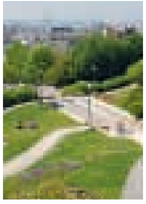
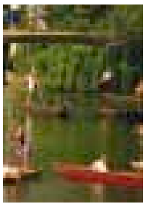
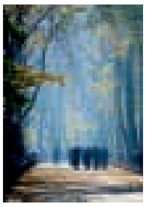
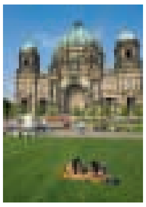
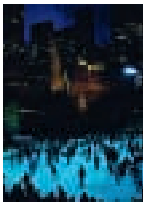
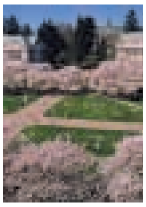
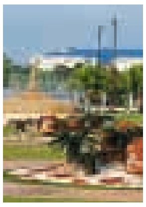
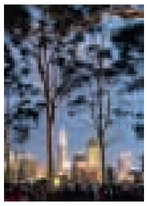
2011

Annual Report and Accounts

ARYZTA
Passion for good food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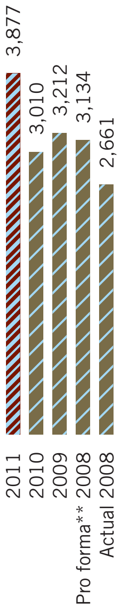
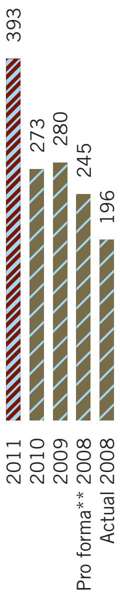
Financial Highlights

Group

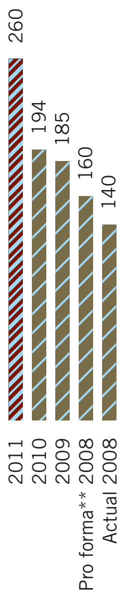
Revenue (EUR m)



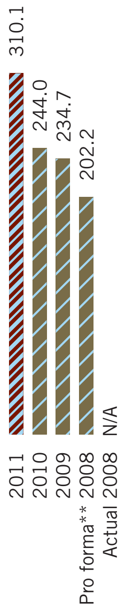
EBITA* (EUR m)



Underlying fully diluted net profit (EUR m)

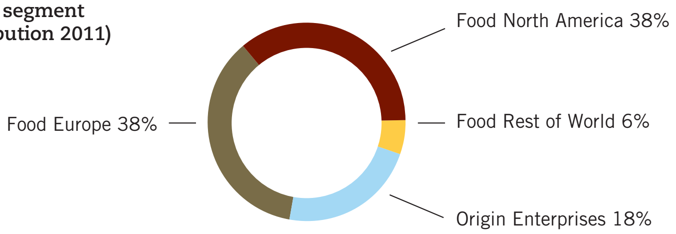


Underlying fully diluted EPS (cent)

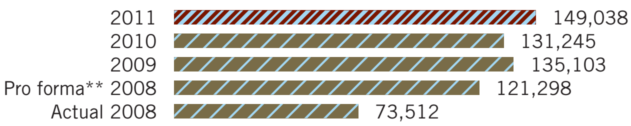


Group segments' EBITA

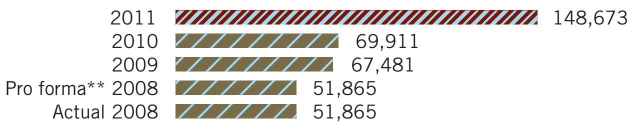
EBITA by business segment (% of Group contribution 2011)



EBITA Food Europe (EUR '000)

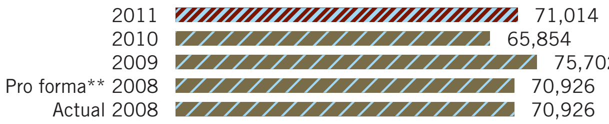


EBITA Food North America (EUR '000)



EBITA Food Rest of World (EUR '000)

EBITA Origin (EUR '000)



* EBITA presented excluding contribution from associates and joint ventures and before non-SAP-related intangible amortisation, non-recurring items and related deferred tax credits.

** Pro forma numbers presented including Hiestand Holding AG in the 2008 comparative.

Annual Report and Accounts 2011
Letter to Shareholders

The financial year 2011 was one of strong growth for the Group, with bakery output doubling on a 53.5% increase in Food Group revenue, largely as a result of the acquisitions completed just one year ago. These acquisitions (Fresh Start Bakeries, Great Kitchens and Maidstone Bakeries) significantly enhanced the diversification of our customer base, our market channels, our products and our geographic footprint. The combined acquisition investment was approximately €1.4 billion, which added 30 additional production locations in nine countries. These newly acquired businesses performed to expectation.

Our underlying Food business witnessed a return to modest positive revenue growth of 2.7%, while margins expanded in our Food business by 20bps to 12.5%. This was achieved in a very challenging trading environment of weak consumer spending, higher taxation and prices, and continuing volatility surrounding currency and commodities and credit availability. The 2011 outturn reflects the underlying strength of ARYZTA's diversified markets, customers and products. It also reflects the well developed financial disciplines in managing cash generation and debt levels which underpin the Group's ability to continue to invest behind the business, while maintaining investment grade status.

The enhanced diversification arising from these acquisitions represents an important milestone for our shareholders in delivering ARYZTA's target to 'double the earnings base within five years from June 2008'. Additionally it positions the Group to expand into emerging markets.

During the year, input costs persistently increased. While the extent of input price inflation was large and triggered price increases to protect margins, ARYZTA is working closely with its customers to mitigate the impact of pricing on the consumer through product innovation, product selection and service model efficiencies.

The year under review also marked the second phase of the ARYZTA Transformation Initiative ('ATI'). Over the past number of years, extensive preparation and planning has been completed to integrate the Group's global operations into a more cohesive entity, delivering improved performances and a more customer centric business. ATI remains a critical area of investment for ARYZTA in the years ahead, as well as a substantial enabler to the delivery of targets.

Results

ARYZTA's financial year was a challenging one. Trading conditions were difficult, with the onset of persistent input price inflation and the subdued consumer spending environment. However, the Group performed well, reporting modest underlying growth in most markets over the period. Pricing action preserved margins and 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.

Against this backdrop, the Group posted a strong earnings performance for the financial year 2011, increasing underlying fully diluted earnings per share by 27.1% to 310.1 cent, which represents an underlying fully diluted net profit of €260 million in the period.

Letter to Shareholders (continued)

Dividend
The Board recommends a final dividend of CHF 0.5679[1] per share, to be paid on 1 February 2012, if approved at the General Meeting on 1 December 2011.

Board membership
At the 2010 AGM, the term of office for Albert Abderhalden, Noreen Hynes, Hugo Kane and Owen Killian was due to expire. Albert, Noreen and Hugo, having served on the Board of Directors since 22 August 2008, did not seek re-election and we take the opportunity to thank them and pay tribute to their service to ARYZTA as members of the Board of Directors.

Owen Killian was re-elected to the Board at the 2010 AGM for a term of three years. A new Board member, Charles Adair, was elected to the Board of Directors for a three year term. Details of Charles's biography are available on page 32 in the Corporate Governance report.

The Board of ARYZTA AG now consists of two executive directors and seven non-executive directors. This number is in keeping with the intention to reduce the size of the Board, as outlined in the Company Prospectus of ARYZTA AG dated 11 July 2008.

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 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

22 September 2011

1 Based on EUR 0.4652 per share converted at the foreign exchange rate of one euro to CHF 1.22082 on 22 September 2011, the date of approval of the ARYZTA financial statements.

FOOD EUROPE

FRANCE
Paris
Parc de Belleville

ARYZTA has 12 distribution centres operating across France.

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Business Overview

About ARYZTA

ARYZTA AG ('ARYZTA') is a global food business with a leadership position in speciality bakery. ARYZTA is based in Zurich, Switzerland, with operations in North America, South America, Europe, South East Asia, Australia and New Zealand. ARYZTA has a primary listing on the SIX Swiss Exchange and a secondary listing on the ISE Irish Exchange (SIX: ARYN, ISE: YZA).

ARYZTA 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).

Reporting Segments

ARYZTA AG

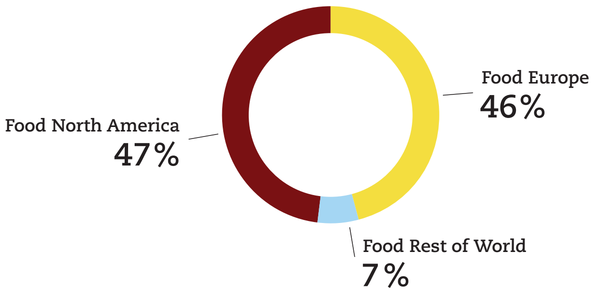
Food Europe	Food North America	Food Rest of World	Origin Enterprises plc *71.4 % Holding*
Global Food Business			Listed on the AIM in London and the ESM in Dublin (AIM: OGN, ESM: OIZ) 95 million shares

Food Group – Global Footprint

Business Overview
(continued)

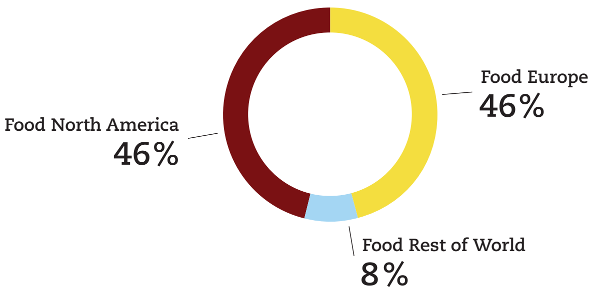
Food Group – Geographic Reach: Revenue

Revenue
EUR 2.6 billion



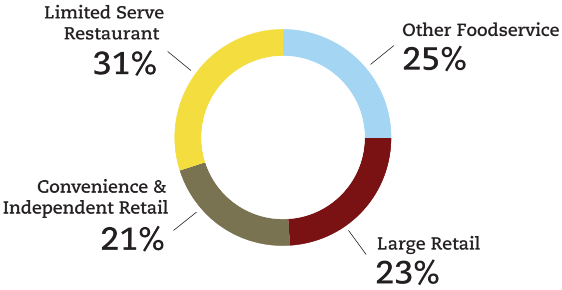
Food Group – Geographic Reach: EBITA*

EBITA*
EUR 322 million



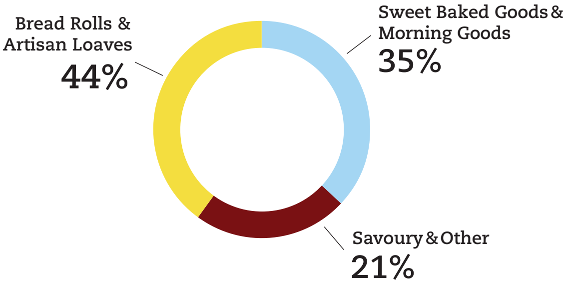
Food Group – Customer Channel Mix

Revenue
EUR 2.6 billion



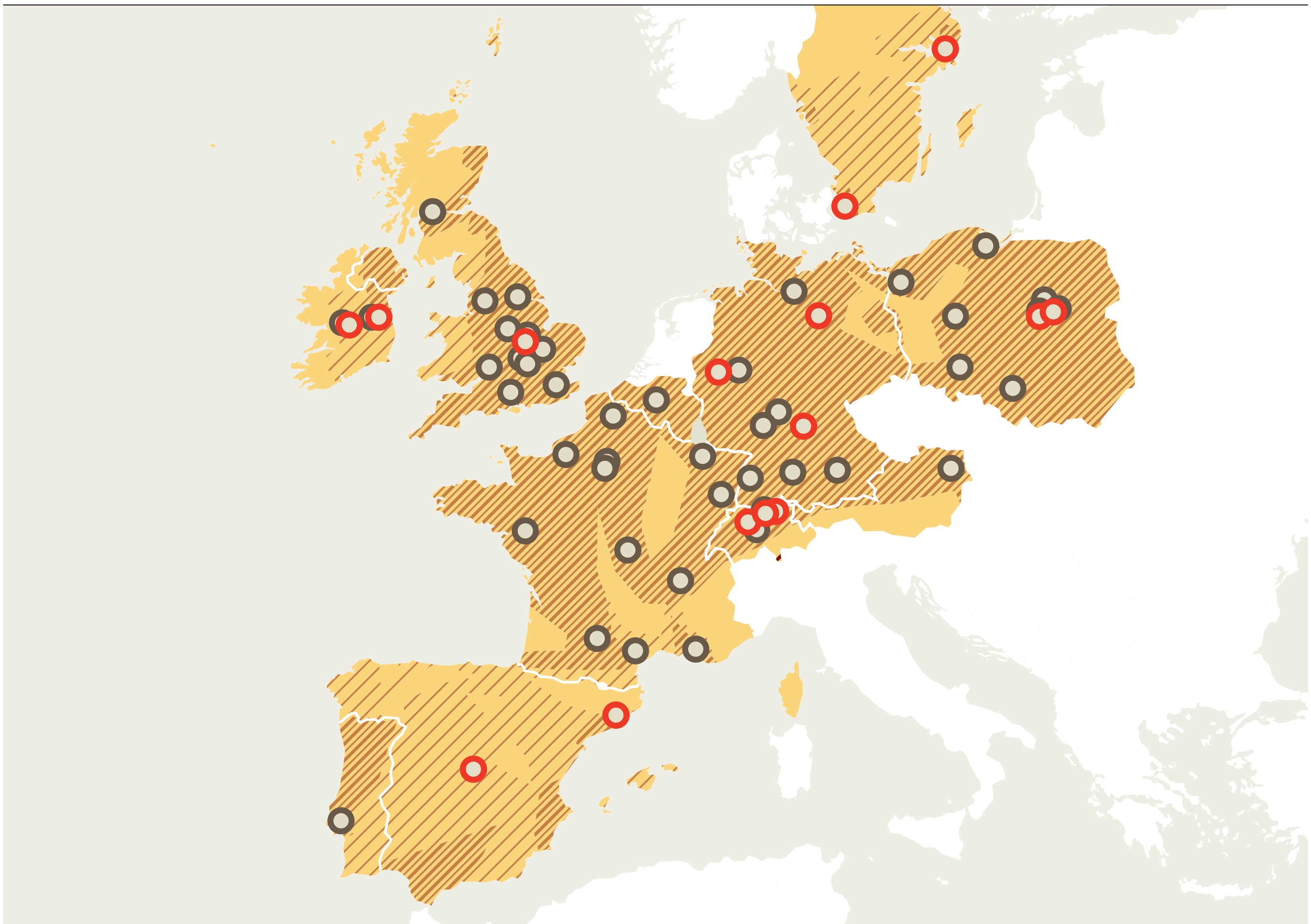
Food Group – Product Mix

Revenue
EUR 2.6 billion



* EBITA presented excluding contribution from associates and joint ventures and before non-SAP-related intangible amortisation, non-recurring items and related tax credits.

Business Overview
Food Business – Markets



Geographical Footprint

- 1–60 people per km²
- >60 people per km²

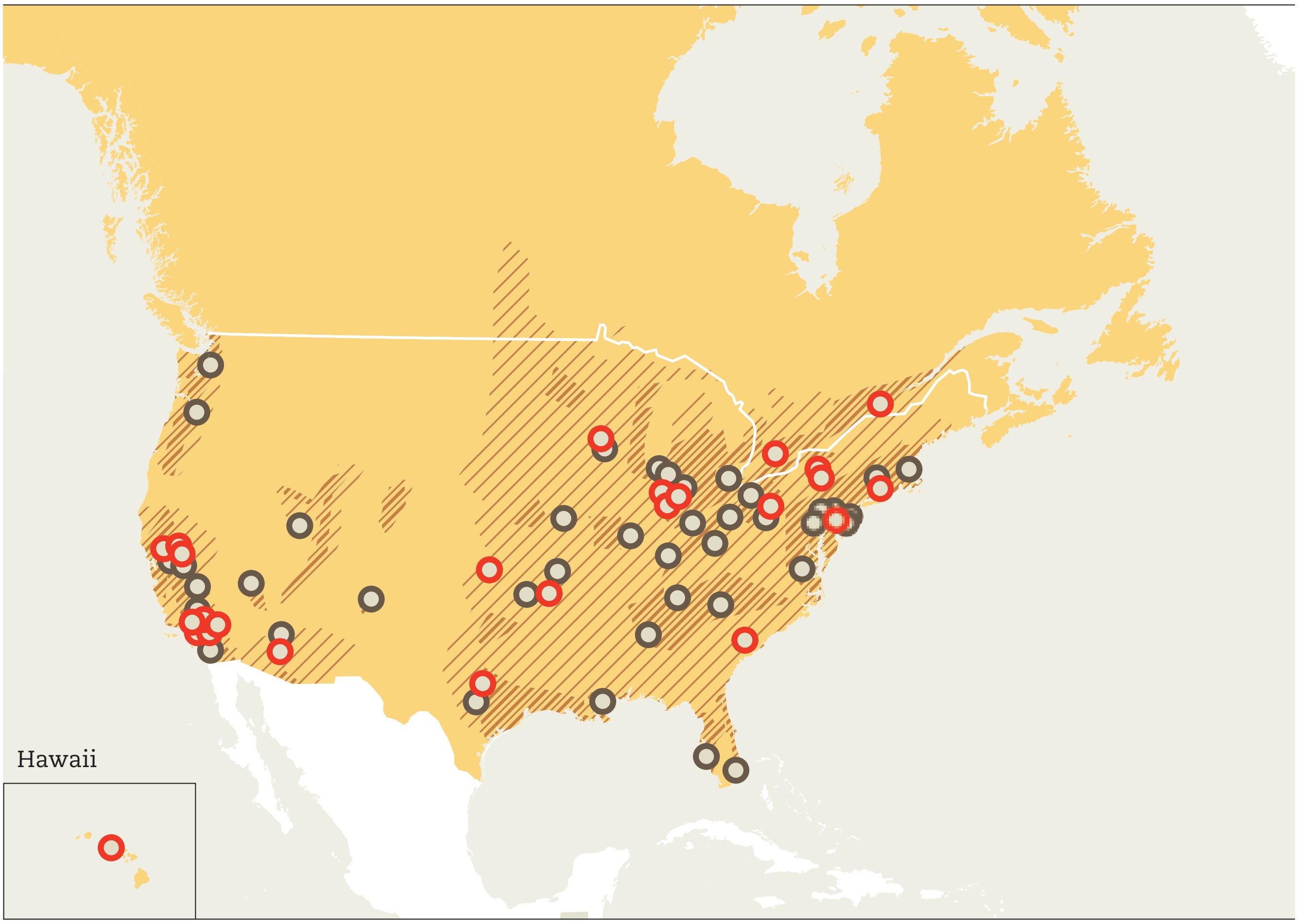
- 15 Manufacturing Centres
- 45 Distribution Centres
- 11 Countries

Food Europe

Key Figures

Revenue	EBITDA	EBITA
€1.2 bn	€196 m	€149 m

Business Overview
Food Business – Markets



Geographical Footprint

- 1–60 people per km²
- >60 people per km²

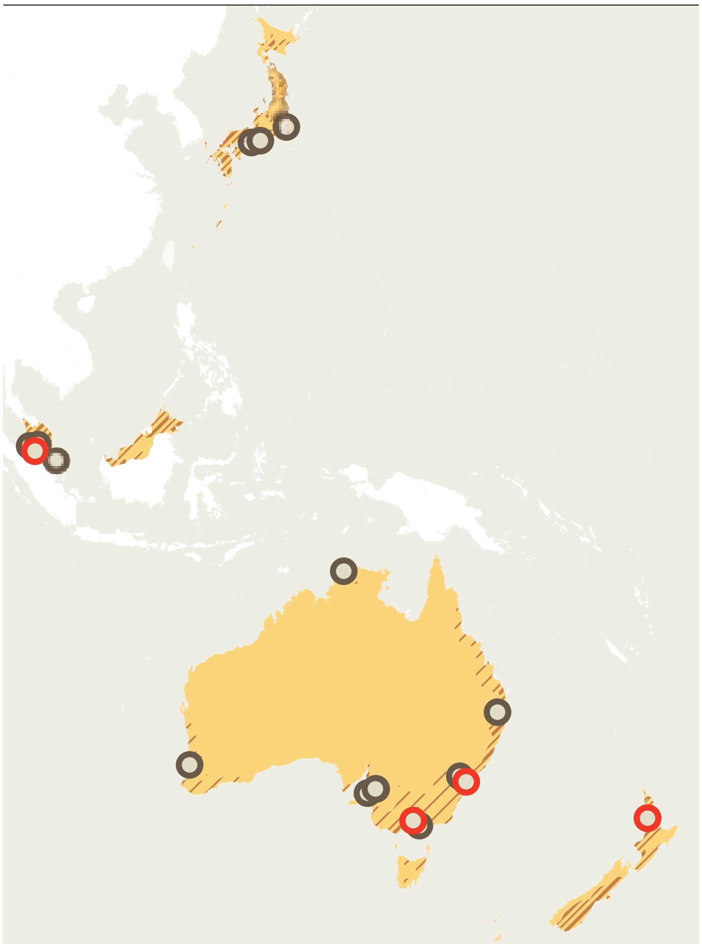
- 25 Manufacturing Centres
- 42 Distribution Centres
- 2 Countries

Food North America

Key Figures

Revenue	EBITDA	EBITA
€1.2 bn	€183 m	€149 m

Business Overview
Food Business – Markets



Geographical Footprint

1–60 people per km²
>60 people per km²

8 Manufacturing Centres
13 Distribution Centres
6 Countries

Food Rest of World

Key Figures

Revenue €180 m	**EBITDA** €30 m	**EBITA** €25 m

POLAND
Krakow
Planty Park

ARYZTA has 2 manufacturing centres and 8 distribution centres operating across Poland.

