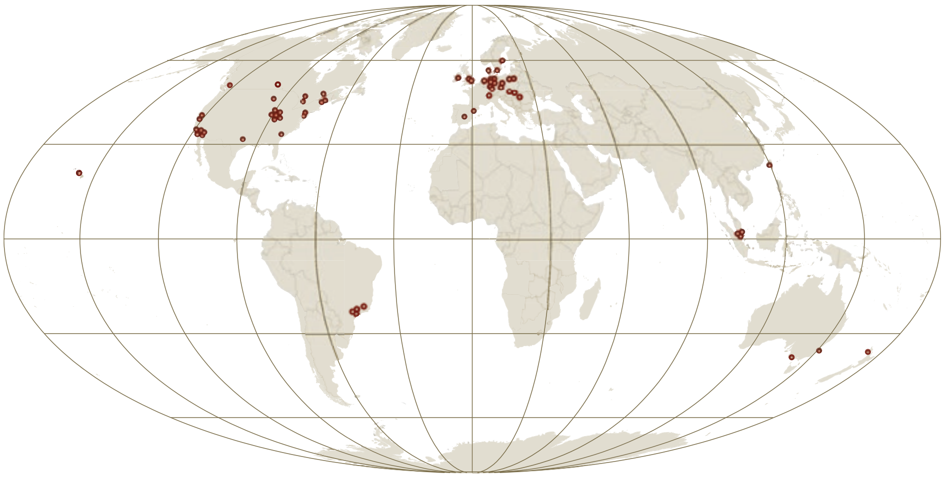
2015

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, Europe, Asia, Australia, New Zealand and South America. ARYZTA has a primary listing on the SIX Swiss Exchange and a secondary listing on the ISE Irish Exchange (SIX: ARYN, ISE: YZA).

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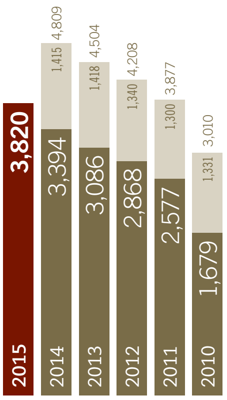
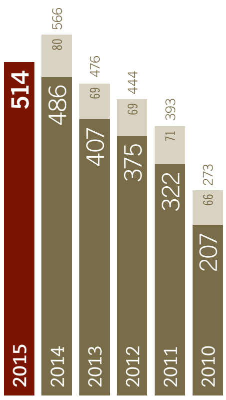
Financial Highlights

Group

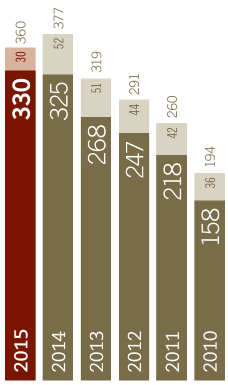
Revenue
in EUR m



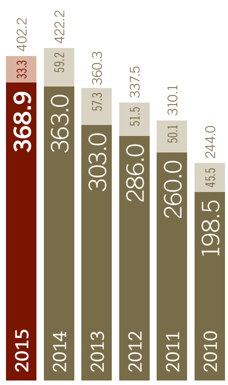
EBITA[1]
in EUR m



Underlying fully diluted net profit
in EUR m

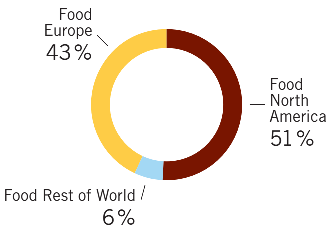


Underlying fully diluted EPS
in EUR cent

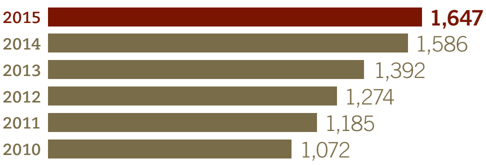


continuing operations *discontinued operations*

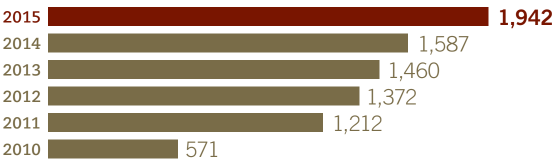
Revenue €3.82 bn



Revenue – Food Europe
in EUR million

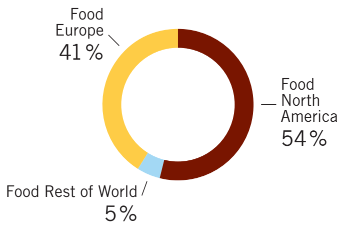


Revenue – Food North America
in EUR million

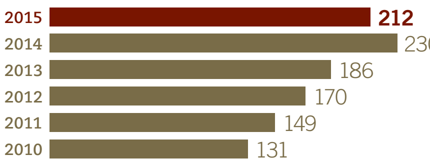


Revenue – Food Rest of World
in EUR million

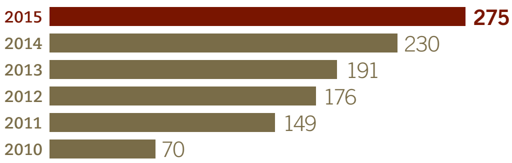
EBITA €514 m



EBITA – Food Europe
in EUR million



EBITA – Food North America
in EUR million



EBITA – Food Rest of World
in EUR million

1 See glossary on page 23 for definitions of financial terms and references used in this document.

Annual Report and Accounts 2015
Letter to Shareholders

Compared to initial expectations and guidance given to shareholders in September 2014, Fiscal Year 2015 proved disappointing.

While total revenue from continuing operations increased by 12.6% to €3.8bn, this was entirely due to acquisitions and currency, as underlying revenue declined in the year by (2.2)%. This reflects an overall 1.0% underlying revenue growth in Food Europe and a 3.3% underlying revenue growth in Food Rest of World, offset by a (6.2)% underlying revenue decline in Food North America, as a result of volume losses associated with the capacity optimisation strategy within the region. There was also a strong 7.1% contribution to revenue from acquisitions, primarily from the prior year acquisitions of Cloverhill and Pineridge in North America. Furthermore, the year also benefited from a favourable currency impact of 7.7%, mostly as a result of the strengthening of the US Dollar.

Group EBITA from continuing operations increased 5.7% to €514m. However, EBITA margins declined by (80) bps to 13.5%, reflecting the softening of European margin performance due to ARYZTA Food Solutions volume declines during the second half of the year, as well as the reduced operating leverage resulting from the capacity optimisation efforts in North America.

The year also proved to be one of significant transformation, as ARYZTA exited its investment in primary agriculture through Origin Enterprises, to fully focus on speciality food. Origin proved to be an excellent investment for ARYZTA, with the disposals in March 2015 and September 2015 (subsequent to year-end) realising a combined €623m, bringing the total funds provided by Origin to the Group to c. €1bn since Origin's IPO in 2007.

These Origin proceeds in turn facilitated the €451m investment in a 49% share in Picard, which was agreed during the year and funded subsequent to year-end. Picard is a leading French speciality food business, focused primarily on premium consumer concepts within the frozen speciality food space.

ARYZTA also extended its activities, through acquisitions totalling €217m. The acquisitions of Pré Pain and Fornetti bring the Group extended geographic expansion into Northern and Eastern Europe, while the acquisition of La Rousse Foods, which was finalised subsequent to year-end, brings further relevance within the premium food channel in Ireland.

In addition to these acquisitions the Group also invested an additional €329m in new facilities and food capabilities to further strengthen the Group's supply chain, food safety, quality assurance, traceability and sustainability. These intensive capital investments, combined with the subdued operating performance, negatively impacted ROIC, which declined by (130) bps to 10.7%.

As a result of these activities, ARYZTA reported a decline in underlying fully diluted EPS of (4.7)% to 402.2 cent. When considering the impact of the Group's exit of its investment in Origin, the Group reported an increase in underlying fully diluted EPS from continuing operations of 1.6% to 368.9 cent.

Letter to Shareholders (continued)

Following this period of significant investment, ARYZTA is now transformed into a speciality food business, with a primary focus on speciality bakery and is well-invested across a broad range of dough types and product capabilities. Management's primary goal is now to unlock the revenue generation capabilities and to optimise the EBITA potential of this asset base to deliver a +€200m increase in free cash generation during FY 2016, which will help restore ROIC expansion.

Proposed dividend

At the Annual General Meeting on 8 December 2015, shareholders will be invited to approve a proposed dividend of CHF 0.6555 (€ 0.6033) per share. If approved, the dividend will be paid to shareholders on 1 February 2016. A dividend of CHF 0.7646 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 2 December 2014.

Board membership

At the 2014 AGM, held on 2 December 2014, the shareholders approved the re-election of Mr. Denis Lucey as Chairman of the Board of Directors, together with the re-election of the following Board members: Mr. Charles Adair, Mr. J. Brian Davy, Mr. Shaun B. Higgins, Mr. Owen Killian, Mr. Patrick McEniff, Mr. Andrew Morgan, Mr. Wolfgang Werlé and Mr. John Yamin, each with a term of one year.

The shareholders also approved the election of Ms. Annette Flynn as member of the Board of Directors, with a term of one year.

The biographies of individual Board members are available on pages 33 to 36 in the Corporate Governance report.

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

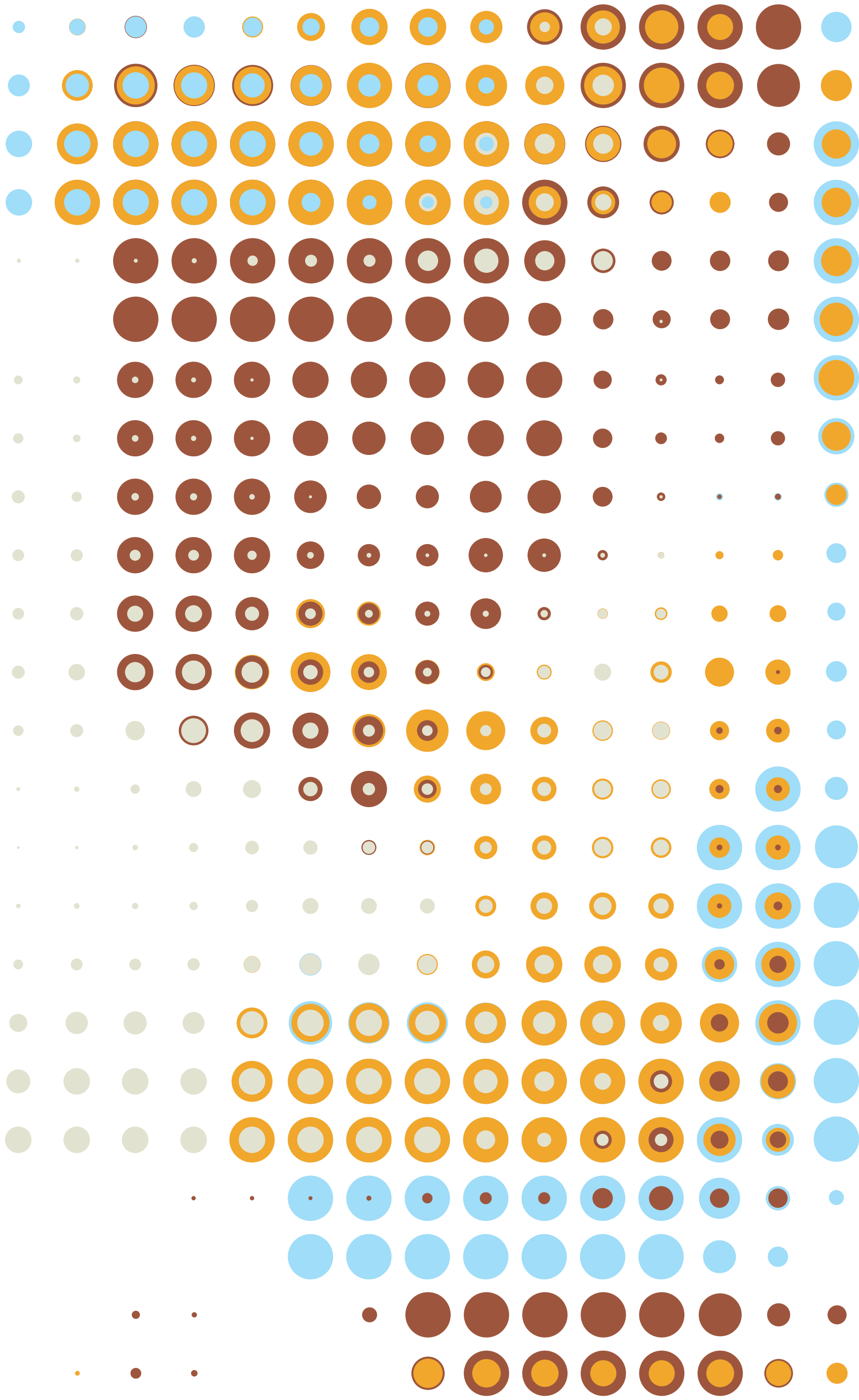
Acknowledgement

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

2 October 2015



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Business Overview
About ARYZTA

