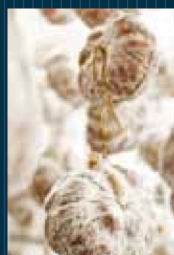
ORIOR GROUP
ANNUAL REPORT 2010

EXCELLENCE IN FOOD

Dear Shareholders

It is a pleasure to present you with ORIOR AG's first annual report since the company was listed on the SIX Swiss Exchange in April 2010. ORIOR has met its ambitious goals and is proud to present a set of record results. The structural change sweeping through the Swiss retail industry and the euro's shrinking value against the Swiss franc put selling prices under even more pressure last year and, as a result, the Swiss food market stagnated in terms of revenue. In this adverse environment, the 1.0% increase in ORIOR's consolidated net revenues to CHF 505.5 million, a new record high, is quite an achievement. Equally pleasing is the further improvement in ORIOR's operating performance, reflected in the 3.8% increase in EBITDA to CHF 54.2 million, which was achieved despite one-off costs associated with the IPO.

Company strategy confirmed

The company's positive overall development confirms the viability of our niche-strategy based on three segments – Convenience, Refinement, and Corporate, Export and Logistics, and their corresponding competence centres and brands. The Fresh-Convenience segment raised its net revenues by 1.4% to CHF 202.3 million and its EBITDA margin rose from 14.8% in the previous year to an outstanding 15.6%. Refinement reported full-year revenues of CHF 300.5 million and thus held segment revenues at the year-ago level in the face of a contracting meat market, not only increasing its market share but also increasing its EBITDA margin from 8.3% to 8.5%. Thanks to strong export growth, the Corporate, Export and Logistics segment increased its revenues by more than 10% to CHF 29.4 million. Exports still account for a low percentage of consolidated revenues, but they continued to show extremely high growth, increasing by more than 25% (in euros) in 2010. Profit for the year increased by 12.4% to CHF 26.9 million. The Board of Directors will propose to the 2011 AGM that it approve payment of dividend of CHF 1.90 per share. The payment will be made from capital reserves and so will not be subject to deduction of withholding tax. This distribution of around 42% is in line with the defined dividend policy, which aims for a distribution of around 40% of profit for the year.

Innovation skills, cost efficiency and employee training for success

Three factors have played a significant role in ORIOR's successful development, namely, the culture of innovation embraced throughout the company, the constant flow of segment-overlapping value-enhancing initiatives, and the company's highly motivated management and workforce. Innovation has always been the driving force of our business. All competence centres introduced numerous new products last year. The innovation pipeline remains well filled and will provide additional growth stimulus for both the Convenience and Refinement segments in 2011. This also applies to our successful food service concepts for gastronomy customers, which have been generating above-average growth rates.

Company strategy confirmed by positive overall development

While such innovation is the driver of our qualitative growth and an important tool for strengthening our brands, the value-enhancing initiatives we have launched are primarily intended to improve business processes and, ultimately, our operating performance. In view of the unrelenting pressure on selling prices, these initiatives are indispensable in our quest to steadfastly meet consumer expectations for high quality products offering excellent value for money.

Highly motivated and highly skilled employees who are kept up to date with cutting-edge technology and developments are vital if a company is to succeed in today's highly competitive food manufacturing business. Therefore, we are routinely expanding our internal employee training capacities. The envisioned goal is, in effect, an "ORIOR university" that allows our employees to maintain and develop the necessary knowledge and proficiency to ensure superior job performance.

Facing the future with confidence

Future market developments are currently subject to some uncertainty, especially where wider economic and financial factors have an influence. We expect continued stability from the Swiss economy, although procurement costs for raw materials and energy are likely to increase and the intense pricing pressure in the Swiss retail sector is likely to persist. Recent news reports also show that the process of consolidation in the food manufacturing and food services industries is still continuing. This poses challenges on the one hand and yet experience has shown that industry consolidation also creates new opportunities for agile, innovative and high-performing market players such as ORIOR. We are cautiously optimistic in our guidance for 2011. Our well positioned branded products and the many innovations will support our company's growth going forward while the ongoing implementation of value-enhancing initiatives will further boost our cost effectiveness. Except for unforeseeable developments, we are convinced that we can achieve a further increase in revenues and earnings in 2011.

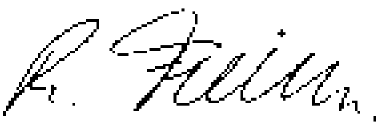
Our branded products and strong innovation will support and sustain our growth

Carefully designed and coordinated succession planning

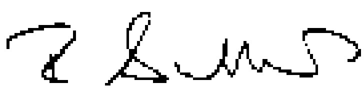
There will be a carefully planned change in top management coinciding with this year's general meeting of shareholders. Effective 30 April 2011, Rolf U. Sutter (56), the long-standing CEO and Delegate of the Board of Directors, will step down from his position as operational head of ORIOR after twelve years at the helm, during which time revenues and profits have increased year after year, and after a strong successor was found. He will retain his seat on the Board of Directors and primarily focus on strategic matters and projects. The Board of Directors intends to elect Rolf U. Sutter to the position of Chairman of the Board of Directors at its first meeting after the 2011 general meeting of shareholders. He will succeed the current Chairman Rolf Friedli, who will in turn assume the position of Vice Chairman.

The Board of Directors has appointed Remo Hansen, the long-standing and successful Head of the Pastinella and Fredag businesses to succeed Rolf U. Sutter. Remo Hansen has substantial experience in food manufacturing and retailing and he has been on the Management Board of ORIOR for ten years. He will assume his new position on 1 May 2011. The Board of Directors is pleased to have appointed Remo Hansen – a successful, skilled successor who knows ORIOR from the inside – to take over operational management of the Group. And with Rolf U. Sutter taking over as Chairman, the continuity of management and the further development of the company are assured.

We thank all our employees for their great efforts in an eventful year and for their dedication for ORIOR. We also thank you, our shareholders, for your trust and your loyalty. We will continue to do our utmost to maintain that trust and meet all your expectations.



Rolf Friedli
Chairman of the Board of Directors



Rolf U. Sutter
CEO and Delegate of the Board of Directors

Convenience is an enduring trend!

Rolf Friedli
1961
Chairman of the Board
of Directors since 2006

Rolf U. Sutter
1955
CEO
Delegate of the Board
of Directors since 2006

Interview with Rolf Friedli, Chairman of the Board of Directors, and Rolf U. Sutter, CEO and Delegate of the Board of Directors of ORIOR AG.

Why did you decide to seek a listing on the stock exchange?
Rolf Friedli: We have been a majority shareholder in ORIOR for many years. The company's business model, its successful development in the recent past and the skills of its management team are all impressive. ORIOR was ready to go public. This is a solid stock that will continue to please its shareholders for years to come.

Wasn't the timing of the IPO a little risky?
Rolf Friedli: No. Markets were a little nervous in the early spring of last year but we were convinced of the compelling qualities ORIOR offered and were sure the investment community would be interested. This was subsequently confirmed by the successful listing, which, by the way, was one of the few "true" public offerings last year, i.e., an IPO transaction designed to actually increase a company's capital!

Revenues didn't grow very much in 2010.
Rolf U. Sutter: We were expecting 2010 not to be a strong growth year given the virtually negative rate of inflation, a largely stagnant food market and the weak euro. Revenue growth was in line with our expectations. Furthermore, our primary goal is qualitative growth that is also sustainable, with a steady stream of innovations from our product pipeline.

Exports are still quite low. When will ORIOR devote more resources to building up its foreign business?
Rolf U. Sutter: We entered the export business only recently and we are taking a prudent approach, marketing only so-called "beachhead products" or special niche products, as well as high-profile branded products. Our success in foreign markets confirms the viability of this strategy: year-on-year sales growth has been in the double digits month after month. This prudent build-up of our export business, which allows us to maintain a good grip on costs and risks, will continue going forward. We could, of

"The ORIOR share is a solid stock that will continue to please its shareholders for years to come."

Rolf Friedli

course, expand the playing field by establishing a partnership with a foreign company or making a moderate acquisition, but all of our predetermined criteria must be met first before we proceed with such a step. This has not yet been the case with the opportunities we have evaluated so far.

Economic forecasts for 2011 suggest that growth will be subdued and there is considerable uncertainty regarding the Eurozone and the euro. Will ORIOR's business suffer as a result?

Rolf Friedli: ORIOR is only marginally exposed to the euro's weakness since its export activities are still in an early stage and the company's development has been strong even during the recent recession. In fact, we even achieved record-high results. Nevertheless, we will probably not grow as fast as before if household consumption does stagnate. But we have a very broad product portfolio and are also capable of quickly initiating the necessary adjustments to accommodate changing customer needs.

ORIOR is heavily dependent on certain raw materials. Prices of these raw materials are relatively low, especially for meat, but they've been pointing upwards in recent weeks. Could this put the Group's margins under pressure?

Rolf U. Sutter: We are always exposed to fluctuations in raw material prices on the fresh foods side of the business, but usually we can adjust our own selling prices for these products at quite short notice. In the Refinement segment good planning is crucial and this is a skill we have mastered over the years. What applies to every business segment is that consumers are willing to pay a reasonable price for innovative products that offer above average quality.

What is your forecast for the food industry and the megatrend of convenience in the years ahead?

Rolf U. Sutter: ORIOR is active in the fresh foods business (short shelf lives) and in the refinement of traditional, high quality meat products. I believe market potential in these areas is not nearly exhausted. Convenience is an enduring trend. New products are always being developed; changing consumer preferences create new markets for our company. What I also notice is that reinterpretations of very traditional products can build up tremendous market potential. Thanks to our strong foothold in the gastronomy segment, we have an ideal test market for such products where we can get feedback on a daily basis. Our vast experience in providing food services to school children, teenagers and senior citizens has also given us a trendsetting role in our markets.

"Potential in the fresh food business and in the refinement of high quality meat products is not nearly exhausted."

Rolf U. Sutter

Innovation

Innovation is culture. Innovation cannot be commanded. Innovation is not an organisational matter. Innovation is a basic attitude.

Traditional and modern – not a contradiction in terms

When we talk about tradition, the picture that comes to mind is that of age-old craftsmanship; we feel a sense of timeless quality and remember the wonderful smells wafting out of grandma's kitchen. But when we talk about modernity, our attention is focused on today and tomorrow and the issues of convenience, nutrition and food safety. From this perspective, then, a modern interpretation of traditional dishes that appeals to consumers and addresses current consumer trends will inevitably be accompanied by a trace of sentimentality.

Why the cured ham is hand rubbed

San Pietro's cured ham is made with two natural ingredients: ham and sea salt. Gentle salting is essential to bring out all the subtleties of this

meat's mild, sweet aroma during the twelve-month aging process. The cure master eyes the structure of each ham and rubs just the right amount of sea salt onto the cut surface. Since every ham is slightly different, there isn't a machine in the world that can perform this important step of the curing process the way a master curer does. That's the way it has always been and, at San Pietro, that's the way it will always be.

The consistency of our vegetarian meat substitutes must be the same as a paillard cut of meat

Fredag has specialised in making good products even better for already 25 years. During that time thousands of hours in its research laboratories have been devoted to making our meat substitutes look and taste just like meat. Technological advances combined with the tremendous experience of our specialists have brought us closer and closer to this goal through the years. Today we are proud to say that the consistency of our vegetarian schnitzel is virtually indistinguishable from that of a chicken schnitzel.

Authenticity

Authenticity is a matter of culture, heritage and an attachment to the soil. Authenticity is also a matter of originality and genuine quality. Products are authentic when they are made by companies and people who stand behind them with pride and a strong sense of emotional attachment. Brands are authentic when they are trustworthy and not contrived. In an increasingly globalised world that is revolving ever more rapidly and where superficiality is on the rise, re-embracing authenticity in production processes and in brand positioning strategies is a recipe for lasting success.

Clean Label (No Additives/ No Artificial Colouring)

An avowed aim of our company is to avoid using flavour enhancers and additives whenever possible. Well over 90% of our products are now free of E-numbers. Our food technology specialists have successfully developed new products without any additives that are just as good as the old recipes with regard to flavour and consistency.

Children, a measure of quality

Putting healthy and tasty food on the table every day is not always easy. Children can be demanding eaters. A hodgepodge of unidentifiable foods piled on a plate does not appeal to them; greens are not likely to get their mouths watering. With some expert knowledge, however, children's usual preferences can be diverted to delicious wholesome treats that pique their curiosity. Our solutions for lunchtime meals at schools and day care centres allow caregivers to serve the young gourmets balanced meals that fill them up with tasty and nutritious foods. Thanks to our modular system, school lunch service programs can create custom solutions for serving children and young adults healthy and balanced meals.

Convenience, an enduring trend

Demand for more convenience in the kitchen is not new. Convenience products such as baking powder and bouillon cubes made their way into our kitchens more than a century ago. People are eating more and more meals away from home. Health and wellness have become major issues for the entire food sector. Especially in today's fast-paced society where there seems to be a chronic shortage of personal time, ready-made products are high on shoppers' lists. Chilled food is the latest novelty to address this demand. This method of preparation gives the impression that food is quasi-homemade, which dovetails perfectly with current consumer demand for better quality, more variety and freshness. Chilled food sales are forecast to grow by about 30% during the coming years. Food retailers are still demanding long shelf lives for logistical reasons, as well as low prices from producers. Both run contrary to the underlying idea of high quality and extremely fresh ingredients, which is precisely what our competence centre Le Patron is focusing on.

Fresh fillings

Pastinella is particularly proud to be one of the few major pasta makers in Europe that creates and produces every single one of its pasta fillings in-house. Every day several dozen fresh ingredients are delivered to the company's production plants to produce our delicious fillings. Only the best ingredients, preferably from Swiss farmers whenever possible, are used.

ORIOR Refinement

ORIOR Refinement

The Group's Refinement segment is characterised by a clear focus on refined and processed meat products. It operates two processing and three refining facilities in the cantons of Grisons and Ticino. The products are mainly sold through retail and food service channels in Switzerland.