Annual Report and Accounts 2011

Financial and Business Review

1 ARYZTA AG – Income Statement for year ended 31 July 2011

in Euro `000	July 2011	July 2010	% Change
Group revenue	3,876,923	3,009,726	28.8%
EBITA	393,326	272,973	44.1%
EBITA margin	10.1%	9.1%	–
Associates and JVs, net	19,479	31,613	–
EBITA incl. associates and JVs	412,805	304,586	35.5%
Finance cost, net	(67,916)	(51,485)	–
Hybrid instrument accrued dividend	(11,801)	–	–
Pre-tax profits	333,088	253,101	–
Income tax	(52,295)	(41,598)	–
Non-controlling interests	(20,753)	(17,624)	–
Underlying fully diluted net profit	260,040	193,879	34.1%
Underlying fully diluted EPS (cent)	**310.1c[1]**	**244.0c[1]**	**27.1%**

1 July 2011 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 83,868,319 (2010: 79,443,701).

2 See glossary in page 21 for definitions of financial terms and references used in the financial and business review.

2 Underlying revenue growth for year ended 31 July 2011

in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin[1]	Total Group
Group revenue	1,184.9	1,212.5	180.0	2,577.4	1,299.5	3,876.9
Underlying growth	0.9%	5.3%	17.0%	2.7%	11.8%	6.7%
Acquisitions and disposals	7.1%	106.5%	373.7%	48.8%	(15.4)%	20.4%
Currency	2.5%	0.3%	11.8%	2.0%	1.3%	1.7%
Revenue Growth	**10.5%**	**112.1%**	**402.5%**	**53.5%**	**(2.3)%**	**28.8%**

1 Origin revenue is presented after deducting intra-group sales of €2,235,000 (2010: €6,756,000) between Origin and Food Group.

3 ARYZTA AG – Segmental EBITA

in Euro `000	July 2011	July 2010	% Change
Food Group			
Food Europe	149,038	131,245	13.6%
Food North America	148,673	69,911	112.7%
Food Rest of World	24,601	5,963	312.6%
Total Food Group	322,312	207,119	55.6%
Origin	71,014	65,854	7.8%
Total Group EBITA	**393,326**	**272,973**	**44.1%**
Associates & JVs, net			
Food JVs	4,622	20,041	(76.9)%
Origin associates & JV	14,857	11,572	28.4%
Total associates & JVs, net	19,479	31,613	(38.4)%
Total EBITA incl. associates and JVs	**412,805**	**304,586**	**35.5%**

Financial and Business Review (continued)

4 Food Group – Income Statement

in Euro `000	July 2011	July 2010	% Change
Group revenue	2,577,420	1,679,417	53.5%
EBITA	322,312	207,119	55.6%
EBITA margin	12.5%	12.3%	–
JVs, net	4,622	20,041	–
EBITA incl. JVs	326,934	227,160	43.9%
Finance costs, net	(57,406)	(36,272)	–
Hybrid instrument accrued dividend	(11,801)	–	–
Pre-tax profits	257,727	190,888	–
Income tax	(36,999)	(30,571)	–
Non-controlling interests	(2,666)	(2,630)	–
Underlying net profit	218,062	157,687	38.3%

5 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 customers are an evenly balanced mix of convenience and independent retail, large retail, limited serve restaurants ('LSR') and other foodservice categories.

Total revenue growth in the Food Group business was underpinned by the strategic acquisitions made in the previous financial year and at the start of this financial year. Total Food Group revenue grew by 53.5% to €2.6bn, with acquisitions performing to expectations, contributing 48.8%.

ARYZTA's underlying food business performed strongly, posting revenue growth of 2.7% in what was a very challenging trading environment. Food EBITA margins expanded by 20bps to 12.5%, reflecting the combination of improved efficiencies, a return of modest underlying growth in the year and changes in product mix.

The return of underlying revenue growth during the financial year was evident across most markets, particularly post Q1, with the exception of Ireland and the UK. The performance in North America was particularly strong, reflecting the increased focus on the LSR channel, which enjoyed strong growth in the period. Despite the positive outcome, the operating environment remains challenging, with primary food inflation and recently renewed uncertainty surrounding the global economy, combined with persistently high unemployment and the threat of rising taxation in many countries, denting consumer confidence.

Financial and Business Review (continued)

6 Food Europe

Food Europe has leading market positions in the European speciality bakery market. It has a diversified customer base including convenience retail, gas stations, multiple retail, restaurants, catering and hotels, leisure and LSRs. Food Europe revenue grew by 10.5% to €1.18bn, with acquisition contribution of 7.1% and underlying revenue growth of 0.9%. Food Europe's EBITA grew 13.6% to €149.0m. Food Europe EBITA margin improved strongly by 40bps to 12.6% in the period.

Throughout the year, continental European markets were the key growth drivers. Market conditions in the UK and Ireland remained challenging, with weak consumer demand still evident. However, substantial progress has been made through operating efficiencies and cost curtailment initiatives thereby allowing operators to increase their value offerings.

7 Food North America

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

Food North America revenue grew by 112% to €1.21bn, with acquisition contribution of 107% and underlying revenue growth of 5.3%. Food North America's EBITA grew 113% to €148.7m. Food North America also posted a positive EBITA margin expansion of 10bps to 12.3%, reflecting ongoing initiatives to expand revenues and improve operating efficiencies.

During FY 2011, the integration of Otis and Pennant into a single sweet bakery operation was completed and by year end approximately 80% of ARYZTA's North American food business was operating live on Enterprise Resource Planning ('ERP'). ARYZTA's Food North America operations enjoy very strong customer relationships across all channels, such that the impact of channel switching by consumers is minimised. Food North America posted a very strong performance in the enlarged LSR channel, which enjoyed stable consumption volumes of bakery goods during the period, while businesses serving channels in higher income regions also posted strong revenue growth.

8 Food Rest of World

ARYZTA has businesses in Brazil, Australia, New Zealand, Malaysia and Japan as well as a joint venture production facility in Guatemala.

Food Rest of World revenue grew by 403% to €180.0m, with acquisition contribution of 374% and strong underlying revenue growth of 17.0%. Food Rest of World's EBITA grew 313% to €24.6m. While EBITA margin declined in the period to 13.7% from 16.6% in the prior year due to the impact of the Japanese natural disaster in Q3, ARYZTA's Japanese business recovered well in Q4. The development of a new bakery in Brazil is on track to satisfy the continuing strong volume growth in this market.

Financial and Business Review (continued)

9 Acquisition Update

ARYZTA has committed €100m investment to a number of bolt-on acquisitions in Asia and the UK. The Food Group expects to close the acquisition of two bakeries in Taiwan and Singapore in Q1 2012. The decision to acquire these bakeries was previously announced in August 2010. ARYZTA has also closed the acquisition of a UK manufacturer of flat breads which primarily services the UK retail channel. These acquisitions are aligned with the Food Group's strategy to diversify geographies, channels and products. These acquisitions are expected to add approximately €78m in revenue in FY 2012 and to be modestly earnings accretive. ARYZTA has also committed to construct a new bakery in Malaysia instead of proceeding with the previously announced plan to acquire a bakery in Malaysia in August 2010.

10 Food Group Non-Recurring Items & Strategic Repositioning

Arising from ARYZTA's strategic repositioning initiatives across its Food Europe and Food North America businesses, ARYZTA has incurred non-recurring costs in the period. The impact of these together with the fair value gain on the acquisition of Maidstone Bakeries ('Maidstone') in October 2010, have resulted in a net benefit of €0.98m in the financial year to the end of July 2011. These break down as follows:

Strategic repositioning costs for financial year ending 31 July 2011

in Euro `000	Non-Cash	Cash	Total
Maidstone fair value gain on existing 50% at acquisition	121,391	–	121,391
Asset write-down arising on integration	(43,039)	–	(43,039)
Costs arising on integration	(3,600)	(63,092)	(66,692)
Transaction costs (including share purchase tax)	–	(10,686)	(10,686)

Asset write-down costs relate to the closure of six sites. The costs were split 44% in H1 and 56% in H2, with two sites closed in H1. The reporting segment splits for asset write-down costs were 81% in Food Europe and 19% in Food North America.

Approximately 96% or €60.3m of cash costs arising on integration resulted from staff severance, site decommissioning and advisory costs. Approximately 62% of these costs related to Food North America.

11 ARYZTA Transformation Initiative

Following on from the phased implementation of Enterprise Resource Planning ('ERP') throughout the business in FY 2010 and FY 2011, the ARYZTA Transformation Initiative ('ATI') will now enter an accelerated phase of implementation in FY 2012. At year end FY 2011 approximately 40% of ARYZTA's Group wide businesses were operating live on ERP (80% in Food North America). ARYZTA is developing two integrated platforms in Europe and North America operating on a single ERP system.

ATI's goal is to develop enhanced customer interaction through the development of a single sales contact network for the entire product offering. It is also standardising operational processes, manufacturing, data and performance measurement and financial controls.

Financial and Business Review (continued)

ARYZTA views ATI as key to improving competitiveness and leadership in the sector and also a key driver in margin enhancement. ARYZTA intends to invest €100m per annum in ATI over the next three years in optimising the supply chain to support the continued roll-out of ERP. The acceleration of ATI in FY 2012 will result in significant change across the Group. ATI is likely to result in the Group incurring an estimated non-recurring cash cost of €100m over the next two financial years to July 2013 as a result of planned business restructuring measures. ARYZTA anticipates multiple benefits from this investment over the implementation period targeting progressive revenue enhancement through maximising cross-selling opportunities. In addition, ATI is expected to enhance ARYZTA's leadership position in speciality bakery and deliver margin enhancement. The expected benefits arising from this transformative investment forms a key driver of ARYZTA's goal to deliver a return on investment of 15%+ from the underlying Food business by FY 2015 (which equates to an average increment of 100-150bps per annum in ROI).

12 Primary food inflation

The financial year has been one which has seen a return of food raw material inflation, triggering the need for price increases. The Group is working closely with customers in mitigating the impact of pricing on the consumer through product innovation, selection and service model efficiencies. The outlook for food raw materials remains volatile and is expected to remain as such for the foreseeable future.

13 Financial position

ARYZTA's 71.4% subsidiary and separately listed company, Origin Enterprises Plc ('Origin'), has separate funding structures, which are financed without recourse to ARYZTA. Origin's net debt amounted to €92.1m at 31 July 2011. The consolidated net debt of the Food Group excluding Origin's non-recourse debt amounted to €955.5m. The Food Group net debt: EBITDA ratio is 2.24x (excluding hybrid instrument as debt) and interest cover of 7.43x (excluding hybrid interest). The Food Group gross term debt weighted average maturity is circa 6.2 years. The weighted average interest cost of the Food Group financing facilities is circa 4.28%. ARYZTA intends to maintain an investment grade position in the range of 2x – 3x net debt to EBITDA.

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

Debt Funding	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

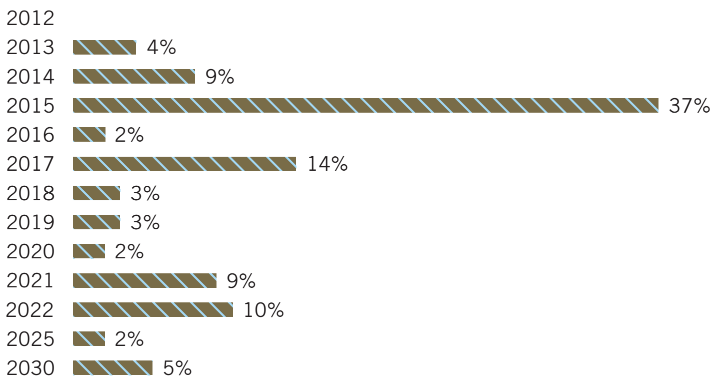
Financial and Business Review (continued)

Hybrid Funding
CHF 400m Hybrid instrument with 5% coupon funded in October 2010
After first call date (October 2014) coupon equates to 905bps plus 3 month CHF LIBOR
Traded on SIX Swiss exchange
Treated as 100% equity for bank covenant purposes
Treated as 25% equity for US PP covenant purposes

Net Debt: EBITDA[1] calculations as at 31 July 2011	Ratio
Net Debt: EBITDA[1] (hybrid as equity)	2.24x
Net Debt: EBITDA[1] (hybrid as debt)	3.06x

1 Calculated based on the Food Group EBITDA for the year ended 31 July 2011, including dividend received from Origin, adjusted for the pro forma full-year contribution of the Maidstone Bakeries acquisition.

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 2011 is €1.22bn (excluding overdrafts of €159m). Total Food Group net debt at 31 July 2011 is €955.5m.

Food Group cash generation

in Euro `000	July 2011	July 2010
EBIT	235,780	160,252
Amortisation	86,532	47,450
EBITA	322,312	207,702
Depreciation	86,479	60,363
EBITDA	408,791	268,065
Working capital movement[1]	(12,970)	24,818
Dividends received[2]	13,138	24,158
Maintenance capital expenditure	(39,272)	(10,330)
Interest and tax	(101,927)	(54,224)
Other non-cash charges / (income)	4,187	(1,469)
Cash flow generated from activities	**271,947**	**251,018**
Investment capital expenditure	(51,589)	(46,546)
Cash flows generated from activities after capital expenditure	**220,358**	**204,472**
Underlying net profit	**218,062**	**157,687**

1 July 2010 working capital movement includes €21.5m received from debt factoring.
2 Includes dividends from Origin of €8,550,000 (July 2010: €7,600,000).

Financial and Business Review (continued)

Food Group net debt and investment activity

in Euro `000	FY 2011	FY 2010
Food Group opening net debt as at 1 August	**(1,115,623)**	**(505,504)**
Cash flows generated from activities	271,947	251,018
Hybrid instrument proceeds	285,004	–
Cost of acquisitions	(317,674)	(860,313)
Share placement	–	115,001
Integration and transaction costs	(31,847)	–
Investment capital expenditure	(51,589)	(46,546)
Deferred consideration	(12,900)	(2,128)
Dividends paid	(32,908)	(30,599)
Foreign exchange movement	51,106	(33,148)
Amortisation of financing costs and other	(984)	(3,404)
Food Group closing net debt as at 31 July	**(955,468)**	**(1,115,623)**

14 Return on investment

in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total
2011						
Group share net assets[1]	1,368	1,635	253	3,256	434[3]	3,690
EBITA & associates/JVs cont.[2]	149	157	26	332	86	418
ROI	10.9%	9.6%	10.1%	10.2%	19.8%	11.3%
2010						
Group share net assets[1]	1,427	1,290	230	2,947	398[3]	3,345
EBITA & associates/JVs cont.[2]	141	137	23	301	77	378
ROI	9.9%	10.6%	10.0%	10.2%	19.4%	11.3%

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

2 ROI is calculated using pro forma trailing twelve months EBITA ('TTM EBITA') reflecting the full twelve months impact of 100% of Maidstone Bakery. TTM EBITA is presented as segmental EBITA including pro forma contribution in the current year from Maidstone of €4,743,000 in the Food North American segment (covering the pre-acquisition period in FY2011) and segmental contribution from associates and JVs of €3,706,000 in the North American segment and €909,000 in the Food Rest of World segment. EBITA is before interest, tax, non-SAP amortisation and before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax).

3 Origin net assets adjusted for the fluctuation in its average quarterly working capital by €95,544,000 (2010: €80,579,000).

4 The Group WACC on a pre-tax basis is currently 8.0% (2010: 8.1%). Group WACC on a post-tax basis is currently 6.7% (2010: 6.5%).

Financial and Business Review (continued)

15 Assets, goodwill and intangibles

Group Balance Sheet in Euro ´000	Total Group 2011	Total Group 2010
Property, plant and equipment	939,949	945,100
Investment properties	32,180	20,648
Goodwill and intangible assets	2,650,956	2,280,763
Associates and joint ventures	124,057	162,881
Other financial assets	35,013	–
Working capital	(128,185)	(62,282)
Other segmental liabilities	(59,379)	(83,075)
Segmental net assets	3,594,591	3,264,035
Net debt	(1,047,588)	(1,227,512)
Deferred tax, net	(309,425)	(303,089)
Income tax	(38,248)	(53,209)
Derivative financial instruments	(2,824)	(6,375)
Net assets	**2,196,506**	**1,673,850**

Food Group Balance Sheet in Euro `000	Food Group 2011	Food Group 2010
Property, plant and equipment	845,693	815,918
Investment properties	16,178	4,646
Goodwill and intangible assets	2,520,450	2,166,168
Joint ventures	4,976	73,140
Investment in Origin	51,045	51,045
Working capital	(90,372)	(53,607)
Other segmental liabilities	(39,567)	(59,763)
Segmental net assets	3,308,403	2,997,547
Net debt	(955,468)	(1,115,623)
Deferred tax, net	(292,985)	(289,658)
Income tax	(28,299)	(47,437)
Derivative financial instruments	(1,918)	(1,778)
Net assets	**2,029,733**	**1,543,051**

Financial and Business Review (continued)

16 Proposed dividend

The Board recommends a final dividend of CHF 0.5679[1] to be paid on 1 February 2012, if approved by shareholders at the General Meeting to be held on 1 December 2011.

17 Origin

Origin is the leading agri-services group focused on integrated agronomy and agri-inputs in the UK, Ireland and Poland. ARYZTA has a holding of 95m shares in Origin.

Origin reported excellent financial and operating results underpinned by a buoyant trading environment for primary producers supporting firm demand for agronomy services and inputs. Origin completed significant repositioning of non-core businesses in the period and deployed the cash received from its non-core disposals to close three acquisitions in the UK (involving a total investment of €79.3m) which transformed the scale and profile of its UK operations into the leading provider of agronomy advice and agri-inputs. In the year under review, Origin's Agri-Services segment expanded its EBIT margin by 50bps to 5.2% and reported a 29.3% increase in operating profits to €66m. Origin reported fully diluted adjusted earnings per share of 43.34c, an increase of 16.3% on the prior year, and reduced its net debt by €19.8m to €92.1m, reflecting a Net debt: EBITDA ratio of 1.17x. Origin's ROI for the period was 19.8%.

The Board of Origin has proposed a dividend per ordinary share of 11.0 cent for the period ended 31 July 2011.

Origin's separately published results, which were released on 22 September 2011, are available at www.originenterprises.com.

18 Outlook

Economic outlook for mature markets continues to weaken amid continuing volatility in raw material inputs and in financial markets. These conditions increase the downside risks to the global economic outlook significantly. Consumer spending remains weak with footfall driven by increased promotional activity in all channels. Competition between ARYZTA's customers has also increased in response to elevated levels of consumer switching between channels pulled by the promotional activity.

ARYZTA's strategy to deal with this challenging market environment is to leverage key customer relationships to grow revenue, to focus on product development around consumer insights and to identify and exploit cost efficiencies across the organisation. This will be supported by increased investment in emerging markets and availing of acquisition growth opportunities to add new customers, channels, products and geographies.

ARYZTA has repositioned itself to become a leading global player in speciality bakery through the acquisitions completed just one year ago and now has a more balanced earnings flow. The resulting diversification arising from these acquisitions has also repositioned its access to more customers and channels providing a better balanced access to consumers.

1 Based on EUR 0.4652 per share converted at the foreign exchange rate of one Euro to CHF 1.22082 on 22 September 2011, the date of the approval of the ARYZTA financial statements.

Financial and Business Review (continued)

The Group has well diversified sources of finance with long maturity, supporting its continued investment grade status. These characteristics coupled with the planned investment of €100m in the ATI programme in each of the next three years will enhance ARYZTA's leadership in the global bakery sector.

ARYZTA believes that the current FY 2012 consensus EPS (338 cents) appears reasonable at this early stage of the year. ARYZTA continues to believe that the FY 2013 EPS target of 400+ cent and the FY 2015 Food Group target of a return on investment of 15%+ from underlying Food business remains valid.

19 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 Board considers the risks and uncertainties disclosed on page 55 of the ARYZTA AG 2011 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group.

20 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.

21 Glossary of financial terms and references

'EBITA' – presented before non-recurring items and related tax credits. SAP intangible asset amortisation is treated as depreciation.

'Associates and JVs, net' – presented as profit from associates and JVs, net of taxes and interest.

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation reported for the period and before non-recurring items and related deferred tax credits.

'Non-controlling interests' – always presented after dilutive impact of related subsidiaries' management incentives.

'Hybrid instrument' – presented as Perpetual Callable Subordinated Instrument in the Financial Statements.

Food Group WACC on a pre-tax basis is currently 8.0%. Food Group WACC presented on a post-tax basis is currently 6.7%.

Bridge to Group Income Statement
for the financial year ended 31 July 2011

in Euro `000	Food Group 2011	Origin 2011	Total Group 2011	Total Group 2010
Group revenue	2,577,420	1,299,503[3]	3,876,923	3,009,726
EBITA	322,312	71,014	393,326	272,973
Associates and JVs, net	4,622	14,857	19,479	31,613
EBITA incl. associates and JVs	326,934	85,871	412,805	304,586
Finance cost, net	(57,406)	(10,510)	(67,916)	(51,485)
Hybrid instrument accrued dividend	(11,801)	–	(11,801)	–
Pre-tax profits	257,727	75,361	333,088	253,101
Income tax	(36,999)	(15,296)	(52,295)	(41,598)
Non-controlling interests	(2,666)	–	(20,753)	(17,624)
Underlying fully diluted net profit	218,062	60,065	260,040	193,879
Underlying fully diluted EPS (cent)	–	43.34c[1]	310.1c[2]	244.0c[2]

Underlying net profit reconciliation

in Euro `000	Food Group 2011		Origin 2011		Total Group 2011	Total Group 2010
Reported net profit		179,948[4]		45,798	212,657	151,729
Intangible amortisation		86,532		4,295	90,827	50,730
Tax on amortisation		(17,028)		(1,663)	(18,691)	(11,959)
(Gain)/loss on disposal of operations	(121,391)		4,133			–
Asset write-down arising on integration	43,039		–			–
Acquisition related costs	10,686		2,139			–
Loss on dilution of interest in associate	–		4,738			–
Integration and rationalisation related costs	66,692		–			–
Net acquisition, disposal and restructuring related costs		(974)		11,010	10,036	4,643
Hybrid instrument accrued dividend		(11,801)		–	(11,801)	–
Tax on asset write-down and costs arising on integration		(18,615)		625	(17,990)	–
Non-controlling interests on Origin Food and Feed transactions		–		–	(3,325)	–
Underlying net profit		218,062		60,065	261,713	195,143
Dilutive impact of Origin management incentives		–		–	(1,673)	(1,264)
Underlying fully diluted net profit		218,062		60,065	260,040	193,879
Underlying fully diluted EPS (cent)		–		43.34c[1]	310.1c[2]	244.0c[2]

1 Actual Origin FY 2011 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 138,416,254 (FY 2010: 137,376,888).

2 FY 2011 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 83,868,319 (FY 2010: 79,443,701).

3 Origin revenue is presented after deducting intra-group sales of €2,235,000 (2010: €6,756,000) between Origin and Food Group.

4 Food Group reported net profit excludes dividend income of €8,550,000 (2010: €7,600,000) from Origin.

FOOD REST OF WORLD

BRAZIL
Sao Paulo
Ibirapuera Park

ARYZTA has 3 manufacturing centres operating across Brazil.

