2010

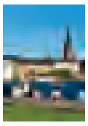
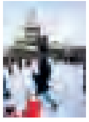
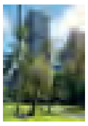
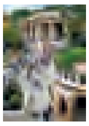
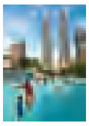
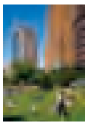
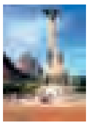
Annual Report and Accounts

ARYZTA
Passion for good food

Images

Markets have idiosyncrasies and markets have similarities. Noticing these differences and similarities, and adapting products and services to meet the requirements of individual markets, are key for ARYZTA.

The urban park is a transparent space. It symbolises urbanity, mobility, the pace of modern life and a sense of community. Urban parks can be found throughout the world. Despite their many differences, they have much in common.

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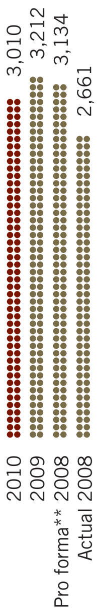
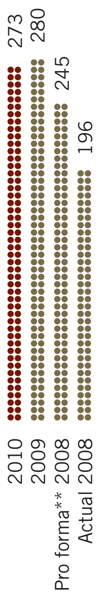
Financial Highlights

Group

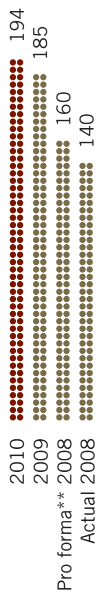
Revenue (EUR m)



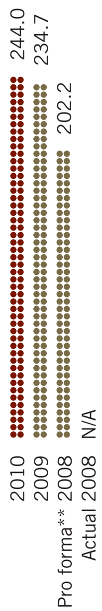
Operating profit* (EUR m)



Underlying fully diluted net profit (EUR m)

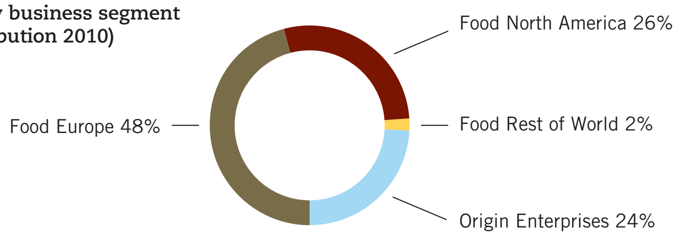


Underlying fully diluted EPS (cent)

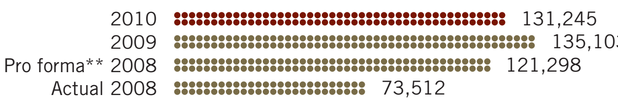


Group segments' operating profit

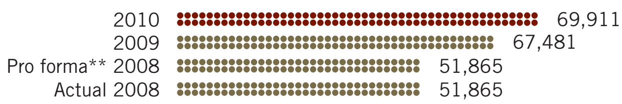
Operating profit by business segment (% of Group contribution 2010)



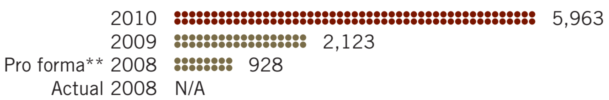
Operating profit Food Europe (EUR '000)



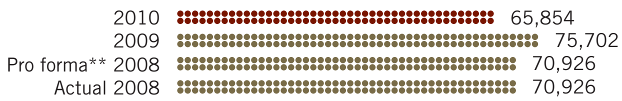
Operating profit Food North America (EUR '000)



Operating profit Food Rest of World (EUR '000)



Operating profit Origin (EUR '000)



* Operating profit presented excluding contribution from associates and joint ventures and before non-SAP-related intangible amortisation and impact of non-recurring items.
** Pro forma numbers presented including Hiestand Holding AG in the 2008 comparative.

Annual Report and Accounts 2010
Letter to Shareholders

The 2010 financial year has been one of significant strategic developments and a key milestone for ARYZTA AG ('ARYZTA'). In June 2010, ARYZTA acquired two excellent complementary businesses in Fresh Start Bakeries and Great Kitchens, which substantially enhanced its strategic market position.

Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life) is a global supplier of speciality bakery products, with a leading position in the quick service restaurant (QSR) segment. It operates 29 specialist production facilities across the USA, Canada, Germany, Poland, Sweden, Spain, Brazil, Australia and New Zealand, and has three joint ventures located in the USA, Chile and Guatemala. Pennant Foods is a leading provider of speciality bakery products and solutions to the North American QSR, foodservice and retail in-store bakery channels. Sweet Life is a leading innovator and manufacturer of sweet baked goods servicing the North American and Asian QSR channel.

Separately, Great Kitchens is a leading supplier of pizza and appetisers with a focus on the deli segment of the North America retail grocery channel. The combined revenue of these businesses is USD 1.03 billion[1], with associated EBITDA of USD 133 million[1]. The combined consideration for these businesses was USD 1.08 billion.

During the course of the year, ARYZTA undertook a significant amount of funding activity which was used to finance the above-mentioned acquisitions. The funding activity involved the issue of a CHF 200 million Swiss bond, USD 620 million (two tranches; USD 200 million and USD 420 million) and EUR 25 million US private placements and established a new syndicated bank facility of CHF 600 million. The Group also placed 3,864,335 shares in June 2010 to complement the aforementioned debt funding in order to ensure a prudent debt-equity mix.

Subsequent to the closing of the financial year 2010, ARYZTA's subsidiary IAWS Group Ltd ('IAWS') reached an agreement with Tim Hortons Inc. (its 50-50 partner under the Maidstone Bakery joint venture) to acquire the remaining 50% share of Maidstone Bakery for consideration of CAD 475 million. ARYZTA also announced that its new US subsidiary, Fresh Start Bakeries, is in the process of completing an investment in three bakeries in Asia (located in Taiwan, Singapore and Malaysia) and will commence the construction of a new bakery in Brazil. These investments in Asia and Brazil are expected to total in the order of USD 48 million. To fund these investments, in addition to its existing facilities, it is planned that ARYZTA will issue a perpetual callable subordinated instrument in FY2011.

These strategic investments will enhance ARYZTA's strategic market position of 'developing customer partnership model with leading operators in every channel to consumers'.

As a result of these strategic initiatives, ARYZTA has more than doubled its manufactured volumes with assets now invested in its food businesses across five continents in North America, South America, Europe, Asia and Australia.

Results

ARYZTA's financial year was a challenging one. Economic conditions remained very challenging for the consumer. Revenues declined in most channels and markets during the financial year. ARYZTA continued to work hard with its retail and foodservice partners to provide freshly baked and conveniently prepared high-quality baked goods at affordable prices.

Letter to Shareholders (continued)

Against the backdrop of a subdued macro-economic environment, the Group posted a resilient earnings performance for the financial year 2010, increasing underlying fully diluted earnings per share by 4.0% to 244.0 cent[2], which represents an underlying fully diluted net profit of EUR 193.9 million[2] in the period.

Dividend

The Board recommends a final dividend of CHF 0.4802[3] per share, to be paid on 1 February 2011, if approved at the General Meeting on 2 December 2010.

Other development activity

As part of the ARYZTA Technology Initiative ('ATI'), the Group is implementing a global Enterprise Resource Planning ('ERP') system. The key objective of this initiative is the delivery of a group-wide platform that will enable all of ARYZTA's businesses to operate shared common 'best in class' processes and procedures, the effective implementation of which will improve internal business efficiencies.

To date, Otis Spunkmeyer and La Brea Bakery have implemented the SAP Enterprise Resource Planning ('ERP') system. The phased roll-out of the implementation remains in line with initial budgeting and scheduling targets.

Board membership

There have been no changes to the Board membership during the course of the financial year 2010. The Board currently consists of 11 directors (three executive directors and eight non-executive directors). The Board operates under the Corporate Governance structure set out in this Annual Report on pages 24 to 40.

Acknowledgement

On behalf of the Board, we would like to acknowledge the talent, hard work and commitment of ARYZTA's management and staff. This is an everyday business and our people are the inspiration to excellence every day. We would also like to thank our customers for their support and loyalty, and our suppliers for their reliability at all times. We would finally like to thank our financiers for facilitating the Group's continued strategic development.

We believe ARYZTA AG is well positioned to deliver long-term sustainable growth.

Denis Lucey
Chairman, Board of Directors

Owen Killian
CEO, Member of the Board of Directors

23 September 2010

1 Based on pro forma TTM to May 2010

2 Underlying fully diluted EPS and underlying fully diluted net profit are stated here before non-SAP-related intangible amortisation, transaction costs and the impact of non-recurring items.

3 Based on EUR 0.3660 per share converted at the foreign exchange rate of one euro to CHF 1.3121 on 23 September 2010, the date of approval of the ARYZTA financial statements. In order to allow both Swiss and non-Swiss shareholders avail of the cash flow and administrative advantages from the introduction into Swiss tax legislation of a 0% withholding tax rate on dividend distributions made from "unrestricted contributed reserves" after 1 January 2011, the Group is proposing to delay the 2010 dividend distribution until the 1 February 2011, being the most efficient date, from a Group administrative perspective for the dividend distribution, after the Group's interim close date of 31 January 2011.

FOOD EUROPE

SWEDEN
Stockholm
City Hall Garden

Stockholm's City Hall, one of the last buildings to be designed in the Swedish 'National Romantic' style, has its site on the northern shore of Riddarfjarden lake, from which it is separated by a set of south-facing gardens which attract thousands of sunbathers and other visitors each summer.

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Business Overview

About ARYZTA

ARYZTA is a Swiss company based in Zurich, with operations in Europe, North America, South America, South East Asia, Australia and New Zealand.

ARYZTA was formed in 2008 through the merger of IAWS Group plc and Hiestand Holding AG and has a primary listing on the SIX Swiss Stock Exchange (Ticker: ARYN) and a secondary listing on the Irish Stock Exchange (Ticker: YZA).

The Group also holds 71.4% of Origin Enterprises plc, an agri-services business listed on AIM in London (Ticker: OGN) and the ESM in Dublin (Ticker: OIZ).

Corporate Structure

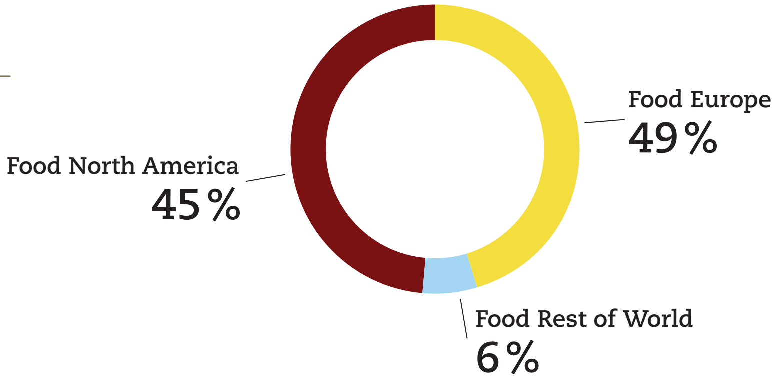
ARYZTA AG

Food Europe *Key Bakery Business Brands*	Food North America *Key Bakery Business Brands*	Food Rest of World *Key Bakery Business Brands*	Origin *Origin 71.4 % Holding*
Hiestand	La Brea Bakery	Hiestand	Origin
Cuisine de France	Otis Spunkmeyer	Fresh Start Bakeries	
Delice de France	Fresh Start Bakeries – Pennant – Sweet Life		
Coup de Pates	Great Kitchens		
Fresh Start Bakeries			

Business Overview
(continued)

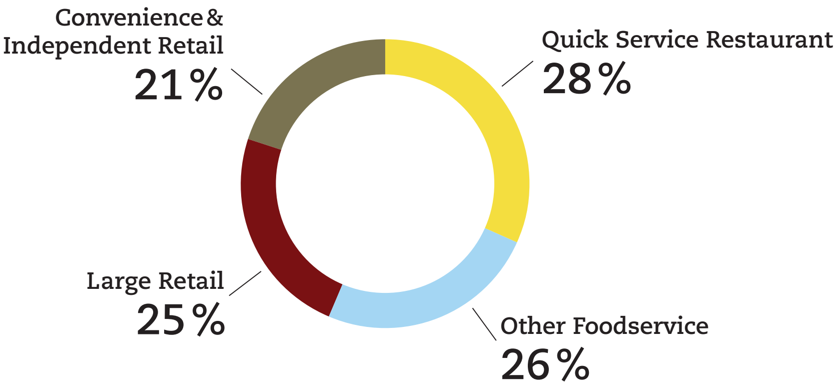
Geographic Reach – Food Group

Pro Forma Revenue[1]
(Including Fresh Start Bakeries and Great Kitchens)
EUR 2.4 bn



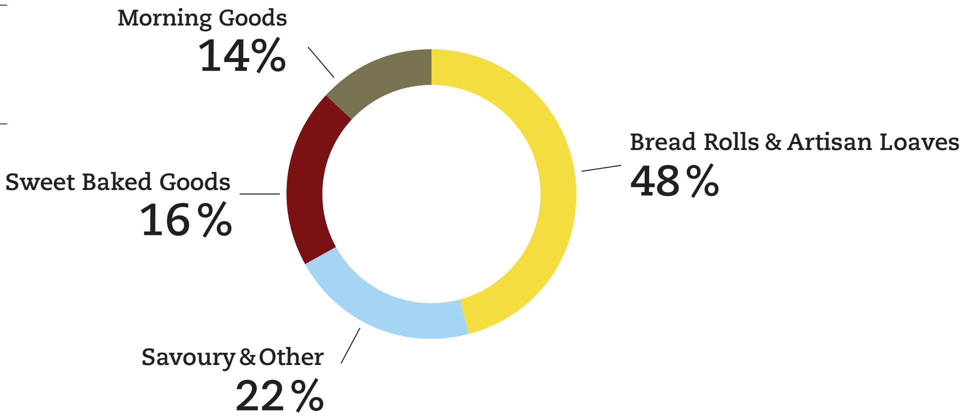
Customer Channel Mix – Food Group

Pro Forma Revenue[1]
(Including Fresh Start Bakeries and Great Kitchens)
EUR 2.4 bn



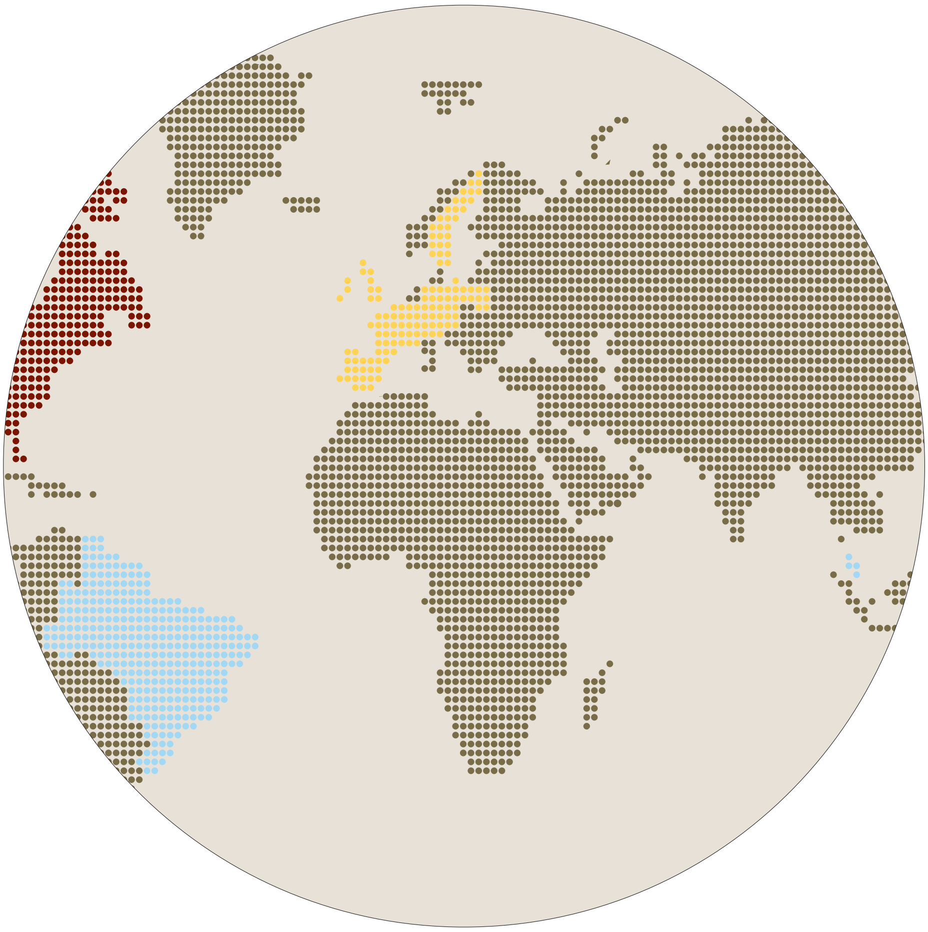
Product Mix – Food Group

Pro Forma Revenue[1]
(Including Fresh Start Bakeries and Great Kitchens)
EUR 2.4 bn



1 Pro forma TTM revenue to July 2010 (including completed acquisitions of Fresh Start Bakeries and Great Kitchens), translated at a USD-EUR rate of 1.38.

Business Overview
Food Business – Markets



Food Europe

Food Europe has market positions in speciality baking in Switzerland, Germany, Poland, the UK, Ireland, France, Sweden and Spain. ARYZTA has a mixture of business-to-business and consumer brands including, Hiestand, Cuisine de France, Delice de France, Coup de Pates and Fresh Start Bakeries.

Pro Forma Key Figures[1]

(Including Fresh Start Bakeries)

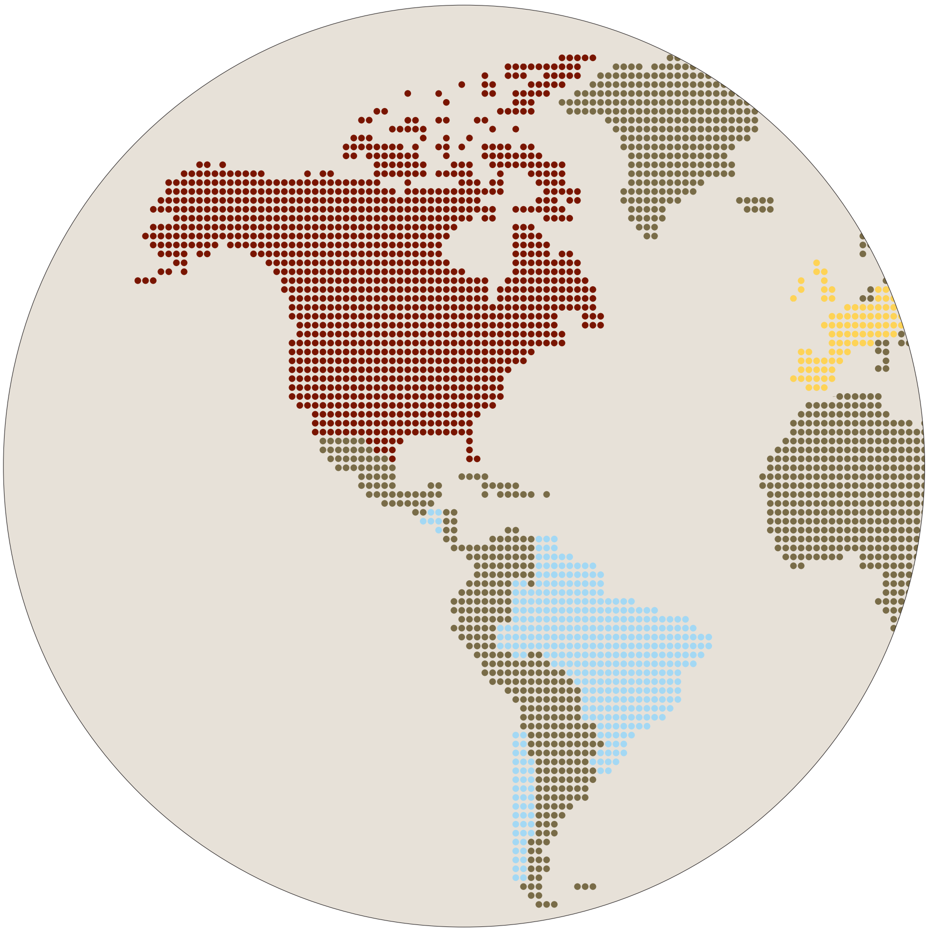
Revenue	EBITDA	EBITA
€ 1.2 bn	€ 189 m	€ 141 m

Geographical Footprint

Bakeries	Countries
17	8

1 Pro forma TTM revenue, EBITDA and EBITA to July 2010 (including completed acquisition of Fresh Start Bakeries), translated at a USD-EUR rate of 1.38.

Business Overview
Food Business – Markets



Food North America

Food North America has market positions in speciality baking in the United States and Canada. ARYZTA has a mixture of business-to-business and consumer brands, including Otis Spunkmeyer, La Brea Bakery, Fresh Start Bakeries, Pennant Foods, Sweet Life and Great Kitchens.

Pro Forma Key Figures[1]

(Including Fresh Start Bakeries and Great Kitchens)

Revenue € 1.1 bn

EBITDA € 142 m

EBITA € 116 m

Geographical Footprint

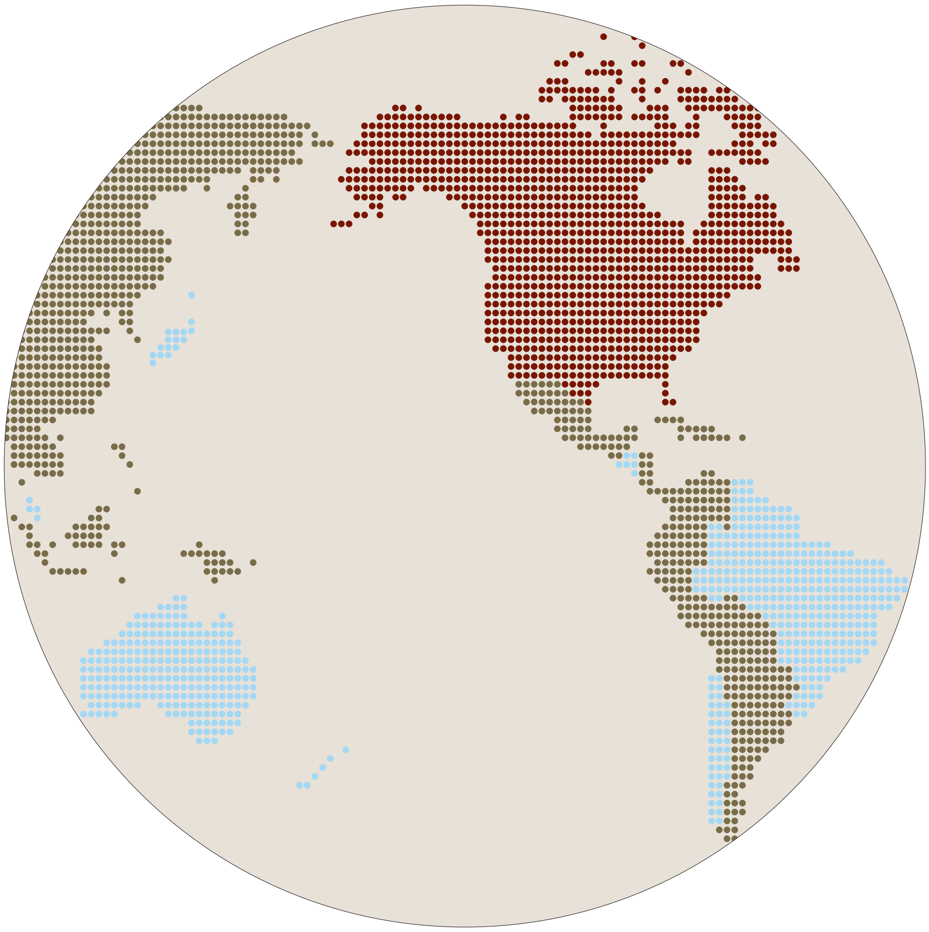
Bakeries[2] 27

Countries 2

1 Pro forma TTM revenue, EBITDA and EBITA to July 2010 (including completed acquisitions of Fresh Start Bakeries and Great Kitchens), translated at a USD-EUR rate of 1.38.

2 Including two JV operations in California (USA) and Ontario (Canada).

Business Overview
Food Business – Markets



Food Rest of World

ARYZTA has embryonic speciality bakery businesses in Japan, Malaysia, Brazil, Australia and New Zealand, with joint venture operations in Chile and Guatemala. This gives ARYZTA an excellent opportunity to understand the customer diversity and opportunities in these vast markets.

Pro Forma Key Figures[1]

(Including Fresh Start Bakeries)

Revenue
€ 148 m

EBITDA
€ 26 m

EBITA
€ 22 m

Geographical Footprint

Bakeries[2]
9

Countries
7

1 Pro forma TTM revenue, EBITDA and EBITA to July 2010 (including completed acquisition of Fresh Start Bakeries), translated at a USD-EUR rate of 1.38.

2 Including two JV operations in Chile and Guatemala.

Business Overview
Key Bakery Business Brands

Hiestand

Hiestand offers a broad range of innovative bakery products (croissants, bread, rolls, pastries, snacks, pretzels), and the comprehensive services to actively promote sales. Hiestand provides added value for business to business customers.

Through the close-knit logistical and distribution network, assurance is given that products sold to customers are consistently 'fresher than fresh'.

Hiestand operates within the Food Europe and Food Rest of World markets.

www.hiestand.ch

Cuisine de France

Cuisine de France offers the consumer traditional French breads, pastries and also a wide range of continental-style breads, confectionery and hot savoury items.

Cuisine de France provides a complete bake-off solution primarily to the retail industry, as well as staff training and category management to enable the timely delivery of ready-to-bake products.

Cuisine de France operates within the Food Europe market.

www.cuisinedefrance.com

Delice de France

Delice de France supplies high quality continental breads, viennoiserie, savoury and confectionery products, including hospitality goods, primarily to the foodservice and catering industry.

The business offers premium solutions tailored to meet future customer and consumer needs. It is the UK's leading provider of innovative and authentic continental bakery products to the foodservice trade.

Delice de France operates within the Food Europe market.

www.delicedefrance.co.uk

Coup de Pates

Coup de Pates is the principal brand of Groupe Hubert, a leading developer and distributor of bakery products to the bakery, craft and foodservice sectors in France.

Groupe Hubert offers its customers bread, viennoiserie, patisserie, traiteur and reception products.

Coup de Pates operates within the Food Europe market.

www.coupdepates.fr

La Brea Bakery

La Brea Bakery is widely credited as the pioneer and leader of the artisan bread movement in America.

La Brea Bakery offers a wide assortment of rustic breads ranging from baguettes and loaves to sandwich and dinner rolls.

La Brea Bakery operates within the Food North America market.

www.labreabakery.com

Business Overview
Key Bakery Business Brands (continued)

Otis Spunkmeyer

Otis Spunkmeyer is a leading, premium fresh baked goods brand in its US market categories.

An iconic brand, it has strong recognition and awareness across a national customer base in the foodservice and retail channels.

Otis Spunkmeyer operates within the Food North America market.

www.spunkmeyer.com

Fresh Start Bakeries

Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life) is a global supplier of speciality bakery products, with a leading position in the quick service restaurant segment.

Fresh Start Bakeries operates within the Food Europe, Food North America and Food Rest of World markets.

www.freshstartbakeries.com

Pennant Foods

Pennant Foods is a leading provider of speciality bakery products and solutions to the North American quick service restaurant, foodservice and retail in-store bakery channels.

Pennant Foods operates within the Food North America market.

www.pennantfoods.com

Sweet Life

Sweet Life is a leading innovator and manufacturer of sweet baked goods, servicing the North American and Asian quick service restaurant channel.

Sweet Life operates within the Food North America market.

www.sweetlifeinc.com

Great Kitchens

Great Kitchens is a leading supplier of pizza and appetisers, with a focus on the deli segment of the North American retail grocery channel.

Great Kitchens operates within the Food North America market.

www.gkitchens.com

Business Overview
Origin 71.4% Holding

Origin

ARYZTA AG is the majority shareholder (71.4%) in Origin Enterprises plc, which has a listing on the AIM in London and the ESM in Dublin (AIM:OGN, ESM:OIZ). As of 24 September 2010, Origin had a market capitalisation of €368m (133m shares at €2.77), valuing ARYZTA's holding at circa €263m (95m shares at €2.77).

Origin markets

Origin is a leading agri-services company focused on integrated agronomy services, feed ingredients and fertilizers, with operations in Ireland, the UK, Norway, Poland and Ukraine.

www.originenterprises.com

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Financial and Business Review

1 Summary income statement for year ended 31 July

in Euro `000	Food Group 2010	Origin 2010	Total Group 2010	Total Group 2009	% Change
Group revenue	**1,679,417**	**1,330,309[4]**	**3,009,726**	3,212,270	(6.3%)
Group operating profit[1]	**207,119**	**65,854**	**272,973**	280,409	(2.7%)
Share of associates and JVs[2]	**20,041**	**11,572**	**31,613**	17,525	–
Operating profit, incl. associates and JVs[1]	**227,160**	**77,426**	**304,586**	297,934	2.2%
Finance cost, net	**(36,272)**	**(15,213)**	**(51,485)**	(50,652)	–
Pre-tax profits[1]	**190,888**	**62,213**	**253,101**	247,282	–
Income tax[1]	**(30,571)**	**(11,027)**	**(41,598)**	(45,085)	–
Non-controlling interests[3]	**(2,630)**	**–**	**(17,624)**	(17,649)	–
Underlying fully diluted net profit	**157,687**	**51,186**	**193,879**	184,548	5.0%
Underlying fully diluted EPS (cent)	**–**	**37.26[5]**	**244.0[6]**	234.7[6]	**4.0%**

Reported profit to underlying net profit reconciliation for year ended 31 July

in Euro `000	Food Group 2010	Origin 2010	Total Group 2010	Food Group 2009	Origin 2009	Total Group 2009
Reported net profit	**117,420[7]**	**48,039**	**151,729**	94,633	(56,825)	54,010
Amortisation of intangible assets[1]	46,816	3,914	50,730	42,983	3,294	46,277
Tax on amortisation	(11,192)	(767)	(11,959)	(10,800)	(380)	(11,180)
Property write-down	–	–	–	–	134,543	134,543
Tax on property write-down	–	–	–	–	(30,940)	(30,940)
Non-controlling interests adj. on property write-down	–	–	–	–	–	(29,609)
Acquisition and merger costs	4,643	–	4,643	22,738	–	22,738
Tax on merger costs	–	–	–	(218)	–	(218)
Underlying net profit	**157,687**	**51,186**	**195,143**	149,336	49,692	185,621
Dilutive impact of Origin management equity entitlements	–	–	(1,264)	–	–	(1,073)
Underlying fully diluted net profit	**157,687**	**51,186**	**193,879**	149,336	49,692	184,548
Underlying fully diluted EPS (cent)	**–**	**37.26[5]**	**244.0[6]**	–	36.16[5]	234.7[6]

1 Before the impact of non-SAP-related intangible amortisation, transaction costs, non-recurring items and related tax credits. SAP amortisation for the financial year 2010 is €634,000 (2009: €nil).
2 Associates and JVs profit net of tax and interest.
3 Presented after dilutive impact of Origin management equity entitlements, non-recurring items and related tax credits.
4 Origin revenue is presented after deducting intra group sales between Origin and Food Group.
5 Actual Origin 2010 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 137,376,888 (2009: 137,417,000).
6 Actual 2010 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 79,443,701 (2009: 78,626,718).
7 Food Group reported net profit excludes dividend income of €7,600,000 from Origin.

