ORIOR GROUP
ANNUAL REPORT
2016

EXCELLENCE IN FOOD

Key figures

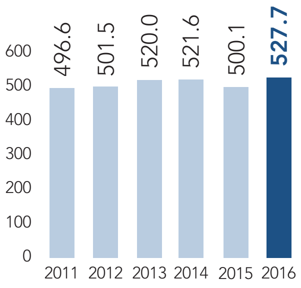
in CHF thousand	2016	Δ in %	2015
Revenues	**527 738**	+5.5 %	**500 128**
EBITDA	**51 450**	+5.7 %	**48 655**
as % of revenues	9.7 %		9.7 %
EBIT	**35 157**	+3.9 %	**33 848**
as % of revenues	6.7 %		6.8 %
Profit for the year	**28 377**	+11.0 %	**25 563**
as % of revenues	5.4 %		5.1 %
Net debt, third parties	126 242		50 358
Net debt / EBITDA ratio	2.45		1.04
Shareholders' equity	243 506		233 643
Equity ratio	44.3 %		58.6 %
ROI	8.7 %		10.7 %
Avg. number of employees (FTE)	1 618		1 228
Earnings per share in CHF	4.79		4.32
Dividend per share in CHF	2.09		2.03
Payout ratio	43.6 %		47.0 %
Market capitalisation as per year-end	442 894		360 833

At a glance

- Revenues rose by 5.5 % to CHF 527.7 million, largely attributable to the acquisition of the Culinor Food Group
- EBITDA increased 5.7 % to CHF 51.5 million; margin improved 2 basis points to 9.7 %
- Net profit increased 11.0 % to CHF 28.4 million; margin improved 27 basis points to 5.4 %
- Operating cash flow of CHF 31.9 million; EBITDA cash conversion ratio of 62 %
- Equity ratio of 44.3 %, a decline of 14.3 percentage points following the acquisition of Culinor Food Group
- Sixth consecutive increase in the dividend; proposed dividend of CHF 2.09 per share

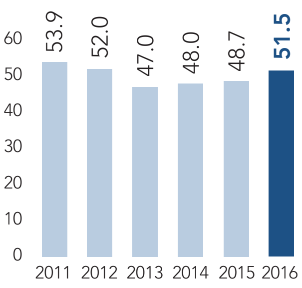
Revenues

in CHF m



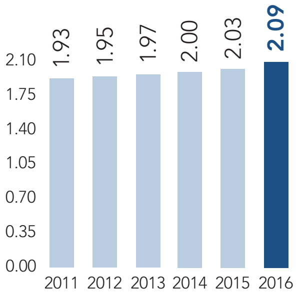
EBITDA

in CHF m



Dividend per share

in CHF



HIGHLIGHTS 2016

JANUARY 2016

RAPELLI

ORIOR 2020 STRATEGY

ORIOR is steadfastly implementing its ORIOR 2020 strategy with determination and drive. The ultimate aim of the ORIOR 2020 strategy is steady value creation. A number of action plans and initiatives are under way in the following five strategic pillars: "House of Innovation", "Brand strengthening and expansion", "Agility and cost efficiency", "The ORIOR responsibility" and "We are ORIOR".

MARCH 2016

ORIOR GROUP

SALUMERIA CULTURE SINCE 1929

In March Rapelli presents the new visual branding concept. "Share the good things in life." Rapelli embodies the skills and traditions of "mastri salumieri" and authentic Mediterranean tastes and flavours. Artisanal culture and uncompromising quality. Classic Mediterranean deli specialities with countless variations, traditional and modern, crafted with passion since 1929.

APRIL 2016

ORIOR GROUP

ANNUAL GENERAL MEETING

The 6th Annual General Meeting of ORIOR AG is held in the Maag Halle, Zurich, on 12 April 2016. All proposals submitted by the Board of Directors are approved by shareholders. Rolf Friedli, ORIOR AG's long-standing Vice Chairman, does not stand for re-election. Walter Lüthi is elected to the Board of Directors as a new director. Edgar Fluri, a board member since 2010 and Chairman of the Audit Committee, is the new Vice Chairman of the Board of Directors.

APRIL 2016

PASTINELLA

GLUTEN-, LACTOSE- AND WHEAT-FREE

Pastinella was already a pioneer in the development of gluten- and lactose-free filled fresh pasta and in April it launches yet another novel creation: a gluten- and lactose-free pie crust! Thanks to this new pie crust, made with rice flour, corn starch and eggs, consumers who are gluten or lactose intolerant can still enjoy tasty fruit tarts and savoury quiches.

APRIL 2016

FREDAG

NOPPA'S NEW VISUAL IDENTITY

noppa's → noppa's SWISS TOFU

Made in Switzerland with natural ingredients. That, in a nutshell, is what "noppa's" stands for. The brand's visual identity and positioning are strengthened. The wide range of Swiss premium organic tofu creations includes traditional tofu products, as well as innovative, vegetarian and vegan specialities for restaurants and the retail trade.

SPRING 2016

ORIOR GROUP

ORIOR CAMPUS

ORIOR CAMPUS ★★★★★ WIR SIND ORIOR

The new ORIOR Campus started in spring, marking another step forward with the ORIOR 2020 strategy. Specialised training and development courses broaden and strengthen the skills of our employees and teams.

JUNE 2016

FREDAG

CRUNCHY CHICKEN

Fredag creates a new crunchy breading for its classic chicken nuggets, chicken wings and chicken schnitzel products. Tender chicken with a crunchy cornflake crust – simply irresistible!

JUNE 2016

ALBERT SPIESS

BÜNDNER EURO CUP SNACKS

Albert Spiess creates a convenient trio of snacks especially for the European football championship, offering a choice of the three most popular Grisons specialities – Bündner salsiz, Bünderfleisch and premium cured ham.

JULY 2016

LE PATRON

PULLED PORK BURGER

Hard to believe that America's legendary pulled pork burger can be created outside the country with the same great, mouth-watering taste. But the culinary artists at Le Patron do exactly that: Le Patron's Pulled Pork Burger takes the Swiss market by storm in the summer of 2016.

AUGUST 2016

ORIOR GROUP

ORIOR IS EUROPEAN

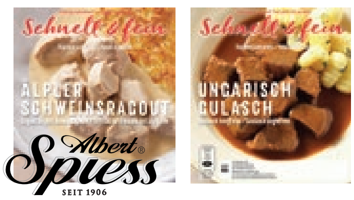
culinor

ORIOR acquires the Belgian Culinor Food Group. This acquisition extends ORIOR's core competence in the growing premium fresh convenience food market beyond the Swiss border and into the greater European market. The Culinor Food Group is a leading producer of chilled ready meals and meal components serving retailers and food service providers throughout the Benelux region.

AUTUMN 2016

ALBERT SPIESS

"QUICK AND TASTY"



Albert Spiess introduces more delicious meat casseroles to complement its range of distinctive wild game specialities. The "quick & tasty" product line stands for authentic original Swiss meat casseroles prepared with the finest sauce. These hearty meals are ready for enjoyment in just a few minutes.

SEPTEMBER 2016

ORIOR GROUP

TOP 100 MANAGEMENT WORKSHOP

Daniel Lutz welcomes the Top 100 at ORIOR Group's Management Workshop 2016 featuring the motto "Change brings opportunities". After giving an update on the ORIOR 2020 strategy and on other measures and projects within this context and the new colleagues from Culinor are welcomed.

OCTOBER 2016

MÖFAG

OCTOBER HAM HOCK

Möfag scores a major market success with the launch a juicy Oktoberfest ham hock! Whether special theme weeks, evenings with traditional music and food, boisterous bachelor parties or rustic rounds of card games, this delicacy will always fit the bill.

NOVEMBER 2016

PASTINELLA

FIORI LACHS HONIG BALSAMICO

The creative artists at Pastinella are just as busy as always. Fiori pasta with a salmon, honey and balsamic vinegar filling was introduced right in time for the pre-Christmas season. Serve with a mild sauce and enjoy a perfect dinner.

DECEMBER 2016

MÖFAG

CORNFLOWER CRUSTED PORK TENDERLOIN

Pure enjoyment – this cured and smoked pork tenderloin is coated with the spicy and surprising flavours of a bouquet of cornflowers. A true delight, thinly sliced on a bed of fresh winter salad or served with crusty bread baked in a wood-fired oven.

Rapelli dal 1929

TICINELLA LA VITA È BELLA

Val Mara Ticino

Albert Spiess SEIT 1906

Fürstenländer Spezialitäten

FREDAG cook fine - win time

NATURE GOURMET

noppa's SWISS TOFU

PASTINELLA UN AMORE DI PASTA

Le Patron CRÉATIONS CULINAIRES

culinor

ORIOR – Excellence in Food

ORIOR is an internationally operating Swiss food company that combines craftsmanship with a pioneering spirit and is thriving on entrepreneurship and strong values. A specialist for fresh convenience foods and refined meats, the Group claims leading positions in fast-growing niches in Switzerland and abroad. With Rapelli, Ticinella, Albert Spiess, Fürstenländer Spezialitäten, Fredag, Pastinella and Le Patron, Culinor and Vaco's Kitchen, ORIOR has built an impressive portfolio of brands and companies.

ORIOR's goal is to steadily create value for all stakeholders. Market intimacy, strong partnerships and a lean, agile structure provide the framework from which ORIOR is shaping and driving the market landscape with innovative products, concepts and services. Motivated employees who take pride in their work and who assume responsibility for themselves and for what they do are the key for creating the extraordinary.

We are striving for uniqueness and offer best quality in order to surprise our consumers time and again with enjoyable food moments. Our ambition is nothing less than **Excellence in Food.**

Contents

Dear Shareholders

It is a pleasure to present you ORIOR AG's seventh annual report as a listed company. ORIOR has improved its results thanks to the successful acquisition in Belgium and a good performance in its domestic market.

ORIOR generated revenues of CHF 527.7 million in 2016, up from CHF 500.1 million in the previous year. This revenue growth of 5.5% is largely attributed to the acquisition of Culinor Food Group at the end of August 2016 and its full consolidation as of 1 September 2016. EBITDA increased by 5.7% to CHF 51.5 million and the margin was held at the prior-year level of 9.7%. A greater focus on portfolio management and the unremitting execution of numerous projects to improve cost-efficiency were the key factors behind the EBITDA performance. Net profit for the year advanced 11.0% to CHF 28.4 million and the corresponding margin rose 27 basis points to 5.4%. Operating cash flow amounted to CHF 31.9 million. The equity ratio declined from 58.6% to 44.3% in the wake of the acquisition of Culinor Food Group.

ORIOR's domestic Swiss market remains pressured by price cuts and intense competition in retail and food service channels as well as by the loss of sales along the border. The positive results of the initiatives and action plans launched under the ORIOR 2020 strategy were unable to offset completely these negative effects. Revenues in the Swiss business therefore declined by 1.5%.

The Board of Directors will propose another increase in the dividend to CHF 2.09 per share at the Annual General Meeting on 28 March 2017. This represents the sixth consecutive increase in the dividend since the IPO.

ORIOR segments

Segment reporting is now divided into the three segments of ORIOR Convenience, ORIOR Refinement and ORIOR International. Results previously reported under the Corporate and Export segment have been reassigned as follows: Corporate results are now apportioned to the three reporting segments and the Export operations are now part of the new ORIOR International segment. To ensure comparability, the presentation of the prior-year results has been adjusted to reflect the new reporting structure.

Results from the Convenience segment, the specialist for fresh convenience food with the three competence centres Fredag, Le Patron and Pastinella, were mixed. Revenues declined by 4.2% to CHF 194.2 million compared to CHF 202.7 million in the previous year. EBITDA receded by 6.0% to CHF 25.2 million, which corresponds to an EBITDA margin of 13.0%. Changes to the business model for exporting vegetarian and vegan specialities and lower sales volumes in the fresh pasta business contributed to this year-on-year decline. Adverse conditions in the retail and food service channels and lower consumer confidence also put a damper on sales in several product groups. The main positive drivers for the Convenience segment were also confirmed in the second half: Fredag continued to grow with its innovative solutions for vegetarian dishes as well as with its poultry and seafood products, while Le Patron increased revenues from snacks and specialities.

The Refinement segment, ORIOR's specialist for refined meat products with the three competence centres Rapelli, Albert Spiess and Möfag, performed quite well during the year under review. Segment revenues rose CHF 0.3 million to CHF 298.8 million and segment profitability was held at the prior year's level; EBITDA amounted to CHF 22.5 million and the margin came in at 7.5%. This performance was supported by additional investments in the "Rapelli" and "Albert Spiess" brands, which increased their sales along with their

Rolf U. Sutter, Chairman of the Board of Directors (right)
Daniel Lutz, CEO ORIOR Group (left)

market share. Möfag, the producer of Fürstenländer specialties, introduced more convincing innovations and continued to benefit from sales channel diversification.

The International segment comprises all of our business activities in foreign markets. This newly defined segment mainly consists of the recently acquired Culinor Food Group in Belgium. Culinor Food Group is the leading producer of chilled ready meals and meal components in the Benelux region and operates as an independent centre of competence. Besides its innovative and extensive portfolio of high-quality products, Culinor boasts modern production facilities and a vast range of technologies for producing premium fresh convenience food. Fully consolidated as of 1 September 2016, Culinor Food Group met all expectations during its first few months as a new competence centre of the ORIOR Group. Together with the Swiss exports, consolidated revenues at the International segment amounted to CHF 53.2 million. In the Bündnerfleisch export business, a drop in revenues was willingly accepted in the face of adverse market and competitive conditions and due to a decision to refrain from conducting business with excessively low margins, which consequently improved the profitability of the sales contracts for Bündnerfleisch that were concluded. The revised business model for "Nature Gourmet" products likewise led to a reduction in segment revenues, yet also had a positive effect on the profitability. Together with Culinor Food Group, the International segment reported an EBITDA of CHF 3.7 million, which corresponds to an EBITDA margin of 7.0 %.

More progress toward ORIOR 2020 strategy goals

ORIOR steadfastly implemented its ORIOR 2020 strategy throughout the entire 2016 fiscal year. The acquisition of Culinor Food Group marked the first decisive step toward establishing a strategic foothold in the European market. Meanwhile, a raft of other initiatives and measures were also being worked on: Efforts to set up group-wide trend monitoring activities and coordinate appropriate responses led to a 3-year innovation pipeline. A review of sourcing and sales operations was conducted and resulted in cost as well as organisational improvements. Thanks to additional investments in marketing activities, especially in brands, revenues from "Rapelli" and "Albert Spiess" were up. The business model for exporting our vegetarian and vegan specialities under the "Nature Gourmet" brand was revised in March 2016 to boost profitability. In the Swiss business, an "operational footprint project" entailing the review and improvement of operating structures and processes was executed. ORIOR Campus also opened its doors. This is a training facility for managers and other key employees that promotes their professional development.

ORIOR views sustainability as one aspect of its core business activities and recognises that sustainable business practices are ultimately a precondition of Excellence in Food. Attention is drawn to “The ORIOR Responsibility” using specific examples from the competence centres as detailed from page 54 on of this annual report. We understand that reporting on sustainability-related issues and our progress towards sustainability goals is a valid need and we are reviewing the appropriate disclosure of such information at ORIOR.

Changes to the Management Board

With the acquisition of Culinor Food Group, Filip de Spiegeleire was appointed the Head of ORIOR Europe, Head of Culinor Food Group and a member of the Management Board. Furthermore, ORIOR announced on 31 October 2016 that Bruno de Gennaro would be stepping down as Head of the Convenience segment and as a member of the Management Board, effective June 2017. Bruno de Gennaro will continue to serve ORIOR. He will become the director of ORIOR’s pension fund and will also perform special tasks at the request of the Group CEO.

A word of thanks

On behalf of the Board of Directors and the Management Board, we thank all our employees, the professionals who enjoy their work and proudly display their skills every day while upholding our guiding principles regarding entrepreneurship, ethics and respect. We are also grateful for the loyalty of our customers and their demand for our products and we thank you, our shareholders, for your ongoing trust and support.

Rolf U. Sutter
Chairman of the Board of Directors

Daniel Lutz
CEO ORIOR Group

ORIOR

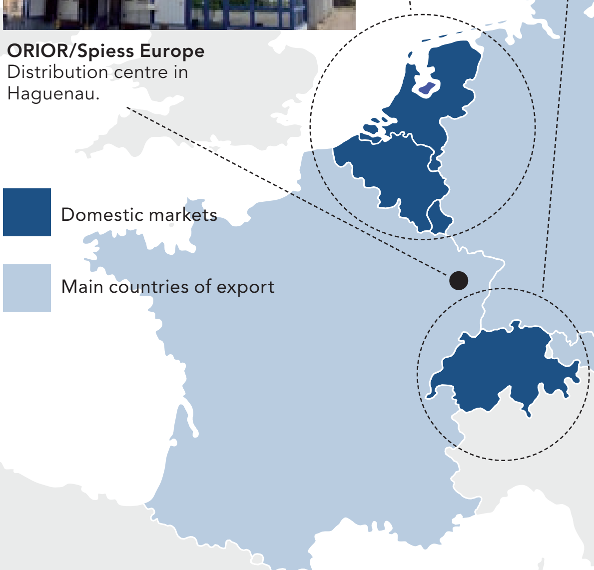
EXCELLENCE IN FOOD

ORIOR Group Locations

ORIOR Europe

Culinor Food Group, Destelbergen
Chilled premium ready meals and meal components

ORIOR/Spiess Europe
Distribution centre in Haguenau.



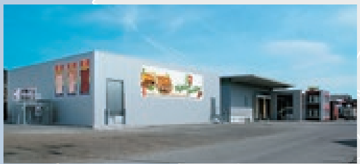
In Switzerland, ORIOR runs six competence centres with nine locations. The Culinor Food Group is ORIOR's new European platform, which, as an independent centre of excellence with five locations in the Benelux countries, manages the entire European market.

Together with the new colleagues of the Culinor Food Group in Belgium, the ORIOR Group currently has around 1 700 employees.

ORIOR Switzerland

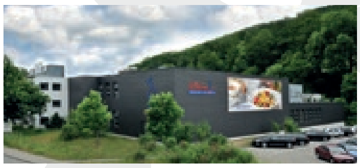
Rapelli SA, Stabio
Charcuterie specialities like salami, prosciutto and coppa.

Albert Spiess, Schiers
Grisons specialties like Bündnerfleisch, Salsiz and cured ham.



Möfag, Zuzwil
Fürstenländer specialties such as Mostbröckli and hams.

Fredag, Root
Poultry specialities, convenience meat dishes and vegetarian/vegan.



Le Patron, Böckten
Patés and terrines, ready meals, meal components.

Pastinella, Oberentfelden
Fresh, filled and unfilled Italian-style pasta.

Interview with Daniel Lutz, CEO ORIOR Group

ORIOR is European! Is that the big story of 2016 for ORIOR?
Yes and no. The acquisition of Culinor Food Group obviously marked a major milestone for our company. But we also worked on many other initiatives last year that, from a general context, are just as important.

What was the case for Culinor Food Group?
This acquisition extended our leadership in our core business of premium fresh convenience food beyond the Swiss border into the greater European market. Culinor diversifies our existing sales channels and markets and offers new business opportunities. The people factor was important, too: I'm very pleased that the experienced management team led by entrepreneur Filip De Spiegeleire will continue to lead the company. We share the same values and live the same business philosophy – both are crucial factors for our success.

Daniel Lutz, CEO ORIOR Group

Where do things stand with the integration of Culinor Food Group into ORIOR?
Financially, the integration has already been completed. In terms of process and organisational integration, Culinor is an independent competence center, and it also serves as ORIOR's point-of-entry for the entire European market. From today's standpoint, it wouldn't make much sense to actively pursue further integration with our other convenience food companies. Our focus is on the transfer of knowledge and technology. We see great opportunities to reap mutual rewards in both areas.

What other news was there in 2016 besides ORIOR's milestone expansion into Europe?
We worked diligently on executing the ORIOR 2020 strategy that was presented in the fall of 2015. Numerous projects and action plans were initiated and have already been completed. Improvements were made to our processes and our product portfolios. Thanks to a Group-wide procurement project and an operational footprint project, we optimised our processes and our sites are now even more efficient. Last year we also strengthened our innovation pipeline and continued to invest in the ongoing development of our brands. Rapelli's brand awareness clearly improved during the year under review and product sales rose. These topics and many others commanded our attention in 2016.

You have been the CEO of ORIOR for two years now. Are you satisfied with the accomplishments so far?
Business growth and development is what happens when everyone is pulling in the same direction. We set the direction in the ORIOR 2020 strategy; that serves as a common roadmap. The general market environment and operating conditions were and still are challenging. In this context, we've performed well and many of our goals and interim targets have been achieved. But we are still at the beginning of a long journey. In that sense, we will continue to work toward the sound, holistic development of ORIOR to ensure long-term success. Employees are the most important factor for our development and progress as a company, so ongoing employee training and development learning is crucial. With the opening of our new ORIOR Campus, we have created an outstanding learning platform.

What's your guidance for the current fiscal year?
The business environment and general operating conditions were and still are challenging. But every challenge also has its opportunities. We will steadfastly proceed with the implementation of our ORIOR 2020 strategy. Our products, our agility and our innovation strength make us unique and that puts us in an ideal position for success today and tomorrow.

Daniel Lutz, CEO ORIOR Group welcomes the Culinor management.
From left to right: Patrick Vandenbogaerde (Head Vaco), Guy De Vos (Head Operations), Daniel Lutz (CEO ORIOR Group), Filip De Spiegeleire (Head ORIOR Europe and Head Culinor Food Group), Bart Serras (Finance Culinor Food Group) and Werner Nies (General Manager).

ORIOR is European

In August 2016 ORIOR acquired the Belgian Culinor Food Group. This step strengthens ORIOR's core competence in the growing premium fresh convenience food market beyond the Swiss border and into the greater European market. The Culinor Food Group is a leading producer of chilled ready meals and meal components serving retailers and food service providers throughout the Benelux region. Operating out of Benelux, the innovative group also sells its products in Continental Europe.

With the acquisition of Culinor Food Group, ORIOR has taken a significant position in the premium fresh convenience food market in the Benelux and created a strong platform from which it can successfully address the entire European market. Culinor operates production plants in Destelbergen, Gent, Olen and Herselt as well as a logistics centre located in Destelbergen. All of its production plants are equipped with modern systems and offer a variety of technologies for producing premium fresh convenience food products. Culinor operates as an autonomous competence centre within ORIOR and serves as the platform for targeting the entire European market.

ORIOR is confident that the fresh convenience market segment will grow in importance over time. With the slow disappearance of long-established daily consumption patterns, consumers are having increasingly fewer large meals and are also less likely to eat at fixed times of the day. Instead, there are certain windows of time when smaller meals are quickly prepared and eaten. High-quality fresh convenience products that address this trend are in high demand. Belgium is considered one of the most innovative countries in Europe when it comes to sophisticated convenience food and it has repeatedly set international trends with its creations and new developments. Culinor Food Group with its large portfolio of high-quality products and its specialisation on chilled ready meals and meal components is one of the leading players in the highly innovative market of fresh convenience food. Its products range from classic local cuisine such as "stamppot" and vol-au-vent to meat, fish and oven entrees and stews, soups and sauces. Culinor's portfolio also includes innovative convenience concepts such as the to-go line "Meal in the Box" or the ready-made "Wok & Dinner Mix" meal kits.

Entrepreneur and chilled ready meals pioneer Filip De Spiegeleire has stayed on as Head of Culinor Food Group as has his long-serving, experienced management team. Filip De Spiegeleire was also appointed Head ORIOR Europe and a member of ORIOR AG's Management Board.

ORIOR Convenience

The ORIOR Convenience segment with the three centres of competence Fredag, Pastinella and Le Patron produces fresh convenience products such as chilled ready meals, patés and terrines, fresh pasta, vegetarian specialities, poultry and meat products, and seafood. Excelling in innovation and guided by a pioneering spirit, the segment and its four processing plants are well positioned at the vanguard of their core markets within the retail and food service industries.

Course of business

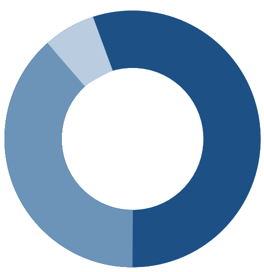
The results presented by the Convenience segment for the past financial year were mixed. Revenues declined by 4.2 % to CHF 194.2 million compared to CHF 202.7 million in the previous year. Changes to the business model for exporting vegetarian and vegan specialities and lower sales volumes in the fresh pasta business contributed to the year-on-year decline. Adverse conditions in the retail and food service channels and persistently low consumer confidence also put a damper on sales in several product groups.

The main positive drivers for the Convenience segment were also confirmed in the second half: Fredag delivered renewed growth with innovative vegetarian specialities as well as poultry and seafood products, and Le Patron grew its sales of snacks and specialities. EBITDA receded 6.0 % to CHF 25.2 million, resulting in an EBITDA margin of 13.0 %; this development mainly reflects the new reporting structure, which now allocates Group costs to all three operating segments.

REVENUE ORIOR CONVENIENCE
IN % OF TOTAL REVENUE

36.4 %

ORIOR Convenience



In furtherance of the key strategic objective of "Brand strengthening and expansion", the "noppa's" brand was repositioned and received a more distinctive profile. Its new logo reflects the unique quality and Swissness of "noppa's" products even better than before. Attention was drawn to its "made in Switzerland" image and its wholesome ingredients. Working in partnership with Swiss farmers, the Convenience segment also increased its supply of organic Swiss soybeans last year.

In the fall of 2016, as part of the Group-wide "operational footprint project", ORIOR's vegetarian expertise was centralised at competence centre Fredag's plant in Root; the processing facility in Rüti was integrated into this new veggie centre as part of this process. Moreover, the remaining outsourced production volumes of gluten- and lactose-free fresh pasta specialities were transferred back to Pastinella's production plant in Oberentfelden thanks to structural changes and process development. The above action enhances the agility and cost-efficiency of the Convenience segment.

As of 1 March 2016, ORIOR's "Nature Gourmet" products for the Luxembourg, Austrian and German markets have been exclusively produced and marketed by Tofutown, the German veggie pioneer.

Outlook

The Swiss retail and food service industry will continue to face tough competition and downward pressure on prices in 2017. Meanwhile the market for premium fresh convenience food is gaining momentum, driven by local, national and even global nutrition and lifestyle trends. We will focus on innovation, improve agility and drive efficiency in order to maintain and strengthen our position in the vanguard of market developments.

FREDAG: Vegan Provençale-style kebabs made from the finest Swiss soybeans. Pan-fried until they're crisp and crunchy, these delicious kebabs are perfect served with fresh mango-avocado salad and a sour cream dip.

LE PATRON: Pulled beef burgers are winning the hearts of Switzerland's street food fans. Tender, slow-cooked, marinated pulled beef burgers served with sauce and coleslaw in a sesame bun.

PASTINELLA: Premium fiori pasta with a salmon-honey-balsamic vinegar filling – a delicacy no pasta lover can resist. With just a smidgen of dill and a spot of cream, you have an exquisitely composed flavour sensation ready.

ORIOR Refinement

The ORIOR Refinement segment with its centres of competence Rapelli, Albert Spiess and Möfag produces premium refined meat specialities. Craftsmanship and strong brands are paired with the best quality ingredients in traditional as well as newly interpreted premium products, ranging from Bündnerfleisch and a variety of ham products to Salami and Mostbröckli, and interesting new specialty meat convenience products. The segment operates five processing plants and sells its products to retailers and food service providers.

Course of business

The Refinement segment showed a good performance during the year under review. Segment revenues were up by CHF 0.3 million from the previous year and amounted to CHF 298.8 million This development was driven primarily by additional investments in the "Rapelli" and "Albert Spiess" brands. Attention was drawn to the brands' strong regional roots and uncompromising commitment to tradition and craftsmanship, which resulted in higher brand sales and market share gains. Möfag, the producer of Fürstenländer specialities, introduced a convincing range of innovations and benefited from its sales channel diversification. The Refinement segment also maintained its profitability at the prior year's level; EBITDA amounted to CHF 22.5 million and the margin came in at 7.5 %.

In March 2016, Rapelli unveiled its new brand identity. It was met with widespread consumer approval and the brand's recognition rate and sales subsequently improved. The world of Rapelli revolves around distinctive culinary delights created by Mastri Salumieri with that alluring Ticino appeal. A Rapelli bottega opened its doors in Stabio, a village in Ticino which is also where Rapelli's headquarters is located: Enjoyable moments with the rich artisanal tradition, passion and special Ticino flair that Rapelli is famous for, showcased in a truly authentic setting.

Möfag again displayed its innovative and modern-day creativity. With novelties, such as cornflower crusted pork tenderloin (see photo on opposite page) or light and tasty ostrich chips, Möfag maintained its position at the forefront of innovation in the market. Möfag's novel interpretations of traditional dishes were also successful. The Oktoberfest ham hock introduced in the autumn season is but another example of its popular innovations.

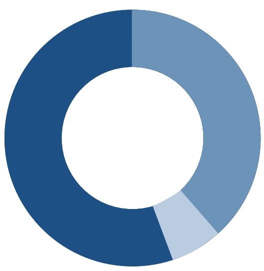
Initial benefits were reaped from the Group-wide "operational footprint project". Improvements in process-related operations combined with minor infrastructural adjustments at the meat curing facility in Davos Frauenkirch allowed the facility in Churwalden to be closed.

Outlook

The general market environment is and remains demanding due to competitive pressure and structural challenges in the retail and food service industries. Demand for traditional and authentic products made from local resources is expected to remain firm. With its strong regional heritage and steady focus on local sourcing, the Refinement segment is in an excellent position to address that trend. We put a premium on craftsmanship in creating our specialities – both traditional and innovative – and are uncompromising in our commitment to quality and freshness.

REVENUE ORIOR REFINEMENT
IN % OF TOTAL REVENUE

53.6 %



ORIOR Refinement

RAPELLI: A blend of the finest deli specialities from the House of Rapelli: Salametti Rapellino Classico, San Pietro dry-cured ham and bresaola. Best served with crusty bread, olives – and time to enjoy.

ALBERT SPIESS: An authentic recipe for a hearty Alpine stew with tender chunks of pork. Homemade Bündner Pizokel topped with lightly fried onions and a piece of mountain cheese are perfect accompaniments.

MÖFAG: Cornflower crusted pork tenderloin. A combination of well-seasoned, smoked meat and a flavourful bouquet of wildflowers. Serve thinly sliced as a salad topping, a hit for every occasion.

ORIOR International

The ORIOR International segment consists of the competence centre Culinor Food Group and the exports of Swiss products into neighbouring countries. Culinor Food Group produces premium chilled ready meals and menu components. Its main sales channels are retailers and food service providers. The export operations are responsible for exporting and marketing selected Group products under various brands.

Course of business

ORIOR's segment reporting structure was revised after the acquisition of Culinor Food Group and now consists of the three segments of ORIOR Convenience, ORIOR Refinement and ORIOR International. Results previously reported under the Corporate and Export segment have been reallocated as follows: The Corporate unit is now allocated to all operating segments and the Export unit is now part of the new ORIOR International segment together with Culinor Food Group. The International segment largely represents the acquired Culinor Food Group, which has been fully consolidated since 1 September 2016. Consolidated segment sales amounted to CHF 53.2 million and EBITDA came in at CHF 3.7 million, which corresponds to an EBITDA margin of 7.0%.