Annual Report and Accounts 2011

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/about-aryzta/corporate-governance.aspx. 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. It is also now appropriate to note some significant developments in the corporate governance sphere and specifically in the context of ARYZTA Board composition, the ARYZTA Long Term Incentive Plan and 'say-on-pay' voting.

ARYZTA Board

In its July 2008 Prospectus ARYZTA undertook to review the composition of the Board with a view to reducing its size. Also, in its 2009 and 2010 Corporate Governance Reports, ARYZTA stated its commitment 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. In keeping with these commitments, over the first three financial years of ARYZTA's life, the Board has been reduced from 15 members to the current nine members.

The Board has now determined to undertake a round of renewal whereby the appointment of additional independent non-executive directors would be proposed to the shareholders at the ARYZTA 2011 Annual General Meeting. In conjunction with this proposed round of renewal, and to reflect the on-going evolution and internationalisation of ARYZTA, the Board has discontinued the previous policy that a minimum of four of the non-executive directors be Irish and a minimum of two of the non-executive directors be Swiss. In addition, the Board has re-affirmed its policy that a majority of its membership, excluding the Chairman, shall consist of independent non-executive directors (as determined in accordance with the Swiss Code of Best Practice for Corporate Governance).

ARYZTA Long-Term Incentive Plan

31 July 2011 marks the completion of the first three year cycle of the ARYZTA Long Term Incentive Plan ('LTIP'). The ARYZTA Board has taken the opportunity of this third anniversary to introduce additional terms applicable to LTIP awards. The details of the ARYZTA LTIP and the related changes to its terms are set out in the Compensation Report on pages 46 to 53 of this Annual Report.

Corporate Governance Report (continued)

Compensation Report and 'Say-on-Pay' voting

The ARYZTA Board has decided to revise the form in which it reports to shareholders on remuneration matters by the introduction of a separate Compensation Report. Moreover, having regard to current trends in corporate governance practice, the Board has decided to submit the ARYZTA 2011 Compensation Report to a separate advisory vote of the shareholders at the ARYZTA 2011 Annual General Meeting.

ARYZTA Corporate Governance Report Format

The ARYZTA Corporate Governance Report 2011 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 2011 comply with International Financial Reporting Standards ('IFRS') and are in accordance with Swiss law. Where necessary, the financial statement 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 2011 Financial Statements (comprising the Group Financial Statements and Company Financial Statements of ARYZTA), as well as to the Articles of Association of ARYZTA AG (available on the Company website at www.aryzta.com/about-aryzta/corporate-governance.aspx).

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 and organisation structure corresponds to its segmental reporting lines, being Food Europe, Food North America, Food Rest of World and Origin.

Each key segment's management team is responsible for the day-to-day activities of their segments and report to Executive Management, which in turn reports through the Chief Executive Officer 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 Company Secretary of Origin Enterprises plc.

Corporate Governance Report (continued)

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 2011:
CHF 3,569,129,791 or €3,111,188,080 based on 82,810,436 registered shares (i.e. disregarding 2,234,359 treasury shares) and closing prices of CHF 43.10 or €37.57 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 2011:
€492,157,616 based on 133,015,572 ordinary shares and closing price of €3.70 per share (excluding 5,483,583 deferred convertible ordinary shares).

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 on page 134 of the ARYZTA Group Financial Statements 2011.

1.2 Significant shareholders
As at 31 July 2011, the Company has been notified of the following shareholdings or voting rights, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares	%
Invesco Limited	8,499,492	9.99%
Fidelity International Limited[1]	4,049,810	4.76%
Fidelity Management and Research LLC ('FMR LLC')[1]	2,546,513	2.99%
Och-Ziff Capital Management Group LLC	2,603,553	3.06%
Blackrock Inc	2,556,485	3.01%

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.

Corporate Governance Report (continued)

Any significant shareholder notifications during the year and since 31 July 2011 are available from the Group's website at: www.aryzta.com/investor-centre/shareholder-notifications.aspx.

1.3 Cross shareholdings

ARYZTA has no interest in any other company exceeding five percent of voting rights of that other company, where that other company has an interest in ARYZTA exceeding five percent 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, which is available on the Company website at www.aryzta.com/about-aryzta/corporate-governance.aspx.

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 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, which is available on the Company website at www.aryzta.com/about-aryzta/corporate-governance.aspx.

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 Plan and Option Equivalent Plan). 1,035,000 of these treasury shares were assigned to participants in the Matching Plan during the year ended 31 July 2009.

Corporate Governance Report (continued)

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 Plan, 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 share capital of the Company was increased by CHF 77,286.70 through 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 2011, 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].

2.6 Restrictions on transferability and nominee registrations

Article 7 of the Articles of Association deals with the Shareholders' Register and Transfer Restrictions and is available on the Company website at www.aryzta.com/about-aryzta/corporate-governance.aspx.

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.

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)

2.6.2 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[1] Depository Interests ('CDIs')[2].

A CDI represents an entitlement to an ARYZTA registered share. 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 do, however, maintain an interest in the shares represented by the CDIs.

In the prior year, 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. There were no other 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.

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.

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.

2 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 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 2011, ARYZTA has not issued any convertible bonds or warrants. During the prior financial 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 Plan). Please refer to the Compensation Report on pages 46 to 53 of this Annual Report 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

At 31 July 2011, the Board of ARYZTA consists of two executive directors and seven non-executive directors, each of whom is considered by the Board to be independent in character and judgement. Moreover, none of the non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board of Directors opinion, are likely to affect their judgement. 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
Term of office expires at 2012 AGM
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.

Charles Adair (1951, American)
Non-executive member
Term of office expires at 2013 AGM
Bachelor of Arts in Biology from North Park College and a Master of Science from Michigan State University in Resource Economics
Charles Adair is Vice Chairman of BMO Capital Markets, a full-service investment bank headquartered in Toronto, Canada. He began his career in the agricultural commodity trading and transportation industries in the U.S. and joined BMO Capital Markets in 1984 in Chicago. He was a leader in BMO's initial formation of its U.S. investment banking effort as one of the senior members of the Chicago investment banking platform in 1995. In addition he started and continues to lead BMO's Food & Agribusiness Mergers & Acquisitions practice from Chicago. With over 30 years of experience in the food and agribusiness industries, he continues to focus on advising public and private companies on financing and mergers & acquisitions. He became a member of the ARYZTA Board of Directors in December 2010.

Denis Buckley (1945, Irish)
Non-executive member
Term of office expires at 2011 AGM
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
Term of office expires at 2011 AGM
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.

Owen Killian (1953, Irish)
Chief Executive Officer and executive member
Term of office expires at 2013 AGM
Bachelor of Agricultural Science from University College Dublin
Owen Killian is CEO of ARYZTA AG and has been since its admission to trading in 2008. He was previously CEO of IAWS Group plc since 2003. Prior to this he held several executive positions within IAWS Group plc since it was listed in 1988.

Patrick McEniff (1967, Irish)
Chief Financial Officer and executive member
Term of office expires at 2011 AGM
Fellow of the Chartered Institute of Management Accountants; Master of Business Administration from Dublin City University
Patrick McEniff joined IAWS Group plc after its listing on the Irish Stock Exchange in 1988 and has fulfilled various senior management roles, focused on finance and systems development. In 2004, he was appointed to the board of IAWS Group plc as its Group Finance Director. In 2008, upon the formation of ARYZTA AG, he was also appointed as CFO and member of the Board of Directors.

Corporate Governance Report (continued)

William Murphy (1945, Irish)
Non-executive member
Term of office expires at 2012 AGM
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 joined the Board of IAWS Group plc as a non-executive Director in October 1997. 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.

Hans Sigrist (1940, Swiss)
Non-executive member
Term of office expires at 2012 AGM
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 a 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
Term of office expires at 2011 AGM
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.

Corporate Governance Report (continued)

Pat Morrissey (1965, Irish)

Secretary to the Board

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 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

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.

There were no related party transactions between ARYZTA and Board members during the year ended 31 July 2011.

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. Each Director's remaining term of office is referred to in section 3.1 of the Corporate Governance Report.

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. The Organisational Regulations are available on the ARYZTA website at www.aryzta.com/about-aryzta/corporate-governance.aspx.

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
Charles Adair		
Denis Buckley		X
J. Brian Davy	X	X[1]
Owen Killian (CEO)		
Patrick McEniff (CFO)		
William Murphy	X[1]	
Hans Sigrist	X	
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 four non-executive directors, namely William Murphy (Chairman), J. Brian Davy, Dr. J. Maurice Zufferey, and Hans Sigrist each of whom is considered by the Board to be independent in judgement and character. In the 2011 financial year, the Audit Committee met four times and the average duration of the meetings was approximately three 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 the financial year 2011 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). Each of whom are considered by the Board to be independent in judgement and character.

The Nomination and Remuneration Committee is responsible for determining the remuneration of the executive and non-executive members of the Board, for nominating for the approval of the Board and ultimately the shareholders candidates to fill Board vacancies, and for the continuous review of senior management succession plans. In the 2011 financial year, the Nomination and Remuneration Committee met four 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 the Compensation Report on pages 46 to 53 of this Annual Report, in accordance with the Swiss Code of Obligations and the SIX Directive on Information Relating to Corporate Governance.

Corporate Governance Report (continued)

3.4.3 Work methods of the Board and its Committees

Seven Board meetings were held during the year. The average duration of regular Board meetings is approximately 6.5 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 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.

	Board		Audit		Nomination & Remuneration	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Denis Lucey (Chairman)	7	7			4	4
Charles Adair	4	4				
Denis Buckley	7	7			4	4
J. Brian Davy	7	7	2	2	4	4
Owen Killian (CEO)	7	7				
Patrick McEniff (CFO)	7	7				
William Murphy	7	7	4	4		
Hans Sigrist	7	5	2	1		
Dr. J. Maurice Zufferey	7	5	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.

Corporate Governance Report (continued)

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, 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 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 AG (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

For the financial year 2011, the Group Executive Management consists of Owen Killian (Chief Executive Officer), Patrick McEniff (Chief Financial Officer), Hugo Kane (Chief Operating Officer), and Pat Morrissey (General Counsel and Secretary). Since the year-end Hugo Kane has resigned from the role of Chief Operating Officer and is no longer part of the Group Executive Management team. Details of Owen Killian and Patrick McEniff 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 on page 147 for details of Board members' shareholdings and to the Compensation Report on pages 46 to 53 for disclosures pertaining to compensation, as well as the content and method of determining the compensation and share-ownership programmes. No loans or advances were made by ARYZTA Group to members of the Board of Directors or to Executive Management during the financial year, or were outstanding at 31 July 2011 (2010: none).

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.

Corporate Governance Report (continued)

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.

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 the Compensation Report on pages 46 to 53 of this Annual Report.

Corporate Governance Report (continued)

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. At the 2010 AGM, PricewaterhouseCoopers AG, Zurich, was re-elected as statutory auditor and Group auditor for the 2011 financial year.

8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in the financial year 2011 amounted to €2,458,000. €265,000 of these fees were charged to Origin Enterprises plc.

The total audit and audit-related fees charged by the Group auditors in the financial year 2010 amounted to €1,787,000. €312,000 of these fees were charged to Origin Enterprises plc.

8.3 Additional fees

The Group's policy is to manage its relationship with the Group's external auditor in such a way that their independence is maintained. To ensure that this is so, the Board has determined limits on the type and scale of non-audit work that can be provided by the auditor.

Contracts to the auditor for other non-audit work are deemed to be pre-approved by the Audit Committee up to an aggregate limit, within the financial year, of 100% of the current year audit fee. This is subject to the requirement for all contracts for specific pieces of non-audit work with fees exceeding €250,000 being awarded on the basis of competitive tendering. Where the awarding of a contract for non-audit work to the auditor is to be made that is likely to increase total fees for non-audit work above this aggregate limit in the financial year, the Group Chief Financial Officer notifies the Chairman of the Audit Committee in advance of such a contract being awarded.

The fees for additional services rendered to ARYZTA Group by the auditors and invoiced in the financial year 2011 totalled €2,495,000 for taxation and legal services. Of these fees €61,000 was 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 2011 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 2011, PricewaterhouseCoopers attended four 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.

Corporate Governance Report (continued)

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 news release and or a presentation and a conference call 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 (www.aryzta.com/news-and-media.aspx). 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.

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 March 2011, ARYZTA appointed a dedicated communication officer to focus on the management of the communication process with investors and the media, and to support ARYZTA's efforts to strike a balance between the needs of managing a business and regular transparent communication with investors. ARYZTA's policy regarding investor meetings (i.e. Group meetings, one-to-one meetings and conference calls) is that these 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 on page 44 of this Annual Report). 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.

Corporate Governance Report (continued)

Investor relations contact details

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Key dates to December 2012

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	1 December 2011
Payment of dividend	1 February 2012
Announcement of half-year results 2012	12 March 2012
Third quarter trading update	5 June 2012
Announcement of the 2012 annual results	24 September 2012
Issue of the 2012 annual report	2 October 2012
First quarter trading update	3 December 2012
Annual General Meeting 2012	6 December 2012

FOOD REST OF WORLD

MALAYSIA
Johor Bahru
Park along Ji Ibrahim

ARYZTA has 1 manufacturing centre and 3 distribution centres operating across Malaysia.

Annual Report and Accounts 2011
Compensation Report

Compensation Report 2011

Introduction
ARYZTA's overriding long-term goal is to achieve sustainable, profitable growth and deliver enhanced shareholder value. ARYZTA pursues this objective in a competitive and changing environment. ARYZTA's success is intrinsically connected with its ability to attract, retain and motivate good people who are incentivised to achieve ARYZTA's corporate goals. ARYZTA's remuneration tools, in particular the ARYZTA Long-Term Incentive Plan ('LTIP')[1], are key instruments in this regard.

31 July 2011 marks the completion of the first three year cycle of the LTIP. ARYZTA has taken the opportunity of this third anniversary to:
- revise the form in which it reports to shareholders on remuneration matters;
- introduce additional conditions and terms relating to the LTIP;
- implement new criteria applicable to the determination of the annual bonus element of Executive Management remuneration.

Moreover, in light of current trends in corporate governance practice, the Board has decided to submit this Compensation Report to a separate advisory vote of the shareholders at the ARYZTA 2011 Annual General Meeting.

Part 1 of the Compensation Report explains the remuneration system focusing on:
- the corporate goals pursued by ARYZTA;
- the LTIP as employed in the pursuit of those goals;
- the cost of the LTIP.

Part 2 of the Compensation Report sets out relevant compensation details for the 2011 financial year.

Compensation Report – Part 1

Corporate Goals
The LTIP is intended to direct and focus management's efforts towards the achievement of ARYZTA's key corporate goals over the long-term as set by the Board and communicated to the market through ARYZTA's investor relations activities.

- **EPS growth**
  In ARYZTA's July 2008 Prospectus, it set itself the goal, as a primary strategic objective, of doubling its earnings base within 5 years. The Board continues to target 15% compound annual earnings growth.

- **Shareholder Value**
  The pursuit of earnings growth is not an isolated end in itself. The underlying purpose is to support the delivery of significant value for shareholders. This imperative is supported through adherence to prudent capital discipline policies.

1 THE ARYZTA Long-Term Incentive Plan refers to both the Matching Plan and the Option Equivalent Plan.

Compensation Report (continued)

ARYZTA actual EPS growth over the initial three year period to 31 July 2011
Over the initial three year cycle of the LTIP, underlying fully diluted EPS has been driven from the 2008 base of 202.2 cent to 310.1 cent at 31 July 2011. This growth, at more than 15% compound per annum, has been achieved in the face of major changes in the economic environment in which ARYZTA operates: changes which have impacted customers, suppliers, commodity prices, financing and, especially, consumers. Moreover, and in recognition of and response to the changed and changing environment, ARYZTA has, over the initial three year cycle, put in place stable, long-term financing facilities and undertaken significant acquisition initiatives. These acquisition initiatives have significantly diversified ARYZTA's customer channel, product and geographic profile to achieve a more balanced mix, while at the same time increasing exposure to developing markets.

Shareholder Value, Capital Discipline
While pursuing 15% compound annual growth in EPS, ARYZTA policy is to maintain investment grade credit status. Capital discipline controls applicable to the LTIP are as follows:

– **ROIC and WACC**
  The rules governing awards under the LTIP require that the ARYZTA Food Group Return on Invested Capital[1] ('ROIC') over the performance period must exceed ARYZTA's Weighted Average Cost of Capital[2] ('WACC').

– **Dividend Policy**
  ARYZTA has adopted the additional vesting condition, applicable to LTIP awards made after 31 July 2011, requiring that the Board would continue to recommend throughout the performance period adherence to ARYZTA dividend policy. ARYZTA dividend policy is that payout ratio is based on 15% of underlying fully diluted EPS.

The LTIP as employed in the pursuit of the Corporate Goals
To date, ARYZTA has employed the Matching Plan and the Option Equivalent Plan to focus pursuit of its corporate goals.

Two parallel plans
Having the Matching Plan and the Option Equivalent Plan running in parallel gives beneficial tension in the pursuit of the corporate goals between the pursuit of EPS growth, the driver of returns under the Matching Plan, and the need for long-term share price growth which is necessary to make valuable awards under the Option Equivalent Plan.

1 Return on Invested Capital (ROIC) for this purpose refers to the ARYZTA Food Group earnings before interest tax and amortisation (EBITA) taken as a percentage of ARYZTA Food Group net assets. For this purpose, EBITA includes the net profit contribution from associates and JVs (i.e. after interest and tax) and excludes the impact of non-recurring items. Net assets exclude all bank debt, cash, cash equivalents and tax-related balances. ROIC is reported to investors in conjunction with announcement of yearly and half-yearly results and presented on a Group basis and segmental basis. For the financial year 2011, ROIC was 10.2%.

2 WACC is determined as a blend of ARYZTA's deemed cost of capital and deemed cost of debt with each of these components weighted on the basis of ARYZTA's debt to equity ratio. WACC is measured annually by an external specialist, using standard calculation methodology and reported to investors in conjunction with announcement of yearly and half-yearly results. For the financial year 2011, the pre-tax WACC was 8.0%.

Compensation Report (continued)

The Matching Plan – vesting of awards made in financial year ending 31 July 2009
Participants with Matching Plan awards made in financial year ending 31 July 2009[1] had the prospect of receiving a multiple (ranging from one to three times) of the number of Qualifying Investment Shares recognised as held for the purposes of the Matching Plan, subject to satisfaction of the applicable rules, including notably the EPS growth target[2] and compliance with the condition that ROIC must have exceeded WACC. Compound annual growth in underlying fully diluted EPS over the three year period has exceeded 15%, the highest earnings growth performance hurdle. The condition that ROIC exceed WACC has also been met. Accordingly, the performance conditions have been achieved to vest three shares per recognised Qualifying Investment Share.

The Matching Plan – future awards
As set out above, ARYZTA has resolved to supplement the capital discipline condition that the ARYZTA Food Group ROIC must exceed WACC for LTIP awards made after 31 July 2011 through the adoption of the additional condition regarding maintenance of the ARYZTA dividend policy.

In addition, for future awards, vesting may occur on a fractional pro-rata basis ranging from a multiple of 1 to 3 for growth between 10.0% and 15.0% rather than thresholds of 1, 2 and 3 at 10.0% to 12.4%, 12.5% to 15.0% and 15.0% or more. In the event of the minimum 10% growth target not being achieved, no awards vest.

The Option Equivalent Plan
Awards under the Option Equivalent Plan were made in financial year ending 31 July 2010. No awards were made under the Option Equivalent Plan in the financial years ending 31 July 2009 or 31 July 2011. Vesting of awards under the Option Equivalent Plan is conditional on compound annual growth in underlying fully diluted EPS in three consecutive accounting periods exceeding the growth in the Euro zone Core Consumer Price Index plus 5%[3]. The new condition regarding maintenance of the ARYZTA dividend policy will also apply to new awards under the Option Equivalent Plan.

Cost of the LTIP
The cost of the Matching Plan and the Option Equivalent Plan can be considered in accounting and dilutive terms.

LTIP – Accounting Cost
Awards under the LTIP are equity-settled share-based payments as defined in IFRS 2, Share-based Payment. Note 8 of the Group Financial Statements details the total cost of €19,063,000[4] recognised in relation to share-based payments for the financial year 2011.

1 No awards under the Matching Plan were made in the financial years ending 31 July 2010 or 31 July 2011.

2 Compound annual growth in underlying fully diluted EPS over the period had to equal or exceed the minimum 10% EPS growth target, having expensed the awards in the Income Statement in accordance with IFRS.

3 The cost of awards under the Option Equivalent Plan is charged to the Income Statement over the current estimated vesting period from grant date.

4 Includes costs of Executive Management and other management participants in the LTIP and costs of the Origin Plan which is specifically not available to ARYZTA executives, officers or employees.

Compensation Report (continued)

– **LTIP – Dilutive effect and 10% / ten year rule**
The LTIP has a ten year life and expires on 31 July 2019. Under the LTIP rules, not more than 10% of share capital may be allocated for issue over this ten year life pursuant to LTIP awards.

– **LTIP – Adoption of additional dilutive control rule**
ARYZTA has resolved to supplement the existing ten year/10% dilutive control rule by the adoption of the additional control that, for the three year cycle commencing 1 August 2011, not more than 3.0% of share capital should be allocated for issue under the LTIP (all plans).

– **Dilutive effect of all awards under the LTIP**
Full vesting and exercise of all awards outstanding made over the first three year cycle of the LTIP (Matching Plan and the Option Equivalent Plan) would deliver a maximum 2,175,000 shares to participants – i.e. 2.62% dilution for delivery of > 15.0% compound annual growth rate in EPS (having expensed the awards)[1].
  > Dilutive effect of all awards under the Matching Plan – Full vesting of all outstanding Matching Awards made over the first three year cycle of the LTIP delivers 975,000 shares to participants – i.e. 1.18% dilution or 0.39% per annum.
  > Dilutive effect of all awards under the Option Equivalent Plan – Full exercise of all awards made to date under the Option Equivalent Plan would deliver 1,200,000 shares to participants – i.e. 1.44% dilution or 0.48% per annum.

Annual bonus and ROIC
To date, the annual short-term performance related bonus element of Executive Management remuneration has been determined primarily based on delivery of the annual budget for the Group. For financial year 2012, it is intended that annual bonus will be determined by reference to incremental gains in ROIC. This change in how the annual bonus is determined will apply to Executive Management and other senior executives throughout the Group.