Financial and Business Review (continued)

2 Underlying revenue growth

in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin[1]	Total Group
Group revenue	1,072.0	571.6	35.8	1,679.4	1,330.3	3,009.7
Underlying growth	(8.2%)	(4.3%)	8.4%	(6.7%)	(10.8%)	(8.6%)
Acquisitions[3]	2.0%	8.4%	57.2%	4.8%	0.2%[2]	2.6%
Currency	0.5%	(1.1%)	9.9%	0.0%	(0.7%)	(0.3%)
Revenue growth	**(5.7%)**	**3.0%**	**75.5%**	**(1.9%)**	**(11.3%)**	**(6.3%)**

1 Origin revenue is presented after deducting intra-group sales between Origin and Food Group.
2 Includes the impact of Origin's disposal of its Marine Protein and Oils business in February 2009, which is now recognised as part of joint ventures.
3 Includes the impact of seven weeks' revenue from Great Kitchens and three weeks' revenue from Fresh Start Bakeries. It also reflects the transfer of business activity from Food Europe to Food Rest of World due to operational change.

3 Segmental operating profit performance[1]

in Euro `000	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total Group
Operating profit[1]	131,245	69,911	5,963	207,119	65,854	272,973
Growth	(2.9%)	3.6%	180.9%	1.2%	(13.0%)	(2.7%)
Operating margin	**12.2%**	**12.2%**	**16.6 %**	**12.3%**	**5.0%**	**9.1%**
Operating margin (FY ended 31 July, 2009)	11.9%	12.2%	10.4%	12.0%	5.0%	8.7%

1 The above figures exclude non-SAP intangible amortisation, transaction costs and non-recurring items, and include other income of €82,000. SAP amortisation for the financial year 2010 is €634,000 (2009: €nil). During the financial year 2010, the Food Group commenced the implementation of SAP ERP across its businesses. No further material investment is planned in its existing IT infrastructure. As a result of the substantial investment in SAP intangibles, SAP amortisation will no longer be added back to underlying profit.

4 Food Group business

ARYZTA's Food Group business is primarily focused on speciality baking, a niche segment of the overall bakery market. Speciality bakery consists of freshly prepared offerings giving the best value, variety, taste and convenience to consumers at the point of sale. ARYZTA's customer mix is an evenly balanced mix of convenience and independent retail, large retail, quick service restaurants and other foodservice categories.

Revenues declined during the period across most channels and markets. Convenience retail and foodservice on the island of Ireland and in the UK were the most severely impacted channels and markets. Continued pressure on the consumer in Europe and North America made for a challenging year. Operating profit remained stable, underlying ARYZTA's operating leverage. Cost curtailment and operating efficiency initiatives allowed the business to reduce its cost to serve its customers. As a result, ARYZTA's customers were facilitated to increase their value propositions to consumers.

5 Food Europe

Food Europe has leading market positions in the speciality bakery market in Switzerland, Germany, Poland, the UK, Ireland, France, Sweden and Spain. In Europe, ARYZTA has a mixture of business to business and consumer brands, including Hiestand, Cuisine de France, Delice de France, Coup de Pates and Fresh Start Bakeries. It has a diversified customer base, including convenience retail, gas stations, multiple retail, restaurants, catering and hotels, leisure and quick service restaurants.

Financial and Business Review (continued)

Food Europe continued to face tough trading conditions in the financial year 2010, with underlying revenue declining 8.2%. Food Europe's operating profit declined 2.9% to €131.2 million.

In Europe the decline in revenue has been mostly evident in the UK and Ireland. The consumer has endured stringent austerity measures, significantly impacting their disposable income. Support was provided to customers, which reduced costs to serve, particularly on the island of Ireland, facilitating operators to increase their value offerings. This was underpinned by ARYZTA's cost curtailment and operating efficiency initiatives during the period.

Continental Europe revenues remain stable, where continued investment in new field sales personnel and growth from new customers, with a particular focus on the independent segment (bakeries, boulangeries and independent restaurants), have aided performance.

The Irish and UK businesses were combined with the Hiestand business following year end. This will provide integrated solutions to their customers and improve cross-selling and skill transfer between businesses.

6 Food North America

Food North America is a leading player in the US bakery market. It has a diversified customer base, including multiple retail, restaurants, catering and hotels, leisure, hospitals, military, fundraising and quick service restaurants.

Otis Spunkmeyer and La Brea Bakery are two iconic brands which evoke emotional appeal with the consumer. Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life) is a global supplier of speciality bakery products, with a leading position in the quick service restaurant segment, while Great Kitchens is a leading supplier of pizza and appetisers, with a focus on the deli segment of the retail grocery channel.

Food North America delivered revenues of €571.6 million which represented a decline of 4.3% in underlying revenue for the financial year 2010. Operating profit grew by 3.6% to €69.9 million.

In North America, conditions were weak and value propositions for consumers remain centre stage. Cost curtailment and operating efficiencies have compensated for weak revenues (following a high 2009 growth comparator) in the period.

7 Food Rest of World

ARYZTA has existing businesses in Japan, Malaysia and Australia. ARYZTA is continuing to understand the customer diversity and opportunity in this vast market. Through the acquisition of Fresh Start Bakeries (and its incorporated business of Sweet Life), ARYZTA now has new business operations in Brazil, Australia and New Zealand, as well as joint-venture production facilities in Chile and Guatemala.

Food Rest of World delivered revenues of €35.8 million which represented an increase of 8.4% in underlying revenue for the financial year 2010. Food Rest of World operating profits grew by 180.9% to €6.0 million for the financial year 2010.

Financial and Business Review (continued)

8 ARYZTA's Food Group business – Strategic market position

The current financial year acquisitions of Fresh Start Bakeries and Great Kitchens are milestones to deliver on ARYZTA's long-term strategic objectives. These acquisitions provide additional product expansion in North America, greater geographic expansion across Europe and Rest of World, increased access into retail and quick service restaurant channels and a substantially increased bakery capability and capacity.

As a Group, ARYZTA can now demonstrate leadership across product categories supplied from unmatched international manufacturing capabilities and delivered through a broad customer channel base. ARYZTA is strategically aligned with the key growth drivers of the industry including: declining in-home food, shortage of skilled labour and increasing demand for consistent quality at moderate cost.

Furthermore, significant benefits are expected to accrue to the Group from these new acquisitions through increased cross-selling, more efficient capital allocation, enhanced customer service and increased international customer partnerships.

These factors, together with the tremendous depth of management skills and industry knowledge across all ARYZTA businesses' executive teams, should contribute to the further growth prospects of the Group.

9 ARYZTA Technology Initiative

Adding to the implementation of the SAP Enterprise Resource Planning ('ERP') system in Otis Spunkmeyer in 2009, La Brea Bakery has now also been integrated. The implementation in both businesses was completed in line with budgeting and scheduling forecasts.

The continued phased implementation of a global ERP system is enabling the businesses to operate shared common 'best in class' processes and procedures.

10 Canadian joint venture

This joint venture has yielded a net contribution after interest and tax of €19.9 million in the financial year 2010 compared with a net contribution of €13.8 million after interest and tax in the financial year 2009.

Subsequent to the closing of the financial year 2010, ARYZTA's subsidiary IAWS Group Ltd ('IAWS') reached an agreement with Tim Hortons Inc. (its 50-50 partner under the Maidstone Bakery joint venture) to acquire the remaining 50% share of Maidstone Bakery. Completion of the Maidstone transaction is expected by end of calendar year 2010.

11 Financial position

ARYZTA's 71.4% subsidiary and separately listed company, Origin, has separate funding structures, which are financed without recourse to ARYZTA. Origin's net debt amounted to €111.9 million at 31 July 2010.

The consolidated net debt of the Group, excluding Origin's non-recourse debt, amounted to €1,115.6 million and relates to the food segments of the Food Group. This represented a net debt to EBITDA ratio of 2.96 times (based on banking facility covenant definition).

Financial and Business Review (continued)

Food Group cash generation

in Euro `000	July 2010	July 2009
EBIT	160,252	161,724
Amortisation	47,450	42,983
EBITA[1]	207,702	204,707
Depreciation	60,363	54,628
EBITDA	268,065	259,335
Working capital movement from debt factoring	21,554	–
Working capital movement	3,264	24,675
Dividends received[4]	24,158	18,830
Maintenance capital expenditure	(10,330)	(15,047)
Interest and tax	(54,224)	(53,562)
Other[2]	(1,469)	2,126
Cash flows generated from activities	**251,018**	**236,357**
Underlying net profit[3]	157,687	149,336
Depreciation	60,363	54,628
	218,050	203,964
Net underlying cash earnings conversion	**115.1%**	**115.9%**

1 Food Group EBITA is shown before other income of €51,000, contribution from joint ventures and deduction of SAP-related amortisation. SAP-related amortisation for financial year 2010 is €634,000 (2009: €nil).
2 "Other" comprises predominantly non-cash share-based charges and government grants amortisation.
3 Underlying net profit before non-SAP-related intangible amortisation, transaction costs, non-recurring items and related tax credits.
4 Includes dividend received from Origin of €7,600,000.

Food Group net debt and investment activity

in Euro `000	Food Group
Food Group opening net debt as at 31 July 2009	**(505,504)**
Cash flows generated from activities	251,018
Cost of acquisitions (incl. transaction costs and net debt acquired)	(860,313)
Share placement	115,001
Investment capital expenditure	(46,546)
Deferred consideration	(2,128)
Dividends paid	(30,599)
Foreign exchange movement[1]	(33,148)
Other	(3,404)
Food Group closing net debt 31 July 2010	**(1,115,623)**
Net Debt to EBITDA[2]	2.96x

1 Foreign exchange movement is primarily attributable to the fluctuation in the US dollar to euro rate between July 2009 (1.4252) and July 2010 (1.3079).
2 Food Group net debt to EBITDA ratio based on banking facility covenant definition (EBITDA including pro forma TTM contribution from Fresh Start Bakeries and Great Kitchens and dividend contribution from Canadian JV). Food Group net debt to EBITDA ratio based on private placement covenant definition (EBITDA including pro forma TTM contribution from Fresh Start Bakeries and Great Kitchens and EBITDA contribution from the Canadian JV, and excluding non-recurring items) is 2.84x.

Financial and Business Review (continued)

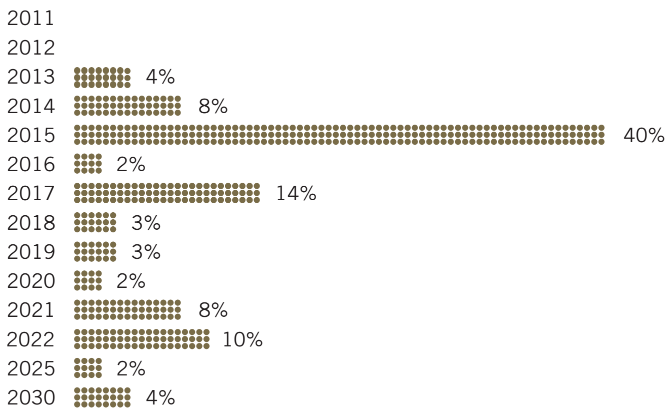
ARYZTA's funding facilities and key financial covenant (excluding Origin, which has separate ring-fenced structures, financed without recourse to ARYZTA) are as follows:

Description	Principal	Maturity
May 2010 – Syndicated Bank Loan	CHF 600m	Dec 2014
May 2010 – US Private Placement	USD 420m/EUR 25m	May 2013 – May 2022
Dec 2009 – US Private Placement	USD 200m	Dec 2021 – Dec 2029
Nov 2009 – Swiss Bond	CHF 200m	March 2015
Jun 2007 – US Private Placement	USD 450m	Jun 2014 – Jun 2019

Key Covenant	
Net debt: EBITDA (not greater than)	3.5 times

Weighted average interest cost of the Food Group is circa. 4.24%. The current weighted average maturity is 7.1 years.

Gross Term Debt Maturity Profile[1]



1 Profile of term debt maturity is set out based on the Group's financial year end. Food Group gross term debt at 31 July 2010 is €1.4bn (excluding overdrafts of €42.8m). Total Food Group net debt at 31 July 2010 is €1.1bn.

During the financial year 2010, ARYZTA negotiated a new syndicated bank loan of CHF 600 million maturing in December 2014. Credit Suisse and Zürcher Kantonalbank (ZKB) acted together with Bank of America, BNP Paribas, Rabobank and UBS as mandated lead arrangers. Ten Swiss cantonal banks participated in the syndicated bank facility[1]. ARYZTA also placed notes in the United States under private placements of USD 200 million in December 2009 and USD 420 million and EUR 25 million in May 2010 which had an average maturity of 9.2 years at issuance. The Group also completed a CHF 200 million Swiss bond issue in November 2009.

These funding initiatives enhanced operating funding facilities for the Group and replaced previous ARYZTA banking facilities due to expire in June 2013.

1 Cantonal banks - Aargauische Kantonalbank, Bank Cantonale Vaudoise, Bank Coop AG, Basler Kantonalbank, Basellandschaftliche Kantonalbank, Schaffhauser Kantonalbank, Luzerner Kantonalbank AG, Raiffeisen Schweiz Genossenschaft, Banca dello Stato del Cantone Ticino, Thurgauer Kantonalbank.

Financial and Business Review (continued)

12 Assets, goodwill and intangibles

Group Balance Sheet in Euro ´000	Total Group 2010	Total Group 2009
Property, plant and equipment	945,100	664,532
Investment properties	20,648	62,975
Goodwill and intangible assets	2,264,421	1,498,430
Associates and joint ventures	162,881	139,351
Working capital	(58,672)	(14,871)
Other segmental liabilities	(79,336)	(93,592)
Segmental net assets	3,255,042	2,256,825
Net debt	(1,227,512)	(659,256)
Deferred tax, net	(294,096)	(176,474)
Income tax	(53,209)	(40,650)
Derivative financial instruments	(6,375)	(12,477)
Net assets	**1,673,850**	**1,367,968**

Food Group Balance Sheet in Euro `000	Food Group 2010	Food Group 2009
Property, plant and equipment	815,918	577,772
Investment properties	4,646	3,761
Goodwill and intangible assets	2,149,826	1,382,431
Joint ventures	73,140	55,720
Investment in Origin	51,045	51,045
Working capital	(49,997)	(28,744)
Other segmental liabilities	(56,024)	(55,544)
Segmental net assets	2,988,554	1,986,441
Net debt	(1,115,623)	(505,504)
Deferred tax, net	(280,665)	(162,355)
Income tax	(47,437)	(38,116)
Derivative financial instruments	(1,778)	(5,432)
Net assets	**1,543,051**	**1,275,034**

The movement in the Food Group's fixed asset base reflects its strategic investment in its new businesses, Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life) and Great Kitchens.

The newly recognised goodwill and intangibles reflect the strength of value contained within ARYZTA's businesses. This strength contributes to and supports the resilient operating profit growth in these challenging economic times.

Financial and Business Review (continued)

13 Return on investment

in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total
2010						
Group share net assets[1]	1,427	1,281	230	2,938	382[4]	3,320
EBITA & associates/JVs cont.[2]	141	137	23	301	77	378
ROI	9.9%	10.7%[3]	10.0%	10.2%	20.3%	11.4%
2009						
Group share net assets[1]	1,292	638	4	1,934	387[4]	2,321
EBITA & associates/JVs cont.[2]	135	81	3	219	79	298
ROI	10.4%	12.7%	56.7%	11.3%	20.4%	12.8%

1 Net assets exclude all bank debt, cash and cash equivalents and tax-related balances.

2 Pro forma earnings before interest tax and non-SAP amortisation (EBITA) is presented before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax). SAP amortisation for the financial year 2010 is €634,000 (2009: €nil).

3 Re-translating July 2010 pro forma EBITA and associates/JVs contribution for Food North America at the July 2010 closing rate of 1.3079 would result in an ROI of 11.3%.

4 Origin net assets adjusted for the fluctuation in its average quarterly working capital by €64,000,000.

5 The Group WACC on a pre-tax basis is currently 8.1% (2009: 9.4%). Group WACC on a post-tax basis is currently 6.5% (2009: 7.6%).

14 Proposed dividend

The Board recommends a final dividend of CHF 0.4802[1] to be paid on 1 February 2011, if approved by shareholders at the General Meeting to be held on 2 December 2010.

In order to allow both Swiss and non-Swiss shareholders to avail of the cash flow and administrative advantages from the introduction into Swiss tax legislation of a 0% withholding tax rate on dividend distributions made from “unrestricted contributed reserves” after 1 January 2011, the Group is proposing to delay the 2010 dividend distribution until 1 February 2011, being the most efficient date from a Group administrative perspective for the dividend distribution, after the Group’s interim close date of 31 January 2011.

1 Based on EUR 0.3660 per share converted at the foreign exchange rate of one euro to CHF 1.3121 on 23 September 2010, the date of approval of the ARYZTA financial statements.

15 Origin

Origin results for the period were robust and as a result, its return on investment was maintained at circa 20%. Outlook for the financial year 2011 has improved, arising from the current positive trend in agri-markets. Subsequent to the closing of the financial year 2010, Origin created an Irish food consolidation with CapVest that has sharpened its strategic focus on its agri-business. Origin’s strong balance sheet with a net debt to EBITDA ratio of 1.41x provides support for further strategic growth.

The Board of Origin has proposed a dividend per ordinary share of 9 cent for the period ended 31 July 2010. ARYZTA has a holding of 95 million shares in Origin Enterprises.

Origin’s separately published results are available at www.originenterprises.com.

Financial and Business Review (continued)

16 Outlook

ARYZTA will continue to focus on operating efficiencies, cost management, innovation and cash flow generation. ARYZTA's opportunity will be to unlock the full potential across its enlarged business base.

In recent times, there has been a re-emergence of commodity inflation, which underpins a long-term trend of higher food prices. ARYZTA's business model supports stable margins, and bakery offers a most compelling food value proposition for the consumer, providing resilience in an inflationary environment.

ARYZTA believes, through its newly acquired businesses, which have diversified its geographical scope, product expansion and channel access points, it is better equipped to deliver a robust and sustainable performance in the future through all economic cycles.

As previously guided in its Strategic Acquisitions Announcement of 8 June 2010, the Group expects an EPS uplift of 45.0 cent arising from acquisitions in the financial year 2011.

Forward looking statement

This report contains forward looking statements which reflect management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

CANADA
Montreal
Parc de Bassin Bonsecour (Old Port)

Montreal's Old Port, extending some two kilometres along the bank of the St Lawrence river, has been at the centre of every aspect of the city's life since the original trading post was set up there by French fur traders in 1611. The whole area was redeveloped in the 1990s, based on designs by the architects Aurèle Cardinal and Peter Rose.

Annual Report and Accounts 2010
Corporate Governance Report

Preliminary remarks

ARYZTA is committed to best practice in corporate governance.

The primary corporate governance instruments adopted by ARYZTA (namely the Articles of Association, Organisational Regulations and Terms of Reference for the Committees of the Board) are available on the Company website at www.aryzta.com. While recognising the importance of these formal instruments, good corporate governance in practice requires a commitment to, and the practice of, values which guide the Group in serving the needs of its stakeholders, be they shareholders (institutional or retail), customers, consumers, suppliers, employees or other interested groups. ARYZTA is committed to keeping its corporate governance framework under review with a view to on-going developments in the area and the on-going evolution of the Group.

The ARYZTA Corporate Governance Report 2010 follows the SIX Swiss Exchange Directive on Information Relating to Corporate Governance and takes into account the Swiss Code of Best Practice for Corporate Governance.

The ARYZTA Group and Company Financial Statements 2010 comply with International Financial Reporting Standards ('IFRS') and are in accordance with Swiss law. Where necessary, these disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive on Information Relating to Corporate Governance.

In this Report, the terms "ARYZTA" and "Company" refer to ARYZTA AG whereas "Group" and "ARYZTA Group" refer to the Company and its subsidiaries. The "Board" refers to the Board of Directors of the Company. "Origin Enterprises" means Origin Enterprises plc (ARYZTA has a 71.4% holding in Origin Enterprises plc), and the "Origin Board" means the Board of Directors of Origin Enterprises plc. In some sections, to avoid duplication, cross-reference is made to the 2010 Financial Statements (comprising the Group Financial Statements and Company Financial Statements of ARYZTA), as well as to the Articles of Association of ARYZTA AG.

Corporate Governance Report (continued)

1 Group structure and shareholders

1.1 Group structure

The Group is structured conventionally. That is, the ARYZTA General Meeting is the supreme corporate body and the Board is accountable and reports to the shareholders, by whom it is elected. The Board, while entrusted with the ultimate direction of ARYZTA as well as the supervision and control of management, has delegated responsibility for the day-to-day management of the Group, through the Chief Executive Officer, to Executive Management. The Group's management structure corresponds to its segmental reporting lines, as set out in note 1 of the ARYZTA Group Financial Statements 2010. The Executive Teams within each segment report to the Executive Management of the Group, which in turn reports to the Board. Origin Enterprises plc constitutes an exception. It is a public company in its own right, with its own Board of Directors, separate executive management team, governance structure and ring-fenced financing arrangements. The executive management team within Origin Enterprises reports to the Origin Board. The Origin Board is accountable and reports to its shareholders, including ARYZTA. Owen Killian and Patrick McEniff, ARYZTA Board members and CEO and CFO respectively, are members of the Origin Board. Pat Morrissey, ARYZTA General Counsel and Company Secretary, is also Secretary of Origin Enterprises plc.

1.1.1 Listed companies of the ARYZTA Group

ARYZTA AG

Name and domicile:	ARYZTA AG, 8001 Zurich, Switzerland
Primary listing:	SIX Swiss Exchange, Zurich, Switzerland
Swiss Security number:	4 323 836
ISIN:	CH0043238366
Cedel/Euroclear common code:	037252298
Secondary listing:	ISE Irish Exchange, Dublin, Ireland
SEDOL Code:	B39VJ74
Swiss Stock Exchange symbol:	ARYN
Irish Stock Exchange symbol:	YZA

Stock market capitalisation as of 31 July 2010:
CHF 3,527,724,574 or €2,596,107,169 based on 82,810,436 registered shares (i.e. disregarding 2,234,359 treasury shares) and closing prices of CHF 42.60 or €31.35 per share.

Origin Enterprises plc

Name and domicile:	Origin Enterprises plc, Dublin 8, Ireland
Holding:	ARYZTA Group has a 71.4% holding in Origin Enterprises plc
Dual primary listing:	ESM Irish Exchange, Dublin, Ireland AIM London Stock Exchange, London, United Kingdom
ISIN:	IE00B1WV4493
SEDOL Code:	B1WV449
Irish ESM exchange symbol:	OIZ
London AIM symbol:	OGN

Stock market capitalisation as of 31 July 2010:
€343,180,176 based on 133,015,572 ordinary shares and closing price of €2.58 per share (excluding 5,555,270 deferred convertible ordinary shares)

Corporate Governance Report (continued)

1.1.2 Non-listed companies of the ARYZTA Group
Details of the principal subsidiary and associated companies of ARYZTA (being their company names, domicile, share capital, and the Company's participation therein) are set out in note 36 of the ARYZTA Group Financial Statements 2010.

1.2 Significant shareholders
As at 31 July 2010, the Company has been notified of the following shareholdings, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares	% of registered shares
Invesco Limited	8,144,528	9.58%
Fidelity International Limited[1]	4,049,810	4.76%
Fidelity Management and Research LLC ("FMR LLC")[1]	3,825,000	4.50%

1 Fidelity International Limited and FMR LLC are two separate investment companies, but under common control as part of the Fidelity group of investment companies.

Any significant shareholder notifications during the year and since 31 July 2010 are available from the Group's website at www.aryzta.com.

1.3 Cross shareholdings
ARYZTA has no interest in any other company exceeding 5 per cent of voting rights of that other company, where that other company has an interest in ARYZTA exceeding 5 per cent of the voting rights in ARYZTA.

2 Capital structure

2.1 Capital
The share capital of the Company amounts to CHF 1,700,895.90 and is divided into 85,044,795 registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-in.

2.2 Authorised and conditional capital
Pursuant to Article 4 of the Articles of Association (governing Conditional Share Capital for Employee Benefit Plans), the amount by which the share capital of the Company may be increased on a non-pre-emptive basis may not exceed CHF 130,152.80 (through the issue of up to 6,507,640 registered shares). The Board has the power to specify the precise conditions of issue including the issue price of such shares. For further details, refer to Article 4 of the Articles of Association.

Pursuant to Article 5 of the Articles of Association (governing Authorised Share Capital for General Purposes), the amount by which the share capital of the Company may be increased for general purposes may not exceed CHF 351,556.06 (through the issue of up to 17,577,803 registered shares). Authority for this purpose expires on 3 December, 2011. The Board has the power to determine the issue price, the period of entitlement to dividends and the type of consideration or the contribution or underwriting in kind for such an issue. The Board may withdraw the pre-emptive rights and allocate them to third parties in the event of the use of shares: (1) for acquisitions; (2) to broaden the

Corporate Governance Report (continued)

shareholder constituency; or (3) for the purposes of employee participation, provided that in the case of (2) and (3) above such withdrawal of pre-emptive rights is in each case limited to 4,059,023 registered shares. For further details, refer to Article 5 of the Articles of Association.

2.3 Changes in capital

Trading in ARYZTA shares on the SIX Swiss Exchange and the Irish Stock Exchange commenced on 22 August 2008, with the Company then having issued 78,940,460 registered shares. On 2 December 2008, the Company increased its share capital by issuing 2,240,000 registered shares of CHF 0.02 each. These 2,240,000 registered shares were issued to a subsidiary of ARYZTA as treasury shares to be used in connection with the ARYZTA Long-Term Incentive Plan (Matching Scheme LTIP and Option Equivalent LTIP). 1,035,000 of these treasury shares were assigned to participants in the Matching Scheme LTIP during the year ended 31 July 2009.

Following subsequent net forfeitures and treasury share disposals, there remained 1,259,359 of the original 2,240,000 registered treasury shares unallocated at 1 August 2009. 1,200,000 of such 1,259,359 registered shares were assigned during the financial year 2010 to participants in the Option Equivalent LTIP, so that, at 31 July 2010, 59,359 of the treasury shares remained unallocated.

The share capital of the Company at 1 August 2009 amounted to CHF 1,623,609.20, divided into 81,180,460 shares with a par value of CHF 0.02.

On 16 June 2010, the issued share capital was increased to 85,044,795 by the issue of 3,864,335 registered shares with a nominal value of CHF 0.02 each. The capital increase, effected at CHF 41.50 per share, was undertaken to assist the financing of the acquisition of Fresh Start Bakeries.

The share capital of the Company now amounts to CHF 1,700,895.90, divided into 85,044,795 shares with a par value of CHF 0.02. Of the 85,044,795 shares, 2,234,359 are classified as treasury shares.

2.4 Shares and participation certificates

ARYZTA's capital is composed of registered shares only. As at 31 July 2010, ARYZTA has 85,044,795 fully paid up, registered shares (including 2,234,359 treasury shares) with a nominal value of CHF 0.02 each. Each share entered in the share register with voting rights entitles the holder to one vote at the General Meeting and all shares have equal dividend rights. ARYZTA has not issued any participation certificates[1].

2.5 Profit sharing certificates

ARYZTA has not issued any profit sharing certificates[1].

1) Participation and profit sharing certificates are instruments which have similar features to shares but may differ with regard to their entitlement to dividend payments, voting rights, preferential rights to company assets or other similar rights.

Corporate Governance Report (continued)

2.6 Restrictions on transferability and nominee registrations

Article 7 of the Articles of Association deals with the Shareholders' Register and Transfer Restrictions.

2.6.1 Limitations on transferability

Pursuant to Article 7 b) of the Articles of Association, persons acquiring registered shares are, on application, entered in the share register without limitation as shareholders with voting power, provided they comply with the disclosure requirement stipulated by the Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) of 24 March 1995 and expressly declare that they have acquired the shares in their own name and for their own account.

2.6.2 Exceptions granted in the year under review

As part of the establishment of ARYZTA, former holders of IAWS Group plc shares and options received ARYZTA registered shares, delivered initially in the form of Capita Depository Interests and since replaced by CREST Depository Interests ('CDIs')[1].

As CDI holders are not the legal owners of the shares represented by the CDIs, they are not in a position to directly enforce or exercise rights like a shareholder. CDI holders, however, have an interest in the shares represented by the CDIs.

To facilitate voting by CDI holders, the Company entered arrangements with Euroclear UK and Ireland to enable, by way of exception, registration of CREST International Nominees Limited ("CREST") in the share register as nominee with voting rights for the number of registered shares corresponding to the number of CDIs on the CDI register. Otherwise, there were no exceptions to the provisions of section 2.6.1 above granted in the year under review.

CDI holders who wish to be in a position to directly enforce or exercise their rights must have their interests entered in the share register in accordance with Article 7 of the Articles of Association and effectively hold their shares through a member of the Swiss SIS Settlement System.

2.6.3 Admissibility of nominee registrations

Pursuant to Article 7 c) of the Articles of Association, nominee shareholders are entered in the share register with voting rights without further inquiry up to a maximum of 1.5% of the outstanding share capital available at the time. Above this 1.5% limit, registered shares held by nominees are entered in the share register with voting rights only if the nominee in question (at the application for registration or thereafter upon request by the Company) discloses the names, addresses and shareholdings of the persons for whose account the nominee holds 0.3% or more of the outstanding share capital available at that time and provided that the disclosure requirement stipulated by the Stock Exchange Act is complied with. The Board has the right to conclude agreements with nominees concerning their disclosure requirements.

1) The CREST system, operated by Euroclear UK and Ireland, is the system for the holding and settlement of transactions in uncertificated (UK, Irish and Channel Island) securities. ARYZTA shares are held in trust by Euroclear UK and Ireland for the benefit of CREST members who have been issued with dematerialised interests representing entitlements to ARYZTA registered shares in the form of CDIs.

Corporate Governance Report (continued)

Pursuant to Article 7 d) of the Articles of Association, the limit of registration in Article 7 c) of the Articles of Association described above also applies to the subscription for or acquisition of registered shares by exercising option or convertible rights arising from registered or bearer securities issued by the Company, as well as by means of purchasing pre-emptive rights arising from either registered or bearer shares.

Pursuant to Article 7 e) of the Articles of Association, legal entities, or partnerships, or other associations or joint ownership arrangements which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships which act in concert with intent to evade the entry restriction, are considered as one shareholder or nominee.

2.6.4 Procedure and conditions for cancelling statutory privileges

Pursuant to Article 7 f) of the Articles of Association, the Company may in special cases approve exceptions to the regulations described in section 2.6.3 above. After due consultation with the person concerned, the Company is further authorised to delete entries in the share register as shareholder with voting rights with retroactive effect if they were effected on the basis of false information or if the respective person does not provide the information pursuant to Article 7 c) described in section 2.6.3 above.

2.7 Convertible bonds, warrants and options

As of 31 July 2010, ARYZTA has not issued any convertible bonds or warrants. During the year, 1,200,000 option equivalents ("options") were granted to executives and senior management, subject to fulfilment of predefined vesting conditions in connection with the ARYZTA Option Equivalent Long-Term Incentive Plan (ARYZTA Option Equivalent LTIP). Please refer to note 10 of the ARYZTA AG Company Financial Statements for further information pertaining to options granted as an element of executive and management compensation.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of ARYZTA consists of three executive directors and eight non-executive directors. All interests linked to each individual Director in this section correspond to the nationality of that Director, unless otherwise stated.

Corporate Governance Report (continued)

Denis Lucey (1937, Irish)
Chairman (since August 2008), and non-executive member
Diploma in Dairy Science from University College Cork
Denis Lucey has a background in the agricultural co-operative movement in Ireland. In 1982, he was appointed Chief Executive Officer of Mitchelstown Co-Operative Agricultural Society Limited, a position he held until the merger of that co-operative with the Ballyclough Co-Operative Creamery Limited in 1990 and the formation of Dairygold Co-Operative Society Limited. He served as Chief Executive Officer of Dairygold Co-Operative Society Limited until March 2003. He joined the Board of IAWS Group plc as a non-executive director in September 2000, and was elected Chairman of the Board in 2005. He has served as Chairman of ARYZTA, since its admission to trading on the SIX Swiss Exchange and the Irish Stock Exchange in August of 2008. He is also currently Chairman of the Milk Quota Appeals Tribunal for the Irish Department of Agriculture, Fisheries and Food. He is also a member of the Governing Body of Cork Institute of Technology.

