

INCOME STATEMENT

	2011	2010
<i>January 1 to December 31, in CHF 000</i>		
<i>Income</i>		
Dividend income	40 100	38 686
Interest income	619	610
Foreign exchange gains	685	959
Income from securities	301	3 934
Other income	4 001	2 151
Total income	45 706	46 340
<i>Expense</i>		
Interest expense	- 5 567	- 5 350
Foreign exchange losses	- 574	- 2 825
Losses on securities	- 3 161	- 180
General administration expense	- 3 897	- 3 822
Total expense	- 13 199	- 12 177
Net profit for the year	32 507	34 163

BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE EARNINGS

ASSETS

	2011	2010
<i>at December 31, in CHF 000</i>		
<i>Current assets</i>		
Cash and cash equivalents	550	1 544
Securities	3 741	14 837
Prepayments	117	122
Short-term receivables	197	141
	1 265	26
Total current assets	5 870	16 670
<i>Non-current assets</i>		
Investments	594 225	514 275
Loans and receivables from Group companies	16 902	14 841
Discounts and capitalised issuance cost on bond/syndicated loan	1 879	425
Total non-current assets	613 006	529 541
Total assets	618 876	546 211

LIABILITIES AND EQUITY

		2011	2010
<i>at December 31, in CHF 000</i>			
<i>Liabilities</i>			
Short-term bank debt/overdrafts		19	0
Current liabilities	towards third parties	456	611
	towards Group companies	105 263	48 506
Accrued expenses	towards third parties	2 719	2 723
Bond payable		140 000	140 000
Provisions		64 000	48 566
Total liabilities		312 457	240 406
<i>Equity</i>			
Share capital		2 800	2 800
General legal reserves		560	560
Reserve for treasury stock		5 185	9 484
Capital reserves ¹⁾		20 188	1 697
Unrestricted reserves		198 164	212 356
Earnings available for distribution	Earnings brought forward	47 015	44 745
	Net profit for the year	32 507	34 163
Total equity		306 419	305 805
Total liabilities and equity		618 876	546 211

¹⁾ Valora Holding AG's capital reserves position has been reported to the Swiss Federal tax authorities. Until confirmation has been received from them, this position may be subject to modification.

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

A BASIS OF PRESENTATION

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

B NOTES

1 CONTINGENT LIABILITIES. At December 31, 2011 the Group's contingent liabilities in favour of subsidiaries – consisting of sureties, subordination, keep well agreements, guarantees and other contingencies – totalled CHF 210.1 million (2010: CHF 194.4 million) with a further CHF 1.0 million in favour of third parties (2010: CHF 1.0 million).

2 BOND OUTSTANDING

	Coupon	Maturity	At 31.12.2011	At 31.12.2010
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

	2011 Number of shares	2011 Net book value	2010 Number of shares	2010 Net book value
in CHF 000				
Opening balance (at January 1)	46 630	14 819	49 866	12 519
Sales	– 61 364	– 18 319	– 12 340	– 3 298
Purchases	34 654	10 383	9 104	1 665
Value adjustments	–	– 3 161	–	3 933
Closing balance (at December 31)	19 920	3 722	46 630	14 819

The share purchases were made at market prices ranging from CHF 285.75 to CHF 321.05. In addition, during 2011, Valora Holding AG purchased a total of 34 654 shares at an average price of CHF 299.63 and sold a total of 61 364 shares at an average price of CHF 298.52.

At December 31, 2011, treasury shares held by Valora Holding AG represented 0.71% of the company's issued share capital (1.67% at year-end 2010).

4 NET RELEASE OF HIDDEN RESERVES. No net release of hidden reserves occurred during 2011 (CHF 2.0 million in 2010).

5 REMUNERATION AND SHAREHOLDINGS
Remuneration 2011

in CHF 000	Director's fee/ base salary	Short Term Plan (STP) ¹⁾	Long Term Plan (LTP) ²⁾	Emolument in kind	Termination payments	Other remuneration ⁴⁾	Total 2011
Board of Directors							
Rolando Benedick Chairman	450.0	–	49.5	–	–	32.3	531.8
Markus Fiechter Vice-Chairman	160.0	–	16.8	–	–	12.3	189.1
Bernhard Heusler Board member	110.0	–	11.2	–	–	8.4	129.6
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	13.2	–	–	9.3	142.5
Conrad Löffel ³⁾ Chairman of Audit Committee	120.0	–	87.5	–	–	24.8	232.3
Total remuneration to Board members	960.0	–	178.2	–	–	87.1	1 225.3
Group Executive Management							
Thomas Vollmoeller CEO	600.0	204.3	88.3	20.0	–	171.6	1 084.2
Total remuneration to current members of Group Executive Management, including CEO	2 080.7	432.8	146.5	80.0	–	519.2	3 259.2
Total remuneration to former members of Group Executive Management	400.8	100.0	37.6	15.0	–	74.7	628.1
Total remuneration to Group Executive Management (GEM), including CEO	2 481.5	532.8	184.1	95.0	–	593.9	3 887.3

¹⁾ These are the effective costs of the bonuses granted in respect of 2011, which will be paid out in April 2012.