Brands

Key figures

in CHF thousand	2010	2009
External customer sales	287 620	288 200
Inter–segment sales	16 526	15 720
Sales of goods / rendering of services	**304 146**	**303 920**
Reduction in gross sales	–3 612	–3 563
Revenues	**300 534**	**300 357**
Segment EBITDA	**25 613**	**24 874**
as % of revenues	8.5%	8.3%
Depreciation – tangible assets	–4 922	–5 176
Amortisation – intangible assets	–2 260	–2 263
Segment profit (EBIT)	**18 431**	**17 435**
as % of revenues	6.1%	5.8%
Investments in non – current assets	**7 774**	**6 119**

Tradition is a mega trend

Stefan H. Jost
1963
Head of Segment
ORIOR Refinement
With ORIOR since
2010

Steady course of business in the ORIOR Refinement segment

Despite the demanding market environment, sales volumes increased. Revenues could only be increased slightly (+0.06%), however, because lower procurement costs had to be shared with trade partners and consumers due to intense competitive pressure. Operating profit (EBITDA) nevertheless increased by a pleasing CHF 0.7 million to CHF 25.6 million. An increase in expenditure on marketing activities and higher energy costs were offset by cost-savings. This resulted in an improvement in the EBITDA margin from 8.3% to the impressively high level of 8.5%. Due to lower depreciation requirements, EBIT rose by CHF 1.0 million to CHF 18.4 million, resulting in an EBIT margin of 6.1%, which is good for the industry.

Winning with innovation

Thanks to the improving economy and low prices, household consumption of meat increased last year. Intensified sales promotion activities by retailers stimulated fresh meat consumption in particular, whereas sales of cold cuts and sausages were flat. Against this market backdrop, the ORIOR Refinement segment performed well. Key factors for this, besides the close relationships we maintain with our trade partners, were our steadfast commitment to premium quality and our response to consumer needs in the form of new products and packaging designs. Both Rapelli and Spiess launched a number of new products that were well received by consumers. Good progress was also made in the areas of special label and regional products, with which we are addressing growing demand for authenticity and transparency.

Strengthening of Rapelli and Ticinella brands

In the domestic Swiss market, the Rapelli and Ticinella brands were strengthened through line extensions and new product launches as well as a broad range of marketing measures. These efforts led to greater brand recognition among consumers.

Confident outlook

Thanks to our well filled innovation pipeline, we view the coming year with confidence, even though selling prices are expected to be under considerable pressure due to the highly competitive market environment. Sourcing costs are likely to increase, which could have an impact on consumption. Our production processes have been improved and targeted investments have been made to further improve quality and productivity, as well as to facilitate new product launches.

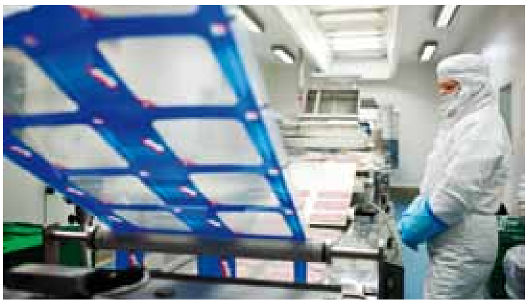
Rapelli

Bruno de Gennaro
1957
Head of Rapelli
With ORIOR since 1994

Course of business

Rapelli achieved high sales growth across the whole range of products in the year under review. Raw material prices were volatile but moved in a clearly downward trend that resulted in a negative inflation. Business in the gastronomy segment grew faster than in the retail segment. Rapelli was able to significantly expand its market position, especially in Ticino, its key "home" market.

An extensive advertising campaign and specific promotional activities increased Ticinella's sales potential and brand recognition considerably.



Highest possible hygiene level
Years ago Rapelli became the first food company in Switzerland to use so-called clean room technology (highest possible hygiene level). Today this is almost standard, and advances are still being made.

New products

"Alpe die Piora", a high-end cured ham with an unmistakable profile, was launched under the Ticinella brand. Porchetta, a classic Italian pork roast, was added to the Rapelli brand portfolio. A salami snack line that had been introduced in the previous year was extended to the Ticinella brand in 2010 and its distribution is being steadily expanded.

Quality

Food safety was a major issue in 2010. Investments in the modernisation of cleanroom technology and air conditioners, the installation of new sanitary valves, and various refurbishments have improved food safety considerably.

In addition to these investments, an intensive training programme was conducted for department heads as well as all employees to increase their knowledge of product quality and their general awareness of the importance of safety and related production issues.

An audit required for IFS (International Food Standard) certification was passed with a "higher level" score of over 95%. Reported errors, customer complaints and returned goods were likewise all sharply lower.

Productivity

Overall productivity, measured by the number of hours worked relative to sales, was increased by 2% from the previous year.

In addition, foundations were laid in 2010 for important investments aimed at further increasing automation and productivity. They are scheduled to be realised in 2011 and 2012.

Outlook

Despite the more competitive environment, further revenues and profit growth is possible thanks to our well filled innovation pipeline, less expensive raw materials in the past year and the improving consumer climate.

Spiess

Albert Spiess
1950
Head of Spiess
With ORIOR since 2008
Co-founder of Spiess AG

Course of business

Spiess maintained its leading market position as a supplier of Bündner cold cuts specialties in the face of a difficult environment. Despite the downward trend of selling prices in the wake of falling meat prices and greater promotional pressure from retailers, Spiess was able to increase its revenues slightly. Production innovation, strong sales of branded products and effective sales promotion activities helped to grow the business. Revenues to food service companies were also up despite the prevailing intense price competition, with the general market still feeling the after-effects of the financial crisis.

Modern interpretation of tradition

Spiess profited from the consumer trend toward branded products because it is an outstanding supplier of such specialties. Demand for some of its new products – for example hobelfleisch with a crust of wildflowers – outweighed supply of available raw material. Spiess was the first Swiss supplier to introduce a new packaging size to the market with much more eye-appeal for dressed meats and cold cuts. Initial figures indicate that this is clearly what consumers want and appreciate.

There is always room for improvement

Operating efficiency was increased, quality improved and costs reduced by centralising the salting process, which was moved from the Frauenkirch drying facility to the main production plant in Schiers. This also permitted the necessary expansion of drying and aging capacity. Centralisation will continue in 2011 to include the Churwalden facility. The foundations have been laid for higher productivity, quality and capacity in the years to come.

However, investments are being made not only in plant and equipment. Employee training and education at all levels is equally important. Employees attend internal and external programmes, and courses in hygiene, quality and safety are regularly conducted at all operating sites.

Air-drying facility Davos
The air-drying facility in Davos has the distinction of being the highest in Europe and it has produced genuine Bündnerfleisch for years. Only here, along the way to the Sertig valley, are the climate conditions perfect for imparting a unique flavour to our premium quality products.

Outlook

The successful innovations introduced in 2010, further new products scheduled for launch and the expansion of our distribution network will enable us to win more new consumers for our high-quality products. Further revenue growth and margin expansion will therefore be possible in 2011 despite growing competition and pricing pressure.

Bündnerfleisch
Bündnerfleisch is pressed into shape between the various aging processes. Every piece is different and therefore requires individual handling.

ORIOR Convenience







MEAT BALLS


ORIOR Convenience

The Group's Convenience segment focuses on producing fresh convenience products such as ready-made meals, fresh pasta, vegetarian products and ready to cook poultry and meat products. The ORIOR Convenience segment operates four processing facilities in the German part of Switzerland. Its products are mainly sold through retail and food service channels in Switzerland.

Brands

Key figures

in CHF thousand	2010	2009
External customer sales	204 685	201 904
Inter–segment sales	2 195	2 277
Sales of goods/ rendering of services	**206 880**	**204 181**
Reduction in gross sales	–4 584	–4 751
Revenues	**202 296**	**199 430**
Segment EBITDA	**31 593**	**29 596**
as % of revenues	15.6%	14.8%
Depreciation – tangible assets	–4 828	–4 722
Amortisation – intangible assets	–116	–142
Segment profit (EBIT)	**26 649**	**24 732**
as % of revenues	13.2%	12.4%
Investments in non – current assets	**5 312**	**5 068**

Convenience is an enduring trend – the potential is not nearly exhausted

High value creation

With revenues passing the CHF 200 million threshold for the first time in 2010, the Convenience segment delivered a convincing performance considering that selling prices were generally under pressure. Operating profit (EBITDA) increased by a pleasing CHF 2.0 million to CHF 31.6 million. A number of new products were tested in the marketplace. Customer response was very positive, resulting in a further expansion of our product range.

Concepts and innovations

Especially in the food service industry, but increasingly in the retail sector too, it is vital to offer innovative concepts. It is not enough just to come up with a new product. The food service industry affords many opportunities to test and refine new product concepts. The food products and eating habits of different age categories differ significantly and new approaches must be taken to address these needs, both in the food service and retail channels. Re-interpretations of traditional products and the revival of age-old recipes are also major trends that we are addressing and developing.

Rapelli enters the fresh pasta arena

Our Pastinella competence centre has successfully produced classic filled Italian pasta for a long time. The launch of the genuine Mediterranean product range marks a renewed celebration of the Rapelli brand, extending its image of tradition, high quality of life and Mediterranean flair to the fresh pasta segment.

No additives and environmentally sustainable across the entire value chain

We take increasing consumer awareness of E-numbers seriously, although the use of additives may in some cases be warranted. Our credo is that we are pioneers when it comes to sustainability and we go to great lengths to assure stakeholders that our business is conducted in an ecologically and socially responsible manner.

Tremendous potential in the mid to long term

Our commitment to innovation keeps the company moving forward. Although retailers are increasingly soliciting proposals for me-too products from suppliers, we do not want to win such contracts at all costs. Destroying value is not our thing. However, we always want to set the pace in terms of efficiency as well as innovation. With our pasta dishes, ready-made meals, and vegetarian meat substitutes, as well our highly popular pâtés, terrines, and meat pastry products, we are very well positioned.

Fredag

Remo Hansen
1962
Head of Fredag und Pastinella
With ORIOR since 1998

Stable growth

Revenues of all core products in the Fredag competence centre – vegetarian products, convenience poultry, beef and seafood delicacies – increased in 2010. Seafood revenues showed particularly high growth. These are all products that create added value for customers.

ORIOR Spirit
Fredag has always been a melting pot of many different cultures. We are proud of our workforce diversity, with 24 different nationalities. Our vibrant and dynamic spirit lives on.

Good market uptake of new portfolio products

The product line-up in Seafood Trading was rebalanced and broadened in response to customer needs. Many of its suppliers in Southeast Asia received "Friends of the Sea" certification, which is a guarantee that they comply with international sustainability standards for fisheries. In December 2010 Fredag resumed imports of Chinese products for its Asian snack products, which have proven to be highly popular. Fredag is the only food manufacturing company in Switzerland whose poultry suppliers in Thailand comply with Swiss food laws and regulations.

Steady increase in efficiency

Consistent process optimisation is a must in times of product portfolio transformation. The flow of goods was improved significantly once again and production costs per kilogram of product declined further. The fully automated packaging line has been a particularly important factor for the lasting efficiency gains that have been achieved.

Outlook

Poultry prices have been on the rise for several months. These rising costs have so far been absorbed by favourable exchange-rate movements (CHF/USD and CHF/EUR). The trend towards low-fat and low-carb foods has been acknowledged and various unbreaded poultry and vegetable products will be launched. We expect to generate higher revenues and widen market share in all product areas.

Pastinella

Pasta, Pasta, Pasta! This is the world of the Pastinella competence centre

Filled pasta, in classic Italian style and blanched – these require two different production technologies – are the core products. Fresh noodles and gnocchi round out the product portfolio.

No E-numbers and new organic quality

Last year Pastinella was able to eliminate the use of E-numbers in virtually all of its products. We developed a total of nine new organic products for our key accounts that were successfully brought to market.

Highly automated production facility
More than 6000 tonnes of pasta are produced at our highly automated plant every year. Pastinella was one of the first producers in Switzerland to offer fresh pasta to food retailers and food services industries.

Further growth in gastronomy

In the gastronomy segment we introduced new serving sizes for frozen products, broadened our seasonal offering and continued to develop our attractive product portfolio.

Outlook

Innovation, new product forms and an extension of the Rapelli line of pasta will be Pastinella's key priorities in the coming year. In the gastronomy segment the positive trend should intensify. We also expect to make use of important new sales channels. The mega trend of pasta is still going strong.

Le Patron

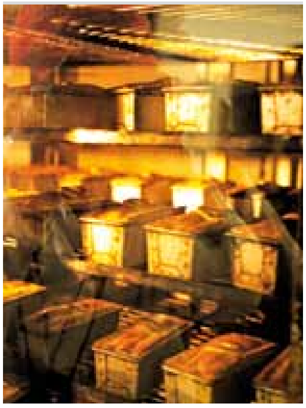
Urs Aebi
1956
Head of Le Patron
With ORIOR since 1995

Attractive product portfolio

Pâtés, terrines, ready-made meals, handmade fresh pasta, fresh meal components and hors d'oeuvres are the core products of the Le Patron competence centre. It is very much our "culinary studio".

Food service growing faster than retail business

Le Patron performed well in both its retail and food service businesses. Food service sales grew above average. Three new food service chains were won as new accounts and Le Patron's attractive offerings for canteens and school lunch programmes were significantly expanded.



Handmade
98 production steps until a pâté is ready for the oven. Craftsmanship, traditional recipes and premium ingredients make Le Patron pâtés an outstanding product.

Winning customers with new products

Le Patron is a trend-setter. Another development milestone was achieved with the introduction of culinary and ready-made menus that are free of E-numbers. A number of promising new products were launched, ranging from traditional "Grandma style" dishes, hors d'oeuvre delicacies, a gourmet box with salad and pâtes to the "revival" of pork tenderloin en croute.

Making our handmade pâtés even better

Le Patron's core business is its one-of-a-kind pâtés. A new production line for pâtés enhances the unique manufacturing process with state-of-the-art equipment. This combination of "handmade and automation" marks a further improvement in quality with regard to consistency and reflects our continuing efforts to optimise both product taste and production costs.

Outlook

As in the past, retailers are continually soliciting proposals for new products for both the Swiss and European markets. Our goal is to maintain market leadership for our categories in every price segment. However, we do not intend to generate sales at all costs. We are confident that we will make further progress on all fronts in 2011. We are countering the increase in procurement prices and the constant pressure from retailers with a pipeline full of innovation. We will introduce products that are sure to delight our customers.

