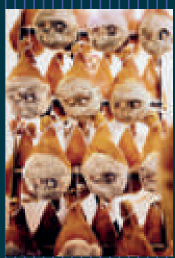
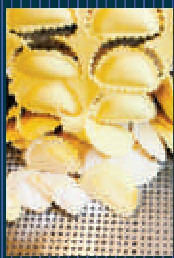
ORIOR GROUP
ANNUAL REPORT
2011





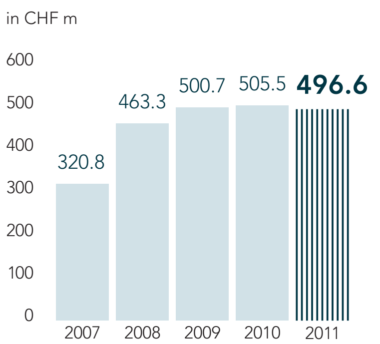
EXCELLENCE IN FOOD

ORIOR Group key figures

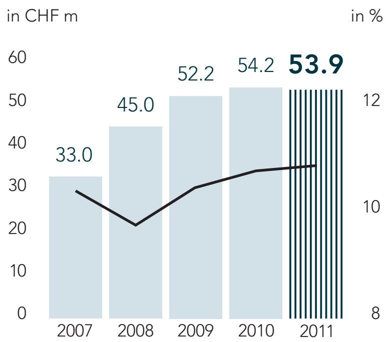
in CHF thousand	2011	Δ in %	2010
Revenues	**496 626**	–1.8%	**505 525**
EBITDA	**53 872**	–0.6%	**54 188**
as % of revenues	10.8%		10.7%
EBIT	**39 215**	–3.1%	**40 479**
as % of revenues	7.9%		8.0%
Profit for the year	**28 161**	+4.5%	**26 936**
as % of revenues	5.7%		5.3%
Net debt, third parties	73 124	+2.0%	71 689
Net debt / EBITDA ratio	1.36		1.32
Shareholders' equity	186 980	+9.8%	170 307
Equity ratio	47.3%		43.8%
ROI	13.6%		15.0%
Avg. number of employees (FTE)	1 257	–1.3%	1 273
Earnings per share in CHF	4.76		4.99
Dividend per share in CHF	1.93		1.90
Payout ratio	40.5%		41.7%
Market capitalisation as per year – end	287 363		323 505

5-year overview

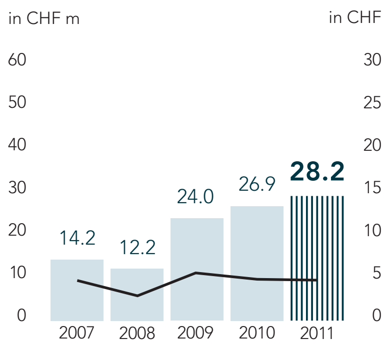
Revenues



EBITDA and EBITDA margin



Net profit and earnings per share



ORIOR GROUP
ANNUAL REPORT
2011

ORIOR – Excellence in Food

ORIOR is an independent Swiss food group with a strong corporate culture that combines tradition with innovation. ORIOR has built a portfolio of extremely well established companies and brands including Rapelli, Ticinella, Spiess, Fredag, Le Patron, Pastinella and Lineafresca. ORIOR occupies a leading position in selected niche markets. The Group also produces well-known private label products for its customers. ORIOR's aim is to create genuine value and to embody the highest levels of credibility in the eyes of its customers, suppliers and employees. Close partnerships with customers and suppliers create conditions in which ORIOR can identify new requirements at an early stage and respond to these with innovative products. Modesty and a desire to exceed the expectations of all our stakeholders are an integral part of ORIOR's culture. Close customer relationships, innovative skills and a strong corporate culture form the pillars on which ORIOR's success is based. This is what we aim to deliver: Excellence in Food.

The 2011 financial year in short

- Greater market share for strategically important positions
- High rate of innovation, numerous new products launched
- Revenues of ORIOR Convenience segment decline due to discontinuation of a supply contract and a sharp reduction in promotional activities
- Export revenues surge +49.8% (in CHF)
- EBITDA margin improves from 10.7% to 10.8%
- Profit for the year up 4.5% to CHF 28.2 million
- Sound balance sheet with an equity ratio of 47.3%

Dear Shareholders

It is a pleasure to present ORIOR AG's second annual report as a company quoted on the SIX Swiss Exchange. 2011 was, in several respects, a challenging year. Europe's sovereign debt crisis and the resulting weakness of the euro have had an effect on the real economy in Switzerland. Growing numbers of Swiss people going across the border to shop and falling prices in the Swiss retail sector put the company's revenues under pressure. The gastronomy sector in tourist regions has also suffered from the repercussions of a strong Swiss franc. Relatively low raw material costs were a positive factor.

Rolf U. Sutter, Chairman of the Board of Directors and Remo Hansen, CEO

Stable performance in a challenging environment

ORIOR Group performed well in this challenging environment. Although consolidated revenues slipped 1.8% to CHF 496.6 million due to negative inflation in our product portfolio, EBITDA was held at around the previous years' level at CHF 53.9 million, which led to a further improvement in the EBITDA margin from 10.7% to 10.8%. Profit for the year increased once again, reaching CHF 28.2 million, a gain of 4.5% on the previous year.

The equity ratio rose from 43.8% to 47.3%, which underpins the company's further development with a solid financial platform.

The Board of Directors will propose a dividend of CHF 1.93 per share at the annual meeting on 27 March 2012. The corresponding payout ratio of 40.5% is in line with ORIOR's policy of paying out approximately 40% of net profit to shareholders as dividends. This payment will be made from capital contribution reserves and is not subject to Swiss withholding tax.

Continued expansion of market position

ORIOR's three business segments Refinement, Convenience and Corporate, Export and Logistics expanded or at least successfully defended their strong positions in their respective niche markets. Business was particularly pleasing at **ORIOR Refinement.** This segment widened its share of the market and strengthened its position in the branded premium meat sector. Volume growth was high. Despite the effect of negative inflation as a result of cheaper raw materials, revenues for the 2011 financial year were up 0.6% to CHF 302.3 million and the EBITDA margin improved from 8.5% in the previous year to 9.4%.

Fresh convenience food specialist **ORIOR Convenience** reported revenues of CHF 189.8 million, which corresponds to a decline of 6.2% from the previous year. Its EBITDA margin narrowed from 15.6% in the previous year to 15.3%. The decrease in revenues can be traced to the discontinuation of a supply contract in the first half, which we were unable to fully compensate for during the second half, as well as the significant reduction in promotional activities at a major retailer. We are convinced that the convenience market remains an attractive and growing market where ORIOR will be successful with its innovative products.

ORIOR Corporate, Export and Logistics raised its revenues by 29.0% to CHF 38.0 million, driven by strong export activities. Although margins came under pressure due to unfavourable exchange-rate movements, ORIOR strengthened its product presence in foreign markets, particularly in France but also in Germany, which is crucial for the long-term expansion of the export business. ORIOR intends to capture further market share in its designated markets with its strategic product lines – Bündnerfleisch and vegetarian convenience products in particular – and to steadily improve its margins in the process.

Anticipating challenges through growth, innovation and cost efficiency

ORIOR anticipated the current challenging environment at an early stage. Our recipe for coping with today's challenges consists of strengthening core business activities and promoting innovation as well as value-enhancement initiatives that lead to greater cost efficiency. In order to secure market leadership in the vegetarian meat substitute segment, the Fredag competence centre acquired Bernatur, the leading Swiss producer of tofu products. Fredag had already served as the company's main distributor prior to this transaction. Rapelli, our competence centre for Italian and Ticino cold cuts and sausages, acquired Keller and its "Val Mara" brand. The acquisition of this small company enhanced our offering of authentic, traditionally made specialties from the canton of Ticino. We will further cultivate and develop this newest addition to our product portfolio and promote its distribution through special channels. Both of these acquisitions underscore our strategy of growing products in selected market niches by offering top-quality products.

ORIOR maintained a high rate of innovation during the year under review, launching scores of new products that satisfy consumer wants and needs. A number of these new products are showcased in this annual report.

Several efficiency-raising initiatives such as an automated flour delivery and dosing system for our pasta lines or the optimisation of internal logistics at Fredag were also successfully concluded during the reporting period. These initiatives will improve ORIOR Group's cost base significantly going forward. In response to the persisting price pressure in several market segments, ORIOR management has intensified its efforts to explore and implement efficiency improvements. Two major projects will be completed in the ORIOR Refinement segment, for example, and new projects targeting further synergies are under way in the ORIOR Convenience segment.

"Our employees' willingness to go the extra mile makes us so successful".

Rolf U. Sutter

Successful succession ensures continuity

In 2011 several senior management positions within ORIOR Group were newly staffed. We are pleased to have filled both the chairmanship position and the office of CEO with internal candidates. This ensures continuity in the ongoing management and development of the company.

In other top-level changes, Stefan H. Jost assumed responsibility for the export business, logistics and corporate development and Bruno de Gennaro, Rapelli's long-serving managing director, was appointed Head of the ORIOR Convenience segment as of 1 January 2012. His successor at Rapelli is the Ticino native Glauco Martinetti, who had been in charge of Rapelli's Marketing and Sales department since 2002. ORIOR's ability to fill these vacancies with internal candidates is testimony to the breadth and depth of the qualifications of its management and tangible evidence of the rewards of its permanent employee training and development policy.

> **"Our branded products and innovations will support future growth".**
>
> *Remo Hansen*

Outlook: Steadfast corporate development

Economic activity in the markets relevant for ORIOR is likely to subside further in the current year. The business environment will therefore remain challenging. Nevertheless, we are guardedly optimistic about 2012 because of our confidence in ORIOR Group's strategic positioning. We have the right products and concepts for the retail sector and food service providers. We will steadfastly pursue our strategy of corporate development – both in our domestic market, where we intend to gain market share and seize new business opportunities, and in neighbouring countries, where we will expand our export business and prudently screen acquisition targets as well as business alliances. We will maintain the rapid pace of product innovation, focusing primarily on new developments with unique selling points that strengthen our brand profiles. And, last but not least, we will continue our value-enhancement initiatives to maintain competitive cost structures.

Our employees and our strong corporate culture constitute the basis of our future success. Modesty and a desire to exceed stakeholder expectations will remain our mission in the future as in the past.

A word of thanks

Once again, our employees displayed tremendous commitment and dedication during the year gone by. Their willingness to go the extra mile when necessary is what makes us so successful. On behalf of the Board of Directors and the Management Board, we express sincere thanks for their efforts. We also thank our customers and the many consumers who buy our products for their loyalty as well as all our shareholders for their trust and confidence in ORIOR.

Rolf U. Sutter
Chairman of the Board of Directors

Remo Hansen
CEO

ORIOR gained market share in 2011

Interview with Remo Hansen, CEO, and Hélène Weber-Dubi, CFO of ORIOR.

2011 was a difficult year for business and the economy. How would you describe last year from ORIOR Group's perspective?
Remo Hansen: Basically positive. Considering the negative inflation we experienced and all the cross-border shopping triggered by the slump in the euro, we have every reason to be very pleased with our performance last year.

What can be said about the financial results?
Hélène Weber-Dubi: Our operating performance was certainly noteworthy. ORIOR did report lower revenues for the year, primarily because of the market pressure on prices but also because we have no intention to grow the top line at all costs. Nevertheless, we were able to improve our profit for the year as well as our EBITDA margin.

How did the two business segments Refinement and Convenience perform?
Hansen: ORIOR Refinement performed very well. All of this segment's brands increased their revenues. At the Convenience segment a supply contract expired at the beginning of 2011 and it was not quite possible to make up for the lost revenues during the second half of the year. In very simplified terms, we can say that Refinement exceeded expectations while Convenience performed in line with expectations, considering the discontinuation of the supply contract and the fact that major clients sharply curtailed their promotional activities.

The appreciation of the Swiss franc was the big issue for the Swiss economy in 2011 – what effect did exchange rates have on ORIOR last year?
Weber-Dubi: ORIOR generates 5.4% of its consolidated revenues in foreign markets. That adds up to about CHF 27 million in revenues, which roughly corresponds to the value of the raw materials we source in foreign currency – mostly in euros but also in dollars, so we have a sort of natural hedge within the Group structure. That said, the strong Swiss franc certainly didn't help our export business from a pricing perspective.

What impact did fluctuations in raw material prices have on ORIOR?

Hansen: Our primary raw material is meat and we generally buy it from Swiss farmers. Pork prices were very low in 2011 and we passed these low prices on to our customers. Poultry leads the list of our imported meat products and, since consumption of poultry worldwide has gone up, so have poultry prices, but the appreciation of the Swiss franc offset nearly all of the increase in poultry prices. We also benefited somewhat from favourable exchange rates in our purchases of durum wheat, the primary raw material for our pasta products.

On the other hand, the strong Swiss franc prompted many Swiss to go shopping across the border. What impact did this have on ORIOR?

Hansen: In areas along the border, in Basel, Geneva or Ticino, for instance, we did notice the effect of cross-border shopping. Sales of many of our products in these regions were down compared to other parts of the country.

Weber-Dubi: Another negative factor was the late onset of the 2011/12 winter season. ORIOR generates about one-quarter of its revenues in the gastronomy sector. Winter sales in this distribution channel were unusually low in the Alpine regions during the months of November and December.

Can it be inferred from the year-on-year decline in revenues that ORIOR lost market share last year?

Weber-Dubi: No, clearly not. The decline in our revenues is attributable primarily to the reduction in our selling prices as a result of negative inflation; it was not caused by a decline in sales volumes. In fact, we actually achieved significant volume growth in some areas of the Refinement segment and in the export business.

Hansen: ORIOR actually gained market share in 2011. Sales of "Rapelli" and "Ticinella" products in particular, the two most widely recognised brands in the ORIOR universe, were much higher and both brands clearly widened their share of the market. "Fredag", our flagship brand in the restaurant and food service channel, was able to at least defend its market position.

How did the export business do last year?

Weber-Dubi: Very well. We were able to maintain our double-digit growth rates in this business. Our top-selling export product is Bündnerfleisch "Albert Spiess – Switzerland's Finest", which obviously appeals to consumer tastes in France and Germany. Our vegetarian products bearing the "Natur Gourmet" brand are selling well outside Switzerland, too. Profitability in the export business declined because of the shrinking value of the euro but, from a longer-term viewpoint, it is important for ORIOR to bolster its presence abroad and to get its products into retail outlets. We are making good progress on this front.

What would you say were the highlights of the past financial year?

Hansen: There are three highlights I would like to mention. First, we gained market share in a difficult environment and improved our EBITDA margin again. Second, our successful growth in the export business and, third, the commitment and competence of our employees. They are the ones who make our success possible in the first place, who ensure that our customers and consumers keep on buying our products and who are always coming up with new innovations. That makes me proud.

Weber-Dubi: From the CFO's perspective, another highlight was ORIOR's ability to considerably strengthen its balance sheet. We now have an equity ratio of 47.3%, which gives us more flexibility as we continue to develop the company.

Hansen: Another pleasing achievement is that ORIOR was able to fill key management positions in 2011 with internal candidates: After 13 years as Head of Rapelli, Bruno de Gennaro passed on that baton to Glauco Martinetti and took charge of the Convenience segment and the Fredag competence centre. Michel Nick is the new Head of Pastinella. And I was given the opportunity to assume the position of CEO from Rolf U. Sutter, who was elected Chairman of the Board of Directors. All of these changes were met with positive reactions, both internally as well as externally, from our customers and shareholders.

ORIOR wants to be an innovation leader and introduce a steady stream of new products that satisfy consumer needs and wants. What new products reached the market in 2011?

Hansen: One of the many innovations that I'd like to point out is the new dried meat product from the Buendner mountains (Davoser Surchoix) that Albert Spiess AG launched. It is made in traditional fashion based on a 250 year-old recipe. Instead of being pressed, as is usually the case today, this meat is simply cut and hung to dry for three to four months. We introduced this product through a major retailer and it sold very well right from the start. After its acquisition of Bernatur, ORIOR launched a number of new tofu products and clearly strengthened its range of vegetarian products. There were numerous new launches at Le Patron too, such as the "shots" – small jars filled with appetizer-sized portions of meat, salmon or tuna fish meant to be eaten with a spoon. And, last but not least "Salame dei Castelli di Bellinzona" from "Ticinella". This special salami matures to perfection in the vaulted stone cellar of the Castle of Montebello in Bellinzona.

The school lunch offering "Lunch for School Kids" is another of ORIOR's innovations from last year. What role will this offering play in the future?

Hansen: This is an interesting field for ORIOR. We created and launched this concept and are steadily expanding our offering. In the canton of Zug we are already in our third year and are now delivering lunches to 40 schools. In 2011 we were able to add the city of Uster to our customer portfolio. Deliveries to ten schools there will begin in March 2012.

Quality is another key factor in the food market. How does ORIOR control the quality of its products?

Hansen: You can't control quality, you need to produce it – that is the secret of success. For ORIOR this means making quality an integral part of the process right from the start, during the initial product development phase. Our product development and quality assurance teams work together very closely at a very early stage and are in constant contact with each other throughout the entire process. Building upon this strong commitment to quality, ORIOR meets quality standards and has earned certifications that go well beyond the minimum legal requirements. That is something consumers can rightfully expect from us, too.

ORIOR expanded its business with the acquisitions of Bernatur and Keller. Are these two companies already well integrated into the Group structure?

Weber-Dubi: Bernatur was acquired in early April 2011 and it was completely integrated into Fredag by mid-October. Its development and production activities are now with Fredag. This process was managed without any friction and completed on schedule. At Keller the situation was somewhat different. It is virtually around the corner from Rapelli so its current location has been retained but Rapelli is now responsible for its management.

Will more acquisitions be made?

Weber-Dubi: Yes, acquisitions are one of ORIOR's explicit goals. In Switzerland we will continue to round out our portfolio with acquisitions in attractive and unique niches. We are primarily interested in owner-managed companies seeking to resolve a succession problem and that would fit well with our activities in Refinement or Convenience. There are quite a few of these attractive opportunities in Switzerland. Outside Switzerland, we are targeting acquisitions that would give us a solid footing in a foreign market. The acquisition criteria a candidate would have to meet are substantial revenues, sustained profitability and a strong brand, as well as synergy potential with our existing operations.

"The equity ratio of 47.3% is a solid financial platform for the company's further development".

Hélène Weber-Dubi

"ORIOR will continue to gain market share".

Remo Hansen

Geographically our focus is on the countries surrounding Switzerland that share a similar food culture.

Hansen: Another condition for such a transaction is that it must make sense, not only money-wise but also people-wise. We would like to retain the management teams of any company we acquire. There are enough examples of takeovers that failed because the human factor was disregarded. Therefore, we are taking our time and carefully screening potential targets and their management.

ORIOR is paying out about 40% of its net profit to shareholders in the form of a dividend. Will this high payout ratio be maintained going forward?

Weber-Dubi: Yes, that is our intention. ORIOR has set a payout ratio of about 40% in its dividend policy. As long as it is possible, dividends will be paid from capital contribution reserves, which are not subject to Swiss withholding tax.

The investment company Capvis still holds an interest of about 18% in ORIOR. When will it reduce its shareholding?

Hansen: We are on very good terms with Capvis. It is in the nature of their business model that they exit from their investments after a certain point. However, Capvis has also a reputation for acting in the best interests of the companies they are invested in and they also have an interest in maintaining a stable shareholder structure.

Looking towards the future, what do you expect in 2012?

Hansen: 2012 holds several challenges in store. It is difficult to predict which way exchange rates will go, of course, although for Swiss consumers it will probably still be enticing to shop across the border. On the raw materials front we are likely to face higher costs, especially from the summer on and especially for pork and durum wheat. We might still benefit from favourable exchange rates for some imported raw materials, for example Italian cheese products. On the sales front, however, there is only limited scope for price mark-ups. That will be a challenge for us.

Weber-Dubi: Against this background ORIOR Group needs to become even more efficient. Our philosophy is to operate a lean organisation, to continually improve efficiency and to always ask ourselves what products could be made most efficiently at what locations. There is always room for improvement. That is what we're seeking in our value-enhancement initiatives.

Hansen: All in all, we are facing the new year with confidence. ORIOR has already proven that it is a good performer particularly when conditions are tough. We have a broad range of products and we are pitching them at the entire retail sector and the food service channel. Moreover, we have plenty of innovations in the pipeline. Our goal is to strengthen our market position again this year!

"The conditions at Alpe Piora are ideal".

Glauco Martinetti,

how did you come up with the idea to make Alpe Piora dry-cured ham?

It all began with our desire to strengthen "Ticinella's" brand image of natural, traditional products – what we refer to as terroir-specific products. We looked at places that are typical of Ticino and that offered a good climate for curing meat. Alpe Piora, the largest and most well known mountain pasture in Ticino, was a natural fit.

What makes this product so special?

The climate at 2000 meters above sea level is special. During the summer months the days are very warm and nights are cold so highs and lows can vary by nearly 20 degrees (68° F). The air is very dry too. These are ideal conditions. They ensure an intensive curing process and a strong flavour.

How has Alpe Piora dry-cured ham gone down with consumers?

Fabulously. Sales have been very pleasing and we are particularly thrilled by all the emails lavishing praise on Alpe Piora ham and requesting information about where it is from and how it is made. Something like that is unusual in our business and certainly great recognition for the work we have done.

Glauco Martinetti, a native of Ticino, is the father of Alpe Piora dry-cured ham. Having graduated in agricultural engineering from the Federal Institute of Technology ETH in Zurich, he was responsible for sales and marketing at Rapelli from 2002 to 2011. On 1 January 2012 he was appointed Head of the competence centre Rapelli. His passion for terroir-specific products and traditional crafts extends to his leisure-time activities as a vintner and cutlery maker. Glauco Martinetti is married and the father of three sons.

TERROIR AUTHENTICITY

Alpe Piora in the upper Leventina Valley is one of Ticino's magical places. It is here, an Alpine nature reserve where the air is clean and the landscape still wild, where Ticinella hangs its top-quality ham to dry. "Prosciutto crudo dell'Alpe Piora" is made from premium quality Swiss meat cut and rubbed with sea salt by expert hands and then hung to dry for several months at the Alp 2000 meters above sea level, creating an exquisitely delicious ham through an all-natural curing process.