The acquisition of Culinor Food Group made ORIOR a truly European player. ORIOR acquired the Belgian company Culinor Food Group at the end of August 2016. Filip De Spiegeleire, its CEO and founder, has been appointed to ORIOR's Management Board as the Head of ORIOR Europe. This important transaction taken within the scope of the ORIOR 2020 strategy strengthened and enlarged ORIOR's core competencies and market position in the growing market for premium fresh convenience food beyond the Swiss border into the greater European market. Culinor Food Group is the leading producer of chilled ready meals and meal components in the Benelux region and operates as an independent centre of competence. Besides its innovative and extensive portfolio of premium products with strong market positions, Culinor boasts modern production facilities and a vast range of technologies for producing premium fresh convenience food. Culinor Food Group met all expectations during the first four months of consolidation.

REVENUE ORIOR INTERNATIONAL
IN % OF TOTAL REVENUE

10.0 %

ORIOR International

Export

In the Bündnerfleisch export business, a drop in revenues was willingly accepted in the face of adverse market and competitive conditions and due to a decision to refrain from conducting business with excessively low margins. This consequently improved the profitability of the sales contracts for Bündnerfleisch that were retained. The revised business model for "Nature Gourmet" products likewise led to a reduction in segment revenues, yet also had a positive effect on profitability.

Outlook

We expect conditions in Europe to remain tense in 2017. The European market for premium fresh convenience food, an important segment for us, offers considerable potential. Our specialisation in the premium niche of the fresh convenience food segment ideally meets these market needs and the related trends. We therefore expect good growth in this business and further gains in market share. Export sales will remain challenging in 2017 due to continuing price sensitivity among consumers and intense competition.

CULINOR: Spicy marinated grilled Jamaican chicken wings with exotic coconut reggae sauce. Served with fresh coconut strips and crunchy vegetables, this dish gives every meal that holiday feeling.

VACO'S KITCHEN: Stamppot, the Dutch version of potato casserole, is a permanent fixture of Dutch cooking. A stamppot dish with diced vegetables and dried tomatoes is shown on the picture.

SPIESS EUROPE: The mountain air in the canton of Graubünden is clean and fresh. You can taste it. Albert Spiess cures its Bündner meat specialities at the Davos Frauenkirch facility more than 1500 meters above sea level.

Corporate Governance Report

ORIOR Group is committed to best practices in corporate governance with a high level of transparency. Good corporate governance protects the interests of Company shareholders and other stakeholders while helping the Group achieve sustainable development. ORIOR Group's corporate governance policy follows the guiding principles of the Swiss Code of Best Practice for Corporate Governance (2016). The information disclosed hereinafter meets the current requirements of the "Directive Corporate Governance" (DCG) issued by SIX Swiss Exchange and last amended on 1 January 2016.

1. Group structure and shareholders

The registered office of ORIOR AG, the parent company of ORIOR Group, is in Zurich (Switzerland). Information on the security number and ISIN code of its shares and its stock-market capitalisation is given in the "Share information" section of this annual report.

The subsidiaries included in the Group's scope of consolidation are listed in the Notes to the Consolidated Financial Statements, Note 43, along with their legal domicile, share capital and the percentage interest held by the Group. Apart from the parent company, only unlisted companies are included in the scope of consolidation.

Group structure as at 31 December 2016

Board of Directors
Rolf U. Sutter, Chairman
Edgar Fluri, Vice Chairman
Christoph Clavadetscher
Walter Lüthi
Dominik Sauter
Monika Walser

Management Board
Daniel Lutz, CEO ORIOR Group
Ricarda Demarmels, CFO ORIOR Group
Bruno de Gennaro, Head Convenience segment and Head Fredag
Filip De Spiegeleire, Head ORIOR Europe and Head Culinor Food Group

ORIOR Corporate
Sven Maushake, CIO ORIOR Group
Milena Mathiuet, Head Corporate Communication & Investor Relations

Convenience segment
Bruno de Gennaro, Head Segment Convenience and Head Fredag
Michel Nick, Head Le Patron
Oscar Marini, Head Pastinella
Bernhard Pfulg, COO Convenience

Refinement segment
Glauco Martinetti, Head Rapelli
Bruno Bürki, Head Albert Spiess
Urs Mösli, Head Möfag

International segment
Filip De Spiegeleire, Head ORIOR Europe and Head Culinor Food Group

On 1 January 2016, Oscar Marini assumed management responsibility for Pastinella and the role of Innovation Manager of the entire ORIOR Group. Oscar Marini is a member of the Extended Management Team of ORIOR AG.

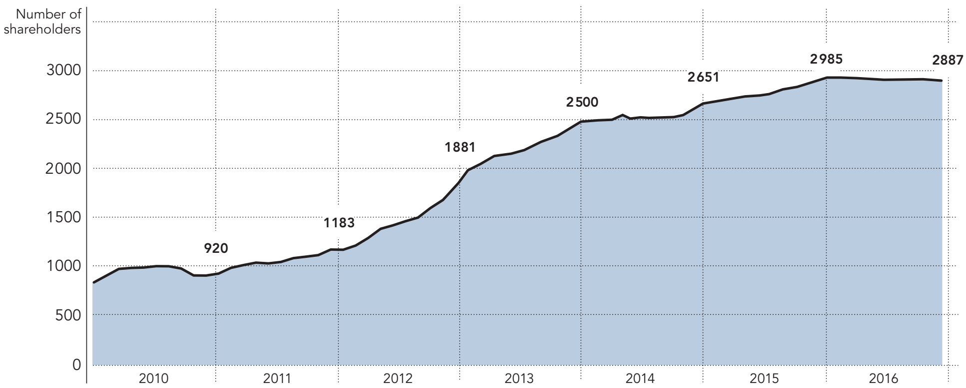
On 1 September 2016, Filip De Spiegeleire was appointed Head ORIOR Europe and Head Culinor Food Group and a member of the Management Board.

On 31 October 2016, ORIOR announced that Bruno de Gennaro would be stepping down as Head of the Convenience segment and as a member of the Management Board, effective June 2017. Bruno de Gennaro will continue to serve ORIOR. He will become the director of ORIOR's pension fund and will also perform special tasks at the request of the Group CEO Daniel Lutz.

In November 2016, Sven Maushake assumed the position of Group CIO and was appointed to the Extended Management Team. Also in November, Max Dreussi was appointed the new Head of Fredag and a member of the Extended Management Team. He will assume his new position in April 2017.

ORIOR shareholders

According to the share register, ORIOR had 2887 shareholders as of 31 December 2016, meaning there was a slight decrease in the number of shareholders during the year under review. The development in the number of shareholders entered in the share register since the IPO in April 2010 is depicted below:

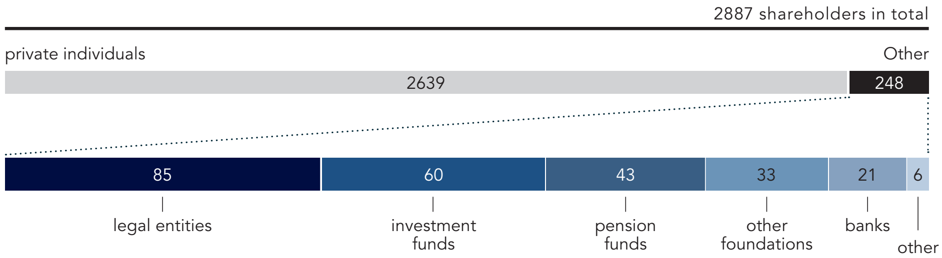


The 2887 registered shareholders at 31 December 2016 held 72.8 % of total share capital. Information on the distribution of shareholdings as of 31 December 2016 by size of shareholding, by category and by country is given below.

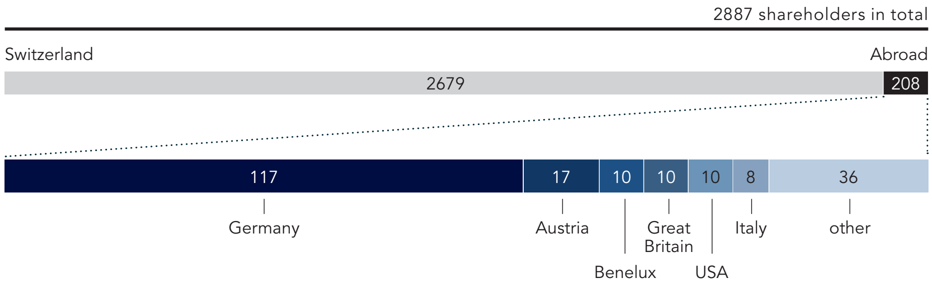
Number of shareholders entered in the share register as of 31 December 2016, by number of shares held:

Number of shares held	Number of shareholders	Total number of shares
1 – 10	205	1 277
11 – 100	759	49 028
101 – 1 000	1 625	623 643
1 001 – 10 000	253	777 991
10 001 – 100 000	40	1 294 082
> 100 000	5	1 567 366
Total	**2 887**	**4 313 387**

Number of shareholders entered in the share register as of 31 December 2016, by category:



Number of shareholders entered in the share register as of 31 December 2016, by country:



Major shareholders

According to notifications received, as of 31 December 2016 the following shareholders each own more than 3 % of ORIOR AG's share capital:

Shareholder	Number of shares	%	Source
Ernst Göhner Stiftung (CH)	620 000	10.46	Notification 05.10.2012
UBS Fund Management (Switzerland) AG (CH)	368 121	6.21	Notification 28.02.2012
Schroders Plc (GB)	288 856	4.88	Notification 05.02.2015
Rolf U. Sutter / Group (CH)	199 800[1]	3.37	Notification 25.09.2015
Swisscanto Fondsleitung AG (CH)	194 429	3.28	Notification 24.06.2015

[1] This includes 500 ORIOR shares purchased by Rolf U. Sutter in October 2015 at special terms under an employee stock ownership program. The shares are subject to a mandatory holding period expiring 31 October 2018. The corresponding management transaction disclosure was issued on 30 October 2015.

During the period between 1 January 2016 and 31 December 2016 the following disclosure notifications were received and duly published on the website of the SIX Swiss Exchange:

Publication date	Shareholder / Group	Reason for announcement	New shareholding
12.03.2016	Schroder Investment Management (Switzerland) AG	Consolidation to Schroders Plc	< 3 %
23.09.2016	Credit Suisse Funds AG (CH)	Sale	< 3 %

Detailed information about these disclosures can be viewed at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html.

As of 10 February 2017, ORIOR AG was not aware of any other person or entity holding, directly or indirectly, 3 % or more of the Company's share capital. Neither is ORIOR AG aware of any significant agreements or arrangements among shareholders regarding their holdings of ORIOR AG registered shares.

Cross-shareholdings

There are no cross-shareholdings with other companies.

2. Capital structure

Share capital

in CHF	31.12.2016	31.12.2015	31.12.2014
Ordinary share capital	23 700 000	23 700 000	23 700 000
Conditional share capital	714 256	714 256	714 256
Authorised share capital	4 400 000	4 761 704	4 761 704
Treasury shares	699 471	174 139	712 388

Ordinary capital

ORIOR AG's share capital is fully paid in and amounts to CHF 23 700 000. It is divided into 5 925 000 registered shares with a par value of CHF 4.00 each. There is only one category of registered shares. Further information on the shares is given in the "Share information" section of this annual report.

Conditional capital

The share capital of the Company may be increased by a maximum of CHF 714 256 through the issue of a maximum of 178 564 registered shares with a par value of CHF 4.00 each, which must be fully paid-in, upon exercise of options rights granted to the members of the Board of Directors and employees of the Company and subsidiaries under one or more share-based compensation plans. The issue price for the new shares and the terms of the share-based compensation plans is determined by the Board of Directors. The subscription rights and preemptive rights of shareholders are excluded with respect to this conditional capital increase. The acquisition of registered shares through the exercise of option rights and every subsequent transfer are subject to the restrictions on entry in the share register stipulated in Articles 5 and 6 of the Articles of Association.

Authorised share capital

The Board of Directors is authorised to nominally increase the share capital at any time up to 12 April 2018 by a maximum par value of CHF 4 400 000.00 through the issue of a maximum of 1 100 000 registered shares with a par value of CHF 4.00 each, to be fully paid in. Partial capital increases are permitted. The issue price, the date of the dividend entitlement, and the type of contribution will be determined by the board of directors. When acquired, the new registered shares are subject to the registration restrictions laid down in Art. 5 and 6 of the Articles of Association.

The Board of Directors shall be authorised to restrict or withdraw the pre-emptive subscription rights of shareholders and to allocate them to third parties,

(i) if the new shares are to be used to acquire another enterprise, parts of an enterprise or equity interests, or to finance investment projects or to finance or refinance any such transactions by the Company, or

(ii) if the new shares are being placed nationally and internationally for the purpose of raising equity in a swift and flexible manner that would be difficult to arrange or only at much less favourable conditions if the pre-emptive subscription rights to the new shares were not restricted or withdrawn.

The Board of Directors may allow subscription rights that have not been exercised to lapse, or it may place these subscription rights, or registered shares for which subscription rights were granted but not exercised, at market conditions, or use them otherwise in the interests of the Company.

Changes in capital

At the Extraordinary Meeting of Shareholders on 9 April 2010, shareholders voted to split the share capital consisting of 170 000 registered shares with a par value of CHF 100.00 each into 4 250 000 registered shares with a par value of CHF 4.00 each. Shareholders at the Extraordinary Meeting of Shareholders on 9 April 2010 also authorised the Board of Directors to increase the share capital from CHF 17 million to a maximum of CHF 97 million during a three-month period following this Extraordinary Meeting of Shareholders. On 21 April 2010 the share capital of ORIOR AG was increased by CHF 6.7 million through the issue of 1 675 000 registered shares. The Extraordinary Meeting of Shareholders on 9 April 2010 also voted to create conditional share capital of CHF 714 256 and authorised share capital of CHF 4 761 704. The shareholders at the Annual General Meeting on 12 April 2016 approved to renew the authorised share capital, with a reduced maximum amount of CHF 4 400 000.00, corresponding to 1 100 000 fully paid registered shares with a nominal value of CHF 4.00 each, as well as various other amendments to Article 3b of the Company's Articles of Association in connection with authorised share capital.

ORIOR AG has purchased own shares through numerous transactions on the open market:

	2016	2015	2014	2013	2012	2011	2010
Number of own shares bought on the market	84 975	46 750	28 690	30 068	2 100	5 635	8 510
Average share price in CHF	69.17	55.66	53.66	50.70	46.43	51.41	46.60

Participation certificates and non-voting equity securities

ORIOR Group has not issued any participation certificates or non-voting equity securities.

Restrictions on share transfer, registration of nominees

There are no restrictions on the transfer of the registered shares of ORIOR AG. The sole condition attaching to entry of a shareholder in the share register is a written statement signed by the person acquiring the shares that he is acquiring them in his own name and for his own account. There are no further restrictions on shareholder registration. Any persons not expressly stating in their application form that the shares have been acquired for their own account (Nominees) may be entered as shareholders in the share register with voting rights if the Nominee concerned is subject to recognised banking and financial market supervision and has entered into an agreement with the Board of Directors regarding its position. The total share capital held by the Nominee may not exceed 2 % of the issued share capital of the Company. In excess of this limit, the Board of Directors may register Nominees in the share register with voting rights, if the Nominees disclose the names, addresses, citizenship and shareholdings of those persons for which they hold 2 % or more of the issued share capital. No nominees with voting rights exceeding the 2 % limit were registered during the year under review.

Convertible bonds and warrants

ORIOR AG has not issued any bonds or warrants convertible into and/or exchangeable for equity securities of ORIOR AG. The same applies with regard to the other Group companies.

3. The Board of Directors

The duties and responsibilities of the Board of Directors of ORIOR AG are defined by the Swiss Code of Obligations, the Articles of Association and the Organisational Regulations.

Members of the Board of Directors

The Board of Directors consists of at least three and no more than nine members. The Board of Directors consisted of six directors as at 31 December 2016. All members of the Board of Directors are non-executive directors. None of the directors held an executive position with ORIOR Group during the three fiscal years preceding the period under review. Unless otherwise noted, the members of the Board of Directors do not have significant business relationships with ORIOR AG or with ORIOR Group. All of the directors are Swiss nationals.

Below is an overview of the current members of the Board of Directors as at 31 December 2016, their functions within the Board, their first year of election to the Board and their current term of office.

Name	Year of birth	Position	First term of office	Elected until AGM
Rolf U. Sutter	1955	Chairman of the Board of Directors, Member of the Nomination and Compensation Committee	2006[1]	2017
Edgar Fluri	1947	Vice Chairman of the Board of Directors, Chairman of the Audit Committee	2010	2017
Christoph Clavadetscher	1961	Member of the Board of Directors, Chairman of the Nomination and Compensation Committee	2007	2017
Walter Lüthi	1953	Member of the Board of Directors, Member of the Audit Committee	2016	2017
Dominik Sauter	1963	Member of the Board of Directors, Member of the Audit Committee	2013	2017
Monika Walser	1965	Member of the Board of Directors, Member of the Audit Committee	2013	2017

[1] Delegate to the Board of Directors from 2006 to 2011.

Changes in the composition of the Board of Directors

After serving on the Board for more than ten years, Rolf Friedli did not stand for re-election to another term. He stepped down from the Board of Directors at the end of the Annual General Meeting on 12 April 2016.

Shareholders at the Annual General Meeting on 12 April 2016 elected Walter Lüthi to the Board of Directors as a new member.

Rolf U. Sutter

Chairman of the Board of Directors, Member of the Nomination and Compensation Committee

Rolf U. Sutter holds a bachelor degree from the Lausanne Hotel School and pursued a degree programme at Cornell University in Ithaca (USA). From 1981 to 1989 he held various positions at Railway Buffet, Zurich and Moevenpick Holiday Inn, Moevenpick Hotel and Moevenpick / Marché Schweiz. From 1989 to 1997 he served as Managing Director / CEO of Moevenpick / Marché International. From 1993, he was also a member of the Executive Board of Moevenpick Holding AG. During this time, he worked in Germany for three years, established several companies in several countries, opened and developed various restaurants in North America, Asia (with registered offices in Hongkong and Singapore), the Middle East and Europe. From 1997 to 1999, he was Managing Director of all food service operations within the Moevenpick Group. After assuming the position of CEO of ORIOR in 1999, Rolf U. Sutter was elected Executive Board delegate to the Board of Directors. He resigned as ORIOR's CEO on 30 April 2011. The Board of Directors elected Rolf U. Sutter as its Chairman at the constituting meeting of the Board after the Annual General Meeting on 6 April 2011.

Other activities and functions: Rolf U. Sutter is Chairman of the Board of Directors of Biella-Neher Holding AG, Biel, a member of the Board of Directors of Branchen Versicherung Schweiz, Zurich, and a member of the Board of Directors of Schweizer Getränke AG, Meilen.

Edgar Fluri

Vice Chairman of the Board of Directors, Chairman of the Audit Committee

Edgar Fluri earned a Doctorate in Economics from the University of Basel and is a Swiss Certified Public Accountant. From 1977 to 1998 he was with STG-Coopers & Lybrand, where he served from 1991 to 1996 as Deputy Chairman and from 1997 to 1998 as Chairman of the Management Committee and held a seat on the Coopers & Lybrand International and European Boards. After the merger to form PricewaterhouseCoopers, Edgar Fluri served from 1998 to 2008 as Chairman of the Board of Directors of PricewaterhouseCoopers Switzerland. From 1998 to 2001 he was also Head of Assurance and Business Advisory Services EMEA and from 2002 to 2005 a member of the Global Board of PricewaterhouseCoopers. Edgar Fluri was a part-time lecturer in public accounting and auditing at the University of Basel from 1987 to 2012 and was appointed titular professor in 1997.

Other activities and functions: Edgar Fluri is a member of the Board of Directors of LAROBA AG, Basel, a member of the Supervisory Board of Brenntag AG, Muelheim an der Ruhr (Germany), a member of the Board of Trustees of the Beyeler Foundations, Basel, a member of the Board of Directors of Beyeler Museum AG, Basel, and a member of the Board of Directors of Galerie Beyeler AG, Basel.

Christoph Clavadetscher

Member of the Board of Directors, Chairman of the Nomination and Compensation Committee

Christoph Clavadetscher earned a degree in business studies. Up to 1991 he worked in sales and marketing at various retail companies. From 1992 to 2005 he held various positions at Coop. He was Head of the Coop Central Switzerland-Zurich sales region, Head of Trading operations and a member of the Management Board with responsibility for the "Coop-City" department stores and building supply stores as well as Chairman of the Board of TopTip AG and Importparfümerie AG. From 2005 to 2009 he served as managing director of Dohle Handelsgruppe, Siegburg (Germany). From 2009 to 2011 he served as CEO of Dolma Holding AG in Schlossrued (Switzerland). From 2011 to 2013 he was CEO of Möbel Hubacher AG. Since 2013 he has been owner and Managing Director of Christoph Clavadetscher Consulting GmbH, acting as a professional board member and taking on temporary CEO roles. He is currently CEO of Möbel Hubacher AG for 30% of the week.

Other activities and functions: Christoph Clavadetscher is Chairman of the Board of Directors of PEG Papeteristen-Einkaufsgenossenschaft, Aarburg, and member of the Board of Directors of the company affiliated to PEG Papeteristen-Einkaufsgenossenschaft (OFFIX Holding AG), Chairman of the Board of Directors of Talsee AG, Hochdorf, Chairman of the Board of Directors of famoc AG, Zug, and member of the Board of Directors of companies affiliated to famoc (Bewilux AG, HOLCLA AG, Unicorn S.A.), Chairman of the Board of Directors of Carl Heusser AG, Cham, Chairman of the Board of Directors of Convidis AG, Glattbrugg, Vice Chairman of the Board of Directors of Agrovision AG, Alberswil, a member of the Board of Directors of Mercato Shop AG, Teufen, a member of the Board of Directors of Karl Vögele AG, Uznach, a member of the Board of Directors of Christian Binder AG, Zofingen, and member of the Board of Directors of Spirella AG, Embrach.

Walter Lüthi

Member of the Board of Directors, Member of the Audit Committee

Walter Lüthi initially obtained a basic technical education and is a graduate of a college-level business management program. From 1973 to 1978 he worked in research and development at Autophon AG, a specialist for telecommunications devices. From 1978 he was Senior Account Manager at Burroughs AG and in 1983 he joined Hawe-Neos Dental AG as Head of European Sales. In 1986 Walter Lüthi went into business for himself and in the following years established two companies active in the fields of consulting and electronic media. After their successful start-up he sold them and subsequently accepted a position as executive manager of the Swiss operations of ADIA Interim AG in Zurich. In 1992 he was retained by the Board of Directors of Intersport E+H Holding AG to turn the company around, after which he was elected to its board. In 1993 Walter Lüthi assumed the chairmanship of Mühlebach Holding AG with a mandate to focus on modernising the group and setting up new business areas. In 1998 he established Success Factory AG and has been engaged as a professional investor, director and consultant. In the ensuing years he has advised Swisscom AG on strategic issues and he managed Betty Bossi AG as CEO from 2000 to 2015, where he played a crucial role in the very successful development of the Betty Bossi brand.

Other activities and functions: Walter Lüthi is the owner and Chairman of Success Factory AG, Lucerne, Chairman of the Board of Directors of Artum AG, Zurich, a member of the Board of Directors of Büro Schoch Werkhaus AG, Winterthur, a member of the Board of Directors of Alipro AG, Hittnau, a member of the Board of Directors of Bergbahnen Destination Gstaad AG, Gstaad, a member of the Advisory Board of the Social Entrepreneurship Initiative & Foundation, Zurich, a member of the Board of Trustees of SOS Kinderdorf, a member of the Advisory Board of Isolutions AG, Bern, and CEO Coach of MS-Direct AG, St. Gallen.

Dominik Sauter

**Member of the Board of Directors,
Member of the Audit Committee**

Dominik Sauter holds a degree in engineering from the Swiss Federal Institute of Technology in Zurich (ETH). He worked as a process engineer at Ems-Chemie in Domat-Ems and in Japan until 1991. From 1991 to 2000 he worked for Sauter AG, a family-owned company in Sulgen, where he ultimately held the position of Head of Sales & Marketing and also served as Chairman of the Board of Directors. From 2000 to 2008 he worked for Belimed, a manufacturer of cleaning and sterilisation equipment marketed to hospitals, laboratories and pharmaceutical companies worldwide, as a member of the Group Executive Board in charge of sales, marketing and business development. Dominik Sauter is CEO of EGS Beteiligungen AG in Zurich, an investment company that belongs to the Ernst Göhner Foundation and is focused on Swiss industrial and services companies.

Other activities and functions: Dominik Sauter is Vice Chairman of the Board of Directors of Biella-Neher Holding AG, Biel, a member of the Board of Directors of Boucledor SA, Meyrin, a member of the Board of Directors of Bauwerk Boen AG, St. Margrethen, and a member of the Board of Directors of Golf Lipperswil AG, Lipperswil.

Monika Walser

**Member of the Board of Directors,
Member of the Nomination and
Compensation Committee**

Monika Walser holds a master degree in rhetoric and technical communications from the University of Michigan (USA) and other educational credentials. In the years prior to 2000 she was mainly active in the field of marketing and sales. From 2000 to 2004 she served as Chief Communication Officer and a Member of the Executive Board of TDC Switzerland AG (Sunrise). From 2005 to 2009 she was Head of Communications and Human Resources as well as Deputy CEO of Swissgrid AG and, from 2006 onward, concurrently Head of Communications and Political Affairs at UCTE, the Union for the Coordination of Transmission of Electricity, in Brussels. Since 2009 she has been a partner at WAEGA-Group AG, Zurich, in which capacity she was CEO of the Swiss bag and accessories maker Freitag lab AG, Zurich, until January 2014. In spring 2014 she became CEO and Delegate to the Board of Directors of de Sede AG.

Other activities and functions: Monika Walser is a member of the Board of Directors of de Sede AG, Klingnau, and of its affiliated subsidiary Ligno AG, a member of the Board of Directors of Sanitas Beteiligungen AG, Zürich, a member of the Board of Directors of Carletto AG, Wädenswil, and a member of the Board of Directors of Kuhn-Rikon AG, Rikon.

Other activities and functions

The members of the Board of Directors may simultaneously carry out no more than five additional mandates outside the Group in the supreme managing or supervising body of other listed companies, and eight such mandates at unlisted entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. If a member does not reach the maximum number of mandates at listed companies, the number of mandates permitted at unlisted entities increases accordingly. Subject to approval by the Board of Directors, a member may exceed these limits for a short period of time.

With the exception of the positions already listed under "Members of the Board of Directors", none of the directors holds any positions or exercises any activities of relevance to corporate governance in

- governing or supervisory bodies of an important organisation, institution or foundation under private or public law;
- a permanent management or consultancy function for important interest groups;
- a public or political office.

Elections and organisation of the Board of Directors

The members of the Board of Directors are elected individually by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. Re-election is permitted.

The Chairman of the Board of Directors is elected by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. Re-election is permitted. If the Chairman is unable to perform his duties, the Board of Directors shall appoint one of its members as interim Chairman for the remaining term of office. If the Chairman is absent, the Vice Chairman or another member of the Board of Directors shall represent him.

The Board of Directors shall constitute itself subject to the provisions of the law and the Articles of Association. It shall appoint a Vice Chairman from among its members and may designate a secretary who need not be a member of the Board of Directors.

Even for non-delegable and inalienable duties, the Board of Directors may form committees from among its members and entrust these committees or their individual members with the preparation and execution of its resolutions, the supervision of transactions and related special duties. The main role of the committees is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations. The committees do not have the power to pass resolutions. Two specialist committees, the Audit Committee and the Nomination and Compensation Committee, are appointed by the Board of Directors as standing committees.

The Board of Directors meets as often as business requires, but no less than six times a year. The Board of Directors convened eleven meetings between 1 January 2016 and 31 December 2016, two of which were telephone conferences. There was also a Board of Directors' workshop. No resolutions were adopted by means of circular letter. The meetings lasted approximately four hours each, the telephone conferences approximately 45 minutes each, the workshop 1.5 days. Rolf Friedli did not attend the meeting on 11 February 2016; Monika Walser did not attend the meeting on 1 April 2016 and Christoph Clavadetscher as well as Dominik Sauter did not attend the meeting on 15 November 2016. Apart from the aforementioned absences, all members were in attendance at all meetings held during their term of office.

Any director may request the Chairman to call a Board meeting or to add an item to the agenda. Besides the directors the Board meetings are attended by the CEO and CFO and may, depending on the agenda items, be attended by other members of the Management Team.

The Board of Directors has a quorum if and as long as at least the majority of its members are present. Resolutions shall be passed by the majority of the votes of the members present. Each member shall have one vote. The Chairman shall have the casting vote.

Function and powers

The Board of Directors is, subject to the duties and powers of the General Meeting, the Company's supreme management body. The Board of Directors is further responsible for the ultimate supervision of the Company. The Board of Directors shall have the power to perform all acts that the business purpose of the Company may entail. The Board of Directors shall be authorised to pass resolutions on all matters that are not reserved to another corporate body by law or by the Company's Articles of Association.

According to Art. 18 of the Company's Articles of Association the Board of Directors has, in particular, the following non-delegable and inalienable duties:

- Ultimate management of the Company and issuance of the necessary directives;
- Establishment of the organisation;
- Structuring of the accounting system, of the financial controls and of the financial planning;
- Appointment and removal of the persons entrusted with the management, and assignment of signing authority;
- Ultimate supervision of the persons entrusted with the management, in particular, in view of compliance with the law, the Articles of Association, regulations and directives;
- Preparation of the business report and the compensation report as well as preparation of the General Meeting and implementation of its resolutions;
- Passing of resolutions regarding the subsequent payment of capital with respect to not fully paid-in shares, and amendment of the Articles of Associations to that effect;
- Passing of resolutions regarding capital increases, to the extent that they are in the power of the Board of Directors (Art. 651 Para. 4 CO), recording of capital increases, preparation of the capital increase report, and amendment of the Articles of Association to that effect;
- Non-delegable and inalienable duties and powers of the Board of Directors pursuant to the Merger Act and other laws;
- Notification of the court in case of over-indebtedness.

According to Art. 3.4 of the Organisational Regulations, moreover, the Board has the following exclusive powers and duties:

– Approval of the business strategy, passing of resolutions on the commencement of new and cessation of existing business activities, as well as approval and adoption of the Company's budget;
– Approval of transactions that the CEO or the Management Board, in accordance with the rules on the division of powers issued by the Board of Directors, has to submit to the Board of Directors or voluntarily submits to the Board of Directors;
– Adoption and any amendment or modification of any employee incentive programme, such as share schemes, stock option plans, restricted stock purchase agreements, etc.;
– Issuing bonds (including bonds with warrants and options) or other financial market instruments;
– Decisions on entering into any financial commitments or contingent liabilities exceeding CHF 2 million that are not within the budget approved by the Board of Directors.

In addition to the duties and powers specified in the Articles of Association and the Rules and Regulations of the Company, the Board of Directors evaluates its own performance and effectiveness at periodic intervals.

To the extent allowed by the law, and subject to the powers reserved for the Board of Directors by the Articles of Association and the Organisational Regulations, the Board of Directors delegates the entire management of the Company's operational business to the Management Board.

As detailed in Art. 3.5 of the Company's Organisational Regulations, the Board of Directors has delegated certain duties to the Chairman of the Board of Directors. The Chairman of the Board of Directors convenes and chairs Board meetings and General Meetings. He also represents the Board of Directors in dealings with the public, the authorities and shareholders. The Chairman ensures that all directors are informed in a timely and sufficient manner. He also monitors the implementation of resolutions adopted by the Board.

In the case of exceptional, very urgent events, the Chairman is authorised and obliged to order immediate measures even if they are within the competence of the Board of Directors as a whole. The Board of Directors must as soon as possible be informed and appropriately involved in the decision-making process.

