ base salary	Short Term Plan (STP) <sup>4)</sup>	Long Term Plan (LTP)	Share plan 2006 <sup>5)</sup>	Emolument in kind	Termination payments <sup>6)</sup>	Other remuneration <sup>7)</sup>	Total 2008
in CHF 000								
<b>Board of Directors <sup>1)</sup></b>								
Rolando Benedick Chairman	387.5	–	–	–	–	–	46.0	433.5
Markus Fiechter Vice-Chairman	129.2	–	–	–	–	–	16.8	146.0
Bernhard Heusler Board member	75.0	–	–	–	–	–	9.5	84.5
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	–	–	–	–	11.6	131.6
Conrad Löffel Chairman of Audit Committee	110.0	–	–	–	–	–	14.1	124.1
<b>Total remuneration to present Board members</b>	<b>821.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>98.0</b>	<b>919.7</b>
Beatrice Tschanz Kramel Chairwoman till January 30, 2008	80.0	–	–	–	–	–	12.1	92.1
Charges arising from early share allocations <sup>2)</sup>	–	–	–	–	–	–	15.0	15.0
<b>Total remuneration to former Board members</b>	<b>80.0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>27.1</b>	<b>107.1</b>
<b>Total Board compensation</b>	<b>901.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>125.1</b>	<b>1 026.8</b>
<b>Group Management</b>								
Thomas Vollmoeller <sup>3)</sup> CEO	327.0	193.0	–	–	10.7	–	72.2	602.9
<b>Total remuneration to current Group Executive Management (GEM), including CEO <sup>6)</sup></b>	<b>1 408.8</b>	<b>767.4</b>	<b>–</b>	<b>319.4</b>	<b>51.3</b>	<b>–</b>	<b>330.7</b>	<b>2 877.6</b>
Total remuneration to former members of Group Executive Management	2 068.3	1 552.6	–	–	57.5	2 504.6	628.0	6 811.0
<b>Total GEM compensation, including CEO <sup>6)</sup></b>	<b>3 477.1</b>	<b>2 320.0</b>	<b>–</b>	<b>319.4</b>	<b>108.8</b>	<b>2 504.6</b>	<b>958.7</b>	<b>9 688.6</b>

In 2008, the Board of Directors elected not to institute a Long Term Plan (LTP).

<sup>1)</sup> Remuneration paid to Board Directors is based on their effective terms of office since being elected. Messrs. Roland Benedick, Markus Fiechter and Conrad Löffel were elected at the Extraordinary General Meeting of Shareholders held on January 31, 2008. Bernhard Heusler was elected at the Ordinary General Meeting of Shareholders held on April 29, 2008. Franz Julen held office throughout 2008 and received a full annual fee.

<sup>2)</sup> A number of former Board Directors elected to draw their restricted shares before the end of the lock-up period. The social security contributions which became payable as a result of this were borne by Valora Holding AG.

<sup>3)</sup> Thomas Vollmoeller has been CEO of the Valora Group since June 2008.

<sup>4)</sup> The amounts shown in this table represent the effective cost of the bonuses awarded in respect of 2008, which were paid out to the current members of Group Executive Management in April 2009.

<sup>5)</sup> Under IFRS 2 the market value of the shares at the time they were awarded was CHF 270.25 per share. The shares are subject to a 5-year lock-up period. Details of the Group Executive share ownership programme can be found in note 31 to the consolidated financial statements. The total number of shares covered by the plan is 1 182.

<sup>6)</sup> In addition to remuneration for the 2008 financial year, these amounts also include continuing salary payments to former members of Group Executive Management (continuing salary payments under employment contracts or termination agreements or those paid for a maximum of 12 months are shown as base salary and profit-sharing for 2008. Any further payments are shown as termination payments).

<sup>7)</sup> These amounts constitute payments made to pension plans and other benefit schemes as well as the discount granted by the employer as part of the employee share ownership programme.

No payments were made to persons closely associated with current or former members of the Board of Directors or Group Executive Management which were not commensurate with market practice.

Remuneration paid to Board members is directly charged to Valora Holding AG. Remuneration paid to members of Group Executive Management is paid by their employer, Valora Management AG.

**Loans and advances.** At December 31, 2008 and 2009 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

**Shareholdings.** At December 31, 2008 and 2009, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2009	2009	2009	2008	2008	2008
	Number of shares	Share of total voting rights in %	of which subject to a lock-period	Number of shares	Share of total voting rights in %	of which subject to a lock-period
<b>Board of Directors</b>						
Rolando Benedick Chairman	15 788	0.56	5 049: 31.12.2010 5 049: 31.12.2011	5 690	0.17	keine
Markus Fiechter Vice-Chairman	3 366	0.12	1 683: 31.12.2010 1 683: 31.12.2011	1 000	0.03	keine
Bernhard Heusler Board member	2 244	0.08	1 122: 31.12.2010 1 122: 31.12.2011	0	0.00	keine
Franz Julen Chairman of Nomination and Compensation Committee	3 143	0.12	1 347: 31.12.2010 1 346: 31.12.2011	450	0.02	keine
Conrad Löffel Chairman of Audit Committee	0	0.00	keine	0	0.00	keine

## NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

	2009	2009	2009	2008	2008	2008
	Number of shares	Share of total voting rights in %	of which subject to a lock-period	Number of shares	Share of total voting rights in %	of which subject to a lock-period
<b>Group Management</b>						
Thomas Vollmoeller CEO	20 196	0.72	10 098: 31.12.2010 10 098: 31.12.2011	0	0.00	keine
Lorenzo Trezzini CFO	8 464	0.30	4 232: 31.12.2010 4 232: 31.12.2011	0	0.00	keine
Kaspar Niklaus Head, Valora Retail division	11 220	0.40	5 610: 31.12.2010 5 610: 31.12.2011	0	0.00	keine
Christian Schock Head, Valora Media division	9 377	0.33	3 809: 31.12.2010 3 809: 31.12.2011 436: 28.03.2012 429: 03.04.2013 96: 22.04.2013 798: 02.04.2014	961	0.03	436: 28.03.2012 429: 03.04.2013 96: 22.04.2013
Alex Minder Head, Valora Trade division	10 035	0.36	304: 06.04.2010 3 809: 31.12.2010 153: 01.07.2011 3 809: 31.12.2011 120: 21.03.2012 828: 28.03.2012 207: 03.04.2013 96: 22.04.2013 709: 02.04.2014	1 708	0.05	304: 06.04.2010 153: 01.07.2011 120: 21.03.2012 828: 28.03.2012 207: 03.04.2013 96: 22.04.2013
<b>Total shares held by Board and GEM</b>	<b>83 833</b>	<b>2.99</b>		<b>9 809</b>	<b>0.30</b>	

**6 MAJOR SHAREHOLDERS.** Valora Holding AG's articles of incorporation stipulate that no shareholder may hold more than 5% of the issued voting share capital without Board approval. At December 31, 2009, this 5% threshold was equivalent to 140 000 registered shares.

At December 31, 2009, Chase Nominees Ltd, London had total fiduciary holdings, on behalf of other investors, amounting to 13.59% of the total outstanding shares of the company (2.73% in 2008). None of these shares were recorded in the Share Register as having voting rights. Threadneedle Asset Management Holdings Ltd reported that, at November 13, 2009, a total of 141 484 registered shares, representing 5.05% of the outstanding voting shares, were held on its behalf by Chase Nominees Ltd, London.

At December 31, 2008, the Pictet Group, through its subsidiaries,<sup>1)</sup> held a total of 220 272 registered shares of Valora Holding AG, equivalent to 6.67% of the total outstanding shares of the company. Of these, the shares recorded in the Share Register as having voting rights amounted to only 4.16% of the outstanding voting shares. At December 31, 2008, UBS Fund Management (Switzerland) Ltd, Basle held a total of 197 989 registered shares of Valora Holding AG, equivalent to 6.00% of the total outstanding shares of the company. Of these, the shares recorded in the Share Register as having voting rights amounted to only 5% of the outstanding voting shares.

<sup>1)</sup> Pictet & Cie nominee, Geneva; Pictet Funds SA - Swiss Mid Small Cap, Geneva; Pictet Funds (LUX) Sicav - Small Caps Europe, Luxembourg; Pictet Funds (Europe) SA - Pictet Funds (CH) - Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Pool Swiss Equities, Luxembourg; Pictet Funds SA - Pictet Institutional Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Continental European Equities, Luxembourg; Pictet Funds SA - Pictet Fund (CH) Enhanced, Geneva; Pictet Funds SA - Swiss Market Tracker, Geneva; Pictet Funds SA - Institutional Swiss Equity Tracker, Geneva; Pictet Funds SA - Swiss Equities Pool, Geneva; Pictet Funds SA - Subvenimus Institutional Fund, Geneva; Pictet et Cie (Europe) S.A., Luxembourg

**7 SIGNIFICANT SUBSIDIARIES OF VALORA HOLDING AG**

	31.12.2009 Holding in %	31.12.2008 Holding in %
<i>Switzerland</i>		
Valora Beteiligungen AG, MuttENZ	100.0	100.0
Valora Management AG, MuttENZ	100.0	100.0
Valora Investment AG, MuttENZ	100.0	100.0
Merkur AG, MuttENZ	100.0	100.0
<i>Germany</i>		
Valora Holding Germany GmbH, Hamburg	5.1	5.1
<i>United Kingdom</i>		
Valora Holding Finance Ltd, Guernsey	100.0	100.0

**8 CURRENT LIABILITIES.** Valora Holding AG's current liabilities towards Group companies include Valora Holding AG's portion of the Group's cash pool. The banking arrangements for the entire cash pool are managed by a subsidiary of Valora Holding AG.

**9 APPROVED AND CONDITIONAL SHARE CAPITAL.** The Annual General Meeting held on 11 May, 2000 approved the creation of additional conditional share capital of a nominal CHF 84 000. At December 31, 2009, none of these shares had been issued.

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

## PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION

*Proposal for the appropriation of earnings available for distribution*

	2009	2008
in CHF 000		
<b>Net profit for the year</b>	<b>29 076</b>	<b>59</b>
+ Earnings brought forward <sup>1)</sup>	43 128	67 775
<b>Earnings available for distribution</b>	<b>72 204</b>	<b>67 834</b>
<i>The Board of Directors proposes</i>		
Dividend	- 28 000	- 25 200
<b>Balance to be carried forward</b>	<b>44 204</b>	<b>42 634</b>
<i>Dividend distribution (in CHF)</i>		
Gross dividend per share	10.00	9.00
- 35% withholding tax	- 3.50	- 3.15
<b>Net dividend per share (in CHF)</b>	<b>6.50</b>	<b>5.85</b>

<sup>1)</sup> No dividends were paid on treasury shares held by the company. As a result, earnings brought forward increased by CHF 494k.

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

## REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Valora Holding AG, Muttenz, which comprise the balance sheet, income statement and notes (pages 109 to 117), for the year ended 31 December 2009. The prior period financial statements were audited by another auditor whose report dated 24 March 2009, expressed an unqualified opinion on those financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the financial statements for the year ended 31 December 2009 comply with Swiss law and the company's articles of incorporation.

## REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

Ernst & Young Ltd

Martin Gröli  
Licensed audit expert  
(Auditor in charge)

Stefanie Walter  
Licensed audit expert

Zurich, 24 March 2010