Albert Abderhalden (1943, Swiss)
Non-executive member
Commercial Diploma
Albert Abderhalden joined Alfred Hiestand, when the Company was a sole proprietorship in 1972. From 1984 to 1999, he was Managing Director of Hiestand Schweiz AG. From 1994 to 1998 he served as Chief Financial Officer of Hiestand Holding AG. From 1997 to 2003, he served as Vice-Chairman of Hiestand Holding AG, and from 2003 to 2007 he served as full-time Chairman of the Hiestand Board of Directors. During 2007 and 2008, he served as Vice-Chairman of Hiestand Holding AG before becoming a member of the ARYZTA Board of Directors in August 2008.

Denis Buckley (1945, Irish)
Non-executive member
Denis Buckley has been a full time farmer throughout his working life. His involvement in farming brought him into the agricultural co-operative movement in Ireland and he served on the board of Kerry Co-op from 1977 to 2003. Since 2003, he has served as Chairman of Kerry Group plc. He joined the Board of IAWS Group plc as a non-executive director in June 1997 and held office until the establishment of ARYZTA. He became a member of the ARYZTA Board of Directors in August 2008. He is also Chairman of One51 plc.

Corporate Governance Report (continued)

J. Brian Davy (1942, Irish)

Non-executive member

Bachelor of Commerce from University College Dublin

Brian Davy is Chairman of Davy, Ireland's leading provider of stockbroking, wealth management and financial advisory services, and the sponsor of ARYZTA on the Irish Stock Exchange. He graduated from University College Dublin with a Bachelor of Commerce Degree and has spent his entire working career in building up the business and executive team of Davy, where he has worked since 1965. He is a former director of the Irish Stock Exchange and Arnotts plc. He is a member of the Executive Committee of the (Irish) National Maternity Hospital Holles Street. He joined the Board of IAWS Group plc as a non-executive director in December 1995. He became a member of the ARYZTA Board of Directors in August 2008.

Noreen Hynes (1953, Irish)

Non-executive member

Bachelor of Commerce from National University of Ireland, Galway; Fellow of the Institute of Chartered Accountants in Ireland; Associate of the Institute of Taxation in Ireland; Member of the National Association of Estate Agents (Overseas)

Noreen Hynes joined Irish Distillers Group plc in 1981 and worked in various roles, including Internal Auditor and Financial Controller until 1991. From 1991 to 1995, she worked as Managing Director of Coal Distributors Limited and since then she has been engaged in the property and business advisory services sector. She joined the Board of IAWS Group plc in March 2004 and became a member of the ARYZTA Board of Directors in August 2008.

Hugo Kane (1959, Irish)

Chief Operating Officer and executive member

Certificate in Business Management from College of Commerce, Rathmines, Dublin

Hugo Kane joined Cuisine de France, a subsidiary of ARYZTA, in 1993 as Operations Director. He was appointed Managing Director of Cuisine de France in 2001, a position which he held until 2004. In September 2004, he was appointed to the Board of Directors and Head of Food for IAWS Group plc. In 2007, he was appointed Chief Operating Officer for IAWS Group plc. He has been COO and a member of the Board of ARYZTA since its admission to trading. He is also fulfilling a leadership role in the ARYZTA Technology Initiative.

Corporate Governance Report (continued)

Owen Killian (1953, Irish)

Chief Executive Officer and executive member

Bachelor of Agricultural Science from University College Dublin

Owen Killian joined IAWS in 1977, and worked in various managerial functions until 1988. Upon the public flotation of the Company to form IAWS Group plc in 1988, he held various senior management functions. In October 1999, he was appointed to the Board of Directors of IAWS Group plc as COO, and from 2001 to 2003 he was Head of Food. In 2003, he was appointed CEO of IAWS Group plc. He has been CEO and a member of the Board of ARYZTA since its admission to trading. Owen Killian is also Chairman of Origin Enterprises plc, the Irish-domiciled listed company, in which ARYZTA has a controlling 71.4% stake.

Patrick McEniff (1967, Irish)

Chief Financial Officer and executive member

Fellow of the Chartered Institute of Management Accountants; Master of Business Administration from Dublin City University

Patrick McEniff joined IAWS Group plc in 1989. In the period from 1989 to 1997, he worked as a financial controller in IAWS focusing on financial reporting and systems development. In 1997, he became Director of Finance in the Food Distribution business and Flour Milling businesses of IAWS Group plc. In 2000, he was appointed Finance Director in the Bakery Business of IAWS Group plc. In 2004, he became Finance Director of IAWS Group plc. In 2008, upon the formation of ARYZTA AG, he was also appointed as CFO and member of the Board of Directors. Patrick McEniff is also a member of the Board of Directors of Origin Enterprises plc, the Irish-domiciled listed company, in which ARYZTA has a controlling stake of 71.4%.

William Murphy (1945, Irish)

Non-executive member

Bachelor of Commerce from University College Dublin

William Murphy began his career with the Irish Forestry Department in 1963. He worked with a number of companies before joining Avonmore Creameries Limited in 1977, becoming a member of its Board of Directors in 1989. He served as Deputy Managing Director of Glanbia plc (the successor to Avonmore Creameries Limited) from 2001 to 2005. He remains a non-executive Director of Glanbia plc. He became a member of the ARYZTA Board of Directors in August 2008. He is also Chairman of Grassland Fertilisers (Kilkenny) Ltd and Chairman of the National University of Ireland Maynooth (Kilkenny) Outreach Program.

Corporate Governance Report (continued)

Hans Sigrist (1940, Swiss)
Non-executive member
Commercial Diploma
Hans Sigrist worked as Managing Director of Würth Schweiz AG from 1974 to 2005, and has been Chairman of the Board of Directors since 1981. From 1981 to 2009, he served as a member of the Board of Management of Würth Group International. From 1997 to 2008, he was a member of the Board of Directors of Hiestand Holding AG. He became a member of the ARYZTA Board of Directors in August 2008. Hans Sigrist is also member of the Board of Directors of Kisling AG, Würth AG Arlesheim and consultant for Würth South East Asia, Australia and New Zealand.

Dr. J. Maurice Zufferey (1958, Swiss)
Non-executive member
PhD in History from the University of Zurich; Master of Law from University of Lausanne; Advanced Management Degree from the Wharton School at the University of Pennsylvania in Philadelphia
Maurice Zufferey worked as a banker with UBS from 1987 to 1998. From 1998 to 2001, he was CEO of Ecole Hôtelière de Lausanne. From 2001 to date, he has been an Executive Search Partner at Spencer Stuart. He is Office Manager Switzerland and Global Practice Leader, Private Wealth Management at Spencer Stuart. From 2001 to 2008, he was a member of the Board of Directors of Hiestand Holding AG. He became a member of the ARYZTA Board of Directors in August 2008.

Pat Morrissey (1965, Irish)
Secretary to the Board
Group General Counsel and Company Secretary
Bachelor of Civil Law (UCD, NUI); Solicitor, Law Society of Ireland
From 1988 to 1998, Pat Morrissey spent his career with Irish law firm LK Shields, where he was admitted as a partner in 1995. In 2000, he joined IAWS Group plc as Group General Counsel and was appointed General Counsel and Company Secretary in 2005. He has served as Group General Counsel and Company Secretary of ARYZTA since its establishment. He is also Company Secretary of Origin Enterprises plc.

Corporate Governance Report (continued)

3.2 Other activities and functions

With the exception of Albert Abderhalden, who served as full-time Chairman of the Board of Directors of Hiestand Holding AG from 2003 to 2007, none of the non-executive members of the Board of Directors has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period under review.

Disclosure of related party transactions between ARYZTA and Board members can be found in note 32 of the ARYZTA Group Financial Statements 2010.

3.3 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. The term of office shall correspond to the maximum term legally allowed, but shall not exceed three years. The Board determines the first term of office of each Director in such a way that, each year, an equal number of Directors will be elected or re-elected at the General Meeting of ARYZTA and in such manner that all members will have been subject to re-election after a period of three years.

3.4 Internal organisational structure

3.4.1 Allocation of tasks within the Board of Directors

The Board has adopted Organisational Regulations that, inter alia, define the essential roles and responsibilities of the Board, the Chairman, the Committees of the Board and Executive Management. The office of Chairman together with membership of the Committees of the Board and the Chair thereof are, under the Organisational Regulations, determined annually by the Board following the General Meeting.

3.4.2 Tasks and areas of responsibility for each Committee of the Board of Directors

ARYZTA has an Audit Committee and a Nomination and Remuneration Committee. The powers and responsibilities of each Committee are set out in their respective Terms of Reference, as approved by the Board.

	Audit Committee	Nomination & Remuneration Committee
Denis Lucey (Chairman)		X
Owen Killian (CEO)		
Patrick McEniff (CFO)		
Hugo Kane (COO)		
Albert Abderhalden		
Denis Buckley		X
J. Brian Davy		X[1]
Noreen Hynes	X[1]	
William Murphy	X	
Hans Sigrist		
Dr. J. Maurice Zufferey	X	

X denotes that the Board Member is on the applicable Committee.
1 denotes the Board Member who Chairs the applicable Committee.

Corporate Governance Report (continued)

Audit Committee

The Audit Committee comprises three non-executive directors, namely Noreen Hynes (Chairman), William Murphy and Dr. J. Maurice Zufferey, each of whom is considered by the Board to be independent. In the 2010 financial year, the Audit Committee met four times and the average duration of the meetings was approximately four hours.

The Audit Committee's role includes reviewing the Group and Company Financial Statements, the interim and full year results and the significant financial reporting judgements contained therein. The Audit Committee also reviews the Group's internal controls, and the scope and effectiveness of the Group's Internal Audit function. The Head of Internal Audit has access to the Audit Committee at all times and he and the Chief Financial Officer regularly attend meetings of the Audit Committee by invitation.

In 2010 the Audit Committee, operating under its terms of reference, discharged its responsibilities by reviewing:
- the Group's draft financial statements and interim results statement prior to Board approval and reviewing the external auditor's reports thereon;
- the appropriateness of the Group's accounting policies;
- the audit fee and non-audit fees payable to the Group's external auditor;
- the external auditor's plan for the audit of the Group's accounts, which included key areas of extended scope work, key risks to the accounts, confirmations of auditor independence and the proposed audit fee, and approving the terms of engagement for the audit;
- the Group's financial controls and risk systems;
- the Internal Audit function's terms of reference, resources, its work programme and reports on its work during the year;
- the arrangements by which staff may, in confidence, raise concerns about possible fraud.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises J. Brian Davy (Chairman), Denis Buckley and the Company Chairman, Denis Lucey (all non-executive directors).

The Nomination and Remuneration Committee is responsible for determining the remuneration of the executive and non-executive members of the Board, for recommending directors to the Board for appointment, and for the continuous review of senior management succession plans. In the 2010 financial year, the Nomination and Remuneration Committee met five times and the average duration of the meetings was approximately 1.5 hours.

The Group's remuneration policy for executive and non-executive directors and details of directors' remuneration are contained in note 10 of the ARYZTA Company Financial Statements 2010, in accordance with the Swiss Code of Obligations and the SIX Directive on Information Relating to Corporate Governance.

3.4.3 Work methods of the Board and its Committees

Nine Board meetings were held during the year. The average duration of regular Board meetings is approximately 4.5 hours. In addition, the Board held a two-day meeting during the year to consider ARYZTA Group strategy. At each meeting, the Chair of the

Corporate Governance Report (continued)

Committees report to the Board on their activities as necessary. Details of the work methods of the Committees are set out in Section 3.4.2.

3.5 Definition of areas of responsibility

The Board of Directors is the ultimate governing body. It has the power and competencies afforded by Swiss law (art. 761a of the Swiss Code of Obligation (CO)) including in particular:

1) to approve the strategic objectives, annual budget and capital allocations;
2) to appoint and remove the CEO;
3) to act as the ultimate supervisory authority.

The following fall within the exclusive competency of the Board of Directors:

- To ultimately direct the Company and issue the necessary directives;
- To determine the organisation;
- To structure the accounting, the internal control system, the financial control and the financial planning system as well as perform a risk assessment;
- To appoint and remove the persons entrusted with the management and the representation of the Company and to grant signatory power;
- To ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law and with the Articles of Association, regulations and directives;
- To prepare the business report, as well as the General Meeting and to implement its resolutions;
- To inform the judge in the event of over-indebtedness;
- To pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-in shares;
- To pass resolutions confirming increases in share capital and the amendments to the Articles of Association entailed thereby;
- To examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the external auditors;
- To execute the agreements pursuant to art. 12, 36 and 70 of Swiss merger law.

The Board has delegated responsibility for the day-to-day management of the Group, through the Chief Executive Officer, to Executive Management.

3.6 Information and control instruments pertaining to Group Executive Management

Group Executive Management report in a regular and structured manner to the Board of Directors. The CEO and CFO report to the Board on a systematic basis. At each Board Meeting, the CEO informs the Board of the status of current business operations, significant developments and major business transactions. Likewise, the CFO reports on financial performance across the Group and key financial figures and parameters. In addition, the COO and executives within the Group regularly deliver presentations to the Board.

The Board approves the formal Risk Assessment which is required by Article 663b of the Swiss Code of Obligations. The Board has approved the design, implementation and maintenance of the Internal Control System required under applicable law.

The ARYZTA Internal Audit function reports directly to the Audit Committee. Internal Audit may audit all Group activities and regularly meets with Group Executive

Corporate Governance Report (continued)

Management. Internal Audit discuss audit plans with the Audit Committee on at least an annual basis, but may discuss them more frequently should circumstances require.

The external auditors, PricewaterhouseCoopers (the Auditors of the ARYZTA Company and Group Financial Statements), conduct their audit in compliance with Swiss Auditing Standards and International Standards on Auditing.

4 Group Executive Management

Group Executive Management consists of Owen Killian (Chief Executive Officer), Patrick McEniff (Chief Financial Officer), Hugo Kane (Chief Operating Officer), and Pat Morrissey (Group General Counsel and Secretary). Details of all Executive Management are provided in Section 3.1.

No member of the Group Executive Management holds management contracts for any company outside of the ARYZTA Group.

5 Compensation, shareholdings and loans

Please refer to note 10 of the ARYZTA AG Company Financial Statements for disclosures pertaining to compensation, shareholdings and loans, as well as the content and method of determining the compensation and share-ownership programmes.

6 Shareholders' participation

6.1 Voting rights

Each ARYZTA share registered as a share conferring a voting right entitles the holder to one vote at a General Meeting. Proxies are entitled to attend shareholders' meetings and exercise all rights of the represented shareholders at such meetings.

As indicated previously in paragraph 2.6.2, ARYZTA pursues arrangements with Euroclear UK and Ireland to enable investors whose interests in ARYZTA are represented by CDIs to exercise their voting rights. CDI holders who wish to be in a position to directly enforce or exercise their rights must have their interests entered in the share register in accordance with Article 7 of the Articles of Association and effectively hold their shares through a member of the Swiss SIS Settlement System.

6.2 Statutory quorums

Pursuant to Article 14 of the Articles of Association, resolutions at the General Meeting calling for a quorum of at least two-thirds of the votes represented are required for:
- The cases listed in art. 704 para. 1 CO and in art.18 and 64 Merger Act;
- The easement or abolition of the restriction of the transferability of registered shares;
- The conversion of bearer shares into registered shares;
- Any change to the provisions of article 14 of the Articles of Association.

6.3 Convocation of General Meeting of the shareholders

General Meetings are convened by the Board of Directors and, if need be, by the Auditors. Notice of the General Meeting is given by publication in the Swiss Official Gazette of Commerce at least 20 days before the date of the meeting. The notice must state, inter alia, the day, time and place of the Meeting and the agenda.

Corporate Governance Report (continued)

6.4 Agenda
The Board states the items in the agenda. One or more registered shareholders which jointly represent at least ten percent of the share capital of the Company registered in the Commercial Register may request items to be included in the agenda. Such requests must be in writing, specifying the items and the proposals and be submitted to the Chairman at least 45 days before the date of the General Meeting.

6.5 Entry in the share register
The relevant date to determine the shareholders' right to participate in the General Meeting on the basis of the registrations appearing in the share register is set by the Board in the invitation to the General Meeting.

7 Change of control and defence measures

7.1. Obligation to make an offer
ARYZTA does not have a provision on opting out or opting up in the Articles of Association. Thus, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover offer set out in art. 32 of the Swiss Stock Exchange Act are applicable.

7.2. Change of control clauses
Benefits under the ARYZTA LTIP vest upon a change of control. Otherwise, the agreements and plans benefiting the members of the Board or the Group Executive Management are unaffected by a change of control. Further details regarding the benefits under the ARYZTA LTIP are set out in note 10 of the ARYZTA Company Financial Statements 2010.

8 Auditors

8.1. Duration of the mandate and term of office of the lead auditor
In line with the Group's policy of rotating its auditors every seven years, ARYZTA AG put the audit mandate out to tender in November 2009. Submissions were received from a number of major accounting firms. The award decision was based on a set of criteria which had previously been disclosed to all candidate firms. These criteria included such elements as the composition of the audit team, knowledge of the bakery industry sector and differentiation vis-à-vis other candidate firms. The ultimate decision was made on the basis of general best practice principles. Following a formal tender process, PricewaterhouseCoopers AG, Zurich, was elected as statutory auditor and group auditor in December 2009. The term of office is one year. Patrick Balkanyi has been the lead auditor since PricewaterhouseCoopers AG's appointment in 2009.

8.2. Audit fees
The total auditing fees charged by the Group auditors in the financial year 2010 amounted to €1,787,000. €300,000 of these fees were charged to Origin Enterprises plc.

8.3. Additional fees
The fees for additional services rendered to ARYZTA Group invoiced in the financial year by the auditors, totalled €3,164,000, of which €1,357,000 was for taxation and legal services and €1,807,000 for corporate finance and transactional services. Of these fees €127,000 were charged to Origin Enterprises plc.

Corporate Governance Report (continued)

8.4. Information tools pertaining to the external audit

PricewaterhouseCoopers presents to the Audit Committee a detailed report on the conduct of the 2010 financial statements audit, the findings on significant financial accounting and reporting issues as well as the findings on the Group's internal control system (ICS).

In 2010, PricewaterhouseCoopers attended two Audit Committee meetings and the Group Head of Internal Audit participated in all four Audit Committee meetings. Other members of the Group Executive Management attended them as invited. In addition, the Head of Internal Audit regularly met with the Chairman of the Audit Committee for interim updates.

The Board of Directors annually reviews the selection of the auditors in order to propose their appointment to the General Meeting of ARYZTA. The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss law. The lead auditor rotates every seven years in accordance with Swiss law.

At each meeting of the Audit Committee, audit and non-audit-related fees paid to PricewaterhouseCoopers year to date are reviewed to mitigate the risk of any potential impairment to PricewaterhouseCoopers' independence. PricewaterhouseCoopers monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

9 Investor Communications Policy

Guiding principles

ARYZTA is committed to pursuing an open and consistent communication policy with shareholders, potential investors and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of ARYZTA is in line with management's assessment of the current situation at ARYZTA. The guiding principles of this policy are that ARYZTA gives equal treatment to shareholders in equal situations, that any price sensitive information is published in a timely fashion and that the information is provided in a format that is as complete, simple, transparent and consistent as possible.

Methodology

ARYZTA publishes its first quarterly trading update, half-year results, nine-months' trading update and full-year results (including Annual Report) on the occasion of its quarterly announcement cycle (announcement dates on next page). These quarterly announcements are accompanied by a presentation which is broadcast live on the internet (webcast) and which anyone can choose to access, whether that person is a shareholder or not. These webcasts can be replayed at any time on the ARYZTA website (www.aryzta.com). An automatic alerting service is also provided through the website. This ensures that interested parties can sign up to the site to be alerted automatically to results and events announcements published on the website. ARYZTA also ensures that news releases are distributed to major wire and news services. These news releases are also made available in the News & Media section of the website immediately after release to the SIX Swiss Exchange and ISE Irish Exchange. In this way, the Company utilises its website and ancillary communications infrastructure to ensure a rapid and equitable distribution of information for all interested parties.

Corporate Governance Report (continued)

ARYZTA's Investor Relations programme for institutional investors is carried out in line with the quarterly announcement cycle, with management time allocated accordingly and not on an ad-hoc basis. In order to strike a balance between the needs of managing a business and regular transparent communication with investors, investor meetings (i.e. Group meetings, one-to-one meetings and conference calls) will not be held on an ad-hoc basis. These will be organised following quarterly announcements, save as mentioned below. Investors wishing to meet the Group in the aftermath of such quarterly announcements should e-mail the Group's Investor Relations co-ordinator (see details below). These investor communications focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group. They do not serve the purpose of disclosing new information which might encourage an investment decision.

The Group accepts invitations to investor conferences. Attendance at conferences by the Group will be on a planned and agreed basis in advance of its quarterly announcement cycle and published on its website. The Company also communicates with analysts and stockbrokers who follow ARYZTA to facilitate third-party research on the Company. ARYZTA assumes no responsibility for any statements, expectations, or recommendations made by analysts and stockbrokers. The Group will communicate to investors at the time of any potentially price-sensitive event, such as significant acquisitions and divestments, joint venture agreements and alliances.

Investor relations contact details

ARYZTA AG
Talacker 41
8001 Zurich
Switzerland
Email: info@ARYZTA.com

Key dates to December 2011

Announcement of the 2010 annual results	27 September 2010
Issue of the 2010 annual report	5 October 2010
First quarter trading update	29 November 2010
Annual General Meeting	2 December 2010
Payment of dividend	1 February 2011
Announcement of half-year results 2011	14 March 2011
Third quarter trading update	7 June 2011
Announcement of the 2011 annual results	26 September 2011
Issue of the 2011 annual report	4 October 2011
First quarter trading update	28 November 2011
Annual General Meeting 2011	1 December 2011

FOOD REST OF WORLD

AUSTRALIA
Sydney
Hyde Park

Named after its original namesake in London, Sydney's Hyde Park is situated to the east of the city's main business district. The park's many drain lids are a notable feature, many of which are connected to Busby's Bore, the city's first large-scale initiative to tap new sources of fresh water after its original Tank Stream was backed up.

Annual Report and Accounts 2010
Group Risk Statement
Principal Risks and Uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks and mitigating controls are evaluated. These processes are driven by business unit management, who are best placed to identify the significant ongoing and emerging risks facing the businesses. The outputs of these risk assessment processes are subject to various levels of review by management, and a consolidated Risk Map is reviewed by the ARYZTA Board of Directors on an annual basis. Risks identified and associated mitigating controls are also subject to audit as part of operational, financial and health and safety audit programmes.

The key risks facing the Group include the following:[1]
- As an international Group with substantial operations and interests outside the eurozone, ARYZTA is subject to the risk of adverse movements in foreign currency exchange rates.
- The Group faces business risks associated with cash and collectables given the current curtailment of credit for all businesses.
- Operational risks facing the Group include issues associated with product contamination and general food scares affecting relevant products.
- Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group.
- A further operational risk to the Group, in common with most companies, is the risk of failure to address increasing compliance requirements, particularly in the areas of health and safety, emissions and effluent control.
- The loss of a significant manufacturing/operational site through natural catastrophe or act of vandalism represents a risk that could, potentially, have a material impact on the Group.
- Similarly, a significant IT or security system failure could adversely impact on operations.
- The Group faces the challenge of fluctuations in commodity and energy costs.
- The Group faces the risk of a decrease in consumer spending in the current economic climate.
- The Group faces the risk of impairment of its various brands, particularly through the move by customers toward “value” brands.
- Having grown both organically and through acquisitions, the Group faces risks and challenges associated with managing growth, and ensuring that processes around acquiring and integrating new businesses are robust.
- The Group faces risks associated with the potential loss of key management personnel.
- In the event that the Group breaches a banking covenant it may have to renegotiate its facilities resulting in a higher cost of funds for the Group.
- The loss of a significant supplier as a result of the current economic environment could adversely impact ongoing operations of the business.
- As the Group operates in a competitive industry it is subject to the risk of the loss of a significant customer.
- The implementation of a future group-wide ERP system requires substantial investment, and would result in significant costs in the event of a failed implementation.

1 These risks are not in order of importance.

FOOD EUROPE

SPAIN
Barcelona
Parc Güell

Park Güell was originally an ill-starred housing project named after its sponsor, Count Eusebi Güell, and based on the late 19th century English garden city concept. The park, situated on the el Carmel hill in Barcelona, was designed by the Catalan architect Antoni Gaudi and built between 1900 and 1914. It comprises a number of architectural features and is part of the Gaudi UNESCO World Heritage site.

Annual Report and Accounts 2010
Our Responsibility

ARYZTA has a commitment to building a successful and sustainable business for the long term. ARYZTA views the path towards sustainable development as the marrying of economic, environmental and social factors. At the heart of this commitment is a focus on corporate responsibility. ARYZTA pursues a decentralised approach to corporate responsibility through its various businesses and the different markets within which it operates.

Community

ARYZTA believes in building long-term relationships with its stakeholders, which include consumers, customers, employees, shareholders and regulatory bodies. The Group understands its responsibilities as an important member of the communities in which it operates. It continues to embolden its businesses to play an active role within them. As well as providing employment opportunities, the Group aims to make positive contributions to its community, building relationships and earning a positive reputation as a good employer, neighbour and corporate citizen.

With regard to business ethics, ARYZTA expects all commercial dealings by or on behalf of the Group to be conducted with integrity and respect for all parties, as well as in compliance with local and national legislation.

Workplace

ARYZTA recognises that its continued success is dependent on the quality, devotion and responsible behaviour of its people. It therefore provides clear policies and direction to the management teams of its operating businesses. ARYZTA continues to strive for the highest standards in management practices. The Group provides equal opportunities for all in recruitment, selection, promotion, employee development, training and reward policies and procedures. ARYZTA also complies with applicable national laws and industry standards on working hours.

Safety is of paramount importance for ARYZTA. It pursues comprehensive internal safety management procedures, including policy manuals, verification of regulatory compliance, risk assessments, individual site action plans, safety audits, training, formal accident investigation and the provision of occupational health services. It also maintains a strong focus on the use of key performance indicators, external auditing and achieving exacting external health and safety accreditation for its operations.

Marketplace

To ensure food and product safety, all of ARYZTA's food processing facilities operate under proprietary HACCP (Hazard Analysis and Critical Control Point) systems, or similar. Each of these systems is quality assured by third parties. ARYZTA's businesses also contribute to various voluntary initiatives on food and product safety by industry associations such as the International Food Standard (IFS), IP-Suisse, the US Food and Drug Administration (USFDA) and the British Retail Consortium (BRC).

Our Responsibility (continued)

Environment

ARYZTA is committed to a policy of sustainable economic development. It is aware that the Earth's ecosystems are both fragile and vulnerable, and that protecting the environment is critical to the continued well-being of the planet and its citizens. ARYZTA works in partnership with its key customers in promoting responsible environmental management practices.

MALAYSIA
Kuala Lumpur
KLCC Park

The KLCC park is the last major piece of landscape design undertaken by the Brazilian architect Burle Marx. His stated intention in conceiving it was to 'leave the world a little more sensitive and a little more educated to the importance of nature'.

Located in the middle of the busy city of Kuala Lumpur, the park's tropical greenery provides the ideal contrast to the hectic pace of modern city life, emphasising man's essential ties to Nature.

Annual Report and Accounts 2010
Group and Company Financial Statements 2010

Group Financial Statements, presented in euro and prepared under IFRS

Company Financial Statements, presented in Swiss Francs and prepared under Swiss law

Annex: Unaudited 'Food Group' (excluding Origin) Financial Statements, presented in euro

Statement of Director's Responsibilities
for the year ended 31 July 2010

The directors are responsible for preparing the Annual Report and the Group and Company Financial Statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law, the directors are required to prepare the Group 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 the Group and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing each of the Group and Company Financial Statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with IFRS and the requirements of Swiss law.