"Not only organic, but a truly sustainable product".

Fabio Piccione,

how did Fredag come up with the idea of cultivating organic prawns in Bangladesh?
We wanted to add a certified organic product to our line of prawn products because that's what the market was asking for. The aquaculture project in Bangladesh was compelling for two reasons: one was its comprehensive sustainability and the other the fact that the operators worked with the Swiss Institute for Marketecology, a highly regarded agency for inspection, certification and quality assurance of eco-friendly products, right from the beginning.

What makes this product so special?
It's not only organic, it is truly sustainable in every respect. The prawns are cultivated in polycultures and in a natural system – that means a diversity of different species, all-natural feed, no detrimental effects on the surrounding environment and, because no pumps or aeration are necessary, low energy requirements. What's more, this particular project is also socially sustainable because it works closely with small local farmers and invests in their education.

After a lead time of 12 months the organic prawns can be introduced to the market in 2012. What expectations do you have?
This new product will make Fredag the only supplier of black tiger prawns with a certified organic label – and priced only moderately higher than conventional products. We are offering consumers in grocery stores and restaurants a wider selection to choose from. We expect they will eagerly welcome the new choice.

Fabio Piccione is known as the "king of fish" at ORIOR. He is the head of Fredag's "Fish and Crustaceans" unit and he screens exciting new products for Pastinella. Born in Rome in 1969, Fabio Piccione studied psychology and worked as a travel guide for several years before entering the food manufacturing business. His time away from work is devoted to his young daughter and outdoor activities, and he occasionally plays tennis or goes skiing.

MODERNITY — SUSTAINABILITY

The borderlands between Bangladesh and India are home to one of the largest mangrove forests in the world: The Sundarbans, a natural park that has also been designated a World Heritage Site by UNESCO. Mangroves create very nutrient-rich environments where prawns can be cultivated organically on marine farms without requiring any artificial feed additives. The organic black tiger prawns from ORIOR are raised in near-natural pond polycultures with fish and other crustaceans. This promotes a flourishing natural habitat and enhances biodiversity.

ORIOR Refinement

ORIOR Refinement is the Group's meat refining segment and consists of the two competence centres Rapelli and Spiess. ORIOR Refinement produces traditional premium products such as Bündnerfleisch, cured ham, and salami which are sold in the food retailing,restaurant and food service sectors. The segment operates three processing and three refining facilities in the cantons of Grisons and Ticino.

Brands

Key figures

in CHF thousand	2011	Δ in %	2010
External customer sales	283 193		287 620
Inter-segment sales	23 101		16 526
Sales of goods / rendering of services	**306 294**		**304 146**
Reduction in gross sales	–4 024		–3 612
Revenues	**302 270**	**+0.6%**	**300 534**
Segment EBITDA	**28 495**	**+11.3%**	**25 613**
as % of revenues	9.4%		8.5%
Depreciation – tangible assets	–5 408		–4 922
Amortisation – intangible assets	–2 296		–2 260
Segment profit (EBIT)	**20 791**	**+12.8%**	**18 431**
as % of revenues	6.9%		6.1%
Investments in non-current assets	**6 441**		**7 774**

ORIOR REFINEMENT

Refinement

Refinement is the art of enhancing and perfecting raw foods as well as dishes and specific flavours. ORIOR is proud of its commitment to refine its products with tradition and authenticity.

Market environment

The market for cold cuts and sausages was distinguished by two developments in the 2011 financial year. The first concerned the overall decline in prices from previous-year levels due to depressed prices for pork raw material, which persisted throughout almost the entire year because of an imbalance between supply and demand. There was a slight decline in prices for Swiss beef, particularly in the second half of the year. ORIOR Refinement passed these lower prices through to its customers and therefore recorded negative inflation across its product range.

The second factor was the increased tendency of Swiss consumers to cross the border to do their shopping, owing to the strength of the Swiss franc. According to a study published by the Swiss meat industry association, domestic sales of meat and cold cuts were down by an estimated CHF 1 billion because of cross-border shopping. Swiss retailers near the border were clearly impacted by this trend. Nevertheless, ORIOR Refinement increased its overall sales in the retail channel in 2011, thanks in part to new product launches. The general environment in the food service sector deteriorated due to the economy and the strong franc. Grisons and Ticino, regions largely dependent on tourists, both recorded fewer overnight guests as well as a sharp decline in same-day visitors.

Business performance

ORIOR Refinement increased its revenues to CHF 302.3 million during the 2011 financial year, an increase of only 0.6% from the previous year on account of negative inflation. Sales volumes, however, were clearly higher. The competence centre Rapelli gained market share in most of its sales channels while the competence centre Spiess grew the fastest in the retail sector and in export markets via ORIOR/Spiess Europe.

Operating profit (EBITDA) for 2011 amounted to CHF 28.5 million, a disproportionately large increase of 11.3% versus the previous year. The EBITDA margin improved considerably again, climbing to 9.4% from 8.5% in 2010.

Rapelli's record on quality issues was exceptionally good in 2011. Customer complaints and returned items showed another significant year-on-year decline and the "higher level" International Food Standard (IFS) was achieved. Various quality audits were also conducted at Spiess (ISO, BRC and others).

Spiess completed its project to centralise its meat salting operations by relocating its Churwalden

ALBERT SPIESS AG
BÜNDNERFLEISCH AL BAROLO

Spiess developed a new product for the "Primess" label, a premium line of products offered by Denner, that blends tradition with innovation: Bündnerfleisch marinated in Barolo wine. In keeping with traditional processing methods, before the beef is hung to dry it is seasoned with a mixture of salt, herbs and spices. However, this mixture is enriched with Barolo wine. The result is a distinctive product with an exquisite taste.

salting facility to the town of Schiers. Centralisation will facilitate further quality improvements and workflow optimisation. Rapelli also achieved significant productivity gains and quality improvements with the construction of a new plant for cooked ham. Other important investments during the past year included the installation of a packaging line for innovative small-serving packaging forms and the expansion of meat-drying capacity at Albert Spiess AG in Frauenkirch.

Highlights

The market positioning of the "Rapelli" brand, which already enjoys a very high brand awareness, was further strengthened in 2011 and full-year revenues showed a renewed increase. The Rapelli competence centre also conducted an advertising campaign for the "Ticinella" brand to strengthen its market profile and build up more brand awareness. A new television commercial was aired on all Swiss television channels over a ten-week period. This TV campaign, which was augmented with numerous POS promotional activities and several new product launches, clearly boosted sales of "Ticinella" products.

The Spiess competence centre responded to the consumer trend toward hand-crafted, artisanal products by creating, for example, a special kind of Bündnerfleisch bathed in Barolo wine which meets the most discerning demands regarding taste, texture and appearance and was accordingly pitched at the high-end of the market. New, innovative packaging is another trend. Spiess introduced large-sized formats – the so-called fresh jumbo platters – in 2011 that are highly effective for presenting its products in an appealing fashion. The newly launched small-size packaging formats also received a positive market response.

TICINELLA
SALAMI CURED IN A CASTLE

A mouth-watering delicacy matures to perfection in the vaulted stone cellar of the Castle of Montebello in Bellinzona. "Salame dei Castelli di Bellinzona" from "Ticinella" is made based on centuries-old recipes that have been passed down by expert sausage makers. The meat is coarsely ground, stuffed into all-natural casings and then hung to dry in the cool stone cellar of this medieval castle, where it acquires its incomparable taste and texture.

The castles of Bellinzona date back to the 13th century and were built by influential Milanese families seeking to control the nearby Alpine passes. Prominent examples of fortified medieval architecture, Bellinzona's castles are one of Ticino's most famous historical and cultural monuments. They have been designated a UNESCO World Heritage Site.

Outlook

Bolstered by its well-filled pipeline of innovative products, the Rapelli competence centre is seeking to widen its share of the market again in 2012. Scores of new products will be launched by both the "Rapelli" and "Ticinella" brands. Rapelli will continue to cater to the strong consumer demand for regional products and enhance the appealing profiles of its "Rapelli" and "Ticinella" brands. Productivity gains should allow Rapelli to maintain its profitability even in an adverse market environment.

In view of the persisting pressure on prices, the competence centre Spiess is likewise maintaining a high innovation rate and leveraging its expertise in traditional meat refinement techniques to secure top-line growth. It also plans to expand its export business and enter new distribution channels such as petrol stations. Spiess will also intensify its efforts in the food service channel to bring sales back to a growth path after recent difficult years.

ORIOR Convenience

ORIOR Convenience and its competence centres Fredag, Pastinella and Le Patron are focused on fresh convenience products such as ready-made dishes, pâtés and terrines, fresh pasta, vegetarian products and ready-to-cook poultry and meat products. The segment sells these products primarily through the food retail, restaurant and food service channels, and it operates four processing plants in German-speaking Switzerland.

Brands

Key figures

in CHF thousand	2011	Δ in %	2010
External customer sales	190 625		204 685
Inter-segment sales	2 277		2 195
Sales of goods / rendering of services	**192 902**		**206 880**
Reduction in gross sales	–3 134		–4 584
Revenues	**189 768**	**–6.2%**	**202 296**
Segment EBITDA	**28 941**	**–8.4%**	**31 593**
as % of revenues	15.3%		15.6%
Depreciation – tangible assets	–4 931		–4 828
Amortisation – intangible assets	–82		–116
Segment profit (EBIT)	**23 928**	**–10.2%**	**26 649**
as % of revenues	12.6%		13.2%
Investments in non-current assets	**6 525**		**5 312**

ORIOR CONVENIENCE

Convenience

Dishes that are quick and easy to prepare are convenient. Convenience is a trend followed by the vast majority of consumers. ORIOR is strongly committed to fresh ingredients, the minimal use of artificial flavour enhancers and production methods that ensure perfect quality while retaining natural flavours and nutrients – for pure, straightforward enjoyment of its entire range of convenience products.

Market environment

The market environment for fresh convenience products was challenging during the 2011 financial year. On the sales front there was intense competition in certain product categories with prices in the fresh and frozen poultry, seafood and vegetarian product categories coming under pressure. Prices for fresh pasta were also marked down in 2011. ORIOR Convenience defended its market position through innovation and competitive pricing.

In the commodity markets, prices of Swiss poultry, fish, oil and fats as well as packaging material (especially for plastic film and cardboard packaging) increased. On the other hand, ORIOR Convenience benefited from more favourable prices for beef and pork, eggs and, due to exchange-rate movements, imported poultry and other foodstuffs sourced from abroad, such as durum wheat and Italian cheese products.

Two trends are discernible in the poultry business, one towards high-quality Swiss poultry and the other towards low-priced poultry from Brazil. In the seafood segment demand for sustainably farmed and produced seafood continues to grow. In the vegetarian segment, the trend towards tofu products is still intact and demand for organic soybeans grown in Switzerland is increasing. There are also divergent trends in the fresh pasta market, with growing demand for high-quality, hand-crafted pasta on the one hand and for standard products as inexpensive as possible on the other.

Swiss retailers were hurt by a negative development in 2011 that was largely caused by the increase in cross-border shopping brought about by the slump in the value of the euro. Large retailers passed the downward price pressure on to their suppliers. The tourist industry also felt the effects of the strong franc in the form of declining number of foreign visitors. The conventional restaurant sector lost market share to innovative, new formats in the take-away segment. This created some opportunities for new, high-quality, tasty convenience products ("fast good" instead of fast food).

Business performance

ORIOR Convenience achieved revenues of CHF 189.8 million in 2011, a decline of 6.2% from the previous year. The competence centre Fredag increased its revenues in the seafood and vegetarian product categories while poultry revenues were slightly lower. The Pastinella competence centre had to mark down its prices during the year under review. Moreover, major clients curtailed the scale and frequency of their sales promotion activities. These two factors led to a large decline in revenues generated through

FREDAG
NOW ALSO A SUPPLIER OF TOFU

Fredag acquired the Swiss tofu pioneer Bernatur in spring 2011 and can now offer its customers a wider, more attractive range of tofu products. The techniques involved in making tofu are very similar to those used for cheese. Instead of cow, sheep or goat milk, Fredag uses soy milk made from organic, non-GMO soybeans. This latest addition to Fredag's product portfolio expands its competence in vegetarian convenience products.

LE PATRON
FRESH HOMEMADE PASTA FROM LE PATRON

Pasta lovers are full of praise for Le Patron's fresh-fresh specialty pasta under the brand "La Romagnola". This particular pasta is only made to order and therefore always unbeatably fresh. Customers who order 50 or more kilograms of fresh-fresh pasta can even choose the kind of filling they want. Pasta made to order just the way the customer wants it – homemade from Le Patron.

the retail channel. However, revenues in the food service sector were held at the year-ago level. At Le Patron revenues were also diminished by price discounts granted to the two major retailers in Switzerland. On the positive side, the holiday season is an important period for Le Patron's sales and business was very good during this time.

Operating profit (EBITDA) for the 2011 financial year amounted to CHF 28.9 million, down from CHF 31.6 million in the previous year. As a result the EBITDA margin declined slightly from 15.6% in 2010 to 15.3% in 2011. Fredag improved its productivity during the year under review and was able to offset most of the effect of price markdowns through exchange-rate-related gains. Le Patron also improved its productivity while Pastinella's productivity was hurt by the decline in sales volumes.

In a bid to further strengthen its position as market leader in the vegetarian convenience product segment, Fredag AG acquired Bernatur, a specialist producer of vegetarian products, on 1 April 2011. Its production activities were smoothly integrated into the Fredag organisation. Pastinella invested in a new packaging machine to meet increasing customer demand for smaller-sized portions of 2 x 125 g and 4 x 250 g.

Employee training and the optimisation of pasta moulding machines allowed Pastinella to raise its quality standards even higher while reducing waste by about 18%. At Le Patron capital spending was focused on improving internal logistics.

Highlights

The competence centre Fredag acquired several new high-volume contracts in the poultry business in 2011. New products introduced by a discount retailer – spring rolls, mini-cordon bleu, meatballs and Pangasius nuggets, for example – sold very well. The new Bio Suisse-certified organic prawns from Bangladesh will extend Fredag's reputation as an innovation leader into the seafood segment. Fredag also made good progress in the vegetarian segment. Thanks to its acquisition of Bernatur, this competence centre now operates its own tofu production plant. It also commenced production of vegan products, which are prepared without any animal ingredients whatsoever. In the food service sector, Fredag is now the exclusive supplier of meat to the fast-food restaurant chain Burger King, which will be increasing its network of outlets in the coming years.

Pastinella excelled in a tender for several pasta products that a major retailer is selling under its own private label. Pastinella was awarded the contracts for all products tendered and thus won back contracts that had been briefly awarded to a competing supplier. The new contracts will have an effect beginning in the second quarter of 2012. Customers also gave a warm welcome to the new 2 x 125 g packaging forms that were launched in response to the needs of one-person households. Another milestone was reached with the market debut of the "Pastinella" brand in the retail sector. Pasta, gnocchi, spaetzle and various sauces were successfully launched in the summer under the corporate design of Pastinella.

PASTINELLA
MARKET DEBUT OF OWN BRAND

The Le Patron competence centre introduced a flurry of new products in 2011, examples of which are various convenience products under the "Anna's Best" brand, so-called "Studis" dishes (e.g. carrot soup, chili con carne, Thai curry dishes, sliced veal, and a Riz Casimir dish, all created by television cook Andreas C. Studer) for Elvetino, a railway catering company, as well as a special range of fresh pâté, terrine and spring roll products as well as shots under the own brand "Le Patron". Addressing the new trend towards fresh, high-quality convenience products, Le Patron introduced a line of pre-prepared products that are as fresh as home-made meals. Another highlight of the year for Le Patron was its successful performance as caterer to the international 2011 Gymnaestrada in Lausanne, where it delivered approximately 120 000 meals.

Outlook

The Fredag competence centre aims to win several more tenders in the poultry and meat categories in 2012. In the retail food channel this will be contingent on offering very attractive prices as well as Swiss origin products and maximum freshness. In the food service sector price will continue to be the key factor. In the seafood business Fredag will build up its profile as a competent and reliable provider. It is aiming to be selected as a partner for nationwide sales campaigns and as a supplier of additional seafood items in standard product ranges. New innovative products are in demand in the vegetarian segment. Here the focus will be on expanding the range of vegan products and exploiting the full potential for innovations in the tofu segment.

PASTINELLA
TORTELLINI IN SINGLE-SERVING SIZE

Pastinella has introduced an innovation that addresses the needs of one-person households: M-Classic Tortellini Basilico Ricotta packaged in 2x125g single-serving portions. The package is perforated in the middle so each portion can be prepared individually.

In the pasta segment, competition will remain intense in the current year. Prices will fall while ever-greater quality must be offered. In order to remain competitive, innovation in product quality and packaging are called for. Against this background, Pastinella is pursuing various projects to reduce salt content and optimise dough quality, developing new packaging materials and offering a wider range of portion sizes. Pastinella has strengthened its market development and customer relations activities by creating the new executive position of gastronomy consultant.

The competence centre Le Patron will continue to focus on the still intact customer trends towards fresh, high-quality and nutritious convenience products in the retail as well as food service sectors. New products such as ultra-fresh prepared meals, ready-made meals and premium terrines will be launched. Besides serving the major retailers and discounters, Le Patron will increasingly work with convenience stores. Le Patron plans to move forward with its long-term expansion by offering unique concepts and pursuing successful business partnerships. In the food service channel school-lunch programmes, institutional homes and hospitals are the most interesting growth segments.


14
14

ORIOR Corporate, Export and Logistics

ORIOR Corporate, Export and Logistics is responsible for the small-scale distribution of fresh and chilled products throughout Switzerland as well as the export and marketing of the Group's products under their respective brands, primarily in neighbouring countries belonging to the European Union. The segment operates several distribution centres in Switzerland and one in Haguenau, France. Corporate management functions are also centralised in this segment.

Brands

Key figures

in CHF thousand	2011	Δ in %	2010
External customer sales	30 088		21 589
Inter-segment sales	8 006		8 030
Sales of goods / rendering of services	**38 094**		**29 619**
Reduction in gross sales	–122		–173
Revenues	**37 972**	+29.0%	**29 446**
Segment EBITDA	**–3 438**	+13.9%	**–3 018**
Depreciation – tangible assets	–1 147		–740
Amortisation – intangible assets	–793		–843
Segment profit (EBIT)	**–5 378**	+16.9%	**–4 601**
Investments in non-current assets	**1 523**		**1 684**

Corporate

Further progress with SAP strategy
ORIOR continued to roll out its SAP strategy in the 2011 financial year. In order to create an integrated platform for all Group-wide processes and shared services, SAP was introduced throughout the Group, business processes were harmonised and the few remaining stand-alone solutions were dismantled or integrated into the SAP environment. By mid-2012 most of the competence centres will have made the switch to SAP standards, resulting in a much higher level of work process optimisation within ORIOR Group.

First annual general meeting of shareholders as a listed company
ORIOR AG's first annual general meeting of shareholders took place on 6 April 2011. More than 300 shareholders gathered at the Lake Side Casino Zurichhorn in Zurich and were briefed about the best results ever achieved in the history of the Company. Shareholders approved the dividend proposal of CHF 1.90 per share, which corresponded to a pay-out ratio of 41.7%. All other proposals from the Board of Directors were approved by an overwhelming majority and the directors were re-elected to another term of office. Shareholders were treated to culinary delights from ORIOR after the meeting was officially adjourned.

Well attended Investor Day
About 30 institutional investors toured the competence centres Pastinella in Oberentfelden and Le Patron in Boeckten on 23 September 2011 after accepting ORIOR AG's invitation to its first ever Investor Day. ORIOR's Management Board gave them an up-close view of two distinctly positioned competence centres that reflect the breadth and uniqueness of the Group's activities. The first was the highly automated production site in Oberentfelden and the second was the artisan production facility in Boeckten with its ingenious logistics. Besides these tours of the production facilities, the Investor Day participants were given an update on the business strategies and philosophies of ORIOR Group and its competence centres.

Export

Market environment
Consumer uncertainty, fanned by the sovereign debt crisis in the Eurozone, was evident in ORIOR's export markets last year. Nevertheless, 2011 was a very positive year for Bündnerfleisch exports with fast expansion in the first half of the year and only slightly lower growth rates in the second half. This positive development can be traced to retailers' desire to stock their stores with authentic specialty products that are well positioned in niche segments, making them less vulnerable to price-led competition. ORIOR satisfies this want with its "Albert Spiess – Switzerland's Finest" brand. Prices of beef from EU countries rose sharply during the past year so ORIOR raised its prices in line with competitors. However, the negative effect stemming from the strength of the Swiss franc could not be passed through to EU consumers.

Demand for the vegetarian convenience products that ORIOR markets in Germany under the "Natur Gourmet" brand also displayed a positive trend. Although several new competitors entered this growing market segment, prices were generally stable. Here too, however, the negative currency translation effect was evident.

Business performance
ORIOR's export business performed very well in 2011. Sales volumes soared 45.1% while revenues surged 49.8% in CHF and an even greater 67.8% in EUR. Major growth drivers were Bündnerfleisch products from "Albert Spiess – Switzerland's Finest", which experienced particularly strong demand in France. ORIOR was able to broaden its customer base significantly not only in France but also in Germany. The most important factor for this pleasing development was the ability to deliver Bündnerfleisch of consistently high quality at any time in response to this firm demand. This was made possible thanks to optimal planning throughout the year and by expanding capacity at Albert Spiess AG. Revenues from vegetarian products also grew during the past year. The "Natur Gourmet" brand broadened its market reach and attracted new customers.

Highlights

Further progress was made in 2011 in establishing the “Albert Spiess – Switzerland’s Finest” brand in export markets. Its products for fresh meat counters in stores where the meat is individually sliced and sold, have been prominently displayed with the “Albert Spiess – Switzerland’s Finest” label since the summer of 2011. “Natur Gourmet” added three new products to its portfolio: a vegetarian curry sausage, a snack platter and a vegetarian Nürnberg-style mini-sausage. At ANUGA, the world’s largest and most important trade fair for the food industry, which took place in Cologne in October 2011, ORIOR had a stand showcasing the Bündner specialties sold by “Albert Spiess – Switzerland’s Finest” as well as the vegetarian products offered under the “Natur Gourmet” brand. ORIOR’s European platform in Haguenau, France, was further expanded to handle the increase in volumes, which have doubled during the space of 18 months. Investments were made in infrastructure and maintenance and administrative processes were optimised.

