

Valora Financial Report 2008

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REVIEW OF GROUP RESULTS

In the face of challenging market conditions, Valora met the objectives it had set itself for 2008. Operating profit for the year amounted to CHF 63.2 million, a CHF 4.1 million improvement on the 2007 result. The «Valora 4 Success» restructuring programme, which will result in a CHF 25.1 million charge to 2008 operating income, aims to establish the foundations on which improved profitability and future growth will be built. Group net sales for 2008 rose 3.9% on the year in Swiss francs and 5.7% in local currencies. While Valora Retail and Valora Media were able to derive substantial benefit from the distribution and sale of merchandise associated with the Euro 2008 soccer championships, the higher net sales in local currencies notched up by Valora Trade were mainly due to the increased volume of business it conducted with major principals. It is gratifying to note that all three market divisions achieved an improvement in operating profit before restructuring costs in 2008. The Valora Group's net profit before restructuring charges rose from CHF 55 million in 2007 to CHF 65 million in 2008. Net income after restructuring charges amounted to CHF 40 million for 2008. The Valora Group has no net debt. The Group's equity cover remains at a comfortable 45.1% of total assets.

A VALORA GROUP

In 2008, the Valora Group increased its net sales by CHF 110.0 million, or 3.9%, to CHF 2 932 million. In local currency terms, Group net sales advanced 5.7%. All divisions contributed to this 3.9% advance in Swiss franc sales, with the greatest increases being generated by Valora Retail and Valora Media, both of whose local currency net sales rose 5.8% year-on-year. Valora Trade expanded its net sales in local currency terms by a pleasing 3.3%, thus further building on its position as a leading trader and distributor of branded goods. The sale and distribution of Euro 2008 merchandise, which contributed CHF 46.1 million to Group sales, was an important factor in the higher turnover the Group achieved in 2008. The main beneficiaries of this were Valora Retail, with Euro 2008 net sales of CHF 15.8 million, and Valora Media, whose net sales in this category reached 26.6 million.

During the second six months of 2008, the Group's Swiss franc net sales were up 1.4% compared to the same period of 2007. In local currency terms, the increase was 4.1%. Second-half gross profits in 2008 were up CHF 7.2 million on the figure achieved the year before. Operating results in the second half of 2008 were negatively impacted on the cost side, where a number of extraordinary depreciation and staff costs were incurred. The second half of 2008 saw Valora generate an operating profit before restructuring costs of CHF 34.5 million.

<i>Net revenues</i>	2008	2008 share in %	2007	2007 share in %	Change in %
<i>in CHF million</i>					
Valora Retail	1 748.9	59.7 %	1 665.3	59.0 %	5.0 %
Valora Media	575.8	19.6 %	553.2	19.6 %	4.1 %
Valora Trade	788.0	26.9 %	791.0	28.0 %	- 0.4 %
Other	14.3	0.5 %	14.4	0.5 %	
Intersegment elimination	- 195.3		- 202.2		
Group total	2 931.7	100.0 %	2 821.7	100.0 %	3.9 %
Switzerland	1 770.8	60.4 %	1 696.1	60.1 %	4.4 %
Elsewhere	1 160.9	39.6 %	1 125.6	39.9 %	3.1 %

The proportions of the Group's overall net Swiss franc sales generated in Switzerland and other markets are in line with 2007 levels, though it should be noted that sales generated outside Switzerland, when expressed in Swiss franc terms, were reduced by CHF 50.7 million due to the overall change in exchange rates between 2007 and 2008.

	2008	2008 share in %	2007	2007 share in %
in CHF million				
Net revenues	2 931.7	100.0 %	2 821.7	100.0 %
Gross profit	893.3	30.5 %	861.5	30.5 %
- Operating costs, net	- 855.2	- 29.2 %	- 802.4	- 28.4 %
Operating profit	38.1	1.3 %	59.1	2.1 %
+ Restructuring costs	25.1	0.9 %	0.0	0.0 %
Operating profit before restructuring costs	63.2	2.2 %	59.1	2.1 %

The Valora Group's operating profits before restructuring costs rose by CHF 4.1 million year-on-year, to reach CHF 63.2 million. This improvement was largely attributable to the sale and distribution of Euro 2008 merchandise, which contributed CHF 13.2 million to Group operating profit. On the cost side, Valora succeeded in keeping the ratio of operating costs as a percentage of net sales (28.3% in 2008) in line with 2007 levels, despite increased salary and wage costs, the expansion of the Group's operations and rental costs which are linked to turnover. All divisions played their part in this positive development, with the Retail division improving its operating profit by CHF 2.6 million on the year, while that generated by the Media division rose CHF 3.7 million. In September 2008, CHF 25.1 million of restructuring costs arising from the «Valora 4 Success» programme were charged to Group operating profit, so that consolidated operating profit after restructuring charges amounted to CHF 38.1 million for 2008. This one-off expenditure should see profitability begin to pick up noticeably from 2009 onwards. By 2012, Valora intends to achieve an operating margin of 3-4%. The Group's operating margin before restructuring costs was 2.2% in 2008.

Restructuring costs

	before restructuring costs	restructuring costs	after restructuring costs
in CHF 000			
Net revenues	2 931 656		2 931 656
Cost of goods	- 2 038 374		- 2 038 374
Operating profit	893 282		893 282
Personnel expenditure	- 460 203	- 3 874	- 464 077
Other operating costs	- 331 711	- 4 876	- 336 587
Depreciation of operating assets	- 45 539	- 16 314	- 61 853
Other revenues, net	7 336		7 336
Operating profit	63 165	- 25 064	38 101
Net result from financial operations	- 6 476		- 6 476
Earnings before taxes	56 689	- 25 064	31 625
Income taxes	- 6 451		- 6 451
Net profit from continuing operations	50 238	- 25 064	25 174

The «Valora 4 Success» strategy programme was presented in September 2008. Implementation of this programme, which aims to accelerate sales growth and enhance profitability, will cost a total of CHF 25.1 million, all of which has been charged to 2008 results. The programme comprises 13 specific initiatives. Of these, the following projects are those which account for significant restructuring costs: relocating the logistics operations from Muttentz to Egerkingen (CHF 3.9 million), centralising head office functions at the Muttentz site (CHF 4.6 million) and refitting and reconfiguring the outlet network in accordance with strategic plans (CHF 10.4 million). CHF 13.4 million of direct restructuring costs was charged to the three market divisions' operating results.

No internal chargeback of the restructuring costs associated with centralised corporate functions has been made.

B VALORA RETAIL

in CHF million	2008	2008 share in %	2007	2007 share in %
Net revenues	1 748.9	100.0 %	1 665.3	100.0 %
Gross profit	558.6	31.9 %	539.6	32.4 %
– Operating costs, net	– 547.6	– 31.3 %	– 519.3	– 31.2 %
Operating profit	11.0	0.6 %	20.3	1.2 %
+ Restructuring costs	11.9	0.7 %	0.0	0.0 %
Operating profit before restructuring costs	22.9	1.3 %	20.3	1.2 %

Valora Retail raised its net sales by CHF 83.6 million compared to 2007 levels, to reach CHF 1 748.9 million. Sales of Euro 2008 merchandise accounted for CHF 16 million of this increase. The division's kiosk business in Switzerland raised its net sales by 3.9%, or CHF 35 million, on 2007 levels, the greatest absolute increase achieved by any business unit in the division. These higher kiosk sales were partly due to increased turnover in non-food articles, mostly Euro 2008 merchandise (sales of which totalled CHF 9 million), and partly to higher revenue from tobacco products, which benefited both from the higher prices applied by the tobacco industry and increased sales volumes. The division's wholesale activities boosted their net sales by an impressive 9.9% compared to 2007, mainly thanks to Euro 2008 items (CHF 5 million of net sales) and a greater range of goods distributed to the outlets of major retailers. The division's Retail Germany unit continued to expand, with net sales in local currency up 10.2% year-on-year, an excellent result. Convenience stores and filling station shops raised their net sales by some 5%, though this was principally due to 8 avec. stores starting up during the year, having been closed for refitting during some of 2007, and the fact that the cevanova AG avec. outlets taken over by Valora were consolidated with effect from July 1, 2008. In this transaction, Valora acquired 20 avec. outlets from cevanova which were already operational and one further shop which was in construction and was opened during the second half of the year. The franchise fee revenue from these units amounted to CHF 2.9 million. The division's gastronomy operations raised their net sales by 5.5%, while net turnover at its Retail Luxembourg unit was up 0.5%.

Sales growth by product category was led by tobacco products (up 6.4%), food (up 8.4%) and non-food (up 28.8%), while turnover from press and books was in line with 2007 levels. The increase in non-food sales is entirely the result of sales of Euro 2008 merchandise by the Swiss kiosks and the division's wholesaling operation. The growth in net sales did not raise gross profits by the same percentage, however, partly because a significant portion of the increased turnover came from tobacco products, which have relatively low margins, and also because the margins on Euro 2008 merchandise were lower than the average margins the division achieved. Consequently, the division's overall gross profit margin fell by 0.5% compared to 2007. On the plus side, the division managed to reduce the proportion of its net sales accounted for by operating costs, cutting these to 30.6% of net revenues, despite incurring higher rental costs (which are linked to turnover), increased wage and salary costs, and expenditure associated with expanding its operations. The aggregate effect of these various factors was that the division improved its operating profit for the year by CHF 2.6 million to CHF 22.9 million. Direct costs of CHF 11.9 million arising from the restructuring programme were applied to this operating result, CHF 9.9 million of which relate to the strategic reconfiguration of the outlet network.

C VALORA MEDIA

	2008	2008 share in %	2007	2007 share in %
in CHF million				
Net revenues	575.8	100.0 %	553.2	100.0 %
Gross profit	162.5	28.2 %	154.3	27.9 %
– Operating costs, net	– 135.0	– 23.4 %	– 129.1	– 23.3 %
Operating profit	27.5	4.8 %	25.2	4.6 %
+ Restructuring costs	1.4	0.2 %	0.0	0.0 %
Operating profit before restructuring costs	28.9	5.0 %	25.2	4.6 %

In a contracting overall market for purchased press products, Valora Media succeeded in raising its net sales by CHF 22.6 million, or 4.1 %, to CHF 575.8 million. In local currencies, the division's net revenues were up 5.8 % year-on-year in 2008. This encouraging performance is mainly due to the distribution of Euro 2008 merchandise in Austria, Luxembourg and the Italian-speaking part of Switzerland. Encouragingly, the division's Austrian unit also raised its non-Euro 2008 related sales by 8.3 % in local currency terms. This was due to Valora Media Austria having signed up two new publishers, Egmont Ehapa and Marquard Media. Higher sales and improved operating margins enabled the division to increase its operating profit before restructuring costs by CHF 3.7 million, despite an increase in operating costs principally driven by higher logistics expenditure. As part of the restructuring programme, a total of CHF 1.4 million has been charged to Valora Media's 2008 operating result. These costs relate to the integration of certain wholesaling operations and Melisa SA into Media Switzerland.

D VALORA TRADE

	2008	2008 share in %	2007	2007 share in %
in CHF million				
Net revenues	788.0	100.0 %	791.0	100.0 %
Gross profit	157.8	20.0 %	153.1	19.4 %
– Operating costs, net	– 140.0	– 17.7 %	– 136.0	– 17.2 %
Operating profit	17.8	2.3 %	17.1	2.2 %
+ Restructuring costs	0.1	0.0 %	0.0	0.0 %
Operating profit before restructuring costs	17.9	2.3 %	17.1	2.2 %

Despite a demanding market environment, characterised by volatile raw material costs and above-average growth by discount retailers, Valora Trade raised its net sales in local currency terms by 3.3 % in 2008. This positive local currency performance was mainly driven by increased sales in the Nordic region (with Finland up 34 % and Norway advancing 16 %) and in Switzerland, where net sales rose 5 %. The growth notched up by Valora Trade Finland and Valora Trade Norway was partly achieved through signing up new principals and partly through increasing the turnover transacted for existing principals, such as Ferrero and Sørlandschips. The record level of net sales which Valora Media generated in Switzerland was driven by the successful introduction of a number of new products and strong sales growth by Ferrero. Unfortunately, some local markets saw net sales fall, with turnover in Sweden down 4 % while revenue in Austria was off 6 %. These setbacks were mostly due to the departure of individual principals. Sales growth expressed in Swiss francs was dented by the strength of the Swiss currency and this resulted in the 76 % of its turnover which the division generates outside Switzerland declining by CHF 29 million in Swiss franc terms compared to that seen in 2007. Despite this, Valora Trade managed to keep its aggregate net sales

expressed in Swiss francs very close to 2007 levels, registering a marginal decline of 0.4% year-on-year. A further positive aspect of the division's 2008 performance was that greater emphasis on higher-margin products and increased prices helped to boost overall operating results, which were up 4.6% before restructuring charges, despite the effect of higher operating costs. This was achieved largely thanks to the record results recorded in Switzerland, Denmark and Finland.

E CORPORATE

The Corporate division, which comprises the Group's Swiss logistics operations, Group IT and central support functions such as finance, HR, business development, legal services and corporate communication, generated net sales of CHF 14.3 million, in line with the previous year. This division's turnover essentially emanates from logistics services provided to third parties. The Corporate division's net costs, however, rose by CHF 14.5 million, largely because CHF 11.6 million of the Group's restructuring costs have been charged to Corporate. Impairments of CHF 2 million which were required on the 2008 IT platform accounted for a further CHF 2 million of this increased charge.

Valora's general policy is to charge the net costs of the Corporate division - i.e. its direct costs minus the logistics revenues generated with third parties - to the individual divisions on the basis of the use they make of them. The impairments recorded in corporate information services in 2008 and the CHF 11.6 million of restructuring costs allocated to the Corporate division were not charged to the market divisions, however.

F FINANCIAL RESULT AND TAXES

Volatile foreign exchange markets and low interest rates were key factors in 2008. Against this backdrop, the Group was impacted by a net currency loss of CHF 4.7 million, mainly arising from currency translation differences on intra-Group loans. Net interest expense was lowered by CHF 1.9 million, thanks to reducing the Group's outstanding balance on its syndicated loan facility by a net CHF 45 million and to ongoing improvements in the efficiency of cash pooling structures. The Group's aggregate financial result for 2008 was CHF - 7.6 million.

The Valora Group's overall tax rate was down slightly on the year, to 20.4%, and consolidated net income tax expenses amounted to CHF 6.5 million.

G LIQUIDITY, CASH FLOW AND KEY FINANCIAL DATA

<i>Key financial data</i>	2008	2007
in CHF million		
Cash and cash equivalents ¹⁾	158.4	153.4
Free cash flow ¹⁾	176.7	70.6
Shareholders' equity	493.9	599.3
Shareholders' equity in % of total assets	45.1 %	45.2 %
Group net profit	39.9	55.5
Net debt ¹⁾	- 6.0	46.0
Net working capital ¹⁾	129.7	119.2
Net working capital in % of net revenues ¹⁾	4.4 %	4.2 %
Earnings per share ¹⁾	7.91	14.08

¹⁾ from continuing operations

Liquidity not required for operational purposes and the liquidity arising from the sale of the Own Brands companies (CHF 118 million) were essentially directed towards paying back CHF 45 million of the Group's outstanding syndicated loan facility and financing the share repurchase programme. By December 31, 2008, CHF 85 million had been spent on buying back shares. The programme was terminated at the end of February 2009, when it had successfully repurchased the targeted number of shares. In the current climate of financial turbulence the Valora Group continued to maintain optimal levels of liquidity without any net debt (CHF - 6 million), as well as stable and ample equity cover of 45.1 % of total assets, thus affording itself the room for manoeuvre it needed.

H VALORA VALUE ADDED

<i>Valora Value Added</i>	2008	2007
in CHF million		
Net operating profit after taxes (NOPAT) ¹⁾	57.8	48.3
Average invested capital	731.5	756.3
WACC	7.0 %	7.0 %
Capital costs	51.2	52.9
Valora Value Added	6.6	- 4.6

¹⁾ excluding discontinued operations

In order to measure the sustained return it earns over and above its cost of capital, the Valora Group introduced the concept of Valora Value Added (VVA) in 2008. VVA, which is based on the classical definition of economic value added, compares Valora's net operating profit after tax (NOPAT) with its weighted average cost of capital (WACC), the weighted average of its equity and debt financing costs. The current calculations, which are based on industry comparisons and expected interest rate levels, put WACC at 7%. Valora regularly reviews its WACC assumptions, adjusting the WACC figure if it moves outside a defined range. The original definitions of NOPAT and WACC used in the VVA calculations were modified during the year, so that they now exclude the effect which discontinued operations have on these values, so as to make comparisons between periods more meaningful. The 2007 VVA values were adjusted accordingly.

In 2008, Valora's operating profits after tax, but before restructuring costs, equated to a VVA figure of CHF 6.6 million. This represents a CHF 11.2 million improvement on the VVA generated in 2007 and was chiefly the result of the Group's improved operating profit for 2008. VVA after restructuring costs was CHF -18.2 million in 2008.

I OUTLOOK

In the near term, Valora will be concentrating its attention on implementing the «Valora 4 Success» strategy programme in the face of a worsened economic climate. The Group is however confident that the steps it has taken through its strategy programme will enable it to meet the challenges posed by the current economic difficulties and meet its objectives. Significant growth potential has been identified, particularly in the convenience store business, where Valora intends to invest in up to 100 outlets by the end of 2009. The Group will also strengthen its core kiosk operations by optimising their product ranges, fine tuning their distribution and enhancing their formats. A key element in this initiative is the significantly more detailed and timely data available from the new closed loop inventory management system.

A number of opportunities for cutting support function costs have also been identified. As the Group exploits these over the next few years, profitability will be further enhanced. The main focus here is on centralising logistics functions in Egerkingen and consolidating and harmonising the Group's IT architecture. The sound financing and balance sheet structure which Valora enjoys mean that the Group will be able to finance both organic growth and any future acquisitions from its own resources.

CONSOLIDATED INCOME STATEMENT

	Note	2008	%	2007	%
January 1 to December 31, in CHF 000 (except per-share amounts)					
Net revenues	8	2 931 656	100.0	2 821 692	100.0
Cost of goods		- 2 038 374	- 69.5	- 1 960 186	- 69.5
Gross profit		893 282	30.5	861 506	30.5
Personnel expense	9	- 464 077	- 15.8	- 454 654	- 16.1
Other operating expenses	10	- 336 587	- 11.5	- 320 048	- 11.3
Depreciation and amortisation of operating assets	20, 21, 22	- 61 853	- 2.1	- 42 137	- 1.5
Other income, net	11	7 336	0.2	14 417	0.5
Operating profit		38 101	1.3	59 084	2.1
Financial expense	12	- 12 202	- 0.4	-10 377	- 0.4
Financial income	13	4 595	0.2	8 072	0.3
Share of result from associates and joint ventures		1 131	0.0	1 806	0.1
Earnings before taxes		31 625	1.1	58 585	2.1
Income taxes	14	- 6 451	- 0.2	- 12 604	- 0.5
Net profit from continuing operations		25 174	0.9	45 981	1.6
Net profit from discontinued operations	7	14 727	0.5	9 471	0.3
Net Group profit		39 901	1.4	55 452	1.9
Attributable to shareholders of Valora Holding AG		39 062	1.4	54 537	1.9
Attributable to minority interests		839	0.0	915	0.0
<i>Earnings per share</i>					
from continuing operations, diluted and undiluted (in CHF)	15	7.91		14.08	

The accompanying notes from page 74 to page 119 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

	Note	2008	%	2007	%
At December 31, in CHF 000					
<i>Current assets</i>					
Cash and cash equivalents	16	158 436		153 426	
Derivative assets	33	712		286	
Trade accounts receivable	17	153 728		164 499	
Inventories	18	228 977		236 564	
Current income tax receivable		796		75	
Other current receivables	19	47 118		43 802	
Current assets		589 767	53.8%	598 652	45.2%
Assets held in disposal groups	7	0		178 053	
Total current assets		589 767	53.8%	776 705	58.6%
<i>Non-current assets</i>					
Property, plant and equipment	20	219 124		237 977	
Goodwill, software and other intangible assets	22	138 412		134 515	
Investment property	21	14 662		15 316	
Investment in associates and joint ventures	25	4 931		14 635	
Long-term financial assets	24	8 458		26 349	
Net pension asset	30	83 997		82 920	
Deferred income tax assets	14	36 677		36 041	
Total non-current assets		506 261	46.2%	547 753	41.4%
Total assets		1 096 028	100.0%	1 324 458	100.0%

