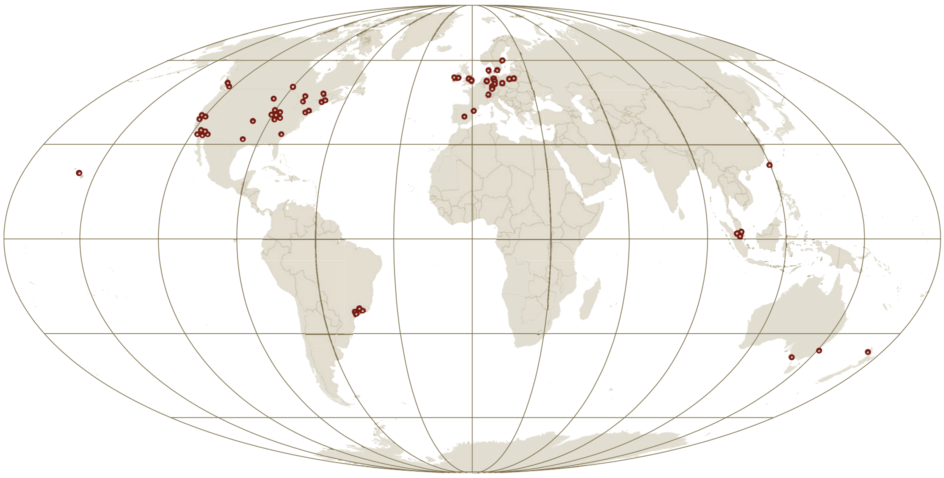
2014

Annual Report and Accounts

ARYZTA
Passion for good food



WELCOME TO ARYZTA AG

ARYZTA AG ('ARYZTA') is an international food business with a leadership position in speciality bakery. ARYZTA is based in Zurich, Switzerland, with operations in North America, South America, Europe, 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).

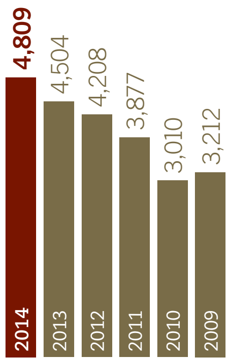
ARYZTA is the majority shareholder (68.1%) in Origin Enterprises plc, which has a listing on the AIM in London and the ESM in Dublin (AIM: OGN, ESM: OIZ).

Table of Contents
Annual Report and Accounts 2014

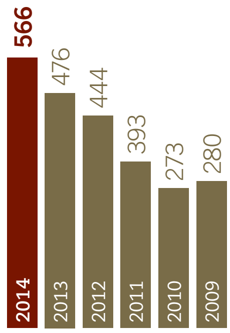
Annual Report and Accounts 2014
Financial Highlights

Group

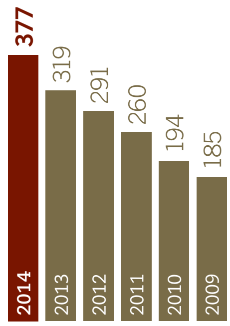
Revenue
in EUR m



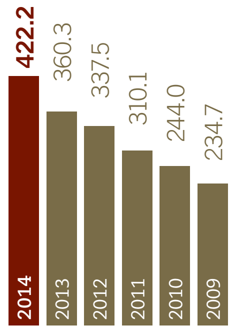
EBITA[1]
in EUR m



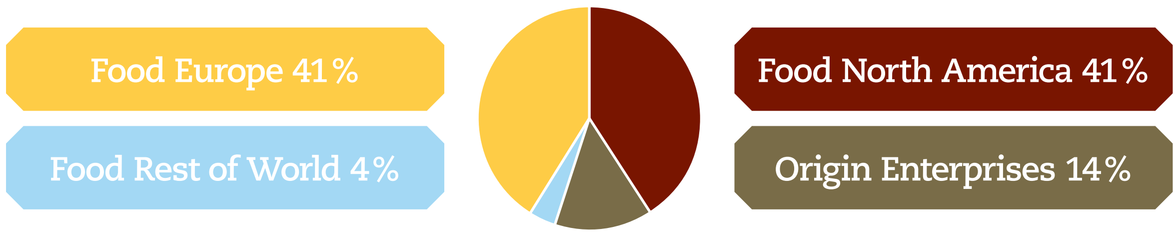
Underlying fully diluted net profit
in EUR m



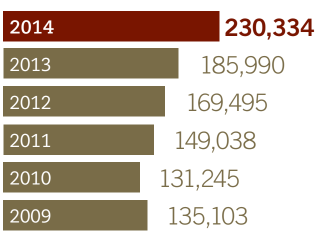
Underlying fully diluted EPS
in EUR cent



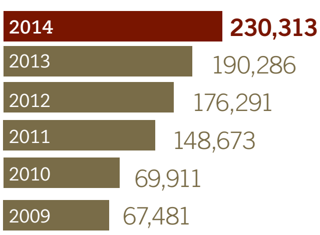
EBITA by business segment
(% of Group contribution 2014)



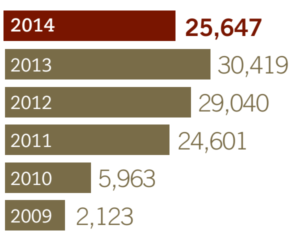
EBITA Food Europe
in EUR '000



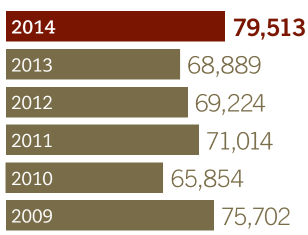
EBITA Food North America
in EUR '000



EBITA Food Rest of the World
in EUR '000



EBITA Origin
in EUR '000



1 See glossary on page 21 for definitions of financial terms and references used in this document.

Annual Report and Accounts 2014
Letter to Shareholders

Fiscal year 2014 marks the substantial completion of the three-year ARYZTA Transformation Initiative (ATI). Under this programme, ARYZTA has transformed itself into a customer centric business, supported by a single instance Enterprise Resource Planning (ERP) system and shared service centres of excellence. Through ATI, ARYZTA has repositioned its capabilities across channels and geographies, and has further strengthened its partnerships with key global customers. These partnerships focus on supply chain excellence, assuring food safety, food quality, traceability and sustainability.

During fiscal year 2014, ARYZTA established a new market-led strategy for the European Food Solutions business. This strategy puts the customer at the centre, with the focus on delivering differentiated food propositions for independent customers, via an asset-light, deep-distribution service model.

The Food Group achieved strong results in fiscal year 2014, with revenue growth of 10.0%, increasing to €3.4 billion. EBITA margin expanded strongly by 110 basis points (‘bps’) during the year, reflecting benefits from business consolidation and operating leverage. The Food Group delivered EBITA of €486m, an increase of 19.6% from the prior year. Good progress was achieved in the Food Group Underlying ROIC, which expanded by 120 bps from 13.0% to 14.2% during the period, while Food Group reported ROIC was 12.0%, a decline of 40 bps, reflecting the impact of new investments and acquisitions completed during the year.

During fiscal year 2014, the Food Group invested a total of €1.14 billion acquiring new bakeries and upgrading existing bakery assets. The latter accounted for €277m, while acquisitions accounted for €863m. The most significant acquisitions were Cloverhill and Pineridge Bakery, both based in the North America. Cloverhill is a leading manufacturer of individually-wrapped Ready-To-Eat snacks and Pineridge Bakery is a top-tier speciality bakery in Canada. These acquisitions significantly enlarge ARYZTA’s manufacturing footprint in North America, extend its customer access in Canada and its product capability in the United States, providing an attractive entry point into the high-growth North American snacking market.

Following these investments, the Food Group net debt to EBITDA ratio is now 2.45x, comfortably within guidance range.

Origin Enterprises recorded another strong performance, posting a 10.4% increase in underlying fully diluted EPS. Origin continues to remain strongly cash-generative, finishing the year with an unleveraged balance sheet and increased its dividend by 15.9% to 20.0 cent per share, reflecting an impressive 35% payout ratio. During the period, Origin also returned €100m to shareholders by tender offer, following the disposal of its fish protein joint venture.

As a result of these activities, ARYZTA reported underlying fully diluted EPS of 422.2 cent, an increase of 17.2% over the prior year.

Letter to Shareholders (continued)

Proposed dividend

At the Annual General Meeting on 2 December 2014, shareholders will be invited to approve a proposed dividend of CHF 0.7646 (€0.6333) per share. If approved, the dividend will be paid to shareholders on 2 February 2015. A dividend of CHF 0.6652 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 10 December 2013.

Board membership

At the 2013 AGM, held on 10 December 2013, the shareholders confirmed the re-election of Mr. Charles (Chuck) Adair and Mr. Owen Killian to the Board of Directors.

In addition, Mr. Andrew Morgan and Mr. John Yamin (CEO of the Americas) were elected as new members of the Board of Directors.

The biographies of individual Board members are available on pages 32 to 36 in the Corporate Governance report.

The Board of ARYZTA AG now consists of three executive directors and eight non-executive directors.

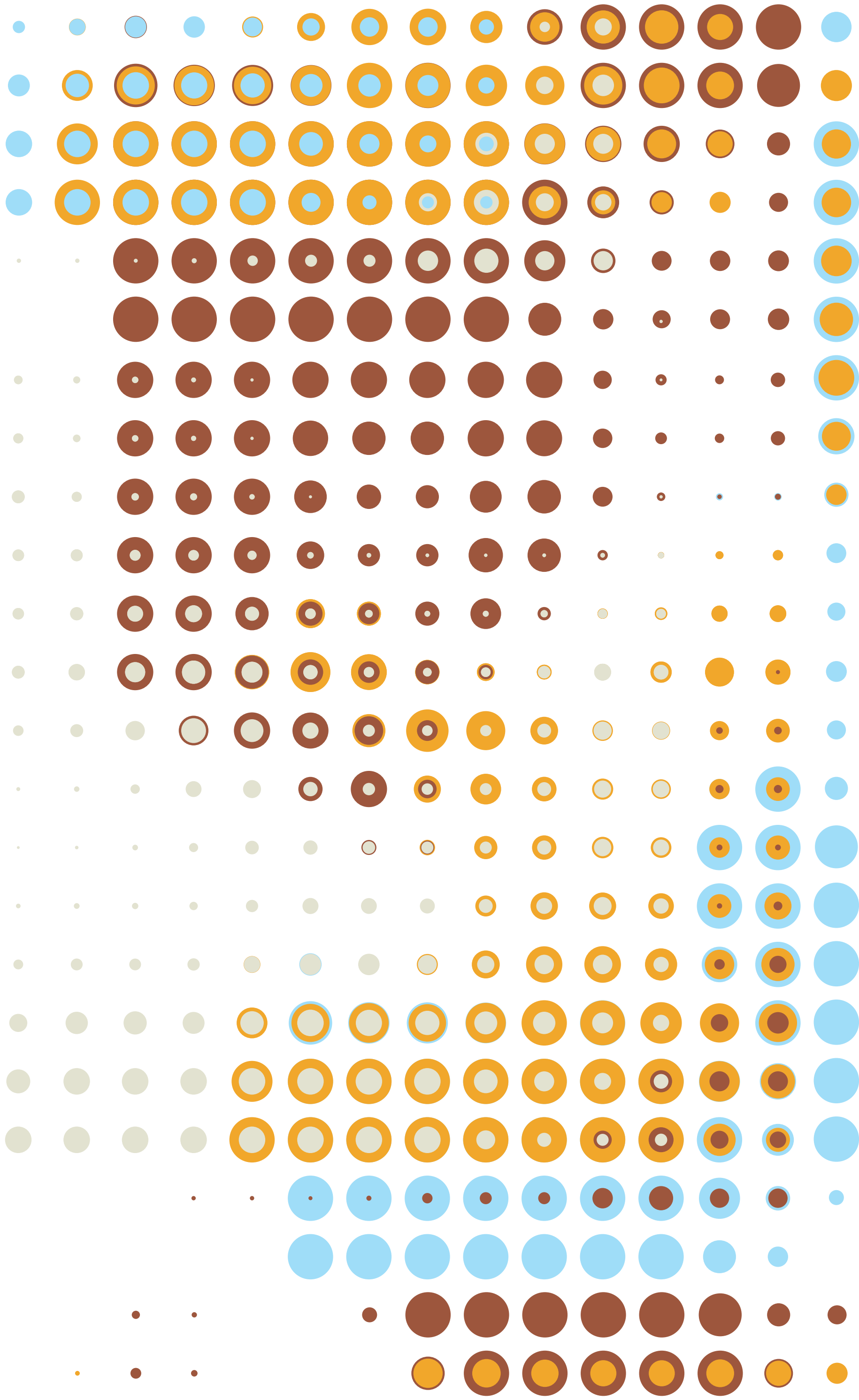
Acknowledgement

On behalf of the Board, I 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. I would also like to thank our customers for their support and loyalty, and our suppliers for their reliability at all times. I believe ARYZTA is well-positioned to deliver long-term sustainable growth.

Denis Lucey

Denis Lucey
Chairman, Board of Directors

3 October 2014



Annual Report and Accounts 2014

Business Overview

About ARYZTA

Food Group – International Footprint

Reporting Segments

ARYZTA AG

Food Europe

Food North America

Food Rest of World

International Food Business

Origin Enterprises plc
85.3 million shares
(68.1 % *Holding*)

Listed on the AIM in London
and the ESM in Dublin
(AIM: OGN, ESM: OIZ)

Business Overview
Food Business – Markets

Food Group – Revenue

€3.4 billion

47% Food Europe

47% Food North America

6% Food Rest of World

Food Group – EBITA

€486 million

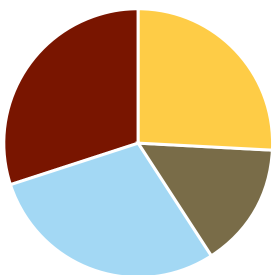
47% Food Europe

47% Food North America

6% Food Rest of World

Food Group – Revenue

Channel Profile



30% Large Retail

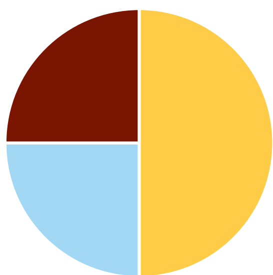
26% QSR

29% Other Foodservice

15% Convenience & Independent Retail

Food Group – Revenue

Customer Profile



25% Food Solutions

25% Other

50% Top 20 Customers

Business Overview
Food Business – Markets (continued)

Food Europe

Key Figures

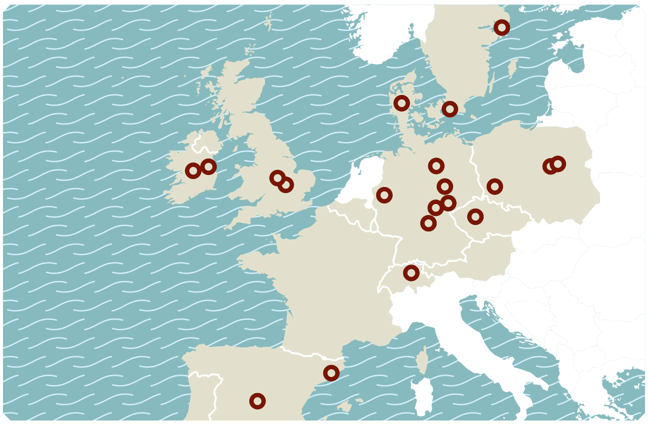
Revenue €1.6 bn

EBITDA €284 m

EBITA €230 m

14 Countries

20 Bakeries & Kitchens



Food North America

Key Figures

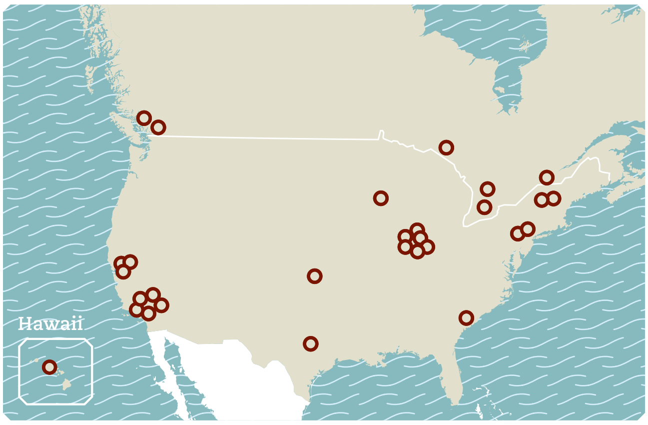
Revenue €1.6 bn

EBITDA €270 m

EBITA €230 m

2 Countries

29 Bakeries & Kitchens



Food Rest of World

Key Figures

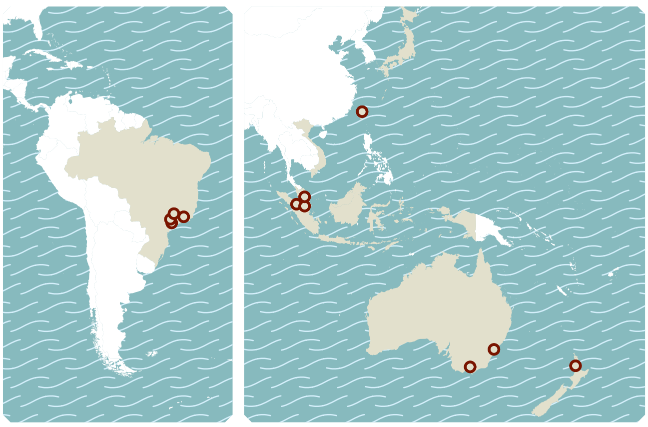
Revenue €221 m

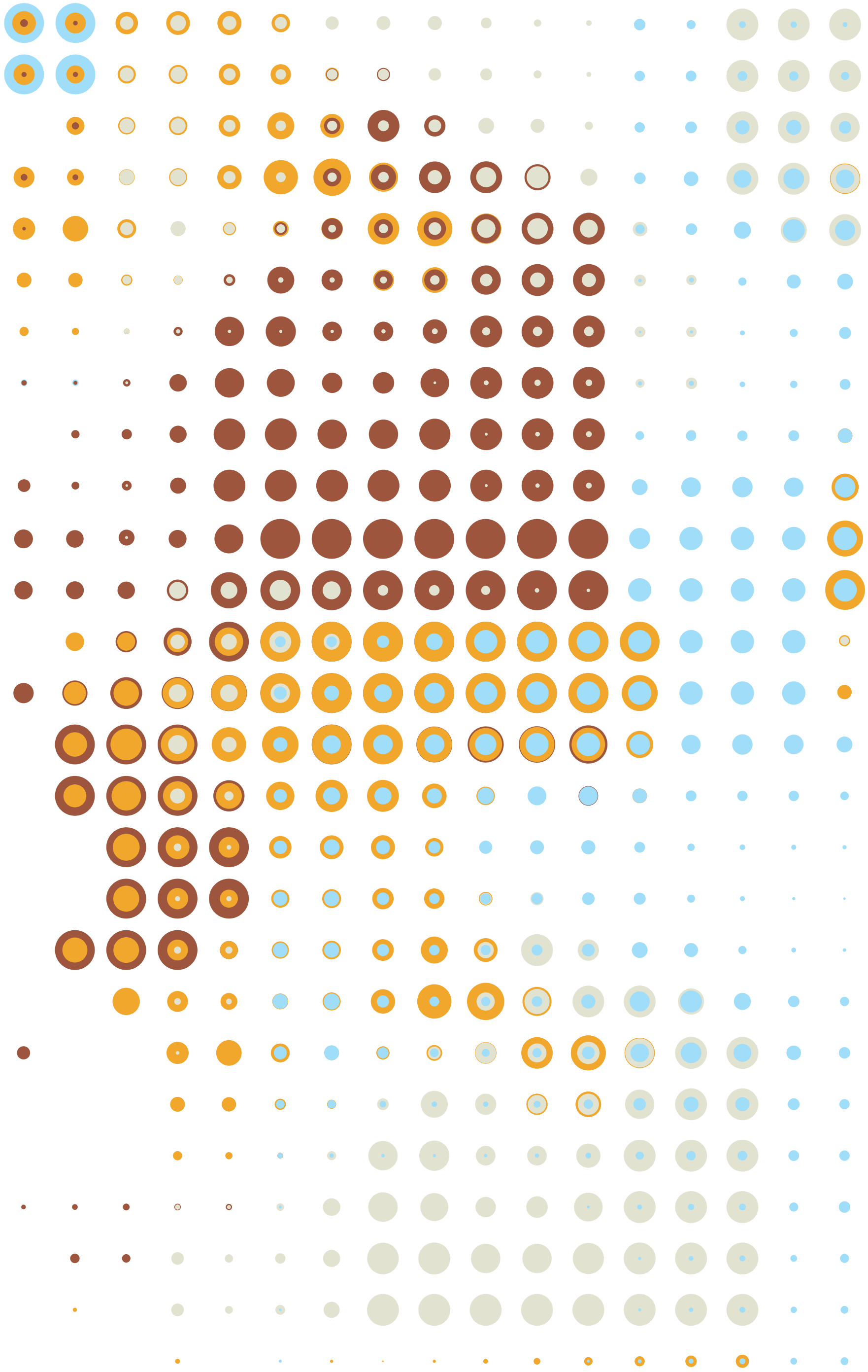
EBITDA €35 m

EBITA €26 m

9 Countries

11 Bakeries & Kitchens





Annual Report and Accounts 2014

Financial and Business Review

1 ARYZTA Group – Income Statement

in EUR `000	July 2014	July 2013	% Change
Group revenue	4,809,022	4,503,690	6.8%
EBITA	565,807	475,584	19.0%
EBITA margin	11.8%	10.6%	–
Associates and JVs, net	13,392	22,057	–
EBITA incl. associates and JVs	579,199	497,641	16.4%
Finance cost, net	(68,138)	(63,904)	–
Hybrid instrument accrued dividend	(29,548)	(19,898)	–
Pre-tax profits	481,513	413,839	–
Income tax	(78,180)	(69,689)	–
Non-controlling interests	(25,855)	(25,041)	–
Underlying fully diluted net profit	377,478	319,109	18.3%
Underlying fully diluted EPS (cent)	**422.2**[1]	**360.3**[1]	**17.2%**

1 The 31 July 2014 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,407,313 (2013: 88,559,475).

2 See glossary in section 20 for definitions of financial terms and references used in the financial and business review.

2 ARYZTA Group – Underlying revenue growth

in EUR million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total Group
Group revenue	1,586.3	1,586.6	220.9	3,393.8	1,415.2	4,809.0
Underlying growth	2.1%	1.3%	7.9%	2.1%	(3.3)%	0.5%
Acquisitions	12.0%	13.0%	–	11.6%	3.1%	8.9%
Currency	(0.1)%	(5.6)%	(13.6)%	(3.7)%	–	(2.6)%
Revenue Growth	**14.0%**	**8.7%**	**(5.7)%**	**10.0%**	**(0.2)%**	**6.8%**

3 ARYZTA Group – Segmental EBITA

in EUR `000	July 2014	July 2013	% Change
Food Group			
Food Europe	230,334	185,990	23.8%
Food North America	230,313	190,286	21.0%
Food Rest of World	25,647	30,419	(15.7)%
Total Food Group	486,294	406,695	19.6%
Origin	79,513	68,889	15.4%
Total Group EBITA	**565,807**	**475,584**	**19.0%**
Associates & JVs, net			
Food JVs	–	201	(100.0)%
Origin associates & JVs	13,392	21,856	(38.7)%
Total associates & JVs, net	13,392	22,057	(39.3)%
Total EBITA incl. associates and JVs	**579,199**	**497,641**	**16.4%**

Financial and Business Review (continued)

4 Food Group – Income Statement

in EUR `000	July 2014	July 2013	% Change
Revenue	3,393,783	3,085,517	10.0%
EBITA	486,294	406,695	19.6%
EBITA margin	14.3%	13.2%	–
JV, net	–	201	–
EBITA incl. JV	486,294	406,896	19.5%
Finance cost, net	(62,604)	(57,761)	–
Hybrid instrument accrued dividend	(29,548)	(19,898)	–
Pre-tax profits	394,142	329,237	–
Income tax	(65,754)	(57,261)	–
Non-controlling interests	(3,800)	(3,619)	–
Underlying net profit	324,588	268,357	21.0%

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 food giving the best value, variety, taste and convenience to consumers at the point of sale. ARYZTA's customer channels consist of a mix of large retail, convenience and independent retail, Quick Serve Restaurants ('QSR') and other foodservice categories.

Total Food Group revenue grew by 10.0% to €3.4bn. Underlying revenue growth was 2.1%, acquisitions added 11.6% and currency continued to have a negative (3.7%) impact compared to prior year. Food EBITA increased 19.6% to €486.3m, as a result of the improved efficiencies being derived through the ARYZTA Transformation Initiative ('ATI'), which drove business consolidation and increased operating leverage, thereby expanding overall Food Group margins for the year by 110 bps to 14.3%.

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, hotels, leisure and QSR.

Food Europe revenue grew by 14.0% to €1.6bn. Underlying revenues grew 2.1% during the year, showing strong continued growth in the In Store Bake-off ('ISB') market, as a result of further synergies following the prior year acquisition of Klemme, which was the primary driver of the 12.0% acquisition related revenue growth. The impact from currency movements were negligible within the region during the year. Food Europe EBITA increased by 23.8% to €230.3m, while EBITA margins expanded by 110 bps to 14.5%.

Financial and Business Review (continued)

This improved performance reflects the benefits from the reorganisation of the European business into ARYZTA Food Solutions and ARYZTA Bakeries and the benefits derived from the now substantially completed ATI programme. As part of the ATI programme, during the year Food Europe incurred cash non-recurring costs of €40.7m, with an additional €88.4m invested in the continued roll-out of the ERP system and other optimisation-related capital projects. A further €100.0m was invested in a variety of bakery expansion-related capital projects. As a result of these investments, €51.7m of non-cash asset write-downs were recorded throughout the European business for obsolete distribution, manufacturing and administration assets, due to the closure and/or reduction in activities related to those assets.

7 Food North America

Food North America is a leading player in the speciality bakery market. It has a diversified customer base, including multiple retail, restaurants, catering, hotels, leisure, hospitals, military, fundraising and QSR. ARYZTA is the leader in high-value artisan bakery via La Brea Bakery, which focuses on the premium branded bakery segment. ARYZTA's well-established partnerships with key global QSR customers, which dominate the North American convenience food landscape, provide the Group with a solid customer base from which to further grow market share.

Food North America revenue grew by 8.7% to €1.6bn. Underlying revenues grew 1.3% during the year, with improved momentum reflecting increased customer volumes during the second half of the year, following particularly challenging trading conditions during the first half of the financial year. The 13.0% acquisition-related revenue contribution is primarily related to the acquisition of both Pineridge Bakery and Cloverhill Bakery during the second half of the year. Pineridge is a top-tier speciality bakery in Canada, while Cloverhill Bakery is a leading manufacturer of individually wrapped Ready-To-Eat snacks in the United States. These acquisitions significantly enlarged ARYZTA's manufacturing footprint in North America, extended its customer access in Canada and its product portfolio in the United States, while providing an attractive entry point into the high growth North American snacking market. Unfavourable currency movements also impacted the reported performance by (5.6)% in the region during the year. Food North America EBITA grew by 21.0% to €230.3m, due to positive underlying revenue growth and a further 150 bps margin expansion during the year to 14.5%.

In North America, the cash costs for non-recurring items were €42.7m, related primarily to severance and staff-related costs, advisory or other acquisition and integration-related costs. An additional €28.0m was invested in implementing the ERP system within recently acquired businesses and expanding the related system functionality, as well as other bakery network optimisation-related investments. An additional €46.6m was invested in a variety of bakery footprint expansion initiatives. As a result of these investments, €32.7m of non-cash asset write-downs were recorded in North America for obsolete distribution, manufacturing and administration assets, due to the closure and/or reduction in activities related to those assets.

Financial and Business Review (continued)

8 Food Rest of World

ARYZTA's operations in the Rest of World include businesses in Australia, Asia, New Zealand and South America. While accounting for less than 10% of the Food Group business, these locations provide attractive future growth opportunities.

Food Rest of World revenues declined by (5.7)% to €220.9m, despite solid underlying revenue growth of 7.9%, as unfavourable currency movements of (13.6)% continue to negatively impact the region. Food Rest of World EBITA declined by (15.7)% to €25.6m and EBITA margins declined by (140)bps to 11.6%, also as the result of unfavourable currency impacts on the cost of finished food products imported from outside the region to service the growing high-end food service channel.

Despite commissioning new bakery capacity during the year and total expansion-related capital investments of €13.8m, the business in the region remains capacity constrained and will continue to require capital allocation to remove capacity bottlenecks and facilitate new revenue growth opportunities. Once commissioned, additional local production capacities will also support reversal of these currency-related margin impacts.

9 ARYZTA Transformation Initiative

In September 2011, the Group announced the ATI programme, a three year plan focused on supply chain optimisation and ERP implementation with the goal of becoming a leading international bakery company, by leveraging ARYZTA's people, capabilities, partnerships and brands.

Prior to embarking on the ATI programme, the ARYZTA Food Group functioned as over 30 independent bakeries and kitchens serving specific markets or customer segments, with individual marketing approaches, pricing policies and product portfolios.

Progress has continued on ATI during the year and as of 31 July 2014, the ATI programme has been substantially completed. As a result, there is now a single go-to-market sales strategy with an aligned product listing and full visibility of bakery production capacities and customer delivery channels. These changes have been enabled through dedicated management teams and leveraging the capabilities of the single instance ERP platform.

In addition to the ATI programme, following the acquisitions of Pineridge and Cloverhill, the Food Group has also begun to integrate the ERP systems and operational processes of those recently acquired businesses into the existing Food North America network.

Financial and Business Review (continued)

During the three years since the ATI programme announcement, the Food Group has incurred the following amounts:

in EUR `000 — **ARYZTA Transformation Initiative**

Acquisition, disposal and restructuring-related costs	Cash		Total ATI	Non-cash	Total
Year ended 31 July 2014	83,354	–	**83,354**	87,357	**170,711**
Year ended 31 July 2013	82,459	–	**82,459**	37,355	**119,814**
Year ended 31 July 2012	77,144	–	**77,144**	6,333	**83,477**
Investment capital expenditure		**Optimisation-related & ERP**	**Total ATI**	**Expansion-related**	**Total**
Year ended 31 July 2014	–	116,452	**116,452**	160,391	**276,843**
Year ended 31 July 2013	–	61,462	**61,462**	111,044	**172,506**
Year ended 31 July 2012	–	46,643	**46,643**	42,758	**89,401**
Investment to date	**242,957**	**224,557**	**467,514**		
Estimated overall ATI investment			**460,000**		
Estimated Pineridge and Cloverhill integration/investment			**70,000**		

The financial goal of the ATI investments is to improve the ARYZTA Food Group Underlying ROIC related to the FY 2011 food assets to 15% by FY 2015. As a result of the successful efforts to date, the improved efficiencies derived from these investments have expanded the overall Food Group margin and positioned the Group well for the continued underlying revenue growth and margin expansion necessary to achieve this measure.

in EUR million	2011	2012	2013	2014
Underlying ROIC				
Underlying net assets	3,004	2,901	2,797	**2,915**
EBITA & associates/JVs cont.	332	353	364	**416**
Underlying ROIC	11.1%	12.2%	13.0%	**14.2%**
Reported ROIC				
Reported net assets	3,004	3,315	3,447	**4,357**
EBITA & associates/JVs cont.	332	376	426	**524**
Reported ROIC	11.1%	11.3%	12.4%	**12.0%**

As of 31 July 2014, and for the comparative periods shown, the definition of 'Net Assets' has been refined to be presented net of non-cash deferred tax liabilities on intangible assets from acquisitions (FY14: €246.7m, FY11: €251.7m). These deferred tax liabilities represent a notional non-cash tax impact, which in turn gave rise to a related increase in goodwill upon acquisition. Therefore, inclusion of these deferred tax liabilities within net assets allows for a direct offsetting of these impacts, so that the net assets used for return on investment calculations more closely approximates the consideration transferred.

This refinement had no impact on the Underlying ROIC, incremental movements since FY 2011 or on the associated management compensation calculations.

Financial and Business Review (continued)

10 Financial position

ARYZTA's 68.1% subsidiary and separately listed company, Origin, has separate funding structures, which are financed without recourse to ARYZTA. Origin's net debt amounted to €11.9m at 31 July 2014 (2013: €29.6m).

As of 31 July 2014, the Food Group's financing facilities, related capitalised upfront borrowing costs, overdrafts and cash balances outstanding were as follows:

Debt Funding	Principal	Maturity	Outstanding in EUR `000
Feb 2014 – Syndicated Bank Loan	CHF 1,977 m	Feb 2019	(748,932)
Feb 2014 – US Private Placement	USD 490 m / EUR 25 m	Feb 2020 – Feb 2024	(389,854)
May 2010 – US Private Placement	USD 350 m / EUR 25 m	May 2016 – May 2022	(285,610)
Dec 2009 – US Private Placement	USD 200 m	Dec 2021 – Dec 2029	(148,920)
Nov 2009 – Swiss Bond	CHF 200 m	Mar 2015	(164,356)
Jun 2007 – US Private Placement	USD 300 m	Jun 2017 – Jun 2019	(223,380)
Food Group gross term debt			**(1,961,052)**
Food Group upfront borrowing costs			15,070
Food Group term debt, net of upfront borrowing costs			**(1,945,982)**
Food Group finance leases			(268)
Food Group bank overdraft			(251,091)
Food Group cash at bank and in hand			555,262
Food Group net debt			**(1,642,079)**

Hybrid Funding			
Oct 2010 – Perpetual callable subordinated instrument[1]	CHF 400 m	To be called Oct 2014	(285,004)
April 2014 – Perpetual callable subordinated instrument[1]	CHF 400 m	No maturity – First call date April 2018	(319,442)
Hybrid funding at historical cost, net of associated costs			**(604,446)**
Hybrid funding fair value adjustment to year-end exchange rates			(52,978)
Hybrid funding			**(657,424)**

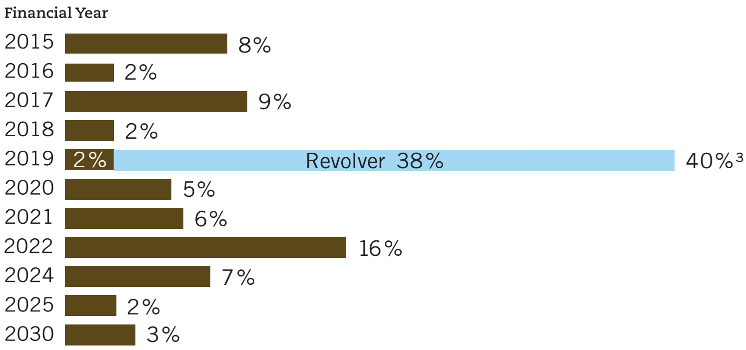
1 Traded on SIX Swiss exchange. Treated as 100% equity for IFRS and bank covenant purposes and 25% equity for US PP covenant purposes.