They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

On behalf of the Board

Denis Lucey
Chairman, Board of Directors

Owen Killian
CEO, Member of the Board of Directors

23 September 2010

Group Income Statement
for the year ended 31 July 2010

in Euro `000	Notes	2010	2009
Revenue	4	**3,009,726**	3,212,270
Cost of sales		**(2,169,030)**	(2,344,377)
Gross profit		**840,696**	867,893
Distribution expenses		**(416,666)**	(415,047)
Administration expenses		**(201,869)**	(218,714)
Operating profit before fair value adjustment, acquisition and merger costs and other income		**222,161**	234,132
Fair value adjustment on investment properties	2	**–**	(134,543)
Acquisition and merger costs	2	**(4,643)**	(22,738)
Other income	2	**82**	106
Operating profit		**217,600**	76,957
Share of profit after tax of associates and joint ventures	6	**31,613**	17,525
Profit before financing income and costs		**249,213**	94,482
Financing income	3	**10,230**	7,055
Financing costs	3	**(61,715)**	(57,707)
Profit before tax		**197,728**	43,830
Income tax	9	**(29,639)**	(2,853)
Profit for the year		**168,089**	40,977
Attributable as follows:			
Equity shareholders of the Company		**151,729**	54,010
Non-controlling interests	27	**16,360**	(13,033)
Profit for the year		**168,089**	40,977

Earnings per share for the year	Notes	**2010 Euro cent**	2009 Euro cent
Basic earnings per share	11	**190.99**	68.87
Diluted earnings per share	11	**189.49**	68.69

Group Statement of Comprehensive Income
for the year ended 31 July 2010

in Euro `000	Notes	2010	2009
Profit for the year		**168,089**	40,977
Other comprehensive income			
Foreign exchange translation effects			
– Foreign currency net investments		**101,287**	51,553
– Foreign currency borrowings	21	**(44,173)**	(34,336)
– Recycle of foreign exchange gain on settlement of quasi-equity loans	3	**(4,679)**	–
– Share of joint ventures and associates' foreign exchange translation adjustment	15	**(679)**	(192)
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**3,933**	(2,727)
– Fair value of cash flow hedges transferred to income statement		**2,209**	(6,992)
– Deferred tax effect of cash flow hedges	24	**(990)**	1,314
– Share of joint ventures (loss)/gain on cash flow hedges	15	**(368)**	848
– Share of joint ventures deferred tax effect of cash flow hedges	15	**48**	(144)
Defined benefit plans			
– Actuarial loss on Group defined benefit pension plans	25	**(2,336)**	(3,913)
– Deferred tax effect of actuarial loss	24	**563**	817
– Share of associates' actuarial loss on defined benefit plan	15	**(973)**	(1,576)
– Share of associates' deferred tax effect of actuarial loss	15	**272**	442
Deferred tax effect of capital gains tax rate change in Ireland		**–**	(7,035)
Revaluation of previously held investment in Hiestand		**–**	35,077
Total other comprehensive income		**54,114**	33,136
Total comprehensive income for the year		**222,203**	74,113
Attributable as follows:			
Equity shareholders of the Company		**204,649**	93,522
Non-controlling interests	27	**17,554**	(19,409)
Total comprehensive income for the year		**222,203**	74,113

Group Balance Sheet
as at 31 July 2010

in Euro `000	Notes	2010	2009
Assets			
Non-current assets			
Property, plant and equipment	12	**945,100**	664,532
Investment properties	13	**20,648**	62,975
Goodwill and intangible assets	14	**2,264,421**	1,498,430
Investments in associates and joint ventures	15	**162,881**	139,351
Deferred tax assets	24	**62,290**	27,053
Total non-current assets		**3,455,340**	2,392,341
Current assets			
Inventory	16	**212,085**	192,646
Trade and other receivables	17	**426,917**	406,774
Derivative financial instruments	22	**889**	599
Cash and cash equivalents	20	**394,587**	294,536
Total current assets		**1,034,478**	894,555
Total assets		**4,489,818**	3,286,896

Group Balance Sheet (continued)
as at 31 July 2010

in Euro `000	Notes	2010	2009
Equity			
Called up share capital	26	**1,061**	1,005
Share premium		**632,951**	518,006
Retained earnings and other reserves		**980,190**	801,345
Total equity attributable to equity shareholders of the Company		**1,614,202**	1,320,356
Non-controlling interests	27	**59,648**	47,612
Total equity		**1,673,850**	1,367,968
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	21	**1,575,265**	927,252
Employee benefits	25	**15,454**	28,544
Deferred income from government grants	23	**18,477**	18,941
Other payables	18	**7,107**	1,025
Deferred tax liabilities	24	**356,386**	203,527
Derivative financial instruments	22	**804**	3,244
Deferred consideration	19	**25,829**	41,259
Total non-current liabilities		**1,999,322**	1,223,792
Current liabilities			
Interest-bearing loans and borrowings	21	**46,834**	26,540
Trade and other payables	18	**697,674**	614,291
Corporation tax payable		**53,209**	40,650
Derivative financial instruments	22	**6,460**	9,832
Deferred consideration	19	**12,469**	3,823
Total current liabilities		**816,646**	695,136
Total liabilities		**2,815,968**	1,918,928
Total equity and liabilities		**4,489,818**	3,286,896

Group Statement of Changes in Equity
for the year ended 31 July 2010

31 July 2010 in Euro `000	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Re-valuation reserve	Share-based payment reserve	Foreign currency trans-lation reserve	Retained earnings	Total share-holders equity	Non-controlling interests	Total
At 1 August 2009	**1,005**	**518,006**	**(30)**	**(6,882)**	**35,108**	**4,131**	**(41,147)**	**810,165**	**1,320,356**	**47,612**	**1,367,968**
Profit for the year	–	–	–	–	–	–	–	151,729	151,729	16,360	168,089
Foreign exchange translation effects	–	–	–	–	–	–	50,844	–	50,844	912	51,756
Cash flow hedges	–	–	–	4,279	–	–	–	–	4,279	553	4,832
Defined benefit plans	–	–	–	–	–	–	–	(2,203)	(2,203)	(271)	(2,474)
Total comprehensive income	**–**	**–**	**–**	**4,279**	**–**	**–**	**50,844**	**149,526**	**204,649**	**17,554**	**222,203**
Issue of shares, net of costs	56	114,945	–	–	–	–	–	–	115,001	–	115,001
Equity dividends	–	–	–	–	–	–	–	(27,861)	(27,861)	–	(27,861)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(5,779)	(5,779)
Share-based payments	–	–	–	–	–	2,057	–	–	2,057	261	2,318
At 31 July 2010	**1,061**	**632,951**	**(30)**	**(2,603)**	**35,108**	**6,188**	**9,697**	**931,830**	**1,614,202**	**59,648**	**1,673,850**

31 July 2009 in Euro `000	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Re-valuation reserve	Share-based payment reserve	Foreign currency trans-lation reserve	Retained earnings	Total share-holders equity	Non-controlling interests	Total
At 1 August 2008	**39,275**	**59,734**	**–**	**(510)**	**127,446**	**19,986**	**(60,035)**	**599,372**	**785,268**	**61,482**	**846,750**
Profit for the year	–	–	–	–	–	–	–	54,010	54,010	(13,033)	40,977
Foreign exchange translation effects	–	–	–	–	–	–	18,888	–	18,888	(1,863)	17,025
Cash flow hedges	–	–	–	(6,372)	–	–	–	–	(6,372)	(1,329)	(7,701)
Defined benefit plans	–	–	–	–	–	–	–	(3,057)	(3,057)	(1,173)	(4,230)
Deferred tax effect of capital gains tax rate change in Ireland	–	–	–	–	–	–	–	(5,024)	(5,024)	(2,011)	(7,035)
Revaluation of previously held interest in Hiestand	–	–	–	–	–	–	–	35,077	35,077	–	35,077
Total comprehensive income/(loss)	**–**	**–**	**–**	**(6,372)**	**–**	**–**	**18,888**	**81,006**	**93,522**	**(19,409)**	**74,113**
Issue of shares, net of costs	3,810	182,631	–	–	–	–	–	–	186,441	–	186,441
Effect of reverse acquisition	(42,110)	275,641	–	–	–	–	–	–	233,531	–	233,531
Issue of treasury shares	30	–	(30)	–	–	–	–	–	–	–	–
Transfer to retained earnings	–	–	–	–	(92,338)	–	–	92,338	–	–	–
Share-based payments	–	–	–	–	–	21,594	–	–	21,594	264	21,858
Share-based payment reserve released on cancellation of schemes	–	–	–	–	–	(37,449)	–	37,449	–	–	–
Arising on business combination	–	–	–	–	–	–	–	–	–	8,092	8,092
Purchase/disposal of non-controlling interests	–	–	–	–	–	–	–	–	–	(2,817)	(2,817)
At 31 July 2009	**1,005**	**518,006**	**(30)**	**(6,882)**	**35,108**	**4,131**	**(41,147)**	**810,165**	**1,320,356**	**47,612**	**1,367,968**

Group Cash Flow Statement
for the year ended 31 July 2010

in Euro `000	Notes	2010	2009
Cash flows from operating activities			
Profit for the year		**168,089**	40,977
Income tax	9	**29,639**	2,853
Financing income	3	**(10,230)**	(7,055)
Financing costs	3	**61,715**	57,707
Share of profit after tax of associates and joint ventures	6	**(31,613)**	(17,525)
Fair value adjustment on investment properties	2	**–**	134,543
Merger costs	2	**–**	22,738
Other income	2	**(82)**	(106)
Depreciation of property, plant and equipment	12	**66,888**	62,195
Amortisation of intangible assets	14	**51,364**	46,277
Recognition of deferred income from government grants	23	**(2,994)**	(2,026)
Share-based payments	8	**2,318**	3,743
Other		**26**	(22)
Cash flows from operating activities before changes in working capital		**335,120**	344,299
(Increase)/decrease in inventory		**13,956**	70,296
(Increase)/decrease in trade and other receivables		**52,926**	28,840
Increase/(decrease) in trade and other payables		**(35,829)**	(72,127)
Cash generated from operating activities		**366,173**	371,308
Interest paid		**(46,626)**	(54,989)
Interest received		**1,446**	3,415
Income tax paid		**(30,424)**	(33,396)
Net cash flows from operating activities		**290,569**	286,338

Group Cash Flow Statement (continued)
for the year ended 31 July 2010

in Euro `000	Notes	2010	2009
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,866**	2,973
Purchase of property, plant and equipment			
– maintenance capital expenditure		**(16,305)**	(22,762)
– investment capital expenditure		**(29,632)**	(56,229)
Grants received	23	**1,117**	2,377
Purchase of investment properties		**–**	(775)
Acquisitions of subsidiaries and businesses, net of cash acquired [1]	29	**(564,419)**	(80,546)
Purchase of intangible assets		**(18,037)**	(10,705)
Sale of intangible assets	2.5	**–**	6,837
Dividends received	15	**22,365**	23,004
Investments in associates and joint ventures	15	**(3,052)**	(26,184)
Deferred consideration paid	19	**(2,128)**	(27,384)
Net cash flows from investing activities		**(608,225)**	(189,394)
Cash flows from financing activities			
Net proceeds from issue of share capital		**115,001**	(626)
Gross drawdown of loan capital	21	**1,776,942**	2,467,751
Gross repayment of loan capital	21	**(1,467,590)**	(2,399,509)
Capital element of finance lease liabilities	21	**(1,693)**	(1,300)
Dividends paid to non-controlling interests	27	**(5,779)**	–
Dividends paid to equity shareholders		**(27,861)**	–
Net cash flows from financing activities		**389,020**	66,316
Net increase in cash and cash equivalents		**71,364**	163,260
Translation adjustment		**7,841**	(875)
Net cash and cash equivalents at start of year		**269,144**	106,759
Net cash and cash equivalents at end of year	20	**348,349**	269,144

1 Total cash flow impact of acquisitions for the period was €860,313,000. This is made up of €569,062,000 of directly related net acquisition costs and total debt acquired including finance leases of €291,251,000.

Group Statement of Accounting Policies
for the year ended 31 July 2010

Organisation

ARYZTA AG (the 'Company') is a company domiciled and incorporated in Switzerland. The Group's financial statements for the year ended 31 July 2010 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group') and show the Group's interest in associates and joint ventures using the equity method of accounting.

The individual and Group Financial Statements of the Company were authorised for issue by the directors on 23 September 2010 and are subject to approval by the shareholders at the General Meeting.

Statement of compliance

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The IFRS applied by the Group in the preparation of these financial statements are those that were effective for accounting periods beginning on or after 1 August 2009. The following standards and interpretations, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee, are effective for the first time in the current financial year and have been adopted by the Group:

- IAS 1 (Revised) – Presentation of Financial Statements
- IAS 23 (Revised) – Borrowing Costs
- IAS 27 (Revised) – Consolidated and Separate Financial Statements
- Amendment to IAS 32 – Financial Instruments: Presentation
- Amendment to IAS 38 – Intangible Assets
- Amendment to IFRS 1 – First-time Adoption of International Financial Reporting Standards
- Amendment to IFRS 2 – Share-based Payment
- IFRS 3 (Revised) – Business Combinations
- Amendment to IFRS 7 – Financial Instruments: Disclosures
- IFRS 8 – Operating Segments
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 – Distributions of Non-cash Assets to Owners
- IFRIC 18 – Transfers of Assets from Customers

IAS 1 (Revised), Presentation of Financial Statements, requires 'non-owner changes in equity' to be presented separately from 'owner changes in equity' and the presentation of a statement of changes in equity as a primary statement. The information contained in this statement had previously been disclosed by the Group in a note to the Group Financial Statements. Entities can choose whether to present one performance statement (the statement of total comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Group has elected to present two statements, the Group Income Statement and Group Statement of Comprehensive Income (similar to the Group Statement of Recognised Income and Expense previously provided).

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

IFRS 3 (Revised), Business Combinations, introduces a number of changes to accounting for business combinations. These changes impact the amount of goodwill recognised, the reported results in the year an acquisition occurs and future reported results. The changes include, but are not limited to;

- valuation of more elements of the assets and liabilities acquired at fair value;
- expensing of transaction costs as incurred;
- recognition and measurement of contingent consideration; and
- changes in the valuation of any non-controlling interests in the acquired entity.

As the changes in IFRS 3 (Revised) are prospective, IFRS 3 continues to be applied to any acquisitions that occurred before the current financial year and these have not been restated. The main impact from the adoption of IFRS 3 (Revised) to the results in the current year is in relation to the expensing of transaction costs. Refer to note 2 for the total transaction costs relating to acquisitions expensed in the current year.

IFRS 7, Financial Instruments: Disclosures (Amended), expands the disclosure requirements for financial instruments, notably the classification of the fair value measurement of financial assets and liabilities in three levels. The adoption of the revised standard did not have any impact on the Group's result or financial position.

IFRS 8, Operating Segments, replaces IAS 14, Segment Reporting, and has been applied for the first time in the current financial year. The standard follows the approach that the externally reported segments should correspond to the information management uses in making decisions. This has not resulted in any changes to the basis of segmentation or to the basis of measurement of operating profit employed in compiling the Group Financial Statements in respect of the year ended 31 July 2010.

The remaining standards and interpretations adopted in the current year by the Group have had no significant impact on its consolidated results or financial position.

The following new standards and interpretations, issued by the IASB or the IFRS Interpretations Committee, have not yet become effective. The Group has not applied early adoption in relation to them.

Standard/Interpretation	Effective date	Planned implementation by ARYZTA
IFRS 9 – Financial Instruments	1 January 2013	Reporting year 2014
Amendment to IFRS 1 – First-time Adoption of IFRS	1 January 2010	Reporting year 2011
Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions	1 January 2010	Reporting year 2011
Amendment to IFRS 3 – Business Combinations	1 January 2011	Reporting year 2012
Amendment to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	1 January 2010	Reporting year 2011
Amendment to IFRS 7 – Financial Instruments: Disclosures	1 January 2011	Reporting year 2012
Amendment to IFRS 8 – Operating Segments	1 January 2010	Reporting year 2011
Amendment to IAS 1 – Presentation of Financial Statements	1 January 2010	Reporting year 2011
Amendment to IAS 7 – Statement of Cash Flows	1 January 2010	Reporting year 2011
Amendment to IAS 17 – Leases	1 January 2010	Reporting year 2011
Amendment to IAS 24 – Related Party Disclosures	1 January 2011	Reporting year 2012

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

Amendment to IAS 27 – Consolidated and Separate Financial Statements	1 January 2011	Reporting year 2012
Amendment to IAS 32 – Financial Instruments: Presentation - Classification of Rights Issues	1 February 2010	Reporting year 2011
Amendment to IAS 34 – Interim Financial Reporting	1 January 2011	Reporting year 2012
Amendment to IAS 36 – Impairment of Assets	1 January 2010	Reporting year 2011
Amendment to IAS 39 – Financial Instruments: Recognition and Measurement	1 January 2010	Reporting year 2011
Amendment to IFRIC 13 – Customer Loyalty Programmes	1 January 2011	Reporting year 2012
Amendment to IFRIC 14 – IAS 19, Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011	Reporting year 2012
IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments	1 July 2010	Reporting year 2011

The Group has undertaken an initial assessment of the potential impact of IFRS 9, Financial Instruments, and the amendments and interpretations of existing standards on its consolidated results and financial position. Based on this initial assessment, the Group does not currently believe that the adoption of this standard, or the remaining amendments and interpretation listed above would have a significant impact on the consolidated results or financial position of the Group.

Basis of preparation

The Group financial statements are prepared on a historical cost basis, except that the following assets and liabilities are stated at their fair value: equity investments held at fair value through other comprehensive income, investment properties, and derivative financial instruments. The financial statements are presented in euro, rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Further information on judgements and accounting estimates is set out in note 35 to these Group Financial Statements.

Basis of consolidation

The Group Financial Statements reflect the consolidation of the results, assets and liabilities of the parent undertaking, the Company and all of its subsidiaries, together with the Group's share of profits/losses of associates and joint ventures. Where a subsidiary, associate or joint venture is acquired or disposed of during the financial period, the Group financial statements include the attributable results from, or to, the effective date when control passes, or, in the case of associates, when significant influence is obtained.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

Subsidiary undertakings
Subsidiary undertakings are those entities over which the Group has the power to control the operating and financial policies, so as to obtain economic benefit from their activities. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to the period end. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Associates and joint ventures
Associates are those entities over which the Group has a significant influence, but not control of, the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Joint ventures are those entities over whose operating and financial policies the Group exercises control jointly, under a contractual agreement, with one or more parties. Investments in joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its associates and joint ventures is recognised in the income statement. The income statement reflects, in profit before tax, the Group's share of profit after tax of its associates and joint ventures in accordance with IAS 28, Investments in Associates, and IAS 31, Interests in Joint Ventures. The Group's interest in their net assets is included as investments in associates and joint ventures in the Group Balance Sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition, plus the Group's share of post-acquisition retained income and expenses, less dividends received. The Group's investment in associates and joint ventures includes goodwill on acquisition. The amounts included in these financial statements in respect of the post-acquisition profits or losses of associates and joint ventures are taken from their latest financial statements prepared up to their respective year ends together with management accounts for the intervening periods to the Group's period end. Where necessary for consolidation, the accounting policies of associates and joint ventures have been changed to ensure consistency with the policies adopted by the Group.

Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the Group Financial Statements. Unrealised gains and income and expenses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

Revenue recognition
Revenue represents the fair value of the sale of goods supplied to third parties, after deducting trade discounts, volume rebates, and exclusive of value-added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. This is generally deemed to occur following delivery to the end customer. Income from services supplied is recognised in proportion to the stage of completion at the balance sheet date. Financing income is recognised on an accruals basis, taking into consideration the sums lent and the actual interest rate applied.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

Segmental reporting

Management has determined the operating segments based on the reports regularly reviewed by the Group's Chief Operating Decision Maker (Chief Executive Officer) in making strategic decisions, allocating resources and assessing performance.

Following the acquisition of Fresh Start Bakeries and Great Kitchens in the current year, the Group renamed its 'Food Developing Markets' reporting segment as 'Food Rest of World'. The Group is now primarily organised into four main operating segments: Food Europe, Food North America, Food Rest of World and Origin. The Group's principal geographical segments are Europe, North America and Rest of World.

Food Europe has leading market positions in the speciality bakery market in Switzerland, Germany, the UK, Ireland, France, Spain, Sweden and Poland. In Europe, ARYZTA has a mixture of business-to-business and consumer brands, including: Hiestand, Fresh Start Bakeries, Cuisine de France, Delice de France and Coup de Pates. Food Europe has a diversified customer base within the foodservice and retail channels.

Food North America has leading positions in the speciality bakery market. It has a mixture of business-to-business and consumer brands, including: Fresh Start Bakeries, Otis Spunkmeyer, Great Kitchens and La Brea Bakery. Food North America has a diversified customer base within the foodservice and retail channels.

Food Rest of World consists of businesses in South America, Asia, Australia and New Zealand.

Origin is a leading agri-services company focused on integrated agronomy services, feed ingredients and fertilisers, with operations in Ireland, the UK, Norway, Poland and Ukraine.

Segment assets and liabilities consist of property, plant and equipment, goodwill and intangible assets and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated assets and liabilities principally include current and deferred income tax assets and liabilities, together with financial assets and liabilities.

Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the Chief Operating Decision Maker.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised, if the product or process is technically and commercially feasible, the attributable expenditure can be reliably measured, and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour or an appropriate proportion of overheads. Capitalised

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

development expenditure is stated at cost, less accumulated amortisation and impairment losses. Other development expenditure is recognised in the income statement as an expense as incurred.

Employee benefits

Pension obligations

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as the related employee service is received. The Group's net obligation in respect of defined benefit pension plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in the Group Statement of Comprehensive Income, net of related taxes. Current and past service costs are recognised in employee costs in the income statement. Interest on plan liabilities and expected return on assets are recognised in financial costs/income in the income statement.

Equity-settled compensation

As defined in IFRS 2, Share-based Payment, the fair value of equity instruments granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the equity instrument. The fair value of the equity instruments granted is measured using an approved model as appropriate, taking into account the terms and conditions under which the equity instruments were granted. The Group equity-settled compensation schemes and plans are subject to a non-market vesting condition and, therefore, the amount recognised as an expense is adjusted annually to reflect the actual number of equity instruments that are expected to vest.

Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax is recognised in equity or in other comprehensive income. Current income tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. 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 does not affect accounting or taxable profit or loss, it is not recognised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred income tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currency
Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the actual rates when the transactions occurred. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised directly in equity, in the foreign currency translation reserve.

Exchange gains or losses on long-term intra-group loans and on foreign currency borrowings used to finance or provide a hedge against Group equity investments in non-euro denominated operations, are taken to the translation reserve to the extent that they are neither planned nor expected to be repaid in the foreseeable future, or are expected to provide an effective hedge of the net investment. Any differences that have arisen since 1 August 2004, the date of transition to IFRS, are recognised in the foreign currency translation reserve and are recycled through the income statement on the repayment of the intra-group loan, or on disposal of the related business.

The principal euro foreign exchange currency rates used by the Group for the preparation of these financial statements are as follows:

Currency	Average 2010	Closing 2010	Average 2009	Closing 2009
CHF	1.4621	1.3616	1.5310	1.5247
USD	1.3811	1.3079	1.3643	1.4252
CAD	1.4494	1.3546	1.5932	1.5372
GBP	0.8776	0.8373	0.8615	0.8545

Dividends
Dividends are recognised in the period in which they are approved by the Company’s shareholders.

Property, plant and equipment
Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

All other expenditure, including repairs and maintenance costs, is recognised in the income statement as an expense as incurred.

Depreciation is calculated to write off the cost less estimated residual value of property, plant and equipment, other than freehold land and assets under construction, on a straight-line basis, by reference to the following estimated useful lives:

Buildings	25 to 50	years
Plant and machinery	3 to 15	years
Motor vehicles	3 to 7.5	years

The residual value of assets, if significant, and the useful life of assets is reassessed annually.

Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

Investment properties
Investment property, principally comprising land, is held for capital appreciation. Investment property is stated at fair value. The fair value is based on market value, being the estimated amount for which a property could be exchanged in an arm's length transaction. Any gain or loss arising from a change in fair value is recognised in the income statement. When property is transferred to investment property following a change in use, any difference arising at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised in equity if it is a gain. Upon disposal of the property, the gain would be transferred to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, would be recognised immediately in the income statement.

Leased assets
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 inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings. The interest element of the payments 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 asset acquired under the finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where 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 are charged to the income statement on a straight-line basis over the lease term.

Business combinations and goodwill
All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

of the Group's share of net identifiable assets acquired at the date of acquisition. Goodwill is stated at cost or deemed cost, less any accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment.

Intangible assets

Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These generally include brand and customer-related intangible assets. Computer software that is not an integral part of an item of computer hardware is also classified as an intangible asset. Where intangible assets are separately acquired, they are capitalised at cost.

Intangible assets with finite lives are amortised over the period of their expected useful lives in equal annual instalments, as follows;

Customer relationship	12 to 20	years
Brands	13 to 30	years
Patents and other	4 to 5	years
Computer-related intangibles	3 to 7	years

All intangible assets are stated at cost, less accumulated amortisation and impairment losses incurred. Cost comprises purchase price and other applicable directly attributable costs.

Impairment

The carrying amounts of the Group's assets, other than inventories (which are carried at the lower of cost and net realisable value), deferred tax assets (which are recognised based on recoverability), and those financial instruments which are carried at fair value, are reviewed to determine whether there is an indication of impairment when an event or transaction indicates that there may be. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount. Goodwill, intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. Impairment losses are recognised in the income statement. Goodwill is allocated to the various cash-generating units for the purposes of impairment testing. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

Inventory
Inventory is stated at the lower of cost on a first-in, first-out basis and net realisable value. Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand, less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Cash and cash equivalents
Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Share capital
Shares are classified as equity. Incremental costs and taxes directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial assets and liabilities
Trade and other receivables
Trade and other receivables are initially measured at fair value and are thereafter measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment is recognised in administration expenses when there is objective evidence that the Group will not be able to collect all amounts due, according to the original terms of the receivables.

Where risks associated with trade receivables are transferred out of the Group under receivables purchase arrangements, such receivables are derecognised from the balance sheet except to the extent of the Group's continued involvement through retention of the late payment risk.

Short-term bank deposits
Short-term bank deposits with an original maturity of three months or less, which do not meet the definition of cash and cash equivalents, are classified as loans and receivables within current assets and stated at amortised cost in the balance sheet.

Trade and other payables
Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method.

Derivatives
Forward currency contracts and interest rate swaps are marked to market using quoted market values.

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates, remeasured to their fair value. The gain or loss arising on remeasurement is recognised in the income statement, except where the instrument is a designated hedging instrument.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2010

Derivative financial instruments are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk through the use of forward currency contracts, interest rate swaps and futures contracts. These derivatives are generally designated as cash flow hedges in accordance with IAS 39, Financial Instruments: Recognition and Measurement. The Group does not enter into speculative derivative transactions.

Cash flow hedges
Subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, cash flow hedges are accounted for under hedge accounting rules. In such cases, any unrealised gain or loss arising on the effective portion of the derivative instrument is recognised in the cash flow hedge reserve, a separate component of equity. Unrealised gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction occurs the related gains or losses in the cash flow hedge reserve are transferred to the income statement.

Interest-bearing loans and borrowings
For interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is considered to approximate fair value for disclosure purposes. For loans with a repricing date of greater than six months, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using the effective interest rate method.

Finance lease liabilities
Fair value for disclosure purposes is based on the present value of future cash flows discounted at appropriate current market rates.

Government grants
Grants that compensate the Group for the cost of an asset are shown as deferred income and recognised in the Group Income Statement in instalments on a basis consistent with the depreciation policy of the relevant assets.

Other grants are credited to the income statement to offset the matching expenditure.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2010

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

Reclassifications and adjustments

Certain amounts in the 31 July 2009 financial statement notes have been reclassified or adjusted to conform to the 31 July 2010 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on total revenues, expenses, profit for the year, assets, liabilities or equity as previously reported.

Notes to the Group Financial Statements
for the year ended 31 July 2010

1 Segment information

1.1 Analysis by business segment

I) Segment revenue and result in Euro `000	Food Europe 2010	Food Europe 2009	Food North America 2010	Food North America 2009	Food Rest of World 2010	Food Rest of World 2009	Origin 2010	Origin 2009	Total Group 2010	Total Group 2009
Segment revenue[1]	**1,072,010**	1,137,230	**571,585**	555,110	**35,822**	20,414	**1,330,309**	1,499,516	**3,009,726**	3,212,270
Operating profit before non-recurring items[2]	**95,518**	101,893	**59,079**	57,771	**5,655**	2,060	**61,909**	72,408	**222,161**	234,132
Non-recurring items (note 2)	**118**	(22,738)	**(4,710)**	–	**–**	–	**31**	(134,437)	**(4,561)**	(157,175)
Operating profit	**95,636**	79,155	**54,369**	57,771	**5,655**	2,060	**61,940**	(62,029)	**217,600**	76,957
Share of profit after tax of associates and joint ventures	**–**	–	**19,923**	13,808	**118**	–	**11,572**	3,717	**31,613**	17,525
Profit before financing income and costs	**95,636**	79,155	**74,292**	71,579	**5,773**	2,060	**73,512**	(58,312)	**249,213**	94,482
Financing income[3]									**10,230**	7,055
Financing costs[3]									**(61,715)**	(57,707)
Profit before tax as reported in Group Income Statement									**197,728**	43,830

1 There are no significant intercompany revenues between the Group's food business segments. There was €6,756,000 (2009: €8,321,000) in intra-group revenue between the Origin and food segments of the Group.

2 Certain central executive and support costs have been allocated against the operating profits of each business segment.

3 Finance income/(costs) and income tax are managed on a centralised basis and therefore these items are not allocated between business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

II) Segment assets in Euro `000	Food Europe **2010**	2009	Food North America **2010**	2009	Food Rest of World **2010**	2009	Origin **2010**	2009	Total Group **2010**	2009
Segment assets excluding investments in associates and joint ventures	**1,716,751**	1,566,132	**1,387,060**	691,875	**243,862**	10,256	**521,498**	557,094	**3,869,171**	2,825,357
Investments in associates and joint ventures	**293**	–	**69,584**	55,720	**3,263**	–	**89,741**	83,631	**162,881**	139,351
Segment assets	**1,717,044**	1,566,132	**1,456,644**	747,595	**247,125**	10,256	**611,239**	640,725	**4,032,052**	2,964,708

Reconciliation to total assets as reported in Group Balance Sheet	2010	2009
Derivative financial instruments	**889**	599
Cash and cash equivalents	**394,587**	294,536
Deferred tax assets	**62,290**	27,053
Total assets as reported in Group Balance Sheet	**4,489,818**	3,286,896

III) Segment liabilities in Euro `000	Food Europe **2010**	2009	Food North America **2010**	2009	Food Rest of World **2010**	2009	Origin **2010**	2009	Total Group **2010**	2009
Segment liabilities	**290,001**	274,289	**175,808**	109,594	**17,544**	6,325	**293,657**	317,675	**777,010**	707,883

Reconciliation to total liabilities as reported in Group Balance Sheet	2010	2009
Interest-bearing loans and borrowings	**1,622,099**	953,792
Derivative financial instruments	**7,264**	13,076
Current and deferred tax liabilities	**409,595**	244,177
Total liabilities as reported in Group Balance Sheet	**2,815,968**	1,918,928

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

IV) Other segment information	Food Europe		Food North America		Food Rest of World		Origin		Total Group	
in Euro `000	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Depreciation	**45,324**	40,928	**14,057**	13,177	**982**	523	**6,525**	7,567	**66,888**	62,195
Amortisation of intangible assets	**35,609**	33,210	**11,533**	9,710	**308**	63	**3,914**	3,294	**51,364**	46,277
Fair value adjustment	**–**	–	**–**	–	**–**	–	**–**	134,543	**–**	134,543
Capital expenditure										
– Property, plant and equipment	**24,155**	66,063	**13,967**	11,331	**581**	615	**6,169**	5,854	**44,872**	83,863
– Computer-related intangibles	**6,076**	7,050	**11,074**	2,827	**30**	43	**1,062**	668	**18,242**	10,588
– Other intangibles	**–**	1,086	**–**	–	**–**	–	**160**	–	**160**	1,086
Total capital expenditure	**30,231**	74,199	**25,041**	14,158	**611**	658	**7,391**	6,522	**63,274**	95,537

1.2 Analysis by geographical segment

	Europe		North America		Rest of World		Total Group	
in Euro `000	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Segment revenue[1]	**2,402,319**	2,636,746	**571,585**	555,110	**35,822**	20,414	**3,009,726**	3,212,270
Segment assets	**2,328,283**	2,206,857	**1,456,644**	747,595	**247,125**	10,256	**4,032,052**	2,964,708
IFRS 8 non-current assets[2]	**1,820,547**	1,700,830	**1,346,701**	661,959	**225,802**	2,499	**3,393,050**	2,365,288

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 5.8% of total Group revenues (2009: 5.3%). Revenues from external customers attributed to material foreign countries are United States 19.0% (2009: 17.3%), Ireland 28.5% (2009: 31.2%) and the United Kingdom 23.6% (2009: 25.4%). For the purposes of this analysis, customer revenues are allocated based on geographic location of vendor.

As is common in this industry, the Group has a large number of customers, and there is no single customer with a share of revenue greater than 10% of total Group revenue.

2 Non-current assets as reported under IFRS 8, Operating Segments, include all non-current assets as presented in the Group Balance Sheet, with the exception of deferred taxes. Non-current assets attributed to the Group's country of domicile, Switzerland, are 4.9% of total Group non-current assets (2009: 6.6%). Non-current assets attributed to material foreign countries are: United States 39.7% (2009: 28.0%), Ireland 14.9% (2009: 22.2%) and the United Kingdom 6.9% (2009: 9.9%).

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

2 Fair value adjustments, acquisition and merger costs and other income and expenses

in Euro `000	Notes	2010	2009
Fair value adjustment			
Fair value adjustment to investment properties	2.1	–	134,543
Acquisition and merger costs			
Share-based payments	2.2	–	20,517
Bank facilities	2.3	–	2,221
Acquisition related costs	2.4	**4,643**	–
		4,643	22,738
Other (income)/expenses			
Gain on disposal of operations	2.5	–	(5,562)
Gain on sale of property, plant and equipment		**(82)**	(1,189)
Costs associated with the closure of the Cork flour mill		–	6,645
		(82)	(106)
Total		**4,561**	157,175

2.1 Investment properties – fair value adjustment

The directors have reviewed the carrying amount of investment properties as at 31 July 2010 and are satisfied that there has been no change to the valuation during the financial year.

In the prior year, there was a fair value adjustment to the investment property held by Origin Enterprises, plc (the Group's 71.4% owned subsidiary and separately listed company) which principally comprises 32 acres (13 hectares) of development land located close to the centre of Ireland's second largest city, Cork, in its South Docklands area. The area has long been associated with Origin's port activities. More recently, the Group had been considering an overall redevelopment of the area and in 2007 (the year of the Origin IPO) revalued and transferred the property to investment property.

In 2009, the Irish property market deteriorated due to unprecedented combinations of negative economic factors affecting the Irish economy. The deteriorating market conditions had a particular impact on the values of Irish land and development properties, which led to a significant fall in value. The pre-2009 fair value would have included a significant value attributed to the redevelopment opportunity of this land, which was substantially reduced in the prior year.

In accordance with its accounting policy of carrying investment property at fair value, the Group commissioned Savills, independent qualified valuation experts, to conduct a valuation of the Group's investment properties in June 2009. The valuation was on the basis of market value and complies with the requirements of the Valuation and Appraisal Standards issued under the auspices of the Society of Chartered Surveyors. For this purpose, market value was defined by the independent valuation experts as the estimated amount for which the property should exchange on the date of valuation between a

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value was estimated based on considerations regarding the Irish economy, the local property market, the property-related development plan and its challenges, planning permissions received to date and a property analysis (strengths and weaknesses, trends and saleability) rather than based on other factors or assumptions. In particular, the valuation expert reflected the impact of the lack of liquidity in the market and based his assessment on the assumption that no forced sale was required, as it may have been very difficult to achieve a successful sale of these assets in the short term. The valuation expert also referred to the valuation uncertainty which may lead to heightened price volatility, due to the combination of the above-mentioned factors that are contributing to a very difficult trading environment in the property market.

Against the background of conditions in the Irish property market, and the general economic environment in Ireland, this resulted in an impairment loss to the carrying value of investment properties of €134,543,000 in financial year 2009.

