valora Half-year Report

2011

valora

KEY FIGURES

		30.06.2011	30.06.2010	30.06.2009
Net revenues	**CHF million**	**1 397.6**	**1 431.9**	**1 414.6**
Change	%	– 2.4	+ 1.2	– 3.7
Operating profit (EBIT)	**CHF million**	**33.4**	**35.7**	**23.0**
Change	%	– 6.4	+ 55.0	– 19.6
in % of net revenues		2.4	2.5	1.6
Net profit	**CHF million**	**26.3**	**26.0**	**18.1**
Change	%	+ 1.4	+ 43.8	– 14.6
in % of net revenues		1.9	1.8	1.3
in % of equity [1]		11.1	11.7	8.1
Net cash provided by (used in)				
Operating activities	CHF million	– 9.9	30.8	24.7
Investing activities	CHF million	– 25.4	– 16.6	– 32.3
Earnings per share	**CHF**	**9.34**	**9.47**	**6.41**
Change	%	– 1.4	+ 47.7	– 1.4
Number of outlets operated by Valora		**1 379**	**1 412**	**1 413**
Net sales per outlet [2]	CHF 000	578	561	551
Number of franchise outlets		**165**	**28**	**21**

		30.06.2011	31.12.2010	31.12.2009
Share price	**CHF**	**258.00**	**326.25**	**255.00**
Market capitalisation	**CHF million**	**717**	**898**	**701**
Cash and cash equivalents	**CHF million**	**82.6**	**130.5**	**161.6**
Interest-bearing liabilities	**CHF million**	**159.5**	**144.6**	**145.8**
Total equity	**CHF million**	**467.3**	**478.1**	**453.7**
Balance sheet total	**CHF million**	**1 059.5**	**1 096.1**	**1 099.0**
Number of employees	**FTE**	**6 103**	**6 455**	**6 522**
Change	%	– 5.5	– 1.0	– 2.5

All totals and percentages are based on unrounded figures from the consolidated financial statements
[1] Net profit in % of period-related equity
[2] Net sales of Valora Retail only

GROUP PERFORMANCE

Valora achieved its defined objectives in the first six months of 2011. After adjusting for exchange-rate fluctuations and the effects of the non-recurrence of revenues from the distribution and sale of collectible football World Cup picture cards, the Group's operating profit rose by CHF 7.1 million, or 24.0 %, on its level in the same period of 2010. Published net income for first-half 2011 amounted to CHF 26.3 million, CHF 0.4 million up on last year's figure. External sales (including franchisee revenues) increased by 9.3 % after adjusting for World Cup and currency effects. Valora's published net revenues for the first six months of 2011 came in at CHF 1398 million, – 2.4 % lower than a year earlier, reflecting special factors and the increased proportion of total sales accounted for by franchisees.

Since November 2010, the Valora Group has been energetically engaged in implementing the "Valora 4 Growth" strategy unveiled last autumn. The objectives here are to increase operational excellence and, in the period to 2015, to achieve sustained annual revenue growth of 10 % through organic and acquisition-led expansion. By increasing the number of outlets managed on an agency basis and enhancing its product ranges and layouts, the Group's Retail division already managed to make significant operational headway in the first six months of 2011, raising its reported operating profit by CHF 4.6 million, which equates to an advance of CHF 8.1 million after adjusting for World Cup and currency effects. The Services division, conversely, was adversely affected by the marked contraction of the overall press market and the non-recurrence of World Cup picture card profits (CHF – 4.3 million), so that its operating profit fell to CHF 10.0 million. Recent acquisitions enabled the Trade division to raise its operating profit by CHF 1.9 million, despite the negative impact of CHF 0.8 million in currency effects. In aggregate, the Valora Group's published operating profit for the first six months of 2011 was CHF 33.4 million. Despite the shortfalls resulting from CHF 3.0 million in adverse exchange-rate fluctuations and the non-recurrence of CHF 6.3 million in operating profit from World Cup picture cards, this result is only CHF 2.3 million lower than that achieved in the first half of 2010.

The Valora Group continues to run a very sound balance sheet. Despite the increased dividend pay-out, the proportion of total assets covered by shareholders' equity was 44.1 % on June 30, 2011, a 0.5 percentage point increase on its level at year-end 2010. As a result of deadline-related investments in net working capital, the Group's net debt at June 30, 2011 increased to CHF 76.9 million, CHF 62.8 million above its year-end 2010 level.