Outlook

ORIOR expects continued good growth in its export business during the current year. Both the Bündnerfleisch products under the “Albert Spiess – Switzerland’s Finest” brand and the vegetarian offering of the “Natur Gourmet” brand satisfy demand from retailers and consumers alike for high-quality food. Although other countries, Italy for example, also offer dried meat products, the market prospects for premium quality Bündnerfleisch remain promising. “Made in Switzerland” is a good sales pitch in the export markets addressed by ORIOR. The line of “Natur Gourmet” vegetarian products will be steadily expanded. There are also plans to launch other product categories from ORIOR’s portfolio in the countries bordering Switzerland.

ALBERT SPIESS – SWITZERLAND’S FINEST
AN EXPORT HIT

Bündnerfleisch from Spiess is one of ORIOR’s top-selling export products. In Germany and especially France, Bündnerfleisch has become such a popular and sought-after delicacy that the “Albert Spiess – Switzerland’s Finest” brand is being prominently displayed at a growing number of meat counters.

Logistics

Market environment

Lineafresca, the transportation specialist within the ORIOR Group, had to contend with a challenging market environment in 2011. Low utilisation of the available logistics capacity in the marketplace led to intense competition and a decline in freight rates. As a provider of quality transport services with a focus on chilled, small-scale distribution, the willingness of Lineafresca to make price concessions was limited.

Business performance

The course of business at Lineafresca in 2011 reflected the challenging market environment. Revenues with external customers were slightly lower. ORIOR production facilities profited from very competitively priced logistics services for small-scale, end-point distribution. As in the previous year, Lineafresca increased its productivity in 2011.

Highlights

Lineafresca implemented various process optimisation measures during the year under review. Operating processes were reviewed and brought into seamless alignment, the fleet renewal project was completed, and vehicle routes and schedules are now optimised with a new planning software that has minimised driver and vehicle idle times. Lineafresca's management team was also strengthened during the past year.

Outlook

Lineafresca will continue to face market-induced challenges in 2012. Competitive pressure will prevent the unit from raising its rates for external customers. Lineafresca will continue to explore and implement process-optimisation and cost-reduction measures in response to this situation.

LINEAFRESCA
ENTIRE FLEET MODERNISED

Lineafresca completed the modernisation of its fleet of vehicles in 2011. All company vehicles now meet strict performance and environmental protection standards. In fact, the vehicles are already compliant with Euro 5, the most stringent emissions standards introduced to date. The number of vehicles in the fleet was reduced by 20% but available load capacity was nearly doubled. Routes are planned using powerful IT tools that ensure that every trip is optimally coordinated with supply and distribution needs while minimising the empty run ratio.

Corporate Responsibility

Companies often find themselves navigating the crosscurrents of divergent interests. Shareholders, customers, employees and society at large have justifiable expectations and demands that businesses must live up to. ORIOR is committed to showing equal regard for the interests of all stakeholders and to measuring its business activities against the widely acknowledged principles of corporate responsibility and sustainability. The following Corporate Responsibilities report contains information about the guiding principles and key policies ORIOR Group follows in addressing the needs of shareholders, customers, employees as well as the environment and society at large.

Company values

It is our firm conviction that ...

- our goal of operating a sustainable company that creates lasting added value can only be achieved if the shareholders, customers and staff are satisfied to an equal degree;
- our growth is dependent on consistently gearing our products and services to the ever changing needs of our customers and consumers;
- only motivated employees who enjoy their everyday work and are proud of being a member of our team can produce the required results;
- each individual must assume full responsibility for him/herself and his/her work, and all our actions must be characterised by a high degree of ethics, duty of care and respect, as well as efficiency and effectiveness;
- a participative, future- and goal-oriented style of leadership, coupled with an open and dynamic form of communication, promotes entrepreneurship at all levels;
- a constant striving for top quality in everything we do and an unquenchable thirst for new things shape our company's development;
- responsibility for our environment and respect for animals are key criteria when it comes to procuring raw materials.

Vision

ORIOR is a great Swiss fresh food company which is operating successfully and highly profitably internationally, with an incomparable spirit.

- Profitability is the key to continuously increasing the value of the company.
- ORIOR is a leading, value creating international force in the processed food industry, specialising in branded and non-branded "chilled/frozen premium gourmet and convenience" products.
- We will be recognised by our shareholders, clients and competitors alike as the benchmark company in terms of innovation, quality and efficiency.
- Working for ORIOR will be both challenging and fun for our employees, who will take pride in knowing that employment with us will be considered by other companies as being one of the best references, given our commitment to outstanding performance and personal growth.
- And we will never forget, you can copy anything but the spirit.

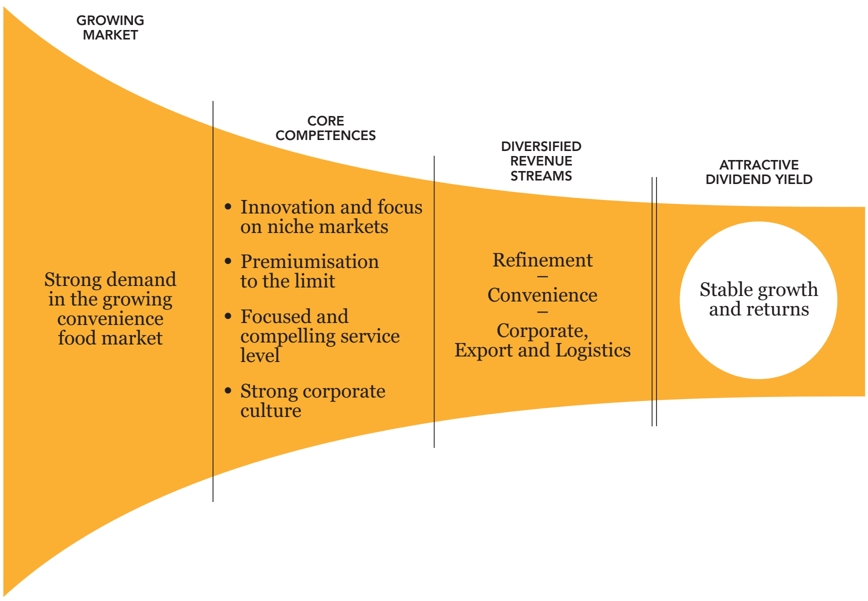
Shareholders

Business model

ORIOR ...

- is a Swiss producer of convenience food in an **attractive niche market;**
- is the Swiss leader, with five competence centres **in markets with above-average growth rates;**
- is focused on **fresh convenience food** and a seamless supply chain for the retail and food service (gastronomy) sectors;
- leverages its **excellent product innovation** skills and **strong corporate culture** as a **competitive advantage**. The corporate culture is founded upon **modesty** and a desire **to exceed expectations.**

This model shapes the product offering and corporate culture:



Strategy

Category pioneer

- Ongoing analysis to identify market opportunities
- Be the first to create new market niches

Organic and external growth

- Growth through market penetration in Switzerland
- Expansion of food service
- Export unique products and strong brands
- Selective acquisitions and partnerships in Switzerland and abroad

Product innovation and brand management

- Permanent reinforcement of product innovation culture as a growth driver – first mover advantage
- Capitalise on rapidly growing food product segments (e.g. meat substitutes, etc.)
- Intensify brand management to further each brand's value
- Bespoke product premiumisation culture

Operational excellence and profitability

- Achieve above average returns for shareholders
- Leveraging ORIOR's leading position in the Swiss market
- Continuous and quantifiable improvements in processes and productivity
- Shared services where efficient

Management structure/synergies

- Lean management structure and decision making process
- Driving market and cost synergies through cross fertilisation across segments
- Continuous investment in human capital to maintain well-trained and motivated workforce

Risk management

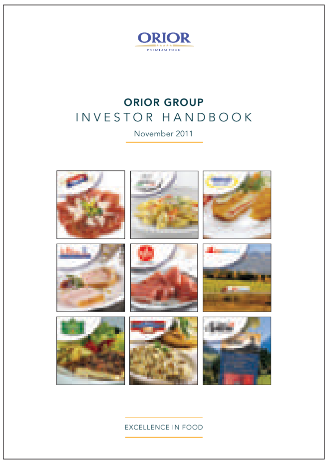
- Proactive risk management to identify and address potential issues early ("what-if" scenario analysis)

Customers and consumers

Quality management

When the quality and safety of their food is at stake, customers justifiably have very strict requirements that extend well beyond the parameters set forth by food regulations and other statutory provisions. Therefore all production facilities operated by ORIOR are certified by the Global Food Safety Initiative (IFS, BRC, etc.). Adherence to these stringent standards is examined every year by an accredited external certifier. Of the various competence centres within ORIOR Group, Fredag, Le Patron, Pastinella and Rapelli were audited and they all received top audit scores.

ORIOR GROUP
INVESTOR HANDBOOK



ORIOR published its very first Investor Handbook in November 2011. The Investor Handbook contains extensive information designed to help investors make an assessment of the company. It can be downloaded from ORIOR's website and will be updated on a regular basis.

In addition to these certifications, all processes at Group companies are subject to close scrutiny in internal audits to ensure their continual improvement. Some of these are group-wide audits designed to intensify collaboration between the Group companies and to produce a better understanding of the processes at the other subsidiaries. The high quality of the processes is also apparent when listing the many other standards and labels that have been obtained, such as Bio, Bio-Knospe, Naturafarm, Suisse Garantie, IGP (Indication Géographique Protégée), SMETA (Sedex Members Ethical Trade Audit), Europaeisches Vegetarismus-Label, ADR "Aus der Region. Fuer die Region." or "Friends of the Sea". Furthermore, the production facilities are also audited by customers that belong to internationally active corporate groups.

In order also to guarantee ORIOR's high quality standards on the procurement side, its suppliers must likewise fulfill the strict requirements of the Global Food Safety Initiative. Compliance with these quality criteria is assured by means of supplier agreements and product specifications as well as through laboratory analyses. Personal contact with its suppliers – including overseas suppliers – is also very important to ORIOR. The competence centres of ORIOR will carry out regular supplier assessments, covering not only product quality but also aspects such as quantity precision, adherence to deadlines, cooperation and service, as well as observance of environmental standards. Most suppliers are given a good assessment. Those that do not achieve this must immediately introduce corrective measures and will be re-assessed shortly afterwards.

Customer satisfaction

ORIOR accords the utmost importance to customer satisfaction. In order to keep in touch with what customers want, customer satisfaction surveys are carried out at competence centre level at regular intervals, in which the following factors are assessed:

- Customer service: Order processing, contactability, advisory competence, efficiency and reliability, friendly service
- Sales promotions/advertising: Trade fairs, advertisements, product information, planning of sales campaigns
- Complaints: Response time for dealing with complaints, competence in dealing with complaints, proposals for resolving complaints
- Product criteria: Quality, packaging quality, product range congruent with customer needs
- Innovative power
- Delivery reliability
- Price-performance ratio

ORIOR wants all of its competence centres to achieve high positive scores in all criteria in its customer satisfaction surveys. If, however, any deficiencies do arise in regard to customer satisfaction, they will be dealt with immediately as a matter of the highest priority. In addition, customer satisfaction surveys are often a source of new ideas for innovation.

In the financial year 2011, for example Rapelli, Fredag and Pastinella conducted customer satisfaction surveys and all three competence centres achieved very pleasing results.

Brand management

ORIOR has a number of well-known brands in its portfolio. Some of these, such as "Rapelli", are well known in all sales channels, while others are known mainly in one particular channel, for example Fredag in the food service sector. In addition ORIOR produces products for the commercial brands and private labels of its customers. The brands of the ORIOR Group are well positioned with consumers, and consumer feedback surveys show that the quality of the products is highly regarded. The highest brand awareness level is achieved by the "Rapelli" brand. The most recent brand awareness survey showed that "Rapelli" has a supported brand awareness of 84%.

Branding is centrally controlled. A mix of coordinated marketing measures is implemented for advertising and positioning of the brands, including TV commercials, print advertisements, posters and billboards, POS presence, promotions, tastings and trade fair appearances.

Employees

Employee policy

In 2011 ORIOR had on average 1 257 employees of 43 different nationalities. To this figure can be added hundreds of short-term jobs every year to cover peak periods. Internally set minimum wages apply in all the competence centres.

The ORIOR Group is aware that employee motivation is crucial to the success of the company. Accordingly, ORIOR aims to provide an attractive working environment in which employees feel valued and can further their professional development. Individual responsibility and mutual respect, combined with efficiency and effectiveness, are the guiding principles. Employees are managed on an individual basis by means of goals and objectives and delegation of tasks, competencies and responsibilities.

Working at ORIOR should be challenging and satisfying in equal measure. Employees should be proud of their company – also in the knowledge that it represents one of the best references in the sector. ORIOR's corporate culture is ensured not least by the cultural diversity of its workforce and the company's unique spirit, making ORIOR a special kind of employer.

Employee training and education

ORIOR provides internal and external training and education to ensure that its employees have the level of knowledge they need. The ORIOR Group runs an internal training programme offering a wide variety of modules. Every two to three years, new training and development priorities are set which are then taught by qualified instructors. Learners attend a series of progressively advanced courses. The training courses are accompanied by projects that are further developed in the workplace setting and applied in practice, thus creating an ideal mix of classroom and practical inputs throughout the learning process. The corporate university programmes cover a wide variety of topics, ranging from leadership skills to quality management and self-development. The individual training programmes are determined based on employee-specific needs.

In addition to internal courses arranged by the company, employees can also benefit from individual personal further education, including, for example, Swiss proficiency certification ("Fachausweis") in various occupational fields, management courses, IT applications and language courses. Such training is supported financially (with the costs being paid by ORIOR) and/or by granting time off work.

The ORIOR programme for trainees and apprentices

A high value is placed on the training and development of young people at ORIOR. The Group offers apprenticeships for meat specialists, equipment technicians, laboratory technicians and logistics experts, as well as general office administration apprenticeships. With the training ORIOR provides for junior staff, the Group is not only investing in their future, but is also fulfilling its corporate social responsibility.

At ORIOR, apprentices and trainees benefit from special training that is tailored to their requirements. For example, Rapelli has set up a separate training room in addition to its production activity, where the learners can receive instruction on traditional production processes and make products independently under the supervision of an experienced expert. To further extend their store of experience, learners are also required to complete an internship at a food retailing company.

Occupational health and safety

ORIOR wants to offer its employees a safe and healthy working environment. All applicable health and safety at work regulations are fulfilled, and in some cases exceeded. In addition the Group is continually investing resources in measures for further improvement and staff training. The competence centres have their own work safety teams or safety officers, who tend to all matters pertaining to occupational health and safety. In addition, external safety experts are periodically consulted in order to explore possible areas of improvement. Safety issues also form part of the assessment process for operational managers.

The result of these efforts is a clear reduction in the number of accidents and down times, by 36% and 10%, respectively, from 2010 to 2011.

Internal communication

Internally, the ORIOR Group conveys information primarily through personal communication. Management employees receive management information at two monthly intervals and then pass this information on to their staff in a manner appropriate to the level of the employees concerned. In addition a management conference takes place every year at Group level, at which information is provided concerning the course of business, strategies and important projects being undertaken by the Group.

Additional means of communication are available in the form of the customer and staff magazine, "Fresh Appetizer", which appears biannually, as well as the Intranet and internal communications.

Environmental and social responsibility

Environmental vision

- Environmental awareness is fundamental. ORIOR aims to conserve the planet's resources and to treat the environment with respect.
- Corporate profitability and minimising a company's environmental impact are not contradictory concepts. In fact, they are increasingly becoming one of ORIOR's USPs (Unique Selling Points).
- ORIOR measures the targeted reduction of its environmental impact just as it does productivity improvements. Annual targets are consistently evaluated and appropriate measures are drawn up.
- Our employees are aware of the considerable importance ORIOR attaches to sustainability. Their conduct and activity have a positive influence on their ecological footprint.

Sustainability

For ORIOR Group, sustainability means being a good steward of natural resources and the environment. This concept has been defined as a priority in the company's environmental responsibility policy. A sustainable company operates efficiently, but is also conscious of its environmental impact. Furthermore, it is optimally integrated into its socio-cultural surroundings. All production companies at ORIOR Group work together with the Energy Agency for Industry (EnAW) on climate protection issues. EnAW is a private-sector Swiss energy agency that helps companies to reduce carbon dioxide emissions and improve energy efficiency. Voluntary participation in the EnAW programme underlines ORIOR Group's commitment to meeting these goals. The goals and objectives are tracked at the federal level. The proposals and actions it recommends are always company-specific and based on the principle of economic efficiency. In addition, the CO_2 impact of all capital expenditure is also examined.

Of the measures implemented by the competence centres in the financial year 2011, the following deserve special mention:

ORIOR GROUP
EXEMPTION FROM CO_2 TAX

The ORIOR Group has greatly reduced its CO_2 emissions at all competence centres over the past few years. As a result, it is largely exempt from the CO_2 tax. Spiess has been exempt from CO_2 tax since 2008, and Pastinella since 1 January 2010. Rapelli has signed a voluntary agreement on CO_2 reduction with the Energy Agency for Industry, on the basis of which Rapelli will very probably also be exempt from paying CO_2 tax from autumn 2012.

- Rapelli was able to reduce its heating oil consumption thanks to consumption optimisation measures and corresponding capital investment. Following the installation of two gas burners, Rapelli is able to use gas instead of heating oil, with the result that its CO_2 emissions in 2011 were also reduced by 30%.
- Significant increases in energy efficiency have been achieved at Spiess AG through capital investment and simultaneous change of use and optimisation in the warm curing rooms and drying rooms. In spite of considerably higher production volumes, oil consumption was only slightly higher. This has resulted in a savings of over 200 tonnes of CO_2 per year.
- Fredag has made progress in replacing the synthetic refrigerant Freon (R22) with a natural, climate-neutral refrigerant. From an ecological standpoint this represents a vast improvement, since the greenhouse gas potential associated with refrigeration can be reduced by a factor of 1 700. The conversion will be 80% complete by the end of 2012.
- Pastinella has also significantly improved its energy balance by replacing a Freon-R22 aggregate system with a new refrigeration supply system. The entire conversion process will be completed in mid 2012. Annual power consumption will then be reduced by approximately 500 000 KWh or 13%. A further reduction in power consumption by a similar amount should be achieved by means of heat recovery. Pastinella has been able to cut its CO_2 emissions by 9%.
- Le Patron has also been able to make a considerable reduction in its CO_2 emissions by 9%. The commissioning of a new meat processor in its butcher department, making shorter cooking and faster cooling times possible with less power consumption, together with a new and more efficient design of the bakery facilities and a new packaging machine with lower power consumption, have made this reduction possible.

The numerous energy projects are not only improving energy efficiency within the ORIOR Group, they are also improving the company's cost base. For example, energy costs per kilogram of product at Pastinella have been reduced by around one-third over the last two years, and at Fredag heating oil consumption per production quantity has been halved during the past seven years. These figures show that ORIOR's commitment to the environment is also paying off at the bottom line.

ORIOR GROUP

ORIOR GENERATES GREEN ELECTRICITY

In 2011 Le Patron sent all of its production rejects to a biogas plant in order for it to be used to generate green electricity. Fredag and Pastinella also send any food waste that cannot be used for animal feedstuffs to biogas production plants. From the waste delivered in 2011, 320 000 KWh of electricity was produced – enough to supply 91 households for a year.

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 stakeholders while helping the Group to achieve sustainable development. ORIOR Group's corporate governance policy is based on the Swiss Code of Best Practice for Corporate Governance (2008). The information disclosed hereinafter meets the current requirements of the "Directive on Information Relating to Corporate Governance" (DIRCG) issued by SIX Swiss Exchange and last amended on 29 October 2008. Unless otherwise stated, all information is applicable as at the closing balance sheet date of 31 December 2011.

1 Group structure and shareholders

Group structure as at 31 December 2011

Board of Directors
6 members, Chairman: Rolf U. Sutter

Management Board
6 members, CEO: Remo Hansen, CFO: Hélène Weber-Dubi

ORIOR Refinement
Head Rapelli: Bruno de Gennaro
Head Spiess: Albert Spiess

ORIOR Convenience
Head Fredag and Pastinella: Remo Hansen
Head Le Patron: Urs Aebi

ORIOR Corporate, Export and Logistics
Head International, New Business and Logistics: Stefan H. Jost

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.

Major shareholders

According to the entries in the Company's share register as of 31 December 2011 and the notifications received, the following shareholders each own more than 3% of ORIOR AG's share capital:

Shareholder	No. of shares	%	Source
Capvis General Partner II Ltd. (Jersey)	1 062 832	17.94	Share register 31.12.2011
DWS Investment GmbH (D)	590 000	9.96	Notification 20.10.2011
UBS Fund Management (Switzerland) AG (CH)	341 389	5.76	Share register 31.12.2011
Capital Group Companies, Inc. (USA)	230 000	3.88	Notification 30.04.2010
Rolf U. Sutter (CH)	199 300	3.36	Share register 31.12.2011
Schroder Investment (GB)	196 712	3.32	Notification 23.12.2010
Credit Suisse Funds AG (CH)	192 884	3.26	Notification 30.12.2011
Vanguard International Explorer Fund (USA)	179 304	3.03	Notification 11.05.2010

During the period between 1 January 2011 and 31 December 2011 the following disclosure notifications were received and duly published on the website of the SIX Swiss Exchange:

Publication date	Shareholer	Reason for announcement	New interest
5 February 2011	Capvis General Partner II Ltd.	End of lock-up period	19.70%
27 April 2011	DWS Investment GmbH	Purchase	10.002%
20 October 2011	PEC Global Equity Fund and Valartis Swiss Small+Mid Cap	Sale	< 3%
20 October 2011	DWS Investment GmbH	Sale	9.96%
30 December 2011	Credit Suisse Funds AG	Purchase	3.26%

Detailed information about these disclosures can be viewed at http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html

26 January 2012: ORIOR AG received notification that Balfidor Fondsleitung AG held 3.02% of ORIOR AG's share capital as of 23 January 2012.