2.2 Merger costs - share-based payment

The merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted IAWS share awards. This resulted in an accelerated share-based payment charge of €20,517,000 of which €18,115,000 related to equity-settled schemes and €2,402,000 related to cash-settled schemes, for which the up front cash payments were made in previous periods. A related deferred tax credit of €218,000 has been reflected within the 2009 taxation charge. Net of deferred tax the amount is €20,299,000.

2.3 Merger costs – banking facilities

As a result of creating ARYZTA, new banking facilities were negotiated by the enlarged Group. This resulted in the extinguishment of redundant IAWS facilities whose related unamortised facility costs of €2,221,000 were expensed to the income statement.

2.4 Acquisition related costs

Included here are transaction costs directly relating to the acquisition of Fresh Start Bakeries and Great Kitchens during the year totalling €4,643,000. These costs include due diligence and other professional service fees. Since the adoption of IFRS 3 (Revised), Business Combinations, these costs no longer form part of the acquisition consideration and are expensed through the income statement.

There were also banking costs relating to the financing of these acquisitions totalling €6,515,000 which were booked against interest-bearing borrowings in the balance sheet. This results in total transaction related costs of €11,158,000 for the acquisitions of Fresh Start Bakeries and Great Kitchens. Details relating to both these acquisitions are set out in note 29.

2.5 Gain on disposal of operations

On 26 September 2008, the Group disposed of the non-core US-based McCann's Oatmeal brand and related goodwill for a net cash consideration of €6,837,000.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

On 3 February 2009, the Group transferred its 100% shareholding in United Fish Industries Limited and United Fish Industries (UK) Limited together with a cash consideration of €16,000,000 for a 50% shareholding in the enlarged Welcon Invest AS ("Welcon") business. The net assets of the business transferred on this date amounted to €19,822,000. The Group's 50% shareholding in Welcon is treated as a joint venture and is accounted for using the equity method of accounting in accordance with IAS 31, Interests in Joint Ventures, as from 3 February 2009.

A total gain of €5,562,000 arose on both these transactions.

3 Financing income and costs

in Euro `000	2010	2009
Financing income		
Interest income	**(1,112)**	(1,924)
Defined benefit plan: expected return on plan assets (note 25)	**(4,439)**	(5,131)
Foreign exchange gain realised on settlement of quasi-equity intercompany loans[1]	**(4,679)**	–
Total financing income recognised in income statement	**(10,230)**	(7,055)
Financing costs		
Interest cost on bank loans and overdrafts	**55,531**	49,061
Interest cost under finance leases	**186**	270
Defined benefit plan: interest cost on plan liabilities (note 25)	**5,407**	5,850
Interest cost on deferred consideration (note 19)	**591**	2,526
Total financing costs recognised in income statement	**61,715**	57,707
Effective portion of changes in fair value of interest rate swaps[2]	**(3,205)**	11,972
Fair value of interest rate swaps transferred to income statement[2]	**283**	(862)
Total financing (income)/expense recognised directly in other comprehensive income	**(2,922)**	11,110

1 During the year, as part of the refinancing of the Food Group loan facilities and the extinguishment of certain previous loan facilities, a number of long-term (quasi-equity) intercompany loans were settled.

2 No unrealised gains or losses on any ineffective portion of derivatives have been recognised in the income statement.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

4 Other information

Group revenue categories

Group revenue relates primarily to sale of products.

Group operating profit after charging/(crediting) the following amounts

in Euro `000	2010	2009
Depreciation of property, plant and equipment (note 12)		
– owned assets	**65,747**	60,908
– leased assets	**1,141**	1,287
	66,888	62,195

Raw materials and consumables used	**1,887,019**	2,061,822
Employment costs	**411,781**	431,971
Amortisation of intangible assets	**51,364**	46,277
Recognition of deferred income from government grants	**(2,994)**	(2,026)
Operating lease rentals		
– plant and machinery	**5,560**	6,745
– other	**32,926**	30,226
Total operating lease rentals	**38,486**	36,971
– Food Group operating lease rentals	**32,704**	32,378
– Origin operating lease rentals	**5,782**	4,593
Research and development expenditure - Food Group	**3,342**	3,445
Research and development expenditure - Origin	**1,914**	1,862
Auditor's remuneration for audit services	**1,787**	2,200
Auditor's remuneration for non-audit services	**3,164**	3,655

5 Directors' emoluments

Directors' emoluments are disclosed in note 10 of the ARYZTA Company Financial Statements 2010.

6 Group share of associates and joint ventures profit, after tax

Joint ventures

in Euro `000	2010	2009
Group share of:		
Revenue[1]	**136,117**	89,419
Profit, after tax[1]	**29,729**	16,193

Associates

in Euro `000		
Group share of:		
Revenue	**117,573**	122,496
Profit, after tax	**1,884**	1,332

Share of profit after tax of associates and joint ventures	**31,613**	17,525

1 Revenue and profit after tax contribution for CillRyan's, a significant joint venture, is €64.9 million and €19.9 million respectively, which represents ARYZTA's 50% share.

Notes to the Group Financial Statements (continued)
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7 Employment

Average number of persons employed by the Group during the year	2010	2009
Sales and distribution	**3,809**	3,780
Production	**4,450**	4,382
Management and administration	**1,091**	1,182
	9,350	9,344

Aggregate employment costs of the Group in Euro `000	2010	2009
Wages and salaries	**359,447**	363,255
Social welfare costs	**40,037**	35,497
Pension costs (note 25)	**9,979**	11,361
Share-based payments (note 8)	**2,318**	21,858
	411,781	431,971

8 Share-based payments

The Group has outstanding grants of equity-based incentives under the following plans:

- The ARYZTA Long-Term Incentive Plans ("ARYZTA LTIPs"), consisting of:
  > ARYZTA Matching Scheme LTIP
  > ARYZTA Option Equivalent LTIP
- The Origin Enterprises Long-Term Incentive Plan ("the Origin Plan").

The total expense reported in the Group Income Statement in the current period in relation to equity settled share-based payments is €2,318,000. The total expense reported in the prior year was €21,858,000 which included an early vesting charge of €18,115,000 detailed below and an existing scheme share-based payment charge of €3,743,000.

As set out in note 2.2 of these Group Financial Statements, in 2009 the merger between IAWS and Hiestand triggered the vesting of all previously granted IAWS share awards (see notes 8.4, 8.5 and 8.6). This resulted in an accelerated share-based payment charge in 2009 of €20,517,000, of which €18,115,000 related to equity-settled schemes and €2,402,000 related to cash-settled schemes, for which the up front cash payments were made in previous periods.

8.1 ARYZTA Matching Scheme LTIP

Equity entitlements issued	Weighted conversion price 2010 in CHF	Number of equity entitlements 2010	Weighted conversion price 2009 in CHF	Number of equity entitlements 2009
Outstanding at beginning of year	**0.02**	**1,035,000**	–	–
Forfeited during the year	**0.02**	**(60,000)**	–	–
Issued during the year[1]	–	–	0.02	1,035,000
Outstanding at the end of year	**0.02**	**975,000**	0.02	1,035,000
Vested at end of year	–	–	–	–

1 No equity entitlements under the matching scheme were awarded in 2010. During 2009, employees were granted 1,035,000 equity entitlements in the Company under the Matching Scheme LTIP. All equity entitlements granted have a life of ten years from grant date.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Equity entitlements outstanding	Conversion price in CHF	Number of equity entitlements 2010	Actual remaining life (years) 2010
Equity entitlements by conversion price	0.02	**975,000**	**8**
Total outstanding as at 31 July	0.02	**975,000**	**8**

Scheme description

The equity instruments granted under the ARYZTA Matching Scheme LTIP are equity-settled share-based payments as defined in IFRS 2, Share-based Payment.

During 2010, the Company made no new awards under the Matching Scheme LTIP. Participants with Matching Scheme Awards have the prospect of receiving up to three shares for each recognised qualifying interest held throughout the performance period. Vesting is determined by reference to underlying fully diluted EPS growth. Compound growth in underlying fully diluted EPS in any three consecutive financial years ending after 31 July 2008 must exceed 10%, with vesting accruing as per the following table:

Underlying fully diluted EPS compound growth	Multiple (qualifying investment shares)
15% or more	3
>12.5% < 15%	2
10% to 12.4%	1
< 10%	0

Awards under the Matching Scheme are subject to additional conditions, including notably: (a) the requirement to remain in service throughout the performance period; (b) the requirement to hold recognised qualifying interests throughout the performance period; and (c) the requirement that ARYZTA's return on invested capital over the expected performance period is not less than its weighted average cost of capital.

The fair value assigned to equity entitlements issued under the ARYZTA Matching Scheme LTIP represents the full value of an ordinary share on the date of grant adjusted for the estimated lost dividends between date of issue and vesting date and the nominal value of the share.

The costs of the Matching Awards under the LTIP are charged to the income statement over the estimated vesting period. Each year an assessment is made as to the probability of the number of scheme participants who will fulfil the vesting conditions, what multiple of qualifying investment shares will be met and the period over which they will vest. The total estimated charge over the vesting period is €17,097,000 (CHF 24,998,000) of which €2,920,000 (CHF 4,437,000) has been charged to date.

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8.2 ARYZTA Option Equivalent Scheme LTIP

Equity entitlements granted and outstanding	Weighted conversion price 2010 in CHF	Number of equity entitlements 2010
Option equivalents outstanding at beginning of year	–	–
Issued during the year	**37.23**	**1,200,000**
Option equivalents outstanding at end of year	**37.23**	**1,200,000**
Exercisable at end of year	–	–

1 During 2010, employees were granted 1,200,000 share option equivalents in the Company under the share option equivalent scheme. All share option equivalents granted have a contractual life of ten years from grant date.

Scheme description

The equity instruments granted under the ARYZTA Option Equivalent LTIP are equity-settled share-based payments as defined in IFRS 2, Share-based Payment. The vesting of the share option equivalents granted is conditional on the growth rate in underlying fully diluted EPS in any three consecutive accounting periods exceeding the growth in the Eurozone Core Consumer Price Index plus 5%. In addition, the return on invested capital over the relevant three-year performance period must not be less than the weighted average cost of capital of the Group, and the individual must be in on-going employment.

The Group has no legal or constructive obligation to repurchase or settle the equity option equivalents in cash. The costs of the Option Equivalent Scheme LTIP are charged to the income statement over the expected vesting period from grant date.

The weighted average fair value assigned to share option equivalents granted under the ARYZTA Option Equivalent Scheme LTIP was determined using the Black-Scholes valuation model. The significant inputs into the model were the price of the shares as at the grant date, an expected option life of 4.75 years, expected share price volatility of 28.25%, the exercise price of CHF 37.23, the expected dividend yield of 1.5%, and the risk-free rate of 1.1%. The volatility, measured at the standard deviation of continuously compounded share returns, is based on statistical analysis of monthly share prices of a peer group over the period of 4.75 years.

None of these equity entitlements have vested at the end of the year.

8.3 The Origin Long-Term Incentive Plan (the 'Origin Plan')

Participation in the Origin Plan is available only to employees of Origin and is specifically not available to ARYZTA executives, officers or employees.

Origin Plan – ordinary share awards

Under the terms of the Origin Plan, 4,682,134 ordinary shares were issued to senior executives of Origin during the year ended 31 July 2007. As the consideration paid for these shares equalled their fair value, no additional share-based compensation charge was recorded under IFRS 2, Share-based Payment. To retain the ordinary shares issued under the terms of the Origin Plan, the senior executives must remain with Origin Enterprises plc for five years and financial and business targets must be achieved. If a senior executive leaves before the five year period or the financial and business targets

Notes to the Group Financial Statements (continued)
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are not achieved, the ordinary shares issued under the terms of the Origin Plan may be reacquired by Origin at the lower of the amount paid for the shares and the then fair market value of the shares.

Origin Plan – awards of other equity entitlements

Under the terms of the Origin Plan, senior executive employees of Origin are also issued equity entitlements of €0.01 in Origin Enterprises plc at par value, which will be converted on a one-to-one basis into ordinary shares in Origin after the expiration of five years. The conversion will occur only if specified EPS targets are achieved and the employee remains in employment.

Details of equity entitlements granted under the Origin Plan	Weighted conversion price 2010 in Euro	Number of equity entitlements 2010	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009
Equity entitlements outstanding at beginning of year	**0.01**	**5,555,270**	0.01	5,555,270
Issued during the year	–	–	–	–
Equity entitlements outstanding at end of year	**0.01**	**5,555,270**	0.01	5,555,270
Vested at end of year	–	–	–	–

The equity entitlements issued under the Origin plan are equity-settled share-based payments as defined in IFRS 2, Share-based Payment.

The weighted average fair value assigned to equity entitlements issued under the Origin Plan represents the fair value of an ordinary share on the date of grant adjusted for the lost dividends between date of issue and vesting date.

None of these equity entitlements have vested at the end of the year.

8.4 The 1997 Share Option Scheme

The merger of IAWS and Hiestand on 21 August 2008 triggered the vesting of all previously granted options under this scheme.

The measurement requirements of IFRS 2, Share-based Payment, had been implemented in respect of share options that were granted after 7 November 2002 under this scheme, that had not vested at the date of transition of the Company to IFRS (1 August 2005).

Details of options granted under the share option scheme	Weighted conversion price 2010 in Euro	Number of equity entitlements 2010	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009
Options outstanding at beginning of year	–	–	12.07	3,669,300
Vested and exercised on merger[1]	–	–	12.07	(3,669,300)
Options outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

1 As set out in note 2.2 of these Group Financial Statements, the merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted share awards under the 1997 Share Option Scheme.

Notes to the Group Financial Statements (continued)
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8.5 The Employee Equity Participation Scheme ('EEPS')

The merger of IAWS and Hiestand on 21 August 2008 triggered the vesting of all previously granted equity entitlements under this scheme.

The measurement requirements of IFRS 2, Share-based Payment, had been implemented in respect of the equity entitlements granted under this scheme.

Details of options granted under the share option scheme	Weighted conversion price 2010 in Euro	Number of equity entitlements 2010	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009
Options outstanding at beginning of year	–	–	15.65	2,230,000
Vested and exercised on merger[1]	–	–	15.65	(2,230,000)
Options outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

1 As set out in note 2.2 of these Group Financial Statements, the merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted EEPS equity entitlements.

8.6 The Executive Co-Investment Scheme ('ECIS' or 'Matching Scheme')

The merger of IAWS and Hiestand on 21 August 2008 triggered the vesting of all previously granted equity entitlements under this scheme.

The measurement requirements of IFRS 2, Share-based Payment, had been implemented in respect of the equity entitlements granted under this scheme.

Details of options granted under the share option scheme	Weighted conversion price 2010 in Euro	Number of equity entitlements 2010	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009
Options outstanding at beginning of year	–	–	0.30	1,350,000
Vested and exercised on merger[1]	–	–	0.30	(1,350,000)
Options outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–

1 As set out in note 2.2 of these Group Financial Statements, the merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted ECIS equity entitlements.

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9 Income tax

Income tax expense

in Euro `000	2010	2009
Current tax charge	**40,522**	26,630
Deferred tax credit (note 24)	**(10,883)**	(23,777)
Income tax expense[1]	**29,639**	2,853

Reconciliation of average effective tax rate to applicable tax rate

in Euro `000	2010	2009
Profit before tax	**197,728**	43,830
Less share of profits after tax of associates and joint ventures	**(31,613)**	(17,525)
	166,115	26,305
Income tax on profits for the year at 21.2% (2009: 21.2%)[2]	**35,216**	5,577
Expenses not deductible for tax purposes	**6,766**	6,635
Income subject to lower rates of tax	**(8,123)**	(9,437)
Change in estimates and other prior year adjustments:		
– Current tax[3]	**(2,353)**	(3,085)
– Deferred tax[3]	**(2,338)**	2,569
Unutilised tax losses	**471**	594
Income tax expense	**29,639**	2,853

Movement recognised directly in other comprehensive income	2010	2009
Effect of capital gains tax rate change in Ireland	**–**	7,035
Relating to Group employee benefit plans actuarial gains/(losses)	**(563)**	(817)
Derivative financial instruments	**990**	(1,314)
	427	4,904

1 The increase in the tax charge during the year relates primarily to the impact of the fair value adjustment on investment properties in financial year 2009.
2 21.2% is the standard rate of income tax applicable to trading profits in Zurich, Switzerland.
3 The reduction in the tax charge in the current year, due to changes in estimates and other prior-year adjustments, relates primarily to the realisation of tax deductions within the Group which were previously expected to be permanent differences.

10 Dividends

At the 2 December 2010 General Meeting, shareholders will be invited to approve a proposed dividend of CHF 0.4802 (euro equivalent €0.3660) per share to be paid to shareholders after the balance sheet date. A dividend of CHF 0.5324 was paid during the period (2009: no dividend paid during the period).

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11 Earnings per share

Basic earnings per share	2010 in Euro `000	2009 in Euro `000
Profit for year attributable to equity shareholders	**151,729**	54,010

Weighted average number of ordinary shares	`000	`000
Issued ordinary shares at 1 August[1]	**78,946**	63,669
Effect of shares issued during the year	**498**	14,758
Weighted average number of ordinary shares for the year	**79,444**	78,427
Basic earnings per share	**190.99 cent**	68.87 cent

Diluted earnings per share	2010 in Euro `000	2009 in Euro `000
Profit for year attributable to equity shareholders	**151,729**	54,010
Effect on non-controlling interests share of profits due to dilutive impact of Origin management equity entitlements[2]	**(1,187)**	–
Diluted profit for financial year attributable to equity shareholders	**150,542**	54,010

Weighted average number of ordinary shares (diluted)	`000	`000
Weighted average number of ordinary shares used in basic calculation	**79,444**	78,427
Effect of equity instruments with a dilutive effect	**–**	200
Weighted average number of ordinary shares (diluted) for the year	**79,444**	78,627
Diluted earnings per share	**189.49 cent**	68.69 cent

1 Issued share capital excludes 2,234,359 treasury shares issued during the financial year 2009.
2 This adjustment reflects the dilutive impact of equity entitlements granted to Origin senior management under the Origin Long-Term Incentive Plan as detailed in note 8.3 of these Group Financial Statements. These equity entitlements dilute the Group's share of Origin profits available as part of its diluted earnings per share calculation.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

12 Property, plant and equipment

31 July 2010 in Euro `000	Land and buildings	Plant and machinery	Motor vehicles	Assets under construction	Total
Cost					
At 1 August 2009	374,546	529,302	20,589	–	924,437
Additions	14,877	24,583	1,430	3,982	44,872
Arising on business combination (note 29)	94,097	143,468	178	8,635	246,378
Transfer from investment properties (note 13)	43,212	–	–	–	43,212
Disposals	(1,103)	(23,636)	(3,378)	–	(28,117)
Translation adjustments	4,205	19,434	(764)	24	22,899
At 31 July 2010	**529,834**	**693,151**	**18,055**	**12,641**	**1,253,681**
Accumulated depreciation					
At 1 August 2009	41,857	209,331	8,717	–	259,905
Depreciation charge for year	9,991	52,363	4,534	–	66,888
Disposals	(129)	(23,199)	(3,117)	–	(26,445)
Translation adjustments	(1,530)	10,317	(554)	–	8,233
At 31 July 2010	**50,189**	**248,812**	**9,580**	**–**	**308,581**
Net book amounts					
At 31 July 2010	**479,645**	**444,339**	**8,475**	**12,641**	**945,100**
At 31 July 2009	332,689	319,971	11,872	–	664,532

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31 July 2009 in Euro `000	Land and buildings	Plant and machinery	Motor vehicles	Assets under construction	Total
Cost					
At 1 August 2008	180,963	395,577	12,247	154,488	743,275
Additions	4,345	35,512	1,983	42,023	83,863
Transfer from assets under construction	120,357	76,154	–	(196,511)	–
Arising on business combination (note 29)	91,181	85,429	12,727	–	189,337
Disposals	(10,538)	(63,378)	(4,539)	–	(78,455)
Translation adjustments	(11,762)	8	(1,829)	–	(13,583)
At 31 July 2009	**374,546**	**529,302**	**20,589**	**–**	**924,437**
Accumulated depreciation					
At 1 August 2008	37,342	214,479	8,463	–	260,284
Depreciation charge for year	9,580	47,782	4,833	–	62,195
Disposals	(2,767)	(49,621)	(3,800)	–	(56,188)
Translation adjustments	(2,298)	(3,309)	(779)	–	(6,386)
At 31 July 2009	**41,857**	**209,331**	**8,717**	**–**	**259,905**
Net book amounts					
At 31 July 2009	**332,689**	**319,971**	**11,872**	**–**	**664,532**
At 31 July 2008	143,621	181,098	3,784	154,488	482,991

Assets held under finance leases

The net book value in respect of assets held under finance leases and accordingly capitalised in property, plant and equipment is as follows:

in Euro `000	Buildings	Plant and machinery	Motor vehicles	Total
At 31 July 2010	**6**	**3,782**	**507**	**4,295**
At 31 July 2009	–	3,857	942	4,799

Future purchase commitments at 31 July for property, plant and equipment

in Euro `000	2010	2009
Contracted, but not provided for in the financial statements	**7,720**	7,474
Authorised by the directors, but not contracted for	**8,337**	8,687
	16,057	16,161

Notes to the Group Financial Statements (continued)
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13 Investment properties

in Euro `000	2010	2009
Balance at 1 August	**62,975**	192,418
Fair value adjustment	**–**	(134,543)
Arising on business combination (note 29)	**–**	3,747
Development costs	**715**	1,339
Transfer to property, plant and equipment (note 12)	**(43,212)**	–
Translation adjustment	**170**	14
Balance at 31 July	**20,648**	62,975

Investment property principally comprises development land owned by Origin Enterprises plc and located in Ireland in areas destined for future development and regeneration. The total value of the investment properties owned by the Food Group is €4,646,000. Rental income from these properties is negligible from a Group perspective and is not disclosed separately.

Development costs capitalised relates to various works carried out on development land and buildings held as investment properties.

During the current year, Origin Enterprises, plc, reassessed its strategy and transferred a number of properties to property, plant and equipment at their carrying value as these properties will be used in the business in the medium term. The directors have reviewed the carrying amount of investment properties as at 31 July 2010 and are satisfied that there has been no change to the valuation during the financial year.

In 2009, the Irish property market deteriorated due to unprecedented combinations of negative economic factors affecting the Irish economy. The deteriorating market conditions particularly impacted the values of Irish land and development properties, which saw a significant fall in value. The fair value in previous years would have included a significant value attributed to the redevelopment opportunity of this land, which was substantially reduced in 2009.

In accordance with its accounting policy of carrying investment property at fair value, the Group commissioned Savills, independent qualified valuation experts, to conduct a valuation of the Group's investment properties in June 2009. The valuation was on the basis of market value and complies with the requirements of the Valuation and Appraisal Standards issued under the auspices of the Society of Chartered Surveyors. For this purpose, market value was defined by the independent valuation experts as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair value was estimated based on considerations regarding the Irish economy, the local property market, the property-related development plan and its challenges, planning permissions received to date and a property analysis (strengths and weaknesses, trends and saleability) rather than based on other factors or assumptions. In particular, the valuation expert reflected the impact of the lack of liquidity in the market and based his assessment on the assumption that no forced sale is required as it may be very difficult to achieve a successful sale of these assets in the short term. The valuation expert

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also referred to the valuation uncertainty which may lead to heightened price volatility due to the combination of the above-mentioned factors that are contributing to a very difficult trading environment in the property market.

Against the background of current conditions in the Irish property market, and the general economic environment in Ireland, this resulted in an impairment loss to the carrying value of investment properties of €134,543,000 in financial year 2009.

14 Goodwill and intangible assets

31 July 2010 in Euro `000	Goodwill	Customer relationships	Brands	Computer-related	SAP-related intangibles	Patents and other	Total
Cost							
At 1 August 2009	969,414	328,763	255,169	32,246	7,581	8,904	1,602,077
Arising on business combination (note 29)	329,950	373,477	8,062	974	2,411	6,152	721,026
Additions	–	160	–	1,329	16,913	–	18,402
Other[1] (note 19)	(6,474)	–	–	–	–	–	(6,474)
Translation adjustments	57,467	14,658	19,128	1,227	559	(189)	92,850
At 31 July 2010	**1,350,357**	**717,058**	**282,359**	**35,776**	**27,464**	**14,867**	**2,427,881**
Accumulated amortisation							
At 1 August 2009	–	46,855	31,534	24,756	–	502	103,647
Amortisation	–	32,037	14,785	3,716	634	192	51,364
Translation adjustments	–	5,174	2,337	896	27	15	8,449
At 31 July 2010	**–**	**84,066**	**48,656**	**29,368**	**661**	**709**	**163,460**
Net book amounts							
At 31 July 2010	**1,350,357**	**632,992**	**233,703**	**6,408**	**26,803**	**14,158**	**2,264,421**
At 31 July 2009	969,414	281,908	223,635	7,490	7,581	8,402	1,498,430

1 Other is comprised of adjustments made to goodwill arising out of reductions to the expected deferred consideration payable on acquisitions prior to the implementation of IFRS 3 (Revised), Business Combinations.

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31 July 2009 in Euro `000	Goodwill	Customer relationships	Brands	Computer-related	SAP-related intangibles	Patents and other	Total
Cost							
At 1 August 2008	558,634	160,747	136,848	30,530	–	7,874	894,633
Arising on business combination (note 29)	360,031	160,227	114,741	1,208	–	–	636,207
Additions	–	–	–	2,915	7,673	1,086	11,674
Disposals	(1,520)	(2,400)	(2,400)	(2,984)	–	–	(9,304)
Other	376	–	–	–	–	–	376
Translation adjustments	51,893	10,189	5,980	577	(92)	(56)	68,491
At 31 July 2009	**969,414**	**328,763**	**255,169**	**32,246**	**7,581**	**8,904**	**1,602,077**
Accumulated amortisation							
At 1 August 2008	–	18,694	17,052	22,973	–	87	58,806
Amortisation	–	27,519	14,364	3,974	–	420	46,277
Disposals	–	(80)	(160)	(2,895)	–	–	(3,135)
Translation adjustments	–	722	278	704	–	(5)	1,699
At 31 July 2009	**–**	**46,855**	**31,534**	**24,756**	**–**	**502**	**103,647**
Net book amounts							
At 31 July 2009	**969,414**	**281,908**	**223,635**	**7,490**	**7,581**	**8,402**	**1,498,430**
At 31 July 2008	558,634	142,053	119,796	7,557	–	7,787	835,827

Notes to the Group Financial Statements (continued) for the year ended 31 July 2010

Impairment testing on goodwill

Goodwill acquired through business combinations has been allocated at acquisition to the appropriate cash-generating units that are expected to benefit from the business combination. The carrying amount of goodwill allocated to cash-generating units across the Group is summarised as follows:

in Euro `000	**Pre-tax discount rate 2010**	Pre-tax discount rate 2009	**Projection period**	**Growth rate**	**2010**	2009
Hiestand	**7.4%**	9.2%	**3 years**	**2%**	**407,773**	365,046
Otis Spunkmeyer Inc.	**9.5%**	10.6%	**3 years**	**2%**	**289,270**	265,461
Groupe Hubert	**9.8%**	11.7%	**3 years**	**2%**	**110,203**	111,822
Masstock Group Holdings Limited	**9.9%**	11.9%	**3 years**	**2%**	**50,538**	49,521
La Brea Bakery	**9.5%**	10.6%	**3 years**	**2%**	**55,759**	51,170
Fresh Start Bakeries[1]	–	–	–	–	**236,548**	–
Great Kitchens[1]	–	–	–	–	**78,009**	–
Other[2]	–	–	–	–	**122,257**	126,394
					1,350,357	969,414
Goodwill arising on investments in JVs and associates					**22,352**	21,980

1 The goodwill associated with the acquisitions of Fresh Start Bakeries and Great Kitchens is based on provisional allocations. There have been no indications of impairment associated with these businesses since the respective acquisition dates, which occurred during the final quarter of the fiscal year; therefore, no annual impairment testing has been performed related to these provisional goodwill amounts.

2 Other is comprised of goodwill in a number of cash-generating units which are individually insignificant.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment losses have been recognised in respect of the Group's cash-generating units in the years ended 31 July 2010 and 31 July 2009.

The recoverable amounts of cash-generating units are based on value-in-use calculations. Those calculations use cash flow projections based on expected future operating results and related cash flows. These projections are based on current operating results of the individual cash-generating units and an assumption regarding future organic growth. For the purposes of the calculation of value in use, the cash flows are projected over a three year period, with additional cash flows in subsequent years calculated using a terminal value methodology.

The cash flows are discounted using appropriate risk-adjusted discount rates as disclosed in the table above. The weighted average of those rates is 8.6% (2009: 10.2%), reflecting the risk associated with the individual future cash flows and the risk-free rate. Any significant adverse change in the expected future operational results and cash flows may result in the value in use being less than the carrying amount of a cash-generating unit and would require that the carrying amount of the cash-generating unit be impaired and stated at the greater of the value in use or the recoverable amount of the

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business unit. However, the results of the impairment testing undertaken at 31 July 2010 provide sufficient headroom such that any reasonable movement in any of the underlying assumptions would not give rise to an impairment charge. Reducing the future growth rate to 0% does not give rise to an impairment. The overall weighted average cost of capital of the Group pre-tax is 8.1% (2009: 9.4%) and post-tax is 6.5% (2009: 7.6%).

The term of the discounted cash flow model is a significant factor in determining the fair value of the cash-generating units. The term has been arrived at by taking account of the Group's strong financial position, its established history of earnings growth and cash flow generation and its proven ability to pursue and integrate value-enhancing acquisitions.

Key assumptions include management's estimates of future profitability and maintenance capital expenditure requirements.

The goodwill included within the carrying amount of investments in associates and joint ventures is subject to impairment testing when an indicator of impairment arises.

Notes to the Group Financial Statements (continued)
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15 Investments in associates and joint ventures

31 July 2010 in Euro `000	Notes	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2009		36,831	102,520	139,351
Share of profits, after tax		1,884	29,729	31,613
Contributions to existing associates and JVs		1,252	1,800	3,052
Arising on business combinations	29	–	4,747	4,747
Dividends received		(2,123)	(20,242)	(22,365)
Losses recognised through other comprehensive income		(413)	(1,287)	(1,700)
Translation adjustments		338	7,845	8,183
At 31 July 2010		**37,769**	**125,112**	**162,881**
31 July 2009 in Euro `000				
At 1 August 2008		120,074	58,057	178,131
Share of profits, after tax		1,332	16,193	17,525
Additions	15.1	7,013	45,991	53,004
Associate becoming a subsidiary	15.2	(87,266)	–	(87,266)
Dividends received		(1,986)	(21,018)	(23,004)
(Losses)/gains recognised through other comprehensive income		(1,326)	704	(622)
Translation adjustments		(1,010)	2,593	1,583
At 31 July 2009		**36,831**	**102,520**	**139,351**

15.1 2009 additions

On 3 February 2009, the Group transferred its 100 % shareholding in United Fish Industries and United Fish Industries (UK) together with cash consideration of €16,000,000 for a 50 % shareholding in the enlarged Welcon business. The net assets of the business, transferred on 3 February 2009, amounted to € 19,822,000 and the Group's shareholding is treated as a joint venture and is accounted for using the equity method of accounting. A breakdown of the carrying amount is presented in the following table:

in Euro `000	Total
Net assets transferred	19,822
Cash consideration	16,000
Transaction costs paid	2,146
Gain arising on transfer	5,562
Other	2,461
	45,991

The cash consideration of € 16,000,000, together with transaction costs paid of € 2,146,000 and the cash element of the net assets transferred of € 1,025,000, resulted in a total cash flow impact from this transaction of € 19,171,000.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

During 2009, Origin increased its shareholding in Continental Farmers Group plc, a large-scale producer of high-value agricultural crops, operating in Poland and Ukraine, from 20% to 36.9% for a cash consideration of €7,013,000. The total cash flow impact of the two additions is €26,184,000.

In the financial year 2010, Origin increased its shareholding in Continental Farmers Group plc from 36.9% to 38.7%.

15.2 2009 associate becoming a subsidiary

On 1 August 2008, the Group's ownership in Hiestand Holding AG was increased from 32% to 64%. As a result and from that date Hiestand has been accounted for as a subsidiary undertaking and not as an associate undertaking. The remaining 36% holding was subsequently absorbed by ARYZTA by means of a statutory merger under Swiss law, as disclosed in note 29 to these Group Financial Statements.