LIABILITIES AND EQUITY

	Note	2008	%	2007	%
At December 31, in CHF 000					
<i>Current liabilities</i>					
Short-term financial debt	26	1 447		1 708	
Derivative liabilities	33	617		0	
Trade accounts payable	27	252 988		281 854	
Current income tax liabilities		8 834		9 696	
Other current liabilities	28	134 522		121 218	
Current provisions	29	7 652		250	
Current liabilities		406 060	37.0%	414 726	31.3%
Liabilities from disposal groups	7	0		69 963	
Total current liabilities		406 060	37.0%	484 689	36.6%
<i>Non-current liabilities</i>					
Long-term financial debt	26	151 022		197 740	
Long-term accrued pension cost	30	8 335		10 012	
Long-term provisions	29	12 770		8 812	
Deferred income tax liabilities	14	23 952		23 934	
Total non-current liabilities		196 079	17.9%	240 498	18.2%
Total liabilities		602 139	54.9%	725 187	54.8%
<i>Equity</i>					
Share capital	36	3 300		3 300	
Additional paid-in capital		118		3 986	
Treasury stock		- 108 180		- 28 481	
Valuation reserves		- 46		152	
Retained earnings		613 107		602 651	
Cumulative translation adjustments		- 17 735		14 239	
Equity of Valora Holding AG shareholders		490 564	44.8%	595 847	45.0%
Minority interest in shareholders' equity		3 325		3 424	
Total equity		493 889	45.1%	599 271	45.2%
Total liabilities and equity		1 096 028	100.0%	1 324 458	100.0%

The accompanying notes from page 74 to page 119 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

	Note	2008	2007
January 1 to December 31, in CHF 000			
Operating profit from continuing operations		38 101	59 084
<i>Elimination of non-cash transactions in operating profit</i>			
Depreciation on property, plant, equipment and investment property	20, 21	45 609	32 202
Amortisation of intangible assets	22	16 244	9 935
Book losses (gains) on sale of fixed assets, net	11	956	- 14
Share-based payments	31	1 404	1 947
Creation (release) of provisions, net	29	5 873	- 7 694
<i>Changes in net working capital, net of acquisitions and disposals of business units</i>			
Increase in trade accounts receivable		- 2 051	- 8 927
(Increase) decrease in inventories		- 4 503	9 269
(Increase) decrease in other current assets		- 4 787	4 208
Decrease in trade accounts payable		- 11 851	- 3 076
Decrease in accrued pension cost		- 881	- 179
Provisions assigned	29	- 501	- 7 022
Increase in other liabilities		15 981	10 762
Cash generated from operating activities from continuing operations		99 594	100 495
Interest paid		- 10 429	- 10 095
Income taxes paid		- 9 199	- 3 014
Interest received		6 615	6 218
Net cash provided by operating activities from continuing operations		86 581	93 604
Net cash provided by operating activities from discontinued operations	7	4 917	14 564
Net cash provided by operating activities		91 498	108 168

	Note	2008	2007
January 1 to December 31, in CHF 000			
<i>Cash flow from investing activities</i>			
Investment in fixed assets	20	- 26 025	- 33 230
Proceeds from sale of fixed assets	20	643	1 361
Investment in investment property	21	0	- 23
Proceeds from sale of investment property	21	0	4 524
Acquisition of subsidiaries, net of cash acquired	6	- 3 556	0
Disposal of business units, net of cash sold	7, 6	118 238	0
Sale of financial investments		18 524	19 002
Purchases of other intangible assets	22	- 17 889	- 14 792
Proceeds from sale of other intangible assets	22	158	169
Net cash provided by/(used in) investing activities from continuing operations		90 093	- 22 989
Net cash used in investing activities from discontinued operations	7	- 17 598	- 13 636
Net cash provided by/(used in) investing activities		72 495	- 36 625
<i>Cash flow from financing activities</i>			
Repayment of short-term financial debt, net		- 1 743	- 12 738
Increase in long-term financial liabilities	26	43 506	30 002
Repayment of long-term financial liabilities	26	- 89 798	- 111 925
Treasury stock purchased		- 84 661	- 6 556
Treasury stock sold		1 140	3 694
Dividends paid		- 28 606	- 28 808
Dividends paid to minorities		- 573	- 506
Net cash used in financing activities from continuing operations		- 160 735	- 126 837
Net cash provided by/(used in) financing activities from discontinued operations	7	1 046	- 1 949
Net cash used in financing activities		- 159 689	- 128 786
Net increase/(decrease) in cash and cash equivalents from continuing operations		15 939	- 56 222
Net decrease in cash and cash equivalents from discontinued operations		- 11 635	- 1 021
Net increase/(decrease) in cash and cash equivalents		4 304	- 57 243
Translation adjustments on cash and cash equivalents		- 12 363	1 638
Cash and cash equivalents at beginning of year from continuing operations		153 426	218 643
Cash and cash equivalents at beginning of year from discontinued operations		13 069	3 457
Cash and cash equivalents at beginning of year		166 495	222 100
Cash and cash equivalents at year end from continuing operations	16	158 436	153 426
Cash and cash equivalents at year end from discontinued operations	7	0	13 069
Cash and cash equivalents at year end		158 436	166 495

The accompanying notes from page 74 to page 119 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

	Note	Equity of Valora Holding AG		
		Share capital	Treasury stock	Additional paid-in capital
in CHF 000				
Balance at December 31, 2006		3 300	- 29 567	4 432
IAS 19 restatement of pension fund asset				
Deferred taxes on IAS 19 restatement				
Inventory restatement				
Balance at January 1, 2007		3 300	- 29 567	4 432
Fair value loss on available-for-sale financial assets	24			
Fair value gain on cash flow hedges	33			
Release of tax assets on share-based payments	14			- 92
Translation adjustments				
Income (expense) recognised directly in equity				- 92
Net profit				
Total profit (loss) reported				- 92
Share-based payments	31			- 354
Dividend paid on 2006 result				
Treasury stock purchased			- 6 556	
Decrease in treasury stock ¹⁾			7 642	
Balance at December 31, 2007		3 300	- 28 481	3 986
Fair value gain on available-for-sale financial assets	24			
Liquidation of cash flow hedges	33			
Release of tax assets on share-based payments	14			- 4
Translation adjustments				
Income (expense) recognised directly in equity				- 4
Net profit				
Total profit (loss) reported				- 4
Share-based payments	31			- 1 893
Dividend paid on 2007 result				
Treasury stock purchased			- 84 661	
Decrease in treasury stock ¹⁾			4 962	- 1 971
Balance at December 31, 2008		3 300	- 108 180	118

¹⁾ 2008: sales to staff and in market, 2007: sales to staff, Board of Directors and in market

The accompanying notes from page 74 to page 119 form an integral part of these consolidated financial statements.

Equity of Valora Holding AG

Valuation reserves	Retained earnings	Cumulative translation adjustments	Total equity of majority shareholders	Minority interest	Total equity
- 518	568 764	11 522	557 933	2 923	560 856
	28 085		28 085		28 085
	- 5 617		- 5 617		- 5 617
	- 14 310		- 14 310		- 14 310
- 518	576 922	11 522	566 091	2 923	569 014
- 50			- 50		- 50
720			720		720
			- 92		- 92
		2 717	2 717	92	2 809
670		2 717	3 295	92	3 387
	54 537		54 537	915	55 452
670	54 537	2 717	57 832	1 007	58 839
			- 354		- 354
	- 28 808		- 28 808	- 506	- 29 314
			- 6 556		- 6 556
			7 642		7 642
152	602 651	14 239	595 847	3 424	599 271
7			7		7
- 205			- 205		- 205
			- 4		- 4
		- 31 974	- 31 974	- 365	- 32 339
- 198		- 31 974	- 32 176	- 365	- 32 541
	39 062		39 062	839	39 901
- 198	39 062	- 31 974	6 886	474	7 360
			- 1 893		- 1 893
	- 28 606		- 28 606	- 573	- 29 179
			- 84 661		- 84 661
			2 991		2 991
- 46	613 107	- 17 735	490 564	3 325	493 889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1 INFORMATION REGARDING THE GROUP

Valora is a Swiss trading group, whose parent company, Valora Holding AG, is listed on the Swiss Stock Exchange. Valora's consolidated financial statements for the 2008 financial year were approved by the Board of Directors on March 24, 2009. These consolidated financial statements are subject to approval by the General Meeting of Shareholders to be held on April 29, 2009.

2 ACCOUNTING POLICIES

Basis of financial statement presentation. In preparing its consolidated financial statements Valora generally applies the historical cost principle. The exceptions to this are derivative financial instruments and financial assets available for sale, both of which are stated at fair value. Consolidation is based on the individual group companies' financial statements, which are prepared according to a uniform set of accounting principles. The Group consolidates its accounts in Swiss francs. Unless otherwise stated, all values stated in money terms have been rounded to the nearest thousand Swiss francs.

Compliance with IFRS, the Swiss Code of Obligations and Swiss Stock Exchange listing rules. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the legal provisions of the Swiss Code of Obligations. They also meet all the listing regulations promulgated by the Swiss Stock Exchange.

Key accounting principles.

Consolidation. In addition to the accounts of Valora Holding AG, Berne, Switzerland, the Valora Group's financial statements also encompasses those of its subsidiaries and participations as follows:

Consolidated companies. Group companies which Valora Holding AG directly or indirectly controls are fully consolidated. In determining whether such control exists, any potential voting rights arising from shares which could currently be acquired through exercise or conversion are also taken into account. Group companies acquired are consolidated from the day Valora assumes control over them and deconsolidated from the day Valora ceases to exercise such control.

Consolidation method. All intra-Group assets, liabilities, revenues and expenditures, and all unrealised gains or losses on intra-Group transactions are fully eliminated. The shareholders' equity of consolidated Group companies matches and offsets the book value of the parent company's participation in them at the time these companies are acquired or established. Once initial consolidation has taken place, profit or loss attributable to each accounting period is passed to the subsidiaries' retained earnings. Minority interests are defined as that part of subsidiaries' net profit and net equity which are not attributable to the Valora Group. These minority interests are disclosed separately in the consolidated income statement and 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 shareholders of Valora Holding AG. Valora's 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.

Non-consolidated participations (associated companies and joint ventures). Associated companies and joint ventures are treated according to the equity method. Associated companies are companies 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 defined as 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 by Valora reduce the value of its investments.

Scope of consolidation. Note 38 provides an overview of the Valora Group's significant subsidiaries.

Changes in consolidation scope. In 2008, Valora acquired Media Center Gesellschaft für Presse- & Tabakhandel mbH, whose registered offices are in Berlin. Cevanova AG, which originally operated the avec. retail chain in Switzerland, was a joint venture between Valora and Migros which was dissolved with effect from July 1, 2008. Valora's Own Brands companies, which had already been classified as discontinued operations in 2007, were sold during the first half of 2008. Additional information on these transactions is presented in notes 6 and 7 below.

Consolidation period. The consolidation period applied to all Group companies is the calendar year. The financial statements are presented as of December 31.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new International Financial Reporting Standards (IFRS) and interpretations thereof. Adoption of the following significant changes to International Financial Reporting Standards (IFRS) and interpretations thereof was first first required for the Group's 2008 accounts: IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) came into effect on January 1, 2008. Adoption of IFRIC 14 resulted in the carrying value of the pension fund asset at January 1, 2007 being increased by CHF 28.1 million to CHF 82.7 million. Deferred taxes on this were raised by CHF 5.6 million. These changes resulted in retained earnings at January 1, 2007 being increased by CHF 22.5 million. At December 31, 2007, the carrying value of the pension fund asset was raised by a further CHF 261 thousand and deferred taxes on it were increased by a further CHF 53 thousand. These changes have increased the Group's reported net income for 2007 by CHF 208 thousand. IFRIC 12 (Service Concession Arrangements), which came into effect on January 1, 2008, has no effect on the Valora Group's consolidated accounts.

The additional provisions to IAS 39 (Financial Instruments: Recognition and Measurement), which came into effect on July 1, 2008, have no effect on the Valora Group's consolidated accounts. IFRIC 11 (IFRS 2 - Group Treasury Share Transactions), which comes into effect for financial statements for reporting periods commencing on or after July 1, 2008, will have no effect on the Valora Group's consolidated accounts.

Future implementation of International Financial Reporting Standards (IFRS) and interpretations thereof. These consolidated financial statements have not yet adopted the following new standards or modifications to existing standards and their interpretation, all of which come into effect on January 1, 2009 or thereafter: IFRS 8 (Operating Segments), which replaces IAS 14 (Segment Reporting), IAS 23 (Borrowing Costs), IAS 27 (Consolidated and Separate Financial Statements), IFRS 3 (Business Combinations), and further changes to IAS 1 (Presentation of Financial Statements) and IFRIC 17 (Distributions of Non-cash Assets to Owners). A complete assessment of the effects which these could have on the Group's accounts is not possible at this stage.

IFRIC 13 (Customer Loyalty Programmes), which will apply to financial years commencing on or after July 1, 2008, will affect the Valora Group's accounts only marginally, since the Group's loyalty programmes are limited in scope. These programmes are subject to ongoing assessment. IFRIC 16 (Hedges of Net Investment in a Foreign Operation), which will apply to financial years commencing on or after October 1, 2008, does not at present affect the Valora Group's accounts, since no such hedges are currently in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The modifications to IFRIC 15 (Agreements for the Construction of Real Estate) and to IAS 32 (Financial Instruments: Presentation), which come into effect on January 1, 2009, do not currently affect the Valora Group's accounts. The modifications to IFRS 2 (Share-based Payment), which come into effect on January 1, 2009, do not currently affect the Valora Group's accounts. IFRIC 18 (Transfer of Assets from Customers), which comes into effect on July 1, 2009, does not currently affect the Valora Group's accounts. The additional provisions in IAS 39 (Financial Instruments: Recognition and Measurement) which apply to reporting for financial years commencing on or after July 1, 2009, do not currently have any effect on the Valora Group's accounts.

4 GENERAL ACCOUNTING POLICIES

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 2008	Rate at December 31, 2008	Average rate for 2007	Rate at December 31, 2007
Euro, 1 EUR	1.587	1.487	1.643	1.656
Swedish krona: SEK 100	16.49	13.72	17.75	17.55
Danish krone: DKK 100	21.29	19.97	22.04	22.21

Net revenues and revenue recognition. Net revenues include all proceeds from the sale of goods and services, net of any deductions including rebates, discounts and other agreed concessions. Retail sales by the Valora Retail division are recognised upon sale to the customer. Payment is made in cash or by credit card. The sales value recorded is the amount received net of credit card fees. Wholesale revenues are recognised when the goods have been delivered, the customer has accepted them and there is sufficient certainty of the amount being received. Goods sold wholesale may be supplied on a sale-or-return basis. Where this applies, net revenues will be reduced by estimated return rates based on experience and other appropriate assumptions.

Equity-based compensation. The Valora Group pays some of the compensation it grants 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 12 and 13).

Income tax. Income tax is calculated based on the tax laws of each applicable sovereign jurisdiction and is charged to the income statement for the accounting period in which the net income in question arose. Taxes on capital are reported under «Other operating expenses». The applicable effective tax rates are applied to net income.

Deferred taxes which arise as a result of timing differences between the values of assets and liabilities reported on the balance sheet and their applicable tax values are shown as deferred tax assets or deferred tax liabilities. Deferred tax assets are recognised when there is a probability that sufficient taxable income will be available to offset against them. Deferred income taxes are calculated based on the rates of tax which are expected to apply in the tax period in which the deferred tax asset or liability concerned will be realised or settled. Deferred taxes are recognised only if it is probable that they will arise in future. Taxes receivable are offset against taxes payable if they relate to the same taxable entity and there is an enforceable legal basis for them to be offset against each other. Changes to deferred tax liabilities are reported as taxes in the income statement. Deferred taxes relating to changes made directly to equity are immediately charged or credited to equity.

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 Holding 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 amortised costs 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Inventory. Inventory is carried at the lower of average purchase cost or net realisable value. For the Valora Retail division, average purchase cost is determined according to the standard cost method, while the Valora Media and Valora Trade divisions apply the first in, first out (FIFO) method.

Slow-moving or obsolete inventory items are valued according to standard business practices, with the items being partially or wholly written off accordingly.

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 from their continued operational use. If entire business units are held for sale, all their fixed assets and all their directly attributable liabilities are recorded in the balance sheet separately as assets held in, or liabilities from, disposal groups.

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 capitalised 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, fixtures and fittings	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. If the current book value of an asset exceeds its realisable value,

which is defined as the higher of its current fair value minus selling costs or its value in use, the asset will be written down to its realisable value. Once made, a non-scheduled write-down may be reversed only if the assumptions previously used in determining its realisable value have been subject to change. If such a change has occurred, the book value of the asset in question will be raised to its current realisable value. This new 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. These intangible assets are classified into one of the following three categories: software, intangible assets of limited duration or intangible assets of unlimited duration. All intangible assets, excluding goodwill, are carried at historical purchase or production cost minus accumulated depreciation.

Software. The purchase or production costs of software are recognised on the balance sheet if Valora expects to derive future economic benefit from the software concerned. Straight-line depreciation is applied over the expected economically useful life of the software.

Intangible assets of limited duration. These are depreciated according to the straight-line method.

Intangible assets of unlimited duration. Valora does not currently own any assets in this category.

Amortisation is carried out based on the following estimates of economically useful life:

	Years
Software	3-5
Intangible assets of limited duration	3-10

Impairments to intangible assets. The current values of intangible assets excluding goodwill are reviewed whenever changing circumstances or specific events suggest that their current book values might be too high. If the current book value of an asset exceeds its realisable value, which is defined as the higher of its current fair value minus selling costs or its value in use, the asset will be written down to its realisable value. Once made, a non-scheduled write-down may be reversed only if the assumptions previously used in determining its realisable value have been subject to change. If such a change has occurred, the book value of the asset in question will be raised to its current realisable value. This new 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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. Goodwill is the amount by which the purchase price which the Group paid for a company it acquired exceeds the fair value of that company's net assets.

Goodwill is recognised on the balance sheet in accordance with IFRS 3, and is attributed to the appropriate cash generating unit (CGU). The CGU is then subjected to an impairment test, which is carried out at least once a year, and more frequently should there be evidence suggesting possible impairment. This involves comparing the book value of the CGU to which the goodwill was assigned with the CGU's current realisable value. This realisable value is defined as the higher of the fair value of the CGU minus selling costs and its value in use. The fair value minus selling costs is defined as the amount which could be obtained for its disposal in an arm's length transaction on current market terms between willing and knowledgeable transacting parties after deduction of selling costs. If the book value of the cash generating unit exceeds this realisable value, the goodwill is impaired and the amount of the impairment will be charged to the income statement. No increases in the carrying value of goodwill are permitted.

Financial assets. Financial assets are classified as:

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

Classification depends on the purpose for which the financial assets were acquired and is determined when the assets are first 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 and loss, are initially recorded at fair value plus transaction costs. Financial assets held for trading purposes are initially recorded at market value excluding transaction 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. When an available for sale financial

asset is sold, the valuation adjustments which have been accumulated against shareholders' equity in respect of it are passed to the income statement.

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.

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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.

5 MANAGEMENT'S ESTIMATIONS, ASSUMPTIONS AND EXERCISE OF DISCRETION

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 92 million (see note 22). As explained above, this goodwill is subjected to an impairment test whenever evidence suggests that its realisable value may have diminished and in any event 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 84 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 30). Actual outcomes may diverge considerably from the assumptions made and thus require an amortisation of the capitalised asset value shown.

Income tax. Under IFRS rules, that portion of any tax loss carry forwards which can be expected to result in future tax savings should be recognised as a deferred tax asset. The amount of tax savings which are then actually achieved will depend on the level of net income generated before the tax loss carry forwards expire. This means that future net income may be impacted by extraordinary write-offs of deferred tax assets if the profits the Group generates during the rele-

vant period are below initial expectations. Conversely, additional net income may be recognised if the profits the Group generates exceed expectations and previously unrecognised tax loss carry forwards can be drawn on.

Provisions. Provisions are created to reflect imminent potential events, if applicable expert opinion holds that the probability of a loss occurring is greater than that of its failing to materialise. A further prerequisite for the creation of such provisions is that the amount of the potential loss can be reliably estimated. In assessing whether a provision is appropriate and what its amount should be, the best available estimates and assumptions are made with regard to the situation as of the balance sheet date. Since new evidence and unfolding events can have a significant effect on subsequent outcomes, earlier estimates and assumptions may be revised in the light of later evidence and events, if their effect on these estimates and assumptions is substantial.

Restatement of Group accounts. In the past, Valora applied a specific retail method to valuing inventories and service revenues. During the roll out of new IT systems for monitoring inventories and evaluating service revenues the method which had been used hitherto was analysed. This analysis showed that the results from valuations under the old method had been incorrectly interpreted.

Valuation using the standard cost method provides a more exact approximation of inventory value. Application of this approach shows that the inventories position shown in previous reporting periods was misstated.

IAS 8 «Accounting Policies, Changes in Accounting Estimates and Errors» requires that prior period errors be corrected retro-actively and the corrections published.

Additionally, the new IFRIC 14 interpretation of IAS 19 has also made it necessary to make adjustments to Valora's consolidated financial statements for 2007.