ORIOR Corporate, Export and Logistics

ORIOR Corporate, Export and Logistics

The Group's Corporate, Export and Logistics segment is responsible for the small-scale distribution of fresh and chilled products within Switzerland as well as the export and commercialisation of the Group's products under the different 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.

Brands

Key figures

in CHF thousand	2010	2009
External customer sales	21 589	19 126
Inter – segment sales	8 030	7 818
Sales of goods / rendering of services	**29 619**	**26 944**
Reduction in gross sales	– 173	– 239
Revenues	**29 446**	**26 705**
Segment EBITDA	**– 3 018**	**– 2 289**
Depreciation – tangible assets	– 740	– 394
Amortisation – intangible assets	– 843	– 654
Segment profit (EBIT)	**– 4 601**	**– 3 337**
Investments in non – current assets	**1 684**	**2 245**

Focus on profitable growth abroad

This segment focuses on our development in foreign markets and our strategically important logistics operations.

Export

Revenues in foreign markets are growing at a double-digit pace. Using our "beachhead products", we are concentrating on market niches and the brand development of "Albert Spiess – Switzerland's Finest" and "Natur Gourmet". Our targets include steady growth and achieving good results. Revenues of Bündnerfleisch showed very rapid growth, especially in France. Natur Gourmet, our label for meat substitute products, is becoming increasingly popular in Germany. Our experience with vegetarian products in Switzerland, where we now command a very high market share, has shown that it takes quite a while for consumers to fully embrace this product. Consumption of vegetarian meat substitutes is six times greater in Switzerland than in Germany. This indicates the vast potential this market has.

Logistics

Lineafresca, our in-house logistics provider, enables us to develop new business models, in addition to serving some 500 sales outlets every day. Approximately 40% of Lineafresca's revenues are generated with external customers.

Corporate

Corporate includes costs that are not covered by the segments. Although a lean organisation is part of ORIOR's operating policy and culture, IT investments and euro exchange rate movements led to higher costs. We strive for superior performance not only on the product front but also in our internal IT operations. Consequently, we decided to gradually introduce SAP to all areas of the company. Much of this migration was completed in 2010.

Corporate

Hélène Weber-Dubi
1955
CFO
With ORIOR since 1999

Corporate

Costs that cannot be passed on or transferred to other units are grouped under the Corporate unit. Corporate performs group-wide functions and provides shared services. This allows the business segments and competence centres to concentrate on their core activities. IT, HR, administration and all accounting-related functions are assigned to Corporate.

IT
All companies have a fully integrated IT. New additions to the Group will be gradually converted to SAP.

Constant monitoring of internal control system (ICS)

ORIOR has maintained an ICS for years. It is continually monitored and rebalanced to ensure its effectiveness in the face of a constantly changing environment. Mixed work groups continuously monitor all areas of operation. We work with so-called “what if” scenarios to ensure that we can quickly react to new situations and changing scenarios.

Export

Bruno Höltschi
1965
Head of International and New Business
With ORIOR since 2001

Surge in growth

Our export “beachhead products” – vegetarian products labelled with the “Natur Gourmet” brand, Bündnerfleisch, the leader product from “Albert Spiess of Switzerland”, and antipasti from Rapelli – all delivered double-digit sales growth.

Bündnerfleisch, registered as a Protected Geographic Indication (PGI), is the most important export product made by Switzerland’s meat industry, and exports to neighbouring countries are rapidly growing.

Our vegetarian mixed barbecue platter launched in the spring of 2010 has become a leader product with very good penetration rates in various distribution channels in Germany. The general success of the vegetarian specialties introduced by our company has been supported through increased Point of Sales (POS) sampling activities and the intensified sales promotion efforts of in-house personnel.

Switzerland's Finest
Revenues in neighbouring countries are steadily growing in the wake of the Spiess brand's relaunch. Albert Spiess – Switzerland's Finest.

Focus on sustainable growth

The euro's prolonged weakness against the Swiss franc and the generally limited supply of high-quality raw material (Bündnerfleisch) posed challenges to our export business. Our policy of steady, sustainable growth has served us well in this situation.

Natur Gourmet
Vegetarian delicacies for the BBQ. The hottest summer product in Germany in 2010. Distribution of Natur Gourmet products is growing steadily throughout neighbouring countries.

Outlook

The situation on procurement markets for Bündnerfleisch has normalised to some extent in recent months. We expect exports of Bündnerfleisch and vegetarian specialties to generate very good growth rates in 2011. We will further expand our range of vegetarian BBQ products when the barbecue season gets underway and we also plan to introduce more convenience products to the market.

Lineafresca

Hans Kissling
1956
Head of Lineafresca
With ORIOR since 2009

Business model confirmed and new

Our logistics operations are focused on small-scale distribution of chilled products. This business model is ideal for serving the needs of the companies belonging to ORIOR Group and for meeting the steadily growing demand from external customers.

Challenging customer orders

New customer groups addressed by ORIOR have resulted in a significant increase in the number of delivery points. School lunch service programmes, SME canteens and high-volume restaurants are demanding customers. On-time delivery and order completeness are stringent. We have embraced these challenges and are committed to constantly improving our performance. With a current error ratio of 0.4%, we have already achieved a high standard.

Efficiency gains are still possible

The introduction of a new delivery planning system, continual weight optimisation of delivery items and continual monitoring will lead to further improvements in our efficiency.

Outlook

Lineafresca is an important element within the new customer acquisition strategy pursued by ORIOR Group. Process simplicity contributes to customer satisfaction. When customers can turn to a single source for every particular need, a true competitive advantage ensues. Lineafresca is an integral part of a supply chain and its services are also part of what makes ORIOR unique. The increasing share of business conducted with external customers confirms that Lineafresca is an efficient, competent and reliable player in the logisitics markets.

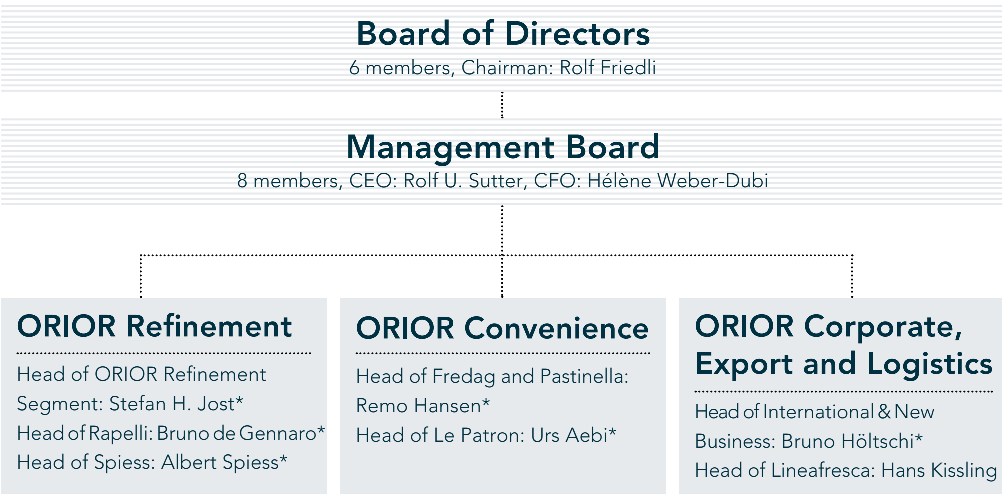
Modern fleet

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 a 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 2010.

1 Group structure and shareholders

Group structure as at 31 December 2010



* Member of the Management Board

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 section "Share information".

The subsidiaries included in the Group's scope of consolidation are listed in the Notes to the Consolidated Financial Statements, Note 44, 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 2010 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)	1 167 275	19.70	Share register 31.12.2010
DWS Investment GmbH (D)	425 000	7.17	Notification 29.04.2010
UBS Fund Management (Switzerland) AG (CH)	323 387	5.45	Share register 31.12.2010
Capital Group Companies, Inc. (USA)	230 000	3.88	Notification 30.04.2010
Rolf U. Sutter (CH)	199 300	3.36	Share register 31.12.2010
Schroder Investment (GB)	196 712	3.32	Notification 23.12.2010
LB (Swiss) Investment AG (CH)	183 000	3.09	Notification 15.09.2010
Vanguard International Explorer Fund (USA)	179 304	3.03	Notification 11.05.2010

During the period from 22 April 2010, the first day of trading, and 31 December 2010 the following disclosure notifications were received and duly published on the website of the SIX Swiss Exchange: http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en.html?fromDate=19980101&issuer=19139

28 April 2010: ORIOR AG received notification that Capvis General Partner II Ltd., holding 28.37% of the share capital of ORIOR AG, Rolf U. Sutter, holding 3.35% of the share capital of ORIOR AG, three other members of the Board of Directors and five members of the Management Board had arranged an individual lock-up agreement for a six-month period (applicable for Capvis, from 22 April 2010 until 22 October 2010) and a twelve-month period (for the members of the Board of Directors and the Management Board, from 22 April 2010 to 22 April 2011). Another 22 employees of ORIOR AG have likewise signed an individual lock-up agreement that is in effect from 22 April 2010 to 22 April 2011. Immediately after the IPO on 22 April 2010, this group of 32 persons held 42.19% of ORIOR AG's share capital

29 April 2010: ORIOR AG received notification that DWS Investment GmbH held 7.17% of ORIOR AG’s share capital as of 22 April 2010.

29 April 2010: ORIOR AG received notification that PEC Global Equity Fund and Swiss Opportunity Fund, both owned by LB (Swiss) Investment AG, held 4.27% of ORIOR AG’s share capital as of 22 April 2010.

30 April 2010: ORIOR AG received notification that Capital Group Companies, Inc. held 3.88% of ORIOR AG’s share capital as of 27 April 2010.

6 May 2010: Credit Suisse AG, acting as Global Coordinator and Bookrunner for the underwriting syndicate, exercised the full over-allotment option to place an additional 513 750 registered shares on 5 May 2010. The registered shares for the over-allotment option were provided by Capvis General Partner II Ltd. This reduced Capvis General Partner II Ltd’s interest in ORIOR AG’s share capital to 19.7%.

11 May 2010: ORIOR AG received notification that Vanguard International Explorer Fund held 3.03% of ORIOR AG’s share capital as of 3 May 2010.

18 August 2010: ORIOR AG received notification that UBS Fund Management (Switzerland) AG held 3.44% of ORIOR AG’s share capital as of 11 August 2010.

2 September 2010: ORIOR AG received notification that PEC Global Equity Fund, owned by LB (Swiss) Investment AG, held 2.85% of ORIOR AG’s share capital as of 26 August 2010.

8 September 2010: ORIOR AG received notification that UBS Fund Management (Switzerland) AG had increased its interest in ORIOR AG's share capital to 5.18% as of 26 August 2010.

15 September 2010: ORIOR AG received notification that PEC Global Equity Fund and Valartis Swiss Small + Mid Cap, both owned by LB (Swiss) Investment AG, held 3.09% of ORIOR AG's share capital as of 10 September 2010.

23 December 2010: ORIOR AG received notification that Schroder Investment held 3.32% of ORIOR AG's share capital as of 9 September 2010.

As of 28 February 2011, 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	31.12.2010	31.12.2009	31.12.2008
Ordinary share capital	23 700 000	17 000 000	17 000 000
Conditional share capital	714 256	0	0
Authorised share capital	4 761 704	0	0
Treasury shares (8 510 at an average price of CHF 46.60)	396 540	0	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 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

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 purchased 8 510 of its own registered shares for an average price of CHF 46.60 each in several transactions on the open market during the period from 30 September 2010 and 10 November 2010. As of 31 December 2010, ORIOR AG held 8 510 of its own registered shares

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 registrations exceeding the 2% limit were made 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 2010. With the exception of Rolf U. Sutter (CEO), no director had any executive duties for ORIOR Group during the year under review or any of the three preceding fiscal years. Unless otherwise noted, the members of the Board of Directors do not have a significant business relationship with ORIOR AG or with ORIOR Group.

Below is an overview of the current members of the Board of Directors as at 31 December 2010, 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 Friedli	1961	Chairman of BoD, Chairman of Nomination and Compensation Committee	2006	2011
Rolf U. Sutter	1955	Delegate of BoD, CEO of ORIOR Group	2006	2011
Erland Brügger	1966	Member, Audit Committee	2007	2011
Christoph Clavadetscher	1961	Member, Audit Committee	2007	2011
Anton Scherrer	1942	Member, Nomination and Compensation Committee	2007	2011
Edgar Fluri	1947	Member, Chairman of Audit Committee	2010	2011

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 Lista AG; Vice Chairman of the Board of Directors of Benninger AG; a member of the Alumni Board of Governors of the University of Chicago, Chicago.

Rolf U. Sutter

Rolf U. Sutter holds a bachelor degree from the Lausanne Hotel School and pursued a degree program at the Cornell University in Ithaca. From 1981 to 1989 he held various positions at Railway Buffet, Zurich and Mövenpick Holiday Inn, Mövenpick Hotel and Mövenpick/Marché Schweiz. From 1989 to 1997 he served as Managing Director/CEO of Mövenpick/Marché International. From 1993, he was also a member of the Executive Board of Mövenpick 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 Mövenpick Group. After assuming his current position as CEO of ORIOR in 1999, Rolf U. Sutter was elected Executive Board delegate to the Board of Directors. Rolf U. Sutter will be resigning as ORIOR's CEO on 30 April 2011. The Board of Directors intends to elect Rolf U. Sutter as its Chairman at the constituting meeting of the Board that takes place after this year's AGM.
Other activities and functions: Rolf U. Sutter is a member of the Board of Directors of foroom Liegenschaften AG, Willisau.

Erland Brügger

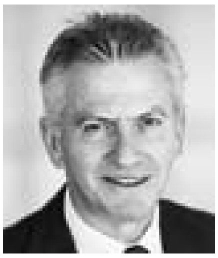
Erland Brügger holds a Master in Economics from the University of St. Gallen (lic. oec. HSG). After earning his degree he joined a subsidiary of Unilever (Schweiz) AG in 1992 as junior product manager and was later promoted to brand manager for Lipton Ice Tea. In 1996 he joined Wander AG as a sales manager and two years later was appointed sales director of Novartis Consumer Health Schweiz AG, a position he held until 2002. Currently he is Managing Director of Wander AG and a member of the International Board of Twinings – Ovomaltine Worldwide. He will become CEO of Rivella Group effective 1 May 2011.
Other activities and functions: Erland Brügger is a member of the Board of Directors of Promarca, The Swiss Branded Goods Association, Bern.