Audit Committee

The Audit Committee is a standing committee pursuant to Art. 4.1 of the Organisational Regulations that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors fulfil its supervisory obligations to the extent that this concerns the integrity of the financial statements, compliance with legal and regulatory guidelines (compliance), the performance of the internal control system and appraisal of the performance of the internal and external auditors.

The Audit Committee consists of at least three members of the Board of Directors. The Board of Directors appoints the members of the Audit Committee and its Chairman for a term of one year from among independent members of the Board of Directors who are not involved in operational management of the Company. At least one of the members of the committee possesses relevant, up-to-date knowledge of accounting and financial matters (Financial Expert). As of 31 December 2016, the Audit Committee consisted of Edgar Fluri (Chairman, Financial Expert), Walter Lüthi and Dominik Sauter. Ricarda Demarmels attended the meetings as CFO without the right to vote.

The Audit Committee has the following responsibilities:

- To review and assess the effectiveness of the external and internal auditors, in particular their independence;
- To review and assess the audit scope and plan, the examination process and the results of the external and internal audit, and to examine whether the recommendations of the external and internal auditors have been implemented;
- To review the auditors' reports and to discuss them with the auditors;
- To make recommendations about the appointment of the external auditor, which the Board of Directors can then put to shareholders for approval at the General Meeting;
- To approve the remuneration and terms of engagement of the external auditor;
- To assess internal controls as well as the risk management system and risk mitigation measures set up by management;
- To assess compliance with statutory and regulatory rules, Organisational Regulations and corporate governance within the Company;
- To review in cooperation with the auditors, the CEO and the CFO whether the accounting principles and financial control mechanisms of the Company and its subsidiaries are appropriate to the size and complexity of the business;
- To review and discuss with management and auditors the annual and interim statutory and consolidated financial statements and any other Company documents relating to the accounts, prior to submission to the Board of Directors;
- To consider any other matters as may be requested by the Board of Directors;
- To review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

The committee has at least four regular meetings a year. It can convene additional meetings at its discretion. During the period from 1 January 2016 to 31 December 2016 the Audit Committee held seven meetings, two of which were telephone conferences. Apart from Dominik Sauter, who did not attend the meeting of 15 November 2016, all members of the Audit Committee attended all meetings held during their term of office.

Nomination and Compensation Committee

The Nomination and Compensation Committee is a standing committee pursuant to Art. 4.2 of the Organisational Regulations that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations.

In terms of its organisation and duties, the committee meets all the requirements of a compensation committee as defined in Art. 7 OAEC and Art. 23 of the Company's Articles of Association.

More information about the organisation and the responsibilities and duties of the Nomination and Compensation Committee can be found in the "Compensation Report" of this annual report.

Division of powers and responsibilities between the Board of Directors and the Management Board

The Board of Directors bears ultimate responsibility for the business activities and affairs of the Company and the Group. The Board of Directors has delegated responsibility for operational management of the Company to the Management Board within the limits imposed by law and in accordance with the Company's Organisational Regulations. The CEO chairs the Management Board and is authorised to issue instructions to this board's other members. The members of the Management Board conduct their day-to-day business on their own initiative within the framework of the corporate strategy, corporate targets and budgetary targets approved by the Board of Directors.

The demarcation lines between the responsibilities of the Board of Directors and the Management Board have been laid down in the Organisational Regulations of ORIOR AG.

The Organisational Regulations, the Audit Committee Charter and the Nomination and Compensation Committee Charter can be downloaded from the Company's website at http://www.orior.ch/en/Corporate-Governance.

Reporting and control instruments in dealings with the Management Board

At each meeting of the Board of Directors the CEO reports on the general course of business, any deviations from budget and significant business occurrences.

During the periods between meetings the members of the Board of Directors receive monthly written reports on the general course of business and the Company's financial situation. These monthly reports contain up-to-date information on the course of business and detailed comments on the results of the Group, the individual segments and the competence centres. They also contain information on the Company's share price and developments relating to shareholder structure.

Once a year the Board of Directors holds a strategy workshop that lasts approximately 1.5 days to review strategic goals, risk management policy and the medium-range forward planning for the following three years, among other matters. Planning is discussed in detail with the heads of the segments and competence centres. The Board of Directors is directly briefed on the ongoing strategic and operational projects and the results achieved during these discussions.

Besides the 3-year plan, the Board of Directors is also given a projection of the expected annual results twice a year.

Furthermore, the Chairman of the Board of Directors maintains close contact with the CEO. The course of business and all major issues of corporate relevance are discussed at regular meetings scheduled at least twice a month. The Chairman of the Board of Directors is closely involved with the Company and focuses his attention primarily on strategic issues and projects. Each member of the Board of Directors can request information on the course of the Company's business from persons entrusted with management of the Company.

Any exceptional incidents must be reported to the members of the Board of Directors either by the CEO or the Chairman of the relevant committee without delay.

Risk management

The ORIOR Group has risk management systems in place at all its Group companies. Potential risks are reviewed periodically and significant risks to which the Company is exposed are identified and assessed for probability of occurrence and effect. Action to manage and contain these risks is approved by the Board of Directors. In addition to this periodic risk review by the Board of Directors, the ORIOR Group practices active risk management at the Group's competence centres as integrated part of the planning processes.

Internal Control System

The Internal Control System (ICS) is constantly being expanded and improved. The ICS contributes to the continual improvement of ORIOR's business activities and is designed to ensure that the necessary procedures and tools for identifying and controlling risk are in place. It fulfils Swiss legal requirements and is adequate for the needs of a group of ORIOR's size.

The ORIOR Group's ICS is based on the COSO framework. Besides the controls ensuring adherence to strategic and operating targets as well as regulatory compliance, the main priorities of the ICS are to monitor risks in connection with the financial reporting activities of all Group companies.

Compliance with the ICS and its effectiveness is reviewed on a regular basis by internal auditors. The focus of their review in 2016 was the process surrounding the working capital management at Rapelli SA. The external auditors also perform appropriate test procedures to ascertain whether an ICS exists, which they must confirm in their audit report.

Internal auditing

The internal auditors support the Board of Directors in fulfilling its tasks of control and supervision, particularly within the Group's subsidiaries. The internal auditors provide an independent and objective auditing and consultancy service aimed at creating added value and improving business processes. Internal auditing supports the Company in the achievement of its aims by using a systematic and targeted approach to evaluating the effectiveness of risk management, controls and management and supervision processes, and helping to improve these.

The tasks of internal auditing include the following activities:

- Auditing and assessing the appropriateness and effectiveness of planned and existing internal controls;
- Supporting the exchange of best practices and know-how within the organisation;
- Verifying the reliability and integrity of ORIOR's financial and operational information, including the ways and means for the identification, measurement, classification and reporting of such information;
- Checking the systems established by management to ensure adherence to guidelines, workflows, laws and statutory regulations that may have a significant influence on operations or on compliance;
- Checking and assessing the economic and efficient use of resources;
- Checking work processes and projects to ensure that specified targets are achieved and that work processes and projects are executed as planned.

The internal auditors are functionally independent and have no competence to issue instructions or make decisions in regard to any part of the Company being audited. They report directly to the Audit Committee. Administratively, the internal auditors are managed by the Management Board. Both internal and external resources can be used to carry out their tasks.

In cooperation with the Audit Committee, the internal auditors draw up a strategic audit plan at regular intervals, which is presented to the Board of Directors for approval. On the basis of this multi-year plan, an operational audit plan is devised by the internal auditors, setting out in detail the planned audits to be carried out over the following year. This plan is presented to the Audit Committee for approval. In addition the Board of Directors can issue special instructions to the internal auditors.

Following each completed audit, the internal auditors draft a written audit report. In addition to the findings and recommendations of the internal auditors, this report contains input from management, stating the planned measures in response to the findings of the report and the period of time required for the completion of these measures. The Management Board verifies the implementation of the defined measures and keeps the Audit Committee informed on an on-going basis.

The internal auditors did not attend any meetings of the Board of Directors in 2016. The internal auditors took part in one meeting of the Audit Committee during the year under review.

The external auditors are provided with information concerning the audit plan and the auditing activities of the internal auditors, and also receive the audit reports. The internal auditors have access to the reports of the external auditors.

From 2011 internal auditing has been outsourced to PricewaterhouseCoopers.

4. Management Board

The Management Board is responsible for operational management of ORIOR and for all affairs which do not lie within the responsibility of the Board of Directors or another body according to the law, the Articles of Association or the Organisational Regulations. The delegation of duties and responsibilities by the Management Board to third parties or subordinate bodies is permitted. Ultimate responsibility for all Management Board tasks pursuant the Organisational Regulations of ORIOR AG rests with the CEO and the Management Board. The CEO issues the necessary regulations and arranges appropriate measures as required. The Management Board also holds regular institutionalised meetings with members of the Extended Management Team.

Members of the Management Board

The members of the Management Board are appointed by the Board of Directors upon recommendation by the CEO and a corresponding recommendation by the Nomination and Compensation Committee. There were four persons on the Management Board as of 31 December 2016. The following table provides an overview of the members of the Management Board (MB) as at 31 December 2016, the year of birth, the nationality, the function within the Group and the year they were appointed to the board.

Name	Year of birth	Nationality	Position	Year of appointment to MB
Daniel Lutz	1966	Swiss	CEO ORIOR Gruop	2015
Ricarda Demarmels	1979	Swiss	CFO ORIOR Group	2015
Bruno de Gennaro	1957	Swiss	Head Convenience segment and Head Fredag	1998
Filip De Spiegeleire	1961	Belgian	Head ORIOR Europe and Head Culinor Food Group	2016

Changes in the Management Board

Filip De Spiegeleire was appointed to the Management Board as a new member as of 1 September 2016, upon consummation of the acquisition of Culinor Food Group. He serves as Head of ORIOR Europe and as the Head of the Culinor Food Group.

Daniel Lutz
CEO ORIOR Group

Daniel Lutz graduated from the Executive Development course at IMD Lausanne and has a Bachelor of Business Administration degree from the St. Gallen University of Applied Sciences. From 1992 to 2001 he worked for Nestlé Switzerland in various sales and marketing roles. Between 2002 and 2004 he was Marketing Manager at Nestlé for the development and strategic implementation of the ice cream market in Malaysia and Singapore. From 2004 to 2006 he did the same job for Nestlé in Mexico. In 2006 he was appointed as Marketing Director Nestlé Ice Cream Switzerland and one year later, in 2007, took charge of Nestlé Frisco Findus in Rorschach as Division Executive Manager. In 2011 Daniel Lutz moved to Nestlé China Ltd., where he was responsible for ice cream and frozen foods for two years. He then became Managing Director with overall responsibility for Nestlé Food & Beverage Greater China Region. In October 2014 the Board of Directors of ORIOR AG appointed him as CEO; he took over operational management of the Group in February 2015.

Ricarda Demarmels
CFO ORIOR Group

Ricarda Demarmels holds a Master s degree in Economics from the University of St. Gallen (lic. oec. HSG). Up to 2005, she worked at, among other places, the Swiss National Bank. Between 2005 and 2009, she worked at the strategy consulting firm Oliver Wyman Financial Services, in London and Zurich, where she led strategy, M&A and integration projects all over the world. In 2009, she moved to the private equity company Capvis Equity Partners, where she was in charge of various acquisitions and divestments and supported the strategic development of portfolio firms. In this role, Ricarda Demarmels was also involved in ORIOR s IPO in 2010. In addition to her work, she has published a number of industry and research papers. Ricarda Demarmels took over the position of the Chief Financial Officer in April 2015.

Bruno de Gennaro
Head Convenience segment and Head Fredag

Bruno de Gennaro has a degree in Business Administration. From 1986 to 1988 he was the product manager responsible for Moevenpick's ice cream operations. In 1988 he joined Hilcona, where he headed its food service division. In 1994 Bruno de Gennaro joined Rapelli as Head of Marketing and Sales and later assumed the same function for ORIOR Group. Bruno de Gennaro was appointed Head of Fredag in 1997 and remained in that position until 1998, when he was appointed Head of Rapelli. On 1 January 2012 Bruno de Gennaro assumed responsibility for the ORIOR Convenience segment. From June 2014 to January 2015 he headed ORIOR Group as CEO ad interim.

Filip de Spiegeleire
Head ORIOR Europe and Head Culinor Food Group

Filip de Spiegeleire holds an MBA from the Drucker School of Management of Claremont Graduate University in Los Angeles (USA). He joined Amando NV, his family company specialising in fine meats and cold cuts, in 1987 and managed the company as its CEO from 1992 to 2000. In 1989 Filip de Spiegeleire established its own company Culinor, a company that specialises in premium fresh convenience food, and, as a result of the increased focus on the growing market of fresh convenience food, Amando was sold in 2000. Under the leadership of its founder and CEO Filip De Spiegeleire, Culinor developed into a successful food group that is well-known in the Benelux. In August 2016 Culinor Food Group became an autonomous competence centre of ORIOR. Filip De Spiegeleire continues to lead Culinor Food Group and was named Head ORIOR Europe as well as appointed to the Management Board of ORIOR AG.

Other activities and functions: Filip De Spiegeleire is the managing director of Depot 52 BVBA and a member of the Board of Directors of Patisserie Alsacienne Bloch NV.

Other activities and functions

According to the Articles of Association and subject to approval by the Board of Directors, members of the Management Board may simultaneously carry out no more than one additional mandate outside the Group in the supreme managing or supervisory body of another listed company, and four such mandates at unlisted entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. A member may exceed these limits for a short period of time.

With the exception of the positions already listed under "Members of the Management Board", none of the Management Board members holds any positions relevant to corporate governance in

- Governing or supervisory bodies of an important organisation, institution or foundation under private or public law;
- A permanent management or consultancy function for important interest groups;
- A public or political office.

Management contracts

There are no management contracts.

5. Shares held by members of governing bodies

As at 31 December 2016, the members of the Board of Directors and the Management Board held the following shares:

Name and function	Number of freely disposable shares as at 31.12.2016	Number of restricted shares as at 31.12.2016[1]	Total number of shares as at 31.12.2016	in %	Total number of shares as at 31.12.2015
Rolf U. Sutter Chairman of the Board of Directors	199 300	500	199 800[2]	3.37 %	199 800[2]
Edgar Fluri Vice Chairman of the Board of Directors	4 500	500	5 000	0.08 %	5 000
Christoph Clavadetscher Member of the Board of Directors	10 000	0	10 000	0.17 %	10 000
Walter Lüthi[3] Member of the Board of Directors	0	0	0	0.00 %	n/a
Dominik Sauter Member of the Board of Directors	550	0	550	0.01 %	550
Monika Walser Member of the Board of Directors	200	500	700	0.01 %	700
Rolf Friedli[4] Vice Chairman until 12 April 2016	n/a	n/a	n/a	n/a	500
Daniel Lutz CEO ORIOR Group	0	2 000	2 000	0.03 %	2 000
Ricarda Demarmels CFO ORIOR Group	650	1 500	2 150	0.04 %	1 500
Bruno de Gennaro Head Convenience segment	92 075	1 000	93 075	1.57 %	93 075
Filip De Spiegeleire[5] Head ORIOR Europe	0	0	0	0.0 %	n/a
Total	**307 275**	**6 000**	**313 275**	**5.29%**	**313 125**
Total ORIOR Shares			5 925 000	100.00 %	5 925 000

1 Shares allocated within the framework of a stock ownership plan (see stock ownership programme, pp. 50 ff.).
2 Personal and group shareholdings (see Corporate Governance Report, p. 16).
3 Elected as member of the Board of Directors as of 12 April 2016.
4 Resigned on 12 April 2016.
5 Appointed Head ORIOR Europe and a member of the Management Board, effective 1 September 2016.

The former Vice Chairman Rolf Friedli owns 500 ORIOR shares that were purchased in 2015 within the framework of a stock ownership programme; these shares are restricted until 31 October 2018.

Members of the Board of Directors and the Management Board are granted no special terms or rights when purchasing shares other than those offered under the share purchase offer.

6. Shareholders’ rights of participation

Restriction of voting rights, voting by proxy

Holders of registered shares are registered on request in the Company’s share register, subject to their signature of a written statement expressly confirming that they have acquired the shares in their own name and for their own account.

Share capital held by any single nominee must not exceed 2 % of the Company’s total issued share capital. The Board of Directors can permit registration of nominees holding shares (with voting rights) in excess of this limit, provided that the said nominees disclose the names, addresses, nationalities and shareholdings of the persons for whose account they are holding 2 % or more of the Company's issued share capital. No registrations exceeding the 2 % limit were made during the year under review.

At the General Meeting, each share carries one vote. Voting rights can only be exercised if the shareholder is registered (with voting rights) in ORIOR AG's share register. A shareholder with voting rights can have himself represented at the General Meeting by written proxy, either by a representative appointed by him, or by the independent proxy. The Board of Directors ensures that shareholders can also use electronic means to give power of proxy and instructions to the independent proxy. All shares held by a shareholder can only be represented by one person.

Persons who have been involved in the Company's management in any way whatsoever must abstain from voting on resolutions granting discharge to the Board of Directors. The Company's Articles of Association contain no other voting restrictions and their provisions on voting by proxy conform to Swiss law.

Statutory quorum

Unless otherwise stipulated by mandatory law or by provisions contained in the Articles of Association, the General Meeting of Shareholders passes its resolutions and confirms elections by an absolute majority of the votes represented. Abstentions are disregarded for the purpose of establishing a majority.

Should the first ballot in any election fail to produce a valid result and if more than one candidate is standing for election, the Chair shall order a second ballot that is decided by a relative majority of the votes represented. Abstentions are disregarded for the purpose of establishing a majority.

Convening of General Meeting

Ordinary General Meetings are convened by the Board of Directors and must be held annually within six months of the close of the Company's fiscal year. Invitations must be sent not less than 20 days prior to the date of the meeting. Extraordinary General Meetings shall take place as necessary, in particular in those cases stipulated by law. General Meetings are called by the Board of Directors or, if necessary, by the auditors or a liquidator.

The Annual General Meeting on 12 April 2016 was attended by exactly 600 shareholders. They represented 347 942 voting shares or 5.87 % of the total share capital of 5 925 000 issued shares. The independent proxy was asked to represent 3 178 083 registered shares on behalf of absent shareholders. Consequently, 59.51 % of the total share capital, i.e. 3 526 025 registered shares with a nominal value of CHF 14 104 100 were represented. All proposals submitted by the Board of Directors were approved by shareholders.

The annual report and the 2015 parent-company and consolidated financial statements were approved, and the acts of the Board of Directors and Management Board were discharged.

In the elections, an overwhelming majority of shareholders voted to re-elect Rolf U. Sutter as Chairman and Christoph Clavadetscher, Edgar Fluri, Dominik Sauter and Monika Walser as directors for another one-year term and elected entrepreneur Walter Lüthi as a new director. Christoph Clavadetscher, Rolf U. Sutter and Monika Walser were elected as members of the Compensation Committee. In addition, Ernst & Young AG, Basel, was confirmed as auditor for the 2016 financial year and Ines Pöschel was elected as independent proxy until the end of the Annual General Meeting in 2017.

Shareholders also approved the Board's proposal to pay out a net dividend of CHF 2.03 per registered share for 2015. The dividend payment was made from capital contribution reserves and was therefore not subject to Swiss withholding tax.

The authorised share capital expired 25 March 2016. The shareholders in attendance or duly represented at the Annual General Meeting approved the Board's proposal to renew the authorised share capital, with a reduced maximum amount of CHF 4 400 000.00, corresponding to 1 100 000 fully paid registered shares with a nominal value of CHF 4.00 each, as well as various other amendments to Article 3b of the Company's Articles of Association in connection with authorised share capital.

In accordance with the Articles of Association of ORIOR AG and the provisions of the Ordinance Against Excessive Compensation in Public Corporations (OAEC), the Board of Directors held a binding vote on the maximum total amount of compensation to be paid to the members of the Board of Directors and the Management Board. Shareholders approved the maximum total compensation of CHF 765 000 for the members of the Board of Directors for the period up to the 2017 Annual General Meeting, the total variable compensation of CHF 539 785 for the members of the Management Board for 2015 fiscal year and the maximum total fixed compensation of CHF 1 395 000 for the members of the Management Board for the 2017 fiscal year.

Inclusion of agenda items proposed by shareholders

One or more shareholders whose combined shareholdings represent in the aggregate not less than 10 % of the Company's share capital or an aggregate par value of not less than CHF 1 million can demand inclusion of an item in the agenda of a General Meeting. Such a demand must be received in writing by the Company's Board of Directors at the latest 60 days prior to the date of the meeting, stating the agenda item and the motions proposed by the shareholder(s).

Entries into share register

Unless other cut-off dates are stipulated by the Board of Directors, no entries into the share register are permitted as from the date of dispatch of the invitations to the General Meeting until the day after the date of the meeting.

7. Changes of control and defence measures

Obligation to make an offer

According to the Swiss Financial Market Infrastructure Act (FMIA), shareholders or a group of shareholders acting in concert who acquire more than 33.3 % of the voting rights of a company domiciled in Switzerland and listed on an exchange in Switzerland are required to issue a public offer to acquire all listed equity securities of that company. Although it is possible to opt out of this mandatory offer obligation by amending the Articles of Association ("opting-out", Art. 125 para. 3 FMIA) or to raise the minimum threshold for this mandatory offer obligation to as high as 49 % of the outstanding ORIOR shares ("opting-up", Art. 135, para. 1, FMIA), there are no such clauses in ORIOR's Articles of Association. Therefore, the aforementioned mandatory offer obligation is applicable without any restrictions in the case of ORIOR shares.

Clauses on changes of control

There are no change-of-control agreements with members of the Board of Directors or the Management Board or other executives.

8. Auditors

Duration of mandate and term of office of Head Auditor

Ernst & Young AG, Aeschengraben 9, 4002 Basel, Switzerland, have acted as auditors for ORIOR AG since 2006. Ernst & Young, Basel, were re-elected as Company auditors for another term of one year by the General Meeting on 12 April 2016. Roger Müller (Partner) is the lead auditor and he has held this position since the audit of the 2011 financial statements. As stipulated under Art. 730a para. 2 of the Swiss Code of Obligations (CO) the lead auditor is rotated at least every seven years. In the 2015 fiscal year, however, Martin Gröli (Partner) assumed the function of lead auditor due to the absence of Roger Müller.

Auditing fees / additional fees

in CHF thousand	2016	2015	2014
Auditing fees	303.3	318.5	326.5
Additional fees			
Tax advisory	57.1	129.2	60.6
Legal advisory	0.0	0.0	0.0
Transaction-related services	109.0	0.0	17.3
Other audit-related services	9.0	8.3	14.9
Total additional fees	175.1	137.5	92.8
Total	**478.4**	**456.0**	**419.3**

Auditing services consist of auditing work that needs to be performed in order to issue an opinion on the consolidated financial statements of ORIOR Group and the local statutory financial statements.

Supervision and control of auditors

The Board of Directors exercises its responsibilities for supervision and control of the auditors through the Audit Committee. The Audit Committee prepares an annual appraisal of the independence and quality of the auditors and the fees paid to them. The Audit Committee also examines the audit plan and scope as well as the results of the external audit. In addition the audit committee coordinates cooperation between the external auditors and the internal auditors.

As well as the audit report on the annual accounts and on the remuneration report, pages 44-49, the auditor draws up a comprehensive report for the Board of Directors pursuant to Art. 728b CO and Art. 17 OAEC. This report contains the findings of its auditing activities (including an existence check on the internal control system) and its recommendations, as well as the status of findings and recommendations from previous audits. This report is discussed in detail with the Audit Committee. The Audit Committee also monitors whether and how the Management Board is implementing measures that have been approved on the basis of the external auditor's findings. To this end, the auditor will also draw up an annual status report for presentation to the Audit Committee. In addition the Audit Committee has regular meetings with the senior external auditors.

The external auditors were present at four meetings and two of the conference calls of the Audit Committee in 2016.

Selection procedure: The current auditors were elected in 2006 for the first time by the then shareholders of the Company. The grounds for selection of Ernst & Young AG were customary criteria such as quality and cost of services.

The performance of the external auditors and the fees paid to them were reviewed in a questionnaire circulated to functions at Group level and to staff responsible for financial matters at the audited Group subsidiaries. The questions focused mainly on efficiency of the audit process, the auditors' technical knowledge of accounting principles and their understanding of Group processes and procedures, validity of the priorities addressed in the audit and justification of the audit fees. Either the CFO or the Group Controller also attended all the exit meetings with the auditors at subsidiary company level.

The Audit Committee verifies that any additional services of the auditors not relating to the actual audit work are provided strictly within the framework of the regulations on independence of service providers. The auditors are required to confirm that their performance of these additional services will not affect the independence of their auditing mandate.

9. Information policy

ORIOR publishes an annual and an interim report every year containing information on its business operations and the financial results of ORIOR Group. ORIOR also provides information on current events and developments through press releases, employee and customer newsletters and through online publications at www.orior.ch. As a company listed on SIX Swiss Exchange, ORIOR must comply with the rules governing ad hoc publicity, i.e. it is obligated to disclose potentially price-sensitive events and developments.

Ongoing communications with shareholders, the capital market and the general public are maintained by CEO Daniel Lutz, CFO Ricarda Demarmels and Head of Corporate Communication & Investor Relations Milena Mathiuet. E-mails can be sent to investors@orior.ch at any time.

Interested persons may join our mailing list for ad-hoc disclosures and other Company information by visiting http://www.orior.ch/en/investor-relations/news-service/.

Events calendar

Annual General Meeting	28 March 2017
Publication of 2017 interim results	22 August 2017
Publication of Half Year Report 2017	22 August 2017

Compensation Report

ORIOR makes every endeavour to attract and retain talented, qualified and motivated executives and specialists. These endeavours are supported by a fair compensation system designed to match the levels of compensation offered by comparable corporations. With a view to facilitating sustainable corporate growth, due allowance is made for short-, medium- and long-term aspects.

This Compensation Report gives an overview of compensation paid to and, where applicable, loans granted to present and former members of the Board of Directors and the Management Board, and also of their holdings of shares in the Company. It also provides information on the compensation system and the basic principles of compensation, powers and duties, and the procedures for setting and approving compensation levels. This combination of quantitative and qualitative elements is designed to efficiently inform shareholders. The auditors examine the quantitative data only.

This report is based on the guiding principles given in the Swiss Code of Best Practice for Corporate Governance (2016). The information on compensation paid to the Board of Directors and the Management Board is also in accordance with IFRS Accounting Standards, Swiss law, the Ordinance Against Excessive Compensation in Public Corporations (OAEC), the SIX Directive Corporate Governance (2016), and the Company's Articles of Association.

1. Underlying compensation principles

The principles of the Company's compensation policy, the various elements of compensation and the approval process for determining compensation awards for the members of the Board of Directors and the Management Board are set out in the Articles of Association. The Articles of Association can be downloaded from ORIOR AG's website: http://www.orior.ch/en/corporate-governance/articles-of-association/.

Compensation system

The compensation paid by the ORIOR Group consists of three principal elements – basic or fixed compensation, variable compensation and employee stock ownership plans.

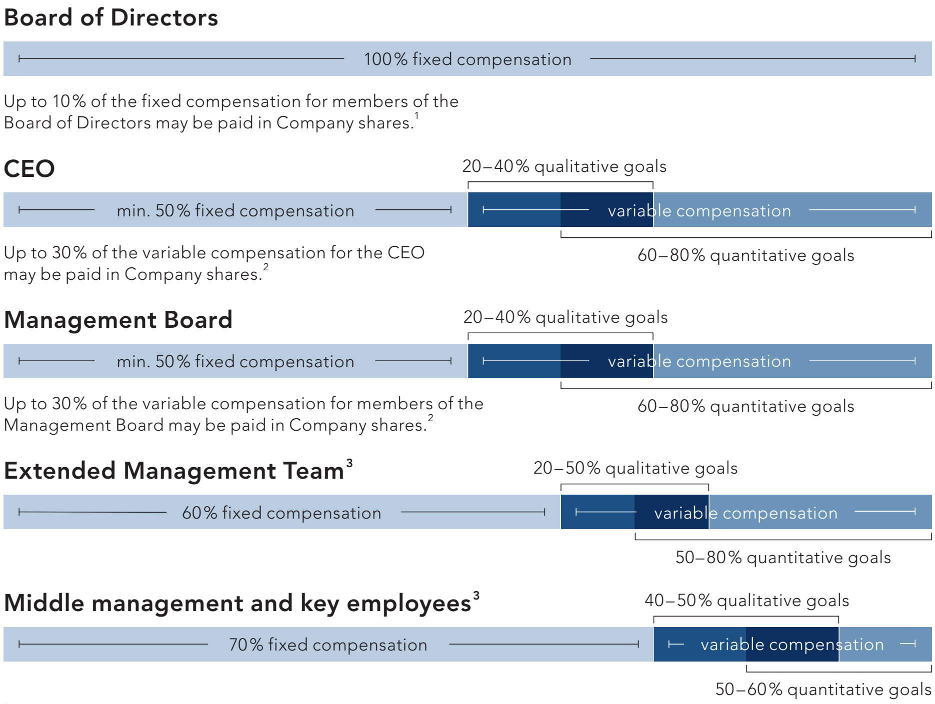
The fixed compensation is determined on the basis of reference salaries paid by comparable corporations, local market and wage standards and on the experience and ability of each individual employee. All persons whose employment contract with ORIOR is of unlimited duration receive fixed compensation equivalent to at least 50% of their total compensation. The fixed compensation is paid in cash. Part of the fixed compensation awarded to members of the Board of Directors can, however, be paid in shares.

The level of variable compensation is linked to achievement of quantitative and qualitative targets. The quantitative targets are based on Company results. The qualitative compensation is based primarily on predetermined aspects of individual performance and the extent to which they meet the given expectations. At least one-fifth of the variable compensation is based on qualitative targets. Part of the variable compensation awarded to members of the Management Board can be paid in shares.

In addition to the Management Board, members of the Company's Extended Management Team, other executives and key employees are entitled to receive variable compensation.

The third compensation element is a stock ownership plan. Stock ownership plans are designed as performance incentives for employees possessing specialist and personal capabilities that are of importance to ORIOR with the aim of creating a stronger bond between these employees and the Company. The Board of Directors reviews which employees are to be included in these programmes on an annual basis; participants may include members of top management, executives and other key employees.

The following rules provide a guide to the split between fixed and variable compensation. According to the Company's Articles of Association, variable compensation paid to the CEO and members of the Management Board must not exceed 50 % of the total compensation paid to the person in question.



1 According to the agreement on the allocation and purchase of ORIOR AG shares (page 45).
2 According to the agreement on the allocation and purchase of ORIOR AG shares (page 49).
3 Guidelines; individual figures may be different.

In addition to the above arrangements, employees at all levels are offered a wide range of training and development opportunities. Further information can be obtained in the section headed "Corporate Responsibility" of the 2016 Annual Report.

Responsibility and procedure for setting compensation levels

The Nomination and Compensation Committee is responsible for the design and the regular review and evaluation of the Company's compensation system. External experts are only used to help determine the compensation system in the event of a fundamental reorganisation. In the context of new appointments or promotions to Management Board level, function-specific benchmarks are used depending on the situation, with companies from the convenience food sector (to which the ORIOR Group belongs) forming the reference market.