²⁾ The total number of shares covered by the LTP is 81,863. The costs of running the LTP comprise interest payments to finance the LTP share purchases for members of the Board of Directors and Group Executive Management and the difference between the market price of the shares on the date they were allocated and their average closing price over the twenty trading days preceding the commencement of the LTP programme.

³⁾ Remuneration paid in respect of the 3,197 options in the option programme amounted to CHF 87.5 thousand. The exercise price of the options was CHF 148.05 for the second tranche of the 2009 LTP and CHF 301.75 for the first tranche of the 2011 LTP, which in each case is the average closing price of the shares for the twenty trading days preceding the commencement of the programmes concerned. The market price at the time the options were awarded was CHF 161 for the second tranche of the 2009 LTP and CHF 291 for the first tranche of the 2011 LTP. The value of the options determined using the Black Scholes model was based on the following key parameters:

Plan	LTP 2009	LTP 2011
Number of options	1,347	1,850
Expiration date	31.01.2012	30.10.2013
Implied volatility	38%	35%
Risk-free rate of interest	0.175%	0.523%
Value per option	CHF 48.50	CHF 11.65

⁴⁾ These amounts include payments to pension plans and other benefit schemes.

Remuneration 2010

	Director's fee/ base salary	Short Term Plan (STP) ¹⁾	Long Term Plan (LTP) ²⁾	Emolument in kind	Termination payments	Other remuneration ⁴⁾	Total 2010
in CHF 000							
Board of Directors							
Rolando Benedick Chairman	450.0	–	58.8	–	–	30.8	539.6
Markus Fiechter Vice-Chairman	150.0	–	19.7	–	–	10.9	180.6
Bernhard Heusler Board member	100.0	–	13.0	–	–	7.3	120.3
Franz Julen Chairman of Nomination and Compensation Committee	120.0	–	15.7	–	–	8.9	144.6
Conrad Löffel ³⁾ Chairman of Audit Committee	120.0	–	79.1	–	–	10.5	209.6
Total remuneration to Board members	940.0	–	186.3	–	–	68.4	1 194.7
Group Executive Management							
Thomas Vollmoeller CEO	600.0	253.5	117.7	20.0	–	159.2	1 150.4
Total remuneration to Group Executive Management (GEM), including CEO	1 933.3	565.6	252.2	75.0	–	460.8	3 286.9

In 2010, no remuneration was paid to former members of the Board of Directors or former members of Group Executive Management.

¹⁾ These are the effective costs of the bonuses granted in respect of 2010, which will be paid out in April 2011.

²⁾ The total number of shares covered by the LTP is 73 214. 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.

³⁾ Remuneration paid in respect of the 2693 options in the option programme amounted to CHF 79.1 thousand. 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	1346	1347
Expiration date	19.04.2011	31.10.2011
Implied volatility	35%	38%
Risk-free rate of interest	0.589%	0.876%
Value per option	CHF 178.28	CHF 179.00

⁴⁾ These amounts include payments to pension plans and other benefit schemes.

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, 2011 and 2010 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, 2011 and 2010, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2011	2011	2011	2010	2010	2010
	Number of shares	Share of total voting rights in %	of which subject to a lock-up period	Number of shares	Share of total voting rights in %	of which subject to a lock-up period
Board of Directors						
Rolando Benedick Chairman	22 709	0.81	5 049: 31.01.2012 6 937: 31.10.2013	15 788	0.56	5 049: 19.04.2011 5 049: 31.10.2011
Markus Fiechter Vice-Chairman	5 833	0.21	1 683: 31.01.2012 2 467: 31.10.2013	3 366	0.12	1 683: 19.04.2011 1 683: 31.10.2011
Bernhard Heusler Board member	3 940	0.14	1 122: 31.01.2012 1 696: 31.10.2013	2 244	0.08	1 122: 19.04.2011 1 122: 31.10.2011
Franz Julen Chairman of Nomination and Compensation Committee	4 993	0.18	1 346: 31.01.2012 1 850: 31.10.2013	3 143	0.12	1 347: 19.04.2011 1 346: 31.10.2011
Conrad Löffel Chairman of Audit Committee	0	0.00	none	0	0.00	none