As of 14 February 2012, ORIOR AG was not aware of any other person or entity holding, directly or indirectly, 3% or more of the Company's share capital.

ORIOR AG is not aware of any agreements, arrangements or understandings 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	31.12.2011	31.12.2010	31.12.2009
Ordinary share capital	23 700 000	23 700 000	17 000 000
Conditional share capital	714 256	714 256	0
Authorised share capital	4 761 704	4 761 704	0
Treasury shares	686 239	396 540	0

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 will 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 will be 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 increase the share capital at any time up to 9 April 2012 by a nominal amount of a maximum of CHF 4 761 704 through the issue of a maximum of 1 190 426 registered shares with a par value of CHF 4.00 per share, which must be fully paid in. Partial increases of share capital within the above limit are permitted. The Board of Directors will decide the amount of share capital issued, the date of its entitlement for dividend payments and the form of subscription to be used. After their acquisition, the new registered shares will be subject to the restrictions on entry in the share register stipulated in Articles 5 and 6 of the Articles of Association.

The Board of Directors shall be entitled to suspend shareholders' preemptive rights and to assign subscription rights to third parties,

(i) if these new shares are intended to be used for the purpose of taking over another company or companies by share exchange or to finance the acquisition of companies, parts of companies or interests in companies, or for corporate investment projects,

(ii) if these new shares are being placed nationally and internationally,

(iii) if an over-allotment (greenshoe) option is granted to one or more financial institutions in connection with the share issue, or

(iv) if the share issue is being made for conversion of loans, securities or vested rights into shares.

Rights of disposal of preemptive rights not exercised shall revert to the Board of Directors, which must apply these in the Company's best interests.

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.

ORIOR AG has purchased own shares through numerous transactions on the open market. In 2010 a total of 8 510 registered shares were purchased at an average price of CHF 46.60. In 2011 a total of 5 635 registered shares were purchased at an average price of CHF 51.41. On 31 December 2011 ORIOR AG held 14 145 treasury shares with a carrying value of CHF 686 239, recorded at cost.

Participation certificates and non-voting equity security

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. Nominees will be entered in the share register with corresponding voting rights, provided that the relevant nominee is subject to a recognised bank and financial market supervisory authority and has signed an agreement on his status with the Company's Board of Directors. The total number of shares held by the nominee must not exceed 2% of the Company's outstanding share capital. The Board of Directors is entitled to register nominees with shareholdings exceeding the foregoing limit in the share register with corresponding voting rights, provided that the nominees disclose the names, addresses, nationalities and shareholdings of those persons, for whose account they are holding 2% or more of the Company's outstanding 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 (BoD) consisted of six directors as at 31 December 2011. All six members of the Board of Directors are non-executive directors. With the exception of Rolf U. Sutter, who served as ORIOR Group CEO from 1999 to April 2011, none of the directors held an executive position with ORIOR Group during the three fiscal years preceeding 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.

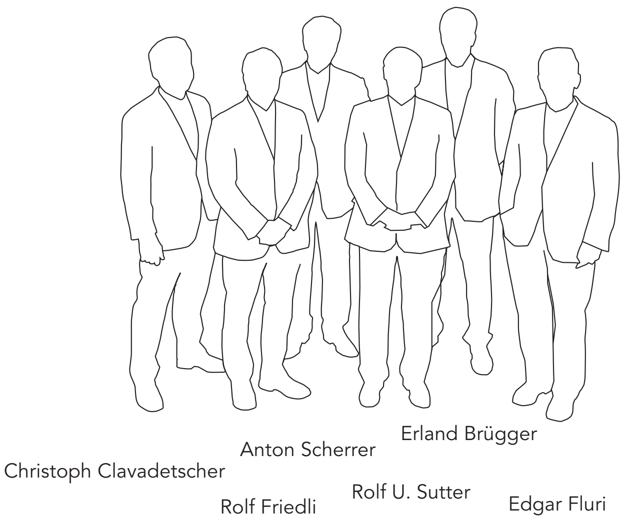
Changes occurring in 2011

Rolf U. Sutter was succeeded by Remo Hansen, previously head of the Pastinella and Fredag competence centres, as Group CEO on 1 May 2011. Rolf U. Sutter was elected as the company's new Chairman at the constituting meeting of the Board of Directors after the Annual General Meeting on 6 April 2011. Rolf Friedli assumed the office of Vice-Chairman.

Below is an overview of the current members of the Board of Directors as at 31 December 2011, their functions within the Board, their first year of election to the Board and their current term of office. All of the directors are Swiss nationals.

Name	Year of birth	Position	First term of office	Elected until AGM
Rolf U. Sutter	1955	Chairman Chairman of Nomination and Compensation Committee	2006*	2012
Rolf Friedli	1961	Vice-Chairman Nomination and Compensation Committee	2006	2012
Erland Brügger	1966	Member Audit Committee	2007	2012
Christoph Clavadetscher	1961	Member Audit Committee	2007	2012
Edgar Fluri	1947	Member Chairman of Audit Committee	2010	2012
Anton Scherrer	1942	Member Nomination and Compensation Committee	2007	2012

* CEO of ORIOR Group from 1999 to April 2011


Christoph Clavadetscher
Anton Scherrer
Rolf Friedli
Rolf U. Sutter
Erland Brügger
Edgar Fluri

Rolf U. Sutter

Rolf U. Sutter holds a bachelor degree from the Lausanne Hotel School and pursued a degree programme at Cornell University in Ithaca. 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 Hong Kong and Singapore), the Middle East and Europe. From 1997 to 1999, he was Managing Director of all gastronomy operations within the Moevenpick Group. After assuming the position as CEO of ORIOR in 1999, Rolf U. Sutter was elected Executive Board delegate to the Board of Directors. Rolf U. Sutter 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 this year's annual general meeting on 6 April 2011. Other activities and functions: Rolf U. Sutter is a member of the Board of Directors of foroom Liegenschaften AG, Willisau.

Rolf Friedli

Rolf Friedli holds an MBS from the University of Chicago. He worked for Goldman Sachs in investment banking in New York and London from 1986 to 1987. From 1988 to 1994 Rolf Friedli held various positions in Clariden Bank's asset management business. In 1994 he joined SBC Warburg and in 1995 SBC Equity Partners (predecessor company of Capvis Equity Partners AG). Rolf Friedli is a partner and the Chairman of the Board of Capvis Equity Partners AG. Capvis Equity Partners AG was the majority shareholder of ORIOR AG before ORIOR was listed on the SIX Swiss Exchange.
Other activities and functions: Rolf Friedli is a member of the Board of Directors of Stadler Rail AG, Bussnang; a member of the Board of Directors of Lista Holding AG, Erlen; Vice Chairman of the Board of Directors of Benninger AG, Uzwil and a member of the Global Advisory Board of the University of Chicago, Chicago.

Erland Brügger

Erland Brügger holds a Master in Economics from the University of St. Gallen (lic. oec. HSG). After earning his degree he joined a subsidiary of Unilever (Schweiz) AG in 1992, where he ultimately served as brand manager for Lipton Ice Tea. In 1996 he joined Wander AG as a sales manager and two years later was appointed sales director of Novartis Consumer Health Schweiz AG, a position he held until 2002. From 2002 to April 2011 he was Managing Director of Wander AG and a member of the International Board of Twinings – Ovomaltine Worldwide. Erland Brügger currently serves as CEO of the Rivella Group.
Other activities and functions: Erland Brügger is a member of the Board of Directors of Promarca, The Swiss Branded Goods Association, Bern and a member of the Supervisory Board of the PET Recycling Schweiz Association, Zurich.

Christoph Clavadetscher

Christoph Clavadetscher earned a degree in business studies and held various positions at Coop from 1992 to 2005. He was Head of the Coop Central Switzerland-Zurich sales region, Head of the 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 and Importparfuemerie 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). In February 2011 Christoph Clavadetscher assumed management responsibility for Moebel Hubacher ad interim. On 1 July 2011 he became CEO of Moebel Hubacher AG. Other activities and functions: Christoph Clavadetscher is a member of the Board of Directors of PEG Papeteristen-Einkaufsgenossenschaft, Aarburg; a member of the Board of Directors of Mercato Shop AG, Herisau and Chairman of the Board of Directors of Burger Kaese AG, Ennetmoos.

Edgar Fluri

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 as Deputy Chairman (1991–1996) and Chairman of the Management Committee (1997–1998) and held a seat on the Coopers & Lybrand International and European Boards. After the merger to form PricewaterhouseCoopers, Edgar Fluri served as Chairman of the Board of Directors of PricewaterhouseCoopers Switzerland (1998–2008). He was also Head of Assurance and Business Advisory Services EMEA (1998–2001) and a member of the Global Board of PricewaterhouseCoopers (2002–2005). Edgar Fluri has also been a part-time lecturer in public accounting and auditing at the University of Basel since 1987 and was appointed titular professor in 1997. Other activities and functions: Edgar Fluri is a member of the Board of Directors of Nobel Biocare Holding AG, Zurich; 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; a member of the Board of Directors of Galerie Beyeler AG, Basel and a member of the Commission of the Swiss Accounting and Reporting Recommendations (Swiss GAAP AAR/FER).

Anton Scherrer

Anton Scherrer earned a Master's degree and a Doctorate in agricultural engineering from the Swiss Federal Institute of Technology Zurich. From 1968 to 1991, he held various research, consulting and managerial positions in a variety of industrial and brewing companies in Switzerland and abroad, which included a seat on the Board of Directors of Huerlimann Holding AG. From 1991 on he held various executive positions for the Migros-Genossenschafts-Bund, with responsibility for 14 industrial enterprises and the entire logistics operation. In 2001 he was appointed Chairman of the Board of Directors of Migros-Genossenschafts-Bund and Chairman of the Retail Trade Committee of the Migros Genossenschaften, as well as Chairman of the Magazine zum Globus, Migros Bank and Hotelplan, an international travel agency. In 2005 Anton Scherrer assumed the position of Vice-Chairman and then from 2006 to 2011 served as Chairman of the Board of Directors of Swisscom AG in Bern.
Other activities and functions: Anton Scherrer is a member of the Innovation Promotion Agency (CTI), Bern within the Federal Department of Economic Affairs; a member of the Board of Trustees of the Agrovision Foundation, Muri and a member of the Capvis Industry Advisory Board of Capvis Equity Partners AG in Zurich.

Other activities and functions

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 terms of office

The members of the Board of Directors are elected individually at the annual general meeting of shareholders. The Board of Directors consists of a minimum of three and a maximum of nine directors. The term of office for each director shall be determined at the occasion of his or her election. The term of office shall not exceed three years. Members may be re-elected.

The term of office begins on the day of election and ends on the date of the corresponding annual general meeting upon completion of the term of office. In the event of substitute elections, the newly elected members shall complete the term of office of their predecessors.

Duties and powers

The Board of Directors is the ultimate decision-making body of the Company, except with respect to those matters reserved to the general meeting of shareholders by law or the Articles of Association. According to Art. 17 of the Articles of Association, the Board of Directors has the following non-transferable and inalienable duties:

– ultimate management and direction of the Company and issuance of the necessary directives;
– determination of the organisation of the Company, including the adoption and revision of the Organisational Regulations;
– organisation of the accounting system, financial controls and financial planning;
– appointment and removal of the persons entrusted with the management of the Company and the assignment of signatory powers;
– ultimate supervision of the Management Board, also in view of compliance with the law, the Articles of Association, regulations and instructions;
– preparation of the annual report, preparation of the general meeting of shareholders and implementation of its resolutions;
– passing of resolutions regarding the subsequent payment of capital on not fully paid-in shares, and the amendment of the Articles of Association 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.

Furthermore, the Board of Directors has the following inalienable duties and powers pursuant to Art. 3.3 of the Organisational Regulations:

- approval of the business strategy, passing of resolutions on the commencement of new and the cessation of existing business activities, as well as approval and adoption of the budget of the Company;
- approval of transactions that the CEO or the Management Board, in accordance with the rules on the division of powers, which are to be issued by the Board, must submit to the Board or voluntarily submits to the Board;
- upon request of the Nomination and Compensation Committee, determination of the remuneration for the Directors, the CEO and the Management Board;
- adoption and any amendment or modification of any equity incentive programmes, stock option plans, restricted stock purchase agreements, etc.;
- issuance of convertible bonds, bonds with option rights attached, or any other financial market instruments;
- decision on entering any financial commitments exceeding CHF 2 million that are not within the budget approved by the Board.

The Board of Directors designates from its ranks the chairman and the members of the Board's committees each year. It can appoint a vice-chairman. The Board of Directors appoints a secretary, who need not be a member of the Board of Directors.

As detailed in the Organisational Regulations, the Board of Directors has delegated certain powers and duties to the Chairman of the Board of Directors. The Chairman presides at meetings of the Board of Directors. The Chairman also represents the Board of Directors in communications and dealings with the public, the authorities and with shareholders. The Chairman ensures that all directors are informed in a timely and sufficient manner. He also monitors the implementation of the resolutions adopted by the Board.

In the event of extraordinary events requiring urgent attention, the Chairman is authorised and obligated to impose immediate measures, which may also pertain to the powers and duties of the entire Board of Directors. The Board of Directors must be informed of such action as quickly as possible and must be drawn into the decision-making process in an appropriate manner.

The Board of Directors meets as often as business requires, but no less than six times a year. The Board of Directors convened twelve meetings between 1 January 2011 and 31 December 2011, five of which were telephone conferences. There was also a BoD workshop. No resolutions were adopted by means of circular letter. The meetings lasted approximately 4.5 hours each, the telephone conferences approximately 30 minutes, the workshop 1.5 days. All members of the Board of Directors were present at every meeting and participated in the telephone conferences and the BoD workshop.

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 Board.

The Board of Directors constitutes a quorum when, and only when, at least a majority of its members is present. Resolutions are adopted by a majority vote of the members present. Every director has one vote. In the event of a tie vote, the Chairman shall have the casting vote or, in the event of his absence, the acting chair shall have the casting vote.

The Board of Directors may establish standing or ad-hoc committees to prepare resolutions, exercise certain control functions or to perform other special duties. Non-board members may also be appointed to these committees. These committees have no authority to adopt resolutions. An Audit Committee and a Nomination and Compensation Committee shall be appointed as standing committees.

Audit Committee

The Audit Committee is a specialist body that is formally appointed by the Board of Directors. Its principal responsibility is to provide support to the Board of Directors in the exercise of its supervisory duties relating to the accuracy of the annual financial statements, compliance with laws and regulations, qualifications of external auditors, reliability of the internal control system and risk management procedures and to the work performed by external and internal auditors.

The Audit Committee consists of three independent members of the Board of Directors. The Board of Directors must verify that at least one of the members of the committee possesses relevant, up-to-date knowledge of accounting and financial matters (Financial Expert). The following persons are at present members of the Audit Committee: Edgar Fluri (Chairman, Financial Expert), Erland Brügger and Christoph Clavadetscher. Hélène Weber-Dubi attends these meetings as CFO, albeit without voting rights.

The Audit Committee has the following responsibilities:

– audit and appraisal of efficacy of external and internal auditors and, in particular, of their independence;
– examination and appraisal of the audit plan and its extent, the audit procedures, the results of external and internal audits and verification that recommendations of external and internal auditors have been implemented;
– study of audit reports and discussion of these with the auditors;
– recommendations on appointment of external auditors to the Board of Directors for onward transmission to the shareholders for approval at the general meeting, approval of audit fees payable to the external auditors and of the terms of reference of their mandate;
– appraisal of internal controls and of the risk management procedures introduced by the Company's management and of the extent to which the proposed actions actually minimise risks;
– appraisal of compliance with relevant laws and regulations and with the Company's internal rules and organisation and corporate governance (compliance);
– verification, in cooperation with the auditors, the CEO and the CFO, that the accounting principles and financial control mechanisms of the Company and its subsidiaries are commensurate with the Company's size and complexity;
– examination of the statutory and consolidated annual and interim financial statements and of the formal statements issued by the Company and discussion of these with the management and the auditors prior to their submission to the Board of Directors;
– examination of other matters at the Board of Directors' request;
– disclosure of the Audit Committee Charter, audit of its own performance and efficacy and submission to the Board of Directors of recommendations for any necessary changes.

The Committee must hold not less than four regular meetings annually. It can call additional meetings at its own discretion. During the period from 1 January 2011 to

31 December 2011 the Audit Committee held four meetings. All members were present at these meetings, except for Christoph Clavadetscher, who did not take part in the meeting held on 3 August 2011.

Nomination and Compensation Committee

The Nomination and Compensation Committee is a specialist body that is formally appointed by the Board of Directors. Its principal responsibility is to provide support to the Board of Directors in the exercise of its supervisory duties.

The Nomination and Compensation Committee consists of not less than two members appointed by the Board of Directors. If the committee has only two members, at least one of these must be an independent member of the Board of Directors not involved in the Company's executive management. If it has more than two members, a majority of its members must be independent members of the Board of Directors not involved in the Company's executive management. The following persons are at present members of the Nomination and Compensation Committee: Rolf U. Sutter (Chairman), Rolf Friedli and Anton Scherrer. Remo Hansen also attends the committee's meetings in his capacity as CEO, but holds no voting rights.

The Nomination and Compensation Committee has the following responsibilities:

- long-term planning and action to ensure availability of suitable candidates for positions on the Board of Directors and the Management Board, and introduction of appropriate systems for management development and succession planning, which will ensure that the Company will have the best leadership and management talents available to it at all times;
- nomination of candidates for vacant positions on the Board of Directors and for the position of CEO; nomination of candidates proposed by the CEO for positions on the Management Board;
- recommendations to the Board of Directors on composition of the Board of Directors and search for suitable candidates, verification that members of the Board of Directors are independent agents;
- recommendations to the Board of Directors on re-election of members of the Board of Directors on termination of their term of office;
- regular examination and appraisal of the Company's system of remuneration, including stock-option incentive programmes;
- recommendations to the Board of Directors on employment terms of the CEO, in particular, the remuneration package, and recommendations on remuneration of the Board of Directors;
- recommendations to the Board of Directors on the CEO's proposals for employment terms of members of the Management Board and other leading executives reporting directly to the CEO;
- examination of matters connected with general remuneration arrangements for employees and of the Company's personnel management practices;
- recommendations to the Board of Directors on granting of stock options or other security options under incentive programmes to the Company's management;
- examination of other matters at the Board of Directors' request;
- disclosure of the Nomination and Compensation Committee Charter, audit of its own performance and efficacy, and submission to the Board of Directors of recommendations for any necessary changes.

The Committee must hold not less than two regular meetings annually. It can call additional meetings at its own discretion. During the period from 1 January 2011 to 31 December 2011 the Nomination and Compensation Committee held six meetings. All members were present at these meetings.

Division of power 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 CEO 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://en.orior.ch/About-us/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 on-going strategic and operational projects and the results achieved during these discussions.

The Board of Directors also receives two annual updates of the anticipated annual results.

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. There is also an intensive exchange of information on an informal basis. 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 "What if" risk management at the Group's companies. "What if" scenarios are also integrated into the budgets and the 3-year forward planning forecasts of the Group companies.

Internal control system

ORIOR expanded and improved its Internal Control System (ICS) in 2011. 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 2011 was the "human resource process". 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 audit 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 good practice 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 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-annual 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. In 2011 the internal auditors took part in three meetings of the Audit Committee.

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.

Up to 2010 internal auditing was treated as a special project performed by responsible staff from the finance and accounting units, who reciprocally examined the processes and internal controls. From 2011 onward this function is being partially outsourced to PricewaterhouseCoopers, which will receive support from specialists in the Company's finance and accounting units.

4 Management Board

The Management Board is responsible for carrying out the business of the Group and all affairs which do not lie within the responsibility of the Board of Directors by law, the Articles of Association, and the Organisational Regulations.

Members of the Management Board

The members of the Management Board are appointed upon recommendation by the CEO and a corresponding recommendation from the Nomination and Compensation Committee. There were six persons on the Management Board (MB) as of 31 December 2011.

Changes occurring in 2011

Rolf U. Sutter was succeeded by Remo Hansen, previously head of the Pastinella and Fredag competence centres, as Group CEO on 1 May 2011. Rolf U. Sutter was elected as the company's new Chairman at the constituting meeting of the Board of Directors after the Annual General Meeting on 6 April 2011.

Stefan H. Jost, previously Head of the ORIOR Refinement segment, assumed responsibility for International, New Business and Logistics on 7 June 2011. The previous segment head Bruno Höltschi left the Company after many years of successful service.

On 9 December 2011 the Company announced that Bruno de Gennaro, previously Head of Rapelli, would assume overall responsibility for the ORIOR Convenience segment and the Fredag competence centre from Remo Hansen on 1 January 2012. Remo Hansen continued to perform these duties after his appointment as CEO of ORIOR until his successor was appointed.

The following table provides an overview of the current members of the Management Board, the year they were appointed to the board and their function within the Group. All of the members of the Management Board are Swiss nationals.

Name	Year of birth	Position	Year of appointment to MB
Remo Hansen	1962	CEO from 01.05.2011 Head of Fredag and Pastinella up to 01.05.2011	2001*
Hélène Weber-Dubi	1955	CFO	1999
Urs Aebi	1956	Head of Le Patron	2006
Bruno de Gennaro	1957	Head of Rapelli from 01.01.2012: Head of the ORIOR Convenience segment and Head of Fredag	1998
Stefan H. Jost	1963	Head of International, New Business and Logistics from 07.06.2011 Head of the ORIOR Refinement segment up to 07.06.2011	2010
Albert Spiess	1950	Head of Spiess	2008
Bruno Höltschi	1965	Head of International and New Business up to 07.06.2011	2006

* CEO of ORIOR Group since May 2011


Remo Hansen
Hélène Weber-Dubi
Stefan H. Jost
Bruno de Gennaro
Albert Spiess
Urs Aebi

Remo Hansen

Remo Hansen is a graduate of the SKU Advanced Management Programme and successfully completed the INSEAD Advanced Management Programme in 2005 in Singapore. He served in various product management functions at the Migros-Genossenschafts-Bund from 1985 to 1993, including several years in South America and Austria. From 1994 to 1995 Remo Hansen was a manager for European Marketing Distribution. In 1995 he accepted the position of Head of Marketing and Sales at Traitafina and in 1997 joined Rolf Huegli AG as Head of Marketing and Sales. In 1998 he accepted the position of Head of Fredag and was appointed to the Management Board in 2001. From 1998 to 2004 he was responsible for setting up and managing Fresico, ORIOR's production company in China, as well as the sales staff in Singapore. After October 2006 he was also in charge of Pastinella. Remo Hansen succeeded Rolf U. Sutter as CEO of ORIOR Group on 1 May 2011.

