CONSOLIDATED INCOME STATEMENT

	Note	2011	%	2010	%
January 1 to December 31, in CHF 000 (except per-share amounts)					
Net revenues	8	**2 817 904**	**100.0**	**2 877 650**	**100.0**
Cost of goods		– 1 941 531	– 68.9	– 2 002 436	– 69.6
Gross profit		**876 373**	**31.1**	**875 214**	**30.4**
Personnel expense	9	– 409 295	– 14.5	– 432 720	– 15.0
Other operating expenses	10	– 358 075	– 12.7	– 325 849	– 11.3
Depreciation and impairments	20, 21, 22	– 46 522	– 1.7	– 44 067	– 1.6
Other income, net	11	8 045	0.3	8 724	0.3
Operating profit (EBIT)	8	**70 526**	**2.5**	**81 302**	**2.8**
Financial expense	12	– 5 955	– 0.1	– 9 818	– 0.3
Financial income	13	2 220	0.0	1 945	0.1
Share of result from associates and joint ventures	25	255	0.0	728	0.0
Earnings before taxes		**67 046**	**2.4**	**74 157**	**2.6**
Income taxes	14	– 10 006	– 0.4	– 12 460	– 0.5
Net profit from continuing operations		**57 040**	**2.0**	**61 697**	**2.1**
Net profit from discontinued operations	7	317	0.0	1 931	0.1
Net Group profit		**57 357**	**2.0**	**63 628**	**2.2**
Attributable to shareholders of Valora Holding AG		56 328	2.0	63 392	2.2
Attributable to non-controlling interests		1 029	0.0	236	0.0
Earnings per share (in CHF)					
from continuing operations, diluted and undiluted	15	20.24		22.35	
from discontinued operations, diluted and undiluted	7	0.11		0.70	
from continued and discontinued operations, diluted and undiluted	15	**20.35**		**23.05**	

The accompanying notes from page 51 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to December 31, in CHF 000	Note	2011	2010
Net Group profit		**57 357**	**63 628**
Actuarial gains/(losses) and pension asset recognition ceiling, before deferred income taxes	30	– 45 125	13 612
Deferred income taxes	30	9 091	– 2 711
Actuarial gains/(losses) and pension asset recognition ceiling, after deferred income taxes	30	**– 36 034**	**10 901**
Valuation gains/(losses) on financial investments available for sale before deferred income taxes		67	– 16
Deferred income taxes		– 17	4
Valuation gains/(losses) on financial investments available for sale, after deferred income taxes		**50**	**– 12**
Valuation losses on cash flow hedge	33	**– 8 834**	**0**
Currency translation adjustments		**– 1 251**	**– 25 632**
Total other comprehensive income		**– 46 069**	**– 14 743**
Total comprehensive income		**11 288**	**48 885**
Attributable to shareholders of Valora Holding AG		10 373	49 250
Attributable to non-controlling interests		915	– 365

The accompanying notes from page 51 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

ASSETS

in CHF 000	Note	31.12.2011	%	31.12.2010	%
Current assets					
Cash and cash equivalents	16	109 562		130 461	
Derivative financial assets	33	166		232	
Trade accounts receivable	17	174 042		174 203	
Inventories	18	236 299		214 604	
Current income tax receivables		4 453		3 266	
Other current receivables	19	66 597		63 118	
Total current assets		**591 119**	**53.6%**	**585 884**	**53.4%**
Non-current assets					
Property, plant and equipment	20	219 302		217 706	
Goodwill, software and other intangible assets	22	232 788		190 733	
Investment property	21	5 752		5 939	
Investment in associates and joint ventures	25	4 291		5 022	
Financial assets	24	8 881		10 062	
Net pension asset	30	13 417		49 640	
Deferred income tax assets	14	27 570		31 154	
Total non-current assets		**512 001**	**46.4%**	**510 256**	**46.6%**
Total assets		**1 103 120**	**100.0%**	**1 096 140**	**100.0%**

LIABILITIES AND EQUITY

in CHF 000	Note	31.12.2011	%	31.12.2010	%
Current liabilities					
Short-term financial debt	26	141 869		2 155	
Derivative financial liabilities	33	9 056		929	
Trade accounts payable	27	293 056		263 442	
Current income tax liabilities		12 565		15 164	
Other current liabilities	28	144 846		144 871	
Current provisions	29	0		502	
Total current liabilities		**601 392**	**54.5%**	**427 063**	**39.0%**
Non-current liabilities					
Other non-current liabilities	26	3 644		148 546	
Long-term accrued pension cost	30	15 026		17 213	
Long-term provisions	29	6 121		9 265	
Deferred income tax liabilities	14	14 605		15 911	
Total non-current liabilities		**39 396**	**3.6%**	**190 935**	**17.4%**
Total liabilities		**640 788**	**58.1%**	**617 998**	**56.4%**
Equity					
Share capital	36	2 800		2 800	
Treasury stock		– 5 185		– 9 484	
Mark-to-market, financial instruments		– 8 788		– 4	
Retained earnings		510 585		521 275	
Cumulative translation adjustments		– 41 738		– 40 601	
Equity of Valora Holding AG shareholders		**457 674**	**41.5%**	**473 986**	**43.2%**
Non-controlling interests in shareholders' equity		4 658		4 156	
Total equity		**462 332**	**41.9%**	**478 142**	**43.6%**
Total liabilities and equity		**1 103 120**	**100.0%**	**1 096 140**	**100.0%**

The accompanying notes from page 51 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

January 1 to December 31, in CHF 000	Note	2011	2010
Operating profit (EBIT)		**70 526**	**81 302**
Elimination of non-cash transactions in operating profit (EBIT)			
Depreciation and impairments on property, plant, equipment and investment properties	20, 21	28 435	28 804
Amortisation of intangible assets	22	18 087	15 263
Book gains on sale of property, plant and equipment, net	11	– 449	– 2 081
Book gains on sale of subsidiaries, net	6	0	– 501
Share-based remuneration	31	483	1 726
Release of provisions, net	29	– 2 195	– 956
Decrease in accrued pension cost		– 10 729	– 4 079
Decrease in other non-current liabilities		– 2 083	– 3 001
Other non-cash transactions		0	– 1 382
Changes in net working capital, net of acquisitions and disposals of business units			
Decrease (increase) in trade accounts receivable		3 574	– 13 170
(Increase) decrease in inventories		– 12 336	11 944
Increase in other current assets		– 2 525	– 3 670
Increase (decrease) in trade accounts payable		20 896	– 11 932
Provisions assigned	29	– 181	– 900
Decrease in other liabilities		– 3 523	– 8 667
Net cash provided by operating activities		**107 980**	**88 700**
Interest paid		– 6 273	– 4 991
Income taxes paid		– 7 250	– 7 870
Interest received		2 294	2 696
Dividend payments received		239	178
Total net cash provided by operating activities		**96 990**	**78 713**

January 1 to December 31, in CHF 000	Note	2011	2010
Cash flow from investing activities			
Investment in property, plant and equipment	20	– 38 055	– 32 917
Proceeds from sale of property, plant and equipment	20	9 485	2 571
Proceeds from sale of investment property	21	0	12 425
Acquisition of subsidiaries, net of cash acquired	6	– 40 263	– 32 018
Purchase price reimbursements from acquisition of subsidiaries		0	395
Disposal of subsidiaries, net of cash sold	6	0	829
Share capital increase by associate company		– 54	0
Sales (purchases) of financial investments		176	– 1 441
Purchases of other intangible assets	22	– 17 006	– 20 889
Proceeds from sale of other intangible assets	22	179	850
Net cash used in investing activities		**– 85 538**	**– 70 195**
Cash flow from financing activities			
Payment of short-term financial liabilities		– 1 476	– 5 472
(Payment) increase of long-term financial liabilities	26	– 2 230	59
Treasury stock purchased		– 10 383	– 1 664
Treasury stock sold		15 267	2 818
Dividends paid to shareholders of Valora Holding AG		– 31 893	– 27 460
Dividends paid to non-controlling interests		– 413	– 630
Net cash used in financing activities		**– 31 128**	**– 32 349**
Net decrease in cash and cash equivalents		**– 19 676**	**– 23 831**
Translation adjustments on cash and cash equivalents		– 1 223	– 7 273
Cash and cash equivalents at beginning of year		130 461	161 565
Cash and cash equivalents at year end	16	**109 562**	**130 461**

The accompanying notes from page 51 to page 103 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity

	Equity of Valora Holding AG							
in CHF 000	**Share capital**	**Treasury stock**	**Mark-to-market, financial instru-ments**	**Retained earnings**	**Cumulative translation adjustments**	**Total equity of Valora Holding AG share-holders**	**Non-controlling interests**	**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				63 392		63 392	236	63 628
Total other comprehensive income			– 12	10 901	– 25 031	– 14 142	– 601	– 14 743
Total comprehensive income			– 12	74 293	– 25 031	49 250	– 365	48 885
Share-based payments				686		686		686
Dividend paid				– 27 460		– 27 460	– 630	– 28 090
Treasury stock purchased		– 1 664				– 1 664		– 1 664
Decrease in treasury stock		2 503		794		3 297		3 297
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				56 328		56 328	1 029	57 357
Total other comprehensive income			– 8 784	– 36 034	– 1 137	– 45 955	– 114	– 46 069
Total comprehensive income			– 8 784	20 294	– 1 137	10 373	915	11 288
Share-based payments				– 247		– 247		– 247
Dividend paid				– 31 893		– 31 893	– 413	– 32 306
Treasury stock purchased		– 10 383				– 10 383		– 10 383
Decrease in treasury stock		14 682		1 156		15 838		15 838
Balance at December 31, 2011	**2 800**	**– 5 185**	**– 8 788**	**510 585**	**– 41 738**	**457 674**	**4 658**	**462 332**

The accompanying notes from page 51 to page 103 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION REGARDING THE GROUP

Valora is a Swiss trading group, whose parent company, Valora Holding AG, is listed on the SIX Swiss Exchange. Valora's consolidated financial statements for the 2011 financial year were approved by the Board of Directors on March 21, 2012. These consolidated financial statements are subject to approval by the General Meeting of Shareholders to be held on April 19, 2012.

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 (CHF). 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 SIX Swiss Exchange.

Key accounting principles.

Consolidation. In addition to the accounts of Valora Holding AG, Muttenz, Switzerland, the Valora Group's 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 in 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 are 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 "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 not affecting 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 investments.

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

Changes in consolidation scope. As of January 1, 2011, the Valora Group acquired 100 % of the two economically linked companies Delvita Delikatessen GmbH and Salty Snacks GmbH, both with registered offices in Nettetal, Germany. As of August 23, 2011, the Valora Group acquired 100 % of Scandinavian Cosmetics AB, a Swedish company with registered offices in Malmö.

As of May 29, 2010, the Valora Group sold its 100 % interest in Melisa SA, a Swiss company with registered offices in Lugano. As of October 1, 2010, the Valora Group acquired 80 % of Engelschiøn Marwell Hauge AS, a Norwegian company with registered offices in Oslo. As of October 1, 2010, the Valora Group acquired 100 % of tabacon Franchise GmbH & Co. KG, a German company with registered offices in Nuremberg.

Additional information on these transactions is presented in note 6 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 changes to International Financial Reporting Standards (IFRS) and interpretations thereof was first required for the Group's 2011 accounts:

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.

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 the Valora Group will be required to apply in its accounts for 2012 or thereafter:

The changes to IAS 12 relating to "Recovery of Underlying Assets" which will become applicable with effect from January 1, 2012 do not affect the Valora Group's consolidated accounts.