	2011	2011	2011	2010	2010	2010
	Number of shares	Share of total voting rights in %	of which subject to a lock-up period	Number of shares	Share of total voting rights in %	of which subject to a lock-up period
Group Executive Management						
Thomas Vollmoeller CEO	22 269	0.80	10 098: 31.01.2012 12 171: 31.10.2013	20 196	0.72	10 098: 19.04.2011 10 098: 31.10.2011
Lorenzo Trezzini CFO	9 465	0.34	4 232: 31.01.2012 5 233: 31.10.2013	8 464	0.30	4 232: 19.04.2011 4 232: 31.10.2011
Andreas Berger Head, Valora Retail division (from 17.01.2011)	12 145	0.43	6 073: 30.04.2013 6 072: 30.04.2015	0	0.00	none
Kaspar Niklaus Head, Valora Retail division (until 16.01.2011)	0	0.00	none	11 220	0.40	5 610: 19.04.2011 5 610: 31.10.2011
Alexander Theobald Head, Valora Services division	7 315	0.26	3 658: 30.04.2012 3 657: 30.04.2013	7 315	0.26	3 658: 30.04.2012 3 657: 30.04.2013
Alex Minder Head, Valora Trade division	10 632	0.38	3 809: 31.01.2012 120: 21.03.2012 828: 28.03.2012 207: 03.04.2013 96: 22.04.2013 4 710: 31.10.2013 709: 02.04.2014	9 731	0.35	3 809: 19.04.2011 153: 01.07.2011 3 809: 31.10.2011 120: 21.03.2012 828: 28.03.2012 207: 03.04.2013 96: 22.04.2013 709: 02.04.2014
Total shares held by Board and GEM	99 301	3.55		81 467	2.91	

6 MAJOR SHAREHOLDERS. The Ordinary General Meeting of shareholders held in 2011 removed the statutory restriction (in German: "Vinkulierung") which prevented any shareholder from having voting rights recognised in respect of more than 5% of the share capital issued. At December 31, 2011 this 5% threshold was equivalent to 140 000 shares.

As of December 31, 2011, Credit Suisse Funds AG (formerly Credit Suisse Asset Management Funds AG), Zurich held 186 548 registered shares, which represents 6.66% of the company's issued share capital (4.50% in 2010). As a result of share disposals, the total number of registered shares of Valora Holding AG held by Credit Suisse Funds AG as of January 25, 2012 had been reduced to 139 029 shares, which represents 4.965% of the company's issued share capital.

At 31 December, 2011, Chase Nominees Ltd, London, had total fiduciary holdings, on behalf of other investors, amounting to 4.82% (2010: 11.18%) of the total outstanding shares of the company. None of these shares were recorded in the Share Register as having voting rights.

As of December 31, 2011, the aggregate number of registered shares held by funds managed by Pictet Funds S.A. was 171 122, which represents 5.67% of the company's issued share capital (4.60% in 2010).

As of December 31, 2011, UBS Fund Management (Switzerland) AG held 184 297 registered shares, which represents 6.58% of the company's issued share capital (5.20% in 2010).

7 SIGNIFICANT SUBSIDIARIES OF VALORA HOLDING AG

	31.12.2011 Holding in %	31.12.2010 Holding in %
<i>Schweiz</i>		
Valora International AG, MuttENZ	100.0	100.0
Valora Management 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, 2011, none of these shares had been issued.

At their Ordinary General Meeting on April 15, 2011, Valora shareholders granted the Board of Directors authority to increase the company's share capital, at any time until April 15, 2013, by up to CHF 840 000 through the issue of up to 840 000 fully paid up new shares of CHF 1.00 nominal each.

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

PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION

Proposal for the appropriation of earnings available for distribution

	2011	2010
in CHF 000		
Net profit for the year	32 507	34 163
+ Earnings brought forward ¹⁾	47 015	44 745
Earnings available for distribution	79 522	78 908
<i>The Board of Directors proposes</i>		
Dividend	- 32 200	- 32 200
Balance to be carried forward	47 322	46 708
<i>Dividend distribution (in CHF)</i>		
Gross dividend per share	11.50	11.50
- 35% withholding tax	- 4.03	- 4.03
Net dividend per share (in CHF)	7.47	7.47

¹⁾ For the 26 671 shares (2010: 54 024) held by the company itself at the distribution date no dividend was paid, thus increasing the earnings carried forward by CHF 307 thousand (CHF 541 thousand in 2010).

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 income statement, balance sheet and notes (pages 105 to 113), for the year ended 31 December 2011.

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 2011 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

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

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

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

Ernst & Young AG

Martin Gröli
 Licensed audit expert
 (Auditor in charge)

Stefanie Walter
 Licensed audit expert

Zurich, 21 March 2012