1 Disregarding the fact that the earliest vesting date for outstanding Option Equivalents is 31 July 2012.

Compensation Report (continued)

Compensation Report – Part 2

Compensation Process
The Nomination and Remuneration Committee of the Board ('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 upon the recommendation of the Chief Executive Officer. Executives are remunerated in line with the level of their authority and responsibility within the Group, with the various elements of the remuneration package for Executive Management being reviewed annually by the NRC.

The NRC reports to the Board at each Board meeting next succeeding each meeting of the NRC. The CEO attends meetings of the NRC by invitation only.

Consultation with market participants with regard to the LTIP was undertaken during the financial year 2011. This consultation has informed the decision of the NRC and Board to:

- revise the form in which ARYZTA reports to shareholders on remuneration matters;
- introduce additional conditions and terms relating to the LTIP;
- implement new criteria applicable to the determination of the annual bonus element of Executive Management remuneration;
- submit this compensation report to a separate advisory vote of the shareholders at the ARYZTA 2011 Annual General Meeting.

Against that background, it was decided not to undertake a benchmarking exercise in relation to Executive Management remuneration (short term and long term) during the financial year 2011.

The cost of the long-term element of Executive Management remuneration (i.e. the Matching Plan and the Option Equivalent Plan) is controlled through the dilution control rules and by the fact that rights generally vest only after accounting for the cost of the initial award (per IFRS 2, Share-based Payment). Within the prescribed limits, the NRC controls the level of participation by individuals. The NRC also controls the maximum level of the short-term performance related bonus for Executive Management.

Compensation Report (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 NRC determines at its discretion the level of the yearly fee and additional compensation paid to each non-executive Board member. Non-executive Board members are not eligible for performance-related payments and do not participate in the LTIP.

in CHF `000	**Direct payments year ended 31 July 2011**	Direct payments year ended 31 July 2010
Denis Lucey	**323**	323
Albert Abderhalden[1]	**29**	88
Charles Adair[1]	**59**	–
Denis Buckley	**96**	96
J Brian Davy	**112**	112
Noreen Hynes[1]	**37**	112
Hugo Kane[1]	**29**	88
Owen Killian (CEO)	**88**	88
Patrick McEniff (CFO)	**88**	88
William Murphy	**105**	96
Hans Sigrist	**93**	88
Dr J Maurice Zufferey	**96**	96
Total	**1,155**	1,275

1 A. Abderhalden, N. Hynes and H. Kane resigned from the Board on 2 December 2010 and C. Adair was elected to the Board on 2 December 2010.
2 Details of each Director's attendance at Board and Committee meetings during the year can be found in the ARYZTA Corporate Governance Report on page 38.

Compensation to members of the Executive Management

The elements of the remuneration package for Executive Management may comprise:

- basic salary and benefits (including benefits in kind and pension contributions);
- short-term performance related bonus (measured by reference to performance in the financial year); and
- long-term incentives (LTIP).

in CHF `000	**Total Executive Management 2011**	**Owen Killian 2011**	Total Executive Management 2010	Owen Killian 2010
Basic salaries	**3,082**	**1,277**	3,196	1,277
Benefits in kind	**226**	**83**	234	83
Pension contributions	**630**	**191**	467	191
Performance related bonus	**2,758**	**894**	–	–
Long-term incentives (LTIP)	**15,455**	**6,123**	2,350	903
Total compensation paid to members of ARYZTA Executive Management	**22,151**	**8,568**	6,247	2,454

Executive Management at 31 July 2011, as per the Corporate Governance Report at page 39, consists of Owen Killian (CEO), Patrick McEniff (CFO), Hugo Kane (COO), and Pat Morrissey (General Counsel and Company Secretary).

Compensation Report (continued)

The highest total compensation in the reporting period was received by Owen Killian, and his total remuneration is disclosed separately in the preceding table.

The compensation to members of 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 2010 to 31 July 2011 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).

No severance and/or termination payments were made to any member of Executive Management during the financial year 2011.

Executive Management Basic Salary and Benefits
The basic salary of Executive Management is reviewed annually by the NRC with regard to personal performance and corporate goals (as set out in Part 1 of this report). When reviewing Executive Managements' basic salary, the applicable weighting of each component is at the discretion of the NRC. Employment related benefits consist principally of a car allowance and pension. Pension benefits are determined solely in relation to basic salary.

Executive Management Short-term Performance Related Bonus
To date, the annual short-term performance related bonus has been determined based on personal performance and delivery of the annual ARYZTA Group budget. When determining Executive Managements' short-term performance related bonus, the applicable weighting of each component is at the discretion of the NRC. It has been the NRC's policy that the short-term performance related bonus does not exceed 100% of basic salary for Executive Management and while for the financial year 2012, the annual bonus will be determined by reference to incremental gains in ARYZTA Food Group ROIC, the maximum available to Executive Management remains capped at 100% of basic salary.

Executive Management Long-term Incentives (LTIP)
As set out in Part 1 of this report, the long-term incentive remuneration of Executive Management consist of both Matching Plan and Option Equivalent Plan awards.
The costs of these awards are accrued to each member of Executive Management based on the accounting principles applicable to share-based payments under IFRS 2, Share-based Payment. The average annual cost of the long-term incentive attributable to individual members of Executive Management over the initial plan period has ranged between 171% and 292% of basic salary.

Compensation Report (continued)

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2010	Granted during financial year	Vested during financial year[1]	Closing position 31 July 2011
Directors				
Owen Killian	300,000	–	–	300,000
Patrick McEniff	180,000	–	–	180,000
Hugo Kane	180,000	–	–	180,000
General Counsel & Company Secretary				
Pat Morrissey	90,000	–	–	90,000
Total	**750,000**	–	–	**750,000**

Executive Management Option Equivalent Plan Allocation[2]

	Options carried forward 1 August 2010	Granted during financial year	Vested during financial year	Closing position 31 July 2011
Directors				
Owen Killian	300,000	–	–	300,000
Patrick McEniff	250,000	–	–	250,000
Hugo Kane	150,000	–	–	150,000
General Counsel & Company Secretary				
Pat Morrissey	100,000	–	–	100,000
Total	**800,000**	–	–	**800,000**

1 As stated in Part 1 of the Compensation Report, the performance conditions associated with the Matching Plan were met in FY 2011. Accordingly, the maximum allocation of shares are eligible for vesting.

2 Earliest date by which qualifying conditions can be met is 31 July 2012. Vested options must be exercised no later than 7 years following vesting. The exercise price of all options is CHF 37.23.

FOOD EUROPE

GERMANY
Berlin
Lustgarten

ARYZTA has 3 manufacturing centres and 7 distribution centres operating across Germany.

Annual Report and Accounts 2011
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 risk to the Group, in common with most companies, is the risk of failure to address increasing compliance requirements in areas such as 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 and intangibles.
- 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 financing 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 listed in order of importance.

FOOD EUROPE

ENGLAND
Cambridge
Garret Hostel Bridge

ARYZTA has 1 manufacturing centre and 11 distribution centres operating across the UK.

Annual Report and Accounts 2011

Our Responsibility

ARYZTA is committed to building a successful and sustainable business for the long term. Sustainability requires the marrying of economic, environmental and social factors i. e. corporate responsibility. ARYZTA pursues a decentralised approach to corporate responsibility through its various businesses and the different markets within which they operate. The following key pillars of corporate responsibility are applied by ARYZTA businesses in their approach to sustainability.

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 emboldens 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, commitment 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 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 all our food products are manufactured with the highest standards of safety, all of ARYZTA's food processing facilities operate under proprietary HACCP (Hazard Analysis and Critical Control Point) systems, or similar, and in compliance with all related food law in force. All food safety and quality systems are certified by independent third party bodies. To this end, ARYZTA food businesses contribute to various voluntary initiatives on food and product safety by industry associations such as the International Featured Standards (IFS-Food and IFS-Logistics), British Retail Consortium (BRC), American Institute of Baking (AIB) or the US Food and Drug Administration (USFDA).

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 and suppliers in promoting responsible environmental management practices.

AUSTRALIA
Perth
Kings Park

ARYZTA has 2 manufacturing centres and 7 distribution centres operating across Australia.

Annual Report and Accounts 2011

Group and Company Financial Statements 2011

Group Financial Statements, presented in Euro and prepared under IFRS

Page

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 Directors' Responsibilities
for the year ended 31 July 2011

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

22 September 2011

Group Income Statement
for the year ended 31 July 2011

in Euro `000	Notes	2011	2010
Revenue	4	**3,876,923**	3,009,726
Cost of sales		**(2,774,960)**	(2,169,030)
Gross profit		**1,101,963**	840,696
Distribution expenses		**(510,401)**	(416,666)
Administration expenses		**(289,063)**	(201,869)
Operating profit before net acquisition, disposal and restructuring related costs		**302,499**	222,161
Net acquisition, disposal and restructuring related costs	2	**(10,036)**	(4,561)
Operating profit		**292,463**	217,600
Share of profit after tax of associates and joint ventures	6	**19,479**	31,613
Profit before financing income and costs		**311,942**	249,213
Financing income	3	**12,065**	10,230
Financing costs	3	**(79,981)**	(61,715)
Profit before tax		**244,026**	197,728
Income tax	9	**(15,614)**	(29,639)
Profit for the year		**228,412**	168,089
Attributable as follows:			
Equity shareholders of the Company		**212,657**	151,729
Non-controlling interests	27	**15,755**	16,360
Profit for the year		**228,412**	168,089

Earnings per share for the year	Notes	**2011 Euro cent**	2010 Euro cent
Basic earnings per share	11	**256.80**	190.99
Diluted earnings per share	11	**237.97**	189.49

Group Statement of Comprehensive Income
for the year ended 31 July 2011

in Euro `000	Notes	2011	2010
Profit for the year		**228,412**	168,089
Other comprehensive income			
Foreign exchange translation effects			
– Foreign currency net investments		**(18,822)**	101,287
– Foreign currency borrowings	21	**57,600**	(44,173)
– Recycle of foreign exchange gain on settlement of quasi-equity loans	3	**(1,398)**	(4,679)
– Recycle on disposal of subsidiary undertakings		**379**	–
– Taxation effect of foreign exchange translation movements	9	**(2,876)**	–
– Share of joint ventures and associates' foreign exchange translation adjustment	15	**1,170**	(679)
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**(2,345)**	3,933
– Fair value of cash flow hedges transferred to income statement		**6,897**	2,209
– Deferred tax effect of cash flow hedges	9	**(286)**	(990)
– Share of joint ventures and associates loss on cash flow hedges	15	**(692)**	(368)
– Share of joint ventures and associates deferred tax effect of cash flow hedges	15	**85**	48
Defined benefit plans			
– Actuarial loss on Group defined benefit pension plans	25	**(1,881)**	(2,336)
– Deferred tax effect of actuarial loss	9	**67**	563
– Share of associates' actuarial loss on defined benefit plan	15	**(654)**	(973)
– Share of associates' deferred tax effect of actuarial loss	15	**164**	272
Total other comprehensive income		**37,408**	54,114
Total comprehensive income for the year		**265,820**	222,203
Attributable as follows:			
Equity shareholders of the Company		**247,738**	204,649
Non-controlling interests	27	**18,082**	17,554
Total comprehensive income for the year		**265,820**	222,203

Group Balance Sheet
as at 31 July 2011

in Euro `000	Notes	2011	2010
Assets			
Non-current assets			
Property, plant and equipment	12	**939,949**	945,100
Investment properties	13	**32,180**	20,648
Goodwill and intangible assets	14	**2,650,956**	2,280,763
Investments in associates and joint ventures	15	**124,057**	162,881
Other receivables	17	**35,013**	–
Deferred tax assets	24	**79,073**	60,981
Total non-current assets		**3,861,228**	3,470,373
Current assets			
Inventory	16	**251,416**	212,085
Trade and other receivables	17	**477,959**	426,917
Derivative financial instruments	22	**608**	889
Cash and cash equivalents	20	**482,229**	394,587
Total current assets		**1,212,212**	1,034,478
Total assets		**5,073,440**	4,504,851

Group Balance Sheet (continued)
as at 31 July 2011

in Euro `000	Notes	2011	2010
Equity			
Called up share capital	26	**1,061**	1,061
Share premium		**632,951**	632,951
Retained earnings and other reserves		**1,490,084**	980,190
Total equity attributable to equity shareholders of the Company		**2,124,096**	1,614,202
Non-controlling interests	27	**72,410**	59,648
Total equity		**2,196,506**	1,673,850
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	21	**1,363,893**	1,575,265
Employee benefits	25	**16,026**	15,454
Deferred income from government grants	23	**11,246**	18,477
Other payables	18	**10,749**	10,846
Deferred tax liabilities	24	**388,498**	364,070
Derivative financial instruments	22	**299**	804
Deferred consideration	19	**9,209**	25,829
Total non-current liabilities		**1,799,920**	2,010,745
Current liabilities			
Interest-bearing loans and borrowings	21	**165,924**	46,834
Trade and other payables	18	**857,560**	701,284
Corporation tax payable		**38,248**	53,209
Derivative financial instruments	22	**3,133**	6,460
Deferred consideration	19	**12,149**	12,469
Total current liabilities		**1,077,014**	820,256
Total liabilities		**2,876,934**	2,831,001
Total equity and liabilities		**5,073,440**	4,504,851

Group Statement of Changes in Equity
for the year ended 31 July 2011

31 July 2011 in Euro `000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revaluation reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total shareholders equity	Non-controlling interests	Total
At 1 August 2010	**1,061**	**632,951**	**(30)**	–	**(2,603)**	**35,108**	**6,188**	**9,697**	**931,830**	**1,614,202**	**59,648**	**1,673,850**
Profit for the year	–	–	–	–	–	–	–	–	212,657	**212,657**	15,755	**228,412**
Foreign exchange translation effects	–	–	–	–	–	–	–	34,357	–	**34,357**	1,696	**36,053**
Cash flow hedges	–	–	–	–	2,863	–	–	–	–	**2,863**	796	**3,659**
Defined benefit plans	–	–	–	–	–	–	–	–	(2,139)	**(2,139)**	(165)	**(2,304)**
Total comprehensive income	**–**	**–**	**–**	**–**	**2,863**	**–**	**–**	**34,357**	**210,518**	**247,738**	**18,082**	**265,820**
Share-based payments	–	–	–	–	–	–	18,801	–	–	**18,801**	262	**19,063**
Equity dividends	–	–	–	–	–	–	–	–	(30,768)	**(30,768)**	–	**(30,768)**
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	**–**	(5,582)	**(5,582)**
Transfer of revaluation reserve to retained earnings	–	–	–	–	–	(17,960)	–	–	17,960	**–**	–	**–**
Issue of perpetual callable subordinated instrument	–	–	–	285,004	–	–	–	–	–	**285,004**	–	**285,004**
Dividend on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(11,801)	**(11,801)**	–	**(11,801)**
Taxation effect of perpetual callable subordinated instrument dividend	–	–	–	–	–	–	–	–	920	**920**	–	**920**
At 31 July 2011	**1,061**	**632,951**	**(30)**	**285,004**	**260**	**17,148**	**24,989**	**44,054**	**1,118,659**	**2,124,096**	**72,410**	**2,196,506**

Group Statement of Changes in Equity (continued)
for the year ended 31 July 2011

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**

Group Cash Flow Statement
for the year ended 31 July 2011

in Euro `000	Notes	2011	2010
Cash flows from operating activities			
Profit for the year		**228,412**	168,089
Income tax	9	**15,614**	29,639
Financing income	3	**(12,065)**	(10,230)
Financing costs	3	**79,981**	61,715
Share of profit after tax of associates and joint ventures	6	**(19,479)**	(31,613)
Gain on disposal of operations	2	**(117,258)**	–
Asset write-downs	2	**43,039**	–
Loss on dilution	2	**4,738**	–
Other restructuring related costs		**42,253**	(82)
Depreciation of property, plant and equipment	12	**88,354**	66,888
Amortisation of intangible assets	14	**94,228**	51,364
Recognition of deferred income from government grants	23	**(3,036)**	(2,994)
Share-based payments	8	**14,294**	2,318
Other		**(791)**	26
Cash flows from operating activities before changes in working capital		**458,284**	335,120
(Increase)/decrease in inventory		**(49,327)**	13,956
(Increase)/decrease in trade and other receivables		**(60,109)**	52,926
Increase/(decrease) in trade and other payables		**82,289**	(35,829)
Cash generated from operating activities		**431,137**	366,173
Interest paid		**(76,547)**	(46,626)
Interest received		**4,438**	1,446
Income tax paid		**(55,090)**	(30,424)
Net cash flows from operating activities		**303,938**	290,569

Group Cash Flow Statement (continued)
for the year ended 31 July 2011

in Euro `000	Notes	2011	2010
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**2,937**	1,866
Purchase of property, plant and equipment			
– maintenance capital expenditure		**(45,896)**	(16,305)
– investment capital expenditure		**(30,855)**	(29,632)
Grants received	23	**25**	1,117
Acquisitions of subsidiaries and businesses, net of cash acquired	29	**(394,863)**	(564,419)
Sale of subsidiaries and businesses, net of cash surrendered		**72,562**	–
Purchase of intangible assets		**(23,735)**	(18,037)
Dividends received	15	**11,590**	22,365
Investments in associates and joint ventures	15	**(1,128)**	(3,052)
Deferred consideration paid	19	**(12,900)**	(2,128)
Net cash flows from investing activities		**(422,263)**	(608,225)
Cash flows from financing activities			
Net proceeds from issue of equity instruments	26	**285,004**	115,001
Gross drawdown of loan capital	21	**192,258**	768,743
Gross repayment of loan capital	21	**(347,356)**	(459,391)
Capital element of finance lease liabilities	21	**(748)**	(1,693)
Dividends paid to non-controlling interests	27	**(5,582)**	(5,779)
Dividends paid to equity shareholders		**(30,768)**	(27,861)
Net cash flows from financing activities		**92,808**	389,020
Net (decrease)/increase in cash and cash equivalents		**(25,517)**	71,364
Translation adjustment		**(5,196)**	7,841
Net cash and cash equivalents at start of year		**348,349**	269,144
Net cash and cash equivalents at end of year	20	**317,636**	348,349

Group Statement of Accounting Policies
for the year ended 31 July 2011

Organisation
ARYZTA AG (the 'Company') is a company domiciled and incorporated in Switzerland. The Group's financial statements for the year ended 31 July 2011 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 22 September 2011 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 2010. 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:
- Improvements to IFRSs (2009 and 2010)
- Amendment to IAS 32 – Financial Instruments: Presentation
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement
- Amendment to IFRS 2 – Share-based Payment
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

The above 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
IFRS 10 – Consolidated Financial Statements	1 January 2013	Reporting year 2014
IFRS 11 – Joint Arrangements	1 January 2013	Reporting year 2014
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2013	Reporting year 2014
IFRS 13 – Fair Value Measurement	1 January 2013	Reporting year 2014
IAS 27 (Revised) – Separate Financial Statements	1 January 2013	Reporting year 2014
IAS 28 (Revised) – Investments in Associates and Joint Ventures	1 January 2013	Reporting year 2014
Amendment to IFRS 7 – Financial Instruments: Disclosures	1 July 2011	Reporting year 2012
Amendment to IAS 1 – Presentation of Financial Statements	1 July 2012	Reporting year 2013
Amendment to IAS 12 – Income Taxes	1 January 2012	Reporting year 2013
Amendment to IAS 19 – Employee Benefits	1 January 2013	Reporting year 2014
Amendment to IAS 24 – Related Party Disclosures	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

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

Income statement presentation

The Group Income Statement is presented by function of expense. To enable a more comprehensive understanding of the Group's financial performance the Group has expanded its accounting policies that were in place as of 31 July 2010 to present certain items, by virtue of their size or nature, separately within operating profit. Transactions which may give rise to such treatment are principally net gain/loss on acquisition and disposal of businesses, integration, rationalisation and acquisition related costs.

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 2011

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 Group Income Statement. The Group 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 year 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 and volume rebates, and is 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 2011

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 prior 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, Maidstone 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 the leading agri-services group focused on integrated agronomy and agri-inputs in the UK, Ireland and Poland.

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

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

materials, direct labour or an appropriate proportion of overheads. Capitalised 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 financing 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 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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

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 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 income and expenses of foreign operations are translated to Euro at the average exchange rates for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions. 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 2011	Closing 2011	Average 2010	Closing 2010
CHF	1.2862	1.1464	1.4621	1.3616
USD	1.3762	1.4323	1.3811	1.3079
CAD	1.3676	1.3620	1.4494	1.3546
GBP	0.8610	0.8761	0.8776	0.8373

Dividends

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

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

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. Interest on specific and general borrowings used to finance construction costs of property, plant and equipment is capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

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 comprised of land and buildings, 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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

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

Business combinations are accounted for by applying the acquisition method. The cost of each acquisition is measured as the aggregate of the fair value of the consideration transferred, as at the acquisition date, and the amount of any non-controlling interest in the acquiree. Where a business combination is achieved in stages, the Group's previously-held interest in the acquiree is remeasured to fair value at the acquisition date and included within the consideration, with any gain or loss recognised in the Group Income Statement. Where any part of the consideration for a business combination is deferred, the fair value of the deferred component is determined by discounting the amounts payable to their present value at the acquisition date. The discount component is unwound as a finance charge in the Group Income Statement over the life of the obligation. Acquisition costs arising in connection with a business combination are expensed as incurred.

When the initial accounting for a business combination is only provisionally determined at the end of the financial year in which the combination occurs, any adjustments to the provisional values allocated to the identifiable assets and liabilities are made within a period of no more than one year from the acquisition date.

Goodwill is initially recognised at cost, being the difference between cost of the acquisition over the net identifiable assets and liabilities assumed. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill, net of any impairment, is included in the carrying amount of the investment. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets

Intangible assets acquired as part of a business combination are initially recognised at fair value being their deemed cost as 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. Cost comprises purchase price and other applicable directly attributable costs.

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

Customer relationship	10 to 20	years
Brands	10 to 30	years
Patents and other	4 to 5	years
Computer-related intangibles	3 to 7	years

Subsequent to initial recognition, intangible assets are stated at cost, less accumulated amortisation and any impairment losses incurred.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

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 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 estimated 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.

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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

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.

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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2011

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.

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 2010 financial statement notes have been reclassified or adjusted to conform to the 31 July 2011 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on total revenues, expenses, profit for the year or equity as previously reported.