A VALORA GROUP

in CHF million	**30.06.2011**	**2011 share in%**	30.06.2010 restated	2010 share in%	Change in%
External sales					
Group total	**1 473.0**		**1 450.0**		1.6%
Net revenues					
Valora Retail	797.4	57.1%	792.0	55.3%	0.7%
Valora Services	310.3	22.2%	369.4	25.8%	– 16.0%
Valora Trade	362.8	26.0%	348.8	24.4%	4.0%
Other	4.8	0.3%	4.8	0.3%	– 1.5%
Intersegment elimination	– 77.7	– 5.6%	– 83.1	– 5.8%	
Group total	**1 397.6**	**100.0%**	**1 431.9**	**100.0%**	– 2.4%
Switzerland	862.6	61.7%	878.2	61.3%	– 1.8%
Elsewhere	535.0	38.3%	553.7	38.7%	– 3.4%

Valora's consolidated external sales for the first half of 2011 amounted to CHF 1473.0 million, CHF 23.0 million, or + 1.6 %, up on the same period of 2010. After stripping out the effects of exchange rates and World Cup picture cards, external sales were up + 9.3 %. The franchise outlets operated by the Tabacon subsidiary, acquired in 2010, made a particularly noteworthy contribution to this result.

The Valora Group's published net revenues for first-half 2011 came in at CHF 1397.6 million, versus CHF 1431.9 million a year earlier. After adjusting for World Cup picture cards (CHF –38.3 million), Valora's net revenues increased by +4.8% in local currency terms. This advance was principally driven by the Trade division – where, in accordance with the new growth strategy, acquisitions helped to boost adjusted net revenues by +12.1% – and by Valora Retail, whose +5.0% increase in adjusted net revenues was mainly attributable to improved operational performance. The –5.6% fall in adjusted net revenues at Valora's Services division was largely due to the contraction of the wider press products market.

In the first half of 2011, the share of net revenues accounted for by the Group's non-Swiss companies eased to 38.3%. The main negative factor here was the exchange-rate impact caused by the strong Swiss franc, (CHF –62.3 million), while the newly acquired subsidiaries (EMH in Norway and Tabacon and Salty Snacks Delicatessen in Germany) helped to boost sales. The continuing expansion planned under the "Valora 4 Growth" strategy should result in further increases in the overall importance of sales generated outside Switzerland.

in CHF million	**30.06.2011**	**2011 share in%**	30.06.2010	2010 share in%
Net revenues	**1 397.6**	**100.0%**	**1 431.9**	**100.0%**
Gross profit	**429.6**	**30.7%**	**433.7**	**30.3%**
– Operating costs, net	–396.2	–28.3%	–398.0	–27.8%
Operating profit (EBIT)	**33.4**	**2.4%**	**35.7**	**2.5%**

The lower published net revenues achieved in first-half 2011 are in marked contrast to the substantial +0.4% improvement Valora achieved in its gross profit margin. This mainly reflects changes in the sales channel mix resulting from the increased number of franchisee outlets and the greater proportion of food items Valora sold at the outlets it operates itself. The Trade division also contributed to this improvement by adding the attractive cosmetics category to its product range. Valora's first-half 2011 consolidated gross profit was CHF 429.6 million, CHF 4.1 million lower than in the same period of last year. After adjusting for currency and World Cup effects, the Group's gross profit increased by CHF 26.6 million, or +6.3%, on its level for the first six months of 2010.

Despite additional acquisition-related costs and increases in rents linked to turnover, Valora's published net operating costs declined by CHF 1.8 million on their level a year earlier, largely thanks to exchange-rate factors. Looking at net operating costs as a percentage of external sales – which, given the increase in the number of franchisees, provides a more comprehensive picture – shows that the Valora Group's operating costs fell from 27.4% of external sales in first-half 2010 to 26.9% of external sales in the first six months of 2011.

Valora's published first-half 2011 operating profit of CHF 33.4 million was only CHF 2.3 million below its level a year earlier, despite adverse exchange-rate effects amounting to CHF –3.0 million and a further CHF –6.3 million due to non-recurring World Cup product profits. Stripping out the effect of these special factors, the operating profit the Valora Group achieved in the first half of 2011 showed an increase of CHF 7.1 million, or +24.0%, on the corresponding 2010 figure. The Group's adjusted operating profit margin for the first six months of 2011 was 2.5%, a substantial 0.4 percentage points above its first-half 2010 level, confirming Valora's progress towards its stated goal of achieving a sustainable increase in profitability. Both the Retail and Trade divisions succeeded in generating a significantly higher adjusted operating profit, with increases of CHF 8.1 million and CHF 2.8 million respectively. Valora Services' performance was constrained by the contraction of the overall press market, so that its adjusted operating profit fell by CHF 4.5 million compared to its first-half 2010 level.