Responsibilities for the various levels of the hierarchy are as follows:

Recipient of compensation	Compensation recommendation	Compensation decision	Approval required from General Meeting
Member of the Board of Directors	Nomination and Compensation Committee	Board of Directors as recommended by the Nomination and Compensation Committee	Yes: maximum total amount of fixed compensation to be paid to the Board of Directors
CEO	Nomination and Compensation Committee	Board of Directors as recommended by the Nomination and Compensation Committee	Yes: maximum total amount of fixed compensation to be paid to the Management Board and total amount of variable compensation to be paid to the Management Board.
Members of the Management Board (excl. CEO)	Nomination and Compensation Committee as proposed by CEO	Board of Directors as recommended by the Nomination and Compensation Committee	
Extended Management Team and key employees reporting directly to CEO	CEO	Nomination and Compensation Committee as recommended by CEO	No
Senior managers	Line manager	Line manager in consultation with their line manager	No

At the request of the Nomination and Compensation Committee, the Board of Directors annually approves the compensation payable to each member of the Board of Directors and the compensation payable to individual members of the Management Board. Its proposals for salaries payable to the Management Board (excl. CEO) are prepared in advance by the CEO and submitted to the Nomination and Compensation Committee. Individual members of the Board of Directors abstain from voting on the resolution approving payment of their personal compensation.

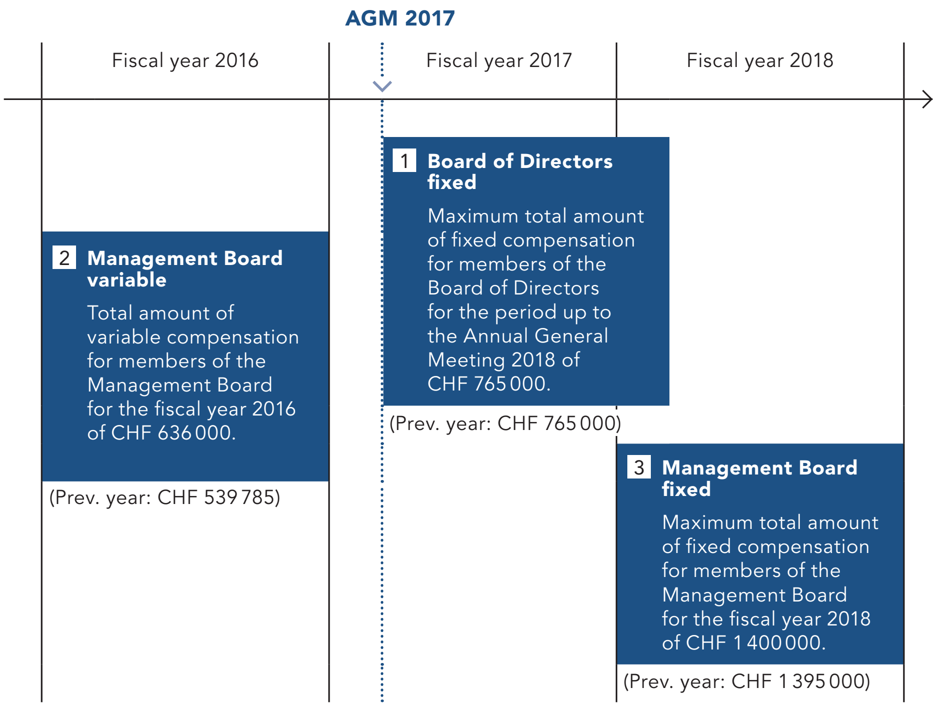
The Board of Directors decides on the amounts of compensation paid to its members and members of the Management Board and then proposes this to the General Meeting for binding approval pursuant to Art. 18 OAEC and Art. 26 and Art. 29 of the Company's Articles of Association.

The extent to which the targets of relevance for the calculation of variable compensation have been attained is determined, in the case of the CEO, by the Board of Directors based on a proposal submitted by the Nomination and Compensation Committee and, in the case of the other Management Board members, by the Nomination and Compensation Committee based on a proposal submitted by the CEO. The full Board of Directors will determine the total amount of variable compensation for the members of the Management Board for the last fiscal year and submit a corresponding resolution to the General Meeting for approval in a binding vote.

Approval mechanism for compensation paid to the Board of Directors and the Management Board

1. Binding approval of the maximum total amount of fixed compensation to be paid to members of the Board of Directors for the period up to the next Annual General Meeting.
2. Binding approval of the total amount of variable compensation to be paid to members of the Management Board for the last fiscal year.
3. Binding approval of the maximum total amount of fixed compensation to be paid to members of the Management Board for the next fiscal year.

The following chart shows which components of compensation and for which periods the shareholders will be voting on at the Annual General Meeting of 28 March 2017.



Owing to the rules set out in the Articles of Association, there is no need for the General Meeting to approve additional compensation for new Management Board members pursuant to Art. 19 OAEC. For more information about the additional amount, please see “Additional amount for new Management Board members” on page 48 of the Compensation Report.

2. Nomination and Compensation Committee

The Nomination and Compensation Committee is a standing committee that is formally appointed by the Board of Directors. Its main role is to help the Board of Directors prepare the decision-making process, prepare resolutions, and fulfil its supervisory obligations.

In terms of its organisation and duties, the committee meets all the requirements of a compensation committee as defined in Art. 7 OAEC and Art. 23 of the Company’s Articles of Association.

The Nomination and Compensation Committee consists of at least three members of the Board of Directors. The members are elected individually by the General Meeting for a term of office of one year up to the end of the next Annual General Meeting. The majority of members are independent and non-executive. The Board of Directors appoints the chairman of the committee from among its members.

On 31 December 2016 Christoph Clavadetscher (Chairman), Rolf U. Sutter and Monika Walser sat on the Nomination and Compensation Committee. Rolf Friedli served on the Nomination and Compensation Committee until resigning effective 12 April 2016; Monika Walser was elected a member of the same committee on 12 April 2016.

The Nomination and Compensation Committee has the following responsibilities and duties according to Art. 23 of the Company's Articles of Association and according to the Nomination and Compensation Committee Charter:

- To ensure long-term planning of appropriate appointments to positions on the Board of Directors and the Management Board; and general management development and succession planning to ensure the Company has the best possible leadership and management talent;
- To nominate candidates to fill vacancies on the Board of Directors or the position of CEO;
- To appoint candidates for the Management Board in response to proposals by the CEO;
- To make recommendations to the Board of Directors on the composition of the Board of Directors and to identify appropriate candidates;
- To make determinations regarding the independence of members of the Board of Directors;
- To recommend to the Board of Directors whether to reappoint a director at the end of their term of office;
- To recommend to the Board of Directors the terms of employment of the CEO and members of the Management Board;
- To submit proposals to the Board of Directors on the definition of principles for compensating the members of the Board of Directors and Management Board within the parameters of the law and the Articles of Association;
- Regularly to check the Company's compensation system for compliance with the compensation principles pursuant to the law, Articles of Association, Regulations and the remuneration-related resolutions of the General Meeting;
- To review matters related to the general compensation rules for employees as well as the Company's human resource practices;
- To submit proposals to the Board of Directors about the amounts of fixed compensation to be paid to members of the Board of Directors;
- To submit proposals to the Board of Directors on the assessment criteria for qualitative and quantitative targets for calculating variable compensation paid to members of the Management Board;
- To submit proposals to the Board of Directors about the amounts of fixed and variable compensation to be paid to the CEO;

- To recommend to the Board of Directors in response to a proposal by the CEO the amounts of fixed and variable compensation paid to members of the Management Board, all senior employees and key people that report directly to the CEO;
- To submit the Compensation Report to the Board of Directors for approval;
- To make recommendations to the Board of Directors about granting options or other securities, including employee share schemes, to employees of all levels;
- To consider any other matters as may be requested by the Board of Directors;
- To take all other actions required of it by the law, Articles of Association or Regulations;
- To review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

The Committee must hold not less than two regular meetings annually. It can call additional meetings at its own discretion. The CEO, members of the Management Board or other guests may be invited, but hold no voting rights. During the period from 1 January 2016 to 31 December 2016 the Nomination and Compensation Committee held five meetings. All members attended all meetings held during their term of office. Rolf Friedli participated in the meetings prior to his resignation effective 12 April 2016; Monika Walser has participated in the meetings since her election to the committee on 12 April 2016.

3. Compensation awarded to the Board of Directors

The elements of compensation, the mechanisms by which these are approved, as well as other principles underlying the compensation paid to the Board of Directors are set out in the Company's Articles of Association.

Components of compensation

Members of the Board of Directors receive fixed compensation for their role. Additional payments may be made for membership in committees or for taking on special responsibilities or tasks. The members of the Board of Directors are compensated in cash. Part of their compensation may be paid in shares of the Company (allocation).

For activities in legal entities directly or indirectly controlled by the Company, and for mandates performed as part of the member's position on the Board of Directors, the legal entity concerned may make payments to the member of the Board of Directors provided these payments are within the amount approved by the General Meeting.

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 50 ff.), members of the Board of Directors may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer).

Members of the Board of Directors also have their expenses reimbursed. Reimbursement of expenses does not count as compensation.

In addition and to the extent permitted by law, the Company may indemnify members of the Board of Directors for losses suffered in connection with lawsuits, trials or settlements relating to their work for the Company, or advance appropriate amounts or take out insurance. Such indemnities, advances and insurance do not count as compensation.

Overview of the compensation awarded to members of the Board of Directors

The Board of Directors consisted of six members throughout 2016. Rolf Friedli did not stand for re-election at the Annual General Meeting of 12 April 2016. The shareholders at the Annual General Meeting on 12 April 2016 approved the resolution to elect entrepreneur Walter Lüthi to the Board of Directors as a new director. Further information on the Board of Directors, its powers, the distribution of its duties and responsibilities, its spheres of influence, and its composition can be found in the "Corporate Governance Report" 2016.

All compensation awarded to the Board of Directors is reported according to the accrual principal, which states that transactions are recorded in the period (i. e. fiscal year) in which they actually occur.

in CHF	Gross compen-sation	Post-employ-ment benefits	Other social costs	Total compen-sation 2016	Gross compen-sation	Post-employ-ment benefits	Other social costs	Total compen-sation 2015
Rolf U. Sutter Chairman of the Board of Directors	274 540	52 760	24 076	351 376	281 450	52 760	24 025	358 235
Edgar Fluri Vice Chairman of the Board of Directors	85 171	0	4 784	89 955	85 175	0	4 453	89 628
Christoph Clavadetscher Member of the Board of Directors	79 980	0	0	79 980	79 995	0	0	79 995
Walter Lüthi[1] Member of the Board of Directors	33 333	0	5 097	38 430	n/a	n/a	n/a	n/a
Dominik Sauter Member of the Board of Directors	52 210	0	0	52 210	50 000	0	0	50 000
Monika Walser Member of the Board of Directors	53 320	0	0	53 320	60 370	0	168	60 538
Rolf Friedli[2] Vice Chairman until 12 April 2016	28 335	0	0	28 335	92 040	0	168	92 208
Total Board of Directors	**606 889**	**52 760**	**33 957**	**693 606**	**649 030**	**52 760**	**28 814**	**730 604**[3]

1 Elected as member of the Board of Directors as of 12 April 2016.
2 Resigned as of 12 April 2016.
3 The net compensation paid to the Board of Directors includes the discount granted on the purchase price of shares within the framework of the stock ownership plan, which amounted to CHF 27 640 in total. Further information is given on page 50 ff. of the 2016 Compensation Report.

Note to the compensation of the members of the Board of Directors

The directors receive fixed compensation of CHF 40 000 for their service on the Board of Directors. The amount of compensation awarded to the Chairman and Vice Chairman is higher given their additional duties and responsibilities. Since his resignation as CEO of ORIOR AG in 2011 and concurrent election as Chairman of the Company's Board of Directors, Rolf U. Sutter has been actively engaged in strategic issues and projects. In addition to chairing the Board of Directors, he provides guidance on strategy, acquisition projects, the longer-term evolution of the Board of Directors and the Management Board, and the screening of new talents. He also supports innovation processes, the continual improvement of the Company's business model, and other activities. The other board members receive additional compensation of CHF 10 000 for sitting on committees created by the Board of Directors, which at present are the

Audit Committee and the Nomination and Compensation Committee. Christoph Clavadetscher receives additional compensation of CHF 25 000 for his role as Chairman of the Nomination and Compensation Committee.

Approval of compensation awarded to the Board of Directors

The General Meeting gives binding approval each year to the maximum total amount of fixed compensation for members of the Board of Directors for the period up to the next Annual General Meeting. This period from General Meeting to General Meeting is not the same as the fiscal year period shown above, so the overall amounts paid to the Board of Directors for the actual terms of office for the last three years are shown below.

Term of office	AGM 2017 to AGM 2018	AGM 2016 to AGM 2017	AGM 2015 to AGM 2016
Number of Board members	6	6	6
Maximum total amount of compensation to the Board of Directors in CHF	765 000	765 000	765 000
Total amount of fixed compensation actually awarded to the Board of Directors in CHF	n/a	n/a	688 865
Approval status	Proposal to the AGM on 28 March 2017	Approved by the AGM on 12 April 2016	Approved by the AGM on 26 March 2015

The Board of Directors proposes the re-election of Rolf U. Sutter as Chairman, the re-election of Edgar Fluri, Christoph Clavadetscher, Walter Lüthi, Dominik Sauter and Monika Walser as members to the Board of Directors of ORIOR AG at the Annual General Meeting of 28 March 2017. The Board of Directors is asking the General Meeting to approve a maximum total amount of fixed compensation to be paid to the Board of Directors of CHF 765 000 for the period up to the next Annual General Meeting.

Shares allocated to the Board of Directors

Under the terms of the agreement on the allocation and purchase of Company shares, the members of the Board of Directors may receive 10 % of their fixed compensation in shares (allocation). The calculated price of the shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25 %. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. The shares are subject to a holding period of three years beginning on the date of allocation. If a party to this agreement leaves the Board of Directors during the three-year holding period, the Board of Directors will decide whether to maintain or terminate the holding period.

No shares were allocated to members of the Board of Directors between 1 January 2016 and 31 December 2016. Compensation was paid entirely in cash.

Share purchase agreement for members of the Board of Directors

Within the framework of the stock ownership plan (see employee stock ownership plan, page 50 ff.), members of the Board of Directors may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer).

An offer to purchase shares at a discount was not made to the members of the Board of Directors during the period from 1 January 2016 to 31 December 2016.

Options

The Company has no stock option plans.

Additional compensation and remuneration

No additional compensation or remuneration was paid to members of the Board of Directors in 2016.

Loans and credit facilities

In accordance with Art. 20 of the Company's Articles of Association, loans and credit facilities may be extended to members of the Board of Directors only in exceptional cases that are well justified. Moreover, the total amount of such loans and credit facilities must not exceed CHF 200 000 per member. All loans extended to members of the Board of Directors will be on market terms. ORIOR Group did not provide any loans, credit facilities, cash advances or credit to the members of the Board of Directors or parties closely related to them in 2015 and 2016.

Compensation paid to former members of the Board of Directors

In 2016 no compensation, fees or other additional remuneration were paid to former members of the Board of Directors. No loans, credit, cash advances or collateral were provided to former members of the Board of Directors in 2015 and 2016 and there are no such arrangements outstanding from previous periods.

4. Compensation awarded to the Management Board

The elements of compensation, the mechanisms by which these are approved, as well as other principles underlying the compensation paid to the Management Board are set out in the Company's Articles of Association.

Components of compensation

Members of the Management Board receive fixed and variable compensation for their work.

The fixed compensation is determined on the basis of reference salaries paid by comparable corporations, local market and wage standards, and experience and ability. Fixed compensation is paid in cash and, as stipulated by the Company's Articles of Association, must correspond to at least 50% of the total compensation awarded to each director.

The variable compensation for members of the Management Board is based on qualitative and quantitative goals, may account for no more than 50 % of overall compensation, and can be paid partly in Company shares (allocation). The percentage of this share-based compensation is set by the Board of Directors every year. The portion of this variable amount linked to achievement of the quantitative targets constitutes approximately 60 % to 80 % of the total variable amount and is calculated against Company parameters: e.g. revenues, EBITDA, capital expenditure, net working capital and cash flow. The qualitative performance component (approximately 20 % to 40 % of the variable amount) is payable for achievement of predefined individual targets (e.g. strategy, leadership qualities, innovation, value-enhancing initiatives). The weightings between the components are reviewed when performance objectives are set and adjusted as necessary. The assessment of the degree to which goals have been achieved is made for the CEO by the Board of Directors in response to a proposal by the Nomination and Compensation Committee, and for members of the Management Board by the Nomination and Compensation Committee in response to a proposal by the CEO.

For activities in legal entities directly or indirectly controlled by the Company, and for mandates performed as part of the member's position on the Management Board, the legal entities concerned may make compensation payments to members of the Management Board provided these payments are within the amounts approved by the General Meeting.

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 50 ff.), members of the Management Board may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer).

In addition the members of the Management Board also have their expenses reimbursed. Reimbursement of expenses does not count as compensation.

To the extent permitted by law, the Company may indemnify members of the Management Board for losses suffered in connection with lawsuits, trials or settlements relating to their work for the Company, or advance appropriate amounts or take out insurance. Such indemnities, advances and insurance do not count as compensation.

Overview of compensation awarded to the Management Board

The Management Board had four members on 31 December 2016. After the acquisition of Culinor Food Group at the end of August 2016, Filip De Spiegeleire was appointed to the Management Board. The fixed compensation awarded to new members of the Management Board can exceed the supplementary amount of compensation stipulated in the Articles of the Association (see Art. 29, para. 4) if the maximum total compensation approved by the General Meeting is not sufficient; it is not subject to renewed approval by the General Meeting. Further information on the supplementary amount of compensation is given in the section "Additional amount for new Management Board members" on page 48 of this Compensation Report.

Compensation paid to the Management Board members is reported according to the accrual principal, which states that transactions are recorded in the period (i. e. fiscal year) in which they actually occur.

in CHF	Management Board excl. CEO	Daniel Lutz (CEO)	Total compensation 2016	Management Board excl. CEO	Daniel Lutz (CEO)	Total compensation 2015
Average number of Management Board members	2.33	1	3.33	2.25	0.9	3.2
Gross fixed compensation	594 557	407 082	1 001 639	622 347	400 237	1 022 584
Post-employment benefits	75 131	46 725	121 856	89 082	42 626	131 708
Other social contributions	42 937	34 804	77 741	51 848	32 330	84 178
Total amount of fixed compensation actually awarded to the Management Board in CHF	**712 625**	**488 611**	**1 201 236**	**763 277**	**475 193**	**1 238 470**[2]
Total amount of fixed compensation approved by the General Meeting			1 275 000			n/a
Maximum available amount of supplementary compensation			190 077			n/a
Amount of supplementary compensation actually expended			0			n/a
Gross variable compensation	241 000	350 000	591 000	199 250	300 000	499 250
Other social contributions	16 592	28 328	44 920	16 177	24 358	40 535
Total variable compensation	**257 592**	**378 328**	**635 920**[1]	**215 427**	**324 358**	**539 785**
Total compensation	**970 217**	**866 939**	**1 837 156**	**978 704**	**799 551**	**1 778 255**

1 Subject to approval of the total amount of variable compensation for the members of the Management Board by the Annual General Meeting on 28 March 2017.

2 Total fixed compensation paid to members of the Management Board in 2015 includes the discount granted on the purchase price of shares within the framework of the stock ownership plan, which amounted to CHF 62 190 in total. Further information is given on page 50 ff. of the 2016 Compensation Report.

The total fixed compensation actually awarded to members of the Management Board, including Filip De Spiegeleire, for fiscal year 2016 amounts to CHF 1 201 236. From the available supplementary compensation of CHF 190 077 for new Management Board members pursuant to the Articles of Association, CHF 0 will be expended as compensation.

There is an executive pension plan for the members of the Management Board and other executives. The members of the Management Board and other executives also have a Company car at their disposal, including for personal use subject to certain rules. No other benefits in kind are granted.

Additional amount for new Management Board members

If new members of the Management Board are appointed after approval has been given by the General Meeting, the additional amount of compensation per new member, according to Art. 29 Para. 4 of the Articles of Association, is 120 % pro rata of the highest fixed compensation paid to a member of the Management Board in the fiscal year preceded by the last Annual General Meeting. According to the Articles of Association, the General Meeting is not required to approve this additional compensation.

Approval of compensation awarded to the Management Board

The General Meeting approves the total amount of variable compensation awarded to the members of the Management Board for the past fiscal year and the maximum total amount of fixed compensation to be awarded to the members of the Management Board for the coming fiscal year in a binding, annual vote at the ordinary general meetings.

Variable compensation awarded to the Management Board:

	Fiscal year 2016	Fiscal year 2015	Fiscal year 2014
Average number of Management Board members	3.3	3.2	3.6
Total amount of variable compensation awarded to the Management Board in CHF	636 000	539 785	578 975
Approval status	Proposal to the AGM on 28 March 2017	Approved by the AGM on 12 April 2016	Approved by the AGM on 26 March 2015

The Board of Directors proposes to the General Meeting of 28 March 2017 that it approve the total amount of variable compensation for the Management Board for the 2016 fiscal year at CHF 636 000.

Fixed compensation awarded to the Management Board:

	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016
Average number of Management Board members	n/a	n/a	3.3
Maximum total amount of fixed compensation awarded to the Management Board in CHF	1 400 000	1 395 000	1 275 000
Maximum amount of supplementary compensation available	n/a	586 333	190 077
Total amount of fixed compensation actually awarded to the Management Board in CHF	n/a	n/a	1 201 236
Approval status	Proposal to the AGM on 28 March 2017	Approved by the AGM on 12 April 2016	Approved by the AGM on 26 March 2015

The Board of Directors proposes to the General Meeting of 28 March 2017 that it approve the total amount of fixed compensation for the Management Board for the 2018 fiscal year at CHF 1 400 000.

Shares allocated to the Management Board

Under the terms of the agreement on the allocation and purchase of Company shares, the members of the Management Board may receive between 10 % and 30 % of their individual variable compensation in shares (allocation). The calculated price of the shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25 %. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. The shares are subject to a holding period of three years beginning on the date of allocation.

No shares were allocated to members of the Management Board between 1 January 2016 and 31 December 2016. Compensation was paid entirely in cash.

Share purchase agreement for members of the Management Board

Within the framework of the stock ownership plan (see employee stock ownership plan, p. 50 ff.), members of the Management Board may, in addition to the compensation awarded, be offered shares at a discount to the market price (stock purchase offer).

An offer to purchase shares at a discount was not made to the members of the Management Board during the period from 1 January 2016 to 31 December 2016.

Options

The Company has no stock option plans.

Additional compensation and remuneration

No additional compensation or remuneration was paid to members of the Management Board in 2016.

Loans and credit facilities

In accordance with Art. 20 of the Company's Articles of Association, loans and credit facilities may be extended to members of the Management Board only in exceptional cases that are well justified. Moreover, the total amount of such loans and credit facilities must not exceed CHF 200 000 per member. All loans extended to members of the Management Board will be on market terms. ORIOR Group did not provide any loans, credit facilities, cash advances or credit to the members of the Management Board or parties closely related to them in 2015 and 2016.

Contracts with Management Board members

In accordance with Art. 22 of the Company's Articles of Association, contracts with Members of the Management Board may be fixed-term or permanent. The maximum duration of fixed-term contracts is one year. The notice period for an unlimited term contract may not exceed one year.

Compensation paid to former members of the Management Board

In 2016 no compensation was paid to former members of the Management Board. No loans, credit, cash advances or collateral were provided to any former members during fiscal years 2015 and 2016 nor were there any such arrangements in effect from earlier periods.

5. Shares held by members of governing bodies

As at 31 December 2016, the members of the Board of Directors and the Management Board held the following shares:

Name and function	Number of freely disposable shares as at 31.12.2016	Number of restricted shares as at 31.12.2016[1]	Total number of shares as at 31.12.2016	in %	Total number of shares as at 31.12.2015
Rolf U. Sutter Chairman of the Board of Directors	199 300	500	199 800[2]	3.37 %	199 800[2]
Edgar Fluri Vice Chairman of the Board of Directors	4 500	500	5 000	0.08 %	5 000
Christoph Clavadetscher Member of the Board of Directors	10 000	0	10 000	0.17 %	10 000
Walter Lüthi[3] Member of the Board of Directors	0	0	0	0.00 %	n/a
Dominik Sauter Member of the Board of Directors	550	0	550	0.01 %	550
Monika Walser Member of the Board of Directors	200	500	700	0.01 %	700
Rolf Friedli[4] Vice Chairman until 12 April 2016	n/a	n/a	n/a	n/a	500
Daniel Lutz CEO ORIOR Group	0	2 000	2 000	0.03 %	2 000
Ricarda Demarmels CFO ORIOR Group	650	1 500	2 150	0.04 %	1 500
Bruno de Gennaro Head Convenience segment	92 075	1 000	93 075	1.57 %	93 075
Filip De Spiegeleire[5] Head ORIOR Europe	0	0	0	0.0 %	n/a
Total	**307 275**	**6 000**	**313 275**	**5.29%**	**313 125**
Total ORIOR Shares			5 925 000	100.00 %	5 925 000

1 Shares allocated within the framework of a stock ownership plan (see stock ownership programme, pp. 50 ff.).
2 Personal and group shareholdings (see Corporate Governance Report, p. 16).
3 Elected as member of the Board of Directors as of 12 April 2016.
4 Resigned on 12 April 2016.
5 Appointed Head ORIOR Europe and a member of the Management Board, effective 1 September 2016.

6. Employee stock ownership plan

The stock ownership plan approved by the Board of Directors of ORIOR AG for members of the executive boards of the competence centres and certain employees of ORIOR Group came into effect on 3 January 2012.

Responsibility for the employee stock ownership plan and the definition thereof, and the setting of the offer periods, the share offers and the lock-in periods, rests with the Board of Directors. The Board of Directors can delegate the administration of the plan to a plan committee defined by the Board of Directors and consisting of two or more persons. Shares can be offered annually under special conditions to employees who are entitled to participate to be credited to or in addition to the payments owed under their employment contract. The Board of Directors specifies the two-month subscription period and the subscription rights of the individual participants annually within the framework of the present plan. The number of shares offered to each participant is at the discretion of the Board of Directors, which bases its decision on (alongside other considerations) how well the employee has achieved the quantitative and qualitative targets set out in the individual annual performance agreement.

The shares that are to be issued in the context of this plan can be acquired by ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The maximum number of shares to be issued in the context of this or any similar plan may not exceed 3 % of the share capital of ORIOR. The Board of Directors is empowered to adjust the maximum number of shares to be issued in the context of the plan at its own discretion.

The share purchase price corresponds to the volume-weighted average price paid for ORIOR shares on SIX during the preceding six month, prior to the start of the two-month offer period, minus a discount of 25 %. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance.

During the year under review, no shares were sold to employees within the framework of the employee stock ownership plan. Below is an overview of the total number of shares issued pursuant to the employee stock option plan since the plan was established, the date of issue, the discount granted, and the mandatory holding period:

Year	Number of employees participating	Number of shares sold	Issue date/ Transfer	Discount granted	Blocking period ends
2012	9	4 150	3 January 2012	25 %	2 January 2015
2013	44	12 480	2 April 2013	25 %	1 April 2016
2014	–	–	–	–	–
2015	41	20 240	1 November 2015	25 %	31 October 2018
2016	–	–	–	–	–

Share purchase agreement for members of the Board of Directors and the Management Board

In addition to the other forms of compensation, the members of the Board of Directors and the Management Board can, by means of the share purchase agreement, be given the opportunity to purchase ORIOR shares at a discount. The number of shares that can be purchased at a discount is specified by the Board of Directors. The purchase price of these shares corresponds to the volume-weighted average price paid for ORIOR shares on the SIX during the preceding six months, less a discount of 25 %. The Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance. Under the share purchase agreement, a two-month purchase period will commence on the day the share purchase offer is made. The shares purchased will be subject to a holding period of three years beginning on the date of purchase. If a party to the share purchase agreement leaves the Company during the three-year holding period, the Board of Directors will decide whether to maintain or terminate the holding period.

During the period from 1 January 2016 to 31 December 2016 no shares were sold to members of the Board of Directors and the Management Board through the aforementioned stock ownership plan.

Transactions with members of the Board of Directors or the Management Board

Transactions with members of the Board of Directors or the Management Board (if any) are made on arm’s length terms.

Transactions with closely related entities and persons

The members of the Board of Directors of ORIOR AG, the members of the Management Board of ORIOR AG, shareholders exercising significant influence, and the Group’s pension plans “ORIOR Fonds de Prévoyance” and “ORIOR Fonds de prévoyance complémentaire” are regarded as closely related entities or persons. All transactions with closely-related entities and persons are conducted on the same market terms as with independent third parties.

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Building a better working world

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To the General Meeting of

Orior Ltd, Zurich

Basle, 27 February 2017

Report of the statutory auditor on the remuneration report

We have audited the remuneration report of Orior Ltd for the year ended 31 December 2016.The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 44 to 49 of the remuneration report.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility
Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the remuneration report for the year ended 31 December 2016 of Orior Ltd complies with Swiss law and articles 14 – 16 of the Ordinance.

Ernst & Young Ltd

Roger Müller
Licensed audit expert
(Auditor in charge)

p.p. Hortense Pfammatter
Licensed audit expert

Corporate Responsibility

Sustainability – we call it "The ORIOR Responsibility" – is in our eyes at the core of Excellence in Food, an opportunity for differentiation and a promise we make for future generations. We assume this responsibility throughout the whole value chain and constantly seek a well-balanced improvement in our operating, environmental and social performance metrics. Sustainability is an integral part of our business activities and is therefore present in everything we do and in who we are. We understand and acknowledge the general need that has arisen for us to report on our sustainability-related efforts and on the progress we are making with regard to sustainability and we are reviewing viable avenues of disclosure for such reporting at ORIOR. The publication of internal key performance indicators will also be evaluated as part of this process.

The ORIOR Responsibility

Sustainability is an integral part of our core business.
Sustainability is at the core of Excellence in Food.
Sustainability is an opportunity for differentiation.
Sustainability is taking a stand for future generations.
Sustainability reflects respect.
Sustainability means taking responsibility and acting responsibly.

Our permanent value-creating efforts focus on the following four thematic areas:

1. Sustainable sourcing

We pride ourselves on knowing every link in our agricultural supply chain and on our ability to trace every major input to its origin. Sustainable agricultural raw materials are prioritised in our procurement policy; respect towards nature and farm animals is a must.

2. Preserving resources

ORIOR is aware of its environmental footprint. One of our declared aims is to manage resources in a responsible way, and this is given a high priority by all our competence centres.

3. Nutrition and health

ORIOR aspires to produce delicious and wholesome food. Its products are constantly improved from a nutritional and physiological as well as from a culinary perspective. ORIOR strives for superior quality in every product category it offers, usually far exceeding the applicable regulatory and statutory requirements for food products.

4. Employee training and development

Competent employees with an entrepreneurial mind-set are one of ORIOR's obvious strengths. They are the ones who have made ORIOR the company it is today and they lay the foundation for future success through their workmanship and entrepreneurial spirit. To retain our sharp competitive edge, employees at all levels of the organisation benefit from training and development.

1. Sustainable procurement

Excellence in Food is derived from craftsmanship and the recipes and processes we use to make our products and in particular on the agricultural raw materials we start with. Demand for products made with locally sourced raw materials is steadily increasing. Consumers are displaying an increasing sensitivity to environmentally and socially responsible manufacturing practices. We are, therefore, continuously expanding our range of regional products. With imported raw materials, we guarantee quality and sustainability by applying extremely strict controls and standards. Respect towards farm animals is a non-negotiable criterion of our sourcing policy.