The changes to IFRS 7 "Transfers of Financial Assets" which will become applicable with effect from January 1, 2012 will affect disclosures made in the Notes to the Consolidated Financial Statements only. They do not have any financial effects on the Valora Group.

In June 2011, a revised version of IAS 19 "Employee Benefits" was published. Application of this new version of IAS 19 will be mandatory for all financial years starting on or after January 1, 2013. The new standard no longer permits actuarial gains and losses on defined benefit employee schemes to be reported under the so-called corridor method. The Valora Group does not avail itself of this method, reporting such gains and losses under total other comprehensive income instead. Since the approach that the revised standard will require in this matter is already used by the Valora Group, these changes will not have any affect on its consolidated accounts. The revised standard also requires that the current method of basing expected returns from plan assets on an expected net return be replaced by a method which applies the discount rate used to calculate the net present value of a defined benefit plan's projected benefit obligation. At present, it is not possible to estimate the effects of this change on the Group's future income statements and balance sheets. Based on the data for 2011, premature application of this change to the standard would have resulted in an increase in the pension costs calculated under IAS 19 and, after taking a deferred tax rate of 20% into account, would have transferred an estimated CHF 6.2 million from annual profit to other comprehensive income. The effect on the Group's overall comprehensive income would have been neutral.

The following new standards and future changes to existing IFRS standards are currently being analysed: with effect from January 1, 2013, the changes to IAS 1 "Presentation of Items of Other Comprehensive Income" will become applicable, as will IAS 27 "Separate Financial Statements" , IAS 28 "Investments in Associates and Joint Ventures" and IFRS 7 "Offsetting of Financial Assets and Financial Liabilities" , as well as the following new standards: IFRS 10 "Consolidated Financial Statements" , IFRS 11 "Joint Arrangements" , IFRS 12 "Disclosure of Involvement in Other Entities" and IFRS 13 "Fair Value Measurement" . With effect from January 1, 2014, the changes to IAS 32 relating to Offsetting of Financial Assets and Financial Liabilities" will become applicable. With effect from January 1, 2015, the new IFRS 9 "Financial Instruments" standard will become applicable.

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 to other comprehensive income and reported separately as currency translation adjustments.

Exchange rates applied for key foreign currencies

	Average rate for 2011	**Rate at December 31, 2011**	Average rate for 2010	Rate at December 31, 2010
Euro, 1 EUR	1.234	1.214	1.382	1.250
Swedish krona, 100 SEK	13.68	13.64	14.47	13.91
Danish krone, 100 DKK	16.52	16.33	18.55	16.77
Norwegian krone, 100 NOK	15.83	15.67	17.26	16.04

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 in net revenues.

Equity-based remuneration. The Valora Group pays some of the remuneration 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.

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. 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 tax liabilities on temporary differences are generally recorded. Deferred tax assets are recognised only when there is a probability that there will be sufficient taxable income available to offset against them. 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 or assets are reported as tax expense or income in the income statement. This does not apply to deferred taxes relating to positions which are either shown under other income or are accrued directly to shareholders' equity.

Disposals of business units. When business units which are not classified as discontinued operations 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 detailed cash flows from continuing operations only. The net cash flows from discontinued operations generated by operating, investing and financing activities are disclosed in one line each.

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 a maturity not exceeding 3 months.

Trade accounts receivable. Trade accounts receivable are recorded at amortised costs minus any necessary adjustments for doubtful accounts. Adjustments are made if there is objective evidence that the amount may not be received in full.

Inventory. Inventory is carried at the lower of purchase cost or net realisable value. For Valora's Retail division, inventory is valued at average purchase cost, based on a moving average method. The Valora Services and Valora Trade divisions use the first-in, first-out method (FiFo). Slow-moving or obsolete inventory items are valued according to standard business practices, with the items in question being partially or wholly written off.

Non-current assets held for sale. Non-current assets are classified as held for sale and valued at the lower of book or fair value minus selling costs, if their book value is expected to be realised principally from their sale rather than from their continued operational use. The assets in question must be immediately saleable and there must be a high probability that their sale will occur. If entire business units are held for sale, all their non-current 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 the economically useful life of the property. All other renovation and maintenance costs are expensed directly to the income statement. Capitalised extensions and installations in rented premises are depreciated over their estimated economically useful life or the remaining term of the rental lease, if this is shorter. The interest costs relating to facilities which have been under construction for longer periods of time are capitalised.

A straight line amortisation schedule is used, based on the following estimates of economically useful life:

	Years
Land for operational use	no depreciation
Buildings and building components, operational	15–96
Machinery, equipment, fixtures and fittings	6–10
Vehicles	5
IT hardware	3–5

Investment property. Investment property is recorded at purchase or construction cost minus accumulated depreciation. The fair values reported in these notes are based on current estimates of their income-generating capacity. 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.

The depreciation method is straight line, based on the following estimates of economically useful life:

	Years
Land	no depreciation
Buildings	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, an impairment may be reversed only if the assumptions previously used in determining the realisable value of the asset concerned 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 impairments had occurred and it had simply been subject to regular straight-line depreciation. Any increase in value resulting from such a reversal is recorded in the income statement immediately.

Leases. Assets acquired under leasing agreements which transfer the benefits and risk 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.

Expenditure or revenue arising from operating leases is credited or charged to the income sattement on a straight line basis over the life of the leases.

Intangible assets, excluding goodwill. 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. Intangible assets of unlimited duration are not subject to scheduled depreciation charges. They are subjected to an impairment test at least once a year, with impairment charges being recorded against them as required. 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 – 20

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, an impairment (other than one made to goodwill) may be reversed only if the assumptions previously used in determining the realisable value of the asset concerned 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 impairments had occurred and it had simply been subject to regular depreciation. Any increase in value resulting from such a reversal 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 according to one of the following categories:
- 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 derivative financial instruments 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 purpose 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 to other comprehensive income. 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 their initial and maturity values being determined by the effective yield method and charged to financial expense.

Provisions. Provisions are recorded when, as a result of a past event, a liability has arisen whose amount can be reliably estimated and for whose settlement an outflow of cash is probable.

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 remuneration trajectories. The employer's pension expense, interest costs and expected investment returns are booked to the income statement in the period in which they occur. Actuarial gains and losses and the effect of any ceiling applied to the net pension fund assets are accumulated under other comprehensive income.

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 financial instrument 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 the value of future cash flows are booked to other comprehensive income. Gains or losses which do not meet this effectiveness requirement are immediately recorded in the income statement. The amounts recorded under other comprehensive income are then transferred to the income statement when the cash flows they hedge are booked.

When a derivative financial instrument held for hedging purposes matures, is sold or no longer meets hedge accounting criteria, any unrealised gains or losses accumulated to other comprehensive income 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 accumulated to other comprehensive income are transferred 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. 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 regarding 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 statement of comprehensive income, 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:

Property, plant and equipment. The useful life of property, plant and equipment is determined based on experience and the current technical characteristics of the assets concerned. The actual useful life of a specific asset may deviate from that initially determined due to changes in technology and market conditions. In the event of such a deviation, the remaining useful life of the asset concerned is adjusted. The value of fixed assets is always re-assessed whenever changes in circumstances indicate that their current book value may exceed their fair value. Fair value is determined on the basis of estimates and management's assumptions about the economic utility of the assets concerned. Values subsequently realised can deviate from these estimates (see note 20).

Goodwill. The consolidated balance sheet carries goodwill from continuing operations at CHF 124.7 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 appliedy.

Net pension asset. The Group maintains occupational pension schemes of its own 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 surplus for the Swiss schemes which is capitalised in the consolidated balance sheet and which corresponds to that portion of the surplus which the Group is entitled to offset against its benefit obligations under the plans concerned. These valuations are based on a number of assumptions, principal among which are the discount rate applied to future benefits, the expected rate of 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.

Deferred income tax assets. 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 income generated before the tax loss carry forwards expire. This means that future net income may be impacted by impairments on deferred tax assets if the profits the Group generates during the relevant

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 established for liabilities whose amount and/or due date cannot be determined with certainty, provided that expert opinion confirms that a future disbursement in respect of the matter in question is probable. 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 (see note 29).

6 ACQUISITIONS AND DISPOSALS OF BUSINESS UNITS

Transactions completed in 2011.

Acquisitions

Net assets purchased, purchase price paid, net cash used

in CHF 000	Delvita and Salty Snacks Fair Value	Scandinavian Cosmetics Fair Value
Current assets	3 092	17 915
Intangible assets	1 751	11 702
Other non-current assets	79	105
Current liabilities	– 1 277	– 13 572
Deferred income tax liabilities	– 560	– 4 127
= Net assets acquired	**3 085**	**12 023**
Goodwill from acquisition	1 409	26 031
= Purchase price	**4 494**	**38 054**
Outstanding contingent consideration	– 873	0
= Purchase price paid	3 621	38 054
Cash and cash equivalents acquired	– 647	– 765
= Cash used in acquisition of subsidiaries	**2 974**	**37 289**

Acquisition of Delvita and Salty Snacks. As of January 1, 2011, the Valora Group acquired 100% of Delvita Delikatessen GmbH and 100% of SaltySnackS GmbH, both with registered offices in Nettetal, Germany. Following the acquisition, the two companies were merged to form Salty Snacks Delicatessen GmbH and the new entity's registered offices were established in Mühlheim an der Ruhr, Germany. The company is a traditional trading firm whose principal activities are the distribution of savoury snacks and specialised novelty products to medium-sized suppliers and principals.
In the Valora Group's segment reporting, Delvita and Salty Snacks are incorporated in the results of Valora Trade.

The capitalised goodwill of CHF 1.4 million represents the portions of the purchase price which were not recognisable. These relate to synergies arising from the acquisition, the extent to which the acquired company's products complement and extend Valora Trade Germany's product mix and the strengthening of Valora Trade Germany's market position vis-à-vis its trade partners. Valora does not expect the capitalised goodwill to be tax deductible.

The purchase price of the acquisition was CHF 4.5 million, of which CHF 3.6 million has been paid and CHF 0.9 million is currently outstanding under the terms of a contingent consideration arrangement. Payment of this contingent consideration depends on the attainment of two separate performance-related milestones. If these are achieved, the related payments will fall due in 2012 and 2013. The amount of the potential undiscounted disbursements associated with this arrangement is between zero and EUR 0.7 million (CHF 0.9 million). Since there is every probability that these milestones will be achieved, a liability equal to the maximum possible amount has been recognised.

Current assets comprise accounts receivable with a market value of CHF 1.7 million. No impairment charge has been applied to these receivables and Valora expects that the contractually agreed amounts will be paid in their entirety.

Since being acquired by Valora, Delvita and Salty Snacks have contributed net revenues of CHF 12.2 million and net profit of CHF 0.9 million to the Group's consolidated results.

Acquisition of Scandinavian Cosmetics. As of August 23, 2011, the Valora Group acquired 100% of the Swedish company Scandinavian Cosmetics, whose registered offices are in Malmö. The company is Sweden's leading cosmetics distributor. Scandinavian Cosmetics has been integrated into the operations of Valora's Trade division.

The capitalised goodwill of CHF 26.0 million represents the portions of the purchase price which were not recognisable. These relate to the benefits to Valora of gaining access to new geographic markets and synergies which Valora expects to achieve from the creation of a cross-border Scandinavian cosmetics platform. Valora does not expect the capitalised goodwill to be tax deductible.