Financial and Business Review (continued)

As of 31 July 2014, the Food Group interest cover was 10.72 x (excluding hybrid interest). The weighted average maturity of the Food Group gross term debt was 5.43 years. The weighted average interest cost of Food Group debt financing facilities (including overdrafts) was 3.63%. ARYZTA intends to maintain an investment grade position in the range of 2 x – 3 x net debt to EBITDA. The Food Group's key financial ratios were as follows:

Net Debt: EBITDA	July 2014	July 2013
Net Debt: EBITDA[1] (hybrid as equity)	2.45 x	1.57 x
Net Debt: EBITDA[1] (hybrid as debt)	3.43 x	2.77 x

Food Group Gross Term Debt Maturity Profile (excluding hybrid)[2]



1 Calculated based on the Food Group EBITDA, including dividend received from Origin, adjusted for the pro forma full-year contribution of Food Group acquisitions.

2 The Food Group term debt maturity profile is set out as at 31 July 2014. Food Group gross term debt at 31 July 2014 is €1,961.1m. Food Group net debt at 31 July 2014 is €1,642.1m, which also includes overdrafts and finance leases, and is net of cash and related capitalised upfront borrowing costs.

3 Incorporating the drawn amount on the Revolving Credit Facility of €748.9m as at 31 July 2014, which represents 38% of the Food Group gross term debt.

Financial and Business Review (continued)

Food Group cash generation

in EUR `000	July 2014	July 2013
EBIT	362,532	300,053
Amortisation	123,762	106,642
EBITA	486,294	406,695
Depreciation	102,879	93,690
EBITDA	589,173	500,385
Working capital movement	12,372	(3,287)
Working capital movement from debtor securitisation	34,224	(7,911)
Maintenance capital expenditure	(59,970)	(43,675)
Dividends received from Origin	16,388	14,250
Hybrid dividend paid[1]	(29,388)	(16,561)
Interest and income tax paid[1]	(103,375)	(90,954)
Other non-cash (income)/charges	(2,941)	573
Cash flow generated from activities	**456,483**	**352,820**
Investment capital expenditure[2]	(276,843)	(172,506)
Cash flows generated from activities after investment capital expenditure	**179,640**	**180,314**
Underlying net profit	**324,588**	**268,357**

Food Group net debt and investment activity

in EUR `000	FY 2014	FY 2013
Food Group opening net debt as at 1 August	**(849,228)**	**(976,283)**
Cash flows generated from activities	456,483	352,820
Hybrid instrument proceeds	–	319,442
Origin tender offer proceeds	71,789	–
Net debt cost of acquisitions	(862,792)	(311,609)
Acquisition and restructuring-related cash flows	(105,561)	(86,497)
Investment capital expenditure[2]	(276,843)	(172,506)
Dividends paid	(51,146)	(45,999)
Foreign exchange movement[3]	(22,682)	62,024
Other[4]	(2,099)	9,380
Food Group closing net debt as at 31 July	**(1,642,079)**	**(849,228)**

1 Hybrid dividends paid have been reclassified and included within Cash generated from activities. This reclassification was made to apply consistent treatment between these cash payments and the associated Hybrid instrument accrued dividend, which is included as an expense within the Group and Food Group underlying income statements.

2 Includes expenditure on intangible assets.

3 Foreign exchange movement for the year ended 31 July 2014 primarily attributable to the fluctuation in the GBP and CAD to euro rates between July 2013 or the drawdown date and July 2014.

4 Other comprises primarily proceeds from disposal of property, plant and equipment, net of payments for contingent consideration and amortisation of financing costs.

Financial and Business Review (continued)

11 Return on invested capital

in EUR million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin[2]	Total[2]
2014						
Group share net assets[1]	1,811	2,303	243	4,357	432	4,789
EBITA & associates/JVs cont.[1]	237	261	26	524	93	617
ROIC	13.1%	11.3%	10.6%	12.0%	21.5%	12.9%
2013						
Group share net assets[1]	1,652	1,556	239	3,447	467	3,914
EBITA & associates/JVs cont.[1]	205	191	30	426	91	517
ROIC	12.4%	12.2%	12.7%	12.4%	19.4%	13.2%

1 See glossary in section 20 for definitions of financial terms and references used.

2 Origin net assets adjusted for the put option liability and fluctuation in average working capital by €171.8m (2013: €144.5m).

3 The Food Group WACC on a pre-tax basis is currently 7.0% (2013: 7.7%).

Financial and Business Review (continued)

12 Net assets, goodwill and intangibles

Group Balance Sheet in EUR `000	Total Group 2014	Total Group 2013
Property, plant and equipment	1,374,010	1,141,847
Investment properties	30,716	22,984
Goodwill and intangible assets	3,690,597	2,905,242
Deferred tax on acquired intangibles	(255,639)	(248,577)
Associates and joint ventures	54,911	45,235
Other financial assets	42,586	39,433
Working capital	(197,394)	(27,656)
Other segmental liabilities	(122,708)	(108,560)
Segmental net assets	4,617,079	3,769,948
Net debt	(1,653,991)	(878,787)
Deferred tax, net	(105,799)	(82,293)
Income tax	(60,152)	(46,570)
Derivative financial instruments	(5,680)	(1,669)
Net assets	**2,791,457**	**2,760,629**

Food Group Balance Sheet in EUR `000	Food Group 2014	Food Group 2013
Property, plant and equipment	1,283,584	1,061,200
Investment properties	23,141	15,409
Goodwill and intangible assets	3,539,225	2,775,430
Deferred tax on acquired intangibles	(246,717)	(240,554)
Working capital	(149,277)	(71,589)
Other segmental liabilities	(93,481)	(92,626)
Segmental net assets	4,356,475	3,447,270
Investment in and receivable from Origin	46,515	51,924
Net debt	(1,642,079)	(849,228)
Deferred tax, net	(102,102)	(79,582)
Income tax	(41,019)	(33,342)
Derivative financial instruments	(4,465)	46
Net assets	**2,613,325**	**2,537,088**

Financial and Business Review (continued)

13 Proposed dividend
At the Annual General Meeting on 2 December 2014, shareholders will be invited to approve a proposed dividend of CHF 0.7646 (€0.6333) per share. If approved, the dividend will be paid to shareholders on 2 February 2015. A dividend of CHF 0.6652 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 10 December 2013.

14 Origin
Origin is a leading agri-services group focused on integrated agronomy and agri-inputs in the UK, Ireland, Poland and Ukraine.

During September 2013, Origin announced its intention to return up to €100m of capital to shareholders by way of a tender offer. Following approval from shareholders at Origin's extraordinary general meeting on 18 November 2013, Origin completed the Tender Offer in December 2013.

ARYZTA participated in this offer by successfully tendering 9.7 million shares in exchange for €71.8m, net of related costs, thereby reducing ARYZTA's shareholding in Origin to 85.3 million shares. As not all Origin shareholders elected to participate in full, this reduced ARYZTA's shareholding in Origin from 68.6% to 68.1%.

Origin reported financial and operating results in line with expectations for the year. The Origin Board has proposed a dividend per ordinary share of €0.20 cent for the year ended 31 July 2014, reflecting a payout ratio of 35%.

Origin's separately published results, which were released on 24 September 2014, are available at www.originenterprises.com.

15 Subsequent Event
Subsequent to year end, the Group announced its intention to repay the CHF 400,000,000 Perpetual callable subordinated instrument funded in October 2010. This repayment is expected to occur in October 2014, in line with the first call date associated with that instrument. Subsequent to year end, the Group also announced it had begun the process to obtain replacement Hybrid instruments.

16 Track Record
ARYZTA's market valuation has increased by €4.1bn over the past five years and has delivered 12.5% CAGR in underlying fully diluted EPS. In September 2014, ARYZTA was added to the Swiss Leader Index, which comprises the 30 largest and most liquid securities in the Swiss equity market.

In FY 2009, ARYZTA AG acquired IAWS Group Plc (which was listed in FY 1989). Over the 25 years reporting as a publically listed entity, the market capitalisation has increased by €5.9bn and underlying fully diluted EPS CAGR of 13.8% (14.8% including dividends) was achieved.

Financial and Business Review (continued)

17 Outlook

ARYZTA's medium term outlook is to target underlying revenue growth of 2%–4% per annum, which is expected to convert to underlying fully diluted EPS growth of 4%–6% per annum. Invested capital is expected to further enhance underlying fully diluted EPS by 3%–6% per annum.

18 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 58 of the ARYZTA AG 2014 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group.

19 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.

20 Glossary of financial terms and references

'Associates and JVs, net' – presented as profit from associates and JVs, net of taxes and interest, before non-ERP amortisation and the impact of associated non-recurring items.

'EBITA' – presented as earnings before interest, taxation, non-ERP related intangible amortisation; before net acquisition, disposal and restructuring-related costs and fair value adjustments and related tax credits.

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before net acquisitions, disposal and restructuring-related costs and fair value adjustments and related tax credits.

'ERP' – Enterprise Resource Planning intangible assets include the Food Group SAP and Origin Microsoft Dynamics AX software systems.

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

'Net Assets' – Based on segmental net assets, which excludes all bank debt, cash and cash equivalents and tax balances, with the exception of deferred tax liabilities associated with intangible assets, as those deferred tax liabilities represent a notional non-cash tax impact directly linked to segmental intangible assets recorded as part of a business combination, rather than an actual cash tax obligation.

Financial and Business Review (continued)

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

'Reported ROIC' – Return On Invested Capital is calculated using pro-forma trailing twelve months segmental EBITA and Profit from associates and JVs ('TTM EBITA') reflecting the full twelve months contribution from acquisitions, divided by the respective Net Assets.

'Underlying earnings' – presented as reported net profit, adjusted to include the Hybrid instrument accrued dividend as finance cost; before non-ERP related intangible amortisation; before net acquisition, disposal and restructuring-related costs and fair value adjustments and before any non-controlling interest allocation of those adjustments, net of related tax impacts.

The Group utilises the Underlying earnings measure to enable comparability of the results from period to period, without the impact of transactions that do not relate to the underlying business. It is also the Group's policy to declare dividends based on underlying fully diluted earnings per share, as this provides a more consistent basis for returning dividends to shareholders.

'Underlying ROIC' – Underlying Return On Invested Capital is calculated based on the Net Assets of the Food Group business that existed as of 31 July 2011, using currency rates consistent with 2011, excluding net assets and historical EBITA levels of acquisitions completed after 1 August 2011 and adding back asset impairments (unless recovered once the assets are disposed).

Bridge to Group Income Statement
for the financial year ended 31 July 2014

in EUR `000	Food Group 2014	Origin 2014	Origin non-controlling interests	ARYZTA Group 2014	ARYZTA Group 2013
Group revenue	3,393,783	1,415,239	–	4,809,022	4,503,690
EBITA	486,294	79,513	–	565,807	475,584
Associates and JVs, net	–	13,392	–	13,392	22,057
EBITA incl. associates and JVs	486,294	92,905	–	579,199	497,641
Finance cost, net	(62,604)	(5,534)	–	(68,138)	(63,904)
Hybrid instrument accrued dividend	(29,548)	–	–	(29,548)	(19,898)
Pre-tax profits	394,142	87,371	–	481,513	413,839
Income tax	(65,754)	(12,426)	–	(78,180)	(69,689)
Non-controlling interests	(3,800)	–	(22,055)	(25,855)	(25,041)
Underlying fully diluted net profit	324,588	74,945	(22,055)	377,478	319,109
Underlying fully diluted EPS (cent)	–	57.51 c[1]	–	422.2 c[2]	360.3 c[2]

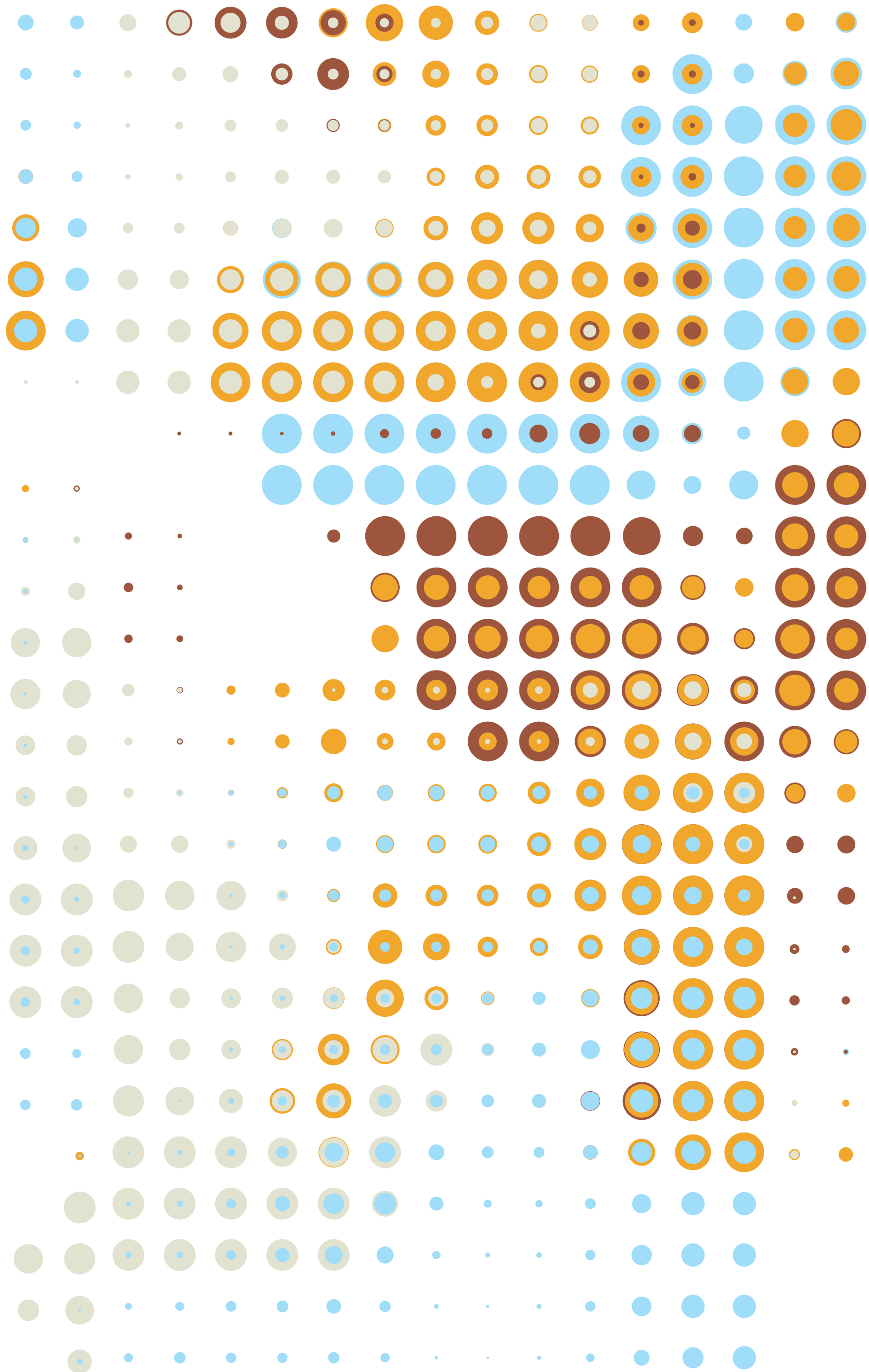
Underlying net profit reconciliation

in EUR `000	Food Group 2014	Origin 2014	Origin non-controlling interests	ARYZTA Group 2014	ARYZTA Group 2013
Reported net profit[3]	92,252	63,487	(20,226)	135,513	129,415
Intangible amortisation	123,762	6,277	–	130,039	112,331
Tax on amortisation	(28,710)	(1,438)	–	(30,148)	(31,833)
Share of associate intangible amortisation, net of tax	–	1,548	–	1,548	–
Hybrid instrument accrued dividend	(29,548)	–	–	(29,548)	(19,898)
Net acquisition, disposal and restructuring-related costs and fair value adjustments	170,711	5,649	–	176,360	117,356
Tax on asset write-down and costs arising on integration	(3,879)	(578)	–	(4,457)	10,402
Non-controlling interest portion of acquisition, disposal and restructuring-related costs and fair value adjustments	–	–	(1,616)	(1,616)	1,450
Underlying net profit	324,588	74,945	(21,842)	377,691	319,223
Dilutive impact of Origin management incentives	–	–	(213)	(213)	(114)
Underlying fully diluted net profit	324,588	74,945	(22,055)	377,478	319,109
Underlying fully diluted EPS (cent)	–	57.51 c[1]	–	422.2 c[2]	360.3 c[2]

1 Origin FY 2014 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 130,316,835 (FY 2013: 138,499,155).

2 The 31 July 2014 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,407,313 (2013: 88,559,475).

3 Food Group reported net profit excludes dividend income of €16,388,000 (2013: €14,250,000) from Origin and the gain on Origin tender offer share buyback of €66,568,000.



Annual Report and Accounts 2014

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 requires a commitment to, and the practice of, values that guide the Group in serving the needs of its stakeholders, be they shareholders (institutional or retail), customers, consumers, suppliers, employees or other interested groups.

ARYZTA Board

ARYZTA is committed to continually reviewing its corporate governance framework, with a view to related developments.

The Board's policy is 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).

At the ARYZTA 2013 Annual General Meeting ('AGM'), one new independent non-executive director and one new executive director were appointed by the shareholders.

The Group utilises leading international search firms to advise and assist the Board in its ongoing renewal programme. The aim of this programme is to ensure that ARYZTA is served by a Board whose members possess the right mix of skills, experience and talent and who share ARYZTA's values.

The coming into force of the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations ('the Ordinance'), subject to transitional provisions, will bring about certain changes in our corporate governance. By virtue of the Ordinance, as from the ARYZTA 2014 AGM, the General Meeting will have the following non-transferable powers:

– Annual election of all directors
– Election of the Chairman of the Board
– Election of the members of the Nomination and Remuneration Committee
– Election of the independent proxy
– Vote on the compensation of the Board and Executive Management

Compensation Report

At the 2013 Annual General Meeting, the shareholders ratified the 2013 Compensation Report through a separate advisory vote. The 2014 Compensation Report, included on pages 47 to 56 of this Annual Report, sets out intended voting arrangements for compensation over the coming years.

Corporate Governance Report (continued)

ARYZTA Corporate Governance Report format

The ARYZTA Corporate Governance Report 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 consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. The ARYZTA AG Company financial statements are prepared in accordance with the requirements of Swiss Law and the Company's Articles of Association. 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 the 'Company' refer to ARYZTA AG, whereas the 'Group' and the 'ARYZTA Group' refer to ARYZTA AG and its subsidiaries. The 'Board' refers to the Board of Directors of the Company. 'Origin' means Origin Enterprises plc (ARYZTA has a 68.1% holding in Origin Enterprises plc), and the 'Origin Board' means the Board of Directors of Origin Enterprises plc.

To avoid duplication, in some sections cross-references are made to the 2014 Financial Statements (comprising the Group consolidated financial statements and Company financial statements of ARYZTA AG), 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).

1 Group structure and shareholders

1.1 Group structure

The Group is structured conventionally. 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, to the extent allowed under Swiss law, through the Chief Executive Officer ('CEO'), to Executive Management. The Group's management and organisational structure corresponds to its segmental reporting lines: Food Europe, Food North America, Food Rest of World and Origin.

Each segment's management team is responsible for the day-to-day activities of their segment and reports to Executive Management, which in turn reports through the CEO to the Board. Origin constitutes an exception, as 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 reports to the Origin Board. The Origin Board is accountable and reports to its shareholders, including ARYZTA. Owen Killian (CEO) and Patrick McEniff, Chief Financial Officer ('CFO') and Chief Operations Officer ('COO'), are ARYZTA Board members and are also members of the Origin Board. Pat Morrissey, ARYZTA General Counsel, Company Secretary and Chief Administrative Officer ('CAO') is also Company Secretary of Origin.

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 2014:
CHF 7,274,418,690 or €5,995,884,496 based on 88,174,772 registered shares (i.e. disregarding 3,635,762 treasury shares) and closing prices of CHF 82.50 or €68.00 per share.

Stock market capitalisation as of 31 July 2013:
CHF 5,044,846,528 or €4,079,937,017 based on 88,119,590 registered shares (i.e. disregarding 3,690,944 treasury shares) and closing prices of CHF 57.25 or €46.30 per share.

Origin Enterprises plc

Name and domicile:	Origin Enterprises plc, Dublin 8, Ireland
Holding:	ARYZTA Group has a 68.1% 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 2014:
€1,045,135,315 based on 125,165,906 ordinary shares and closing price of €8.35 per share.

Stock market capitalisation as of 31 July 2013:
€830,994,930 based on 138,499,155 ordinary shares and closing price of €6.00 per share.

1.1.2 Non-listed companies of the ARYZTA Group

Details of the significant subsidiaries and associated companies of ARYZTA (being their company names, domicile, share capital, and the Company's participation therein) are set out in note 35 of the ARYZTA Group consolidated financial statements for 2014 on page 147.

Corporate Governance Report (continued)

1.2 Significant shareholders
As at 31 July 2014, 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 2014	**Number of shares % 2014**	Number of shares 2013	Number of shares % 2013
ARYZTA Treasury shares	**3,635,762**	**3.96%**	3,690,944	4.02%
MassMutual	**2,799,110**	**3.05%**	2,799,110	3.05%

Any significant shareholder notifications during the year and since 31 July 2014 are available from the Group's website at:
www.aryzta.com/investor-centre/shareholder-notifications.aspx.

1.3 Cross-shareholdings
The ARYZTA Group 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 the ARYZTA Group exceeding five percent of the voting rights in ARYZTA.

2 Capital structure

2.1 Capital
The registered share capital of the Company amounts to CHF 1,836,210.68 and is divided into 91,810,534 registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-up.

2.2 Authorised and conditional capital
ARYZTA has no conditional share capital.

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 183,621.06 (through the issue of up to 9,181,053 registered shares). Authority for this purpose expires on 10 December 2015.

The Board has the power to determine the issue price, the period of entitlement to dividends and the type of consideration or the contribution 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 those shares: (1) for acquisitions, subject to a maximum of 9,181,053 registered shares; (2) to broaden the shareholder constituency, subject to a maximum of 4,590,526 registered shares; or (3) or for the purposes of employee participation, subject to a maximum of 3,060,351 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.

Corporate Governance Report (continued)

2.3 Changes in capital

Trading in ARYZTA shares on the SIX Swiss Exchange and the Irish Stock Exchange commenced in August 2008.

The subsequent changes in share capital, treasury shares and the allocation of treasury shares to awards granted in connection with the ARYZTA Long-Term Incentive Plans (Matching Plan and Option Equivalent Plan) are as follows:

	Nominal value CHF	Shares in issue	Shares outstanding	Treasury shares	Matching Plan Allocation	Option Plan Allocation	Unallocated Treasury shares
Issuance of shares on formation of ARYZTA	0.02	78,940,460	78,940,460	–	–	–	–
Issuance of shares to subsidiary	0.02	2,240,000	–	2,240,000	–	–	2,240,000
Treasury share disposal		–	5,641	(5,641)	–	–	(5,641)
Granting of LTIP awards		–	–	–	1,035,000	–	(1,035,000)
As of 31 July 2009		**81,180,460**	**78,946,101**	**2,234,359**	**1,035,000**	**–**	**1,199,359**
Issuance of shares on acquisition of Fresh Start Bakeries	0.02	3,864,335	3,864,335	–	–	–	–
Forfeitures of LTIP awards		–	–	–	(60,000)	–	60,000
Granting of LTIP awards		–	–	–	–	1,200,000	(1,200,000)
As of 31 July 2010		**85,044,795**	**82,810,436**	**2,234,359**	**975,000**	**1,200,000**	**59,359**
As of 31 July 2011		**85,044,795**	**82,810,436**	**2,234,359**	**975,000**	**1,200,000**	**59,359**
Vesting of LTIP awards		–	975,000	(975,000)	(975,000)	–	–
Issuance of shares to subsidiary	0.02	2,513,500	–	2,513,500	–	–	2,513,500
Granting of LTIP awards		–	–	–	944,250	1,569,250	(2,513,500)
Forfeitures of LTIP awards		–	–	–	(194,250)	(259,250)	453,500
Issuance of shares to broaden the shareholder constituency	0.02	4,252,239	4,252,239	–	–	–	–
As of 31 July 2012		**91,810,534**	**88,037,675**	**3,772,859**	**750,000**	**2,510,000**	**512,859**
Granting of LTIP awards		–	–	–	222,750	222,750	(445,500)
Exercise of LTIP awards		–	81,915	(81,915)	–	(370,000)	288,085
Forfeitures of LTIP awards		–	–	–	(246,750)	(123,250)	370,000
As of 31 July 2013		**91,810,534**	**88,119,590**	**3,690,944**	**726,000**	**2,239,500**	**725,444**
Exercise of LTIP awards		–	55,182	(55,182)	–	(115,000)	59,818
Forfeitures of LTIP awards		–	–	–	(3,000)	(29,000)	32,000
As of 31 July 2014		**91,810,534**	**88,174,772**	**3,635,762**	**723,000**	**2,095,500**	**817,262**

Of the 91,810,534 registered shares, 88,174,772 are outstanding and 3,635,762 are classified as treasury shares. As of 31 July 2014, 817,262 of the treasury shares remain unallocated.

Corporate Governance Report (continued)

2.4 Shares and participation certificates

ARYZTA's capital is composed of registered shares only. As at 31 July 2014, ARYZTA has 91,810,534 fully paid-up, registered shares (including 3,635,762 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.

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[2] Depository Interests ('CDIs')[3].

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. However, CDI holders do maintain an interest in the shares represented by the CDIs.

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.

2 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.

3 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)

To facilitate voting by CDI holders, the Company has 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.

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 that 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 a 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.

Corporate Governance Report (continued)

2.7 Convertible bonds, warrants and options

As of 31 July 2014, ARYZTA has not issued any convertible bonds or warrants.

As of 31 July 2014, a total of 723,000 Matching Plan awards and a total of 2,095,500 Option Equivalent Plan awards granted to executives and senior management remain outstanding, subject to fulfilment of predefined vesting conditions in connection with these ARYZTA Long Term Incentive Plans.

Please refer to the Compensation Report on pages 47 to 56 of this Annual Report for further information pertaining to the vesting of Matching Plan and Option Equivalent Plan awards granted as an element of Executive Management compensation.

3 Board of Directors

3.1 Members of the Board of Directors

At 31 July 2014, the Board of ARYZTA consists of three executive directors and eight 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
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.

Charles Adair (1951, American)
Non-executive member
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 the formation of BMO's initial 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 35 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.

Hugh Cooney (1952, Irish)
Non-executive member
Bachelor of Commerce from University College Dublin, Fellow of the Association of Chartered Certified Accountants
Hugh Cooney is a Certified Accountant with more than 40 years' experience working with a number of major professional advisory firms, including NCB Corporate Finance, Arthur Andersen and BDO in Ireland. He retired from practice in 2008 and is now a consultant with KPMG, Ireland, and a non-executive director of Aon MacDonagh Boland Group (since 2008) and Bio-Medical Research Limited (since 2012), all Irish companies. He became a member of the ARYZTA Board of Directors in December 2011.

Corporate Governance Report (continued)

J. Brian Davy (1942, Irish)
Non-executive member
Bachelor of Commerce from University College Dublin
Brian Davy is Chairman of Davy, Ireland's leading provider of stockbroking, wealth management and financial advisory services, and the sponsor of ARYZTA on the Irish Stock Exchange. He graduated from University College Dublin with a Bachelor of Commerce Degree and has spent his entire working career in building up the business and executive team of Davy, where he has worked since 1965. He is a former director of the Irish Stock Exchange and Arnotts plc. He 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.

Shaun B. Higgins (1950, American)
Non-executive member
Bachelor of Business Administration, Public Accounting, Pace University, New York; Advanced Management Program from INSEAD, in addition to executive programs at Harvard, Columbia, Duke and IMD
Shaun B. Higgins qualified as a Certified Public Accountant while training and working with Ernst & Young, New York, USA, from 1972 to 1977. He worked in the beverage industry from 1977 to 2008, holding various senior finance and operating positions in the Coca-Cola and Seven-Up bottling enterprises in North America and Europe, culminating in the position of Executive Vice President and European President of Coca-Cola Enterprises, Inc. Shaun B. Higgins is a member of the Advisory Board of Carmine Labriola Contracting Corp., and an operating partner of Marvin Traub Associates. He is also a Fellow of the National Association of Corporate Directors. He became a member of the ARYZTA Board of Directors in December 2011.

Owen Killian (1953, Irish)
CEO and executive member
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. He has also served as the Chairman of the Origin Board of Directors since 2008.

Corporate Governance Report (continued)

Patrick McEniff (1967, Irish)

CFO/COO and executive member

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

Patrick McEniff joined IAWS Group plc after its listing on the Irish Stock Exchange in 1989 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 and in 2012 was also appointed as COO of the Group. He has also served as a member of the Origin Board of Directors since 2008.

Andrew Morgan (1956, English)

Non-executive member

Bachelor of Arts from the University of Manchester

Andrew Morgan has more than 25 years with Diageo Plc including most recently seven years as President Diageo Europe. Diageo is the world's leading premium drinks business and a FTSE top 10 company. Mr. Morgan also spent eight years with the Gillette Company in a number of sales and marketing roles. He has held a succession of marketing, strategy and general management positions with Diageo and has lived in London, Athens, Madrid and Barcelona, as well as managing emerging markets in Latin America, Asia and Africa. Mr Morgan is also a member of the Global Advisory Board of British Airways, and was a recent President of AIM, the European Consumer Goods Companies Association. He is also a member of the Council of the University of Leicester and is Chairman of the Centre for International Business and Management at Cambridge University. He became a member of the ARYZTA Board of Directors in December 2013.

Götz-Michael Müller (1948, German)

Non-executive member

Diplom-Kaufmann Westfälische Wilhelms-Universität, Münster, Germany

Götz-Michael Müller has 30 years' experience working in fast-moving consumer goods companies in Germany. He worked from 1975 to 1996 with Kraft Foods (formerly Kraft Jacobs Suchard) in various marketing and management positions, culminating in the role of Executive Vice-President and Area Director for Kraft Jacobs Suchard, Germany. From 1997 to 2001, he served as member of the executive management (Vice-President of marketing & sales) with Brauerei Beck & Co, Bremen, Germany, and from 2001 to 2003 as Managing Director Germany, Coca-Cola GmbH, Berlin, Germany. From 2006 to 2007, Götz-Michael Müller served as a member of the Board of SIG Combibloc AG (previously SIG Holding AG), Schaffhausen, Switzerland. He is a member of the "Wissenschaftliche Gesellschaft für Marketing und Unternehmensführung" (Academic Society for Marketing and Business Leadership) at the University of Münster, Germany, and the Advisory Board of the Bremen branch of Deutsche Bank, Germany. He became a member of the ARYZTA Board of Directors in December 2011.

Corporate Governance Report (continued)

Wolfgang Werlé (1948, German)
Non-executive member
Wolfgang Werlé has held several positions within the Food and Beverage and Services industries including President and CEO of Gate Gourmet International from 1992 to 1995 and as President and CEO of SAir Relations from 1996 to 2001, both within the Swissair/SAir-Group. From 2001 to 2008, he then served as CEO and Delegate of the Board of Hiestand International and from 2007 to 2008 as Chairman of Hiestand Holding AG. He also served as a member of the Board of Directors of ARYZTA AG from August 2008 to December 2008. He has also served on the Board of Schweizerische Post/Swiss Post Services from 2002 to 2010 and as a member of the Board of Directors of Grand Resort Bad Ragaz since 2005 and of Cat Holding AG since 2012. He became a member of the ARYZTA Board of Directors in December 2012.

John Yamin (1956, American)
CEO of the Americas and executive member
Bachelor of Science from Skidmore College, NY
John Yamin has over 30 years of experience working in the food service industry across North America. He held various executive positions at Starbucks Coffee Company and Caravali Coffee, Inc. from 1994 to 2002. From 1980 to 1994, he held executive management roles at Marriott Corporation, ARAMARK Services and Louise's Trattoria, Inc. In 2002, he joined La Brea Bakery, Inc. as Senior Vice president of Brand Development, which culminated into the Chief Executive Officer role in 2003. He is a member of the Garden School Foundation Board of Directors as well as a fellowship member of the Culinary Institute of America. He became a member of the ARYZTA Board of Directors in December 2013.

Pat Morrissey (1965, Irish)
Secretary to the Board
Group General Counsel, Company Secretary and CAO
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 and effective August 2013 was appointed CAO of ARYZTA. 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. There were no related-party transactions between the ARYZTA Group and Board members during the year ended 31 July 2014 (2013: none).

3.3 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. To date, the term of office has corresponded to the maximum term legally allowed, but has not exceeded three years. By virtue of the Ordinance, all directors will be subject to annual election by the General Meeting.

3.4 Internal organisational structure

3.4.1 Allocation of tasks within the Board of Directors

The Board has adopted Organisational Regulations that define the essential roles and responsibilities of the Board, the Chairman, the Committees of the Board and Executive Management. To date the office of Chairman, together with membership of the Committees of the Board and the Chair thereof, have been determined annually by the Board, following the Annual General Meeting, in accordance with the Organisational Regulations, which 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 and are available on the ARYZTA website at www.aryzta.com/about-aryzta/corporate-governance.aspx.

As of 31 July 2014, these Committees are comprised as follows:

	Audit Committee	Nomination & Remuneration Committee
Denis Lucey (Chairman)		X
Charles Adair		X
Hugh Cooney	X	
J. Brian Davy		X[1]
Shaun B. Higgins	X[1]	
Owen Killian (CEO)		
Patrick McEniff (CFO/COO)		
Andrew Morgan	X	
Götz-Michael Müller		
Wolfgang Werlé	X	
John Yamin (CEO of the Americas)		

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

From 1 August 2013 until the Annual General Meeting on 10 December 2013, the Audit Committee was comprised of three non-executive directors, namely Shaun B. Higgins (Chairman), Hugh Cooney and Wolfgang Werlé. From 10 December 2013 through to 31 July 2014, the Audit Committee is comprised of four non-executive directors, namely Shaun B. Higgins (Chairman), Hugh Cooney, Andrew Morgan and Wolfgang Werlé. Each of these directors is considered by the Board to be independent in judgement and character. In the 2014 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 consolidated financial statements 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 they, as well as the CFO/COO, regularly attend meetings of the Audit Committee by invitation.

In financial year 2014, 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 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; and
- the arrangements by which staff may, in confidence, raise concerns about possible fraud.