Consumers are showing greater interest in the origin of food products and the ingredients they are made with. Therefore ORIOR pledges highest transparency with regard to product certifications and the declaration of product information. It is essential these days that products are certified to indicate their origin, method of production and quality. Customers look for these certificates and base purchasing decisions on them. ORIOR sources and refines a wide range of products with such certificates.

Wherever possible and sourceable, the raw materials purchased by ORIOR Group's competence centres will come from regional or local producers. In principle ORIOR would like to buy even more Swiss meat, but availability, especially for poultry, is limited. ORIOR seeks partnerships with foreign producers who agree to comply with Swiss food production standards to alleviate this situation. Agricultural raw materials sourced from suppliers in foreign countries are subject to special inspections. Whenever possible, we will seek to establish strong ties with local producers through a partnership agreement which allows us to exert influence on their production standards. To ensure sustainability and quality, we audit all of our suppliers on a regular basis. An immediate warning will be issued to any supplier that fails to attain or adhere to our strict guidelines and standards. Remedial action must be quickly taken, otherwise all sourcing from the supplier in question will be terminated.

THE ORIOR RESPONSIBILITY

SOURCING PRODUCTS FROM LOCAL REGIONS

In 2016, all the tofu produced at ORIOR was converted to organic soybeans grown in Switzerland.

Fredag processed exclusively Swiss pork and beef under its Suisse Garantie label during the year under review.

Albert Spiess generated about 5% of its sales with products that originated from Swiss Alpine farms. All stages of production, from the rearing of the livestock to the finished product, are carried out in the declared region. This practice, which is supported by the Swiss Mountain and Alpine Ordinance, helps to protect jobs and incomes in mountainous regions.

THE ORIOR RESPONSIBILITY

TREATING NATURE AND ANIMALS WITH RESPECT

All Swiss beef and pork processed by Fredag meets the "Swiss Garantie" standard. Fredag also increased the share of chicken meat sourced from Swiss poultry farmers during the year under review. Approximately 40% of its entire procurement spending now goes toward Swiss poultry slaughterhouse operators.

Culinor Food Group processes pork and poultry from animals that were raised in compliance with "Better Life" standards. "Better Life" is a Dutch label that specifies rigorous farm animal welfare practices. The focus is on minimum space requirements, natural light, and safe, healthy fodder, among other topics.

Rapelli processes exclusively Swiss pork for its Ticino specialties such as salami or cured ham.

THE ORIOR RESPONSIBILITY

PARTNERSHIPS AND ALLIANCES

Thanks to partnerships with producers and processors, the acreage planted in Switzerland for organic soybeans certified with the Knospe label for organic food products was significantly expanded, and with it the supply of organic Swiss-grown soybeans.

The licensing and cooperation agreement with Germany's tofu pioneer Tofutown has simplified and shortened the previously long and complicated transportation routes for "Nature Gourmet" specialities.

Thanks to good partnership with local producers, Rapelli can buy the pepper, chilies, herbs and other seasonings it uses in its typical Ticino specialities from local sources.

2. Preserving resources

Sound policies on resources are part of ORIOR's corporate culture. One of the Company's declared aims is to make careful use of energy and to work continuously to reduce emissions and food waste even further.

In order to ensure professional implementation of climate protection measures, all competence centres work with the Energieagentur der Wirtschaft (EnAW) energy agency. As a service platform for companies, the EnAW helps industrial firms reduce CO_2 emissions and increase energy efficiency. ORIOR's voluntary accession to the EnAW programme reflects its commitment to these goals. The associated objectives are audited by the Swiss government. All activities are geared to suit the particular company and follow the principle of cost-effectiveness. In addition, all new investments are reviewed in terms of their CO_2 footprint.

ORIOR AG's centres of competence have continuously optimised their production processes and logistics for years with the objective of reducing waste. Avoidance of production waste deserves utmost attention not only from a moral standpoint but also for reasons of cost efficiency. However, no matter how hard we try, food waste cannot be entirely eliminated; sometimes, due to damaged packaging, short use-by periods, excess production, etc., products cannot be brought to market through the normal sales channels. In such cases we collaborate with partners to find solutions for selling the food that is still safe to eat. For example, all ORIOR operations work with partners like "Tischlein deck dich", "Schweizer Tafel" or the ticinese "Tavolino magico". These two organisations collect discarded food and distribute it to needy people in Switzerland.

THE ORIOR RESPONSIBILITY

ENERGY AND ENVIRONMENTAL PROJECTS

Fredag improved its energy efficiency by installing a new air compression system and renovating the roof of its factory. Furthermore, the volume of wastewater it generates and the concentration of the pollutants in that wastewater were both reduced by more than 10%.

Le Patron is now using waste heat from its refrigeration systems for its water-heating system, which reduces its heating oil consumption. Its hot-water consumption was also analysed and subsequently improved.

Möfag invested in a new compressor system during the year under review and improved the energy efficiency of its production operations.

A project to consolidate and simplify the Group's server landscape reduced the corresponding energy costs by about 70%.

THE ORIOR RESPONSIBILITY

PROCESSING WASTE AND FOOD WASTE

Investments in plant and equipment and ongoing process optimisation led to a significant reduction in food waste at Fredag of approximately 9%. The Pastinella competence center likewise made investments in plant and equipment and optimised its processes to reduce pasta waste or discards, and thereby minimised overall waste volumes.

The Möfag competence center maintained its already very low level of food waste during the year under review.

All ORIOR centers of competence are committed to reducing food waste. Various investment projects will be approved and process optimisation projects initiated to achieve that goal. Comparative results will be available in 2017.

THE ORIOR RESPONSIBILITY

CONSUMABLES AND PACKAGING

At Le Patron, almost all external packaging made of solid fiberboard has been replaced with boxes made of FSC-certified material.

All cardboard packaging and secondary packaging made of cardboard and paper used at Fredag are FSC- or PEFC-certified.

All documents published at Group level, the annual report, brochures, employee and customer newsletters, etc., are printed on FSC-certified paper in Switzerland by carbon-neutral printers.

A new partnership with a recycling company has enabled Rapelli to recycle or reuse most of the plastic waste that arises during the packaging process. In addition, total consumption of plastic was reduced by reducing the thickness of plastic foils.

3. Nutrition and health

ORIOR aspires to produce tasty and healthy food products. All products undergo a constant process of improvement from a nutritional and physiological as well as from a culinary perspective. New products are also being developed for people with food intolerances or special dietary needs. When it comes to the quality and safety of the food they eat, customers rightly have very high standards. ORIOR's work in this area goes far beyond what food standards and other laws require. ORIOR has clear quality assurance processes and it rigorously adheres to them. Compliance is ensured by internal and external audits.

Recipes and production processes are continuously being improved at all centres of competence. Efforts here focus on retaining as much of the natural vitamins and other nutrients as possible and on reducing the added sodium and fat content as well as on strict avoidance of artificial additives wherever possible – which is standard policy for almost every ORIOR product. Current investment in plant, equipment and business processes enables us to produce top-quality products that meet demanding nutritional physiological standards and that are also pleasing to the palate. ORIOR has also shown a flair for creating food products for people with special dietary needs; for example Wellness or Care products and range of gluten- and lactose-free fresh pasta.

ORIOR competence centres conduct regular supplier assessments. In addition to quality, other aspects ranked in these assessments include accuracy of labelled quantities, adherence to delivery schedules, general collaboration and service, and compliance with environmental standards. The vast majority of suppliers achieved good to very good scores. Suppliers who fall short are required to initiate corrective action immediately and are reaudited a short time later. Should there be any uncertainty, suppliers must undergo and successfully complete a verification process covering environmental and sustainability issues before being admitted to the pool of authorised suppliers.

THE ORIOR RESPONSIBILITY

QUALITY ASSURANCE, STANDARDS AND LABELS

All ORIOR production plants meet or exceed the standards for food safety in food production, such as the International Featured Standards (IFS) or the Food Safety System Certification (FSSC) 22000. These standards are reviewed by an external, accredited certification body. Internal audits of all production sites are also conducted on a regular basis.

Process quality is also controlled within the scope of other standards and labels such as "Suisse Garantie", "Knospe Bio Suisse", "IP-Suisse / Terra Suisse", "Sedex Members Ethical Trade Audit" (SMETA), "Aus der Region. Für die Region.", "Schweizer Allergie-Gütesiegel" (aha! certification) or "Marine Stewardship Council" (MSC).

THE ORIOR RESPONSIBILITY

NUTRITION AND HEALTH

Le Patron is continually launching new creations to address new consumer needs as they emerge. New vegetarian pâtés and terrines were successfully launched during the year under review. Le Patron's product creators are working on other nutritious, balanced dishes, focusing in particular on uncompromising freshness and healthy ingredients, recipes and preparation methods.

Möfag has reduced the use of sodium and E numbers in all its products, and completely eliminated the use of artificial flavor enhancers. It also launched another light and tasty snack variation, ostrich chips.

The fillings for Pastinella's ravioli and tortellini products have been made with primarily regional products for years.

THE ORIOR RESPONSIBILITY

RESEARCH AND DEVELOPMENT

Spending on market and trend analyses was increased considerably within the scope of the ORIOR 2020 strategy. Innovation excellence is crucial to ORIOR's success and it presupposes a good general understanding of the relevant markets and trends.

ORIOR's investments in the development of modern and innovative products increased once again during the year under review so as to meet the diverse needs of consumers. A 3-year innovation pipeline was introduced at all centres of competence in 2016. A team of employees from across the Group will drive this project forward and screen all trends identified through market and trend research to single out useful sources of information and inspiration for new innovation at all ORIOR sites.

4. Employee training and development

Competent employees with an entrepreneurial mind-set are one of ORIOR's obvious strengths. They are the ones who have made ORIOR the company it is today and they are laying the foundation for future success through their craftsmanship and the entrepreneurial spirit they display every day. To retain our sharp competitive edge, employees at all levels of the organisation receive training and development.

ORIOR attaches great importance to employee motivation and development at every level of the work force. ORIOR Group employed an average of 1618 people in 2016, about 17 of whom were apprentices in the fields of the butchery trade, logistics, and office administration. As in the past, temporary workers were also employed to handle peak periods, particularly during the Christmas season.

ORIOR promotes continual employee development through joint setting of targets, performance appraisals, and a wide choice of training and development opportunities. Each competence centre provides specific professional training while managers and key employees are also offered internal training and development inputs. Employee skills and resources are also promoted and developed on an individual basis. The ORIOR Campus was established in 2016 within the scope of the ORIOR 2020 strategy. Leadership and strategy execution are the key themes of training and development in 2017. Functional training and other courses in the fields of IT and cyber security will also be offered.

ORIOR offers its employees a safe and healthy work environment. It also invests in targeted improvements as well as in courses on occupational safety and it periodically contracts external safety experts to examine additional ways of improving work safety.

THE ORIOR RESPONSIBILITY

ORIOR CAMPUS

The ORIOR Campus was established in 2016 within the scope of the ORIOR 2020 strategy. Specialized training and development courses broaden and strengthen the skills and business smarts of our employees in their daily work. ORIOR Campus encourages employee commitment and responsibility and supports lifelong learning and personal development. Besides continuous learning, the Campus is also a platform for constructive inputs and inspiration.

In 2016, the main emphasis was on leadership and strategy courses. Furthermore, special courses aimed at specific needs were conducted at the competence centres.

THE ORIOR RESPONSIBILITY

CORPORATE HEALTH MANAGEMENT

Rigorous health management policies were introduced throughout the Group. Courses on interacting with and managing employees on the basis of future-oriented leadership were conducted. Managers receive training on how to contend with the challenges of our day and how best to proceed in very sensitive situations involving overwhelming job demands or psychological stress, whether that be personal or in the context of other employees, and learn how to take the right decisions in response. At the same time, simple techniques for staying healthy that can be easily integrated into one's daily schedule were also presented. The measures introduced under the corporate health management program already produced some positive results in the year under review: The number of working days lost declined at Group level.

THE ORIOR RESPONSIBILITY

APPRENTICESHIPS AND INTERNSHIPS

ORIOR assumes responsibility for vocational education and continuing professional development. Apprenticeships are offered at all the Group's operating sites. Internships are also encouraged, with the objective of enabling young and talented people to enter the world of work at an early stage and to broaden their horizons.

Several apprenticeships from Rapelli completed their vocational education program with distinction in 2016. ORIOR is very proud of their achievements.

Interns from Swiss universities and colleges are accepted throughout ORIOR Group on an ongoing basis and case studies and project-related work are conducted with teams of students on a regular basis.

ORIOR GROUP
FINANCIAL REPORT 2016

Financial Review

2016 was a successful year for the ORIOR Group, strategically and operationally. With the acquisition of the Culinor Food Group – the leading producer of chilled ready meals and meal components serving retailers and food service providers in the Benelux region – ORIOR achieved another important milestone in the execution of its 2020 strategy. This transaction strengthened and enlarged ORIOR's core competencies and market position in the growing premium fresh convenience food market beyond the Swiss border into the greater European market. Operationally, the Group also made good progress and grew stronger in the face of challenging market conditions; its operating results and margins improved and the cash conversion ratio was maintained at a high level. With these results ORIOR affirms its 2020 strategy and has once again strengthened the basis from which it will generate future growth and maintain its attractive dividend policy.

Sales

ORIOR Group generated revenues of CHF 527.7 million in 2016, which is 5.5% more than in the previous year (2015: CHF 500.1 million). Excluding the effect of the Culinor Food Group acquisition as of 1 September 2016, Group sales declined by 1.9%. This decline is attributed primarily to the very demanding conditions in the domestic Swiss market with unrelenting pricing, promotional and competitive pressure as well as to persistently high levels of cross-border shopping in the border areas. A change in the business model for exporting specialty vegetarian and vegan products under the "Nature Gourmet" brand, which are produced and distributed through a licensing partnership with the German company Tofutown as of March 2016, also contributed to the decline in Group revenues. Conditions for Bünderfleisch exports remained difficult. Other factors contributing to the lower revenues were the further streamlining of the product range and the steadfast focus on sustainable and profitable growth; they represent important investments in future growth and margins.

RICARDA DEMARMELS
CFO ORIOR GROUP

FINANCIAL TARGET SYSTEM FOR STEADY VALUE CREATION

"We have much to accomplish under the ORIOR 2020 strategy and have set our priorities. We will take action in a focused and responsible manner. Successful strategic execution also entails the rigorous execution of our financial performance framework. We will increase our productivity and efficiency levels so we can invest more in innovation and in our brands and marketing activities, the ultimate objectives being long-term, sustainable growth and value creation. We focus on attractive market niches and are making our portfolio stronger by actively managing all product categories and improving the overall product mix with a steady focus on expanding niches that offer growth and high margins. Cost discipline is an essential part of our daily work, we personify entrepreneurship from the boardroom to the young men and women in our apprenticeship programs and we strive for improvement every day. That applies with respect to our profitability, our capital efficiency, our use of resources and our agility. And that is how we steadily create value for our stakeholders. Our entrepreneurial corporate culture supports and inspires us in every aspect of this process."

The Convenience segment achieved revenues of CHF 194.2 million during the period under review, which corresponds to a 4.2% decline (2015: CHF 202.7 million). This can be traced primarily to the adverse market environment in the Swiss retail and food service industries, competitive pressure from foreign-based fresh pasta producers, the revised business model for vegetarian and vegan specialty exports, as well as ongoing portfolio optimisation. Growth was achieved with vegetarian and vegan concepts, innovative poultry and seafood products from Fredag, gluten- and lactose-free creations at Pastinella, and with Le Patron's snacks and specialities.

The Refinement segment reported revenues of CHF 298.8 million during the period under review, which corresponds to slight growth of 0.1% (2015: CHF 298.5 million) and resulted in a renewed increase in brand share. The heritage "Rapelli" and "Albert Spiess" brands acted as growth drivers again and further investments were made in their brand images and product concepts. Innovation powerhouse Möfag also contributed to growth with its regional specialities. A strong line of meat chips products as well as new BBQ and Limited Edition products were likewise well received by the market and had a positive impact on growth.

The International segment (previously reported as Corporate and Export) achieved revenues of CHF 53.2 million during the period under review, which corresponds to an increase of 188.6% (2015: CHF 18.4 million). Excluding the acquisition of Culinor Food Group, segment revenues amounted to CHF 16.1 million, a decline of 12.6% from the previous year. This is attributed to the revised business model for vegetarian and vegan specialty exports and to the difficult market and competitive conditions for Bündnerfleisch exports. Prior-year figures have been adjusted to the new reporting structure to ensure comparability.

Profit

The gross margin improved by 64 basis points to 40.2%. This margin expansion was fueled by a stronger portfolio mix thanks to a steady focus on core product groups, lower sourcing costs, cost discipline, rationalisation and productivity-enhancing measures and continuous efforts to reduce food and packaging waste, as well as by cutting business with insufficient margins.

EBITDA increased by 5.7% to CHF 51.5 million (2015: CHF 48.7 million) in the wake of the acquisition of Culinor Food Group, and the corresponding margin edged 2 basis points higher to 9.7%. Growth was fueled by the acquisition of Culinor Food Group and organic developments arising from strict cost discipline and the focus on operational efficiency. During the past year ORIOR Group again invested more resources in its brands, in innovation and in its sales and distribution operations. This helped to raise consolidated operating profit (EBIT) by 3.9% to CHF 35.2 million (2015: CHF 33.8 million); the EBIT margin receded by 11 basis points to 6.7% because of transaction costs and higher depreciation and amortisation driven by the newly acquired operations.

Profit before tax increased by 8.1% to CHF 33.9 million and the corresponding margin rose by 15 basis points to 6.4% (2015: CHF 31.3 million). Taxes amounted to CHF 5.5 million compared to CHF 5.8 million in the preceding year. Profit for the year increased 11.0% to CHF 28.4 million (2015: CHF 25.6 million). The net profit margin increased by 27 basis points to 5.4%.

Cash flow and balance sheet

Operating cash flow for the period under review amounted to CHF 31.9 million, which corresponds to a cash conversion rate of 62% of EBITDA. ORIOR's average cash conversion rate since going public in 2010 is a strong 68%. Net debt rose by CHF 75.9 million to CHF 126.2 million due to the acquisition of Culinor Food Group and the net debt-to-EBITDA ratio rose from 1.04x to 2.45x. Shareholders' equity increased by 4.2% to CHF 243.5 million. The equity ratio declined due to the debt-funded acquisition of Culinor Food Group, but remains very solid at 44.3% (2015: 58.6%).

Dividend

ORIOR's dividend policy is long-term-oriented, reliable and attractive. The Board of Directors is proposing again an increase in the dividend for 2016 to CHF 2.09. This represents the sixth consecutive increase in the dividend since the company went public in 2010. The Group's high cash conversion ratio allows it maintain its attractive dividend policy also while concluding a major acquisition.

Outlook for 2017

We expect the general market environment to remain challenging. Intense competition will remain a dominant factor, as in the past. We will continue to execute our ORIOR 2020 strategy with confidence and determination and reinforce our strong market positions, focusing on product and conceptual innovation, strong partnerships, investments in our brand family and attractive market niches. We will further streamline our portfolio and selectively channel resources into the expansion of strategic growth areas. We intend to continually improve our agility by simplifying processes and reducing complexity. And we will strive to further improve our operating performance and efficiency. This is how we will generate value for our stakeholders also in 2017. The corporate culture we embrace and abide by at all levels of the organisation will guide and inspire us in all our actions.

Key figures for 2016

REVENUES: CHF 527.7 million
Up +5.5% from the previous year

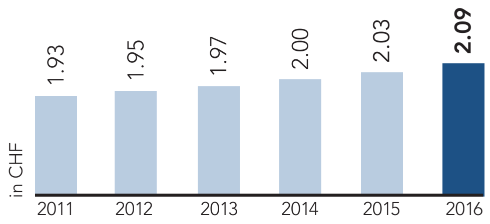
EBITDA: CHF 51.5 million
Up 5.7% from the previous year

PROFIT BEFORE TAX: CHF 33.9 million
Up 8.1% from the previous year

PROFIT FOR THE YEAR: CHF 28.4 million
Up 11.0% from the previous year

OPERATING CASH FLOW: CHF 31.9 million
Cash conversion rate of 62%

DIVIDEND PER SHARE
Sixth consecutive increase in the dividend since IPO



Consolidated Income Statement

in CHF thousand	Note	2016	Δ in %	2015
Revenues	7	**527 738**	+5.5%	**500 128**
Raw materials / goods and services purchased		–320 613		–294 344
Changes in inventories	8	4 966		–8 004
Personnel expense	9	–96 108		–88 554
Other operating income	10	296		278
Other operating expense	11	–64 829		–60 849
EBITDA **Earnings before interest, taxes, depreciation and amortisation**		**51 450**	+5.7%	**48 655**
as % of revenues		9.7%		9.7%
Depreciation – tangible assets	21	–13 402		–12 425
Amortisation – intangible assets	23	–2 891		–2 382
EBIT **Earnings before interest and taxes**		**35 157**	+3.9%	**33 848**
as % of revenues		6.7%		6.8%
Financial income	12	951		1 146
Financial expense	13	–2 232		–3 655
Profit before taxes		**33 876**	+8.1%	**31 339**
as % of revenues		6.4%		6.3%
Income tax expense	14	–5 499		–5 776
Profit for the year		**28 377**	+11.0%	**25 563**
as % of revenues		5.4%		5.1%
Earnings per share in CHF				
Basic earnings per share	15	4.79		4.32
Diluted earnings per share	15	4.79		4.32
Weighted Ø number of shares outstanding in '000	15	5 921		5 911

The notes in the appendix are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

in CHF thousand	2016	Δ in %	2015
Profit for the year	**28 377**	+11.0%	**25 563**
Exchange differences on translation of foreign operations	–2 085		304
Items that are or may be reclassified subsequently to income statement, net of tax	**–2 085**		**304**
Revaluation of pension plan	–4 885		–8 894
Taxes on revaluation of pension plan	791		1 439
Items that will not be reclassified to income statement, net of tax	**–4 094**		**–7 455**
Other comprehensive income for the year, net of tax	**–6 179**		**–7 151**
Total comprehensive income for the year, net of tax	**22 198**	+20.6%	**18 412**

The notes in the appendix are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in CHF thousand	Note	31.12.2016	in %	31.12.2015	in %
Cash and cash equivalents	16	40 130		22 883	
Current financial assets	17	303		296	
Trade accounts receivable	18	65 788		44 815	
Other current receivables	19	3 331		1 497	
Inventories and work in progress	20	77 245		64 723	
Current income tax assets		59		1 153	
Prepaid expenses / accrued income		1 522		1 212	
Current assets		**188 378**	34.2%	**136 579**	34.3%
Property, plant and equipment	21	108 497		80 498	
Intangible assets	23	253 062		179 958	
Long-term financial assets		0		10	
Deferred tax assets	29	291		1 402	
Non-current assets		**361 850**	65.8%	**261 868**	65.7%
Total assets		**550 228**	100.0%	**398 447**	100.0%
Derivative financial instruments		11		0	
Current financial liabilities	27	1 965		0	
Trade accounts payable	24	45 595		30 572	
Other current payables	25	5 752		3 747	
Current income tax liabilities		3 182		3 677	
Accrued liabilities	26	26 277		18 313	
Current portion of provisions	28	1 809		465	
Current liabilities		**84 591**	15.4%	**56 774**	14.2%
Non-current financial liabilities	27	164 396		73 241	
Other non-current payables	25	0		167	
Defined benefit obligations	36	16 317		11 146	
Provisions	28	2 965		2 784	
Deferred tax liabilities	29	38 453		20 692	
Non-current liabilities		**222 131**	40.3%	**108 030**	27.1%
Total liabilities		**306 722**	55.7%	**164 804**	41.4%
Share capital	30	23 700		23 700	
Additional paid-in capital		0		10 235	
Treasury shares	31	–699		–174	
Retained earnings		222 069		199 361	
Foreign currency translation		–1 564		521	
Total equity		**243 506**	44.3%	**233 643**	58.6%
Total liabilities and equity		**550 228**	100.0%	**398 447**	100.0%

The notes in the appendix are an integral part of these consolidated financial statements.

Consolidated Statement of Equity

in CHF thousand	Note	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Foreign currency translation	Total equity
Balance as at 01.01.2015		**23 700**	**22 053**	**–712**	**181 399**	**217**	**226 657**
Profit for the year		0	0	0	25 563	0	25 563
Other comprehensive income for the year		0	0	0	–7 455	304	–7 151
Total comprehensive income for the year		**0**	**0**	**0**	**18 108**	**304**	**18 412**
Dividends / repayment of capital contributions	32	0	–11 818	0	0	0	–11 818
Share-based payments	37	0	0	0	66	0	66
Movement in treasury shares	31	0	0	538	–212	0	326
Balance as at 31.12.2015		**23 700**	**10 235**	**–174**	**199 361**	**521**	**233 643**
Profit for the year		0	0	0	28 377	0	28 377
Other comprehensive income for the year		0	0	0	–4 094	–2 085	–6 179
Total comprehensive income for the year		**0**	**0**	**0**	**24 283**	**–2 085**	**22 198**
Dividends / repayment of capital contributions	32	0	–10 235	0	–1 782	0	–12 017
Share-based payments	37	0	0	0	109	0	109
Movement in treasury shares	31	0	0	–525	98	0	–427
Balance as at 31.12.2016		**23 700**	**0**	**–699**	**222 069**	**–1 564**	**243 506**

The notes in the appendix are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

in CHF thousand	Note	2016	2015
Profit for the year		28 377	25 563
Taxes	14	5 499	5 776
Depreciation / impairment / amortisation	21 / 23	16 294	14 807
Share-based payments	37	109	66
Other non-cash transactions		–511	0
Change in value adjustments and provisions		–927	–1 129
Gain from disposal of fixed assets	10	–55	–33
Interest income	12	–49	–4
Dividend income	12	–7	–6
Interest expense	13	1 423	1 325
Change in accrued pension cost		–1 014	–2 512
Change in working capital		–12 345	3 190
- Trade accounts receivable and other current receivables		–7 802	6 759
- Inventories and work in progress		–7 400	7 036
- Trade accounts payable and other current payables		2 224	–9 674
- Other		633	–931
Interest paid		–1 084	–1 072
Taxes paid		–3 776	–4 311
Cash flow from operating activities		**31 934**	**41 660**
Purchase of			
- property, plant and equipment	21	–10 391	–9 404
- intangible assets	23	–861	–1 079
Proceeds from sale of			
- property, plant and equipment		247	147
- intangible assets		0	4
- financial assets		15	0
Acquisition of companies, net of cash acquired	5	–81 242	0
Interest received		49	4
Dividends received	12	7	6
Cash flow from investing activities		**–92 176**	**–10 322**
Increase in financial liabilities		91 331	13 400
Repayment of financial liabilities		–1 206	–39 500
Repayment of finance lease liabilities	22	–36	–16
Dividends / repayment of capital contributions	32	–12 017	–11 818
Sale of treasury shares	31 / 37	5 450	2 928
Purchase of treasury shares	31	–5 878	–2 602
Cash flow from financing activities		**77 644**	**–37 608**
Net increase (+) / decrease (-) in cash and cash equivalents		**17 402**	**–6 270**
Foreign exchange differences on cash and cash equivalents		–155	–48
Cash and cash equivalents as at 01.01.	16	22 883	29 201
Cash and cash equivalents as at 31.12.	16	**40 130**	**22 883**

The notes in the appendix are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements 2016

1 General information

ORIOR AG and all its subsidiaries (the "Group") form one of the largest independent refined meat and convenience food suppliers in Switzerland, with significant market shares in all segments of its product offering. The Group operates in niche markets and its products include a wide range of chilled food and traiteur products as well as Italian and Swiss charcuterie.

The Group is divided into three operating segments: ORIOR Refinement, ORIOR Convenience and ORIOR International. The operating segments consist of competence centres with a clear focus on processes and products and clearly assigned responsibilities. The operating segments each concentrate on a specific product category and offer the whole range of products within this category, from low budget products to high premium products. For a description of the three operating segments, please see Note 6.

ORIOR AG (the "Company") is a limited liability company incorporated and domiciled in Zurich. The address of its registered office is Dufourstrasse 101, 8008 Zurich, Switzerland.

These consolidated financial statements were approved by the Board of Directors on 27 February 2017 and are subject to shareholder approval at the Annual General Meeting of shareholders on 28 March 2017.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, unless otherwise stated.

The figures shown in the consolidated annual financial statements are rounded up or down. The actual calculations are made with greater preceision, so small rounding differences can appear.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared using the historical cost method, except for derivative financial instruments and financial assets, which are recognised at fair value through profit and loss.

The consolidated financial statements comprise the financial statements of ORIOR AG and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

Standards, amendment and interpretations effective in 2016

The IASB has published the following new standards, interpretations and amendments to existing standards and interpretations that are effective for 2016 financial statements:

- Amendment to IAS 16 and IAS 38 – Clarification of Accountable Methods of Depreciation and Amortisation
- Amendment to IFRS 11 – Accounting for Acquisition of Interests in Joint Operations
- Amendment to IAS 16 and IAS 41 – Agriculture: Bearer Plants
- Amendment to IAS 27 – Equity Method in Separate Financial Statements
- Amendment to IAS 1 – Disclosure initiative
- Amendment to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception
- Annual Improvements to IFRS – September 2014

The above revised IFRS standards did not have a significant impact on the accounting policies or the presentation of ORIOR Group's assets, liabilities, financial position and earnings.

Standards, amendments and interpretations that are not yet effective and have not been adopted in advance by the Group

The following new and revised standards and interpretations, which will take effect at a later date, have not been applied in advance to the present consolidated financial statements. A final analysis of their impact on the consolidated financial statements of the Group has not yet been made; the anticipated effects disclosed below therefore represent a first appraisal by the Management Board:

Standard / interpretation	Name	Implication	Enters into force	Group plans to introduce in
Amendment to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	*	1 Jan 2017	Financial year 2017
Amendment to IAS 7	Disclosure initiative – Net debt	*	1 Jan 2017	Financial year 2017
Amendment to IFRS 2	Clarifications of classification and measurement of share based payment transactions	*	1 Jan 2018	Financial year 2018
Amendment to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	*	1 Jan 2018	Financial year 2018
IFRS 9	Financial Instruments	**	1 Jan 2018	Financial year 2018
IFRS 15	Revenue from Contracts with Customers	***	1 Jan 2018	Financial year 2018
IFRS 16	Leases	****	1 Jan 2019	Financial year 2019

* No or no significant impact on the consolidated financial statements is anticipated.

** IFRS 9 Financial Instruments includes requirements for recognition and measurement, derecognition and hedge accounting. The application of IFRS 9 is currently being analysed in detail. However, it is assumed that no material impact on classification and measurements of financial assets and liabilities will arise.

*** IFRS 15 includes requirements for the recognition and measurement of revenue. The application of IFRS 15 is currently being analysed in detail. However, it is assumed that no material impact on the the recognition and measurement of revenue will arise.

**** In January 2016, the IASB published IFRS 16 Leases, which will replace IAS 17 Leases. Under the new standard, lessees will have to record a leasing liability in the balance sheet for practically all leases. The current operating lease obligations of CHF 88.1 million as per 31. December 2016 and disclosed in Note 22 provide, subject to the provision of the standard, an indicator of the impact of the implementation of IFRS 16 on the consolidated balance sheet of ORIOR.

Consolidation

1) Subsidiaries

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in full.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or as the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

2) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of voting rights. Investments in associates are accounted for using the equity method and are initially recognised at cost.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of the associate's net assets. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The associate's share of profit is shown in the income statement. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associate. Changes in other comprehensive income of such equity holders are recognised in other comprehensive income of the Group. The Group's share of changes recognised directly in the associate's equity is recognised directly in equity by the Group and is disclosed in the statement of changes in equity.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the share of profit of an associate in the income statement.