Notes to the Group Financial Statements
for the year ended 31 July 2011

1 Segment information

1.1 Analysis by business segment

I) Segment revenue and result in Euro `000	Food Europe 2011	Food Europe 2010	Food North America 2011	Food North America 2010	Food Rest of World 2011	Food Rest of World 2010	Origin 2011	Origin 2010	Total Group 2011	Total Group 2010
Segment revenue[1]	**1,184,928**	1,072,010	**1,212,463**	571,585	**180,029**	35,822	**1,299,503**	1,330,309	**3,876,923**	3,009,726
Operating profit before non-recurring items[2]	**112,665**	95,518	**108,155**	59,079	**14,960**	5,655	**66,719**	61,909	**302,499**	222,161
Net acquisition, disposal and restructuring related costs (note 2)	**(62,127)**	118	**64,105**	(4,710)	**(1,004)**	–	**(11,010)**	31	**(10,036)**	(4,561)
Operating profit	**50,538**	95,636	**172,260**	54,369	**13,956**	5,655	**55,709**	61,940	**292,463**	217,600
Share of profit after tax of associates and joint ventures	**7**	–	**3,706**	19,923	**909**	118	**14,857**	11,572	**19,479**	31,613
Profit before financing income and costs	**50,545**	95,636	**175,966**	74,292	**14,865**	5,773	**70,566**	73,512	**311,942**	249,213
Financing income[3]									**12,065**	10,230
Financing costs[3]									**(79,981)**	(61,715)
Profit before tax as reported in Group Income Statement									**244,026**	197,728

1 There are no significant intercompany revenues between the Group's food business segments. There was €2,235,000 (2010: €6,756,000) 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 2011

II) Segment assets in Euro `000	Food Europe 2011	Food Europe 2010	Food North America 2011	Food North America 2010	Food Rest of World 2011	Food Rest of World 2010	Origin 2011	Origin 2010	Total Group 2011	Total Group 2010
Segment assets excluding investments in associates and joint ventures	**1,670,110**	1,719,441	**1,837,126**	1,400,457	**280,751**	244,117	**599,486**	521,498	**4,387,473**	3,885,513
Investments in associates and joint ventures	**495**	293	**1,420**	69,584	**3,061**	3,263	**119,081**	89,741	**124,057**	162,881
Segment assets	**1,670,605**	1,719,734	**1,838,546**	1,470,041	**283,812**	247,380	**718,567**	611,239	**4,511,530**	4,048,394
Reconciliation to total assets as reported in Group Balance Sheet										
Derivative financial instruments									**608**	889
Cash and cash equivalents									**482,229**	394,587
Deferred tax assets									**79,073**	60,981
Total assets as reported in Group Balance Sheet									**5,073,440**	4,504,851

III) Segment liabilities in Euro `000	Food Europe 2011	Food Europe 2010	Food North America 2011	Food North America 2010	Food Rest of World 2011	Food Rest of World 2010	Origin 2011	Origin 2010	Total Group 2011	Total Group 2010
Segment liabilities	**302,294**	293,001	**203,522**	180,062	**30,993**	17,639	**380,130**	293,657	**916,939**	784,359
Reconciliation to total liabilities as reported in Group Balance Sheet										
Interest-bearing loans and borrowings									**1,529,817**	1,622,099
Derivative financial instruments									**3,432**	7,264
Current and deferred tax liabilities									**426,746**	417,279
Total liabilities as reported in Group Balance Sheet									**2,876,934**	2,831,001

IV) Other segment information in Euro `000	Food Europe 2011	Food Europe 2010	Food North America 2011	Food North America 2010	Food Rest of World 2011	Food Rest of World 2010	Origin 2011	Origin 2010	Total Group 2011	Total Group 2010
Depreciation	**46,916**	45,324	**30,785**	14,057	**5,377**	982	**5,276**	6,525	**88,354**	66,888
SAP-related amortisation	**–**	–	**3,401**	634	**–**	–	**–**	–	**3,401**	634
Amortisation of other intangible assets	**36,373**	35,609	**40,518**	10,899	**9,641**	308	**4,295**	3,914	**90,827**	50,730
Capital expenditure – Property, plant and equipment	**25,228**	24,155	**24,813**	13,967	**21,816**	581	**6,425**	6,169	**78,282**	44,872
– Computer-related intangibles	**9,513**	6,076	**14,879**	11,074	**955**	30	**3,001**	1,062	**28,348**	18,242
– Other intangibles	**–**	–	**–**	–	**–**	–	**–**	160	**–**	160
Total capital expenditure	**34,741**	30,231	**39,692**	25,041	**22,771**	611	**9,426**	7,391	**106,630**	63,274

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

1.2 Analysis by geographical segment

	Europe		North America		Rest of World		Total Group	
in Euro `000	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Segment revenue[1]	**2,484,431**	2,402,319	**1,212,463**	571,585	**180,029**	35,822	**3,876,923**	3,009,726
Segment assets	**2,389,172**	2,330,973	**1,838,546**	1,470,041	**283,812**	247,380	**4,511,530**	4,048,394
IFRS 8 non-current assets[2]	**1,877,077**	1,823,237	**1,654,252**	1,360,098	**250,826**	226,057	**3,782,155**	3,409,392

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 5.4% of total Group revenues (2010: 5.8%). Revenues from external customers attributed to material foreign countries are United States 28.3% (2010: 19.0%), the United Kingdom 24.1% (2010: 23.6%) and Ireland 13.6% (2010: 28.5%). 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 11.3% of total Group non-current assets (2010: 8.9%). Non-current assets attributed to material foreign countries are: United States 29.5% (2010: 39.7%), Ireland 12.2% (2010: 14.9%) and the United Kingdom 8.0% (2010: 6.9%).

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

2 Acquisition, disposal and restructuring costs

in Euro `000	Notes	Food Europe 2011	Food Europe 2010	Food North America 2011	Food North America 2010	Food Rest of World 2011	Food Rest of World 2010	Total Food Group 2011	Total Food Group 2010	Origin 2011	Origin 2010	Total Group 2011	Total Group 2010
Gain / (loss) on disposal of operations	2.1	–	–	121,391	–	–	–	**121,391**	–	**(4,133)**	–	**117,258**	–
Acquisition related costs	2.2	–	–	(9,994)	(4,643)	(692)	–	**(10,686)**	(4,643)	**(2,139)**	–	**(12,825)**	(4,643)
Loss on dilution	2.3	–	–	–	–	–	–	**–**	–	**(4,738)**	–	**(4,738)**	–
Asset write-downs	2.4	(34,999)	–	(8,040)	–	–	–	**(43,039)**	–	–	–	**(43,039)**	–
Staff related costs	2.4	(17,878)	–	(29,085)	–	–	–	**(46,963)**	–	**–**	–	**(46,963)**	–
Contractual obligations	2.4	(3,969)	–	–	–	–	–	**(3,969)**	–	**–**	–	**(3,969)**	–
Grant related costs	2.4	(2,338)	–	–	–	–	–	**(2,338)**	–	**–**	–	**(2,338)**	–
Advisory costs	2.4	(1,049)	–	(7,671)	–	–	–	**(8,720)**	–	**–**	–	**(8,720)**	–
Other costs	2.4	(1,894)	118	(2,496)	(67)	(312)	–	**(4,702)**	51	**–**	31	**(4,702)**	82
Total[1]		(62,127)	118	64,105	(4,710)	(1,004)	–	**974**	(4,592)	**(11,010)**	31	**(10,036)**	(4,561)

1 The total spend above includes (EUR 140,000) cost of sales, (EUR 905,000) distribution expenses, (EUR 55,681,000) administration expenses and EUR 46,690,000 other income and expenses.

2.1 Gain/(loss) on disposal of operations

in Euro `000		2011
Gain/(loss) on disposal of operations	Notes	
Fair value gain on acquisition of 50% share in Maidstone Bakeries	2.1.1	121,391
Loss on disposal of Origin Food business	2.1.2	(7,301)
Gain on disposal of Origin Feed business	2.1.3	3,168
		117,258

2.1.1 Fair value gain on acquisition of 50% share in Maidstone Bakeries

On 29 October 2010, ARYZTA closed the acquisition of all outstanding shares of the previously 50% owned Maidstone Bakeries joint venture for total deemed consideration of €502,808,000 for 100% of the business. The consideration was based on a discounted cash flow enterprise value and was in line with market valuation multiples on comparable industry transactions. Maidstone Bakeries is no longer treated as a joint venture for accounting purposes and is now fully consolidated in the Food North America segment. A non-cash gain of €121,391,000 on the previously owned 50% of Maidstone Bakeries has been recorded within operating profit in these financial statements. This is a requirement under IFRS 3 (Revised), Business Combinations, implemented by the Group as required for the financial year ended 31 July 2010. See note 29 for further details.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

2.1.2 Loss on disposal of Origin Food business

On 10 September 2010, the Group's 71.4% subsidiary and separately listed company, Origin Enterprises plc ('Origin'), announced that it had reached an agreement with CapVest Limited ('CapVest') to establish Valeo Foods Group Limited ('Valeo'), to facilitate consolidation of Irish consumer food brands. On 26 November 2010, Origin further announced that Valeo had completed the simultaneous acquisitions of the branded food businesses of Origin and the Irish food company Batchelors. With effect from 26 November 2010, Origin's 44.1% investment in Valeo has been treated as an associate undertaking and accounted for using the equity method in accordance with IAS 28, Investments in Associates.

A loss of €7,301,000 was realised on the disposal of Origin Foods to Valeo. The impact of this loss on ARYZTA's profit attributable to equity shareholders for the period is €5,214,000 which is after deduction of Origin non-controlling interests. The loss was calculated as follows:

in Euro `000	2011
Net assets transferred on 26 November 2010:	
Property, plant and equipment	(31,252)
Goodwill and intangible assets	(42,732)
Working capital	(12,734)
Provisions for liabilities and charges	3,429
Net assets transferred	**(83,289)**
Consideration:	
Net cash consideration	25,340
Fair value of vendor loan note	33,540
Fair value of 44.1% equity interest in Valeo Foods	17,108
Total consideration received	**75,988**
Loss on disposal of Origin Food business	**(7,301)**

2.1.3 Gain on disposal of Origin Feed business

On 10 November 2010, Origin announced that it had reached agreement with W&R Barnett Limited ('Barnett') to establish an all-Ireland grain and feed handling logistics and trading business. The all-Ireland business was formed through the integration of Origin's R&H Hall ('Hall') business in the Republic of Ireland with the business of Origin and Barnett in Northern Ireland. The transaction was completed on 28 January 2011. Under the terms of the transaction, Barnett acquired a 50% interest in Hall, mirroring the economic interests of Origin and Barnett in the Northern Ireland business.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

Origin now holds a 50% interest in Hall and, from 28 January 2011, this 50% holding is treated as an associate undertaking in accordance with IAS 28, Investments in Associates. A gain arose on the transaction as follows:

in Euro `000	2011
Net assets transferred on 28 January 2011:	
Property, plant and equipment	(15,412)
Working capital	(35,704)
Provisions for liabilities and charges	2,667
Net assets transferred	**(48,449)**
Consideration:	
Net cash consideration	40,562
Fair value of 50% equity interest in Hall	11,055
Total consideration received	**51,617**
Gain on disposal of Origin Feed business	**3,168**

2.2 Acquisition related costs in financial year 2011

Total acquisition related transaction costs incurred during the period of €12,825,000. The ARYZTA Food Group incurred €10,686,000 relating primarily to the acquisition of the outstanding 50% of Maidstone Bakeries. Origin incurred €2,139,000 relating to the acquisition by Origin of United Agri Products Limited, Rigby Taylor Limited and Carrs Fertilisers agronomy businesses. These costs include share purchase tax, 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 within operating profit through the income statement. Details relating to these acquisitions are set out in note 29.

2.2.1 Acquisition related costs in financial year 2010

Included here are transaction costs directly relating to the acquisition of Fresh Start Bakeries and Great Kitchens during the prior 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.

2.3 Loss on dilution of interest in associate

On 23 June 2011, Continental Farmers Group plc ('CFG') raised €16,726,000 of funding upon its flotation on the ESM and AIM markets of the Dublin and London Stock exchanges. As a result Origin's shareholding reduced from 38.7% to 24.2%. This gave rise to a loss of €4,738,000 on the dilution of the holding, which is recorded in the income statement for the year ended 31 July 2011.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

2.4 Integration and rationalisation related costs

During the period, the Group commenced two separate integration and rationalisation programmes in each of its Food Europe and Food North America segments. These programmes will allow the development of two principal operating platforms in Food Europe and Food North America to optimise the Group's manufacturing and business support platforms.

As a result of decisions made through these projects the Group has incurred and provided for costs to be incurred during the financial period through its income statement as follows:

Asset write-downs in financial year 2011

As part of the implementation of the Group's integration and rationalisation programs the Group has commenced the closure and/or reduction in activity of a number of its operational sites. As part of this process, the Group has written down certain manufacturing, distribution and administration assets related to these sites during the period for a total charge of €43,039,000. Included in this charge is a write-down for a property situated in Tallaght, Ireland which was decommissioned and transferred to investment properties during the financial year.

Severance and other staff related costs

The Group has incurred and provided for €46,963,000 in severance and other costs during the period in relation to employees whose service was discontinued following the actual or announced closure and rationalisation of certain Group operational sites.

Contractual obligations

The operational decisions made through the Group's integration and rationalisation projects triggered an early termination and/or resulted in certain operational contracts becoming onerous. The Group has incurred total costs during the period to either exit or provide for such contracts of €3,969,000.

Grant related costs

The termination of certain activities caused by the Group's integration and rationalisation programmes have resulted in the triggering of certain grant repayment conditions. This has resulted in a charge of €2,338,000 related to repayment of grants.

Advisory costs and other costs

The Group has identified €13,422,000 in other costs related directly to the implementation of its integration and rationalisation programmes during the period. These costs are composed principally of integration advisory costs of €8,720,000, and operational site decommissioning and other costs of €4,702,000.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

3 Financing income and costs

in Euro `000	2011	2010
Financing income		
Interest income	**5,843**	1,112
Defined benefit plan: expected return on plan assets (note 25)	**4,824**	4,439
Foreign exchange gain realised on settlement of quasi-equity intercompany loans[1]	**1,398**	4,679
Total financing income recognised in income statement	**12,065**	10,230
Financing costs		
Interest cost on bank loans and overdrafts	**(73,801)**	(55,531)
Interest cost under finance leases	**(125)**	(186)
Defined benefit plan: interest cost on plan liabilities (note 25)	**(4,996)**	(5,407)
Interest cost on deferred consideration (note 19)	**(1,059)**	(591)
Total financing costs recognised in income statement	**(79,981)**	(61,715)
Recognised directly in other comprehensive income		
Effective portion of changes in fair value of interest rate swaps[2]	**(447)**	3,205
Fair value of interest rate swaps transferred to income statement[2]	**5,064**	(283)
Total financing gain/(loss) recognised directly in other comprehensive income	**4,617**	2,922

1 As part of the refinancing of the Food Group loan facilities and the extinguishment of certain loan facilities, a number of long-term (quasi-equity) intercompany loans were settled during FY 2010 and FY 2011.
2 No unrealised gains or losses on any ineffective portion of derivatives have been recognised in the income statement.

4 Other information

Income statement by nature of cost through to operating profit

in Euro `000	2011	2010
Revenue	**3,876,923**	3,009,726
Raw materials and consumables used	**(2,298,201)**	(1,887,019)
Employment costs	**(580,621)**	(411,781)
Other direct and indirect costs	**(460,144)**	(324,814)
Gain on disposal of operations	**117,258**	–
Asset write-downs	**(43,039)**	–
Acquisition related costs	**(12,825)**	(4,643)
Restructuring and other related costs	**(71,430)**	82
Amortisation of intangible assets	**(94,228)**	(51,364)
Depreciation of property, plant and equipment (note 12)	**(88,354)**	(66,888)
Recognition of deferred income from government grants	**3,036**	2,994
Operating lease rentals	**(44,294)**	(38,486)
Research and development expenditure	**(6,665)**	(5,256)
Auditor's remuneration	**(4,953)**	(4,951)
Operating profit	**292,463**	217,600

Group revenue categories

Group revenue relates primarily to sale of products.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

The above amounts are further analysed as follows:

Depreciation of property, plant and equipment

in Euro `000	2011	2010
– owned assets	**87,639**	65,747
– leased assets	**715**	1,141
	88,354	66,888

Operating lease rentals

in Euro `000	2011	2010
– plant and machinery	**7,408**	5,560
– other	**36,886**	32,926
	44,294	38,486

Operating lease rentals

in Euro `000	2011	2010
– Food Group	**39,055**	32,704
– Origin	**5,239**	5,782
	44,294	38,486

Research and development expenditure

in Euro `000	2011	2010
– Food Group	**6,284**	3,342
– Origin	**381**	1,914
	6,665	5,256

Auditor's remuneration

in Euro `000	2011	2010
– Auditor's remuneration for annual audit services	**1,850**	1,474
– Auditor's remuneration for other audit-related services	**608**	313
– Auditor's remuneration for non-audit services	**2,495**	3,164
	4,953	4,951

5 Directors' emoluments

Directors' emoluments are disclosed in note 10 of the ARYZTA Company Financial Statements 2011.

6 Share of profit after tax of associates and joint ventures

Joint ventures

in Euro `000	2011	2010
Group share of:		
Revenue	**122,260**	136,117
Profit, after tax	**14,417**	29,729

Associates

in Euro `000		
Group share of:		
Revenue	**271,925**	117,573
Profit, after tax	**5,062**	1,884

Share of profit after tax of associates and joint ventures	**19,479**	31,613

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

7 Employment

Average number of persons employed by the Group during the year	2011	2010
Sales and distribution	**4,116**	3,809
Production	**7,142**	4,450
Management and administration	**1,380**	1,091
	12,638	9,350

Aggregate employment costs of the Group in Euro `000	2011	2010
Wages and salaries	**499,729**	359,447
Social welfare costs	**54,049**	40,037
Pension costs (note 25)	**12,549**	9,979
Share-based payments (note 8)	**14,294**	2,318
	580,621	411,781

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 Plan LTIP
  > ARYZTA Option Equivalent Plan LTIP
- The Origin Enterprises Long-Term Incentive Plan ('the Origin Plan').

The total cost reported in the Group Financial Statements in the current period in relation to equity settled share-based payments is €19,063,000 of which €14,294,000 was reported in the Group Income Statement. The total cost reported in the prior year was €2,318,000.

8.1 ARYZTA Matching Plan LTIP

Equity entitlements issued	Weighted conversion price 2011 in CHF	Number of equity entitlements 2011	Weighted conversion price 2010 in CHF	Number of equity entitlements 2010
Outstanding at beginning of year	**0.02**	**975,000**	0.02	1,035,000
Forfeited during the year	–	–	0.02	(60,000)
Issued during the year[1]	–	–	–	–
Outstanding at the end of year	**0.02**	**975,000**	0.02	975,000
Vested at end of year	–	–	–	–

1 No equity entitlements under the matching plan were awarded in FY 2010 and FY 2011. During FY 2009, employees were granted 1,035,000 equity entitlements in the Company under the Matching Plan LTIP. All equity entitlements granted have a life of ten years from grant date.

Equity entitlements outstanding	Conversion price in CHF	Number of equity entitlements 2011	Actual remaining life (years) 2011
Equity entitlements by conversion price	0.02	**975,000**	**7**
Total outstanding as at 31 July	0.02	**975,000**	**7**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

During FY 2011, the Company made no new awards under the Matching Plan LTIP. Participants with Matching Plan 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 Plan 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 the ARYZTA Food Group'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 Plan 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 plan 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 €18,309,000 (CHF 23,549,000) of which €17,408,000 (CHF 22,391,000) has been charged to date. The performance conditions associated with the Matching Plan were met at the end of the financial year. Accordingly the maximum shares are eligible for vesting.

8.2 ARYZTA Option Equivalent Plan LTIP

Equity entitlements granted and outstanding	**Weighted conversion price 2011** in CHF	**Number of equity entitlements 2011**	Weighted conversion price 2010 in CHF	Number of equity entitlements 2010
Option equivalents outstanding at beginning of year	**37.23**	**1,200,000**	–	–
Issued during the year	**–**	**–**	37.23	1,200,000
Option equivalents outstanding at end of year	**37.23**	**1,200,000**	37.23	1,200,000
Exercisable at end of year	**–**	**–**	–	–

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

Notes to the Group Financial Statements (continued) for the year ended 31 July 2011

Plan description

The equity instruments granted under the ARYZTA Option Equivalent Plan 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 Plan 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 Plan 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 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.

Notes to the Group Financial Statements (continued)
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Details of equity entitlements granted under the Origin Plan	Weighted conversion price 2011 in Euro	Number of equity entitlements 2011	Weighted conversion price 2010 in Euro	Number of equity entitlements 2010
Equity entitlements outstanding at beginning of year	**0.01**	**5,555,270**	0.01	5,555,270
Redeemed during the year	**0.01**	**(71,687)**	–	–
Equity entitlements outstanding at end of year	**0.01**	**5,483,583**	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. The targeted compound growth in earnings per share has been achieved as of the year ended 31 July 2011, as a result, 5,003,238 equity entitlements will be converted on a one for one basis into ordinary shares in Origin in March 2012. The remaining equity entitlements will convert into ordinary shares provided that targeted compound growth in earnings per share is achieved in the 2012 financial year.

9 Income tax

Income tax expense in Euro `000	2011	2010
Current tax charge	**39,263**	40,522
Deferred tax credit (note 24)	**(23,649)**	(10,883)
Income tax expense	**15,614**	29,639

Reconciliation of average effective tax rate to applicable tax rate in Euro `000	2011	2010
Profit before tax	**244,026**	197,728
Less share of profits after tax of associates and joint ventures	**(19,479)**	(31,613)
	224,547	166,115
Income tax on profits for the year at 21.2% (2010: 21.2%)[1]	**47,604**	35,216
(Income)/expenses not (taxable)/deductible for tax purposes	**(21,817)**	6,766
Income subject to lower rates of tax	**(13,203)**	(8,123)
Change in estimates and other prior year adjustments:		
– Current tax	**552**	(2,353)
– Deferred tax	**(1,475)**	(2,338)
Unutilised tax losses	**3,953**	471
Income tax expense	**15,614**	29,639

Current and deferred tax movements recognised directly in other comprehensive income	2011	2010
Relating to foreign exchange translation effects	**2,876**	–
Relating to cash flow hedges	**286**	990
Relating to Group employee benefit plans actuarial gains/(losses)	**(67)**	(563)
	3,095	427

1 21.2% is the standard rate of income tax applicable to trading profits in Zurich, Switzerland.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

10 Dividends

At the 1 December 2011 General Meeting, shareholders will be invited to approve a proposed dividend of CHF 0.5679 (euro equivalent €0.4652) per share to be paid to shareholders after the balance sheet date. A dividend of CHF 0.4802 was paid during the period (2010: CHF 0.5324).