Nomination and Remuneration Committee

As of 31 July 2014, the Nomination and Remuneration Committee is comprised of three non-executive directors namely J. Brian Davy (Chairman), the Company Chairman, Denis Lucey and Charles Adair. Each of these directors is considered by the Board to be independent in judgement and character. In financial year 2014, the Nomination and Remuneration Committee met three times and the average duration of the meetings was approximately two hours.

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. The Group's remuneration policy for executive and non-executive directors and details of directors' remuneration are contained in the Compensation Report on pages 47 to 56 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
Six Board meetings were held during the year. The average duration of regular Board meetings was approximately five hours. In addition, the Board held a two-day meeting during the year to consider ARYZTA Group strategy and inspected Group bakeries, kitchens and facilities in North America over a five-day period. At each meeting, the Chairs 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)	6	6			3	3
Charles Adair	6	6			3	3
Hugh Cooney	6	5	4	3		
J. Brian Davy	6	6			3	3
Shaun B. Higgins	6	6	4	4		
Owen Killian	6	6				
Patrick McEniff	6	6				
Andrew Morgan	4	4	2	2		
Götz-Michael Müller	6	6				
Wolfgang Werlé	6	6	4	4		
John Yamin	4	4				

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. 716a 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 executive management; and
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-up 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; and
- To execute the agreements pursuant to art. 12, 36 and 70 of Swiss merger law.

Corporate Governance Report (continued)

The Board has delegated responsibility for the day-to-day management of the Group, through the CEO, to Executive Management to the extent allowed by Swiss law.

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/COO 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/COO 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 Swiss law.

The ARYZTA Internal Audit function reports directly to the Audit Committee and to the Group General Counsel, Company Secretary and CAO. Internal Audit may audit all Group activities and regularly meets with Group Executive Management. Internal Audit discusses 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 Group consolidated financial statements and the Company financial statements), conduct their audits in compliance with the auditing standards referenced in their respective opinions.

4 Group Executive Management

For financial year 2013, Group Executive Management consisted of Owen Killian (Group CEO), Patrick McEniff (Group CFO/COO) and Pat Morrissey (Group General Counsel, Company Secretary and CAO).

For financial year 2014, Group Executive Management included the three individuals above, as well as John Yamin (CEO of the Americas).

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

Details of Executive Directors and the Company Secretary are included in Section 3.1.

5 Compensation, shareholdings and loans

Please refer to note 10 of the ARYZTA AG Company financial statements on pages 157 to 161 for details of Board members' shareholdings and to the Compensation Report on pages 47 to 56 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 the ARYZTA Group to members of the Board of Directors or to Executive Management during the financial year, or were outstanding at 31 July 2014 (2013: none).

Corporate Governance Report (continued)

6 Shareholders' participation

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

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

6.2 Statutory quorums
Pursuant to Article 14 of the Articles of Association, resolutions at the General Meeting calling for a quorum of at least two-thirds of the votes represented are required for:
– The cases listed in art. 704 para. 1 CO and in art. 18 and 64 Merger Act;
– The easement or abolition of the restriction of the transferability of registered shares;
– The conversion of bearer shares into registered shares; and
– 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 and on the Group's homepage (www.aryzta.com) 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 on the agenda. One or more registered shareholders who 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.

Corporate Governance Report (continued)

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 Article 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 47 to 56 of this Annual Report.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor

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 2013 AGM, PricewaterhouseCoopers AG, Zurich, was re-elected as statutory auditor and Group auditor for the 2014 financial year.

8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in financial year 2014 amounted to €2,867,000. Of these fees, €307,000 were charged to Origin Enterprises plc.

The total audit and audit-related fees charged by the Group auditors in the financial year 2013 amounted to €2,532,000. Of these fees, €277,000 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 to ensure their independence is maintained. In order to achieve this, 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 of 100% of the audit fee for the current year. This is subject to the requirement that all contracts for specific pieces of non-audit work with fees exceeding €250,000 be 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, the Group CFO notifies the Chairman of the Audit Committee in advance of such a contract being awarded.

Fees for additional services rendered by the auditors to the ARYZTA Group in financial year 2014 totalled €2,124,000 (2013: €1,900,000). The largest portion of these fees related to tax return preparation or review in over 20 countries, covering more than 100 legal entities. Of these fees, €12,000 (2013: €6,000) were charged to Origin Enterprises plc.

Corporate Governance Report (continued)

Auditor's remuneration

in EUR `000	2014	2013
– Auditor's remuneration for audit and audit-related services	**2,867**	2,532
– Auditor's remuneration for tax compliance and related services	**988**	1,214
– Auditor's remuneration for tax consulting services	**977**	686
– Auditor's remuneration for advisory services	**159**	–
	4,991	4,432

– Total other fees / Audit and audit-related services	**74%**	75%
– Tax consulting or advisory services / Audit and audit-related services	**40%**	27%

8.4 Information tools pertaining to the external audit

PricewaterhouseCoopers presents to the Audit Committee a detailed report on the results of the 2014 Group consolidated and Company financial statement audits, the findings on significant financial accounting and reporting issues, as well as the findings on the Group's internal control system ('ICS').

In financial year 2014, both PricewaterhouseCoopers and the Group Head of Internal Audit participated in all four Audit Committee meetings. Other members of the Group Executive Management attended the meetings as invited. In addition, the Group Head of Internal Audit regularly met with the Chairman of the Audit Committee for interim updates.

On an annual basis, the Board of Directors reviews the selection of the auditors, in order to propose their appointment to the Annual 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.

During meetings of the Audit Committee, audit and non-audit-related fees to be charged by PricewaterhouseCoopers during the year 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-quarter trading update, half-year results, third-quarter trading update and full-year results (including the Annual Report) on the occasion of its quarterly announcement cycle (see details on page 45). These quarterly announcements are each accompanied by a news release. Additionally, a presentation and conference call, which is broadcast live on the internet (webcast) and which anyone can choose to access, whether a shareholder or not, are held on a half-yearly basis, or as deemed necessary by the Board. 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 be automatically alerted 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 Group 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. ARYZTA has appointed a dedicated communications 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 subsequent to such quarterly announcements should e-mail the Group's Communications Officer (see details on page 45). 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 that 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. The Group also communicates with analysts and stockbrokers who follow ARYZTA to facilitate third-party research on the Group. 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, agreements and alliances using the methods outlined above.

Corporate Governance Report (continued)

Investor relations contact details

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Communications Officer

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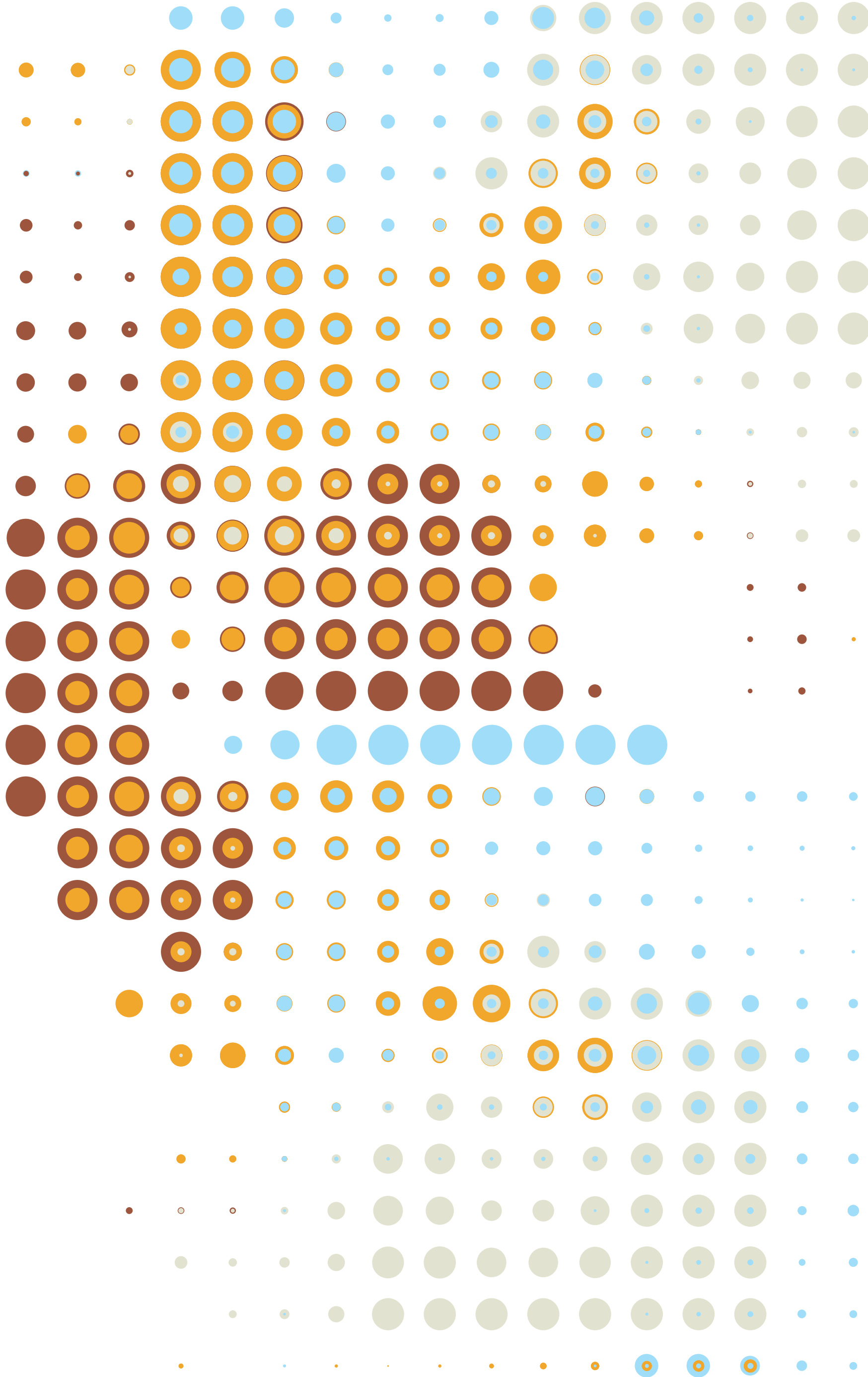
Key dates to December 2015

Announcement of the 2014 annual results	29 September 2014
Issue of the 2014 annual report	6 October 2014
First-quarter trading update	2 December 2014
Annual General Meeting 2014	2 December 2014
Payment of dividend	2 February 2015
Announcement of half-year results 2015	16 March 2015
Third-quarter trading update	2 June 2015
Announcement of the 2015 annual results	28 September 2015
Issue of the 2015 annual report	5 October 2015
First-quarter trading update	2 December 2015
Annual General Meeting 2015	2 December 2015



Annual Report and Accounts 2014
Compensation Report

Compensation Report 2014

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.

ARYZTA's remuneration tools, in particular the ARYZTA Long-Term Incentive Plan ('LTIP'), are key instruments in this regard. These remuneration tools are designed to focus management on the delivery of ARYZTA's key corporate goals, over the long-term and the short-term, as set by the Board and communicated to the market through ARYZTA's investor relations activities.

As in prior years, the Board will submit this Compensation Report to a separate advisory vote of the shareholders at the ARYZTA 2014 Annual General Meeting ('AGM').

Context
The Food Group has undergone a substantial repositioning since ARYZTA was first listed in 2008. It bears little operational resemblance to what it was initially and the Food Group is now the largest global speciality bakery business.

Since 2009, Food Group Revenue has increased by 98%, Food Group EBITA has increased by 138%, and ARYZTA Underlying Earnings per Share has increased by 80%.

As part of this repositioning, the Food Group has:

- created an integrated customer centric business;
- rolled out a single-instance global ERP system;
- invested in the ARYZTA Transformation Initiative ('ATI') to support our objective of achieving 15% ROIC on FY 2011 underlying Food net assets (EUR 3.0bn); and
- established ARYZTA Business Services ('ABS') shared centres of excellence to support the Group's customer centric strategy.

With substantial completion of the ATI programme, our immediate focus is to unlock additional revenue growth from our customer centric teams, while continuing to leverage our bakery infrastructure and fully integrate recent acquisitions.

Future Compensation Process
Financial year 2014 marks the conclusion of the performance period applicable to the most recent round of LTIP awards and also coincides with the coming into force of the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations ('the Ordinance'), subject to certain transitional provisions.

Against the backdrop of continued on-going transformation within ARYZTA and transition to the requirements of the Ordinance, the Board is implementing certain changes to the Group's compensation process. Accordingly, the Board intends to propose amendments to the Articles of Association at the 2014 AGM, which meet the requirements of the

Compensation Report (continued)

Ordinance and current corporate governance and compensation best practices. On the basis that the amendments to the Articles of Association will be adopted as proposed, the 2015 AGM will vote:

– with binding effect, on the compensation of (i) Executive Management for the following financial year (i.e. FY 2017) and (ii) the Board of Directors until the next AGM (i.e. 2016 AGM); and
– on an advisory basis, on the Compensation Report for the preceding year (i.e. FY 2015).

Likewise, the 2016 AGM will vote:
– with binding effect, on the compensation of (i) Executive Management for the following financial year (i.e. FY 2018) and (ii) the Board of Directors until the next AGM (i.e. 2017 AGM); and
– on an advisory basis, on the Compensation Report for the preceding year (i.e. FY 2016).

While continuing to compensate, incentivise and focus Executive Management by utilising a blend of (i) basic salary and benefits (ii) short-term performance-related bonus and (iii) long-term incentives (LTIP), changes in how aspects of these tools are employed are being introduced immediately.

LTIP – what is not changing?
The essential terms of ARYZTA's LTIP tools, which the Board believes have served the business and the shareholders well, are not changing. Accordingly, the vesting of future awards under the Matching Plan and the Option Equivalent Plan will continue to be subject to current rules, including:
– EPS growth hurdles – (minimum 10% CAGR over 3 years in the case of the Matching Plan and CPI plus 5% in the case of the Option Equivalent Plan);
– ROIC to exceed WACC;
– Dividend maintenance; and
– Employment continuation.

Likewise, the dilutive control rules of no more than 10% over ten years and no more than 3% over three years will continue to apply.

LTIP – what is changing?
The major substantive change stemming from the coming into effect of the new Ordinance in this context is that shareholders will vote annually, with binding effect, on the maximum aggregate compensation for Executive Management. The detail around this new approval process will be defined in the amendments to the Articles of Association to be voted on at the December 2014 AGM. In the meanwhile, in light of developments in corporate governance, future LTIP awards will be subject to a two year retention period. This new two year retention period would commence at the end of the three year performance period and, during the retention period, forfeiture/clawback will apply in the event of material misstatement of financial statements or serious reputational damage to ARYZTA as a result of participant misconduct.

Compensation Report (continued)

Other changes in remuneration-related matters being introduced in FY 2015 include:
– change in how the short-term performance-related bonus for Executive Management is determined, with discontinuation of the 'Underlying' concept (comparing to the ROI of FY 2011) and instead determined by reference to incremental gains in Food Group Reported ROIC, adjusted for the impact of currency movements and acquisitions/disposals; and
– introduction of employment contracts for Executive Management with maximum notice periods of 12 months and a cap on post-contractual competition restrictions of one year (with compensation for such commitments accordingly capped at the executive's most recent annual compensation).

These matters will be addressed in further detail in the 2014 AGM documentation and the FY 2015 Compensation Report.

Compensation process – FY 2014
As in prior years, for financial year 2014 the Nomination and Remuneration Committee of the Board ('NRC') was 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 CEO.

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 the next Board meeting following each meeting of the NRC. The CEO attends meetings of the NRC by invitation only.

The cost of the LTIP has been controlled through dilution control rules (no more than 10% over ten years and no more than 3% over three years) and by the fact that rights generally vest only after accounting for the cost of the award (per IFRS 2, Share-based Payment). The NRC has controlled the level of participation by individuals within these prescribed limits. The NRC has also controlled the maximum level of the short-term performance-related bonus for Executive Management, which was capped at 100% of base salary.

Compensation Report (continued)

Compensation to members of the Board of Directors – FY 2014
For financial year 2014, the NRC determined, at its discretion, the level of yearly fees and additional compensation payable to each executive and non-executive Board member for service (i) on a Board Committee and (ii) for the Chair thereof.

Non-executive board members were paid a yearly fee (CHF 88,000), reflecting the time commitment and responsibilities of the role. Additional compensation for non-executive directors for service on a Board Committee was CHF 8,000 and CHF 16,000 for the Chair thereof. Non-executive Board members were not eligible for performance-related payments and did not participate in the LTIP. Executive directors received no additional compensation for their role as a board member.

The following table reflects the direct payments received by Board members during the years ended 31 July 2014 and 2013. Fluctuations in amounts received are reflective of the changing roles and responsibilities held by the individual directors, during each respective year.

in CHF `000	**Direct payments year ended 31 July 2014**	Direct payments year ended 31 July 2013
Denis Lucey	**323**	323
Charles Adair	**96**	96
Hugh Cooney	**96**	96
J Brian Davy	**104**	104
Shaun B. Higgins	**104**	104
Owen Killian	**–**	–
Patrick McEniff	**–**	–
Andrew Morgan[1]	**62**	N/A
Götz-Michael Müller	**88**	88
William Murphy[2]	**N/A**	35
Hans Sigrist[2]	**N/A**	32
Wolfgang Werlé[2]	**96**	62
John Yamin[1]	**–**	N/A
Total	**969**	940

1 Effective 10 December 2013 A. Morgan and J. Yamin were elected to the Board.

2 The terms of office as Members of the Board of Directors of H. Sigrist and W. Murphy expired on 11 December 2012, and on that date W. Werlé was elected to the Board.

Compensation Report (continued)

Compensation to members of the Executive Management
The elements of the remuneration package for Executive Management for financial year 2014 comprised:

– 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).

As per page 40 of the Corporate Governance Report, for the financial year 2013, Group Executive Management consisted of Owen Killian (Group CEO), Patrick McEniff (Group CFO/COO) and Pat Morrissey (Group General Counsel, Company Secretary and CAO).

For financial year 2014, Group Executive Management included the three individuals above, as well as John Yamin (CEO of the Americas).

The highest total compensation in financial year 2014 was earned by Owen Killian, and his total remuneration is disclosed separately in the table below.

in CHF `000	**Total Executive Management 2014**	**Owen Killian 2014**	Total Executive Management 2013	Owen Killian 2013
Basic salaries	**3,234**	**1,277**	2,645	1,277
Benefits in kind	**241**	**83**	171	83
Pension contributions	**423**	**192**	397	192
Performance-related bonus	**3,234**	**1,277**	1,617	780
Long-term incentives (LTIP)	**8,420**	**3,312**	4,230	2,007
Total compensation paid to members of ARYZTA Executive Management	**15,552**	**6,141**	9,060	4,339
Average total compensation per member of ARYZTA Executive Management	**3,888**		3,020	

The compensation to members of Executive Management includes compensation for their roles as members of the Board or Company Secretary of ARYZTA 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 financial year 2014.

Compensation Report (continued)

Executive Management basic salary and benefits
For financial year 2014, the basic salary of Executive Management was reviewed by the NRC with regard to personal performance and corporate goals. When reviewing Executive Management's 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
For financial year 2014, the short-term performance-related bonus for Executive Management was determined by reference to incremental gains in Food Group Underlying ROIC, as shown below. This measurement is based on the net assets of the Food Group business that existed as of 31 July 2011, using currency rates consistent with 2011, excluding net assets and historical EBITA levels of acquisitions completed after 1 August 2011 and adding back asset impairments (unless recovered once the assets are disposed).

Subject to a minimum incremental increase in Underlying ROIC of 50 bps being achieved during the year, Executive Management and other senior executives throughout the Group earn a percentage of their set target bonus, based on the corresponding gain in Food Group Underlying ROIC. The short-term performance-related bonus for Executive Management was capped at 100% of basic salary.

The Food Group Underlying ROIC for the year ended 31 July 2014 was 14.2%. This represents an increase of 120 bps during the year, compared to the Food Group Underlying ROIC of 13.0% for FY 2013. The relevant increases in Underlying ROIC in prior years were 80 bps for FY 2013 and 110 bps for FY 2012, when compared to the FY 2011 Reported ROIC of 11.1%, which serves as the baseline for the Underlying ROIC calculation, as shown below.

in EUR million	2011	2012	2013	2014
Underlying ROIC				
Underlying net assets	3,004	2,901	2,797	**2,915**
EBITA & associates / JVs cont.	332	353	364	**416**
Underlying ROIC	11.1%	12.2%	13.0%	**14.2%**
Reported ROIC				
Reported net assets	3,004	3,315	3,447	**4,357**
EBITA & associates / JVs cont.	332	376	426	**524**
Reported ROIC	11.1%	11.3%	12.4%	**12.0%**

As of 31 July 2014, and for the comparative periods shown, the definition of 'Net Assets' has been refined to be presented net of non-cash deferred tax liabilities on intangible assets from acquisitions (FY 2014: €246.7m, FY 2011: €251.7m). These deferred tax liabilities represent a notional non-cash tax impact, which in turn gave rise to a related increase in goodwill upon acquisition. Therefore, inclusion of these deferred tax liabilities within net assets allows for a direct offsetting of these impacts, so that the net assets used for return on investment calculations more closely approximate the consideration transferred.

This refinement had no impact on the Underlying ROIC incremental movements since FY 2011 or on the associated management compensation calculations.

Compensation Report (continued)

With substantial completion of the ATI programme and to provide greater transparency, the short-term performance-related bonus for Executive Management for FY 2015 will be determined by reference to incremental gains in Food Group Reported ROIC, adjusted for the impact of currency movements and acquisitions/disposals – i.e. the 'Underlying' ROIC concept of comparing to FY 2011 will be discontinued.

Executive Management Long-term Incentive Plan (LTIP)
While the LTIP is connected with EPS growth, EPS growth is not an isolated end in itself. The underlying goal is to drive the development of an international business capable of sustainable growth and the delivery of significant value for shareholders. This is supported through adherence to prudent capital discipline and ARYZTA's intent to maintain investment-grade credit status.

In addition, for LTIP awards to vest, Food Group Return on Invested Capital ('Food Group ROIC') over the performance period must exceed the Food Group Weighted Average Cost of Capital ('WACC') and the Board must continue to recommend adherence to the ARYZTA dividend policy that the payout ratio be based on 15% of underlying fully diluted EPS, throughout the performance period.

ROIC is reported to investors in conjunction with the announcement of annual and half-year results and is presented on a Group and segmental basis. As presented on page 18, the Food Group ROIC reported for the year ended 31 July 2014 was 12.0% (2013: 12.4%).

WACC is determined as a blend of the Food Group's deemed cost of capital and deemed cost of debt, with each of these components weighted on the basis of the Food Group's debt to equity ratio. WACC is measured annually by an external specialist using standard calculation methodology and is reported to investors in conjunction with the announcement of yearly and half-yearly results. For the year ended 31 July 2014, the Food Group pre-tax WACC was 7.0% (2013: 7.7%).

Benefits under the 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.

The Matching Plan
Participants with Matching Plan awards could earn a multiple of the number of Qualifying Investment Shares held for purposes of the Matching Plan. This multiple is determined on a fractional pro-rata basis ranging from one to three, based on compound annual underlying fully diluted EPS growth (which includes the associated cost of any awards expected to vest) between 10.0% and 15.0%. If the minimum 10% growth target is not achieved, no awards vest.

Compensation Report (continued)

The Option Equivalent Plan
Vesting of awards under the Option Equivalent Plan is conditional on compound annual growth in underlying fully diluted EPS (which includes the associated cost of any awards expected to vest) in three consecutive accounting periods exceeding the compound growth in the Eurozone Core Consumer Price Index, plus 5%, on an annualised basis.

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. The total cost recognised in relation to share-based payments for the financial year 2014 is detailed in note 8 of the Group Consolidated Financial Statements on page 97[1].

LTIP – 10%/ten year dilutive control rule
No more than 10% of share capital may be allocated for issue over its ten year life. No awards may be made under the current LTIP after 31 July 2019.

LTIP – 3%/three year dilutive control rule
No more than 3.0% of share capital may be allocated for issue over any 3 year period.

LTIP as employed in the pursuit of the corporate goals
ARYZTA has employed the Matching Plan and the Option Equivalent Plan to focus pursuit of its corporate goals and financial year 2014 marks the conclusion of the performance period applicable to the most recent round of LTIP awards.

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

Compensation Report (continued)

The vesting of all outstanding Matching Plan awards and the vesting and net exercise of all Option Equivalent Plan awards outstanding (based on the share price of CHF 82.50 on 31 July 2014), plus the impact of any awards that have already been exercised, would result in the following dilution from LTIP awards, as related to of each of these dilutive control rules. Note that the detail presented relates to all awards and is not confined to awards in favour of Executive Management.

	3 year/3% 1 August 2011 to 31 July 2014	10 year/10% 1 August 2008 to 31 July 2014
Shares outstanding at beginning of relevant control period	82,810,436	78,940,460
Matching Plan Awards		
Awards granted in control period and exercised	–	975,000
Awards granted in control period and outstanding	723,000	723,000
Total	723,000	1,698,000
Potential dilution from Matching Plan awards	0.87%	2.11%
Option Equivalent Plan Awards		
Awards granted in control period and exercised	–	137,097
Awards granted in control period and outstanding, net	732,887	1,089,559
Total	732,887	1,226,656
Potential dilution from Option Equivalent Plan awards	0.88%	1.53%
Total potential dilution in control period	1.73%	3.57%
Annualised potential dilution in control period	0.58%	0.60%

The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%. This growth rate exceeded the minimum 10% performance hurdle applicable to Matching Plan awards and yields a multiplier of 1.33 times the number of Qualifying Investment Shares held for purposes of the Matching Plan.

The 10.8% growth rate achieved also exceeded growth in the Eurozone Core Consumer Price Index over the same period of 1.2%, plus 5%. Accordingly, the performance conditions associated with all Option Equivalent Plan awards outstanding as of 31 July 2014 have been met.

As set out above, the LTIP remuneration of Executive Management consists of both Matching Plan and Option Equivalent Plan awards. 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. Awards under the Matching Plan for which the vesting criteria have not been met, (as shown in the following table with respect to Executive Management) lapse and are no longer capable of vesting.

Compensation Report (continued)

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2013	Granted / (exercised) during financial year	Closing position 31 July 2014[1]	Of which Vesting criteria have been fulfilled[1]	Of which Vesting criteria not fulfilled
Executive Management					
Owen Killian	150,000	–	150,000	66,676	83,324
Patrick McEniff	120,000	–	120,000	53,341	66,659
Pat Morrissey	60,000	–	60,000	26,671	33,329
John Yamin	60,000	–	60,000	26,671	33,329
Total	**390,000**	**–**	**390,000**	**173,359**	**216,641**

1 The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%. Accordingly, the performance conditions associated with 321,388 Matching Plan awards (173,359 of which are held by Executive Management) have been fulfilled and are therefore eligible for vesting, pending Nomination and Remuneration Committee approval.

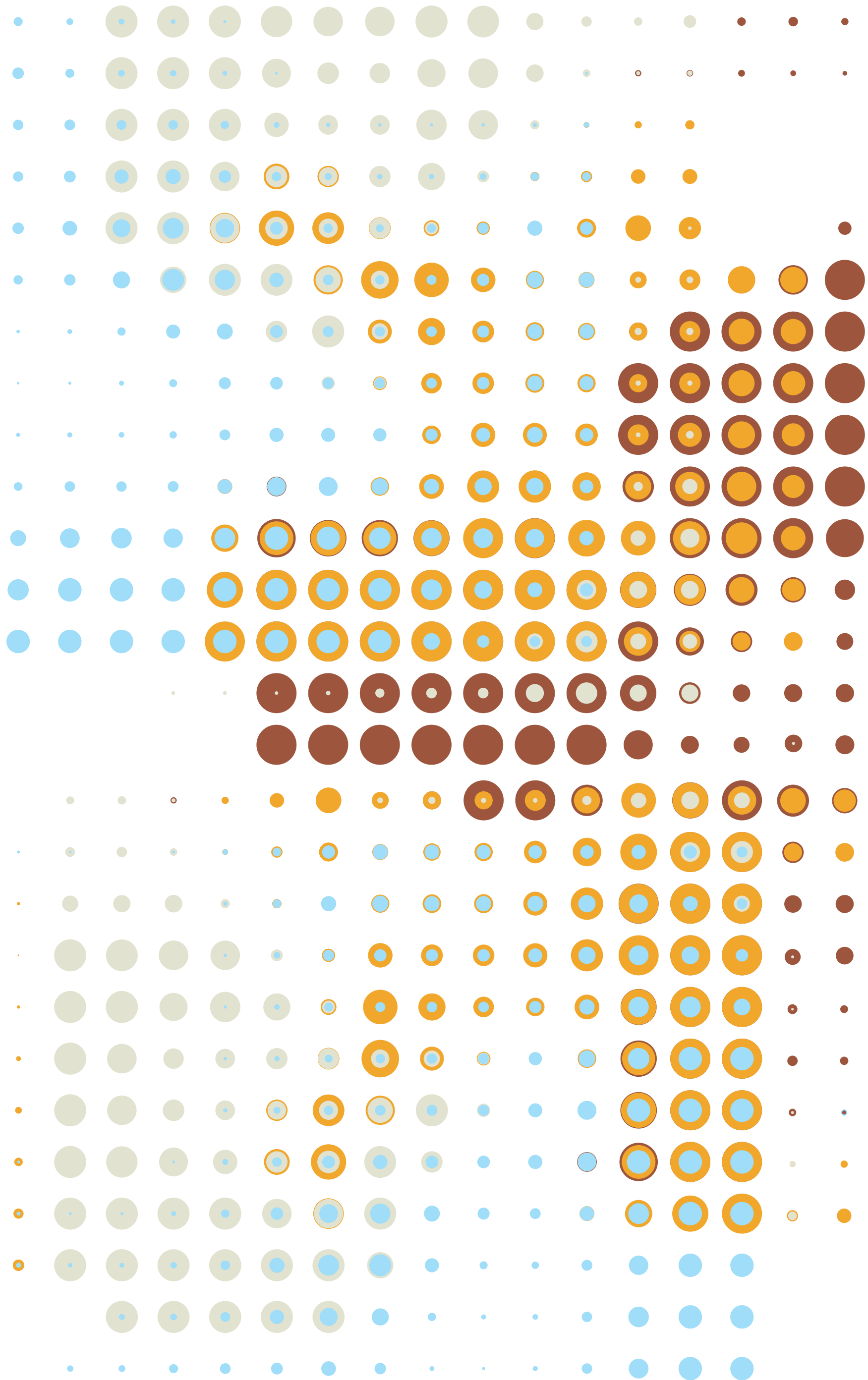
Executive Management Option Equivalent Plan Allocation

	Maximum share allocation carried forward 1 August 2013[2]	Granted / (exercised) during financial year	Closing position 31 July 2014[2]	Of which Vesting criteria have been fulfilled[2]	Of which Vesting criteria not fulfilled
Executive Management					
Owen Killian	750,000	–	750,000	750,000	–
Patrick McEniff	610,000	–	610,000	610,000	–
Pat Morrissey	100,000	–	100,000	100,000	–
John Yamin	60,000	–	60,000	60,000	–
Total	**1,520,000**	**–**	**1,520,000**	**1,520,000**	**–**

2 The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%, which exceeded the growth in the Eurozone Core Consumer Price Index over the same period of 1.2%, plus 5%. Accordingly, the performance conditions associated with all Option Plan awards outstanding as of 31 July 2014 have been met. As a result, 1,445,500 Option Plan awards (970,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval.

650,000 additional Option Plan awards (550,000 of which are held by Executive Management) that remain outstanding as of 31 July 2014 were already fully vested and eligible to be exercised as of the beginning of the year.

The weighted average exercise price of all Option Plan awards, for which the vesting conditions have been met, is CHF 39.59.



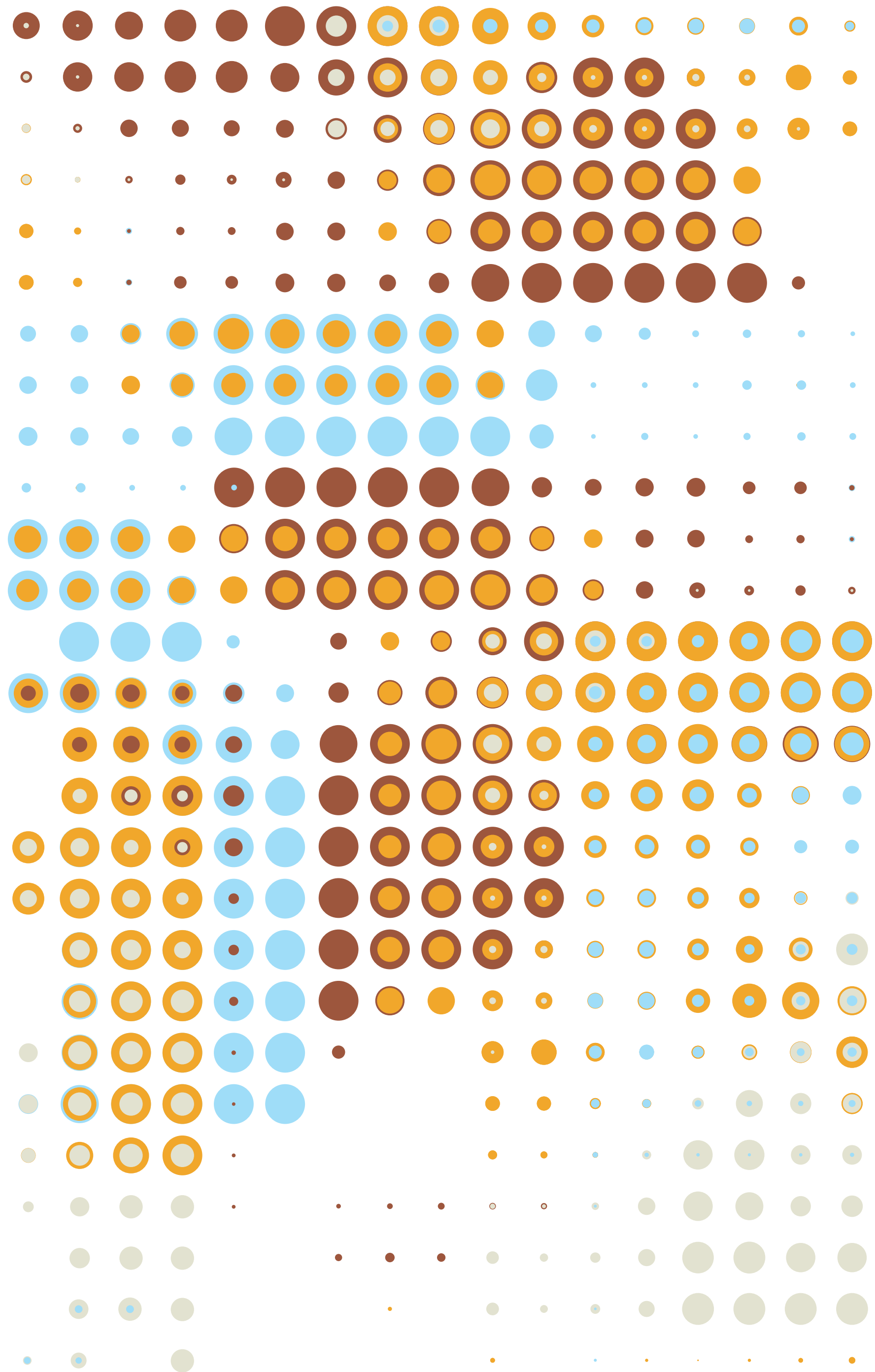
Annual Report and Accounts 2014
Group Risk Statement
Principal Risks and Uncertainties

The Board and senior management continue to invest 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 local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting potential frequency, severity and velocity of identified risks, 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.
– A significant failure in the accounting, planning or internal financial controls and related systems could result in a material error or fraud.
– 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 goodwill, 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 Group-wide ERP system requires substantial investment and monitoring of implementation, and would result in significant costs in the event of a failed implementation.