3) Change in scope of consolidation

As per 1 September 2016 the Group acquired 100% of the shares of Culinor Food Group in Belgium. The Culinor Food Group is a leading producer of ready-made meals and meal components serving retailers and food service providers throughout the Benelux region. For further details of the acquisition and sale, please see Note 5. Furthermore, the companies Salumi Val Mara SA and Fredag Holding AG have been merged into Rapelli SA respectively into Fredag AG. Please see Note 43 for an overview of the legal structure of the Group.

There were no changes in the scope of consolidation during the previous year.

Foreign currency translation

1) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Swiss francs, which is the Company's functional and presentation currency.

2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income. On the loss of control of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular operation is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, credits on bank accounts, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Accounts receivable

Accounts receivable are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement as a reduction in earnings. When a trade receivable is uncollectible, it is written off against the allowance for receivables. Subsequent recoveries of amounts previously written off are credited against reduction of earnings in the income statement. The carrying value less impairment provision of the receivables is assumed to approximate their fair value due to their short-term nature.

Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Cash discounts are deducted from inventory valuation. Stocks of intra-Group supplies are carried net of inter-company profits.

Treasury shares

Own equity instruments (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated according to Group standards using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

The individual useful lives are:

– Production equipment	3 to 10 years
– Furniture and office equipment	5 to 8 years
– IT equipment	3 to 5 years
– Vehicles	4 to 8 years
– Other mobile tangible assets	3 to 5 years
– Land	no depreciation
– Buildings	25 to 30 years
– Tangible assets under construction	no depreciation

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see "Impairment of non-financial assets").

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Gains and losses on derecognition of the asset are determined by comparing net proceeds with carrying amount. These are included in the income statement.

Property, plant and equipment acquired under finance leasing are recorded at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term (see also "Leases").

Expenses from operational leasing agreements are recognised in the income statement and future obligations are listed in the notes to the consolidated financial statements.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates according to IAS 8.

Intangible assets with indefinite lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis according to IAS 8. Gains and losses on derecognition of an intangible asset are determined by comparing net proceeds with carrying amount. These are included in the income statement.

1) Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill related to the acquisition of a subsidiary is included in intangible assets.

After initial entry, goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Each cash-generating unit or group of units represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

2) Brands / labels

An analysis of product life cycles, markets and competitive trends has shown that there is no foreseeable limit to the period over which the brands and labels are expected to generate net cash inflows for the Group. Therefore, the brands and labels are regarded as having an indefinite useful life.

3) Customer base

An analysis of customer turnover has shown that due to the retail situation in Switzerland, where the market is dominated by two large retailers, part of the acquired customer base has an indefinite life whereas the other part is amortised over its respective useful life (five to fifteen years).

4) Production patent

The production patent was acquired in the 2008 business combination. The patent was granted up to 2026. However, it was estimated that economic benefits from the production patent would only be obtained for 5 years. Therefore, the fair value was written off by 2012.

5) IT software

Acquired IT software licences are capitalised on the basis of the costs incurred to acquire and start using the specific software. These costs are amortised over their estimated useful lives (three to five years).

Costs associated with developing or maintaining IT software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Expenditure which enhances or extends the performance of IT software programmes beyond their original specifications is added to the original cost of the software.

Financial assets

The Group classifies its financial assets into the following categories:

- Financial assets at fair value through profit and loss (AFVTPL); and
- Loans and receivables (LAR).

Management determines the classification of its financial assets at initial recognition.

All purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

1) Financial assets at fair value through profit and loss (AFVTPL)

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. The designation of marketable securities as at fair value through profit and loss is consistent with the documented risk management and investment strategy of the Group. Derivatives are classified as held for trading unless they are designated as hedges.

Realised and unrealised gains or losses on financial assets at fair value through profit or loss are recognised in the income statement.

2) Loans and receivables (LAR)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, provided they fall due within 12 months of the balance sheet date, and are classified in the balance sheet as trade and other receivables.

After initial measurement, loans and receivables are carried at amortised costs using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans or receivables are derecognised or impaired, as well as through the amortisation process.

Fair value – The fair values of quoted investments are based on quoted market prices at the end of the reporting period. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using various valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

An analysis of fair values of financial instruments and further details of how they are measured are provided in Note 3 Section 5.

Amortised cost – The amortised cost of loans and receivables is computed using the effective interest rate method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is only deemed to be impaired if an event or events occur after the initial recognition of the asset that have an impact on the expected future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include: indications that the debtor or a group of debtors is experiencing significant financial difficulty; default or delinquency in interest or principal payments; the probability that they will enter bankruptcy or other financial reorganisation; and where observable data indicate that there is a measurable decrease in estimated future cash flows that correlates with a default.

Financial liabilities

The Group classifies its financial liabilities into the following categories:

- Financial liabilities at fair value through profit or loss (LFVTPL); and
- Other financial liabilities (OFL).

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, including directly attributable transaction costs in the case of other financial liabilities.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

1) Financial liabilities at fair value through profit or loss (LFVTPL)

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Realised and unrealised gains or losses on financial liabilities at fair value through profit or loss are recognised in the income statement.

2) Other financial liabilities (OFL)

Other financial liabilities include all financial liabilities which are not classified as financial liabilities at fair value through profit or loss.

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and forward currency contracts to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Impairment of non-financial assets

Goodwill and non-financial assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Borrowings

1) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

When an existing borrowing is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

The Group recognises a provision for onerous contracts when the expected economic benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Provisions are not recognised for future operating losses.

Employee benefits

1) Pension obligations

The liability recognised in the balance sheet in respect of defined benefit pension plans is the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds which have terms to maturity approximating the terms of the related pension liability.

Pension costs consist of three elements: service costs, net interest, and remeasurements of employee benefits. Service costs are part of personnel expenses and consist of current service costs, past service costs from plan amendments and from plan settlements. Net interest is recorded in the financial result and is determined by applying the discount rate to the net defined benefit liability or net defined benefit asset that exists at the beginning of the year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are immediately recorded in other comprehensive income as remeasurements of employee benefits.

2) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised under accrued liabilities when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus / profit share and the amount can be determined before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

3) Other long-term employment benefits

Other long-term employment benefits include anniversary and other long-term service benefits. The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognised immediately in profit or loss.

Management participation plan

The management participation plan is a share-based remuneration scheme. Equity-settled share-based payments are recognised in the income statement over the vesting period while equity is increased accordingly. On the day when the payment is granted (grant date), its fair value is determined based on the share price on that day minus the subscription price. Expenses for equity-settled stock-based payments are adjusted every year based on expected subscriptions, departures (participants who no longer meet the criteria and leave the plan) and advance subscriptions. If granted equity instruments are cancelled, they must be treated as if they were exercised on the date of cancellation; expense that has not yet been recognised for the granting is recognised immediately.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts, and after eliminated sales within the Group.

The Group records sales revenue if this can be determined reliably and the future economic benefits are known. The Group bases its assessment of how collectable claims are on past results, taking account of the type of customer, type of business and the particularities of the specific contractual relationship.

Revenue is recognised as follows:

1) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

2) Rendering of services

Revenue from services is recognised in the accounting period in which the services are rendered and is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

3) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument to the net carrying amount of the financial asset.

4) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

5) Dividend income

Dividend income is recognised when the right to receive payment is established.

Taxes

1) Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are in force on the balance sheet date.

2) Deferred tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be used.

Deferred income tax is recognised on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other current receivables or other current payables in the balance sheet.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date based on whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(i) There is a change in contractual terms, other than a renewal or extension of the arrangement;

(ii) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

(iii) There is a change in the determination of whether fulfilment is dependent on a specified asset; or

(iv) There is a substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstance gave rise to the reassessment.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in financial liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement over the period of the lease.

3 Financial and business risk management

Financial risk factors

The Group's principal financial liabilities, other than derivatives, comprise bank loans, bank overdrafts and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables and cash which arise directly from its operations.

The Group also enters into derivative transactions, primarily forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in derivatives shall be undertaken.

The Group's business activities and its financial instruments expose it to a variety of financial risks, including credit risks and the effects of changes in debt market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to EUR and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Approximately 0.08% (2015: 0.02%) of the Group's sales and 10.3% (2015: 11.0%) of costs are denominated in currencies other than the functional currency of the operating unit making the sale or incurring the cost.

To manage their foreign exchange risk and to protect against losses, entities in the Group use forward currency contracts. However, as the exposure is relatively small, forward currency contracts are only used on individually significant transactions and not on a regular basis.

If the Swiss Franc had been 15% (2015: 15%) weaker / stronger against the EUR and USD in 2016, with all other variables held constant, post-tax profit for the year would have been kCHF 5 910 (2015: kCHF 6 219) higher / lower, mainly as a result of purchases denominated in foreign currencies. Equity would have been kCHF 2 819 (2015: kCHF 393) higher / lower.

The Company has investments in foreign operations whose net assets are exposed to foreign currency translation risk.

2) Interest rate risk

As the Group has no significant interest-bearing assets other than bank deposits, the Group's income is substantially unaffected by changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings expose the Group to changes in market interest rates. Moreover, based on the Group's Credit Facility Agreement the interest rates are dependent on the Group's Net Senior Debt to EBITDA Adjusted Ratio, Equity Ratio and LIBOR.

A 0.2% (2015: 0.2%) shift of interest rates would have an impact of approximately kCHF 166 (2015: kCHF 163) on the post-tax profit for the year.

A table that sets out the carrying amount, by maturity, of the Group's borrowings is disclosed in Note 27.

3) Credit risk

The Group's credit risk is concentrated mainly on its two major clients, the largest retailers in Switzerland. As per reporting date, kCHF 18 215 (2015: kCHF 17 837) of total receivables are due from these two clients. These customers have always proven to be quick payers of invoices and have an excellent image and financial reputation in the home market. Therefore, creditworthiness is not considered to be at risk.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Cash transactions are limited to highly creditworthy financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed under "Fair values of financial assets and liabilities". The Group does not hold collateral as security for its financial assets.

4) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, ensuring the availability of funding through an adequate amount of committed credit facilities and retaining the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below splits the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. These amounts will not reconcile to the amounts disclosed on the balance sheet for financial liabilities. Moreover, financial liabilities for which the Group has the discretion to refinance (see also Note 27) have been grouped based on scheduled and projected repayments.

in CHF thousand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
2016				
Derivative financial instruments	11	0	0	0
Current financial leasing	177			
Current interest-bearing financial liabilities	1 900	0	0	0
Trade accounts payable	45 595	0	0	0
Other current payables[1]	2 901	0	0	0
Accrued liabilities[1]	12 653	0	0	0
Long-term financial leasing	0	47	0	0
Long-term interest-bearing financial liabilities	0	164 441	0	0
2015				
Current interest-bearing financial liabilities	74	0	0	0
Trade accounts payable	30 572	0	0	0
Other current payables[1]	1 132	167	0	0
Accrued liabilities[1]	12 816	0	0	0
Long-term interest-bearing financial liabilities	0	0	73 600	0

[1] Only those items that are accounted for under IAS 39.

5) Fair values of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements. The fair values, which are virtually identical to the carrying amounts, are not shown in the table.

	Carrying amount		Fair value	
in CHF thousand	2016	2015	2016	2015
Financial assets				
Cash and cash equivalents (LAR)	40 130	22 883	-	-
Current financial assets at FV through profit and loss (AFVTPL)	303	296	-	-
Trade accounts receivable (LAR)	65 788	44 815	-	-
Other current receivables (LAR)	882	548	-	-
Long-term financial assets (LAR)	0	10	-	-
Financial liabilities				
Derivative financial instruments (LFVTPL)	–11	0	-	-
Current financial liabilities (OFL)[1]	–1 790	0	0	0
Current financial liabilities – financial leasing (OFL)	–175	0	-	-
Trade accounts payable (OFL)	–45 595	–30 572	-	-
Other current payables (OFL)	–2 901	–1 132	-	-
Accrued liabilities (OFL)	–12 653	–12 816	-	-
Non-current financial liabilities – third parties (OFL)[1]	–164 349	–73 241	–164 441	–73 600
Non-current financial liabilities – financial leasing (OFL)	–47	0	-	-
Other non-current payables (OFL)	0	–167	-	-

[1] Current and non-current financial liabilities are allocated to Fair Value level 2.

The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair value:

- Cash and cash equivalents, trade accounts receivable, other current receivables, trade accounts payable and other current payables tend to be valued at their carrying amounts due to the short-term maturities of these instruments.
- Current financial assets at fair value through profit and loss and derivative financial instruments are derived from quoted market prices in active markets, if available. If they are not quoted on a market, fair value is estimated using appropriate valuation techniques for these instruments.
- The fair value of current and non-current financial liabilities is estimated by the Group based on discounted future cash flows using interest rates currently available for debt on similar terms, credit risk and remaining maturities.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs with a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs with a significant effect on the recorded fair value that are not based on observable market data.

in CHF thousand	2016	Level 1	Level 2	Level 3
Assets measured at fair value				
Current financial assets at FV through profit or loss	303	97	206	0
Liabilities measured at fair value				
Liability from earn-out agreement	–167	0	0	–167

in CHF thousand	2015	Level 1	Level 2	Level 3
Assets measured at fair value				
Current financial assets at FV through profit or loss	296	74	222	0
Liabilities measured at fair value				
Liability from earn-out agreement	–333	0	0	–333

During the reporting periods ending 31 December 2016 and 2015, there were no transfers between the different levels of fair value measurement.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the Consolidated Equity Ratio. This ratio is calculated as total equity divided by total assets as shown in the consolidated balance sheet. The ratio is monitored by management and since the initial public offering in April 2010 has been kept between 40% and 60%.

in CHF thousand	31.12.2016	31.12.2015
Total equity	243 506	233 643
Total assets	550 228	398 447
Consolidated Equity Ratio	**44.3%**	**58.6%**

The Group also closely monitors covenants included in the Credit Facility Agreement for bank loans (see Note 27). These covenants focus on the equity ratio and on the Net Senior Debt to EBITDA Adjusted Ratio. The Group met all loan covenants.

Business risk factors / risk of changes in raw material prices

The Group's activities expose it to the risk of changes in raw material prices, mainly raw meat such as pork, beef and poultry as well as durum wheat. The Group's objective is to minimise the impact of raw material price fluctuations by taking account of alternative suppliers in Switzerland and abroad, by maintaining good relationships with existing suppliers and by agreeing on price mechanisms with the main customers. Usually, the Group can pass most of the price increases on to customers with an approximate time lag of one to three months.

Internal Control System

The Group has an Internal Control System in place for all Group companies as requested by Art. 728a Swiss CO. Periodically, a risk identification process is carried out. The materiality and probability of the identified risks are assessed and measures to reduce or eliminate those risks are determined by the Board of Directors and the Management Board.

Besides these periodical risk assessments, the Group cultivates an active "What if" risk management. "What if" scenarios are integrated into the budget and forecast process of all Group companies.

The last risk assessment was carried out by the Management Board in the 4th quarter of 2016 and was discussed and approved by the Board of Directors on 14 December 2016.

4 Significant accounting estimates and judgements

The Group makes estimates and assumptions concerning the future which are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

In the process of applying the Group's accounting policies, management has made the following judgements and estimates, which have a significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as a lessee

Individual companies of the Group have entered into some property leases. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that all significant risks and rewards of ownership of these properties are retained by the lessor. Therefore, the contracts are accounted for as operating leases.

Estimated impairment of goodwill

The Group tests at least annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (Intangible assets). The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate.

The sensitivity of a potential impairment of goodwill is disclosed in Note 23.

Estimated impairment of other intangible assets with an indefinite life

The Group tests at least annually whether other intangible assets with an indefinite life have suffered any impairment in accordance with the accounting policy stated in Note 2 (Intangible assets). The recoverable amounts have been determined based on value-in-use calculations. These calculations require the use of estimates mainly with regard to future sales, EBIT margins and licence fees.

The sensitivities of a potential impairment of other intangible assets with an indefinite life are disclosed in Note 23.

Pension Liabilities

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. For further details see Note 36.

5 Changes in the scope of consolidation

Acquisition of Culinor Food Group

The Group acquired 100% of the shares of the Culinor Food Group in Belgium as per 01. September 2016. The Culinor Food Group is a leading producer of ready-made meals and meal components serving retailers and food service providers throughout the Benelux region. Culinor operates production plants in Destelbergen (BE), Gent (BE), Olen (BE) and Herselt (BE) as well as a logistics centre located in Destelbergen (BE).

in CHF thousand	Fair value recognised on acquisition
Cash and cash equivalents	10 893
Trade accounts receivable	13 486
Other current receivables	1 981
Inventories and work in progress	4 468
Prepaid expenses / accrued income	201
Property, plant and equipment	31 420
Intangible assets	36 364
Assets	**98 813**
Current financial liabilities	–3 147
Derivative financial instruments	–30
Trade accounts payable	–12 824
Other current payables	–2 264
Current income tax liabilities	–3
Accrued liabilities	–7 032
Current portion of provisions	–1 611
Long-term financial liabilities	–169
Defined benefit obligations	–1 330
Provisions	–34
Deferred tax liabilities	–19 034
Liabilities	**–47 477**
Net assets	**51 335**
Goodwill arising on acquisition	40 799
Total consideration	**92 135**
Purchase consideration:	
Cash paid (Investing activities)	92 135
Cash and cash equivalents in subsidiary acquired (Investing activities)	–10 893
Transaction costs of the acquisition (Operating activities)	1 528
Cash outflow on acquisition	**82 769**

The goodwill recognised above was attributed to the expected synergies and other benefits from combining business activities. Goodwill was temporarily allocated to the ORIOR International segment. The goodwill is not tax deductible.

Gross trade receivables amounted to kCHF 13 539 as at the acquisition date. The full contractual amount has since been collected.

From the date of acquisition, the Culinor Food Group generated revenues in the amount of kCHF 37 079 and contributed kCHF 2 545 to the net profit of the Group. If the combination had taken place at the beginning of the year 2016, the profit for 2016 would have been around CHF 5 million and revenue would have been around CHF 97 million.

The transaction costs of kCHF 1 528 were expensed and are included in administrative expenses.

6 Segment information

For management purposes, the Group is structured along the three operating segments ORIOR Convenience, ORIOR Refinement and ORIOR International. The operating segments are characterised by a clear focus on specific product categories.

- ORIOR Convenience and its competence centres Fredag, Pastinella and Le Patron operate four processing facilities in the German-speaking part of Switzerland. Its products are mainly sold through retail and food service channels in Switzerland. The Convenience segment includes three operating segments. These operating segments have been aggregated because their long-term financial performance is similar. The type of product and the way these products are made as well as the client groups are also similar, and in some cases identical.
- ORIOR Refinement and its three competence centres Rapelli, Albert Spiess and Möfag operate five processing and refining facilities in the cantons of Grisons, Ticino and St. Gallen. The segment is characterised by a clear focus on refined and processed meat products and produces traditional premium meat products as well as new interpretations in various categories from Bündnerfleisch and ham to salami and Mostbröckli. The products are mainly sold through retail and food service channels in Switzerland. The Refinement segment includes three main operating segments. These operating segments have been aggregated because their long-term financial performance is similar. The type of product and the way these products are made as well as the client groups are also similar, and in some cases identical.
- The Group's International operating segment consists of the Culinor Food Group with its five production sites in Belgium and the export operations for Swiss products into neighbouring countries. The Culinor Food Group produces high-quality ready-made meals and menu components. Its main sales channels are retailers and food services providers. The export operations are responsible for exporting and marketing Group products under various brands. Together with the operating segment Culinor Food Group, it forms the ORIOR International segment.

Segment performance is evaluated based on operating profit (EBITDA, EBIT), which is measured in line with the principles applied in the consolidated financial statements. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Due to the acquisition of the Culinor Food Group in 2016, the international strategic orientation has been strenghthened. For this reason, we are reporting the new segment ORIOR International. The corporate costs are allocated to the three segments Convenience, Refinement and International.

2016

in CHF thousand	ORIOR Convenience	ORIOR Refinement	ORIOR International	Adjustments and eliminations	Consolidated
External customer sales	196 237	286 783	53 304		536 324
Inter-segment sales	2 178	16 086	190	–18 454 [1]	0
Sales of goods / rendering of services	**198 415**	**302 869**	**53 494**	**–18 454**	**536 324**
Reduction in gross sales	–4 252	–4 035	–299		–8 586
Revenues	**194 163**	**298 834**	**53 195**	**–18 454**	**527 738**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**25 210**	**22 485**	**3 748**	**7**	**51 450**
Depreciation / impairment – tangible assets	–5 929	–6 471	–1 002		–13 402
Amortisation – intangible assets	–488	–1 752	–651		–2 891
Segment profit (EBIT)	**18 793**	**14 262**	**2 095**	**7**	**35 157**
Net financial expense					–1 281
Profit before taxes					**33 876**
Investments in non-current assets	**5 542**	**5 207**	**503**	**0** [2]	**11 252**

2015

in CHF thousand	ORIOR Convenience[3]	ORIOR Refinement[3]	ORIOR International[3]	Adjustments and eliminations	Consolidated
External customer sales	204 071	286 017	18 573		508 661
Inter-segment sales	3 166	16 349	5	–19 520 [1]	0
Sales of goods / rendering of services	**207 237**	**302 366**	**18 578**	**–19 520**	**508 661**
Reduction in gross sales	–4 532	–3 854	–147		–8 533
Revenues	**202 705**	**298 512**	**18 431**	**–19 520**	**500 128**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**26 819**	**22 684**	**–929**	**81**	**48 655**
Depreciation / impairment – tangible assets	–5 491	–6 807	–127		–12 425
Amortisation – intangible assets	–541	–1 833	–8		–2 382
Segment profit (EBIT)	**20 787**	**14 044**	**–1 064**	**81**	**33 848**
Net financial expense					–2 509
Profit before taxes					**31 339**
Investments in non-current assets	**5 164**	**5 313**	**6**	**0** [2]	**10 483**

[1] Revenues as well as intercompany profits are eliminated on consolidation.
[2] Cash outflow from investments in property, plant and equipment as well as intangible assets.
[3] The reporting of the segments 2015 has been adapted to the new segment structure 2016 for the sake of comparability.

Segment information by country – external customer sales

in CHF thousand	2016	2015
Switzerland	474 159	481 553
Belgium	20 474	0
France	16 098	15 207
Netherlands	14 882	0
Germany	1 185	1 868
Austria	443	748
Other	497	752
Revenues	**527 738**	**500 128**

The revenue information above is based on the location of the customer.

Assets by country

in CHF thousand	2016	2015
Switzerland	256 030	260 204
France	211	252
Belgium	105 318	0
Total assets	**361 559**	**260 456**

Assets for this purpose consist of tangible assets and intangible assets.

Sales of goods to the two major clients amounted to kCHF 211 804 and kCHF 73 534 respectively in 2016 (2015: kCHF 218 224 and kCHF 73 055). These sales were generated in the operating segments ORIOR Convenience and ORIOR Refinement.

Notes to the Consolidated Income Statement

7 Revenues

in CHF thousand	2016	2015
Sales of goods	536 324	508 661
Gross sales	**536 324**	**508 661**
Reduction in gross sales	–8 586	–8 533
Total	**527 738**	**500 128**

8 Changes in inventories

in CHF thousand	2016	2015
Movement in value adjustment of inventories	799	–294
Movement in finished products and work in progress	4 167	–7 710
Total	**4 966**	**–8 004**

9 Personnel expenses

in CHF thousand	2016	2015
Salaries and bonuses	–80 878	–76 848
Social security contributions	–8 620	–7 501
Pension fund contributions (defined benefit plan)	–4 339	–2 710
Other personnel expenses	–2 162	–1 429
Share-based payment transaction	–109	–66
Total	**–96 108**	**–88 554**

10 Other operating income

in CHF thousand	2016	2015
Other operating income	241	245
Gain from disposal of fixed assets	55	33
Total	**296**	**278**

11 Other operating expenses

in CHF thousand	2016	2015
Operating expenses	–11 759	–11 161
Energy, information and communication	–11 421	–10 803
Building outlay	–9 620	–9 925
Shipping	–12 529	–11 810
Marketing & sales	–12 624	–12 568
Administration	–6 876	–4 582
Total	**–64 829**	**–60 849**

Product development costs of kCHF 2 055 (2015: kCHF 2 144) were recognised as an expense in the income statement during the period.

12 Financial income

in CHF thousand	2016	2015
Interest income – third parties (LAR)	49	4
Dividend income – third parties (AFVTPL)	7	6
Gain on fair value adjustment on derivative instruments (LFVTPL)	19	0
Gain on fair value adjustment on financial assets (AFVTPL)	33	21
Foreign exchange gains – realised (LAR / OFL)	292	469
Foreign exchange gains – unrealised (LAR / OFL)	540	646
Other financial income	11	0
Total	**951**	**1 146**

13 Financial expense

in CHF thousand	2016	2015
Interest expense	–1 423	–1 325
Bank charges and commissions – third parties (LAR / OFL)	–365	–427
Foreign exchange losses – realised (LAR / OFL)	–207	–1 091
Foreign exchange losses – unrealised (LAR / OFL)	–236	–808
Other financial expense	–1	–4
Total	**–2 232**	**–3 655**

Interest expense in the amount of kCHF 1 423 (2015: 1 325) includes interest expense for other financial liabilities (OFL) in the amount of kCHF 1 352 (2015: 1 271).

14 Income taxes

The major components of income tax expense are:

in CHF thousand	2016	2015
Current income taxes	–4 455	–4 880
Current income tax charge	–4 358	–4 793
Adjustments of prior-year income tax	–97	–87
Movements of deferred taxes	–1 044	–896
Amount of deferred tax expense / income relating to the origination and reversal of temporary differences	99	1 505
Amount of deferred tax expense / income relating to changes in tax rates or the imposition of new taxes	0	–113
Amount of deferred tax expense / income relating to the use and capitalisation of deferred tax assets from tax loss carryforwards	–1 143	–2 288
Total	**–5 499**	**–5 776**

The tax on the Group's profit before taxes differs from the theoretical amount that would arise using the expected income tax rate of the Group as follows:

in CHF thousand	2016	2015
Profit before tax	33 876	31 339
Expected income tax rate (average weighted) of 18.8% (2015: 16.2%)	−6 371	−5 063
Income not subject to tax[1]	943	24
Non-deductable expenses	−26	−432
Adjustments of prior-year income tax	−97	−87
Effects from valuation of tax losses	52	−105
Effect of changes in local tax rates	0	−113
Total	**−5 499**	**−5 776**

[1] The income not subject to tax mainly derive from the Culinor Food Group, whose income is not taxed based on a ruling.

The different profit and loss contributions of the individual Group companies in relation to total Group profit and the different tax rates produced an expected income tax rate of 18.8 % (2015: 16.2 %). There are no income tax consequences for ORIOR attaching to the payment of dividends to its shareholders.

15 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to shareholders of ORIOR by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations:

in CHF thousand	2016	2015
Profit for the year attributable to shareholders of ORIOR	28 377	25 563
Weighted Ø number of ordinary shares in '000 for basic earnings per share	5 921	5 911
Basic earnings per share in CHF	4.79	4.32

Diluted earnings per share is calculated in the same way as basic earnings per share as there is no dilutive potential for ordinary shares. The weighted average effect of the purchase of treasury shares (see Note 31) is taken into account in the weighted average number of ordinary shares outstanding during the year.

Notes to the Consolidated Balance Sheet

16 Cash and cash equivalents

in CHF thousand	31.12.2016	31.12.2015
Cash, postal accounts and cheques	26	28
Cash at banks	40 104	22 855
Total	**40 130**	**22 883**

Cash at banks earns interest at floating rates based on bank deposit rates. Short-term deposits are made for varying periods up to three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

17 Current financial assets

in CHF thousand	31.12.2016	31.12.2015
Current financial assets at FV through profit and loss	303	296
Total	**303**	**296**

Current financial assets include marketable securities and are designated as at fair value through profit and loss.

The fair value of the current financial assets at fair value through profit and loss is based on the current market price (Level 1) or on a comparable financial asset in an active market (Level 2). Changes in the fair values are recorded under financial income / financial expenses in the income statement.

18 Trade accounts receivable

Trade receivables are non-interest bearing and are generally settled within 30 days.

The ageing analysis of trade accounts receivable shows that 85.7 % (2015: 85.3 %) of the receivables are not yet due.

in CHF thousand	31.12.2016	31.12.2015
Not yet due	56 358	38 226
Overdue 1 – 30 days	8 170	5 566
Overdue 31 – 60 days	1 055	690
Overdue 61 – 90 days	145	138
Overdue 91 – 180 days	48	118
Overdue more than 180 days	12	77
Total trade accounts receivable – net	**65 788**	**44 815**

At 31 December 2016, trade receivables with initial value of kCHF 465 (2015: kCHF 454) were impaired and fully provided for. Details of movements in the allowance for bad debts are as follows:

in CHF thousand	Individually impaired	Collectively impaired	Total
Balance 31.12.2014	**22**	**1 598**	**1 620**
Exchange differences	0	–150	–150
Additions	83	112	195
Utilisation	–19	–1 192	–1 211
Balance 31.12.2015	**86**	**368**	**454**
Exchange differences	0	–1	–1
Additions	0	123	123
Utilisation	–38	–73	–111
Balance 31.12.2016	**48**	**417**	**465**

Information about the concentration of credit risk with regard to ORIOR's two major clients is provided in Note 3 (Financial risk factors).

Besides these two clients, the Group has a large number of customers that sell to a variety of end markets. Due to these factors, management believes that there is no additional credit risk beyond amounts provided for collection losses.

By the end of 2016, net trade accounts receivable of kCHF 38 424 (2015: kCHF 38 483) were pledged as security for the interest-bearing liabilities (see also Note 27).

19 Other current receivables

in CHF thousand	31.12.2016	31.12.2015
VAT receivables	1 651	853
Withholding tax receivables	1	1
Other current receivables – third parties	1 089	577
Other current receivables – social security institutions	80	4
Prepayments – third parties	136	58
Prepayments – social security institutions	374	4
Total	**3 331**	**1 497**

"Other current receivables – third parties" include other accounts receivable not resulting from sales and maturing within 12 months.

The total balance of "other current receivables – third parties" as per 31 December 2016 includes financial assets in the amount of kCHF 882 (2015: kCHF 548).

20 Inventories and work in progress

in CHF thousand	31.12.2016	31.12.2015
Raw materials (at cost)	21 649	16 803
Trade products (at cost or net realisable value)	7 735	6 543
Semi-finished products / work in progress (at cost)	35 344	30 288
Finished products (at cost or net realisable value)	12 517	11 089
Total at the lower of cost or net realisable value	**77 245**	**64 723**

kCHF 2 991 (2015: kCHF 1 263) of the total amount of raw materials, trade and finished products recognised as of 31 December 2016 is carried at net realisable value.

The amount of write-downs of inventories recognised in the income statement is kCHF 1 467 (2015: kCHF 2 211), which is recognised in "raw material / goods and services purchased" and "changes in inventories".

At the end of 2016 there were purchase obligations for raw materials of kCHF 22 776 (2015: kCHF 21 492) and for trade products of kCHF 3 822 (2015: kCHF 3 073).

At the end of 2016 and 2015, no inventory was pledged as security for borrowings.