The effect of the above on net income and shareholders' equity is presented in the table below:

	2007	2007 Restated
in CHF 000		
Inventories	246 995	236 564
Net pension asset	54 574	82 920
Other current liabilities	120 304	121 218
Deferred income tax liabilities	18 264	23 934
Equity	587 940	599 271
Net revenues	2 821 755	2 821 692
Cost of goods	- 1 963 214	- 1 960 186
Personnel expense	- 454 915	- 454 654
Operating profit	55 858	59 084
Income tax	- 12 551	- 12 604
Net Group profit	52 279	55 452
Shareholders' equity opening balance on 1.01.2007	560 856	569 014
Earnings per share	13.09	14.08

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6 ACQUISITIONS AND DISPOSALS OF BUSINESS UNITS

Transactions completed in 2008. In Germany, the Valora Group purchased 100% of the shares of Media Center Gesellschaft für Presse- & Tabakhandel mbH, Berlin, assuming control on December 1, 2008. This company owns 12 non-travel retail outlets.

cevanova AG, the company which previously operated the avec. outlets in Switzerland, and was set up as a joint venture between Valora and Migros, was dissolved with effect from July 1, 2008. Valora's 50% stake, which was held by Valora Retail, was sold to Migros, with some cevanova assets being transferred to the Valora Group. Valora has taken over 24 outlets from cevanova AG, 20 of which were already in operation when the transaction was finalised, with 1 unit opening in the second half of 2008 and 3 further units are at the planning stage. The assets and liabilities assumed as a result of this transaction are recorded in the consolidated balance sheet under the relevant headings.

Balance sheet values of companies initially consolidated during the period

	Fair Value	Book values in the acquired entity's books
in CHF 000		
Current assets	3 074	3 074
Non-current assets	8 493	8 684
Short-term liabilities	- 978	- 978
Long-term liabilities	0	0
= Net assets/shareholders' equity acquired	10 589	10 780
Goodwill	2 976	
Derecognition of joint venture	- 10 000	
= Purchase price	3 565	
Cash purchase price paid	3 565	
Cash and cash equivalents acquired	- 91	
Cumulative translation adjustments	82	
= Cash flow from acquisition of new Group companies	3 556	

The CHF 3.0 million of goodwill recognised and the purchase price of CHF 3.6 million relate to Media Center Gesellschaft für Presse- & Tabakhandel mbH. The goodwill results from the portion of the purchase price which exceeded recognisable book value and is attributable to the value to Valora of extending its market presence in Berlin, the improved purchasing leverage Valora has gained in convenience store goods and the strategic tenant position Valora now has vis-à-vis its landlord.

Between the date of their acquisition by Valora and December 31, 2008, Media Center Gesellschaft für Presse- & Tabakhandel mbH generated CHF 16 thousand of net income, while the outlets acquired from cevanova AG generated CHF 402 thousand of net income.

If Valora had purchased Media Center Gesellschaft für Presse- & Tabakhandel mbH on January 1, 2008, sales from that entity for 2008 would have been CHF 13 075 thousand and net income CHF 171 thousand. This same information cannot be provided for the outlets acquired from cevanova AG, because that firm's prior accounting data is insufficiently detailed.

Valora's Own Brands companies, which had already been classified as discontinued operations in the 2007 financial statements, were sold in the first half of 2008 (see note 7).

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

7 DISCONTINUED OPERATIONS

During the first half of 2008, the Group sold its Trade division's Own Brands companies, which had already been classified as discontinued operations. Roland Murten AG, Kägi Söhne AG and Cansimag France SA were sold as a single package. Sale of these three units was backdated to February 29, 2008, while that of Gillebagaren AB was backdated to April 30, 2008 and the sale of Sørlandschips AS was backdated to May 31, 2008. The results generated by the units sold until control over them was transferred to their new owners, including net book profits arising from their sale, are shown as net profit from discontinued operations in the consolidated financial statements.

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

	Own Brands 2008	Own Brands 2007	Fotolabo 2007	Total 2007
<i>January 1 – December 31, in CHF 000</i>				
Net revenues	42 018	181 406	0	181 406
Gross profit	22 954	102 615	0	102 615
Operating expenses	– 18 248	– 86 032	0	– 86 032
Other income, net	2 919	3 044	991	4 035
Goodwill amortisation	0	– 10 000	0	– 10 000
Operating profit	7 625	9 627	991	10 618
Financial result	– 387	– 1 744	0	– 1 744
Profit before taxes	7 238	7 883	991	8 874
Income taxes	– 330	597	0	597
Operating profit	6 908	8 480	991	9 471
Accumulated exchange rate differences	7 819	0	0	0
Net profit from discontinued operations	14 727	8 480	991	9 471

Earnings per share from discontinued operations amounted to CHF 4.78 in 2008 (CHF 2.96 in 2007). There were no dilutive effects in 2008 or 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Net assets of discontinued operations

	31.12.2008	31.12.2007
in CHF 000		
Cash and cash equivalents	0	13 069
Trade accounts receivable	0	21 537
Inventories	0	10 896
Other current assets	0	8 059
Property, plant and equipment	0	99 548
Goodwill	0	20 639
Other fixed assets	0	4 305
Trade accounts payable	0	-13 125
Other current liabilities	0	- 19 250
Long-term financial liabilities	0	- 29 081
Other long-term liabilities	0	- 8 507
Net assets	0	108 090

Cash flow from discontinued operations

	1.1. – 31.12.2008	1.1. – 31.12.2007
in CHF 000		
Net cash generated by operating activities	4 917	14 564
Net cash used in investing activities	- 17 598	- 13 636
Net cash from (used in) financing activities	1 046	- 1 949
Translation adjustments on cash and cash equivalents	- 270	- 32
Total change in cash and cash equivalents	- 11 905	- 1 053

8 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 Retail's market presence comprises the k kiosk, avec., k presse + buch and Caffè Spettacolo formats.

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 division comprises the Group support functions provided by finance, HR, business development, legal services and corporate communication. It also includes Group IT and the central logistics functions for Valora Retail Switzerland and Valora Media Switzerland. The balance

sheet items relating to operations which were discontinued as of December 31, 2007 (assets totalling CHF 178.1 million and liabilities totalling CHF 70.0 million) are also allocated to this division. The revenues shown for this division are those arising from the logistics services it provides.

Segment data by division

	Valora Retail	Valora Media	Valora Trade	Others	Intersegment elimination	Total Group
in CHF 000						
<i>Net revenues for 2008</i>						
From third parties	1 746 787	389 772	780 806	14 291	0	2 931 656
From other divisions	2 089	186 045	7 184	0	- 195 318	0
Total	1 748 876	575 817	787 990	14 291	- 195 318	2 931 656
<i>Net revenues for 2007</i>						
From third parties	1 664 830	358 235	784 249	14 378	0	2 821 692
From other divisions	470	194 947	6 768	0	- 202 185	0
Total	1 665 300	553 182	791 017	14 378	- 202 185	2 821 692
Change (%)	5.0	4.1	- 0.4			3.9
<i>Operating profit for 2008</i>						
Operating profit	10 973	27 505	17 768	- 18 145	0	38 101
<i>Operating profit for 2007</i>						
Operating profit	20 331	25 242	17 091	- 3 580	0	59 084

The 2008 operating result recorded under «Others» includes restructuring costs of CHF 11.6 million which were not allocated to the market divisions. This operating result also includes further impairments totalling CHF 2.0 million relating to the 2008 IT platform, which are not related to the restructuring programme or to implementation of the Group's new strategy.

The shares of the net income generated by associated companies and joint ventures attributable to the market divisions were as follows: Valora Retail CHF 0.7 million (CHF 0.9 million in 2007), Valora Media CHF 0.0 million (CHF 0.1 million in 2007), and Valora Trade CHF 0.4 million (CHF 0.8 million in 2007).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Valora Retail	Valora Media	Valora Trade	Others	Intersegment elimination	Total Group
in CHF 000						
<i>Operating profit for 2008 included the following non-cash expenses</i>						
Depreciation	23 926	6 536	2 487	10 533		43 482
Impairments	9 882	554	0	7 935		18 371
Creation of provisions, net	1 827	841	0	3 205		5 873
<i>Operating profit for 2007 included the following non-cash expenses</i>						
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
<i>Capital expenditure</i>						
2008	21 147	3 203	4 540	16 363		45 253
2007	24 437	2 138	2 923	18 040		47 538
<i>Segment assets</i>						
December 31, 2008	578 271	265 415	273 526	387 199	- 408 383	1 096 028
December 31, 2007	549 528	214 346	325 434	566 823	- 331 673	1 324 458
<i>Segment liabilities</i>						
December 31, 2008	442 287	178 398	169 300	220 537	- 408 383	602 139
December 31, 2007	452 474	119 295	187 853	297 238	- 331 673	725 187

Valora Retail's share of the book values attributable to associates and joint ventures amounted to CHF 0.0 million in 2008 (CHF 9.3 million in 2007). For Valora Media the corresponding figures were CHF 0.0 million in 2008 (CHF 0.0 million in 2007) and for Valora Trade they were CHF 4.9 million in 2008 (CHF 5.3 million in 2007).

Segment data by region

	Switzerland	Europe	Total Group
in CHF 000			
<i>Net revenues from third parties</i>			
2008	1 770 761	1 160 895	2 931 656
2007	1 696 114	1 125 578	2 821 692
Change (%)	4.4	3.1	3.9
<i>Capital expenditure</i>			
2008	29 586	15 667	45 253
2007	36 080	11 458	47 538
<i>Segment assets</i>			
December 31, 2008	769 063	326 965	1 096 028
December 31, 2007	900 496	423 962	1 324 458

9 PERSONNEL EXPENSES

	2008	2007
in CHF 000		
Salaries and wages	388 657	381 915
Pension cost of defined benefit plans	10 144	11 407
Pension cost of defined contribution plans	2 968	2 544
Other social security payments	42 918	40 850
Share-based payments	1 404	1 947
Other personnel expenses	17 986	15 991
Total personnel expense	464 077	454 654
Average number of employees (full-time equivalents)		
	6 523	6 495

Other personnel expenses principally relate to payments made to employment agencies for temporary staff and costs associated with staff training and recruitment.

10 OTHER OPERATING EXPENSES

	2008	2007
in CHF 000		
Rent	120 904	113 422
Real-estate expenses	7 934	7 439
Energy	20 881	18 476
Insurance	2 878	3 581
Communications and IT	18 773	19 312
Advertising and sales	51 900	50 847
Shipping and dispatch	69 507	68 828
General administration	26 125	24 387
Capital and other taxes	1 639	1 080
Miscellaneous	16 046	12 676
Total other operating expenses	336 587	320 048

Miscellaneous operating expenses include operating lease payments totalling CHF 5.0 million (CHF 4.8 million in 2007).

11 OTHER INCOME, NET

	2008	2007
in CHF 000		
Rental income	2 671	2 378
(Losses) gains from disposal of non-current assets, net	- 956	14
Miscellaneous expenses	- 69	- 86
Miscellaneous income	5 690	12 111
Total other income, net	7 336	14 417

Valora reached a settlement with regard to Selecta during 2008. This resulted in the Group receiving a payment of CHF 3.5 million which is included under miscellaneous income above. No existing provisions in respect of continuing operations were released during 2008 (CHF 7.7 million

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in 2007). Miscellaneous income for 2007 included a receipt of CHF 2.9 million from an impaired account payable relating to a previously sold entity.

12 FINANCIAL EXPENSE

	2008	2007
in CHF 000		
Interest on bank debt and mortgages	3 652	6 056
Interest on bonds issued	4 609	4 591
Interest on finance leases	154	162
Net gains on financial derivative instruments	- 1 161	- 185
Fair value adjustments on long-term provisions	205	- 247
Currency translation losses, net	4 743	0
Total financial expense	12 202	10 377

Interest on bank debt and mortgages fell principally as a result of the outstanding balance on the syndicated loan facility being reduced.

Fair value adjustment on long-term provisions for 2007 include CHF 0.7 million of provisions which were no longer required and therefore released.

13 FINANCIAL INCOME

	2008	2007
in CHF 000		
Interest earned on cash, cash equivalents, loans and receivables	4 257	5 291
Interest income from finance leases	329	335
Dividend income from financial investments available for sale	9	17
Realised gains on financial investments available for sale	0	6
Foreign exchange gains, net	0	2 423
Total financial income	4 595	8 072

14 INCOME TAXES

Income tax expense was as follows:

	2008	2007
in CHF 000		
Expense on current income taxes	7 552	7 020
(Revenue) expense from deferred taxes	- 1 101	5 584
Total income tax expense for continuing operations	6 451	12 604

In addition, temporary differences arising from the recognition of equity based compensation from share schemes resulted in CHF 4 thousand of deferred tax assets being released to shareholders' equity (CHF 92 thousand in 2007).

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:

	2008	2007
<i>in CHF 000</i>		
Profit before income taxes	31 625	58 585
Expected average Group tax rate	21.0%	21.9%
Income taxes at expected Group tax rate	6 634	12 819
Non-tax-deductible tax expense	1 422	189
Utilisation of losses not previously recognised	- 4 377	- 3 027
Out-of-period effects on current income taxes	- 793	2 592
Impairments on deferred tax assets, net	3 930	304
Tax rate changes and other effects, net	- 365	- 273
Total reported income taxes	6 451	12 604

Despite the restated inventory values for 2007, reported tax expenses for that year were not revised, because the subsidiary concerned had capitalised tax loss carry forwards which meant that income tax payable was not affected.

Changes to deferred income taxes were as follows:

<i>Changes to deferred tax assets and liabilities</i>	Deferred tax assets	Deferred tax liabilities	Net assets (+)/ Net liabilities(-)
<i>in CHF 000</i>			
Balance at December 31, 2006	41 557	- 25 778	15 779
Restatement of deferred taxes under IAS 19	0	- 5 617	- 5 617
Of which from discontinued operations	- 489	8 038	7 549
Balance at January, 2007	41 068	- 23 357	17 711
Deferred taxes included in net income	- 5 187	- 397	- 5 584
Deferred taxes included in shareholders' equity	- 92	0	- 92
Exchange rate differences	252	- 180	72
Balance at December 31, 2007	36 041	- 23 934	12 107
Deferred taxes included in net income	1 920	- 819	1 101
Deferred taxes included in shareholders' equity	- 4	0	- 4
Exchange rate differences	- 1 280	801	- 479
Balance at December 31, 2008	36 677	- 23 952	12 725

Deferred taxes principally relate to the pension fund asset, intangible assets, real estate and tax loss carry forwards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Tax deductible losses carried forward amount to CHF 397.7 million (CHF 541.4 million in 2007). In 2008, deferred tax assets amounting to CHF 103.8 million (out of a total of CHF 377.2 million) were not capitalised, as it is unlikely that they will be realised. In 2007, CHF 125.9 million (out of a total of CHF 432.1 million) were not capitalised for the same reason. These will lapse as follows:

	2008	2007
in CHF 000		
Within one year	4	6
Within 2 years	10 383	6
Within 3 years	61 991	137 254
Within 4 years	51 035	14 105
Within 5 years	1	51 037
After more than 5 years	253 797	229 645
Total	377 211	432 053

The change in the amounts of capitalised deferred taxes results from a reclassification approved by the applicable tax authorities.

Deferred tax liabilities on temporary valuation differences on investments carried at CHF 345.0 million (CHF 514.2 million in 2007) 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.

15 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.

	2008	2007
in CHF 000		
Net profit from continuing operations	25 174	45 981
Net profit attributable to minority interests	- 839	- 915
Net profit from continuing operations attributable to Valora Holding AG shareholders	24 335	45 066
Average number of shares outstanding	3 078 254	3 201 312
Earnings per share from continuing operations (in CHF)	7.91	14.08

There were no dilutive effects in 2008 or 2007.

On April 29, 2009, the General Meeting will vote on a recommendation to cancel 500 000 registered shares of Valora Holding AG. Some 350 000 of these had been repurchased by the end of 2008, and are reflected in the calculation of the average number of shares outstanding for 2008. The remainder, amounting to some 150 000 shares, were repurchased during the first two months of 2009.

16 CASH AND CASH EQUIVALENTS

	2008	2007
in CHF 000		
Petty cash and bank sight deposits	157 865	147 958
Short-term deposits and money-market investments < 3 months	571	5 468
Total cash and cash equivalents	158 436	153 426

17 TRADE ACCOUNTS RECEIVABLE

	2008	2007
in CHF 000		
Trade accounts receivable, gross	156 011	166 613
Allowance for bad and doubtful debts	- 2 283	- 2 114
Total trade accounts receivable, net	153 728	164 499

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

	2008	2007
in CHF 000		
Position at January 1	2 114	3 088
Of which from discontinued operations	0	- 70
Impairment creation charged to income	1 236	390
Impairments released to income	- 877	- 1 072
Impairments utilised	- 139	- 239
Exchange rate differences	- 51	17
Position at December 31	2 283	2 114

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

	2008	2007
in CHF 000		
Total trade accounts receivable, net	153 728	164 499
Of which		
Not yet overdue	122 319	131 447
Up to 10 days overdue	14 785	13 455
More than 10 days, but less than one month overdue	12 535	16 053
More than one month, but less than two months overdue	2 639	1 563
More than two months, but less than four months overdue	1 062	1 267
More than four months overdue	388	714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	2008	2007
in CHF 000		
CHF	69 457	67 367
DKK	29 518	28 060
EUR	32 219	39 260
NOK	5 071	4 928
SEK	17 066	24 670
Others	397	214
Total trade accounts receivable, net	153 728	164 499

18 INVENTORIES

	2008	2007
in CHF 000		
Ancillary material and other inventories	244	335
Merchandise	228 733	236 229
Total inventories	228 977	236 564

In 2008, inventory write-downs of CHF 23.0 million (CHF 20.0 million in 2007) were charged to cost of goods sold. No inventories were carried at their net realisable value (none in 2007).

19 OTHER CURRENT RECEIVABLES

	2008	2007
in CHF 000		
Value-added tax, withholding tax and other taxes recoverable	3 403	2 443
Prepaid expenses and accrued income	11 752	12 341
Short-term receivables from finance leases	290	278
Miscellaneous receivables	31 673	28 740
Total other current receivables	47 118	43 802

The miscellaneous receivables above principally comprise advance payments for goods and equipment and payments receivable from social security agencies and insurers.

Additional information relating to receivables from finance leases can be found in note 23.

20 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery & equipment	Projects in progress	Total
in CHF 000					
<i>At cost</i>					
Balance at December 31, 2006	24 495	194 551	499 590	6 322	724 958
of which from discontinued operations	- 2 784	- 45 458	- 121 312	- 4 714	- 174 268
Balance at January 1, 2007	21 711	149 093	378 278	1 608	550 690
Additions	0	264	32 069	428	32 761
Disposals	0	0	- 55 257	0	- 55 257
Reclassifications	0	1 022	574	- 1 596	0
Translation adjustments	246	675	2 112	6	3 039
Balance at December 31, 2007	21 957	151 054	357 776	446	531 233
Changes in consolidation scope	0	0	8 400	83	8 483
Additions	0	1 897	20 598	2 232	24 727
Disposals	- 10	- 108	- 9 808	0	- 9 926
Reclassifications	0	0	410	- 410	0
Translation adjustments	- 857	- 2 052	- 9 373	- 23	- 12 305
Balance at December 31, 2008	21 090	150 791	368 003	2 328	542 212
<i>Accumulated depreciation</i>					
Balance at December 31, 2006	0	- 55 424	-350 960	0	- 406 384
of which from discontinued operations	0	9 518	84 197	0	93 715
Balance at January 1, 2007	0	- 45 906	- 266 763	0	- 312 669
Additions	0	- 4 492	- 27 075	0	- 31 567
Impairments	0	0	- 266	0	- 266
Disposals	0	0	52 877	0	52 877
Translation adjustments	0	- 139	- 1 492	0	- 1 631
Balance at December 31, 2007	0	- 50 537	- 242 719	0	- 293 256
Additions	0	- 4 439	- 27 680	0	- 32 119
Impairments	0	0	- 13 134	0	- 13 134
Disposals	0	56	8 271	0	8 327
Translation adjustments	0	638	6 456	0	7 094
Balance at December 31, 2008	0	- 54 282	- 268 806	0	- 323 088
<i>Net book value</i>					
at December 31, 2007	21 957	100 517	115 057	446	237 977
at December 31, 2008	21 090	96 509	99 197	2 328	219 124

The impairments for 2008 are due to write-offs arising from the restructuring programme. These non-scheduled write-offs principally relate to retail outlet infrastructure which became obsolete when outlets were reconfigured. Fixtures and fittings which became redundant as a result of moving the logistics operations from MuttENZ to Egerkingen and of centralising head office functions at MuttENZ were also written off.

No property, plant and equipment was pledged to secure mortgage loans (none in 2007). Property, plant and equipment at year end 2008 includes no real estate held on finance leases (none in 2007), but does include machinery and equipment held on finance leases amounting to CHF 2.4 million (CHF 3.0 million in 2007)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>Fire insurance values of property, plant and equipment</i>	2008	2007
in CHF 000		
Property (including investment property)	200 164	223 055
Plant and equipment	418 210	423 541
Total	618 374	646 596

21 INVESTMENT PROPERTY

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

<i>Investment property</i>	2008	2007
in CHF 000		
<i>At cost</i>		
Balance at January 1	23 778	27 904
Additions	0	23
Disposals	0	- 4 380
Translation adjustments	- 802	231
Balance at December 31	22 976	23 778
<i>Accumulated depreciation</i>		
Balance at January 1	- 8 462	- 8 821
Additions	- 356	- 369
Disposals	0	889
Translation adjustments	504	- 161
Balance at December 31	- 8 314	- 8 462
Total net carrying amount	14 662	15 316

The estimated market value (based on yield value assessments) of the investment properties was CHF 20.4 million (CHF 20.8 in 2007). These assessments are carried out by a suitably qualified surveyor. The rental income from the investment properties was CHF 2.5 million (CHF 2.2 million in 2007) and the associated maintenance and operational costs were CHF 1.4 million (CHF 1.6 million in 2007). No mortgage liens were in place on these investment properties (CHF 2.4 million in 2007). An industrial building in Germany was sold as planned during 2007.