Hélène Weber-Dubi

Hélène Weber-Dubi holds a Master in Economics from the University of St. Gallen (lic. oec. HSG). From 1982 to 1995 she held various management positions with Unilever in Switzerland and the UK, mostly in auditing and finance. In 1996 Hélène Weber-Dubi accepted a position in controlling with Bally. That same year she was promoted to Managing Director of Bally Switzerland, Bally Italy and Bally Spain with a seat on the International Executive Board. In 1999 she was placed in charge of Controlling for Bally International and was primarily tasked with executing the sale of Bally to Texas Pacific Group. Hélène Weber-Dubi has worked for ORIOR in her current position as CFO since 1999.
Other activities and functions: Hélène Weber-Dubi is a member of the Board of Directors of Medela Holding AG, Baar.

Urs Aebi

Urs Aebi began his professional career by completing an apprenticeship as a butcher. From 1978 to 1979 he worked in the sales department of Boucherie Suter SA, Villeneuve. In 1979 he switched to Hero Fleischwaren and later worked as plant manager for Mohammed Hallwani Saudi Arabia, a manufacturer of cold cuts and prepared meats, from 1980 to 1982. In 1982 he joined Geilinger AG Metzgerei Technologie as a planning manager, where he was responsible for various projects related to meat technology export risk guarantees. From 1983 on Urs Aebi worked as head of sales for Viaca AG before joining Pastinella as managing director in 1987. In 1992 he became Hero Traitafina's Head of Marketing and Sales and Deputy CEO. In 1995 he joined Le Patron as Head of Marketing and Sales. Urs Aebi has been Head of Le Patron since 1999 and a member of ORIOR's Management Board since 2006.

Bruno de Gennaro

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 gastro 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 overall responsibility for the ORIOR Convenience segment and also serves as Head of the Fredag competence centre.
Other activities and functions: Bruno de Gennaro is a member of the Governing Board of FIAL (Federation of Swiss Food Industries); a member of the Governing Board of the Swiss meat association (SFF) and deputy member of the Board of Directors of Proviande.

Stefan H. Jost

Stefan H. Jost holds a Master in Economics with a major in Marketing and Distribution from the University of St. Gallen (lic. oec. HSG). From 1988 to 2003 he held various management positions with Procter & Gamble in Switzerland and Germany, the first four years as brand manager and then as marketing manager and marketing director in various departments and for various markets. In 2004 he joined Lindt & Spruengli Switzerland SA. As Head of Marketing and a member of the Executive Board, his duties included increasing the Company's sales growth and market share. Two years later he was appointed CEO and delegate to the Board of Directors of Lindt & Spruengli Italy S.p.A. In 2010 Stefan H. Jost joined ORIOR as Head of its Refinement Segment. In June 2011 he accepted his current position as Head of ORIOR's competence center International, New Business and Logistics.
Other activities and functions: Stefan H. Jost is a member of Governing Body of the Swiss Convenience Food Association (SCFA).

Albert Spiess

Albert Spiess was appointed as a member of the Management Board after the acquisition of Albert Spiess Holding AG by ORIOR Group in 2008. Albert Spiess had served as CEO and Chairman of Albert Spiess AG in Schiers since 1987, prior to which he had been a member of the Company's management since 1975. He attended commercial college in Switzerland from 1967 to 1970. From 1970 to 1975 he completed an apprenticeship as a butcher and several traineeships in Italy, France and the UK.

Other activities and functions

With the exception of the positions already listed under "Members of the Management Board", none of the Management Board members 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.

Management agreements

There are no management agreements.

5 Compensation, shareholdings and loans

Content and method of determining compensation and shareholding programmes

The Nomination and Compensation Committee is responsible for the design and the regular review and evaluation of the Company's compensation system.

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 the individual members of the Management Board. Its proposals for the salaries payable to the Management Board 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. For the determination of the compensation system, the services of external experts are used only 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.

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 exception is Rolf U. Sutter, Chairman of the Board of Directors, who was CEO of the ORIOR Group until April 2011. Compensation is paid in cash.

Compensation payable to the members of the Management Board consists of a fixed component and a variable amount (of approximately 35% to 50%), the level of which is conditional on attainment of qualitative and quantitative targets. The share of this variable amount linked to attainment of the quantitative targets constitutes approximately 60% to 80% of the total variable amount and is calculated against the four Company parameters revenues (5% to 10%), EBITDA (40% to 50%), capital expenditure (5% to 10%) and net working capital (10%). The qualitative performance component (approximately 20% to 40% of the variable amount) is payable for attainment of pre-set individual targets (e.g. leadership qualities, innovation, value-enhancing initiatives, etc.). Compensation (fixed and variable amount) is paid in cash.

There is a management pension scheme for the members of the Management Board and other leading executives. The members of the Management Board and other leading executives also have a company car at their disposal free of charge and available to them for private use subject to certain conditions. No further significant benefits in kind are paid.

Up to 31 December 2011, there were no Company stock or stock option plans for members of the Board of Directors or the Management Board. On 21 September 2011 the Board of Directors of ORIOR approved a stock ownership plan 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. This stock ownership plan will come into force on 3 January 2012. See the section on "Employee stock ownership and management incentive scheme" for further details.

Compensation paid to acting members of corporate bodies

Pursuant to Art. 663b^{bis} of the Swiss Code of Obligations, details of the compensation paid to the Board of Directors and the Management Board are listed in the Notes to the financial statements of ORIOR AG, Note 8.

Shares held by governing bodies

As at 31 December 2011, the members of the Board of Directors and the Management Board held the following shares:

Name	No. of shares as of 31.12.2011	in %	No. of shares as of 31.12.2010	in %
Rolf U. Sutter	199 300	3.36%	199 300	3.36%
Rolf Friedli	-	-	-	-
Erland Brügger	14 175	0.24%	14 175	0.24%
Christoph Clavadetscher	14 515	0.25%	14 515	0.25%
Edgar Fluri	4 000	0.07%	2 000	0.03%
Anton Scherrer	2 000	0.03%	14 175	0.24%
Remo Hansen	85 710	1.45%	85 710	1.45%
Hélène Weber-Dubi	85 830	1.45%	85 830	1.45%
Urs Aebi	85 000	1.43%	85 000	1.43%
Bruno de Gennaro	92 075	1.55%	92 075	1.55%
Stefan H. Jost	425	0.01%	425	0.01%
Albert Spiess	-	-	-	-
Bruno Höltschi	85 287	1.44%	86 540	1.46%
Total	**668 317**	**11.28%**	**679 745**	**11.47%**
Total ORIOR shares	5 925 000	100.00%	5 925 000	100.00%

There are no specific rights granted to the members of the Board of Directors and the members of the Management Board when they purchase shares.

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 or the Management Board in 2011.

Loans granted to governing bodies

Loans to members of the Board of Directors or members of the Management Board (if any) are granted at arm's length terms.

As at 31 December 2011, ORIOR Group had not granted any loans to members of the Board of Directors or the Management Board nor to any related persons and had not taken delivery of any collateral from them.

Employee stock ownership and management incentive scheme

In 2011 there were no stock ownership schemes for employees and management in the ORIOR Group. On 21 September 2011 the Board of Directors of ORIOR approved 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. This stock ownership scheme will come into force 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, as an incentive to future performance, 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 (alongside other considerations) on the quantitative and qualitative target achievement of the employee in question according to the individual annual performance targets.

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 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 average weighted stock exchange 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 Board of Directors is empowered to increase the aforementioned discount in the event of extraordinary performance.

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 at arm's length terms. For an overview of related party transactions see Note 38 of the Consolidated Financial Statements.

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 the foregoing 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.

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 a corporate body, or by an independent proxy designated by the Company, or by a proxy of deposited shares. 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 so-called 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.

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 will be decided by a relative majority.

Convening of General Meeting

Ordinary General Meetings are convened by the Board of Directors and must be held annually within six months after 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. Shareholders representing a total of not less than 10% of the share capital are entitled to demand an Extraordinary General Meeting at any time, which must be in writing and state grounds and agenda items, motions for resolution and, in the case of elections, names of proposed candidates. General Meetings are called by the Board of Directors or, if necessary, by the auditors or a liquidator.

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 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 Switzerland's Stock Exchange Act (SESTA), shareholders who, directly, indirectly or acting in concert with third parties, 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. ORIOR's Articles of Association do not include an "opting up" or "opting out" clause (Art. 22 of SESTA regarding public takeover offers).

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, 4051 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 6 April 2011. Roger Müller 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 CO the lead auditor will be rotated at least every seven years.

Auditing fees / additional fees

in CHF thousand	2011	2010
Auditing fees	325.0	325.0
Additional fees		
Tax advisory	31.0	45.5
Legal advisory	0.0	23.5
Transaction-related services	53.0	234.0
Other audit-related services	9.5	40.3
Total additional fees	93.5	343.3
Total	**418.5**	**668.3**

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.

In the financial year 2010 the transaction-related services were one-time audit fees in connection with the IPO.

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, extent and results of the external audit. In addition the audit committee coordinates the cooperation between the external auditors and the internal auditors.

In addition to the audit report on the annual accounts, the auditor draws up a comprehensive report for the Board of Directors pursuant to Art. 728b of the Swiss Code of Obligations. 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 findings of the external auditors. 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 of the Audit Committee in 2011.

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.

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 process 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 Remo Hansen, CFO Hélène Weber-Dubi and Head of Investor Relations Karin Dietrich. 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://en.investor.orior.ch/News-Service.

Events calendar

Annual General Meeting	27 March 2012
Publication of 2012 interim results	23 August 2012

ORIOR GROUP
FINANCIAL REPORT 2011

ORIOR GROUP
CONSOLIDATED FINANCIAL STATEMENTS 2011

Consolidated Income Statement

in CHF thousand	Note	2011	Δ in %	2010
Gross sales	7	503 906		513 894
Reduction in gross sales	7	–7 280		–8 369
Revenues	7	**496 626**	–1.8%	**505 525**
Raw material / goods and services purchased		–304 011		–299 281
Changes in inventories	8	8 039		–2 588
Personnel expense	9	–89 537		–91 932
Other operating income	10	594		1 296
Other operating expense	11	–57 839		–58 832
EBITDA **Earnings before interest, taxes, depreciation and amortisation**		**53 872**	–0.6%	**54 188**
as % of revenues		10.8%		10.7%
Depreciation / impairment – tangible assets	21	–11 486		–10 490
Amortisation – intangible assets	23	–3 171		–3 219
EBIT **Earnings before interest and taxes**		**39 215**	–3.1%	**40 479**
as % of revenues		7.9%		8.0%
Financial income	12	1 073		703
Financial expense	13	–6 232		–8 742
Profit before taxes		**34 056**	+5.0%	**32 440**
as % of revenues		6.9%		6.4%
Income tax expense	14	–5 895		–5 504
Profit for the year		**28 161**	+4.5%	**26 936**
as % of revenues		5.7%		5.3%
Attributable to:				
Non – controlling interests		0		0
Shareholders of ORIOR		28 161		26 936
Earnings per share in CHF				
Basic earnings per share	15	4.76		4.99
Diluted earnings per share	15	4.76		4.99
Weighted Ø number of shares outstanding in ’000	15	5 914		5 402

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

Consolidated Statement of Comprehensive Income

in CHF thousand	2011	Δ in %	2010
Profit for the year	**28 161**	+4.5%	**26 936**
Exchange differences on translation of foreign operations	38		183
Other comprehensive income for the year, net of tax	**38**		**183**
Total comprehensive income for the year, net of tax	**28 199**	+4.0%	**27 119**
Attributable to:			
Non – controlling interests	0		0
Shareholders of ORIOR	28 199		27 119

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

Consolidated Balance Sheet

in CHF thousand	Note	31.12.2011	in %	31.12.2010	in %
Cash and cash equivalents	16	35 293		45 298	
Current financial assets	17	204		207	
Trade accounts receivable	18	45 579		44 979	
Other current receivables	19	2 791		2 220	
Inventories and work in progress	20	65 587		57 452	
Current income tax assets		0		13	
Prepaid expenses / accrued income		640		892	
Current assets		**150 094**	**38.0%**	**151 061**	**38.8%**
Property, plant and equipment	21	73 103		67 476	
Investment property	21	214		214	
Intangible assets	23	171 968		170 415	
Deferred tax assets	29	40		16	
Non – current assets		**245 325**	**62.0%**	**238 121**	**61.2%**
Total assets		**395 419**	**100.0%**	**389 182**	**100.0%**
Derivative financial instruments		2 909		2 234	
Current financial liabilities	27	13 460		11 936	
Trade accounts payable	24	45 603		41 399	
Other current payables	25	2 919		3 226	
Current income tax liabilities		5 029		8 570	
Accrued liabilities	26	18 841		21 191	
Current portion of provisions	28	289		32	
Current liabilities		**89 050**	**22.5%**	**88 588**	**22.8%**
Non – current financial liabilities	27	92 048		102 817	
Defined benefit obligations	36	1 226		779	
Provisions	28	2 120		2 599	
Deferred tax liabilities	29	23 995		24 092	
Non – current liabilities		**119 389**	**30.1%**	**130 287**	**33.5%**
Total liabilities		**208 439**	**52.7%**	**218 875**	**56.2%**
Share capital	30	23 700		23 700	
Additional paid – in capital	30	56 663		67 900	
Treasury shares	31	–686		–397	
Retained earnings		107 133		78 972	
Foreign currency translation		170		132	
Equity attributable to shareholders of ORIOR		**186 980**	**47.3%**	**170 307**	**43.8%**
Non – controlling interests		0		0	
Total equity		**186 980**	**47.3%**	**170 307**	**43.8%**
Total liabilities and equity		**395 419**	**100.0%**	**389 182**	**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	Equity attributable to shareholders of ORIOR	Non-controlling interests	Total equity
Balance as at 01.01.2010		**17 000**	**0**	**0**	**52 036**	**–51**	**68 985**	**0**	**68 985**
Profit for the year		0	0	0	26 936	0	26 936	0	26 936
Other comprehensive income for the year		0	0	0	0	183	183	0	183
Total comprehensive income for the year		**0**	**0**	**0**	**26 936**	**183**	**27 119**	**0**	**27 119**
Issue of share capital	30	6 700	73 700	0	0	0	80 400	0	80 400
Transaction costs	30	0	–5 800	0	0	0	–5 800	0	–5 800
Movement in treasury shares	31	0	0	–397	0	0	–397	0	–397
Balance as at 31.12.2010		**23 700**	**67 900**	**–397**	**78 972**	**132**	**170 307**	**0**	**170 307**
Profit for the year		0	0	0	28 161	0	28 161	0	28 161
Other comprehensive income for the year		0	0	0	0	38	38	0	38
Total comprehensive income for the year		**0**	**0**	**0**	**28 161**	**38**	**28 199**	**0**	**28 199**
Dividends / repayment of capital contributions	32	0	–11 237	0	0	0	–11 237	0	–11 237
Movement in treasury shares	31	0	0	–289	0	0	–289	0	–289
Balance as at 31.12.2011		**23 700**	**56 663**	**–686**	**107 133**	**170**	**186 980**	**0**	**186 980**

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

Consolidated Cash Flow Statement

in CHF thousand	Note	2011	2010
Profit for the year		28 161	26 936
Taxes	14	5 895	5 504
Depreciation / impairment / amortisation	21/23	14 657	13 709
Increase (+) / disposal (-) of value adj. and provisions		32	–665
Gain from disposal of fixed assets	10	–164	–766
Interest income	12	–40	–51
Dividend income	12	–12	–14
Interest expense	13	3 750	6 204
Increase (+) / decrease (-) of accrued pension cost	36	339	115
Movements in working capital		–8 430	–2 692
– Trade accounts receivable and other current receivables		–877	–5 167
– Inventories and work in progress		–8 126	1 217
– Trade accounts payable and other current payables		1 984	–4 204
– Other		–1 411	5 462
Interest paid		–3 018	–4 123
Taxes paid		–9 944	–8 382
Cash flow from operating activities		**31 226**	**35 775**
Purchase of			
– property, plant and equipment	21	–12 883	–13 325
– intangible assets	23	–1 606	–1 445
Proceeds from sale of			
– property, plant and equipment	21	273	2 116
– intangible assets	23	0	0
Acquisition of companies, net of cash acquired	5	–3 033	0
Interest received		37	46
Dividends received	12	12	14
Cash flow from investing activities		**–17 200**	**–12 594**
Proceeds from financial liabilities	27	291	0
Repayments of financial liabilities	27	–12 171	–79 952
Payment of finance lease liabilities	22	–600	–125
Issue of share capital	30	0	80 400
Transaction costs	30	0	–5 800
Dividends / repayment of capital contributions	32	–11 237	0
Purchase of treasury shares	31	–289	–397
Cash flow from financing activities		**–24 006**	**–5 874**
Net increase (+) / decrease (-) in cash and cash equivalents		**–9 980**	**17 307**
Foreign exchange differences on cash and cash equivalents		–25	–225
Cash and cash equivalents as at 01.01.	16	45 298	28 216
Cash and cash equivalents as at 31.12.	16	**35 293**	**45 298**

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

Notes to the Consolidated Financial Statements

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 Corporate, Export and Logistics. Each of these operating segments consists of two to three 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 43, 8008 Zurich, Switzerland.

These consolidated financial statements were approved by the Board of Directors on 22 February 2012 and are subject to shareholder approval at the annual general meeting of shareholders scheduled for 27 March 2012.

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.

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 2011

The IASB has published interpretations, new standards and amendments to existing standards and interpretations that are effective for the 2010 financial statements. The following new and revised IFRS standards and IFRS interpretations were adopted but had no material effect on the Group's accounting policies or on the asset and financial position:

- IAS 32 – Amendment – Classification of Rights Issues
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
- IAS 24 – Related Party Disclosures
- IFRIC 14 – Amendment – Prepayments of a Minimum Funding Requirement
- Annual Improvements to IFRSs, May 2010

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 systematic analysis of their impact on the consolidated financial statements of the Group has not yet been made; the anticipated effects disclosed below therefore represent no more than a first appraisal by the Management Board:

Standard/interpretation	Name	Implication	Enters into force	Group plans to introduce in
Amendment to IFRS 7	Disclosures – Transfers of Financial Assets	*	1 Jul 2011	Financial year 2012
Amendment to IAS 12	Deferred Tax: Recovery of Underlying Assets	*	1 Jan 2012	Financial year 2012
IFRS 9	Financial instruments	***	1 Jan 2015	Financial year 2015
IFRS 10	Consolidated Financial Statements	*	1 Jan 2013	Financial year 2013
IFRS 11	Joint Arrangements	*	1 Jan 2013	Financial year 2013
IFRS 12	Disclosure of Interests in Other Entities	*	1 Jan 2013	Financial year 2013
IFRS 13	Fair Value Measurement	**	1 Jan 2013	Financial year 2013
IAS 27	Separate Financial Statements	*	1 Jan 2013	Financial year 2013
IAS 28	Investments in Associates and Joint Ventures	*	1 Jan 2013	Financial year 2013
IAS 19 Revised	Employee Benefits	****	1 Jan 2013	Financial year 2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	*	1 Jul 2012	Financial year 2013
Amendment to IAS 32	Offsetting Financial Assets and Financial Liabilities	*	1 Jan 2014	Financial year 2014

Amendment to IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	*	1 Jan 2013	Financial year 2013

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

** Application of these standards/amendments is not expected to have any material effects on the equity, income or cash flow situation of the Group.

*** IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. Therefore, given the current structure of the financial instruments of the Group, the adoption of the first phase of IFRS 9 will have no material impact on classification and measurements of financial assets and liabilities.

**** IAS 19 (Employee benefits) was amended in June 2011. The impact on the group's consolidated annual statements will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in OCI as they occur; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Accordingly, based on the 2011 figures, the unrecognised accumulated losses of kCHF 14 311 as of 31 December 2011 would decrease the equity after deduction of deferred taxes by kCHF 11 120 and increase the pension liabilities. The 2011 pension costs after deferred tax calculated would be increased by kCHF 1 448. The group is yet to assess the full impact of the amendments, especially in respect of the amendment to the risk assessment of the pension plans.

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 the voting rights. Investments in associates are accounted for using the equity method of accounting 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.

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

On 1 January 2011 the Group acquired 100% of the shares of Salumeria Keller SA based in Maroggia. Furthermore, on 1 April 2011 the Group acquired 100% of the shares of Bernatur GmbH based in Mels. For further details on these acquisitions, please see Note 5. Bernatur GmbH was merged with Fredag AG during the year 2011. Beside the acquisition of Salumeria Keller SA there were no changes in the scope of consolidation. Please see Note 43 for an overview of the legal structure of the Group.

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.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell. Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated/amortised.

Treasury shares

Own equity instruments which are reacquired (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. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. 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 5 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.

Investment property

Investment property is not used for operating purposes by the Group. Investment property is treated as a long-term investment and is carried at historical costs less accumulated depreciation and accumulated impairment.

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

The individual useful lives are:

– Land	no depreciation
– Buildings	25 to 30 years

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 the 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 is 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 is 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 aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is tested annually for impairment and 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 represent 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 basis

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 basis has an indefinite life whereas the other part is amortised over a useful life of 15 years.

4) Production patent

The production patent was acquired in the 2008 business combination. The patent was granted for a period of 20 years up to 2026. However, it was estimated that economic benefits from the production patent would only be obtained for the next 5 years. Therefore, the fair value at the date of acquisition is amortised over this period.

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, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the balance sheet.