1 These risks are not listed in order of importance.



Annual Report and Accounts 2014
Our Responsibility

Our Approach
ARYZTA is committed to operating as a financially successful and socially responsible business for the long-term. This requires balancing the organisation's financial strategy and leveraging the Group's global resources to bring about continuous positive change.

As part of the ARYZTA Transformation Initiative, the Group has established the ARYZTA Cares initiative, which is aimed at promoting active employee and supplier engagement in pursuit of our corporate responsibility goals. The key elements of this programme include:

– Environmental Conservation
– Ethical Sourcing
– Supply Chain Excellence
– Employee Appreciation
– Community Engagement

Environmental Conservation
ARYZTA is aware the earth's ecosystems are fragile and that environmental conservation is critical to the continued well-being of the planet, its natural resources and its citizens.

In order to monitor the Group's impact on the environment, key bakery production metrics have been established for monitoring electricity consumption, gas consumption, waste water intensity and overall carbon emissions, which are reported to executive management and the Board of Directors.

The key performance indicator of the success of our ARYZTA Cares initiative is our CO_2 footprint. This CO_2 metric is calculated based on various bakery activity inputs and applying a relevant Green House Gas emission factor to assess the estimated global warming potential of activities directly related to ARYZTA's Food business. These CO_2 metrics and the related calculations are verified annually by an independent third party and will be published separately on our website during the coming financial year.

ARYZTA is an Energy Star Partner and has accepted the Energy Star Challenge to achieve a 10% reduction in CO_2 emissions by 2019.

The Food Group has recently increased the use of trans-modal shipping, in order to reduce fuel consumption and pollution associated with distribution of our products.

When designing and building facilities, ARYZTA incorporates specific LEED principles under the U.S. Green Building Council guidelines, which aim to conserve natural resources, while also providing a healthier and safer environment for employees, lowering operating costs and increasing asset value.

ARYZTA works in partnership with its key international customers in promoting responsible environmental management practices and complies with all applicable industry environmental standards and laws.

Our Responsibility (continued)

Ethical Sourcing

ARYZTA partners with our key suppliers to establish long-term sustainable sources of raw materials that address the social, ethical, economic, safety, quality, and environmental aspects of product sourcing.

During the past year we have begun sourcing only UEP-certified eggs in North America. In Europe, our procurement team recently partnered with wheat farmers to encourage sustainable agricultural practices, including optimising the amount of fertiliser and pesticides used. We also strive to source Fairtrade ingredients and utilise diversity suppliers in sourcing our products.

In order to support the long-term development of sustainable palm oil solutions, ARYZTA purchases and redeems GreenPalm certificates for palm oil, actively promotes improved farming practices and is a global member of the Roundtable on Sustainable Palm Oil (RSPO).

In addition to meeting the stringent sourcing requirements of our international food customers, ARYZTA has established a Global Supplier Code of Conduct and actively audits suppliers utilising internal and external resources to ensure suppliers are compliant with workplace standards, business practices and all local laws and regulations.

Supply Chain Excellence

ARYZTA's commitment to supply chain excellence includes strict supplier standards, comprehensive facility expectations and detailed adherence to customer specifications.

To ensure our food is produced with the highest level of food safety, the Food Group's raw material suppliers must:

– have a recognised Global Food Safety Initiative (GFSI) accreditation
– ensure raw materials are fully traceable back to suppliers
– subject their operations to a risk assessment process in accordance with the ARYZTA Supplier Code of Conduct and Manufacturing Code of Practice
– submit their operations to annual ethical data exchange audits

ARYZTA's food processing facilities operate under comprehensive Hazard Analysis and Critical Control Point (HACCP) systems based on Codex Alimentarius Principles, Good Manufacturing Practice (GMP) and in compliance with applicable food laws and regulations. All relevant internal food safety and quality systems are also certified by independent third-parties.

ARYZTA is committed to our Food Safety, Quality Assurance and Responsible Marketing programmes and has partnered with icix to establish effective and efficient ways to manage these programmes. ARYZTA contributes to various voluntary initiatives on food and product safety by actively engaging with industry associations including the British Retail Consortium, International Featured Standards (IFS-Food and IFS-Logistics), American Institute of Baking (AIB) and the US Food and Drug Administration.

Our Responsibility (continued)

Our products are produced to the exacting specifications of our major international food customers, as well as for the unique expectations of our independent local customers. Excellence within this wide array of supply chain expectations is achieved through partnering with our customers, suppliers and partners and through detailed internal training programmes, to ensure quality control standards are adhered to throughout the entire supply chain process.

Employee Appreciation

ARYZTA recognises that its continued success is dependent on the quality, commitment and responsible behaviour of its people. ARYZTA values diversity and treats all individuals with respect.

In order to attract and retain the most talented workforce possible, the Group provides equal opportunities in recruitment, selection, promotion, employee development, succession planning, training and compensation solely on the basis of merit and business needs and does not discriminate.

The Group has implemented an Employee Code of Conduct, which establishes policies and expectations of employee behaviour, ethics, anti-bribery and corruption, political involvement and collective bargaining. ARYZTA fully complies with applicable national and local laws and industry standards on working hours and workplace environment.

The Group has established a 24/7 hotline with Expo-link (0800 563823) where employees, customers and suppliers can confidentially communicate any concerns through an independent service.

Safety is of paramount importance for ARYZTA, as reflected in our 'Vision Zero' programme, which establishes goals of zero injuries, zero safety incidents and zero tolerance for unsafe behaviour or conditions. These expectations are reinforced through regular internal and external (AIB, OSHA, etc.) audits. The Group pursues comprehensive safety management procedures, including policy manuals, verification of regulatory compliance, risk assessments, individual site action plans, safety audits, training programmes, formal accident investigations and the provision of occupational health services.

During the current year, the Group initiated a European Graduate programme where 33 college graduates from countries across Europe, speaking seven languages joined ARYZTA. The programme includes customised training, coaching, mentoring and sponsorship. The graduates will complete four leadership development modules over the course of their 18-month programme, with the expectation that successful participants will remain employed by the Group at the end of the programme.

As part of the ATI programme, the Group has implemented 'My ARYZTA Connection', a human resources information system used for confidentially retaining and updating employee information, in order to streamline administration and enhance utilisation of employee data on a secure and confidential basis.

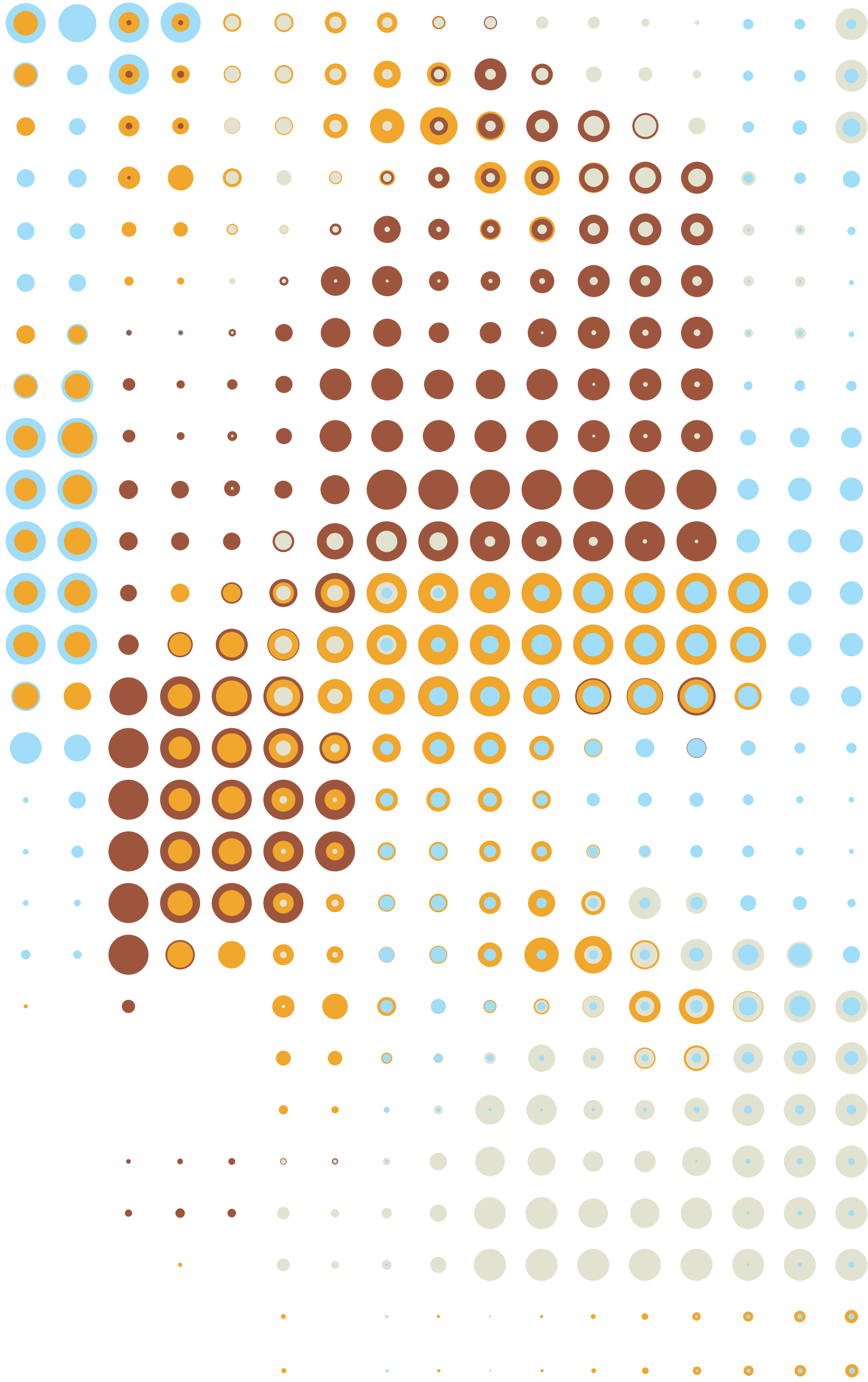
Our Responsibility (continued)

Community Engagement

The Group understands its responsibilities as an important member of the communities in which it operates and encourages its business units to play an active role within them. In addition to providing employment opportunities, the Group aims to make positive contributions to its community by building relationships and earning a positive reputation as a good employer, neighbour and corporate citizen.

The Group believes that donations are the business of the shareholder and has established protocols for philanthropic activities. Employees are also encouraged to contribute their time and talents to causes that are important to them individually.

Through our 'Project Vote' initiative in Brazil, programme managers educated employees on how to evaluate key issues and make voting decisions on matters within their communities. This project was recognised as an employer engagement 'Best Practice' by one of our major customers.



Annual Report and Accounts 2014

Group Consolidated, Company and Food Group Financial Statements 2014

Statement of Directors' Responsibilities
for the year ended 31 July 2014

Company law requires the directors prepare Group consolidated and Company financial statements for each financial year. The directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law and to prepare the Company financial statements in accordance with Swiss law and the Company's Articles of Association.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the Group consolidated and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing each of the Group consolidated 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 present, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that its financial statements comply with IFRS, the requirements of Swiss law and the Company's Articles of Association.

They are also responsible for taking such steps as are reasonably available 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

25 September 2014

Group Consolidated Income Statement
for the year ended 31 July 2014

in EUR `000	Notes	2014	2013
Revenue	1	**4,809,022**	4,503,690
Cost of sales		**(3,472,022)**	(3,279,291)
Gross profit		**1,337,000**	1,224,399
Distribution expenses		**(573,267)**	(564,458)
Administration expenses		**(327,965)**	(296,688)
Operating profit before net acquisition, disposal and restructuring-related costs and fair value adjustments	1	**435,768**	363,253
Net acquisition, disposal and restructuring-related costs and fair value adjustments	2	**(176,360)**	(117,356)
Operating profit		**259,408**	245,897
Share of profit after tax of associates and joint ventures	6	**11,844**	22,057
Profit before financing income, financing costs and income tax expense		**271,252**	267,954
Financing income	3	**5,233**	4,739
Financing costs	3	**(73,371)**	(68,643)
Profit before income tax expense		**203,114**	204,050
Income tax expense	9	**(43,575)**	(48,258)
Profit for the year		**159,539**	155,792
Attributable as follows:			
Equity shareholders		**135,513**	129,415
Non-controlling interests	27	**24,026**	26,377
Profit for the year		**159,539**	155,792

Earnings per share for the year	Notes	2014 euro cent	2013 euro cent
Basic earnings per share	11	**120.2**	124.3
Diluted earnings per share	11	**118.3**	123.5

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Comprehensive Income
for the year ended 31 July 2014

in EUR `000	Notes	2014	2013
Profit for the year		**159,539**	155,792
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign currency net investments		**12,544**	(237,352)
– Foreign currency borrowings	21	**(28,792)**	91,854
– Recycle of foreign exchange gain on settlement of quasi-equity loans	3	**(1,488)**	–
– Recycle on disposal of joint venture	2	**–**	(3,653)
– Taxation effect of foreign exchange translation movements	9	**(916)**	(1,630)
– Share of joint ventures and associates' foreign exchange translation adjustment	15	**–**	(2,035)
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**(1,826)**	4,941
– Fair value of cash flow hedges transferred to income statement		**(2,388)**	(1,588)
– Deferred tax effect of cash flow hedges	9	**465**	(817)
– Share of joint ventures and associates' gains on cash flow hedges, net of deferred tax	15	**565**	339
Total of items that may be reclassified subsequently to profit or loss		**(21,836)**	(149,941)
Items that may not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial loss on Group defined benefit pension plans	25	**(1,852)**	(3,840)
– Deferred tax effect of actuarial loss	9	**221**	356
– Share of associates' actuarial gain/(loss) on defined benefit plans, net of deferred tax	15	**1,959**	(4,552)
Deferred tax effect of change in tax rates	9	**(1,415)**	(462)
Total of items that may not be reclassified to profit or loss		**(1,087)**	(8,498)
Total other comprehensive loss		**(22,923)**	(158,439)
Total comprehensive income/(loss) for the year		**136,616**	(2,647)
Attributable as follows:			
Equity shareholders of the Company		**109,440**	(21,913)
Non-controlling interests	27	**27,176**	19,266
Total comprehensive income/(loss) for the year		**136,616**	(2,647)

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 31 July 2014

in EUR `000	Notes	2014	2013
Assets			
Non-current assets			
Property, plant and equipment	12	**1,374,010**	1,141,847
Investment properties	13	**30,716**	22,984
Goodwill and intangible assets	14	**3,690,597**	2,905,242
Investments in associates and joint ventures	15	**54,911**	45,235
Other receivables	17	**42,586**	39,433
Deferred income tax assets	24	**72,748**	71,146
Derivative financial instruments	22	**342**	–
Total non-current assets		**5,265,910**	4,225,887
Current assets			
Inventory	16	**362,469**	297,641
Trade and other receivables	17	**614,326**	678,845
Derivative financial instruments	22	**1,077**	1,821
Cash and cash equivalents	20	**694,838**	626,922
Total current assets		**1,672,710**	1,605,229
Total assets		**6,938,620**	5,831,116

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet (continued) as at 31 July 2014

in EUR `000	Notes	2014	2013
Equity			
Called up share capital	26	**1,172**	1,172
Share premium		**773,735**	773,735
Retained earnings and other reserves		**1,928,798**	1,888,112
Total equity attributable to equity shareholders		**2,703,705**	2,663,019
Non-controlling interests	27	**87,752**	97,610
Total equity		**2,791,457**	2,760,629
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	21	**1,898,435**	1,157,435
Employee benefits	25	**12,451**	22,339
Deferred income from government grants	23	**21,261**	25,251
Other payables	18	**73,742**	48,190
Deferred income tax liabilities	24	**434,186**	402,016
Derivative financial instruments	22	**3,445**	2,136
Contingent consideration	19	**7,100**	8,570
Total non-current liabilities		**2,450,620**	1,665,937
Current liabilities			
Interest-bearing loans and borrowings	21	**450,394**	348,274
Trade and other payables	18	**1,174,189**	1,004,142
Income tax payable		**60,152**	46,570
Derivative financial instruments	22	**3,654**	1,354
Contingent consideration	19	**8,154**	4,210
Total current liabilities		**1,696,543**	1,404,550
Total liabilities		**4,147,163**	3,070,487
Total equity and liabilities		**6,938,620**	5,831,116

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity
for the year ended 31 July 2014

31 July 2014 in EUR `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 2013	**1,172**	**773,735**	**(56)**	**604,446**	**(106)**	**13,380**	**8,862**	**(7,726)**	**1,269,312**	**2,663,019**	**97,610**	**2,760,629**
Profit for the year	–	–	–	–	–	–	–	–	135,513	135,513	24,026	159,539
Other comprehensive (loss)/income	–	–	–	–	(3,523)	–	–	(21,419)	(1,131)	(26,073)	3,150	(22,923)
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(3,523)**	**–**	**–**	**(21,419)**	**134,382**	**109,440**	**27,176**	**136,616**
Release of treasury shares due to exercise of LTIP	–	–	1	–	–	–	–	–	–	1	–	1
Share-based payments	–	–	–	–	–	–	10,597	–	–	10,597	243	10,840
Equity dividends	–	–	–	–	–	–	–	–	(47,898)	(47,898)	–	(47,898)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(10,751)	(10,751)
Dividend accrued on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(29,548)	(29,548)	–	(29,548)
Total contributions by and distributions to owners	**–**	**–**	**1**	**–**	**–**	**–**	**10,597**	**–**	**(77,446)**	**(66,848)**	**(10,508)**	**(77,356)**
Origin tender offer share buyback and dilution	–	–	–	–	13	(58)	(5)	100	(1,956)	(1,906)	(26,526)	(28,432)
Total transactions with owners recognised directly in equity	**–**	**–**	**1**	**–**	**13**	**(58)**	**10,592**	**100**	**(79,402)**	**(68,754)**	**(37,034)**	**(105,788)**
At 31 July 2014	**1,172**	**773,735**	**(55)**	**604,446**	**(3,616)**	**13,322**	**19,454**	**(29,045)**	**1,324,292**	**2,703,705**	**87,752**	**2,791,457**

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity (continued)
for the year ended 31 July 2014

31 July 2013 in EUR `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 2012	**1,172**	**773,735**	**(57)**	**285,004**	**(2,381)**	**15,403**	**10,148**	**140,298**	**1,199,808**	**2,423,130**	**86,225**	**2,509,355**
Profit for the year	–	–	–	–	–	–	–	–	129,415	129,415	26,377	155,792
Other comprehensive (loss)/income	–	–	–	–	2,268	–	–	(148,078)	(5,518)	(151,328)	(7,111)	(158,439)
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**2,268**	**–**	**–**	**(148,078)**	**123,897**	**(21,913)**	**19,266**	**(2,647)**
Issue of perpetual callable subordinated instrument	–	–	–	319,442	–	–	–	–	–	319,442	–	319,442
Transfer of share-based payment reserve to retained earnings	–	–	–	–	–	–	(8,699)	–	8,699	–	–	–
Release of treasury shares due to exercise of LTIP	–	–	1	–	–	–	–	–	–	1	–	1
Share-based payments	–	–	–	–	–	–	7,416	–	–	7,416	395	7,811
Equity dividends	–	–	–	–	–	–	–	–	(43,517)	(43,517)	–	(43,517)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(8,935)	(8,935)
Transfer of revaluation reserve to retained earnings	–	–	–	–	–	(1,993)	–	–	1,993	–	–	–
Dividend accrued on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(19,898)	(19,898)	–	(19,898)
Total contributions by and distributions to owners	**–**	**–**	**1**	**319,442**	**–**	**(1,993)**	**(1,283)**	**–**	**(52,723)**	**263,444**	**(8,540)**	**254,904**
Dilution due to vesting of Origin management equity entitlements	–	–	–	–	7	(30)	(3)	54	(687)	(659)	659	–
Non-controlling interest forward contract	–	–	–	–	–	–	–	–	(983)	(983)	–	(983)
Total transactions with owners recognised directly in equity	**–**	**–**	**1**	**319,442**	**7**	**(2,023)**	**(1,286)**	**54**	**(54,393)**	**261,802**	**(7,881)**	**253,921**
At 31 July 2013	**1,172**	**773,735**	**(56)**	**604,446**	**(106)**	**13,380**	**8,862**	**(7,726)**	**1,269,312**	**2,663,019**	**97,610**	**2,760,629**

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
for the year ended 31 July 2014

in EUR `000	Notes	2014	2013
Cash flows from operating activities			
Profit for the year		**159,539**	155,792
Income tax expense	9	**43,575**	48,258
Financing income	3	**(5,233)**	(4,739)
Financing costs	3	**73,371**	68,643
Share of profit after tax of associates and joint ventures	6	**(11,844)**	(22,057)
Net gain on acquisitions, disposals and dilution	2	**–**	(20,249)
Asset write-downs and fair value adjustments	2	**87,357**	51,595
Other restructuring-related payments in excess of current-year costs		**(21,996)**	(7,804)
Depreciation of property, plant and equipment	12	**99,595**	92,852
Amortisation of intangible assets	14	**141,110**	120,215
Recognition of deferred income from government grants	23	**(4,249)**	(2,644)
Share-based payments	8	**9,017**	7,344
Special pension contribution on wind-up	25	**(6,500)**	–
Other		**(7,437)**	(2,527)
Cash flows from operating activities before changes in working capital		**556,305**	484,679
Increase in inventory		**(45,679)**	(27,167)
Decrease / (increase) in trade and other receivables		**22,873**	(23,071)
Increase in trade and other payables		**80,932**	35,562
Cash generated from operating activities		**614,431**	470,003
Interest paid		**(68,766)**	(70,544)
Interest received		**1,688**	2,530
Income tax paid		**(48,124)**	(40,014)
Net cash flows from operating activities		**499,229**	361,975

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
(continued)
for the year ended 31 July 2014

in EUR `000	Notes	2014	2013
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**4,863**	10,230
Purchase of property, plant and equipment			
– maintenance capital expenditure		**(72,042)**	(51,568)
– investment capital expenditure		**(174,271)**	(112,195)
Grants received	23	**214**	79
Acquisitions of subsidiaries and businesses, net of cash acquired	29	**(875,784)**	(311,609)
Disposal of joint ventures and associates	2	**94,002**	18,260
Purchase of intangible assets		**(105,541)**	(66,432)
Dividends received	15	**2,278**	6,908
Net (contributions and loans to)/receipts from associates and joint ventures		**(423)**	21
Contingent consideration paid	19	**(4,190)**	(9,114)
Net cash flows from investing activities		**(1,130,894)**	(515,420)
Cash flows from financing activities			
Net proceeds from issue of perpetual callable subordinated instrument	26	**–**	319,442
Gross drawdown of loan capital	21	**915,004**	27,405
Gross repayment of loan capital	21	**(124,761)**	(53,950)
Capital element of finance lease liabilities	21	**(836)**	(2,177)
Dividend paid on perpetual callable subordinated instrument		**(29,388)**	(16,561)
Origin tender offer paid to non-controlling interest and related costs	27	**(28,432)**	–
Dividends paid to non-controlling interests	27	**(10,751)**	(8,935)
Dividends paid to equity shareholders		**(47,898)**	(43,517)
Net cash flows from financing activities		**672,938**	221,707
Net increase in cash and cash equivalents		**41,273**	68,262
Translation adjustment		**5,058**	(20,875)
Net cash and cash equivalents at start of year		**392,476**	345,089
Net cash and cash equivalents at end of year	20	**438,807**	392,476

The notes on pages 75 to 148 are an integral part of these Group consolidated financial statements.

Group Statement of Accounting Policies
for the year ended 31 July 2014

Organisation

ARYZTA AG (the 'Company') is domiciled and incorporated in Zurich, Switzerland. The consolidated financial statements for the year ended 31 July 2014 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 Group consolidated financial statements and the ARYZTA AG Company financial statements were preliminarily authorised for issue by the directors on 25 September 2014. Final approval of these financial statements was granted by the directors on 3 October 2014, subject to approval by the shareholders at the General Meeting on 2 December 2014.

Statement of compliance

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law. These policies have been consistently applied to all years presented, unless otherwise stated.

In the preparation of these Group consolidated financial statements, the Group has applied all standards that were required for accounting periods beginning on or before 1 August 2013 and also early adopted the Amendments to IAS 36. 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:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised) – Separate Financial Statements
- IAS 28 (Revised) – Investments in Associates and Joint Ventures
- Amendment to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
- Amendment to IFRS 7 – Disclosures – offsetting financial assets and financial liabilities
- Amendment to IAS 19 – Employee benefits
- Improvements to IFRSs (2011)

While the above standards and interpretations adopted by the Group modify certain presentation and disclosure requirements, these requirements are not significantly different than information presented as part of the 31 July 2013 year-end financial statements and have no material impact on the consolidated results or financial position of the Group.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2014

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 (reporting year to 31 July)
IFRS 9 – Financial Instruments	1 January 2015	2016
IFRIC 21 – Levies	1 January 2014	2015
Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations	1 January 2016	2017
Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014	2015
Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	2015
Improvements to IFRSs (2010-2014)	1 January 2014	2015

The Group has undertaken an initial assessment of the potential impact of these new standards, amendments and improvements listed above, which become effective during the year ending 31 July 2015. Based on this initial assessment, the Group does not currently believe that the adoption of these standards, amendments and interpretations will have a significant impact on the consolidated results or financial position of the Group.

Basis of preparation

The Group consolidated financial statements are prepared on a historical cost basis, except that investment properties, derivative financial instruments and certain financial liabilities are stated at fair value through profit or loss. The Group consolidated 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 in the application of the Group's accounting policies. 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 areas involving a higher degree of judgement and accounting estimates are set out in note 34.

Income statement presentation

The Group Consolidated Income Statement is presented by function of expense. Within this presentation, net acquisition, disposal and restructuring-related costs and fair value adjustments are presented as a separate component of operating profit, due to the relative size or nature of these items. Further details related to these amounts are set out in note 2. Additionally, to enable a more comprehensive understanding of the Group's financial performance, the Group Consolidated Income Statement by nature of cost, through operating profit, is set out in note 4.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Basis of consolidation

The Group consolidated financial statements reflect the consolidation of the results, the assets and the liabilities of the parent undertaking, and all of its subsidiaries, together with the Group's share of the profits/losses of associates and joint ventures.

Subsidiary undertakings

Subsidiary undertakings are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount, plus proceeds received, recognised in profit or loss. The fair value of the retained interest is then utilised as the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. 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.

Associates

Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, with the Group's investment in associates including goodwill identified on acquisition.

Under the equity method, the investment in an associate is initially recognised at cost, and the carrying amount is increased or decreased thereafter to recognise the Group's share of the associate's profits or losses and movements in other comprehensive income after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, which includes any interests that, in substance, form part of the Group's net investment, the Group does not recognise further losses, unless it has incurred a legal or constructive obligation to do so.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements, only to the extent of the unrelated investor's interests in the associate. Unrealised losses are eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

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 is reclassified to profit or loss, where appropriate. Dilution gains and losses arising in investments in associates are recognised in the income statement.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit after tax of associates in the income statement.

Joint arrangements
The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them all to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method, interests in joint ventures are initially recognised at cost, and the carrying amount is increased or decreased thereafter to recognise the Group's share of the joint venture's profits or losses and movements in other comprehensive income after the date of acquisition. The Group's share of post-acquisition profit or loss is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, which includes any interests that, in substance, form part of the Group's net investment, the Group does not recognise further losses, unless it has incurred a legal or constructive obligation to do so.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, 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 consolidated 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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Revenue recognition
Revenue represents the fair value of the sale of goods and services 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. Financing income is recognised on an accruals basis, taking into consideration the sums lent and the actual interest rate applied.

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

As reflected in those reports, the Group is primarily organised into four operating segments: Food Europe, Food North America, Food Rest of World, (together referred to as the 'Food Group') and Origin, which includes the Group's separately listed 68.1% subsidiary Origin Enterprises plc ('Origin'). The Group's principal geographies 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, Poland and Denmark. In Europe, ARYZTA has a mixture of business-to-business and consumer brands and a diversified customer base within the foodservice, large retail and convenience or independent retail channels.

Food North America has leading positions in the speciality bakery market in the United States and Canada. It has a mixture of business-to-business and consumer brands and a diversified customer base within the QSR, large retail and other foodservice channels.

Food Rest of World consists of businesses in Australia, Asia, New Zealand and South America, primarily partnering with international QSR and other foodservice customers.

Origin is a leading agri-services group focused on integrated agronomy and agri-inputs in the UK, Ireland, Poland and Ukraine.

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

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

Group Statement of Accounting Policies (continued) for the year ended 31 July 2014

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 employees have earned in return for their service in the current and prior periods. The future benefit is discounted to determine the present value of the obligation 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 defined benefit calculations are performed by a qualified actuary using the projected unit credit method on an annual basis. Actuarial gains and losses are recognised in the Group Consolidated Statement of Comprehensive Income, net of related taxes. Current and past service costs are recognised as employment costs in the income statement. Interest on plan liabilities and expected return on assets are recognised in financing costs/income in the income statement.

Share-based compensation

As defined in IFRS 2, Share-based Payment, the cost of equity instruments granted is recognised at fair value, with a corresponding increase in equity. The fair value is measured at grant date and recognised 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, taking into account the terms and conditions under which the equity instruments were granted. The Group's equity-settled share-based compensation plans are subject to a non-market vesting condition; therefore, the amount recognised is adjusted annually to reflect the current estimate of achieving these conditions and the number of equity instruments expected to eventually vest.

Termination benefits

The Group recognises termination benefits when it has a formal plan to terminate the employment of current employees, which has been approved at the appropriate levels of the organisation and when the entity is demonstrably committed to a termination through announcement of the plan to those affected. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Income tax expense

Income tax expense 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 also recognised directly in equity or in other comprehensive income, respectively. 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, in the respective countries where the Group and its subsidiaries operate and generate taxable income.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or taxable profit or loss, it is not recognised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the 'functional currency'). The consolidated financial statements are presented in euro, the Group's presentation currency, rounded to the nearest thousand, unless otherwise stated.

Transactions in currencies other than the functional currency of each respective entity are converted to the relevant functional currency using the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to the relevant functional currency using the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on conversion into the local functional currency are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

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 at the balance sheet date. 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 in other comprehensive income, as a change in the foreign currency translation reserve.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

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 included in other comprehensive income, as a change in the foreign currency 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 transition to IFRS are recognised in the foreign currency translation reserve and are recycled through the Group Consolidated 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 consolidated financial statements are as follows:

Currency	Average 2014	Closing 2014	Average 2013	Closing 2013
CHF	1.2250	1.2169	1.2204	1.2339
USD	1.3601	1.3430	1.2996	1.3280
CAD	1.4590	1.4611	1.3080	1.3644
GBP	0.8291	0.7933	0.8303	0.8630

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

Property, plant and equipment
Property, plant and equipment is stated at historical 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. All other expenditures, including repairs and maintenance costs, are recognised in the income statement as an expense as incurred.

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

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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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, net of related selling costs, with the carrying amount of the asset and are included in operating profit.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

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 Group Consolidated 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 Group Consolidated 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. Assets acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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. For disclosure purposes, the fair value of finance leases is based on the present value of future cash flows, discounted at appropriate current market rates.

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.

The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where any part of the consideration for a business combination is contingent, the fair value of that component is determined by discounting the estimated amounts payable to their present value at the acquisition date. The discount is unwound as a finance charge in the Group Consolidated Income Statement over the life of the obligation. Subsequent changes to the estimated amounts payable for contingent consideration are recognised as a gain or loss in the Group Consolidated Income Statement.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Where a business combination is achieved in stages, the Group's previously held interest in the acquiree is re-measured to fair value at the acquisition date and included within the consideration, with any gain or loss recognised in the Group Consolidated Income Statement.

Goodwill is initially recognised at cost, being the difference between the cost of the acquisition over the fair value of the net identifiable assets and liabilities assumed. Following initial recognition, goodwill is stated at cost, less any accumulated impairment losses.

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.

Acquisition costs arising in connection with a business combination are expensed as incurred.

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. Directly attributable costs that are capitalised as part of the ERP and computer-related intangibles include the employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised, if the product or process is technically and commercially feasible, the attributable expenditure can be reliably measured, and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour or an appropriate proportion of overheads. Capitalised 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.

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

Customer relationships	5 to 25 years
Brands	10 to 25 years
Computer-related intangibles	3 to 5 years
ERP-related intangibles	12 years
Patents and other	3 to 15 years

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Subsequent to initial recognition, the expected useful lives and related amortisation of finite lived intangible assets are reviewed at least at each financial year-end and if the expected economic benefits of the asset are different from previous estimates, amortisation is adjusted accordingly. Intangible assets are stated at cost, less accumulated amortisation and any impairment losses incurred. There are no intangible assets with an indefinite useful life.

Impairment of non-financial assets

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 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, and at least at each reporting date. If any such indication exists, an impairment test is carried out and, if necessary, the asset is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and an asset's value-in-use. The Group tests goodwill and intangible assets not yet available for use for impairment annually, during the last quarter of the financial year, or more frequently if events or changes in circumstances indicate a potential impairment.

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 as an expense. 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 for goodwill is not subsequently reversed. An impairment loss for other assets may be 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 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 on hand, call deposits and other short-term highly liquid investments with original maturities of three months or less. 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 Group Consolidated Cash Flow Statement.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Share capital

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

If any Group company purchases ARYZTA AG's equity share capital, those shares are accounted for as treasury shares in the consolidated financial statements of the Group. Consideration paid for treasury shares, including any directly attributable incremental cost, net of tax, is deducted from equity attributable to the shareholders of the Company, until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

Financial assets and liabilities

Trade and other receivables

Trade and other receivables (excluding prepayments) 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. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. 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 or exposure.