22 GOODWILL, SOFTWARE AND INTANGIBLE ASSETS WITH LIMITED USEFUL LIFE

	Goodwill from acquisitions	Software and intangible assets with limited useful life	Projects in progress	Total
in CHF 000				
<i>At cost</i>				
Balance at December 31, 2006	120 242	98 227	1 873	220 342
Of which from discontinued operations	- 30 639	- 1 319	0	- 31 958
Balance at January 1, 2007	89 603	96 908	1 873	188 384
Additions	0	11 493	3 261	14 754
Disposals	0	- 28 938	0	- 28 938
Reclassifications	0	115	- 115	0
Translation adjustments	154	1 395	16	1 565
Balance at December 31, 2007	89 757	80 973	5 035	175 765
Change in consolidation scope	2 856	4	0	2 860
Additions	0	11 097	9 429	20 526
Disposals	0	- 2 279	0	- 2 279
Reclassifications	0	828	- 828	0
Translation adjustments	- 535	- 5 150	- 240	- 5 925
Balance at December 31, 2008	92 078	85 473	13 396	190 947
<i>Accumulated amortisation</i>				
Balance at December 31, 2006	0	- 60 497	0	- 60 497
Of which from discontinued operations	0	1 061	0	1 061
Balance at January 1, 2007	0	- 59 436	0	- 59 436
Additions	0	- 9 251	0	- 9 251
Impairments	0	- 684	0	- 684
Disposals	0	28 769	0	28 769
Translation adjustments	0	- 648	0	- 648
Balance at December 31, 2007	0	- 41 250	0	- 41 250
Additions	0	- 11 007	0	- 11 007
Impairments	0	0	- 5 237	- 5 237
Disposals	0	2 121	0	2 121
Translation adjustments	0	2 838	0	2 838
Balance at December 31, 2008	0	- 47 298	- 5 237	- 52 535
<i>Book value</i>				
At December 31, 2007	89 757	39 723	5 035	134 515
At December 31, 2008	92 078	38 175	8 159	138 412

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Software and intangible assets with limited useful life. Software and intangible assets with limited useful life include CHF 18.9 million for software and CHF 19.3 million for intangible assets of limited useful life, CHF 13.7 million of which relate to delivery rights capitalised on the balance sheet of Valora Media Austria (PGV). The impairments of CHF 5.2 million relates to the 2008 IT platform. Of this total, CHF 3.2 million is attributable to restructuring measures and the implementation of the Valora 4 Success strategy programme. The remaining CHF 2.0 million is not attributable to the restructuring programme. Increases in project costs, which did not extend the scope of the project, meant that previously capitalised costs were no longer justified. The remaining capitalised cost (value in use) of the 2008 IT platform was CHF 11.7 million at December 31, 2008.

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 average cost of capital calculations, and also takes currency-specific risks into account. The main goodwill items are as follows:

Valora Trade Nordics - Distribution. Valora Trade's Scandinavian business units carried goodwill on their balance sheets at December 31, 2008 amounting to CHF 16.3 million (acquired in 2001). The key assumptions used for valuation are discount rates of 7.0% for Denmark and 6.0% for Sweden and the operating margins budgeted.

Valora Media Luxembourg - MPK. Goodwill amounting to CHF 43.3 million has been assigned to the Luxembourg press wholesale unit (acquired in 2000). The key assumptions here are a 7.0% discount rate and the budgeted operating margin.

Valora Media Austria - PGV. Goodwill amounting to CHF 4.7 million has been assigned to the press wholesaling unit in Austria (acquired in 2004). The key assumptions used are a discount rate of 7.0% and the budgeted operating margin.

Valora Retail Switzerland. Goodwill amounting to CHF 12.8 million has been assigned to Valora Retail Switzerland. This relates to the remaining minority rights which Valora acquired in 2002. The key assumptions here are a 6.0% 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 2008 or 2007. 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. If the discount rates were raised by 3.0 percentage points, all book values except the CHF 14.0 million of goodwill recorded for Valora Trade Denmark would still be below the resulting realisable values.

23 RECEIVABLES FROM REAL ESTATE AND FINANCE LEASES

<i>Future receivables from real estate leases</i>	2008	2007
in CHF 000		
Rental payments received during period	2 671	2 378
<i>Future rental receivables from current real estate leases</i>		
Within one year	1 710	1 801
Within 1-2 years	1 514	1 429
Within 2-3 years	1 550	1 197
Within 3-4 years	1 513	1 146
Within 4-5 years	1 140	1 098
After more than 5 years	1 629	1 588
Total receivables from current real estate leases	9 056	8 259

<i>Future receivables from finance leases</i>	2008	2007
in CHF 000		
Payments received during period	604	599
<i>Future receivables from current finance leases</i>		
Within one year	643	604
Within 1-2 years	643	604
Within 2-3 years	643	604
Within 3-4 years	643	604
Within 4-5 years	643	604
After more than 5 years	5 906	6 133
Total future receivables from finance leases	9 121	9 153
minus future interest credits	- 3 173	- 2 931
Total future receivables from finance leases (present value)	5 948	6 222
minus current portion (see Note 19)	- 290	- 278
Non-current receivables from finance leases (see Note 24)	5 658	5 944

<i>Present value of minimum future finance lease revenues</i>	2008	2007
in CHF 000		
Within one year	621	587
Within 1-2 years	582	556
Within 2-3 years	546	526
Within 3-4 years	512	499
Within 4-5 years	480	473
After more than 5 years	3 207	3 581
Total present value of minimum future finance lease revenues	5 948	6 222

The finance leases cover extensions to the former headquarters made during the Valora tenancy, which the new tenant is using.

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24 FINANCIAL ASSETS

<i>Non-current financial assets</i>	2008	2007
in CHF 000		
Loans and receivables	1 389	18 842
Receivables from finance leases	5 658	5 944
Financial assets available for sale	1 411	1 563
Total financial assets	8 458	26 349

Note 23 provides further information on receivables from finance leases.

The financial assets available for sale include CHF 676 thousand (CHF 677 thousand in 2007) 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. None of these financial assets were sold in 2008.

A profit of CHF 6 thousand was realised on an asset in this category sold in 2007.

25 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

<i>Summary balance sheet of associates and joint ventures</i>	2008	2007
in CHF 000		
Current assets	5 747	11 333
Non-current assets	23 704	40 539
Current liabilities	- 10 508	- 13 821
Non-current liabilities	- 7 076	- 6 654
= Equity	11 867	31 397

<i>Summary income statement of associates and joint ventures</i>	2008	2007
in CHF 000		
Net revenues	38 118	49 659
Operating profit	1 899	4 182
Net profit	933	3 438

Investments in associates and joint ventures comprise 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).

Valora Retail's 50% stake in cevanova AG, the company which formerly operated the avec. shops in Switzerland, was sold to Migros in 2008, though some of the company's assets were transferred to the Valora Group. The assets and liabilities thus transferred are included under the relevant headings in these consolidated financial statements.

26 FINANCIAL DEBT

<i>Short-term financial debt</i>	2008	2007
in CHF 000		
Current bank debt	638	3
Current portion of non-current bank debt	0	740
Current portion of finance lease obligations	809	965
Total short-term financial debt	1 447	1 708

<i>Long-term financial debt</i>	2008	2007
in CHF 000		
Bank loans	4 558	49 545
Bonds	138 935	138 650
Finance lease obligations	1 276	1 882
Other long-term debt	6 253	7 663
Total long-term financial debt	151 022	197 740

Note 32 provides further information on liabilities arising from finance leases.

Bank loans relate solely to the syndicated credit facility totalling CHF 5 million taken out by Valora Holding AG, all of which is floating rate. The interest rate swap which was entered into as a hedge for a portion of these floating rate interest payments and which qualified as a cash flow hedge was closed out when its matching liability was reimbursed (see note 33). Under the syndicated loan agreement, the Valora Group has covenanted to maintain its equity ratio and indebtedness within certain parameters during the life of the facility.

<i>Bonds</i>	Gross	Discount	2008 net	2007 net
in CHF 000				
2.875% bond 2005–2012	140 000	1 065	138 935	138 650

The effective yield on the bond is 3.1%.

<i>Maturities at year end were as follows</i>	2008	2007
in CHF 000		
Within one year	809	1 705
Within 1-2 years	999	3 264
Within 2-3 years	539	0
Within 3-4 years	143 070	0
Within 4-5 years	4 558	194 208
After more than 5 years	1 856	268
Total	151 831	199 445
Current portion of long-term financial debt	– 809	– 1 705
Total long-term financial debt	151 022	197 740

During 2008, a nominal total of CHF 45.0 million in outstanding syndicated loans were redeemed.

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Interest rates ranged from 2.00% to 5.83%. The weighted average rate of interest on financial liabilities was 3.12% (3.14% in 2007).

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

	2008	2007
in CHF 000		
CHF	145 411	190 379
DKK	474	0
EUR	4 129	6 013
SEK	1 008	1 348
Total long-term financial debt	151 022	197 740

27 TRADE ACCOUNTS PAYABLE

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

	2008	2007
in CHF 000		
CHF	125 470	130 213
DKK	6 300	15 849
EUR	98 395	101 853
NOK	5 847	4 437
SEK	16 057	28 756
Other	919	746
Total trade accounts payable	252 988	281 854

28 OTHER CURRENT LIABILITIES

	2008	2007
in CHF 000		
Value-added tax and other taxes owed	15 726	11 530
Social security contributions payable	3 061	3 497
Accruals for overtime, unused vacation and variable elements of remuneration	22 647	19 377
Pension cost payable	733	763
Warranties and similar current accruals	0	17
Accrued expenses	69 660	66 079
Miscellaneous current liabilities	22 695	19 955
Total other current liabilities	134 522	121 218

29 PROVISIONS

	Guarantees	Litigation	Restructuring	Total
in CHF 000				
Balance at January 1, 2007	15 576	4 228	5 070	24 874
Utilised	- 5 092	- 124	- 1 806	- 7 022
Amounts released to income	- 5 978	0	- 3 264	- 9 242
Fair value adjustment	244	205	0	449
Translation adjustments	0	3	0	3
Balance at December 31, 2007	4 750	4 312	0	9 062
Utilised	- 501	0	0	- 501
Amounts released to income	- 500	0	0	- 500
Recognised	6 230	0	5 873	12 103
Fair value adjustment	53	205	0	258
Balance at December 31, 2008	10 032	4 517	5 873	20 422
Current provisions	2 149	0	5 503	7 652
Long-term provisions	7 883	4 517	370	12 770
Total provisions	10 032	4 517	5 873	20 422

Guarantees. These comprise contractual guarantees in connection with the business units sold as part of the focusing strategy and the sales of Fotolabo and Own Brands.

Changes in 2008: CHF 250 thousand of the Fotolabo guarantees were utilised. The sale of Own Brands resulted in provisions totalling CHF 6.2 million being created in the first half of 2008, CHF 2.9 million of which are short-term and the remaining CHF 3.3 million long-term. CHF 251 thousand of these had been utilised by December 31, 2008. A further CHF 0.5 million were released to the income statement, after an environmental survey commissioned by the purchaser showed that no environmental guarantee claims would arise.

The guarantees issued in connection with the focusing strategy disposals will all expire no later than 2014, while those related to the Fotolabo sale will run no later than 2013. The guarantees issued in connection with the Own Brands sale run for between two and five years.

Litigation. A remaining CHF 4.5 million of the provisions made in Germany in relation to a fraud case and to Valora Retail cases pending since 2003 are still in place.

The court proceedings relating to the fraud case in Germany are lasting longer than originally foreseen and will probably be concluded after 2009.

Restructuring. Provisions created in respect of restructuring measures in the Group's Swiss operations amounted to CHF 5.9 million in 2008. CHF 1.8 million of these related to Valora Retail, CHF 0.9 million to Valora Media and CHF 3.2 million to the Corporate division. The majority of these restructuring projects are expected to be completed during 2009.

30 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2008. 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.

<i>Plan liabilities and assets</i>	2008	2007
in CHF 000		
Current present value of benefit obligation at January 1	585 515	651 327
Benefit entitlements earned by participants	29 739	34 506
Prior pension costs recognised in period	2 644	0
Interest costs	19 186	19 739
Benefits paid out	- 50 820	- 36 865
Actuarial gain on benefit obligation	- 45 818	- 83 207
Exchange rate (gains) losses	- 2 613	15
Current present value of benefit obligation at December 31	537 833	585 515
Plan assets at market value at January 1	697 786	697 449
Expected net return on assets	31 340	32 070
Employer contributions	10 453	10 990
Employee contributions	10 085	10 768
Benefits paid out	- 50 442	- 36 686
Actuarial loss on plan assets	- 127 445	- 16 868
Exchange rate (losses) gains	- 230	63
Plan assets at market value at December 31	571 547	697 786

Changes made in 2008 with regard to assumed discount rates and assumed future pension increases resulted in an actuarial gain on the Group's pension liabilities. The actuarial loss on fund assets resulted from investment returns which were below expectations.

For 2009, the Group expects to make employer's contributions of CHF 12.7 million.

<i>Balance sheet data</i>	2008	2007
in CHF 000		
Current present value of funded plan benefit obligations	- 527 572	- 574 095
Plan assets at market value	571 547	697 786
Surplus on funded plans	43 975	123 691
Current present value of unfunded benefit obligations	- 10 261	- 11 420
Unrecorded actuarial losses (gains)	41 948	- 39 363
Total surplus	75 662	72 908
of which capitalised as employer contribution surplus	83 997	82 920
of which capitalised as employer contribution liability	- 8 335	- 10 012

The surplus on funded plans decreased by CHF 79.7 million during 2008. This was mainly due to investment returns failing to match expectations and the decrease in the fund's assets which resulted from this.

<i>Income statement</i>	2008	2007
in CHF 000		
Actuarial pension costs	- 29 739	- 34 506
Interest costs	- 19 186	- 19 739
Expected net return on assets	31 340	32 070
Prior pension costs recognised in period	- 2 644	0
Net pension cost for period	- 20 229	- 22 175
Employee contributions	10 085	10 768
Actuarial net pension costs	- 10 144	- 11 407

<i>Key actuarial assumptions</i>	2008	2007
Discount rate	3.50%	3.25%
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	0.25%	0.50%

The calculations for the Swiss plans, which use the EVK 2000 mortality table, were adjusted to reflect increased longevity.

<i>Asset allocation</i>	2008	Langfristig erwarteter Ertrag	Beitrag zum Vermögensertrag	2007
Cash and cash equivalents	4.10%	2.00%	0.08%	5.10%
Fixed income	31.20%	3.50%	1.09%	24.80%
Equity	25.80%	7.00%	1.81%	40.50%
Real estate	33.40%	4.50%	1.50%	27.60%
Other	5.50%	3.50%	0.19%	2.00%
Total	100.00%		4.67%	100.00%
Costs			0.17%	
Net return			4.50%	

The effective total return generated in 2008 was -14.2% (2.8% in 2007). 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.

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<i>Surpluses</i>	2008	2007	2006	2005
in CHF 000				
Current present value of pension liabilities	- 537 833	- 585 515	- 651 327	- 568 599
Pension assets at market prices	571 547	697 786	697 449	651 862
Surplus	33 714	112 271	46 122	83 263
<i>Adjustments based on past experience</i>				
Adjustments to pension plan liabilities based on past experience	17 692	43 100	- 42 756	1 645
Adjustments to pension plan liabilities based on modified assumptions	28 126	40 107	- 21 940	- 35 496
Adjustments to pension plan assets based on past experience	- 127 445	- 16 868	25 270	2 313
Actuarial gains (losses)	- 81 627	66 339	- 39 426	- 31 538

31 SHARE-BASED PAYMENTS

Employees. Valora operates the following share-based remuneration plans for its Board of Directors, management and staff.

Board share ownership plan. For 2007, this plan provided for shares to be allocated to Board members on the basis of the increase in earnings per share compared to the previous year. 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.

No share-based remuneration will be granted to Board members in 2008.

Group Executive share ownership plan. For those members of Group Executive Management who were already in office in 2007, the remuneration plan established in 2006 continues to apply until the end of 2008. Under this plan, 40% of any bonuses paid in respect of the years 2006 to 2008 is 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 1 182 shares were allocated in respect of 2008 (2 229 in respect of 2007). The market price prevailing for the shares at the time of their allocation was CHF 270.25. Members of Group Executive Management who joined Valora in 2008 will receive no share-based remuneration for 2008.

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. This programme was closed to new participants at the end of 2008. No further awards will be made to existing participants. Based on the results for those years, no awards were made in respect of 2007 or 2008.

Valora Performance Shares (VPS). In 2008, a programme for middle and upper management (excluding Group Executive Management) was established. Individual participation is voluntary. The plan pays a portion of a manager's total remuneration in the form of Valora shares. The Valora performance shares awarded on January 1, 2008 (or thereafter in the case of those joining during the year) vest on December 31, 2010, after which ownership passes to the individual participants. Participants leaving Valora before the end of the vesting period lose their entitlement to shares. At December 31, 2008, 13 178 registered shares had been allocated to participating managers. The personnel expense arising from these awards, recognition of which will be spread over the entire vesting period, amounted to CHF 1.12 million in 2008. Awards under this programme were discontinued as of December 31, 2008 and the programme was closed. Valora will continue to meet its existing obligations under the plan with regard to awards already made.

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 2008, 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.

<i>Share based payment expense</i>	2008	2007
in CHF 000		
Employee and executive share ownership plans reported as personnel expense (see Note 9)	1 404	1 947
Total share-based payment expense	1 404	1 947

32 CONTINGENCIES AND COMMITMENTS

<i>Contingent liabilities</i>	2008	2007
in CHF 000		
Sureties	292	344
Other contingent liabilities	360	662
Total contingent liabilities	652	1 006

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

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<i>Commitments</i>	2008	2007
in CHF 000		
Long-term rental commitments	282 421	285 904
Operating lease commitments	12 631	10 641
Finance lease commitments	2 201	3 000
Future contractual obligations and other commitments	193	0
Total commitments	297 446	299 545

<i>Long-term rental commitments</i>	2008	2007
in CHF 000		
Minimum rental expense in period	46 472	39 287
Conditional rental expense in period	74 432	74 135
Total rental expense in period	120 904	113 422

<i>Leases maturing</i>		
Within one year	60 356	62 855
Within 1-2 years	57 038	52 876
Within 2-3 years	41 449	47 882
Within 3-4 years	38 284	33 360
Within 4-5 years	28 684	30 677
After more than 5 years	56 610	58 254
Total long-term rental commitments	282 421	285 904

Long-term rental commitments serve primarily to secure kiosk locations for the long term. Some of the rents under these agreements are linked to turnover.

<i>Operating lease commitments</i>	2008	2007
in CHF 000		
Total expenses for operating leases in period	4 983	4 776
<i>Leases maturing</i>		
Within one year	4 721	4 711
Within 1-2 years	4 300	3 026
Within 2-3 years	2 379	1 728
Within 3-4 years	886	845
Within 4-5 years	345	331
Total operating lease commitments	12 631	10 641

<i>Finance lease commitments</i>	2008	2007
in CHF 000		
Total in period	840	943
<i>Leases maturing</i>		
Within one year	1 409	1 566
Within 1-2 years	689	1 100
Within 2-3 years	97	310
Within 3-4 years	6	24
Total financial lease commitments	2 201	3 000
Less future interest charges	– 116	– 153
Total finance lease obligation (present value)	2 085	2 847
Less current portion of finance lease obligation (see Note 26)	– 809	– 965
Long-term finance lease obligation (see Note 26)	1 276	1 882

<i>Resent value of future minimum payments under finance leases</i>	2008	2007
in CHF 000		
Within one year	1 339	1 477
Within 1-2 years	648	1 044
Within 2-3 years	92	302
Within 3-4 years	6	24
Total present value of future minimum finance lease payments	2 085	2 847

The operating lease liabilities principally relate to leased vehicles. The finance leasing obligations relate both to leased vehicles and leased coffee machines in use at Valora outlets.

33 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

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arise as a result of its purchasing goods and services from suppliers abroad 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.

<i>FX rate sensitivity</i>	Hypothetical change (in percent) 2008	Impact on 2008 pre-tax earnings	Impact on 2008 shareholders' equity	Hypothetical change (in percent) 2007	Impact on 2007 pre-tax earnings	Impact on 2007 shareholders' equity
in CHF 000						
CHF/DKK	+/- 8.7%	+/- 2 064	+/- 0	+/- 3.6%	+/- 818	+/- 0
CHF/EUR	+/- 8.7%	+/- 260	+/- 9 259	+/- 3.7%	+/- 451	+/- 4 773
CHF/NOK	+/- 15.5%	+/- 139	+/- 356	+/- 7.3%	+/- 24	+/- 1 108
CHF/SEK	+/- 13.9%	+/- 72	+/- 1 544	+/- 6.9%	+/- 206	+/- 6 322

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 loan (see note 26).