B VALORA RETAIL

in CHF million	30.06.2011	2011 share in%	30.06.2010 restated	2010 share in%
Net revenues	**797.4**	**100.0%**	**792.0**	**100.0%**
Gross profit	**281.2**	**35.3%**	**279.4**	**35.3%**
– Operating costs, net	–262.0	–32.9%	–264.8	–33.5%
Operating profit (EBIT)	**19.2**	**2.4%**	**14.6**	**1.8%**

In the first six months of 2011, Valora Retail managed to improve on the positive performance it achieved a year earlier, despite not benefiting from sales of World Cup picture cards (CHF –9.3 million in net revenues) and being impacted by adverse currency effects, which eliminated CHF –24.6 million of net revenues. The division's first-half 2011 net revenues in Swiss franc terms rose by +0.7% to CHF 797.4 million. After adjusting for the two above-mentioned factors, Valora Retail achieved net revenue growth of CHF 39.4 million, a pleasing 5.0% increase on the same period of 2010. This increase was principally due to increased adjusted sales of tobacco products (+8.3%) and food items (+5.9%). As a result of the marked decline in the overall press market witnessed in early 2011, sales of press products and books both declined on their first-half 2010 levels.

In absolute terms, the business unit achieving the greatest sales growth was Valora Retail Germany, whose net revenues advanced a substantial CHF 21.2 million as a result of both organic expansion and its 2010 acquisition of Tabacon. The successful avec. format also made a substantial contribution, increasing its sales by +13.6% on their level a year earlier. Additional enhancements were made to the design of these outlets and their increased emphasis on calibrating their gastronomy offering to the time of day further increased their appeal as convenience stores. The division's Swiss kiosks turned in a satisfactory performance, increasing their sales by 1.4%. In addition to adding MoneyGram money transfer services and parcel dispatch facilities to their service offering, the kiosks also further developed their agency business model. By mid-2011, more than 30 outlets were already operating on an agency basis, with some agents operating more than one kiosk. By year-end 2011, Valora Retail intends to have some 150 outlets managed and operated by agents. The P&B (Press&Books) format continued to expand with net revenues up +5.1% on first-half 2010 levels. The Caffè Spettacolo gastronomy chain, conversely, saw a –7.9% decline in its net revenues versus the same period of last year, due to its network being streamlined, while net revenues at Retail Luxembourg advanced by +3.6%.

Increased turnover enabled the division to raise its published gross profit for the first six months of 2011 to CHF 281.2 million, which equates to a +3.6% increase in local currency terms. The division's gross profit margin for the period was 35.3%, in line with its first-half 2010 results.

A range of targeted efficiency initiatives, particularly the introduction of staff rosters more precisely calibrated to customer footfall patterns, enabled the division to achieve a significant reduction in its staff costs including agency fees and to raise operating efficiency levels. Increased administrative and rental expense reduced these savings to some extent. In aggregate, net operating costs declined to CHF 262.0 million, thus reducing the percentage of net revenues for which they account by 0.6 percentage points compared to first-half 2010. Valora Retail raised its operating profit for the first six months of 2011 by a substantial +31.4% – to CHF 19.2 million – which equates to an EBIT margin of 2.4%. After stripping out the effects World Cup picture cards (CHF –2.0 million) and exchange rates (CHF –1.5 million), the division's first-half 2011 operating profit rose an impressive +64.5% on its level a year earlier. In the second six months of this year, Valora Retail's strategic priorities will be further to accelerate the growth of the agency business model and to exploit expansion opportunities through targeted acquisitions.

C VALORA SERVICES

in CHF million	30.06.2011	2011 share in%	30.06.2010 restated	2010 share in%
Net revenues	**310.3**	**100.0%**	**369.4**	**100.0%**
Gross profit	**62.9**	**20.3%**	**77.8**	**21.1%**
– Operating costs, net	–52.9	–17.1%	–58.3	–15.8%
Operating profit (EBIT)	**10.0**	**3.2%**	**19.5**	**5.3%**

Valora Services, the leading distributor of press products to Valora-operated and third-party retail outlets in Switzerland, Austria and Luxembourg, generated net revenues of CHF 310.3 million in the first six months of 2011. After adjusting for non-recurring revenues from the distribution and sale of World Cup products (CHF –29.0 million) and adverse exchange-rate movements (CHF –10.9 million), the division's first-half 2011 net revenues came in –5.6% lower than in the same period of 2010. This decline primarily reflects the marked contraction of overall press sales, which resulted in all three national business units generating lower revenues. A decline in the division's low-margin tobacco business also meant that revenues from third-party distribution in Switzerland fell short of first-half 2010 levels.

Valora Services succeeded in achieving positive progress with its net operating costs, cutting these to CHF 52.9 million in first-half 2011, a CHF 5.4 million improvement the same period of 2010. Significant staff cost savings were realised, particularly thanks to the restructuring measures initiated in Luxembourg in 2010. Staff cost savings in local currency terms amounted to CHF 2.7 million. The combined effect of these various savings was not, however, sufficient to compensate fully for the fall in operating profit resulting from declining sales and narrower margins, with the result that the division's first-half 2011 gross profit came in at CHF 10.0 million, CHF 9.5 million lower than a year earlier. After adjusting for non-recurrence of operating profits from World Cup products (CHF –4.3 million) and adverse exchange-rate effects (CHF –0.8 million), Valora Services' first-half 2011 operating profit declined by CHF 4.5 million, or –29.5%, compared to the same period of 2010. In order to counteract the contraction of the overall press market, Valora Services is analysing the scope for extending existing areas of profitable business and developing new ones so as to secure alternative sources of growth for the future.