Food Group

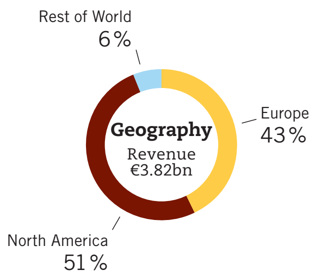
Revenue
€3.82 bn

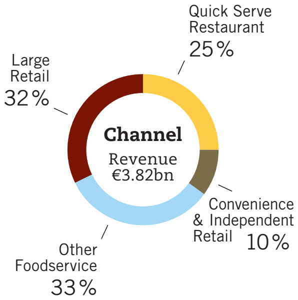
EBITDA
€638 m

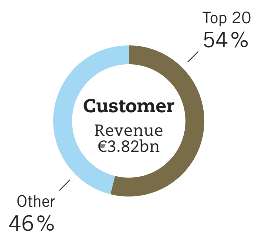
EBITA
€514 m

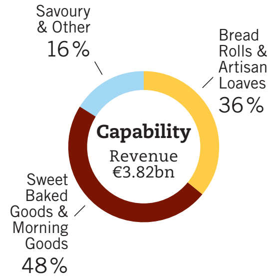
60
Bakeries & Kitchens

29
Countries









Business Overview
Food Business – Markets

Reporting Segments

ARYZTA AG

Food Europe | Food North America | Food Rest of World

International Speciality Food Business

Food Europe

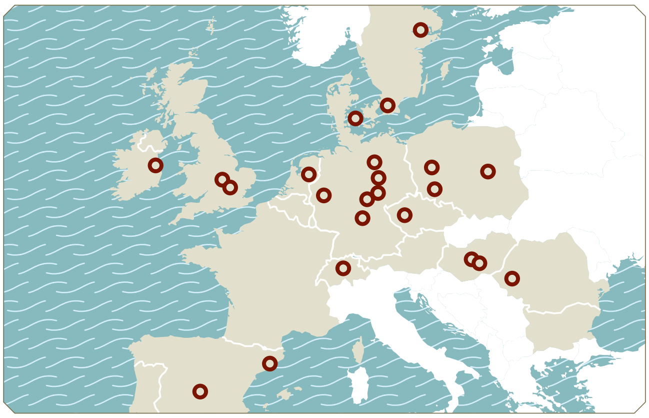
Revenue €1.65 bn

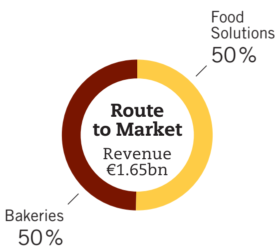
EBITDA €275 m

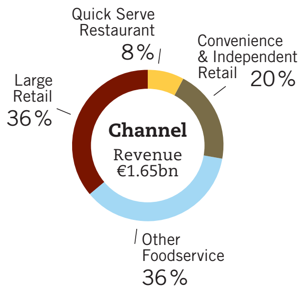
EBITA €212 m

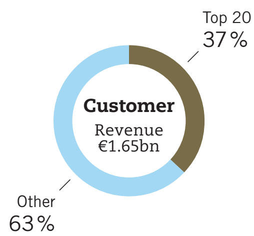
23 Bakeries & Kitchens

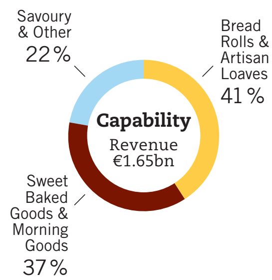
18 Countries











Business Overview
Food Business – Markets

Food North America

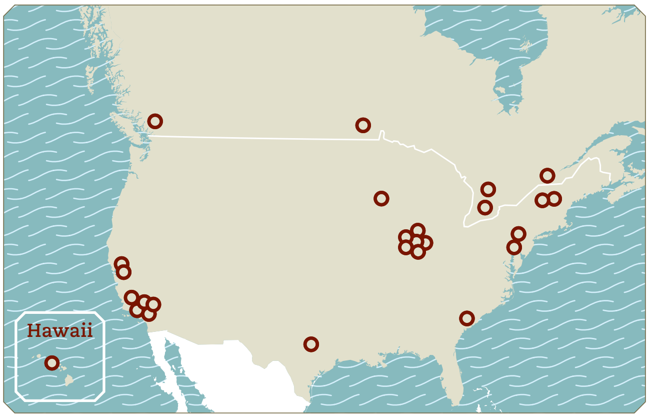
Revenue €1.94 bn

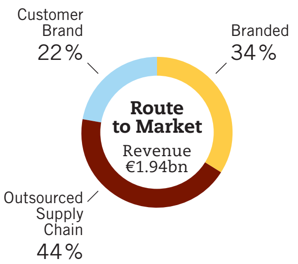
EBITDA €327 m

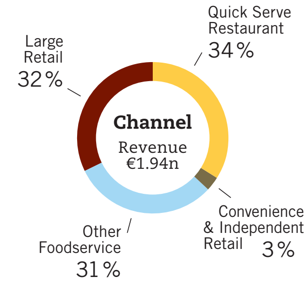
EBITA €275 m

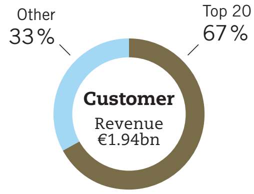
26 Bakeries & Kitchens

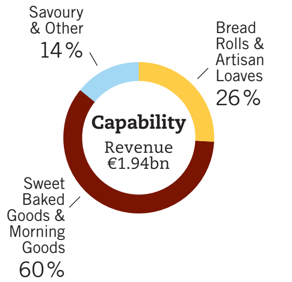
2 Countries











Food Rest of World

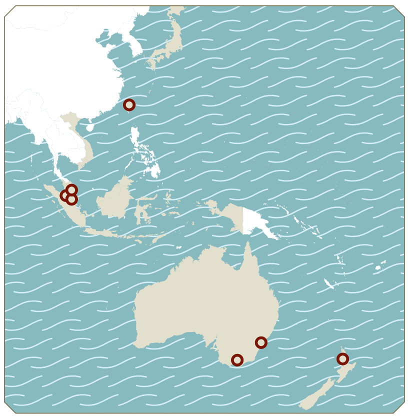
Revenue €231 m

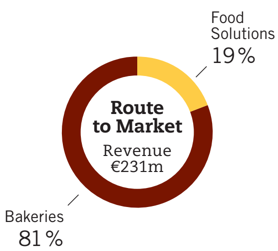
EBITDA €36 m

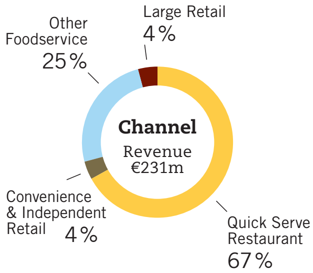
EBITA €27 m

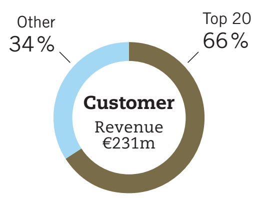
11 Bakeries & Kitchens

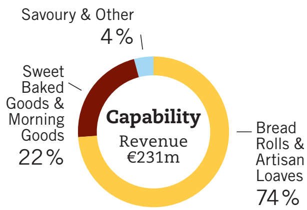
9 Countries

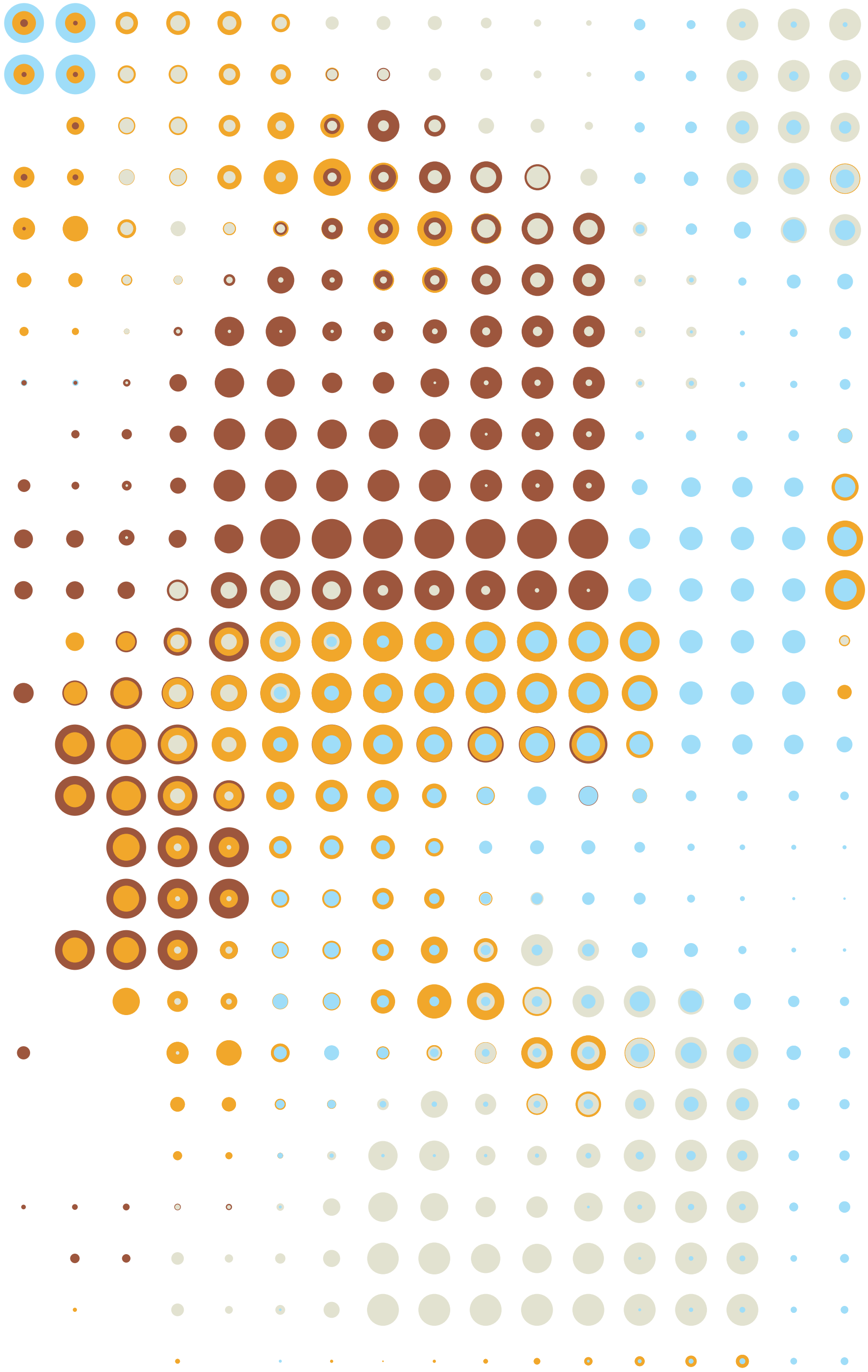












Annual Report and Accounts 2015

Financial and Business Review

1 ARYZTA Group – Underlying Income Statement

in EUR '000	July 2015	July 2014	% Change
Continuing operations			
Group revenue	3,820,231	3,393,783	12.6%
EBITA[1]	513,965	486,294	5.7%
EBITA margin	13.5%	14.3%	(80)bps
Joint venture	(1,210)	–	–
EBITA including joint venture	512,755	486,294	5.4%
Finance cost, net	(83,390)	(62,604)	–
Hybrid instrument accrued dividend	(30,673)	(29,548)	–
Pre-tax profits	398,692	394,142	–
Income tax	(64,035)	(65,754)	–
Non-controlling interests	(4,669)	(3,800)	–
Underlying net profit – continuing operations	329,988	324,588	1.7%
Underlying net profit – discontinued operations[2]	29,735	52,890	(43.8)%
Underlying net profit – total	**359,723[3]**	**377,478[3]**	**(4.7)%**
Underlying fully diluted EPS (cent) – total	**402.2[4]**	**422.2[4]**	**(4.7)%**
Underlying net profit – continuing operations	**329,988**	**324,588**	**1.7%**
Underlying fully diluted EPS (cent) – continuing operations	**368.9[4]**	**363.0[4]**	**1.6%**

1 See glossary in section 18 for definitions of financial terms and references used in the financial and business review.

2 Following the reduction in the Group's investment in Origin during March 2015, the Group's proportion of Origin's results have been presented separately as discontinued operations in both the current and prior year.

3 See bridge from underlying net profit to reported net profit as included on page 24.

4 The 31 July 2015 weighted average number of ordinary shares used to calculate underlying earnings per share is 89,441,152 (2014: 89,407,313).

2 ARYZTA Group – Underlying revenue growth

Continuing operations in EUR million	Food Europe	Food North America	Food Rest of World	Total Group
Group revenue	1,646.6	1,942.3	231.3	3,820.2
Underlying growth	1.0%	(6.2)%	3.3%	(2.2)%
Acquisitions, net	0.4%	14.8%	–	7.1%
Currency	2.4%	13.8%	1.4%	7.7%
Revenue Growth	**3.8%**	**22.4%**	**4.7%**	**12.6%**

Financial and Business Review (continued)

3 ARYZTA Group – Segmental EBITA

Continuing operations in EUR '000	July 2015	July 2014	% Change	EBITA Margin 2015	EBITA Margin 2014	% Change
Food Europe	212,031	230,334	(7.9)%	12.9%	14.5%	(160) bps
Food North America	275,108	230,313	19.4%	14.2%	14.5%	(30) bps
Food Rest of World	26,826	25,647	4.6%	11.6%	11.6%	– bps
Total Group EBITA	**513,965**	**486,294**	**5.7%**	**13.5%**	**14.3%**	**(80) bps**
Joint venture	(1,210)	–	(100.0)%			
Total EBITA incl. joint venture	**512,755**	**486,294**	**5.4%**			

4 Discontinued operations – Origin

During March 2015, ARYZTA announced the completion of its offering of 49 million ordinary shares of Origin Enterprises plc ('Origin') for €8.25 per share, which raised net proceeds for ARYZTA of €398.1m. The divestment simplifies ARYZTA's reporting structure and transforms ARYZTA into a business that is fully focused on speciality food.

Following the placing, the Group's investment in Origin was reduced from 68.1% to 29.0% and Origin has been accounted for as an associate held-for-sale, rather than as a fully-consolidated subsidiary.

As Origin previously represented a significant component and a separately reported segment of the Group, Origin's results have been separately presented as discontinued operations, in both the current and prior years, as shown below:

	Aug – Mar 2015	Apr – Jul 2015	July 2015	July 2014	% Change
Revenue	829,518	628,580	**1,458,098**	1,415,239	3.0%
EBITA	12,803	66,092	**78,895**	79,513	(0.8)%
EBITA margin	1.5%	10.5%	**5.4%**	5.6%	(20)bps
Associates and JV, net of tax	8,172	5,904	**14,076**	13,392	–
EBITA incl. associates and JV	20,975	71,996	**92,971**	92,905	0.1%
Finance cost, net	(3,591)	(1,219)	**(4,810)**	(5,534)	–
Pre-tax profits	17,384	70,777	**88,161**	87,371	–
Income Tax	(1,572)	(11,118)	**(12,690)**	(12,426)	–
Total underlying net profit	15,812	59,659	**75,471**	74,945	0.7%
Non-ARYZTA portion of discontinued operations	(3,373)	(42,363)	**(45,736)**	(22,055)	(107.4)%
Underlying net profit contribution – discontinued operations	12,439	17,296	**29,735**	52,890	(43.8)%

Also see the calculation of the net gain on disposal of discontinued operations included in section 9 and the additional disposal of the remaining 29.0% interest subsequent to year-end, as included in section 14.

Financial and Business Review (continued)

5 Our business

ARYZTA's business is speciality food with a primary focus 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 revenue from continuing operations increased by 12.6% to €3.8bn, entirely due to acquisitions and currency. Underlying revenue declined in the year by (2.2)%, reflecting the impact of the volume losses associated with the North American capacity optimisation strategy. As communicated throughout the year, these efforts are aimed at freeing capacity for larger customers, without committing further investment capital. There was a strong 7.1% contribution to revenue from acquisitions, primarily from the prior year acquisitions of Cloverhill and Pineridge in North America. The year also benefited from a favourable currency impact of 7.7%, mostly as a result of the strengthening of the US Dollar.

Group EBITA from continuing operations increased 5.7% to €514.0m, while EBITA margins declined by (80) bps to 13.5%, reflecting the softening of European margin performance due to ARYZTA Food Solutions volume declines during the second half, as well as the reduced operating leverage, as a result of the capacity optimisation efforts in North America.

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 3.8% to €1.6bn. Underlying revenues grew 1.0% during the year. Acquisition related revenue growth added 0.4% and a favourable currency impact added 2.4%, compared to the prior year. Food Europe EBITA declined by (7.9)% to €212.0m, while EBITA margins decreased by (160) bps to 12.9%.

Within Food Europe the business has experienced notable changes in customer and consumer behaviour, as a result of the hourglass economy. At the lower end of the hourglass, Bakeries Europe delivered strong, volume driven, underlying revenue growth of c. 3% providing quality food offerings at value.

At the top end of the hourglass, Food Solutions Europe is also achieving c. 2% growth rates providing customised speciality food offerings to food professionals. However, in the middle of the hourglass, which is also serviced by Food Solutions, revenues are being squeezed. As a result, the business suffered a significant step change in pricing and volume declines during the year across continental Europe, primarily within the convenience & independent retail channel. These impacts are expected to moderate during FY 2016.

Due to the proportionately higher operating costs required to service incremental Food Solutions revenues, these revenue reductions led to significantly lower operating leverage, as the remaining revenues were left to absorb the existing fixed cost base.

Financial and Business Review (continued)

In response to these challenges, management has not only focused on re-aligning the cost base, but also on opportunities to drive increased sales. These include transferring the existing product offering across regions, investing in technology to enable automated customer re-ordering and driving product innovation to help ARYZTA customers differentiate themselves with their consumers.

During January 2015, the Group agreed to exchange certain assets within the Food Europe operating segment for a 50% interest in Signature Flatbreads, a pioneering flatbread producer in India and the UK. While the assets disposed had historically generated approximately €100m in annual revenues, the associated margins had recently begun to deteriorate. Therefore, management felt the significant opportunities presented through a joint venture in India provided an appropriate exit strategy for that business. During April 2015, the Group also agreed to sell its 100% interest in a non-core business, Carroll Cuisine, which historically generated approximately €45m in annual revenues. These transactions resulted in a non-cash loss on disposals of €45.7m.

During the second half of the year, Food Europe completed the separate acquisitions of Pré Pain, a recognised leader in 'crusty bake-off bread' in the Netherlands, and Fornetti, a leading bakery goods supplier in Hungary, for total combined consideration of €190.9m. These acquisitions have historically generated combined annual revenues of approximately €130m and provide additional well-invested capacities, further customer relationships and new geographic market expansion within Northern and Eastern Europe.

During the year ended 31 July 2015, Food Europe invested €178.5m to add newly automated bakery capacities, primarily in Germany, the UK and Denmark, which are significantly dedicated to strategic customers and in completing or enhancing the ERP roll-out in certain locations.

During the year, Food Europe incurred €72.4m of non-cash asset write-downs of various manufacturing, distribution and administration assets due to the planned reduction in activities expected to be generated from those assets. These reductions are the direct result of the Group's recent integration and rationalisation programme investments, which were aimed at replacing obsolete assets, optimising the distribution network and streamlining administrative functions.

Food Europe incurred cash non-recurring costs of €52.3m, primarily related to advisory, severance and staff-related costs associated with completion of certain ATI programme projects, as well as costs associated with the Group's various acquisition and investment activities.

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, also provide the Group with a solid customer base from which to further grow market share.

Food North America revenues increased by 22.4% to €1.9bn. While underlying revenue declined by (6.2)% during the year, there was a strong contribution of 14.8% from

Financial and Business Review (continued)

the prior year acquisitions of Cloverhill and Pineridge, which continued to perform to expectation, and a favourable currency impact of 13.8%.

The decline in Food North America underlying revenue reflects the impact of the capacity optimisation strategy to free up capacity for higher volume customers without committing further investment capital. While the business has already replaced more than half of the volume lost as part of the program, this strategy is expected to continue to impact Food North America underlying revenue into FY16. Beginning in H2-16 these underlying declines are expected to subside, as replacement volumes continue to rebuild from the existing customer pipeline, as well as from increased management focus on growth of ARYZTA own-branded product sales.