The total purchase price for this acquisition was CHF 38.1 million (SEK 308 million), one quarter of which - CHF 9.5 million (SEK 77 million) - has been paid into an escrow account as a contingent consideration. After 3 years, this amount will be released to the vendor in full (including accrued interest) provided that the 5 most important contractual relationships the company currently has in place remain unchanged and in force at that time. Since there is every probability that this condition will be met, the total purchase price has been recorded as the purchase price paid.

Current assets comprise accounts receivable with a market value of CHF 4.3 million. No impairment charge has been applied to these receivables and Valora expects that the contractually agreed amounts due will be paid in their entirety.

Since being acquired by Valora, Scandinavian Cosmetics has contributed net revenues of CHF 31.5 million and net profit of CHF 2.0 million to the Group's consolidated results. Had the acquisition taken place with effect from January 1, 2011, net revenues would have been CHF 69.9 million and net profit CHF 2.4 million.

Transaction costs. The total transaction costs attributable to these acquisitions amounted to CHF 0.7 million. These have been recorded in the income statement under "Other operating expenses".

Transactions completed in 2010.

Sale of Melisa. The sale of 100% of Melisa SA, a Swiss company with registered offices in Lugano, took place on May 29, 2010.

Net assets sold, profit from sale, net cash from sale

in CHF 000	Book values
Current assets	4 265
Non-current assets	598
Current liabilities	– 4 378
= Net assets sold	**485**
Net proceeds of sale	986
= Profit from sale of company	**501**
Net sales proceeds received	986
Cash and cash equivalents sold	– 157
= Net cash from sales of subsidiaries	**829**

Acquisitions

Net assets purchased, purchase price paid, net cash used

in CHF 000	EMH Fair Value	tabacon Fair Value
Current assets	23 692	4 661
Intangible assets	3 279	0
Other non-current assets	105	1 809
Deferred income tax receivables	0	226
Current liabilities	– 17 713	– 4 797
Deferred income tax liabilities	– 91	0
Other non-current liabilities	– 2 724	– 1 143
= Net assets acquired	**6 548**	**756**
Non-controlling interests (EMH: 20 % / tabacon: 0 %)	– 1 310	0
Goodwill from acquisition	10 645	17 524
= Purchase price	**15 883**	**18 280**
Outstanding purchase price	0	– 1 526
= Purchase price paid	15 883	16 754
Cash and cash equivalents acquired	– 236	– 383
= Cash used in acquisition of subsidiaries	**15 647**	**16 371**

EMH acquisition. As of October 1, 2010, the Valora aquired 80 % of Engelschiøn Marwell Hauge AS (EMH), a Norwegian company with registered offices in Oslo. The company, which distributes cosmetic products in Norway, has been integrated into Valora's Trade division. Valora has decided to value the non-controlling interests in the company it has not acquired proportionately to the share of the company's equity which they represent.

The capitalised goodwill of CHF 10.6 million represents the portions of the purchase price which were not recognisable. These relate to synergies arising from the acquisition and to the potential for expanding into new categories and distribution channels. Valora does not expect the capitalised goodwill to be tax deductible.

The current assets comprise receivables with a total fair value of CHF 10.8 million. Of this, a gross CHF 10.1 million relates to trade receivables, with CHF 0.1 million recorded for impairments. No impairments have been recorded against the other receivables and their full contractual amount is expected to be realisable.

Following its acquisition, EMH contributed CHF 24.2 million to Group 2010 net revenues and CHF 1.3 million to Group 2010 net income. Had the acquisition been made on January 1, 2010, the contribution to 2010 Group net revenues would have been CHF 75.6 million and the net income contribution CHF 3.0 million.

Tabacon acquisition. As of October 1, 2010, the Valora Group acquired 100% of tabacon Franchise GmbH & Co. KG, a German company with registered offices in Nuremberg. The company was acquired by Valora Retail Kiosk GmbH with effect from October 1, 2010, and absorbed into its operations. The company operates in Germany as a tobacco retail franchiser and has been integrated into Valora's Retail division.

The capitalised goodwill of CHF 17.5 million represents the portions of the purchase price which were not recognisable. These relate to Valora's expansion of its non-travel retail operations in Germany, to the purchasing power arising from the acquisition and to savings arising from combining and integrating the company's purchasing and category management into Valora's operations. The capitalised goodwill will not ordinarily be tax deductible. Subsequent tax deductibility may be possible under certain circumstances.

The company's current assets comprise receivables with a total fair value of CHF 3.8 million. Of this, a gross CHF 0.9 million relates to trade receivables, for which an impairment of CHF 0.1 million has been recorded. No impairments have been recorded against the other receivables and their full contractual amount is expected to be realisable.

Following its acquisition, tabacon contributed CHF 7.2 million to Group 2010 net revenues and CHF 0.4 million to Group 2010 net income. Had the acquisition been made on January 1, 2010, the contribution to 2010 Group net revenues would have been CHF 26.3 million and the net income contribution CHF 1.6 million.

As of December 31, 2011, CHF 1.5 million of the purchase price remained outstanding.

Transaction costs. The transaction costs directly attributable to these acquisitions amount to CHF 0.8 million. These are included in the 2010 income statement under "Other operating expenses" .

7 DISCONTINUED OPERATIONS

In 2010, a guarantee made in connection with the disposal of Sørlandchips AS expired. Accordingly, CHF 1.9 million of provisions made in connection with this were released.

The remaining guarantees made in respect of Sørlandchips AS expired during 2011. As a result, the remaining provisions, amounting to CHF 0.3 million, were released in their entirety.

Income statement for discontinued operations

January 1 – December 31, in CHF 000	2011	2010
Net revenues	0	0
Gross profit	**0**	**0**
Operating expenses	0	0
Other income, net	317	1 931
Operating profit (EBIT)	**317**	**1 931**
Financial result	0	0
Profit before taxes	**317**	**1 931**
Income taxes	0	0
Operating profit	**317**	**1 931**
Accumulated currency translation differences	0	0
Net profit from discontinued operations	**317**	**1 931**

Earnings per share from discontinued operations amounted to CHF 0.11 in 2011 (CHF 0.70 in 2010). There were no dilutive effects in 2011 and 2010.

8 SEGMENT REPORTING

The Valora Group is a trading company operating on a Europe-wide scale, with business activities carried out in the following three reportable business segments:

Valora Retail: Valora Retail operates small retail outlets at heavily frequented locations in Switzerland, Germany, Luxembourg and Austria. 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., P & B and Caffè Spettacolo formats.

Valora Services: Valora Services is engaged in the distribution of press products as well as carrying out wholesaling activities. The division is the leading press distributor to Valora-operated units and retail partners in Switzerland, Austria and Luxembourg, both with regard to physical distribution and other services. In Switzerland, Valora Services also distributes food and non-food articles to the retail trade.

Valora Trade: Valora Trade deploys a range of customer-specific distribution and marketing solutions to supply fast-moving consumer goods to the organised and independent retail sectors in seven European national markets.

Other: The Valora Group's corporate support functions in finance, human resources, business development, legal services and communications, as well as its IT services and the central logistics functions for Valora Retail Switzerland and Valora Services Switzerland are all classified under "Other" . The net revenues shown for this division are those arising from the logistics services it provides. The assets for this segment predominantly consist of loans to Group companies, cash and cash equivalents and short-term receivables. Its liabilities essentially consist of the bond issue detailed in note 26 and short-term liabilities.

Reportable segments are identified on the basis of the type of products each segment deals in and the way in which these are distributed. At Valora, these segments comprise a variety of retail formats and geographical regions. The net revenues generated by these segments relate to the sale of goods. Their non-current assets comprise property, plant and equipment, investment property and intangible assets (additions to which are shown without changes in consolidation scope). Valora's internal and external reporting is based on the same valuation principles as its external reporting.

Segment data by division

2011

in CHF 000	Valora Retail	Valora Services	Valora Trade	Other	Intersegment elimination	Total Group
Net revenues						
Total	**1 613 174**	**599 742**	**744 522**	**10 829**	**– 150 363**	**2 817 904**
From third parties	1 611 226	456 665	739 184	10 829	0	2 817 904
From other divisions	1 948	143 077	5 338	0	– 150 363	0
Operating profit (EBIT)						
Total	**41 793**	**19 954**	**16 335**	**– 7 556**	**0**	**70 526**
Depreciation, net	24 575	4 511	3 222	14 214	0	46 522
Increase of provisions established for litigation	0	0	0	753	0	753
Release of provisions established for litigation	– 2 948	0	0	0	0	– 2 948
Additions to long-term assets						
Total	**29 386**	**1 505**	**1 755**	**22 032**	**0**	**54 678**
Segment assets						
Total	**574 325**	**213 394**	**361 858**	**337 590**	**– 384 047**	**1 103 120**
Investment in associates and joint ventures	0	2	4 289	0	0	4 291
Segment liabilities						
Total	**463 760**	**132 084**	**204 605**	**224 386**	**– 384 047**	**640 788**

Net revenues from third parties comprise CHF 2753 million for sales of goods and CHF 65 million for services provided. The net depreciation at Valora Retail includes impairments amounting to CHF 814 thousand.

2010 Restated

in CHF 000	Valora Retail	Valora Services	Valora Trade	Other	Intersegment elimination	Total Group
Net revenues						
Total	**1 606 528**	**705 110**	**721 801**	**9 708**	**– 165 497**	**2 877 650**
From third parties	1 604 997	547 317	715 628	9 708	0	2 877 650
From other divisions	1 531	157 793	6 173	0	– 165 497	0
Operating profit (EBIT)						
Total	**41 702**	**28 326**	**17 745**	**– 6 471**	**0**	**81 302**
Depreciation, net	23 673	4 801	2 659	12 934	0	44 067
Release of provisions established for litigation	0	0	0	– 956	0	– 956
Additions to long-term assets						
Total	**28 987**	**4 990**	**2 787**	**20 765**	**0**	**57 529**
Segment assets						
Total	**590 503**	**234 465**	**298 782**	**372 139**	**– 399 749**	**1 096 140**
Investment in associates and joint ventures	0	169	4 853	0	0	5 022
Segment liabilities						
Total	**459 158**	**153 031**	**175 718**	**229 837**	**– 399 746**	**617 998**

Net revenues from third parties comprise CHF 2 815 million for sales of goods and CHF 63 million for services provided. The net depreciation at Valora Retail includes impairments amounting to CHF 294 thousand.

In order to reflect changes to the Group's internal organisational structures, the composition of Valora's segment reporting was modified with effect from January 1, 2011. To ensure comparability, the 2010 segment reporting information has also been modified accordingly. These modifications essentially relate to the transfer of the Group's book business in Switzerland and Luxembourg from Valora Services to Valora Retail. The resulting change in net revenues from third parties is CHF – 59 thousand for Valora Services and CHF + 59 thousand for Valora Retail. The change in net revenues from other divisions amounts to CHF – 13 222 thousand for Valora Services. The change in operating profit amounts to CHF - 1936 thousand for Valora Services and CHF + 1936 thousand for Valora Retail.

Segment data by region

2011

in CHF 000	Switzerland	Europe	Total Group
Net revenues from third parties	1 731 815	1 086 089	2 817 904
Long-term assets	245 275	212 567	457 842

2010

in CHF 000	Switzerland	Europe	Total Group
Net revenues from third parties	1 779 739	1 097 911	2 877 650
Long-term assets	239 366	175 012	414 378

Within Europe, net revenues of CHF 324.4 million (CHF 310.5 million in 2010) are attributable to Germany, which accounts for the largest share of revenues shown in the Europe column. The largest portion of long-term assets in Europe is also attributable to Germany, with CHF 50.7 million (CHF 49.4 million in 2010).