15.3 Associate and joint venture reporting period

The amounts included in these Group Financial Statements in respect of the income and expenses of associates and joint ventures are taken from their latest financial statements, prepared up to their respective year ends, together with management accounts for the intervening periods to the Group's year end. All joint ventures of the Group have a 31 December year end. All associates of the Group have a 31 July year end, with the exception of Continental Farmers Group plc, which has a year end of 31 December.

The investment in associates and joint ventures is analysed as follows:

31 July 2010 in Euro `000	Associates	Joint ventures	Total
Non-current assets	28,689	90,036	118,725
Current assets	31,452	70,875	102,327
Non-current liabilities	(8,407)	(24,345)	(32,752)
Current liabilities	(14,345)	(33,426)	(47,771)
Net assets	**37,389**	**103,140**	**140,529**
Goodwill	380	21,972	22,352
At 31 July 2010	**37,769**	**125,112**	**162,881**

31 July 2009 in Euro `000	Associates	Joint ventures	Total
Non-current assets	25,871	82,786	108,657
Current assets	29,003	46,730	75,733
Non-current liabilities	(5,583)	(21,410)	(26,993)
Current liabilities	(12,840)	(27,186)	(40,026)
Net assets	**36,451**	**80,920**	**117,371**
Goodwill	380	21,600	21,980
At 31 July 2009	**36,831**	**102,520**	**139,351**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

16 Inventory

in Euro `000	2010	2009
Raw materials	**48,691**	64,557
Finished goods	**151,031**	119,928
Consumable stores	**12,363**	8,161
	212,085	192,646

A total expense of €3,321,000 (2009: €2,393,000) was recognised in the income statement arising from write-down of inventory.

17 Trade and other receivables

in Euro `000	2010	2009
Current		
Trade receivables	**372,345**	352,595
Trade receivables due from associates	**154**	216
VAT recoverable	**5,921**	6,536
Prepayments and accrued income	**26,998**	22,864
Other receivables	**21,499**	24,563
	426,917	406,774

A total expense of €2,975,000 (2009: €4,536,000) was recognised in the income statement arising from impairment of trade receivables.

18 Trade and other payables

in Euro `000	2010	2009
Non-current		
Other payables	**7,107**	1,025
Current		
Trade payables	**370,993**	335,008
Trade payables due to associates and joint ventures	**2,096**	2,984
Accruals and other payables[1]	**311,098**	260,319
Employee related tax and social welfare	**6,051**	9,907
Value-added tax	**7,436**	6,073
	697,674	614,291

1 Accruals and other payables consist primarily of balances due for goods and services received and not yet invoiced.

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19 Deferred consideration

Deferred consideration comprises the net present value of the amounts expected to be payable arising on business combinations. Residual deferred consideration is due entirely within five years and is payable subject to the achievement of earnings-based targets.

in Euro `000	2010	2009
Balance at 1 August	**45,082**	65,679
Arising on business combination (note 29)	**–**	3,800
Discounting unwind	**591**	2,526
Payments of deferred consideration	**(2,128)**	(27,384)
Written off against goodwill[1] (note 14)	**(6,474)**	–
Translation adjustment	**1,227**	461
Balance at 31 July	**38,298**	45,082

Classified as:		
Current	**12,469**	3,823
Non-current	**25,829**	41,259
	38,298	45,082

1 Written off against goodwill is comprised of adjustments made to goodwill arising out of reductions to the expected deferred consideration payable on acquisitions prior to the implementation of IFRS 3 (Revised), Business Combinations.

20 Cash and cash equivalents

As set out further in note 21 of these Group Financial Statements, the Group operates two distinct debt funding structures, which are segregated in line with its segmental and corporate reporting structures. One Group funding structure finances the Food segments of the Group ('Food Group') as a whole and the second funding structure finances the Origin segment and its related subsidiaries ('Origin').

In accordance with IAS 7, Statement of Cash Flows, cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments, which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank overdrafts are included within current interest-bearing loans and borrowings in the Group Balance Sheet.

in Euro `000	2010	2009
Food Group cash at bank and in hand	**318,544**	204,586
Origin cash at bank and in hand	**76,043**	89,950
Total cash at bank and in hand	**394,587**	294,536
Food Group bank overdraft	**(42,820)**	(15,276)
Origin bank overdraft	**(3,418)**	(10,116)
Bank overdrafts (note 21)	**(46,238)**	(25,392)
Included in the Group Cash Flow Statement	**348,349**	269,144

Cash at bank and in hand earns interest at floating rates based on daily deposit bank rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Notes to the Group Financial Statements (continued)
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21 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

As previously noted, the Group operates two distinct debt funding structures which are segregated in line with its segmental and corporate reporting structures. The Group's 71.4% subsidiary, Origin Enterprises plc has a separate funding structure which is financed without recourse to ARYZTA AG or its Europe, North America and Rest of World Food Group business segment subsidiaries.

Each of the Food Group and Origin funding structures have been independently negotiated by the Group. There are no cross guarantees or recourse obligations between the Food Group and Origin segments of the Group in respect of their separate funding facilities. As a result, these two parts of the Group effectively act as separate independent counter parties from a third-party borrowing perspective.

in Euro `000	2010	2009
Included in non-current liabilities		
Food Group loans	**1,388,581**	692,622
Origin loans	**183,694**	231,870
Total bank loans	**1,572,275**	924,492
Finance leases	**2,990**	2,760
Non-current interest-bearing loans and borrowings	**1,575,265**	927,252
Included in current liabilities		
Bank overdrafts	**46,238**	25,392
Finance leases	**596**	1,148
Current interest-bearing loans and borrowings	**46,834**	26,540
Total bank loans and overdrafts	**1,618,513**	949,884
Total finance leases	**3,586**	3,908

Analysis of net debt in Euro `000	1 August 2009	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 July 2010
Cash	294,536	92,130	–	–	7,921	394,587
Overdrafts	(25,392)	(20,766)	–	–	(80)	(46,238)
Cash and cash equivalents	**269,144**	**71,364**	**–**	**–**	**7,841**	**348,349**
Loans	(924,492)	(309,352)	(289,882)	(4,376)	(44,173)	(1,572,275)
Finance leases	(3,908)	1,693	(1,369)	–	(2)	(3,586)
Net debt	**(659,256)**	**(236,295)**	**(291,251)**	**(4,376)**	**(36,334)**	**(1,227,512)**

Split of net debt in Euro `000	1 August 2009	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 July 2010
Food Group net debt	(505,504)	(282,148)	(291,251)	(3,572)	(33,148)	(1,115,623)
Origin net debt	(153,752)	45,853	–	(804)	(3,186)	(111,889)
Net debt	**(659,256)**	**(236,295)**	**(291,251)**	**(4,376)**	**(36,334)**	**(1,227,512)**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The terms of outstanding loans are as follows:

2010	Currency	Calendar year of maturity	Nominal value in Euro `000	Carrying amount in Euro `000
Food Group loans				
Senior secured revolving working capital facility	CHF	2014	408,402	403,445
Swiss Bond	CHF	2015	146,886	145,075
Private placement 2010				
Series A	USD	2013	53,521	53,226
Series B	USD	2016	30,583	30,415
Series C	USD	2018	45,875	45,622
Series D	USD	2021	114,688	114,055
Series E	USD	2022	76,458	76,037
Series F	EUR	2020	25,000	24,860
Private placement 2009				
Series A	USD	2021	61,167	60,713
Series B	USD	2024	30,583	30,357
Series C	USD	2029	61,167	60,713
Private placement 2007				
Series A	USD	2014	114,688	114,688
Series B	USD	2017	191,146	191,146
Series C	USD	2019	38,229	38,229
Origin loan facilities				
Facility A	EUR	2012	115,000	113,950
Facility B	GBP	2012	2,070	2,070
Facility D	EUR	2012	16,000	16,000
Facility E	GBP	2012	42,448	42,448
Facility G	GBP	2012	9,226	9,226
			1,583,137	**1,572,275**

2009	Currency	Calendar year of maturity	Nominal value in Euro `000	Carrying amount in Euro `000
Food Group loans				
ARYZTA loan facility	EUR	2013	379,738	376,661
Private placement 2007				
Series A	USD	2014	105,248	105,248
Series B	USD	2017	175,414	175,414
Series C	USD	2019	35,083	35,083
Other	EUR	2011	217	217
Origin loan facilities				
Facility A	EUR	2012	115,000	113,207
Facility D	EUR	2012	16,000	16,000
Facility E	GBP	2012	43,622	43,622
Facility G	GBP	2012	9,040	9,040
Facility G	EUR	2012	50,000	50,000
			929,362	**924,492**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

At 31 July 2010, the weighted average effective interest rate in respect of the Group's interest-bearing liabilities was 4.35 % (2009: 4.18 %)

Repayment schedule – loans and overdrafts

in Euro `000	2010	2009
Less than one year	**46,238**	25,392
Between one and five years	**900,126**	713,995
After five years	**672,149**	210,497
	1,618,513	949,884

Repayment schedule – finance leases in Euro `000	Minimum lease payments 2010	Interest 2010	Present value of payments 2010	Minimum lease payments 2009	Interest 2009	Present value of payments 2009
Less than one year	**650**	**54**	**596**	1,258	110	1,148
Between one and five years	**3,340**	**350**	**2,990**	3,191	431	2,760
After five years	**–**	**–**	**–**	–	–	–
	3,990	**404**	**3,586**	4,449	541	3,908

Guarantees

As set out previously in this note, the Group operates two separate funding structures.All Group borrowings within the Food Group funding structures are secured by guarantees from ARYZTA and upstream guarantees from various companies within the Food Group.

All Group borrowings within the Origin structure are guaranteed by Origin Enterprises plc with fixed and floating charges over the Origin Group assets totalling €692,384,000. The Origin borrowings do not have recourse to ARYZTA or any Group subsidiaries outside of the Origin Group.

22 Financial instruments and financial risk

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

in Euro `000	Fair value hierarchy	Fair value through income statement 2010	Hedge instruments 2010	Loans and receivables 2010	Liabilities at amortised cost 2010	Total carrying amount 2010	Fair value 2010
Trade and other receivables		–	–	393,998	–	393,998	393,998
Cash and cash equivalents		–	–	394,587	–	394,587	394,587
Derivative financial assets	*Level 2*	–	889	–	–	889	889
Total financial assets		**–**	**889**	**788,585**	**–**	**789,474**	**789,474**
Trade and other payables		–	–	–	(691,294)	(691,294)	(691,294)
Bank overdrafts		–	–	–	(46,238)	(46,238)	(46,238)
Bank borrowings		–	–	–	(1,572,275)	(1,572,275)	(1,700,344)
Finance lease liabilities		–	–	–	(3,586)	(3,586)	(3,586)
Derivative financial liabilities	*Level 2*	–	(7,264)	–	–	(7,264)	(7,264)
Total financial liabilities		**–**	**(7,264)**	**–**	**(2,313,393)**	**(2,320,657)**	**(2,448,726)**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

in Euro `000	Fair value hierarchy	Fair value through income statement 2009	Hedge instruments 2009	Loans and receivables 2009	Liabilities at amortised cost 2009	Total carrying amount 2009	Fair value 2009
Trade and other receivables		–	–	377,374	–	377,374	377,374
Cash and cash equivalents		–	–	294,536	–	294,536	294,536
Derivative financial assets	*Level 2*	–	599	–	–	599	599
Total financial assets		**–**	**599**	**671,910**	**–**	**672,509**	**672,509**
Trade and other payables		–	–	–	(599,336)	(599,336)	(599,336)
Bank overdrafts		–	–	–	(25,392)	(25,392)	(25,392)
Bank borrowings		–	–	–	(924,492)	(924,492)	(981,611)
Finance lease liabilities		–	–	–	(3,908)	(3,908)	(3,908)
Derivative financial liabilities	*Level 2*	–	(13,076)	–	–	(13,076)	(13,076)
Total financial liabilities		**–**	**(13,076)**	**–**	**(1,553,128)**	**(1,566,204)**	**(1,623,323)**

Estimation of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

Trade and other receivables/payables

Receivables and payables are carried at amortised cost less any impairment provision. For any receivables or payables with a remaining life of less than six months or demand balances, the carrying value less impairment provision, where appropriate, is deemed to reflect fair value.

Cash and cash equivalents including short-term bank deposits

For short-term bank deposits and cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal amount is deemed to reflect fair value.

Derivatives (forward currency contracts and interest rate swaps)

Forward currency contracts are marked to market using quoted forward exchange rates at the balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

Interest-bearing loans and borrowings

For interest-bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows, discounted at market interest rates effective at the balance sheet date.

Finance lease liabilities

Fair value is based on the present value of future cash flows discounted at implicit interest rates.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Fair value hierarchy
The tables at the beginning of this note summarise the financial instruments carried at fair value, by valuation method, as of 31 July 2010. Fair value classification levels have been assigned to the Group's financial instruments carried at fair value The different levels assigned are defined as follows:

Level 1: Prices quoted in active markets
Level 2: Valuation techniques based on observable market data
Level 3: Valuation techniques based on unobservable input

Risk exposures

Group risk management
Risk management is a fundamental element of the Group's business practice on all levels and encompasses different types of risks. This overall Group risk management process includes the performance of a risk assessment that is described in more detail in note 34. Financial risk management specifically is described in further detail below.

Financial risk management
The Group's international operations expose it to different financial risks that include:
- credit risks,
- liquidity risks,
- foreign exchange rate risks,
- interest rate risks, and
- commodity price risks.

The Group has a risk management programme in place, which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined the policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

Credit risk

Exposure to credit risk
Credit risk arises from credit issued to customers on outstanding receivables and outstanding transactions, as well as cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no concentration of credit risk by dependence on individual customers or geographically.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. Individual risk limits are generally set by customer, and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. Impairment provisions are used to record impairment losses, unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amount is considered irrecoverable and is written off directly against the trade receivable.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The Group also manages credit risk through the use of a receivables purchase arrangement with a financial institution. Under the terms of this non-recourse agreement, the Group has transferred credit risk and control of certain trade receivables, amounting to €30,373,000 (2009: €nil). The Group has continued to recognise an asset of €483,000 (2009: €nil) representing the maximum extent of its continuing involvement and an associated liability of a similar amount.

Cash and short-term bank deposits
Cash and short-term bank deposits are invested with institutions with the highest short-term credit rating with limits on amounts held with individual banks or institutions at any one time. For banks and financial institutions, only independently rated banks with a minimum rating of "A1/P1" are accepted.

Exposure to credit risk
The carrying amount of financial assets, net of impairment provisions, represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end was as follows:

in Euro `000	**Carrying amount 2010**	Carrying amount 2009
Trade and other receivables	**393,998**	377,374
Cash and cash equivalents	**394,587**	294,536
Derivative financial assets	**889**	599
	789,474	672,509

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

in Euro `000	**Carrying amount 2010**	Carrying amount 2009
Europe	**267,970**	301,155
North America	**88,168**	45,619
Rest of World	**16,207**	5,821
	372,345	352,595

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

in Euro `000	**Carrying amount 2010**	Carrying amount 2009
ARYZTA Food Group	**203,297**	171,493
Origin food businesses	**29,612**	33,264
Origin agribusiness	**139,436**	147,838
	372,345	352,595

Notes to the Group Financial Statements (continued)
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The aging of trade receivables at the reporting date was:

in Euro `000	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
Not past due	**280,785**	**3,497**	269,318	2,079
Past due 0–30 days	**78,515**	**2,326**	70,112	1,170
Past due 31–120 days	**21,922**	**3,165**	21,852	5,438
Past due more than 121 days	**4,960**	**4,849**	4,909	4,909
	386,182	**13,837**	366,191	13,596

All other receivables are due in less than six months and are deemed to be fully recoverable. The Group standard payment terms are typically 0–60 days.

Analysis of movement in impairment provisions in respect of trade receivables was as follows:

in Euro `000	2010	2009
Balance at 1 August	**13,596**	13,428
Acquired	**185**	691
Charged during the year	**2,975**	4,536
Released during the year	**(2,919)**	(5,059)
Balance at 31 July	**13,837**	13,596

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's objective is to maintain a balance between flexibility and continuity of funding. The Group's policy is that not more than 40% of total bank borrowing facilities should mature in any proceeding twelve-month period. At 31 July 2010, 97% of the Group's total borrowings will mature at least after two years.

The Food Group has syndicated loan facilities totalling CHF 600,000,000, as well as USD 1,070,000,000 and EUR 25,000,000 private placement facilities and a CHF 200,000,000 Swiss-listed bond. Short-term flexibility is achieved through the availability of overdraft facilities totalling EUR 70,365,430.

Origin has syndicated loan facilities totalling EUR 450,000,000. Short-term flexibility is achieved through the availability of overdraft facilities totalling EUR 33,934,000.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The following are the contractual maturities of financial liabilities including estimated interest payments:

2010 in Euro `000	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Fixed rate bank loans	(985,136)	(1,430,742)	(22,883)	(27,656)	(108,834)	(428,981)	(842,388)
Variable rate bank loans	(587,139)	(663,661)	(3,799)	(10,030)	(20,061)	(629,771)	–
Finance lease liabilities	(3,586)	(3,990)	(352)	(298)	(1,009)	(2,331)	–
Bank overdrafts	(46,238)	(46,238)	(46,238)	–	–	–	–
Trade and other payables	(691,294)	(691,294)	(658,827)	(25,360)	(2,474)	(3,365)	(1,268)
Derivative financial instruments							
Interest rate swaps used for hedging	(4,600)	(4,600)	(2,934)	(862)	(583)	(221)	–
Currency forward contracts used for hedging							
– Inflows	–	108,125	88,866	19,259	–	–	–
– Outflows	(1,775)	(109,900)	(90,693)	(19,207)	–	–	–
	(2,319,768)	**(2,842,300)**	**(736,860)**	**(64,154)**	**(132,961)**	**(1,064,669)**	**(843,656)**

2009 in Euro `000	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Fixed rate bank loans	(315,939)	(448,990)	(9,195)	(9,195)	(18,390)	(160,420)	(251,790)
Variable rate bank loans	(608,553)	(617,873)	(4,256)	–	(217)	(613,400)	–
Finance lease liabilities	(3,908)	(4,449)	(950)	(308)	(2,232)	(959)	–
Bank overdrafts	(25,392)	(25,392)	(25,392)	–	–	–	–
Trade and other payables	(599,336)	(599,336)	(581,294)	(17,017)	–	(1,025)	–
Derivative financial instruments							
Interest rate swaps used for hedging	(9,355)	(9,355)	(3,071)	(3,068)	(2,897)	(319)	–
Currency forward contracts used for hedging							
– Inflows	–	65,342	44,299	19,215	1,828	–	–
– Outflows	(3,122)	(68,464)	(46,495)	(20,148)	(1,821)	–	–
	(1,565,605)	**(1,708,517)**	**(626,354)**	**(30,521)**	**(23,729)**	**(776,123)**	**(251,790)**

Accounting for derivatives and hedging activities

The fair value of derivative financial assets and liabilities at the balance sheet date is set out in the following table:

in Euro `000	**Assets 2010**	**Liabilities 2010**	Assets 2009	Liabilities 2009
Cash flow hedges				
Currency forward contracts	**889**	**2,664**	599	3,721
Interest rate swaps	–	**4,600**	–	9,355
At 31 July	**889**	**7,264**	599	13,076

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Cash flow hedges
Cash flow hedges are those of highly probable forecasted future income or expenses. In order to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument and demonstrate, at inception, that the hedge relationship will be highly effective on an ongoing basis. The hedge relationship must be tested for effectiveness on subsequent reporting dates.

There is no significant difference between the timing of the cash flows and the income statement effect of cash flow hedges.

Market risk
Market risk is the risk that changes in market prices and indices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk
In addition to the Group's operations carried out in eurozone economies, it also has significant operations in the UK, Switzerland, North America, South America and Australia. As a result, the Group Balance Sheet is exposed to currency fluctuations including, in particular, sterling, US dollar, Canadian dollar and Swiss franc movements. The Group manages its balance sheet having regard to the currency exposures arising from its assets being denominated in a wide range of currencies.

Net investment hedges
As part of its approach towards mitigating its exposure to foreign currency risk, the Group will, when required, fund foreign currency assets in the currency of the related assets.

These relationships are typically designated by the Group as net investment hedges of foreign currency exposures on net investments in foreign operations using the borrowings as the hedging instrument. These hedge designations allow the Group to mitigate the risk of foreign currency exposures on the carrying amount of net assets in foreign operations in its Group Financial Statements.

The borrowings designated in net investment hedge relationships are measured at fair value with the effective portion of the change in value of the borrowings being recognised directly through equity in the foreign currency translation reserve. Any ineffectiveness arising on such hedging relationships is recognised immediately in the income statement.

Currency swaps
The Group also hedges a portion of its transactional currency exposure through the use of currency swaps. Transactional exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group requires its operating units to use forward currency contracts to eliminate the currency exposures on certain foreign currency purchases. The forward currency contracts must be in the same currency and match the settlement terms of the hedged item.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The following table details the Group's exposure to transactional foreign currency risk at the balance sheet date:

2010

in Euro `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	4,210	1,238	3,785	1,005	26,087	1,630	37,955
Other receivables	–	101	2	37	–	48	188
Bank	6,585	2,035	1,676	430	2,971	73	13,770
Trade payables	(5,472)	(3,681)	(1,680)	(757)	(20,127)	(78)	(31,795)
Other payables	(5,024)	–	(1,563)	(417)	(3,698)	–	(10,702)
Derivative financial instruments	(1,031)	(946)	268	(424)	(554)	–	(2,687)
At 31 July 2010	**(732)**	**(1,253)**	**2,488**	**(126)**	**4,679**	**1,673**	**(6,729)**

The following table details the Group's exposure to transactional foreign currency risk at 31 July 2009.

2009

in Euro `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	1,480	2	1,686	702	31,336	6,356	41,562
Other receivables	–	14	77	61	3,064	189	3,405
Bank	548	(5,412)	2,001	877	8,426	388	6,828
Trade payables	(6,556)	(8,780)	(701)	(191)	(23,727)	(2,114)	(42,069)
Other payables	(1,959)	(1,719)	(504)	(10,087)	(26,265)	(2,614)	(43,148)
Derivative financial instruments	(2,469)	(1,403)	–	(1,851)	(616)	–	(6,339)
At 31 July 2009	**(8,956)**	**(17,298)**	**2,559**	**(10,489)**	**(7,782)**	**2,205**	**(39,761)**

Currency sensitivity analysis

A 10% strengthening or weakening of the euro against the following currencies at 31 July 2010 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as 2009.

2010 in Euro `000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	(27)	4,980	33	(6,086)
USD	28	23,719	(34)	(28,989)
CAD	(202)	(24)	247	30
CHF	(27)	39	33	(47)
At 31 July 2010	**(228)**	**28,714**	**279**	**(35,092)**

2009 in Euro `000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	590	6,076	(721)	(7,426)
USD	1,445	128	(1,766)	(156)
CAD	(233)	–	284	–
CHF	785	4,307	(960)	(5,264)
At 31 July 2009	**2,587**	**10,511**	**(3,163)**	**(12,846)**

Notes to the Group Financial Statements (continued) for the year ended 31 July 2010

The impact on equity from changing exchange rates results principally from foreign currency loans designated as net investment hedges. This impact on equity would be offset by the revaluation in equity of the hedged net assets.

Interest rate risk

The Group's debt bears both floating and fixed rates of interest as per the original contracts. The Group's policy is to maintain up to 85% of overall Group average annual borrowings at fixed rates. This is achieved through the issuing of fixed rate debt or the use of interest rate swaps. At 31 July, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

in Euro `000	Carrying amount 2010	Carrying amount 2009
Fixed rate instruments		
Bank borrowings	**(985,136)**	(315,939)
Finance lease liabilities	**(3,586)**	(3,908)
	(988,722)	(319,847)
Variable rate instruments		
Cash and cash equivalents	**394,587**	294,536
Bank overdrafts	**(46,238)**	(25,392)
Bank borrowings	**(587,139)**	(608,553)
Total interest-bearing financial instruments	**(1,227,512)**	(659,256)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have had the effect as shown below on the Group Income Statement and equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as 2009.

2010 in Euro `000	Principal amount	Impact of 50 bp increase on Income Statement	Impact of 50 bp increase on equity
Variable rate instruments	(587,139)	(2,936)	–
Bank overdrafts	(46,238)	(231)	–
Interest rate swaps	307,187	–	1,536
Cash flow sensitivity, net	**(326,190)**	**(3,167)**	**1,536**

2009 in Euro `000	Principal amount	Impact of 50 bp increase on Income Statement	Impact of 50 bp increase on equity
Variable rate instruments	(608,553)	(3,043)	–
Bank overdrafts	(25,392)	(127)	–
Interest rate swaps	308,249	–	1,541
Cash flow sensitivity, net	**(325,696)**	**(3,170)**	**1,541**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Commodity price risk

The Group purchases and sells certain commodities for the purposes of receipt or delivery and uses derivative contracts to protect itself from movements in prices other than exchange differences. These contracts are classified as 'own use' contracts, as they were entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item, in accordance with the business unit's expected purchase, sale or usage requirements. 'Own use' contracts are outside the scope of IAS 39, Financial Instruments: Recognition and Measurement, and are accounted for on an accruals basis. Where a commodity contract is not entered into, or does not continue, to be held to meet the Group's own purchase, sale or usage requirements, it is treated as a derivative financial instrument, and the recognition and measurement requirements of IAS 39, Financial Instruments: Recognition and Measurement, are applied.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

23 Deferred income from government grants

in Euro `000	2010	2009
At 1 August	**18,941**	3,906
Arising on business combination (note 29)	**–**	14,657
Received in the period	**1,117**	2,377
Translation adjustment	**1,413**	27
	21,471	20,967
Recognised in Group Income Statement	**(2,994)**	(2,026)
At 31 July	**18,477**	18,941

Government grants received in the period are principally in relation to compensation for the funding of capital investments.

24 Deferred tax

The deductible and taxable temporary differences at the balance sheet date, in respect of which deferred tax has been recognised, are analysed as follows:

in Euro `000	2010	2009
Deferred tax assets (deductible temporary differences)		
Pension related	**4,189**	3,814
Employee compensation	**2,892**	2,120
Financing related	**2,838**	4,032
Property, plant and equipment	**4,389**	2,732
Intangible assets	**1,212**	104
Tax loss carry forwards and tax credits	**28,316**	–
Other	**18,454**	14,251
	62,290	27,053
Deferred tax liabilities (taxable temporary differences)		
Pension related	**(191)**	(204)
Employee compensation	**–**	(83)
Financing related	**(686)**	(1,391)
Property, plant and equipment	**(80,456)**	(54,257)
Investment properties	**(7,065)**	(7,262)
Intangible assets	**(251,581)**	(133,062)
Other	**(16,407)**	(7,268)
	(356,386)	(203,527)

Unrecognised deferred taxes

The deductible temporary differences as well as the unused tax losses and tax credits for which no deferred tax assets are recognised expire as follows:

in Euro `000	2010	2009
Within one year	**–**	–
Between one and five years	**–**	–
After five years	**4,065**	2,577
	4,065	2,577

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Movements in deferred tax, during the year, were as follows:

2010 in Euro `000	Property, plant & equipment	Investment properties	Intangible assets	Employee compensation	Pension related	Financing related	Tax loss carry forwards	Other	Total
At 1 August 2009	(51,525)	(7,262)	(132,958)	2,037	3,610	2,641	–	6,983	(176,474)
Recognised in Group Income Statement	(1,803)	(1,726)	11,959	(1,333)	(253)	(378)	2,715	1,702	10,883
Transfer to property, plant & equipment	(1,352)	1,352	–	–	–	–	–	–	–
Recognised in Group Statement of Comprehensive Income	–	–	–	–	563	(990)	–	–	(427)
Arising on business combination (note 29)	(22,644)	–	(123,764)	2,190	45	44	26,380	(4,530)	(122,279)
Translation adjustments and other	1,257	571	(5,606)	(2)	33	835	(779)	(2,108)	(5,799)
At 31 July 2010	**(76,067)**	**(7,065)**	**(250,369)**	**2,892**	**3,998**	**2,152**	**28,316**	**2,047**	**(294,096)**

2009 in Euro `000	Property, plant & equipment	Investment properties	Intangible assets	Employee compensation	Pension related	Financing related	Other	Total
At 1 August 2008	(39,625)	(28,302)	(80,780)	2,865	3,514	3,470	8,545	(130,313)
Recognised in Group Income Statement	(7,154)	30,166	11,180	(932)	282	(1,113)	(8,652)	23,777
Recognised in Group Statement of Comprehensive Income	(121)	(6,914)	–	–	817	1,314	–	(4,904)
Arising on business combination (note 29)	(5,821)	(2,201)	(60,513)	(86)	96	(1,283)	9,463	(60,345)
Arising on disposal	2,217	–	–	–	(893)	–	(89)	1,235
Translation adjustments and other	(1,021)	(11)	(2,845)	190	(206)	253	(2,284)	(5,924)
At 31 July 2009	**(51,525)**	**(7,262)**	**(132,958)**	**2,037**	**3,610**	**2,641**	**6,983**	**(176,474)**

25 Retirement benefit obligations

The Group operates a number of defined benefit and defined contribution pension plans with assets held in separate trustee-administered funds.

The Group’s principal defined benefit plan (the “Plan”) was restructured in the year ended 31 July 2007. Prior to this IAWS Group Limited (formerly IAWS Group, plc) was the principal employer of the Plan. A number of the Origin Enterprises plc (“Origin”) businesses participated in this Plan. Following the formation of Origin, a restructuring of this Plan was approved. On completion of the restructuring, Origin replaced IAWS Group Limited (formerly IAWS Group, plc) as principal employer, such that the Plan now only includes active members employed by Origin and the current deferred members of the Plan. As part of the Plan restructuring, the Trustees purchased annuities for the Plan’s existing pensioners. This extinguished the Group’s liability in the Plan relating to those pensioners. All non-Origin members were transferred to a new defined contribution plan during the year ended 31 July 2008.

Outside of this principal Origin employee defined benefit plan, the Group operates two smaller defined benefit plans within its Food business segments.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

During the year, Origin undertook a strategic review of its Irish defined benefit pension arrangements. Benefit changes were implemented and in the case of the Origin scheme the Origin Group ceased its liability to contribute to the scheme with effect from 16 December 2009 and agreed to increase the transfer values payable from the plan on wind up to one hundred percent of the transfer values under the Minimum Funding Standard excluding any allowance for pension increases. These payments will be made during the 2011 financial year and are included as a current liability of €12,703,000 in other payables at 31 July 2010. The impact of the changes is to reduce the pension liabilities in the Group Balance Sheet and the related volatility.

Under IAS 19, Employee Benefits, the total deficit in the Group's defined benefit plans, including the main plan, outlined above, for which Origin is the principal employer, at 31 July 2010 was €11,828,000 (2009: €25,236,000). The pension cost recorded in the Income Statement for the year in respect of the Group's defined benefit plans was €3,308,000 (2009: charge of €3,400,000). The estimated contributions expected to be paid during the year ending 31 July 2011 in respect of the Group's defined benefit plans is €5,064,000.

A charge of €4,335,000 (2009: €4,048,000) was recorded in respect of the Group's defined contribution plans.

Long-term employee benefits included in the Group Balance Sheet comprises the following:

in Euro `000	2010	2009
Deficit in ARYZTA Food Group defined benefit plans	**4,330**	2,183
Deficit in Origin defined benefit plans	**7,498**	23,053
Other[1]	**3,626**	3,308
Total	**15,454**	28,544

1 Other includes provisions to meet pension fund deficiencies in subsidiaries acquired, mostly relating to unfunded pensions. The residual actuarial deficit is being paid over the remaining lifetime of the pensioners.