Food North America EBITA grew by 19.4% to €275.1m, while EBITA margins declined (30) bps to 14.2%. These declines reflect the decreased operating leverage created by the decline in underlying revenues during the period; however, management has done an excellent job containing the cost base during this transition and during the second half of the year was able to maintain margins consistent with prior year.

During the year, Food North America invested an additional €146.4m to expand capabilities in-line with the needs of strong international partners and to focus on higher margin and higher revenue per tonne products going forward.

Food North America also incurred non-cash asset write-downs of €68.5m during the year, as a direct result of these transitions and the resulting closure of multiple aged manufacturing locations, as well as the reduction in use of various other administration equipment or obsolete production assets.

In North America, the cash costs for non-recurring items were €31.4m, related primarily to advisory, severance and staff-related costs associated with the integration of recently acquired businesses supply chain and distribution functions into the Group's network, costs associated with the closure of select facilities and further centralisation of certain administrative functions.

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 increased by 4.7% to €231.3m, with a strong underlying growth contribution of 3.3% and a favourable currency impact of 1.4%.

Food Rest of World EBITA increased by 4.6% to €26.8m and EBITA margins were stable at 11.6%.

While underlying revenue growth was slightly negative during Q4-15 due to timing issues, the annual run rate remains positive. There was strong revenue growth in Brazil, as the expanded bakery capacities there begin to gain momentum, but there was some weakness within APAC. These trends are reflective of the performance of large QSR customers across these regions.

Financial and Business Review (continued)

9 Net acquisition, disposal and restructuring related costs and fair value adjustments

During the year ended 31 July 2015 the Group incurred the following amounts related to integration, rationalisation and restructuring of the Group:

in EUR '000	Discontinued Operations 2015	Continuing Operations Non-cash 2015	Continuing Operations Cash 2015	Total 2015
Net gain/(loss) on disposal of businesses	523,300	(45,685)	–	**477,615**
Asset write-downs	–	(146,289)	–	**(146,289)**
Acquisition-related costs	–	–	(9,982)	**(9,982)**
Severance and other staff-related costs	–	–	(48,642)	**(48,642)**
Contractual obligations	–	–	(2,087)	**(2,087)**
Advisory and other costs	–	–	(27,265)	**(27,265)**
Year ended 31 July 2015	**523,300**	**(191,974)**	**(87,976)**	**243,350**

Discontinued operations

During March 2015, ARYZTA announced the completion of its offering of 49 million ordinary shares of Origin for €8.25 per share, which raised net proceeds for ARYZTA of €398,108,000. At the time of the placing, the deemed fair value of the Group's remaining 29.0% interest in Origin was also valued at €8.25 per share, resulting in a value of €299,329,000. As the total deemed consideration exceeded the Group's €145,678,000 share of the disposed net assets and cash balances of Origin, the Group recognised a gain on disposal of discontinued operations of €551,759,000.

Following the placing, the Group's remaining 29.0% interest in Origin has been determined to be an associate held-for-sale, recorded at fair value, less costs to sell. Based on the unadjusted quoted price of €7.62 as of 31 July 2015, less estimated costs to sell, a fair value adjustment of €28,459,000 was recorded during the period to reduce the carrying value to €270,870,000 as of 31 July 2015, resulting in a total net gain in relation to the disposal of Origin of €523,300,000, as shown below:

in EUR '000	Total
Cash received, net of transaction costs	398,108
Net cash disposed	(25,133)
Cash received, net of cash disposed	372,975
Fair value of retained 29% interest	299,329
Total consideration	672,304
ARYZTA's share of Origin net assets disposed	(120,545)
Gain on disposal of discontinued operations	551,759
Fair value adjustment to associate held-for-sale	(28,459)
Net gain on disposal of discontinued operations	**523,300**

Also see the additional disposal of the remaining 29.0% interest subsequent to year-end, as included in section 14.

Financial and Business Review (continued)

Continuing operations – non-cash

During January 2015, the Group agreed to exchange certain assets, for a 50% interest in Signature Flatbreads (UK) Ltd. As the €53,106,000 total fair value of the Group's 50% interest and the Vendor Loan Note receivable from the Joint Venture, were less than the €66,659,000 carrying value of the net assets exchanged and related costs incurred, the transaction resulted in a loss on disposal in the amount of €13,789,000, including foreign exchange losses of €236,000.

During April 2015, the Group agreed to sell its 100% interest in Carroll Cuisine, for cash consideration of €37,276,000. As the proceeds received exceeded the €12,970,000 carrying value of the net assets disposed and associated costs incurred, the transaction resulted in a gain on disposal of €24,306,000.

As a result of the two disposals above, the Group also wrote-off a proportionate amount of Goodwill within the UK and Ireland Cash Generating Unit in the amount of €56,202,000. The total of the above disposals and the associated write-down of Goodwill resulted in a net loss on disposal of businesses within continuing operations of €45,685,000 during the year ended 31 July 2015.

The Group also incurred €146,289,000 of asset write-downs during the year, primarily related to the write-down of various manufacturing, distribution and administration assets within the Food Europe and Food North America segments, following the closure and/or reduction in activities expected to be generated from those assets. These reductions are the direct result of the Group's recent integration and rationalisation programme investments, which have replaced obsolete assets, optimised the distribution network and streamlined administrative functions.

As these non-cash gains and losses included above are added back when calculating ROIC for management compensation purposes, they had no impact on management compensation.

Continuing operations – cash

The Group also incurred €87,976,000 of costs related to the continued integration of prior year acquisitions into the Group's bakery network. These estimated integration costs are in-line with the €70,000,000 guidance when adjusted for currency and the incremental costs associated with current year acquisitions.

Financial and Business Review (continued)

10 Financial position

As of 31 July 2015, the Group's financing facilities, related capitalised upfront borrowing costs, finance leases, overdrafts and cash balances outstanding were as follows:

Debt Funding	Principal	Maturity	Outstanding in EUR '000
Feb 2014 – Syndicated Bank Loan	USD 330m	Feb 2019	(297,056)
Feb 2014 – Syndicated Bank Loan	CHF 230m	Feb 2019	(216,267)
Feb 2014 – Syndicated Bank Loan	GBP 100m	Feb 2019	(141,024)
Feb 2014 – Syndicated Bank Loan	CAD 110m	Feb 2019	(76,146)
Feb 2014 – US Private Placement	USD 490m/EUR 25m	Feb 2020 – Feb 2024	(466,084)
May 2010 – US Private Placement	USD 350m/EUR 25m	May 2016 – May 2022	(340,060)
Dec 2009 – US Private Placement	USD 200m	Dec 2021 – Dec 2029	(180,034)
Jun 2007 – US Private Placement	USD 300m	Jun 2017 – Jun 2019	(270,051)
Food Group gross term debt			(1,986,722)
Food Group upfront borrowing costs			15,011
Food Group term debt, net of upfront borrowing costs			(1,971,711)
Food Group finance leases			(1,425)
Food Group cash and cash equivalents, net of overdrafts			248,033
Food Group net debt			(1,725,103)

Hybrid Funding			
Nov 2014 – Perpetual callable subordinated instrument	EUR 250m	No maturity – First call date March 2019	(245,335)
Oct 2014 – Perpetual callable subordinated instrument	CHF 190m	No maturity – First call date April 2020	(155,679)
April 2013 – Perpetual callable subordinated instrument	CHF 400m	No maturity – First call date April 2018	(319,442)
Hybrid funding at historical cost, net of associated costs			(720,456)
Hybrid funding fair value adjustment to year-end exchange rates			(84,316)
Hybrid funding at 31 July 2015 exchange rates			**(804,772)**

As of 31 July 2015, the Group's interest cover including hybrid interest was 5.76x (2014: 7.29x). The weighted average maturity of the Group gross term debt was 4.98 years (2014: 5.43 years). The weighted average interest cost of Group debt financing facilities (including overdrafts) was 3.84% (2014: 3.63%).

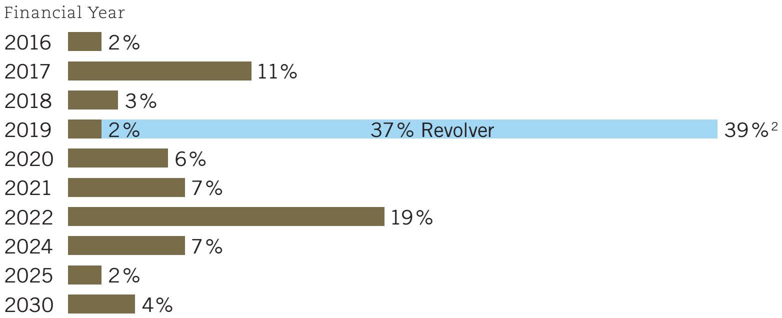
Financial and Business Review (continued)

ARYZTA intends to maintain an investment grade position in the range of 2x – 3x Net debt: EBITDA on its syndicated bank loan. The Group's key financial ratio is as follows:

	July 2015	July 2014
Net Debt: EBITDA[1] (syndicated bank loan)	2.54x	2.49x

1 Calculated based on the terms of the Group Syndicated Bank Loan Revolving Credit Facility.

Food Group Gross Term Debt Maturity Profile (excluding hybrid)[1]



1 The Group term debt maturity profile is set out as at 31 July 2015. Food Group gross term debt at 31 July 2015 is €1,986.7m. Group net debt at 31 July 2015 is €1,725.1m, which also includes overdrafts and finance leases, and is net of cash and related capitalised upfront borrowing costs.

2 Incorporating the drawn amount on the Revolving Credit Facility of €730.5m as at 31 July 2015, which represents 37% of the Group gross term debt.

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

Currency	Average 2015	Average 2014	% Change	Closing 2015	Closing 2014	% Change
CHF	1.1191	1.2250	8.6%	1.0635	1.2169	12.6%
USD	1.1799	1.3601	13.2%	1.1109	1.3430	17.3%
CAD	1.4009	1.4590	4.0%	1.4446	1.4611	1.1%
GBP	0.7547	0.8291	9.0%	0.7091	0.7933	10.6%

Financial and Business Review (continued)

Cash generation – continuing operations

in EUR '000	July 2015	July 2014
EBIT	345,943	362,532
Amortisation	168,022	123,762
EBITA	513,965	486,294
Depreciation	124,306	102,879
EBITDA	638,271	589,173
Working capital movement	(63,319)	12,372
Working capital movement from debtor securitisation	104,077	34,224
Maintenance capital expenditure	(80,725)	(59,970)
Segmental operating free cash generation	**598,304**	**575,799**
Investment capital expenditure[1]	(329,412)	(276,843)
Acquisition and restructuring-related cash flows	(101,266)	(105,561)
Segmental operating free cash generation, after investment capital expenditure and integration costs	**167,626**	**193,395**
Dividends received from Origin	17,056	16,388
Hybrid dividend	(39,107)	(29,388)
Interest and tax	(117,947)	(103,375)
Other non-cash income[2]	(6,200)	(2,941)
Cash flow generated from activities	**21,428**	**74,079**

Net debt and investment activity – continuing operations

in EUR '000	FY 2015	FY 2014
Opening net debt as at 1 August	**(1,642,079)**	**(849,228)**
Cash flow generated from activities	21,428	74,079
Disposal of businesses, net of cash and finance leases	22,728	–
Proceeds from reduction of interest in Origin	398,108	71,789
Net debt cost of acquisitions	(149,822)	(862,792)
Contingent consideration	(9,240)	(4,190)
Hybrid instrument proceeds	69,334	–
Dividends paid	(69,364)	(51,146)
Foreign exchange movement[3]	(363,792)	(22,682)
Other[4]	(2,404)	2,091
Closing net debt as at 31 July	**(1,725,103)**	**(1,642,079)**

1 Includes expenditure on intangible assets.

2 Other non-cash income comprises primarily amortisation of deferred income from government grants.

3 Foreign exchange movement for the year ended 31 July 2015 is primarily attributable to the fluctuation in the US Dollar to euro rate from July 2014 (1.3430) to July 2015 (1.1109) and in the Swiss Franc to euro rate from July 2014 (1.2169) to July 2015 (1.0635).

4 Other comprises primarily proceeds on disposal of property, plant and equipment, and amortisation of financing costs.

Financial and Business Review (continued)

11 Return on invested capital

Continuing operations in EUR million	Food Europe	Food North America	Food Rest of World	Total Group
2015				
Group share net assets	2,023	2,602	204	4,829
EBITA & JVs cont.	217	275	27	519
ROIC[1]	10.7%	10.6%	13.2%	10.7%
2014				
Group share net assets	1,811	2,303	243	4,357
EBITA	237	261	26	524
ROIC[1]	13.1%	11.3%	10.6%	12.0%

1 ROIC is calculated on a consistent basis year over year using a pro-forma trailing twelve months segmental EBITA and Profit from Joint Ventures ('TTM EBITA') divided by the respective Segmental Net Assets as of the end of each respective period. See glossary in section 18 for further definitions of financial terms and references used.

2 The Food Group WACC on a pre-tax basis is currently 7.4% (2014: 7.0%).

12 Net assets, goodwill and intangibles

Group Balance Sheet in EUR '000	Total Group 2015	Total Group 2014
Property, plant and equipment	1,543,263	1,374,010
Investment properties	25,916	30,716
Goodwill and intangible assets	3,797,269	3,690,597
Deferred tax on acquired intangibles	(246,116)	(255,639)
Associates and joint ventures	32,067	54,911
Other financial assets	28,644	42,586
Working capital	(218,669)	(197,394)
Other segmental liabilities	(132,849)	(122,708)
Segmental net assets	4,829,525	4,617,079
Associate held-for-sale	270,870	–
Net debt	(1,725,103)	(1,653,991)
Deferred tax, net	(95,423)	(105,799)
Income tax	(45,813)	(60,152)
Derivative financial instruments	(12,113)	(5,680)
Net assets	**3,221,943**	**2,791,457**

Financial and Business Review (continued)

Continuing Operations Balance Sheet in EUR '000	Continuing operations 2015	Continuing operations 2014
Property, plant and equipment	1,543,263	1,283,584
Investment properties	25,916	23,141
Goodwill and intangible assets	3,797,269	3,539,225
Deferred tax on acquired intangibles	(246,116)	(246,717)
Joint venture	32,067	–
Other financial assets	28,644	–
Working capital	(218,669)	(149,277)
Other segmental liabilities	(132,849)	(93,481)
Segmental net assets	4,829,525	4,356,475
Associate held-for-sale	270,870	46,515
Net debt	(1,725,103)	(1,642,079)
Deferred tax, net	(95,423)	(102,102)
Income tax	(45,813)	(41,019)
Derivative financial instruments	(12,113)	(4,465)
Net assets	**3,221,943**	**2,613,325**

13 Proposed dividend

At the Annual General Meeting on 8 December 2015, shareholders will be invited to approve a proposed dividend of CHF 0.6555 (€0.6033) per share. If approved, the dividend will be paid to shareholders on 1 February 2016. A dividend of CHF 0.7646 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 2 December 2014.

14 Subsequent Events

Picard

During August 2015, the Group completed its previously announced agreement to acquire a strategic interest in Picard, a speciality premium food business in France. Based on the terms of the final agreement, total consideration paid was €450,732,000, in exchange for a 49.5% interest in Picard.

ARYZTA also retains the right to exercise a call option to acquire the remaining outstanding interest in Picard in three to five years. Picard remains a separately managed entity, with separately funded debt, which is non-recourse to ARYZTA.

Origin

During September 2015, the Group completed the divestment of its remaining 29.0% interest in Origin, which was classified as an associate held-for-sale as of 31 July 2015.

ARYZTA raised net proceeds of €225m by placing 36.3m shares in Origin at €6.30 per share, resulting in an estimated net loss of €46m compared to the year-end carrying value of €271m. This fair value adjustment will be accounted for within discontinued operations during the year ending 31 July 2016, along with the operating results of Origin up to the date of disposal.

Financial and Business Review (continued)

La Rousse Foods
During September 2015, the Group completed the 100% acquisition of La Rousse Foods ('La Rousse') for an enterprise value of €26,500,000. La Rousse supplies fresh, frozen and ambient goods to various restaurants, hotels and caterers across Ireland.

15 Outlook
Following recent repositioning and investments, ARYZTA's focus in FY 2016 is on delivering the underlying revenue growth potential of the business. This is expected to generate a tenfold expansion in free cash generation to over €200m in FY 2016. We expect to achieve underlying fully diluted EPS in the range of 365 – 385 cent for FY 2016.

16 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 57 to continue to reflect the principal risks and uncertainties of the Group.

17 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.