The information shown regarding revenues and non-current assets (property, plant and equipment, investment property and intangible assets) is based on the location of the subsidiaries concerned. No single customer accounts for more than 10% of net revenues from third parties.

9 PERSONNEL EXPENSES

in CHF 000	**2011**	2010
Salaries and wages	348 162	363 628
Social security payments	47 063	52 842
Share-based payments	483	1 726
Other personnel expenses	13 587	14 524
Total personnel expenses	**409 295**	**432 720**
Number of employees (full-time equivalent basis) at December 31	5 801	6 455

Social security payments include CHF 3664 thousand (CHF 3321 thousand in 2010) in respect of defined contribution pension plans. Other personnel expenses notably include wages for temporary staff paid to employment agencies, training and personnel recruitment costs and changes in pension plan arrangements.

The reduction in the number of employees is largely due to the expansion of the network of outlets operated on an agency basis.

10 OTHER OPERATING EXPENSES

in CHF 000	2011	2010
Rent	127 410	127 216
Real-estate expenses	6 359	7 254
Energy	22 333	21 507
Insurance	1 707	1 964
Communications and IT	20 641	16 822
Advertising and sales	59 643	48 885
Shipping and dispatch	61 720	62 187
General administration	28 542	22 447
Capital and other taxes	1 320	350
Miscellaneous	28 400	17 217
Total other operating expenses	**358 075**	**325 849**

Other operating expenses include operating lease payments of CHF 3.6 million (CHF 3.5 million in 2010) and agency fees of CHF 11.8 million (CHF 0.5 million in 2010).

11 OTHER INCOME, NET

in CHF 000	2011	2010
Rental income	2 510	2 657
Gains from disposal of non-current assets	1 033	3 497
Losses from disposal of non-current assets	– 584	– 915
Miscellaneous income, net	5 086	3 485
Total other income, net	**8 045**	**8 724**

The book gains from disposal of non-current assets are principally due to sales of real estate. Miscellaneous income, net includes CHF 2.9 million in respect of pending litigation (see note 29).

12 FINANCIAL EXPENSE

in CHF 000	2011	2010
Interest on bank debt and liabilities	1 966	1 014
Interest on bonds issued	4 352	4 342
Interest on finance leases	115	110
Fair value adjustments on long-term provisions / interest effect	– 899	341
Currency translation losses, net	421	4 011
Total financial expense	**5 955**	**9 818**

13 FINANCIAL INCOME

in CHF 000	2011	2010
Interest earned on cash, cash equivalents, loans and receivables	653	380
Interest income from finance leases	334	357
Net gains from derivative financial instruments	1 217	1 199
Dividend income from financial investments available for sale	16	9
Total financial income	**2 220**	**1 945**

14 INCOME TAXES

Income tax expense was as follows:

in CHF 000	2011	2010
Expense on current income taxes	3 939	8 295
Expense (income) from deferred taxes	6 067	4 165
Total income tax	**10 006**	**12 460**

The differences between reported Group income tax expense and the expected tax expenses of the individual Group companies based on their applicable tax rates can be reconciled as follows:

in CHF 000	2011	2010
Profit before income taxes	67 046	74 157
Expected average Group tax rate	20.44 %	21.31 %
Income taxes at expected Group tax rate	**13 704**	**15 800**
Non-tax-deductible tax expense	1 267	1 783
Utilisation of losses not previously recognised	– 786	– 6 023
Out-of-period effects on current income taxes	– 3 054	639
Impairments recognised against deferred income tax assets	2 652	5 281
Release of previous impairments against deferred income tax assets	– 3 985	– 7 967
Changes in tax rates	0	1 819
Other effects	208	1 128
Total reported income taxes	**10 006**	**12 460**
Effective tax rate	14.9 %	16.8 %

Expected average Group tax rates take account of the tax rates applying to individual entities on a weighted basis. The expected average Group tax rate for 2011 is lower than the previous year, because entities with comparatively lower tax rates generated a higher proportion of Group pre-tax earnings than in 2010.

Changes to deferred income taxes were as follows:

Changes to deferred tax assets and liabilities in CHF 000	Deferred tax assets	Deferred tax liabilities	Net assets (+)/ Net liabilities(-)
Balance at December 31, 2009	**38 215**	**– 14 819**	**23 396**
Deferred taxes recorded in the income statement	– 5 157	992	– 4 165
Deferred taxes recorded in other comprehensive income	0	– 2 711	– 2 711
Additions to consolidation scope	232	– 94	138
Currency translation differences	– 2 136	721	– 1 415
Balance at December 31, 2010	**31 154**	**– 15 911**	**15 243**
Deferred taxes recorded in the income statement	– 3 307	– 2 760	– 6 067
Deferred taxes recorded in other comprehensive income	19	9 055	9 074
Additions to consolidation scope	0	– 4 687	– 4 687
Currency translation differences	– 296	– 302	– 598
Balance at December 31, 2011	**27 570**	**– 14 605**	**12 965**

The composition of the capitalised deferred income tax assets and liabilities is as follows:

Deferred tax assets by source of difference in CHF 000	**2011**	2010
Current assets	590	1 805
Property, plant and equipment	82	105
Goodwill, software and other intangible assets	19 208	21 861
Other non-current assets	0	7
Liabilities and provisions	2 102	3 458
Tax loss carry forwards	8 123	9 027
Total	**30 105**	**36 263**
Deferred tax liabilities by source of difference		
Current assets	– 1 546	– 2 396
Property, plant and equipment	– 3 833	– 4 002
Goodwill, software and other intangible assets	– 7 512	– 3 239
Net pension asset	– 2 723	– 9 968
Other non-current assets	– 938	– 1 157
Liabilities and provisions	– 588	– 258
Total	**– 17 140**	**– 21 020**
Reported in the balance sheet		
Deferred income tax assets	27 570	31 154
Deferred income tax liabilities	– 14 605	– 15 911
Total deferrred income tax assets, net	**12 965**	**15 243**

Tax loss carry forwards are as follows: CHF 218.8 million (CHF 210.8 million in 2010). In 2011, CHF 58.8 million of the CHF 193.4 million available was not recognised as a deferred tax asset, since it is unlikely that this will be realised. In 2010, CHF 55.2 million of the CHF 179.3 million available was not recognised as a deferred tax asset for the same reason. These tax loss carry forwards will mature as follows:

in CHF 000	**2011**	2010
Within one year	0	0
Within 2 years	0	0
Within 3 years	0	0
Within 4 years	0	0
Within 5 years	0	0
After more than 5 years and with no fixed maturity	193 366	179 267
Total	**193 366**	**179 267**

There are temporary differences amounting to CHF 210.4 million (CHF 204.1 million in 2010) for which no deferred tax assets were capitalised.

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.

in CHF 000	**2011**	2010
Net profit from continuing operations	57 040	61 697
Net profit attributable to non-controlling interests	– 1 029	– 236
Net profit from continuing operations attributable to Valora Holding AG shareholders	56 011	61 461
Net profit from discontinued operations	317	1 931
Net profit from continuing and discontinued operations attributable to Valora Holding AG shareholders	**56 328**	**63 392**
Average number of shares outstanding	2 767 795	2 750 735
Earnings per share from continuing operations (in CHF)	20.24	22.35
Earnings per share from continued and discontinued operations (in CHF)	**20.35**	**23.05**

There were no dilutive effects in 2011 or 2010.

16 CASH AND CASH EQUIVALENTS

in CHF 000	**2011**	2010
Petty cash and bank sight deposits	109 180	130 079
Bank term deposits and money market investments < 3 months	382	382
Total cash and cash equivalents	**109 562**	**130 461**
of which pledged	9 826	15 060

17 TRADE ACCOUNTS RECEIVABLE

in CHF 000	2011	2010
Trade accounts receivable, gross	177 811	177 137
Allowance for bad and doubtful debts	– 3 769	– 2 934
Total trade accounts receivable, net	**174 042**	**174 203**

Allowances for trade accounts receivable are shown in the table below:

in CHF 000	2011	2010
Position at January 1	**2 934**	**2 669**
Removal from consolidation scope	0	– 13
Allowance creation charged to income	2 133	2 027
Allowances released to income	– 321	– 1 005
Allowances utilised	– 960	– 557
Currency translation differences	– 17	– 187
Position at December 31	**3 769**	**2 934**

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

in CHF 000	2011	2010
Up to 10 days overdue	9 552	9 762
More than 10 days, but less than one month overdue	10 027	4 885
More than one month, but less than two months overdue	2 767	2 767
More than two months, but less than four months overdue	1 121	1 763
More than four months overdue	399	1 929

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

in CHF 000	2011	2010
CHF	69 636	82 157
DKK	29 467	26 025
EUR	39 792	36 480
NOK	12 169	12 597
SEK	22 957	16 843
Others	21	101
Total trade accounts receivable, net	**174 042**	**174 203**

18 INVENTORIES

in CHF 000	2011	2010
Merchandise	236 189	214 424
Other inventories	110	180
Total inventories	**236 299**	**214 604**

In 2011, write-downs of CHF 5.7 million were charged to cost of goods (CHF 4.9 million in 2010). There are no inventory book values which are recognised at fair value less cost to sell (2010: none).

19 OTHER CURRENT RECEIVABLES

in CHF 000	2011	2010
Value-added tax, withholding tax and other taxes recoverable	6 183	5 236
Prepaid expenses and accrued income	19 875	17 040
Short-term receivables from finance leases	621	621
Miscellaneous receivables	39 918	40 221
Total other current receivables	**66 597**	**63 118**

The miscellaneous receivables above principally comprise cost reimbursement receivables 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

in CHF 000	Land	Buildings	Machinery and equipment	Projects in progress	Total
At cost					
Balance at December 31, 2009	**19 945**	**149 490**	**365 387**	**5 890**	**540 712**
Consolidation scope additions	0	0	1 904	0	1 904
Consolidation scope removals	0	0	– 2 825	0	– 2 825
Additions	0	26	26 928	7 902	34 856
Disposals	– 167	– 2 371	– 32 218	– 338	– 35 094
Transfers	0	0	5 216	– 5 367	– 151
Translation adjustments	– 1 188	– 2 749	– 11 367	– 146	– 15 450
Balance at December 31, 2010	**18 590**	**144 396**	**353 025**	**7 941**	**523 952**
Consolidation scope additions	0	0	184	0	184
Additions	0	11	24 106	13 790	37 907
Disposals	– 2 193	– 4 584	– 18 756	0	– 25 533
Transfers	0	0	4 461	– 5 121	– 660
Translation adjustments	– 179	– 378	– 1 886	– 32	– 2 475
Balance at December 31, 2011	**16 218**	**139 445**	**361 134**	**16 578**	**533 375**
Accumulated depreciation					
Balance at December 31, 2009	**0**	**– 58 080**	**– 262 898**	**0**	**– 320 978**
Consolidation scope removals	0	0	2 295	0	2 295
Additions	0	– 3 483	– 24 878	0	– 28 361
Impairment	0	0	– 294	0	– 294
Disposals	0	1 537	30 792	0	32 329
Transfers	0	0	0	0	0
Translation adjustments	0	1 109	7 654	0	8 763
Balance at December 31, 2010	**0**	**– 58 917**	**– 247 329**	**0**	**– 306 246**
Additions	0	– 2 584	– 24 908	0	– 27 492
Impairment	0	0	– 814	0	– 814
Disposals	0	1 948	17 075	0	19 023
Transfers	0	0	0	0	0
Translation adjustments	0	172	1 284	0	1 456
Balance at December 31, 2011	**0**	**– 59 381**	**– 254 692**	**0**	**– 314 073**
Net book value					
at December 31 2010	18 590	85 479	105 696	7 941	217 706
at December 31, 2011	**16 218**	**80 064**	**106 442**	**16 578**	**219 302**

Property, plant and equipment includes finance leases on machinery and equipment with a book value of CHF 1.1 million (CHF 2.1 million in 2010).