Christoph Clavadetscher

After earning his degree in business studies, Christoph Clavadetscher 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 Importparfümerie AG. From 2005 to 2009 he served as managing director of Dohle Handelsgruppe, Siegburg (Germany). From 2009 to 2011 he served as CEO of Dolma Holding AG in Schlossrued (Switzerland). From February 2011 Christoph Clavadetscher will assume management responsibility for Möbel Hubacher ad interim.
Other activities and functions: Christoph Clavadetscher is a member of the Board of Directors of PEG Papeteristen-Einkaufsgenossenschaft, Aarburg.

Anton Scherrer

Anton Scherrer earned a master's degree and a doctorate in agricultural engineering from the Swiss Federal Institute of Technology. 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 Hürlimann 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. In 2001 he was appointed Chairman of the Board of Directors 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 in 2006 Chairman of the Board of Directors of Swisscom AG in Bern.
Other activities and functions: Anton Scherrer is a member of the Committee of the Board of Directors of economiesuisse; member of the Board of Trustees of the ETH Zurich Foundation and of the Agrovision Foundation, Muri; member of the Capvis Industry Advisory Board of Capvis Equity Partners AG in Zurich; member of the Board of Trustees of the Stiftung zur Förderung des Studiengangs Master in Law and Economics at the University of St Gallen.



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 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; member of the Supervisory Board of Brenntag AG, Mülheim an der Ruhr (Germany); member of the Board of Trustees of the Beyeler Foundations, Basel; member of the Board of Directors of Beyeler Museum AG, Basel; member of the Board of Directors of Galerie Beyeler AG, Basel; member of the Commission of the Swiss Accounting and Reporting Recommendations (Swiss GAAP AAR/FER).

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 terms of office should, if possible, be organised in a manner that each year the terms of a third of all the directors expire.

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 Rules:

– 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. 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 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 2010 and 31 December 2010, four of which were telephone conferences. There was also a BoD workshop. No resolutions were adopted by means of circular letter. The meetings lasted approximately four hours each; the telephone conferences approximately 30 minutes; the workshop 1.5 days. Rolf Friedli (Chairman) and Rolf U. Sutter (delegate) attended every meeting. Christoph Clavadetscher and Anton Scherrer each missed one meeting. Erland Brügger missed one meeting and did not attend the BoD workshop. Shareholders at the extraordinary general meeting on 9 April 2010 elected Edgar Fluri to the Board of Directors as a new member. He participated in all board meetings held after his election (nine meetings, four of which were telephone conferences, one BoD workshop).

Any director may request the Chairman to call a Board meeting or to add an item to the agenda. Besides the directors including the delegate (CEO), the Board meetings are attended by the 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 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 not holding an executive position in the Company. 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.

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 their discussion 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 2010 to 31 December 2010 the Audit Committee held four meetings, one of which was by telephone conference. All members were present at these meetings, except for Christoph Clavadetscher, who did not take part in the telephone conference held on 27 August 2010. Edgar Fluri participated in all meetings held after his election to the Board of Directors. The agendas of these meetings included discussion and examination of the half-year and annual reports, content and priorities of the audit plan and its approval, examination of audit fees, observations and findings in connection with the external audit, examination of risks and the associated risk management procedures, supervision of internal controls and examination of accounting guidelines.

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 Friedli (Chairman) and Anton Scherrer. Rolf U. Sutter 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 programs;
- 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 2010 to 31 December 2010 the Nomination and Compensation Committee held four meetings. All members were present at these meetings. The agendas of these meetings included items dealing with development of the organisation, in particular change and performance management, remuneration, agreement of overall targets and bonus programmes, appraisal of members of the Board of Directors, concepts for future compensation programmes for management and employees.

Division of power and responsibilities

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

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 the developments relating to shareholder structure.

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

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

In addition, the Chairman of the Board of Directors and the CEO maintain regular contact with each other on all significant matters relating to corporate policy. 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 AG's internal control system (ICS) is documented and in operation throughout the Group, and is effective. It fulfills 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.

ICS compliance and efficacy are audited internally once annually. The external auditors also perform appropriate test procedures to ascertain whether an ICS exists, which they must confirm in their audit report.

Internal auditing

Internal auditing has been treated to date 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. The audit plan will be agreed in consultation with the Audit Committee.

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 Management Board (MB) consisted of eight persons as at 31 December 2010. 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
Rolf U. Sutter	1955	CEO, Delegate of BoD	1999
Hélène Weber-Dubi	1955	CFO	1999
Stefan H. Jost	1963	Head of ORIOR Refinement	2010
Bruno de Gennaro	1957	Head of Rapelli	1998
Albert Spiess	1950	Head of Spiess	2008
Remo Hansen	1962	Head of Fredag and Pastinella	2001
Urs Aebi	1956	Head of Le Patron	2006
Bruno Höltschi	1965	Head of International and New Business	2006

Rolf U. Sutter

Rolf U. Sutter is the Executive Board delegate to the Board of Directors and the Group CEO of ORIOR. A summary of his biography is given under the section “Board of Directors”.

Hélène Weber-Dubi

Hélène Weber-Dubi has a Masters 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 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.

Stefan H. Jost

Stefan H. Jost has a Masters 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 & Sprüngli Schweiz AG. 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 & Sprüngli Italien S.p.A. In 2010 Stefan H. Jost accepted his current position as Head of ORIOR's Refinement segment.

Bruno de Gennaro

Bruno de Gennaro has a degree in Business Administration. From 1986 to 1988 he was the product manager responsible for Mövenpick'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.
Other activities and functions: Member of the Governing Board of FIAL; member of the Governing Board of the Swiss meat association (SFF); deputy member of the Board of Directors of Proviande.

Albert Spiess

After the acquisition of Albert Spiess Holding AG by ORIOR Group in 2008, Albert Spiess was appointed as a member of the Management Board. 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 a 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.

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. From 1994 to 1995 Remo Hansen was a manager for European Marketing Distribution. In 1995 he accepted the position as Head of Marketing and Sales at Traitafina and in 1997 joined Rolf Hügli AG as Head of Marketing and Sales. In 1998 he accepted the position of Head of Fredag and was appointed as a member of the Management Board in 2001. Since October 2006 he has also been in charge of Pastinella. On 1 May 2011, Remo Hansen will take over operational leadership of the ORIOR Group when he succeeds Rolf U. Sutter as CEO.

Urs Aebi

Urs Aebi began his professional career in the sales department of Boucherie Suter SA, Villeneuve, in 1978. 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 Höltschi

Bruno Höltschi holds a Masters in Agricultural Sciences from the Federal Institute of Technology. He worked for the Institute of Agricultural Sciences and completed his studies with a PhD thesis on measures to increase the competitiveness of Swiss cheese producers. In 1997 he joined McKinsey & Company in Zurich. As a consultant and engagement manager, he served many clients in the fast-moving consumers goods market. In 2001 Bruno Höltschi accepted the position of Head of Pastinella, which he held until 2007. In October 2006 he assumed his current function as Head of International and New Business.
Other activities and functions: Member of the Governing Body of the Swiss Convenience Food Association (SCFA).

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.

The compensation payable to the members of the Board of Directors consists solely of a fixed component. Compensation is paid in cash.

Compensation payable to the members of the Management Board consists of a fixed component and a variable amount (the magnitude of which must be not less than one third of total compensation), 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 two-thirds of the total variable amount and is calculated against four Company parameters (revenues, profits, capital expenditure and net working capital). The qualitative performance component (approximately one-third of the variable amount) is payable for attainment of pre-set individual targets (e.g. leadership qualities, innovation, etc.).

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.

There are no Company stock or stock option plans for the members of the Board of Directors or the Management Board. The Board of Directors is currently examining the possibility of introducing a stock ownership plan in the future.

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.

Compensation paid to former members of corporate bodies

No compensation was paid to former members of corporate bodies during the year under review.

Shares awarded in the year under review.

No shares were awarded to members of the Board of Directors or the Management Board or to related parties.

Shares held by governing bodies

As at 31 December 2010, the members of the Board of Directors and the Management Board held the following shares:

Name	No. of shares as of 31.12.2010	In %	No. of shares as of 31.12.2009[1]	In %
Rolf Friedli	–	–	–	–
Rolf U. Sutter	199 300	3.36%	198 325	4.67%
Erland Brügger	14 175	0.24%	14 175	0.33%
Christoph Clavadetscher	14 515	0.25%	14 175	0.33%
Anton Scherrer	14 175	0.24%	14 175	0.33%
Edgar Fluri	2 000	0.03%	–	–
Hélène Weber-Dubi	85 830	1.45%	85 000	2.00%
Stefan H. Jost	425	0.01%	–	–
Bruno de Gennaro	92 075	1.55%	92 075	2.17%
Albert Spiess	–	–	–	–
Remo Hansen	85 450	1.44%	85 000	2.00%
Urs Aebi	85 000	1.43%	85 000	2.00%
Bruno Höltschi	86 540	1.46%	85 000	2.00%
Total	**679 485**	**11.47%**	**672 925**	**15.83%**
Total ORIOR shares	5 925 000	100.00%	4 250 000	100.00%

[1] For the sake of comparability, the 25-for-1 share split conducted in 2010 with a corresponding reduction in par value per share to CHF 4 is shown retroactively in the 2009 data.

At the time of the stock-market listing on 22 April 2010, the members of the Board of Directors and the Management Board held 672 925 shares. These shares are subject to a lock-up agreement in force from 22 April 2010 until 22 April 2011.

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 2010.

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 2010, 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

ORIOR Group currently has no stock ownership plan for employees or management. The Company intends to implement a management incentive scheme (e.g. employee share participation) in 2011. The detailed terms of such management incentive scheme have not yet been determined. The Company expects that the shares potentially required in connection with such schemes will be sourced through repurchases of existing shares but also from its conditional share capital. The conditional share capital in the amount of CHF 714 256 corresponding to 178 564 shares has been created by a resolution of the extraordinary shareholders meeting of 9 April 2010. For details on the conditional and authorised capital of ORIOR, see Note 2 of the Corporate Governance Report and Art. 3a and Art. 3b of the Articles of Association.

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 "Consolidated Financial Statements", Note 39.

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.

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 defense measures

There are no "opting up" or "opting out" clauses in the Articles of Association. There are also no agreements or arrangements in the event of a change in control.

8 Auditors

Duration of mandate and term of office of Head Auditor

Ernst & Young AG, Aeschengraben 9, 4051 Basel, Switzerland, have acted as statutory and Group auditors for ORIOR AG and ORIOR Group since 2006. Ernst & Young, Basel, were re-elected as Company auditors for another term of one year by the General Meeting on 2 March 2010. Thomas Stenz is the lead auditor and he has held this position since the audit of the 2006 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 kCHF	2010
Auditing fees	325.0
Additional fees	
Tax advisory	45.5
Legal advisory	23.5
Transaction-related services	234.0
Other audit-related services	40.3
Total additional fees	343.3
Total	**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.

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 external auditors through the Audit Committee. The Audit Committee prepares an annual appraisal of the independence and quality of the external auditors and the fees paid to them. The Audit Committee also examines the audit plan, extent and results of the external audit.

The external auditors circulate two reports annually to the Audit Committee and the Board of Directors, one on the interim report and one on the annual report. These reports contain the results of their auditing activities and their recommendations, and are discussed in detail, with emphasis on explanations of important items mentioned in their Management Letter – including the design of the internal control system (ICS) – and on other questions in connection with priorities addressed during the audit.

The external auditors were present at three meetings of the Audit Committee in 2010.

Selection procedure: The current external 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 everyday 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 not relating to the actual audit work are provided strictly within the framework of the regulations on independence of service providers. The external auditors are required to confirm that their performance of these 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 Rolf U. Sutter, 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 2010	6 April 2011
Publication of 2011 interim results	16 August 2011
Investors' Day	23 September 2011

Corporate Responsibilities

Values of the Company

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 profitable 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.

Environment

Environmental vision

- Environmental awareness is fundamental. ORIOR aims to conserve our 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 our company's USPs (Unique Selling Points).
- We measure the targeted reduction of our environmental impact just as we do 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 our ecological footprint.

Sustainability / Responsibility

We view sustainable resource use as an integral part of sustainable profit optimisation. A sustainable company is conscious of its environmental impact, operates efficiently and is optimally integrated into its socio-cultural surroundings.

All production companies at ORIOR work together with the Energie-Agentur der Wirtschaft (EnAW) on climate protection issues. EnAW is a private-sector Swiss energy agency that helps companies reduce carbon dioxide emissions and improve energy efficiency. The proposals and actions it recommends are always company-specific and based on the principle of economic efficiency. Therefore, both ORIOR and the environment stand to profit from our commitment to sustainability.

A considerable number of energy projects have already led to a tremendous improvement in our company's energy efficiency. Pastinella, for example, has reduced its energy costs per kilogram of product produced by approximately one-third over the past two years; Fredag has reduced its fuel oil consumption per production unit by half over the past seven years.

Quality management

Customer demands and expectations regarding food safety go well beyond today's food safety guidelines, such as the "Hazard Analysis and Critical Control Point" (HACCP) concept as well as the minimum legal requirements regarding food safety.

All production facilities operated by ORIOR are certified by the Global Food Safety Initiative (IFS, BRC, etc.). Adherence to these stringent standards is examined and certified every year by an accredited external certifier. In addition to these certifications, all processes at Group companies are subject to close scrutiny and evaluation 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 our processes is also apparent when listing the many other standards and labels that have been obtained, such as Bio, Bio-Knopse, Naturafarm, Suisse Garantie, IGP Indication Géographique Protégée, Europäisches Vegetarismus-Label, ADR "Aus der Region. Für die Region" and "Friends of the Sea".

Furthermore, our production facilities are audited by customers that belong to internationally active corporate groups.