D VALORA TRADE

in CHF million	30.06.2011	2011 share in%	30.06.2010	2010 share in%
Net revenues	**362.8**	**100.0%**	**348.8**	**100.0%**
Gross profit	**80.6**	**22.2%**	**71.7**	**20.6%**
– Operating costs, net	–73.6	–20.3%	–66.6	–19.1%
Operating profit (EBIT)	**7.0**	**1.9%**	**5.1**	**1.5%**

Valora Trade is an exclusive distributor of branded food, non-food, confectionery, beverage and cosmetics products to the organised and independent retail sectors. Thanks to recent acquisitions, Valora Trade succeeded in increasing the net revenues it generates in this intensely competitive market by CHF 14.0 million to CHF 362.8 million in the first six months of 2011. In local currency terms, this equates to a 12.1% increase in net revenues. In mid-June 2011, the division went on to annonce its purchase of the cosmetics distributor Scandinavian Cosmetics (ScanCo). This additional acquisition in this rapidly growing category will provide a further boost to both sales and profitability.

The successful acquisition of the Norwegian cosmetics distributor EMH meant that sales at Valora Trade Norway saw the division's most significant growth rates. The positive sales performances in Denmark (+5.6%) and Finland (+12.6%) are mainly the result of successes achieved in the confectionery, travel retail and food categories. The best sales growth in the rest of Europe was chalked up by Valora Trade Germany, whose success in signing up HAK as a new principal and in purchasing Salty Snacks Delicatessen in the first quarter of the year helped to boost its net revenues by CHF 9.0 million on their levels in first-half 2010. The division's national subsidiaries in Switzerland and Austria both saw their net revenues decline, by –8.4% and –7.3% respectively, compared to their levels a year earlier.

The improvement in its overall net revenues and the improved margins it generated enabled Valora Trade to increase its operating profit in local currency terms by CHF 16.2 million, or +22.6%. By far the widest gross profit margins were achieved in the cosmetics category.

Acquisition-led growth and the extension of its Nordic platform resulted in the division's operating costs rising to CHF 73.6 million, a CHF 7.0 million increase on their first-half 2010 level. This was partially offset by the substantial cost savings which the division's Swiss business unit achieved in its staff and logistics costs. In aggregate, Valora Trade generated a first-half 2011 operating profit of CHF 7.0 million, a CHF 1.9 million improvement on its performance a year earlier. In local currency terms, the division's operating profit rose 54.2%, with an operating profit margin of 2.0% (+0.5 percentage points). Valora Trade's published operating profit margin for the first six months of 2011 was 1.9%.

E CORPORATE

The centrally managed Corporate division comprises Valora's Swiss logistics operations, corporate information services and Group support functions in finance, human resources, legal services, business development and communication. The Swiss logistics operations essentially provide services to and for the other divisions. Through its other logistics services provided to third-party customers the division generated net revenues of CHF 4.8 million (–1.5% lower than in first-half 2010). In order to achieve further improvements in the cost efficiency of its logistics operations, the division plans to increase the net revenues it generates from third-party customers. The start-of-day nationwide logistics services which Valora can provide to potential third-party customers is virtually unrivalled in Switzerland.

The Corporate division's direct costs for the first six months of 2011 reflect the initiatives it has taken in recent years to streamline spending and increase efficiency. Overall staff costs were reduced by a further CHF 2.8 million compared to the same period of 2010. Corporate Information Services was the only business area whose cost levels rose slightly on first-half 2010 levels, reflecting the increased demand for its services. The decision to outsource the operation of the computer centres and the ICT infrastructure, announced on July 1, 2011, should ensure that costs in this area decline over the longer term. A supranational, dynamic IT infrastructure platform is in place to support the "Valora 4 Growth" strategy. Valora has a policy of charging the net costs of the Corporate division – i.e. its operating costs minus the logistics revenues generated from third parties – to the individual divisions on the basis of the use they make of them. Revenue and expense which is unrelated to the market divisions is reported under "other".

F FINANCIAL RESULT AND TAXES

Valora took early action to hedge the key currency risks inherent in its balance sheet. As a result, the effects of the significant depreciation of the Group's main trading currencies against the Swiss franc reflected in the results from its financing activities were limited to a modest CHF –0.9 million. In view of the turbulence prevailing on foreign exchange markets, the Group will continue to implement this risk reduction strategy in the near term.