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 are 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. Trade and other payables are classified as current liabilities, if payment is due within one year or less, otherwise, they are presented as non-current liabilities.

Derivatives

Derivatives, including forward currency contracts, interest rate swaps and commodity futures contracts are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk. These derivatives are generally designated as cash flow hedges in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

Derivative financial instruments are initially recorded at fair value on the date the contract is entered into and are subsequently re-measured to fair value, as of each reporting date, using quoted market values. The gain or loss arising on re-measurement is recognised in the income statement, except where the instrument is a designated hedging instrument.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

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 other comprehensive income, as part of the cash flow hedge reserve. Unrealised gains or losses on any ineffective portion 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.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of or sold.

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

Fees paid on the establishment of loan facilities are capitalised as transaction costs of the loan, to the extent that it is probable that some or all of the facility will be drawn down, and are amortised over the period of the facility to which the fees relate.

For interest-bearing loans and borrowings with a contractual re-pricing date of less than six months, the nominal amount is considered to approximate fair value for disclosure purposes. For loans with a re-pricing 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.

Other equity reserve
Perpetual callable subordinated instruments are recognised within other equity reserves, net of attributable transaction costs. These amounts are maintained within other equity reserves at historical cost, until such time that management and the Board of Directors have approved the settlement of such amounts. Any difference between the amount paid upon settlement of instruments without a maturity date and the historical cost is recognised directly within retained earnings. Dividends associated with these instruments are recognised directly within retained earnings.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2014

Government grants
Grants that compensate the Group for the cost of an asset are shown as deferred income in the balance sheet and are recognised in the 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, which do not result in a loss of control, 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 re-measured 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.

Reclassifications and adjustments
Certain amounts in the 31 July 2013 Group consolidated financial statement notes have been reclassified or adjusted to conform to the 31 July 2014 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on total revenues, expenses, profit for the year, total assets, total liabilities, equity or cash flow classifications as previously reported.

Notes to the Group Consolidated Financial Statements
for the year ended 31 July 2014

1 Segment information

1.1 Analysis by business segment

I) Segment revenue and result	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Segment revenue[1]	**1,586,275**	1,391,525	**1,586,560**	1,459,805	**220,948**	234,187	**3,393,783**	3,085,517	**1,415,239**	1,418,173	**4,809,022**	4,503,690
Operating profit before net acquisition, disposal and restructuring-related costs and fair value adjustments [2]	**167,067**	135,483	**176,031**	141,287	**19,434**	23,283	**362,532**	300,053	**73,236**	63,200	**435,768**	363,253
Net acquisition, disposal and restructuring-related costs and fair value adjustments [2] (note 2)	**(92,441)**	(68,019)	**(75,330)**	(51,795)	**(2,940)**	–	**(170,711)**	(119,814)	**(5,649)**	2,458	**(176,360)**	(117,356)
Operating profit	**74,626**	67,464	**100,701**	89,492	**16,494**	23,283	**191,821**	180,239	**67,587**	65,658	**259,408**	245,897
Share of profit after tax of associates and joint ventures	**–**	–	**–**	201	**–**	–	**–**	201	**11,844**	21,856	**11,844**	22,057
Profit before financing income, financing cost and income tax expense	**74,626**	67,464	**100,701**	89,693	**16,494**	23,283	**191,821**	180,440	**79,431**	87,514	**271,252**	267,954
Financing income[3]							**2,762**	2,040	**2,471**	2,699	**5,233**	4,739
Financing costs[3]							**(65,366)**	(59,801)	**(8,005)**	(8,842)	**(73,371)**	(68,643)
Profit before income tax expense as reported in Group Consolidated Income Statement							**129,217**	122,679	**73,897**	81,371	**203,114**	204,050

1 There were no significant intercompany revenues between business segments.

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 expense are managed on a centralised basis for the Food Group and separately for Origin. Therefore, these items are not allocated between Food Group business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

II) Segment assets	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment assets excluding investments in associates and joint ventures	2,315,520	2,162,369	2,770,263	1,894,380	310,814	307,428	5,396,597	4,364,177	675,521	682,382	6,072,118	5,046,559
Investments in associates and joint ventures and related financial assets	–	–	–	–	–	–	–	–	97,497	84,668	97,497	84,668
Segment assets	2,315,520	2,162,369	2,770,263	1,894,380	310,814	307,428	5,396,597	4,364,177	773,018	767,050	6,169,615	5,131,227
Reconciliation to total assets as reported in the Group Consolidated Balance Sheet												
Derivative financial instruments							847	1,329	572	492	1,419	1,821
Cash and cash equivalents							555,262	501,438	139,576	125,484	694,838	626,922
Deferred income tax assets							68,938	66,642	3,810	4,504	72,748	71,146
Total assets as reported in the Group Consolidated Balance Sheet							6,021,644	4,933,586	916,976	897,530	6,938,620	5,831,116

III) Segment liabilities	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment liabilities	504,389	510,371	467,559	338,119	68,174	68,417	1,040,122	916,907	512,414	444,372	1,552,536	1,361,279
Reconciliation to total liabilities as reported in the Group Consolidated Balance Sheet												
Interest-bearing loans and borrowings							2,197,341	1,350,666	151,488	155,043	2,348,829	1,505,709
Derivative financial instruments							5,312	1,283	1,787	2,207	7,099	3,490
Current and deferred income tax liabilities							212,059	179,566	26,640	20,443	238,699	200,009
Total liabilities as reported in the Group Consolidated Balance Sheet							3,454,834	2,448,422	692,329	622,065	4,147,163	3,070,487

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

IV) Other segment information	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Depreciation	**49,254**	43,929	**35,710**	34,688	**9,252**	8,866	**94,216**	87,483	**5,379**	5,369	**99,595**	92,852
ERP amortisation	**4,515**	2,069	**4,148**	4,138	**–**	–	**8,663**	6,207	**2,408**	1,677	**11,071**	7,884
Amortisation of other intangible assets	**63,267**	50,507	**54,282**	48,999	**6,213**	7,136	**123,762**	106,642	**6,277**	5,689	**130,039**	112,331
Capital expenditure												
– Property, plant and equipment	**145,909**	82,739	**83,965**	35,375	**21,060**	44,858	**250,934**	162,972	**11,688**	7,964	**262,622**	170,936
– Intangibles	**71,176**	46,270	**27,579**	14,529	**433**	1,781	**99,188**	62,580	**3,018**	6,121	**102,206**	68,701
Total capital expenditure	**217,085**	129,009	**111,544**	49,904	**21,493**	46,639	**350,122**	225,552	**14,706**	14,085	**364,828**	239,637

1.2 Analysis by geography

	Europe		North America		Rest of World		Total Group	
in EUR `000	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenue by geography[1]	**3,001,514**	2,809,698	**1,586,560**	1,459,805	**220,948**	234,187	**4,809,022**	4,503,690
Assets by geography	**3,088,538**	2,929,419	**2,770,263**	1,894,380	**310,814**	307,428	**6,169,615**	5,131,227
IFRS 8 non-current assets[2]	**2,375,882**	2,177,166	**2,530,613**	1,717,422	**286,325**	260,153	**5,192,820**	4,154,741

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 5.0% (2013: 4.9%) of total Group revenues. Revenues from external customers attributed to material foreign countries are United States 26.8% (2013: 29.1%), United Kingdom 24.4% (2013: 26.9%) and Germany 12.2% (2013: 9.5%). 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 Consolidated Balance Sheet, with the exception of deferred taxes and derivative financial instruments. Non-current assets attributed to the Group's country of domicile, Switzerland, are 7.4% of total Group non-current assets (2013: 8.9%). Non-current assets attributed to material foreign countries are: United States 33.8% (2013: 28.3%), Canada 13.7% (2013: 11.7%) and Germany 13.6% (2013: 16.2%).

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

2 Net acquisition, disposal and restructuring-related costs and fair value adjustments

in EUR `000	Notes	Food Europe 2014	Food Europe 2013	Food North America 2014	Food North America 2013	Food Rest of World 2014	Food Rest of World 2013	Total Food Group 2014	Total Food Group 2013	Origin 2014	Origin 2013	Total Group 2014	Total Group 2013
Acquisition-related costs	2.1	**(2,566)**	(3,427)	**(4,668)**	(2,063)	**–**	–	**(7,234)**	(5,490)	**(1,124)**	–	**(8,358)**	(5,490)
Net gain/(loss) on acquisition, disposals and dilution	2.2	**–**	–	**–**	(705)	**–**	–	**–**	(705)	**–**	20,954	**–**	20,249
Restructuring-related costs and fair value adjustments													
Asset write-downs		**(51,751)**	(23,228)	**(32,666)**	(13,149)	**(2,940)**	–	**(87,357)**	(36,377)	**–**	(8,612)	**(87,357)**	(44,989)
Fair value adjustments of investment properties		**–**	(273)	**–**	–	**–**	–	**–**	(273)	**–**	(6,333)	**–**	(6,606)
Severance and other staff-related costs		**(24,369)**	(23,179)	**(22,801)**	(15,460)	**–**	–	**(47,170)**	(38,639)	**(3,065)**	(3,227)	**(50,235)**	(41,866)
Contractual obligations		**(316)**	(82)	**(1,229)**	(5,278)	**–**	–	**(1,545)**	(5,360)	**–**	–	**(1,545)**	(5,360)
Advisory and other costs		**(13,439)**	(17,830)	**(13,966)**	(15,140)	**–**	–	**(27,405)**	(32,970)	**(1,460)**	(324)	**(28,865)**	(33,294)
Total restructuring-related costs and fair value adjustments	2.3	**(89,875)**	(64,592)	**(70,662)**	(49,027)	**(2,940)**	–	**(163,477)**	(113,619)	**(4,525)**	(18,496)	**(168,002)**	(132,115)
Total acquisition, disposal and restructuring-related costs and fair value adjustments		**(92,441)**	(68,019)	**(75,330)**	(51,795)	**(2,940)**	–	**(170,711)**	(119,814)	**(5,649)**	2,458	**(176,360)**	(117,356)

2.1 Acquisition-related costs

During the year ended 31 July 2014 the Group incurred acquisition-related costs of €8,358,000 (2013: €5,490,000). These costs primarily related to Food Group acquisition-related activities and include share purchase tax, due diligence and other professional services fees.

2.2 Gain/(loss) on disposal of interest in joint ventures and associate (financial year 2013)

During the year ended 31 July 2013, the Food Group completed the disposal of its interest in a joint venture, previously held as part of the Food North America segment. Consideration received on disposal was €1,941,000, which was less than the investment carrying value of €2,646,000 at the time, resulting in a loss of €705,000.

During financial year 2013, Origin agreed to dispose of its 50% interest in Welcon to its joint venture partner, Austevoll Seafoods ASA, for cash consideration of NOK 740 million. As all conditions were fulfilled by 31 July 2013, the transaction, along with the consideration receivable in the amount of €94,002,000 were reflected in the financial statements for the year ended 31 July 2013. As these proceeds were in excess of the €73,873,000 carrying value of the investment, the transaction resulted in a gain on disposal of €20,631,000, net of foreign exchange gains recycled from other comprehensive income of €3,653,000 and disposal-related costs of €3,151,000.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

The transaction was completed during August 2013 and these proceeds were received in full, as shown in the Group consolidated cash flow statement for the year ended 31 July 2014.

During the year ended 31 July 2013, Continental Farmers Group was acquired by United Farmers Holding Company. As a result, Origin no longer has an investment in Continental Farmers Group. Consideration on disposal was €16,910,000, which was in excess of Origin's carrying value of the investment of €16,587,000, resulting in a gain on disposal of €323,000.

2.3 Restructuring-related costs and fair value adjustments

During the year ended 2014, progress has continued on the Food Group ATI programme to integrate or rationalise existing business assets in order to enable optimised manufacturing and business support throughout the Group. As of 31 July 2014, the ATI programme has been substantially completed, other than the continuing integration of acquisitions completed during the second half of the fiscal year. Origin has also continued to progress on its own separate business transformation programme during the year. As a result of these programmes the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Asset write-downs

The Group incurred €87,357,000 (2013: €44,989,000) of asset write-downs during the year. These amounts relate to the write-down of certain distribution, manufacturing and administration assets, due to the closure and/or reduction in activities related to those assets, due to those obsolete assets having been replaced as part of the Food Group integration and rationalisation programme.

Fair value adjustments

During the year ended 31 July 2013, the Group incurred €6,606,000 of fair value adjustments related primarily to the carrying value of Origin investment properties. These prior year adjustments were based on independent valuations and were the result of the Irish property market decline, lack of transactions, restricted bank financing for property-related deals, generally difficult economic environment, and in particular the indication that the value of development land in regional areas was converging to that of agricultural land. No further material fair value adjustments were incurred during the year ended 31 July 2014.

Severance and other staff-related costs

The Group incurred and provided for €50,235,000 (2013: €41,866,000) in severance and other staff-related costs during the year. These primarily related to costs associated with employees whose service was discontinued following certain rationalisation decisions throughout the Group and to the continued evaluation and optimisation of the manufacturing and distribution footprint across the various Food North America and Food Europe business locations.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

Contractual obligations

The operational decisions made as a result of the Group's integration and rationalisation projects triggered early termination penalties and resulted in certain operational contracts becoming onerous. The Group incurred total costs of €1,545,000 (2013: €5,360,000) during the year to either exit or provide for such onerous contractual obligations.

Advisory costs and other costs

During the year ended 31 July 2014, the Group incurred €28,865,000 (2013: €33,294,000) in other costs related directly to the integration and rationalisation programmes. These costs are composed principally of restructuring-related advisory costs, site restoration costs, costs associated with establishing shared service centres for centralisation of certain administrative functions and other incremental costs directly attributable to the integration and rationalisation programmes.

3 Financing income and costs

in EUR `000	2014	2013
Financing income		
Interest income	**3,745**	4,739
Foreign exchange gain realised on settlement of quasi-equity intercompany loans	**1,488**	–
Total financing income recognised in Group Consolidated Income Statement	**5,233**	4,739
Financing costs		
Interest cost on bank loans and overdrafts	**(72,915)**	(68,515)
Interest cost under finance leases	**(22)**	(31)
Defined benefit plan: net interest cost on plan liabilities (note 25)	**(434)**	(97)
Total financing costs recognised in Group Consolidated Income Statement	**(73,371)**	(68,643)
Recognised directly in other comprehensive income		
Effective portion of changes in fair value of interest rate swaps[1]	**(1,053)**	79
Total financing (loss)/gain recognised directly in other comprehensive income	**(1,053)**	79

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

4 Other information

Group Consolidated Income statement by nature of cost through to operating profit

in EUR `000	2014	2013
Revenue	**4,809,022**	4,503,690
Raw materials and consumables used	**(2,740,791)**	(2,674,432)
Employment costs (note 7)	**(720,601)**	(658,485)
Amortisation of intangible assets (note 14)	**(141,110)**	(120,215)
Depreciation of property, plant and equipment (note 12)	**(99,595)**	(92,852)
Operating lease rentals	**(66,591)**	(57,887)
Recognition of deferred income from government grants (note 23)	**4,249**	2,644
Other direct and indirect costs	**(608,815)**	(539,210)
Acquisition-related costs (note 2)	**(8,358)**	(5,490)
Net gain on acquisitions, disposals and dilution (note 2)	**–**	20,249
Asset write-downs and fair value adjustments (note 2)	**(87,357)**	(51,595)
Other restructuring-related costs (note 2)	**(80,645)**	(80,520)
Operating profit	**259,408**	245,897

Group revenue categories
Group revenue relates primarily to sale of products.

The above amounts are further analysed as follows:

Depreciation of property, plant and equipment

in EUR `000	2014	2013
– owned assets	**99,319**	92,079
– leased assets	**276**	773
Depreciation	**99,595**	92,852

Operating lease rentals

in EUR `000	2014	2013
– Food Group	**56,957**	49,635
– Origin	**9,634**	8,252
	66,591	57,887

5 Directors' compensation
Directors' compensation is disclosed in note 10 of the ARYZTA AG Company Financial Statements (pages 157 to 161).

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

6 Share of profit after tax of associates and joint ventures

31 July 2014 in EUR `000	Notes	Share of results of associates	Share of results of joint ventures	Total
Group share of:				
Revenue		**236,307**	**179,782**	**416,089**
Profits after tax and before intangible amortisation, acquisition and restructuring-related costs	15	9,565	3,827	13,392
Intangible amortisation	15	(1,548)	–	(1,548)
Profit after tax, before acquisition and restructuring-related costs		**8,017**	**3,827**	**11,844**
Acquisition and restructuring-related costs	15	**(2,233)**	**–**	**(2,233)**
Gains through other comprehensive income	15	**2,423**	**101**	**2,524**

31 July 2013 in EUR `000	Notes	Share of results of associates	Share of results of joint ventures	Total
Group share of:				
Revenue		**252,972**	**348,462**	**601,434**
Profit after tax, before acquisition and restructuring-related costs	15	**7,420**	**14,637**	**22,057**
Acquisition and restructuring-related costs	15	**(311)**	**–**	**(311)**
Losses through other comprehensive income	15	**(4,957)**	**(1,291)**	**(6,248)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

7 Employment

Average number of persons employed by the Group during the year	2014	2013
Sales and distribution	**4,017**	3,847
Production	**12,954**	10,204
Management and administration	**1,762**	1,544
Average number of persons employed	**18,733**	15,595

Aggregate employment costs of the Group in EUR `000	2014	2013
Wages and salaries	**629,581**	582,802
Social welfare costs	**68,400**	56,784
Defined contribution plans (note 25)	**12,568**	11,767
Defined benefit plans - current service cost (note 25)	**3,753**	3,444
Defined benefit plans - past service gain (note 25)	**(1,424)**	(1,197)
Defined benefit plans - curtailment gain (note 25)	**(1,294)**	(2,459)
Share-based payments (note 8)	**9,017**	7,344
Employment costs	**720,601**	658,485

8 Share-based payments

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

- ARYZTA Matching Plan LTIP
- ARYZTA Option Equivalent Plan LTIP
- Origin Enterprises Long-Term Incentive Plan
- Origin Enterprises Matching Plan LTIP

The total cost reported in the Group consolidated financial statements in relation to equity settled share-based payments is €10,840,000 (2013: €7,811,000), of which €9,017,000 (2013: €7,344,000) was reported in the Group Consolidated Income Statement.

Analysis of movements within the LTIP plans during the period are as follows:

8.1 ARYZTA Matching Plan LTIP

Matching Plan awards	Weighted conversion price 2014 in CHF	Number of equity entitlements 2014	Weighted conversion price 2013 in CHF	Number of equity entitlements 2013
Outstanding at beginning of the year	**0.02**	**726,000**	0.02	750,000
Issued during the year	**0.02**	**–**	0.02	222,750
Forfeited during the year	**0.02**	**(3,000)**	0.02	(246,750)
Outstanding at the end of the year	**0.02**	**723,000**	0.02	726,000
Vested at end of the year	**–**	**–**	–	–

Matching Plan awards outstanding by conversion price	Conversion price in CHF	Number of equity entitlements	Actual remaining life (years)
Issued during financial years 2012 and 2013	0.02	723,000	7.2
As of 31 July 2014	0.02	723,000	7.2

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

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. The Group has no legal or constructive obligation to repurchase or settle the Matching Plan awards in cash.

Participants with Matching Plan awards could receive up to three shares for each recognised qualifying interest held throughout the performance period. Vesting is determined by reference to ARYZTA's compound annual underlying fully diluted EPS growth, including the associated cost of any awards expected to vest. For awards outstanding as of 31 July 2014, vesting may occur on a fractional pro-rata basis ranging from a multiple of one to three for growth between 10.0% and 15.0%. In the event of the minimum 10.0% growth target not being achieved, no awards vest.

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 in ARYZTA throughout the performance period;
(c) the requirement that the ARYZTA Food Group's reported ROIC over the expected performance period is not less than its weighted average cost of capital and
(d) the requirement that annual dividends to shareholders are at least 15% of the underlying fully diluted EPS during the performance period.

The Matching Plan Awards can be exercised as of the time the performance conditions described above have been met, but no longer than ten years after grant date.

No new equity entitlements were awarded under the Matching Plan during the year ended 31 July 2014. The weighted average fair value of the 222,750 Matching Plan entitlements awarded during the year ended 31 July 2013 was CHF 45.30. The fair value assigned to equity entitlements issued under the ARYZTA Matching Plan 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 adjusted for the nominal value of the shares.

The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%. Accordingly, the performance conditions associated with 321,388 Matching Plan awards (173,359 of which are held by Executive Management) have been fulfilled and are therefore eligible for vesting, pending Nomination and Remuneration Committee approval. As the performance criteria for the remaining awards outstanding under the Matching Plan have not been met as of 31 July 2014, they are expected to lapse, as they are no longer capable of vesting.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

8.2 ARYZTA Option Equivalent Plan LTIP

Option Equivalent Plan awards	Weighted conversion price 2014 in CHF	Number of equity entitlements 2014	Weighted conversion price 2013 in CHF	Number of equity entitlements 2013
Outstanding at beginning of the year	**39.56**	**2,239,500**	38.72	2,510,000
Issued during the period	–	–	46.70	222,750
Exercised during the period	**37.23**	**(115,000)**	37.23	(370,000)
Forfeited during the period	**46.00**	**(29,000)**	42.26	(123,250)
Outstanding at the end of the year	**39.59**	**2,095,500**	39.56	2,239,500
Vested at end of the year	**37.23**	**650,000**	37.23	765,000

Option Equivalent Plan awards outstanding by conversion price	Conversion price in CHF	Number of equity entitlements	Actual remaining life (years)
Issued during financial year 2010	37.23	**650,000**	**5.1**
Issued during financial year 2012	39.95	**1,291,000**	**7.2**
Issued during financial year 2013	46.70	**154,500**	**8.3**
As of 31 July 2014	39.59	**2,095,500**	**6.6**

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 Group has no legal or constructive obligation to repurchase or settle the Option Equivalent awards in cash.

Vesting of the awards under the Option Equivalent Plan is conditional on compound annual growth in underlying fully diluted EPS (which includes the associated cost of any awards expected to vest) in three consecutive accounting periods exceeding the compound growth in the Eurozone Core Consumer Price Index, plus 5%, on an annualised basis.

Awards under the Option Equivalent Plan are subject to additional conditions, including notably:
(a) the requirement to remain in service throughout the performance period;
(b) the requirement that the ARYZTA Food Group's reported ROIC over the expected performance period is not less than its weighted average cost of capital and
(c) the requirement that annual dividends to shareholders are at least 15% of the underlying fully diluted EPS during the performance period.

The Option Equivalent Plan awards can be exercised as of the time the performance conditions described above have been met, but no longer than ten years after grant date.

No new equity entitlements were awarded under the Option Equivalent Plan during the year ended 31 July 2014. The weighted average fair value assigned to the 222,750 Option Equivalent Plan awards granted during the year ended 31 July 2013 was CHF 7.27, which 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 four years, expected share price volatility of 23.91%, the exercise price of CHF 46.70, the expected dividend yield of 1.5%, and the risk-free rate of 0.0%.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

During the year ended 31 July 2014, 115,000 vested Option Equivalent Plan awards were exercised, in exchange for 55,182 shares. The weighted average share price at the time of these exercises was CHF 72.96 per share. During the year ended 31 July 2013, 370,000 vested Option Equivalent Plan awards were exercised, in exchange for 81,915 shares. The weighted average share price at the time of these exercises was CHF 47.83 per share. The shares issued as part of these exercises were issued out of shares previously held in treasury.

The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%, which exceeded the growth in the Eurozone Core Consumer Price Index over the same period of 1.2%, plus 5%. Accordingly, the performance conditions associated with the Option Equivalent Plan awards outstanding as of 31 July 2014 have been met. As a result, 1,445,500 Option Equivalent Plan awards (970,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval.

650,000 additional Option Equivalent Plan awards (550,000 of which are held by Executive Management) remain outstanding as of 31 July 2014 and were already fully vested and eligible to be exercised as of the beginning of the year.

The weighted average exercise price of all Option Equivalent Plan awards, for which the vesting conditions have been met, is CHF 39.59.

8.3 Origin Enterprises Long-Term Incentive Plan

The table below shows the movement in equity entitlements during the year:

Origin Enterprises Long-Term Incentive Plan	**Weighted conversion price 2014 in EUR**	**Number of equity entitlements 2014**	Weighted conversion price 2013 in EUR	Number of equity entitlements 2013
Outstanding at beginning of the year	–	–	0.01	480,345
Converted to ordinary shares during the year	–	–	0.01	(480,345)
Outstanding at the end of the year	–	–	–	–
Vested at end of the year	–	–	–	–

Plan Description

Participation in the Origin Enterprise Long-Term Incentive Plan was available only to employees of Origin and was specifically not available to ARYZTA executives, officers or employees.

The equity entitlements issued under the Origin Enterprises Long-Term Incentive Plan were equity-settled share-based payments as defined in IFRS 2, Share-based Payment.

Under the terms of the Origin Enterprises Long-Term Incentive Plan, senior executives of Origin were issued equity entitlements in Origin at par value. These equity entitlements converted on a one-to-one basis into ordinary shares in Origin, after the expiration of five years, if specified EPS growth targets were achieved and the employee remained in employment.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

No new equity entitlements have been awarded under the Origin Enterprises Long-Term Incentive Plan since 2008. The weighted average fair value assigned to equity entitlements issued under the Origin Enterprises Long-Term Incentive Plan represented the fair value of an ordinary share on the date of grant, adjusted for the estimated lost dividends between date of issue and vesting date.

During the five year period to 31 July 2012 the Origin EPS growth targets were achieved. As a result, a total of 480,345 equity entitlements were converted into ordinary shares during March 2013 on a one for one basis. No further equity entitlements remain outstanding under the Origin Enterprises Long-Term Incentive Plan since that time.

8.4 Origin Enterprises Matching Plan LTIP

Origin Enterprises Matching Plan LTIP	**Weighted conversion price 2014 in EUR**	**Number of equity entitlements 2014**	Weighted conversion price 2013 in EUR	Number of equity entitlements 2013
Outstanding at beginning of the year	**0.04**	**1,336,633**	–	–
Issued during the year	**–**	**–**	0.04	1,336,633
Forfeited during the year	**0.04**	**(445,545)**	–	–
Outstanding at the end of the year	**0.04**	**891,088**	0.04	1,336,633
Vested at end of the year	**–**	**–**	–	–

Origin Enterprises Matching Plan LTIP awards outstanding by conversion price	Conversion price in EUR	**Number of equity entitlements**	**Actual remaining life (years)**
Issued during financial year 2013	0.04	**891,088**	**7.0**
As of 31 July 2014	0.04	**891,088**	**7.0**

Plan Description

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

The equity instruments granted under the Origin Enterprises Matching Plan LTIP are equity-settled share-based payments, as defined in IFRS 2, Share-based Payment. Neither Origin nor ARYZTA have a legal or constructive obligation to repurchase or settle the Origin Enterprises Matching Plan equity entitlements in cash.

Participants with Origin Enterprises Matching Plan awards could receive up to three Origin shares for each recognised qualifying interest held throughout the performance period. Vesting is determined by reference to Origin's compound annual underlying fully diluted EPS growth. For awards outstanding as of 31 July 2014, vesting may occur on a fractional pro-rata basis ranging from a multiple of one to three, for growth between 7.5% and 12.5%. In the event of the minimum 7.5% growth target not being achieved, no awards vest.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Awards under the Origin Enterprises 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 shares in Origin throughout the performance period;
(c) the requirement that the Origin Group's return on invested capital over the expected performance period is not less than its weighted average cost of capital and
(d) the requirement that annual dividends to shareholders are at least 33% of Origin's underlying EPS during the performance period.

The Origin Matching Plan Awards can be exercised as of the time the performance conditions described above have been met, but no later than 31 July 2021.

No new equity entitlements were awarded under the Origin Enterprises Matching Plan Matching Plan during the year ended 31 July 2014. The weighted average fair value of the 1,336,633 Origin Enterprises Matching Plan entitlements awarded during the year ended 31 July 2013 was €3.51. The fair value assigned to equity entitlements issued under the Origin 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 adjusted for the nominal value of the shares.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

9 Income tax expense

Income tax expense

in EUR `000	2014	2013
Current tax charge	**57,604**	55,832
Deferred tax credit (note 24)	**(14,029)**	(7,574)
Income tax expense	**43,575**	48,258

Reconciliation of average effective tax rate to applicable tax rate

in EUR `000	2014	2013
Profit before tax	**203,114**	204,050
Less share of profits after tax of associates and joint ventures	**(11,844)**	(22,057)
Profit before tax and before share of profits of associates and joint ventures	**191,270**	181,993
Income tax on profits for the year at 21.2% (2013: 21.2%)[1]	**40,549**	38,582
Expenses/(income) not deductible/(taxable) for tax purposes	**8,060**	(421)
Income subject to lower rates of tax	**(5,018)**	(5,401)
Recognition of previously unrecognised deferred taxes	**4,004**	14,574
Change in estimates and other prior year adjustments:		
– Current tax	**(3,160)**	1,538
– Deferred tax	**(860)**	(614)
Income tax expense	**43,575**	48,258

Current and deferred tax movements recognised directly in other comprehensive income

in EUR `000	2014	2013
Relating to foreign exchange translation effects	**916**	1,630
Relating to cash flow hedges	**(465)**	817
Relating to Group employee benefit plans actuarial losses (note 25)	**(221)**	(356)
Relating to tax rate changes	**1,415**	462
Tax recognised directly in other comprehensive income	**1,645**	2,553

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

10 Proposed dividend

At the Annual General Meeting on 2 December 2014, shareholders will be invited to approve a proposed dividend of CHF 0.7646 (€0.6333) per share. If approved, the dividend will be paid to shareholders on 2 February 2015. A dividend of CHF 0.6652 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 10 December 2013.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

11 Earnings per share

	2014	2013
Basic earnings per share	in EUR `000	in EUR `000
Profit attributable to equity shareholders	**135,513**	129,415
Perpetual callable subordinated instrument accrued dividend (note 26)	**(29,548)**	(19,898)
Profit used to determine basic earnings per share	**105,965**	109,517
Weighted average number of ordinary shares	`000	`000
Ordinary shares outstanding at 1 August[1]	**88,120**	88,038
Effect of exercise of equity instruments during the year[2]	**24**	67
Weighted average number of ordinary shares used to determine basic earnings per share	**88,144**	88,105
Basic earnings per share	**120.2 cent**	124.3 cent

	2014	2013
Diluted earnings per share	in EUR `000	in EUR `000
Profit used to determine basic earnings per share	**105,965**	109,517
Effect on non-controlling interests share of reported profits, due to dilutive impact of Origin management equity entitlements[3]	**(186)**	(116)
Profit used to determine diluted earnings per share	**105,779**	109,401
Weighted average number of ordinary shares (diluted)	`000	`000
Weighted average number of ordinary shares used to determine basic earnings per share	**88,144**	88,105
Effect of equity-based incentives with a dilutive impact[2]	**1,263**	454
Weighted average number of ordinary shares used to determine diluted earnings per share[4]	**89,407**	88,559
Diluted earnings per share	**118.3 cent**	123.5 cent

1 Issued share capital excludes treasury shares, as detailed in note 26.

2 The change in the equity instruments with a dilutive impact is due to continued vesting of management share-based incentives, offset by the impact of incentives exercised during the year, which are now included in the weighted average number of ordinary shares used to determine basic earnings per share.

3 Reflects the dilutive impact of equity entitlements granted to Origin senior management under the Origin Plan, as detailed in notes 8.3 and 8.4 of these Group consolidated financial statements. These equity entitlements dilute the Group's share of Origin profits available as part of its diluted earnings per share calculation.

4 The 31 July 2014 weighted average number of ordinary shares used to calculate diluted earnings per share is 89,407,313 (2013: 88,559,475).

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

In addition to the basic and diluted earnings per share measures required by IAS 33, Earnings per Share, as calculated above, the Group also presents an underlying fully diluted earnings per share measure, in accordance with IAS 33 paragraph 73. This additional measure enables comparability of the Group's underlying results from period to period, without the impact of transactions that do not relate to the underlying business. It is also the Group's policy to declare dividends based on underlying fully diluted earnings per share, as this provides a more consistent basis for returning dividends to shareholders.

As shown below, for purposes of calculating this measure, the Group adjusts reported net profit by the following items and their related tax impacts:

- includes the perpetual callable subordinated instrument accrued dividend as a finance cost, as already included in the calculation of basic and diluted earnings per share;
- excludes intangible amortisation, except ERP intangible amortisation;
- excludes net acquisition, disposal and restructuring-related costs and fair value adjustments; and
- adjusts for the impact of dilutive instruments on non-controlling interests share of adjusted profits.