11 Earnings per share

Basic earnings per share	2011 in Euro `000	2010 in Euro `000
Profit for year attributable to equity shareholders	**212,657**	151,729
Weighted average number of ordinary shares	`000	`000
Issued ordinary shares at 1 August[1]	**82,810**	78,946
Effect of shares issued during the year	**–**	498
Weighted average number of ordinary shares for the year	**82,810**	79,444
Basic earnings per share	**256.80 cent**	190.99 cent

Diluted earnings per share	2011 in Euro `000	2010 in Euro `000
Profit for year attributable to equity shareholders	**212,657**	151,729
Hybrid instrument accrued dividend (note 26)	**(11,801)**	–
Effect on non-controlling interests share of profits due to dilutive impact of Origin management equity entitlements[2]	**(1,276)**	(1,187)
Diluted profit for financial year attributable to equity shareholders	**199,580**	150,542
Weighted average number of ordinary shares (diluted)	`000	`000
Weighted average number of ordinary shares used in basic calculation	**82,810**	79,444
Effect of equity instruments with a dilutive effect	**1,058**	–
Weighted average number of ordinary shares (diluted) for the year	**83,868**	79,444
Diluted earnings per share	**237.97 cent**	189.49 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 2011

12 Property, plant and equipment

31 July 2011 in Euro `000	Land and buildings	Plant and machinery	Motor vehicles	Assets under construction	Total
Cost					
At 1 August 2010	529,834	693,151	18,055	12,641	1,253,681
Additions	3,477	49,933	1,192	23,680	78,282
Transfer from assets under construction	134	3,744	–	(3,878)	–
Arising on business combination (note 29)	56,767	49,854	379	–	107,000
Arising on disposal of subsidiaries (note 2)	(58,399)	(34,638)	(1,601)	–	(94,638)
Restructuring related disposals	(11,303)	(31,879)	(1,000)	–	(44,182)
Disposals	–	(8,396)	(6,378)	–	(14,774)
Transfer to investment properties (note 13)	(36,463)	–	–	–	(36,463)
Translation adjustments	3,110	(14,438)	(403)	235	(11,496)
At 31 July 2011	**487,157**	**707,331**	**10,244**	**32,678**	**1,237,410**
Accumulated depreciation					
At 1 August 2010	50,189	248,812	9,580	–	308,581
Depreciation charge for year	14,054	70,542	3,758	–	88,354
Impairment	18,644	–	–	–	18,644
Arising on disposal of subsidiaries (note 2)	(20,964)	(25,440)	(1,570)	–	(47,974)
Restructuring related disposals	(6,376)	(16,942)	(848)	–	(24,166)
Disposals	–	(7,310)	(5,932)	–	(13,242)
Transfer to investment properties (note 13)	(25,763)	–	–	–	(25,763)
Translation adjustments	99	(6,651)	(421)	–	(6,973)
At 31 July 2011	**29,883**	**263,011**	**4,567**	**–**	**297,461**
Net book amounts					
At 31 July 2011	**457,274**	**444,320**	**5,677**	**32,678**	**939,949**
At 31 July 2010	479,645	444,339	8,475	12,641	945,100

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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
Transfer from investment properties (note 13)	43,212	–	–	–	43,212
Arising on business combination (note 29)	94,097	143,468	178	8,635	246,378
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

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	Land and buildings	Plant and machinery	Motor vehicles	Total
At 31 July 2011	**1,722**	**2,457**	**315**	**4,494**
At 31 July 2010	1,972	1,816	507	4,295

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

in Euro `000	2011	2010
Contracted, but not provided for in the financial statements	**15,422**	7,720
Authorised by the directors, but not contracted for	**5,221**	8,337
	20,643	16,057

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

13 Investment properties

in Euro `000	2011	2010
Balance at 1 August	**20,648**	62,975
Development costs	**–**	715
Transfer from/(to) property, plant and equipment (note 12)	**10,700**	(43,212)
Translation adjustment	**832**	170
Balance at 31 July	**32,180**	20,648

During the year, a property that was no longer in operational use in the Food Group was transferred to investment property. The property was located in Dublin, Ireland and had an estimated market value of €10,700,000 at the date of transfer.

The remaining investment property balance principally comprises development land owned by Origin Enterprises plc and located in Ireland in areas destined for future development and regeneration. 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 prior 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 2011 and are satisfied that there has been no change to the valuation during the financial year.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

14 Goodwill and intangible assets

31 July 2011 in Euro `000	Goodwill	Customer relationships	Brands	Computer-related	SAP-related intangibles	Patents and other	Total
Cost							
At 1 August 2010	1,366,699	717,058	282,359	35,776	27,464	14,867	2,444,223
Additions	–	–	–	4,998	23,350	–	28,348
Arising on business combination (note 29)	284,551	203,082	8,696	1,224	–	–	497,553
Arising on disposal of subsidiaries	(20,928)	(10,600)	(13,500)	–	–	–	(45,028)
Restructuring related disposals	–	–	(480)	(355)	(2,113)	–	(2,948)
Disposals	–	–	–	(4,513)	–	–	(4,513)
Other[1] (note 19)	(5,392)	–	–	–	–	–	(5,392)
Translation adjustments	(11,873)	(3,816)	7,244	(925)	233	(548)	(9,685)
At 31 July 2011	**1,613,057**	**905,724**	**284,319**	**36,205**	**48,934**	**14,319**	**2,902,558**
Accumulated amortisation							
At 1 August 2010	–	84,066	48,656	29,368	661	709	163,460
Amortisation	–	70,119	16,859	3,123	3,401	726	94,228
Arising on disposal of subsidiaries	–	(2,296)	–	–	–	–	(2,296)
Restructuring related disposals	–	–	(88)	(127)	(57)	–	(272)
Disposals	–	–	–	(4,066)	–	–	(4,066)
Translation adjustments	–	311	1,411	(1,128)	–	(46)	548
At 31 July 2011	**–**	**152,200**	**66,838**	**27,170**	**4,005**	**1,389**	**251,602**
Net book amounts							
At 31 July 2011	**1,613,057**	**753,524**	**217,481**	**9,035**	**44,929**	**12,930**	**2,650,956**
At 31 July 2010	1,366,699	632,992	233,703	6,408	26,803	14,158	2,280,763

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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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)	346,292	373,477	8,062	974	2,411	6,152	737,368
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	**1,366,699**	**717,058**	**282,359**	**35,776**	**27,464**	**14,867**	**2,444,223**
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	**1,366,699**	**632,992**	**233,703**	**6,408**	**26,803**	**14,158**	**2,280,763**
At 31 July 2009	969,414	281,908	223,635	7,490	7,581	8,402	1,498,430

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 2011	Pre-tax discount rate 2010	Projection period	Growth rate	2011	2010
Hiestand	**6.6%**	7.4%	**3 years**	**2%**	**444,432**	407,773
Otis Spunkmeyer[1]	**7.5%**	9.5%	**3 years**	**2%**	**385,176**	289,270
Groupe Hubert	**9.0%**	9.8%	**3 years**	**2%**	**105,812**	110,203
Masstock Group Holdings Limited	**9.9%**	9.9%	**3 years**	**2%**	**48,440**	50,680
La Brea Bakery	**9.4%**	9.5%	**3 years**	**2%**	**50,916**	55,759
Fresh Start Bakeries	**8.8%**	–	**3 years**	**2%**	**112,948**	252,289
Great Kitchens	**9.8%**	–	**3 years**	**2%**	**71,812**	78,610
Maidstone Bakeries	**7.9%**	–	**3 years**	**2%**	**268,816**	–
Other[2]	**–**	–	**–**	**–**	**124,705**	122,115
					1,613,057	1,366,699
Goodwill arising on investments in JVs and associates					**49,336**	22,352

1 During the year, as a result of company restructuring, goodwill of €121,031,000 was transferred from Fresh Start Bakeries to Otis Spunkmeyer.
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 2011 and 31 July 2010.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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 7.7% (2010: 8.6%), 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 business unit. However, the results of the impairment testing undertaken at 31 July 2011 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 0.0% does not give rise to an impairment. The overall weighted average cost of capital of the Group pre-tax is 8.0% (2010: 8.1%) and post-tax is 6.7% (2010: 6.5%).

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)
for the year ended 31 July 2011

15 Investments in associates and joint ventures

31 July 2011 in Euro `000	Notes	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2010		37,769	125,112	162,881
Share of profits, after tax		2,831	16,648	19,479
Contributions to existing associates and JVs		419	709	1,128
Arising on business combinations	29	232	–	232
Dividends received		(2,136)	(9,454)	(11,590)
JV becoming a subsidiary	29	–	(64,854)	(64,854)
Subsidiaries becoming associates	2	28,163	–	28,163
Loss on dilution of investment	2	(4,738)	–	(4,738)
(Losses)/gains through other comprehensive income		(1,264)	1,337	73
Translation adjustments		(1,764)	(4,953)	(6,717)
At 31 July 2011		**59,512**	**64,545**	**124,057**

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**

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 and Valeo Foods, which has a year end of 31 March.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

31 July 2011

in Euro `000	Associates	Joint ventures	Total
Non-current assets	49,476	43,028	92,504
Current assets	84,113	39,965	124,078
Non-current liabilities	(56,376)	(16,850)	(73,226)
Current liabilities	(51,026)	(17,609)	(68,635)
Net assets	**26,187**	**48,534**	**74,721**
Goodwill	33,325	16,011	49,336
At 31 July 2011	**59,512**	**64,545**	**124,057**

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**

16 Inventory

in Euro `000	2011	2010
Raw materials	**71,714**	48,691
Finished goods	**160,535**	151,031
Consumable stores	**19,167**	12,363
	251,416	212,085

A total expense of €3,491,000 (2010: €3,321,000) was recognised in the income statement arising from write-down of inventory.

Notes to the Group Financial Statements (continued)
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17 Trade and other receivables

in Euro `000	2011	2010
Non-current		
Loan note due from associate	**35,013**	–
Current		
Trade receivables	**420,217**	372,345
Trade receivables due from associates	–	154
VAT recoverable	**9,304**	5,921
Prepayments and accrued income	**24,939**	26,998
Other receivables	**23,499**	21,499
	477,959	426,917

A total expense of €3,950,000 (2010: €2,975,000) was recognised in the income statement arising from impairment of trade receivables.

18 Trade and other payables

in Euro `000	2011	2010
Non-current		
Other payables	**10,749**	10,846
Current		
Trade payables	**488,783**	370,993
Trade payables due to associates and joint ventures	**3,263**	2,096
Accruals and other payables[1]	**344,351**	311,708
Employee related tax and social welfare	**8,501**	6,051
Value-added tax	**12,662**	10,436
	857,560	701,284

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

Notes to the Group Financial Statements (continued)
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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 of the related acquisition and is payable subject to the achievement of earnings-based targets.

in Euro `000	2011	2010
Balance at 1 August	**38,298**	45,082
Arising on business combination (note 29)	**1,080**	–
Discounting unwind	**1,059**	591
Payments of deferred consideration	**(12,900)**	(2,128)
Written off against goodwill[1] (note 14)	**(5,392)**	(6,474)
Translation adjustment	**(787)**	1,227
Balance at 31 July	**21,358**	38,298
Classified as:		
Current – due within one year	**12,149**	12,469
Non-current – due after more than one year	**9,209**	25,829
	21,358	38,298

1 Written off against goodwill is comprised of adjustments made to goodwill arising out of reductions to the expected deferred consideration payable on acquisitions made 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	2011	2010
Food Group cash at bank and in hand	**426,733**	318,544
Origin cash at bank and in hand	**55,496**	76,043
Total cash at bank and in hand	**482,229**	394,587
Food Group bank overdraft	**(159,224)**	(42,820)
Origin bank overdraft	**(5,369)**	(3,418)
Bank overdrafts (note 21)	**(164,593)**	(46,238)
Included in the Group Cash Flow Statement	**317,636**	348,349

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	**2011**	2010
Included in non-current liabilities		
Food Group loans	**1,221,232**	1,388,581
Origin loans	**141,029**	183,694
Total bank loans	**1,362,261**	1,572,275
Finance leases	**1,632**	2,990
Non-current interest-bearing loans and borrowings	**1,363,893**	1,575,265
Included in current liabilities		
Bank overdrafts	**164,593**	46,238
Finance leases	**1,331**	596
Current interest-bearing loans and borrowings	**165,924**	46,834
Total bank loans and overdrafts	**1,526,854**	1,618,513
Total finance leases	**2,963**	3,586

Analysis of net debt

in Euro `000	1 August 2010	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 July 2011
Cash	394,587	95,721	–	–	(8,079)	482,229
Overdrafts	(46,238)	(121,238)	–	–	2,883	(164,593)
Cash and cash equivalents	**348,349**	**(25,517)**	**–**	**–**	**(5,196)**	**317,636**
Loans	(1,572,275)	155,098	–	(2,684)	57,600	(1,362,261)
Finance leases	(3,586)	748	(385)	132	128	(2,963)
Net debt	**(1,227,512)**	**130,329**	**(385)**	**(2,552)**	**52,532**	**(1,047,588)**

Split of net debt

in Euro `000	1 August 2010	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 July 2011
Food Group net debt	(1,115,623)	110,884	(25)	(1,810)	51,106	(955,468)
Origin net debt	(111,889)	19,445	(360)	(742)	1,426	(92,120)
Net debt	**(1,227,512)**	**130,329**	**(385)**	**(2,552)**	**52,532**	**(1,047,588)**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

The terms of outstanding loans are as follows:

2011	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	284,263	279,633
Swiss Bond	CHF	2015	174,462	172,777
Private placement 2010				
Series A	USD	2013	48,872	48,534
Series B	USD	2016	27,927	27,734
Series C	USD	2018	41,891	41,601
Series D	USD	2021	104,727	104,002
Series E	USD	2022	69,818	69,334
Series F	EUR	2020	25,000	24,827
Private placement 2009				
Series A	USD	2021	55,854	55,444
Series B	USD	2024	27,927	27,722
Series C	USD	2029	55,854	55,444
Private placement 2007				
Series A	USD	2014	104,727	104,727
Series B	USD	2017	174,544	174,544
Series C	USD	2019	34,909	34,909
Origin loan facilities				
Revolving cash facility	GBP	2016	102,723	101,504
Revolving cash facility	EUR	2016	40,000	39,525
			1,373,498	**1,362,261**

Notes to the Group Financial Statements (continued)
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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**

At 31 July 2011, the weighted average effective interest rate in respect of the Group's interest-bearing loans was 4.14% (2010: 4.35%)

Repayment schedule – loans and overdrafts

in Euro `000	2011	2010
Less than one year	**164,593**	46,238
Between one and five years	**774,434**	900,126
After five years	**587,827**	672,149
	1,526,854	1,618,513

Repayment schedule – finance leases in Euro `000	Minimum lease payments 2011	Interest 2011	Present value of payments 2011	Minimum lease payments 2010	Interest 2010	Present value of payments 2010
Less than one year	**1,488**	**157**	**1,331**	650	54	596
Between one and five years	**1,765**	**133**	**1,632**	3,340	350	2,990
After five years	**–**	**–**	**–**	–	–	–
	3,253	**290**	**2,963**	3,990	404	3,586

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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 and its main trading subsidiaries. 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 2011	Hedge instruments 2011	Loans and receivables 2011	Liabilities at amortised cost 2011	Total carrying amount 2011	Fair value 2011
Trade and other receivables		–	–	478,729	–	478,729	478,729
Cash and cash equivalents		–	–	482,229	–	482,229	482,229
Derivative financial assets	*Level 2*	–	608	–	–	608	608
Total financial assets		**–**	**608**	**960,958**	**–**	**961,566**	**961,566**
Trade and other payables		–	–	–	(847,146)	(847,146)	(847,146)
Bank overdrafts		–	–	–	(164,593)	(164,593)	(164,593)
Bank borrowings		–	–	–	(1,362,261)	(1,362,261)	(1,480,312)
Finance lease liabilities		–	–	–	(2,963)	(2,963)	(2,963)
Derivative financial liabilities	*Level 2*	–	(3,432)	–	–	(3,432)	(3,432)
Total financial liabilities		**–**	**(3,432)**	**–**	**(2,376,963)**	**(2,380,395)**	**(2,498,446)**

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		–	–	–	(695,643)	(695,643)	(695,643)
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)**	**–**	**(2,317,742)**	**(2,325,006)**	**(2,453,075)**

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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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.

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 2011. 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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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.

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 €38,705,000 (2010: €30,373,000). The Group has continued to recognise an asset of €680,000 (2010: €483,000) 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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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 2011	Carrying amount 2010
Trade and other receivables	**478,729**	393,998
Cash and cash equivalents	**482,229**	394,587
Derivative financial assets	**608**	889
	961,566	789,474

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

in Euro `000	Carrying amount 2011	Carrying amount 2010
Europe	**307,110**	267,970
North America	**94,249**	88,168
Rest of World	**18,858**	16,207
	420,217	372,345

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

in Euro `000	Carrying amount 2011	Carrying amount 2010
ARYZTA Food Group	**212,333**	203,297
Origin food businesses	–	29,612
Origin agri-services	**207,884**	139,436
	420,217	372,345

The aging of trade receivables at the reporting date was as follows:

in Euro `000	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
Not past due	**322,292**	**371**	280,785	3,497
Past due 0–30 days	**79,762**	**222**	78,515	2,326
Past due 31–120 days	**24,766**	**8,814**	21,922	3,165
Past due more than 121 days	**6,651**	**3,847**	4,960	4,849
	433,471	**13,254**	386,182	13,837

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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

in Euro `000	2011	2010
Balance at 1 August	**13,837**	13,596
Arising on business combination	**1,297**	185
Arising on disposal of subsidiaries	**(1,881)**	–
Charged during the year	**3,950**	2,975
Released during the year	**(3,752)**	(2,919)
Translation adjustment	**(197)**	–
Balance at 31 July	**13,254**	13,837

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 2011, 86% of the Group's total borrowings will mature after at least 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 257,371,000.

Origin has syndicated loan facilities totalling EUR 300,000,000. Short-term flexibility is achieved through the availability of overdraft facilities totalling EUR 28,348,000.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

2011 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	(941,599)	(1,306,798)	(20,945)	(26,615)	(96,432)	(427,406)	(735,400)
Variable rate bank loans	(420,662)	(483,540)	(7,515)	(7,515)	(15,030)	(453,480)	–
Finance lease liabilities	(2,963)	(3,253)	(657)	(831)	(1,137)	(628)	–
Bank overdrafts	(164,593)	(164,593)	(164,593)	–	–	–	–
Trade and other payables	(847,146)	(847,146)	(817,344)	(19,053)	(4,411)	(3,621)	(2,717)
Derivative financial instruments							
Interest rate swaps used for hedging	(206)	(206)	(46)	(46)	(60)	(54)	–
Currency forward contracts used for hedging							
– Inflows	–	98,879	72,079	21,770	5,030	–	–
– Outflows	(3,226)	(102,105)	(73,891)	(22,999)	(5,215)	–	–
	(2,380,395)	**(2,808,762)**	**(1,012,912)**	**(55,289)**	**(117,255)**	**(885,189)**	**(738,117)**

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	(695,643)	(695,643)	(659,437)	(25,360)	(2,992)	(4,637)	(3,217)
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)	–	–	–
	(2,324,117)	**(2,846,649)**	**(737,470)**	**(64,154)**	**(133,479)**	**(1,065,941)**	**(845,605)**

Notes to the Group Financial Statements (continued) for the year ended 31 July 2011

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 2011**	**Liabilities 2011**	Assets 2010	Liabilities 2010
Cash flow hedges				
Currency forward contracts	**608**	**(3,226)**	889	(2,664)
Interest rate swaps	**–**	**(206)**	–	(4,600)
At 31 July	**608**	**(3,432)**	889	(7,264)

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 and North America. 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.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2011

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.

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

2011

in Euro `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	3,334	1,380	6,310	1,764	8,817	1,972	23,577
Other receivables	–	55	56	–	215	46	372
Bank	4,484	1,606	3,004	9	10,255	251	19,609
Trade payables	(4,071)	(9,055)	(4,482)	(813)	(24,186)	(56)	(42,663)
Other payables	(355)	(180)	(2,168)	(638)	(1,778)	–	(5,119)
Derivative financial instruments	89	(877)	–	42	(474)	–	(1,220)
At 31 July 2011	**3,481**	**(7,071)**	**2,720**	**364**	**(7,151)**	**2,213**	**(5,444)**

The following table details the Group's exposure to transactional foreign currency risk at 31 July 2010.

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)**

Notes to the Group Financial Statements (continued)
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Currency sensitivity analysis

A 10% strengthening or weakening of the euro against the following currencies at 31 July 2011 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 2010.

2011 in Euro `000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	(308)	9,331	377	(11,404)
USD	563	21,034	(688)	(25,709)
CAD	(247)	1	302	(1)
CHF	(29)	(4)	36	5
At 31 July 2011	(21)	30,362	27	(37,109)

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)

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 2011**	Carrying amount 2010
Fixed rate instruments		
Bank borrowings	**(941,599)**	(985,136)
Finance lease liabilities	**(2,963)**	(3,586)
	(944,562)	(988,722)
Variable rate instruments		
Cash and cash equivalents	**482,229**	394,587
Bank overdrafts	**(164,593)**	(46,238)
Bank borrowings	**(420,662)**	(587,139)
Total interest-bearing financial instruments	**(1,047,588)**	(1,227,512)

Notes to the Group Financial Statements (continued)
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Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ('bp') 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 2010.