Financial and Business Review (continued)

18 Glossary of financial terms and references

'Joint venture' – presented as profit from joint venture, 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 Group SAP system.

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

'Segmental 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 non-ERP 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.

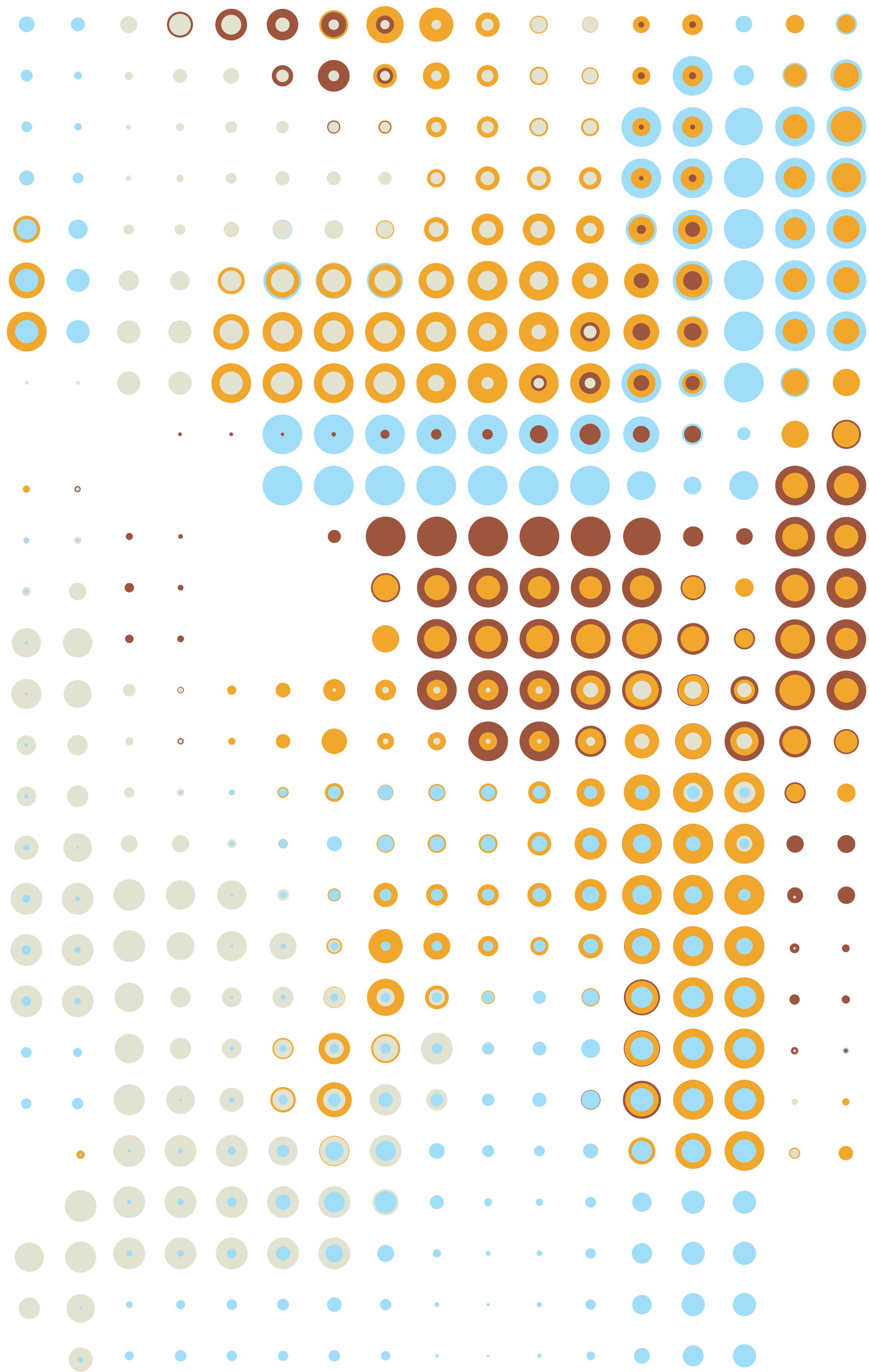
'Reported ROIC' – Return On Invested Capital is calculated using pro-forma trailing twelve months segmental EBITA and profit from Joint venture ('TTM EBITA') reflecting the full twelve months contribution from acquisitions, divided by the respective Net Assets.

'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 income 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.

Bridge to Group Consolidated Income Statement
for the financial year ended 31 July 2015

in EUR '000	ARYZTA Group 2015	ARYZTA Group 2014
Underlying fully diluted net profit – continuing operations	**329,988**	324,588
Intangible amortisation	**(168,022)**	(123,762)
Tax on amortisation	**35,104**	28,710
Share of joint venture intangible amortisation, net of tax	**(310)**	–
Hybrid instrument accrued dividend	**30,673**	29,548
Net acquisition, disposal and restructuring-related costs	**(279,950)**	(170,711)
Tax on net acquisition, disposal and restructuring-related costs	**47,881**	3,879
Reported net (loss)/profit – continuing operations	**(4,636)**	92,252
Underlying fully diluted net profit – discontinued operations	**29,735**	52,890
Underlying contribution as associate – discontinuing operations	**(17,296)**	–
Intangible amortisation, non-recurring and other – discontinued operations	**(6,343)**	(9,629)
Profit for the year – discontinued operations	**6,096**	43,261
Gain on disposal of discontinued operations	**551,759**	–
Fair value adjustment – discontinuing operations	**(28,459)**	–
Reported net profit – discontinued operations	**529,396**	43,261
Reported net profit attributable to equity shareholders	**524,760**	135,513



Annual Report and Accounts 2015
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 parties.

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 2014 Annual General Meeting ('AGM'), one new independent non-executive director was appointed by the shareholders, and two non-executive directors' terms of office expired.

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, brings about certain changes in our corporate governance. By virtue of the Ordinance, as from the ARYZTA 2014 AGM, the General Meeting has 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

Additionally as from the ARYZTA 2015 AGM, the general meeting will vote on the compensation of the Board and Executive Management on a prospective basis for the upcoming financial year.

Corporate Governance Report (continued)

Compensation Report

At the 2014 Annual General Meeting, the shareholders ratified the 2014 Compensation Report through a separate advisory vote. The 2015 Compensation Report, included on pages 48 to 54 of this Annual Report, sets out intended voting arrangements for compensation over the coming years.

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.

To avoid duplication, in some sections cross-references are made to the 2015 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 and Food Rest of World.

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.

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 2015:
CHF 4,355,380,920 or €4,127,271,505 based on 88,758,527 registered shares outstanding (i.e. disregarding 3,052,007 treasury shares) and closing prices of CHF 49.07 or €46.50 per share.

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 outstanding (i.e. disregarding 3,635,762 treasury shares) and closing prices of CHF 82.50 or €68.00 per share.

Origin Enterprises plc

Name and domicile:	Origin Enterprises plc, Dublin 8, Ireland
Holding:	ARYZTA Group has a 29% 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 2015:
€953,513,872 based on 125,165,906 ordinary shares outstanding and closing price of €7.62 per share.

Stock market capitalisation as of 31 July 2014:
€1,045,135,315 based on 125,165,906 ordinary shares outstanding and closing price of €8.35 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 2015 ARYZTA Group consolidated financial statements on page 144.

Corporate Governance Report (continued)

1.2 Significant shareholders

As at 31 July 2015, 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 2015	Number of shares % 2015	Number of shares 2014	Number of shares % 2014
MassMutual	**5,450,713**	**5.94%**	2,799,110	3.05%
BlackRock Inc.	**4,874,919**	**5.31%**	–	–
ARYZTA Treasury shares	**3,052,007**	**3.32%**	3,635,762	3.96%

Any significant shareholder notifications during the year and since 31 July 2015 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, as at 31 July 2015, 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	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	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	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	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**
Vesting of LTIP awards		–	327,052	(327,052)	(327,052)	–	–
Exercise of LTIP awards		–	256,703	(256,703)		(501,000)	244,297
Granting of LTIP awards		–	–	–	–	980,000	(980,000)
Forfeitures of LTIP awards		–	–	–	(395,948)	–	395,948
As of 31 July 2015		**91,810,534**	**88,758,527**	**3,052,007**	**–**	**2,574,500**	**477,507**

Of the 91,810,534 registered shares, 88,758,527 are outstanding and 3,052,007 are classified as treasury shares. As of 31 July 2015, 477,507 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 2015, ARYZTA has 91,810,534 fully paid-up, registered shares (including 3,052,007 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.

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.

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)

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.

2.7 Convertible bonds, warrants and options

As of 31 July 2015, ARYZTA has not issued any convertible bonds or warrants.

As of 31 July 2015, a total of 2,574,500 Option Equivalent Plan awards granted to executives and senior management remain outstanding, subject to fulfilment of predefined vesting conditions in connection with the ARYZTA Long Term Incentive Plan.

Please refer to the Compensation Report on pages 48 to 54 of this Annual Report for further information pertaining to the vesting of Long Term Incentive Plan awards granted as an element of Executive Management compensation.

Corporate Governance Report (continued)

3 Board of Directors

3.1 Members of the Board of Directors

At 31 July 2015, the Board of ARYZTA consists of three executive directors and seven non-executive directors, each of whom is considered by the Board to be independent in character and judgement. Moreover, none of the non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board of Directors' opinion, are likely to affect their judgement. All interests linked to each individual director in this section correspond to the nationality of that director, unless otherwise stated.

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.

Corporate Governance Report (continued)

J. Brian Davy (1942, Irish)
Non-executive member
Bachelor of Commerce from University College Dublin
Brian Davy served as Chairman of J&E 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 building up the business and executive team of J&E Davy, where worked from 1965, up to his retirement in March 2015. 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.

Annette Flynn (1966, Irish)
Non-executive member
Bachelor of Commerce from University College Cork
Annette Flynn has held various senior roles in UDG Healthcare plc, including Managing Director of the Packaging & Specialty division and Head of Group Strategy. Prior to joining UDG Healthcare, Annette held senior positions with Kerry Group plc working in their Irish, UK and US operations. Annette is a non-executive director of Grafton Group plc and is a member of the Audit Committee and Remuneration Committee. She is also a non-executive director of Canada Life International Assurance Ltd.; chairs the Risk Committee and is a member of the Audit Committee. She was formally an executive and, subsequently, non-executive Director of UDG Healthcare plc. Ms. Flynn is a Fellow of Chartered Certified Accountants and a Chartered Director accredited by the Institute of Directors UK. She became a member of the ARYZTA Board of Directors in December 2014.

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.

Corporate Governance Report (continued)

Owen Killian (1953, Irish)
Chief Executive Officer ('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 also served as the Chairman of the Origin Board of Directors from 2007 to October 2015.

Patrick McEniff (1967, Irish)
Chief Financial Officer ('CFO'), Chief Operations Officer ('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 also served as a member of the Origin Board of Directors from 2007 to October 2015.

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.

Corporate Governance Report (continued)

Wolfgang Werlé (1948, Swiss and 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 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 rejoined 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 Chief Administration Officer ('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 also served as Company Secretary of Origin Enterprises from 2007 to October 2015.

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 2015 (2014: none).

During the year ended 31 July 2015, the Group paid broker related fees totalling €2,521,000 (2014: none) to J&E Davy, primarily in connection with its placing of Origin shares. J. Brian Davy, a member of the ARYZTA Board of Directors, also served as Chairman of J&E Davy, up to his retirement from that board in March 2015. These fees were based on arm's length negotiations and were consistent with costs paid to other providers for similar services.

3.3 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. By virtue of the Ordinance, as from the ARYZTA 2014 AGM, all directors are 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. By virtue of the Ordinance, as from the ARYZTA 2014 AGM, the office of Chairman and the members of the Nomination and Remuneration Committee are subject to annual election by the General Meeting. Membership of the Audit Committee and the Chair thereof, is 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.

Corporate Governance Report (continued)

As of 31 July 2015, these Committees are comprised as follows:

	Audit Committee	Nomination & Remuneration Committee
Denis Lucey (Chairman)		X
Charles Adair		X
J. Brian Davy		X[1]
Annette Flynn	X	
Shaun B. Higgins	X[1]	
Owen Killian (CEO)		
Patrick McEniff (CFO/COO)		
Andrew Morgan	X	
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.

Audit Committee
From 1 August 2014 until the Annual General Meeting on 2 December 2014, the Audit Committee was comprised of four non-executive directors, namely Shaun B. Higgins (Chairman), Hugh Cooney, Andrew Morgan and Wolfgang Werlé. From 2 December 2014 through to 31 July 2015, the Audit Committee was comprised of four non-executive directors, namely Shaun B. Higgins (Chairman), Annette Flynn, Andrew Morgan and Wolfgang Werlé. Each of these directors is considered by the Board to be independent in judgement and character. In the 2015 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 2015, 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.

Corporate Governance Report (continued)

Nomination and Remuneration Committee
As of 31 July 2015, 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 2015, the Nomination and Remuneration Committee met four 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 48 to 54 of this Annual Report, in accordance with the Swiss Code of Obligations and the SIX Directive on Information Relating to Corporate Governance.

3.4.3 Work methods of the Board and its Committees
Five Board meetings were held during the financial year 2015. The average duration of regular Board meetings was approximately five hours. Two of the Board meetings held during the year were to consider ARYZTA Group strategy and to inspect Group bakeries, kitchens and facilities in Europe. Each of these meetings were held over a three-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)	5	5			4	4
Charles Adair	5	3			4	3
Hugh Cooney	2	2	2	2		
J. Brian Davy	5	5			4	4
Annette Flynn	3	3	2	2		
Shaun B. Higgins	5	5	4	4		
Owen Killian	5	5				
Patrick McEniff	5	5				
Andrew Morgan	5	5	4	4		
Götz-Michael Müller	2	2				
Wolfgang Werlé	5	5	4	4		
John Yamin	5	5				

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.

Corporate Governance Report (continued)

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.

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.

Corporate Governance Report (continued)

4 Group Executive Management

4.1 Group Executive Management FY 2015 and FY 2014

For financial years 2015 and 2014, Group Executive Management consisted of Owen Killian (Group CEO), Patrick McEniff (Group CFO/COO), John Yamin (CEO of the Americas) and Pat Morrissey (Group General Counsel, Company Secretary and CAO).

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

Owen Killian (1953, Irish)
Chief Executive Officer ('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 also served as the Chairman of the Origin Board of Directors from 2007 to October 2015.

Patrick McEniff (1967, Irish)
Chief Financial Officer ('CFO'), Chief Operations Officer ('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 also served as a member of the Origin Board of Directors from 2007 to October 2015.

Corporate Governance Report (continued)

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 Chief Administration Officer ('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 also served as Company Secretary of Origin Enterprises from 2007 to October 2015.

4.2 Group Executive Management, effective FY 2016

During September 2015, the Board of Directors approved Hilliard Lombard (CEO Europe and Asia Pacific) to become a member of Executive Management.

Hilliard Lombard (1975, Irish)
Chief Executive Officer ARYZTA Europe & Asia Pacific
Bachelor of Science (Management) from Trinity College Dublin and Dublin Institute of Technology; Master in Business Studies from Dublin City University; Fellow of Institute of Chartered Accountants
Hilliard Lombard qualified as a Chartered Accountant with KPMG where he was a tax advisor specialising in international corporate tax. Hilliard joined IAWS Group plc in 2004 and has fulfilled various senior management roles, focused on finance, corporate development and investor communications. In 2012, he was appointed leader of ARYZTA's European business. In addition to his leadership role for ARYZTA Europe, Hilliard was appointed head of ARYZTA's Asia Pacific business during financial year 2014.

Corporate Governance Report (continued)

5 Compensation, shareholdings and loans
Please refer to note 10 of the ARYZTA AG Company financial statements on pages 154 to 158 for details of Board members' shareholdings and to the Compensation Report on pages 48 to 54 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 2015 (2014: none).

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

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 15 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 15 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.

Corporate Governance Report (continued)

6.5 Entry in the share register

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

7 Change of control and defence measures

7.1 Obligation to make an offer

ARYZTA does not have a provision on opting out or opting up in the Articles of Association. Thus, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover offer set out in 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 by reference to the fair value of the LTIP instruments. The final determination of such fair value falls to be made by the Board of Directors (acting through the Remuneration Committee thereof) on the basis of independent, external, professional advice. Otherwise, the agreements and plans benefitting 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 48 to 54 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 2014 AGM, PricewaterhouseCoopers AG, Zurich, was re-elected as statutory auditor and Group auditor for the 2015 financial year.

8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in financial year 2015 amounted to €2,738,000.

The total audit and audit-related fees charged by the Group auditors in the financial year 2014 amounted to €2,867,000.

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.