In order to ensure that our high quality standards are also upheld on the sourcing side, we maintain an active and personal dialog with our suppliers. This also applies to our business partners overseas, all of whom must likewise meet our strict quality criteria. The quality criteria are detailed in supplier agreements and product specifications and monitored in the laboratory.

Human Resources

Employee training and education

ORIOR considers employee training and education an essential part of its operations. Enabling employees to further their own professional and personal development is an obligation the company gladly fulfills. On-the-job training is also viewed as an ongoing dialogue. Continual improvement is underpinned by experience and the steady build-up of knowledge. Only through constant learning can the continually evolving needs of the market and our workforce be effectively addressed. In addition to apprenticeship training, we offer employees attractive continuing education and development programmes.

ORIOR "University"

ORIOR has worked with a variety of employee training models for years. We call this system, with a touch of exaggeration perhaps, our "corporate university".

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. Interim tests ensure that the challenging educational content has been thoroughly absorbed and understood.

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. Typically, a training programme is completed after two years.

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.

Communications

Stakeholder communications

The key information channels for external stakeholders are direct interaction, the company website, the annual and interim reports, press releases, company brochures and a newsletter for employees and customers.

ORIOR's internal communications are mainly conducted through direct communication, the employee newsletter, the intranet and internal memos.

Brand management

ORIOR boasts a number of key brands in its portfolio. It also produces products for private label customers. Branding activities are centralised. The brands are clearly positioned for their respective market mission. Targeted marketing measures are used to profile and position the brands. These include TV commercials, print advertisements, outdoor advertising, POS presence, promotional campaigns, tastings and participation in trade fairs.

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CONSOLIDATED FINANCIAL STATEMENTS 2010

Consolidated Income Statement

in CHF thousand	Note	2010	Δ in %	2009
Gross sales	7	513 894		509 230
Reduction in gross sales	7	–8 369		–8 553
Revenues	7	**505 525**	+1.0%	**500 677**
Raw material / goods and services purchased		–299 281		–299 902
Changes in inventories	8	–2 588		–392
Personnel expense	9	–91 932		–91 016
Other operating income	10	1 296		760
Other operating expense	11	–58 832		–57 946
EBITDA **Earnings before interest, taxes, depreciation and amortisation**		**54 188**	+3.8%	**52 181**
as % of revenues		10.7%		10.4%
Depreciation / impairment – tangible assets	21	–10 490		–10 292
Amortisation – intangible assets	23	–3 219		–3 059
EBIT **Earnings before interest and taxes**		**40 479**	+4.2%	**38 830**
as % of revenues		8.0%		7.8%
Financial income	12	703		1 014
Financial expense	13	–8 742		–8 283
Profit before taxes		**32 440**	+2.8%	**31 561**
as % of revenues		6.4%		6.3%
Income tax expense	14	–5 504		–7 588
Profit for the year		**26 936**	+12.4%	**23 973**
as % of revenues		5.3%		4.8%
Attributable to:				
Non–controlling interests		0		0
Shareholders of ORIOR		26 936		23 973
Earnings per share in CHF				
Basic earnings per share	15	4.99		5.64
Diluted earnings per share	15	4.99		5.64
Weighted Ø number of shares outstanding in ’000	15	5 402		4 250

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

Consolidated Statement of Comprehensive Income

in CHF thousand	Note	2010	Δ in %	2009
Profit for the year		**26 936**	+12.4%	**23 973**
Exchange differences on translation of foreign operations		183		7
Other comprehensive income for the year, net of tax		**183**		**7**
Total comprehensive income for the year, net of tax		**27 119**	+13.1%	**23 980**
Attributable to:				
Non–controlling interests		0		0
Shareholders of ORIOR		27 119		23 980

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

Consolidated Balance Sheet

in CHF thousand	Note	31.12.2010	in %	31.12.2009	in %
Cash and cash equivalents	16	45 298		28 216	
Current financial assets	17	207		198	
Trade accounts receivable	18	44 979		39 520	
Other current receivables	19	2 220		2 774	
Inventories and work in progress	20	57 452		58 737	
Current income tax assets		13		63	
Prepaid expenses / accrued income		892		3 891	
Current assets		**151 061**	**38.8%**	**133 399**	**34.0%**
Property, plant and equipment	21	67 476		62 008	
Investment property	21	214		214	
Intangible assets	23	170 415		172 164	
Long – term financial assets	24	0		24 079	
Deferred tax assets	30	16		0	
Non – current assets		**238 121**	**61.2%**	**258 465**	**66.0%**
Total assets		**389 182**	**100.0%**	**391 864**	**100.0%**
Derivative financial instruments		2 234		1 887	
Current financial liabilities	28	11 936		24 846	
Trade accounts payable	25	41 399		45 440	
Other current payables	26	3 226		2 163	
Current income tax liabilities		8 570		9 685	
Accrued liabilities	27	21 191		19 628	
Current portion of provisions	29	32		92	
Current liabilities		**88 588**	**22.8%**	**103 741**	**26.5%**
Non – current financial liabilities – third parties	28	102 817		146 668	
Non – current financial liabilities – related parties	28	0		42 994	
Defined benefit obligations	37	779		664	
Provisions	29	2 599		2 932	
Deferred tax liabilities	30	24 092		25 880	
Non – current liabilities		**130 287**	**33.5%**	**219 138**	**55.9%**
Total liabilities		**218 875**	**56.2%**	**322 879**	**82.4%**
Share capital	31	23 700		17 000	
Additional paid in capital	31	67 900		0	
Treasury shares	32	– 397		0	
Retained earnings		78 972		52 036	
Foreign currency translation		132		– 51	
Equity attributable to shareholders of ORIOR		**170 307**	**43.8%**	**68 985**	**17.6%**
Non – controlling interests		0		0	
Total equity		**170 307**	**43.8%**	**68 985**	**17.6%**
Total liabilities and equity		**389 182**	**100.0%**	**391 864**	**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 01.01.2009		**17 000**	**0**	**0**	**28 063**	**–58**	**45 005**	**0**	**45 005**
Profit for the year		0	0	0	23 973	0	23 973	0	23 973
Other comprehensive income for the year		0	0	0	0	7	7	0	7
Total comprehensive income for the year		**0**	**0**	**0**	**23 973**	**7**	**23 980**	**0**	**23 980**
Balance as at 31.12.2009		**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	31	6 700	73 700	0	0	0	80 400	0	80 400
Transaction costs	31	0	–5 800	0	0	0	–5 800	0	–5 800
Movement in treasury shares	32	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**

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

Consolidated Cash Flow Statement

in CHF thousand	Note	2010	2009
Profit for the year		26 936	23 973
Taxes	14	5 504	7 588
Depreciation / impairment / amortisation	21/23	13 709	13 351
Increase (+) / disposal (–) of value adj. and provisions		–665	834
Gain from disposal of fixed assets	10	–766	–16
Interest income	12	–51	–120
Dividend income	12	–14	–11
Interest expense	13	6 204	7 929
Increase (+) / decrease (–) of accrued pension cost	37	115	455
Movements in working capital		–2 692	3 714
– Trade accounts receivable and other current receivables		–5 167	268
– Inventories and work in progress		1 217	147
– Trade accounts payable and other current payables		–4 204	–3 112
– Other		5 462	6 411
Interest paid		–4 123	–5 951
Taxes paid		–8 382	–6 827
Cash flow from operating activities		**35 775**	**44 919**
Purchase of			
– property, plant and equipment	21	–13 325	–11 703
– intangible assets	23	–1 445	–1 729
Proceeds from sale of			
– property, plant and equipment	21	2 116	146
– intangible assets	23	0	120
Interest received		46	104
Dividends received	12	14	11
Cash flow from investing activities		**–12 594**	**–13 051**
Repayments of financial liabilities	28	–79 952	–30 018
Payment of finance lease liabilities	22	–125	0
Issue of share capital	31	80 400	0
Transaction costs	31	–5 800	0
Purchase of treasury shares	32	–397	0
Cash flow from financing activities		**–5 874**	**–30 018**
Net increase (+) / decrease (–) in cash and cash equivalents		**17 307**	**1 850**
Foreign exchange differences on cash and cash equivalents		–225	0
Cash and cash equivalents as at 01.01.	16	28 216	26 366
Cash and cash equivalents as at 31.12.	16	**45 298**	**28 216**

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 Felsenrainstrasse 1, 8052 Zurich, Switzerland.

These consolidated financial statements were approved by the Board of Directors on 21 February 2011 and are subject to shareholder approval at the annual general meeting of shareholders scheduled for 6 April 2011.

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 2010

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:

- IFRS 1 – Amendment – First time adoption of IFRS – additional exemptions
- IFRS 2 – Amendment – Share-based payment – Group cash-settled share-based payment transactions
- IFRS 3 – Revised – Business combinations
- IAS 27 – Amendment – Consolidated and separate financial statements
- IAS 39 – Amendment – IFRIC 9 – Embedded derivatives
- IFRIC 17 – Distributions of non-cash assets to owners
- IFRIC 18 – Transfers of assets from customers
- Annual improvement to IFRSs

IFRS 3 Business Combinations (revised) and IAS 27 – Consolidated and separate financial statements (amended)

- IFRS 3 (revised) introduces significant changes in the accounting for business combinations occurring on or after 1 January 2010. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of contingent considerations and business combinations achieved in stages. These changes will affect the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.
- IAS 27 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

During 2010 there weren't any acquisitions or disposals of subsidiaries or transactions with non-controlling interests. These changes will only have an impact on future transactions.

Standards, amendments and interpretations that are not yet effective and have not been early adopted 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	Title	Implication	Effective date	Planned adoption by the Group
Amendment to IAS 32	Classification of rights issues	*	1 Feb 2010	Financial year 2011
IFRIC19	Extinguishing financial liabilities with equity instruments	*	1 Jul 2010	Financial year 2011
IAS 24	Business combinations	**	1 Jan 2011	Financial year 2011
Amendment to IFRIC 14	Prepayments of a minimum funding requirement	*	1 Jan 2011	Financial year 2011
Annual improve-ments to IFRS	Various improvements	*	1 Jul 2010	Financial year 2011
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 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.

*** Classification and measurement only needs to be adopted by 1 January 2013. This standard will substantially change the classification and measurement of financial instruments and hedging requirements. The evaluation of the potential impact that this standard will have on the Group's consolidated financial statements, is not yet available.

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 from 1 January 2010

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.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following difference applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured as the proportionate share of the acquiree's identifiable net assets.

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

During the financial years 2010 and 2009 there weren't any changes in the scope of consolidation. Please see Note 44 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 ruling at 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 disposal 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 intragroup 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 or revalued amount 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 recognized in the income statement when the liabilities are derecognized 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 sharing 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

There is no management participation plan in place as per 31 December 2010. The former management participation plan qualified as an equity-settled share based payment plan in line with IFRS 2.

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 recognized, 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 on a straight-line basis 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 0.5% (2009: 0.5%) of the Group's sales and 11.4% (2009: 10.4%) 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% (2009: 2%) weaker/stronger against the EUR and USD in 2010, with all other variables held constant, post-tax profit for the year would have been kCHF 1887 (2009: kCHF 681) higher/lower, mainly as a result of purchases denominated in foreign currencies. Equity would have been kCHF 72 (2009: kCHF 27) 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% (2009: 0.2%) shift of interest rates would have an impact of approximately kCHF 128 (2009: kCHF 235) 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 28.

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 22 587 (2009: kCHF 16 444) 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 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 28), 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
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
2009				
Derivative financial instruments	0	1 301	586	0
Current interest–bearing financial liabilities	25 000	0	0	0
Trade accounts payable	45 440	0	0	0
Other current payables *	905	0	0	0
Accrued liabilities *	11 509	0	0	0
Long–term interest–bearing financial liabilities	0	20 000	170 573	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	2010	2009	2010	2009
Financial assets				
Cash and cash equivalents (LAR)	45 298	28 216	45 298	28 216
Current financial assets at FV through profit and loss (AFVTPL)	207	198	207	198
Trade accounts receivable (LAR)	44 979	39 520	44 979	39 520
Other current receivable (LAR)	477	597	477	597
Long–term financial assets (LAR)	0	24 079	0	24 079
Financial liabilities				
Derivative financial instruments (LFVTPL)	–2 234	–1 887	–2 234	–1 887
Current financial liabilities (OFL)	–11 563	–24 846	–11 750	–25 000
Current financial liabilities – financial leasing (OFL)	–373	0	–373	0
Trade accounts payable (OFL)	–41 399	–45 440	–41 399	–45 440
Other current payable (OFL)	–529	–905	–529	–905
Accrued liabilities (OFL)	–11 855	–11 509	–11 855	–11 509
Non–current financial liabilities – third parties (OFL)	–101 114	–146 668	–102 750	–147 579
Non–current financial liabilities – financial leasing (OFL)	–1 703	0	–1 703	0
Non–current financial liabilities – related parties (OFL)	0	–42 994	0	–42 994

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	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

in CHF thousand	2009	Level 1	Level 2	Level 3
Assets measured at fair value				
Current financial assets at FV through profit and loss	198	40	158	0
Liabilities measured at fair value				
Derivative financial instruments	–1 887	0	–1 887	0

During the reporting period ending 31 December 2010 and 2009, 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. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or sell assets to reduce debt.

The Group monitors capital on the basis of the Consolidated Adjusted Net Worth Ratio. This ratio is calculated as Consolidated Adjusted Net Worth divided by total assets as shown in the consolidated balance sheet. Consolidated Adjusted Net Worth is calculated as equity, as shown in the consolidated balance sheet, plus subordinated shareholders' loans. In 2009 the ratio was maintained between 20% to 30%. With the 2010 Initial Public Offering, net debt has been decreased. The ratio is being monitored by management and being kept between 40% and 50%.

in CHF thousand	31.12.2010	31.12.2009
Total equity	170 307	68 985
+ Subordinated shareholders' loan	0	42 994
Consolidated Adjusted Net Worth	170 307	111 979
Total assets	389 182	391 864
Consolidated Adjusted Net Worth Ratio	**44%**	**29%**

The Group also closely monitors covenants included in the Credit Facility Agreement for bank loans (see Note 28). 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 2010 and was discussed and approved by the Board of Directors on 8 December 2010.

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 obligation

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 37.

5 Business combinations and acquisition of minority interests

Acquisitions

There were no acquisitions in 2010 or 2009.