The valuations of the defined benefit plans used for the purposes of the following disclosures are those of the most recent actuarial valuations to 31 July 2010 by an independent, qualified actuary. The valuations have been performed using the projected unit credit method. The main assumptions used by the actuary, averaged across the plans, were as follows:

	2010	2009
Rate of increase in salaries	**2.65%**	2.37%
Rate of increases in pensions in payment and deferred benefits	**2.68%**	2.26%
Discount rate on plan liabilities	**4.42%**	5.15%
Inflation rate	**2.68%**	2.26%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2010	2009
Male	**21.8**	21.8
Female	**24.8**	24.8

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The expected and applied long-term rates of return on the assets of the plans were:

	2010	2009
Equities	**8.30%**	8.75%
Bonds	**4.00%**	4.11%
Property	**6.94%**	6.98%
Other	**2.13%**	3.27%

Net pension liability

in Euro `000	2010	2009	2008	2007	2006
Fair value of plan assets:					
Equities	**28,035**	34,896	38,579	39,751	60,811
Bonds	**34,891**	14,886	16,785	3,354	19,039
Property	**6,061**	5,086	6,743	6,285	5,345
Other	**22,219**	40,191	972	279	4,132
Total fair value of assets	**91,206**	95,059	63,079	49,669	89,327
Present value of plan liabilities	**(103,034)**	(120,295)	(86,444)	(56,128)	(95,893)
Deficit in the plans	**(11,828)**	(25,236)	(23,365)	(6,459)	(6,566)
Related deferred tax asset	**3,998**	3,610	3,514	1,542	1,537
Net pension liability	**(7,830)**	(21,626)	(19,851)	(4,917)	(5,029)

Movement in the fair value of Plan assets

in Euro `000	2010	2009
Fair value of plan assets at 1 August	**95,059**	63,079
Expected return on plan assets	**4,439**	5,131
Employer contributions	**6,547**	4,182
Employee contributions	**2,128**	2,015
Arising on business combination	**–**	36,310
Translation adjustments	**4,583**	7
Benefit payments	**(6,260)**	(5,546)
Transfer on wind up of scheme	**(18,051)**	–
Other	**(939)**	–
Actuarial gain/(loss) on plan assets	**3,700**	(10,119)
Fair value of plan assets at 31 July	**91,206**	95,059

Movement in the present value of Plan obligations

in Euro `000	2010	2009
Value of plan obligations at 1 August	**(120,295)**	(86,444)
Current service cost	**(2,639)**	(2,681)
Interest on plan obligations	**(5,407)**	(5,850)
Employee contributions	**(2,128)**	(2,015)
Arising on business combination	**–**	(35,623)
Benefit payments	**6,260**	5,546
Translation adjustments	**(4,781)**	566
Transfer on wind up of scheme	**18,051**	–
Other	**939**	–
Settlement gain on transfer of members to defined contribution plan	**12,557**	–
Curtailment gain	**445**	–
Actuarial (loss)/gain	**(6,036)**	6,206
Present value of plan obligations at 31 July	**(103,034)**	(120,295)

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Movement in net liability recognised in the Group Balance Sheet

in Euro `000	2010	2009
Net liability in plans at 1 August	(25,236)	(23,365)
Current service cost	(2,639)	(2,681)
Employer contributions	6,547	4,182
Other finance expense	(968)	(719)
Actuarial gain/(loss)	(2,336)	(3,913)
Arising on acquisition	–	687
Settlement gain on transfer of members to defined contribution plan	12,557	–
Curtailment gain	445	–
Translation adjustments	(198)	573
Net liability in plans at 31 July	**(11,828)**	(25,236)

Analysis of defined benefit expense recognised in the Group Income Statement

in Euro `000	2010	2009
Current service cost	2,639	2,681
Settlement gain on transfer of members to defined contribution plan	(12,557)	–
Curtailment gain	(445)	–
Enhanced transfer values	12,703	–
Non-financing expense recognised in Group Income Statement	2,340	2,681
Expected return on Plan assets	(4,439)	(5,131)
Interest cost on Plan liabilities	5,407	5,850
Included in financing costs, net	968	719
Net charge to Group Income Statement	**3,308**	3,400
Actual return/(loss) on pension Plan assets	**8,139**	(4,987)

Defined benefit pension expense recognised in the Group Statement of Comprehensive Income

in Euro `000	2010	2009
Actual return / (loss) less expected return on Plan assets	3,700	(10,119)
Experience gains on Plan liabilities	2,681	3,177
Changes in demographic and financial assumptions	(8,717)	3,029
Actuarial loss	(2,336)	(3,913)
Deferred tax effect of actuarial loss	563	817
Actuarial loss recognised in Group Statement of Comprehensive Income	**(1,773)**	(3,096)

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

History of experience gains and losses:	2010	2009	2008	2007	2006
Difference between expected and actual return on plan assets					
– Amount (in €`000)	**3,700**	(10,119)	(18,870)	4,991	(1,305)
– % of Plan assets	**4.06%**	(10.64)%	(29.91)%	10.05%	(1.46)%
Experience gains/(losses) on plan obligations					
– Amount (in €`000)	**2,681**	3,177	(1,714)	(538)	(1,066)
– % of Plan obligations	**2.60%**	2.64%	(1.98)%	(0.96)%	(1.11)%
Total actuarial (loss)/gain recognised in Group Statement of Comprehensive Income					
– Amount (in €`000)	**(2,336)**	(3,913)	(19,577)	9,060	4,811
– % of Plan obligations	**(2.27)%**	(3.25)%	(22.65)%	16.14%	5.02%

26 Share capital

Registered shares of CHF 0.02 each (2009 prior to reverse acquisition: € 0.30 each) – authorised, issued and fully paid	2010 `000	2010 in Euro `000	2009 `000	2009 in Euro `000
At 1 August	**81,180**	**1,005**	127,339	38,201
Issue of shares prior to reverse acquisition (€ 0.30)	–	–	12,700	3,810
Effect of reverse acquisition	–	–	(61,099)	(41,036)
Opening issued share capital of ARYZTA (CHF 0.02)[1]	**81,180**	**1,005**	78,940	975
Issue of registered shares (CHF 0.02)[2]	**3,865**	**56**	2,240	30
Total	**85,045**	**1,061**	81,180	1,005

1 After the merger with Hiestand the issued share capital of ARYZTA consisted of 78,940,460 registered shares with a nominal value of CHF 0.02 each, fully paid up. Shareholders are entitled to dividend as declared. The ARYZTA shares rank pari passu in all respects with each other. The share capital for the periods prior to the merger with Hiestand is that of IAWS Group Limited.

On 2 December 2008, the issued shares were increased to 81,180,460 registered shares by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA pursuant to a share subscription on behalf of ARY LTIP Trustee Limited.

2 On 16 June 2010, the issued shares were increased to 85,044,795 by the issue of 3,864,335 registered shares of nominal value of CHF 0.02 each. This capital increase, effected at CHF 41.50 per share, was undertaken to assist the financing of the purchase of Fresh Start Bakeries.

3 Pursuant to Article 4 of the Articles of Association (governing Conditional Share Capital for Employee Benefit Plans), the amount by which the share capital of the Company may be increased on a non-pre-emptive basis may not exceed CHF 130,152.80 (through the issue of up to 6,507,640 registered shares).

Pursuant to Article 5 of the Articles of Association (governing Conditional Share Capital for General Purposes), the amount by which the share capital of the Company may be increased for general purposes may not exceed CHF 351,556.06 (through the issue of up to 17,577,803 registered shares).

Notes to the Group Financial Statements (continued)
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Treasury shares of CHF 0.02 each – allotted, called up and fully paid [1]	2010 `000	2010 in Euro `000	2009 `000	2009 in Euro `000
At 1 August	**2,234**	**30**	–	–
Issue of shares	–	–	2,240	30
Movement on treasury shares	–	–	(6)	–
At 31 July	**2,234**	**30**	2,234	30

Deferred convertible ordinary shares of € 0.30 each – authorised, issued and fully paid	2010 `000	2010 in Euro `000	2009 `000	2009 in Euro `000
At 1 August	–	–	3,580	1,074
Effect of reverse acquisition	–	–	(3,580)	(1,074)
At 31 July	–	–	–	–

1 On 2 December 2008, the issued shares were increased to 81,180,460 registered shares by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA pursuant to a share subscription on behalf of ARY LTIP Trustee Limited.

ARY LTIP Trustee Limited is a wholly owned subsidiary of ARYZTA, formed for the purposes of holding shares subject to the ARYZTA Long-Term Incentive Plan (“LTIP”). ARY LTIP Trustee Limited holds these shares in treasury, pending satisfaction of the applicable terms of the LTIP.

Cash flow hedge reserve
The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Revaluation reserve
The revaluation reserve relates to revaluation surpluses arising on revaluations of property prior to being transferred into investment property and a previously held interest in an associate.

Share-based payment reserve
This reserve comprises amounts credited to reserves in connection with equity awards less the effect of any exercises of such awards.

Foreign currency translation reserve
The translation reserve comprises all foreign exchange differences from 1 August 2004, arising from the translation of the net assets of the Group’s non-euro-denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date, net of hedging.

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Capital management

The capital managed by the Group consists of the Group equity of €1,673,850,000.
The Group has set the following goals for the management of its capital:

- To maintain prudent net debt (as set out in note 21 of these Group Financial Statements) to EBITDA[1] and interest cover (EBITDA[1] to interest) ratios to support a prudent capital base and ensure a long-term sustainable business.
- To achieve a return for investors in excess of the Group's weighted average cost of capital.
- To apply a dividend policy which takes into account the Group's financial performance and position, the Group's future outlook and other relevant factors including tax and other legal considerations.

As set out in note 21 of these Group Financial Statements, the Group operates two distinct debt funding structures. The Group's 71.4% subsidiary and separately listed company, Origin Enterprises plc, has separate funding structures, which are financed without recourse to ARYZTA AG. Origin Enterprises plc net debt amounted to €111,889,000 at 31 July 2010. The consolidated net debt of the Group, excluding Origin's non-recourse debt, amounted to €1,115,623,000 and relates to the ARYZTA Food segments of the Group.

The Food Group employs four ratio targets to monitor equity and to be compliant with its bank covenants:

- The Food Group's net debt to EBITDA[1] ratio is below 3.5 times – the ratio is 2.96 times at 31 July 2010
- The Food Group's interest cover (EBITDA[1] to interest) is above 4 times – the ratio is 10.6 times at 31 July 2010
- The Food Group's minimum equity shall not be below €1,000,000,000 at any time – the equity at 31 July 2010 is €1,543,051,000
- The Food Group's minimum equity ratio (equity/consolidated assets) shall amount to at least 35% at any time – the ratio is 40% at 31 July 2010

These ratios are reported to the Board of Directors at regular intervals through internal financial reporting.

The proposed payout ratio to shareholders for the Group's financial year to 31 July 2010 is 15% of fully diluted underlying earnings per share. Underlying earnings per share for the financial year 31 July 2010 excludes non-SAP-related intangible amortisation, related tax credits, and the impact of transaction costs of €4,643,000 as detailed in note 2 of these Group Financial Statements. The payout will be in the form of a dividend. The payout ratio and form of payout proposed by the Board will be reviewed on an annual basis and is subject to the decision of the General Meeting of the shareholders.

1 Calculated based on the Food Group banking covenant definition of EBITDA. This is the Food Group EBITDA for the year ended 31 July 2010, including dividends received from its Canadian joint venture and Origin, adjusted for the pro forma full year contribution of Food Group acquisitions. The Food Group banking covenant definition of net debt is the Food Group net debt as reported in Note 21 of the Group Financial Statements adjusted for letters of credit outstanding and accrued interest on debt.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

27 Non-controlling interests

in Euro `000	2010	2009
Balance at 1 August	**47,612**	61,482
Share of profit/(loss) for the year	**16,360**	(13,033)
Arising on business combination	**–**	8,092
Share of income/(expenses) recognised directly in equity	**1,194**	(6,376)
Dividends paid to non-controlling interests	**(5,779)**	–
Share of share-based payment charge	**261**	264
Disposals of non-controlling interests	**–**	(1,522)
Purchase of non-controlling interests	**–**	(1,295)
Balance at 31 July	**59,648**	47,612

28 Commitments under operating leases

Non-cancellable operating lease rentals are payable as set out below. These amounts represent minimum future lease payments, in aggregate, that the Group is required to make under existing lease agreements.

in Euro `000	2010	2009
Operating lease commitments payable:		
Within one year	**32,513**	18,216
In two to five years	**87,412**	59,733
After more than five years	**54,776**	47,777
	174,701	125,726

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

29 Acquisitions

29.1 Acquisitions in financial year 2010

During the year, the Group completed the acquisitions of Fresh Start Bakeries on 08 July 2010 and Great Kitchens on 07 June 2010.

Fresh Start Bakeries acquisition

Fresh Start Bakeries (incorporating Pennant Foods and Sweet Life) is a global supplier of speciality bakery products, with a leading position in the quick service restaurant segment. It operates 29 specialist production facilities across the USA, Canada, Germany, Poland, Sweden, Spain, Brazil, Australia and New Zealand and has three joint ventures located in North America, Chile and Guatemala. Pennant Foods is a leading provider of speciality bakery products and solutions to the North American quick service restaurant, foodservice and retail in-store bakery channels. Sweet Life is a leading innovator and manufacturer of sweet baked goods servicing the North American and Asian quick service restaurant channel.

Great Kitchens acquisition

Great Kitchens, a wholly owned subsidiary of Arbor Frozen Foods, Inc. is a leading supplier of pizza and appetisers with a focus on the deli segment of the North American retail grocery channel.

The goodwill arising on these business combinations is attributable to the skills and talent of the acquired businesses' work force and the synergies expected to be achieved from integrating the companies into the Group's existing business.

2010 in Euro `000	Total provisional fair value	Fresh Start Bakeries	Great Kitchens
Net assets acquired:			
Property, plant and equipment	246,378	239,751	6,627
Intangible assets	391,076	317,077	73,999
Investments in joint ventures	4,747	4,747	–
Inventory	28,674	21,767	6,907
Trade and other receivables	68,591	51,258	17,333
Trade and other payables	(89,949)	(75,656)	(14,293)
Debt acquired	(289,882)	(266,301)	(23,581)
Finance leases	(1,369)	–	(1,369)
Deferred tax	(122,279)	(93,926)	(28,353)
Income tax	(1,518)	(1,518)	–
Net assets acquired	**234,469**	**197,199**	**37,270**
Goodwill arising on acquisition	329,950	244,635	85,315
Consideration	**564,419**	**441,834**	**122,585**
Satisfied by:			
Cash consideration	582,973	460,281	122,692
Cash acquired	(18,554)	(18,447)	(107)
Consideration	**564,419**	**441,834**	**122,585**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The net cash outflow on acquisitions during the period was disclosed in the Group Cash Flow Statement as follows:

in Euro `000	Total
Cash flows from operating activities	
Transaction costs paid	**4,643**
Cash flows from investing activities	
Cash consideration	**582,973**
Cash acquired	**(18,554)**
	564,419
Cash flows from financing activities	
Debt acquired, including finance leases	**291,251**
Total cash spend on acquisitions	**860,313**

The impact of the business combinations during the year on the Income Statement of the Group is set out in the following table:

in Euro `000	Fresh Start Bakeries	Great Kitchens
Revenue	34,728	23,887
Net profit	1,244	412

If the acquisitions had occurred on 1 August 2009, management estimates that consolidated revenue would have been €3,697,836,000 and consolidated net profit for the period would have been €191,004,000. In determining these amounts management has assumed that the fair value adjustments that arose on the dates of the acquisition would have been the same if the acquisitions occurred on 1 August 2009.

For the identification and estimation of the fair value of the acquired intangibles of Great Kitchens and Fresh Start Bakeries, ARYZTA was assisted by an independent appraisal firm. The identified intangibles include the fair value of contract-related intangibles, brands and the customer relationships. To value the contract-related intangibles and brands, the relief-from-royalty methodology (income approach method) has been applied. The excess earnings method (income approach method) was the basis for the fair value valuation of customer relationships.

The fair values presented in this note for the acquisitions of Fresh Start Bakeries and Great Kitchens are based on provisional valuations due to the close proximity of both transactions to the end of the financial year.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

29.2 Acquisitions in financial year 2009

In 2009, the Group completed the acquisitions of Hiestand Holding AG, Fresca SAS and a number of smaller acquisitions mainly in the Origin agri-business, the principal ones being CSC Crop Protection Limited and GB Seeds Limited.

Hiestand acquisition

IAWS' relationship with Hiestand began in 2003 when IAWS acquired its 22% shareholding in Hiestand, a gourmet bakery business with manufacturing and distribution facilities, principally in Switzerland and Germany as well as Eastern Europe and Asia.

IAWS' initial 22% shareholding was increased to 32% in the financial year 2006. On 7 June 2008, IAWS entered into an agreement to purchase Lion Capital's 32% shareholding in Hiestand which would bring IAWS' total shareholding in Hiestand to 64%. This transaction was completed on 1 August 2008 and since this date Hiestand has been consolidated.

The investment was accounted for using the equity method up to the end of July 2008. The carrying amount as at 31 July 2008 was €87,266,000. At the date of acquisition, any changes in the carrying amount of the investment recognised in the past were reversed. Secondly, the changes in fair values that occurred since the original shareholdings were obtained were recognised based on the respective interests held. Both items in the total amount of €35,077,000 were recognised against equity.

On 9 June 2008, the IAWS Board and the Hiestand Board announced the proposed merger of IAWS and Hiestand with a view to creating the global leader in speciality bakery. Following the merger on 21 August 2008, ARYZTA became the holding company of the enlarged Group.

Fresca acquisition

On 7 February 2009, the Group completed the acquisition of Fresca SAS. Fresca is a French based food distribution business concentrated on the Greater Paris region and serving principally the local catering and restaurant markets.

Other acquisitions

In 2009, Origin completed a number of bolt-on acquisitions in the United Kingdom. The principal transactions were the acquisition of CSC Crop Protection Limited in April 2009 and GB Seeds Limited in June 2009. These acquisitions improve the strategic position of Origin's integrated agronomy services business. The Group also acquired holdings in a Food Europe distribution business. The results of these other acquisitions were not material to the Group.

The goodwill arising on the principal Hiestand and Fresca business combinations is attributable to the skills and talent of the acquired businesses' work force and the synergies expected to be achieved from integrating the companies into the Group's existing business.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Details of net assets acquired and goodwill arising from the business combinations in 2009 are set out below:

2009 in Euro `000	Acquiree's carrying amount	Fair value adjustments	Fair value	Hiestand	Fresca	Other
Net assets acquired:						
Property, plant and equipment	165,313	24,024	189,337	183,474	1,070	4,793
Investment property	3,297	450	3,747	3,747	–	–
Goodwill	106,408	(106,408)	–	–	–	–
Intangible assets	42,595	233,581	276,176	256,786	9,300	10,090
Inventory	38,121	(23)	38,098	27,005	2,166	8,927
Trade and other receivables	101,392	(1,293)	100,099	83,564	7,061	9,474
Trade and other payables	(91,895)	(15,615)	(107,510)	(84,265)	(7,487)	(15,758)
Debt acquired	(128,633)	–	(128,633)	(126,238)	–	(2,395)
Finance leases	(659)	–	(659)	–	–	(659)
Deferred tax	(20,885)	(39,460)	(60,345)	(54,343)	(3,254)	(2,748)
Deferred income from government grants	–	(14,657)	(14,657)	(14,657)	–	–
Defined benefit and other pension obligations	(1,194)	(1,489)	(2,683)	(2,128)	(207)	(348)
Income tax	(9,855)	1,055	(8,800)	(9,606)	395	411
Net assets acquired before non-controlling interests			**284,170**	**263,339**	**9,044**	**11,787**
Non-controlling interests			(8,092)	(8,092)	–	–
Net assets acquired after non-controlling interests			**276,078**	**255,247**	**9,044**	**11,787**
Goodwill arising on acquisition			360,031	335,811	20,929	3,291
Consideration			**636,109**	**591,058**	**29,973**	**15,078**

Satisfied by:	**Notes**					
Equity consideration:						
Fair value of shares exchanged for 32% Lion Capital holding	29.2.1		187,960	187,960	–	–
Equity-based consideration for remaining 36% interest in Hiestand Holding AG	29.2.2		233,531	233,531	–	–
Total equity consideration			421,491	421,491	–	–
Cash consideration			70,119	30,000	25,488	14,631
Transaction costs			33,907	30,514	2,887	506
Deemed consideration of previously held 32% interest	29.2.3		121,854	121,854	–	–
Deferred consideration			3,800	–	3,800	–
Cash acquired			(15,062)	(12,801)	(2,202)	(59)
Consideration			**636,109**	**591,058**	**29,973**	**15,078**

There have been no material revisions of the provisional fair value adjustments since the initial values were established at the time of each acquisition.

For the identification and estimation of the fair value of the acquired intangibles of Hiestand, ARYZTA was assisted by an independent accounting firm. The identified intangibles include the fair value of contract-related intangibles, brands and the customer relationships. To value the contract-related intangibles and brands, the relief-from-royalty methodology (income approach method) has been applied. The excess earnings method (income approach method) was the basis for the fair value valuation of customer relationships.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

The net cash outflow on acquisitions during the prior period amounted to €80,546,000 and was composed as follows:

in Euro `000	Hiestand	Fresca	Other	Total
Cash consideration	30,000	25,488	14,631	**70,119**
Transaction costs paid	23,740	287	479	**24,506**
Cash acquired	(12,801)	(2,202)	(59)	**(15,062)**
Cash spend on purchase of non-controlling interests[1]	–	–	983	**983**
Cash spend per cash flow statement	40,939	23,573	16,034	**80,546**

1 Goodwill arising on the acquisition of non-controlling interests was €376,000.

The impact of the business combinations during the prior year on the Income Statement of the Group is set out in the following table:

in Euro `000	Hiestand	Fresca	Other
Revenue	509,935	17,556	29,891
Operating profit	61,050	655	4,503

If the acquisitions had occurred on 1 August 2008, management estimates that consolidated revenue for the prior year would have been €3,264,171,000 and consolidated operating profit for the prior year would have been €76,238,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the dates of the acquisition would have been the same if the acquisitions occurred on 1 August 2008.

29.2.1 Fair value of shares exchanged

This amount is represented by the issuance of 12,700,000 IAWS shares issued at a market value of €14.80, being the opening quoted price of IAWS shares on 31 July 2008.

29.2.2 Equity-based consideration

This is the fair value of the equity consideration as defined by IFRS 3, Business Combinations, for use in reverse acquisition accounting. The fair value was calculated by determining the number of IAWS shares which would need to have been issued to non-IAWS shareholders of Hiestand to give them the same stake in IAWS Group Limited as they will have in ARYZTA going forward.

This would be satisfied by the issuance of 13,737,143 IAWS shares to the non-IAWS shareholders of Hiestand at a market value of €17.00, being the opening quoted price of IAWS shares on 21 August 2008, the date of the merger. The fair value of €233,531,000 so calculated is presented in equity.

Also included in equity is an adjustment that was required to show the share capital of ARYZTA in the Group Balance Sheet rather than that of IAWS. This step in the acquisition accounting is effectively a reclassification.

The net impact of both these steps was an increase in equity of €233,531,000 in the prior year.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

29.2.3 Deemed consideration

The deemed consideration of the previously held 32% interest in Hiestand comprises the current fair value of IAWS's original 32% share in the net assets of Hiestand of €85,607,000 and the current fair value of the goodwill arising thereon of €36,247,000.

30 Contingent liabilities

	2010 in Euro `000	2009 in Euro `000
a) Government grants repayable if grant conditions are not met	**3,489**	5,458

b) The Group has guaranteed the liabilities of certain of its subsidiaries. The Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

c) The Food Group and its subsidiaries have given composite guarantee and indemnity to secure obligations of fellow subsidiary undertakings on all sums due: CHF 600.0m and EUR 70.4m in respect of bank loans, advances and overdrafts, USD 1,070.0m and EUR 25.0m in respect of the Group's private placements and CHF 200.0m in respect of the Swiss bond.

d) Origin and its subsidiaries have given composite guarantee and indemnity to secure obligations of fellow subsidiary undertakings of €450.0m in respect of bank loans.

e) Origin, the Group's 71.4% owned subsidiary, has guaranteed contractual trade payments amounting to €nil (2009: €19,139,000) by way of letters of credit.

f) The Food Group has guaranteed contractual trade payments amounting to €14,546,000 (2009: €5,415,000) by way of letters of credit. Of this amount €2,916,890 (2009: €nil) relates to letters of credit given on behalf of joint ventures.

31 Current litigation

A former Hiestand shareholder has taken legal action against the Company asserting, in essence, entitlement under the Hiestand Holding AG and IAWS Group plc merger to a price for its Hiestand shares equal to the price IAWS Group paid Lion Capital for its former Hiestand shares under their contract. While such an action is permitted under Swiss law (based on Article 105 of the Swiss Merger Act), it does not affect the implementation of the merger. The Group considers the case to be without merit. A complete defence to the claim, based on the law and the facts, is being vigorously pursued.

32 Related party transactions

In the normal course of business, the Group undertakes transactions with its associates, joint ventures and other related parties. A summary of transactions with these related parties, which relate primarily to transactions with associates and joint ventures during the year, are as follows:

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

in Euro `000	2010	2009
Sale of goods	**67,975**	65,673
Purchase of goods	**(5,269)**	(7,586)
Provision of services	**24**	1,841
Receiving of services	**(1,887)**	(989)

The trading balances owing to the Group from related parties were €1,361,728 (2009: €923,000) and the trading balances owing from the Group to these related parties were €2,831,032 (2009: €850,000).

Compensation of key management
For the purposes of the disclosure requirements of IAS 24, Related Party Disclosures, the term "key management personnel" (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and the Group Executive Management which manages the business and affairs of the Group.

A summary of the compensation to key management is as follows:

in Euro `000	2010	2009
Short-term employee benefits	**3,038**	4,928
Post employment benefits	**319**	312
Share-based payments	**1,607**	2,134
Total key management compensation	**4,964**	7,374

Further detailed disclosure in relation to the compensation entitlements of the Board of Directors and Executive Management is provided in note 10 of the ARYZTA Company Financial Statements 2010.

33 Post balance sheet events – after 31 July 2010

Origin Food business transaction
On 10 September 2010, ARYZTA's 71.4% subsidiary, Origin Enterprises Plc (Origin), concluded a strategic agreement with CapVest Limited, facilitating the consolidation of Irish consumer food brands by establishing a new food business venture, Valeo Food Group (Valeo), in which Origin will hold an associate interest of 45%.

As part of this agreement, Origin will transfer its food business, which includes the premier Irish food brands, Odlums, Shamrock and Roma, into Valeo for net cash proceeds of €26m and a deferred consideration in the form of loan notes of €35m. This transfer will conclude the exit by Origin of a direct involvement in its previously reported Food business segment, which contributed revenues of €253m and operating profits of €13.8m to ARYZTA AG 31 July 2010 Group financial statements.

The disposal of the Origin food business assets into Valeo is expected to result in a loss on disposal of approximately €8m and will be shown as a non-recurring item in the financial statements for the year ended 31 July 2011. In addition to acquiring Origin's food business, Valeo has also reached agreement on the same date to acquire Batchelors, a leading manufacturer and retail category partner for a number of Ireland's most iconic ambient food and drink brands including Batchelors, Erin, Squeez and Lustre, servicing the canned vegetables, dry sauces and mixes, juices and canned fruit

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

categories in Ireland. This transaction is not expected to have a material impact on ARYZTA's share of profit from associates.

Valeo is being financed through a combination of external ring-fenced senior bank debt facilities and equity funding provided by CapVest.

For the year ended 31 July 2011, Origin's 45 per cent interest in Valeo will be treated as an associate undertaking and will be accounted for using the equity method in accordance with IAS 28, Investments in Associates.

Food Group joint venture acquisition
On 12 August 2010, ARYZTA announced that its subsidiary IAWS Group Limited reached agreement with Tim Hortons Inc. (Tim Hortons), its 50-50 partner under the CillRyan's joint venture, to acquire Tim Hortons' 50% share of CillRyan's for consideration of CAD 475m (€349m).

CillRyan's principal operating entity Maidstone Bakery Limited (Maidstone), operates in Brantford, Ontario from a purpose-built circa 400,000 square-foot bakery. Currently, Maidstone exclusively services the Tim Hortons network under a contractual arrangement which extends to 2016 (or 2017 at Tim Hortons' option) and may be extended beyond this point by mutual agreement. Following this investment, Maidstone will be under ARYZTA's 100% ownership. The carrying value of the investment in the Maidstone JV at 31 July 2010 is €68.3m. Completion of the Maidstone transaction is expected by end of the calendar year 2010.

Food Rest of World investment
Separately, ARYZTA's US subsidiary, Fresh Start Bakeries, is in the process of completing an investment in three bakeries in Asia (located in Taiwan, Singapore and Malaysia) and will commence the construction of a new bakery in Brazil. These bakeries principally service a leading international quick service restaurant operator, which continues to expand in these regions. The cost of these investments by Fresh Start Bakeries is expected to total in the order of USD 48m (EUR 36m).

Food Group financing
It is planned that ARYZTA will issue a Perpetual Callable Subordinated Instrument ('Hybrid instrument') in the near term as the principal financing for these strategic investments.

34 Risk assessment required by Swiss law

The Board and senior management of ARYZTA have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks and mitigating controls are evaluated. These processes are driven by management of the businesses, who are best placed to identify the significant ongoing and emerging risks facing their businesses. The outputs of these risk assessment processes are subject to various levels of review by management, and a consolidated Risk Map is reviewed by the ARYZTA Board of Directors on an annual basis. Risks identified and associated mitigating controls are also subject to audit as part of operational, financial and health and safety audit programmes.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

35 Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Note	Name
Note 8	Share-based payments
Note 14	Goodwill and intangible assets – measurement of the recoverable amounts of CGUs
Note 22	Financial instruments and financial risk
Note 24	Deferred tax
Note 25	Retirement benefit obligations

The Group has grants of share-based incentives outstanding under various incentive plans. Estimating the value of these grants, and the period over which this value will be recognised as an expense, requires various management estimates and assumptions, as set out in note 8.

Impairment testing of assets, particularly of goodwill, involves estimating the future cash flows for a cash-generating unit and an appropriate discount rate to determine a recoverable value, as set out in note 14.

The Group Balance Sheet includes deferred tax assets of €62.3m relating to deductible differences and, in certain cases, deferred tax assets related to tax loss carry-forwards of €28.3m provided that their utilisation appears reasonable. The recoverable value is based on forecasts of the corresponding taxable Group company over a period of several years. As actual results may differ from these forecasts, the deferred tax assets may need to be adjusted accordingly.

The estimation of employee benefit costs requires the use of actuaries and the determination of appropriate assumptions such as discount rates and expected future rates of return, as set out in note 25.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

36 Significant subsidiaries

A list of all of the Group's principal subsidiary undertakings as at 31 July 2010 is provided in the table below.