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. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using 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 cipher 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 debtors or a group of debtors is experiencing significant financial diffuculty; 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 and 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

Apart from the governmentally sponsored plans fixed by the law, the Group sponsors two independent pension plans. All employees are covered by these plans, which both qualify as defined benefit plans under IAS 19.

The main benefit of the plan is the retirement pension. The retirement benefit is financed through an individual savings account. The plan defines a retirement credit as a percentage of the insured salary depending on the age of the plan member. In addition to the retirement credit a yearly interest rate is credited to the savings account. The conversion rate of the individual account into a pension at retirement is fixed in the plan. The disability pension is defined as a percentage of the annual salary. The spouse pension is defined as a percentage of the projected retirement pension (without future interest).

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, together with adjustments for unrecognised actuarial gains or losses and past service costs. 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the value of plan assets or 10% of the defined benefit obligation, whichever is greater, are charged or credited to income over the employees' expected average remaining working lives.

2) Dismissal indemnities

The business unit Spiess Europe sponsors a plan that provides indemnities in case of dismissal. This plan qualifies as a defined benefit plan under IAS 19. The dismissal indemnity is defined as a percentage of the annual salary per year of service.

3) Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in other short-term provisions 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.

4) 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 and the corridor method is not applied.

Management participation plan

The cost of equity-settled transactions with management employees is measured by reference to the fair value at the date on which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Dividend distribution

A dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders.

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 recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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 are recognised in the accounting period in which the services are rendered and are 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 enacted or substantively enacted by the balance sheet date.

2) Deferred tax

Deferred income tax is provided 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 recovered.

Deferred income tax is provided 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 comprise, other then derivatives, 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 interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

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 0.3% (2010: 0.5%) of the Group's sales and 12.8% (2010: 11.4%) 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 reporting currency had been 5% (2010: 5%) weaker/stronger against the EUR and USD in 2011, with all other variables held constant, post-tax profit for the year would have been kCHF 2 141 (2010: kCHF 1 887) higher/lower, mainly as a result of purchases denominated in foreign currencies. Equity would have been kCHF 60 (2010: kCHF 72) higher/lower.

The Company has no important 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 short-term bank deposits, the Group's income is substantially unaffected by changes in market interest rates. The Group's interest rate risk arises from borrowings. Short-term 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. The Group's policy is to manage its interest cost using a mix of fixed and variable rate facilities.

To manage the risk of changing market interest rates – mainly on borrowings within the Group's Credit Facility Agreement – the Group enters into interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from variable rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and variable-rate interest amounts calculated by reference to the agreed notional amounts.

A 0.2% (2010: 0.2%) shift of interest rates would have an impact of approximately kCHF 66 (2010: kCHF 128) 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 essentially has a concentration of credit risk with its two major clients, the largest retailers in Switzerland. As per reporting date, kCHF 20 536 (2010: kCHF 22 587) 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, recoverability 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
2011				
Derivative financial instruments	0	1 342	1 567	0
Current interest – bearing financial liabilities	12 937	0	0	0
Trade accounts payable	45 603	0	0	0
Other current payables *	850	0	0	0
Accrued liabilities *	10 938	0	0	0
Financial Leasing	801	765	1 790	195
Long – term interest – bearing financial liabilities	0	13 250	77 000	0
2010				
Derivative financial instruments	0	0	2 234	0
Current interest – bearing financial liabilities	11 916	0	0	0
Trade accounts payable	41 399	0	0	0
Other current payables *	529	0	0	0
Accrued liabilities *	11 855	0	0	0
Financial Leasing	373	381	1 322	0
Long – term interest – bearing financial liabilities	0	12 500	90 250	0

* 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.

	Carrying amount		Fair value	
in CHF thousand	2011	2010	2011	2010
Financial assets				
Cash and cash equivalents (LAR)	35 293	45 298	35 293	45 298
Current financial assets at FV through profit and loss (AFVTPL)	204	207	204	207
Trade accounts receivable (LAR)	45 579	44 979	45 579	44 979
Other current receivable (LAR)	631	477	631	477
Financial liabilities				
Derivative financial instruments (LFVTPL)	–2 909	–2 234	–2 909	–2 234
Current financial liabilities (OFL)	–12 659	–11 563	–12 791	–11 750
Current financial liabilities – financial leasing (OFL)	–801	–373	–801	–373
Trade accounts payable (OFL)	–45 603	–41 399	–45 603	–41 399
Other current payable (OFL)	–850	–529	–850	–529
Accrued liabilities (OFL)	–10 938	–11 855	–10 938	–11 855
Non – current financial liabilities – third parties (OFL)	–89 298	–101 114	–90 250	–102 750
Non – current financial liabilities – financial leasing (OFL)	–2 750	–1 703	–2 750	–1 703

The fair value of the financial assets and liabilities is included at 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 approximate their carrying amounts largely 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	2011	Level 1	Level 2	Level 3
Assets measured at fair value				
Current financial assets at FV through profit and loss	204	78	126	0
Liabilities measured at fair value				
Derivative financial instruments	–2 909	0	–2 909	0

in CHF thousand	2010	Level 1	Level 2	Level 3
Assets measured at fair value				
Current financial assets at FV through profit and loss	207	81	126	0
Liabilities measured at fair value				
Derivative financial instruments	–2 234	0	–2 234	0

During the reporting period ending 31 December 2011 and 2010, 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 Adjusted Net Worth Ratio. This ratio is calculated as total equity divided by total assets as shown in the consolidated balance sheet. The ratio is being monitored by management and since the initial public offering in April 2010 is being kept between 40% and 50%.

in CHF thousand	31.12.2011	31.12.2010
Total equity	186 980	170 307
Total assets	395 419	389 182
Consolidated Adjusted Net Worth Ratio	**47.3%**	**43.8%**

The Group also closely monitors covenants included in the Credit Facility Agreement for bank loans (see Note 27). These covenants focus on equity ratio and on 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 the price increases to a certain degree along 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 2011 and was discussed and approved by the Board of Directors on 8 December 2011.

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, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as a lessee

The Group has partly entered into 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, expected rates of return on assets, 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 Business combinations

Acquisition of Salumeria Keller SA

The Group has acquired 100 % of the shares of Salumeria Keller SA, a producer of Ticino specialities based in Maroggia, with effect from 1 January 2011. Salumeria Keller SA, a small traditional family company, makes products under its own “Val Mara” brand, particularly Ticino salami and salametti. The Group plans to expand Salumeria Keller SA’s distribution through specialist retailers in the rest of Switzerland and strengthen the position of the “Val Mara” premium brand throughout the country.

Thanks to its high quality charcuterie specialities, the company is well established among retailers in the Ticino, and its “Val Mara” branded products enjoy an excellent reputation among consumers. For ORIOR’s Refinement Division the acquisition represents a valuable addition with considerable growth potential that will help to further expand its market position in the premium segment.

Acquisition of Bernatur GmbH

The Group has acquired 100 % of the shares of natural products specialist Bernatur GmbH, based in Mels (Canton St. Gallen), with effect from 1 April 2011.

Bernatur, the leading Swiss tofu producer, is known for the excellent quality of its innovative niche products and its attractive product range. ORIOR's Convenience Division already produces a wide variety of vegetarian meat substitute products and Bernatur will complement its portfolio ideally.

The fair value of the aggregate identifiable assets and liabilities of Salumeria Keller SA and Bernatur GmbH as at the date of acquisition were:

in CHF thousand	Fair value recognised on acquisition
Cash and cash equivalents	885
Trade accounts receivable	390
Other current receivables	27
Accrued assets	41
Inventories and work in progress	411
Property, plant and equipment	763
Intangible assets	1 651
Assets	**4 168**
Trade accounts payable	–172
Other current payables	–8
Accrued liabilities	–267
Financial liabilities	–705
Provisions	0
Defined benefit obligations	–108
Deferred tax liabilities	–340
Liabilities	**–1 600**
Net assets	**2 568**
Goodwill arising on acquisitions	1 350
Total consideration	**3 918**
Purchase consideration:	
Total consideration	3 918
Cash and cash equivalents in companies acquired	–885
Cash outflow on acquisitions	**3 033**

The goodwill recognised above is attributed to the expected synergies and other benefits from combining the business activities. None of the recognised goodwill is deductible for income tax purposes.

Gross trade receivables amount to kCHF 390. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

From their date of acquisition, Keller SA and Bernatur GmbH have generated revenues in the aggregate amount of kCHF 4 087 and have contributed kCHF 261 to the net profit of the Group. If the combinations had both taken place at the beginning of the year, the profit for the period would have been kCHF 334 and revenue would have been kCHF 4 604.

The transaction costs of kCHF 38 have been expensed and are included in other operating expenses.

6 Segment information

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

– ORIOR Refinement: The Group's Refinement operating segment is characterised by a clear focus on refined and processed meat products. It produces primarily premium products and operates three processing and four refining facilities in the cantons of Grisons and Ticino. The products are mainly sold through retail and food service channels in Switzerland.
– ORIOR Convenience: The Group's Convenience operating segment focuses on producing fresh convenience products such as ready-made meals for the retail food market and the food services market, fresh pasta, vegetarian products or ready to cook poultry and meat products. The ORIOR Convenience operating segment operates four processing facilities in the German part of Switzerland. Its products are mainly sold through retail and food service channels in Switzerland.
– ORIOR Corporate, Export and Logistics: The Group's Corporate, Export and Logistics operating segment is responsible for the distribution of fresh and frozen products within Switzerland as well as the export and commercialisation of the Group's products under the respective brands in the EU, focusing primarily on Switzerland's neighbours. Distribution centres have been established in the centre of Switzerland as well as in Haguenau (France). The Group's management organisation is also included in this 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.

2011

in CHF thousand	ORIOR Refinement	ORIOR Convenience	ORIOR Corporate, Export and Logistics	Adjustments and eliminations		Consolidated
External customer sales	283 193	190 625	30 088	0		503 906
Inter – segment sales	23 101	2 277	8 006	–33 384	1	0
Sales of goods / rendering of services	**306 294**	**192 902**	**38 094**	**–33 384**		**503 906**
Reduction in gross sales	–4 024	–3 134	–122	0		–7 280
Revenues	**302 270**	**189 768**	**37 972**	**–33 384**		**496 626**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**28 495**	**28 941**	**–3 438**	**–126**		**53 872**
Depreciation / impairment – tangible assets	–5 408	–4 931	–1 147	0		–11 486
Amortisation – intangible assets	–2 296	–82	–793	0		–3 171
Segment profit (EBIT)	**20 791**	**23 928**	**–5 378**	**–126**		**39 215**
Net financial expense						–5 159
Profit before taxes						**34 056**
Segment assets	**282 691**	**83 557**	**183 928**	**–154 757**	1, 2	**395 419**
Segment liabilities	**210 657**	**33 227**	**10 798**	**–46 243**	1, 3	**208 439**
Investments in non – current assets	**6 441**	**6 525**	**1 523**	**0**	4	**14 489**

2010

in CHF thousand	ORIOR Refinement	ORIOR Convenience	ORIOR Corporate, Export and Logistics	Adjustments and eliminations		Consolidated
External customer sales	287 620	204 685	21 589	0		513 894
Inter – segment sales	16 526	2 195	8 030	–26 751	1	0
Sales of goods / rendering of services	**304 146**	**206 880**	**29 619**	**–26 751**		**513 894**
Reduction in gross sales	–3 612	–4 584	–173	0		–8 369
Revenues	**300 534**	**202 296**	**29 446**	**–26 751**		**505 525**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**25 613**	**31 593**	**–3 018**	**0**		**54 188**
Depreciation / impairment – tangible assets	–4 922	–4 828	–740	0		–10 490
Amortisation – intangible assets	–2 260	–116	–843	0		–3 219
Segment profit (EBIT)	**18 431**	**26 649**	**–4 601**	**0**		**40 479**
Net financial expense						–8 039
Profit before taxes						**32 440**
Segment assets	**281 175**	**86 314**	**177 835**	**–156 142**	1, 2	**389 182**
Segment liabilities	**211 495**	**35 605**	**10 931**	**–39 156**	1, 3	**218 875**
Investments in non – current assets	**7 774**	**5 312**	**1 684**	**0**	4	**14 770**

[1] Inter – segment assets, liabilities, revenues as well as intercompany profits are eliminated on consolidation.
[2] Segment assets do not include derivatives and investments as these assets are managed overall on Group level.
[3] Segment liabilities do not include interest – bearing financial liabilities and derivative financial instruments from third parties. Financial liabilities in the amount of kCHF 108 417 (31.12.2011) and kCHF 116 987 (31.12.2010) are managed overall on Group level.
[4] Cash outflow from investments in property, plant and equipment as well as intangible assets.

Geographic information

in CHF thousand	2011	2010
Switzerland	476 431	494 469
France	23 393	14 172
Germany	1 858	2 213
Other	2 224	3 040
Total sales of goods / rendering of services	**503 906**	**513 894**
Reduction in gross sales	–7 280	–8 369
Revenues	**496 626**	**505 525**

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

Assets by country

in CHF thousand	2011	2010
Switzerland	244 972	237 692
France	231	315
Germany	82	89
Other	0	9
Total assets	**245 285**	**238 105**

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

Sales of goods to the two major clients amount to kCHF 222 755 and kCHF 75 857 respectively in 2011 (2010: kCHF 239 326 and kCHF 74 721). These sales were generated in the operating segments ORIOR Refinement and ORIOR Convenience.

Notes to the Consolidated Income Statement

7 Revenues

in CHF thousand	2011	2010
Sales of goods	500 635	510 281
Rendering of services	3 271	3 613
Gross sales	**503 906**	**513 894**
Reduction in gross sales	–7 280	–8 369
Total	**496 626**	**505 525**

8 Changes in inventories

in CHF thousand	2011	2010
Movement in value adjustment of inventories	–370	44
Movement in finished products and work in progress	8 409	–2 632
Total	**8 039**	**–2 588**

9 Personnel expenses

in CHF thousand	2011	2010
Salaries and bonuses	–75 120	–77 497
Social security contributions	–7 468	–7 816
Pension fund contributions (defined benefit plan)	–5 076	–4 759
Other personnel expenses	–1 873	–1 860
Total	**–89 537**	**–91 932**

10 Other operating income

in CHF thousand	2011	2010
Other operating income	430	530
Gain from disposal of fixed assets	164	766
Total	**594**	**1 296**

11 Other operating expenses

in CHF thousand	2011	2010
Repair, maintenance & replacements	–7 901	–7 725
Operating expenses	–2 967	–3 431
Energy and waste disposal	–10 145	–9 381
Information and communication	–2 525	–2 538
Operational leasing	–9 572	–9 294
Insurances	–1 095	–891
Licences, duties & charges	–739	–638
Shipping	–7 847	–9 419
Marketing & sales	–11 369	–11 673
Board of Directors' compensation	–868	–264
Administration	–2 811	–3 578
Total	**–57 839**	**–58 832**

Product development costs of kCHF 2 206 (2010: kCHF 2 076) were recognised as an expense in the income statement during the period.

12 Financial income

in CHF thousand	2011	2010
Interest income – third parties (LAR)	40	51
Dividend income – third parties (AFVTPL)	12	14
Gain on fair value adjustment on derivative instruments (LFVTPL)	43	5
Gain on fair value adjustment on financial assets (AFVTPL)	0	5
Gain on disposal of financial assets / derivative instruments (AFVTPL / LFVTPL)	0	4
Foreign exchange gains – realised (LAR / OFL)	569	356
Foreign exchange gains – unrealised (LAR / OFL)	409	268
Total	**1 073**	**703**

13 Financial expense

in CHF thousand	2011	2010
Interest expense – third parties (OFL)	–3 678	–5 599
Interest expense – related parties (OFL)	0	–586
Interest expense – financial leasing (OFL)	–72	–19
Bank charges and commissions – third parties (LAR / OFL)	–466	–472
Loss on fair value adjustment on derivative financial instruments (LFVTPL)	–675	–346
Loss on fair value adjustment on financial assets (AFVTPL)	–3	0
Foreign exchange losses – realised (LAR / OFL)	–885	–1 298
Foreign exchange losses – unrealised (LAR / OFL)	–453	–422
Total	**–6 232**	**–8 742**

During the course of the IPO transaction in the prior year, a new credit facility was negotiated with bank lenders. Please see Note 27 for more information on the new credit facility agreement. Due to the early termination of the old credit facility, the remaining transaction costs of KCHF 972 were recognised in financial expenses (Interest expense – third parties) for the prior year.

14 Income taxes

The major components of income tax expense are:

in CHF thousand	2011	2010
Current income taxes	–6 356	–7 308
Current income tax charge	–6 564	–7 333
Adjustments of prior – year income tax	208	25
Movements of deferred taxes	461	1 804
Amount of deferred tax expense / income relating to the origination and reversal of temporary differences	110	33
Amount of deferred tax expense / income relating to changes in tax rates or the imposition of new taxes	327	1 771
Amount of deferred tax expense / income relating to the use and capitalisation of deferred tax assets from tax loss carryforwards	24	0
Total	**–5 895**	**–5 504**

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

in CHF thousand	2011	2010
Profit before tax	34 056	32 440
Weighted Average Group Tax Rate of 17.4% (2010: 22.3%)	–5 932	–7 226
Adjustments of prior – year income tax	208	25
Changes in value adjustments on deferred tax assets	–551	–74
Utilisation of previously not recognised tax losses	47	0
Effect of changes in local tax rates	327	1 771
Other	6	0
Total	**–5 895**	**–5 504**

The weighted average Group tax rate has decreased from 22.3% to 17.4% due to the profit allocation within the Group in the previous year and due to the fact that there was no tax to pay on internal dividend income as had been the case in previous years.

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	2011	2010
Profit for the year attributable to shareholders of ORIOR	28 161	26 936
Weighted Ø number of ordinary shares in '000 for basic earnings per share	5 914	5 402
Basic earnings per share in CHF	4.76	4.99

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) as well as from the increase in share capital in the previous year (see Note 30) 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	31.12.2011	31.12.2010
Cash, postal accounts and checks	49	40
Cash at banks	35 244	45 258
Total	**35 293**	**45 298**

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	31.12.2011	31.12.2010
Current financial assets at FV through profit and loss	204	207
Total	**204**	**207**

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 of a comparable financial asset in an active market. Changes in the fair values are recorded in financial income/financial expenses in the income statement.

18 Trade accounts receivable

in CHF thousand	31.12.2011	31.12.2010
Trade accounts receivable – net – third parties	45 577	44 978
Trade accounts receivable – net – related parties	2	1
Total	**45 579**	**44 979**

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

The ageing analysis of trade accounts receivable shows that 84.9% (2010: 85.5%) of the receivables are not yet due.

in CHF thousand	31.12.2011	31.12.2010
Not yet due	38 686	38 447
Overdue 1 – 30 days	6 060	5 773
Overdue 31 – 60 days	466	488
Overdue 61 – 90 days	205	206
Overdue 91 – 180 days	147	56
Overdue 181 – 360 days	15	9
Overdue more than 360 days	0	0
Total trade accounts receivable – net	**45 579**	**44 979**

At 31 December 2011, trade receivables with initial value of kCHF 231 (2010: kCHF 323) 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 31.12.2009	**74**	**475**	**549**
Additions	62	3	65
Utilisation	–74	–217	–291
Balance 31.12.2010	**62**	**261**	**323**
Additions	23	74	97
Utilisation	–62	–127	–189
Balance 31.12.2011	**23**	**208**	**231**

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, who 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 2011, net trade accounts receivable of kCHF 40 733 (2010: kCHF 42 422) were pledged as security for the interest-bearing liabilities (see also Note 27).

19 Other current receivables

in CHF thousand	31.12.2011	31.12.2010
VAT receivable	2 006	1 476
Withholding tax receivable	18	22
Other current receivables – third parties	716	572
Other current receivables – related parties	0	5
Other current receivables – social security institutions	5	96
Prepayments – third parties	46	49
Total	**2 791**	**2 220**

"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 2011 includes financial assets in the amount of kCHF 631 (2010: kCHF 477).

20 Inventories and work in progress

in CHF thousand	31.12.2011	31.12.2010
Raw material (at cost)	17 030	16 068
Trade products (at cost or net realisable value)	5 117	5 893
Semi – finished products / work in progress (at cost)	24 643	22 456
Finished products (at cost or net realisable value)	18 797	13 035
Total at the lower of cost or net realisable value	**65 587**	**57 452**

kCHF 937 (2010: kCHF 1 565) of the total amount of trade and finished products recognised as of 31 December 2011 are carried at their net realisable value.

The amount of write-downs of inventories recognised as an expense is kCHF 1 755 (2010: kCHF 923) which is recognised in "raw material / goods and services purchased" and "changes in inventories".

At the end of 2011 there were purchase obligations for raw materials of kCHF 10 397 (2010: kCHF 10 136) and for trade products of kCHF 2 440 (2010: kCHF 1 546).