21 Property, plant and equipment and investment properties

in CHF thousand	Production equipment	Furniture and office equipment	IT equipment	Vehicles	Other and assets under construction	Land and buildings	Buildings under construction	Total tangible assets
At cost								
Balance 01.01.2015	**81 792**	**27 494**	**4 743**	**6 074**	**2 878**	**38 466**	**235**	**161 682**
Additions	4 028	1 326	251	456	992	792	991	8 836
Disposals	–858	–126	–67	–819	0	–62	0	–1 932
Reallocation within category	2 054	56	0	40	–2 360	253	–43	0
Exchange differences	–32	–7	–2	–2	0	–27	0	–70
Balance 31.12.2015	**86 984**	**28 743**	**4 925**	**5 749**	**1 510**	**39 422**	**1 183**	**168 516**
Additions	4 024	773	248	628	3 472	851	803	10 800
Additions from acquisitions	11 498	660	128	126	66	18 942	0	31 420
Disposals	–2 600	–75	–1 119	–670	–11	–198	0	–4 673
Reallocation within category	1 097	0	0	0	–1 239	169	–27	0
Exchange differences	–269	–16	–14	–17	–5	–422	0	–743
Balance 31.12.2016	**100 734**	**30 085**	**4 168**	**5 816**	**3 794**	**58 764**	**1 959**	**205 320**
Accumulated depreciation								
Balance 01.01.2015	**–52 894**	**–9 452**	**–3 572**	**–4 076**	**–91**	**–7 370**	**0**	**–77 455**
Depreciation	–6 926	–2 605	–609	–748	–14	–1 522	0	–12 425
Disposals	824	124	67	747	0	62	0	1 824
Reallocation within category	–30	–12	2	0	0	40	0	0
Exchange differences	19	2	2	1	0	13	0	37
Balance 31.12.2015	**–59 007**	**–11 943**	**–4 110**	**–4 076**	**–105**	**–8 777**	**0**	**–88 018**
Depreciation	–7 570	–2 624	–526	–695	–21	–1 966		–13 402
Disposals	2 599	55	1 119	566	11	197		4 547
Exchange differences	14	0	12	15	4	5		51
Balance 31.12.2016	**–63 964**	**–14 511**	**–3 505**	**–4 190**	**–111**	**–10 541**	**0**	**–96 823**
Net balance 01.01.2015	28 898	18 042	1 171	1 998	2 787	31 096	235	84 227
Net balance 31.12.2015	27 977	16 800	815	1 673	1 405	30 645	1 183	80 498
Net balance 31.12.2016	**36 770**	**15 574**	**663**	**1 626**	**3 682**	**48 223**	**1 959**	**108 497**

At the end of 2016 there were purchase obligations for property, plant and equipment of kCHF 3 230 (2015: kCHF 729).

Investments in property, plant and equipment resulted in a cash outflow of kCHF 10 391 (2015: kCHF 9 404).

The net book value of leased machines amounts to kCHF 233 (2015: kCHF 0). Additional information on financial leasing is disclosed under Note 22.

22 Leases

The maturity structure of all future minimum finance leasing payments and the corresponding interest expense are given below:

in CHF thousand	31.12.2016	31.12.2015
Maturity within 1 year	177	0
Maturity between 1 and 5 years	47	0
Maturity over 5 years	0	0
Total	**224**	**0**
Interest portion	–3	0
Total financial leasing	**221**	**0**

Finance lease liabilities in the amount of kCHF 36 (2015: kCHF 0) were repaid during the period.

Finance leases are attributable to leased production machines.

Maturity structure of non-capitalised operating leasing contracts:

in CHF thousand	31.12.2016	31.12.2015
Maturity within 1 year	7 049	6 846
Maturity between 1 and 5 years	34 581	23 676
Maturity over 5 years	46 454	52 360
Total	**88 084**	**82 882**

The operating leasing expenses reported in the 2016 income statement amounted to KCHF 6 746 (2015: KCHF 6 584).

Operational leasing is mainly attributable to the production buildings in Stabio, Root, Böckten, Uetendorf, Oberentfelden and Destelbergen (Belgium).

During 2013 the minimum contract duration of the leasing contracts for the production buildings in Stabio and Böckten was extended by 6 years to the year 2031 and the leasing contract for the production building in Oberentfelden was extended by 3 years to the year 2028. During 2016 the contract duration of the production building in Root was extended tacitly by 5 years to the year 2022.

Fixed leasing instalments are paid on a monthly basis. The leasing contracts have pre-determined contract terms of between 9 and 24 years. The Group has the option to extend the leasing term of the Swiss contracts by five years. This option can be executed four times. If the lessee does not give notice to quit the leasing contract 18 months before the contract term expires, the contract is automatically extended for five years, but only as long as the above mentioned option right exists. The Group also has the option to extend the Belgian leasing contract with a notice period of 12 months before the contract expires.

The lessee of the Swiss leasing contracts has a pre-emptive right during the whole leasing term as well as during the lease extension. Moreover, the lessee has a right of redemption. The conditions of both rights are not pre-defined and have to be negotiated. The Belgian leasing contract also has a pre-emptive right.

There are no restrictions imposed by lease arrangements such as restrictions on dividend distributions, further leasing agreements or additional debt.

Off-balance-sheet liabilities from operational leasing amounted to kCHF 88 084 as at the end of 2016 (2015: kCHF 82 882).

23 Intangible assets

in CHF thousand	Goodwill	Brands	Label	Customer base	Production patent	IT software	Total
At cost							
Balance 01.01.2015	**92 166**	**26 868**	**28 660**	**35 023**	**7 680**	**11 732**	**202 129**
Additions	0	0	0	0	0	1 124	1 124
Additions from acquisitions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	–95	–95
Exchange differences	0	0	0	0	0	–2	–2
Balance 31.12.2015	**92 166**	**26 868**	**28 660**	**35 023**	**7 680**	**12 759**	**203 156**
Additions	0	0	0	0	0	607	607
Additions from acquisitions	40 799	0	0	36 337	0	27	77 163
Disposals	0	0	0	0	0	–634	–634
Exchange differences	–980	0	0	–803	0	–2	–1 785
Balance 31.12.2016	**131 985**	**26 868**	**28 660**	**70 557**	**7 680**	**12 756**	**278 506**
Accumulated depreciation							
Balance 01.01.2015	**0**	**0**	**0**	**–5 043**	**–7 680**	**–8 186**	**–20 909**
Amortisation	0	0	0	–1 067	0	–1 315	–2 382
Disposals	0	0	0	0	0	90	90
Exchange differences	0	0	0	0	0	3	3
Balance 31.12.2015	**0**	**0**	**0**	**–6 110**	**–7 680**	**–9 408**	**–23 198**
Amortisation	0	0	0	–1 669	0	–1 222	–2 891
Disposals	0	0	0	0	0	634	634
Exchange differences	0	0	0	11	0	0	11
Balance 31.12.2016	**0**	**0**	**0**	**–7 768**	**–7 680**	**–9 996**	**–25 444**
Net balance 01.01.2015	92 166	26 868	28 660	29 980	0	3 546	181 220
Net balance 31.12.2015	92 166	26 868	28 660	28 913	0	3 351	179 958
Net balance 31.12.2016	**131 985**	**26 868**	**28 660**	**62 789**	**0**	**2 760**	**253 062**

Investments in intangible assets resulted in a cash outflow of kCHF 861 (2015: kCHF 1 079).

Goodwill

Goodwill is allocated to the Group's identified cash generating units (CGUs) which correspond to the Group's operating segments. A summary of the goodwill allocation is presented below:

in CHF thousand	31.12.2016	31.12.2015
ORIOR Convenience	10526	10526
ORIOR Refinement	81640	81640
ORIOR International	39819	0
Total	**131985**	**92166**

The goodwill from the acquisition of Culinor Food Group has been temporarily allocated to the segment ORIOR International (See Note 5). Impairment testing showed that no impairment is needed for the Goodwill of the segment ORIOR International. In accordance with the accounting policy stated in Note 2 (Intangible assets), the Group tests at least annually whether goodwill has suffered any impairment. The recoverable amount attributable to a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated.

Key assumptions used for the value-in-use calculations were:

- EBIT margin;
- Growth rate;
- Discount rates.

EBIT margins – EBIT margins are based on average values achieved in the past and on management's expectations of market developments. For the business segment ORIOR Refinement an increase in the EBIT margin of approx. 1.9 percentage points (2015: 1.6 percentage points) over the whole budget period was applied. For the business segment ORIOR Convenience an increase in EBIT margin of approx. 0.3 percentage points (2015: 0.6 percentage points) over the budget period was assumed.

Growth rates – Rates are based on published inflation rates. The growth rate used to extrapolate revenues beyond the budget period was 1.2 % (2015: 1.2 %) for the segments ORIOR Convenience and ORIOR Refinement.

Discount rates – The discount rate was based on the average percentage of the weighted average cost of capital for the industry. As the market assessment of risks are very similar for the CGU's of the segments ORIOR Convenience and ORIOR Refinement, a pre-tax discount rate of 6.5 % (2015: 7.3 %) and post-tax discount rate of 5.5 % (2015: 6.1 %) was applied.

The recoverable amount of goodwill would still be higher than the carrying amount if:

- The average estimated EBIT margin had been 1.0 percentage point lower than management's estimates at 31 December 2015; or
- The growth rate had been lower by 1.0 percentage points; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 1.0 percentage point higher than management's estimates.

Brands

An analysis of product life cycles, markets and competitive trends has shown that there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group. Therefore, the brands are regarded as having an indefinite useful life.

The category "brands" includes the value of the following items:

in CHF thousand	31.12.2016	31.12.2015
Brand Rapelli	13 700	13 700
Brand Ticinella	5 500	5 500
Brand Nature Gourmet	1 200	1 200
Brand Spiess	4 857	4 857
Brand Val Mara	79	79
Brand Fürstenländer	1 532	1 532
Total	**26 868**	**26 868**

Apart from the Natur Gourmet brand, all brands are included in the Refinement segment.

In accordance with the accounting policy stated in Note 2 (Intangible assets) the Group tests at least annually whether the brands have suffered any impairment. The recoverable amount of a brand is determined using the net present value of licence fees based on revenue projections covering a five-year period. Revenues / licence fees beyond that period are extrapolated.

Key assumptions used for the value-in-use calculations:

– Licence fees	1.0 – 3.0 %	(2015: 1.0 – 3.0 %)
– Growth rate*	1.2 %	(2015: 1.2 %)
– Discount rate (WARA)**	6.9 %	(2015: 7.7 %)

* Growth rate used to extrapolate revenues beyond the budget period.
** A pre-tax discount rate (WARA) of 7.3 % has been applied (2015: 8.1 %).

Management has determined projected revenues and licence fees based on past performance and its expectations for market developments.

The recoverable amount of the brands would still be higher than the carrying amount if:

- The licence fees had been 0.5 – 2.0 %; or
- The growth rate had been 0.2 %; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 1.0 percentage point higher.

Based on the increasing market penetration – especially in the export market – and the corresponding increase in market awareness, an increase in licence fees to approx. 4 % would be possible. This increase has not been considered in either the impairment test or the above sensitivity analysis.

Label

The label "Bündnerfleisch" can only be used if certain strict criteria are met. The production site, for example, has to be located 800m above sea level. Sustainable competitive advantages can be achieved as the label "Bündnerfleisch" is a seal of quality. The label is regarded as having an indefinite useful life.

In accordance with the accounting policy stated in Note 2 (Intangible assets) the Group tests at least annually whether the label "Bündnerfleisch" has suffered any impairment. It is assumed that because of the label, higher selling prices can be achieved. The recoverable amount is determined based on the assumed price difference on projected revenues, reduced by additional costs to maintain the label. Revenues / price differences are based on budgets covering a five-year period and are extrapolated beyond that period.

Key assumptions used for the value-in-use calculation:

– Growth rate*	1.2 %	(2015: 1.2 %)
– Discount rate (WARA)**	6.0 %	(2015: 6.7 %)

* Growth rate used to extrapolate revenues beyond the budget period.
** A pre-tax discount rate (WARA) of 6.3 % has been applied (2015: 7.0 %).

Management has determined projected revenues and price differences based on past performance and its expectations for market developments.

The recoverable amount of the label would still be higher than the carrying amount if:

- The growth rate had been 0.2 %; or
- The price difference in % of revenues had been lower by 0.5 percentage points; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 1.0 percentage point higher than management's estimates.

Customer base

The acquired customer base is valued at fair value as at the date of the respective acquisitions. An analysis of customer turnover has shown that due to the retail situation in Switzerland, part of the acquired customer base worth kCHF 22 889 (2015: kCHF 22 889) has an indefinite useful life whereas the other part (kCHF 39 900 as at 31 December 2016 and kCHF 6 024 as at 31 December 2015) is amortised over its useful life.

In accordance with the accounting policy stated in Note 2 (Intangible assets) the Group tests at least annually whether the customer base with an indefinite useful life has suffered any impairment. The recoverable amount is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated.

Key assumptions used for the value-in-use calculations:

–	Growth rate*	1.2 %	(2015: 1.2 %)
–	Discount rate (WARA)**	6.9 %	(2015: 7.7 %)

* Growth rate used to extrapolate revenues beyond the budget period.
** A pre-tax discount rate (WARA) of 7.3 % has been applied (2015: 8.1 %).

Management has determined projected revenues and EBITDA based on past performance and its expectations for market developments.

The recoverable amount of the customer base with an indefinite useful life would still be higher than the carrying amount if:

- The growth rate had been 0.2 %; or
- The EBITDA margin in % of revenues had been lower by 1.0 percentage points; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 7.9 %.

Successful use of the customer base with an indefinite useful life is of crucial importance to ORIOR and a key factor in the calculation of the recoverable amounts. The recognition of this customer base in the balance sheet is based on special customer relationships and therefore is not, in management's estimation, subject to any time limitations.

24 Trade accounts payable

in CHF thousand	31.12.2016	31.12.2015
Trade accounts payable – third parties	45 595	30 572
Total	**45 595**	**30 572**

Trade accounts payable are non-interest bearing and are normally settled on 30-day terms.

25 Other payables

in CHF thousand	31.12.2016	31.12.2015
Other current payables – third parties	4 593	2 521
Other current payables – related parties	568	591
Other current payables – social security institutions	591	635
Other current payables	**5 752**	**3 747**
Other non-current payables – third parties	0	167
Total	**5 752**	**3 914**

Other current payables are non-interest bearing and are generally settled within 30 days.

The total balance of "other payables" as per 31 December 2016 includes financial liabilities of kCHF 2 901 (2015: kCHF 1 298).

The total liability from the earn-out agreement amounts to kCHF 167 (2015: kCHF 333). This liability is included in other current payables (2015: kCHF 167).

26 Accrued liabilities

in CHF thousand	31.12.2016	31.12.2015
Vacation / overtime	3 783	1 202
Bonus	2 889	2 777
Client reimbursements	4 432	3 770
Operating expense	3 305	3 658
Taxes, duties and consultancy	4 684	2 151
Other accrued expenses – related parties	859	781
Other accrued expenses	6 325	3 974
Total	**26 277**	**18 313**

The total balance of accrued liabilities as per 31 December 2016 includes financial liabilities of kCHF 12 653 (2015: kCHF 12 816). Other accrued liabilities of kCHF 6 325 (2015: kCHF 3 974) include financial liabilities of kCHF 3 399 (2015: kCHF 3 252) and are in particular related to liabilities for IT, administrative expenses and other operating expenses. The non-financial liabilities included in other accrued liabilities involve mainly tax at source, property taxes, capital taxes and social security institutions.

27 Financial liabilities

in CHF thousand	Note	Effective interest rate %	Maturity	31.12.2016
Year ended 31 December 2016				
Short-term bank loan	22	0.63 – 1.13%	2017	1 790
Short-term liabilities from finance lease	22	1.38 – 1.63%	2017	175
Total				**1 965**
Non-current – third parties				
kCHF 124 800 secured bank loan		LIBOR +0.8	31/12/18	124 730
kEUR 36 967 secured bank loan		LIBOR +0.8	31/12/18	39 610
kCHF 5 568 secured bank loan (not yet drawn)			31/12/18	0
kEUR 8 bank loan		0.63 – 1.13%	2018	9
Long-term liabilities from finance lease	22	1.38 – 1.63%	2017 – 2018	47
Total				**164 396**

in CHF thousand	Note	Effective interest rate %	Maturity	31.12.2015
Year ended 31 December 2015				
Non-current – third parties				
kCHF 73 600 secured bank loan		LIBOR +1.2	31/12/18	73 241
kCHF 76 400 secured bank loan (not yet drawn)			31/12/18	0
Total				**73 241**

The credit limit of the current Credit Facility Agreement is CHF 150 million (2015: CHF 150 million), which can be used up to the maturity date on 31 December 2018. Furthermore, a bilateral credit up to CHF 20 million can be used. As per the balance sheet date CHF 5.6 million (2015: CHF 76.4 million) has not yet been drawn. There are no annual repayments due. The interest rates applicable to the credit facility are based on the ratio of the Group's net debt to EBITDA and on LIBOR.

The cost of the Credit Facility Agreement has been capitalised as a reduction of financial liabilities. The costs are expensed over the term of the Agreement based on an amortised cost calculation.

Bank loans are secured by pledged accounts receivable of kCHF 38 424 (2015: kCHF 38 483).

Based on the Credit Facility Agreement the Company has the discretion to refinance the financial liabilities on a monthly basis as long as the covenants explained in Note 3 (Capital risk management) are adhered to. The Company does not see any risk that any covenants will be breached. Therefore, the whole amount of CHF 164.3 million (2015: CHF 73.2 million) is disclosed as non-current.

28 Provisions

in CHF thousand	Restructuring	Anniversary and other long-term service benefits	Others	Total
Balance 01.01.2015	**0**	**2 665**	**883**	**3 548**
Additions	152	239	226	617
Use	0	–193	–375	–568
Reversal	0	–303	–45	–348
Balance 31.12.2015	**152**	**2 408**	**689**	**3 249**
Of which short-term	152	186	127	465
Of which long-term		2 222	562	2 784
Additions	32	378	133	543
Additions from acquisitions	1 611	0	34	1 645
Use	–256	–197	–173	–626
Reversal	0	–3	0	–3
Exchange differences	–34	0	0	–34
Balance 31.12.2016	**1 505**	**2 586**	**683**	**4 774**
Of which short-term	1 505	194	110	1 809
Of which long-term	0	2 392	573	2 965

Restructuring – This provision covers the restructuring costs of two subsidiary companies.

Anniversary and other long-term service benefits – This provision covers long-term employment benefits such as anniversary and other long-term service benefits. These are calculated annually by independent actuaries in accordance with IAS 19.

Others – Other provisions include the operational risks identified up to the balance sheet date and doubtful obligations.

29 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against tax liabilities and when the deferred income taxes relate to the same fiscal authority.

in CHF thousand	31.12.2016	31.12.2015
Deferred tax assets	–291	–1 402
Deferred tax liabilities	38 453	20 692
Net deferred tax (assets) / liabilities	**38 162**	**19 290**

The gross movement on the deferred income tax account is as follows:

in CHF thousand	2016	2015
Opening balance as at 01.01.	19 290	19 838
Additions from acquisitions	19 034	0
Charges / (discharges) to income statement	1 044	896
Taxes in other comprehensive income	–791	–1 439
Exchange differences	–415	–5
Net deferred tax (assets) / liabilities as at 31.12.	**38 162**	**19 290**

Deferred income taxes are calculated for temporary differences under the liability method using local tax rates.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. In 2016 deferred income tax assets in the amount of kCHF 293 (2015: kCHF 1 436) are capitalised.

The Group did not recognise deferred income tax assets of kCHF 1 078 (2015: kCHF 844) in respect of losses amounting to kCHF 5 080 (2015: kCHF 3 914) that can be carried forward against future taxable income. The expiration of those losses is as follows:

- Expires in 1 to 3 years: kCHF 0 (2015: kCHF 0)
- Expires in 4 to 7 years: kCHF 4 222 (2015: kCHF 3 170)
- No expiration: kCHF 858 (2015: kCHF 744)

The deferred tax assets and liabilities can be allocated to the following balance sheet items:

in CHF thousand	31.12.2016	31.12.2015
Current financial assets	16	0
Receivables	439	404
Inventories and work in progress	2 646	2 277
Property, plant and equipment	11 459	4 807
Intangible assets	26 322	14 622
Liabilities	461	432
Subtotal deferred tax liabilities	**41 343**	**22 542**
Benefit from tax loss carryforwards	–293	–1 436
Liabilities	–2 888	–1 816
Subtotal deferred tax assets	**–3 181**	**–3 252**
Net deferred tax (assets) / liabilities	**38 162**	**19 290**
Reflected in the balance sheet as follows:		
deferred tax assets	–291	–1 402
deferred tax liabilities	38 453	20 692
Net deferred tax liabilities	**38 162**	**19 290**

30 Shareholders' equity

Number of registered shares	31.12.2016	31.12.2015
Total outstanding shares	**5 915 862**	**5 922 080**
Treasury shares		
Freely available	9 138	2 920
Total treasury shares	**9 138**	**2 920**
Total shares issued	**5 925 000**	**5 925 000**
Total shares	**5 925 000**	**5 925 000**

The registered shares have a nominal value of CHF 4 each. The share capital is fully paid-in and amounts to kCHF 23 700 (2015: kCHF 23 700).

31 Treasury shares

	Number	Ø price per share in CHF	Total in kCHF
Opening balance as at 01.01.2015	**13 486**	**52.78**	**712**
Purchases 01.01.–31.12.15	46 750	55.66	2 602
Sales 01.01.–31.12.15	–57 316	51.09	–2 928
Losses / gains from sales of treasury shares			–212
Closing balance as at 31.12.2015	**2 920**	**59.64**	**174**
Opening balance as at 01.01.2016	**2 920**	**59.64**	**174**
Purchases 01.01.–31.12.16	84 975	69.17	5 878
Sales 01.01.–31.12.16	–78 757	69.20	–5 450
Losses / gains from sales of treasury shares			98
Closing balance as at 31.12.2016	**9 138**	**76.55**	**699**

Please see Note 37 for more details about sales of treasury shares.

32 Dividends / repayment of capital contributions

The dividend for 2015 was paid in April 2016 in conformity with the decision taken at the Annual General Meeting on 12 April 2016. Shareholders approved the proposed dividend in the form of a repayment of capital contributions of CHF 2.03 (2015: CHF 2.00) per share, resulting in a total dividend of kCHF 12 017 (2015: kCHF 11 818). Due to the change from the nominal value principle to the capital contribution principle, these dividends were not subject to withholding tax.

The Board of Directors will propose to the Annual General Meeting in März 2017 that the Group distribute a dividend of CHF 2.09 per share for the 2016 financial year. These financial statements do not reflect any dividend payable.

33 Cash flow statement

The funds in the cash flow statement comprise the balance sheet position "Cash and Cash Equivalents". The indirect calculation method has been applied.

34 Derivative financial instruments

Forward currency contracts – There were no open forward currency contracts as at 31 December 2016 or 2015.

35 Foreign exchange rates

Currency	Unit	Average exchange rate 2016	Average exchange rate 2015	Closing exchange rate 31.12.2016	Closing exchange rate 31.12.2015
EUR	1	1.0899	1.0670	1.0721	1.0874
USD	1	0.9853	0.9710	1.0190	1.0008

36 Defined benefit obligation

ORIOR pension plan

Legal aspects of the swiss pension plan (BVG)

Pension plans and their benefits are governed in Switzerland by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. Pension plans are regulated by a state supervisory body. A pension plan's most senior governing body (Board of Trustees) must be composed of equal numbers of employee and employer representatives.

Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are set out in regulations, though the BVG specifies the minimum benefits to be provided. The employer and employees pay contributions into the pension plan. If an underfunding arises, various measures can be taken such as adjusting the pension commitment by altering the conversion rates, or increasing current contributions. The employer may also be required to make additional restructuring contributions, though the BVG specifies how employees and employer have to jointly fund potential restructurings.

The Group operates three independent pension plans, which cover all employees. ORIOR's pension plans have the legal structure of foundations. All actuarial risks are either borne by the foundations or are reinsured. These risks consist of demographic risks (primarily life expectancy) and financial risks (primarily the discount rate, future increases in salaries, and the return on plan assets) and are regularly assessed by the Board of Trustees. An annual actuarial report is drawn up in accordance with the requirements of the BVG.

The Boards of Trustees are responsible for the investment of assets. They continuously define the investment strategy, taking into account the foundations' objectives, benefit obligations and risk capacity. The Boards of Trustees delegate the implementation of the investment strategies to an external asset manager.

Retirement benefits are based on annual contributions, calculated as a percentage of salary, adjusted for the age of the employee and split approximately 41 % / 59 % between employee and employer. In addition to the pension contributions, yearly interest is credited to the savings account. The rate used for converting an individual savings account into a pension at retirement is fixed in the plans. The plans also provide death and long-term disability benefits for employees. The disability pension is defined as a percentage of annual salary. The spouse pension is defined as a percentage of the projected retirement pension (without future interest).

Legal aspects of the Belgian pension plan (FSMA)

Pension plans and their benefits are governed in Belgium by the Belgian Law on Occupational Pensions, which stipulates that occupational pension plans are to be managed by independent, legally autonomous units (group insurance or pension fund). Pension plans are regulated by the FSMA, a state supervisory body.

Plan participants are insured against the financial consequences of old age, disability and death. The various insurance benefits are set out in the group insurance regulations. The employer and employees pay contributions into the pension plan. Based on the legislation, the employer must guarantee a minimum average rate of return at retirement or when transferring the money out if leaving the company before retirement age. If the return granted by the insurance company is not sufficient to meet the minimum borne by the employer, the employer will have to pay an additional contribution to the insurance company to cover the gap.

The Group operates five independent pension plans. All five plans are contracted with an insurance company. The rules of each plan describe the amount of employer and employee contributions in function of the level of the employee. The contribution can be nominal amounts or salary-based, for some plans they are age-related or service-related. The employer contributions are total budget that include the cost of the risk benefits.

The insurance company invest the contribution in their common global fund. The contracts are "Branche 21" contracts, which means that the insurance company guarantees a minimum rate of return (to be increased with the profit-sharing).

Retirement benefits are based on the amount of annual contributions and the total return granted by the insurance company, knowing that the final average return cannot fall under the minimum return borne by the employer following the social Law. The plans also provide death and long-term disability benefits for employees. The cost of these risk benefits is included in the employer contribution's budget (i.e. the retirement contribution is equal to the total budget decreased with the cost of the risk benefits).

Technical accounting aspects of the pension plan (IFRS)

The pension plans qualify as defined benefit plans under IAS 19. Once a year, a report is prepared in accordance with IFRS requirements by an independent actuary. In this process, plan assets are valued at fair market values and liabilities are calculated according to the projected unit credit method.

The following table gives an overview of the pension obligation recognised in the balance sheet. The foreign plans also qualify as a defined benefit plan under IAS 19. As the French plan is not significant within the overall pension picture, it is not included in the information given below.

in CHF thousand	31.12.2016	31.12.2015
Defined benefit obligation (Swiss Plans)	–15 305	–11 131
Defined benefit obligation (Belgian Plans)	–998	0
Defined benefit obligation (French Plan)	–14	–15
Total defined benefit obligation	**–16 317**	**–11 146**

The following table sets out the status of the three Swiss and five Belgian pension plans and the amount recognised in the consolidated balance sheet at 31 December:

in CHF thousand	31.12.2016	31.12.2015
Defined benefit obligation	–160 313	–145 975
Fair value of plan assets	144 010	138 924
Effect of asset ceiling	0	–4 080
Funded status	**–16 303**	**–11 131**
Thereof:		
Switzerland	–15 305	–11 131
Belgium	–998	0

The cost of the defined benefit plans are determined as follows:

in CHF thousand	2016	2015
Current service costs	–5 481	–4 675
Past service costs	1 171	1 969
Interest income on the asset ceiling part	–29	–4
Total service costs	**–4 339**	**–2 710**
Net interest employee benefits	–54	–33
Total pension expenses recorded in income statement	**–4 393**	**–2 743**
Thereof:		
Switzerland	–4 289	–2 743
Belgium	–104	0

The remeasurements of employee benefits recorded in other comprehensive income are determined as follows:

in CHF thousand	2016	2015
Changes in financial and demographic assumptions	–4 162	–1 484
Other actuarial gains / losses	–7 219	–3 596
Actuarial gains / losses on plan assets	2 387	–256
Effect of asset ceiling	4 109	–3 558
Total remeasurements recorded in other comprehensive income	**–4 885**	**–8 894**
Thereof:		
Switzerland	–5 209	–8 894
Belgium	324	0

The movements in the defined benefit obligation and fair value of plan assets are as follows:

in CHF thousand	31.12.2016	31.12.2015
Defined benefit obligation at 1 January	–145 975	–142 475
Current service costs	–5 481	–4 675
Past service costs	1 171	1 969
Interest costs	–1 032	–1 144
Actuarial gains / losses	–11 381	–5 080
Employee contributions	–3 218	–3 357
Benefit payments	8 868	7 663
Settlements	–147	1 124
Acquisitions	–3 190	0
Currency gains (losses)	72	0
Defined benefit obligation at 31 December	**–160 313**	**–145 975**
Thereof:		
Switzerland	–157 406	–145 975
Belgium	–2 907	0

in CHF thousand	31.12.2016	31.12.2015
Fair value of plan assets at 1 January	138 924	138 244
Interest income	978	1 111
Return on plan assets (excluding interest based on discount rate)	2 387	–256
Employee contributions	3 218	3 357
Employer contributions	5 407	5 255
Benefit payments	–8 868	–7 663
Settlements	147	–1 124
Acquisitions	1 860	0
Currency gains (losses)	–43	0
Fair value of plan assets at 31 December	**144 010**	**138 924**
Thereof:		
Switzerland	142 101	138 924
Belgium	1 909	0

The estimated Company contribution to the pension plans for the financial year 2017 amounts to kCHF 6 283 (2016: kCHF 5 308).

The past service costs in the amount of kCHF 1171 (2015: kCHF 1969) are related to reductions of the conversion rate as well as plan amendments of the subsidiaries.

The categories of plan assets are as follows:

Plan assets	31.12.2016	%	31.12.2015	%
Cash	6 238	4.3%	7 392	5.3%
Bonds	58 696	40.8%	57 724	41.6%
Shares	43 834	30.4%	42 449	30.6%
Real estate	22 401	15.6%	21 054	15.2%
Other	12 841	8.9%	10 305	7.4%
Assets quoted in active markets	**144 010**	**100.0%**	**138 924**	**100.0%**
Total plan assets	**144 010**	**100.0%**	**138 924**	**100.0%**

The outflow of funds for pension payments can be planned reliably. The chosen investment strategies ensure that liquidity is maintained at all times. The Group does not use assets belonging to the pension funds.

The pension funds' assets are divided into the following classes: cash and cash equivalents, bonds, equities, real estate, and other investments.

Approximately 50 % of the cash is held at Credit Suisse (S&P Rating: A) and 50% is held at Banque Cantonale Vaudoise (BCV, S&P Rating: AA). Over 90% of the cash from the supplementary fund is held at BCV.

The bonds are all held through respected funds. The overwhelming majority are denominated in Swiss francs and have investment grade ratings. Less than 5 % of total assets are invested in funds that concentrate on higher-interest debt and convertible bonds. All investments are tradable daily.

Equity investments are also held through funds run by respected providers. The equity portion is divided between Swiss, global and emerging equities. All investments are tradable daily.

Real estate investments are divided between real estate investment funds, investment foundations and one direct mandate. This direct mandate can be liquidated within two weeks. The other investments can be redeemed on any day. The real estate investment funds are tradable daily.

Other investments are covered by a daily traded Hedge Fund and an investment in two Private Equity Funds of Partners Group.