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.

<i>Interest rate sensitivity</i>	Hypothetical change (in basis points) 2008	Impact on 2008 pre-tax earnings	Impact on 2008 shareholders' equity	Hypothetical change (in basis points) 2007	Impact on 2007 pre-tax earnings	Impact on 2007 shareholders' equity
in CHF 000						
CHF	+/- 15	+/- 80	+/- 0	+/- 20	+/- 35	+/- 330
DKK	+/- 105	+/- 112	+/- 0	+/- 40	+/- 67	+/- 0
EUR	+/- 80	+/- 400	+/- 0	+/- 60	+/- 318	+/- 0
NOK	+/- 35	+/- 15	+/- 0	+/- 40	+/- 23	+/- 0
SEK	+/- 125	+/- 185	+/- 0	+/- 30	+/- 85	+/- 0

Liquidity risks. Liquidity risk management aims to ensure the Group is always able to meet its payment obligations in full and on time. The Valora Group continually monitors its liquidity position and uses cash pool structures to optimise it. Additional liquidity reserves in the form of credit lines and cash ensure that the Group remains both solvent and financially flexible.

The table below shows the nominal interest and redemption payments arising from the Group's financial obligations. It takes account of all instruments in which the Group held positions at December 31. Interest amounts payable on floating rate instruments have been determined based on the most recent fixing preceding year end.

in CHF 000	up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 to 5 years	more than 5 years
At December 31, 2008					
Short-term financial liabilities	708	159	649	0	0
Trade accounts payable	183 503	69 428	57	0	0
Other short-term financial liabilities	110 121	15 358	9 043	0	0
Long-term financial liabilities	122	0	6 001	162 110	1 382
Total	294 454	84 945	15 750	162 110	1 382
At December 31, 2007					
Short-term financial liabilities	62	198	1 553	0	0
Interest rate swaps	0	211	628	3 348	836
Trade accounts payable	213 671	67 984	199	0	0
Other short-term financial liabilities	96 717	13 836	10 665	0	0
Long-term financial liabilities	129	485	7 403	220 159	1 382
Total	310 579	82 714	20 448	223 507	2 218

The Valora Group has at its disposal a variety of committed and uncommitted 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 2008 and year end 2007, the Valora Group had no accounts receivable from individual customers which accounted for more than 8.0% of its total accounts receivable.

The Valora Group conducts its financial transactions with a selected number of first-class financial institutions. Specific situations may require subsidiaries to transact business with other banks. The establishment and discontinuation of banking relationships is subject to approval by the Group's corporate treasury, which regularly reviews all banking relationships on the basis of external ratings and sets exposure limits for all counterparties.

The maximum default risk of CHF 368 million on the Group's financial assets (CHF 388 million in 2007) is equal to the book value of these instruments (see note 34).

The table below shows the Group's sight deposits and fixed maturity deposits with maturities of 3 months or less by rating of the banking counterparties with whom they are placed. The table uses Standard & Poor's ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>Sight deposits and fixed maturity deposits maturing in < 3 months placed with banks</i>	2008	2007
in CHF 000		
AAA and/or state guarantee	31 335	13 480
AA	42 252	59 504
A	59 125	44 159
No rating	2 382	6 374
Total sight deposits and fixed maturity deposits maturing in < 3 months placed with banks ¹⁾	135 094	123 517

¹⁾ the remainder of the cash and cash equivalents shown in the balance sheet is cash (including cash in transit).

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 2008 and December 31 2007, or by the use of standard pricing models.

<i>Derivative financial instruments</i>	2008 contract value	2007 contract value	2008 replacement value	2007 replacement value
in CHF 000				
Interest rate instruments				
Swaps	0	30 000	0	205
Currency instruments				
Forward contracts	15 182	10 370	95	81
Total derivative financial instruments	15 182	40 370	95	286

<i>Derivative financial instruments maturing</i>	2008	2007
in CHF 000		
Within one year	15 182	10 370
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	0	30 000
Total derivative financial instruments	15 182	40 370

<i>Market value of cash flow hedges</i>	2008	2007
in CHF 000		
<i>Contracts with positive (negative) replacement value</i>		
Interest rate swaps	0	205

The interest rate swap which was entered into in order to hedge floating rate interest payments and which qualified as a cash flow hedge was closed out when the matching liability underlying it was repaid. Closing out the swap resulted in a realised profit of CHF 827 thousand. This profit, and the CHF 75 thousand in valuation gains which had accumulated since inception, are included in the income statement under net profits from derivative financial instruments.

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 72. The Group's capital and equity cover are shown in the table below:

	2008	2007
in CHF 000		
Equity attributable to shareholders of Valora Holding AG	490 564	595 847
Equity attributable to minority interests	3 325	3 424
Total shareholders' equity	493 889	599 271
Equity cover	45.1%	45.2%

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

Risk assessment required by Swiss Code of Obligations. During October and November 2008, the Valora Group's Board of Directors and Group Executive Management carried out a risk assessment. The objective was 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 began with a series of structured interviews with individual members of Group Executive Management. A Group Executive Management workshop was then held which discussed the results, identified the main risks, analysed and evaluated them, and planned appropriate action. The workshop results were then discussed with the Board of Directors and a set of planned measures was decided upon.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 FINANCIAL INSTRUMENTS

Book values, fair values and valuation categories

	Valuation category	2008 book value	2007 book value	2008 fair value	2007 fair value
in CHF 000					
Assets					
Cash and cash equivalents	LaR	158 436	153 426	158 436	153 426
Derivatives not designated as hedges	FAHfT	712	81	712	81
Derivatives designated as hedges	n/a	0	205	0	205
Trade accounts receivable	LaR	153 728	164 499	153 728	164 499
Other short-term receivables	LaR	47 118	43 802	47 118	43 802
Long-term interest-bearing investments	LaR	7 047	24 786	7 047	24 786
Financial assets available for sale valued at cost	AfS	676	677	n/a	n/a
Financial assets available for sale valued at fair value	AfS	735	886	735	886
Liabilities					
Short-term financial liabilities	FLAC	1 447	1 708	1 447	1 708
Derivatives not designated as hedges	FLHfT	617	0	617	0
Trade accounts payable	FLAC	252 988	281 854	252 988	281 854
Other short-term liabilities	FLAC	134 522	121 218	134 522	121 218
Long-term financial liabilities	FLAC	151 022	197 740	147 969	190 192
Classified by category					
Loans and receivables (LaR)		366 329	386 513	366 329	386 513
Financial assets held for trading (FAHfT)		712	81	712	81
Financial assets available for sale (AfS)		1 411	1 563	n/a	n/a
Financial investments held to maturity (HtM)		0	0	0	0
Financial liabilities at cost (FLAC)		539 979	602 520	536 926	594 972
Financial liabilities held for trading (FLHfT)		617	0	617	0

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 4, 24 and 33. 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.

35 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 38.

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

<i>Goods and services sold to related parties</i>	2008	2007
in CHF 000		
<i>Goods sold to</i>		
Joint ventures in which Valora is a partner	162	191
<i>Services to</i>		
Associates	268	278
Total goods and services sold	430	469

<i>Goods and services purchased from related parties</i>	2008	2007
in CHF 000		
<i>Services purchased from</i>		
Other related parties	148	174
Total goods and services purchased	148	174

<i>Leasing payments to related parties</i>	2008	2007
in CHF 000		
Other related parties	4 059	3 348
Total leasing payments	4 059	3 348

The leasing payments relate to business premises in Luxembourg made available to Valora subsidiaries by a related party.

<i>Leasing payments from related parties</i>	2008	2007
in CHF 000		
Pension plan foundation and other related companies	168	167
Total leasing payments	168	167

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<i>Management and Board compensation</i>	2008	2007
in CHF 000		
Salaries and other short-term benefits ¹⁾	7 410	5 898
Post-employment benefits	341	289
Termination benefits ²⁾	2 505	0
Share-based payments	399	660
Total management and Board compensation ³⁾	10 655	6 847

¹⁾ Including vehicle costs paid by the employer.

²⁾ If a member of Group Executive Management leaves Valora, the Nomination and Compensation Committee will decide on any severance payment which might be granted, insofar as this is not governed by the employment contract in question. As of January 1, 2009, there is no longer any contractual provision for any severance payments or termination benefits to members of Group Executive Management. The termination benefits shown above include payments beyond those arising from a 12-month notice period.

³⁾ Board member Paul-Bernhard Kallen elected not to receive his Director's fee in 2007. 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 663bbis 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.

<i>Receivables for the sale of goods and services to related parties</i>	2008	2007
in CHF 000		
Gross receivables from joint ventures	24	56
Impairments	0	0
Total receivables	24	56

Loans. The cevanova AG joint venture was financed by a high level of borrowing in proportion to its equity capital. The loans provided to the joint venture by Valora were therefore classified as being economically equivalent to shareholders' equity and Valora's stake in the assets of the company have been reported in the balance sheet accordingly. In the table below, the changes in the balances of these loans are shown in accordance with the contractually specified lenders and borrowers concerned. Valora's participation was sold to Migros in 2008 and certain net assets owned by the joint venture were transferred to Valora as part of this transaction.

<i>Loans to related parties</i>	2008	2007
in CHF 000		
Nominal loans to joint ventures on January 1	10 000	10 000
Loans granted to joint ventures	0	0
Sale of cevanova AG	-10 000	0
Nominal loans on December 31	0	10 000
Impairments on January 1	- 665	- 1 539
Valuation increases	665	874
Total impairments	0	- 665
Loans to joint ventures, net	0	9 335

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

36 EQUITY

<i>Shares outstanding</i>	2008	2007
in number of shares		
Total registered shares	3 300 000	3 300 000
<i>of which treasury stock</i>		
Position at January 1	107 057	106 791
Share-based plans for employees and management	- 9 910	- 16 852
Market sales	- 1 640	- 9 582
Buy-back programme for employee share plan	3 836	0
Purchases in market	387 971	26 700
Total treasury stock	487 314	107 057
Total shares outstanding	2 812 686	3 192 943
Average number of shares outstanding	3 078 254	3 201 312

A dividend of CHF 9.00 per share was paid in 2008 (CHF 9.00 per share was paid in 2007). Dividend distributions are based on net income for the year and earnings carried forward by the Valora Holding AG parent company.

Under the employee share programme, 7 201 shares (7 661 shares in 2007) were sold to employees from treasury stock. 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, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 SUBSEQUENT EVENTS

These consolidated financial statements were approved by the Board of Directors of Valora Holding AG on March 24, 2009. The Board of Directors recommends that the Ordinary General Meeting of Shareholders to be held on April 29, 2009 approve these 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 statements back for modification.

38 SIGNIFICANT SUBSIDIARIES OF THE VALORA GROUP

	Currency	Nominal capital in million	Shareholding in %	Corporate	Valora Retail	Valora Media	Valora Trade
<i>Switzerland</i>							
Valora Management AG, Berne	CHF	0.5	100.0	•			
Valora Beteiligungen AG, MuttENZ	CHF	29.4	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	5.2	100.0	•	•	•	•
Melisa SA, Lugano	CHF	0.4	100.0			•	
<i>Germany</i>							
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•			
Stilke GmbH, Hamburg	EUR	3.8	100.0		•		
Sussmann's Presse&Buch GmbH, Hamburg	EUR	0.1	100.0		•		
BHG Bahnhofs-Handels GmbH, Hamburg	EUR	0.5	100.0		•		
HD Presse&Buch GmbH, Hamburg	EUR	0.1	100.0		•		
Media Center Gesellschaft für Presse und Tabakhandel mbH, Berlin	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				•
<i>Benelux</i>							
MPK Shop S.à r.l., Luxembourg	EUR	3.0	100.0		•		
Messageries Paul Kraus S.à r.l., Luxembourg	EUR	7.0	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			•	
<i>United Kingdom</i>							
Valora Holding Finance Ltd, Guernsey	CHF	475.4	100.0	•			

	Currency	Nominal capital in millions	Shareholding in %	Corporate	Valora Retail	Valora Media	Valora Trade
<i>Austria</i>							
Valora Holding Austria AG, Anif	EUR	1.1	100.0	•			
Valora Trade Austria GmbH + Co. KG, Neunkirchen	EUR	3.6	100.0				•
Plagemann Lebensmittelhandels GmbH + Co. KG, Neunkirchen	EUR	0.1	100.0				•
Pressegrossvertrieb Salzburg GmbH, Anif	EUR	0.7	100.0			•	
<i>Sweden</i>							
Valora Holding Sweden AB, Stockholm	SEK	0.5	100.0	•			
Valora Trade Sweden AB, Stockholm	SEK	12.0	100.0				•
<i>Norway</i>							
Valora Holding Norway AS, Røyken	NOK	10.0	100.0	•			
Valora Trade Norway AS, Røyken	NOK	2.0	100.0				•
<i>Denmark</i>							
Valora Trade Denmark A/S, Herlev	DKK	43.0	100.0				•
Valora Trade Denmark Beverages A/S, Herlev	DKK	2.0	75.0				•
<i>Finland</i>							
Oy Valora Trade Finland AB, Helsinki	EUR	0.1	100.0				•
<i>Other countries</i>							
Kaamy S.r.o., Fulnek, Czech Republic	CZK	0.1	50.0				•

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

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Valora Holding AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 67 to 119), for the year ended 31 December 2008.

Board of Directors' Responsibility. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements for the year ended 31 December 2008 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.

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 consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

Hanspeter Gerber
Audit expert
Auditor in charge

Moritz Oberli
Audit expert

Bern, 24. March 2009

INCOME STATEMENT

	2008	2007
January 1 to December 31, in CHF 000		
<i>Income</i>		
Dividend income	28 200	31 100
Interest income	2 980	1 264
Foreign exchange gains	1 249	735
Income from securities	1 042	1 528
Income from royalties	420	15 016
Other income	18 948	26
Total income	52 839	49 669
<i>Expense</i>		
Interest expense	- 8 457	- 11 720
Foreign exchange losses	- 2 932	- 676
Losses on securities	- 36 621	0
Write-down on majority shareholdings	0	- 5 000
General administration expense	- 4 770	- 6 000
Total expense	- 52 780	- 23 396
Net profit for the year	59	26 273

BALANCE SHEET BEFORE APPROPRIATION OF AVAILABLE RETAINED EARNINGS

ASSETS

	2008	2007
<i>at December 31, in CHF 000</i>		
<i>Current assets</i>		
Cash and cash equivalents	2 711	3 609
Securities	72 063	27 033
Short-term receivables	352	156
	from third parties	
	from Group companies	3 322
Total current assets	75 717	34 120
<i>Non-current assets</i>		
Investments	514 375	608 875
Loans and receivables from Group companies	17 969	22 210
Discounts and capitalised issuance cost on bonds issued	991	1 274
Brands	0	111 025
Total non-current assets	533 335	743 384
Total assets	609 052	777 504

LIABILITIES AND EQUITY

	2008	2007
at December 31, in CHF 000		
<i>Liabilities</i>		
Short-term bank debt/overdrafts	577	0
Current liabilities		
towards third parties	3 624	1 273
towards Group companies	35 716	50 950
Accrued expenses		
towards third parties	2 403	2 701
Loans payable to Group companies	0	77 380
Syndicated credit loans	5 000	50 000
Bonds payable	140 000	140 000
Accrued liabilities	51 081	56 002
Total liabilities	238 401	378 306
<i>Equity</i>		
Share capital	3 300	3 300
Allgemeine gesetzliche Reserve	140 664	140 664
Reserve für eigene Aktie	108 180	28 999
Unrestricted reserves	50 673	129 659
Earnings available for distribution		
Earnings brought forward	67 775	70 303
Net profit for the year	59	26 273
Total equity	370 651	399 198
Total liabilities and equity	609 052	777 504

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 (Obligationenrecht).

B NOTES

1 CONTINGENT LIABILITIES. At December 31, 2008 the Group's contingent liabilities, consisting of sureties, subordination and keep well agreements, guarantees and other contingent liabilities in favour of subsidiaries totalled CHF 123.3 million, vs CHF 149.6 million at year-end 2007. None of these contingent liabilities covered obligations by third parties.

2 BONDS OUTSTANDING

	Coupon	Maturity	At 31.12.2008	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

	2008 Number of shares	2008 Net book value	2007 Number of shares	2007 Net book value
in CHF 000				
Opening balance (at January 1)	107 057	27 015	106 791	27 205
<i>Disposals</i>				
Employee/executive share ownership plans	- 9 910	- 2 525	- 16 852	- 4 293
<i>Stock market purchases and sales</i>				
Sales	- 1 640	- 287	- 9 582	- 2 441
Value adjustments	-	- 36 787	-	-
Purchases	391 807	84 629	26 700	6 544
Closing balance (at December 31)	487 314	72 045	107 057	27 015

These purchases were made at prevailing market prices ranging from CHF 135.63 to CHF 275.29.

During 2008, Valora Holding AG purchased 391 807 of its registered shares at an average price of CHF 216.00 and sold 11 550 shares at an average price of CHF 243.46. As of December 31, 2008, a total of 350 257 shares had been purchased through a second trading line established on the Swiss stock exchange for the purpose of buying back shares to reduce outstanding share capital. The proportion of its issued share capital held by the company itself was 14.77% at December 31, 2008 (3.24% in 2007).

4 NET RELEASE OF HIDDEN RESERVES. There were no net releases of hidden reserves in the 2008 or 2007 financial years.

5 COMPENSATION AND SHAREHOLDINGS

Compensation 2008

	Director's fee/ base salary	Cash pay- ments ¹⁾	Profit sharing		Emolument in kind	Termination payments ³⁾	Other compen- sation ⁴⁾	Total 2008
			Bonus	Group Executive share plan				
			No. of shares allo- cated	Value of shares ²⁾				
in CHF 000								
Board of Directors								
Rolando Benedick Chairman	387.5	–	–	–	0.0	0.0	46.0	433.5
Markus Fiechter Vice-Chairman	129.2	–	–	–	0.0	0.0	16.8	146.0
Bernhard Heusler Board member	75.0	–	–	–	0.0	0.0	9.5	84.5
Franz Julen Chairman of Nomination and Compensation Committee	90.0	–	–	–	0.0	0.0	11.6	101.6
Conrad Löffel Chairman of Audit Committee	110.0	–	–	–	0.0	0.0	14.1	124.1
Total emoluments to present Board members	791.7	–	–	–	0.0	0.0	98.0	889.7
Beatrice Tschanz Kramel Chairwoman till January 30, 2008	80.0	–	–	–	0.0	0.0	12.1	92.1
Charges arising from early share allocations ⁵⁾	–	–	–	–	–	–	15.0	15.0
Total emoluments to former Board members	80.0	–	–	–	0.0	0.0	27.1	107.1
Total Board compensation	871.7	–	–	–	0.0	0.0	125.1	996.8
Group Management								
Thomas Vollmoeller ⁶⁾ CEO	327.0	193.0	–	–	10.7	–	72.2	602.9
Total compensation to current Group Executive Management (GEM), including CEO	1 378.8	767.4	1 182	319.4	51.3	–	330.7	2 847.6
Total compensation to former members of Group Executive Management ³⁾	2 068.3	1 552.6	–	–	57.5	2 504.6	628.0	6 811.0
Total GEM compensation, including CEO ³⁾	3 447.1	2 320.0	1 182	319.4	108.8	2 504.6	958.7	9 658.6

¹⁾ The amounts shown here relate to the effective costs booked in relation to bonuses granted to the current members of Group Executive Management in respect of 2008 and payable in April 2009.

²⁾ Under IFRS 2 the market value of the shares at the time they were granted was CHF 270.25 per share. The shares are subject to a 5-year lock-up period. Details of the Group Executive share ownership programme can be found in note 31 to the consolidated financial statements.

³⁾ Total compensation to former Members of Group Executive Management included compensation paid in respect of 2008 in the form of continuing salary payments (ongoing salary payments for up to 12 months under employment contracts and termination provisions thereto are recorded as base salary and profit-sharing. Further payments are shown here in the termination payments column).

⁴⁾ 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.

⁵⁾ Shares were allocated to several Board members before the applicable lock-up periods had expired. The additional social security contributions arising from this were borne by Valora Holding AG.

⁶⁾ Thomas Vollmoeller has been CEO of the Valora Group since June 2008.