At the end of 2011 and 2010, 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	Investment properties
At cost									
Balance 01.01.2010	**49 045**	**7 665**	**3 955**	**3 159**	**2 828**	**22 479**	**1 371**	**90 502**	**214**
Additions	4 483	2 976	626	3 646	3 907	929	727	17 294	0
Disposals	–309	–2	–361	–334	–6	–1 522	0	–2 534	0
Reallocation within category	1 998	496	134	0	–2 628	897	–897	0	0
Reallocation to intangible assets	0	0	0	0	–46	0	0	–46	0
Exchange differences	–17	–3	–4	–15	0	–52	0	–91	0
Balance 31.12.2010	**55 200**	**11 132**	**4 350**	**6 456**	**4 055**	**22 731**	**1 201**	**105 125**	**214**
Additions	5 309	2 046	193	2 866	5 297	579	177	16 467	0
Additions from acquisitions	764	0	0	0	0	0	0	764	0
Disposals	–198	–20	–18	–427	–11	0	0	–674	0
Reallocation within category	2 049	6	0	46	–2 101	47	–47	0	0
Exchange differences	–3	0	0	–2	0	–8	0	–13	0
Balance 31.12.2011	**63 121**	**13 164**	**4 525**	**8 939**	**7 240**	**23 349**	**1 331**	**121 669**	**214**
Accumulated depreciation									
Balance 01.01.2010	**–19 590**	**–3 403**	**–2 064**	**–1 513**	**–30**	**–1 894**	**0**	**–28 494**	**0**
Depreciation	–6 513	–986	–880	–967	–20	–1 114	0	–10 480	0
Disposals	278	1	382	328	2	309	0	1 300	0
Exchange differences	8	1	2	4	0	10	0	25	0
Balance 31.12.2010	**–25 817**	**–4 387**	**–2 560**	**–2 148**	**–48**	**–2 689**	**0**	**–37 649**	**0**
Depreciation	–7 030	–1 114	–765	–1 541	–91	–945	0	–11 486	0
Disposals	172	20	18	355	0	0	0	565	0
Exchange differences	1	0	0	1	0	2	0	4	0
Balance 31.12.2011	**–32 674**	**–5 481**	**–3 307**	**–3 333**	**–139**	**–3 632**	**0**	**–48 566**	**0**
Impairment									
Balance 01.01.2010	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	0	0	–10	0	0	0	0	–10	0
Disposals	0	0	10	0	0	0	0	10	0
Balance 31.12.2010	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance 31.12.2011	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net balance 01.01.2010	29 455	4 262	1 891	1 646	2 798	20 585	1 371	62 008	214
Net balance 31.12.2010	29 383	6 745	1 790	4 308	4 007	20 042	1 201	67 476	214
Net balance 31.12.2011	**30 447**	**7 683**	**1 218**	**5 606**	**7 101**	**19 717**	**1 331**	**73 103**	**214**

The insurance value of property, plant and equipment amounts to kCHF 166 982 (2010: kCHF 167 446).

At the end of 2011 there were purchase obligations for property, plant and equipment of kCHF 1 024 (2010: kCHF 3 151).

Investments in property, plant and equipment resulted in a cash outflow of kCHF 12 883 (2010: kCHF 13 325).

By the end of 2011 mortgage bonds with a nominal value of kCHF 9 207 were deposited at banks as security for financial liabilities (2010: kCHF 9 207).

Investment property is valued at historical cost less accumulated depreciation and accumulated impairment. The fair value of this investment property amounted to kCHF 214 (2010: kCHF 214). Rental income related to investment property amounted to kCHF 0 in both years.

The net book value of leased vehicles amounts to kCHF 3 516 (2010: kCHF 2 066). Additional information on financial leasing is disclosed under Note 22.

22 Leases

Some new vehicles belonging to the Corporate, Export and Logistics segment were purchased during the reporting period. The new vehicles, with a purchase price of total kCHF 1 847 (2010: kCHF 2 201), were classified as a financial lease. The maturity structure of the overall future minimum financial leasing payments and the corresponding interest expense are given below:

in CHF thousand	31.12.2011	31.12.2010
Maturity within 1 year	885	422
Maturity between 1 and 5 years	2 697	1 804
Maturity over 5 years	196	0
Total	**3 778**	**2 226**
Interest portion	–227	–150
Total financial leasing	**3 551**	**2 076**

Finance lease liabilities in the amount of kCHF 600 (2010: kCHF 125) were repaid during the period.

Ageing of non-capitalised operating leasing contracts:

in CHF thousand	31.12.2011	31.12.2010
Maturity within 1 year	6 904	7 274
Maturity between 1 and 5 years	29 287	27 384
Maturity over 5 years	45 947	54 034
Total	**82 138**	**88 692**

The operating leasing expenses reported in the 2011 income statement amounted to KCHF 7 242 (2010: KCHF 7 476).

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

Fixed leasing instalments are paid on a monthly basis. From the 6th year of the leasing contract, being the year 2012, the annual rent is adjusted in relation to the change in the national index of consumer prices.

The leasing contracts have pre-determined contract terms of between 10 and 18 years. The Group has the option to extend the leasing term 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 lessee 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.

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 stood at kCHF 82 138 at the end of 2011 (2010: kCHF 88 692).

23 Intangible assets

in CHF thousand	Goodwill	Brands	Label	Customer base	Production patent	IT software	Total
At cost							
Balance 01.01.2010	**82 318**	**25 257**	**28 660**	**29 055**	**7 680**	**5 664**	**178 634**
Additions	0	0	0	0	0	1 458	1 458
Disposals	0	0	0	0	0	–31	–31
Reallocation from tangible assets	0	0	0	0	0	46	46
Exchange differences	0	0	0	0	0	–4	–4
Balance 31.12.2010	**82 318**	**25 257**	**28 660**	**29 055**	**7 680**	**7 133**	**180 103**
Additions	0	0	0	0	0	1 724	1 724
Additions from acquisitions	1 350	79	0	1 572	0	0	3 001
Disposals	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	–1	–1
Balance 31.12.2011	**83 668**	**25 336**	**28 660**	**30 627**	**7 680**	**8 856**	**184 827**
Accumulated depreciation							
Balance 01.01.2010	**0**	**0**	**0**	**–903**	**–2 829**	**–2 738**	**–6 470**
Amortisation	0	0	0	–516	–1 617	–1 086	–3 219
Disposals	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	1	1
Balance 31.12.2010	**0**	**0**	**0**	**–1 419**	**–4 446**	**–3 823**	**–9 688**
Amortisation	0	0	0	–516	–1 617	–1 038	–3 171
Disposals	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	0	0
Balance 31.12.2011	**0**	**0**	**0**	**–1 935**	**–6 063**	**–4 861**	**–12 859**
Net balance 01.01.2010	82 318	25 257	28 660	28 152	4 851	2 926	172 164
Net balance 31.12.2010	82 318	25 257	28 660	27 636	3 234	3 310	170 415
Net balance 31.12.2011	**83 668**	**25 336**	**28 660**	**28 692**	**1 617**	**3 995**	**171 968**

Investments in intangible assets resulted in a cash outflow of kCHF 1 606 (2010: kCHF 1 445).

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	31.12.2011	31.12.2010
ORIOR Refinement	75 811	75 811
ORIOR Convenience	7 857	6 507
Total	**83 668**	**82 318**

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. 0.2 percentage points (2010: 0.3 percentage points) over the whole budget period was applied. The business segment ORIOR Convenience shows a decrease in its EBIT margin of approx. 0.2 percentage points (2010: decrease of 1.8 percentage points) over the budget period.

Growth rates – Rates are based on published inflation rates. The growth rate used to extrapolate revenues beyond the budget period was 1.4% (2010: 1.4%) for all business units.

Discount rates – The discount rate was based on the average percentage of a weighted average cost of capital for the industry. As the market assessment of risks are very similar for all CGU, a pre-tax discount rate of 8.2% (2010: 8.2%) and post-tax discount rate of 6.7% (2010: 6.7%) was applied.

The recoverable amount of goodwill would still be higher than the carrying amount and no impairment charge would need to be recorded if:

– The average estimated EBIT margin had been 1.0 percentage point lower than management's estimates at 31 December 2011; 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	31.12.2011	31.12.2010
Brand Rapelli	13700	13700
Brand Ticinella	5500	5500
Brand Natur Gourmet	1200	1200
Brand Spiess	4857	4857
Brand Val Mara	79	0
Total	**25336**	**25257**

Apart from the brand Natur Gourmet, 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 based on 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%	(2010: 1.0 – 3.0%)
–	Growth rate*	1.4%	(2010: 1.4%)
–	Discount rate (WARA)**	8.2%	(2010: 8.5%)

* Growth rate used to extrapolate revenues beyond the budget period.

** A pre-tax discount rate (WARA) of 8.5% was applied for the year 2011 (2010: 8.8%).

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 and no impairment charge would need to be recorded if:

- The licence fees had been 0.5 – 2.0%; or
- The growth rate had been 0.4%; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 9.2%.

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 been considered in neither the impairment test nor 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. It 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*	1.4%	(2010: 1.4%)
– Discount rate (WARA)**	7.1%	(2010: 7.4%)

* Growth rate used to extrapolate revenues beyond the budget period.

** A pre-tax discount rate (WARA) of 7.3% was applied for the year 2011 (2010: 7.6%).

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 and no impairment charge would need to be recorded if:

- The growth rate had been 0.4%; 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 points 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 (2010: kCHF 21 317) has an indefinite useful life whereas the other part (kCHF 5 803 as at 31 December 2011 and kCHF 6 319 as at 31 December 2010 respectively) is amortised over a useful life of 15 years, of which the remaining amortisation period amounts to 11 years.

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*	1.4%	(2010: 1.4%)
– Discount rate (WARA)**	8.2 – 8.3%	(2010: 8.5%)

* Growth rate used to extrapolate revenues beyond the budget period.

** A pre-tax discount rate (WARA) of 8.4 – 8.5% was applied for the year 2011 (2010: 8.7%).

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 and no impairment charge would need to be recorded if:

- The growth rate had been 0.4%; or
- The EBITDA margin in % of revenues had been lower by 0.5 – 1.0 percentage points; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 9.2 – 9.3%.

Successful retention and use of the customer base with an indefinite useful life is of crucial importance for 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	31.12.2011	31.12.2010
Trade accounts payable – third parties	45 603	41 399
Total	**45 603**	**41 399**

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

25 Other current payables

in CHF thousand	31.12.2011	31.12.2010
Other current payables – third parties	2 135	1 768
Other current payables – related parties	74	157
Other current payables – social security institutions	710	1 301
Total	**2 919**	**3 226**

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

The total balance of "other current payables – third parties" as per 31 December 2011 includes financial liabilities of kCHF 850 (2010: kCHF 529).

26 Accrued liabilities

in CHF thousand	31.12.2011	31.12.2010
Accrued Expenses – third parties	17 153	19 480
Vacation / overtime	1 494	1 830
Bonus	2 832	3 728
Client reimbursements	3 101	3 716
Water, electricity	1 289	834
Marketing contributions	3 108	2 909
Other	5 329	6 463
Accrued Expenses – related parties	1 303	1 490
Accrued Expenses – social security institutions	385	221
Total	**18 841**	**21 191**

The total balance of accrued liabilities as per 31 December 2011 includes financial liabilities of kCHF 10 938 (2010: kCHF 11 855). Other accrued expenses of kCHF 5 329 (2010: kCHF 6 463) include financial liabilities of kCHF 3 440 (2010: kCHF 4 396) and are in particular related to liabilities for maintenance and repair, logistics, consulting activities and invoices not yet received. The non-financial liabilities included in other accrued expenses involve mainly tax at source, property taxes and capital taxes.

27 Financial liabilities

in CHF thousand	Note	Effective interest rate %	Maturity	31.12.2011
Year ended 31 December 2011				
Current – third parties				
kCHF 291 overdraft bank facility		11.00%		291
kCHF 12 500 secured bank loan	27 (a)	LIBOR + 1.5	30/06/12 31/12/12	12 368
Short – term liabilities from finance lease	22	2.30% – 5.69%		801
Total				**13 460**
Non – current – third parties				
kCHF 20 250 secured bank loan	27 (a)	LIBOR + 1.5	2013 – 2014	20 036
kCHF 70 000 secured bank loan	27 (b)	LIBOR + 1.5	30/09/14	69 262
kCHF 25 000 secured bank loan (not yet drawn)	27 (c)		30/09/14	0
kEUR 40 000 secured bank loan (not yet drawn)	27 (d)		2013 – 2014	0
Long – term liabilities from finance lease	22	2.30% – 5.69%		2 750
Total				**92 048**

in CHF thousand	Note	Effective interest rate %	Maturity	31.12.2010
Year ended 31 December 2010				
Current – third parties				
kCHF 11 750 secured bank loan	27 (a)	LIBOR + 1.5	30/06/11 31/12/11	11 563
Short – term liabilities from finance lease	22	2.52% – 2.71%		373
Total				**11 936**
Non – current – third parties				
kCHF 32 750 secured bank loan	27 (a)	LIBOR + 1.5	2012 – 2014	32 229
kCHF 70 000 secured bank loan	27 (b)	LIBOR + 1.5	30/09/14	68 886
kCHF 25 000 secured bank loan (not yet drawn)	27 (c)		30/09/14	0
kEUR 40 000 secured bank loan (not yet drawn)	27 (d)		2012 – 2014	0
Long – term liabilities from finance lease	22	2.52% – 2.71%		1 703
Total				**102 817**

During the course of the IPO transaction in 2010, a new credit facility was negotiated with bank lenders that replaced the previous agreement. On 29 April 2010 the new credit facility was signed. Its credit limit as per the balance sheet date consists of CHF 127.75 million and EUR 40 million, of which CHF 25 million and EUR 40 million have not yet been drawn. The interest rates applicable to the credit facility are based on the ratio of the Group's net debt to EBITDA, on its Equity Ratio 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.

(a) Bank loans are secured by pledged accounts receivable of kCHF 40 733 (2010: kCHF 42 422) and deposited mortgage bonds in the amount of kCHF 9 207 (2010: kCHF 9 207).

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, only the amount of CHF 12.5m (2010: CHF 11.75m) that is due to be settled within twelve months after the balance sheet date is disclosed as current.

The bank loan has been extended as follows:

Amount	Carrying amount	Maturity	Interest rate
kCHF 32 750	kCHF 32 404	31/01/12	1.53167

The credit limit of currently CHF 32.75 million is to be reduced by instalments of CHF 12.5 million in 2012 and CHF 13.25 million in 2013. The remaining amount of CHF 7 million has to be paid back in 2014.

(b) Securities and the discretion to refinance are the same as described under (a).

The bank loan has been extended as follows:

Amount	Carrying amount	Maturity	Interest rate
kCHF 70 000	kCHF 69 262	31/01/12	1.53167

The credit limit of currently CHF 70 million can be used up to September 2014.

(c) Securities and the discretion to refinance are the same as described under (a).

As per 31 December 2011 none of the credit limit of CHF 25 million was drawn. The credit limit can be used up to September 2014.

(d) Securities and the discretion to refinance are the same as described under (a).

This undrawn bank loan with credit limit of EUR 40 million has been extended for one year and can therefore be used up to 30 June 2012. 20% of any amount drawn must be paid back annually up to the year 2013. The remaining balance must be paid in 2014.

28 Provisions

in CHF thousand	Anniversary and other long – term service benefits	Others	Total
Balance 01.01.2010	**2 046**	**978**	**3 024**
Additions	285	0	285
Use	–214	–76	–290
Reversal	–18	–370	–388
Balance 31.12.2010	**2 099**	**532**	**2 631**
Additions	135	0	135
Reclassification	0	390	390
Use	–249	0	–249
Reversal	–247	–251	–498
Balance 31.12.2011	**1 738**	**671**	**2 409**
Of which short – term	232	57	289
Of which long – term	1 506	614	2 120

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 according to IAS 19.

Others – Other provisions include the operational risks ascertained 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	31.12.2011	31.12.2010
Deferred tax assets	–40	–16
Deferred tax liabilities	23 995	24 092
Net deferred (assets) / liabilities	**23 955**	**24 076**

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

in CHF thousand	2011	2010
Opening balance as at 01.01.	24 076	25 880
Additions from acquisitions	340	0
Charges / (discharges) to income statement	–461	–1 804
Net deferred (assets) / liabilities as at 31.12.	**23 955**	**24 076**

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 2011 deferred income tax assets in the amount of kCHF 24 (2010: kCHF 0) were capitalised.

The Group did not recognise deferred income tax assets of kCHF 1 132 (2010: kCHF 1 660) in respect of losses amounting to kCHF 3 015 (2010: kCHF 4 185) 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
- Expires in 4 to 7 years: kCHF 0
- No expiration: kCHF 3 015

Financial restructuring of one foreign subsidiary has yielded additional tax benefits of kEUR 1 400. However, as it is at present unclear whether it will be possible to realize this credit, no deferred tax assets were recognized for this item.

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

in CHF thousand	31.12.2011	31.12.2010
Inventories and work in progress	3 537	3 365
Property, plant and equipment	4 251	4 154
Intangible assets	14 879	15 024
Other assets	1 328	1 440
Liabilities	0	109
Subtotal deferred tax liabilities	**23 995**	**24 092**
Benefit from tax loss carryforwards	–24	0
Liabilities	–16	–16
Subtotal deferred tax assets	**–40**	**–16**
Net deferred (assets) / liabilities	**23 955**	**24 076**

30 Shareholders' equity

On 22 April 2010, during the course of the initial public offering (IPO), the share capital of kCHF 17 000 was increased to kCHF 23 700 by issuing 1 675 000 registered shares at a price of CHF 48 each and reserve capital in the gross amount of kCHF 73 700 was created. The pro rata transaction costs in conjunction with the IPO amounted to a total of KCHF 5 997. In accordance with IAS 32/39, kCHF 5 800 thereof was recognised directly in additional paid-in capital, which resulted in additional paid-in capital of kCHF 67 900.

The share capital is fully paid-in and consists of 5 925 000 registered shares with a par value of CHF 4.

31 Treasury shares

	Number	Ø price per share in CHF	Total in kCHF
Opening balance as at 01.01.2010	**0**	**0.00**	**0**
Purchases 01.01. – 31.12.10	8 510	46.60	397
Closing balance as at 31.12.2010	**8 510**	**46.60**	**397**
Opening balance as at 01.01.2011	**8 510**	**46.60**	**397**
Purchases 01.01. – 31.12.11	5 635	51.41	289
Closing balance as at 31.12.2011	**14 145**	**48.51**	**686**

32 Dividends / repayment of capital contributions

The dividend for 2010 was paid in April 2011 in conformity with the decision taken at the Annual General Meeting on 6 April 2011. Shareholders approved the proposed dividend in the form of a repayment of capital contributions of CHF 1.90 per share, resulting in a total dividend of kCHF 11 237. Due to the change from the nominal value principle to the capital contribution principle, these dividends were not subject to withholding tax. No dividends were paid for 2009.

The Board of Directors will propose to the Annual General Meeting in March 2012 that the Group distribute a dividend of CHF 1.93 per share. 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 contract – There are no open forward currency contracts as at 31 December 2011 and 2010.

Interest rate swaps – The notional amounts of the outstanding interest rate swaps at 31 December 2011 were kCHF 70 000 (2010: kCHF 70 000).

At 31 December 2011, the fixed interest rates were between 1.59% and 1.83% (2010: between 1.59% and 1.83%). The variable rate used is 1-month CHF-LIBOR.

35 Foreign exchange rates

	Unit	Average exchange rate		Closing exchange rate	
Currency		2011	2010	31.12.2011	31.12.2010
EUR	1	1.2337	1.3822	1.2155	1.2507
USD	1	0.8877	1.0428	0.9391	0.9366

36 Employee benefit liabilities

Pension obligations

Retirement benefits are based on contributions, computed as a percentage of salary, adjusted for the age of the employee and shared approximately 41% / 59% by employee and employer. In addition to retirement benefits, the plans provide death and long-term disability benefits to its employees. Liabilities and assets are calculated every year by an independent actuary. According to IAS 19, plan assets have been estimated at fair market values and liabilities have been calculated according to the projected unit credit method.

Actuarial gains and losses arising from adjustments and changes in actuarial assumptions in excess of the greater of 10% of the fair value of plan assets or 10% of the defined benefit obligation are charged or credited to the income statement over the employees’ expected average remaining working lives.

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

in CHF thousand	31.12.2011	31.12.2010
Defined benefit obligation	–119 984	–114 463
Fair value of plan assets	104 457	106 373
Funded status	–15 527	–8 090
Thereof unrecognised gains / (losses)	–14 311	–7 320
Accrued pension cost	**–1 216**	**–770**

The pension cost is determined as follows:

in CHF thousand	2011	2010
Service cost	–6 719	–5 790
Interest cost	–3 161	–3 612
Expected return on plan assets	4 803	4 643
Company pension (cost) / income	**–5 076**	**–4 759**

The movement in the liability recognised in the balance sheet is as follows:

in CHF thousand	31.12.2011	31.12.2010
Liability at 1 January	–770	–655
Company pension cost	–5 076	–4 759
Company contribution	4 739	4 645
Acquisitions	–108	0
Liability at 31 December	**–1 216**	**–770**

The assumptions are determined as follows:

	31.12.2011	31.12.2010
Discount rate	2.50%	2.75%
Rate of future increase in compensation	1.50%	1.50%
Rate of future increase in current pensions	0.5% / 2.00%	1% / 2.5%
Expected long – term rate of return on plan assets	3.50%	4.50%
Retirement age of females	64	64
Retirement age of males	65	65
Average turnover	15%	15%
Life expectancy at retirement age for females	22.3	21.8
Life expectancy at retirement age for males	18.9	17.9

The movements in the defined benefit obligation, fair value of plan assets and unrecognised gains/(losses) are as follows:

in CHF thousand	31.12.2011	31.12.2010
Defined benefit obligation at 1 January	–114 463	–103 200
Service cost	–6 719	–5 790
Employee contributions	–3 099	–3 066
Interest cost	–3 161	–3 612
Actuarial gains / (losses)	711	–4 566
Benefit payments	7 221	5 771
Acquisitions	–474	0
Defined benefit obligation at 31 December	**–119 984**	**–114 463**

in CHF thousand	31.12.2011	31.12.2010
Fair value of plan assets at 1 January	106 373	103 176
Expected return on plan assets	4 803	4 643
Employee contributions	3 099	3 066
Employer contributions	4 739	4 645
Actuarial gains / (losses)	–7 702	–3 385
Benefit payments	–7 221	–5 771
Acquisitions	366	0
Fair value of plan assets at 31 December	**104 457**	**106 373**

The actual return on plan assets is kCHF -2 899 in 2011 (2010: kCHF 1 258).

The estimated company contribution to the pension plans for the financial year 2012 amounts to kCHF 4 775.