2011 in Euro `000	Principal amount	Impact of 50 bp increase on Income Statement	Impact of 50 bp increase on equity
Variable rate instruments	(420,662)	(2,103)	–
Bank overdrafts	(164,593)	(823)	–
Interest rate swaps	85,655	–	428
Cash flow sensitivity, net	**(499,600)**	**(2,926)**	**428**

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**

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 2011

23 Deferred income from government grants

in Euro `000	2011	2010
At 1 August	**18,477**	18,941
Received in the period	**25**	1,117
Disposals	**(2,321)**	–
Grants released on rationalisation	**(3,538)**	–
Translation adjustment	**1,639**	1,413
	14,282	21,471
Recognised in Group Income Statement	**(3,036)**	(2,994)
At 31 July	**11,246**	18,477

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	2011	2010
Deferred tax assets (deductible temporary differences)		
Pension related	**6,002**	4,189
Employee compensation	**3,310**	2,892
Financing related	**6,092**	2,838
Property, plant and equipment	**5,033**	4,389
Intangible assets	–	1,212
Tax loss carry forwards and tax credits	**34,597**	28,096
Other	**24,039**	17,365
	79,073	60,981
Deferred tax liabilities (taxable temporary differences)		
Pension related	**(700)**	(191)
Employee compensation	–	–
Financing related	**(10,759)**	(686)
Property, plant and equipment	**(95,853)**	(88,447)
Investment properties	**(1,744)**	(7,065)
Intangible assets	**(268,266)**	(251,581)
Other	**(11,176)**	(16,100)
	(388,498)	(364,070)

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	2011	2010
Within one year	**367**	–
Between one and five years	**2,465**	–
After five years	**11,948**	4,065
	14,780	4,065

Deferred income tax liabilities of €4,224,000 (2010: €3,273,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

2011 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 2010	(84,058)	(7,065)	(250,369)	2,892	3,998	2,152	28,096	1,265	(303,089)
Recognised in Group Income Statement	(4,908)	(54)	18,691	518	673	3,893	8,630	(3,794)	23,649
Reclassifications	(5,413)	5,413	(14,514)	–	–	–	–	14,514	–
Recognised in Group Statement of Comprehensive Income	–	–	–	–	67	(9,304)	–	–	(9,237)
Arising on business combination (note 29)	(2,911)	–	(31,811)	78	426	27	–	1,971	(32,220)
Arising on disposal of subsidiaries	2,253	–	2,713	–	(5)	(14)	–	–	4,947
Translation adjustments and other	4,217	(38)	7,024	(178)	143	(1,422)	(2,129)	(1,092)	6,525
At 31 July 2011	**(90,820)**	**(1,744)**	**(268,266)**	**3,310**	**5,302**	**(4,668)**	**34,597**	**12,864**	**(309,425)**

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
Reclassifications	(1,352)	1,352	–	–	–	–	–	–	–
Recognised in Group Statement of Comprehensive Income	–	–	–	–	563	(990)	–	–	(427)
Arising on business combination (note 29)	(30,635)	–	(123,764)	2,190	45	44	26,160	(5,312)	(131,272)
Translation adjustments and other	1,257	571	(5,606)	(2)	33	835	(779)	(2,108)	(5,799)
At 31 July 2010	**(84,058)**	**(7,065)**	**(250,369)**	**2,892**	**3,998**	**2,152**	**28,096**	**1,265**	**(303,089)**

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 (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 (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.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2011

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

During the prior 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 proposed payments were recorded as a liability at 31 July 2010 of which €9,847,000 has been paid during the current financial year. 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 2011 was €12,109,000 (2010: €11,828,000). The pension cost recorded in the Income Statement for the year in respect of the Group's defined benefit plans was €3,475,000 (2010: charge of €3,308,000). The estimated contributions expected to be paid during the year ending 31 July 2012 in respect of the Group's defined benefit plans is €3,606,000.

A charge of €9,074,000 (2010: €4,335,000) 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	**2011**	2010
Deficit in ARYZTA Food Group defined benefit plans	**6,851**	4,330
Deficit in Origin defined benefit plans	**5,258**	7,498
Total deficit in defined benefit plans	**12,109**	11,828
Other[1]	**3,917**	3,626
Total	**16,026**	15,454

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 2011 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:

	2011	2010
Rate of increase in salaries	**2.01%**	2.65%
Rate of increases in pensions in payment and deferred benefits	**2.75%**	2.68%
Discount rate on plan liabilities	**4.24%**	4.42%
Inflation rate	**2.71%**	2.68%

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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:

	2011	2010
Male	**22.6**	21.8
Female	**24.7**	24.8

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

	2011	2010
Equities	**7.04%**	8.30%
Bonds	**4.14%**	4.00%
Property	**6.34%**	6.94%
Other	**3.54%**	2.13%

Net pension liability

in Euro `000	2011	2010	2009	2008	2007
Fair value of plan assets:					
Equities	**42,230**	28,035	34,896	38,579	39,751
Bonds	**57,675**	34,891	14,886	16,785	3,354
Property	**12,301**	6,061	5,086	6,743	6,285
Other	**20,988**	22,219	40,191	972	279
Total fair value of assets	**133,194**	91,206	95,059	63,079	49,669
Present value of plan liabilities	**(145,303)**	(103,034)	(120,295)	(86,444)	(56,128)
Deficit in the plans	**(12,109)**	(11,828)	(25,236)	(23,365)	(6,459)
Related deferred tax asset	**5,302**	3,998	3,610	3,514	1,542
Net pension liability	**(6,807)**	(7,830)	(21,626)	(19,851)	(4,917)

Movement in the fair value of Plan assets

in Euro `000	2011	2010
Fair value of plan assets at 1 August	**91,206**	95,059
Expected return on plan assets	**4,824**	4,439
Employer contributions	**5,459**	6,547
Employee contributions	**2,744**	2,128
Arising on business combination	**23,791**	–
Translation adjustments	**5,540**	4,583
Benefit payments received/(made)	**1,003**	(6,260)
Transfer on wind-up of scheme	**–**	(18,051)
Other	**(1,310)**	(939)
Actuarial (loss)/gain on plan assets	**(63)**	3,700
Fair value of plan assets at 31 July	**133,194**	91,206

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

Movement in the present value of Plan obligations

in Euro `000	2011	2010
Value of plan obligations at 1 August	**(103,034)**	(120,295)
Current service cost	**(3,112)**	(2,639)
Interest on plan obligations	**(4,996)**	(5,407)
Employee contributions	**(2,744)**	(2,128)
Arising on business combination	**(23,347)**	–
Benefit payments (received)/made	**(1,003)**	6,260
Translation adjustments	**(6,368)**	(4,781)
Transfer on wind-up of scheme	**–**	18,051
Other	**1,310**	939
Settlement (loss)/gain on transfer of members to defined contribution plan	**(400)**	12,557
Curtailment gain	**209**	445
Actuarial loss	**(1,818)**	(6,036)
Present value of plan obligations at 31 July	**(145,303)**	(103,034)

Movement in net liability recognised in the Group Balance Sheet

in Euro `000	2011	2010
Net liability in plans at 1 August	**(11,828)**	(25,236)
Current service cost	**(3,112)**	(2,639)
Employer contributions	**5,459**	6,547
Other finance expense	**(172)**	(968)
Actuarial loss	**(1,881)**	(2,336)
Arising on acquisition	**444**	–
Settlement (loss)/gain on transfer of members to defined contribution plan	**(400)**	12,557
Curtailment gain	**209**	445
Translation adjustments	**(828)**	(198)
Net liability in plans at 31 July	**(12,109)**	(11,828)

Analysis of defined benefit expense recognised in the Group Income Statement

in Euro `000	2011	2010
Current service cost	**3,112**	2,639
Settlement loss/(gain) on transfer of members to defined contribution plan	**400**	(12,557)
Curtailment gain	**(209)**	(445)
Enhanced transfer values	**–**	12,703
Non-financing expense recognised in Group Income Statement	**3,303**	2,340
Expected return on Plan assets	**(4,824)**	(4,439)
Interest cost on Plan liabilities	**4,996**	5,407
Included in financing costs, net	**172**	968
Net charge to Group Income Statement	**3,475**	3,308
Actual return on pension Plan assets	**4,761**	8,139

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

in Euro `000	2011	2010
Actual (loss)/return less expected return on Plan assets	**(63)**	3,700
Experience (losses)/gains on Plan liabilities	**(343)**	2,681
Changes in demographic and financial assumptions	**(1,475)**	(8,717)
Actuarial loss	**(1,881)**	(2,336)
Deferred tax effect of actuarial loss	**67**	563
Actuarial loss recognised in Group Statement of Comprehensive Income	**(1,814)**	(1,773)

History of experience gains and losses:	2011	2010	2009	2008	2007
Difference between expected and actual return on plan assets					
– Amount (in €`000)	**(63)**	3,700	(10,119)	(18,870)	4,991
– % of Plan assets	**(0.05)%**	4.06%	(10.64)%	(29.91)%	10.05%
Experience (losses)/gains on plan obligations					
– Amount (in €`000)	**(343)**	2,681	3,177	(1,714)	(538)
– % of Plan obligations	**(0.24)%**	2.60%	2.64%	(1.98)%	(0.96)%
Total actuarial (loss)/gain recognised in Group Statement of Comprehensive Income					
– Amount (in €`000)	**(1,881)**	(2,336)	(3,913)	(19,577)	9,060
– % of Plan obligations	**(1.29)%**	(2.27)%	(3.25)%	(22.65)%	16.14%

26 Share capital

Registered shares of CHF 0.02 each – authorised, issued and fully paid	2011 `000	2011 in Euro `000	2010 `000	2010 in Euro `000
At 1 August	**85,045**	**1,061**	81,180	1,005
Issue of registered shares (CHF 0.02)[2]	**–**	**–**	3,865	56
At 31 July	**85,045**	**1,061**	85,045	1,061

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.

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.

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]	2011 `000	2011 in Euro `000	2010 `000	2010 in Euro `000
At 1 August and 31 July	**2,234**	**30**	2,234	30

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.

ARY LTIP Trustee 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 holds these shares in treasury, pending satisfaction of the applicable terms of the ARYZTA LTIP.

Other equity reserve

In October 2010, the Group raised CHF 400m through the issuance of a Perpetual Callable Subordinated Instrument ('Hybrid Instrument'), which has been recognised within equity. The proceeds from the issuance were used as principal financing for ARYZTA's acquisition of the remaining 50% share of the Maidstone Bakeries joint venture held by Tim Hortons Inc.

in Euro `000	2011
At 1 August 2010	–
Issuance of Hybrid Instrument, net of transaction costs	285,004
At 31 July 2011	**285,004**

The Hybrid Instrument offers a coupon of 5%, accruing €11,801,000 to 31 July 2011 (2010: €nil), and is undated with an initial call date by ARYZTA after four years. In the event that the call option is not exercised after four years, the coupon would be 905 bps plus 3 month CHF LIBOR. The balance recognised on issuance is shown net of transaction costs of €7,436,000.

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 investment property and previously held interest in associate. During the year €17,960,000 was transferred from the revaluation reserve to retained earnings in connection with the disposal of the Origin Food business.

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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

Capital management

The capital managed by the Group consists of the Group equity of €2,196,506,000.
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 €92,120,000 at 31 July 2011. The consolidated net debt of the Group, excluding Origin's non-recourse debt, amounted to €955,468,000 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 2.24 times at 31 July 2011
– The Food Group's interest cover (EBITDA[1] to interest) is above 4 times – the ratio is 7.4 times at 31 July 2011
– The Food Group's minimum equity shall not be below €1,000,000,000 at any time – the equity at 31 July 2011 is €2,029,733,000
– The Food Group's minimum equity ratio (equity/consolidated assets) shall amount to at least 35% at any time – the ratio is 47% at 31 July 2011

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 2011 is 15% of fully diluted underlying earnings per share. Underlying earnings per share for the financial year 31 July 2011 excludes non-SAP-related intangible amortisation, related tax credits, and the impact of net acquisition, disposal and restructuring related costs of €10,036,000 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 This is the Food Group EBITDA for the year ended 31 July 2011, including dividend received from Origin, adjusted for the pro forma full-year contribution of the Maidstone Bakeries acquisition.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

27 Non-controlling interests

in Euro `000	2011	2010
Balance at 1 August	**59,648**	47,612
Share of profit for the year	**15,755**	16,360
Share of income recognised in other comprehensive income	**2,327**	1,194
Dividends paid to non-controlling interests	**(5,582)**	(5,779)
Share of share-based payment charge	**262**	261
Balance at 31 July	**72,410**	59,648

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	2011	2010
Operating lease commitments payable:		
Within one year	**39,583**	32,513
In two to five years	**100,085**	87,412
After more than five years	**82,456**	54,776
	222,124	174,701

29 Acquisitions

29.1 Acquisitions in financial year 2011

During the year the Group completed the acquisition of Maidstone Bakeries, as well as three smaller acquisitions in the Origin Agri-Services business.

Maidstone Acquisition

The Group completed the acquisition of the outstanding 50% of the Maidstone Bakeries ('Maidstone') joint venture on 29 October 2010. As a result and from that date, Maidstone has been accounted for as a subsidiary undertaking and not as a joint venture.

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.

The goodwill arising on this business combination is attributable to the skills and talent of the Maidstone work force, the synergies expected to be achieved from integrating Maidstone into the Group's existing businesses and increasing capacity utilisation of the facility.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

Origin acquisitions
During the year Origin completed a number of acquisitions in the United Kingdom.

On 8 March 2011, the Group completed the acquisition of 100% of United Agri Products Limited ('UAP'). UAP is a premier provider of agronomy services to arable, fruit and vegetable growers.

On 9 March 2011, the Group acquired 100% of Rigby Taylor Limited ('Rigby Taylor'). Rigby Taylor is a leading service provider supplying advice and technical product solutions to the professional sports turf, landscape and amenity sectors.

On 13 July 2011, the Group acquired 100% of Origin Fertilisers 2011 Limited from Carrs Milling Industries plc ('Carrs Milling'). Origin Fertilisers 2011 Limited is a leading provider of branded specialist fertilisers together with integrated nutrient management systems servicing the arable, grassland, horticulture and forestry sectors.

As a result of the above acquisitions, Origin has built upon its core positions in the supply of specialist agronomy services and crop nutrition ingredients.

The goodwill recognised on the Origin acquisitions is attributable to the skills and technical talent of the work force, and the synergies expected to be achieved from integrating these companies into the Group's existing business.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

2011 in Euro `000	Maidstone Bakeries	Other	Total provisional fair value
Provisional fair value of net assets acquired:			
Property, plant and equipment	94,267	12,733	107,000
Intangible assets	175,158	37,844	213,002
Financial assets	–	232	232
Inventory	7,925	30,791	38,716
Trade and other receivables	6,592	36,975	43,567
Trade and other payables	(9,684)	(58,232)	(67,916)
Finance leases	(25)	(402)	(427)
Deferred tax	(24,290)	(7,930)	(32,220)
Retirement benefit obligations	–	444	444
Income tax	(5,138)	(734)	(5,872)
Net assets acquired	**244,805**	**51,721**	**296,526**
Goodwill arising on acquisition	258,003	26,548	284,551
Consideration	**502,808**	**78,269**	**581,077**
Satisfied by:			
Cash consideration	334,719	94,608	429,327
Cash acquired	(18,156)	(17,419)	(35,575)
Net cash consideration	**316,563**	**77,189**	**393,752**
Investment in joint venture on acquisition date	64,854	–	64,854
Fair value gain on 50% equity interest held prior to acquisition date	121,391	–	121,391
Contingent consideration	–	1,080	1,080
Consideration	**502,808**	**78,269**	**581,077**

Transaction expenses of €12,825,000 related to the above transactions have been charged to net acquisition, disposal and restructuring related costs in the Group Income Statement.

ARYZTA's existing 50% equity interest of the joint venture has been re-measured at its fair value, with the resulting gain, over the previous carrying value, of €121,391,000 recognised within the net acquisition, disposal and restructuring related costs in the Group Income Statement.

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

in Euro `000	Total
Cash consideration	429,327
Cash acquired	(35,575)
Other	1,111
Total cash spend on acquisitions	**394,863**

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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

in Euro `000	Maidstone Bakeries	Other
Revenue	114,853	109,331
Profit for the year	21,714	7,964

If these acquisitions had occurred on 1 August 2010, management estimates that consolidated revenue would have been €4,055,221,000 and consolidated profit for the year would have been €232,552,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 August 2010.

For the identification and estimation of the fair value of the acquired intangibles of these acquisitions, ARYZTA was assisted by independent appraisal firms. 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 are based on provisional valuations due to the complexity and close proximity of the transactions to the end of the year.

29.2 Acquisitions in financial year 2010

During the prior year, the Group completed the acquisitions of Fresh Start Bakeries on 8 July 2010 and Great Kitchens on 7 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 limited serve 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 limited serve 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 limited serve 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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

2010 in Euro `000	Fresh Start Bakeries	Great Kitchens	Adjustments to provisional fair values	Total final fair value
Net assets acquired:				
Property, plant and equipment	239,751	6,627	–	246,378
Intangible assets	317,077	73,999	–	391,076
Investments in joint ventures	4,747	–	–	4,747
Inventory	21,767	6,907	–	28,674
Trade and other receivables	51,258	17,333	–	68,591
Trade and other payables	(75,656)	(14,293)	(7,349)	(97,298)
Debt acquired	(266,301)	(23,581)	–	(289,882)
Finance leases	–	(1,369)	–	(1,369)
Deferred tax	(93,926)	(28,353)	(8,993)	(131,272)
Income tax	(1,518)	–	–	(1,518)
Net assets acquired	**197,199**	**37,270**	**(16,342)**	**218,127**
Goodwill arising on acquisition	244,635	85,315	16,342	346,292
Consideration	**441,834**	**122,585**	–	**564,419**
Satisfied by:				
Cash consideration	460,281	122,692	–	582,973
Cash acquired	(18,447)	(107)	–	(18,554)
Consideration	**441,834**	**122,585**	–	**564,419**

The net cash outflow on acquisitions during the prior year 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 prior year on the Group Income Statement is set out in the following table:

in Euro `000	Fresh Start Bakeries	Great Kitchens
Revenue	34,728	23,887
Profit for the year	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 profit for the year 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.

Notes to the Group Financial Statements (continued)
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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.

30 Contingent liabilities

	2011 in Euro `000	2010 in Euro `000
a) Government grants repayable if grant conditions are not met	**3,489**	3,489

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 600,000,000 and EUR 257,371,000 in respect of bank loans, advances and overdrafts, USD 1,070,000,000 and EUR 25,000,000 in respect of the Group's private placements, CHF 200,000,000 in respect of the Swiss bond and CHF 400,000,000 in respect of the hybrid instrument.

d) Origin and its subsidiaries have given composite guarantee and indemnity to secure obligations of fellow subsidiary undertakings of €300,000,000 in respect of bank loans.

e) Origin, the Group's 71.4% owned subsidiary, has guaranteed contractual trade payments amounting to €nil (2010: €nil) by way of letters of credit.

f) The Food Group has guaranteed contractual trade payments amounting to €9,290,000 (2010: €14,546,000) by way of letters of credit. Of this amount €1,077,000 (2010: €2,916,890) 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.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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:

in Euro `000	2011	2010
Sale of goods	**91,380**	67,975
Purchase of goods	**(10,018)**	(5,269)
Provision of services	**2,925**	24
Receiving of services	**(962)**	(1,887)

The trading balances owing to the Group from related parties were €3,583,000 (2010: €1,362,000) and the trading balances owing from the Group to these related parties were €3,820,347 (2010: €2,831,000).

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	2011	2010
Short-term employee benefits	**3,310**	3,038
Post employment benefits	**490**	319
Performance related bonus	**2,144**	–
Share-based payments	**12,016**	1,607
Total key management compensation	**17,960**	4,964

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 2011.

33 Post balance sheet events – after 31 July 2011

On 8 August 2011, ARYZTA completed the acquisition of Honeytop Speciality Foods ('Honeytop') for an enterprise value of GBP 80,000,000. Honeytop is a leading manufacturer of flat breads supplying into the United Kingdom LSR and retail markets. The information required by IFRS 3 (Revised), Business Combinations, has not been disclosed in the annual report due to the proximity between the date of the completion of the acquisition and the date of approval of the Group Financial Statements.

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

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 on-going 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.

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 €79,073,000 relating to deductible differences and, in certain cases, deferred tax assets related to tax loss carry-forwards of €34,597,000 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 2011

36 Significant subsidiaries

A list of all of the Group's significant subsidiary undertakings as at 31 July 2011 is provided in the table below. For the purposes of this note, a significant subsidiary is one which has third party revenues equal to, or in excess of, 1% of total Group revenue and/or consolidated Group assets equal to, or in excess of 1% of total Group assets. A significant associate or joint venture is one in which the Group's share of revenue is equal to, or in excess of, 1% of total Group revenue.

	Name	Nature of business	Currency	Share capital millions	Group % share	Registered office
(a)	***Food subsidiaries – Ireland***					
	Cuisine de France	Food manufacturing and distribution	EUR	0.063	100	1
	Cuisine de France (Manufacturing)	Food manufacturing	EUR	0.889	100	1
(b)	***Food subsidiaries – United Kingdom***					
	Delice de France, plc	Food manufacturing and distribution	GBP	0.250	100	2
(c)	***Food subsidiaries – Mainland Europe***					
	France Distribution SAS	Food distribution	EUR	0.108	100	3
	Fresca SAS	Food distribution	EUR	0.830	98.3	4
	Hiestand Schweiz AG	Bread manufacturing and food distribution	CHF	3.500	100	5
	HiCoPain AG	Food manufacturing	CHF	20.000	60	6
	Fricopan GmbH	Food distribution	EUR	0.025	100	7
	Hiestand & Suhr Handels und Logistik GmbH	Food distribution	EUR	0.025	100	8
(d)	***Food subsidiaries – North America***					
	La Brea Bakery Holdings, Inc.	Bread manufacturing and food distribution	USD	0.007	100	9
	Otis Spunkmeyer, L.L.C.	Baked good manufacturing and distribution	USD	0.00001	100	10
	Arbor Frozen Foods, Inc.	Food manufacturing and distribution	USD	0.0001	100	11
	Fresh Start Bakeries, Inc.	Baked good manufacturing and distribution	USD	0.00003	100	12
	Maidstone Bakeries Co.	Baked good manufacturing and distribution	CAD	113.400	100	13
(e)	***Food subsidiaries – Rest of World***					
	Fresh Start Bakeries Australia Pty Limited	Baked good manufacturing and distribution	AUD	17.000	100	14
	Fresh Start Bakeries Industrial LTDA	Baked good manufacturing and distribution	BRL	10.643	100	15
(f)	***Origin subsidiaries – Ireland***					
	Origin Enterprises plc	Holding company	EUR	1.385	71.4	16
	Goulding Chemicals Limited	Fertiliser blending and distribution	EUR	6.349	71.4	16
(g)	***Origin subsidiaries – United Kingdom***					
	Origin Fertilisers (UK) Limited	Fertiliser blending and distribution	GBP	0.550	71.4	17
	R & H Hall Trading Limited	Grain and feed trading	GBP	2.000	71.4	18
	Masstock Group Holdings Limited	Specialist agronomy services	GBP	0.010	71.4	19
	United Agri Products Limited	Specialist agronomy products and services	GBP	0.0009	71.4	20
	Origin Fertilisers 2011 Limited	Specialist fertiliser blending and distribution	GBP	0.000001	71.4	17
(h)	***Origin subsidiaries – Mainland Europe***					
	Dalgety Agra Polska	Specialist agronomy products and services	PLN	6.320	71.4	21
(i)	***Origin associates and joint venture***					
	Welcon Invest AS	Fish processing	NOK	12.000	35.7	22
	BHH Limited	Provender millers	GBP	5.020	35.7	23
	Valeo Foods Group Limited	Food distribution	EUR	0.388	31.5	24
	R&H Hall	Grain and feed trading	EUR	6.105	35.7	16

Notes to the Group Financial Statements (continued)
for the year ended 31 July 2011

Registered Offices:

1. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
2. 149 Brent Road, Southall, Middlesex UB2 5LJ, England.
3. ZAC de Bel Air, 14-16 Avenue Joseph Paxton, Ferrières en Brie, 77164, France.
4. 29 Rue Hélène Boucher, Zone d'activités La Butte au Berger, 91380, Chilly-Mazarin, France.
5. Ifangstrasse 9–11, 8952 Schlieren-Zurich, Switzerland.
6. Industriepark, 6252 Dagmersellen, Switzerland.
7. Nobelstrasse 66, 12057 Berlin, Germany.
8. Auf der Haid 1, 79235 Vogtsburg, Germany.
9. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States of America.
10. 14490 Catalina Street, San Leandro, CA94577, United States of America.
11. 300 Innovation Drive, Romeoville, IL 60446, United States of America.
12. 1209 Orange Street, Wilmington, Delaware 19801, United States of America.
13. 1100-1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, Canada.
14. 14 Homeprode Avenue, Liverpool, NSW 2170, Australia.
15. Rua Amador Bueno, 942, Santo Amaro, São Paulo – SP, 04752-005, Brazil.
16. 151 Thomas Street, Dublin 8, Ireland.
17. Orchard Road, Royston, Hertfordshire SG8 5HW, England.
18. McCaughey Road, Belfast, BT3 9AG, Northern Ireland.
19. Andoversford, Cheltenham, Gloucestershire, GL54 4LZ, England.
20. The Crossways, Alconbury Hill, Huntingdon, Cambridgeshire, PE28 4JH, England.
21. Ul. Heleny Szafran 6, 60-693 Poznan, Poland.
22. 6718 Deknepollen, Norway.
23. 35/39 York Road, Belfast BT15 3GW, Northern Ireland.
24. Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.