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

Compensation 2007

	Director's fee/ base salary	Cash payments ²⁾		Profit sharing		Group Executive share plan		Emolument in kind	Termination payments	Other compen- sation ⁵⁾	Total 2007
		Regu- lar bonus	Spe- cial bonus	Board share plan		Group Executive share plan					
				No. of shares allo- cated	Value of shares ³⁾	No. of shares allo- cated	Value of shares ⁴⁾				
in CHF 000											
Board of Directors ¹⁾											
Beatrice Tschanz Kramel Chairwoman from Nov. 30, 2007. Also chaired Nomination and Com- pensation Committee.	120.0	–	–	0	0.0	–	–	0.0	0.0	15.2	135.2
Werner Kuster Vice-Chairman	100.0	–	–	0	0.0	–	–	0.0	0.0	8.6	108.6
Andreas Gubler Chairman of Audit Committee	110.0	–	–	0	0.0	–	–	0.0	0.0	14.0	124.0
Franz Julen Board member since 2007 AGM	100.0	–	–	0	0.0	–	–	0.0	0.0	12.7	112.7
Paul-Bernhard Kallen ⁷⁾ Board member from 2007 AGM	0.0	–	–	0	0.0	–	–	0.0	0.0	0.0	0.0
Felix Weber Board member	110.0	–	–	0	0.0	–	–	0.0	0.0	14.0	124.0
Total emoluments to current Board members	540.0	–	–	0	0.0	–	–	0.0	0.0	64.5	604.5
Fritz Ammann Chairman till Nov. 30, 2007	175.0	–	–	0	0.0	–	–	0.0	0.0	21.4	196.4
Total emoluments to former Board members	175.0	–	–	0	0.0	–	–	0.0	0.0	21.4	196.4
Total Board compensation ⁷⁾	715.0	–	–	0	0.0	–	–	0.0	0.0	85.9	800.9
Group Management											
Peter Wüst, CEO and interim Head of Valora Retail division	600.0	261.0	225.0	–	–	735	198.6	50.1	0.0	219.8	1 554.5
Total compensation to current Group Executive Management, incl. CEO	2 000.0	791.3	881.2	–	–	2 229	602.4	172.5	0.0	655.2	5 102.6
Total compensation to former members of Group Executive Management (GEM) ⁶⁾	666.7	80.0	–	–	–	–	–	50.1	–	146.9	943.7
Total GEM compensation, incl. CEO ⁶⁾	2 666.7	871.3	881.2	–	–	2 229	602.4	222.6	0.0	802.1	6 046.3

¹⁾ Functions of Board members at December 31, 2007

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

³⁾ Under IFRS 2 the market value of the shares at the time they were granted was CHF 351.75 per share. The shares are subject to a 5-year lock-up period. Based on 2007 results, no shares were awarded. Details of the Board of Directors' share ownership programme can be found in note 31 to the consolidated financial statements.

- ⁴⁾ Under IFRS 2 the market value of the shares at the time they were granted was CHF 270.25 per share. The shares are subject to a 5-year lock-up period. Details of the Group Executive share ownership programme can be found in note 31 to the consolidated financial statements.
- ⁵⁾ These amounts constitute payments made to pension plans and other benefit schemes as well as the discount granted by the employer as part of the employee share ownership programme.
- ⁶⁾ These amounts also include continuing salary payments to former members of Group Executive Management in addition to regular 2007 compensation (continuing salary payments provided for by employment contracts).
- ⁷⁾ Board Director Paul-Bernhard Kallen elected not to receive his Director's fee. Valora Holding AG donated an equivalent amount to a charitable foundation. The amount donated is not included in the total Board compensation shown here.

No 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.

Emoluments paid to Board members are directly charged to Valora Holding AG. Compensation paid to members of Group Executive Management are made by their employer, Valora Management AG.

Loans and advances. At December 31, 2007 and 2008 there were no loans or advances outstanding to members of the Board or of Group Executive Management or to persons associated with them.

Shareholdings. At December 31, 2007 and 2008, individual members of the Board and Group Executive Management (including persons associated with them) held the following numbers of shares of Valora Holding AG:

	2008 Number of shares	2008 Share of total voting rights in %	2008 of which subject to a lock-period till	2007 Number of shares	2007 Share of total voting rights in %	2007 of which subject to a lock-period till
Board of Directors						
Rolando Benedick Chairman	5 690	0.17	none	–	–	–
Markus Fiechter Vice-Chairman	1 000	0.03	none	–	–	–
Bernhard Heusler Board member	0	0.00	none	–	–	–
Franz Julen Chairman of Nomination and Compensation Committee	450	0.02	none	100	0.00	none
Conrad Löffel Chairman of Audit Committee	0	0.00	none	–	–	–
Beatrice Tschanz Kramel Chairwoman, also chaired Nomination and Compensation Committee, stepped down in April 08	–	–	–	909	0.03	286: 27.04.2010 323: 25.04.2012
Werner Kuster Vice-Chairman, stepped down in April 08	–	–	–	655	0.02	229: 27.04.2010 231: 25.04.2012
Andreas Gubler Chairman of Audit Committee, stepped down in April 08	–	–	–	540	0.02	229: 27.04.2010 231: 25.04.2012
Paul-Bernhard Kallen Board member, stepped down in April 08	–	–	–	2 500	0.08	none
Felix Weber Board member, stepped down in 2008	–	–	–	324	0.01	323: 25.04.2012

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

	2008 Number of shares	2008 Share of total voting rights in %	2008 of which subject to a lock-period till	2007 Number of shares	2007 Share of total voting rights in %	2007 of which subject to a lock-period till
Group Management						
Thomas Vollmoeller CEO	0	0.00	none	–	–	–
Lorenzo Trezzini CFO	0	0.00	none	–	–	–
Kaspar Niklaus Head of Valora Retail division	0	0.00	none	–	–	–
Christian Schock Head of Valora Media division	961	0.03	436: 28.03.2012 429: 03.04.2013 96: 22.04.2013	436	0.01	436: 28.03.2012
Alex Minder Head of Valora Trade division	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	1 405	0.04	304: 06.04.2010 153: 01.07.2011 120: 21.03.2012 828: 28.03.2012
Peter Wüst CEO and interim Head of Retail Division, left Valora in June 08	–	–	–	3 286	0.10	63: 22.03.2010 1 200: 06.04.2010 29: 01.07.2011 120: 21.03.2012 1 874: 28.03.2012
Markus Voegeli CFO, left Valora in September 08	–	–	–	1 869	0.06	190: 06.04.2010 180: 01.07.2011 120: 21.03.2012 1 249: 28.03.2012
Ruedi Keller Head of Valora Management Services Division, left Valora in March 08	–	–	–	1 357	0.04	456: 06.04.2010 27: 01.07.2011 120: 21.03.2012 754: 28.03.2012
Total for Board and Group Management	9 809	0.30		13 381	0.41	

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, 2008, this 5% threshold was equivalent to 165 000 registered shares.

On December 31, 2008, the Pictet Group, through its subsidiaries,¹⁾ 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.

On 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.

On December 31, 2007, the Pictet Group, through its subsidiaries²⁾, held a total of 219 211 registered shares of Valora Holding AG, equivalent to 6.64% 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. Also, on January 10, 2008, UBS Fund Management (Switzerland) Ltd, Basle held a total of 173 604 registered shares of Valora Holding AG, equivalent to 5.26% 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.

¹⁾ 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 Institut. Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Continental European Equit., Luxembourg; Pictet Funds SA - Pictet Fund (CH) Enhanced, Geneva; Pictet Funds SA - Swiss Market Tracker, Geneva; Pictet Funds SA - Institutional Swiss Equit. Tracker, Geneva; Pictet Funds SA - Swiss Equities Pool, Geneva; Pictet Funds SA - Subvenimus Institutional Fund, Geneva; Pictet et Cie (Europe) S.A., Luxembourg

²⁾ Pictet Funds SA - Swiss Mid Small Cap, Geneva; The Alphanatics Funds Ltd, Grand Cayman; Pictet Funds (LUX) Sicav - Small Caps Europe, Luxembourg; Pictet Funds (Europe) SA - Pictet Funds (CH) - Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Pool Swiss Equities, Luxembourg; Pictet Funds SA - Pictet Institut. Swiss Equities, Geneva; Pictet Funds (LUX) Sicav - Continental European Equit., Luxembourg; Pictet Funds SA - Pictet Fund (CH) Enhanced, Geneva; Pictet Funds (LUX) Sicav - EAFE Pool Equities, Luxembourg; Pictet Funds SA - Swiss Market Tracker, Geneva; Pictet Funds (LUX) Sicav - EAFE Pool, Luxembourg; Pictet International Equity Fund, Wilmington; Pictet Funds SA - Institutional Swiss Equit. Tracker, Geneva; Pictet Funds SA - Swiss Equities Pool, Geneva; Pictet Funds SA - Subvenimus Institutional Fund, Geneva

NOTES TO THE FINANCIAL STATEMENTS OF VALORA HOLDING AG

7 SIGNIFICANT SUBSIDIARIES OF VALORA HOLDING AG

	31.12.2008 Holding in %	31.12.2007 Holding in %
<i>Switzerland</i>		
Valora Beteiligungen AG, MuttENZ	100.0	100.0
Valora Management AG, Bern	100.0	100.0
Valora Investment AG, Bern	100.0	100.0
Merkur AG, Bern	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

As a result of the reorganised structure of the Group's investments in its subsidiaries, a revaluation profit of CHF 5.1 million was generated in 2008 (CHF – 5.0 million in 2007).

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. The disclosure for 2007 has been adjusted to make the 2007 and 2008 figures easier to compare.

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, 2008, none of these shares had been issued.

10 RISK ASSESSMENT. During October and November 2008, the Valora Group's Board of Directors and Group Executive Management carried out a risk assessment. The objective was 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 began with a series of structured interviews with individual members of Group Executive Management. A Group Executive Management workshop was then held which discussed the results, identified the main risks, analysed and evaluated them, and planned appropriate action. The workshop results were then discussed with the Board of Directors and a set of planned measures was decided upon.

PROPOSED APPROPRIATION OF EARNINGS AVAILABLE FOR DISTRIBUTION

Proposal for the appropriation of earnings available for distribution

	2008	2007
in CHF 000		
Net profit for the year	59	26 273
+ Earnings brought forward	67 775	70 303
Earnings available for distribution	67 834	96 576
<i>The Board of Directors proposes</i>		
Payment of a dividend of CHF 9.00 per registered share entitled to dividend	- 25 200	- 28 801
Balance to be carried forward	42 634	67 775
<i>Dividend distribution (in CHF)</i>		
Gross dividend per share	9.00	9.00
- 35% withholding tax	- 3.15	- 3.15
Net dividend per share (in CHF)	5.85	5.85

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

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Valora Holding AG, which comprise the balance sheet, income statement and notes (pages 123 to 132), for the year ended 31 December 2008.

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 2008 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.

PricewaterhouseCoopers AG

Hanspeter Gerber	Moritz Oberli
Audit expert	Audit expert
Auditor in charge	

Bern, 24 March 2009

REPORT ON CORPORATE GOVERNANCE AND COMPENSATION

Valora is aware of the expectations placed on its corporate governance and is committed to meeting them. Our objective is to attain the highest levels of transparency commensurate with best practice standards. We believe that this applies particularly to the structure of our organisation and of the control and management infrastructure we have in place. Above all, this transparency should protect shareholders' interests and create value for all other stakeholders.

The corporate governance and compensation section of this annual report follows the structure set out in the applicable SIX Swiss Exchange guidelines:

- 1 Group structure and shareholders, p. 136
- 2 Capital structure, p. 138
- 3 Board of Directors, p. 140
- 4 Group Executive management, p. 144
- 5 Compensation, shareholdings and loans, p. 146
- 6 Shareholders' participation, p. 147
- 7 Changes of control and defence measures, p. 148
- 8 Auditors, p. 149
- 9 Information policy, p. 149

1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 GROUP STRUCTURE. Valora Holding AG, the Group's parent company, is a limited company established under Swiss law. Either directly or indirectly, it holds stakes in 45 significant unlisted companies, all of which are fully consolidated in its accounts. The Group's operational structure is set out on page 8.

1.1.1 LISTED COMPANIES. The only listed company in the Valora Group is Valora Holding AG, which is domiciled in Berne. The company is listed on the main section of SIX Swiss Exchange and on the BX Berne Exchange (Swiss securities number 208 897, Telekurs VALN, Reuters VALN.S, Bloomberg VALN.SW, ISIN number CH0002088976). The company itself holds 14.77% of the total of 3 300 000 issued shares. The number of company shares which were acquired through the second trading line established as part of the share buyback programme amount to 10.61% of the total number of issued shares. At December 31, 2008 the market capitalisation of Valora Holding AG amounted to CHF 433 million. The company's market capitalisation over the last 5 years is shown on page 155.

1.1.2 CONSOLIDATED COMPANIES. The significant companies within the Group are shown in the notes to the consolidated financial statements on pages 118 to 119, which list the name, domicile, total share capital and percentage of share capital held by Valora Holding AG.

1.2 SIGNIFICANT SHAREHOLDERS. The following significant shareholders have disclosed shareholdings to Valora Holding AG in accordance with article 20 of the Swiss Federal Stock Exchange Act (in German, «Börsengesetz» or «BEHG»):

On January 14, 2008, UBS Fund Management (Switzerland) Ltd, P.O. Box, 4002 Basle, Switzerland reported that its total holdings at January 10, 2008 had exceeded the 5% threshold, reaching a total of 173 604 registered shares in Valora Holding AG, equivalent to 5.26% of the issued share capital. This shareholder's overall holdings as of that date thus corresponded to 5.26% of the outstanding voting shares.

On January 28, 2008, Lombard Odier Darier Hentsch Fund Managers SA (LODHFMS) reported that, following sales made by its LODH Swiss Cap (ex-SMI) and its LODH Opportunity Swiss Small and Mid Caps funds on January 25, 2008, its holdings as of that date totalled 96 441 registered

shares in Valora Holding AG, equivalent to 2.92% of the issued share capital. This shareholder's overall holdings as of that date thus corresponded to 2.92% of the outstanding voting shares.

On January 29, 2008, Richelieu Finance Gestion Privée, société anonyme, 6 av. Franklin Roosevelt, 75008 Paris, France reported that, following sales by two of its public managed funds on January 24, 2008, its holdings as of that date totalled 97 628 registered shares in Valora Holding AG, equivalent to 2.96% of the issued share capital. This shareholder's overall holdings as of that date thus corresponded to 2.96% of the outstanding voting shares.

On February 20, 2008, the State of New Jersey Common Pension Fund D, Trenton, NJ 08625, USA reported that its holdings in Valora Holding AG registered shares as of December 1, 2007 amounted to a total of 150 000, equivalent to 4.55% of the issued share capital. This shareholder's overall holdings as of that date thus corresponded to 4.55% of the outstanding voting shares.

On April 21, 2008, Pictet Funds SA, Route des Acacias, 1211 Geneva, Switzerland, reported that purchases made on April 16, 2008 by its Pictet (CH) Enhanced (0.19%), Pictet (CH) Swiss Market Tracker (0.10%), Pictet (CH) Swiss Mid Small Cap (1.03%), Pictet Swiss Equities (0.64%), Pictet Fund (CH) Pool Swiss Equities (0.02%), Pictet Institutional Swiss Equities (0.90%), Pictet Institutional Swiss Equities Tracker (0.06%), Ethos (0.07%) and Subvenimus Institutional Fund (0.01%) had resulted in its holding a total of 99 509 registered shares in Valora Holding AG, equivalent to 3.02% of the issued share capital. This shareholder's overall holdings as of that date thus corresponded to 3.02% of the outstanding voting shares.

On July 4, 2008, Amber Capital LP, 153 East 53rd Street, New York, NY 10022, USA, acting as investment manager of Amber Master Fund (Cayman) SPC, P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands reported that sales on June 30, 2008 had resulted in that fund's holdings of Valora Holding AG registered shares falling below 3% of the outstanding voting shares. Amber Capital LP is entrusted with the independent management of the Amber Master Fund (Cayman) SPC, the legal owner of the shares.

On July 8, 2008, Valora Holding AG, Belpstrasse 37, 3000 Berne 14, Switzerland reported that, as a result of purchases made, it held a total of 5.19% of its own outstanding share capital and thus of its outstanding voting shares. This resulted from holdings of 163 774 registered shares (4.96% of the total outstanding shares) and a short position in put options on a further 7 681 registered shares (0.23% of the total outstanding shares). The options (European puts expiring on January 31, 2013, each of which entitles its holder to sell one registered share at the average closing price recorded during the first week after the options vest) are an obligation which arose from employee share participation programmes.

On July 9, 2008, Valora Holding AG, Belpstrasse 37, 3000 Berne 14, Switzerland reported that, as a result of purchases made, it held a total of 5.65% of its own outstanding share capital and thus of its outstanding voting shares. This resulted from holdings of 179 024 registered shares (5.42% of the total outstanding shares) and a short position in put options on a further 7 681 registered shares (0.23% of the total outstanding shares). The options (European puts expiring on January 31, 2013, each of which entitles its holder to sell one registered share at the average closing price recorded during the first week after the options vest) are an obligation which arose from employee share participation programmes.

On September 18, 2008, Manning & Napier Advisors Inc., 290 Woodcliff Drive, Fairport, NY 14450, USA, reported that, as a result of purchases made, it held 99 860 registered shares in Valora Holding AG, equivalent to 3.02% of the total issued share capital. This shareholder's overall holdings as of that date thus corresponded to 3.02% of the total outstanding voting shares.

On October 3, 2008, Valora Holding AG, Belpstrasse 37, 3000 Berne 14, Switzerland reported that, as a result of purchases made, it held a total of 10.15% of its own outstanding share capital and thus of its outstanding voting shares. This resulted from holdings of 327 159 registered shares (9.92% of the total outstanding shares) and a short position in put options amounting to a further 0.23% of the total outstanding shares. The options (European puts expiring on January 31, 2013, each of which entitles its holder to sell one registered share at the average closing price recorded

during the first week after the options vest) are an obligation which arose from employee share participation programmes.

On October 6, 2008, Valora Holding AG, Belpstrasse 37, 3000 Berne 14, Switzerland reported that, as a result of purchases made, it held a total of 10.48% of its own outstanding share capital and thus of its outstanding voting shares. This resulted from holdings of 338 344 registered shares (10.25% of the total outstanding shares) and a short position in put options amounting to a further 0.23% of the total outstanding shares. The options (European puts expiring on January 31, 2013, each of which entitles its holder to sell one registered share at the average closing price recorded during the first week after the options vest) are an obligation which arose from employee share participation programmes.

On October 16, 2008, Manning & Napier Advisors Inc., 290 Woodcliff Drive, Fairport, NY 14450, USA, reported that following sales made on October 15, 2008, its total holdings in registered shares of Valora Holding AG had fallen below 3% of the outstanding voting shares.

On January 5, 2009, Valora Holding AG, Belpstrasse 37, 3000 Berne 14, Switzerland reported that, as a result of purchases made, it held a total of 15.36% of its own outstanding share capital and thus of its outstanding voting shares. This resulted from holdings of 499 214 registered shares (15.13% of the total outstanding shares) and a short position in put options amounting to a further 0.23% of the total outstanding shares. The options (European puts expiring on January 31, 2013, each of which entitles its holder to sell one registered share at the average closing price recorded during the first week after the options vest) are an obligation which arose from employee share participation programmes.

On January 23, 2009, GoldenPeaks Capital Management Ltd, Suite 7, Provident House, Haviland Street, St. Peter Port, GY1 2QE, Guernsey, acting as investment manager for GoldenPeaks Active Value Master Fund Ltd, Zephyr House, 122, Mary Street, Grand Cayman, K1 1107, Cayman Islands, reported that on January 21, 2009, its holdings in registered shares of Valora Holding AG had reached a reporting threshold. As of that date it held 87 588 registered shares (equivalent to 2.65% of issued share capital) and a long position in 1 153 800 call warrants exercisable into Valora Holding AG shares (VALAA, ISIN: CH0049933747, conversion ratio: 30:1, expiration: January 21, 2010, strike price: CHF 178). In aggregate, these two positions represented 3.81% of the outstanding voting shares.

On March 4, 2009, Pictet Funds S.A., Route des Acacias, 1211 Geneva, Switzerland reported that sales made on February 26, 2009 by its Pictet (CH) Enhanced (0.21%), Pictet (CH) Swiss Market Tracker (0.09%), Pictet (CH) Swiss Mid Small Cap (0.82%), Pictet (CH) Swiss Equities (0.51%), Pictet Institutional Swiss Equities (1.06%), Pictet Institutional Swiss Equities Tracker (0.07%), Pictet Institutional - Pool Swiss Equities (0.02%), Ethos - Equities CH Indexed Corporate Governance (0.08%) and Subvenimus Institutional Fund (0.02%) had resulted in its overall holdings of Valora Holding AG registered shares falling below 3% of the outstanding voting shares.

1.3 CROSS SHAREHOLDINGS. There are no reportable cross shareholdings between Valora Holding AG or its subsidiaries and other companies.

2 CAPITAL STRUCTURE

2.1 CAPITAL STRUCTURE AT DECEMBER 31, 2008. Ordinary capital of Valora Holding AG: CHF 3 300 000, comprising 3 300 000 single-class registered voting shares of CHF 1.00 nominal value each, each entitled to dividends. All Valora Holding AG ordinary registered shares are fully paid up and listed on the main section of the SIX Swiss Exchange and BX Berne eXchange. Valora Holding AG has conditional capital of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value.

2.2 CONDITIONAL AND AUTHORISED CAPITAL. Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Annual General Meeting of May 11, 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued by December 31, 2008. The conditional capital of CHF 84 000 remains unchanged.

Valora Holding AG has no authorised capital.