The Group's interest expense and revenues mirror the low level of Swiss franc interest rates. Thus, while the interest earned on cash and cash equivalents remains low, so do Valora's financing costs. In order to continue to benefit from the current low level of interest rates, during the first half of 2011 Valora hedged part of the financing requirement resulting from its acquisition strategy and the bond redemption payment falling due in 2012. This has made it possible to plan for the future more securely and to reduce the level of interest rate risk.

The Group's overall tax rate of 15.8% is significantly down on its level a year ago and is also below its expected long-run average level of 17%. For the first six months of 2011, current income tax expense amounted to CHF 1.5 million, while deferred income taxes were CHF 3.4 million.

G LIQUIDITY, CASH FLOW AND KEY FINANCIAL RATIOS

The Group's net debt at June 30, 2011 amounted to CHF 76.9 million, an increase of CHF 62.8 million on its year-end 2010 level. A key factor driving this change was the increased dividend of CHF 11.50 per share paid out during the first half of 2011. In addition, deadline-related investments of CHF 58.1 million in net working capital were made at mid-year. These should have been neutralised by the end of 2011. The liquidity drawdown required for acquisitions during the first six months of 2011 amounted to CHF 2.9 million.

Shareholders' equity accounted for 44.1% of total assets at June 30, 2011, a 0.5 percentage point increase on year-end 2010. Valora's balance sheet thus remains extremely sound. This improvement in equity cover was achieved despite a dividend pay-out totalling CHF 31.9 million and CHF 5.3 million in currency translation losses on the Group's equity positions.

H VALORA VALUE ADDED

Valora Value Added in CHF million	**30.06.2011**	30.06.2010
Operating profit (EBIT)	33.4	35.7
Average invested capital	655.6	610.6
WACC	9.0%	9.0%
Capital costs	29.5	27.5
Valora Value Added	**3.9**	**8.2**

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 is based on the classical definition of economic value added. In order to ensure comparability between reporting periods, Valora Value Added is calculated on the basis of operating profit minus the Group's weighted average cost of capital (WACC), the weighted average of its equity and debt financing costs before taxes. The current calculations, which are based on industry comparisons and expected interest rate levels, put WACC at 9%. Valora regularly reviews its WACC assumptions, adjusting the WACC figure if it moves outside a defined range.

In the first six months of 2011, Valora Value Added fell by CHF 4.3 million versus its first-half 2010 level. After adjusting for exchange-rate effects and the contribution to first-half 2010 results derived from World Cup products, Valora Value Added increased by CHF 5.0 million.

I OUTLOOK

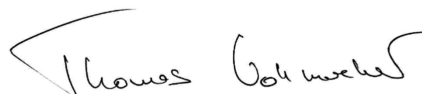
In the second half of 2011, the Valora Group will continue to concentrate on achieving the objectives set by its "Valora 4 Growth" strategy. Emphasis will be placed both on organic measures required to promote improved margins and sales and on acquisition-based opportunities.

As far as sales growth is concerned, Valora Retail's experience with its new agency model in the first six months of 2011 was extremely positive, and this has strengthened our conviction that entrepreneurship within the Valora Group should be further encouraged. That is why we maintain our objective of having some 150 outlets operating on an agency basis by the end of 2011. We firmly believe that this reconfiguration of the distribution network, along with initiatives to expand the Group's promotion and services activities and raise cost-efficiency in purchasing, will be the key drivers of the Valora Retail division's organic growth. We also believe that further expansion of the successful avec. and P&B formats has the potential to deliver additional growth.

Valora's organic growth initiatives are complemented by the intensive efforts it is now devoting to exploring further acquisitions in the context of its "Valora 4 Growth" strategy. The objectives here are to expand the current outlet network geographically, to acquire new small-outlet retail formats and to develop Valora Trade into a pan-European branded goods distributor. The acquisitions successfully completed last year have already achieved the first milestones along this path. In 2011, these have been followed by Valora's acquisition of the Swedish cosmetics distributor Scandinavian Cosmetics (ScanCo), announced in June, which marks a further ideal extension of our Group's current product portfolio.

Despite current market uncertainties, we are convinced that our Valora 4 Growth strategy will enable us to reach the financial objectives we have set for the coming years, assuming stable exchange rates.

Valora Holding AG



Rolando Benedick
Chairman of the Board of Directors

Thomas Vollmoeller
CEO

VALORA HALF-YEAR FINANCIAL STATEMENTS 2011

12 Consolidated income statement
13 Consolidated statement of comprehensive income
14 Consolidated balance sheet
16 Consolidated cash flow statement (condensed)
17 Consolidated statement of changes in equity
18 Notes to the half-year financial statements