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 two processing and three 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.

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**

2009

in CHF thousand	ORIOR Refinement	ORIOR Convenience	ORIOR Corporate, Export and Logistics	Adjustments and eliminations	Consolidated
External customer sales	288 200	201 904	19 126	0	509 230
Inter–segment sales	15 720	2 277	7 818	–25 815 [1]	0
Sales of goods / rendering of services	**303 920**	**204 181**	**26 944**	**–25 815**	**509 230**
Reduction in gross sales	–3 563	–4 751	–239	0	–8 553
Revenues	**300 357**	**199 430**	**26 705**	**–25 815**	**500 677**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**24 874**	**29 596**	**–2 289**	**0**	**52 181**
Depreciation / impairment – tangible assets	–5 176	–4 722	–394	0	–10 292
Amortisation – intangible assets	–2 263	–142	–654	0	–3 059
Segment profit (EBIT)	**17 435**	**24 732**	**–3 337**	**0**	**38 830**
Net financial expense					–7 269
Profit before taxes					**31 561**
Segment assets	**279 326**	**83 488**	**118 830**	**–89 780** [1,2]	**391 864**
Segment liabilities	**144 915**	**35 797**	**15 556**	**126 611** [1,3]	**322 879**
Investments in non – current assets	**6 119**	**5 068**	**2 245**	**0** [4]	**13 432**

[1] Inter–segment assets, liabilities and revenues 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 116 987 (31.12.2010) and kCHF 216 395 (31.12.2009) 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	2010	2009
Switzerland	494 469	491 655
France	14 172	12 362
Germany	2 213	2 055
Other	3 040	3 158
Total sales of goods / rendering of services	**513 894**	**509 230**
Reduction in gross sales	–8 369	–8 553
Revenues	**505 525**	**500 677**

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

in CHF thousand	2010	2009
Switzerland	237 692	233 918
France	315	358
Deutschland	89	99
Sonstige	9	11
Total non – current assets	**238 105**	**234 386**

Non-current assets for this purpose consist of tangible assets and intangible assets.

Sales of goods to the two major clients amount to kCHF 239 326 and kCHF 74 721 respectively in 2010 (2009: kCHF 240 902 and kCHF 73 954). These sales were generated in the operating segments ORIOR Refinement and ORIOR Convenience.

Notes to the Consolidated Income Statement

Unless otherwise noted, the following amounts are given in CHF thousand.

7 Revenues

in CHF thousand	2010	2009
Sales of goods	510 281	505 808
Rendering of services	3 613	3 422
Gross sales	**513 894**	**509 230**
Reduction in gross sales	–8 369	–8 553
Total	**505 525**	**500 677**

8 Changes in inventories

in CHF thousand	2010	2009
Movement in value adjustment of inventories	44	–2 180
Movement in finished products and work in progress	–2 632	1 788
Total	**–2 588**	**–392**

9 Personnel expenses

in CHF thousand	2010	2009
Salaries and bonuses	–77 497	–76 813
Social security contributions	–7 816	–7 225
Pension fund contributions (defined benefit plan)	–4 759	–4 968
Other personnel expenses	–1 860	–2 010
Total	**–91 932**	**–91 016**

10 Other operating income

in CHF thousand	2010	2009
Other operating income	530	744
Gain from disposal of fixed assets	766	16
Total	**1 296**	**760**

11 Other operating expenses

in CHF thousand	2010	2009
Repair, maintenance & replacements	–7 725	–7 759
Operating expenses	–3 431	–3 745
Energy & waste disposal	–9 381	–8 503
Information & communication	–2 538	–2 188
Operational leasing	–9 294	–9 275
Insurances	–891	–967
Licences, duties & charges	–638	–655
Shipping	–9 419	–9 553
Marketing & sales	–11 673	–12 415
Administration	–3 578	–2 748
Administration – related party	–264	–138
Total	**–58 832**	**–57 946**

Product development costs of kCHF 2 076 (2009: kCHF 1 828) were recognised as an expense in the income statement during the period.

12 Financial income

in CHF thousand	2010	2009
Interest income – third parties (LAR)	51	120
Dividend income – third parties (AFVTPL)	14	11
Gain on fair value adjustment on derivative instruments (LFVTPL)	5	465
Gain on fair value adjustment on financial assets (AFVTPL)	5	36
Gain on disposal of financial assets / derivative instruments (AFVTPL / LFVTPL)	4	275
Foreign exchange gains – realised (LAR / OFL)	356	38
Foreign exchange gains – unrealised (LAR / OFL)	268	69
Total	**703**	**1 014**

13 Financial expense

in CHF thousand	2010	2009
Interest expense – third parties (OFL)	– 5 599	– 6 176
Interest expense – related parties (OFL)	– 586	– 1 753
Interest expense – financial leasing (OFL)	– 19	0
Bank charges and commissions – third parties (LAR / OFL)	– 472	– 215
Loss on fair value adjustment on derivative financial instruments (LFVTPL)	– 346	0
Foreign exchange losses – realised (LAR / OFL)	– 1 298	– 105
Foreign exchange losses – unrealised (LAR / OFL)	– 422	– 34
Total	**– 8 742**	**– 8 283**

During the course of the IPO transaction, a new credit facility was negotiated with bank lenders that replaced the previous agreement. Please see Note 28 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 reporting period.

14 Income taxes

The major components of income tax expense are:

in CHF thousand	2010	2009
Current income taxes	– 7 308	– 7 642
Current income tax charge	– 7 333	– 7 623
Adjustments of prior – year income tax	25	– 19
Movements of deferred taxes	1 804	54
Amount of deferred tax expense / income relating to the origination and reversal of temporary differences	33	– 109
Amount of deferred tax expense / income relating to changes in tax rates or the imposition of new taxes	1 771	163
Total	**– 5 504**	**– 7 588**

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	2010	2009
Profit before tax	32 440	31 561
Weighted Average Group Tax Rate of 22.3% (2009: 22.5%)	–7 226	–7 111
Income not subject to tax	0	–3
Non–deductable expenses	0	–258
Adjustments of prior–year income tax	25	–19
Changes in value adjustments on deferred tax assets	–74	–360
Effect of changes in local tax rates	1 771	163
Total	**–5 504**	**–7 588**

Although the tax rates of some Group companies are substantially lower than last year, the weighted average Group tax rate is only slightly lower than last year due to the profit allocation within the Group.

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	2010	2009
Profit for the year attributable to shareholders of ORIOR	26 936	23 973
Weighted Ø number of ordinary shares in '000 for basic earings per share	5 402	4 250
Basic earnings per share in CHF	4.99	5.64

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 32) as well as from the increase in share capital in 2010 (see Capital structure in the Corporate Governance Report) is taken into account in the weighted average number of ordinary shares outstanding during the year. For the sake of comparability, the 25-for-1 share split conducted in 2010 with a corresponding reduction in par value per share to CHF 4.00 is shown retroactively in the 2009 data (see Note 31).

Notes to the Consolidated Balance Sheet

16 Cash and cash equivalents

in CHF thousand	31.12.2010	31.12.2009
Cash, postal accounts and checks	40	429
Cash at banks	45 258	27 787
Total	**45 298**	**28 216**

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	31.12.2010	31.12.2009
Current financial assets at FV through profit and loss	207	198
Total	**207**	**198**

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	31.12.2010	31.12.2009
Trade accounts receivable – net – third parties	44 978	39 517
Trade accounts receivable – net – related parties	1	3
Total	**44 979**	**39 520**

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

The ageing analysis of trade accounts receivable shows that 85.5% (2009: 84%) of the receivables are not yet due.

in CHF thousand	31.12.2010	31.12.2009
Not yet due	38 447	33 241
Overdue 1 – 30 days	5 773	5 318
Overdue 31 – 60 days	488	695
Overdue 61 – 90 days	206	140
Overdue 91 – 180 days	56	105
Overdue 181 – 360 days	9	21
Overdue more than 360 days	0	0
Total trade accounts receivable – net	**44 979**	**39 520**

At 31 December 2010, trade receivables with initial value of kCHF 323 (2009: kCHF 549) 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 31.12.2008	**454**	**184**	**638**
Additions	52	293	345
Utilisation	– 432	– 2	– 434
Balance 31.12.2009	**74**	**475**	**549**
Additions	62	3	65
Utilisation	– 74	– 217	– 291
Balance 31.12.2010	**62**	**261**	**323**

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 2010, net trade accounts receivable of kCHF 42 422 (2009: kCHF 35 906) were pledged as security for the interest-bearing liabilities (see also Note 28).

19 Other current receivables

in CHF thousand	31.12.2010	31.12.2009
VAT receivable	1 476	1 730
Withholding tax receivable	22	45
Other current receivables – third parties	572	695
Other current receivables – related parties	5	0
Other current receivables – social security institutions	96	200
Prepayments – third parties	49	104
Total	**2 220**	**2 774**

'Other current receivables – third parties' includes 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 2010 includes financial assets in the amount of kCHF 477 (2009: kCHF 597).

20 Inventories and work in progress

in CHF thousand	31.12.2010	31.12.2009
Raw material (at cost)	16 068	16 103
Trade products (at cost)	5 893	5 515
Semi–finished products / work in progress (at cost)	22 456	22 892
Finished products (at cost or net realisable value)	13 035	14 227
Total at the lower of cost or net realisable value	**57 452**	**58 737**

The amount of write-downs of inventories recognised as an expense is kCHF 923 (2009: kCHF 3 147) which is recognised in 'raw material / goods and services purchased'.

At the end of 2010 there are purchase obligations for raw materials of kCHF 10 136 (2009: kCHF 12 238) and for trade products of kCHF 1 546 (2009: kCHF 1 380).

At the end of 2010 and 2009, no inventory has been 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 construc-tion	Total tangible assets	Investment properties
At cost									
Balance 01.01.2009	**40 010**	**6 610**	**2 982**	**2 822**	**2 721**	**22 219**	**195**	**77 559**	**214**
Additions	7 193	1 049	834	779	2 287	682	1 371	14 195	0
Disposals	–262	–7	–97	–442	–21	–422	0	–1 251	0
Reallocation within category	2 105	13	236	0	–2 159	0	–195	0	0
Exchange differences	–1	0	0	0	0	0	0	–1	0
Balance 31.12.2009	**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**
Accumulated depreciation									
Balance 01.01.2009	**–12 914**	**–2 454**	**–1 466**	**–1 139**	**–17**	**–848**	**0**	**–18 838**	**0**
Depreciation	–6 904	–955	–673	–663	–13	–1 046	0	–10 254	0
Disposals	228	6	75	289	0	0	0	598	0
Balance 31.12.2009	**–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**
Impairment									
Balance 01.01.2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Impairment	0	0	–38	0	0	0	0	–38	0
Disposals	0	0	38	0	0	0	0	38	0
Balance 31.12.2009	**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**
Net balance 01.01.2009	27 096	4 156	1 516	1 683	2 704	21 371	195	58 721	214
Net balance 31.12.2009	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**

The insurance value of property, plant and equipment amounts to kCHF 167 446 (2009: kCHF 150 570).

At the end of 2010 there are purchase obligations for property, plant and equipment of kCHF 3 151 (2009: kCHF 2 491).

From the additions to property, plant and equipment results a cash out flow of kCHF 13 325 (2009: kCHF 11 703).

By the end of 2010 mortgage bonds with a nominal value of kCHF 9 207 are deposited at banks as security for financial liabilities (2009: 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 (2009: 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 2 066 (2009: kCHF 0). (see Note 22 for additional information on financial leasing)

22 Leases

In the second half of 2010 some of the vehicles belonging to the Corporate, Export and Logistics segment were replaced. The new vehicles, with a purchase price of total kCHF 2 201, were classified as a financial lease. The maturity structure of the future minimum financial leasing payments and the corresponding interest expense are given below:

in CHF thousand	31.12.2010	31.12.2009
Maturity within 1 year	422	0
Maturity between 1 and 5 years	1 804	0
Maturity over 5 years	0	0
Total	**2 226**	**0**
Interest portion	– 150	0
Total financial leasing	**2 076**	**0**

Finance lease liabilities in the amount of kCHF 125 (2009: kCHF 0) were repaid during the period.

Ageing of non-capitalised operating leasing contracts:

in CHF thousand	31.12.2010	31.12.2009
Maturity within 1 year	7 274	7 735
Maturity between 1 and 5 years	27 384	28 878
Maturity over 5 years	54 034	63 420
Total	**88 692**	**100 033**

The operating leasing expenses reported in the 2010 income statement amounted to KCHF 7 476 (2009: KCHF 7 600).

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 88 692 at the end of 2010 (2009: kCHF 100 033).

23 Intangible assets

in CHF thousand	Goodwill	Brands	Label	Customer base	Production patent	IT software	Total
At cost							
Balance 01.01.2009	**82 318**	**25 257**	**28 660**	**29 055**	**7 680**	**4 145**	**177 115**
Additions	0	0	0	0	0	1 729	1 729
Disposals	0	0	0	0	0	–210	–210
Balance 31.12.2009	**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**
Accumulated depreciation							
Disposals	**0**	**0**	**0**	**–387**	**–1 213**	**–1 901**	**–3 501**
Amortisation	0	0	0	–516	–1 616	–927	–3 059
Disposals	0	0	0	0	0	90	90
Balance 31.12.2009	**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**
Impairment							
Balance 01.01.2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance 31.12.2009	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Balance 31.12.2010	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net balance 01.01.2009	82 318	25 257	28 660	28 668	6 467	2 244	173 614
Net balance 31.12.2009	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**

Additions to intangible assets resulted in a cash outflow of kCHF 1 445 (2009: kCHF 1 729).

Goodwill

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

in CHF thousand	31.12.2010	31.12.2009
ORIOR Refinement	75 811	75 811
ORIOR Convenience	6 507	6 507
Total	**82 318**	**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. 0.3 percentage points (2009: 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. 1.8 percentage points (2009: decrease of 0.9 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% (2009: 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% (2009: 9.3%) and post-tax discount rate of 6.7% (2009: 7.4%) 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 2010; 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	31.12.2010	31.12.2009
Brand Rapelli	13 700	13 700
Brand Ticinella	5 500	5 500
Brand Natur Gourmet	1 200	1 200
Brand Spiess	4 857	4 857
Total	**25 257**	**25 257**

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%	(2009: 1.0 – 3.0%)
– Growth rate*	1.4%	(2009: 1.4%)
– Discount rate (WARA)	8.5%	(2009: 9.6%)

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

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 0.8 – 2.5%; or
- The growth rate had been 0.4%; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 9.5%.