Calculations are based on the following assumptions:

	31.12.2016	31.12.2015
Discount rate for Swiss plans	0.50%	0.70%
Rate of future increase in compensation for Swiss plans	1.00%	1.00%
Discount rate for Belgian plans	1.55%	-
Rate of future increase in compensation for Belgian plans (until 50 years old)	3.40%	-
Rate of future increase in compensation for Belgian plans (after 50 years old)	2.40%	-

Sensitivities of significant actuarial assumptions

The discount rate and the future increase in salaries have been identified as significant actuarial assumptions. The fluctuation range for the sensitivity analysis amounts to 0.25 %. The following impacts on the defined benefit obligation are to be expected:

- An increase / decrease of 0.25 % (2015: 0.25 %) in the discount rate would lead to a decrease of kCHF 4 788 (– 3.0 %) (2015: kCHF 4 247 / – 2.9 %) / increase of kCHF 5 115 (+3.2 %) (2015: kCHF 4 524 / +3.1 % in the defined benefit obligation of the Swiss Plans.
- An increase / decrease of 0.25 % (2015: 0.25 %) in the rate of future increase in compensation would lead to an increase of kCHF 411 (+0.3 %) (2015: kCHF 331 / +0.2 %) / decrease of kCHF 400 (– 0.3 %) (2015: kCHF 324 / – 0.2 %) in the defined benefit obligation of the Swiss Plans.
- An increase / decrease of 0.25 % in the discount rate would lead to a decrease of kCHF 162 (– 5.6 %) / increase of kCHF 170 (+5.8 %) in the defined benefit obligation of the Belgian Plans.
- An increase / decrease of 0.25 % in the rate of future increase in compensation has no effect on the defined benefit obligation of the Belgian Plans.

The following amounts are expected to be paid out in future years as part of the defined benefit plan obligation:

	2016	2015
Within the next 12 months	8 150	7 638
Between 2 and 5 years	34 683	30 374
Between 5 and 10 years	41 235	40 930
Total	**84 068**	**78 942**

The average duration of the Swiss defined benefit plan obligation at the end of the reporting period is 15.6 years (2015: 15.8 years). The average duration of the Belgian plan is 20.4 years.

37 Share-based payments

The Group has set up a stock ownership scheme for members of the Board of Directors, members of the Management Board, members of the executive boards of the competence centres, and for employees of ORIOR Group as determined by the Board of Directors. Shares can be offered annually under special conditions to employees or members of the Board of Directors who are entitled to participate as an incentive to future performance, to be credited to or in addition to the payments owed under their employment contract. The shares that are to be issued in the context of this plan can be acquired from ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The share purchase price corresponds to the volume-weighted average price during the last six months prior to the start of the two-month offer period of an ORIOR share traded on the SIX, minus a discount of 25 %. The shares are subject to a blocking period of three years from the date of grant. Within the framework of this plan no shares were sold during the year 2016. In 2015 20 240 shares were sold to plan participants at a price of CHF 41.45 per share, which made a total of kCHF 839. The recognised expense arising from share-based payment transactions for the financial year 2016 amounts to kCHF 109 (2015: kCHF 66).

38 Related parties

The Board of Directors of ORIOR AG, the Management Board of ORIOR AG, shareholders with significant influence, the Group's pension fund organisations "ORIOR Fonds de Prévoyance" and "ORIOR Fondation de Prévoyance Complémentaire" are treated as related parties.

Below please find the overview of related party transactions and balance sheet positions with related parties:

in CHF thousand

Liabilities	Partner	31.12.2016	31.12.2015
Other current payables	Pension fund	536	591
Other current payables	Management	32	0
Accrued liabilities	Board of Directors	207	231
Accrued liabilities	Management	592	503
Accrued liabilities	Pension fund	0	47
Accrued pension cost	Pension fund	16 317	11 146
Expenses	**Partner**	**2016**	**2015**
Pension fund contributions	Pension fund	–4 323	–2 710
Board of Directors' compensation	Board of Directors	–646	–656
Administration	Management	–109	0
Operational leasing	Management	–114	0
Interest expense	Shareholders	–71	–33
Gross sales	Management	397	0
Other operating income	Management	71	0

All transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

No further claims or liabilities exist between the Company and its Board of Directors or significant shareholders except for the amounts disclosed above.

The Management Board of ORIOR AG receives performance-related compensation in addition to fixed compensation. The compensation payable to the members of the Board of Directors consists solely of a fixed component and is hence not associated with any profit components. The total amount of fixed and variable compensation in 2016 was kCHF 2 341 (2015: kCHF 2 355). The disclosed remuneration is reported on an accrual basis.

in CHF thousand	2016	2015
Short-term employee benefits	2 166	2 171
Post-employment benefits	175	184
	2 341	**2 355**

39 Contingencies

Contingent liabilities

No guarantees or warranty obligations for third parties existed in the current financial period.

The Group is involved in legal disputes, litigation, and court proceedings in the normal course of business. From the Group's point of view, it is presently not expected that these disputes will have a material impact on the Group's financial situation or operating profits in excess of existing provisions.

Contingent assets

Nothing to report in the reporting period.

40 Pledges for obligations

Besides the pledges reported under "trade accounts receivable" (see Note 18) and "financial liabilities" (see Note 27), there are no further assets pledged.

41 Commitments

As of 31 December 2016 and 31 December 2015 there were no purchase agreements or other kinds of obligations other than reported under "inventories and work in progress" (see Note 20) and under "property, plant and equipment" (see Note 21).

42 Events after the balance sheet date

No events occurred between the balance sheet date and the printing date of the annual report which could have a material impact on the 2016 annual financial statements.

43 Legal structure of ORIOR Group

						%-share of capital and votes	
Company Name	Location	Country	Business activity	Currency	Sharecapital (in 1 000)	2016	2015
Orior AG	Zurich	Switzerland	Parent Company	CHF	23 700		
Orior Management AG	Zurich	Switzerland	Services	CHF	100	100%	100%
Rapelli SA	Stabio	Switzerland	Premium Food	CHF	12 500	100%	100%
Salumi Val Mara SA	Maroggia	Switzerland	Premium Food	CHF	250	0%	100%
Orior Deutschland GmbH	Frankfurt a. M.	Germany	Premium Food	EUR	25	100%	100%
Orior Menu AG	Böckten	Switzerland	Premium Food	CHF	1 700	100%	100%
Fredag AG	Root	Switzerland	Premium Food	CHF	2 000	100%	100%
Fredag Holding AG	Root	Switzerland	Holding	CHF	100	0%	100%
Albert Spiess Holding AG	Schiers	Switzerland	Holding	CHF	1 000	100%	100%
Albert Spiess AG	Schiers	Switzerland	Premium Food	CHF	1 000	100%	100%
Spiess Europe SARL	Haguenau	France	Premium Food	EUR	1 130	100%	100%
Möfag, Mösli Fleischwaren AG	Zuzwil	Switzerland	Premium Food	CHF	200	100%	100%
ORIOR Europe NV	Destelbergen	Belgium	Services	EUR	79 028	100%	0%
Culinor Food Group NV	Destelbergen	Belgium	Premium Food	EUR	7 419	100%	0%
Culinor NV	Destelbergen	Belgium	Premium Food	EUR	2 390	100%	0%
Foodzone BVBA	Kortrijk	Belgium	Premium Food	EUR	19	100%	0%
Tasty Food Factory BVBA	Destelbergen	Belgium	Premium Food	EUR	19	100%	0%
Covifood NV	Oostakker	Belgium	Premium Food	EUR	315	100%	0%

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To the General Meeting of
Orior Ltd, Zurich

Basle, 27 February 2017

Statutory auditor's report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Orior Ltd and its subsidiaries (the Group), which comprise the income statement, statement of comprehensive income, balance sheet, statement of equity, cash flow statement and notes (pages 62 to 127) including a summary of significant accounting policies for the year ended 31 December 2016.

In our opinion the consolidated financial statements (page 62 to 127) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Intangible Assets

Area of focus	The intangible assets represent 46% of the Group's total assets and 104% of the Group's total equity as at 31 December 2016. As disclosed in note 23 of the consolidated financial statements, the carrying values of Goodwill, brands and labels are tested annually for impairment. The Company performed its annual impairment test in the fourth quarter of 2016. The company uses assumptions for the impairment considerations in respect to future market and industry development, such as expected inflation rates, demographic developments as well as revenue and margin developments. Given the judgments required by the management in connection with the impairment assessment, we considered this area to be key to the group audit. The key assumptions are disclosed in note 23 of the consolidated financial statements.
Our audit response	For the audit we evaluated the Company's internal controls related to the annual impairment test. Furthermore, we assessed the Company's key assumptions (the weighted average cost of capital and the input parameters of the valuation model) by comparison to external data. Furthermore, we compared the future cash flows used to the strategic planning, business plans and other relevant business developments approved by the management and the board of directors. In addition, we audited the disclosure of the sensitivities to the key assumptions in note 23 of the consolidated financial statements.

Acquisitions

Area of focus	As of 1. September 2016 the Company acquired for MCHF 92.1 100% of the shares of Culinor Food Group NV. As disclosed in note 5 of the consolidated financial statements, the Company performed a purchase price allocation. The accounting of the acquisition requires the Company to preliminary determine the fair value of the consideration transferred and the fair value of the acquired net assets. The selection of the valuation parameters for the identification of the net assets involves judgements by management and is subject to significant assumptions. The audit procedures related to the purchase price allocation were key to the group audit.
Our audit response	We audited the purchase price allocation. Our work included among other things the audit of the acquisition date, the purchase price and the determination of the Goodwill by means of the acquisition balance sheet. For the intangible assets we assessed the completeness and appropriateness of the valuation. Lastly, we audited the disclosure of the acquisition in note 5 of the consolidated financial statements.

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Other information in the annual report
The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, remuneration report (pages 44 to 49) and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

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Report on other legal and regulatory requirements
In accordance with article 728a para. 1 item 3 CO and the 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 Ltd

Roger Müller Licensed audit expert (Auditor in charge)	p.p. Hortense Pfammatter Licensed audit expert

ORIOR AG

FINANCIAL STATEMENTS 2016

Income Statement

in CHF thousand		2016	2015
Dividend income		51 469	20 262
Financial income		494	2 036
Other operating income		277	294
Total income		**52 240**	**22 592**
Financial expense		–472	–691
Other operating expense		–1 840	–2 106
Depreciation and amortisation	6	–4 174	–2 257
Total expenses		**–6 486**	**–5 054**
Ordinary earnings before taxes		**45 754**	**17 538**
Tax expense		–65	–51
Profit for the year		**45 689**	**17 487**

Balance Sheet

in CHF thousand	Note	31.12.2016	31.12.2015
Cash and cash equivalents		6 243	1 292
Other current receivables – third parties		0	26
Other current receivables – subsidiaries		76	242
Prepaid expenses		61	30
Total current assets		**6 380**	**1 590**
Loans to subsidiaries		79 250	132 855
Investments	1	115 438	64 210
Intangible assets	2	6 636	8 531
Total non-current assets		**201 324**	**205 596**
TOTAL ASSETS		**207 704**	**207 186**
Other current payables – third parties		52	140
Other current payables – subsidiaries		43	81
Accrued liabilities		986	789
Current liabilities		**1 081**	**1 010**
Other long-term interest bearing liabilities – subsidiaries		6 500	39 200
Non-current liabilities		**6 500**	**39 200**
Total liabilities		**7 581**	**40 210**
Share capital	3	23 700	23 700
Statutory capital reserves	4	4 017	16 034
Capital contribution reserves		4 017	16 034
Statutory retained earnings		4 740	4 740
Voluntary retained earnings		168 365	122 677
Free reserve		5 000	5 000
Retained earnings		163 365	117 677
Brought forward from previous year		117 677	100 189
Profit for the year		45 689	17 487
Treasury shares	5	–699	–174
Total equity		**200 123**	**166 977**
Total liabilities and equity		**207 704**	**207 186**

Notes to the Statutory Financial Statements

General information

ORIOR AG
Dufourstrasse 101
8008 Zürich

BID number / CHE-113.034.902
VAT number / CHE-113.034.902 MWSt

These annual financial statements were prepared in line with Swiss law, and in particular with the articles of the Swiss Code of Obligations concerning accounting and financial reporting (Art. 957ff OR).

The following principles are applied to the annual financial statements:

The figures shown in the annual financial statements are rounded up or down. The actual calculations are made with greater preceision, so small rounding differences can appear.

No cash flow statement and no additional information in the Notes

Because ORIOR AG prepares its consolidated financial statements in accordance with a recognised standard for financial accounting (IFRS), in these financial statements it has, as the law allows, omitted the additional information in the Notes and a cash flow statement from these financial statements.

Information about balance sheet and income statement items

1 Direct and major indirect investments

						%-share of capital and votes	
Company Name	Location	Investment	Business activity	Currency	Share capital (in 1 000)	2016	2015
Orior Management AG	Zurich	direct	Services	CHF	100	100%	100%
Orior Menu AG	Böckten	direct	Premium Food	CHF	1 700	100%	100%
Rapelli SA	Stabio	indirect	Premium Food	CHF	12 500	100%	100%
Fredag AG	Root	indirect	Premium Food	CHF	2 000	100%	100%
Albert Spiess AG	Schiers	indirect	Premium Food	CHF	1 000	100%	100%
Möfag, Mösli Fleischwaren AG	Zuzwil	indirect	Premium Food	CHF	200	100%	100%
ORIOR Europe NV	Destelbergen	indirect	Services	EUR	79 028	100%	0%
Culinor Food Group NV	Destelbergen	indirect	Premium Food	EUR	7 419	100%	0%
Culinor NV	Destelbergen	indirect	Premium Food	EUR	2 390	100%	0%
Foodzone BVBA	Kortrijk	indirect	Premium Food	EUR	19	100%	0%
Tasty Food Factory BVBA	Destelbergen	indirect	Premium Food	EUR	19	100%	0%
Covifood NV	Oostakker	indirect	Premium Food	EUR	315	100%	0%

Investments are recognised in the balance sheet at cost, less the necessary value adjustments.

2 Intangible assets

This position includes goodwill from a transaction in 2006 and is being depreciated over a period of 15 years.

3 Share capital and authorised share capital

The share capital of TCHF 23 700 consists of 5 925 000 registered shares with a nominal value of CHF 4.00 each. At the Annual General Meeting on 12 April 2016, the Board of Directors was authorised to increase share capital by a maximum of kCHF 4 400, divided into 1 100 000 registered shares with a nominal value of CHF 4.00 each by no later than 12 April 2018.

Conditional share capital

The share capital of the Company may be increased by a maximum of kCHF 714 through the issue of a maximum of 178 564 registered shares with a nominal value of CHF 4.00 each, which must be fully paid-in.

in CHF thousand	31.12.2016	31.12.2015
Conditional share capital	714	714
Authorised share capital	4 400	4 762

4 Capital contribution reserves

The reserves from capital contributions include the premium from the capital increase in 2011, less distributions made to date.

A distribution from reserves from capital contributions is treated the same as a repayment of share capital. Of the capital contribution reserves in the amount of kCHF 4 017 per 31.12.2016, kCHF 819 remain accepted by the Swiss Federal Tax Administration.

5 Treasury shares

	Number	Ø price per share in CHF	Total in kCHF
Opening balance as at 01.01.2015	**13 486**	**52.78**	**712**
Purchases 01.01.–31.12.15	46 750	55.66	2 602
Sales 01.01.–31.12.15	–57 316	51.09	–2 928
Losses / gains from sales of treasury shares			–212
Closing balance as at 31.12.2015	**2 920**	**59.64**	**174**
Opening balance as at 01.01.2016	**2 920**	**59.64**	**174**
Purchases 01.01.–31.12.16	84 975	69.17	5 878
Sales 01.01.–31.12.16	–78 757	69.20	–5 450
Losses / gains from sales of treasury shares			98
Closing balance as at 31.12.2016	**9 138**	**76.55**	**699**

Own shares are stated at cost at the date of acquisition. The profit or loss from subsequent re-sales is recognised in the income statement as financial income or expense.

6 Amortisation

in CHF thousand	2016	2015
Amortisation of intangible assets	1 896	1 896
Allowance for loan of subsidiary	2 278	0
Allowance for capital increase costs	0	361
Total depreciation and amortisation	**4 174**	**2 257**

Miscellaneous

Full-time positions

No employees were employed at ORIOR AG in the year under review or the prior year.

Sureties, guarantee commitments and pledged or assigned assets in favour of third parties

in CHF thousand	31.12.2016	31.12.2015
Joint and several liabilities for rent	**77 275**	**81 700**
In 2007, the production buildings of ORIOR Group were sold and rented back by the subsidiaries of the Group. ORIOR AG is jointly and severally liable with its subsidiaries for the outstanding rent instalments. The figure shown includes future rent payments up to the year 2031.		
Guarantee commitments in favour of subsidiaries	**164 632**	**60 200**

Restriction of title for own liabilities

in CHF thousand	31.12.2016	31.12.2015
Regarding the Credit Facility Agreement with Credit Suisse in the maximum amount of kCHF 150 000 (of which kCHF 147 619 has been drawn as per 31.12.2016).		
Declaration of assignment for loans to subsidiaries	**79 250**	**132 855**

Significant shareholders

The significant shareholders of the Company were the following (> 5 %):

	% of capital and votes	
Name	31.12.2016	31.12.2015
Ernst Göhner Stiftung (CH)	10.46%	10.46%
UBS Fund Management (Switzerland) AG (CH)	6.21%	6.21%

Share interests of Board of Directors and Management Board

The members of the Board of Directors and the Management Board owned the following shareholdings in ORIOR AG:

	Number of shares as per 31.12.2016	Number of shares as per 31.12.2015
Rolf U. Sutter Chairman of the Board	199 800	199 800
Edgar Fluri Vice Chairman of the Board	5 000	5 000
Christoph Clavadetscher Member of the Board	10 000	10 000
Walter Lüthi[1)] Member of the Board	0	n/a
Dominik Sauter Member of the Board	550	550
Monika Walser Member of the Board	700	700
Rolf Friedli[2)] Former Vice Chairman	n/a	500
Total Board of Directors	**216 050**	**216 550**
Daniel Lutz CEO ORIOR Group	2 000	2 000
Ricarda Demarmels CFO ORIOR Group	2 150	1 500
Bruno de Gennaro Head of Convenience and Fredag	93 075	93 075
Filip de Spiegeleire[3)] CEO ORIOR Europe	0	n/a
Total Management Board	**97 225**	**96 575**

1 Joined as Member of the Board as of 12 April 2016
2 Resigned as of 12 April 2016
3 Joined as Head of ORIOR Europe and Member of the Management Board as of 1 September 2016

Share-based payments

The Group has set up a stock ownership scheme for members of the Board of Directors, members of the Management Board, members of the executive boards of the competence centres, and for employees of ORIOR Group as determined by the Board of Directors. Shares can be offered annually under special conditions to employees or members of the Board of Directors who are entitled to participate as an incentive to future performance, to be credited to or in addition to the payments owed under their employment contract. The shares that are to be issued in the context of this plan can be acquired from ORIOR on the stock exchange or created by means of authorised, conditional or ordinary capital increases. The share purchase price corresponds to the volume-weighted average price during the last six months prior to the start of the two-month offer period of an ORIOR share traded on the SIX, minus a discount of 25 %. The shares are subject to a blocking period of three years from the date of grant. In 2015 20 240 shares were sold to plan participants at a price of CHF 41.45 per share, which made a total of kCHF 839.

Subsequent events

No significant events occurred after the balance sheet date that had an influence on the book values of the reported assets or liabilities or that have to be disclosed here.

Proposal for the allocation of retained earnings as of 31 December 2016

Allocation of retained earnings

The Board of Directors is proposing the following allocation of retained earnings:

in CHF thousand	31.12.2016	31.12.2015
Brought forward from previous year	117 677	100 189
Profit for the year	45 689	17 487
Available retained earnings	**163 365**	**117 677**
Distribution of an ordinary dividend of CHF 2.09 (previous year: CHF 0.00) gross per share	–12 364	0
Balance brought forward	**151 001**	**117 677**

The Board of Directors is proposing to the 2016 Annual General Meeting of Shareholders that it pay a dividend of CHF 2.09 per share. If the shareholders approve this proposal, the total dividend payment will come to kCHF 12 364, and the distribution ratio as a percentage of the consolidated profit for the year will be 43.6 %. All shares rank for dividends except for the treasury shares (9 138 as per 31 December 2016).

in CHF thousand	31.12.2016	31.12.2015
Allocation from legal reserves (capital reserves) to voluntary retained earnings	0	12 022
Withholding tax-free distribution of CHF 2.03 per registered share	0	–12 022

During the previous year and in accordance with a decision at the Annual General Meeting on 12 April 2016, a tax-free distribution from free reserves was paid out in the amount of CHF 2.03 per share.

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To the General Meeting of
Orior Ltd, Zurich

Basle, 27. February 2017

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Orior Ltd, which comprise the income statement, balance sheet and notes (pages 133 to 139) for the year ended 31 December 2016.

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

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

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

Opinion
In our opinion, the financial statements for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each

matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Investments

Area of focus	The primary functions of the Company include the acquisition, the administration and the disposal of investments in subsidiaries as well as financing and monitoring the group's activities. For statutory purposes, the Company is required to assess the valuation of its investments and determine potential impairments on an individual basis. We consider investments in subsidiaries significant to our audit as the assessment involves judgments in estimating future revenues and margins as well as market and industry development.
Our audit response	We audited the Company's process of identifying investments, which potentially are subject to an impairment. Our work included the testing of the valuation model used in order to determine the recoverable amount. We further assessed the clerical accuracy of the valuation of the investments. Lastly, we verified the disclosure of the investments in note 1.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

Roger Müller
Licensed audit expert
(Auditor in charge)

p.p. Hortense Pfammatter
Licensed audit expert

Share Information

Listing	SIX Swiss Exchange
Security number	11167736
ISIN code	CH0111677362
Ticker symbol	ORON
Shares entitled to dividend	All, except for treasury shares.
Voting rights	All registered shares have full voting rights.
Major shareholders	See Corporate Governance Report, Note 1.

Key figures

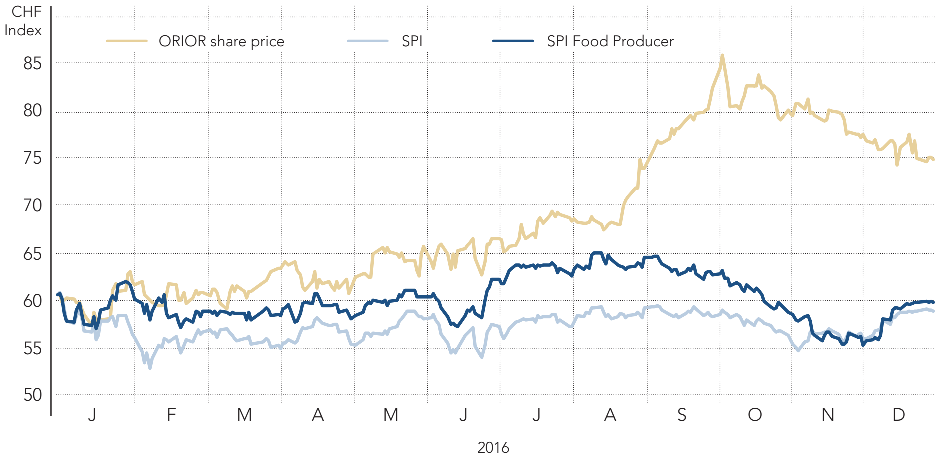
Number of shares at 31 December		2016	2015
Number of registered shares	Number	5 925 000	5 925 000
Nominal value per registered share	in CHF	4.00	4.00
of which treasury shares	Number	9 138	2 920
Number of outstanding registered shares	Number	5 915 862	5 922 080

Stock exchange key figures		2016	2015
Year-end price	in CHF	74.75	60.90
Year high	in CHF	86.00	62.00
Year low	in CHF	57.00	52.00
Average trading volume per day	Number	7 512	6 383
Market capitalisation at year-end	in CHF m	442.9	360.8

Key figures		2016	2015
Net result per share	in CHF	4.79	4.32
Net result per share (diluted)	in CHF	4.79	4.32
Operating cash flow per share	in CHF	5.39	7.05
Equity per share	in CHF	41.13	39.52
Dividend per share	in CHF	2.09	2.03
Dividend percentage	in %	43.6	47.0
P/E ratio after tax		15.61	14.11
Weighted Ø number of shares outstanding	in ’000	5 921	5 911

The “per share” benchmark figures are calculated on the basis of the weighted average number of shares.

Share price performance



For better comparability, ORIOR's share price was compared with dividend-adjusted indices.

Dividend policy and dividend proposal

ORIOR's dividend policy is congruent with the Group's long-term financial development. The dividend policy takes the expected vagaries of the economy, the market situation and other factors such as liquidity needs and capital expenditure requirements as well as tax, regulatory and other legal considerations into account.

ORIOR's attractive dividend policy was confirmed in the ORIOR 2020 strategy; a further steady increase in the absolute dividend is targeted.

The Board of Directors is proposing a dividend of CHF 2.09 per share for 2016. The proposed dividend payout for fiscal 2016 corresponds to 43.6 % of net profit for the year.

Corporate calendar

7th Annual General Meeting	28 March 2017
Half-year results 2017	22 August 2017
Publication of half-year report 2017	22 August 2017

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CORE VALUES

We are convinced that …

… the company needs content employees, customers, suppliers and shareholders to achieve its goal of steady value creation;

… a steadfast focus on the constantly shifting needs and preferences of consumers and customers is a precondition for innovation and growth;

… motivated and competent employees who are happy and proud to celebrate craftsmanship day after day are the key to our success;

… each and every employee must assume full responsibility for their conduct and their work, and that our business conduct must be guided by high ethical standards and respect;

… unremitting efforts towards the attainment of superior quality and constant advancement in our daily work are a precondition for sustainable and profitable growth;

… open, honest and transparent communication is the basis for successful team work;

… sustainability is an integral part of our core business.

Brand Portfolio

Rapelli

"Share the good things in life." Rapelli embodies the skills and traditions of "mastri salumieri" and authentic Mediterranean tastes and flavours. Artisanal culture and uncompromising quality. Classic Mediterranean deli specialities with countless variations, traditional and modern, crafted with passion since 1929.

Ticinella

La vita è bella! Typical Ticino specialities, rooted in the rich culinary history of Switzerland's southernmost canton. Take a delicious journey of discovery through a unique world of culinary delights that fill your palate with pleasure.

San Pietro

This raw ham undergoes a slow, curing process in the clean, fresh air of the Mendrisiotto region of Ticino for at least 12 months under the watchful eye and experienced hands of our specialists, giving it a unique and mouth-watering flavour.

Val Mara

Recipes for Val Mara salami and salametti have been passed through many generations. Made by hand with the utmost care, these Ticinese products are truly authentic and unique.

Albert Spiess

Albert Spiess AG is the keeper of an age-old tradition of drying meat in pure, clean mountain air. The highlands of the canton of Graubünden and its unique climate provide the basic requirements. Combined with a passion for great food, the result is Bündner meat specialities.

Fürstenländer Spezialitäten

Fürstenland, a region in eastern Switzerland, is home to a wide variety of meat specialities, ranging from smoked delicatessen products to ham and poultry variations. Appenzeller Mostbröckli has become a cult product that is known and loved far beyond the regional borders.

Fredag

Cook fine – gain time. Fredag is synonymous with high-quality convenience food. Its products range from poultry to meat convenience specialities, perfectly suited for delicious meals at home and in gastronomy.

Ocean's Best

Top-quality seafood. Frozen specialities from lakes, rivers and seas, and from countries near and far. Convenience products of impeccable quality for the restaurant and food service sectors. Fish and shellfish are sourced directly from fisheries with sustainable practices.

Nature Gourmet

Vegetarian and vegan products for gourmets. Only the finest ingredients prepared according to Swiss quality standards are good enough for Nature Gourmet, a trendsetting brand for a new nutrition philosophy.

Noppa's

Swiss premium organic tofu creations. The wide range includes traditional tofu products, as well as innovative, vegetarian and vegan specialities for restaurants and the retail trade.

Pastinella

"Un amore di pasta." Fresh pasta in every form and flavour, deliciously unique. Gnocchi, tortellini or ravioli – classic and seasonal – Pastinella has perfected the art of making Italian pasta.

Le Patron

Créations culinaires. The king of pâtés and terrines and a boutique for premium delicacies: From starters to desserts, Le Patron creates traditional, exclusive as well as exotic dishes of incomparable taste and with the best ingredients.

Culinor

With its large portfolio of high-quality products and specialisation on prepared meals, Culinor is one of the foremost players in the highly innovative market of premium fresh convenience food.

Vaco's Kitchen

A wide variety of meals and meal components of the best quality. Inspired by ideas from around the world. Stamppot, a versatile Dutch dish of potatoes mashed with other vegetables or fruits, is a popular classic dish from Vaco's Kitchen that is now enjoyed well beyond its original regional base.

Impressum
This annual report is published in German and English. The binding version of the ORIOR annual report 2016 is in German.
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Our ambition:

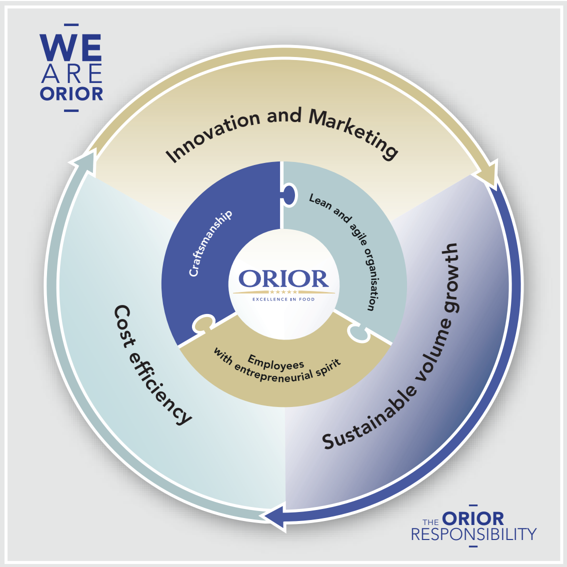
Excellence in Food

ORIOR is an internationally operating Swiss food company that combines craftsmanship with a pioneering spirit and is thriving on entrepreneurship and strong values. A specialist for fresh convenience foods and refined meats, the Group claims leading positions in fast-growing niches in Switzerland and abroad. With Rapelli, Ticinella, Albert Spiess, Fürstenländer Spezialitäten, Fredag, Pastinella and Le Patron, Culinor and Vaco's Kitchen, ORIOR has built an impressive portfolio of brands and companies.

ORIOR's goal is to steadily create value for all stakeholders. Market intimacy, strong partnerships and a lean, agile structure provide the framework from which ORIOR is shaping and driving the market landscape with innovative products, concepts and services. Motivated employees who take pride in their work and who assume responsibility for themselves and for what they do are the key for creating the extraordinary.

We are striving for uniqueness and offer best quality in order to surprise our consumers time and again with enjoyable food moments. Our ambition is nothing less than **Excellence in Food.**

Our model to create steady value creation
The core capabilities of "craftsmanship", "lean and agile organisation" and "employees with an entrepreneurial spirit" are part of what makes ORIOR unique. There is a direct correlation and constant interaction between these capabilities and the drivers of "innovation and marketing", "sustainable volume growth" and "cost efficiency". "The ORIOR responsibility" and "We are ORIOR"– our promise and our commitment to sustainable business practices – are binding across the entire strategic model. Steady value creation is only possible by constantly working towards and advancing all premises stipulated in the model will enable steady value creation.



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