CONSOLIDATED INCOME STATEMENT

January 1 to June 30, in CHF 000 (except per-share amounts)	**2011**	**%**	2010	%
Net revenues	**1 397 591**	**100.0**	**1 431 860**	**100.0**
Cost of goods	–968 024	–69.3	–998 117	–69.7
Gross profit	**429 567**	**30.7**	**433 743**	**30.3**
Personnel expense	–211 664	–15.1	–221 332	–15.5
Other operating expenses	–167 130	–12.0	–158 941	–11.1
Depreciation	–22 471	–1.6	–22 093	–1.5
Other income, net	5 111	0.4	4 310	0.3
Operating profit (EBIT)	**33 413**	**2.4**	**35 687**	**2.5**
Financial expense	–3 548	–0.3	–4 811	–0.3
Financial income	1 301	0.1	382	0.0
Share of result from associates and joint ventures	81	0.0	92	0.0
Earnings before taxes	**31 247**	**2.2**	**31 350**	**2.2**
Income taxes	–4 932	–0.3	–5 389	–0.4
Net Group profit	**26 315**	**1.9**	**25 961**	**1.8**
Attributable to shareholders of Valora Holding AG	25 746	1.9	26 029	1.8
Attributable to non-controlling interests	569	0.0	–68	0.0
Earnings per share				
diluted and undiluted (in CHF)	9.34		9.47	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to June 30, in CHF 000	**2011**	2010
Net Group profit	**26 315**	**25 961**
Actuarial gains/(losses) and pension asset recognition ceiling, before tax	–3 299	–806
Deferred taxes	660	161
Actuarial gains/(losses) and pension asset recognition ceiling, after tax	**–2 639**	**–645**
Valuation loss on cash flow hedge	**–2 468**	**0**
Currency translation adjustments	**–5 343**	**–16 285**
Total other comprehensive income	**–10 450**	**–16 930**
Total comprehensive income	**15 865**	**9 031**
Attributable to shareholders of Valora Holding AG	15 424	9 475
Attributable to non-controlling interests	441	–444

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	30.06.2011	%	31.12.2010 audited	%
Current assets				
Cash and cash equivalents	82 557		130 461	
Derivative assets	46		232	
Trade accounts receivable	181 522		174 203	
Inventories	224 489		214 604	
Current income tax receivables	3 827		3 266	
Other current receivables	70 112		63 118	
Current assets	**562 553**	**53.1%**	**585 884**	**53.4%**
Non-current assets				
Property, plant and equipment	207 329		217 706	
Goodwill, software and other intangible assets	190 800		190 733	
Investment property	5 825		5 939	
Investment in associates and joint ventures	5 029		5 022	
Financial assets	9 627		10 062	
Net pension asset	49 243		49 640	
Deferred income tax assets	29 130		31 154	
Total non-current assets	**496 983**	**46.9%**	**510 256**	**46.6%**
Total assets	**1 059 536**	**100.0%**	**1 096 140**	**100.0%**

LIABILITIES AND EQUITY

in CHF 000	**30.06.2011**	%	31.12.2010 audited	%
Current liabilities				
Short-term financial debt	2 690		2 155	
Derivative liabilities	2 840		929	
Trade accounts payable	235 321		263 442	
Current income tax liabilities	13 165		15 164	
Other current liabilities	138 756		144 871	
Current provisions	716		502	
Total current liabilities	**393 488**	**37.1%**	**427 063**	**39.0%**
Non-current liabilities				
Other non-current liabilities	161 881		148 546	
Long-term accrued pension cost	13 920		17 213	
Long-term provisions	5 668		9 265	
Deferred income tax liabilities	17 292		15 911	
Total non-current liabilities	**198 761**	**18.8%**	**190 935**	**17.4%**
Total liabilities	**592 249**	**55.9%**	**617 998**	**56.4%**
Equity				
Share capital	2 800		2 800	
Treasury stock	–5 185		–9 484	
Mark-to-market, financial instruments	–2 472		–4	
Retained earnings	513 363		521 275	
Cumulative translation adjustments	–45 816		–40 601	
Equity of Valora Holding AG shareholders	**462 690**	**43.7%**	**473 986**	**43.2%**
Non-controlling interest in shareholders' equity	4 597		4 156	
Total equity	**467 287**	**44.1%**	**478 142**	**43.6%**
Total liabilities and equity	**1 059 536**	**100.0%**	**1 096 140**	**100.0%**

CONSOLIDATED CASH FLOW STATEMENT (CONDENSED)

January 1 to June 30, in CHF 000	**2011**	2010
Operating profit (EBIT)	33 413	35 687
Elimination of non-cash transactions	13 252	17 068
Cash flow before changes in net working capital	**46 665**	**52 755**
Changes in net working capital	–52 689	–19 189
Net cash (used in)/provided by operating activities	**–6 024**	**33 566**
Interest and taxes paid/received	–3 909	–2 736
Total net cash (used in)/provided by operating activities	**–9 933**	**30 830**
Investment in non-current assets	–26 958	–21 919
Proceeds from sales	1 552	5 312
Net cash (used in)/provided by investing activities	**–25 406**	**–16 607**
Increase in financial liabilities	20 502	0
Repayment of financial liabilities	–5 211	–1 674
Treasury stock purchased/sold and dividends paid	–27 009	–26 839
Net cash (used in)/provided by financing activities	**–11 718**	**–28 513**
Net decrease in cash and cash equivalents	**–47 057**	**–14 290**
Translation adjustments on cash and cash equivalents	–847	–4 975
Cash and cash equivalents at January 1	130 461	161 565
Cash and cash equivalents at June 30	**82 557**	**142 300**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

