

Orior Holding

The ORIOR Group currently holds two main categories of assets:

- *an agri-food business, the dominant asset, comprised of companies with a leading position in the Swiss market;*
- *the STERN group, operating in the top-of-the-range watch components sector.*

During the past year the ORIOR Group continued to make investments, strengthening its existing shareholdings. ORIOR acquired 100% of TRAITEUR SEILER, a company in the business of fresh pasta production, increased its holding in the capital of TRINCA from 60% to 100%, and bought an additional 20% of the capital of FREDAG, bringing its holding up to 88%. The Group also continued to finance the construction of the new poultry unit in China which should enter into service in September 1997.

Consolidated turnover for the group in the foodstuffs sector totalled CHF 273.2 million, a rise of 5.7% with a constant perimeter compared with the previous year.

The legal and financial structures of the food group underwent a major reorganisation in the second half of 1997. Several companies previously owned by ORIOR HOLDING were merged and regrouped under ORIOR FOOD, bringing its share capital up from CHF 14.4 million to CHF 30.8 million. This simplification of the structure of the various units allowed rationalisation of the management and made it easier to exploit operational synergies.

It was a mixed year at STERN, marked by slightly less activity in the first half, although the second half was very busy. STERN's consolidated turnover totalled CHF 40.6 million, down

by 9.2% compared with the previous year. This trend was due to the sensitivity of STERN's performance to changes in fashion for jewellery watch dials. Under the direction of its new manager, the STERN Group has been remodelled. The order book at the beginning of 1998 was at a high level, reflecting the current good economic situation and the quality of relations between STERN and its clientele.

Net consolidated operating income (Group share) stood at CHF 7.2 million. The fall compared with the 1996 figure is mainly due to rising prices for certain essential raw materials in the food sector, start-up costs for new manufacturing centres at Ticino and in China, and financial costs associated with the LMBO debt of the STERN Group.

Net consolidated operating income for the ORIOR Group stands at CHF 1.6 million, depressed by an exceptional write-off of goodwill of CHF 7.6 million on the shareholding in the STERN Group.

A proposal will be put to the Annual General Meeting suggesting the payment of a dividend of CHF 33 per share, unchanged on last year, with distribution of a total of CHF 7.1 million.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	-	-	6	0.2
Estimated value at 31.12.1997	-	-	981	37.9

Key consolidated figures (CHF million)

	1994	1995	1996	1997
Equity	162.3	178.5	178.1	172.6
Net profit (Group share)	19.8	12.4	6.8	1.6
Net profit per share (CHF)	98.4	57.4	31.4	7.3
Gross dividend per share (CHF)	32.0	33.0	33.0	33.0

IJSBOERKE, number two in the Belgian ice cream market, was acquired by NPM/CNP at the end of 1997. The Group's activities include manufacturing its own brand products essentially for the domestic market, and private label products for export.

The outstanding feature of the Group, on the Belgian market, is a fleet of around 170 trucks which ply the country making direct sales of IJSBOERKE products to the households of 300,000 clients; sales through wholesalers are relatively marginal compared with those made through its own network.

IJSBOERKE products enjoy a good reputation amongst customers in terms of quality and quality/price ratio but remain very traditional.

The performance and profitability of IJSBOERKE, as reflected in the annual accounts for 1997 and previous years, are not truly representative, in the opinion of NPM/CNP, of the real potential profitability of the Group.

The year 1998 will be a transition year marked by reinforcement of the management structures, redefinition of the company strategy, reorientation of advertising expenditure and revitalisation of the sales network, efforts in the control of purchases and production costs and optimization of its production and storage capacity which are currently significantly under-used.

IJSBOERKE is aware of the challenge facing it, but is calm and confident of its abilities and the resources at its disposal.

Contribution to:

	<i>Restricted consolidation</i>		<i>Consolidation (transitive)</i>	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	-	-	-	-
Estimated value at 31.12.1997	1,449	56.0	1,449	56.0

Key consolidated figures (BEF million)

	1994	1995	1996	1997
Equity	223	188	209	210
Turnover	1,978	2,017	1,795	1,819
Net profit (Group share)	71	36	23	2
Dividend	-	-	-	-

The SUZY Group is one of the leading industrial producers of waffles, biscuits and confectionery in Belgium, manufacturing both under its own brand and under retailers' own brands.

The SUZY Group has three operating units:

- SUZY (Buizingen, Belgium) manufactures and markets waffles, both under its own brand name and for major retailers. The SUZY brand, the only brand name with a genuine reputation in the waffle sector, began its recovery four years ago and currently has around 20% of the market. At the beginning of 1998, the Company also launched a complete range of cakes and confectionery.
- DESOBRY (Tournai, Belgium) produces biscuit assortments for the mass market and is one of the leading companies in this segment. Its field of activity is mainly aimed at the export market, with substantial turnover in France and the United States.
- DRIEHOEK (Alkmaar, Netherlands) manufactures various types of industrial confectionery, mainly for the mass market.

Following mediocre results in 1996, depressed by the effects of charges not directly associated with operations, the 1997 result shows a continuing recovery in the fortunes of the companies in the SUZY Group. Overall, the food sector continues to suffer from tight margins, aggravated by the combined pressure from retailers and the competition. Energetic measures have been taken to control costs, whilst maintaining vital research and development efforts and developing quality controls.

In 1998, SUZY and MILCAMPS FOODS, one of its main competitors, set up a joint venture with the objective of housing all waffle production and retailers' own brands marketing for the two Groups under the same roof.

Contribution to:

	Restricted consolidation		Consolidation (transitive)	
	Mio BEF	BEF/share	Mio BEF	BEF/share
Operating result 1997	6	0.2	46	1.8
Estimated value at 31.12.1997	277	10.7	277	10.7

Key consolidated figures (BEF million)

	1994	1995	1996	1997
Equity	n.s.	n.s.	n.s.	77
Turnover	n.s.	n.s.	n.s.	1,572
Net profit (Group share)	n.s.	n.s.	n.s.	26
Dividends	n.s.	n.s.	n.s.	-