Corporate Governance Report (continued)

Fees for additional services rendered by the auditors to the ARYZTA Group in financial year 2015 totalled €1,894,000 (2014: €2,124,000). A significant portion of these fees related to tax return preparation or review in over 20 countries, covering more than 100 legal entities.

Auditor's remuneration

in EUR '000	**2015**	2014
– Auditor's remuneration for audit and audit-related services	**2,738**	2,867
– Auditor's remuneration for tax compliance and related services	**854**	988
– Auditor's remuneration for tax consulting services	**970**	977
– Auditor's remuneration for advisory services	**70**	159
	4,632	4,991

– Total other fees / Audit and audit-related services	**69%**	74%
– Tax consulting or advisory services / Audit and audit-related services	**38%**	40%

8.4 Information tools pertaining to the external audit

PricewaterhouseCoopers presents to the Audit Committee a detailed report on the results of the 2015 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 2015, 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.

Corporate Governance Report (continued)

9 Investor Communications Policy

Guiding principles

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

Methodology

ARYZTA publishes its first-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 47). 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 47). 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 2016

Announcement of the 2015 annual results	28 September 2015
Issue of the 2015 annual report	5 October 2015
First-quarter trading update	30 November 2015
Annual General Meeting 2015	8 December 2015
Payment of dividend	1 February 2016
Announcement of half-year results 2016	14 March 2016
Third-quarter trading update	31 May 2016
Announcement of the 2016 annual results	26 September 2016
Issue of the 2016 annual report	3 October 2016
First-quarter trading update	28 November 2016
Annual General Meeting 2016	13 December 2016

Annual Report and Accounts 2015
Compensation Report

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 2015 Annual General Meeting ('AGM').

Additionally, in compliance with the revisions to the Articles of Association approved at the 2014 AGM, shareholders at the 2015 AGM will be asked to approve the maximum aggregate amount of remuneration of:

– the Board of Directors for the period until the next AGM (i.e. the 2016 AGM); and
– Executive Management for the following financial year – (i.e. the financial year ending 31 July 2017).

Compensation process – FY 2015
As in prior years, for the financial year ending 31 July 2015 ('FY 2015') 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.

Changes implemented in FY 2015
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 were introduced in FY 2015, as outlined in the next four paragraphs.

Shareholder Approval
The new shareholder approval process governing the remuneration of the Board of Directors and Executive Management was defined in the revisions to the Articles of Association approved at the 2014 AGM.

Compensation Report (continued)

LTIP Forfeiture / Claw-back Controls
LTIP awards were made subject to a two year retention period and forfeiture / claw-back controls. The new two year retention period runs from the end of the three year performance period and forfeiture / claw-back applies in the event of material misstatement of financial statements or serious reputational damage to ARYZTA as a result of participant misconduct.

Short-term Performance Related Bonus
Following completion of the ATI Programme (launched in FY 2012), changes were implemented in how the short-term performance-related bonus for Executive Management is determined with discontinuation of the ‘Underlying’ concept. Instead short-term performance related bonuses are now determined by reference to incremental gains in Food Group Reported ROIC, as set out on page 20. The NRC believe that this measure aligns management’s short-term performance reward with shareholder interests.

Employment Contracts
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) were introduced.

Compensation to members of the Board of Directors – FY 2015

For FY 2015, 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 2015 and 2014. Fluctuations in amounts received are reflective of the changing roles and responsibilities held by the individual directors, during each respective year.

Compensation Report (continued)

Direct Payments Board of Directors – Audited in CHF '000	**Year ended 31 July 2015**	Year ended 31 July 2014
Denis Lucey	**323**	323
Charles Adair	**96**	96
Hugh Cooney[1]	**40**	96
J Brian Davy	**104**	104
Annette Flynn[1]	**64**	N/A
Shaun B. Higgins	**104**	104
Owen Killian	**–**	–
Patrick McEniff	**–**	–
Andrew Morgan[2]	**96**	62
Götz-Michael Müller[1]	**22**	88
Wolfgang Werlé	**96**	96
John Yamin[2]	**–**	–
Total	**945**	969

1 The terms of office as Members of the Board of Directors of H. Cooney and G-M. Müller expired on 2 December 2014, and on that date A. Flynn was elected to the Board.

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

Compensation to members of Executive Management

As per page 41 of the Corporate Governance Report, for the financial years 2015 and 2014, Group Executive Management consisted of Owen Killian (Group CEO), Patrick McEniff (Group CFO/COO), John Yamin (CEO of the Americas) and Pat Morrissey (Group General Counsel, Company Secretary and CAO).

The elements of the remuneration package for Executive Management for financial years 2015 and 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).

The highest total compensation in financial year 2015 was earned by Owen Killian, and his total remuneration is disclosed separately in the table below.

Total Compensation Executive Management – Audited in CHF '000	**Total Executive Management 2015**	**Owen Killian 2015**	Total Executive Management 2014	Owen Killian 2014
Basic salaries	**3,551**	**1,277**	3,234	1,277
Benefits in kind	**189**	**83**	241	83
Pension contributions	**441**	**192**	423	192
Performance-related bonus	**–**	**–**	3,234	1,277
Long-term incentives (LTIP)	**986**[1]	**305**[1]	8,420	3,312
Total compensation	**5,167**	**1,857**	15,552	6,141
Average total compensation per member	**1,292**		3,888	

1 The FY 2015 Executive Management LTIP compensation expense relates entirely to 2012 LTIP awards, which vested in September 2014. No compensation expense has been recognised to date for LTIP awards granted in September 2014, as the performance criteria for those awards requires that Underlying EPS in FY 2017 would exceed 500 cent per share, which is currently considered remote.

Compensation Report (continued)

The compensation to members of Executive Management, during financial years 2015 and 2014, 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 years 2015 and 2014.

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 2015 (2014: none).

Executive Management basic salary and benefits

For financial year 2015, 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 2015, the short-term performance-related bonus for Executive Management was determined by reference to incremental gains in Food Group ROIC.

The incremental gain in Food Group ROIC is calculated on a constant currency basis, by comparing the FY 2015 ROIC (as included on page 20) to FY 2014 ROIC. Any asset impairments or non-recurring charges recorded in FY 2015 are reversed for the purposes of the comparison, thereby ensuring that Executive Management do not benefit therefrom. Likewise, the net assets and historical annual EBITA levels of any acquisitions made in FY 2015 are added to the FY 2014 ROIC base, for the purposes of the comparison.

Executive Management have the potential to earn a percentage of their set target bonus, based on the incremental gain in Food Group ROIC. For example, if an ROIC increase of 80 bps were achieved, Executive Management would earn 80% of their individual bonus targets.

In the case of Owen Killian, Patrick McEniff, John Yamin and Pat Morrissey, the short-term performance-related bonus targets were set at 100% of their basic salary, with the potential amounts earned being capped at 150% of basic salary.

As there was no incremental increase in Food Group ROIC in FY 2015, no amount of short-term bonus was earned by Executive Management.

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.

Compensation Report (continued)

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 pay-out 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 20, the Food Group ROIC reported for the year ended 31 July 2015 was 10.7% (2014: 12.0%).

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 2015, the Food Group pre-tax WACC was 7.4% (2014: 7.0%).

Benefits under the LTIP vest upon a change of control by reference to the fair value of the LTIP instruments. The final determination of such fair value falls to be made by the Board of Directors (acting through the Remuneration Committee thereof) on the basis of independent, external, professional advice. Otherwise, the agreements and plans benefitting 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 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.

Executive Management were granted no awards under the Matching Plan during FY 2015 and the last awards made under the Matching Plan were made during FY 2013.

The Option Equivalent Plan
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.

Compensation Report (continued)

Executive Management were granted 980,000 Option Equivalent Awards under the Option Equivalent Plan during FY 2015, as detailed in the table on page 54. As stated above, no expense was recognised for these awards in FY 2015, as the possibility of the performance criteria being achieved is considered remote.

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 years 2015 and 2014 is detailed in note 8 of the Group Consolidated Financial Statements on page 98.

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
The vesting of all outstanding Matching Plan awards and the vesting and net exercise of all Option Equivalent Plan awards outstanding (based on the closing share price of CHF 49.07 on 31 July 2015), 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 below relates to all awards and is not confined to awards in favour of Executive Management.

	3 year/3% 1 August 2012 to 31 July 2015	10 year/10% 1 August 2008 to 31 July 2015
Shares outstanding at beginning of relevant control period	88,037,675	78,940,460
Matching Plan Awards		
Awards granted in control period and exercised	25,339	1,302,052
Awards granted in control period and outstanding	–	–
Total	25,339	1,302,052
Potential dilution from Matching Plan awards	0.03%	1.62%
Option Equivalent Plan Awards		
Awards granted in control period and exercised	38,659	393,800
Awards granted in control period and outstanding, net	3,960	315,556
Total	42,619	709,356
Potential dilution from Option Equivalent Plan awards	0.05%	0.89%
Total potential dilution in control period	0.08%	2.48%
Annualised potential dilution in control period	0.03%	0.35%

Compensation Report (continued)

As set out in the previous table, 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.

As shown in the following tables with respect to Executive Management, awards under the Matching Plan and Option Equivalent Plan, for which the vesting criteria are not met, lapse and are no longer capable of vesting.

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2014	Exercised during the period[1]	Forfeited during the period[1]	**Closing position 31 July 2015**
Executive Management				
Owen Killian	150,000	(66,676)	(83,324)	–
Patrick McEniff	120,000	(53,341)	(66,659)	–
Pat Morrissey	60,000	(26,671)	(33,329)	–
John Yamin	60,000	(26,671)	(33,329)	–
Total	**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 327,052 Matching Plan awards (173,359 of which were held by Executive Management) were fulfilled during the year ended 31 July 2014. Therefore, these awards were approved as vested by the Nomination and Remuneration Committee and were subsequently exercised by management during the period ended 31 July 2015. As the performance criteria for the remaining Matching Plan awards were not met, they were no longer capable of vesting and were forfeited.

Executive Management Option Equivalent Plan Allocation

	Maximum share allocation carried forward 1 August 2014	Exercised during the period	Granted during the period[2]	**Closing position 31 July 2015**	Of which Vesting criteria have been fulfilled[3]
Executive Management					
Owen Killian	750,000	–	410,000	1,160,000	750,000
Patrick McEniff	610,000	–	300,000	910,000	610,000
Pat Morrissey	100,000	–	120,000	220,000	100,000
John Yamin	60,000	(60,000)	150,000	150,000	–
Total	**1,520,000**	**(60,000)**	**980,000**	**2,440,000**	**1,460,000**

2 During the period ended 31 July 2015, 980,000 Option Equivalent Plan awards were granted to Executive Management, with a weighted average exercise price of CHF 81.00 (EUR 67.11). The possibility of these awards becoming eligible to vest is considered remote.

3 The weighted average exercise price of all Option Equivalent Plan awards that remain outstanding and for which the vesting conditions have been met is CHF 39.36.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the compensation report 2015

pwc

We have audited the information marked as “audited” in the accompanying compensation report of ARYZTA AG for the year ended 31 July 2015 (from page 48 to 54 in the printed report).

Board of Directors’ responsibility
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance. The Board of Directors is also responsible for designing the remuneration system and defining individual compensation packages.

Auditor’s responsibility
Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

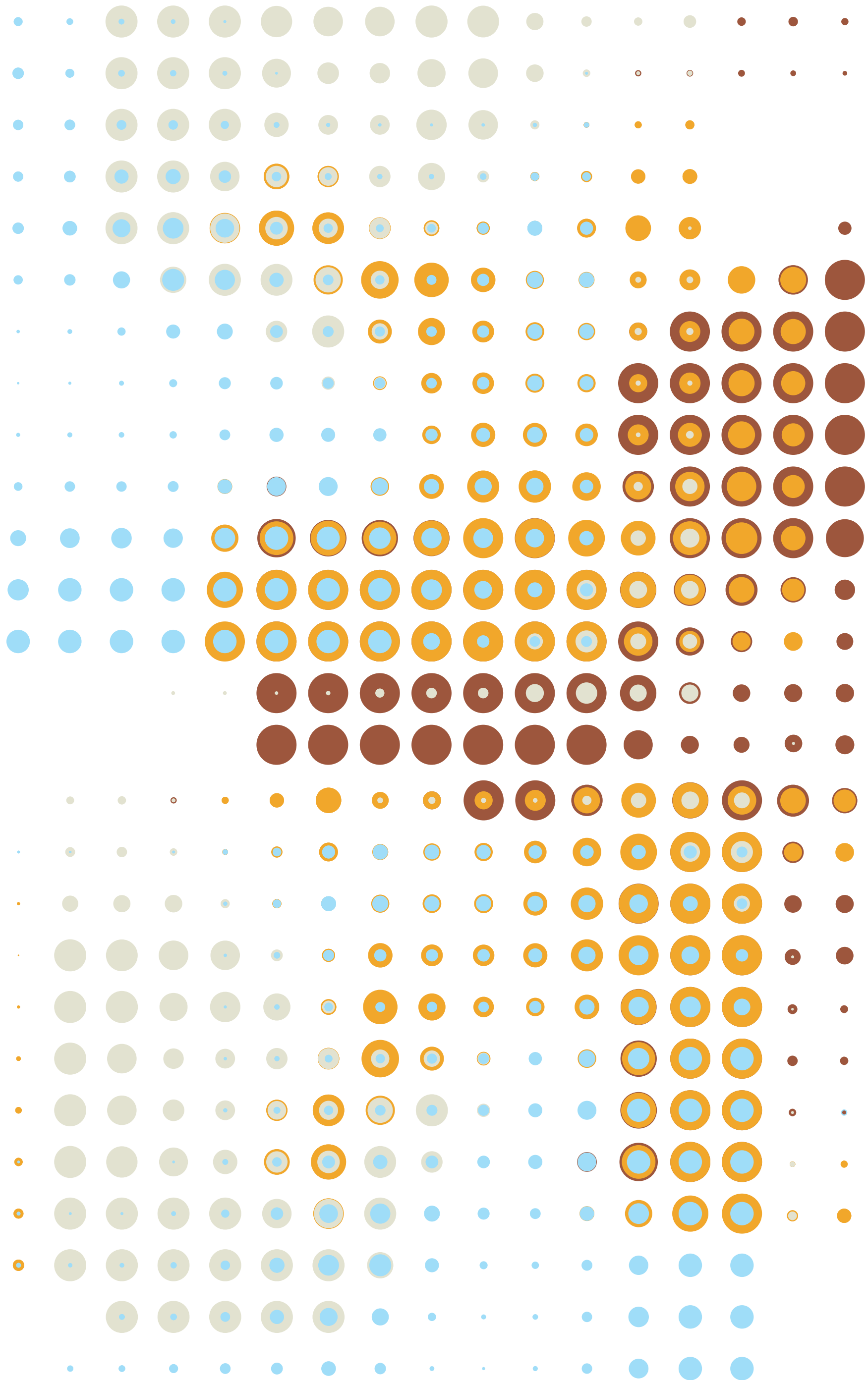
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report of ARYZTA AG for the year ended 31 July 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Patrick Balkanyi Audit expert Auditor in charge	Carrie Rohner