	Equity of Valora Holding AG							
in CHF 000	**Share capital**	**Treasury stock**	**Mark-to-market, financial instruments**	**Retained earnings**	**Cumulative translation adjustments**	**Total equity of Valora Holding AG shareholders**	**Non-controlling interest**	**Total equity**
Balance at December 31, 2009	**2 800**	**–10 323**	**8**	**472 962**	**–15 570**	**449 877**	**3 841**	**453 718**
Net Group profit				26 029		26 029	–68	25 961
Total other comprehensive income				–645	–15 909	–16 554	–376	–16 930
Total comprehensive income				25 384	–15 909	9 475	–444	9 031
Share-based payments				149		149		149
Dividend paid on 2009 result				–27 460		–27 460	–630	–28 090
Treasury stock purchased		–1 568				–1 568		–1 568
Decrease in treasury stock		2 503		794		3 297		3 297
Balance at June 30, 2010	**2 800**	**–9 388**	**8**	**471 829**	**–31 479**	**433 770**	**2 767**	**436 537**
Net Group profit				37 363		37 363	304	37 667
Total other comprehensive income			–12	11 546	–9 122	2 412	–225	2 187
Total comprehensive income			–12	48 909	–9 122	39 775	79	39 854
Share-based payments				537		537		537
Treasury stock purchased		–96				–96		–96
Decrease in treasury stock								
Additions to non-controlling interests							1 310	1 310
Balance at December 31, 2010	**2 800**	**–9 484**	**–4**	**521 275**	**–40 601**	**473 986**	**4 156**	**478 142**
Net Group profit				25 746		25 746	569	26 315
Total other comprehensive income			–2 468	–2 639	–5 215	–10 322	–128	–10 450
Total comprehensive income			–2 468	23 107	–5 215	15 424	441	15 865
Share-based payments				–282		–282		–282
Dividend paid on 2010 result				–31 893		–31 893		–31 893
Treasury stock purchased		–10 383				–10 383		–10 383
Decrease in treasury stock		14 682		1 156		15 838		15 838
Balance at June 30, 2011	**2 800**	**–5 185**	**–2 472**	**513 363**	**–45 816**	**462 690**	**4 597**	**467 287**

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

1 INFORMATION REGARDING THE GROUP

Valora is a Swiss trading group operating on a Europe-wide basis. Valora's parent company, Valora Holding AG, is listed on the SIX Swiss Exchange. Through its three divisions, the Valora Group operates in the business areas of small-outlet retail at heavily frequented locations (Valora Retail), press-product distribution and wholesaling activities (Valora Services) and distribution of branded food and non-food products (Valora Trade).

2 SIGNIFICANT ACCOUNTING POLICIES

These half-year financial statements comprise the consolidated financial statements of Valora Holding AG and its subsidiaries for the first six months of 2011. The statements are based on the set of uniformly prepared individual financial statements of the Valora Group companies. With the exception of the changes to International Financial Reporting Standards (IFRS) and their interpretation detailed in Note 3 below, these statements have been prepared according to the same accounting policies and valuation principles as those used for the Group's 2010 annual report. The reporting currency is the Swiss franc (CHF). These half-year financial statements have been compiled in accordance with SIX Swiss Exchange requirements in line with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". These statements do not contain all the information contained in the consolidated annual report for 2010 and should therefore be read in conjunction with that document.

Consolidation principles. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's half-year financial statements also encompass 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. Whenever companies are acquired, all identifiable assets, liabilities and contingent liabilities of the acquired entity are valued at the fair value prevailing at the time of the acquisition, and the difference between the purchase price paid and the fair value of the company's net assets at the time of the acquisition is recognised as goodwill. Non-controlling interests are defined as that part of the shareholders' equity of a subsidiary which is not directly or indirectly attributable to the shareholders of Valora Holding AG. These non-controlling interests are disclosed separately in the consolidated income statement, consolidated statement of comprehensive income and the balance sheet. In the Group balance sheet, non-controlling interests are shown in the shareholders' equity section, but are reported separately from the equity attributable to shareholders of Valora Holding AG. Purchases of non-controlling interests are treated as equity transactions, with the difference between the purchase price paid and the book value of the net assets acquired being allocated to the equity attributable to the shareholders of Valora Holding AG.

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 "Investment 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 not affecting the net income of associated companies and joint ventures are credited or debited directly to Valora's other comprehensive income. Dividends received by Valora reduce the value of its investment.