Underlying fully diluted earnings per share	2014 in EUR `000	2013 in EUR `000
Profit used to determine basic earnings per share	**105,965**	109,517
Amortisation of non-ERP intangible assets (notes 1 and 14)	**130,039**	112,331
Tax on amortisation of non-ERP intangible assets (note 24)	**(30,148)**	(31,833)
Share of associate intangible amortisation, net of tax (note 6)	**1,548**	–
Net acquisition, disposal and restructuring-related costs and fair value adjustments (note 2)	**176,360**	117,356
Tax on net acquisition, disposal and restructuring-related costs and fair value adjustments	**(4,457)**	10,402
Non-controlling interest portion of acquisition, disposal and restructuring-related costs and fair value adjustments	**(1,616)**	1,450
Effect on non-controlling interests share of adjusted profits due to dilutive impact of Origin management equity entitlements[3]	**(213)**	(114)
Underlying fully diluted net profit	**377,478**	319,109

Weighted average number of ordinary shares used to determine basic earnings per share	**88,144**	88,105
Underlying basic earnings per share	**428.3 cent**	362.2 cent
Weighted average number of ordinary shares used to determine diluted earnings per share	**89,407**	88,559
Underlying fully diluted earnings per share	**422.2 cent**	360.3 cent

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

12 Property, plant and equipment

31 July 2014 in EUR `000	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Total
Cost					
At 1 August 2013	541,836	932,856	5,641	85,579	1,565,912
Additions	52,198	173,202	1,074	36,148	262,622
Arising on business combination (note 29)	32,351	83,360	402	24,577	140,690
Reclassification from inventory upon IAS 16 amendment	–	19,345	–	–	19,345
Disposals	(8,120)	(25,900)	(3,973)	–	(37,993)
Transfer to investment properties (note 13)	(9,093)	–	–	–	(9,093)
Translation adjustments	925	2,480	38	1,779	5,222
At 31 July 2014	**610,097**	**1,185,343**	**3,182**	**148,083**	**1,946,705**
Accumulated depreciation					
At 1 August 2013	42,285	379,382	2,398	–	424,065
Depreciation charge for year	18,263	80,001	1,331	–	99,595
Asset write-downs/(disposals)	16,502	34,996	(3,778)	–	47,720
Transfer to investment properties (note 13)	(1,796)	–	–	–	(1,796)
Translation adjustments	557	2,420	134	–	3,111
At 31 July 2014	**75,811**	**496,799**	**85**	**–**	**572,695**
Net book amounts					
At 31 July 2014	**534,286**	**688,544**	**3,097**	**148,083**	**1,374,010**
At 31 July 2013	499,551	553,474	3,243	85,579	1,141,847

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 EUR `000	Land and buildings	Plant and Machinery	Motor Vehicles	Total
At 31 July 2014	**543**	**432**	**177**	**1,152**
At 31 July 2013	787	2,149	109	3,045

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

31 July 2013 in EUR `000	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Total
Cost					
At 1 August 2012	514,237	825,818	8,409	58,849	1,407,313
Additions	17,678	118,402	946	33,910	170,936
Arising on business combination (note 29)	57,814	80,668	765	–	139,247
Disposals	(24,297)	(40,395)	(4,104)	–	(68,796)
Transfer to investment properties (note 13)	(600)	–	–	–	(600)
Translation adjustments	(22,996)	(51,637)	(375)	(7,180)	(82,188)
At 31 July 2013	**541,836**	**932,856**	**5,641**	**85,579**	**1,565,912**
Accumulated depreciation					
At 1 August 2012	37,105	343,079	4,542	–	384,726
Depreciation charge for year	14,512	76,561	1,779	–	92,852
Asset write-downs/(disposals)	(6,650)	(20,178)	(3,677)	–	(30,505)
Translation adjustments	(2,682)	(20,080)	(246)	–	(23,008)
At 31 July 2013	**42,285**	**379,382**	**2,398**	**–**	**424,065**
Net book amounts					
At 31 July 2013	**499,551**	**553,474**	**3,243**	**85,579**	**1,141,847**
At 31 July 2012	477,132	482,739	3,867	58,849	1,022,587

13 Investment properties

in EUR `000	**2014**	2013
Balance at 1 August	**22,984**	29,268
Transfer from property, plant and equipment (note 12)	**7,297**	600
Fair value adjustments (note 2)	**–**	(6,606)
Translation adjustment	**435**	(278)
Balance at 31 July	**30,716**	22,984

Investment property is principally comprised of properties previously used in operations, which were transferred to investment property upon the determination that the properties would no longer be used in operations, but instead would be held as an investment for capital appreciation. Rental income and operating expenses recognised related to these properties is not significant.

During the year ended 31 July 2013, the Group incurred €6,606,000 of fair value adjustments related primarily to the carrying value of Origin investment properties. These prior year adjustments were based on independent valuations and were the result of the Irish property market decline, lack of transactions, restricted bank financing for property-related deals, generally difficult economic environment, and in particular the indication that the value of development land in regional areas was converging to that of agricultural land. No further material fair value adjustments were incurred during the year ended 31 July 2014.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

14 Goodwill and intangible assets

31 July 2014 in EUR `000	Goodwill	Customer Relationships	Brands	Computer-related	ERP-related intangibles	Patents and Other	Total
Cost							
At 1 August 2013	1,820,223	1,056,060	283,847	39,664	147,274	36,251	3,383,319
Additions	–	797	235	10,840	68,452	21,882	102,206
Arising on business combination (note 29)	450,492	335,798	19,777	37	–	15,906	822,010
Disposals	–	–	–	(2,442)	(1,568)	–	(4,010)
Translation adjustments	2,667	(1,040)	2,138	(600)	1,147	2,077	6,389
At 31 July 2014	**2,273,382**	**1,391,615**	**305,997**	**47,499**	**215,305**	**76,116**	**4,309,914**
Accumulated amortisation							
At 1 August 2013	–	317,272	106,221	31,920	15,892	6,772	478,077
Amortisation	–	104,107	21,701	1,720	11,071	2,511	141,110
Asset write-downs/(disposals)	–	–	–	(2,438)	2,715	–	277
Translation adjustments	–	(1,661)	959	255	(165)	465	(147)
At 31 July 2014	**–**	**419,718**	**128,881**	**31,457**	**29,513**	**9,748**	**619,317**
Net book amounts							
At 31 July 2014	**2,273,382**	**971,897**	**177,116**	**16,042**	**185,792**	**66,368**	**3,690,597**
At 31 July 2013	1,820,223	738,788	177,626	7,744	131,382	29,479	2,905,242

31 July 2013 in EUR `000	Goodwill	Customer Relationships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Cost							
At 1 August 2012	1,791,484	1,006,582	293,066	35,890	86,778	36,536	3,250,336
Additions	–	70	225	4,687	63,719	–	68,701
Arising on business combination (note 29)	133,087	121,621	–	–	–	2,206	256,914
Disposals	–	–	–	(754)	(1,941)	–	(2,695)
Translation adjustments	(104,348)	(72,213)	(9,444)	(159)	(1,282)	(2,491)	(189,937)
At 31 July 2013	**1,820,223**	**1,056,060**	**283,847**	**39,664**	**147,274**	**36,251**	**3,383,319**
Accumulated amortisation							
At 1 August 2012	–	247,320	86,818	31,760	8,008	4,448	378,354
Amortisation	–	85,644	21,950	1,969	7,884	2,768	120,215
Asset write-downs/(disposals)	–	–	–	(182)	–	–	(182)
Translation adjustments	–	(15,692)	(2,547)	(1,627)	–	(444)	(20,310)
At 31 July 2013	**–**	**317,272**	**106,221**	**31,920**	**15,892**	**6,772**	**478,077**
Net book amounts							
At 31 July 2013	**1,820,223**	**738,788**	**177,626**	**7,744**	**131,382**	**29,479**	**2,905,242**
At 31 July 2012	1,791,484	759,262	206,248	4,130	78,770	32,088	2,871,982

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

Impairment testing on goodwill

Goodwill acquired through business combinations is allocated at acquisition to the cash-generating units, or groups of cash generating-units, that are expected to benefit from the synergies of the business combination.

The business units shown in the following table represent the lowest level at which goodwill is now monitored for internal management purposes. Accordingly, this is also the level at which the 2014 goodwill impairment testing was performed. The carrying amount of goodwill allocated to the relevant cash-generating units, as well as the key assumptions used in the 2014 impairment testing, are summarised as follows:

in EUR `000	Pre-tax discount rate 2014	Projection period	Terminal growth rate	Carrying Value 2014	Carrying Value 2013
Food UK and Ireland	7.8%	3 years	2%	155,772	148,504
Food Germany and other [1]	7.1%	3 years	2%	387,053	349,679
Food Switzerland	5.9%	3 years	2%	218,125	215,123
Food France	8.1%	3 years	2%	105,927	105,812
Total Food Europe				866,877	819,118
Food North America	8.7%	3 years	2%	1,258,700	865,755
Food Rest of World	13.1%	3 years	2%	59,965	60,780
Origin	11.2%	3 years	2%	87,840	74,570
				2,273,382	1,820,223

1 Other comprise goodwill in a number of cash-generating units which are individually insignificant.

The Group tests goodwill for impairment annually, during the last quarter of the financial year, or more frequently if changes in circumstances indicate a potential impairment. No impairment losses have been recognised related to the Group's goodwill during the years ended 31 July 2014 and 31 July 2013.

The recoverable amounts of cash-generating units are based on value-in-use calculations. These calculations use pre-tax cash flow projections based on expected future operating results and related cash flows at the time the impairment test is performed. 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 based on financial budgets approved by management, with additional cash flows in subsequent years calculated using a terminal value methodology and discounted using the relevant rate, as disclosed in the table above.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

A 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 recoverable amount of the business unit. However, based on the results of the impairment testing undertaken, sufficient headroom exists such that any reasonable movement in any of the underlying assumptions would not give rise to an impairment charge. Key assumptions, include management's estimates of future profitability, specifically the terminal growth rate, as well as the discount rate used.

The terminal growth rate within the discounted cash flow model is a significant factor in determining the value-in-use of the cash-generating units. A terminal growth rate is included to take into account the Group's strong financial position, its established history of earnings growth, ongoing cash flow generation and its proven ability to pursue and integrate value-enhancing acquisitions. The terminal growth rates utilised approximated relevant long-term inflation rates within each of the cash-generating units. While the terminal growth rate is a significant factor in the goodwill impairment testing, reducing the terminal growth rate to 0% would not give rise to an impairment.

The discount rate used is also a significant factor in determining the value-in-use of the cash-generating units. These rates are based on the relevant risk-free rate, adjusted to reflect the risk associated with the respective future cash flows from that cash-generating unit. While the discount rate is a significant factor in the goodwill impairment testing, increasing the discount rate by 1% would not give rise to an impairment.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

15 Investments in associates and joint ventures

31 July 2014 in EUR `000	Notes	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2013		33,890	11,345	45,235
Share of profits, after tax and before intangible amortisation, acquisition and restructuring-related costs	6	9,565	3,827	13,392
Group share of intangible amortisation	6	(1,548)	–	(1,548)
Group share of acquisition and restructuring-related costs	6	(2,233)	–	(2,233)
Gains through other comprehensive income	6	2,423	101	2,524
Dividends		(2,278)	–	(2,278)
Translation adjustments		1,504	(1,685)	(181)
At 31 July 2014		**41,323**	**13,588**	**54,911**

31 July 2013 in EUR `000	Notes			
At 1 August 2012		52,378	75,006	127,384
Share of profits, after tax and before acquisition and restructuring-related costs	6	7,420	14,637	22,057
Group share of acquisition and restructuring-related costs	6	(311)	–	(311)
Losses through other comprehensive income	6	(4,957)	(1,291)	(6,248)
Receipts from joint ventures		–	(21)	(21)
Disposal of interest in joint ventures and associate	2	(16,587)	(76,519)	(93,106)
Dividends		(2,273)	(4,635)	(6,908)
Translation adjustments		(1,780)	4,168	2,388
At 31 July 2013		**33,890**	**11,345**	**45,235**

The amounts included in these Group consolidated 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. 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 Valeo, which has a year-end of 31 March.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

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

31 July 2014 in EUR `000	Associates	Joint ventures	Total
Non-current assets	104,278	6,688	110,966
Current assets	75,680	34,905	110,585
Non-current liabilities	(109,026)	(7,747)	(116,773)
Current liabilities	(29,609)	(20,258)	(49,867)
At 31 July 2014	**41,323**	**13,588**	**54,911**

31 July 2013 in EUR `000	Associates	Joint ventures	Total
Non-current assets	77,511	7,273	84,784
Current assets	62,840	41,361	104,201
Non-current liabilities	(62,408)	(18,252)	(80,660)
Current liabilities	(44,053)	(19,037)	(63,090)
At 31 July 2013	**33,890**	**11,345**	**45,235**

16 Inventory

in EUR `000	2014	2013
Raw materials	**85,816**	89,364
Finished goods	**259,919**	188,041
Consumable stores	**16,734**	20,236
Balance at 31 July	**362,469**	297,641

A total expense of €9,184,000 (2013: €8,866,000) was recognised in the Group Consolidated Income Statement arising from write-down of inventory.

17 Trade and other receivables

in EUR `000	2014	2013
Non-current		
Loan notes due from associates (note 31)	**42,586**	39,433
Current		
Trade receivables, net	**524,896**	514,446
Amounts due from related parties (note 31)	**16,347**	2,591
VAT recoverable	**22,463**	24,169
Prepayments and accrued income	**30,381**	22,606
Amount due from disposal of joint venture (note 2)	–	94,002
Other receivables	**20,239**	21,031
Balance at 31 July	**614,326**	678,845

A total expense of €1,075,000 (2013: €3,597,000) was recognised in the Group Consolidated Income Statement arising from impairment of trade receivables.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

18 Trade and other payables

in EUR `000	2014	2013
Non-current		
Other payables	**44,111**	34,534
Put option liability (note 22)	**16,360**	–
Forward purchase obligation (note 22)	**13,271**	13,656
Balance at 31 July	**73,742**	48,190
Current		
Trade payables	**734,719**	605,167
Amounts due to related parties (note 31)	**10,091**	1,204
Accruals and other payables[1]	**409,521**	374,962
Employee related tax and social welfare	**11,958**	10,205
VAT payable	**7,900**	12,604
Balance at 31 July	**1,174,189**	1,004,142

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

19 Contingent consideration

Contingent consideration comprises the net present value of amounts expected to be payable arising on business combinations. Residual contingent consideration is due entirely within five years of the related acquisition and is payable subject to the achievement of earnings or revenue-based targets.

in EUR `000	2014	2013
Balance at 1 August	**12,780**	10,042
Arising on business combination (note 29)	**6,354**	12,821
Payments of contingent consideration	**(4,190)**	(9,114)
Released to income statement	**–**	(392)
Translation adjustment	**310**	(577)
Balance at 31 July	**15,254**	12,780
Classified as:		
Current – due within one year	**8,154**	4,210
Non-current – due after more than one year	**7,100**	8,570
Balance at 31 July	**15,254**	12,780

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

20 Cash and cash equivalents

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 Consolidated Balance Sheet.

As set out further in note 21 of these Group consolidated financial statements, the Group operates two distinct debt funding structures, which are segregated in line with its segmental and corporate reporting structures. One funding structure finances the Food Group segments as a whole. The second funding structure finances the Group's separately listed subsidiary, Origin Enterprises plc, and its related subsidiaries.

The cash and cash equivalents included in the Group Consolidated Cash Flow Statement are analysed as follows:

in EUR `000	2014	2013
Food Group cash at bank and on hand	**555,262**	501,438
Origin cash at bank and on hand	**139,576**	125,484
Total cash at bank and on hand (note 21)	**694,838**	626,922
Food Group bank overdraft	**(251,091)**	(230,022)
Origin bank overdraft	**(4,940)**	(4,424)
Bank overdrafts (note 21)	**(256,031)**	(234,446)
Included in the Group Consolidated Cash Flow Statement	**438,807**	392,476

Cash at bank and on 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.

21 Interest-bearing loans and borrowings

As indicated in note 20, the Group operates two distinct debt funding structures, which are segregated in line with its segmental and corporate reporting structures. One funding structure finances the Food Group segments as a whole. The second funding structure finances the Group's separately listed subsidiary, Origin Enterprises plc, and its related subsidiaries.

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

The bank and private placement borrowings of the Food Group share security via a security assignment agreement.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

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 AG or any Group subsidiaries outside of the Origin Group.

in EUR `000	2014	2013
Included in non-current liabilities		
Food Group loans	**1,781,895**	1,006,799
Origin loans	**116,282**	150,225
Total bank loans	**1,898,177**	1,157,024
Finance leases	**258**	411
Non-current interest-bearing loans and borrowings	**1,898,435**	1,157,435
Included in current liabilities		
Food Group loans	**164,087**	112,952
Origin loans	**30,000**	–
Bank overdrafts (note 20)	**256,031**	234,446
Total bank loans and overdrafts	**450,118**	347,398
Finance leases	**276**	876
Current interest-bearing loans and borrowings	**450,394**	348,274
Total bank loans and overdrafts	**2,348,295**	1,504,422
Total finance leases	**534**	1,287
Total interest-bearing loans and borrowings	**2,348,829**	1,505,709

Analysis of net debt in EUR `000	1 August 2013	Cash flows	Non-cash movements	Translation adjustment	31 July 2014
Cash	626,922	61,230	–	6,686	694,838
Overdrafts	(234,446)	(19,957)	–	(1,628)	(256,031)
Cash and cash equivalents	**392,476**	**41,273**	**–**	**5,058**	**438,807**
Loans	(1,269,976)	(790,243)	(3,253)	(28,792)	(2,092,264)
Finance leases	(1,287)	836	(24)	(59)	(534)
Net debt	**(878,787)**	**(748,134)**	**(3,277)**	**(23,793)**	**(1,653,991)**

Split of net debt in EUR `000	1 August 2013	Cash flows	Non-cash movements	Translation adjustment	31 July 2014
Food Group net debt	(849,228)	(767,523)	(2,646)	(22,682)	(1,642,079)
Origin net debt	(29,559)	19,389	(631)	(1,111)	(11,912)
Net debt	**(878,787)**	**(748,134)**	**(3,277)**	**(23,793)**	**(1,653,991)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

The terms of outstanding loans are as follows:

2014	Currency	Calendar year of maturity	Nominal Value in EUR `000	Carrying amount in EUR `000
Food Group loans				
Senior secured revolving working capital facility	Various	2019	748,932	738,114
Swiss Bond	CHF	2015	164,356	164,087
Private placement 2014				
Series A	USD	2020	74,460	74,104
Series B	USD	2022	186,150	185,261
Series C	USD	2024	104,244	103,746
Series D	EUR	2024	25,000	24,881
Private placement 2010				
Series B	USD	2016	29,784	29,650
Series C	USD	2018	44,676	44,475
Series D	USD	2021	111,690	111,188
Series E	USD	2022	74,460	74,125
Series F	EUR	2020	25,000	24,888
Private placement 2009				
Series A	USD	2021	59,568	59,233
Series B	USD	2024	29,784	29,617
Series C	USD	2029	59,568	59,233
Private placement 2007				
Series B	USD	2017	186,150	186,150
Series C	USD	2019	37,230	37,230
Origin loan facilities				
Unsecured revolving credit facility	GBP	2016	12,606	12,580
Unsecured revolving credit facility	EUR	2016	10,000	9,980
Unsecured term loan facility	GBP	2016	93,914	93,722
Unsecured term loan facility	EUR	2015	30,000	30,000
			2,107,572	**2,092,264**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

2013	Currency	Calendar year of maturity	Nominal Value in EUR `000	Carrying amount in EUR `000
Food Group loans				
Senior secured revolving working capital facility	Various	2016	187,739	182,805
Swiss Bond	CHF	2015	162,094	161,395
Private placement 2010				
Series B	USD	2016	30,120	29,961
Series C	USD	2018	45,181	44,941
Series D	USD	2021	112,952	112,353
Series E	USD	2022	75,301	74,902
Series F	EUR	2020	25,000	24,868
Private placement 2009				
Series A	USD	2021	60,241	59,868
Series B	USD	2024	30,120	29,934
Series C	USD	2029	60,241	59,868
Private placement 2007				
Series A	USD	2014	112,952	112,952
Series B	USD	2017	188,253	188,253
Series C	USD	2019	37,651	37,651
Origin loan facilities				
Unsecured revolving credit facility	GBP	2016	34,764	34,530
Unsecured term loan facility	GBP	2016	86,330	85,751
Unsecured term loan facility	EUR	2015	30,000	29,944
			1,278,939	**1,269,976**

The weighted average effective interest rate in respect of the Group's interest-bearing loans was as follows:

	2014	2013
Food Group loans	**3.6%**	4.6%
Origin Loans	**2.9%**	3.0%
Total bank loans	**3.6%**	4.4%

The pre-tax weighted average cost of capital associated with the Group's financing structures was as follows:

	2014	2013
Food Group	**7.0%**	7.7%
Origin	**11.2%**	10.8%

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Repayment schedule – loans and overdrafts (nominal values) in EUR `000	2014	2013
Less than one year	**450,387**	347,398
Between one and five years	**1,163,292**	764,481
After five years	**749,924**	401,506
	2,363,603	1,513,385

Repayment schedule – finance leases in EUR `000	Minimum lease payments 2014	Interest 2014	Present value of payments 2014	Minimum lease payments 2013	Interest 2013	Present value of payments 2013
Less than one year	**292**	**16**	**276**	903	27	876
Between one and five years	**274**	**16**	**258**	426	15	411
After five years	**–**	**–**	**–**	–	–	–
	566	**32**	**534**	1,329	42	1,287

22 Financial instruments and financial risk

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

in EUR `000	Fair value hierarchy	Fair value through income statement 2014	Hedge instruments 2014	Loans and receivables 2014	Liabilities at amortised cost 2014	Total carrying amount 2014	Fair value 2014
Trade and other receivables (excluding prepayments)		–	–	604,068	–	604,068	604,068
Cash and cash equivalents		–	–	694,838	–	694,838	694,838
Derivative financial assets	*Level 2*	–	1,419	–	–	1,419	1,419
Investment properties	*Level 3*	30,716	–	–	–	30,716	30,716
Total financial assets		**30,716**	**1,419**	**1,298,906**	**–**	**1,331,041**	**1,331,041**
Trade and other payables (excluding non-financial liabilities)		–	–	–	(1,198,442)	(1,198,442)	(1,198,442)
Bank overdrafts		–	–	–	(256,031)	(256,031)	(256,031)
Bank borrowings		–	–	–	(2,092,264)	(2,092,264)	(2,212,344)
Finance lease liabilities		–	–	–	(534)	(534)	(534)
Derivative financial liabilities	*Level 2*	–	(7,099)	–	–	(7,099)	(7,099)
Forward purchase obligation	*Level 3*	(13,271)	–	–	–	(13,271)	(13,271)
Put option liability	*Level 3*	(16,360)	–	–	–	(16,360)	(16,360)
Contingent consideration	*Level 3*	(15,254)	–	–	–	(15,254)	(15,254)
Total financial liabilities		**(44,885)**	**(7,099)**	**–**	**(3,547,271)**	**(3,599,255)**	**(3,719,335)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

in EUR `000	Fair value hierarchy	Fair Value through income statement 2013	Hedge instruments 2013	Loans and receivables 2013	Liabilities at amortised cost 2013	Total carrying amount 2013	Fair value 2013
Trade and other receivables (excluding prepayments)		–	–	671,503	–	671,503	671,503
Cash and cash equivalents		–	–	626,922	–	626,922	626,922
Derivative financial assets	*Level 2*	–	1,821	–	–	1,821	1,821
Investment properties	*Level 3*	22,984	–	–	–	22,984	22,984
Total financial assets		**22,984**	**1,821**	**1,298,425**	**–**	**1,323,230**	**1,323,230**
Trade and other payables (excluding non-financial liabilities)		–	–	–	(1,015,867)	(1,015,867)	(1,015,867)
Bank overdrafts		–	–	–	(234,446)	(234,446)	(234,446)
Bank borrowings		–	–	–	(1,269,976)	(1,269,976)	(1,400,117)
Finance lease liabilities		–	–	–	(1,287)	(1,287)	(1,287)
Derivative financial liabilities	*Level 2*	–	(3,490)	–	–	(3,490)	(3,490)
Forward purchase obligation	*Level 3*	(13,656)	–	–	–	(13,656)	(13,656)
Contingent consideration	*Level 3*	(12,780)	–	–	–	(12,780)	(12,780)
Total financial liabilities		**(26,436)**	**(3,490)**	**–**	**(2,521,576)**	**(2,551,502)**	**(2,681,643)**

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 tables.

Trade and other receivables/payables

All trade and other receivables or payables, other than the forward purchase obligation and put option liability mentioned below, are carried at amortised cost, less any impairment provision. For any trade and other 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 an original and 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.

Investment property

Investment property, principally comprised of land and buildings, is held for capital appreciation. Investment property is stated at fair value through the income statement. 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. As the fair value is based on inputs not observable within the market, it has been classified as a Level 3 asset.

Interest-bearing loans and borrowings

For interest-bearing loans and borrowings with a contractual re-pricing date of less than six months, the nominal amount is considered to approximate fair value for disclosure

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

purposes. For loans with a re-pricing 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.

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

Forward purchase obligation
The other long-term liability related to the HiCoPain forward purchase contract (notes 18 and 26) is carried at fair value through profit and loss. In accordance with the terms of that agreement, the fair value of this financial instrument is based on the estimated net book value of HiCoPain AG upon the final exit of the non-controlling interest shareholder. As the fair value of this obligation is based on inputs not observable within the market, it has been classified as a Level 3 financial liability.

Put option liability
Origin acquired a 60 percent interest in Agroscope International LLC ('Agroscope') for cash consideration on 30 January 2014. Origin also entered into an arrangement with the non-controlling interest shareholder of Agroscope, under which the non-controlling interest shareholder has the right at various dates to sell the remaining 40 percent interest to Origin based on an agreed formula. In the event that this is not exercised Origin has a similar right to acquire the 40 percent interest. Arising on the acquisition of Agroscope, Origin recognised an option liability of €15.8 million, which was the fair value of the future estimated amount payable to exercise the option. This has been determined based on an agreed earnings before interest and tax based formula that is not capped, which includes an expectation of future trading performance and timing of when the options are expected to be exercised, discounted to present day value using a cost of debt rate of three percent. As the fair value of this obligation is based on inputs not observable within the market, it has been classified as a Level 3 financial liability.

Contingent consideration
Where any part of the consideration for a business combination is contingent, the fair value of that component is determined by discounting the estimated amounts payable to their present value at the acquisition date. The discount is unwound as a finance charge in the Group Consolidated Income Statement over the life of the obligation. Subsequent changes to the estimated amounts payable for contingent consideration are recognised as a gain or loss in the Group Consolidated Income Statement. As the fair value of this obligation is based on inputs not observable within the market, it has been classified as a Level 3 financial liability.

Movement in level 3 financial liabilities

in EUR `000	2014	2013
Balance at 1 August	**26,436**	23,488
Arising on business combination (note 29)	**22,138**	12,821
Payments of contingent consideration (note 19)	**(4,190)**	(9,114)
Recognition of forward purchase obligation	**–**	983
Amounts recognised in profit and loss	**(294)**	(802)
Translation adjustments	**795**	(940)
Balance at 31 July	**44,885**	26,436

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

Fair value hierarchy

The tables at the beginning of this note summarise the financial instruments carried at fair value, by valuation method. 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 inputs

Risk exposures

Group risk management

Risk management is a fundamental element of the Group's business practice at 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 33. Financial risk management specifically is described in further detail below.

Financial risk management

The Group's international operations expose it to different financial risks that include:

- credit risks;
- liquidity risks;
- foreign exchange rate risks;
- interest rate risks; and
- commodity price risks.

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

Credit risk

Exposure to credit risk

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

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. Management does not expect any losses from non-performance by these counterparties.

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 geography.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

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 €55,017,000 (2013: €20,036,000). The Group has continued to recognise an asset of €5,915,000 (2013: €282,000), representing the maximum extent of its continuing involvement or exposure and an associated liability of a similar amount.

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 EUR `000	**Carrying amount 2014**	Carrying amount 2013
Cash and cash equivalents	**694,838**	626,922
Trade and other receivables	**604,068**	671,503
Derivative financial assets	**1,419**	1,821
	1,300,325	1,300,246

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

in EUR `000	**Carrying amount 2014**	Carrying amount 2013
Europe	**411,054**	417,268
North America	**90,318**	73,743
Rest of World	**23,524**	23,435
	524,896	514,446

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

in EUR `000	**Carrying amount 2014**	Carrying amount 2013
Food Group trade receivables	**263,427**	267,857
Origin trade receivables	**261,469**	246,589
	524,896	514,446

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

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

in EUR `000	Gross 2014	Impairment 2014	Gross 2013	Impairment 2013
Not past due	**420,227**	**286**	419,803	1,065
Past due 0–30 days	**78,497**	**405**	82,892	518
Past due 31–120 days	**31,397**	**4,534**	23,484	10,150
Past due more than 121 days	**12,938**	**12,938**	5,911	5,911
	543,059	**18,163**	532,090	17,644

The Group standard payment terms are typically 0–60 days. With the exception of the long-term notes due from an associate, all other receivables are due in less than six months. All other receivables are deemed to be fully recoverable.

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

in EUR `000	2014	2013
Balance at 1 August	**17,644**	14,076
Arising on business combination	**1,328**	1,947
Charged during the year	**1,075**	3,597
Released during the year	**(2,315)**	(1,487)
Translation adjustment	**431**	(489)
Balance at 31 July	**18,163**	17,644

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 twelve-month period. At 31 July 2014, 19% of the Group's total borrowings will mature within the next 12 months.

In February 2014, the Food Group agreed an amendment to its existing syndicated loan facility, which increased the amount available from CHF 970,000,000 (€797,127,000) to CHF 1,977,000,000 (€1,624,660,000) and extended the maturity of the facility to February 2019 with unchanged interest margins and financial covenants. The Food Group also has USD 1,340,000,000 (€997,764,000) and €50,000,000 private placements and a CHF 200,000,0000 (€164,356,000) Swiss listed bond. Short term flexibility is achieved through the availability of overdrafts totalling €399,402,000.

In July 2011, Origin negotiated new syndicated loan facilities with an available principal of €300,000,000, which matures in July 2016. In March 2012, Origin additionally arranged an unsecured term loan facility with an available principal of €30,000,000, which matures in March 2015. Short-term flexibility is achieved through the availability of overdraft facilities totalling €45,229,000.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

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

2014 in EUR `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	(1,207,868)	(1,581,218)	(25,916)	(195,613)	(81,615)	(395,509)	(882,565)
Variable rate bank loans	(884,396)	(964,495)	(8,907)	(38,604)	(132,953)	(784,031)	–
Finance lease liabilities	(534)	(566)	(158)	(134)	(214)	(60)	–
Bank overdrafts	(256,031)	(256,031)	(256,031)	–	–	–	–
Trade and other payables	(1,198,442)	(1,198,442)	(1,126,582)	(27,749)	(13,160)	(6,145)	(24,806)
Forward purchase obligation	(13,271)	(13,271)	–	–	(13,271)	–	–
Put option liability	(16,360)	(16,360)	–	–	–	(16,360)	–
Derivative financial instruments							
Interest rate swaps used for hedging	(4,421)	(4,421)	(513)	(463)	(1,303)	(2,142)	–
Currency forward contracts used for hedging							
– Inflows	–	95,497	78,431	17,066	–	–	–
– Outflows	(2,678)	(98,175)	(80,839)	(17,336)	–	–	–
	(3,584,001)	**(4,037,482)**	**(1,420,515)**	**(262,833)**	**(242,516)**	**(1,204,247)**	**(907,371)**

2013 in EUR `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	(936,945)	(1,231,914)	(21,693)	(139,913)	(204,288)	(360,613)	(505,407)
Variable rate bank loans	(333,031)	(364,795)	(4,423)	(4,423)	(38,540)	(317,409)	–
Finance lease liabilities	(1,287)	(1,329)	(543)	(360)	(310)	(116)	–
Bank overdrafts	(234,446)	(234,446)	(234,446)	–	–	–	–
Trade and other payables	(1,015,867)	(1,015,867)	(954,037)	(27,296)	(9,131)	(4,763)	(20,640)
Forward purchase obligation	(13,656)	(13,656)	–	–	–	(13,656)	–
Derivative financial instruments							
Interest rate swaps used for hedging	(3,044)	(3,044)	–	(908)	(1,002)	(1,134)	–
Currency forward contracts used for hedging							
– Inflows	–	66,699	22,750	43,949	–	–	–
– Outflows	(446)	(67,145)	(23,062)	(44,083)	–	–	–
	(2,538,722)	**(2,865,497)**	**(1,215,454)**	**(173,034)**	**(253,271)**	**(697,691)**	**(526,047)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

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 EUR `000	**Assets 2014**	**Liabilities 2014**	Assets 2013	Liabilities 2013
Cash flow hedges				
Currency forward contracts	**1,077**	**(2,678)**	1,803	(446)
Interest rate swaps	**342**	**(4,421)**	18	(3,044)
At 31 July	**1,419**	**(7,099)**	1,821	(3,490)

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 Consolidated 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 consolidated 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 other comprehensive income in the foreign currency translation reserve. Any ineffectiveness arising on such hedging relationships is recognised immediately in the income statement.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

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 31 July 2014:

2014 in EUR `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	20,000	5,008	–	295	4,497	2,626	32,426
Other receivables	230	74	–	–	516	42	862
Cash and cash equivalents	4,929	9,333	580	450	7,539	903	23,734
Trade payables	(12,502)	(15,242)	–	(8,302)	(47,117)	(2,352)	(85,515)
Other payables	(1,594)	(16,915)	–	(104)	(5,094)	(134)	(23,841)
Derivative financial instruments	–	(2,655)	–	–	(1,453)	–	(4,108)
At 31 July 2014	**11,063**	**(20,397)**	**580**	**(7,661)**	**(41,112)**	**1,085**	**(56,442)**

The following table details the Group's exposure to transactional foreign currency risk at 31 July 2013:

2013 in EUR `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	8,304	2,473	5,239	1,209	8,672	3,446	29,343
Other receivables	22	100	23	–	22	127	294
Cash and cash equivalents	2,785	3,454	20	36	5,287	917	12,499
Trade payables	(2,473)	(16,007)	(2,379)	(4,908)	(42,568)	(1,100)	(69,435)
Other payables	(4,215)	(586)	(2,543)	(980)	(12,606)	(287)	(21,217)
Derivative financial instruments	(1,477)	(102)	–	1	(328)	7	(1,899)
At 31 July 2013	**2,946**	**(10,668)**	**360**	**(4,642)**	**(41,521)**	**3,110**	**(50,415)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Currency sensitivity analysis

A 10% strengthening or weakening of the euro against the following currencies at 31 July 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 in the prior year.

2014 in EUR `000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	(1,006)	17,642	1,229	(21,563)
USD	1,613	44,400	(1,971)	(54,266)
CAD	(53)	16,074	64	(19,647)
CHF	696	–	(851)	–
At 31 July 2014	1,250	78,116	(1,529)	(95,476)

2013 in EUR `000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	(402)	18,966	491	(23,180)
USD	961	9,522	(1,174)	(11,638)
CAD	(33)	33	40	(40)
CHF	422	–	(516)	–
At 31 July 2013	948	28,521	(1,159)	(34,858)

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

Interest rate risk

The Group's debt bears both variable and fixed rates of interest as per the original contracts. Fixed rate debt is achieved through the issuance 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 EUR `000	Carrying amount 2014	Carrying amount 2013
Fixed rate instruments		
Bank borrowings	**(1,207,868)**	(936,945)
Finance lease liabilities	**(534)**	(1,287)
	(1,208,402)	(938,232)
Variable rate instruments		
Cash and cash equivalents	**694,838**	626,922
Bank overdrafts	**(256,031)**	(234,446)
Bank borrowings	**(884,396)**	(333,031)
Total interest-bearing financial instruments	**(1,653,991)**	(878,787)

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Cash flow sensitivity analysis for variable rate liabilities

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

2014 in EUR `000	Principal amount	Impact of 50 bps increase on income statement	Impact of 50 bps increase on equity
Bank overdrafts	(256,031)	(1,280)	–
Variable rate bank borrowings	(884,396)	(4,422)	–
Interest rate swaps	402,537	–	2,013
Cash flow sensitivity, net	**(737,890)**	**(5,702)**	**2,013**

2013 in EUR `000	Principal amount	Impact of 50 bps increase on income statement	Impact of 50 bps increase on equity
Bank overdrafts	(234,446)	(1,172)	–
Variable rate bank borrowings	(333,031)	(1,665)	–
Interest rate swaps	398,831	–	1,994
Cash flow sensitivity, net	**(168,646)**	**(2,837)**	**1,994**

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 are applied.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

23 Deferred income from government grants

in EUR `000	2014	2013
At 1 August	**25,251**	10,210
Received in the year	**214**	79
Arising on business combination	**–**	17,842
Recognised in Group Consolidated Income Statement	**(4,249)**	(2,644)
Translation adjustment	**45**	(236)
At 31 July	**21,261**	25,251

24 Deferred income tax income

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

in EUR `000	2014	2013
Deferred income tax assets (deductible temporary differences)		
Property, plant and equipment	**3,403**	3,377
Employee compensation	**4,092**	5,571
Pension related	**4,795**	6,395
Financing related	**201**	8,853
Tax loss carry-forwards and tax credits	**49,272**	32,071
Other	**10,985**	14,879
	72,748	71,146
Deferred income tax liabilities (taxable temporary differences)		
Property, plant and equipment	**(97,745)**	(99,616)
Intangible assets	**(255,639)**	(248,577)
Pension related	**(858)**	(1,140)
Financing related	**(11,139)**	(10,242)
Unremitted earnings	**(62,405)**	(36,508)
Other	**(6,400)**	(5,933)
	(434,186)	(402,016)

Unrecognised deferred income 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 EUR `000	2014	2013
Within one year	**451**	196
Between one and five years	**1,042**	2,083
After five years	**16,389**	9,069
Total unrecognised tax losses	**17,882**	11,348

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Deferred income tax liabilities of €13,604,000 (2013: €17,478,000) have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries, as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future. During the financial years 2014 and 2013, progress has continued on the Food Group ATI programme, which included various intra-group legal restructurings. These restructurings resulted in the recognition of previously unrecognised deferred taxes.