Zürich, 2 October 2015



Annual Report and Accounts 2015

Group Risk Statement

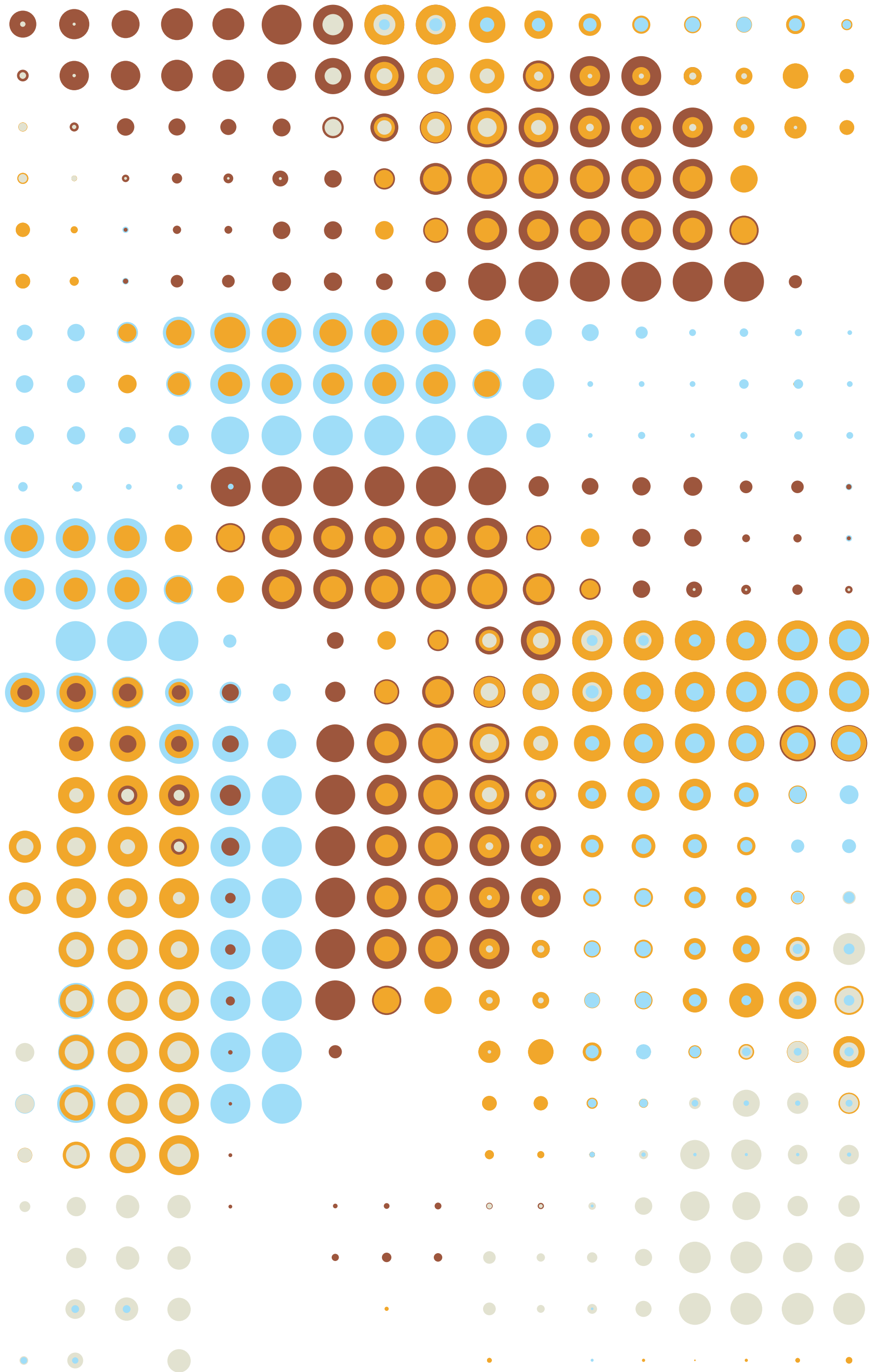
Principal Risks and Uncertainties

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 are identified and associated 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 the potential frequency, severity and velocity of identified risks is reviewed by the Board of Directors on an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, 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, receivables and other financial instruments.
- Operational risks facing the Group include product contamination and general food scares, which could impact relevant products or production and distribution processes.
- Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group.
- The Group faces 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 could 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.
- A significant IT or security system failure could adversely impact operations.
- Fluctuations in energy, commodities and other production inputs could materially impact the profitability of the Group.
- The Group faces the risk of a decrease in consumer spending.
- 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.
- Were the Group to breach a financing covenant, it may be required to renegotiate its financing facilities at less favourable terms resulting in higher financing costs, and/or be unable to finance operations.
- The loss of a significant supplier could adversely impact ongoing operations.
- 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 ongoing monitoring.

1 These risks are not listed in order of importance.



Annual Report and Accounts 2015
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. The Group has established the ARYZTA Cares initiative, aimed at promoting active employee, customer, 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 on a regular basis.

One of the key performance indicators 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 are published separately on our website.

These metrics are used not only to assess the efficiency of our individual bakeries and to identify potential cost savings opportunities, but are also included as the primary inputs in determining the Group's CO_2 emissions per metric tonne of food sold, which is the key environmental performance indicator used for measuring the success of our ARYZTA Cares initiative. This CO_2 emissions factor, which is verified annually by an independent third party, estimates the global warming potential of ARYZTA's operations by applying a relevant Green House Gas emission factor to various bakery and distribution activities encountered as part of the Group's business.

ARYZTA is an Energy Star Partner and has accepted the Energy Star Challenge to achieve a 10% reduction in energy intensity in the Group's North American Bakeries within 5 years. The Group has also extended this goal to be a targeted 10% reduction in CO_2 intensity emissions across the Group's worldwide operations by 2019.

Our Responsibility (continued)

The Group uses trans-modal shipping, where possible, in order to reduce fuel consumption and pollution associated with distribution of our products. We position distribution and inventory centres to minimise miles for logistics. 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 customers in promoting responsible environmental management practices and complies with all applicable industry environmental standards and laws.

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.

The Group sources 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 is a global member of the Roundtable on Sustainable Palm Oil (RSPO) and participates in three of the available solutions: Book and Claim (GreenPalm certificates), Mass Balance, and Segregated Supply.

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.

Our Responsibility (continued)

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 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 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.

Our Responsibility (continued)

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 a global 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.

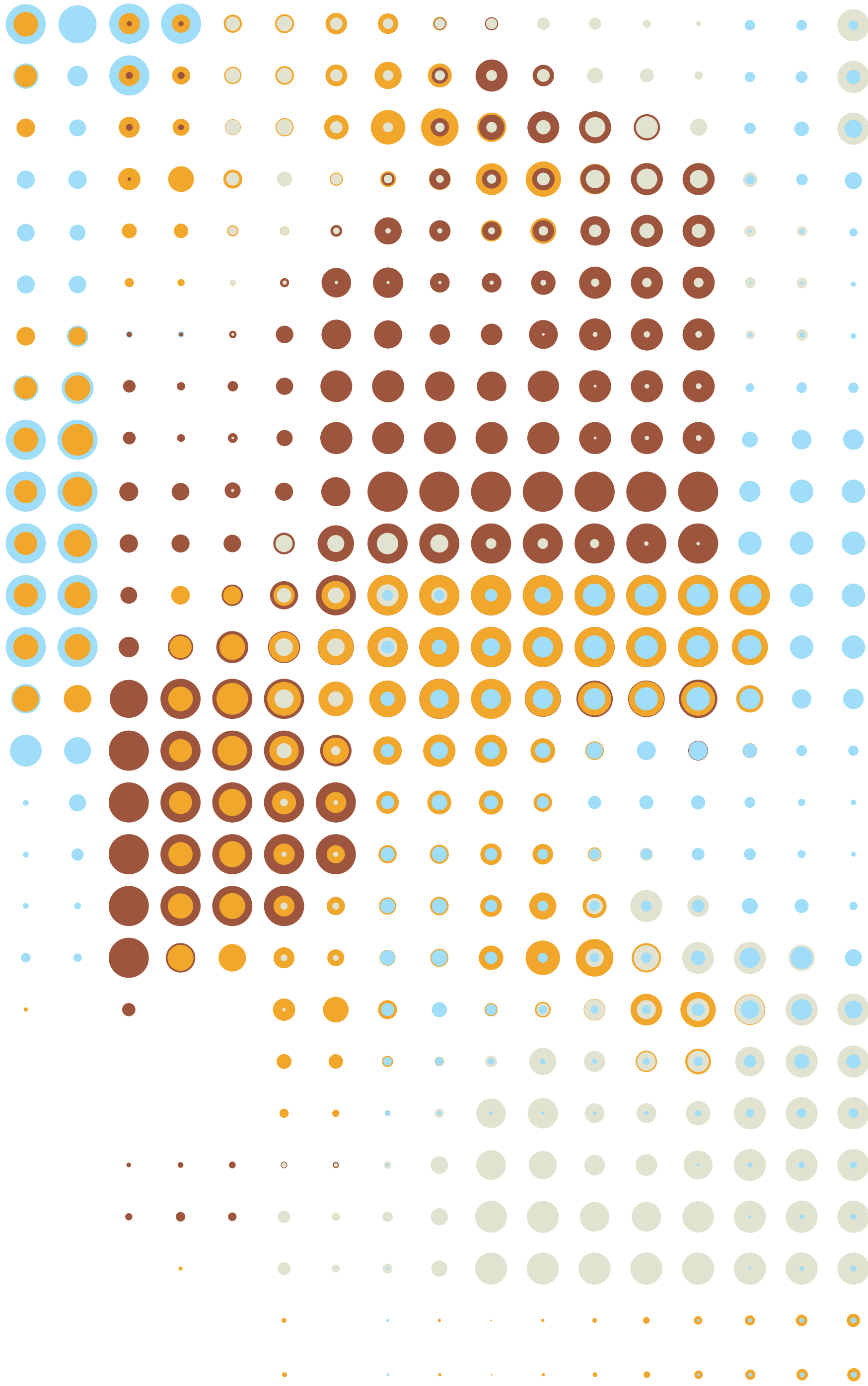
Safety is of paramount importance for ARYZTA, as reflected in our 'Vision Zero' programme, which establishes goals of zero injuries, zero safety incidents and zero tolerance for unsafe behaviour or conditions. These expectations are reinforced through regular internal and external (AIB, OSHA, etc.) audits. 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.

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.

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. In addition, ARYZTA routinely supports philanthropic activities of our key customers.



Annual Report and Accounts 2015

Group Consolidated and Company Financial Statements 2015

Statement of Directors' Responsibilities
for the year ended 31 July 2015

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 Group and 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

23 September 2015

Group Consolidated Income Statement
for the year ended 31 July 2015

in EUR '000	Notes	2015	Represented 2014
Continuing Operations			
Revenue	1	**3,820,231**	3,393,783
Cost of sales		**(2,709,763)**	(2,368,378)
Distribution expenses		**(407,658)**	(377,856)
Gross profit		**702,810**	647,549
Selling expenses		**(167,646)**	(143,147)
Administration expenses		**(469,171)**	(312,581)
Operating profit		**65,993**	191,821
Share of loss after tax of joint ventures	15	**(1,520)**	–
Profit before financing income, financing costs and income tax expense	1	**64,473**	191,821
Financing income	4	**2,137**	2,762
Financing costs	4	**(85,527)**	(65,366)
(Loss)/profit before income tax		**(18,917)**	129,217
Income tax credit/(expense)	9	**18,950**	(33,165)
Profit for the year from continuing operations		**33**	96,052
Discontinued operations			
Profit for the year from discontinued operations	2	**532,246**	63,487
Profit for the year		**532,279**	159,539
Attributable as follows:			
Equity shareholders – continuing operations		**(4,636)**	92,252
Equity shareholders – discontinued operations		**529,396**	43,261
Equity shareholders – total		**524,760**	135,513
Non-controlling interests – continuing operations		**4,669**	3,800
Non-controlling interests – discontinued operations		**2,850**	20,226
Non-controlling interests – total	27	**7,519**	24,026
Profit for the year		**532,279**	159,539

Basic earnings per share	Notes	2015 euro cent	2014 euro cent
From continuing operations	11	**(39.8)**	71.1
From discontinued operations	11	**597.1**	49.1
		557.3	120.2

Diluted earnings per share	Notes	2015 euro cent	2014 euro cent
From continuing operations	11	**(39.8)**	70.1
From discontinued operations	11	**597.1**	48.2
		557.3	118.3

In accordance with IFRS 5, the figures for the year ended 31 July 2014 have been represented to reflect the impacts of discontinued operations together as a single amount, separate from the impacts of continuing operations. For further information see note 2 and the Group Statement of Accounting Policies.

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Comprehensive Income
for the year ended 31 July 2015

in EUR '000	Notes	2015	Represented 2014
Profit for the year		**532,279**	159,539
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign currency net investments		**370,741**	(5,037)
– Foreign currency borrowings	21	**(359,872)**	(19,241)
– Recycle of foreign exchange gain on settlement of quasi-equity loans	4	**–**	(1,488)
– Taxation effect of foreign exchange translation movements	9	**5,265**	(916)
– Foreign exchange translation effects related to discontinued operations		**9,286**	8,030
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**(12,391)**	(3,160)
– Fair value of cash flow hedges transferred to income statement		**4,936**	(1,554)
– Deferred tax effect of cash flow hedges	9	**599**	466
– Cash flow hedges gain related to discontinued operations, net of tax		**3,352**	1,064
Total of items that may be reclassified subsequently to profit or loss		**21,916**	(21,836)
Items that will not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial (loss)/gain on Group defined benefit pension plans	25	**(6,882)**	193
– Deferred tax effect of actuarial loss/(gain)	9	**1,216**	(2)
– Discontinued operations (loss)/gain on defined benefit plans, net of tax		**(17,789)**	137
Deferred tax effect of change in tax rates	9	**–**	(1,415)
Total of items that will not be reclassified to profit or loss		**(23,455)**	(1,087)
Total other comprehensive loss		**(1,539)**	(22,923)
Total comprehensive income for the year		**530,740**	136,616
Attributable as follows:			
Equity shareholders of the Company		**522,888**	109,440
Non-controlling interests	27	**7,852**	27,176
Total comprehensive income for the year		**530,740**	136,616

In accordance with IFRS 5, the figures for the year ended 31 July 2014 have been represented to reflect the impacts of discontinued operations together as a single amount, separate from the impacts of continuing operations. For further information see note 2 and the Group Statement of Accounting Policies.

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 31 July 2015

in EUR '000	Notes	2015	2014
Assets			
Non-current assets			
Property, plant and equipment	12	**1,543,263**	1,374,010
Investment properties	13	**25,916**	30,716
Goodwill and intangible assets	14	**3,797,269**	3,690,597
Investments in associates and joint ventures	15	**32,067**	54,911
Other receivables	17	**28,644**	42,586
Deferred income tax assets	24	**105,579**	72,748
Derivative financial instruments	22	**–**	342
Total non-current assets		**5,532,738**	5,265,910
Current assets			
Inventory	16	**259,855**	362,469
Trade and other receivables	17	**264,036**	614,326
Derivative financial instruments	22	**653**	1,077
Cash and cash equivalents	20	**316,867**	694,838
Total current assets		**841,411**	1,672,710
Associate held-for-sale	2	**270,870**	–
Total assets		**6,645,019**	6,938,620

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet (continued) as at 31 July 2015

in EUR '000	Notes	2015	2014
Equity			
Called up share capital	26	**1,172**	1,172
Share premium		**774,040**	773,735
Retained earnings and other reserves		**2,428,295**	1,928,798
Total equity attributable to equity shareholders		**3,203,507**	2,703,705
Non-controlling interests	27	**18,436**	87,752
Total equity		**3,221,943**	2,791,457
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	21	**1,937,176**	1,898,435
Employee benefits	25	**15,274**	12,451
Deferred income from government grants	23	**16,998**	21,261
Other payables	18	**51,917**	73,742
Deferred income tax liabilities	24	**447,118**	434,186
Derivative financial instruments	22	**5,401**	3,445
Contingent consideration	19	**–**	7,100
Total non-current liabilities		**2,473,884**	2,450,620
Current liabilities			
Interest-bearing loans and borrowings	21	**104,794**	450,394
Trade and other payables	18	**742,560**	1,174,189
Income tax payable		**45,813**	60,152
Derivative financial instruments	22	**7,365**	3,654
Contingent consideration	19	**48,660**	8,154
Total current liabilities		**949,192**	1,696,543
Total liabilities		**3,423,076**	4,147,163
Total equity and liabilities		**6,645,019**	6,938,620

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity

for the year ended 31 July 2015

31 July 2015 in EUR '000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revalua-tion reserve	Share-based payment reserve	Foreign currency trans-lation reserve	Retained earnings	Total share-holders equity	Non controlling interests	Total
At 1 August 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**
Profit for the year	–	–	–	–	–	–	–	–	524,760	524,760	7,519	532,279
Other comprehensive (loss)/income	–	–	–	–	(4,571)	–	–	20,487	(17,788)	(1,872)	333	(1,539)
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(4,571)**	**–**	**–**	**20,487**	**506,972**	**522,888**	**7,852**	**530,740**
Issue of perpetual callable subordinated instruments	–	–	–	401,014	–	–	–	–	–	401,014	–	401,014
Redemption of perpetual callable subordinated instrument	–	–	–	(285,004)	–	–	–	–	(46,676)	(331,680)	–	(331,680)
Release of treasury shares due to exercise of LTIP	–	305	8	–	–	–	–	–	–	313	–	313
Share-based payments	–	–	–	–	–	–	1,705	–	–	1,705	–	1,705
Transfer of share-based payment reserve to retained earnings	–	–	–	–	–	–	(19,919)	–	19,919	–	–	–
Equity dividends	–	–	–	–	–	–	–	–	(65,034)	(65,034)	–	(65,034)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(12,307)	(12,307)
Dividend accrued on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(30,673)	(30,673)	–	(30,673)
Total contributions by and distributions to owners	**–**	**305**	**8**	**116,010**	**–**	**–**	**(18,214)**	**–**	**(122,464)**	**(24,355)**	**(12,307)**	**(36,662)**
Disposal of Origin	–	–	–	–	(2,077)	(13,322)	(1,240)	3,405	14,562	1,328	(64,727)	(63,399)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	(59)	(59)	(134)	(193)
Total transactions with owners recognised directly in equity	**–**	**305**	**8**	**116,010**	**(2,077)**	**(13,322)**	**(19,454)**	**3,405**	**(107,961)**	**(23,086)**	**(77,168)**	**(100,254)**
At 31 July 2015	**1,172**	**774,040**	**(47)**	**720,456**	**(10,264)**	**–**	**–**	**(5,153)**	**1,723,303**	**3,203,507**	**18,436**	**3,221,943**

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity (continued)
for the year ended 31 July 2015

31 July 2014 in EUR '000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revalua-tion reserve	Share-based payment reserve	Foreign currency trans-lation reserve	Retained earnings	Total share-holders 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 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
for the year ended 31 July 2015

in EUR '000	Notes	2015	Represented 2014
Cash flows from operating activities			
Profit for the year from continuing operations		**33**	96,052
Income tax (credit)/expense	9	**(18,950)**	33,165
Financing income	4	**(2,137)**	(2,762)
Financing costs	4	**85,527**	65,366
Share of loss after tax of joint ventures	15	**1,520**	–
Net loss on disposal of businesses	3	**45,685**	–
Asset write-downs	3	**146,289**	87,357
Other restructuring-related payments in excess of current-year costs		**(14,650)**	(23,456)
Depreciation of property, plant and equipment	1	**114,519**	94,216
Amortisation of intangible assets	1	**177,809**	132,425
Recognition of deferred income from government grants	23	**(4,107)**	(4,249)
Share-based payments	8	**1,705**	8,253
Other		**(2,437)**	(5,695)
Cash flows from operating activities before changes in working capital		**530,806**	480,672
Increase in inventory		**(25,627)**	(38,105)
Decrease in trade and other receivables		**67,594**	29,765
(Decrease)/increase in trade and other payables		**(1,209)**	54,936
Cash generated from operating activities		**571,564**	527,268
Interest paid		**(88,831)**	(61,392)
Interest received		**1,666**	1,274
Income tax paid		**(30,782)**	(43,257)
Net cash flows from operating activities – continuing operations		**453,617**	423,893
Net cash flows from operating activities – discontinued operations	2	**(171,068)**	75,336
Net cash flows from operating activities		**282,549**	499,229

In accordance with IFRS 5, the figures for the year ended 31 July 2014 have been represented to reflect the impacts of discontinued operations together as a single amount, separate from the impacts of continuing operations. For further information see note 2 and the Group Statement of Accounting Policies.