Fire insurance values of property, plant and equipment	**2011**	2010
in CHF 000		
Property (including investment property)	171 544	199 445
Plant and equipment	408 044	377 965
Total	**579 588**	**577 410**

21 INVESTMENT PROPERTY

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

Investment property	**2011**	2010
in CHF 000		
At cost		
Balance at January 1	**10 317**	**16 880**
Disposals	0	– 5 438
Translation adjustments	– 171	– 1 125
Balance at December 31	**10 146**	**10 317**
Accumulated depreciation		
Balance at January 1	**– 4 378**	**– 6 800**
Additions	– 129	– 149
Disposals	0	1 842
Translation adjustments	113	729
Balance at December 31	**– 4 394**	**– 4 378**
Total net book value	**5 752**	**5 939**

The estimated market value (based on yield value assessments) of the investment properties was CHF 7.8 million (CHF 7.8 million in 2010). The rental income from the investment properties was CHF 1.1 million (CHF 1.1 million in 2010) and the associated maintenance and operational costs were CHF 0.2 million (CHF 0.4 million in 2010).

22 GOODWILL, SOFTWARE AND INTANGIBLE ASSETS WITH LIMITED USEFUL LIFE

in CHF 000	Goodwill from acquisitions	Software and intangible assets with limited useful life	Projects in progress	Total
At cost				
Balance at December 31, 2009	**101 127**	**115 450**	**9 411**	**225 988**
Consolidation scope additions	28 169	3 279	0	31 448
Consolidation scope removals	0	– 63	0	– 63
Additions	0	16 823	5 850	22 673
Disposals	– 395	– 7 153	0	– 7 548
Transfers	0	8 418	– 8 267	151
Translation adjustments	– 4 227	– 8 643	– 731	– 13 601
Balance at December 31, 2010	**124 674**	**128 111**	**6 263**	**259 048**
Consolidation scope additions	27 440	13 453	0	40 893
Consolidation scope removals	0	0	0	0
Additions	0	7 256	9 515	16 771
Disposals	0	– 6 601	0	– 6 601
Transfers	0	4 594	– 3 934	660
Translation adjustments	1 521	– 350	– 76	1 095
Balance at December 31, 2011	**153 635**	**146 463**	**11 768**	**311 866**
Accumulated depreciation				
Balance at December 31, 2009	**0**	**– 64 503**	**0**	**– 64 503**
Consolidation scope removals	0	34	0	34
Additions	0	– 15 263	0	– 15 263
Disposals	0	6 232	0	6 232
Transfers	0	0	0	0
Translation adjustments	0	5 185	0	5 185
Balance at December 31, 2010	**0**	**– 68 315**	**0**	**– 68 315**
Consolidation scope removals	0	0	0	0
Additions	0	– 18 087	0	– 18 087
Disposals	0	6 423	0	6 423
Transfers	0	0	0	0
Translation adjustments	0	901	0	901
Balance at December 31, 2011	**0**	**– 79 078**	**0**	**– 79 078**
Book value				
at December 31, 2010	124 674	59 796	6 263	190 733
at December 31, 2011	**153 635**	**67 385**	**11 768**	**232 788**

Software and intangible assets with limited useful life. Software and intangible assets with limited useful life include CHF 40.7 million (CHF 44.8 million in 2010) for software and CHF 26.7 million (CHF 15.0 million in 2010) for intangible assets with limited useful life, of which CHF 6.1 million (CHF 8.6 million in 2010) relate to capitalised delivery entitlements in favour of Valora Services.

Goodwill impairment test. Goodwill is assigned to the Group's cash-generating units. It is initially allocated to business segments and then, within these, to geographically related markets. The composition of the goodwill positions is as follows:

in CHF 000	Segment	Erwerbsjahr	2011	2010
Valora Trade Nordics Denmark	Trade	2001	14 028	14 028
Valora Trade Nordics Sweden	Trade	2001	2 294	2 294
Scandinavian Cosmetics	Trade	2011	28 733	0
EMH Norway	Trade	2010	9 975	10 209
Valora Trade Austria	Trade	1995	9 312	9 312
Valora Trade Germany	Trade	1997 / 2011	4 076	2 754
Valora Services Luxembourg (MPK)	Services	2000	43 342	43 342
Valora Services Austria (PGV)	Services	2004	3 850	3 964
Valora Retail Switzerland	Retail	2002	12 774	12 774
Valora Retail Kiosk Germany	Retail	2008 / 2010	17 947	18 477
Konrad Wittwer Germany	Retail	2009	7 304	7 520
Total book value at December 31			**153 635**	**124 674**

The impairment tests for the goodwill established in connection to the acquisition of Delvita and Salty Snacks in 2011 were conducted as part of the evaluations carried out for the Valora Trade Germany cash-generating unit. The impairment tests for the goodwill established in connection with the acquisitions of Media Center in 2008 and Tabacon in 2010 were conducted as part of the evaluations carried out for the Valora Retail Kiosk Germany cash-generating unit, since it is with that unit that these two entities have now been merged from both a legal and a business standpoint.
Impairment tests are carried out at least once a year or in case of evidence of impairment. Each unit's realisable value is determined on the basis of its value in use and then compared to its book value. An impairment adjustment will be made only if the book value of the cash-generating unit exceeds its realisable value. Valuation is carried out on the basis of projected future free cash flows from cash-generating units to which goodwill has been allocated, using the discounted cash flow (DCF) method. These projected cash flows are discounted at a rate equal to the pre-tax weighted average cost of capital.

These projected cash flows are derived from the business plans for the next three years, which reflect management's expectations and have been approved by the Board of Directors. The principal assumptions used are as follows:

Valora Trade Nordics, Scandinavian Cosmetics, EMH Norway. Average sales growth for the next three planning years will be between 3 and 5% while margins will remain unchanged.

Valora Trade Austria. Average sales growth for the next three planning years will be 13% and margins will improve.

Valora Trade Germany. Average sales growth for the next three planning years will be 14% and margins will improve slightly.

Valora Services Luxembourg (MPK). There will be a slight increase in sales over the next three planning years while margins will remain unchanged.

Valora Services Austria (PGV). Average sales growth for the next three planning years will be around 2% and margins will improve slightly.

Valora Retail Switzerland. Average sales growth for the next three planning years will be 4% and margins will improve slightly.

Valora Retail Kiosk Germany, Konrad Wittwer. Average sales growth for the next three planning years will be between 1 and 2% and margins will improve slightly.

Cash flows after this three-year period are modelled by using a residual value based on projections for the third planning year and assume zero growth thereafter. The discount rates applied are based on data observed in Swiss financial markets which is then adjusted to reflect currency and country-specific risks. The discount rates used (pre tax) are as follows:

in CHF 000	currency	**2011**	2010
Valora Trade Nordics Denmark	DKK	7.7%	8.6%
Valora Trade Nordics Sweden	SEK	7.1%	8.7%
Scandinavian Cosmetics	SEK	8.0%	–
EMH Norway	NOK	8.1%	8.8%
Valora Trade Austria	EUR	7.6%	8.7%
Valora Trade Germany	EUR	7.1%	8.2%
Valora Services Luxembourg (MPK)	EUR	7.9%	9.2%
Valora Services Austria (PGV)	EUR	7.2%	8.4%
Valora Retail Switzerland	CHF	6.2%	6.7%
Valora Retail Kiosk Germany	EUR	7.2%	7.2% – 8.1%
Konrad Wittwer Germany	EUR	6.7%	7.7%

No impairments to goodwill were charged to the income statements for 2011 or 2010. The impairment tests for 2011 and 2010 show that in the event of a 1.5 percentage point increase in the discount rate (which is regarded as being within the realms of the possible) all these units' realisable values would still be higher than their book values. Even assuming zero sales growth from 2011 onwards, the goodwill ascribed to these units would remain intact. In the event of both of these events occurring together all these units' realisable values would remain higher than their book values, except in the case of Valora Trade Austria, whose goodwill would be impaired by CHF 0.7 million in the event of stagnating sales and a 0.5 percentage point increase in the discount rate applied.

23 RECEIVABLES FROM REAL ESTATE AND FINANCE LEASE

Receivables from real estate leases in CHF 000	**2011**	2010
Rental payments received during period	4 896	3 644
Future rental receivables		
Within one year	3 946	4 535
Within 1 – 2 years	3 358	3 653
Within 2 – 3 years	3 104	3 032
Within 3 – 4 years	2 719	2 505
Within 4 – 5 years	2 508	2 054
After more than 5 years	7 020	2 989
Total future receivables from current real estate leases	**22 655**	**18 768**

Receivables from other operating leases in CHF 000	**2011**	2010
Payments received during period	373	149
Future rental receivables		
Within one year	361	455
Within 1 – 2 years	280	445
Within 2 – 3 years	206	334
Within 3 – 4 years	133	231
Within 4 – 5 years	38	144
After more than 5 years	0	40
Total future receivables from other operating leases	**1 018**	**1 649**

Other operating leases concern retail shop equipment rented to franchisees in Germany.

Receivables from finance leases in CHF 000	**2011**	2010
Payments received during period	643	643
Maturity of receivables		
Within one year	643	643
Within 1 – 2 years	643	643
Within 2 – 3 years	643	643
Within 3 – 4 years	643	643
Within 4 – 5 years	643	643
After more than 5 years	3 975	4 618
Total future receivables from finance leases	**7 190**	**7 833**
less future interest charges	– 2 100	– 2 439
Total future receivables from finance leases (present value)	**5 090**	**5 394**
less current portion (see note 19)	– 621	– 621
Non-current receivables from finance leases (see note 24)	**4 469**	**4 773**

Present value of minimum future finance lease revenues	2011	2010
in CHF 000		
Within one year	621	621
Within 1 – 2 years	582	582
Within 2 – 3 years	546	546
Within 3 – 4 years	512	512
Within 4 – 5 years	480	480
After more than 5 years	2 349	2 653
Total present value of minimum future finance lease revenues	**5 090**	**5 394**

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

24 FINANCIAL ASSETS

	2011	2010
in CHF 000		
Loans and receivables	2 094	2 919
Receivables from finance leases	4 469	4 773
Financial assets available for sale	2 318	2 370
Total financial assets	**8 881**	**10 062**

Note 23 provides further information on receivables from finance leases.

The financial assets available for sale include CHF 647 thousand (CHF 647 thousand in 2010) 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. There were no disposals of such financial assets in 2011 (2010: CHF 39 thousand).

25 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Summary balance sheet of associates and joint ventures	2011	2010
in CHF 000		
Current assets	1 231	4 112
Non-current assets	20 652	22 034
Current liabilities	– 10 058	– 11 842
Non-current liabilities	– 2 328	– 3 409
Equity	**9 497**	**10 895**
Equity attributable to Valora	**4 291**	**5 022**

Summary income statement of associates and joint ventures in CHF 000	**2011**	2010
Net revenues	24 339	32 059
Operating profit (EBIT)	1 268	2 135
Net profit	**600**	**1 418**
Net profit attributable to Valora	**255**	**728**

Investments in associates comprise 45 % of Borup Kemi A/S, Denmark (Valora Trade) and 22 % of Karl Schmelzer – J. Bettenhausen bookshops, OHG, Vienna, Austria (Valora Services). Investments in joint ventures relate to 50 % of Kaumy S.r.o., Czech Republic (Valora Trade), a position which was sold in December 2011.