	Name	Nature of business	Currency	Share capital millions	Group % share	Registered office
(a)	***Food subsidiaries – Ireland***					
	Cuisine de France	Food manufacturing and distribution	EUR	0.635	100	3
	IAWS Management Services	Management	EUR	0.00005	100	1
	IAWS Technology and Global Services	Research and development	EUR	0.152	100	3
	Gallagher's Bakery	Food manufacturing and distribution	EUR	0.034	100	1
(b)	***Food subsidiaries – United Kingdom***					
	Cuisine de France (UK) Limited	Food distribution	GBP	0.250	100	6
	Delice de France, plc	Food manufacturing and distribution	GBP	0.250	100	10
(c)	***Food subsidiaries – Mainland Europe***					
	IAWS France SA	Food distribution	EUR	28.750	100	7
	Hiestand Schweiz AG	Food	CHF	3.500	100	13
	Hiestand International AG	Food	CHF	0.200	100	13
	HiCoPain AG	Food	CHF	20.000	60	17
	Hiestand Beteiligungsholding GmbH & Co KG	Food	EUR	0.026	100	5
(d)	***Food subsidiaries – United States of America***					
	Cuisine de France, Inc.	Bread distribution	USD	0.002	100	8
	La Brea Bakery Holdings, Inc.	Bread manufacturing and food distribution	USD	0.007	100	9
	Otis Spunkmeyer, Inc.	Baked good manufacturing and distribution	USD	0.00001	100	14
	Arbor Frozen Foods, Inc.[1]	Food manufacturing and distribution	USD	0.0001	100	18
	FSB Global Holdings, Inc.[1]	Baked good manufacturing and distribution	USD	0.085	100	19
	Pennant Foods Company L.L.C.[1]	Baked good manufacturing and distribution	USD	0.0001	100	9
(e)	***Food joint venture***					
	CillRyan's Bakery Limited	Bread manufacturing and distribution	CAD	21.105	50	1
(f)	***Origin subsidiaries – Ireland***					
	Origin Enterprises plc	Holding company	EUR	1.386	71.4	1
	Goulding Chemicals Limited	Fertiliser blending and distribution	EUR	6.349	71.4	1
	R. & H. Hall Limited	Grain and feed trading	EUR	6.865	71.4	1
	Shamrock Foods Limited	Food distribution	EUR	0.0001	71.4	1
	Odlum Group	Flour milling	EUR	4.493	71.4	12
(g)	***Origin subsidiaries – United Kingdom***					
	Origin Fertilisers (UK) Limited	Fertiliser blending and distribution	GBP	0.550	71.4	2
	Masstock Group Holdings Limited	Specialist agronomy services	GBP	0.010	71.4	15
(h)	***Origin associates and joint venture***					
	Welcon Invest AS	Fish processing	NOK	12.000	35.7	11
	BHH Limited	Provender millers	STG	5.020	35.7	4
	Continental Farmer's Group Plc	Producer of agriculture crops	EUR	0.652	27.6	16

1 During the year, Arbor Frozen Foods, Inc., FSB Global Holdings, Inc. and Pennant Foods Company L.L.C. were added to the list of significant subsidiaries.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2010

Registered Offices:

1. 151 Thomas Street, Dublin 8, Ireland.
2. Orchard Road, Royston, Hertfordshire SG8 5HW, England.
3. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
4. 35/39 York Road, Belfast BT15 3GW, Northern Ireland.
5. Kolpingstrasse 1–3, 97447 Gerolzhofen, Germany.
6. Unit 4, Blaris Industrial Estate, Old Hillsborough Road, Lisburn, Co. Antrim, BT27 5QB, Northern Ireland.
7. Boulevard de Beaubourg, B.P. 22 - Emerainville, 7713 Marne-La-Vallée, Cedex 2, France.
8. 203 North La Salle Street, Suite 1800, Park Ridge, Chicago, Illinois, United States of America.
9. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States of America.
10. Rubastic Road, Southall, Middlesex UB2 5LL, England.
11. 6718 Deknepollen, Norway.
12. Alexandra Road, Dublin 1, Ireland.
13. Ifangstrasse 9–11, 8952 Schlieren-Zurich, Switzerland.
14. 14490 Catalina Street, San Leandro, CA94577, United States of America.
15. Andoversford, Cheltenham, Gloucestershire, GL54 4LZ, England.
16. Athol Street, Douglas, IMI 1LB, Isle of Man.
17. Industriepark, 6252 Dagmersellen, Switzerland.
18. 300 Innovation Drive, Romeoville, IL 60446, United States of America.
19. 1209 N. Orange Street, Wilmington 19801, Delaware, United States of America.

The country of registration is also the principal location of activities in each case.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting

As statutory auditor, we have audited the accompanying consolidated financial statements of ARYZTA AG, which comprise the Group Income Statement, Group Statement of Comprehensive Income, Group Cash Flow Statement, Group Balance Sheet and Group Statement of Changes in Equity and notes on pages 49 to 124 for the year ended 31 July 2010. The financial statements of the Company as of 31 July 2009 and for the year then ended were audited by other auditors, whose report dated 24 September 2009 expressed an unqualified opinion on those statements.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

Opinion
In our opinion, the consolidated financial statements for the year ended 31 July 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 of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting (continued)

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.

PricewaterhouseCoopers AG

Patrick Balkanyi Audit Expert Auditor in Charge	Cornelia Ritz Bossicard Audit Expert

Zurich, 23 September 2010

Company Income Statement
for the year ended 31 July 2010

in CHF `000	12 month year ended 31 July 2010	19 month period ended 31 July 2009
Income		
Revenues from licences and management fees	**35,456**	31,121
Financial income	**20,953**	17,231
Dividend income	**–**	34,093
Total income	**56,409**	82,445
Expenses		
Depreciation and amortisation	**(49,536)**	(78,264)
Personnel expenses	**(2,673)**	(5,126)
Financial expenses	**(44,468)**	(21,395)
Other operating expenses	**(15,722)**	(34,797)
Service fees	**–**	(4,751)
Total expenses	**(112,399)**	(144,333)
Loss before taxes	**(55,990)**	(61,888)
Taxes	**(2,172)**	(3,972)
Net loss after taxes	**(58,162)**	(65,860)

Company Balance Sheet
as at 31 July 2010

in CHF `000	2010	2009
Assets		
Non-current assets		
Property, plant and equipment	**1,114**	1,085
Intangible assets	**121,431**	170,242
Financial assets		
– investments	**1,318,546**	1,318,954
– loans to group companies	**863,051**	157,580
Total non-current assets	**2,304,142**	1,647,861
Current assets		
Cash and cash equivalents	**40,056**	5,779
Trading accounts receivable from third parties	**–**	563
Other receivables		
– from third parties	**537**	1,679
– from Group companies	**39,245**	23,694
Deferred expenses and accrued income	**394**	–
Total current assets	**80,232**	31,715
Total assets	**2,384,374**	1,679,576

Company Balance Sheet (continued) as at 31 July 2010

in CHF `000	2010	2009
Equity		
Called up share capital	**1,701**	1,624
Share premium	**159,316**	1,065,653
Unrestricted reserves	**1,023,411**	–
Reserves for own shares	**75,167**	75,167
Loss carried forward	**(65,860)**	–
Net loss for the year	**(58,162)**	(65,860)
Total equity	**1,135,573**	1,076,584
Liabilities		
Non-current liabilities		
Provisions	**5,190**	5,630
Intercompany non-current liabilities	**395,985**	572,047
Interest-bearing loans and borrowings	**756,080**	–
Total non-current liabilities	**1,157,255**	577,677
Current liabilities		
Trade accounts payable	**7,230**	843
Accrued expenses and deferred income	**10,205**	12,444
Interest-bearing loans and borrowings	**33,412**	–
Other accounts payable		
– to third parties	**425**	141
– to Group companies	**40,274**	11,887
Total current liabilities	**91,546**	25,315
Total liabilities	**1,248,801**	602,992
Total equity and liabilities	**2,384,374**	1,679,576

Notes to the Company Financial Statements

1 Accounting dates

The Company's accounting period runs for the year from 1 August 2009 to 31 July 2010. The comparative accounting period was from 1 January 2008 to 31 July 2009.

2 Loans, guarantees and pledges in favour of third parties

The Company is party to cross guarantees on ARYZTA AG (excluding Origin) Group borrowings.

The Company has guaranteed the liabilities of certain of its subsidiaries. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Swiss ARYZTA entities form a VAT subgroup and, hence, every company participating in the subgroup is liable for VAT payables of the other subgroup participants.

3 Fire insurance value of property, plant and equipment

	12 month year ended 31 July 2010 in CHF `000	19 month period ended 31 July 2009 in CHF `000
Fire insurance value of property, plant and equipment	**1,500**	1,500

4 Details of investments

Company, domicile		**Share capital millions 2010**	Share capital millions 2009	**Percentage 2010**	Percentage 2009
Hiestand Schweiz AG, Schlieren (CH)	CHF	**3.500**	3.500	**100**	100
Hiestand International AG, Schlieren (CH)	CHF	**0.200**	0.200	**100**	100
Hiestand Beteiligungsholding GmbH & Co. KG, Gerolzhofen (DE)[1]	EUR	**0.026**	0.026	**100**	100
Hiestand Polska SP. z.o.o., Grodzisk Mazowiecki (PL)	PLN	**60.637**	60.637	**100**	100
Hiestand Austria GmbH, Wiener Neudorf (AT)	EUR	**0.036**	0.036	**100**	100
Hiestand Japan Co., Ltd, Tokyo (JP)	JPY	**185.000**	185.000	**100**	100
Hiestand Malaysia SDN BHD, Bandar Baru Bangi (MY)	MYR	**2.400**	2.400	**100**	100
Hiestand Services AG, Lupfig (CH)	CHF	**0.200**	0.200	**100**	100
Hiestand Holdings (Switzerland) AG, Lupfig (CH)	CHF	**0.100**	0.100	**100**	100
IAWS Group Ltd, Dublin (IE)	EUR	**43.085**	43.085	**100**	100

1 The amount disclosed represents limited liability capital.

Notes to the Company Financial Statements
(continued)

5 Authorised or conditional capital increase

Authorised	12 month year ended 31 July 2010 `000	12 month year ended 31 July 2010 in CHF `000	19 month period ended 31 July 2009 `000	19 month period ended 31 July 2009 in CHF `000
Shares of CHF 0.02 each	**109,130**	**2,183**	109,130	2,183

	12 month year ended 31 July 2010 `000	12 month year ended 31 July 2010 in CHF `000	19 month period ended 31 July 2009 `000	19 month period ended 31 July 2009 in CHF `000
Shares of CHF 0.02 each – authorised, issued and fully paid				
Opening balance	**81,180**	**1,624**	100	2
Issued during the period	**3,865**	**77**	81,080	1,622
As at 31 July	**85,045**	**1,701**	81,180	1,624

On 21 August 2008, after the merger of ARYZTA AG with Hiestand Holding AG, the issued share capital of ARYZTA consisted of 78,940,460 ordinary shares with a nominal value of CHF 0.02 each fully paid up. On 2 December 2008, the issued share capital was increased to 81,180,460 by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA, pursuant to a share subscription on behalf of ARY LTIP Trustee Limited.

ARY LTIP Trustee Limited is a wholly owned subsidiary of ARYZTA formed for the purposes of holding shares subject to the ARYZTA Long-Term Incentive Plan (“LTIP”) and ARY LTIP Trustee Limited will hold these shares in treasury pending satisfaction of the applicable terms of the LTIP.

On 16 June 2010, the issued share capital was increased to 85,044,795 by the issue of 3,864,335 registered shares with a nominal value of CHF 0.02 each. The capital increase, effected at CHF 41.50 per share, was undertaken to assist the financing of the purchase of Fresh Start Bakeries.

Shareholders are entitled to dividend as declared. The ARYZTA shares rank pari passu in all respects with each other.

Pursuant to Article 4 of the Articles of Association (governing Conditional Share Capital for Employee Benefit Plans), the amount by which the share capital of the Company may be increased on a non-pre-emptive basis may not exceed CHF 130,152.80 (through the issue of up to 6,507,640 registered shares).

Pursuant to Article 5 of the Articles of Association (governing Conditional Share Capital for general purposes), the amount by which the share capital of the Company may be increased for general purposes may not exceed CHF 351,556.06 (through the issue of up to 17,577,803 registered shares).

Notes to the Company Financial Statements (continued)

6 Treasury shares owned by the Company or one of its subsidiaries

On 2 December 2008, the Company increased its share capital to 81,180,460 by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA. These 2,240,000 registered shares were issued to a subsidiary of ARYZTA, ARY LTIP Trustee Limited, as treasury shares for use in connection with the ARYZTA Long-Term Incentive Plan.

ARY LTIP Trustee Limited was formed for the purposes of holding shares, subject to the ARYZTA Long-Term Incentive Plan ('LTIP') and ARY LTIP Trustee Limited will hold these shares in treasury pending satisfaction of the applicable terms of the LTIP.

	12 month year ended 31 July 2010 `000	**12 month year ended 31 July 2010 in CHF `000**	19 month period ended 31 July 2009 `000	19 month period ended 31 July 2009 in CHF `000
Opening balance	**2,234**	**75,167**	–	–
Issue of shares	–	–	2,240	75,357
Movement on treasury shares	–	–	(6)	(190)
As at 31 July	**2,234**	**75,167**	2,234	75,167

7 Risk assessment

ARYZTA AG, Zurich, as the ultimate parent company of the ARYZTA Group, is fully integrated into the group-wide internal risk assessment process.

The Board and senior management of ARYZTA have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks and mitigating controls are evaluated. These processes are driven by management of the businesses, who are best placed to identify the significant ongoing and emerging risks facing their businesses. The outputs of these risk assessment processes are subject to various levels of review by management, and a consolidated Risk Map is reviewed by the ARYZTA Board of Directors on an annual basis. Risks identified and associated mitigating controls are also subject to audit as part of operational, financial and health and safety audit programmes.

Notes to the Company Financial Statements
(continued)

8 Participations

As at 31 July 2010, the Company has been notified of the following shareholdings which amount to 5% or more of the Company's issued ordinary share capital:

	Number of shares 2010	**% of registered shares 2010**	Number of shares 2009	% of registered shares 2009
Invesco Limited	**8,144,528**	**9.58%**	4,102,193	5.05%
Fidelity International Limited[1]	**4,049,810**	**4.76%**	4,255,814	5.24%
Fidelity Management and Research LLC ("FMR LLC")[1]	**3,825,000**	**4.50%**	3,825,000	4.71%

1 Fidelity International Limited and FMR LLC are two separate investment companies, but under common control, as part of the Fidelity group of investment companies.

Any significant shareholder notifications during the year and since 31 July 2010 are available on the Group's website www.aryzta.com.

9 Pension fund liability

The pension fund liability was CHF 161,000 at 31 July 2010 (2009: CHF 140,000).

10 Compensation disclosure

Remuneration policy

The Nomination and Remuneration Committee of the Board (the "NRC") is responsible for determining the remuneration of executive and non-executive members of the Board and for approving the remuneration of other members of senior management.

The Group's policy on executive remuneration recognises that employment and remuneration conditions for senior executives must reward and motivate senior executives to perform in the best interests of the shareholders, while striking an appropriate balance between long-term and short-term goals.

Executives are remunerated in line with the level of their authority and responsibility within the Group. The elements of the remuneration package for Executive Management, all of which are reviewed annually by the NRC may comprise: (a) basic salary and benefits (including retirement benefits); (b) short-term performance related bonus (measured by reference to performance in the financial year); and (c) long-term incentives.

Executive directors' basic salary and benefits

Basic salary of executive directors is reviewed annually with regard to personal performance, Group performance and competitive market practice. Employment related benefits consist principally of a car allowance and pension. Pension benefits are determined solely in relation to basic salary.

Performance related bonus

Short-term performance related bonus payments were not made to Executive Management in the year.

ARYZTA Long-Term Incentive Plan

The ARYZTA Long-Term Incentive Plan ("LTIP") is designed to incentivise executives for driving the achievement of superior financial targets measured over the long term (three financial years) and to align their interests with the shareholders through the promotion

Notes to the Company Financial Statements (continued)

and encouragement of share ownership. The LTIP allows a mix of tools to be employed to this end. The ARYZTA Long-Term Incentive Plan ("LTIP") consists of a Share Option Equivalent LTIP and a Matching Scheme LTIP. See note 8 of the Group Financial Statements for the total expense recognised in the Income Statement for share-based payments in 2010.

During the year, the Company made awards under the Share Option Equivalent LTIP to Executive Management and to Group Management. The vesting of the share options equivalents granted is conditional on the growth rate in underlying fully diluted EPS in any three consecutive accounting periods exceeding the growth in the Euro zone Core Consumer Price Index plus 5%. In addition, the return on invested capital over the relevant three year performance period must not be less than the weighted average cost of capital of the Group, and the individual must be in on-going employment. The Group has no legal or constructive obligation to repurchase or settle the option equivalents in cash. The cost of the Share Option Equivalent LTIP is charged to the Income Statement over the current estimated vesting period from grant date.

During 2010, the Company made no new awards under the Matching Scheme LTIP. Participants with Matching Scheme Awards have the prospect of receiving up to three shares for each recognised qualifying interest held throughout the performance period. Vesting is determined by reference to underlying fully diluted EPS growth. Compound growth in EPS in any three consecutive financial years ending after 31 July 2008 must exceed 10%, with vesting accruing as per the following table:

EPS growth	Multiple (re qualifying investment shares)
15% or more	3
>12.5% < 15%	2
10% to 12.4%	1
< 10%	0

Awards under the Matching Scheme are subject to additional conditions including notably: (a) the requirement to hold recognised qualifying interests throughout the performance period; and (b) the requirement that ARYZTA's return on invested capital over the performance period is not less than its weighted average cost of capital.

The cost of the Matching Scheme LTIP is charged to the Income Statement over the estimated vesting period. The fair value assigned to these equity instruments represents the full value of an ordinary share on the date of grant, adjusted for lost dividends between the date of issue and the vesting date.

Notes to the Company Financial Statements
(continued)

Compensation to members of the Board of Directors

Non-executive Board members are paid a yearly fee which reflects the time commitment and responsibilities of the role. Additional compensation is payable for service on a Board Committee (including the Chair thereof). The level of fees is kept under review by reference to comparable external figures. Non-executive Board members are not eligible for performance-related payments and do not participate in the Group's Long-Term Incentive Plan.

in CHF `000	**Direct payments in 12 month year ended 31 July 2010**	Direct payments in 19 month period ended 31 July 2009[1]
Denis Lucey	**323**	323
Albert Abderhalden	**88**	77
Denis Buckley	**96**	96
J Brian Davy	**112**	112
Noreen Hynes	**112**	112
Hugo Kane	**88**	77
Owen Killian	**88**	77
Patrick McEniff	**88**	77
William Murphy	**96**	97
Hans Sigrist	**88**	77
Dr J Maurice Zufferey	**96**	84
Beatrice Dardis[2]	**–**	90
Wolfgang Werle[2]	**–**	30
Paul Wilkinson[2]	**–**	98
Total	**1,275**	1,427

1 Depending on when they commenced their service with the Group, the compensation paid to the members of the Board of Directors covers the period from either 1 August 2008 or the date of their appointment to the Board of Directors of ARYZTA to 31 July 2009.

2 B. Dardis and P. Wilkinson resigned from the Board on 28 July 2009 and W. Werle resigned from the Board on 29 December 2008.

With the exception of Denis Lucey, Owen Killian and Patrick McEniff who were appointed on 6 June 2008, all other Directors were appointed to the ARYZTA Board upon the admission of ARYZTA to trading on the SIX Swiss Exchange and Irish Stock Exchange on 22 August 2008.

Compensation to members of the Executive Management

in CHF `000	**Total Executive Management 2010**	**Owen Killian 2010**	Total Executive Management 2009	Owen Killian 2009
Basic salaries	**3,196**	**1,277**	3,188	1,277
Performance related bonus	**–**	**–**	2,920	1,277
Benefits in kind	**234**	**83**	240	83
Pension contributions	**467**	**191**	478	191
Executive Incentive Plan	**2,350**	**903**	3,267	1,307
Total compensation paid to members of ARYZTA Executive Management	**6,247**	**2,454**	10,093	4,135

The highest total compensation in the reporting period was received by Owen Killian, and his total remuneration is disclosed separately above. Executive Management, as per the ARYZTA Group's Corporate Governance Report at page 24, consists of Owen Killian

Notes to the Company Financial Statements
(continued)

(CEO), Patrick McEniff (CFO), Hugo Kane (COO), and Pat Morrissey (Group General Counsel and Company Secretary).

The compensation to members of the Executive Management disclosed for the financial year includes compensation for their roles as members of the Board of ARYZTA for the period from 1 August 2009 to 31 July 2010 and in the case of Owen Killian, Patrick McEniff and Pat Morrissey for their service as officers of Origin Enterprises plc (respectively, Chairman, non-executive Director and Company Secretary).

Directors' and Executive Management's share interests
The directors and Company Secretary who held office at 31 July 2010 had no interests, other than those shown below, in the ordinary shares in, or loan stock of, the Company or other Group undertakings. Beneficial interests at 31 July were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of shares 2010	No. of shares 2009
Denis Lucey	**1,250**	1,250
Albert Abderhalden	**313,788**	313,788
Denis Buckley	**2,250**	2,250
J Brian Davy	**58,186**	58,186
Noreen Hynes	**1,000**	1,000
Hugo Kane	**240,978**	280,978
Owen Killian	**523,731**	523,731
Patrick McEniff	**320,006**	320,006
William Murphy	**6,171**	6,171
Hans Sigrist	**14,000**	14,000
Dr J Maurice Zufferey	**396**	396
Company Secretary		
Pat Morrissey	**93,251**	93,251
	1,575,007	1,615,007

Details of the interests of Owen Killian, Patrick McEniff, Hugo Kane, and Pat Morrissey in share entitlements under the Matching Scheme and Share Option Equivalent Scheme are set out below. There have been no changes in the interests as shown above between 31 July 2010 and 23 September 2010.

Notes to the Company Financial Statements (continued)

Directors' and Executive Management's interest in equity instruments

Matching Scheme

	1)	2)	3)	4)
Directors				
Owen Killian	–	300,000	31 July 2011	6 April 2019
Patrick McEniff	–	180,000	31 July 2011	6 April 2019
Hugo Kane	–	180,000	31 July 2011	6 April 2019
Company Secretary				
Pat Morrissey	–	90,000	31 July 2011	6 April 2019
Total	–	**750,000**		

1) Maximum number of shares available based on Matching Scheme awards made during the current financial year.
2) Maximum number of shares available based on Matching Scheme awards held at 31 July 2010.
3) Earliest date by which qualifying conditions can be met.
4) Latest date by which qualifying conditions must be met.

Option Equivalent Scheme

	1)	2)	3)	4)
Directors				
Owen Killian	300,000	300,000	31 July 2012	14 December 2019
Patrick McEniff	250,000	250,000	31 July 2012	14 December 2019
Hugo Kane	150,000	150,000	31 July 2012	14 December 2019
Company Secretary				
Pat Morrissey	100,000	100,000	31 July 2012	14 December 2019
Total	**800,000**	**800,000**		

1) Maximum number of share option equivalent rights available based on share option equivalents granted during the current financial year.
2) Maximum number of shares option equivalent rights available based on share option equivalents granted during the year and held at 31 July 2010.
3) Earliest date by which qualifying conditions can be met.
4) Latest date by which qualifying conditions must be met.

Company Appropriation of Available Earnings

Appropriation of available earnings

The Board of Directors will propose to the General Meeting of Shareholders the following appropriation of earnings:

in CHF `000	**2010**	2009
Balance at beginning of period	**999,469**	–
Dividend payment	**(41,918)**	–
Transfer from share premium to unrestricted reserves	**–**	1,065,329
Net loss for the year	**(58,162)**	(65,860)
Available earnings	**899,389**	999,469
Proposed dividend in the amount of[1]	**39,766**	42,031
To be carried forward	**859,623**	957,438
Total	**899,389**	999,469

1 Proposed dividend represents an estimated amount. This will be adjusted to take account of actual currency translation rates at the date of payment and of any new shares entitled to dividend which are issued subsequent to July 31, and prior to the date of the dividend payment.

Report of the Statutory Auditor to the General Meeting of ARYZTA AG

As statutory auditor, we have audited the accompanying financial statements of ARYZTA AG (the Company), which comprise the Company Income Statement, Company Balance Sheet and notes on pages 127 to 137 for the year ended 31 July 2010. The financial statements of the Company as of 31 July 2009 and for the year then ended were audited by other auditors, whose report dated 24 September 2009 expressed an unqualified opinion on those statements.

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 July 2010 comply with Swiss law and the Company's articles of incorporation.

Report of the Statutory Auditor on the Financial Statements to the General Meeting (continued)

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.

PricewaterhouseCoopers AG

Patrick Balkanyi Audit Expert Auditor in Charge	Cornelia Ritz Bossicard Audit Expert

Zurich, 23 September 2010

UNITED STATES
New York
Central Park

As its name implies, Central Park is a public park situated in the heart of Manhattan, New York City's main borough. Each year, it attracts some 25 million visitors, making it the US's most popular urban park.

The city set aside 770 acres of land for the park, which first opened in 1857. The next year, it held a design competition for the park's improvement and expansion. Work on the winning entry, the Greensward Plan, began that same year and was completed in 1873. The designers were Frederick Law Olmsted and Calvert Vaux.

Annual Report and Accounts 2010

Food Group Financial Statements

Page

Basis of Preparation

These unaudited Food Group Financial Statements comprise designated individual legal entities which are consolidated as subsidiaries of ARYZTA AG and show the Food Group's interest in joint ventures of ARYZTA AG using the equity method, and which do not form part of Origin Enterprises, plc.

The accompanying financial statements comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet and Cash Flow Statement ("the Food Group Financial Statements") of the Food Group for the year ended 31 July 2010 with 31 July 2009 comparatives.

The Directors have prepared the Food Group Financial Statements by applying accounting policies consistent with those applied by ARYZTA AG and extracting the differences between the audited financial statements of ARYZTA AG and the audited financial statements of Origin Enterprises plc, after reflecting appropriate adjustments deemed necessary to prepare the Food Group Financial Statements. The investment in Origin is carried at historic cost.

The ARYZTA AG and Origin Enterprises plc Group Financial Statements have been reported on by the ARYZTA AG auditor without qualification.

Food Group Income Statement
for the year ended 31 July 2010

in Euro `000	2010 unaudited	2009 unaudited
Revenue	**1,679,417**	1,712,754
Cost of sales	**(1,010,354)**	(1,026,643)
Gross profit	**669,063**	686,111
Operating expenses	**(508,811)**	(524,387)
Operating profit before acquisition, merger costs and other	**160,252**	161,724
Dividend income from investment in Origin	**7,600**	–
Acquisition, merger costs and other	**(4,592)**	(22,738)
Operating profit	**163,260**	138,986
Share of profit of joint ventures	**20,041**	13,808
Profit before financing income and costs	**183,301**	152,794
Financing costs, net	**(36,272)**	(33,299)
Profit before tax	**147,029**	119,495
Income tax expense	**(19,379)**	(21,827)
Profit for the year	**127,650**	97,668
Attributable as follows:		
Equity shareholders	**125,020**	94,633
Non-controlling interests	**2,630**	3,035
Profit for the year	**127,650**	97,668

Food Group Statement of Comprehensive Income
for the year ended 31 July 2010

in Euro `000	2010 unaudited	2009 unaudited
Profit for the year	**127,650**	97,668
Other comprehensive income		
Foreign exchange translation effects	**53,180**	23,602
Actuarial loss on Group defined benefit pension schemes, net of deferred tax	**(1,510)**	(115)
Gains/(losses) relating to cash flow hedges, net of deferred tax	**2,895**	(3,050)
Revaluation of previously held investment in Hiestand	**–**	35,077
Total other comprehensive income for the year	**54,565**	55,514
Total comprehensive income for the year	**182,215**	153,182
Attributable as follows:		
Equity shareholders	**178,262**	150,147
Non-controlling interests	**3,953**	3,035
Total comprehensive income for the year	**182,215**	153,182

Food Group Balance Sheet
as at 31 July 2010

in Euro `000	2010 unaudited	2009 unaudited
Assets		
Non-current assets		
Property, plant and equipment	**815,918**	577,772
Investment property	**4,646**	3,761
Goodwill and intangible assets	**2,149,826**	1,382,431
Investments in joint ventures	**73,140**	55,720
Other investments	**51,045**	51,045
Deferred tax assets	**57,683**	21,754
Total non-current assets	**3,152,258**	2,092,483
Current assets		
Amounts owed by Origin Enterprises plc	**49**	1,629
Inventory	**129,947**	96,381
Trade and other receivables	**247,336**	207,918
Derivative financial instruments	**394**	534
Cash and cash equivalents	**318,544**	204,586
Total current assets	**696,270**	511,048
Total assets	**3,848,528**	2,603,531

Food Group Balance Sheet (continued)
as at 31 July 2010

in Euro `000	2010 unaudited	2009 unaudited
Equity		
Called up share capital	**1,061**	1,005
Share premium	**632,951**	518,006
Retained earnings and other reserves	**897,103**	745,302
Total equity attributable to equity shareholders of parent	**1,531,115**	1,264,313
Non-controlling interests	**11,936**	10,721
Total equity	**1,543,051**	1,275,034
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**1,391,189**	694,511
Employee benefits	**7,524**	5,108
Deferred income from government grants	**16,100**	16,465
Other payables	**7,107**	1,025
Deferred tax liabilities	**338,348**	184,109
Derivative financial instruments	**–**	801
Deferred consideration	**12,824**	29,123
Total non-current liabilities	**1,773,092**	931,142
Current liabilities		
Interest-bearing loans and borrowings	**42,978**	15,579
Trade and other payables	**427,329**	334,672
Corporation tax payable	**47,437**	38,116
Derivative financial instruments	**2,172**	5,165
Deferred consideration	**12,469**	3,823
Total current liabilities	**532,385**	397,355
Total liabilities	**2,305,477**	1,328,497
Total equity and liabilities	**3,848,528**	2,603,531

Food Group Cash Flow Statement
for the year ended 31 July 2010

in Euro `000	**2010 unaudited**	2009 unaudited
Cash flows from operating activities		
Profit before tax	**147,029**	119,495
Financing costs, net	**36,272**	33,299
Dividend income from investment in Origin	**(7,600)**	–
Share of profit of joint ventures	**(20,041)**	(13,808)
Merger and other expenses	**(51)**	22,738
Depreciation of property, plant and equipment	**60,363**	54,628
Amortisation of intangible assets	**47,450**	42,983
Recognition of deferred income from government grants	**(2,895)**	(1,881)
Share-based payments	**1,400**	2,827
Other	**25**	1,180
Cash flows from operating activities before changes in working capital	**261,952**	261,461
(Increase)/decrease in inventory	**(1,235)**	8,466
(Increase)/decrease in trade and other receivables	**30,918**	45,997
Increase/(decrease) in trade and other payables	**(4,865)**	(29,788)
Cash generated from operating activities	**286,770**	286,136
Interest paid, net	**(31,651)**	(33,694)
Income tax paid	**(22,573)**	(19,868)
Net cash flows from operating activities	**232,546**	232,574

Food Group Cash Flow Statement (continued)
for the year ended 31 July 2010

in Euro `000	2010 unaudited	2009 unaudited
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**852**	1,551
Purchase of property, plant and equipment		
– maintenance capital expenditure	**(10,330)**	(15,047)
– investment capital expenditure	**(29,632)**	(56,229)
Grants received	**1,117**	2,377
Acquisition of subsidiaries and businesses, net of cash acquired	**(564,419)**	(66,312)
Investment in joint venture	**(1,800)**	–
Purchase of intangible assets	**(16,914)**	(10,705)
Dividends received	**24,158**	18,830
Deferred consideration	**(2,128)**	(27,384)
Net cash flows from investing activities	**(599,096)**	(152,919)
Cash flows from financing activities		
Net proceeds from issue of share capital	**115,001**	(626)
Drawdown of loan capital	**360,431**	78,437
Capital element of finance lease liabilities	**(807)**	(646)
Dividends paid	**(30,599)**	–
Net cash flows from financing activities	**444,026**	77,165
Net increase in cash and cash equivalents	**77,476**	156,820
Translation adjustment	**8,938**	738
Net cash and cash equivalents at start of year	**189,310**	31,752
Net cash and cash equivalents at end of year	**275,724**	189,310

FOOD REST OF WORLD

BRAZIL
Rio de Janeiro
Flamengo Park

Located close to Guanabara Bay, and also named after Brigadier Eduardo Gomes, the Aterro do Flamengo is the city's largest outdoor leisure space. The park has strong sporting associations, forming the final stretch of the Rio de Janeiro marathon and a key section of the city's famous cycling race. The gardens were planned by the world-renowned landscape designer Burle Marx and are also the site of the Carmen Miranda Museum and the monument to soldiers killed during World War II.

Investor Information

Key dates to December 2011

Announcement of the 2010 annual results	27 September 2010
Issue of the 2010 annual report	5 October 2010
First quarter trading update	29 November 2010
Annual General Meeting	2 December 2010
Payment of dividend	1 February 2011
Announcement of half-year results 2011	14 March 2011
Third quarter trading update	7 June 2011
Announcement of the 2011 annual results	26 September 2011
Issue of the 2011 annual report	4 October 2011
First quarter trading update	28 November 2011
Annual General Meeting 2011	1 December 2011

Investor meeting requests
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Imprint
Design: hilda design matters, Zurich
Photographs parks: Lonely Planet Images
Print: Neidhart + Schön Group, Zurich

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