2.3 CHANGES IN CAPITAL. The Ordinary General Meeting of Shareholders of Valora Holding AG held on April 29, 2008, approved the Board's proposal to initiate a share buyback programme covering a maximum of 500 000 shares (which rounds to 15.2% of the outstanding share capital) and lasting 18 months (till the end of 2009) to be conducted through a second trading line on the SIX Swiss Exchange for the purpose of definitively cancelling the shares so repurchased and reducing the issued share capital accordingly. Valora Holding AG initiated a public buyback programme on July 1, 2008. The Board of Directors will recommend to future General Meetings that the ordinary capital be reduced by the amount represented by the shares so repurchased. On June 12, 2008, Valora Holding AG applied in writing to the Swiss Takeover Board for the provisions regarding public purchase offers to be waived in respect of this buyback programme and received approval for its application. Valora Holding AG's offering advertisement and the Swiss Takeover Board's recommendation have both been published. In addition, since the programme began, Valora has published weekly reports showing the total number of shares purchased through the second trading line on its website. No changes in capital structure occurred in 2006 or 2007. Details of the changes in capital structure made in 2005 are contained in the 2005 Financial Report in the changes in capital structure section of the corporate governance report on page 68.

Changes in the reserves and overall shareholders' equity of Valora Holding AG are shown in the balance sheet (on page 125) and the notes to the financial statements of Valora Holding AG (on page 126).

2.4 SHARES, PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHT CERTIFICATES. All 3 300 000 registered shares each have a nominal value of CHF 1.00 and are fully paid up. Each share entitles its holder to a dividend, except the shares held in treasury by Valora Holding AG. There are no preferential shares. Valora holding AG has not issued any participation certificates or dividend right-certificates.

2.5 CONVERTIBLE BONDS AND OPTIONS. At December 31, 2008, Valora Holding AG had no convertible bonds or options outstanding.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS. Details of limitations on transferability and nominee registrations are shown in section 6.1 of this corporate governance report.

3 BOARD OF DIRECTORS

3.1 BOARD OF DIRECTORS. At December 31, 2008, the Board of Directors of Valora Holding AG comprised the following five members:



Rolando Benedick, 1946, Swiss citizen, Chairman

Previous activities: CEO of Innovazione, CEO of the Manor Group, Board Chairman of the Manor Group, Member of the Board of Directors of Manor Sud (Innovazione SA), Jacobs Holding AG.

Current activities: Board Chairman of Manor Sud (since 1999), Member of the Boards of Directors of Barry Callebaut (since 2001), of MCH Messe Schweiz AG (since 2004).



Markus Fiechter, 1956, Swiss citizen, Vice-Chairman

Master's degrees in Chemical Engineering from the Swiss Federal Institute of Technology and in Economics from the St. Gallen Business School. Previous activities: SBU Leiter Mettler Toledo AG, Manager, Boston Consulting Group, CEO, Minibar Group.

Current activities: CEO, Jacobs Holding AG (since 2004), Member of the Boards of Directors of Barry Callebaut (since 2004) and Minibar AG (since 2005).



Bernhard Heusler, 1963, Swiss citizen

Doctorate in Law, Attorney-at-law.

Previous activities: Temporary Associate at Davis Polk & Wardwell, New York, Wenger Plattner, Attorneys-at-law.

Current activities: Partner with Wenger Plattner, Attorneys-at-law (since 2000), Representative of the Board of Directors of the FC Basel 1893 AG football club (since 2005), member of various professional associations, Member of the Boards of Directors of various trading and service companies.



Franz Julen, 1958, Swiss citizen

Diploma in hotel and restaurant management from the Swiss Hotel Management School, Lucerne.

Previous activities: Deputy Managing Director, Marc Biver Development Sportmarketing, Chairman of the Management Committee, Völkl International AG, COO, INTERSPORT International Corporation.

Current activities: CEO, INTERSPORT International Corporation (since 2000).



Conrad Löffel, 1946, Swiss citizen

Federally qualified Swiss chartered accountant.

Previous activities: CFO, Intercontainer, CFO, Kuoni, CFO, Danzas and partner and Board director of Ernst & Young AG, Basle.

Current activities: Member of the Board of Directors of Adimmo AG (since 2006), of Swiss Federal Railways (since 2008).

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

3.2 OTHER ACTIVITIES AND VESTED INTERESTS. Some Board members engage in other business activities with major companies.

3.2.1 MEMBERSHIP OF SUPERVISORY BOARDS.

- Rolando Benedick: Board Chairman of Manor Sud, Member of the Boards of Directors of Barry Callebaut, Jacobs Holding AG and MCH Messe Schweiz AG.
- Markus Fiechter: Member of the Board of Directors of Barry Callebaut and Minibar AG.
- Bernhard Heusler: Member of various professional associations, Member of the Boards of Directors of various trading and service companies.
- Franz Julen: Vice-Chairman of the Supervisory Board of the Union of Groups of Independent Retailers of Europe (UGAL), a non-profit international organisation.
- Conrad Löffel: Member of the Board of Directors of Adimmo AG and Swiss Federal Railways

3.2.2 MEMBERSHIP OF EXECUTIVE COMMITTEES.

- Markus Fiechter: CEO of Jacobs Holding AG, Zurich; member of the Advisory Board of Manres AG, Zollikon
- Bernhard Heusler: Partner with Wenger Plattner, Attorneys-at-law, Basle, Representative of the Board of Directors of FC Basel 1893 AG, Basle
- Franz Julen: CEO of INTERSPORT International Corporation, Berne

3.3 ELECTIONS AND TERMS OF OFFICE. The Board of Directors comprises at least three members who are elected by the General Meeting of Shareholders for a term of one year - one year being the period from one Ordinary General Meeting to the next. Each Board member is elected individually. Outgoing Board members may be re-elected. Members retire permanently from the Board on the date of the Ordinary General Meeting following their 70th birthday. Any exceptions to these rules must be recommended by the Board of Directors to the General Meeting and approved by the latter.

The Board of Directors is self-constituting. The Board names a Chairman and a Deputy Chairman and a Secretary. The Secretary need not be a Board member.

With the exception of Franz Julen, who was first elected in 2007, all Board members were first elected in 2008.

3.4 INTERNAL ORGANISATIONAL STRUCTURE AND COMMITTEES. The Board of Directors discharges the duties required of it by law (article 716a of the Swiss Code of Obligations). The Board has supreme managerial responsibility for the company and the supervision of its conduct of business. It represents the company to the outside world and attends to all matters which the law, the company's articles of incorporation or the company's bylaws have not assigned to another executive body of the company. The Board of Directors may delegate powers and the management of the company or individual parts thereof to one or more persons, to members of the Board or to third parties who need not be shareholders, provided such affairs are not inalienably assigned to it by law or the articles of incorporation. The Board issues the company's bylaws and regulates the corresponding contractual relations.

There is no explicit allocation of responsibilities among Board members other than that arising from Board committee memberships. Board members are, however, selected so as to ensure that the Board as a whole has specific expertise in the fields of finance, retail, franchising, trade, IT and law.

Minutes are kept of Board meetings.

The composition of the Board committees is as follows:

- Audit Committee: Conrad Löffel (Chairman), Bernhard Heusler.
- Nomination and Compensation Committee: Franz Julen (Chairman), Markus Fiechter.

In addition, Board Chairman Rolando Benedick is an *ex officio* member of these standing committees.

The duties of the Audit Committee are as follows:

- To assess accounting practices and principles, financial reporting and other financial information and to report on these to the Board of Directors
- To assess other financial information which is published or submitted to third parties.
- To assess the financial reporting for the annual and half-yearly reports and make appropriate recommendations to the Board of Directors.
- To monitor and discuss possible financial risks.
- To assess risk management principles and activities with regard to financial risk.
- To assess the quality of ICS (internal control system) processes within the company.
- To assess the Group's risk situation and report on it to the Board of Directors.
- To assess and finalise the internal audit function's budget, organisation and multi-year planning.
- To assess and finalise the internal audit function's annual audit plan.
- To decide on the appointment and dismissal of the head of internal audit.
- To assess the audit scope, performance and independence of the external auditors and the fees paid to them, and to propose nominations for the external audit function (for the financial statements of Valora Holding AG and the Valora Group) to the Board of Directors.
- To assess audit findings in the internal and external auditors' reports.
- To commission additional and follow-up audits with regard to specific issues or problems as needed.
- To assess the implementation of measures recommended in audit reports.
- To assess the collaboration between internal and external auditors.
- To assess financing and treasury policy.
- To assess the legal department's annual report on major, potential, pending and resolved legal issues whose financial consequences are significant.
- To assess tax planning, tax management and tax audits and their outcomes.
- To assess the evolution of corporate governance and to formulate appropriate recommendations to the Board of Directors.
- To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), b), c), d), e), f), g), k), l), n), o), p), q), r), s) and t) above, the Audit Committee exercises a preparatory function. For the duties specified in h), i), j) and m) the Audit Committee exercises a decision-making function.

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

- To prepare proposals on the remuneration of the Chairman of the Board and the other Board members and submit these to the Board.
- To determine the salaries and other terms and conditions of employment for the CEO and the other members of Group Executive Management.
- To assess general annual salary increases proposed by the CEO and to make recommendations on these to the Board.
- To review share programmes for management and employees and share option and profitsharing programmes for the Board and Group Executive Management and to make recommendations on these to the Board.

- e) To approve general salary increases (wage round [Lohnrunde]).
- f) To approve share, share option and profit-sharing programmes for management and employees.
- g) To prepare proposals for new candidate Board members for submission to the Board.
- h) To prepare proposals for submission to the Board on the appointment or dismissal of the CEO and other Group level executives (CFO, members of Group Executive Management).
- i) To approve the conditions of employment of the CEO and the other members of Group Executive Management.
- j) To remain informed of and monitor succession planning for the top two tiers of management.
- k) To discuss the performance appraisals of the CEO and the other members of Group Executive Management.
- l) To monitor the implementation of Board decisions within the scope of the Nomination and Compensation Committee's remit.
- m) To approve the principles governing the company's pension funds and to appoint the employer's representatives to serve on their supervisory boards.
- n) To resolve matters of principle relating to the company's dealings with trade unions.
- o) To carry out other tasks and projects as instructed by the Board of Directors.

For the duties specified in a), c), d), e), f), g), h), i), j), k), l), m), n) and o) above, the Nomination and Compensation Committee exercises a preparatory function. For the duties specified in b) above, the Nomination and Compensation Committee exercises a decision-making function.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY. The Board of Directors meets as frequently as business demands. Board meetings are convened by the Chairman or, in his absence, by the Deputy Chairman or another Board member. The Chairman is also required to convene a Board meeting within 30 days of receiving a written request to do so from any of its members.

The Board is quorate if a majority of its members are present. A quorum is not required for the Board to approve reports on capital increases or on the subsequent paying in of shares not fully paid up, or for any resolutions which require notarisation. Board resolutions are passed and elections decided by a simple majority of the votes cast. In the event of a tie, the Chairman has the casting vote. Voting and elections are normally conducted by a show of hands, unless a Board member requests a secret ballot. Board resolutions on proposals submitted to it may also be passed by majority written approval (in letter, telegram, fax or other written form), provided all Board members have been invited to vote and no member has requested that the issue concerned be discussed verbally. All Board resolutions must be recorded in a set of minutes, which the Chairman and Secretary must jointly sign. Every Board member is entitled to information and access to documents, within the overall provisions of the law.

The Board of Directors is responsible for approving corporate strategy and specifying organisational structure, and bears ultimate responsibility for personnel matters. It establishes the guidelines for financial and investment policy, and approves long-term borrowings in excess of CHF 30 million, acquisitions and disposals of shareholdings and the purchase and sale of real estate whose transaction price exceeds CHF 2 million.

3.6 INFORMATION AND CONTROL INSTRUMENTS AVAILABLE TO THE BOARD OF DIRECTORS. In 2008, the Board of Directors held 14 meetings, of which 7 were full-day and 7 half-day sessions. A number of conference calls were also held. The Audit Committee held 4 half-day meetings, while the Nomination and Compensation committee convened for 6 half-day sessions. These committees also conducted a number of conference calls. The Board and its committees may also invite further persons, particularly the CEO, the CFO and representatives of the internal and external auditors, to attend their meetings. Internal and external auditors took part in all Audit Committee meetings.

The Board of Directors is regularly provided, through the Valora Group's management information system, with monthly sales figures, monthly reporting at division and Group level, details of significant business events, information on the shareholder structure and details of current progress towards the implementation of decisions made by the General Meeting or itself.

The Chairman of the Board is provided with a copy of the minutes of all Group Executive Management meetings. Any member of the Board of Directors may demand information from management about the course of business and operations and, with the approval of the Chairman of Board, on specific business transactions. Any Board member may also demand that company books and files be made available for their inspection.

In late 2008, the Board of Directors and Group Executive Management jointly carried out a risk assessment. The objective was to make key risks to Valora more transparent, to improve the quality of risk dialogue and to define practical ways of addressing the main risks facing Valora. The results of this assessment were reviewed in a meeting between the Board of Directors and Group Executive Management and an appropriate action plan was resolved.

The Board of Directors is also supported in its supervisory duties by an internal control system which has been reviewed by Valora's external/internal (WHICH?) auditors.

4 GROUP EXECUTIVE MANAGEMENT

4.1 MEMBERS OF GROUP EXECUTIVE MANAGEMENT. The CEO is responsible for managing the Group. He co-ordinates the activities of the individual divisions and chairs the Group Executive Management committee. The other members of Group Executive Management report to the CEO. The division heads run their divisions with a view to achieving sustainably profitable performance. They define the specific management tools their divisions require in addition to the Group-wide guidelines which are in place.



Dr. Thomas Vollmoeller, 1960, German citizen

Master's degree in Economics from the University of Stuttgart, doctorate in Economics from the University of St. Gallen.

Previous activities: consultant with McKinsey & Co. in Hamburg und Düsseldorf, Chief Executive of Tchibo direct GmbH, CFO, Head of Operations and Member of the Executive Committee of Tchibo.

CEO of Valora since June 16, 2008.



Dr. Lorenzo Trezzini, 1968, Swiss citizen

Doctorate in Economics from the University of Zurich and Federally qualified Swiss chartered accountant.

Previous activities: Group CFO of the Valartis Group and member of the executive committees of the Valartis Group and Valartis Bank AG, venture capital and private equity manager at Invision AG, corporate finance manager at Ernst & Young, audit manager at Deloitte.

CFO of Valora since December 4, 2008.



Kaspar Niklaus, 1968, Swiss citizen

Master's degree in Agronomy from the Swiss Federal Institute of Technology, MBA from the Erasmus Graduate School of Business in Rotterdam, Master of Business Informatics (MBI).

Previous activities: various management roles with Switzerland's major retailers, consultant with McKinsey & Co., COO of Coop City in Zurich, Chief Executive of Coop Bau+Hobby, Basle.

Head of Valora's Retail division since June 23, 2008.



Christian Schock, 1954, Luxembourg citizen

Graduate in Mechanical Engineering, INSEAD MBA.

Previous activities: various management positions at Reuters in Luxembourg and Germany, Managing Director of SES-Astra's multi-media subsidiary and CEO of Messageries Paul Kraus, Luxembourg.

Head of Valora's Media division since July 1, 2006.



Alex Minder, 1957, Swiss citizen

Graduate in Business Administration, Executive MBA.

Previous activities: senior management positions at Bally International Ltd, client service director and executive committee member at Impuls Saatchi & Saatchi, Managing Director of Cadbury Switzerland, Board member of Cadbury Western Europe.

Head of Valora's Trade division since May 1, 2004.

Group Executive Management changes. As announced in early April 2008, Peter Wüst, CEO of Valora and interim Head of the Group's Retail division, left the Group on June 30, 2008. Ruedi Keller, Head of the Valora Management Services division, left the Group on March 31, 2008 when this division was dissolved. Markus Voegeli, CFO of Valora, left the Group on September 30, 2008.

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

4.2 FURTHER SIGNIFICANT ACTIVITIES AND VESTED INTERESTS IN LISTED COMPANIES. None of the members of the Group Executive Committee engages in any further activities in any management or supervisory body of any listed Swiss or foreign company, has any long-term management or consultancy function for any company outside the Valora Group, has any public function or holds any political office.

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

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

5 COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 COMPONENTS OF COMPENSATION AND SHAREHOLDING PROGRAMMES AND THEIR DETERMINATION

The Board of Directors of Valora Holding AG has laid down internal guidelines for determining the compensation paid to the Board and to Group Executive Management which define where decision-making authority rests and how compensation is determined. The appropriateness of these guidelines is reviewed annually, with modifications being made when necessary.

The compensation paid to each individual member of the Board of Directors and of Group Executive Management is authorised by the entire Board. Each Board member abstains from voting on his own compensation.

5.1.1 BOARD OF DIRECTORS. A fixed director's annual fee is paid to each member of the Board of Directors. This fee is paid in cash in four equal quarterly portions. In 2008, no share-based payments were made in addition to the director's fees.

No attendance fees are paid for meetings, though travel expenses are reimbursed. The full Board of Directors determines the level of directors' emoluments and reviews them on a regular basis.

5.1.2 GROUP EXECUTIVE MANAGEMENT. Those members of Group Executive Management who were already in office in 2007 (Messrs. Minder and Schock) received an annual salary which continued to comprise a fixed and a variable component (regular bonus) in 2008. The variable component (regular bonus) is based on qualitative and quantitative criteria. The fixed base salary reflects the duties and functional responsibilities of the members of Group Executive Management concerned. The fixed and variable components sum to a figure which will be 50% fixed and 50% variable if individual objectives are 100% met. This compensation system was established in 2006 for a period running until the end of 2008. An independent external consultant carried out benchmark comparisons based on data for analogous economic sectors and job descriptions collected throughout Western Europe.

The variable compensation component is based on the following key figures (comparing final Group financial statements with budget targets): Group net income (40% weighting), EBITA of the market division managed by the member of Group Executive Management concerned, or return on invested capital for non-market divisions (30% weighting) and the extent to which specific individual objectives were reached (30% weighting). In order to focus the thoughts and actions of the members of Group Executive Management on the sustained improvement of the Group's profit-generating capacity, 40% of the variable portion of total compensation is paid in the form of Valora shares. Payment in shares is made on the basis of a share price of CHF 237. While ownership of the shares awarded passes to the participants immediately, the shares are then blocked and may not be sold during the 5 years immediately following their allocation. In addition, provided an agreed target level of earnings-per-share growth of 3% is reached in the following year, the participants will be granted an additional allocation of shares equal to 30% of the total number of shares granted under the scheme in prior years. If earnings-per-share growth is below 3%, no additional share allocation is granted. A cash payment in lieu is not possible.

A new compensation model has been defined for those members of Group Executive Management who joined Valora during 2008. For 2008, this model comprises a «fixed annual salary» component and a «short-term bonus» (STB) component. The STB component is calculated each year based on the extent to which objectives have been attained. Depending on the function of the Group Executive Management member concerned, the STB has a weighting of between 20% and 50% of the fixed annual salary. The criteria which determine the amount of any STB paid are the achievement of individual objectives and the economic value added (EVA) achieved by the division or management area concerned.

The Board's Nomination and Compensation Committee sets the level of overall compensation and decides on any awards of results-based compensation, informing the Board of Directors of its decision at the next Board meeting. Compensation paid to Group Executive Management is subject to periodic review.

Because it is linked to the performance of the business and to individual contributions to that performance, the total compensation paid to members of Group Executive Management can vary substantially from year to year.

Details of compensation paid to the Board of Directors and Group Executive Management and of the Valora shares held by their members can be found in note 5 to the financial statements of Valora Holding AG on page 127.

6 SHAREHOLDERS' PARTICIPATION RIGHTS

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

The Board of Directors may exceptionally acknowledge a shareholder as holding more than 5% of all registered shares with voting rights, in particular:

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

No such exceptions were granted in 2008.

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

To enhance the tradability of Valora shares on the stock exchange, the Board of Directors may devise regulations or agreements which approve the fiduciary entry of registered shares with voting rights above the 5% limit for trustees who disclose the nature of their trusteeship (nominees, ADR banks). Such trustees must be overseen by banking or financial market regulators, however, or must otherwise provide the necessary guarantees that they are acting on behalf of one or several persons who are not linked to each other in any way, and are able to provide the names, addresses and shareholdings of the owners of the shares concerned. No exceptions for the fiduciary entry of registered shares above the 5% threshold were granted in 2008.

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

Recognition of powers of attorney will be at the discretion of the Board members attending the General Meeting.

6.2 STATUTORY QUORUMS. Unless the law or the Articles of Incorporation require otherwise, the General Meeting passes its resolutions and conducts its elections by a simple majority of the votes cast, irrespective of the number of shareholders attending or the number of shares represented. In the event of a tied vote, the Chairman of the Board of Directors holds the casting vote. Under Article 12 of the Articles of Incorporation (dated April 29, 2008), the following resolutions require a majority of two thirds of the votes represented and an absolute majority of the nominal value of the votes represented:

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

6.3 CONVOCAION OF THE GENERAL MEETING. Ordinary or Extraordinary General Meetings are formally called at least 20 days in advance by publication in the «Schweizerisches Handelsamtsblatt» (Swiss Official Gazette of Commerce). The holders of registered shares shown in the Share Register may also be invited by letter. Such publication and letters of invitation must indicate the venue, date and time of the meeting, the items on the agenda and the wording of any motions proposed by the Board of Directors or by shareholders who have requested the convening of a General Meeting or the inclusion of an item on the meeting's agenda.