26 SHORT-TERM FINANCIAL DEBT AND OTHER LONG-TERM LIABILITIES

Short-term financial debt in CHF 000	**2011**	2010
Current bank debt	1 651	1 407
Bonds	139 844	0
Current portion of finance lease obligations	374	748
Total short-term financial debt	**141 869**	**2 155**

Other non-current liabilities in CHF 000	**2011**	2010
Bank loans	– 1 737	– 276
Bonds	0	139 532
Finance lease obligations	667	1 089
Other long-term liabilities	4 714	8 201
Total other non-current liabilities	**3 644**	**148 546**

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

The bank loans relate to the syndicated loan taken out by Valora Holding AG, which is a floating rate facility. A new CHF 300 million syndicated loan facility has been in place since November 30, 2011, replacing the previous CHF 200 million arrangement. The transaction costs arising from the new facility will be amortised over its 5 year life. 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.

The other long-term liabilities consist of financial debt amounting to CHF 690 thousand (CHF 2075 thousand in 2010) and other liabilities of CHF 4024 thousand (6126 thousand in 2010).

Bonds in CHF 000	**Gross**	**Discount**	**2011 net**	2010 net
2.875 % bond 2005–2012	140 000	156	139 844	139 532

The effective yield on the bond is 3.1 %.

Maturities at year end were as follows:

in CHF 000	2011	2010
Within one year	141 869	2 155
Within 1 – 2 years	518	142 016
Within 2 – 3 years	– 148	291
Within 3 – 4 years	– 217	– 65
Within 4 – 5 years	– 312	137
After more than 5 years	– 221	41
Total financial debt	**141 489**	**144 575**
Current portion of long-term financial debt	– 141 869	– 2 155
Total long-term financial debt	**– 380**	**142 420**

During 2011 non-current bank loans were neither taken up nor redeemed (2010: none). The negative values shown for some of the maturity bands are attributable to the effect of the capitalised transaction costs of the syndicated loan facility.

The interest rates paid ranged between 2.2% and 4.0% (vs 1.8% and 4.0% in 2010). The weighted average interest rate on Valora's financial debt was 3.1% (2.5% in 2010).
The currency composition of the Group's long-term financial debt is as follows:

in CHF 000	2011	2010
CHF	– 1 629	139 551
DKK	586	602
EUR	663	2 267
Total long-term financial debt	**– 380**	**142 420**
Other long-term liabilities (CHF)	4 024	6 126
Total other non-current liabilities	**3 644**	**148 546**

27 TRADE ACCOUNTS PAYABLE

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

in CHF 000	2011	2010
CHF	163 029	141 070
DKK	23 963	22 487
EUR	77 894	79 121
NOK	5 065	4 105
SEK	22 650	16 585
Other	455	74
Total trade accounts payable	**293 056**	**263 442**

28 OTHER CURRENT LIABILITIES

in CHF 000	2011	2010
Value-added tax and other taxes owed	20 215	17 128
Social security contributions payable	1 255	2 639
Accruals for overtime, unused vacation and variable elements of remuneration	13 642	12 289
Pension cost payable	1 781	2 066
Accrued expenses	74 659	75 396
Other current liabilities	33 294	35 353
Total other current liabilities	**144 846**	**144 871**

29 PROVISIONS

in CHF 000	Guarantees	Litigation	Restructuring	Total
Balance at December 31, 2009	**7 448**	**4 722**	**1 081**	**13 251**
Utilised	0	0	– 900	– 900
Amounts released to income	– 1 856	– 956	0	– 2 812
Fair value adjustment / interest effect	105	236	0	341
Currency translation differences	– 113	0	0	– 113
Balance at December 31, 2010	**5 584**	**4 002**	**181**	**9 767**
Created	0	753	0	753
Utilised	0	0	– 181	– 181
Amounts released to income	– 317	– 2 948	0	– 3 265
Fair value adjustment / interest effect	104	– 1 003	0	– 899
Currency translation differences	– 3	– 51	0	– 54
Balance at December 31, 2011	**5 368**	**753**	**0**	**6 121**
Current provisions	0	0	0	0
Long-term provisions	5 368	753	0	6 121
Total provisions	**5 368**	**753**	**0**	**6 121**

Guarantees. At December 31, 2011, these comprised contractual guarantees issued in connection with the sales of Fotolabo and the Own Brands unit.

Changes in 2011: Due to the final expiration of the remaining portions of a guarantee, provisions of CHF 0.3 million were released to income.

Changes in 2010: Due to expiration of a guarantee period provisions of CHF 1.9 million were released to income.

Claims relating to the guarantees issued in connection with the sale of Fotolabo can be lodged until 2013.

Litigation. The provisions established in 2003 in relation to a fraud case in Germany and to Valora Retail cases were fully released to income during 2011. Disbursements in connection with these cases are now no longer deemed probable.
During 2011, a provision of CHF 0.8 million was established in connection with litigation in Switzerland.

Restructuring. Provisions utilised in respect of restructuring measures in the Group's Swiss operations amounted to CHF 0.9 million in 2011. In 2010 a total of CHF 0.9 million was utilised.

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 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, 2011. The assumptions used were based on the economic circumstances prevailing in the countries in which the plans operate. The plans' assets are invested according to the guidelines laid down by local legislation. Valora pays its contributions in accordance with the various plans' rules.

Plan liabilities and assets in CHF 000	**2011**	2010
Present value of benefit obligation at January 1	594 074	575 658
Current service cost to employer	16 168	14 870
Contributions by plan participants	9 138	9 664
Past service cost	0	1 520
Interest cost	16 481	17 563
Plan curtailments, settlements and modifications	– 24 989	0
Benefits paid	– 39 781	– 36 580
Business combinations	0	6 161
Actuarial loss/(gain) on benefit obligation	24 483	7 010
Exchange rate losses/(gains)	– 402	– 1 792
Present value of benefit obligation at December 31	**595 172**	**594 074**
Plan assets at fair value at January 1	625 578	598 069
Expected net return on plan assets	24 930	23 955
Employer contributions	13 533	14 144
Contributions by plan participants	9 138	9 664
Plan curtailments, settlements and modifications	– 20 552	0
Benefits paid	– 38 380	– 35 657
Business combinations	0	3 349
Actuarial gain/(loss) on plan assets	– 20 642	12 302
Exchange rate (losses)/gains	– 42	– 248
Plan assets at fair value at December 31	**593 563**	**625 578**

Changes made in 2011 with regard to the assumed discount rate decrease resulted in an actuarial loss on the Group's pension obligations. The actuarial loss on plan assets resulted from investment returns which were higher than anticipated.

For 2012, the Group expects to make employer's contributions of CHF 12.3 million to its funded plans.

The surplus on funded plans decreased by CHF 32.8 million during 2011 (2010: increase CHF 8.8 million). This is principally due to changes made to actuarial assumptions and modifications made to plan assets based on prior experience.

Balance sheet data in CHF 000	**2011**	2010
Present value of funded benefit obligations	– 580 146	– 579 327
Plan assets at fair value	593 563	625 578
Surplus on fund-based plans	**13 417**	**46 251**
Unrecognised past service cost	0	923
Present value of unfunded pension liabilities	– 15 026	– 14 747
Total net pension position	**– 1 609**	**32 427**
of which capitalised as net pension asset	13 417	49 640
of which capitalised as long-term accrued pension cost	– 15 026	– 17 213

The long-term pension fund liabilities relate to unfunded benefit obligations of CHF 15.0 million (CHF 14.7 million in 2010). There are no longer any long-term liabilities relating to funded benefit obligations (CHF 2.5 million in 2010).

Income statement in CHF 000	**2011**	2010
Current service cost to employer	– 16 168	– 14 870
Interest cost	– 16 481	– 17 563
Plan curtailments, settlements and modifications	4 437	0
Expected net return on plan assets	24 930	23 955
Past service cost recognised in period	– 923	– 2 443
Net pension cost for period	**– 4 205**	**– 10 921**

Actuarial gains/losses and pension asset recognition ceiling recorded in other comprehensive income in CHF 000	**2011**	2010
January 1	– 41 531	– 52 432
Actuarial gains/(losses)	– 45 125	5 369
Pension asset recognition ceiling	0	8 243
Deferred taxes	9 091	– 2 711
December 31	**– 77 565**	**– 41 531**

Key actuarial assumptions	**2011**	2010
Discount rate	2.25 %	2.75 %
Expected net return on plan assets	3.75 %	4.00 %
Expected rate of increase in future salary levels	1.50 %	2.00 %
Expected rate of increase in future pension levels	0.25 %	0.25 %

The calculations for Switzerland were based on the BVG 2010 mortality table.

Asset allocation	**2011**	**Expected long-term return**	**Contribution to pension plan income**	2010
Cash and cash equivalents	8.10 %	1.25 %	0.10 %	9.60 %
Fixed income	28.10 %	2.50 %	0.70 %	26.70 %
Equity	23.40 %	6.25 %	1.46 %	24.20 %
Real estate	36.40 %	4.00 %	1.46 %	35.50 %
Other	4.00 %	4.00 %	0.16 %	4.00 %
Total	**100.00 %**		**3.88 %**	**100.00 %**
Costs			– 0.13 %	
Net return			**3.75 %**	

The amount of the effective net return from plan assets was CHF 4.3 million (CHF 36.3 million in 2010). The effective total return generated in 2011 was 0.7% (6.1% in 2010). The pension plans hold no securities issued by Valora Holding AG and do not let any significant portion of their real estate to the Valora Group.

Surpluses/Deficits in CHF 000	**2011**	2010	2009	2008	2007
Present value of pension liabilities	– 595 172	– 594 074	– 575 658	– 539 310	– 585 515
Pension assets at fair values	593 563	625 578	598 069	569 500	697 786
Pension asset recognition ceiling	0	0	– 8 243	0	0
Unrecognised past service cost	0	923	1 846	0	0
Net pension plan position	**– 1 609**	**32 427**	**16 014**	**30 190**	**112 271**
Adjustments based on past experience					
Adjustments to pension plan liabilities based on past experience	3 785	6 343	8 078	17 091	43 100
Adjustments to pension plan liabilities based on modified assumptions	– 28 268	– 13 328	– 33 147	29 044	40 107
Adjustments to pension plan assets based on past experience	– 20 642	12 354	9 489	– 127 445	– 16 868
Actuarial gains/(losses)	**– 45 125**	**5 369**	**– 15 580**	**– 81 310**	**66 339**

31 SHARE-BASED PAYMENTS

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

LTP share-based programme for the Board of Directors and Group Executive Management. Since January 2009, the overall remuneration paid to the Board of Directors and Group Executive Management has included a share-based, long-term oriented remuneration plan, the Long Term Plan or LTP. This plan forms an integral part of the overall remuneration of the Board of Directors and Group Executive Management.

The LTP offers its participants the opportunity of buying a specific number of shares, which the Nomination and Compensation Committee determines for each participant individually in accordance with the procedure described below. Under the plan, each participant may purchase two tranches of shares, each tranche having a lock-up period which begins and ends on a different date. As a rule, the lock-up period is between 27 and 45 months.