Based on the increasing market penetration – especially in the export market – and the corresponding increase in market awareness, the Group will be able to increase licence fees to approx. 4%. 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%	(2009: 1.4%)
– Discount rate (WARA)	7.4%	(2009: 8.4%)

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

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 customer base acquired in the 2008 business combination is valued at fair value as at the date of acquisition. An analysis of customer turnover has shown that due to the retail situation in Switzerland, part of the acquired customer base worth kCHF 21 317 has an indefinite useful life whereas the other part (kCHF 6 319 as at 31 December 2010) is amortised over a useful life of 15 years, of which the remaining amortisation period amounts to 12 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% (2009: 1.4%)
- Discount rate (WARA) 8.5% (2009: 9.6%)

* Growth rate used to extrapolate revenues beyond the budget period

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 percentage points; or
- The estimated post-tax discount rate applied to the discounted cash flows had been 9.5%.

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 Long-term financial assets

in CHF thousand	31.12.2010	31.12.2009
Restricted cash	0	24 079
Total	**0**	**24 079**

Due to the indirect partial liquidation rules applied by the cantonal and federal tax authorities, cash and cash equivalents in the amount of KCHF 24 079 in connection with the acquisition of Spiess Holding in 2008 are subject to a 5-year lock-up arrangement (until April 2013). This restricted cash in the amount of KCHF 24 079 was initially pledged as collateral for interest-bearing liabilities (see Note 28).

ORIOR Group was refinanced during the course of its initial public offering (see Note 28). An agreement on the use of the restricted cash assets in the amount of KCHF 24 079 was reached in a preliminary tax assessment notice. Explicit assurance was given that this restricted cash may be used for ORIOR Group loans. Therefore cash in the amount of kCHF 24 079 was indirectly used to repay the loan (see Note 28).

25 Trade accounts payable

in CHF thousand	31.12.2010	31.12.2009
Trade accounts payable – third parties	41 399	45 440
Total	**41 399**	**45 440**

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

26 Other current payables

in CHF thousand	31.12.2010	31.12.2009
Other current payables – third parties	1 768	1 203
Other current payables – related parties	157	159
Other current payables – social security institutions	1 301	801
Total	**3 226**	**2 163**

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 2010 includes financial liabilities of kCHF 529 (2009: kCHF 905).

27 Accrued liabilities

in CHF thousand	31.12.2010	31.12.2009
Accrued Expenses – third parties	19 480	18 373
Vacation / overtime	1 830	1 991
Bonus	3 728	3 086
Client reimbursements	3 716	2 898
Water, electricity	834	1 058
Marketing contributions	2 909	3 358
Other	6 463	5 982
Accrued Expenses – related parties	1 490	1 046
Accrued Expenses – social security institutions	221	209
Total	**21 191**	**19 628**

The total balance of accrued liabilities as per 31 December 2010 includes financial liabilities of kCHF 11 855 (2009: kCHF 11 509). Other accrued expenses of kCHF 6 463 (2009: kCHF 5 982) include financial liabilities of kCHF 4 396 (2009: kCHF 4 195) and are in particular related to liabilities for maintenance and repair, logistics and consulting activities. The non-financial liabilities included in other accrued expenses involve mainly tax at source, property taxes, stamp duties and capital taxes.

28 Financial liabilities

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	28 (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	28 (a)	LIBOR + 1.5	2012–2014	32 229
kCHF 70 000 secured bank loan	28 (b)	LIBOR + 1.5	30/09/14	68 886
kCHF 25 000 secured bank loan (not yet drawn)	28 (c)		30/09/14	0
kEUR 40 000 secured bank loan (not yet drawn)	28 (d)		2012–2014	0
Long–term liabilities from finance lease	22	2.52% – 2.71%		1 703
Total				**102 817**

in CHF thousand	Note	Effective interest rate %	Maturity	31.12.2009
Year ended 31 December 2009				
Current – third parties				
kCHF 13 000 secured bank loan		LIBOR + 2.0	30/06/10 31/12/10	12 920
kCHF 12 000 secured bank loan		LIBOR + 2.0	30/06/10 31/12/10	11 926
Total				**24 846**
Non–current – third parties				
kCHF 90 000 secured bank loan		LIBOR + 2.0	2011–2013	89 445
kCHF 16 000 secured bank loan		LIBOR + 2.0	2011–2013	15 901
kCHF 24 079 secured bank loan		LIBOR + 0.45	31/12/13	23 930
kCHF 17 500 secured bank loan		LIBOR + 2.0	31/12/13	17 392
Total				**146 668**
Non–current – related parties				
kCHF 38 000 shareholders' loan		4.25%	31/12/13	42 994
Total				**42 994**

During the course of the IPO transaction, 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 139.5 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 new credit facility are based on the ratio of the Group's net debt to EBITDA, on its Equity Ratio and on LIBOR.

The repayment of financial liabilities was largely financed with the net proceeds of the ordinary capital increase (see Note 31) and other financial assets in the amount of kCHF 24 079 (see Note 24).

(a) Bank loans are secured by pledged accounts receivable of kCHF 42 422 (2009: kCHF 35 906) and deposited mortgage bonds in the amount of kCHF 9 207 (2009: kCHF 9 207).

Based on the Credit Facility Agreement the Company has the discretion to refinance the financial liabilities 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 11.75m (2009: CHF 13m) 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 44 500	kCHF 43 792	31/01/11	1.6425

The credit limit of currently CHF 44.5 million is to be reduced by instalments of CHF 11.75 million in 2011, 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.

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

(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 68 886	31/01/11	1.6425

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

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.

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

As per 31 December 2010 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).

As per 31 December 2010 none of the credit limit of EUR 40 million was drawn. The credit limit can only be used up to 30 June 2011. 20% of any amount drawn must be paid back annually up to the year 2013. The remaining balance must be paid in 2014.

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

29 Provisions

in CHF thousand	Warranty	Product liability	Anniversary and other long-term service benefits	Others	Total
Balance 01.01.2009	**317**	**750**	**1846**	**1370**	**4283**
Additions	0	0	401	0	401
Use	0	–679	–201	–205	–1085
Reversal	–317	–71	0	–187	–575
Balance 31.12.2009	**0**	**0**	**2046**	**978**	**3024**
Additions	0	0	285	0	285
Use	0	0	–214	–76	–290
Reversal	0	0	–18	–370	–388
Balance 31.12.2010	**0**	**0**	**2099**	**532**	**2631**
Of which short–term	0	0	0	32	32
Of which long–term	0	0	2099	500	2599

Warranty – The Asian business was sold in 2004. However, some warranties were granted up to June 2009. The provision was reversed in 2009

Product liability – In December 2008 ORIOR Group delivered products that were incorrectly labelled. Based on management's risk assessment and experience, it was assumed that compensations in the amount of kCHF 750 would have to be paid. In 2009 compensations in the amount of kCHF 679 were paid. The remaining provision was reversed.

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.

30 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	31.12.2010	31.12.2009
Deferred tax assets	– 16	– 5
Deferred tax liabilities	24 092	25 885
Net deferred (assets) / liabilities	**24 076**	**25 880**

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

in CHF thousand	2010	2009
Opening balance as at 01.01.	25 880	25 934
Charges / (discharges) to income statement	– 1 804	– 54
Net deferred (assets) / liabilities as at 31.12.	**24 076**	**25 880**

Deferred income taxes are calculated in full 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 2010 no deferred income tax assets (2009: kCHF 5) were capitalised.

The Group did not recognise deferred income tax assets of kCHF 1 660 (2009: kCHF 1 039) in respect of losses amounting to kCHF 4 185 (2009: kCHF 4 122) that can be carried forward against future taxable income. The expiration of those losses is as follows:

- Expires in 1 to 3 years: kCHF 1 882
- Expires in 4 to 7 years: kCHF 754
- No expiration: kCHF 1 549

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	31.12.2010	31.12.2009
Inventories and work in progress	3 365	3 773
Property, plant and equipment	4 154	4 200
Intangible assets	15 024	16 647
Other assets	1 440	1 235
Liabilities	109	30
Subtotal deferred tax liabilities	**24 092**	**25 885**
Benefit from tax loss carry forwards	0	– 5
Liabilities	– 16	0
Subtotal deferred tax assets	**– 16**	**– 5**
Net deferred (assets) / liabilities	**24 076**	**25 880**

31 Shareholders' equity

ORIOR AG is domiciled in Zurich (Switzerland). An ordinary capital increase was approved by the extraordinary general meeting on 9 April 2010. In addition, authorized capital with a par value of up to kCHF 4762 and conditional capital of up to kCHF 714 were created. The general meeting also voted to split the shares 25-for-1 with a new par value of CHF 4 per share in preparation for the initial public offering.

On 22 April 2010, during the course of the initial public offering (IPO), the share capital of kCHF 17000 was increased to kCHF 23700 by issuing 1675000 registered shares at a price of CHF 48 each and reserve capital in the gross amount of kCHF 73700 was created. The pro rata transaction costs in conjunction with the IPO amounted to a total of KCHF 5997. In accordance with IAS 32/39, kCHF 5800 thereof was recognised directly in additional paid-in capital, which resulted in additional paid-in capital of kCHF 67900. The capital contribution principle will supersede the nominal value principle on January 1 2011. Due to this change to the Swiss tax system, repayments of capital contributions will no longer be subject to income tax or withholding tax.

The share capital is fully paid-in and consists of 5925000 registered shares with a par value of CHF 4.

	Number of shares	at nominal value in CHF	Share capital in kCHF
Opening balance as at 01.01.2009	**170000**	**100**	**17000**
Closing balance as at 31.12.2009	**170000**	**100**	**17000**
25–for–1 share split	4250000	4	17000
Issue of share capital	1675000	4	6700
Closing balance as at 31.12.2010	**5925000**	**4**	**23700**

32 Treasury shares

	Number	Ø price per share in CHF	Total in kCHF
Opening balance as at 01.01.2009	**0**	**0.00**	**0**
Closing balance as at 31.12.2009	**0**	**0.00**	**0**
Opening balance as at 01.01.2010	**0**	**0.00**	**0**
Purchases 01.01. - 31.12.10	8510	46.60	397
Closing balance as at 31.12.2010	**8510**	**46.60**	**397**

33 Dividend per share

No dividends were paid in the year 2010 and 2009. The Board of Directors will propose to the Annual General Meeting on 6 April 2011 that the Group distribute a dividend of CHF 1.90 per share. These financial statements do not reflect any dividend payable.

34 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.

35 Derivative financial instruments

Forward currency contract – There are no open forward currency contracts as at 31 December 2010 and 2009.

Interest rate swaps – The notional amounts of the outstanding interest rate swaps at 31 December 2010 were kCHF 70 000 (2009: kCHF 70 000).

At 31 December 2010, the fixed interest rates were between 1.59% and 1.83% (2009: between 1.83% and 2.68%). The variable rate used is 1-month CHF-LIBOR.

36 Foreign exchange rates

	Unit	Average exchange rate		Closing exchange rate	
Currency		2010	2009	31.12.2010	31.12.2009
EUR	1	1.3822	1.5095	1.2507	1.4851
USD	1	1.0428	1.0869	0.9366	1.0321

37 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	31.12.2010	31.12.2009
Defined benefit obligation	–114 463	–103 200
Fair value of plan assets	106 373	103 176
Funded status	–8 090	–24
Unrecognised gains / (losses)	–7 320	631
(Accrued) / prepaid pension cost	**–770**	**–655**

The pension cost is determined as follows:

in CHF thousand	2010	2009
Service cost	–5 790	–5 694
Interest cost	–3 612	–3 535
Expected return on plan assets	4 643	4 261
Company pension (cost) / income	**–4 759**	**–4 968**

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

in CHF thousand	31.12.2010	31.12.2009
Asset / (liability) at 1 January	–655	–202
Company pension (cost) / income	–4 759	–4 968
Company contribution	4 645	4 515
Asset / (liability) at 31 December	**–770**	**–655**

The assumptions are determined as follows:

	31.12.2010	31.12.2009
Discount rate	2.75%	3.50%
Rate of future increase in compensation	1.50%	1.50%
Rate of future increase in current pensions	1% / 2.5%	1% / 2.5%
Expected long–term rate of return on plan assets	4.50%	4.50%
Retirement age of females	64	64
Retirement age of males	65	65
Average turnover	15%	12%
Life expectancy at retirement age for females	21.8	21.8
Life expectancy at retirement age for males	17.9	17.9

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

in CHF thousand	31.12.2010	31.12.2009
Defined benefit obligation at 1 January	–103 200	–100 985
Service cost	–5 790	–5 694
Employee contributions	–3 066	–2 987
Interest cost	–3 612	–3 535
Actuarial gains / (losses)	–4 566	5 556
Benefit payments	5 771	4 445
Defined benefit obligation at 31 December	**–114 463**	**–103 200**

in CHF thousand	31.12.2010	31.12.2009
Fair value of plan assets at 1 January	103 176	94 682
Expected return on plan assets	4 643	4 261
Employee contributions	3 066	2 987
Employer contributions	4 645	4 515
Actuarial gains / (losses)	–3 385	1 176
Benefit payments	–5 771	–4 445
Fair value of plan assets at 31 December	**106 373**	**103 176**

The actual return on plan assets is kCHF 1 258 in 2010 (2009: kCHF 5 437).

The estimated company contribution to the pension plans for the financial year 2011 amounts to kCHF 4 864.

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	31.12.2010		31.12.2009	
Cash	7.8%	2.0%	5.0%	2.0%
Bonds	47.7%	3.5%	55.0%	3.7%
Shares	25.2%	6.7%	20.0%	6.9%
Real estate	16.8%	4.5%	15.0%	4.5%
Other (hedge funds)	2.5%	4.5%	5.0%	4.5%
Total	**100.0%**	**4.5%**	**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	2010	2009	2008	2007
Defined benefit obligation	–114 463	–103 200	–100 985	–89 390
Plan assets	106 373	103 176	94 682	92 504
(Deficit) / surplus	–8 090	–24	–6 303	3 114
Experience adjustments on plan liabilities	4 756	5 556	4 871	–967
Experience adjustments on plan assets	–3 385	1 176	–13 481	–2 328

As ORIOR AG was only founded in the second half of 2006 there are only four instead of five periods disclosed.