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 62 to 135 for the year ended 31 July 2011.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report 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	Cornelia Ritz Bossicard
Audit Expert	Audit Expert
Auditor in Charge	

Zurich, 22 September 2011

Company Income Statement
for the year ended 31 July 2011

in CHF `000	2011	2010
Income		
Revenues from licences and management fees	**32,693**	35,456
Financial income	**37,900**	20,953
Dividend income	**80,378**	–
Gain on sale of IP asset	**113,000**	–
Total income	**263,971**	56,409
Expenses		
Depreciation and amortisation	**(49,622)**	(49,536)
Personnel expenses	**(4,381)**	(2,673)
Financial expenses	**(137,608)**	(44,468)
Other operating expenses	**(15,980)**	(15,722)
Total expenses	**(207,591)**	(112,399)
Profit / (loss) before taxes	**56,380**	(55,990)
Taxes	**2,528**	(2,172)
Net profit / (loss) after taxes	**58,908**	(58,162)

Company Balance Sheet
as at 31 July 2011

in CHF `000	2011	2010
Assets		
Non-current assets		
Property, plant and equipment	**1,640**	1,114
Intangible assets	**72,844**	121,431
Financial assets		
– investments	**1,380,485**	1,318,546
– loans to Group companies	**1,139,404**	863,051
Total non-current assets	**2,594,373**	2,304,142
Current assets		
Cash and cash equivalents	**42,201**	40,056
Other receivables		
– from third parties	**1,038**	537
– from Group companies	**805**	39,245
Deferred expenses and accrued income	**–**	394
Total current assets	**44,044**	80,232
Total assets	**2,638,417**	2,384,374

Company Balance Sheet (continued)
as at 31 July 2011

in CHF `000	2011	2010
Equity		
Called up share capital	**1,701**	1,701
Legal reserves from capital contribution	**159,316**	159,316
Unrestricted reserves	**983,610**	1,023,411
Legal reserves for own shares from capital contribution	**75,167**	75,167
Loss carried forward	**(124,022)**	(65,860)
Net profit / (loss) for the year	**58,908**	(58,162)
Total equity	**1,154,680**	1,135,573
Liabilities		
Non-current liabilities		
Provisions	**5,190**	5,190
Intercompany non-current liabilities	**377,874**	395,985
Interest-bearing loans and borrowings	**925,873**	756,080
Total non-current liabilities	**1,308,937**	1,157,255
Current liabilities		
Trade accounts payable	**2,546**	7,230
Accrued expenses and deferred income	**28,135**	10,205
Interest-bearing loans and borrowings	**129,224**	33,412
Other accounts payable		
– to third parties	**279**	425
– to Group companies	**14,616**	40,274
Total current liabilities	**174,800**	91,546
Total liabilities	**1,483,737**	1,248,801
Total equity and liabilities	**2,638,417**	2,384,374

Notes to the Company Financial Statements

1 Accounting dates
The Company's accounting period runs for the year from 1 August 2010 to 31 July 2011.

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.

3 Fire insurance value of property, plant and equipment

	2011 in CHF `000	2010 in CHF `000
Fire insurance value of property, plant and equipment	**1,500**	1,500

4 Details of investments

Company, domicile		**Share capital millions 2011**	Share capital millions 2010	**Percentage 2011**	Percentage 2010
ARYZTA Holdings Asia Pacific BV (NL)	EUR	**0.020**	–	**100**	–
ARYZTA Holdings Ireland Limited (Jersey)	EUR	–	–	**100**	–
Hiestand Services AG, Lupfig (CH)	CHF	–	0.200	–	100
Hiestand Austria GmbH, Wiener Neudorf (AT)	EUR	–	0.036	–	100
Hiestand Beteiligungsholding GmbH & Co. KG, Gerolzhofen (DE)[1]	EUR	**0.026**	0.026	**100**	100
Hiestand Holdings (Switzerland) AG, Lupfig (CH)	CHF	**6.450**	0.100	**100**	100
Hiestand International AG, Schlieren (CH)	CHF	–	0.200	–	100
Hiestand Japan Co., Ltd, Tokyo (JP)	JPY	–	185.000	–	100
Hiestand Malaysia SDN BHD, Bandar Baru Bangi (MY)	MYR	–	2.400	–	100
Hiestand Polska SP. z.o.o., Grodzisk Mazowiecki (PL)	PLN	–	60.637	–	100
Hiestand Schweiz AG, Schlieren (CH)	CHF	–	3.500	–	100
IAWS Group, Dublin (IE)	EUR	–	43.085	–	100
Summerbake GmbH (DE)	EUR	**0.025**	0.025	**100**	100

1 The amount disclosed represents limited liability capital.

Notes to the Company Financial Statements (continued)

5 Authorised or conditional capital increase

	Year ended 31 July 2011 `000	Year ended 31 July 2011 in CHF `000	Year ended 31 July 2010 `000	Year ended 31 July 2010 in CHF `000
Authorised				
Shares of CHF 0.02 each	**109,130**	**2,183**	109,130	2,183

	Year ended 31 July 2011 `000	Year ended 31 July 2011 in CHF `000	Year ended 31 July 2010 `000	Year ended 31 July 2010 in CHF `000
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at 1 August	**85,045**	**1,701**	81,180	1,624
Issued during the period	**–**	**–**	3,865	77
As at 31 July	**85,045**	**1,701**	85,045	1,701

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.

ARY LTIP Trustee 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 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 dividends 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, as treasury shares for use in connection with the ARYZTA Long-Term Incentive Plan.

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

	Year ended 31 July 2011	**Year ended 31 July 2011**	Year ended 31 July 2010	Year ended 31 July 2010
	`000	in CHF `000	`000	in CHF `000
As at 1 August	**2,234**	**75,167**	2,234	75,167
Movement on treasury shares	**–**	**–**	–	–
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 and maintaining 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 2011, the Company has been notified of the following shareholdings or voting rights, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares 2011	**%**	Number of shares 2010	%
Invesco Limited	**8,499,492**	**9.99%**	8,144,528	9.58%
Fidelity International Limited[1]	**4,049,810**	**4.76%**	4,049,810	4.76%
Fidelity Management and Research LLC ('FMR LLC')[1]	**2,546,513**	**2.99%**	3,825,000	4.50%
Och-Ziff Capital Management Group LLC	**2,603,533**	**3.06%**	–	–
Blackrock Inc	**2,556,485**	**3.01%**	2,482,931	2.91%

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 2011 are available on the Group's website at:
www.aryzta.com/investor-centre/shareholder-notifications.aspx.

9 Pension fund liability

The pension fund liability was CHF 37,040 at 31 July 2011 (2010: CHF 161,000).

10 Compensation disclosure

Compensation Process

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 upon the recommendation of the Chief Executive Officer. Executives are remunerated in line with the level of their authority and responsibility within the Group with the various elements of the remuneration package for Executive Management being reviewed annually by the NRC.

The NRC reports to the Board at each Board meeting next succeeding each meeting of the NRC. The CEO attends meetings of the NRC by invitation only.

Executive Management Basic Salary and Benefits

The basic salary of Executive Management is reviewed annually by the NRC with regard to personal performance and corporate goals. When reviewing Executive Managements' basic salary, the applicable weighting of each component is at the discretion of the NRC. Employment related benefits consist principally of a car allowance and pension. Pension benefits are determined solely in relation to basic salary.

Executive Management Short-term Performance Related Bonus

To date, the annual short-term performance related bonus has been determined based on personal performance and delivery of the annual ARYZTA Group budget. When determining Executive Managements' short-term performance related bonus, the applicable weighting of each component is at the discretion of the NRC. It is the NRC's policy that the short-term performance related bonus does not exceed 100% of basic salary for executive management. For the financial year 2012, the annual bonus will be determined by reference to incremental gains in ARYZTA Food Group ROIC.

Notes to the Company Financial Statements (continued)

Executive Management Long-term Incentives (LTIP)

The long-term incentive remuneration of Executive Management consist of both Matching Plan and Option Equivalent Plan awards. The costs of these awards are accrued to each member of Executive Management based on the accounting principles applicable to share-based payments under IFRS 2, Share-based Payment. Over the last three years the average long-term incentive cost attributable to individual members of Executive Management has ranged between 171% and 292% of basic salary. See note 8 of the Group Financial Statements for the total cost recognised in the Group Financial Statements for share-based payments in the financial year 2011.

During the prior financial year, the Company made awards under the Share Option Equivalent Plan 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 Plan LTIP is charged to the Income Statement over the current estimated vesting period from grant date.

During the financial year 2010 and the financial year 2011, the Company made no new awards under the Matching Plan LTIP. Participants with Matching Plan 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 Plan 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 Plan 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 NRC determines at its discretion the level of the yearly fee and additional compensation paid to each non-executive Board member. 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 year ended 31 July 2011**	Direct payments year ended 31 July 2010
Denis Lucey	**323**	323
Albert Abderhalden[1]	**29**	88
Charles Adair[1]	**59**	–
Denis Buckley	**96**	96
J Brian Davy	**112**	112
Noreen Hynes[1]	**37**	112
Hugo Kane[1]	**29**	88
Owen Killian	**88**	88
Patrick McEniff	**88**	88
William Murphy	**105**	96
Hans Sigrist	**93**	88
Dr J Maurice Zufferey	**96**	96
Total	**1,155**	1,275

1 A. Abderhalden, N. Hynes and H. Kane resigned from the Board on 2 December 2010 and C. Adair was elected to the Board on 2 December 2010.

With the exception of Denis Lucey and Patrick McEniff who were appointed on 6 June 2008 and Owen Killian who was reappointed on 2 December 2010 and Charles Adair who was appointed on 2 December 2010, 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 2011**	**Owen Killian 2011**	Total Executive Management 2010	Owen Killian 2010
Basic salaries	**3,082**	**1,277**	3,196	1,277
Benefits in kind	**226**	**83**	234	83
Pension contributions	**630**	**191**	467	191
Performance related bonus	**2,758**	**894**	–	–
Long-term incentives (LTIP)	**15,455**	**6,123**	2,350	903
Total compensation paid to members of ARYZTA Executive Management	**22,151**	**8,568**	6,247	2,454

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 (CEO), Patrick McEniff (CFO), Hugo Kane (COO), and Pat Morrissey (General Counsel and Company Secretary).

Notes to the Company Financial Statements
(continued)

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 2010 to 31 July 2011 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 2011 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 2011	No. of shares 2010
Denis Lucey	**1,250**	1,250
Albert Abderhalden[1]	–	313,788
Charles Adair[1]	–	–
Denis Buckley	**2,250**	2,250
J Brian Davy	**58,186**	58,186
Noreen Hynes[1]	–	1,000
Hugo Kane[1]	**240,978**	240,978
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
	1,260,219	1,575,007

1 A. Abderhalden, N.Hynes and H. Kane resigned from the Board on 02 December 2010 and C. Adair was elected to the Board on 02 December 2010.

Details of the interests of Owen Killian, Patrick McEniff, Hugo Kane, and Pat Morrissey in share entitlements under the Matching Plan and Share Option Equivalent Plan are set out below. There have been no changes in the interests as shown above between 31 July 2011 and 22 September 2011.

Notes to the Company Financial Statements
(continued)

Directors' and Executive Management's interest in equity instruments

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2010	Granted during financial year	Vested during financial year[1]	Closing position 31 July 2011
Directors				
Owen Killian	300,000	–	–	300,000
Patrick McEniff	180,000	–	–	180,000
Hugo Kane	180,000	–	–	180,000
General Counsel & Company Secretary				
Pat Morrissey	90,000	–	–	90,000
Total	**750,000**	**–**	**–**	**750,000**

Executive Management Option Equivalent Plan Allocation

	Options carried forward 1 August 2010	Granted during financial year	Vested during financial year[2]	Closing position 31 July 2011
Directors				
Owen Killian	300,000	–	–	300,000
Patrick McEniff	250,000	–	–	250,000
Hugo Kane	150,000	–	–	150,000
General Counsel & Company Secretary				
Pat Morrissey	100,000	–	–	100,000
Total	**800,000**	**–**	**–**	**800,000**

1 The performance conditions associated with the Matching Plan were met in FY 2011, accordingly the maximum allocation of shares are eligible for vesting.

2 The earliest date by which qualifying conditions can be met is 31 July 2012. The latest date by which qualifying conditions must be met is 14 December 2019. The exercise price of all options is CHF 37.23.

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	**2011**	2010
Balance of unrestricted reserves and loss carried forward	**899,389**	999,469
Dividend payment	**(39,801)**	(41,918)
Net profit / (loss) for the year	**58,908**	(58,162)
Closing balance of unrestricted reserves and earnings	**918,496**	899,389
Proposed transfer from unrestricted reserves to legal reserves from capital contribution	**(981,460)**	–
Balance of unrestricted reserves and loss to be carried forward	**(62,964)**	899,389
Proposed release and distribution of legal reserves from capital contribution in the amount of[1]	**47,028**	39,766

1 Proposed release and distribution of legal reserves from capital contribution 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 31 July and prior to dividend ex-date.

Report of the Statutory Auditor on the Financial Statements 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 138 to 148 for the year ended 31 July 2011.

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

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

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

Opinion
In our opinion, the financial statements for the year ended 31 July 2011 comply with Swiss law as well as with the Company's articles of incorporation.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of ARYZTA AG (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, 22 September 2011

FOOD NORTH AMERICA

UNITED STATES
Seattle
Bloom Gardens, UW

ARYZTA has 23 manufacturing centres and 42 distribution centres, across 32 US states.

Annual Report and Accounts 2011

Food Group Financial Statements

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 2011 with 31 July 2010 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 2011

in Euro `000	2011 unaudited	2010 unaudited
Revenue	**2,577,420**	1,679,417
Cost of sales	**(1,653,361)**	(1,010,354)
Gross profit	**924,059**	669,063
Operating expenses	**(688,279)**	(508,811)
Operating profit before net acquisition, disposal and restructuring related costs	**235,780**	160,252
Dividend income from investment in Origin	**8,550**	7,600
Net acquisition, disposal and restructuring related costs	**974**	(4,592)
Operating profit	**245,304**	163,260
Share of profit of joint ventures	**4,622**	20,041
Profit before financing income and costs	**249,926**	183,301
Financing costs, net	**(57,406)**	(36,272)
Profit before tax	**192,520**	147,029
Income tax expense	**(1,356)**	(19,379)
Profit for the year	**191,164**	127,650
Attributable as follows:		
Equity shareholders	**188,498**	125,020
Non-controlling interests	**2,666**	2,630
Profit for the year	**191,164**	127,650

Food Group Statement of Comprehensive Income
for the year ended 31 July 2011

in Euro `000	**2011 unaudited**	2010 unaudited
Profit for the year	**191,164**	127,650
Other comprehensive income		
Foreign exchange translation effects	**37,011**	53,180
Actuarial loss on Group defined benefit pension schemes, net of deferred tax	**(1,728)**	(1,510)
Gains relating to cash flow hedges, net of deferred tax	**873**	2,895
Total other comprehensive income for the year	**36,156**	54,565
Total comprehensive income for the year	**227,320**	182,215
Attributable as follows:		
Equity shareholders	**222,685**	178,262
Non-controlling interests	**4,635**	3,953
Total comprehensive income for the year	**227,320**	182,215

Food Group Balance Sheet
as at 31 July 2011

in Euro `000	2011 unaudited	2010 unaudited
Assets		
Non-current assets		
Property, plant and equipment	**845,693**	815,918
Investment property	**16,178**	4,646
Goodwill and intangible assets	**2,520,450**	2,166,168
Investments in joint ventures	**4,976**	73,140
Other investments	**51,045**	51,045
Deferred tax assets	**74,261**	56,374
Total non-current assets	**3,512,603**	3,167,291
Current assets		
Amounts owed by Origin Enterprises plc	**1,204**	49
Inventory	**148,075**	129,947
Trade and other receivables	**257,591**	247,336
Derivative financial instruments	**297**	394
Cash and cash equivalents	**426,733**	318,544
Total current assets	**833,900**	696,270
Total assets	**4,346,503**	3,863,561

Food Group Balance Sheet (continued)
as at 31 July 2011

in Euro `000	2011 unaudited	2010 unaudited
Equity		
Called up share capital	**1,061**	1,061
Share premium	**632,951**	632,951
Retained earnings and other reserves	**1,381,288**	897,103
Total equity attributable to equity shareholders of parent	**2,015,300**	1,531,115
Non-controlling interests	**14,433**	11,936
Total equity	**2,029,733**	1,543,051
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**1,222,145**	1,391,189
Employee benefits	**10,343**	7,524
Deferred income from government grants	**11,246**	16,100
Other payables	**10,749**	10,846
Deferred tax liabilities	**367,246**	346,032
Derivative financial instruments	**184**	–
Deferred consideration	**342**	12,824
Total non-current liabilities	**1,622,255**	1,784,515
Current liabilities		
Interest-bearing loans and borrowings	**160,056**	42,978
Trade and other payables	**497,242**	430,939
Corporation tax payable	**28,299**	47,437
Derivative financial instruments	**2,031**	2,172
Deferred consideration	**6,887**	12,469
Total current liabilities	**694,515**	535,995
Total liabilities	**2,316,770**	2,320,510
Total equity and liabilities	**4,346,503**	3,863,561

Food Group Cash Flow Statement
for the year ended 31 July 2011

in Euro `000	2011 unaudited	2010 unaudited
Cash flows from operating activities		
Profit before tax	**192,520**	147,029
Financing costs, net	**57,406**	36,272
Dividend income from investment in Origin	**(8,550)**	(7,600)
Share of profit after tax of joint ventures	**(4,622)**	(20,041)
Fair value gain on acquisition of 50% of existing joint venture	**(121,391)**	–
Asset write-downs	**43,039**	–
Other restructuring related costs	**40,114**	(51)
Depreciation of property, plant and equipment	**83,078**	60,363
Amortisation of intangible assets	**89,933**	47,450
Recognition of deferred income from government grants	**(2,980)**	(2,895)
Share-based payments	**13,377**	1,400
Other	**(791)**	25
Cash flows from operating activities before changes in working capital	**381,133**	261,952
(Increase)/decrease in inventory	**(15,944)**	(1,235)
(Increase)/decrease in trade and other receivables	**(14,228)**	30,918
Increase/(decrease) in trade and other payables	**17,202**	(4,865)
Cash generated from operating activities	**368,163**	286,770
Interest paid, net	**(59,079)**	(31,651)
Income tax paid	**(42,848)**	(22,573)
Net cash flows from operating activities	**266,236**	232,546

Food Group Cash Flow Statement (continued)
for the year ended 31 July 2011

in Euro `000	**2011 unaudited**	2010 unaudited
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**1,532**	852
Purchase of property, plant and equipment		
– maintenance capital expenditure	**(39,272)**	(10,330)
– investment capital expenditure	**(30,855)**	(29,632)
Grants received	**25**	1,117
Acquisition of subsidiaries and businesses, net of cash acquired	**(317,674)**	(564,419)
Investment in joint ventures	**(709)**	(1,800)
Purchase of intangible assets	**(20,734)**	(16,914)
Dividends received	**13,138**	24,158
Deferred consideration	**(12,900)**	(2,128)
Net cash flows from investing activities	**(407,449)**	(599,096)
Cash flows from financing activities		
Net proceeds from issue of equity instruments	**285,004**	115,001
(Repayment)/drawdown of loan capital	**(114,180)**	360,431
Capital element of finance lease liabilities	**(825)**	(807)
Dividends paid	**(32,908)**	(30,599)
Net cash flows from financing activities	**137,091**	444,026
Net (decrease)/increase in cash and cash equivalents	**(4,122)**	77,476
Translation adjustment	**(4,093)**	8,938
Net cash and cash equivalents at start of year	**275,724**	189,310
Net cash and cash equivalents at end of year	**267,509**	275,724

FOOD NORTH AMERICA

UNITED STATES
New York
Central Park

ARYZTA has 23 manufacturing centres and 42 distribution centres, across 32 US states.

Investor Information

Key dates to December 2012

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	1 December 2011
Payment of dividend	1 February 2012
Announcement of half-year results 2012	12 March 2012
Third quarter trading update	5 June 2012
Announcement of the 2012 annual results	24 September 2012
Issue of the 2012 annual report	2 October 2012
First quarter trading update	3 December 2012
Annual General Meeting 2012	6 December 2012

Investor meeting requests

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All enquiries regarding investor meeting requests should be sent by e-mail.

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