The purchase price for the shares in the plan is the average closing price recorded on SIX Swiss Exchange over the 20 trading days preceding the commencement of the LTP. Participants finance the purchase of their shares individually through a bank loan, with the shares being pledged to the bank as collateral.

On the last day of each lock-up period, Valora will offer to buy back the shares in the relevant tranche from the plan participants at that day's SIX Swiss Exchange closing price. Participants wishing to avail themselves of this offer must advise Valora on the last day of the lock-up period how many of their shares they wish to sell back in this way. Once the lock-up period is over, participants have free access to any shares they elect not to sell. Should the price at which the shares are sold at the end of a lock-up period be lower than that which they were purchased at the beginning of the period, Valora undertakes to reimburse the amount of any shortfall to the bank and the participants. Valora's share price guarantee to the bank will expire no later than the final day of the second lock-up period. The financing costs incurred by Valora are limited to the interest it pays on the loans.

In the event of a plan participant's employment being terminated by Valora before the end of either the first or the second lock-up period, the participant is required to sell a pro rata portion of the shares back to Valora at the original purchase price and the bank loan must be repaid in full. Should a plan participant resign from Valora, all the shares in any tranche whose lock-up period has not expired must be sold back to Valora at the original purchase price, and the participant has no pro rata entitlement to any shares in the plan. For Board members, stepping down from the Board or not standing for re-election to the Board is regarded as tantamount to resignation.

The Board of Directors has granted cash-exercised options instead of shares[1)] to Conrad Löffel. Otherwise, his participation is subject to all the other terms and conditions of the plan. The total costs of the LTP programme for 2011 amounted to CHF 362 thousand (CHF 438 thousand in 2010).

[1)] The exercise price of the options was CHF 148.05 for the second tranche of the 2009 LTP and CHF 301.75 for the first tranche of the 2011 LTP, which is the average trading price of the shares during the twenty trading days prior to the commencement of the LTP. The market price at the time the options were awarded was CHF 161 for the second tranche of the 2009 LTP and CHF 291 for the first tranche of the 2011 LTP. The value of the options determined using the Black Scholes model was based on the following key parameters:

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

The book value of the liability arising from the cash exercise options was CHF 87 thousand at 31.12.11 (31.12.2010: CHF 479 thousand).

Employee share ownership plan. Provided specific criteria are fulfilled and based on their function or management position, employees in Switzerland (other than members of Group Executive Management) are entitled to acquire shares at the beginning of each year on preferential terms. Shares may be purchased at 60% 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 3 years immediately following purchase. The proceeds of these share sales to employees are credited directly to shareholders' equity.

Suppliers. 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.

Personnel costs for share-based remuneration plans in CHF 000	**2011**	2010
Expenses related to Valora Group share-based plans for employees and management (equity settled)	426	1 674
Expenses related to Valora Group share-based plans for employees and management (cash settled)	57	52
Total share-based plan expenses charged to income	**483**	**1 726**

32 CONTINGENT LIABILITIES, COMMITMENTS FROM LEASING AND OTHER CONTRACTS

Contingent liabilities in CHF 000	**2011**	2010
Sureties	152	160
Other contingent liabilities	14 470	3 641
Total contingent liabilities	**14 622**	**3 801**

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

Future commitments from operating leases and other contracts	**2011**	2010
in CHF 000		
Long-term rental commitments	264 543	262 044
Other operating lease commitments	6 279	7 308
Future commitments from other contracts	106 637	0
Total commitments	**377 459**	**269 352**

Long-term rental commitments	**2011**	2010
in CHF 000		
Minimum rental expense in period	47 990	46 947
Conditional rental expense in period	79 420	80 269
Total rental expense in period	**127 410**	**127 216**
Leases maturing		
Within one year	65 147	62 635
Within 1–2 years	55 138	59 153
Within 2–3 years	44 868	44 384
Within 3–4 years	31 892	36 616
Within 4–5 years	23 636	23 889
After more than 5 years	43 862	35 367
Total long-term rental commitments	**264 543**	**262 044**

The majority of the long-term rental agreements serve to secure kiosk sites for the long term. Some of the rents under these agreements are linked to turnover.

Other operating leases	**2011**	2010
in CHF 000		
Total expenses for other operating leases in period	3 643	3 526
Leases maturing		
Within one year	3 220	3 690
Within 1–2 years	2 039	2 068
Within 2–3 years	898	1 205
Within 3–4 years	119	338
Within 4–5 years	3	7
After more than 5 years	0	0
Total future commitments from other operating leases	**6 279**	**7 308**

The other operating lease liabilities principally relate to leased vehicles.

Other contracts	**2011**	2010
in CHF 000		
Total expenditure on other contracts during year	2 664	0
Leases maturing		
Within one year	23 790	0
Within 1–2 years	13 242	0
Within 2–3 years	12 829	0
Within 3–4 years	12 496	0
Within 4–5 years	12 165	0
After more than 5 years	32 115	0
Total future commitments from other contracts	**106 637**	**0**

The Group's future commitments from other contracts mostly relate to IT outsourcing agreements.

Finance lease commitments	**2011**	2010
in CHF 000		
Total payments (interest and amortisation) in year	578	561
Leases maturing		
Within one year	439	851
Within 1–2 years	320	463
Within 2–3 years	226	338
Within 3–4 years	140	231
Within 4–5 years	39	144
After more than 5 years	0	39
Total financial lease commitments	**1 164**	**2 066**
Less future interest charges	– 123	– 229
Total finance lease obligation (present value)	**1 041**	**1 837**
Less current portion of finance lease obligation (see note 26)	– 374	– 748
Long-term finance lease obligation (see note 26)	**667**	**1 089**

Present value of future minimum payments under finance leases	**2011**	2010
in CHF 000		
Within one year	374	748
Within 1–2 years	289	402
Within 2–3 years	206	300
Within 3–4 years	134	211
Within 4–5 years	38	137
After more than 5 years	0	39
Total present value of future minimum lease payments	**1 041**	**1 837**

The finance leasing obligations relate both to leased vehicles and retail shop equipment.

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 other comprehensive income. These potential effects are determined by applying the assumed changes in risk variables to the valuation of the Group's positions in financial instruments. The interest rate scenarios used show differences between the current level of interest rates and those assumed to prevail at the end of the following year. The hypothetical changes in currencies are based on 1-year volatility levels prevailing at the balance sheet date.

Exchange rate risks. Transaction risks arise from the fact that the local currency value of payments whose amounts have been fixed in another currency can increase or decrease as a result of fluctuations in the exchange rate between the two currencies. For Valora, transaction risks arise as a result of its purchasing goods and services from suppliers abroad 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 other comprehensive income which would result from hypothetical changes in key exchange rates.

FX rate sensitivity in CHF 000	**Hypothetical change (in percent) 2011**	**Impact on 2011 pre-tax earnings**	**Impact on 2011 other comprehensive income**	Hypothetical change (in percent) 2010	Impact on 2010 pre-tax earnings	Impact on 2010 other comprehensive income
CHF / DKK	+/– 16.3 %	+/– 2 467	+/– 0	+/– 9.0 %	+/– 1 733	+/– 0
CHF / EUR	+/– 16.3 %	+/– 7 875	+/– 14 615	+/– 8.9 %	+/– 2 053	+/– 8 231
CHF / NOK	+/– 19.1 %	+/– 1 133	+/– 2 390	+/– 10.9 %	+/– 615	+/– 2 272
CHF / SEK	+/– 19.9 %	+/– 837	+/– 12 698	+/– 11.3 %	+/– 50	+/– 1 588
EUR / NOK	+/– 7.8 %	+/– 96	+/– 0	+/– 7.8 %	+/– 607	+/– 0
EUR / SEK	+/– 8.3 %	+/– 96	+/– 0	+/– 7.6 %	+/– 681	+/– 0

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. Translation risks are not hedged.

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. 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 effective interest rates are the 2.875% bond issue, which matures in July 2012 (see note 26).

In the sensitivity analysis of the interest rate risk, impacts arise only on positions with variable interest rates. The table below shows the principal changes in pre-tax earnings which would result from hypothetical shifts in the level of interest rates in the main currencies in which Valora operates. There are no impacts on other comprehensive income.

Interest rate sensitivity

in CHF 000	**Hypothetical change (in basis points) 2011**	**Impact on 2011 pre-tax earnings**	Hypothetical change (in basis points) 2010	Impact on 2010 pre-tax earnings
CHF	+/– 47	+/– 39	+/– 2	+/– 9
DKK	+/– 12	+/– 5	+/– 71	+/– 67
EUR	+/– 131	+/– 355	+/– 5	+/– 18
NOK	+/– 36	+/– 13	+/– 73	+/– 53
SEK	+/– 204	+/– 72	+/– 37	+/– 29

The table above does not include a CHF 100 million forward-starting interest rate swap (see Tools for hedging and risk management). As of December 31, 2011, the impact on other comprehensive income which would have arisen from a +/- 25 basis point shift in 6-year swap rates would have been CHF +/- 1.7 million.

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 of the two years shown. 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, 2011					
Short-term financial liabilities	1 397	630	144 039	0	0
Derivative financial liabilities	122	8 856	56	22	0
Trade accounts payable	252 784	40 259	13	0	0
Other short-term financial liabilities (financial instruments portion)	48 695	42 468	11 059	0	0
Long-term financial liabilities	0	0	0	1 357	0
Total	**302 998**	**92 213**	**155 167**	**1 379**	**0**
At December 31, 2010					
Short-term financial liabilities	1 848	58	584	0	0
Derivative financial liabilities	65	206	658	0	0
Trade accounts payable	234 022	29 146	274	0	0
Other short-term financial liabilities (financial instruments portion)	76 430	11 239	12 282	0	0
Long-term financial liabilities	0	0	4 039	145 423	0
Total	**312 365**	**40 649**	**17 837**	**145 423**	**0**

The Valora Group has at its disposal a number of committed and uncommitted credit lines, enabling it to optimise its liquidity management 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 2011 and year end 2010, 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 347 million on the Group's financial assets (CHF 370 million in 2010) 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.

Sight deposits and fixed maturity deposits maturing in < 3 months placed with banks in CHF 000	**2011**	2010
AAA and/or state guarantee (AAA states)	3 808	22 342
AA	25 755	40 481
A	48 689	38 774
No Rating	2 018	864
Total sight deposits and fixed maturity deposits maturing in < 3 months placed with banks [1]	**80 270**	**102 461**

[1] The remainder of the cash and cash equivalents position shown in the balance sheet relates to cash (including cash in transit).

Tools for hedging and risk management. The Valora Group uses FX forward contracts to mitigate its foreign exchange risk. Exposure arising from existing asset and liability items, as well as those arising from future commitments, is centrally managed.
In order to hedge 50 % of the future interest expense arising from the bond issue launched on February 1, 2012 (see note 37), Valora entered into a forward-starting interest rate swap. This swap has been designated as a cash flow hedge for the interest payments on the bond issue. The fair value of this swap is equal to its negative replacement value of CHF 8.8 million, which has been recorded under other comprehensive income. The cash flows which this swap hedges will occur in the years from 2012 to 2018.

The share options in the table below were issued as part of LTP share programme established for the Board of Directors and Group Executive Management (see note 31).

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 value of these positions has been determined by valuations provided by the counterparty, market prices at December 31, 2011 or through standard pricing model valuations using market data.