Movements in net deferred tax assets/(liabilities), during the year, were as follows:

2014 in EUR `000	Property, plant & equipment	Employee compensation	Pension related	Financing related	Tax losses, credits and unremitted earnings	Other	Sub-Total	Intangible assets	Total
At 1 August 2013	(96,239)	5,571	5,255	(1,389)	(4,437)	8,946	**(82,293)**	(248,577)	**(330,870)**
Recognised in Group Consolidated Income Statement	7,145	(1,389)	(365)	(9,017)	(8,165)	(4,328)	**(16,119)**	30,148	**14,029**
Recognised in Group Consolidated Statement of Comprehensive Income	(312)	–	221	(451)	–	(1,103)	**(1,645)**	–	**(1,645)**
Arising on business combination (note 29)	(6,403)	–	–	–	–	–	**(6,403)**	(37,133)	**(43,536)**
Translation adjustments and other	1,467	(90)	(1,174)	(81)	(531)	1,070	**661**	(77)	**584**
At 31 July 2014	**(94,342)**	**4,092**	**3,937**	**(10,938)**	**(13,133)**	**4,585**	**(105,799)**	**(255,639)**	**(361,438)**

2013 in EUR `000	Property, plant & equipment	Employee compensation	Pension related	Financing related	Tax losses, credits and unremitted earnings	Other	Sub-Total	Intangible assets	Total
At 1 August 2012	(108,012)	4,386	4,842	405	25,921	13,356	**(59,102)**	(267,555)	**(326,657)**
Recognised in Group Consolidated Income Statement	6,929	1,510	239	1,078	(29,367)	(4,648)	**(24,259)**	31,833	**7,574**
Recognised in Group Consolidated Statement of Comprehensive Income	(462)	–	356	(2,447)	–	–	**(2,553)**	–	**(2,553)**
Arising on business combination (note 29)	–	–	–	–	–	–	**–**	(31,064)	**(31,064)**
Translation adjustments and other	5,306	(325)	(182)	(425)	(991)	238	**3,621**	18,209	**21,830**
At 31 July 2013	**(96,239)**	**5,571**	**5,255**	**(1,389)**	**(4,437)**	**8,946**	**(82,293)**	**(248,577)**	**(330,870)**

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

25 Employee benefits

The Group operates a number of defined benefit and defined contribution pension plans in various jurisdictions within both the Food Group and Origin business segments. The majority of plans are externally funded with plan assets held in corresponding separate trustee-administered funds, governed by local regulations and practice in each country.

The trustees of the various pension funds are required by law to act in the best interests of the plan participants and are responsible for investment strategy and plan administration. The level of benefits available to members depends on length of service and either their average salary over their period of employment, their salary in the final years leading up to retirement or in some cases historical salaries, depending on the rules of the individual plan.

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

in EUR `000	2014	2013
Deficit in Food Group defined benefit plans	**5,692**	6,536
Deficit in Origin defined benefit plans	**5,193**	12,385
Total deficit in defined benefit plans	**10,885**	18,921
Other[1]	**1,566**	3,418
Total	**12,451**	22,339

1 Other includes provisions to meet unfunded pension fund deficiencies in a variety of insignificant subsidiaries.

The valuations of the defined benefit schemes used for the purposes of the following disclosures are those of the most recent actuarial reviews carried out at 30 June 2014 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

Employee benefit plan risks

The employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk. The allocation to equities is monitored to ensure it remains appropriate given the long-term objectives of the plans.

Changes in bond yields

An increase in corporate bond yields will decrease the value placed on liabilities of the plans, although this will be partially offset by a decrease in the value of the bond holdings within the plans.

Inflation risk

In certain plans the benefit obligations are linked to inflation, with the result that higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Life expectancy
In the event that members live longer than assumed a further deficit will emerge.

The Group ensures that the investment positions are managed with an asset-liability matching ('ALM') framework that has been developed to achieve long-term investments that are in line with the obligations under the pension plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

Financial assumptions
The main assumptions used were determined based on management experience and expectations in each country, as well as actuarial advice based on published statistics.

An average of these assumptions across all plans were as follows:

	2014	2013
Rate of increase in salaries	**2.09%**	2.34%
Rate of increases in pensions in payment and deferred benefits	**2.54%**	2.93%
Discount rate on plan liabilities	**3.25%**	3.59%
Inflation rate	**2.14%**	2.56%

The mortality assumptions imply the following life expectancies, in years, of an active member on retiring at age 65, 20 years from now:

	2014	2013
Male	**23.7**	24.1
Female	**26.0**	26.2

The mortality assumptions imply the following life expectancies, in years, of an active member, aged 65, retiring now:

	2014	2013
Male	**21.9**	22.1
Female	**24.2**	24.3

The sensitivity of the defined benefit obligation to changes in the principal financial actuarial assumptions is set out below. The present value of the defined benefit obligation has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised in the Group Consolidated Balance Sheet. The impact on the defined benefit obligation as at 31 July 2014 is on the basis that only one principal financial actuarial assumption is changed, with all other assumptions remaining unchanged.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Assumption	**Change in Assumption**	Impact on plan liabilities
Discount rate	**Increase/decrease 0.5%**	Decrease/increase by 8.2%
Price inflation	**Increase/decrease 0.5%**	Increase/decrease by 2.8%
Salary	**Increase/decrease 0.5%**	Increase/decrease by 0.7%

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Net pension liability
in EUR `000

	2014	2013	2012	2011	2010
Fair value of plan assets:					
Equities	**43,059**	47,085	43,087	42,230	28,035
Bonds	**61,671**	65,389	73,718	57,675	34,891
Property	**8,532**	14,957	9,545	12,301	6,061
Other	**18,112**	17,375	21,355	20,988	22,219
Total fair value of assets	**131,374**	144,806	147,705	133,194	91,206
Present value of plan liabilities	**(142,259)**	(163,727)	(167,511)	(145,303)	(103,034)
Deficit in the plans	**(10,885)**	(18,921)	(19,806)	(12,109)	(11,828)
Related deferred tax asset	**3,937**	5,255	4,842	5,302	3,998
Net pension liability	**(6,948)**	(13,666)	(14,964)	(6,807)	(7,830)

Movement in the fair value of plan assets
in EUR `000

	2014	2013
Fair value of plan assets at 1 August	**144,806**	147,705
Interest income	**5,140**	5,795
Employer contributions	**4,983**	4,459
Special pension contribution on wind-up	**6,500**	–
Employee contributions	**2,462**	2,500
Benefit payments made	**(4,368)**	(1,815)
Plan settlements	**(5,343)**	(9,490)
Transfer on scheme wind-up	**(29,733)**	–
Actuarial return on plan assets (excluding interest income)	**1,325**	3,679
Other	**(155)**	(298)
Translation adjustments	**5,757**	(7,729)
Fair value of plan assets at 31 July	**131,374**	144,806

Movement in the present value of plan obligations
in EUR `000

	2014	2013
Present value of plan obligations at 1 August	**(163,727)**	(167,511)
Current service cost	**(3,753)**	(3,444)
Past service gain	**1,424**	1,197
Settlement gain	**1,294**	2,459
Interest expense on plan obligations	**(5,574)**	(5,892)
Employee contributions	**(2,462)**	(2,500)
Benefit payments made	**4,368**	1,815
Plan settlements	**5,343**	9,490
Transfer on scheme wind-up	**29,733**	–
Actuarial changes in demographic and financial assumptions	**(3,063)**	(6,464)
Actuarial experience adjustments	**(114)**	(1,055)
Other	**(22)**	298
Translation adjustments	**(5,706)**	7,880
Present value of plan obligations at 31 July	**(142,259)**	(163,727)

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Movement in net liability recognised in the Group Consolidated Balance Sheet
in EUR `000

	2014	2013
Net liability in plans at 1 August	**(18,921)**	(19,806)
Current service cost	**(3,753)**	(3,444)
Past service gain	**1,424**	1,197
Settlement gain	**1,294**	2,459
Employer contributions	**4,983**	4,459
Special contribution on scheme wind up	**6,500**	–
Net interest expense	**(434)**	(97)
Actuarial loss on Group defined benefit pension plans	**(1,852)**	(3,840)
Other	**(177)**	–
Translation adjustments	**51**	151
Net liability in plans at 31 July	**(10,885)**	(18,921)

The estimated contributions expected to be paid during the year ending 31 July 2015 in respect of the Group's defined benefit plans is €4,299,000.

Analysis of defined benefit expense recognised in the Group Consolidated Income Statement
in EUR `000

	2014	2013
Current service cost	**3,753**	3,444
Past service gain	**(1,424)**	(1,197)
Settlement gain	**(1,294)**	(2,459)
Administration expenses	**155**	–
Non-financing expense/(income) recognised in Group Consolidated Income Statement	**1,190**	(212)
Included in financing costs, net	**434**	97
Net charge/(gain) to Group Consolidated Income Statement	**1,624**	(115)

Additionally, a charge of €12,568,000 (2013: €11,767,000) was recorded in the Group Consolidated Income Statement in respect of the Group's defined contribution plans.

Defined benefit pension expense recognised in Group Consolidated Statement of Comprehensive Income
in EUR `000

	2014	2013
Return on plan assets (excluding interest income)	**1,325**	3,679
Experience losses on plan liabilities	**(114)**	(1,055)
Changes in demographic and financial assumptions	**(3,063)**	(6,464)
Actuarial loss	**(1,852)**	(3,840)
Deferred tax effect of actuarial loss (note 9)	**221**	356
Actuarial loss recognised in Group Consolidated Statement of Comprehensive Income	**(1,631)**	(3,484)

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

History of experience gains and losses:	**2014**	2013	2012	2011	2010
Difference between expected and actual return on plan assets and losses:					
– Amount (in €`000)	**1,325**	3,679	712	(63)	3,700
– % of Plan assets	**1.01%**	2.54%	0.48%	(0.05)%	4.06%
Experience (losses)/gains on plan obligations:					
– Amount (in €`000)	**(114)**	(1,055)	(880)	(343)	2,681
– % of Plan obligations	**(0.08)%**	(0.64)%	(0.53)%	(0.24)%	2.60%
Total actuarial losses recognised in Group Consolidated Statement of Comprehensive Income:					
– Amount (in €`000)	**(1,852)**	(3,840)	(10,710)	(1,881)	(2,336)
– % of Plan obligations	**(1.30)%**	(2.35)%	(6.39)%	(1.29)%	(2.27)%

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

26 Shareholders equity

Registered shares of CHF 0.02 each – authorised, issued and fully paid	**2014** `000	**2014** in EUR `000	2013 `000	2013 in EUR `000
At 1 August	**91,811**	**1,172**	91,811	1,172
Issue of registered shares (CHF 0.02)	**–**	**–**	–	–
At 31 July	**91,811**	**1,172**	91,811	1,172

At the Annual General Meeting on 10 December 2013, the shareholders approved the resolution to modify Article 5 of the Articles of Association (Authorised capital for general purposes). Pursuant to these modifications, the Board of Directors is now authorised to increase the share capital at any time until 10 December 2015, by an amount not exceeding CHF 183,621.06, through the issue of up to a maximum of 9,181,053 fully paid-up registered shares with a nominal value of CHF 0.02 each.

Furthermore, the Board of Directors was authorised to exclude the subscription rights of the shareholders and to allocate them to third parties if the shares are used for the following purposes:

(1) acquisition of companies, parts of companies or equity holdings or for new investment projects or for financing of such transactions (maximum of 9,181,053 fully paid-up registered shares),
(2) broadening the shareholder constituency (maximum of 4,590,526 fully paid-up registered shares), or
(3) for the purpose of the participation of employees (maximum of 3,060,351 fully paid-up registered shares).

Treasury shares of CHF 0.02 each – authorised, called up and fully paid	**2014** `000	**2014** in EUR `000	2013 `000	2013 in EUR `000
At 1 August	**3,691**	**56**	3,773	57
Release of treasury shares upon vesting and exercise of equity entitlements	**(55)**	**(1)**	(82)	(1)
At 31 July	**3,636**	**55**	3,691	56

During the year ended 31 July 2014, 115,000 vested Option Equivalent Plan awards were exercised, in exchange for 55,182 shares. The weighted average share price at the time of these exercises was CHF 72.96 per share. During the year ended 31 July 2013, 370,000 vested Option Equivalent Plan awards were exercised, in exchange for 81,915 shares. The weighted average share price at the time of these exercises was CHF 47.83 per share. The shares issued as part of these exercises were issued out of shares previously held in treasury by ARY LTIP Trustee, a wholly-owned subsidiary within the ARYZTA AG Group.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Other equity reserve
In April 2013, the Group raised CHF 400,000,000 through the issuance of a Perpetual Callable Subordinated Instrument ('Hybrid Instrument'), which has been recognised at a carrying value of €319,442,000 within equity, net of transaction costs of €4,865,000. This Hybrid Instrument offers a coupon of 4% and has no maturity date, with an initial call date by ARYZTA after five years from issuance. In the event that the call option is not exercised after five years, the coupon would be 605 bps plus the 3-month CHF LIBOR.

In October 2010, the Group raised CHF 400,000,000 through the issuance of a separate Hybrid Instrument, which was recognised at a carrying value of €285,004,000 within equity, net of transaction costs of €7,436,000. This Hybrid Instrument offers a coupon of 5% and has no maturity date. Subsequent to year end, the Group announced its intention to repay this Perpetual callable subordinated instrument. This repayment is expected to occur in October 2014, in line with the first call date.

Other equity reserve
in EUR `000

	2014	2013
At 1 August	**604,446**	285,004
Issuance of hybrid instrument, net of transaction costs	**–**	319,442
At 31 July	**604,446**	604,446

The total coupon recognised for these Hybrid instruments during the year ended 31 July 2014 was €29,548,000 (2013: €19,898,000).

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 as of 31 July 2014 relates to surpluses arising on revaluations of land and buildings previously held as investment property. During the year ended 31 July 2013, €1,993,000 was transferred from the revaluation reserve to retained earnings representing the fair value adjustments to investment properties.

Share-based payment reserve
This reserve comprises amounts credited to reserves in connection with equity awards, less the amount related to any such awards that become vested.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences since the date of the Group's transition to IFRS, arising from translation of the net assets of the Group's non-euro-denominated functional currency operations into euro, the Group's presentation currency.

Transaction with non-controlling interest
During March 2012, the Group entered into an agreement to acquire the remaining 40% interest in HiCoPain AG. Based on this agreement, the non-controlling interest shareholder continues to participate in the risk and rewards of the business until the final exit date, which is expected to occur during fiscal year 2016. At that time, consideration based on the net book value of HiCoPain AG will be paid to the non-controlling interest shareholder.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

Total estimated future consideration and related costs to be paid in connection with this transaction of CHF 17,349,000 (€14,412,000) have been recorded as a reduction in retained earnings of the Group, with a remaining estimated liability of €13,271,000 as of 31 July 2014 (2013: €13,656,000). Upon payment of the consideration and final exit of the minority shareholder, the carrying value of the related non-controlling interest will then be eliminated directly as an increase in retained earnings.

Capital management

The capital managed by the Group consists of the Group equity of €2,791,457,000 (2013: €2,760,629,000). 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 consolidated 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 consolidated financial statements, the Group operates two distinct debt funding structures:

– The Food Group net debt amounted to €1,642,079,000 at 31 July 2014 (2013: €849,228,000).
– The Group's listed subsidiary, Origin Enterprises plc, has separate funding structures, which are financed without recourse to ARYZTA AG. Origin net debt amounted to €11,912,000 at 31 July 2014 (2013: €29,559,000).

The Food Group employs four ratio targets to monitor equity and its financing covenants:

– The Food Group's net debt to EBITDA[1] ratio is below 3.5 times – the ratio was 2.45 times at 31 July 2014 (2013: 1.57 times).
– The Food Group's interest cover (EBITDA[1] to interest) is above 4 times – the ratio was 10.72 times at 31 July 2014 (2013: 9.37 times).
– The Food Group's minimum equity shall not be below €1,000,000,000 at any time – the equity at 31 July 2014 was €2,613,325,000 (2013: €2,537,088,000).
– The Food Group's minimum equity ratio (equity / consolidated assets) shall amount to at least 35% at any time – the ratio was 43% at 31 July 2014 (2013: 51%).

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 2014 is 15% of fully diluted underlying earnings per share. 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 Annual General Meeting of the shareholders.

1 Calculated based on the Food Group EBITDA for the year ended 31 July 2014 of €589.2m, which is then adjusted by the dividend received from Origin of €16.4m and for the pro forma full-year contribution of Food Group acquisitions.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

27 Non-controlling interests

in EUR `000	2014	2013
Balance at 1 August	**97,610**	86,225
Share of profit for the year	**24,026**	26,377
Share of profit / (loss) recognised in other comprehensive income	**3,150**	(7,111)
Dividends paid to non-controlling interests	**(10,751)**	(8,935)
Portion of share-based payment charge	**243**	395
Dilution of equity shareholders interest in Origin due to vesting of Origin management equity entitlements	**–**	659
Origin tender offer share buyback, net	**(26,526)**	–
Balance at 31 July	**87,752**	97,610

Transactions with non-controlling interests

During March 2013, 480,345 Origin management equity entitlements were converted, on a one for one basis, into ordinary shares of Origin. While ARYZTA continued to hold the same number of ordinary shares of Origin, due to the issuance of these additional Origin ordinary shares to third parties, ARYZTA's ownership interest was diluted to 68.6% as of 31 July 2013. As a result of this dilution, the Group recorded a reduction in the individual equity balances within the Group's total shareholders' equity in the amount of €659,000 and allocated these balances as an increase in non-controlling interests.

Following approval from shareholders at Origin's extraordinary general meeting on 18 November 2013, Origin completed a Tender Offer in December 2013. Pursuant to this offer, Origin repurchased 13.3 million shares at €7.50 per share. ARYZTA participated in this offer by successfully tendering 9.7 million shares, thereby reducing ARYZTA's shareholding in Origin to 85.3 million shares. As not all Origin shareholders elected to participate in full, this reduced ARYZTA's shareholding in Origin from 68.6% to 68.1%.

As Origin continues to be fully consolidated by ARYZTA, the difference between the total proceeds paid by Origin and the amount received by ARYZTA represents a transaction with the non-controlling shareholders of Origin, which is reflected as a €28,432,000 decrease in non-controlling interests within ARYZTA's consolidated financial statements, net of transaction related costs. As this transaction also resulted in a dilution of ARYZTA's interest in Origin, the Group recorded a reduction in the individual equity balances within the Group's total shareholders' equity in the amount of €1,906,000 and allocated these balances as an increase in non-controlling interests.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

28 Commitments

28.1 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 EUR `000	2014	2013
Operating lease commitments payable:		
Within one year	**56,618**	48,454
In two to five years	**141,070**	122,564
After more than five years	**123,172**	103,202
	320,860	274,220

28.2 Capital commitments

Capital expenditure contracted for at the end of the reporting period, but not yet incurred, is as follows:

in EUR `000	2014	2013
Property, plant and equipment	**99,176**	60,209
Intangible assets	**4,421**	6,504
Total	**103,597**	66,713

28.3 Other commitments

The bank and private placements borrowings of the Food Group share security via a security assignment agreement. In addition to this, the private placement borrowings of the Food Group are secured by guarantees from ARYZTA AG and upstream guarantees from various companies within the Food Group.

The Group's 68.1% subsidiary Origin Enterprises plc has also given guarantees to secure the obligations of its subsidiary undertakings on all sums due in respect of bank loans and advances within the Origin Group.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

29 Business combinations

29.1 Acquisitions in financial year 2014

During the year ended 31 July 2014, the Group completed the 100% acquisitions of Cloverhill Bakery, a leading manufacturer of individually wrapped Ready-To-Eat snacks in the United States and Pineridge Bakery, a top-tier speciality bakery in Canada, as well as multiple other smaller acquisitions.

The details of the net assets acquired and goodwill arising from these business combinations are set out below and the entity information of any significant new subsidiaries is included in note 35. The goodwill arising on these business combinations is attributable to the skills and talent of the in-place work-force and the synergies expected to be achieved from integrating the acquired operations into the Group's existing businesses.

in EUR `000	Cloverhill	Pineridge	Other	Provisional fair values
Provisional fair value of net assets acquired:				
Property, plant and equipment	67,308	30,134	43,248	140,690
Intangible assets	223,368	87,577	60,573	371,518
Inventory	8,654	9,619	14,402	32,675
Trade and other receivables	12,406	8,147	8,937	29,490
Trade and other payables	(33,570)	(27,253)	(16,863)	(77,686)
Employee benefits	–	–	(22)	(22)
Finance leases	(24)	–	–	(24)
Deferred tax	(9,722)	(24,580)	(9,234)	(43,536)
Income tax payable	(1,094)	(2,191)	(2,390)	(5,675)
Net assets acquired	**267,326**	**81,453**	**98,651**	**447,430**
Goodwill arising on acquisitions	245,405	136,968	68,119	450,492
Consideration	**512,731**	**218,421**	**166,770**	**897,922**
Satisfied by:				
Cash consideration	516,078	218,885	147,112	882,075
Cash acquired	(3,347)	(2,757)	(187)	(6,291)
Net cash consideration	**512,731**	**216,128**	**146,925**	**875,784**
Contingent consideration (note 19)	–	2,293	4,061	6,354
Put option liability (note 22)	–	–	15,784	15,784
Total consideration	**512,731**	**218,421**	**166,770**	**897,922**

The net cash outflow on these acquisitions during the year is disclosed in the Group Consolidated Cash Flow Statement as follows:

in EUR `000	Total
Cash flows from investing activities	
Cash consideration	882,075
Cash acquired	(6,291)
Net cash consideration	**875,784**

Costs of €8,358,000 related to the acquisitions were charged to the net acquisition, disposal, and restructuring-related costs and fair value adjustments in the Group Consolidated Income Statement during the year ended 31 July 2014.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

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

in EUR `000	Total
Revenue	256,010
Profit for the year	9,281

If these acquisitions had occurred on 1 August 2013, management estimates that the consolidated revenue would have been €5,124,807,000 and profit for the year would have been €171,321,000. In making this determination, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisitions had occurred on 1 August 2013.

For the identification and estimation of the fair value of the intangibles acquired as part of these acquisitions, ARYZTA was assisted by a non-audit independent appraisal firm. The identified intangibles acquired primarily related to customer relationships, which were valued using the income approach method.

The fair values presented in this note are based on provisional valuations, due to the complexity of the transactions.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

29.2 Acquisitions in financial year 2013

During the year ended 31 July 2013, the Group completed the 100% acquisition of Klemme AG, as well as three other smaller acquisitions. The details of the net assets acquired and goodwill arising from these business combinations are set out below and the entity information of any significant new subsidiaries is included in note 35. The goodwill arising on these business combinations is attributable to the skills and talent of the in-place work-force and the synergies expected to be achieved from integrating the acquired operations into the Group's existing businesses.

in EUR `000	Klemme	Other	Final fair values
Final fair value of net assets acquired:			
Property, plant and equipment	119,307	19,940	139,247
Intangible assets	99,182	24,645	123,827
Inventory	15,367	2,427	17,794
Trade and other receivables	42,659	3,984	46,643
Trade and other payables	(43,183)	(14,913)	(58,096)
Other non-current payables	–	(22,225)	(22,225)
Deferred tax	(29,308)	(1,756)	(31,064)
Deferred income from government grants	(17,842)	–	(17,842)
Income tax payable	(4,742)	(2,199)	(6,941)
Net assets acquired	**181,440**	**9,903**	**191,343**
Goodwill arising on acquisitions	110,059	23,028	133,087
Consideration	**291,499**	**32,931**	**324,430**
Satisfied by:			
Cash consideration	282,834	31,008	313,842
Cash acquired	(1,335)	(898)	(2,233)
Net cash consideration	**281,499**	**30,110**	**311,609**
Contingent consideration (note 19)	10,000	2,821	12,821
Total consideration	**291,499**	**32,931**	**324,430**

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

in EUR `000	Total
Cash flows from investing activities	
Cash consideration	313,842
Cash acquired	(2,233)
Net cash consideration	**311,609**

Costs of €5,490,000 related to the acquisitions were charged to the net acquisition, disposal, and restructuring-related costs and fair value adjustments in the Group Consolidated Income Statement during the year ended 31 July 2013.

For the identification and estimation of the fair value of the intangibles acquired as part of these acquisitions, ARYZTA was assisted by independent non-audit appraisal firms. The identified intangibles acquired primarily related to customer relationships, which were valued using the income approach method.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

30 Contingent liabilities
The Group is subject to litigation risks and legal claims that arise in the ordinary course of business, for which the outcomes are not yet known. These claims are not currently expected to give rise to any material significant future cost or contingencies.

31 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, is as follows:

in EUR `000	**2014**	2013
Sale of goods	**106,920**	165,581
Purchase of goods	**(130,870)**	(145,325)
Provision of services	**1,076**	755
Receiving of services	**(1,116)**	(3,016)

The trading balances owing to the Group from related parties were €16,347,000 (2013: €2,591,000) and the trading balances owing from the Group to these related parties were €10,091,000 (2013: €1,204,000). Non-current other receivables on the Group Consolidated Balance Sheet comprises €42,586,000 (2013: €39,433,000) which primarily relates to a vendor loan note made to Valeo, an associate undertaking. The coupon rate on the vendor loan note is 5% compounding. Unless previously repaid, redeemed or repurchased, the vendor loan note will be repaid in full on 26 November 2020.

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 EUR `000	**2014**	2013
Short-term employee benefits	**3,628**	3,078
Post employment benefits	**345**	325
Performance-related bonus	**2,640**	1,325
Long-term incentives (LTIP)	**6,873**	3,466
Total key management compensation	**13,486**	8,194

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 AG Company financial statements.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

32 Post balance sheet events – after 31 July 2014

Subsequent to year end, the Group announced its intention to repay the CHF 400,000,000 Perpetual callable subordinated instrument funded in October 2010. This repayment is expected to occur in October 2014, in line with the first call date associated with that instrument. Subsequent to year end, the Group also announced it had begun the process to obtain replacement Hybrid instruments.

As of 3 October 2014, the date of final approval for issuance of the Group consolidated financial statements by the Board of Directors, there have been no other material significant events that would require adjustment or disclosure within the Group consolidated financial statements.

33 Risk assessment required by Swiss law

The Board and senior management of ARYZTA continue to invest 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 local management of the business, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting potential frequency, severity and velocity of identified risks, is reviewed by the ARYZTA Board of Directors on an annual basis. Risks identified and associated mitigating controls are also subject to audit, as part of operational, financial and health and safety audit programmes.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2014

34 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 the reported amounts of assets and liabilities, income and expenses.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Group consolidated financial statements are described below:

Note	Name
Note 8	Share-based payments
Note 13	Investment properties
Note 14 & 29	Goodwill, intangible assets and business combinations
Note 22	Financial instruments and financial risk
Notes 9 & 24	Income tax expense and deferred income tax
Note 25	Employee benefits

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

Investment property, principally comprised of land and buildings, is stated at fair value. The associated fair value is based on estimates of the market value of the underlying property, being the estimated amount for which a property could be exchanged in arm's length transaction, as set out in note 13.

Accounting for business combinations is complex in nature, requiring various estimates including: the fair value of assets acquired / liabilities assumed, the identification and valuation of intangible assets received, the estimated contingent consideration to be transferred and the allocation of the excess purchase price to the resulting goodwill, as set out in note 29. Furthermore, testing of assets for impairment, particularly goodwill, involves determination of the cash-generating units, estimating the respective future cash flows and applying the appropriate discount rates, in order to determine an estimated recoverable value of those cash-generating units, as set out in note 14.

Income tax expense and deferred taxes are subject to management estimate. The Group Consolidated Balance Sheet includes deferred taxes relating to temporary differences, as set out in note 24. These deferred taxes are based on forecasts of the corresponding entity's taxable income and reversal of these temporary differences, forecasted over a period of several years. As actual results may differ from these forecasts, these deferred taxes 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 the discount rate, average life expectancy, expected long term rates of return on plan assets and other assumptions, as set out in note 25.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

35 Significant subsidiaries

A list of all of the Group's significant subsidiary undertakings as at 31 July 2014 and 2013 is provided in the table below. For the purposes of this note, a significant subsidiary is one that 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 profits, after tax is equal to, or in excess of, 1% of total Group operating profit.

Name	Nature of business	Currency	Share capital millions	Group % share 2014	Group % share 2013	Registered office
(a) Food subsidiaries – Ireland						
ARYZTA Food Solutions Ireland	Food distribution	EUR	0.063	100	100	1
ARYZTA Bakeries Ireland	Food manufacturing and distribution	EUR	1.016	100	100	1
ARYZTA Technology Ireland	Asset management company	EUR	0.0002	100	100	1
(b) Food subsidiaries – United Kingdom						
Delice de France Limited	Food distribution	GBP	0.250	100	100	2
ARYZTA Bakeries UK Limited	Food manufacturing and distribution	GBP	0.610	100	100	3
(c) Food subsidiaries – Mainland Europe						
France Distribution SAS	Food distribution	EUR	0.108	100	100	4
Klemme AG	Food manufacturing and distribution	EUR	3.072	100	100	5
Hiestand Schweiz AG	Food manufacturing and distribution	CHF	3.500	100	100	6
Fricopan GmbH	Food manufacturing and distribution	EUR	0.025	100	100	7
Hiestand & Suhr Handels und Logistik GmbH	Food distribution	EUR	0.025	100	100	8
(d) Food subsidiaries – North America						
ARYZTA LLC	Food manufacturing and distribution	USD	705.000	100	100	9
Cloverhill LLC	Food manufacturing and distribution	USD	179.019	100	–	10
Oakrun Farm Bakery Limited	Food manufacturing and distribution	CAD	95.095	100	–	11
Gourmet Baker Inc.	Food manufacturing and distribution	CAD	9.658	100	–	12
ARYZTA Limited	Food manufacturing and distribution	CAD	5.347	100	100	13
ARYZTA Canada Co.	Food manufacturing and distribution	CAD	113.400	100	100	14
(e) Food subsidiaries – Rest of World						
ARYZTA Australia Pty Limited	Food manufacturing and distribution	AUD	17.000	100	100	15
Fresh Start Bakeries Industrial LTDA	Food manufacturing and distribution	BRL	10.643	100	100	16
(f) Origin subsidiaries – Ireland						
Origin Enterprises plc	Holding company	EUR	1.264	68.1	68.6	17
Goulding Chemicals Limited	Fertiliser blending and distribution	EUR	6.349	68.1	68.6	17
(g) Origin subsidiaries – United Kingdom						
Origin UK Operations Limited	Fertiliser blending and distribution	GBP	0.550	68.1	68.6	18
R & H Hall Trading Limited	Grain and feed trading	GBP	2.000	68.1	68.6	19
Masstock Group Holdings Limited	Specialist agronomy services	GBP	0.010	68.1	68.6	20
United Agri Products Limited	Specialist agronomy products and services	GBP	10.397	68.1	68.6	20
Rigby Taylor Limited	Turf management services	GBP	0.122	68.1	68.6	18
(h) Origin subsidiaries – Mainland Europe						
Dalgety Agra Polska	Specialist agronomy products and services	PLN	6.320	68.1	68.6	21
(i) Origin associates and joint venture						
BHH Limited	Provender millers	GBP	5.020	34.1	34.3	22
Valeo Foods Group Limited	Food distribution	EUR	80.824	21.8	22.0	23
R&H Hall	Grain and feed trading	EUR	6.105	34.1	34.3	24

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2014

Registered Offices:

1. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
2. 149 Brent Road, Southall, Middlesex UB2 5LJ, England.
3. Honeytop House, Verey Road, Woodside Industrial Estate, Dunstable, LU5 4TT, England.
4. ZAC de Bel Air, 14 – 16 Avenue Joseph Paxton, Ferrières en Brie, 77164, France.
5. Industriestraße 4, 06295 Lutherstadt Eisleben, Germany.
6. Ifangstrasse 9–11, 8952 Schlieren-Zurich, Switzerland.
7. Nobelstrasse 66, 12057 Berlin, Germany.
8. Auf der Haid 1, 79235 Vogtsburg, Germany.
9. 6080 Center Drive, Suite 900, Los Angeles, CA 90045, United States of America.
10. 2035 N. Narragansett Ave., Chicago, IL 60639, United States of America.
11. 58 Carluke Road West, Ancaster, ON L9G 3L1, Canada.
12. 4190 Lougheed Highway Suite 502, Burnaby, BC V5C 6A8, Canada.
13. 1 Place Ville-Marie, 39th Floor, Montréal QC H3B 4M7, Canada.
14. 1100-1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, Canada.
15. 14 Homepride Avenue, Liverpool, NSW 2170, Australia.
16. Rua Amador Bueno, 942, Santo Amaro, São Paulo – SP, 04752-005, Brazil.
17. 151 Thomas Street, Dublin 8, Ireland.
18. Orchard Road, Royston, Hertfordshire SG8 5HW, England.
19. 4A Campsie Real Estate, McLean Road, Derry, BT47 3PF, Northern Ireland.
20. Andoversford, Cheltenham, Gloucestershire, GL54 4LZ, England.
21. Obornicka Street 233, 60-650 Poznan, Poland.
22. 35/39 York Road, Belfast BT15 3GW, Northern Ireland.
23. Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey.
24. La Touche House, Custom House Dock, IFSC, Dublin 1, Ireland.