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
(continued)
for the year ended 31 July 2015

in EUR '000	Notes	2015	Represented 2014
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**1,120**	4,522
Purchase of property, plant and equipment			
– maintenance capital expenditure		**(80,725)**	(59,970)
– investment capital expenditure		**(269,290)**	(174,271)
Grants received	23	**193**	214
Acquisitions of subsidiaries and businesses, net of cash acquired	29	**(148,530)**	(862,792)
Proceeds from disposal of Origin, net of cash disposed	2	**372,975**	–
Disposal of subsidiaries and business, net of cash disposed		**22,642**	–
Purchase of intangible assets		**(60,122)**	(102,572)
Contingent consideration paid	19	**(9,240)**	(4,190)
Investing cash flows from discontinued operations	2	**(4,224)**	68,165
Net cash flows from investing activities		**(175,201)**	(1,130,894)
Cash flows from financing activities			
Issue of perpetual callable subordinated instrument	26	**401,014**	–
Repayment of perpetual callable subordinated instrument	26	**(331,680)**	–
Gross drawdown of loan capital	21	**–**	915,004
Gross repayment of loan capital	21	**(337,668)**	(110,636)
Capital element of finance lease liabilities	21	**(60)**	(680)
Dividends paid on perpetual callable subordinated instruments		**(39,107)**	(29,388)
Repurchase of non-controlling interests		**(193)**	–
Dividends paid to non-controlling interests	27	**(4,330)**	(3,248)
Dividends paid to equity shareholders		**(65,034)**	(47,898)
Financing cash flows from discontinued operations	2	**79,485**	(50,216)
Net cash flows from financing activities		**(297,573)**	672,938
Net increase in cash and cash equivalents		**(190,225)**	41,273
Translation adjustment		**(549)**	5,058
Net cash and cash equivalents at start of year		**438,807**	392,476
Net cash and cash equivalents at end of year	20	**248,033**	438,807

In accordance with IFRS 5, the figures for the year ended 31 July 2014 have been represented to reflect the impacts of discontinued operations together as a single amount, separate from the impacts of continuing operations. For further information see note 2 and the Group Statement of Accounting Policies.

The notes on pages 74 to 145 are an integral part of these Group consolidated financial statements.

Group Statement of Accounting Policies
for the year ended 31 July 2015

Organisation

ARYZTA AG (the 'Company') is domiciled and incorporated in Zurich, Switzerland. The consolidated financial statements for the year ended 31 July 2015 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, except where those investments are held-for-sale.

The Group consolidated financial statements and the ARYZTA AG Company financial statements were preliminarily authorised for issue by the directors on 23 September 2015. Final approval of these financial statements was granted by the directors on 2 October 2015, subject to approval by the shareholders at the General Meeting on 8 December 2015.

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 2014. 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:

- Amendment to IAS 19 – Employee Benefits – Defined benefit plans
- Amendment to IAS 32 – Offsetting financial assets and financial liabilities
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 – Levies
- Improvements to IFRSs (2010–2013)

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 2014 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 2015

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 2018	2019
IFRS 15 – Revenue from contracts with customers	1 January 2017	2018
Amendments to IFRS 11 – Accounting for acquisitions of interests in joint operations	1 January 2016	2017
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016	2017
Amendments to IAS 1 – Disclosure initiative	1 January 2016	2017
Improvements to IFRSs (2012-2014)	1 January 2016	2017

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 2016. 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 assets held-for-sale, investment properties, derivative financial instruments and certain financial liabilities are stated at fair value through profit or loss or other comprehensive income.

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.

Group Statement of Accounting Policies
(continued)
for the year ended 31 July 2015

Income statement presentation
In accordance with IAS 1, the Group Consolidated Income Statement is presented by function of expense.

Management has also identified certain acquisition, disposal and restructuring-related costs and fair value adjustments within each functional area that do not relate to the underlying business of the Group. Due to the relative size or nature of these items, in order to enable comparability of the Group's underlying results from period to period, these items have been presented as separate components of operating profit within note 3 and have been excluded from the calculation of underlying fully diluted net profit in note 11.

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 5.

Reclassifications and adjustments
Following the reduction in the Group's ownership interest in Origin Enterprises plc ('Origin') from 68.1% to 29.0% in March 2015, and the classification of the remaining investment in Origin as an associate held-for-sale, the corresponding amounts included in the 31 July 2014 Group Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Cash Flow Statement related to Origin have been represented, in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", and presented as a single Discontinued Operations amount within each of these respective statements and the related notes. Consistent with the guidance included in IFRS 5, no similar reclassifications or adjustments were made within the 31 July 2014 Group Consolidated Balance Sheet or Group Consolidated Statement of Changes in Equity.

Certain other amounts in the 31 July 2014 Group consolidated financial statement notes have been reclassified or adjusted to conform to the 31 July 2015 presentation. These other 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.

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.

Group Statement of Accounting Policies
(continued)
for the year ended 31 July 2015

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.

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 on 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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2015

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.

Non-current assets held for sale
Non-current assets are classified as assets held for sale or related to discontinuing operations when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

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.

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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2015

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 continuing operations of the Group are primarily organised into three operating segments, Food Europe, Food North America, Food Rest of World. The Group's principal geographies are Europe, North America and Rest of World.

Origin was consolidated up until the placing of 49 million shares in March 2015, which reduced ARYZTA's holding from 68.1% to 29.0%. Thereafter, Origin has been accounted for as an associate held-for-sale.

Food Europe has leading market positions in the European speciality bakery market. 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.

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

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. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the Group Consolidated Statement of Comprehensive Income, net of related taxes. Current and past service costs are

Group Statement of Accounting Policies
(continued)
for the year ended 31 July 2015

recognised as employment costs in the income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, and is 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.

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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2015

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.

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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2015

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

Currency	Average 2015	Average 2014	% Change	Closing 2015	Closing 2014	% Change
CHF	1.1191	1.2250	8.6%	1.0635	1.2169	12.6%
USD	1.1799	1.3601	13.2%	1.1109	1.3430	17.3%
CAD	1.4009	1.4590	4.0%	1.4446	1.4611	1.1%
GBP	0.7547	0.8291	9.0%	0.7091	0.7933	10.6%

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 2015

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 2015

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.

Group Statement of Accounting Policies
(continued)
for the year ended 31 July 2015

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

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.

Group Statement of Accounting Policies
(continued)
for the year ended 31 July 2015

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.

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 other 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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2015

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.

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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2015

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.

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.

Notes to the Group Consolidated Financial Statements
for the year ended 31 July 2015

1 Segment information

1.1 Analysis by business segment

I) Segment revenue and result	Food Europe		Food North America		Food Rest of World		Total Continuing Operations	
in EUR '000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Segment revenue[1]	**1,646,635**	1,586,275	**1,942,342**	1,586,560	**231,254**	220,948	**3,820,231**	3,393,783
Operating (loss)/profit[2]	**(40,881)**	74,626	**96,077**	100,701	**10,797**	16,494	**65,993**	191,821
Share of loss after tax of joint venture	**(1,520)**	–	**–**	–	**–**	–	**(1,520)**	–
Operating (loss)/profit after share of joint venture	**(42,401)**	74,626	**96,077**	100,701	**10,797**	16,494	**64,473**	191,821
Financing income[3]							**2,137**	2,762
Financing costs[3]							**(85,527)**	(65,366)
(Loss) / profit before income tax expense as reported in Group Consolidated Income Statement							**(18,917)**	129,217

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. Therefore, these items are not allocated between business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

II) Segment assets	Food Europe		Food North America		Food Rest of World		Total Continuing Operations	
in EUR '000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Segment assets excluding investments in joint ventures	**2,513,401**	2,315,520	**3,107,704**	2,770,263	**269,234**	310,814	**5,890,339**	5,396,597
Investments in joint ventures and related financial assets	**60,711**	–	**–**	–	**–**	–	**60,711**	–
Segment assets	**2,574,112**	2,315,520	**3,107,704**	2,770,263	**269,234**	310,814	**5,951,050**	5,396,597

Reconciliation to total assets as reported in the Group Consolidated Balance Sheet	2015	2014
Associate held-for-sale	**270,870**	–
Derivative financial instruments	**653**	847
Cash and cash equivalents	**316,867**	555,262
Deferred income tax assets	**105,579**	68,938
Discontinued operations	**–**	916,976
Total assets as reported in Group Consolidated Balance Sheet	**6,645,019**	6,938,620

III) Segment liabilities	Food Europe		Food North America		Food Rest of World		Total Continuing Operations	
in EUR '000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Segment liabilities	**550,965**	504,389	**505,284**	467,559	**65,276**	68,174	**1,121,525**	1,040,122

Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet	2015	2014
Interest-bearing loans and borrowings	**2,041,970**	2,197,341
Derivative financial instruments	**12,766**	5,312
Current and deferred income tax liabilities	**246,815**	212,059
Discontinued operations	**–**	692,329
Total liabilities as reported in Group Consolidated Balance Sheet	**3,423,076**	4,147,163

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

IV) Other segment information	Food Europe		Food North America		Food Rest of World		Total Continuing Operations	
in EUR '000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Depreciation	**57,368**	49,254	**47,547**	35,710	**9,604**	9,252	**114,519**	94,216
ERP amortisation	**5,330**	4,515	**4,457**	4,148	**–**	–	**9,787**	8,663
Amortisation of other intangible assets	**82,550**	63,267	**79,101**	54,282	**6,371**	6,213	**168,022**	123,762
Capital expenditure								
– Property, plant and equipment	**180,113**	145,909	**153,204**	83,965	**10,963**	21,060	**344,280**	250,934
– Intangibles	**39,577**	71,176	**21,328**	27,579	**316**	433	**61,221**	99,188
Total capital expenditure	**219,690**	217,085	**174,532**	111,544	**11,279**	21,493	**405,501**	350,122

1.2 Analysis by geography – continuing operations

	Europe		North America		Rest of World		Total	
in EUR '000	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Revenue by geography[1]	**1,646,635**	1,586,275	**1,942,342**	1,586,560	**231,254**	220,948	**3,820,231**	3,393,783
Assets by geography	**2,574,112**	2,315,520	**3,107,704**	2,770,263	**269,234**	310,814	**5,951,050**	5,396,597
IFRS 8 non-current assets[2]	**2,343,064**	2,048,356	**2,837,326**	2,530,613	**246,769**	266,981	**5,427,159**	4,845,950

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 6.8% (2014: 7.1%) of total Group revenues from continuing operations. Revenues from external customers attributed to material foreign countries are United States 40.2% (2014: 37.9%), Germany 15.1% (2014: 17.3%) and Canada 10.6% (2014: 8.8%). 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 6.6% of total Group non-current assets (2014: 7.4%). Non-current assets attributed to material foreign countries are: United States 39.3% (2014: 33.8%), Germany 14.1% (2014: 13.6%) and Canada 12.9% (2014: 13.7%).

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

2 Discontinued operations

During March 2015, ARYZTA announced the completion of its offering of 49 million ordinary shares of Origin for €8.25 per share, which raised net proceeds for ARYZTA of €398.1m. The divestment simplifies ARYZTA's reporting structure and transforms ARYZTA into a business that is fully focused on speciality food.

Following the placing, the Group's investment in Origin was reduced from 68.1% to 29.0% and Origin has been accounted for as an associate held-for-sale, rather than as a fully-consolidated subsidiary.

In accordance with IFRS 5, as Origin previously represented a significant component and separately reported segment of the Group, Origin's results have been separately presented in the Group Financial Statements as Discontinued Operations, in both the current and prior years.

A calculation of the gain on disposal is shown below:

in EUR '000	**Origin**
Net assets of discontinued operation disposed	
Property, plant and equipment (note 12)	96,394
Investment properties (note 13)	7,575
Goodwill and intangible assets (note 14)	160,495
Investments in associates and joint venture (note 15)	62,370
Inventory	220,157
Trade and other receivables	396,520
Trade and other payables	(458,284)
Interest-bearing loans and borrowings (note 21)	(248,774)
Derivative financial liabilities, net	(748)
Employee benefits (note 25)	(24,240)
Deferred income tax liabilities, net (note 24)	(10,355)
Income tax payable	(17,166)
Total net assets disposed	183,944
Other comprehensive income recycled on disposal of discontinued operations	1,328
Non-controlling interests disposed as part of discontinued operations (note 27)	(64,727)
ARYZTA's share of Origin net assets disposed	**120,545**
Consideration	
– Cash received, net of transaction costs	398,108
– Net cash disposed (note 21)	(25,133)
– Cash received, net of cash disposed	372,975
– Fair value of retained 29% interest	299,329
Total consideration	**672,304**
Gain on disposal of discontinued operations	551,759
Fair value adjustment to associate held-for-sale	(28,459)
Net gain on disposal of discontinued operations	**523,300**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

Following the placing, the Group's remaining 29.0% interest in Origin has been determined to be an associate held-for-sale, recorded at fair value, less costs to sell. Based on the unadjusted quoted price of €7.62 as of 31 July 2015 less estimated costs to sell, a fair value adjustment of €28,459,000 was recorded during the period to reduce the carrying value to €270,870,000 as of 31 July 2015, resulting in a total net gain in relation to the disposal of Origin of €523,300,000.

Analysis of the result of discontinued operations in both years, including the fair value adjustment recognised on the re-measurement of the associate held-for-sale, is as follows:

in EUR '000	**2015**	2014
Revenue	**829,518**	1,415,239
Cost of sales	**(719,381)**	(1,196,262)
Distribution expenses	**(18,196)**	(22,973)
Gross profit	**91,941**	196,004
Selling expenses	**(32,124)**	(47,477)
Administration expenses	**(52,572)**	(78,707)
Operating profit	**7,245**	69,820
Share of profit after tax of associates and joint ventures	**6,026**	9,611
Profit before financing income, financing costs and income tax expense	**13,271**	79,431
Financing income	**1,951**	2,471
Financing costs	**(5,542)**	(8,005)
Profit before income tax	**9,680**	73,897
Income tax expense	**(734)**	(10,410)
Profit after tax from discontinued operations	**8,946**	63,487
Gain on disposal of discontinued operations	**551,759**	–
Fair value adjustment to associate held-for-sale	**(28,459)**	–
Profit for the year from discontinued operations	**532,246**	63,487
Attributable as follows:		
Equity shareholders – discontinued operations	**529,396**	43,261
Non-controlling interests – discontinued operations	**2,850**	20,226
Profit for the year from discontinued operations	**532,246**	63,487

Cash flows from discontinued operations were as follows:

in EUR '000	**2015**	2014
Operating cash flows	**(171,068)**	75,336
Investing cash flows	**(4,224)**	68,165
Financing cash flows	**79,485**	(50,216)
Total cash flows	**(95,807)**	93,285

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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

In accordance with IAS 1, the Group Consolidated Income Statement is presented by function of expense.