The notice of an Ordinary General Meeting must also indicate that the Annual Report and the Report of the Auditors will be available for inspection at the company's registered office at least 20 days in advance of the meeting, and that any shareholder will immediately be sent a copy of these documents on request.

No resolution may be passed on any matters that are not announced in the way described above, except on a motion to convene an Extraordinary General Meeting or to conduct a special audit.

The Articles of Incorporation stipulate that the convening of a General Meeting may also be requested by one or more shareholders who together represent at least 10% of the company's share capital.

6.4 ADDITIONAL AGENDA ITEMS. Shareholders who together represent at least 3% of the company's share capital or shares with a total nominal value of at least CHF 1 million may request that an item be placed on the agenda of a General Meeting, provided they submit details thereof to the company in writing at least 50 days in advance of the General Meeting concerned.

6.5 REGISTRATIONS IN THE SHARE REGISTER. To attend the 2009 Annual General Meeting, a shareholder must submit their request for registration in the Share Register to the company no later than April 17, 2009.

7 CHANGES OF CONTROL AND DEFENCE MEASURES

7.1 DUTY TO MAKE AN OFFER. The company has no «opting out» or «opting up» clauses in its Articles of Incorporation.

7.2 CLAUSES ON CHANGE OF CONTROL. There are no change of control clauses in favour of any members of the Board of Directors, Group Executive Management or other members of management.

8 AUDITORS

The consolidated financial statements and the financial statements of Valora Holding AG and its subsidiaries are audited by PricewaterhouseCoopers AG. The General meeting appoints an individual or corporate body that satisfies the relevant legal requirements to act as Statutory Auditors, with the rights and obligations prescribed by the law. The Statutory Auditors are elected for a one-year term of office.

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

8.2 AUDIT FEES. The total cost to Valora Holding AG of the auditing conducted by PricewaterhouseCoopers AG in 2008 in respect of the consolidated financial statements and the financial statements of Valora Holding AG and its subsidiaries amounted to CHF 1.5 million (CHF 1.4 million in 2007).

8.3 ADDITIONAL FEES. During 2008, PricewaterhouseCoopers AG invoiced Valora Holding AG for a total of CHF 0.07 million (CHF 0.2 million in 2007) for additional services in relation to legal, tax and risk policy matters.

8.4 INFORMATION INSTRUMENTS AVAILABLE TO THE EXTERNAL AND INTERNAL AUDITORS. The Board of Directors' Audit Committee defines the audit mandates of the statutory and Group auditors and has the responsibility of ensuring appropriate controls are carried out. The internal mandate audit was carried out by Ernst & Young and ended on December 31, 2008. Internal audit duties will in future be carried out by internal Valora resources. Both internal and external auditors attended all Audit Committee meetings. The Audit Committee meetings at which the interim and full-year financial results are reviewed are always attended by all members of the Board of Directors. The external auditors submit to the Audit Committee both their report on the financial statements for the year just completed as well as their audit plan for the current financial year. The internal auditors submit their audit plan for the current year to the Audit Committee and also provide it with a separate report on each audit they carry out.

9 INFORMATION POLICY

Valora Holding AG meets all legal requirements and strives to meet best practice standards. Valora Holding AG uses all appropriate communication channels to maintain contact with the financial community and the general public. The firm reports on important news items concerning it on an ad hoc basis. In addition, the Valora website provides comprehensive information on a range of topics, as well as publishing details of all matters whose disclosure is required by law.

The Investor Relations unit is responsible for managing all contacts with investors and financial analysts. Regular conferences covering important company topics are held for the media, institutional investors and analysts. Shareholders and other interested parties may dial into these events by telephone or log on via the Valora Holding AG website.

Valora Holding AG is committed to treating all interested parties equally. The Group ensures that information is not disclosed selectively by adhering to the relevant directives on ad hoc publicity and on blackout periods ahead of the publication of interim and full-year results. These blackout periods commence on dates before the official publication of results which are set in advance and end when the results are published. No meetings with financial analysts or investors take place during the blackout periods.

Every spring, the company holds a results press conference for the media and financial analysts. The invitation to the General Meeting sent to all shareholders includes a summary of the key figures in the full-year financial statements.

At the end of August each year, the company publishes consolidated interim results for the first six months of the year and sends these to all shareholders entered in the Share Register (these results are unaudited).

Every autumn, the company hosts a media and investor's day, which may focus on customers, markets, strategy or other subjects.

Ongoing sources of information:

- The www.valora.com company website
- Group interim and annual reports
- Media releases

Media relations: *Stefania Misteli*

Investor relations: *Mladen Tomic*

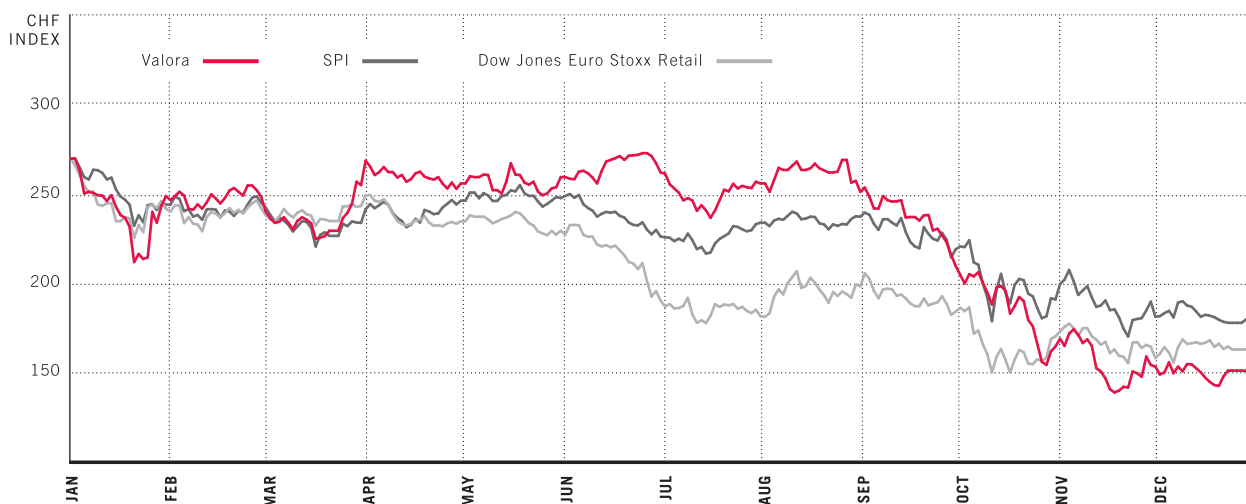
VALORA SHARES

1 SHARE PRICE TRENDS

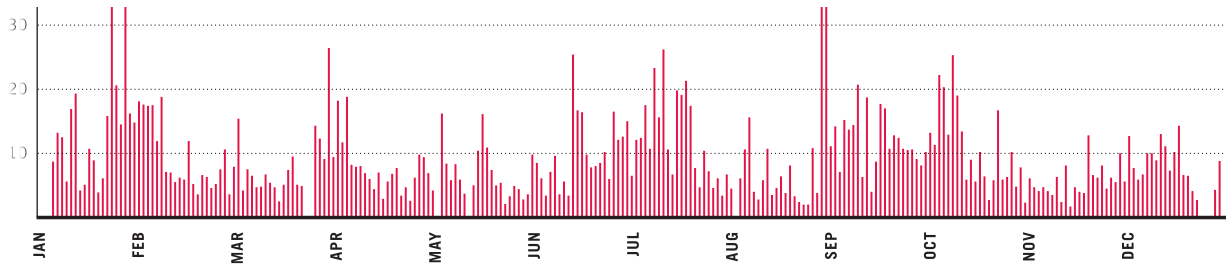
Global equity markets. 2008 was a turbulent year on the world's equity markets, reflecting wider financial market dislocations, which became evident from January. Initially limited to banks and insurers, the crisis assumed ever wider and severe dimensions, with all economic sectors, exchanges and geographical regions suffering more or less equally. The downtrend accelerated noticeably in the third quarter of 2008, reaching lows for the year in October and November 2008. For the first time in recent history, all asset classes suffered substantial losses, though these were greatest in equities.

Valora share performance. Valora shares started the year at CHF 275. As the global financial crisis took hold, the shares lost some 25% to close January at CHF 207.20, in line with international markets. Valora's publication of its provisional 2007 results on January 25, 2008 and the extraordinary general meeting on January 30 provided some initial confidence, allaying concerns about Valora's outlook. This helped the shares to recover, closing at CHF 252.50 on the day the meeting was held. After testing new 2008 lows in line with global markets, the shares rallied in the run-up to Valora's media and financial analysts' conference on April 3, 2008, closing that evening down 3.5% since the New Year, versus a performance by the SPI, the broad Swiss market index, of -10.8%. Shortly before Valora's share buyback programme commenced, the shares reached a 2008 peak of CHF 279 on June 27, 2008. From then until the marked deterioration in overall sentiment which took hold in September 2008, Valora's shares moved within a range between 0% and -10% from their late June levels. After a series of global financial institution failures and bail-outs, equity markets then staged further steep declines, with several broad-based, single-day falls of 10% seen in October 2008. Valora's earlier relative strength versus its benchmarks then waned rapidly, taking the shares to a low for the year of CHF 132.80 on November 18, 2008. Valora's two acquisitions (Wittwer GmbH and Mediacyber Berlin) announced in the two final months of 2008 helped raise the price somewhat, to close at CHF 154 on December 31, 2008 - a 43.95% decline on the year, versus -34.05% for the benchmark Swiss Performance Index.

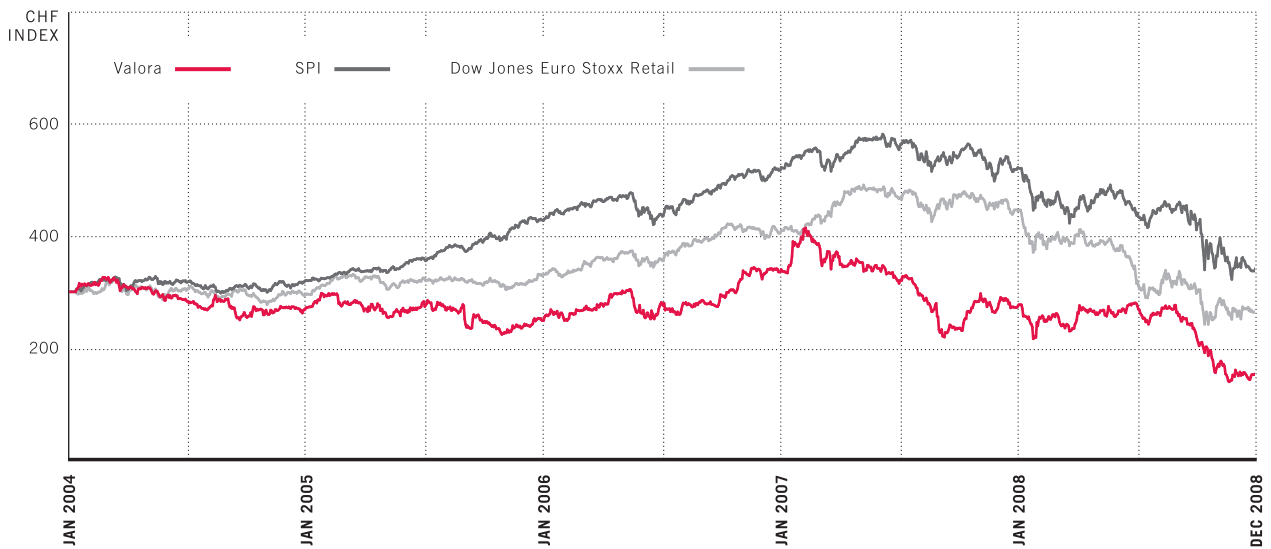
VALORA SHARE PRICE TREND 2008



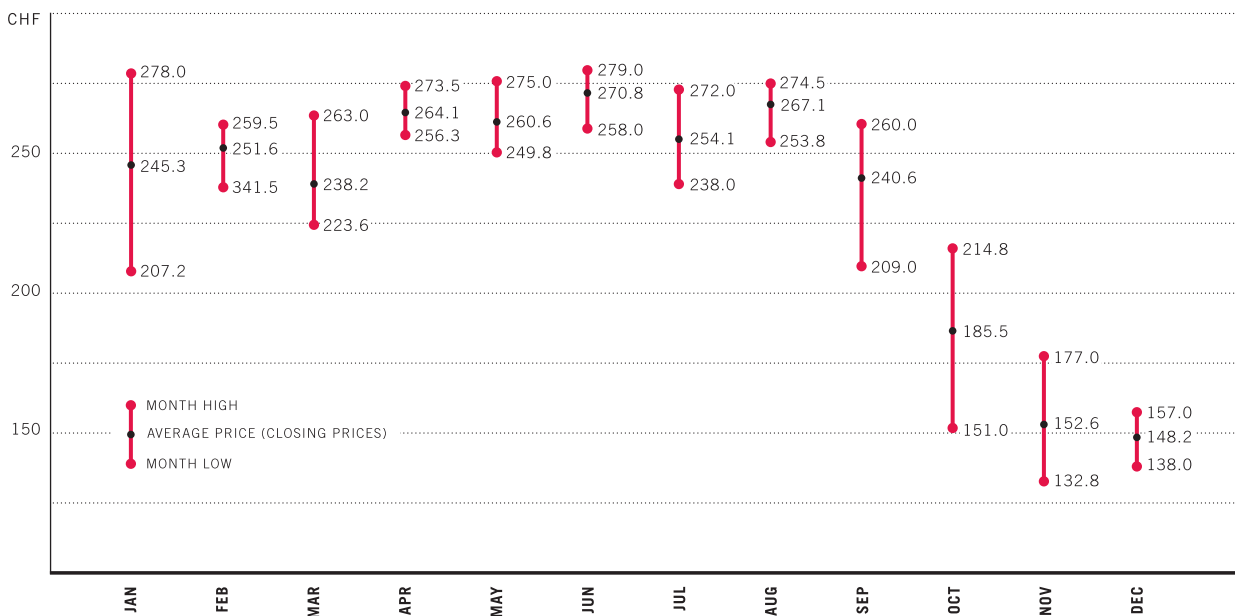
VALORA SHARE VOLUME 2008



VALORA SHARE PRICE TREND 2004-2008



MONTH HIGHS/LOWS IN 2008



2 SHAREHOLDER RETURNS

		2008	2007	2006	2005	2004
<i>Share price</i>						
Year end	CHF	154.00	274.75	334.75	254.75	280.00
<i>Distributions to shareholders</i>						
Dividends/Reimbursements of nominal value	CHF	¹⁾ 9	9	9	9	²⁾ 9
Dividend yield	%	5.8	3.3	2.7	3.5	3.2
<i>Annual returns</i>						
excluding dividends	%	- 43.9	- 17.9	31.4	- 9.0	- 9.1
including dividends	%	- 40.7	- 15.2	34.9	- 5.8	- 6.2
<i>Average return</i>						
		2004-2008 5 Years	2004-2007 4 Years	2004-2006 3 Years	2004-2005 2 Years	2004 1 Year
excluding dividends	%	- 12.9	- 2.8	2.8	- 9.1	- 9.1
including dividends	%	- 9.1	0.2	5.7	- 6.0	- 6.2

¹⁾ Proposed

²⁾ Reimbursement of nominal value

3 KEY SHARE RATIOS

		2008	2007	2006	2005	2004
Operating profit per share ¹⁾	CHF	³⁾ 12.38	³⁾ 18.46	³⁾ 20.80	²⁾ 8.45	²⁾ 46.76
Free cash flow per share ^{1) 4)}	CHF	³⁾ 57.39	³⁾ 22.06	³⁾ 18.28	²⁾ 17.41	²⁾ 87.95
Earnings per share ¹⁾	CHF	³⁾ 7.91	³⁾ 14.08	³⁾ 16.89	²⁾ 1.17	²⁾ 41.66
Equity per share ¹⁾	CHF	160.44	187.20	175.42	160.68	170.27
P/E Ratio ¹⁾	31.12	³⁾ 19.5	³⁾ 19.5	³⁾ 19.8	²⁾ 217.9	²⁾ 6.7

¹⁾ Based on average number of shares outstanding

²⁾ Continuing operations (without Fotolabo Group)

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

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

4 SHAREHOLDER DATA AND CAPITAL STRUCTURE

		At 31.12.2008	At 31.12.2007
<i>Structure of registered shareholders</i>			
Structure	Significant shareholders > 5%	12.67% of shares	6.64% of shares
	10 largest shareholders	46.9% of shares	37.0% of shares
	100 largest shareholders	63.2% of shares	55.0% of shares
Origin	Switzerland	76.5% of shares	61.6% of shares
	Elsewhere	23.5% of shares	38.4% of shares

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

Conditional capital amounting to a maximum of CHF 84 000, comprising 84 000 registered shares of CHF 1.00 nominal value each, was approved by the Annual General Meeting of May 11, 2000. These shares can be used at any time by the Board of Directors to cover the exercising of options granted to employees of the company or Group companies within the overall framework laid down by the Board of Directors. Existing shareholders have no subscription rights for such shares. No time limits apply. None of this conditional capital had been issued by December 31, 2008.

Valora's articles of incorporation limit the number of votes which may be exercised by a single shareholder or by a group of shareholders acting in concert to 5% of the company's issued voting shares. The Board of Directors may, at its discretion, grant exceptions to this rule. No such exceptions were granted in 2008. Swiss and non-Swiss shareholders are registered on the same terms in the Share Register. The company has distributed dividends to its shareholders without interruption since 1920.

5 SHARE CAPITAL

		2008	2007	2006	2005	2004
Total registered shares ¹⁾	Shares	3 300 000	3 300 000	3 300 000	3 300 000	3 570 000
Treasury shares ¹⁾	Shares	487 314	107 057	106 791	109 221	300 157
Number of shares outstanding ¹⁾	Shares	2 812 686	3 192 943	3 193 209	3 190 779	3 269 843
Market capitalisation ^{1) 2)}	CHF million	433	877	1 069	813	916
Average number of shares outstanding	Shares	3 078 254	3 201 312	3 197 186	3 196 384	3 664 006
Number of registered shareholders ¹⁾		7 090	7 385	7 789	9 344	9 581

¹⁾ At 31.12.

²⁾ Based on number of shares outstanding at 31.12

6 TAX VALUES

	Securities no.	At 31.12.2008	At 31.12.2007	At 31.12.2006	At 31.12.2005	At 31.12.2004
Registered shares of CHF 1.00/CHF 10.00	208 897	154.00	274.75	334.75	254.75	280.00
2.875% bond 2005-2012	2 189 351	97.00%	93.70%	98.80%	98.90%	-

FIVE-YEAR SUMMARY

		2008 ²⁾	2007 ²⁾	2006 ²⁾	2005 ¹⁾	2004 ¹⁾
Net revenues	CHF million	2 921.7	2 821.7	2 749.3	2 846.4	2 858.5
Change	%	+ 3.9	+ 2.6	- 3.4	- 0.4	- 5.4
Operating profit	Mio. CHF	38.1	59.1	66.5	27.0	171.3
in % of net revenues	%	1.3	2.1	2.4	0.9	6.0
Net profit (net loss)	CHF million	25.2	46.0	54.7	4.7	153.7
Change	%	- 45.3	- 15.9	+ 1 055.5	- 96.9	n/a
in % of net revenues	%	0.9	1.6	2.0	0.2	5.4
in % of equity	%	5.1	7.7	9.8	0.9	24.6
Net cash provided by (used in)						
Operating activities	CHF million	86.6	93.6	84.8	96.4	173.3
Investing activities	CHF million	90.1	- 23.0	- 26.4	- 40.7	148.9
Free cash flow	CHF million	176.7	70.6	58.4	55.7	322.2
Financing activities	CHF million	- 160.7	- 126.8	- 83.0	- 123.7	- 232.2
Earnings per share	CHF	7.91	14.08	16.89	1.17	41.66
Change	%	- 43.8	- 16.6	+ 1 343.6	- 97.2	n/a
Free cash flow per share	CHF	57.39	22.06	18.28	17.41	87.95
Change	%	+ 160.2	+ 20.7	+ 5.0	- 80.2	+ 370.8
Cash and cash equivalents	CHF million	158.4	153.4	222.1	219.7	291.6
Equity	CHF million	493.9	599.3	560.9	513.6	623.9
Balance sheet equity ratio	%	45.1	45.2	42.3	37.8	41.4
Average number of employees	FTE	6 523	6 495	6 707	7 454	7 903
Change	%	+ 0.4	- 3.2	- 10.0	- 5.7	- 12.1
Net revenues per employee	CHF 000	449	434	410	382	362
Change	%	+ 3.5	+ 5.9	+ 7.3	+ 5.5	+ 7.7
Number of outlets operated by Valora		1 407	1 404	1 414	1 464	1 531
Net sales per outlet ³⁾	CHF 000	1 243	1 186	1 155	1 153	1 099
Number of franchise outlets		21	-	-	-	-

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

¹⁾ From continuing operations (without Fotolabo Group)

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

³⁾ Net sales of Valora Retail only

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

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