Changes in consolidation scope. On March 24, 2011, the Valora Group acquired two companies economically linked to each other, Delvita Delikatessen GmbH and SaltySnackS GmbH, both with registered offices in Nettetal, Germany. The effect of this acquisition on the Group's half-year results is not material. No further changes in consolidation scope occurred during the first six months of 2011.

Consolidation period. These half-year financial statements cover the period from January 1 to June 30.

3 CHANGES TO ACCOUNTING POLICIES

Implementation of new financial reporting standards. The effects arising from the implementation of changes to International Financial Reporting Standards (IFRS) and interpretations thereof which was required with effect from January 1, 2011 are explained below:

IAS 24 (revised) "Related Party Disclosures"
The changes to IAS 24 relate to clarifications regarding the identification of related parties and do not have any material effect on the Valora Group.

IAS 32 (revised) "Classification of Rights Issues"
Since Valora has not issued any such rights, this amendment does not affect the Valora Group.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"
No changes have been necessary as a result of this interpertation, since no equity instruments have been used to extinguish any financial liabilities.

Annual Improvements 2010 (annual modification process)
The Annual Improvements 2010, which apply with effect from January 1, 2011, relate to the elimination of inconsistencies in a number of standards and to the clarification of certain formulations relating to them. These changes do not have any material effect on the Valora Group.

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 recognised in other comprehensive income and reported separately as currency translation adjustments.

Exchange rates applied for key foreign currencies

	Average rate for 6 months to 30.06.2011	**Rate at 30.06.2011**	Average rate for 6 months to 30.06.2010	Rate at 30.06.2010
Euro, 1 EUR	1.271	1.219	1.437	1.319
Swedish krona, 100 SEK	14.21	13.29	14.66	13.83
Danish krone 100 DKK	17.04	16.35	19.30	17.71
Norwegian krone, 100 NOK	16.23	15.59	17.94	16.55

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. In the case of sales for third parties, the commission due to Valora is recognised as net revenues.

5 SUMMARY SEGMENT REPORTING

Segment data by division

in CHF 000	Valora Retail	Valora Services	Valora Trade	Others	Intersegment elimination	Total Group
Segment information for the six months to 30.06.2011						
Net revenues						
Total	**797 421**	**310 255**	**362 856**	**4 763**	**–77 704**	**1 397 591**
From third parties	796 502	236 433	359 893	4 763		1 397 591
From other divisions	919	73 822	2 963		–77 704	
Operating profit (EBIT)						
Total	**19 169**	**10 001**	**7 033**	**–2 790**		**33 413**
Operating profit (EBIT) in % of net revenues	2.4	3.2	1.9			2.4
Segment information for the six months to 30.06.2010 (restated)						
Net revenues						
Total	**791 980**	**369 360**	**348 809**	**4 837**	**–83 126**	**1 431 860**
From third parties	791 506	290 021	345 496	4 837		1 431 860
From other divisions	474	79 339	3 313		–83 126	
Operating profit (EBIT)						
Total	**14 590**	**19 524**	**5 075**	**–3 502**		**35 687**
Operating profit (EBIT) in % of net revenues	1.8	5.3	1.5			2.5

Modifications to Valora's internal organisational structure resulted in the composition of reported segments changing with effect from January 1, 2011. To reflect this, the segment reporting for the prior period has been modified. These changes are principally due to the Group's book business in Switzerland and Luxembourg being transferred from Valora Services to Valora Retail. The change to net revenues from third parties amounts to CHF –32k for Valora Services and CHF +32k for Valora Retail. The change to net revenues from other divisions amounts to CHF –5728k for Valora Services. The change to operating profit amounts to CHF –860k for Valora Services and CHF +860k for Valora Retail.

6 SEASONAL EFFECTS

Valora's business activities are not subject to any significant seasonal or cyclical effects.

7 PROVISIONS

During the first six months of 2011 Valora was able to release previously created litigation-related provisions which were no longer required. Conversely, new provisions were created for restructuring measures and potentially imminent litigation. Overall, the net change amounts to some CHF 3.4 million.

8 DIVIDENDS PAID

On April 26, 2011 a dividend of CHF 11.50 per registered share was paid in respect of 2010 (CHF 10 per registered share for the previous year).

9 SUBSEQUENT EVENTS

On June 21, 2011, Valora announced its acquisition of the Swedish cosmetics distributor Scandinavian Cosmetics (ScanCo), whose registered offices are in Malmö. The closing conditions of this agreement stipulate that the approval of both parties is required prior to the transaction being finalised.

This half-year report was approved by the Board of Directors of Valora Holding AG on August 22, 2011.

Muttenz, August 22, 2011

The next Ordinary General Meeting of shareholders of Valora Holding AG will be held on Thursday, April 19, 2012.

This half-year report is published in German and English. The original version is in German.

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