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

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

pwc

As statutory auditor, we have audited the Group consolidated financial statements of ARYZTA AG, which comprise the Group Consolidated Income Statement, Group Consolidated Statement of Comprehensive Income, Consolidated Group Balance Sheet, Group Consolidated Statement of Changes in Equity, Group Consolidated Cash Flow Statement, Group Statement of Accounting Policies and Notes to the Group Consolidated Financial Statements (pages 67 to 148), for the year ended 31 July 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the Group 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 Group 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 Group 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 Group consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Group consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Group 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 Group 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 Group consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report of the Statutory Auditor on the Group Consolidated Financial Statements to the General Meeting (continued)

Opinion
In our opinion, the Group consolidated financial statements for the year ended 31 July 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

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

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

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit Expert
Auditor in Charge

Michael Ruble

Zurich, 3 October 2014

Company Income Statement
for the year ended 31 July 2014

in CHF `000	**2014**	2013
Income		
Revenues from licences and management fees from Group companies	**9,088**	35,553
Financial income from Group companies	**43,217**	42,430
Dividend income from Group companies	**49,109**	71,921
Total income	**101,414**	149,904
Expenses		
Depreciation and amortisation	**(341)**	(21,468)
Personnel expenses	**(3,203)**	(2,998)
Financial expenses	**(68,667)**	(50,026)
Other operating expenses to Group companies	**(8,923)**	(16,893)
Other operating expenses	**(12,007)**	(29,549)
Total expenses	**(93,141)**	(120,934)
Profit before income tax expense	**8,273**	28,970
Income tax expense	**(745)**	(2,858)
Profit for the year	**7,528**	26,112

Company Balance Sheet
as at 31 July 2014

in CHF `000	2014	2013
Assets		
Non-current assets		
Property, plant and equipment	**2,744**	2,729
Financial assets		
– investments in Group companies	**1,493,685**	1,493,685
– loans to Group companies	**2,443,945**	1,742,325
Total non-current assets	**3,940,374**	3,238,739
Current assets		
Cash and cash equivalents	**1,680**	7,442
Other receivables		
– from third parties	**227**	307
– from Group companies	**96**	4,821
Total current assets	**2,003**	12,570
Total assets	**3,942,377**	3,251,309

Company Balance Sheet (continued)
as at 31 July 2014

in CHF `000	**2014**	2013
Equity		
Called-up share capital	**1,836**	1,836
Legal reserves from capital contribution	**1,186,009**	1,242,760
Legal reserves for own shares from capital contribution	**137,503**	139,359
Other legal reserves	**–**	3,881
Unrestricted reserves	**–**	2,150
Retained earnings	**37,871**	24,312
Total equity	**1,363,219**	1,414,298
Liabilities		
Non-current liabilities		
Liabilities from Group companies	**278,522**	278,522
Interest-bearing loans and borrowings	**1,711,353**	1,231,642
Total non-current liabilities	**1,989,875**	1,510,164
Current liabilities		
Trade accounts payable	**474**	2,395
Accrued expenses	**26,803**	34,990
Interest-bearing loans and borrowings	**499,370**	280,723
Other accounts payable		
– to third parties	**31,668**	610
– to Group companies	**30,968**	8,129
Total current liabilities	**589,283**	326,847
Total liabilities	**2,579,158**	1,837,011
Total equity and liabilities	**3,942,377**	3,251,309

Notes to the Company Financial Statements

1 Basis of presentation

The Company's accounting period for the year is from 1 August 2013 to 31 July 2014. Certain amounts in the Company's 31 July 2013 financial statements and related notes have been reclassified or adjusted to conform to the 31 July 2014 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on profit for the year, total assets, total liabilities or equity as previously reported.

2 Loans, guarantees and pledges in favour of third parties

The Company has the following outstanding bonds, which are included within interest bearing loans and borrowings.

	2014 in CHF '000	2013 in CHF '000	Interest Rate	Maturity
Swiss Bond	**200,000**	200,000	3.25%	March 2015
Hybrid Instrument 2010	**400,000**	400,000	5.00%	No specified maturity date
Hybrid Instrument 2013	**400,000**	400,000	4.00%	No specified maturity date

Subsequent to year end, the Company announced its intention to repay the CHF 400,000,000 Perpetual callable subordinated instrument funded in October 2010. This repayment is expected to occur in October 2014, in line with the first call date associated with that instrument. Subsequent to year end, the Company also announced it had begun the process to obtain replacement Hybrid instruments.

The Company is party to cross guarantees on ARYZTA AG Food Group (ARYZTA AG excluding Origin) borrowings. The Company has also guaranteed the liabilities of subsidiaries within the ARYZTA Food Group. The Company treats these guarantees 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

	2014 in CHF '000	2013 in CHF '000
Fire insurance value of property, plant and equipment	**3,500**	3,500

Notes to the Company Financial Statements (continued)

4 Details of investments

The Company holds direct investments in the following entities, all of which are intermediate holding companies or intercompany financing entities within the ARYZTA AG Group.

		Share capital millions		Percentage	
Company (Domicile)		**2014**	2013	**2014**	2013
ARYZTA Holdings Asia Pacific BV (NL)	EUR	**0.020**	0.020	**100**	100
ARYZTA Holdings Germany AG (CH)	CHF	**0.100**	0.100	**100**	100
ARYZTA Holdings Ireland Limited (JE)	EUR	**–**	–	**100**	100
ARYZTA Finance II AG (CH)	EUR	**0.087**	0.087	**100**	100
Hiestand Beteiligungsholding GmbH & Co. KG (DE)[1]	EUR	**0.026**	0.026	**100**	100
ARYZTA Food Europe AG (CH)	CHF	**6.450**	6.450	**100**	100
Summerbake GmbH (DE)	EUR	**0.025**	0.025	**100**	100

1 The amount disclosed represents limited liability capital.

5 Share capital

	Year ended 31 July 2014 \`000	**Year ended 31 July 2014** in CHF\`000	Year ended 31 July 2013 \`000	Year ended 31 July 2013 in CHF\`000
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at 1 August	**91,811**	**1,836**	91,811	1,836
Issued during the period	**–**	**–**	–	–
As at 31 July	**91,811**	**1,836**	91,811	1,836

	Year ended 31 July 2014 \`000	**Year ended 31 July 2014** in CHF\`000	Year ended 31 July 2013 \`000	Year ended 31 July 2013 in CHF\`000
Shares of CHF 0.02 each				
Conditional capital	**–**	**–**	–	–
Authorised capital	**9,181**	**184**	8,504	170

At the Annual General Meeting on 10 December 2013, the shareholders approved the resolution to modify Article 5 of the Articles of Association (Authorised capital for general purposes). Pursuant to these modifications, the Board of Directors is now authorised to increase the share capital at any time until 10 December 2015, by an amount not exceeding CHF 183,621.06, through the issue of up to a maximum of 9,181,053 fully paid-up registered shares with a nominal value of CHF 0.02 each.

Notes to the Company Financial Statements (continued)

Furthermore, the Board of Directors was authorised to exclude the subscription rights of the shareholders and to allocate them to third parties, if the shares are used for the following purposes:

(1) acquisition of companies, parts of companies or equity holdings or for new investment projects or for financing of such transactions (maximum of 9,181,053 fully paid-up registered shares),
(2) broadening the shareholder constituency (maximum of 4,590,526 fully paid-up registered shares), or
(3) for the purpose of the participation of employees (maximum of 3,060,351 fully paid-up registered shares).

The share capital of the Company at 31 July 2014 amounts to CHF 1,836,210.68, and is divided into 91,810,534 registered shares with a par value of CHF 0.02 per share, of which 88,174,772 are outstanding and 3,635,762 are classified as treasury shares.

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

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

	Year ended 31 July 2014 `000	**Year ended 31 July 2014** in CHF`000	Year ended 31 July 2013 `000	Year ended 31 July 2013 in CHF`000
As at 1 August	**3,691**	**139,359**	3,773	142,113
Release of treasury shares upon exercise of LTIP shares	**(55)**	**(1,856)**	(82)	(2,754)
As at 31 July	**3,636**	**137,503**	3,691	139,359

During the year ended 31 July 2014, 115,000 vested Option Equivalent Plan awards were exercised, in exchange for 55,182 shares. The weighted average share price at the time of these exercises was CHF 72.96 per share. During the year ended 31 July 2013, 370,000 vested Option Equivalent Plan awards were exercised, in exchange for 81,915 shares. The weighted average share price at the time of these exercises was CHF 47.83 per share. The shares issued as part of these exercises were issued out of shares previously held in treasury by ARY LTIP Trustee, a wholly-owned subsidiary within the ARYZTA AG Group.

Notes to the Company Financial Statements (continued)

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 continue to invest 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 local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting potential frequency, severity and velocity of identified risks are 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.

8 Participations

As at 31 July 2014, 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 2014	**Number of shares % 2014**	Number of shares 2013	Number of shares % 2013
ARYZTA Treasury shares	**3,635,762**	**3.96%**	3,690,944	4.02%
MassMutual	**2,799,110**	**3.05%**	2,799,110	3.05%

Any significant shareholder notifications during the year and since 31 July 2014 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 16,310 at 31 July 2014 (2013: CHF 78,104).

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 CEO.

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 the next Board meeting following each meeting of the NRC. The CEO attends meetings of the NRC by invitation only.

Notes to the Company Financial Statements (continued)

Executive Management basic salary and benefits
For financial year 2014, the basic salary of Executive Management was reviewed by the NRC with regard to personal performance and corporate goals. When reviewing Executive Management's 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
For financial year 2014, the short-term performance-related bonus for Executive Management was determined by reference to incremental gains in Food Group Underlying ROIC, as outlined on page 52 of the compensation report. This measurement is based on the net assets of the Food Group business that existed as of 31 July 2011, using currency rates consistent with 2011, excluding net assets and historical EBITA levels of acquisitions completed after 1 August 2011 and adding back asset impairments (unless recovered once the assets are disposed).

Subject to a minimum incremental increase in Underlying ROIC of 50bps being achieved during the year, Executive Management and other senior executives throughout the Group earn a percentage of their set target bonus, based on the corresponding gain in Food Group Underlying ROIC. In the case of Owen Killian, Patrick McEniff, John Yamin and Pat Morrissey, the short-term performance-related bonus was capped at 100% of basic salary.

The Food Group Underlying ROIC for the year ended 31 July 2014 was 14.2%. This represents an increase of 120 bps during the year, compared to the Food Group Underlying ROIC of 13.0% for FY 2013. The relevant increases in Underlying ROIC in prior years were 80 bps for FY 2013 and 110 bps for FY 2012, when compared to the FY 2011 Reported ROIC of 11.1%, which serves as the baseline for the Underlying ROIC calculation.

Executive Management long-term incentives (LTIP)
As set out in the Compensation Report on pages 47 to 56, the long-term incentive remuneration of Executive Management consists of both Matching Plan and Option Equivalent Plan awards.

Participants with Matching Plan awards could earn a multiple of the number of Qualifying Investment Shares held for purposes of the Matching Plan. This multiple is determined on a fractional pro-rata basis ranging from one to three, based on compound annual underlying fully diluted EPS growth between 10.0% and 15.0%. If the minimum 10% growth target is not achieved, no awards vest. The satisfaction of additional criteria is also required including compliance with the condition that Food Group Reported ROIC must have exceeded the Food Group WACC throughout the performance period and the additional condition regarding maintenance of the ARYZTA dividend policy.

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 compound growth in the Eurozone Core Consumer Price Index, plus 5%, on an annualised basis. The satisfaction of additional criteria is also required including compliance with the condition that Food Group Reported ROIC must have exceeded the Food Group WACC throughout the performance period and the additional condition regarding maintenance of the ARYZTA dividend policy.

Notes to the Company Financial Statements (continued)

See note 8 of the Group Financial Statements (page 97) for the total cost recognised in the Group Financial Statements for share-based payments.

Compensation to members of the Board of Directors

For financial year 2014, the NRC determined, at its discretion, the level of yearly fees and additional compensation payable to each executive and non-executive Board member for service (i) on a Board Committee and (ii) for the Chair thereof.

Non-executive board members were paid a yearly fee (CHF 88,000), reflecting the time commitment and responsibilities of the role. Additional compensation for non-executive directors for service on a Board Committee was CHF 8,000 and CHF 16,000 for the Chair thereof. Non-executive Board members were not eligible for performance-related payments and did not participate in the LTIP. Executive directors received no additional compensation for their role as a board member.

The following table reflects the direct payments received by Board members during the years ended 31 July 2014 and 2013. Fluctuations in amounts received are reflective of the changing roles and responsibilities held by the individual directors, during each respective year.

in CHF `000	**Direct payments year ended 31 July 2014**	Direct payments year ended 31 July 2013
Denis Lucey	**323**	323
Charles Adair	**96**	96
Hugh Cooney	**96**	96
J Brian Davy	**104**	104
Shaun B. Higgins	**104**	104
Owen Killian	**–**	–
Patrick McEniff	**–**	–
Andrew Morgan[1]	**62**	N/A
Götz-Michael Müller	**88**	88
William Murphy[2]	**N/A**	35
Hans Sigrist[2]	**N/A**	32
Wolfgang Werlé[2]	**96**	62
John Yamin[1]	**–**	N/A
Total	**969**	940

1 Effective 10 December 2013 A. Morgan and J. Yamin were elected to the Board.

2 The terms of office as Members of the Board of Directors of H. Sigrist and W. Murphy expired on 11 December 2012, and on that date W. Werlé was elected to the Board.

Notes to the Company Financial Statements
(continued)

Compensation to members of the Executive Management

in CHF `000	Total Executive Management 2014	Owen Killian 2014	Total Executive Management 2013	Owen Killian 2013
Basic salaries	**3,234**	**1,277**	2,645	1,277
Benefits in kind	**241**	**83**	171	83
Pension contributions	**423**	**192**	397	192
Performance-related bonus	**3,234**	**1,277**	1,617	780
Long-term incentives (LTIP)	**8,420**	**3,312**	4,230	2,007
Total compensation paid to members of ARYZTA Executive Management	**15,552**	**6,141**	9,060	4,339
Average total compensation per member of ARYZTA Executive Management	**3,888**		3,020	

As per page 40 of the Corporate Governance Report, for financial year 2013, Group Executive Management consisted of Owen Killian (Group CEO), Patrick McEniff (Group CFO/COO) and Pat Morrissey (Group General Counsel, Company Secretary and CAO).

For financial year 2014, Group Executive Management included the three individuals above, as well as John Yamin (CEO of the Americas).

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

Directors' and Executive Management's share interests

The Directors and Company Secretary 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 2014	No. of shares 2013
Directors		
Denis Lucey	**4,250**	4,250
Charles Adair	**2,000**	2,000
Hugh Cooney	**7,000**	4,000
J Brian Davy	**58,186**	58,186
Shaun B. Higgins	**2,000**	1,000
Owen Killian	**567,140**	823,731
Patrick McEniff	**500,006**	500,006
Andrew Morgan[1]	–	N/A
Götz-Michael Müller	**700**	500
Wolfgang Werlé	**2,336**	2,336
John Yamin[1]	**20,500**	N/A
Executive Management		
Pat Morrissey	**105,251**	130,251
Total	**1,269,369**	1,526,260

1 Effective 10 December 2013 A. Morgan and J. Yamin were elected to the Board.

Notes to the Company Financial Statements (continued)

There have been no changes in the interests as shown above between 31 July 2014 and 25 September 2014. Details of the interests of Owen Killian, Patrick McEniff, Pat Morrissey and John Yamin in share entitlements under the Matching Plan and Option Equivalent Plan are set out below.

No loans or advances were made to members of the Board of Directors or to Executive Management during the financial year, or were outstanding at 31 July 2014 (2013: none).

Executive Management's interests in equity instruments

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2013	Granted/ (exercised) during financial year	Closing position 31 July 2014[1]	Of which Vesting criteria have been fulfilled[1]	Of which Vesting criteria not fulfilled
Executive Management					
Owen Killian	150,000	–	**150,000**	66,676	83,324
Patrick McEniff	120,000	–	**120,000**	53,341	66,659
Pat Morrissey	60,000	–	**60,000**	26,671	33,329
John Yamin	60,000	–	**60,000**	26,671	33,329
Total	**390,000**	**–**	**390,000**	**173,359**	**216,641**

1 The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%. Accordingly, the performance conditions associated with 321,388 Matching Plan awards (173,359 of which are held by Executive Management) have been fulfilled and are therefore eligible for vesting, pending Nomination and Remuneration Committee approval.

Executive Management Option Equivalent Plan Allocation

	Maximum share allocation carried forward 1 August 2013[2]	Granted/ (exercised) during financial year	Closing position 31 July 2014[2]	Of which Vesting criteria have been fulfilled[2]	Of which Vesting criteria not fulfilled
Executive Management					
Owen Killian	750,000	–	**750,000**	750,000	–
Patrick McEniff	610,000	–	**610,000**	610,000	–
Pat Morrissey	100,000	–	**100,000**	100,000	–
John Yamin	60,000	–	**60,000**	60,000	–
Total	**1,520,000**	**–**	**1,520,000**	**1,520,000**	**–**

2 The Group's compound annual growth in underlying fully diluted EPS for the three consecutive accounting periods ended 31 July 2014 was 10.8%, which exceeded the growth in the Eurozone Core Consumer Price Index over the same period of 1.2%, plus 5%. Accordingly, the performance conditions associated with all Option Plan awards outstanding as of 31 July 2014 have been met. As a result, 1,445,500 Option Plan awards (970,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval.

650,000 additional Option Plan awards (550,000 of which are held by Executive Management) that remain outstanding as of 31 July 2014 were already fully vested and eligible to be exercised as of the beginning of the year.

The weighted average exercise price of all Option Plan awards, for which the vesting conditions have been met, is CHF 39.59.

Company Appropriation of Available Earnings

Appropriation of available earnings

The Board of Directors will propose to the Annual General Meeting of Shareholders the following appropriation of earnings:

in CHF `000	**2014**	2013
Balance of unrestricted reserves and retained earnings carried forward	**30,343**	350
Transfer from other legal reserves to retained earnings	**–**	3,881
Net profit for the year	**7,528**	26,112
Closing balance of unrestricted reserves and retained earnings	**37,871**	30,343
Dividend payment from unrestricted reserves and retained earnings	**–**	–
Balance of unrestricted reserves and retained earnings to be carried forward as retained earnings[1]	**37,871**	30,343
Proposed release and distribution of legal reserves from capital contribution in the amount of[2]	**67,418**	58,617

1 Transfer from unrestricted reserves to retained earnings of CHF 2,150,000, as approved at the Annual General Meeting on 10 December 2013.

2 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 to the Company Financial Statements (pages 151 to 161), for the year ended 31 July 2014.

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 2014 comply with Swiss law and the Company's Articles of Association.

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.

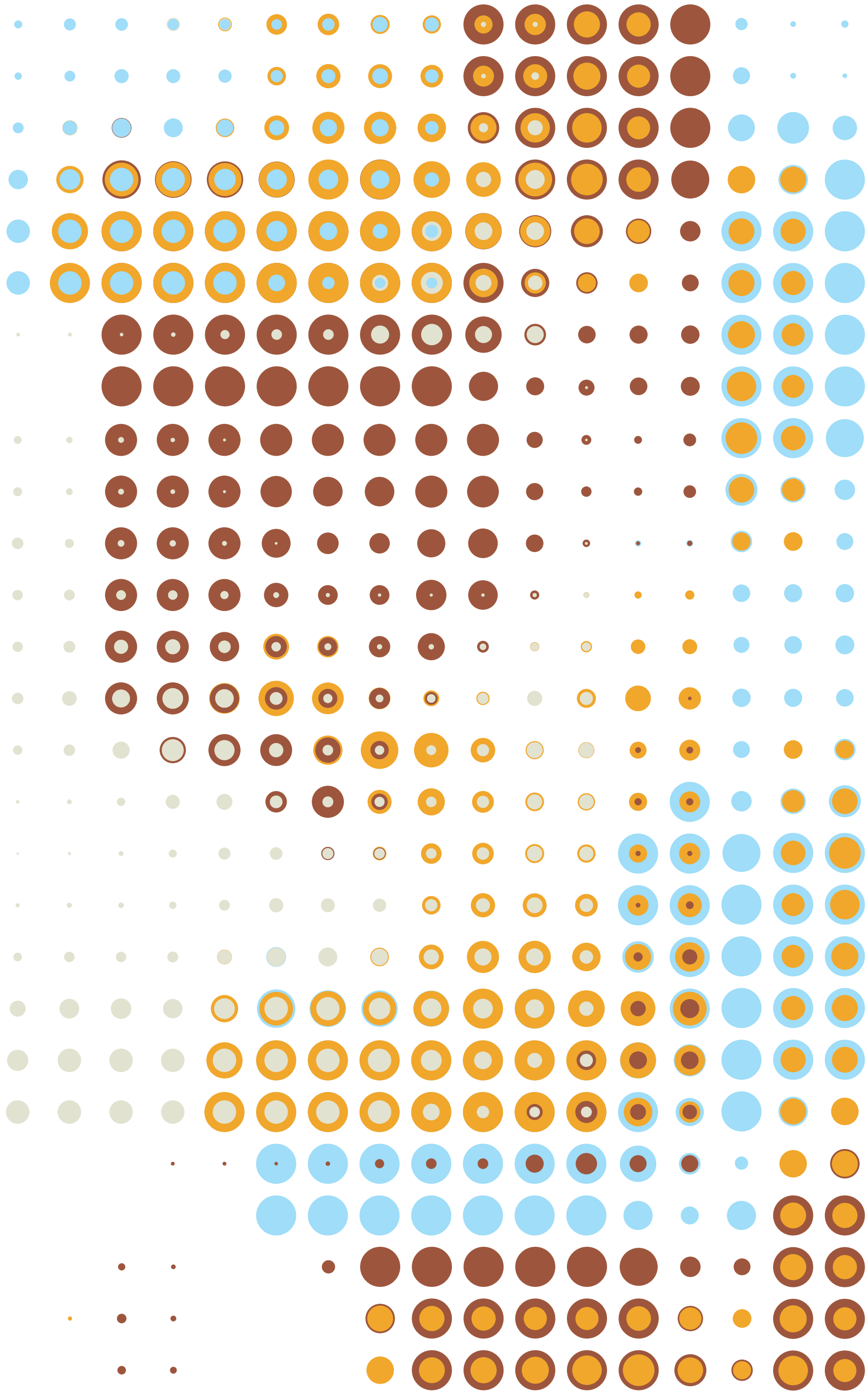
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's Articles of Association. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi
Audit Expert
Auditor in Charge

Michael Ruble

Zurich, 3 October 2014



Annual Report and Accounts 2014

Food Group Financial Statements

Page

Basis of Preparation

The unaudited Food Group 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 2014, with 31 July 2013 comparatives.

The Directors have prepared the unaudited Food Group Financial Statements by applying accounting policies consistent with those applied by ARYZTA AG and extracting the differences between the audited Group consolidated financial statements of ARYZTA AG and the audited Group consolidated financial statements of Origin Enterprises plc, after reflecting appropriate adjustments deemed necessary to prepare the Food Group Financial Statements. These financial statements do not consolidate Origin Enterprises, plc or its subsidiaries, associates or joint ventures. Instead, the investment in Origin is carried at historic cost, less returns of capital.

The ARYZTA AG Group Consolidated Financial Statements and Origin Enterprises plc Consolidated Financial Statements have been separately audited by PricewaterhouseCoopers Zurich and Dublin, respectively, without qualification.

Food Group Income Statement
for the year ended 31 July 2014

in EUR `000	2014 unaudited	2013 unaudited
Revenue	**3,393,783**	3,085,517
Cost of sales	**(2,275,760)**	(2,053,734)
Gross profit	**1,118,023**	1,031,783
Operating expenses	**(755,491)**	(731,730)
Dividend income from investment in Origin	**16,388**	14,250
Gain on Origin tender offer share buyback, net of costs	**66,568**	–
Net acquisition, disposal and restructuring-related costs and fair value adjustments	**(170,711)**	(119,814)
Operating profit	**274,777**	194,489
Share of profit after tax of joint ventures	**–**	201
Profit before financing costs, net and income tax expense	**274,777**	194,690
Financing costs, net	**(62,604)**	(57,761)
Profit before income tax	**212,173**	136,929
Income tax expense	**(33,165)**	(39,899)
Profit for the year	**179,008**	97,030
Attributable as follows:		
Equity shareholders	**175,208**	93,411
Non-controlling interests	**3,800**	3,619
Profit for the year	**179,008**	97,030

Food Group Statement of Comprehensive Income
for the year ended 31 July 2014

in EUR `000	2014 unaudited	2013 unaudited
Profit for the year	**179,008**	97,030
Other comprehensive (loss)/income		
Foreign exchange translation effects	**(26,682)**	(138,848)
Actuarial gain on Food Group defined benefit pension plans, net of deferred tax	**191**	1,063
(Losses)/gains relating to cash flow hedges, net of deferred tax	**(4,248)**	928
Deferred tax effect of change in tax rates	**(1,415)**	–
Total other comprehensive loss for the year	**(32,154)**	(136,857)
Total comprehensive income/(loss) for the year	**146,854**	(39,827)
Attributable as follows:		
Equity shareholders	**142,846**	(43,062)
Non-controlling interests	**4,008**	3,235
Total comprehensive income/(loss) for the year	**146,854**	(39,827)

Food Group Balance Sheet
as at 31 July 2014

in EUR `000	2014 unaudited	2013 unaudited
Assets		
Non-current assets		
Property, plant and equipment	**1,283,584**	1,061,200
Investment properties	**23,141**	15,409
Goodwill and intangible assets	**3,539,225**	2,775,430
Investment in Origin Enterprises plc	**45,824**	51,045
Deferred income tax assets	**68,938**	66,642
Total non-current assets	**4,960,712**	3,969,726
Current assets		
Amounts owed by Origin Enterprises plc	**691**	879
Inventory	**228,155**	189,275
Trade and other receivables	**322,492**	322,863
Derivative financial instruments	**847**	1,329
Cash and cash equivalents	**555,262**	501,438
Total current assets	**1,107,447**	1,015,784
Total assets	**6,068,159**	4,985,510

Food Group Balance Sheet (continued)
as at 31 July 2014

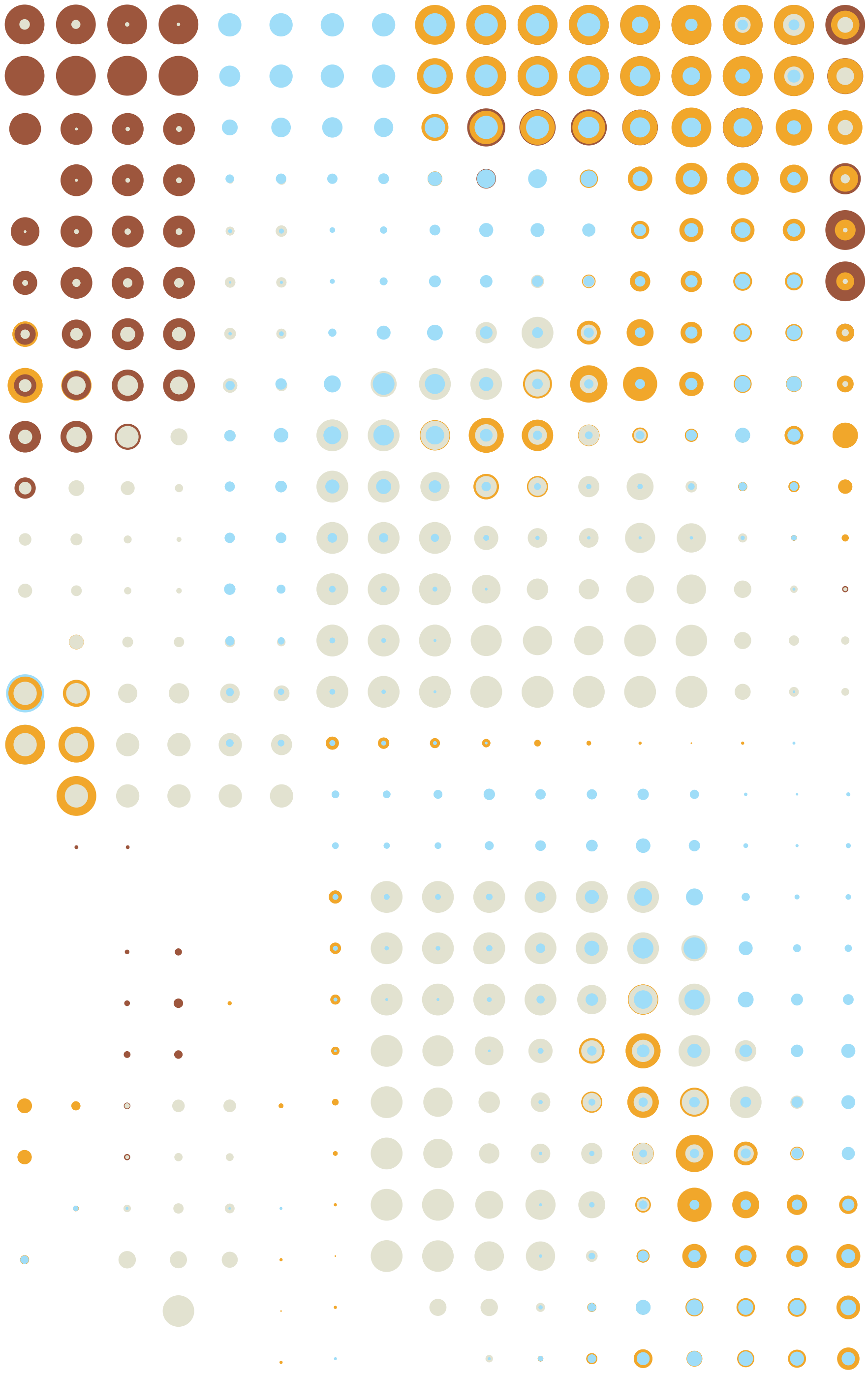
in EUR `000	2014 unaudited	2013 unaudited
Equity		
Called up share capital	**1,172**	1,172
Share premium	**773,735**	773,735
Retained earnings and other reserves	**1,821,997**	1,746,520
Total equity attributable to equity shareholders of parent	**2,596,904**	2,521,427
Non-controlling interests	**16,421**	15,661
Total equity	**2,613,325**	2,537,088
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**1,782,026**	1,006,932
Employee benefits	**7,258**	9,954
Deferred income from government grants	**21,261**	25,251
Other payables	**49,708**	44,641
Deferred income tax liabilities	**417,757**	386,778
Derivative financial instruments	**2,290**	–
Contingent consideration	**7,100**	8,570
Total non-current liabilities	**2,287,400**	1,482,126
Current liabilities		
Interest-bearing loans and borrowings	**415,315**	343,734
Trade and other payables	**699,924**	583,727
Income tax payable	**41,019**	33,342
Derivative financial instruments	**3,022**	1,283
Contingent consideration	**8,154**	4,210
Total current liabilities	**1,167,434**	966,296
Total liabilities	**3,454,834**	2,448,422
Total equity and liabilities	**6,068,159**	4,985,510

Food Group Cash Flow Statement
for the year ended 31 July 2014

in EUR `000	2014 unaudited	2013 unaudited
Cash flows from operating activities		
Profit for the year	**179,008**	97,030
Income tax expense	**33,165**	39,899
Financing costs, net	**62,604**	57,761
Dividend income from investment in Origin	**(16,388)**	(14,250)
Gain on Origin tender offer share buyback, net of costs	**(66,568)**	–
Share of profit after tax of joint venture	**–**	(201)
Loss on disposals	**–**	705
Asset write-downs and fair value adjustments	**87,357**	36,650
Transaction and restructuring-related payments in excess of current-year costs	**(23,456)**	(6,203)
Depreciation of property, plant and equipment	**94,216**	87,483
Amortisation of intangible assets	**132,425**	112,849
Recognition of deferred income from government grants	**(4,249)**	(2,644)
Share-based payments	**8,253**	6,075
Other	**(5,695)**	(693)
Cash flows from operating activities before changes in working capital	**480,672**	414,461
Increase in inventory	**(38,105)**	(16,458)
Decrease / (increase) in trade and other receivables	**29,765**	(12,667)
Increase in trade and other payables	**54,936**	17,927
Cash generated from operating activities	**527,268**	403,263
Interest paid, net of interest received	**(59,704)**	(60,604)
Income tax paid	**(43,671)**	(30,350)
Net cash flows from operating activities	**423,893**	312,309

Food Group Cash Flow Statement (continued)
for the year ended 31 July 2014

in EUR `000	2014 unaudited	2013 unaudited
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**4,522**	9,863
Purchase of property, plant and equipment		
– maintenance capital expenditure	**(59,970)**	(43,675)
– investment capital expenditure	**(174,271)**	(112,195)
Grants received	**214**	79
Acquisitions of subsidiaries and businesses, net of cash acquired	**(862,792)**	(311,609)
Disposal of joint venture	**–**	1,941
Purchase of intangible assets	**(102,572)**	(60,311)
Dividends received	**16,388**	14,250
Origin tender offer proceeds, net of related costs	**71,789**	–
Net receipts from joint venture	**–**	21
Contingent consideration paid	**(4,190)**	(268)
Net cash flows from investing activities	**(1,110,882)**	(501,904)
Cash flows from financing activities		
Net proceeds from issue of perpetual callable subordinated instrument	**–**	319,442
Gross drawdown / (repayment) of loan capital, net	**804,368**	(37,062)
Capital element of finance lease liabilities	**(680)**	(1,825)
Dividend paid on perpetual callable subordinated instrument	**(29,388)**	(16,561)
Dividends paid to non-controlling interests	**(3,248)**	(2,482)
Dividends paid to equity shareholders	**(47,898)**	(43,517)
Net cash flows from financing activities	**723,154**	217,995
Net increase in cash and cash equivalents	**36,165**	28,400
Translation adjustment	**(3,410)**	(13,251)
Net cash and cash equivalents at start of year	**271,416**	256,267
Net cash and cash equivalents at end of year	**304,171**	271,416



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Key dates to December 2015

Announcement of the 2014 annual results	29 September 2014
Issue of the 2014 annual report	6 October 2014
First-quarter trading update	2 December 2014
Annual General Meeting 2014	2 December 2014
Payment of dividend	2 February 2015
Announcement of half-year results 2015	16 March 2015
Third-quarter trading update	2 June 2015
Announcement of the 2015 annual results	28 September 2015
Issue of the 2015 annual report	5 October 2015
First-quarter trading update	2 December 2015
Annual General Meeting 2015	2 December 2015

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