The categories of plan assets and their corresponding expected return are as follows:

	Proportion in %	Expected return	Proportion in %	Expected return
Category of plan assets	31.12.2011		31.12.2010	
Cash	5.4%	1.0%	7.8%	2.0%
Bonds	44.7%	2.1%	47.7%	3.5%
Shares	26.6%	6.0%	25.2%	6.7%
Real estate	18.3%	4.0%	16.8%	4.5%
Other (hedge funds)	5.0%	4.0%	2.5%	4.5%
Total	**100.0%**	**3.5%**	**100.0%**	**4.5%**

The amounts of the defined benefit obligation, plan assets and experience adjustments for the current and previous annual periods are as follows:

in CHF thousand	2011	2010	2009	2008	2007
Defined benefit obligation	–119 984	–114 463	–103 200	–100 985	–89 390
Plan assets	104 457	106 373	103 176	94 682	92 504
(Deficit) / surplus	–15 527	–8 090	–24	–6 303	3 114
Experience adjustments on pension liability	3 773	4 756	5 556	4 871	–967
Experience adjustments on plan assets	–7 702	–3 385	1 176	–13 481	–2 328

Dismissal indemnities

The business unit Spiess Europe sponsors a plan that provides indemnities in case of dismissal. This plan qualifies as a defined benefit plan under IAS 19. The dismissal indemnity is defined as a percentage of the annual salary per year of service.

The following table sets forth the status of the dismissal indemnity and the amount recognized in the consolidated balance sheet at December 31:

in CHF thousand	31.12.2011	31.12.2010
Defined benefit obligation	–11	–9
Fair value of plan assets	0	0
Funded status	–11	–9
Unrecognised gains / (losses)	–2	–1
Accrued pension cost	–10	–9

The assumptions are determined as follows:

	31.12.2011	31.12.2010
Discount rate	4.25%	5.25%
Rate of future increase in compensations	3.00%	3.00%
Average turnover	10.00%	10.00%
Retirement age	60	60

37 Management participation plan

As per 31 December 2011 as well as per 31 December 2010, there was no management participation plan in place.

The Board of Directors approved a new employee share plan which will come into force on 3 January 2012.

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" as well as 'Pensionskasse Metzger' are treated as related parties.

On 31 December 2010, Capvis General Partner II Ltd. held 19.7% of ORIOR shares. Based on the share register, it still held 17.94% of ORIOR shares. Other significant shareholders are disclosed in the separate financial statements of ORIOR AG.

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

in CHF thousand

Assets	Partner	31.12.2011	31.12.2010
Trade accounts receivable	Shareholders	2	1
Prepaid pension cost	Pension fund	0	5

Liabilities	Partner	31.12.2011	31.12.2010
Other current payables	Pension fund	74	157
Accrued liabilities	Board of Directors	205	182
Accrued liabilities	Management	1 098	1 308
Accrued pension cost	Pension fund	1 226	779

Expenses	Partner	2011	2010
Pension fund contributions	Pension fund	–5 076	–4 759
Board of Directors' compensation	Board of Directors	–868	–264
Interest expense	Shareholders	0	–586

Sales	Partner	2011	2010
Gross sales	Shareholders	2	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 or significant shareholders except for the above disclosed amounts.

The top management of ORIOR AG receives performance related compensation in addition to a 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 exception is Rolf U. Sutter, Chairman of the Board of Directors, who was CEO of the ORIOR Group until April 2011. The total amount for fixed and variable compensation in 2011 is kCHF 3 945 (2010: kCHF 3 896). The disclosed remuneration is reported on an accrual basis.

in CHF thousand	2011	2010
Short – term employee benefits	3 613	3 599
Post – employment benefits	332	297
	3 945	**3 896**

Further information regarding total compensation is disclosed in the notes to the financial statements of ORIOR AG in compliance with the provisions of Art. 663b^{bis} of the Swiss Code of Obligations (Transparency Act).

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

There are no purchase agreements or other kind of obligations other than reported under "inventories and work in progress" (see Note 20) and under "property, plant and equipment" (see Note 21) as of 31 December 2011 as well as of 31 December 2010.

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 2011 annual financial statements

43 Legal structure of ORIOR Group

Company Name	Location	Country	Business activity	Currency	Share capital (in 1000)	%-share of capital and votes 2011	2010
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%
Salumeria Keller SA	Maroggia	Switzerland	Premium Food	CHF	250	100%	0%
Rapelli Italia S.R.L.	Varese	Italy	Premium Food	EUR	25	100%	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	100%	100%
Weifang COFCO Fresico Ltd.	Weifang	China	Premium Food	USD	225	10%	10%
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	780	100%	100%
Lineafresca Logistic AG	Langenthal	Switzerland	Services	CHF	200	100%	100%

ERNST & YOUNG

Ernst & Young Ltd
Aeschengraben 9
P.O. Box
CH-4002 Basel

Phone +41 58 286 86 86
Fax +41 58 286 86 00
www.ey.com/ch

To the General Meeting of

Orior Ltd, Zurich

Basel, 22 February 2012

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Orior Ltd, Zurich, which comprise the income statement, statement of comprehensive income, balance sheet, statement of equity, cash flow statement and notes (pages 66 to 128), for the year ended 31 December 2011.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consoli-

ERNST & YOUNG

2

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on Other Legal Requirements

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

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

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

Ernst & Young Ltd

Roger Müller
Licensed audit expert
(Auditor in charge)

Andreas Blank
Licensed audit expert

ORIOR AG
FINANCIAL STATEMENTS 2011

Income Statement

in CHF thousand	2011	2010
Licence fees	292	348
Interest income	1 894	1 810
– Third parties	11	10
– Subsidiaries	1 883	1 800
Dividend income	21 300	17 700
Total income	**23 486**	**19 858**
Interest expense	–1 195	–2 106
– Third parties	–684	–972
– Subsidiaries	–511	–548
– Shareholders	0	–586
Other financial expense	–426	–1 942
Other expense	–2 078	–1 439
Depreciation and amortisation	–2 979	–3 368
Tax expense	–40	–29
Total expenses	**–6 718**	**–8 884**
Profit for the year	**16 768**	**10 974**

Balance Sheet

in CHF thousand	31.12.2011	31.12.2010
Cash and cash equivalents	5 600	8 482
Treasury shares	686	397
Other current receivables	982	754
– Third parties	37	18
– Subsidiaries	945	736
Prepaid expenses	147	20
Current assets	**7 415**	**9 653**
Investment in subsidiaries	64 410	64 410
Loans to subsidiaries	98 334	97 510
Intangible assets	16 115	18 010
Costs of capital increase	3 610	4 694
Non – current assets	**182 469**	**184 624**
Total assets	**189 884**	**194 277**
Current financial liabilities	12 500	11 750
– Third parties	12 500	11 750
Other current payables	365	264
– Third parties	101	12
– Subsidiaries	264	252
Accrued liabilities	515	530
Current liabilities	**13 380**	**12 544**
Non – current financial liabilities	43 890	54 650
– Third parties	20 250	32 750
– Subsidiaries	23 640	21 900
Non – current liabilities	**43 890**	**54 650**
Total liabilities	**57 270**	**67 194**
Share capital	23 700	23 700
Statutory reserves	64 718	75 117
– Capital contribution reserves	62 463	73 700
– General legal reserves	1 569	1 020
– Reserve for treasury shares	686	397
Free reserves	4 314	4 603
Retained earnings	39 882	23 663
– Brought forward from previous year	23 114	12 689
– Profit for the year	16 768	10 974
Total equity	**132 614**	**127 083**
Total liabilities and equity	**189 884**	**194 277**

Notes to the Statutory Financial Statements

1 Sureties, guarantee commitments and pledged or assigned assets in favour of third parties

in CHF thousand	31.12.2011	31.12.2010
Joint and several liabilities for rent	**81 127**	**87 827**
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 total amount of future rent payments up to the year 2025 has been disclosed.		
Guarantee commitments in favour of subsidiaries	**70 498**	**70 498**

2 Assets with restrictions on title for own liabilities

in CHF thousand	31.12.2011	31.12.2010
Regarding the Credit Facility Agreement with Credit Suisse in the maximum amount of kCHF 127 750 and kEUR 40 000 (of which kCHF 102 750 has been drawn as per 31.12.2011).		
– Declaration of assignment for loans to subsidiaries	98 494	97 510

3 Subsidiaries

Company Name	Location	Business activity	Share capital (in kCHF)	%-share of capital and votes 2011	2010
Rapelli SA	Stabio	Premium Food	12 500	100%	100%
Fredag AG	Root	Premium Food	2 000	100%	100%
Orior Menu AG	Böckten	Premium Food	1 700	100%	100%
Lineafresca Logistic AG	Langenthal	Services	200	100%	100%
Orior Management AG	Zurich	Services	100	100%	100%

4 Treasury shares

ORIOR AG has purchased treasury shares on the market. During the year 2010 ORIOR AG purchased a total of 8 510 treasury shares at an average price of CHF 46.60 per share. During the year 2011 ORIOR AG purchased a total of 5 635 treasury shares at an average price of CHF 51.41 per share. As per 31 December, ORIOR AG holds 14 145 treasury shares in the amount of kCHF 686, valued at their purchase prices.

5 Authorised and conditional share capital

in CHF thousand	31.12.2011	31.12.2010
Conditional share capital	714	714
Authorised share capital	4 762	4 762

Conditional share capital

The share capital of the Company will 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 will be 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 increase the share capital at any time up to 9 April 2012 by a nominal amount of a maximum of CHF 4 761 704 through the issue of a maximum of 1 190 426 registered shares with a par value of CHF 4.00 per share, which must be fully paid in. Partial increases of share capital within the foregoing limit are permitted. The Board of Directors will decide the amount of the share capital issue, the date of its entitlement for dividend payments and the form of subscription to be used. After their acquisition, the new registered shares will be subject to the restrictions on entry in the share register stipulated in Articles 5 and 6 of the Articles of Association.

6 Risk management

The Group has an internal control system in place for all Group companies. 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. Besides these periodical risk assessments, the Group cultivates an active “what if” risk management. “What if” scenarios are integrated in the budget and forecast process of all Group companies. The last risk assessment was carried out by the Management Board in the fourth quarter of 2011 and was discussed and approved by the Board of Directors on 8 December 2011.

7 Share capital

On 22 April 2010, during the course of the initial public offering (IPO), the share capital of kCHF 17 000 was increased to kCHF 23 700 by issuing 1 675 000 registered shares at a price of CHF 48 each and reserve capital in the gross amount of kCHF 73 700 was created.

in CHF thousand	Share capital	Capital contri-bution reserves	General legal reserves	Reserve for treasury shares	Free reserves	Brought forward from previous year	Profit for the year	Equity
Balance as at 01.01.2010	17 000	0	0	0	0	12 464	6 245	35 709
Allocation of profits	0	0	1 020	0	5 000	225	–6 245	0
Issue of share capital	6 700	73 700	0	0	0	0	0	80 400
Reserve for treasury shares	0	0	0	397	–397	0	0	0
Profit for the year	0	0	0	0	0	0	10 974	10 974
Balance as at 31.12.2010	**23 700**	**73 700**	**1 020**	**397**	**4 603**	**12 689**	**10 974**	**127 083**
Allocation of profits	0	0	549	0	0	10 425	–10 974	0
Dividends / repayment of capital contributions	0	–11 237	0	0	0	0	0	–11 237
Reserve for treasury shares	0	0	0	289	–289	0	0	0
Profit for the year	0	0	0	0	0	0	16 768	16 768
Balance as at 31.12.2011	**23 700**	**62 463**	**1 569**	**686**	**4 314**	**23 114**	**16 768**	**132 614**

8 Compensation

The remuneration of the Board of Directors and the Management Board is reported on an accrual basis.

	Gross compensa-tion	Post – em-ployment benefits	Other social costs	Total compensa-tion 2011	Gross compensa-tion	Post – em-ployment benefits	Other social costs	Total compensa-tion 2010
Rolf U. Sutter[1)] Chairman of the Board	673 230	57 225	58 140	788 595	–	–	–	–
Rolf Friedli[2)] Vice Chairman of the Board	83 335	0	0	83 335	79 830	0	6 405	86 235
Erland Brügger Member of the Board	53 335	0	4 385	57 720	47 895	0	3 845	51 740
Christoph Clavadetscher Member of the Board	53 335	0	4 385	57 720	47 895	0	3 845	51 740
Anton Scherrer Member of the Board	51 805	0	2 495	54 300	51 765	0	2 455	54 220
Edgar Fluri Member of the Board	80 000	0	6 580	86 580	59 870	0	4 805	64 675
Total Board of Directors	**995 040**	**57 225**	**75 985**	**1 128 250**	**287 255**	**0**	**21 355**	**308 610**
Rolf. U. Sutter[1)] CEO	–	–	–	–	753 100	57 401	53 508	864 009
Remo Hansen[3)] CEO	591 790	45 145	46 785	683 720	–	–	–	–
Key Management	2 026 060	229 790	181 745	2 437 595	2 558 448	239 585	195 971	2 994 004
Total Management Board	**2 617 850**	**274 935**	**228 530**	**3 121 315**	**3 311 548**	**296 986**	**249 479**	**3 858 013**

1 CEO until 30 April 2011, Chairman of the Board as of 1 May 2011
2 Chairman of the Board until 30 April 2011, Vice Chairman of the Board as of 1 May 2011
3 Head of Pastinella & Fredag until 30 April 2011, CEO as of 1 May 2011, shown under Key Management in the previous year

Neither ORIOR AG nor any of its subsidiaries provided any collateral, loans, cash advances or credit to any of the members of the Management Board or the Board of Directors or to persons closely related to them during the years 2010 and 2011.

9 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:

	Total number of shares 2011	Total number of shares 2010
Rolf U. Sutter[1)] Chairman of the Board	199 300	199 300
Rolf Friedli[2)] Vice Chairman of the Board	0	0
Erland Brügger Member of the Board	14 175	14 175
Christoph Clavadetscher Member of the Board	14 515	14 515
Anton Scherrer Member of the Board	2 000	14 175
Edgar Fluri Member of the Board	4 000	2 000
Total Board of Directors	**233 990**	**244 165**
Remo Hansen[3)] CEO	85 710	85 710
Hélène Weber – Dubi CFO	85 830	85 830
Stefan H. Jost[4)] Head of International, New Business & Logistics	425	425
Bruno de Gennaro[5)] Head of Rapelli	92 075	92 075
Albert Spiess Head of Spiess	0	0
Bruno Höltschi[6)] Head of International & New Business	85 287	86 540
Urs Aebi Head of Le Patron	85 000	85 000
Total Management Board	**434 327**	**435 580**

1 CEO until 30 April 2011, Chairman of the Board as of 1 May 2011
2 Chairman of the Board until 30 April 2011, Vice Chairman of the Board as of 1 May 2011
3 Head of Pastinella & Fredag until 30 April 2011, CEO as of 1 May 2011
4 Head of Refinement until 7 June 2011, Head of International, New Business & Logistics as of 7 June 2011
5 Head of Rapelli until 31 December 2011, Head of Convenience and Fredag as of 1 January 2012
6 Head of International & New Business until 7 June 2011

10 Significant shareholders

The significant shareholders of the Company were the following (> 5%):

	%-Share of capital and votes	
Name	31.12.2011	31.12.2010
Capvis General Partner II Ltd.	17.94%	19.70%
UBS Fund Management (Switzerland) AG	5.76%	5.45%
DWS Investment GmbH	9.96%	7.17%

Proposal for the allocation of retained earnings as of 31 December 2011

Allocation of retained earnings

The Board of Directors is proposing the following allocation of retained earnings:

in CHF thousand	31.12.2011	31.12.2010
Brought forward from previous year	23 114	12 689
Profit for the year	16 768	10 974
Available retained earnings	**39 882**	**23 663**
Allocation to legal reserve	–840	–549
Balance brought forward	**39 042**	**23 114**

Allocation from legal reserves (capital reserves) to free reserves and withholding tax-free distribution from free reserves

The Board of Directors is proposing to the 2012 general meeting of shareholders that it pay a dividend of CHF 1.93 per share in the form of a repayment from capital reserves without deduction of withholding tax. If the shareholders approve this proposal, the total dividend payment will come to kCHF 11 408, and the distribution ratio as a percentage of profit for the year will be 40.5%. All shares rank for dividends except for 14 145 treasury shares.

in CHF thousand	31.12.2011	31.12.2010
Allocation from legal reserves (capital reserves) to free reserves	11 408	11 241
Withholding tax – free distribution of CHF 1.93 per registered share	–11 408	–11 241

Ernst & Young Ltd
Aeschengraben 9
P.O. Box
CH-4002 Basel

Phone +41 58 286 86 86
Fax +41 58 286 86 00
www.ey.com/ch

To the General Meeting of

Orior Ltd, Zurich

Basel, 22 February 2012

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of of Orior Ltd, Zurich, which comprise the income statement, balance sheet and notes (pages 132 to 138), for the year ended 31 December 2011.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ERNST & YOUNG

2

Opinion
In our opinion, the financial statements for the year ended 31 December 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

Ernst & Young Ltd

Roger Müller
Licensed audit expert
(Auditor in charge)

Andreas Blank
Licensed audit expert

ORIOR GROUP
SHARE INFORMATION

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

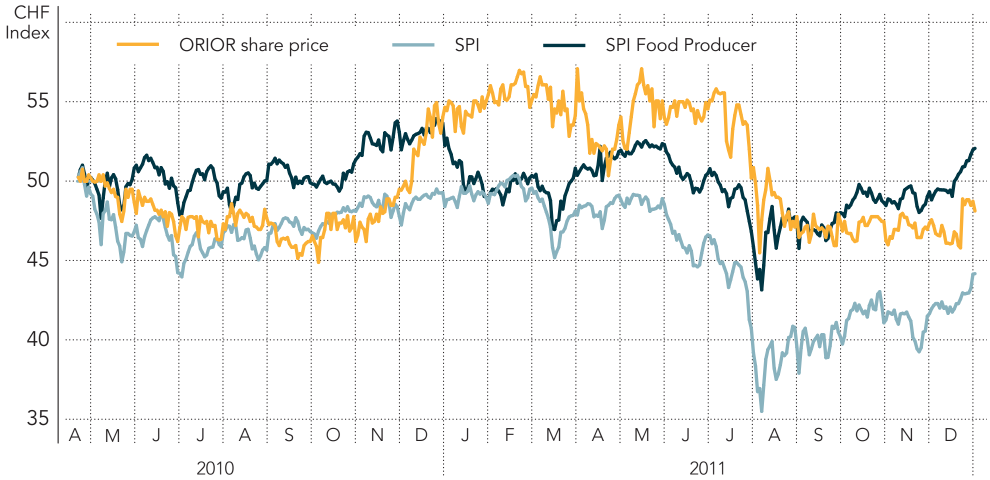
Number of shares at 31 December		2011	2010
Number of registered shares	Number	5 925 000	5 925 000
Nominal value per registered share	in CHF	4.00	4.00
thereof treasury shares	Number	14 145	8 510
Number of outstanding registered shares	Number	5 910 855	5 916 490

Stock exchange key figures		2011	2010
Year end price	in CHF	48.50	54.60
Year high	in CHF	57.50	54.90
Year low	in CHF	43.00	44.60
Average trading volume per day	Number	6 033	13 349
Market capitalisation at year-end	in CHF m	287.4	323.5

Key figures of shares		2011	2010
Net result per share	in CHF	4.76	4.99
Net result per share (diluted)	in CHF	4.76	4.99
Operating cash flow per share	in CHF	5.28	6.62
Equity per share	in CHF	31.62	31.53
Dividend per share	in CHF	1.93	1.90
Dividend percentage	in %	40.5	41.7
P / E ratio after tax		10.19	10.94
Weighted Ø number of shares outstanding	in '000	5 914	5 402

The "per share" benchmark figures are calculated on the basis of the weighted average number of shares.

Share price development



Dividend policy and dividend proposal

Orior AG'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.

The Board of Directors generally aims for a payout ratio of 40% (total dividend payout as a percentage of net profit for the respective fiscal year).

The Board of Directors is proposing a dividend of CHF 1.93 per share for 2011. The proposed dividend payout for fiscal 2011 corresponds to 40.5% of net profit for the year.

Corporate calendar

	Date	Place
Annual General Meeting	27.03.2012, 10.00 am	Zurich, Lake Side Casino
Publication of 2012 interim results	23.08.2012	Zurich

Contact information

Company address

ORIOR AG
Dufourstrasse 43
CH-8008 Zurich
Mail: investors@orior.ch
www.orior.ch

Investor Relations

Karin Dietrich
Tel: +41 44 308 65 13
Mail: investors@orior.ch

Imprint

Publisher
ORIOR AG
Dufourstrasse 43
CH-8008 Zurich

Concept / Design
hilda design matters
Zurich

Photography
Jos Schmid, Zurich
Hans-Jörg Walter, Zurich
Martin Stollenwerk, Zurich

Setting and Printing
Neidhart + Schön Group
Zurich

This annual report is published in German and English.
The binding version of the ORIOR Annual Report 2011 is in German.

MIX
From responsible sources
FSC® C016003
www.fsc.org

printed climate neutrally
www.nsgroup.ch

ORIOR AG
Dufourstrasse 43
CH-8008 Zurich
Tel: +41 44 308 65 00
info@orior.ch
www.orior.ch

Rapelli SA
Via Laveggio 13
CH-6855 Stabio
Tel: +41 91 640 73 00
info@rapelli.com
www.rapelli.com

Albert Spiess AG
Hauptstrasse
CH-7220 Schiers
Tel: +41 81 308 03 08
office@spiess-schiers.ch
www.spiess-schiers.ch

Salumeria Keller SA
Viale Baldassarre Longhena
CH-6817 Maroggia
Tel: +41 91 649 73 79
salkeller@ticino.com
www.salkeller.com

Fredag AG
Oberfeld 7
CH-6037 Root
Tel: +41 41 455 57 00
info@fredag.ch
www.fredag.ch

ORIOR Menu AG
Pastinella
Industriestrasse 40
CH-5036 Oberentfelden
Tel: +41 62 737 28 28
info@pastinella.ch
www.pastinella.ch

ORIOR Menu AG
Le Patron
Rohrmattstrasse 1
CH-4461 Böckten
Tel: +41 61 985 85 00
info@lepatron.ch
www.lepatron.ch

Lineafresca
Logistic AG
Dammstrasse 2
CH-4901 Langenthal
Tel: +41 62 919 80 80
info@lineafresca.ch
www.lineafresca.ch

ORIOR
Spiess Europe
2, Allee Joseph Bumb
F-67500 Haguenau
Tel: +33 3 889 06 990
spiess-europe@wandadoo.fr
www.spiess-schiers.ch