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	31.12.2010	31.12.2009
Defined benefit obligation	–9	–9
Fair value of plan assets	0	0
Funded status	–9	–9
Unrecognised gains / (losses)	–1	–1
(Accrued) / prepaid pension cost	**–9**	**–9**

The assumptions are determined as follows:

	31.12.2010	31.12.2009
Discount rate	5.25%	5.50%
Rate of future increase in compensations	3.00%	3.00%
Average turnover	10.00%	10.00%
Retirement age	**60**	**60**

38 Management participation plan

As per 31 December 2010, there was no management participation plan in place. The former management participation plan allowed only one new manager to participate in the programme during the year 2009. He acquired 180 shares at the estimated fair value price at grant date.

In 2010 the Group did not allow any more share subscriptions.

As share prices are considered as fair value prices at grant dates, there is, in accordance with IFRS 2, no expense to be recorded in the consolidated income statement of the ORIOR Group.

39 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 2009, the Group was controlled by Capvis General Partner II Ltd., which held 80.73% of the shares outstanding at that time. Based on the last announcement in May 2010, it still held 19.7% 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	31.12.2010	31.12.2009
Trade accounts receivable	Shareholders	1	3
Other current receivables	Management	0	0
Prepaid pension cost	Pension fund	5	0

Liabilities	Partner	31.12.2010	31.12.2009
Other current payables	Pension fund	157	159
Accrued liabilities	Board of Directors	182	76
Accrued liabilities	Management	1 308	970
Accrued liabilities	Pension fund	0	0
Non–current financial liabilities	Shareholders	0	42 994
Accrued pension cost	Pension fund	779	664

Expenses	Partner	2010	2009
Pension fund contributions	Pension fund	–4 759	–4 968
Admin / consulting expenses	Board of Directors	–264	–138
Interest expense	Shareholders	–586	–1 753

Sales	Partner	2010	2009
Gross Sales	Shareholders	0	3

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 and the Board of Directors receive a fixed compensation. The total amount for fixed and variable compensation in 2010 is kCHF 3 836 (2009: kCHF 3 370).

in CHF thousand	2010	2009
Short–term employee benefits	3 539	3 094
Post–employment benefits	297	276
	3 836	**3 370**

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).

40 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.

41 Pledges for obligations

Besides the pledges reported under 'trade accounts receivable' (see Note 18), 'long-term financial assets' (see Note 24) and 'financial liabilities' (see Note 28), there are no further assets pledged.

42 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 2010.

43 Events after the balance sheet date

Rapelli SA, a subsidiary of ORIOR AG, has acquired Keller SA for kCHF 315, a producer of Ticino specialities based in Maroggia, with effect from 1 January 2011. Keller SA, a small traditional family company, makes products under its own "Val Mara" brand, particularly Ticino salami and salametti, and employs 8 people. The company generated revenues of CHF 2m in the year 2010 and the preliminary balance sheet total amounts to CHF 0.8m.

44 Legal structure of ORIOR Group

Company Name	Location	Country	Business activity	Currency	Share capital (in 1000)	%-share of capital and votes 2010	2009
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%
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, 21 February 2011

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 54 to 114), for the year ended 31 December 2010.

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-

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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 2010 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

Thomas Stenz Licensed audit expert (Auditor in charge)	Roger Müller Licensed audit expert

ORIOR AG
FINANCIAL STATEMENTS 2010

Income Statement

in CHF thousand	2010	2009
Licence fees	348	353
Interest income	1 810	1 278
– Third parties	10	0
– Subsidiaries	1 800	1 278
Other financial income	0	275
Dividend income	17 700	10 500
Total income	**19 858**	**12 406**
Interest expense	–2 106	–3 481
– Third parties	–972	–1 307
– Subsidiaries	–548	–421
– Shareholders	–586	–1 753
Other financial expense	–1 942	–182
Other expense, bank charges	–1 439	–596
Depreciation and amortisation	–3 368	–1 896
Tax expense	–29	–6
Total expenses	**–8 884**	**–6 161**
Profit for the year	**10 974**	**6 245**

Balance Sheet

in CHF thousand	31.12.2010	31.12.2009
Cash and cash equivalents	8 482	753
Treasury shares	397	0
Other current receivables	754	276
– Third parties	18	34
– Subsidiaries	736	242
Prepaid expenses	20	209
Current assets	**9 653**	**1 239**
Investment in subsidiaries	64 410	64 410
Loans to subsidiaries	97 510	48 614
Intangible assets	18 010	19 906
Costs of capital increase	4 694	0
Non – current assets	**184 624**	**132 931**
Total assets	**194 277**	**134 169**
Current financial liabilities	11 750	15 500
– Third parties	11 750	12 000
– Subsidiaries	0	3 500
Other current payables	264	275
– Third parties	12	65
– Subsidiaries	252	210
Accrued liabilities	530	192
Current liabilities	**12 544**	**15 967**
Non – current financial liabilities	54 650	82 493
– Third parties	32 750	16 000
– Subsidiaries	21 900	23 500
– Shareholders	0	42 993
Non – current liabilities	**54 650**	**82 493**
Total liabilities	**67 194**	**98 460**
Share capital	23 700	17 000
Statutory reserves	75 117	0
– Capital contribution reserves	73 700	0
– General legal reserves	1 020	0
– Reserve for treasury shares	397	0
Free reserves	4 603	0
Retained earnings	23 663	18 709
– Brought forward from previous year	12 689	12 464
– Profit for the year	10 974	6 245
Total equity	**127 083**	**35 709**
Total liabilities and equity	**194 277**	**134 169**

Notes to the Statutory Financial Statements

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

in CHF thousand	31.12.2010	31.12.2009
Joint and several liabilities for rent	**87 827**	**94 527**
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**	**144 579**

2 Assets with restrictions on title for own liabilities

in CHF thousand	31.12.2010	31.12.2009
Regarding the Credit Facility Agreement with Credit Suisse in the maximum amount of CHF 139 500 000 and EUR 40 000 000 (of which CHF 114 500 000 has been drawn as per 31.12.2010).		
– Pledge of all investments in subsidiaries	0	64 077
– Declaration of assignment for loans to subsidiaries	97 510	48 614

3 Subsidiaries

Company Name	Location	Business activity	Share capital (in 1000)	%-share of capital and votes 2010	2009
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

During the period from 30 September to 10 November 2010, the Group purchased a total of 8510 treasury shares on the market at an average price of CHF 46.60 per share. As per 31 December, the Group holds 8 510 treasury shares.

5 Authorised and conditional share capital

in CHF thousand	31.12.2010	31.12.2009
Conditional share capital	714	0
Authorised share capital	4 762	0

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 2010 and was discussed and approved by the Board of Directors on 8 December 2010.

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 31.12.2009	**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
Profit for the year	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**

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 2010	Gross compensa-tion	Post–em-ployment benefits	Other social costs	Total compensa-tion 2009
Rolf Friedli[1)] Chairman of the Board	79 830	0	6 405	86 235	0	0	0	0
Rolf U. Sutter[2)] Delegate of the Board	0	0	0	0	0	0	0	0
Erland Brügger Member of the Board	47 895	0	3 845	51 740	31 932	0	2 242	34 174
Christoph Clavadet-scher Member of the Board	47 895	0	3 845	51 740	31 932	0	2 242	34 174
Anton Scherrer Member of the Board	51 765	0	2 455	54 220	51 765	0	2 455	54 220
Edgar Fluri[1,3)] Member of the Board	59 870	0	4 805	64 675	0	0	0	0
Total Board of Directors	**287 255**	**0**	**21 355**	**308 610**	**115 629**	**0**	**6 939**	**122 568**
Rolf. U. Sutter CEO	753 100	57 401	53 508	864 009	622 038	53 020	47 422	722 480
Key Management	2 558 448	239 585	195 971	2 994 004	2 267 128	222 966	173 740	2 663 834
Total Management Board	**3 311 548**	**296 986**	**249 479**	**3 858 013**	**2 889 166**	**275 986**	**221 162**	**3 386 314**

1 Prorated remuneration for the period from April to December 2010.
2 The compensation of the executive member of the Board of Directors is shown under the compensation of the Management Board.
3 Edgar Fluri was elected Member of the Board of Directors by the Ordinary General Meeting held on March 2, 2010.

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 2009 and 2010.

9 Share interests of Board of Directors and Management Board

As of 31 December 2010, members of the Board of Directors and the Management Board owned the following shareholdings in ORIOR AG:

	Total number of shares 2010	Total number of shares 2009[2)]
Rolf Friedli Chairman of the Board	0	0
Rolf U. Sutter[1)] Delegate of the Board	0	0
Erland Brügger Member of the Board	14 175	14 175
Christoph Clavadetscher Member of the Board	14 515	14 175
Anton Scherrer Member of the Board	14 175	14 175
Edgar Fluri Member of the Board	2 000	0
Total Board of Directors	**44 865**	**42 525**
Rolf. U. Sutter CEO	199 300	198 325
Hélène Weber CFO	85 830	85 000
Remo Hansen Head of Pastinella & Fredag	85 450	85 000
Stefan H. Jost Head of Refinement	425	0
Bruno de Gennaro Head of Rapelli	92 075	92 075
Albert Spiess Head of Spiess	0	0
Bruno Höltschi Head of International & New Business	86 540	85 000
Urs Aebi Head of Le Patron	85 000	85 000
Total Management Board	**634 620**	**630 400**

1 The shares owned by the executive member of the Board of Directors are shown in the Management Board section.
2 For the sake of comparability, the 25–for–1 share split conducted in 2010 with a corresponding reduction in par value per share to CHF 4.00 is shown retroactively in the 2009 data.

10 Significant shareholders

At 31 December 2010 the significant shareholders of the Company were the following (> 5%):

	%-Share of capital and votes	
Name	31.12.2010	31.12.2009
Capvis General Partner II Ltd.	19.70%	80.73%
UBS Fund Management (Switzerland) AG	5.45%	0.00%
DWS Investment GmbH	7.17%	0.00%

Proposal for the allocation of retained earnings as of 31 December 2010

Allocation of retained earnings

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

in CHF thousand	31.12.2010	31.12.2009
Brought forward from previous year	12 689	12 464
Profit for the year	10 974	6 245
Available retained earnings	**23 663**	**18 709**
Allocation to legal reserves	–549	–1 020
Allocation to free reserves	0	–5 000
Balance brought forward	**23 114**	**12 689**

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 2011 general meeting of shareholders that it pay a dividend of CHF 1.90 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 11 241, and the distribution ratio as a percentage of profit for the year will be 41.7%. All shares rank for dividends except for 8 510 treasury shares.

in CHF thousand	31.12.2010	31.12.2009
Allocation from legal reserves (capital reserves) to free reserves	11 241	0
Withholding tax–free distribution of CHF 1.90 per registered share	–11 241	0

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, 21 February 2011

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 118 to 124), for the year ended 31 December 2010.

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

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

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

Opinion
In our opinion, the financial statements for the year ended 31 December 2010 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

Thomas Stenz
Licensed audit expert
(Auditor in charge)

Roger Müller
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 treasury shares
Voting rights	All registered shares have full voting rights

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 1.90 per share for 2010. The proposed dividend payout for fiscal 2010 corresponds to 41.7% of net profit for the year.

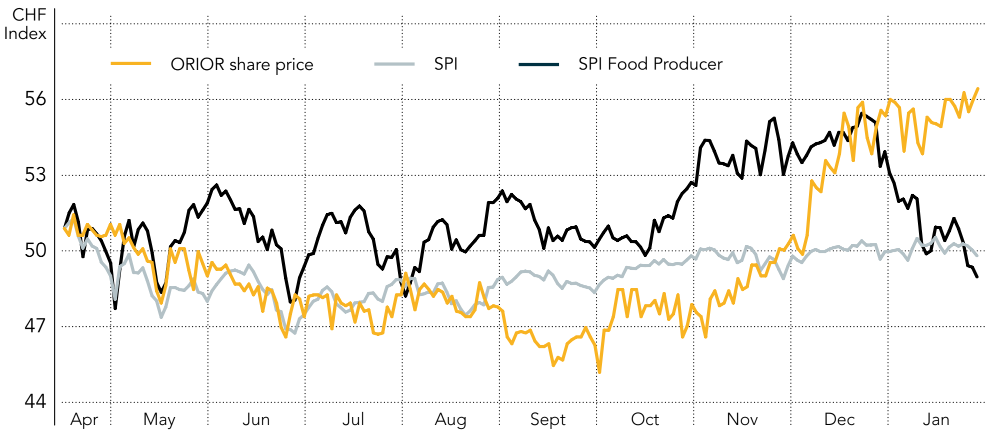
Market information

		2010
Issue price on 22.04.	in CHF	48.00
Share price on 30.12.	in CHF	54.60
Year high	in CHF	54.90
Year low	in CHF	44.60
Trading volume	Number	2 376 154
Average trading volume per day	Number	13 349
Market capitalisation on 30.12.	in CHF m	323.5

Key data

		2010
Net result per share	in CHF	4.99
Net result per share (diluted)	in CHF	4.99
Operating cash flow per share	in CHF	6.62
Equity per share	in CHF	31.53
Dividend per share	in CHF	1.90
Dividend percentage	in %	41.7
P / E ratio after tax		10.94
Weighted Ø number of shares outstanding	in '000	5 402

Share price development



Corporate calendar

	Date	Place
AGM 2010	06.04.2011, 10.00 am	Zurich, Lakeside Casino
HY 2011	16.08.2011	Zurich
Investors' day	23.09.2011	tbd

Contact information

Company address

Orior AG
Felsenrainstrasse 1
CH-8052 Zürich
Mail: investors@orior.ch
www.orior.ch

Investor Relations

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

Imprint

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EXCELLENCE IN FOOD

ORIOR AG
Felsenrainstrasse 1
CH-8052 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

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 Boeckten
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