Derivative financial instruments in CHF 000	**2011 Contract value**	2010 Contract value	**2011 Replacement value**	2010 Replacement value
Share options				
Call options / Derivative financial liabilities	758	399	87	479
Currency instruments				
Forward contracts / Derivative financial assets	17 117	6 949	166	232
Forward contracts / Derivative financial liabilities	17 189	27 414	135	450
Interest instruments				
Interest swap / Derivative financial liabilities	100 000	0	8 834	0
Total derivative financial assets	**17 117**	**6 949**	**166**	**232**
Total derivative financial liabilities	**117 947**	**27 813**	**9 056**	**929**

Notional contract values of derivative financial instruments by maturity band in CHF 000	**2011**	2010
Within one year	134 506	34 762
Within 1–2 years	558	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	0
Total notional value of derivative financial instruments	**135 064**	**34 762**

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 non-controlling interests). The Group's capital and equity cover are shown in the table below:

in CHF 000	**2011**	2010
Equity attributable to shareholders of Valora Holding	457 674	473 986
Equity attributable to non-controlling interests	4 658	4 156
Total shareholders equity	**462 332**	**478 142**
Equity cover	**41.9%**	**43.6%**

The Valora Group is not subject to any regulatory capital requirements of the type prevalent in the financial services industry. The Group's required minimum equity cover is stipulated in the financial covenants governing its bank lending agreements (see note 26).

With shareholders' equity equal to 41.9% (43.6% in 2010) of total assets, Valora is convinced, given current market and other relevant factors, that its objective of optimal capital allocation is being met.

Risk assessment stipulated by Swiss Code of Obligations. In both 2010 and 2011, the Valora Group carried out a risk assessment with the Board of Directors and Group Executive Management during October and November. The objective of these assessments is to make the main risks to which Valora is exposed more transparent, to improve the quality of risk dialogue, and to define practical steps for addressing the key risks which Valora faces. The results of these assessments were reviewed at meetings with the Board of Directors and sets of planned measures were decided upon. Additional information regarding the risk assessment process and the risks identified can be found in section 3.6.1 of the corporate governance report.

34 FINANCIAL INSTRUMENTS

Book values, fair values and valuation categories in CHF 000	Valuation category	**Book value 2011**	Book value 2010	**Fair Value 2011**	Fair Value 2010
Assets					
Cash and cash equivalents	LaR	109 562	130 461	109 562	130 461
Derivative financial assets (hierarchy level 2)	FAHfT	166	232	166	232
Trade accounts receivable	LaR	174 042	174 203	174 042	174 203
Other short-term receivables (financial instruments portion)	LaR	54 548	54 954	54 548	54 954
Long-term interest-bearing investments	LaR	6 562	7 692	6 562	7 692
Financial assets available for sale valued at cost	AfS	647	647	n/a	n/a
Financial assets available for sale (hierarchy level 1) at fair value	AfS	1 671	1 723	1 671	1 723
Liabilities					
Short-term financial liabilities	FLAC	141 869	2 155	143 089	2 155
Derivative financial liabilities (hierarchy level 1)	FLHfT	87	479	87	479
Derivative financial liabilities (hierarchy level 2)	FLHfT	8 969	450	8 969	450
Trade accounts payable	FLAC	293 056	263 442	293 056	263 442
Other financial liabilities (financial instruments portion)	FLAC	104 107	101 826	104 107	101 826
Long-term financial liabilities	FLAC	– 380	142 420	– 380	146 068
Classified by category					
Loans and receivables (LaR)		344 714	367 310	344 714	367 310
Financial assets held for trading (FAHfT)		166	232	166	232
Financial assets available for sale (AfS)		2 318	2 370	n/a	n/a
Financial liabilities at cost (FLAC)		538 652	509 843	539 872	513 491
Financial liabilities held for trading (FLHfT)		9 056	929	9 056	929

The assumption made for all short-term financial instruments – other than the bond issue (see note 26) – is that book value represents a reasonable approximation of fair value, since the discounting effects are insignificant. The fair value of the bond issue is equal to its nominal value multiplied by its market price on the balance sheet date. Details of the valuations applied to derivative financial instruments and financial investments available for sale are contained in notes 4, 24 and 33. The fair values of long-term fixed income instruments were determined by applying market interest rates to their future projected cash flows.

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:

Goods and services sold to related parties in CHF 000	**2011**	2010
Goods sold to		
Joint ventures in which Valora is a partner	0	174
Associates	3 044	0
Services to		
Associates	278	234
Other related parties	160	0
Total goods and services sold	**3 482**	**408**

Goods and services purchased from related parties in CHF 000	**2011**	2010
Goods purchased from		
Other related parties	2 238	0
Services purchased from		
Other related parties	284	259
Total goods and services purchased	**2 522**	**259**

Management and Board remuneration. Remuneration paid to management and the Board of Directors includes all expenses shown in the consolidated financial statements directly relating to members of the Group Executive Committee and the Board of Directors.

Management and Board remuneration in CHF 000	**2011**	2010
Salaries and other short-term benefits [1]	4 386	3 755
Post-employment benefits	365	288
Share-based payments	362	439
Total Management and Board remuneration [2]	**5 113**	**4 482**

[1] Including vehicle costs paid by the employer.
[2] Remuneration totalling CHF 628 thousand was paid to a former member of Group Executive Management in 2011.

Details of the remuneration 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 neither received any sureties for receivables nor has it issued any guarantees for liabilities.

Receivables from related parties and associate companies in CHF 000	**2011**	2010
Receivables from joint ventures	0	33
Receivables from associates	299	0
Receivables from other related parties	362	0
Total receivables	**661**	**33**

Liabilities towards related parties and associate companies in CHF 000	**2011**	2010
Liabilities towards related parties and associate companies	184	0
Total liabilities	**184**	**0**

Contingent liabilities and guarantees. Apart from the guarantee issued in connection with the LTP share purchase programme, the Valora Group has entered into no other guarantees or contingent liabilities towards related parties or companies.

36 EQUITY

Shares outstanding	2011	2010
in number of shares		
Total registered shares	2 800 000	2 800 000
of which treasury stock		
Position at January 1	46 630	49 866
Market sales and sales to employees and management	– 61 364	– 12 340
Market purchases and purchases of employee shares	34 654	9 104
Total treasury stock at December 31	**19 920**	**46 630**
Total shares outstanding (after deduction of treasury stock) at December 31	**2 780 080**	**2 753 370**
Average number of shares outstanding (after deduction of treasury stock)	**2 767 795**	**2 750 735**

A dividend of CHF 11.50 per share was paid in 2011 relating to the year 2010 (CHF 10.00 per share was paid in 2010 relating to the year 2009). Dividend distributions are based on net income for the year and earnings carried forward by the Valora Holding AG parent company.

The company's issued share capital comprises 2 800 000 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, 2011.

At their Ordinary General Meeting held on April 15, 2011, Valora Holding AG shareholders granted the Board of Directors authority to raise up to CHF 840 000 of additional share capital through the issue of up to 840 000 shares of CHF 1.00 nominal value each at any time until April 15, 2013.

37 SUBSEQUENT EVENTS

These consolidated financial statements were approved by the Board of Directors of Valora Holding AG on March 21, 2012. The Board of Directors recommends that the Ordinary General Meeting of Shareholders to be held on April 19, 2012 approve these financial statements and approve the payment of a dividend of CHF 11.50 per share from the profits of Valora Holding AG available for distribution.

On February 1, 2012, Valora Holding AG issued CHF 200 million of 2.50% bonds running from March 2, 2012 till March 2, 2018. The transaction serves to redeem the existing bond issue and to provide long-term financing for the Group's business activities and expansion strategy.

As of January 1, 2012, Valora acquired the Austrian railway station bookseller K. Schmelzer- J. Bettenhausen GmbH & Co KG (Schmelzer-Bettenhausen). The transaction, in which Valora purchased the remaining 78% of the company's shares it did not already own, makes Valora the sole owner of the company. Under its "press&more" banner, Schmelzer-Bettenhausen operates 12 outlets at Austrian railway stations and Vienna airport selling press titles and travel literature. The company, which employs 70 staff, generated sales of some EUR 12 million in 2011. The effects of this transaction on the Valora Group's consolidated accounts are not material.

On January 30, 2012, Valora announced its acquisition of the Lekkerland subsidiary Convenience Concept GmbH, Germany's largest organised network of kiosks comprising some 1300 outlets. Valora expects to incorporate this company into its consolidated accounts with effect from April 1, 2012. The closing conditions of the transaction remain to be finalised between the two parties.

38 SIGNIFICANT SUBSIDIARIES OF THE VALORA GROUP

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Valora Services	Valora Trade
Switzerland							
Valora Management AG, Muttenz	CHF	0.5	100.0	•			
Valora International AG, Muttenz	CHF	20.0	100.0	•	•		
Valora Schweiz AG, Muttenz	CHF	5.2	100.0	•	•	•	•
Germany							
Valora Holding Germany GmbH, Hamburg	EUR	0.4	100.0	•			
Stilke Buch & Zeitschriftenhandels GmbH, Hamburg	EUR	3.8	100.0		•		
Sussmann's Presse & Buch GmbH, Hamburg	EUR	0.1	100.0		•		
BHG Bahnhofs-Handels-Vertriebs GmbH, Hamburg	EUR	0.5	100.0		•		
Salty Snacks Delicatessen GmbH, Mülheim a.d. Ruhr	EUR	0.1	100.0				•
Valora Retail Services GmbH, Hamburg	EUR	0.1	100.0		•		
Konrad Wittwer GmbH Bahnhofsbuchhandlungen, Hamburg	EUR	0.3	100.0		•		
Valora Retail Kiosk GmbH, Hamburg	EUR	0.1	100.0	•	•		
Valora Trade Germany GmbH, Mülheim a.d. Ruhr	EUR	0.2	68.0				•
Luxembourg							
Valora Europe Holding S.A., Luxembourg	EUR	0.1	100.0	•			
Valora Luxembourg S.à r.l., Luxembourg	EUR	7.0	100.0		•	•	
Messageries du livre S.à r.l., Luxembourg	EUR	1.5	100.0		•		
United Kingdom							
Valora Holding Finance Ltd., Guernsey	CHF	555.4	100.0	•			

	Currency	Nominal capital in million	Share-holding in %	Corporate	Valora Retail	Valora Services	Valora Trade
Austria							
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				•
Valora Services Austria GmbH, Anif	EUR	0.7	100.0			•	
Sweden							
Valora Holding Sweden AB, Stockholm	SEK	0.5	100.0	•			
Valora Trade Sweden AB, Stockholm	SEK	12.0	100.0				•
Scandinavian Cosmetics AB, Malmö	SEK	0.5	100.0				•
Norway							
Valora Holding Norway AS, Røyken	NOK	10.0	100.0	•			
Valora Trade Norway AS, Røyken	NOK	2.0	100.0				•
Engelschiøn Marwell Hauge AS, Oslo	NOK	2.7	80.0				•
Denmark							
Valora Trade Denmark A/S, Herlev	DKK	43.0	100.0				•
Valora Trade Denmark Beverages A/S, Herlev	DKK	2.0	75.0				•
Finland							
Oy Valora Trade Finland AB, Helsinki	EUR	0.1	100.0				•

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

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 income statement, comprehensive income statement, balance sheet, cash flow statement, statement of changes in equity and notes (pages 44 to 103), for the year ended 31 December 2011.

Board of Directors' responsibility. The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 and 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 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with 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 Over-sight 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.

Ernst & Young AG

Martin Gröli Licensed audit expert (Auditor in charge)	Stefanie Walter Licensed audit expert

Zurich, 21 March 2012