Management has also identified certain acquisition, disposal and restructuring-related costs and fair value adjustments within each functional area that do not relate to the underlying business of the Group. Due to the relative size or nature of these items, they have been presented as separate components of operating profit below, in order to enable comparability of the Group's underlying results from period to period, and have been excluded from the calculation of underlying fully diluted net profit in note 11.

in EUR '000	IFRS Income Statement 2015	Net acquisition, disposal, restructuring-related costs 2015	Intangible amortisation 2015	Financial Business Review 2015	IFRS Income Statement 2014	Net acquisition, disposal, restructuring-related costs 2014	Intangible amortisation 2014	Financial Business Review 2014
Revenue	**3,820,231**	–	–	**3,820,231**	**3,393,783**	–	–	**3,393,783**
Cost of sales	**(2,709,763)**	129,974	–	**(2,579,789)**	**(2,368,378)**	92,618	–	**(2,275,760)**
Distribution expenses	**(407,658)**	7,706	–	**(399,952)**	**(377,856)**	15,774	–	**(362,082)**
Gross profit	**702,810**	137,680	–	**840,490**	**647,549**	108,392	–	**755,941**
Selling expenses	**(167,646)**	5,545	–	**(162,101)**	**(143,147)**	2,412	–	**(140,735)**
Administration expenses	**(469,171)**	136,725	168,022	**(164,424)**	**(312,581)**	59,907	123,762	**(128,912)**
Operating profit of continuing operations	**65,993**	279,950	168,022	**513,965**	**191,821**	170,711	123,762	**486,294**
Share of loss after tax of joint ventures	**(1,520)**	–	310	**(1,210)**	**–**	–	–	**–**
Profit of continuing operations before financing income, financing costs and income tax expense	**64,473**	279,950	168,332	**512,755**	**191,821**	170,711	123,762	**486,294**

in EUR '000	Notes	Food Europe 2015	Food Europe 2014	Food North America 2015	Food North America 2014	Food Rest of World 2015	Food Rest of World 2014	Total Continuing Operations 2015	Total Continuing Operations 2014
Net loss on disposal of businesses	3.1	**(45,685)**	–	**–**	–	**–**	–	**(45,685)**	–
Asset write-downs / disposals	3.2	**(72,395)**	(51,751)	**(68,544)**	(32,666)	**(5,350)**	(2,940)	**(146,289)**	(87,357)
Total net loss on disposal of businesses and asset write-downs		**(118,080)**	(51,751)	**(68,544)**	(32,666)	**(5,350)**	(2,940)	**(191,974)**	(87,357)
Acquisition-related costs		**(9,467)**	(2,566)	**(515)**	(4,668)	**–**	–	**(9,982)**	(7,234)
Severance and other staff-related costs		**(28,367)**	(24,369)	**(18,916)**	(22,801)	**(1,359)**	–	**(48,642)**	(47,170)
Contractual obligations		**(586)**	(316)	**(1,285)**	(1,229)	**(216)**	–	**(2,087)**	(1,545)
Advisory and other costs		**(13,862)**	(13,439)	**(10,670)**	(13,966)	**(2,733)**	–	**(27,265)**	(27,405)
Total acquisition and restructuring-related costs	3.3	**(52,282)**	(40,690)	**(31,386)**	(42,664)	**(4,308)**	–	**(87,976)**	(83,354)
Total acquisition, disposal and restructuring-related costs		**(170,362)**	(92,441)	**(99,930)**	(75,330)	**(9,658)**	(2,940)	**(279,950)**	(170,711)

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

3.1 Net loss on disposal of businesses

During January 2015, the Group agreed to exchange certain assets, which historically generated approximately €100,000,000 in annual revenues, for a 50% interest in Signature Flatbreads (UK) Ltd. As the €53,106,000 total fair value of the Group's 50% interest and the Vendor Loan Note receivable from the Joint Venture, were less than the €66,659,000 carrying value of the net assets exchanged and related costs incurred, the transaction resulted in a loss on disposal in the amount of €13,789,000 including foreign exchange losses of €236,000.

During April 2015, the Group agreed to sell its 100% interest in Carroll Cuisine, which historically generated approximately €45,000,000 in annual revenues, for cash consideration of €37,276,000. As the proceeds received exceeded the €12,970,000 carrying value of the net assets disposed and associated costs incurred, the transaction resulted in a gain on disposal of €24,306,000.

As a result of the two disposals above, the Group also wrote-off a proportionate amount of goodwill within the UK and Ireland Cash Generating Unit in the amount of €56,202,000. The total of the above transactions and the associated write-down of Goodwill resulted in a net loss on disposal of businesses within continuing operations of €45,685,000 during the year ended 31 July 2015.

3.2 Asset write-downs / disposals

The Group incurred €146,289,000 of asset write-downs during the year, primarily related to the write-down of various manufacturing, distribution and administration assets within the Food Europe and Food North America segments, following the closure of and/or reduction in activities expected to be generated from those assets. These reductions are the direct result of the Group's recent integration and rationalisation programme investments, which have replaced obsolete assets, optimised the distribution network and streamlined administrative functions.

As these non-cash gains and losses included above are added back when calculating ROIC for management compensation purposes, they had no impact on management compensation.

3.3 Acquisition and restructuring-related costs

During the year ended 2015, progress has continued on integrating recent acquisitions and aligning the operational processes of those businesses to the Group's existing network. 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:

Acquisition-related costs

During the year ended 31 July 2015 the Group incurred acquisition-related costs of €9,982,000. These costs primarily related to activities associated with the Group's various acquisitions completed during the year, or subsequent to year end, as well as the Group's planned investment in Picard (see note 32), and include share purchase tax, due diligence and other professional services fees.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

Severance and other staff-related costs

The Group incurred and provided for €48,642,000 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 and to the continued evaluation and optimisation of the manufacturing and distribution footprint across the various business locations of the Group.

Contractual obligations

The operational decisions made as a result of the Group's integration and rationalisation projects triggered early termination penalties or resulted in certain long-term operational contracts becoming onerous. The Group incurred total costs of €2,087,000 during the year to either exit or provide for such onerous contractual obligations.

Advisory costs and other costs

During the year ended 31 July 2015, the Group incurred €27,265,000 in advisory and other costs related directly to the integration and rationalisation programmes. These costs relate to the integration of the supply chain and distribution functions of recently acquired businesses into the Group's network, as well as costs associated with centralisation of certain administrative functions.

4 Financing income and costs

in EUR '000	2015	2014
Financing income – continuing operations		
Interest income	**2,137**	1,274
Foreign exchange gain realised on settlement of quasi-equity intercompany loans	**–**	1,488
Total financing income recognised in Group Consolidated Income Statement	**2,137**	2,762
Financing costs – continuing operations		
Interest cost on bank loans and overdrafts	**(85,433)**	(65,285)
Interest cost under finance leases	**(13)**	(22)
Defined benefit plan: net interest cost on plan liabilities (note 25)	**(81)**	(59)
Total financing costs recognised in Group Consolidated Income Statement	**(85,527)**	(65,366)
Recognised directly in other comprehensive income – continuing operations		
Effective portion of changes in fair value of interest rate swaps[1]	**(6,042)**	(1,053)
Total financing loss recognised directly in other comprehensive income	**(6,042)**	(1,053)

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 2015

5 Other information

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

in EUR '000	2015	2014
Revenue (note 1)	**3,820,231**	3,393,783
Raw materials and consumables used	**(1,782,313)**	(1,581,648)
Employment costs (note 7)	**(704,176)**	(625,749)
Amortisation of intangible assets (note 1)	**(177,809)**	(132,425)
Depreciation of property, plant and equipment (note 1)	**(114,519)**	(94,216)
Operating lease rentals	**(61,557)**	(56,957)
Recognition of deferred income from government grants (note 23)	**4,107**	4,249
Net loss on disposal of businesses (note 3)	**(45,685)**	–
Asset write-downs (note 3)	**(146,289)**	(87,357)
Acquisition-related costs (note 3)	**(9,982)**	(7,234)
Other restructuring-related costs (note 3)	**(77,994)**	(76,120)
Other direct and indirect costs	**(638,021)**	(544,505)
Operating profit from continuing operations	**65,993**	191,821

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

6 Directors' compensation
Directors' compensation is disclosed in note 10 of the ARYZTA AG Company Financial Statements (pages 154 to 158).

7 Employment

Average number of persons employed by the Group – continuing operations

	2015	2014
Sales and distribution	**3,317**	3,156
Production	**13,926**	12,685
Management and administration	**1,557**	1,386
Average number of persons employed – continuing operations	**18,800**	17,227

Aggregate employment costs of the Group – continuing operations

in EUR '000	2015	2014
Wages and salaries	**616,347**	545,344
Social welfare costs	**68,585**	60,218
Defined contribution plans (note 25)	**14,557**	10,142
Defined benefit plans – current service cost (note 25)	**3,618**	3,216
Defined benefit plans – past service gain (note 25)	**–**	(1,424)
Defined benefit plans – settlement gain (note 25)	**(636)**	–
Share-based payments (note 8)	**1,705**	8,253
Employment costs – continuing operations	**704,176**	625,749

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

8 Share-based payments

The Group has outstanding grants of equity-based incentives under the ARYZTA Option Equivalent Plan LTIP. During the year, all grants under the ARYZTA Matching Plan LTIP outstanding at 31 July 2014 were exercised or forfeited.

The total cost reported in the Group consolidated financial statements in relation to equity settled share-based payments is €1,705,000 (2014: €10,840,000), of which €1,705,000 (2014: €8,253,000) 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 2015 in CHF	Number of equity entitlements 2015	Weighted conversion price 2014 in CHF	Number of equity entitlements 2014
Outstanding at beginning of the year	**0.02**	**723,000**	0.02	726,000
Exercised during the year	**0.02**	**(327,052)**	0.02	–
Forfeited during the year	**0.02**	**(395,948)**	0.02	(3,000)
Outstanding at the end of the year	–	–	0.02	723,000
Vested at end of the year	–	–	–	–

The performance conditions associated with 327,052 Matching Plan awards (173,359 of which were held by Executive Management) were fulfilled during the year ended 31 July 2014 and these awards were exercised during the year ended 31 July 2015. As the performance criteria for the remaining awards outstanding under the Matching Plan were not met, they were forfeited, as they are no longer capable of vesting.

No new equity entitlements were awarded under the Matching Plan during the year.

8.2 ARYZTA Option Equivalent Plan LTIP

Option Equivalent Plan awards	Weighted conversion price 2015 in CHF	Number of equity entitlements 2015	Weighted conversion price 2014 in CHF	Number of equity entitlements 2014
Outstanding at beginning of the year	**39.59**	**2,095,500**	39.56	2,239,500
Granted during the year	**81.00**	**980,000**	–	–
Exercised during the year	**40.57**	**(501,000)**	37.23	(115,000)
Forfeited during the year	–	–	46.00	(29,000)
Outstanding at the end of the year	**55.21**	**2,574,500**	39.59	2,095,500
Vested at end of the year	**39.36**	**1,594,500**	37.23	650,000

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	**550,000**	**4.1**
Issued during financial year 2012	39.95	**962,500**	**6.2**
Issued during financial year 2013	46.70	**82,000**	**7.3**
Issued during financial year 2015	81.00	**980,000**	**9.2**
As of 31 July 2015	55.21	**2,574,500**	**6.9**

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

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 (including the associated cost of any awards expected to vest) in three consecutive accounting periods exceeding the compound growth in the Euro-zone 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 EPS during the performance period.

The Option Equivalent Plan awards granted in the years before financial year 2015 can be exercised as of the time the performance conditions described above have been met, but no longer than ten years after grant date. Awards granted during financial year 2015, which meet the conditions for vesting after the initial three year performance period, are subject to additional conditions, including notably an additional two year holding period before they can be exercised.

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 were met. As a result, 1,445,500 Option Equivalent Plan awards (970,000 of which were held by Executive Management) vested during September 2014. Of these, 1,044,500 remain outstanding as at 31 July 2015.

550,000 additional Option Equivalent Plan awards, held by Executive Management, remain outstanding as of 31 July 2015 and were already fully vested and eligible to be exercised as of the beginning of the year.

During the year ended 31 July 2015, 501,000 vested Option Equivalent awards were exercised, in exchange for 256,703 shares. The weighted average share price at the time of these exercises was CHF 79.98 per share. The shares issued as part of these exercises were issued out of shares previously held in treasury.

The weighted average fair value assigned to share option equivalents granted under the ARYZTA Option Equivalent Plan LTIP during the year ended 31 July 2015 was CHF 11.93, which was determined using the Black-Scholes valuation model. The significant inputs into the model were the price of the shares at the grant date, an expected option life of 5.5 years, expected share price volatility of 20.30%, the exercise price of CHF 81.00 or €67.11, the expected dividend yield of 1.5% and the risk-free rate of 0.16%.

The weighted average exercise price of all Option Equivalent Plan awards that remain outstanding and for which the vesting conditions have been met is CHF 39.36.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

9 Income tax expense

Income tax (credit)/expense

in EUR '000	2015	2014
Current tax charge	**32,111**	46,934
Deferred tax credit (note 24)	**(51,061)**	(13,769)
Income tax (credit)/expense – continuing operations	**(18,950)**	33,165

Reconciliation of average effective tax rate to applicable tax rate

in EUR '000	2015	2014
(Loss)/profit before tax	**(18,917)**	129,217
Less share of loss after tax of joint ventures	**1,520**	–
(Loss)/profit before tax and before share of loss of joint ventures	**(17,397)**	129,217
Income tax on (loss)/profit for the year at 21.2% (2014: 21.2%)[1]	**(3,688)**	27,394
Expenses/(income) not deductible/(taxable) for tax purposes	**3,596**	5,734
Impact of difference in local tax rates	**(17,734)**	(1,149)
Recognition of previously unrecognised deferred taxes	**(2,691)**	4,408
Change in estimates and other prior year adjustments:		
– Current tax	**1,517**	(2,406)
– Deferred tax	**50**	(816)
Income tax (credit)/expense – continuing operations	**(18,950)**	33,165

Current and deferred tax movements recognised directly in other comprehensive income – continuing operations

in EUR '000	2015	2014
Relating to foreign exchange translation effects	**(5,265)**	916
Relating to cash flow hedges	**(599)**	(466)
Relating to Group employee benefit plans actuarial (losses)/gains	**(1,216)**	2
Relating to tax rate changes	**–**	1,415
Tax recognised directly in other comprehensive income	**(7,080)**	1,867

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 8 December 2015, shareholders will be invited to approve a proposed dividend of CHF 0.6555 (€0.6033) per share. If approved, the dividend will be paid to shareholders on 1 February 2016. A dividend of CHF 0.7646 per share was paid during the year, as approved by shareholders at the Annual General Meeting on 2 December 2014.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

11 Earnings per share

Basic earnings per share	2015 in EUR '000	2014 in EUR '000
(Loss)/profit attributable to equity shareholders – continuing operations	**(4,636)**	92,252
Profit attributable to equity shareholders – discontinued operations	**529,396**	43,261
Profit attributable to equity shareholders – total	**524,760**	135,513
(Loss)/profit attributable to equity shareholders – continuing operations	**(4,636)**	92,252
Perpetual callable subordinated instrument accrued dividend (note 26)	**(30,673)**	(29,548)
(Loss)/profit used to determine basic EPS – continuing operations	**(35,309)**	62,704
Profit used to determine basic EPS – discontinued operations	**529,396**	43,261
Profit used to determine basic EPS – total	**494,087**	105,965
Weighted average number of ordinary shares	'000	'000
Ordinary shares outstanding at 1 August[1]	**88,175**	88,120
Effect of exercise of equity instruments during the year	**481**	24
Weighted average number of ordinary shares used to determine basic earnings per share	**88,656**	88,144
Basic (loss)/earnings per share from continuing operations	**(39.8) cent**	71.1 cent
Basic earnings per share from discontinued operations	**597.1 cent**	49.1 cent
Basic earnings per share	**557.3 cent**	120.2 cent

Diluted earnings per share	2015 in EUR '000	2014 in EUR '000
(Loss)/profit used to determine diluted EPS – continuing operations	**(35,309)**	62,704
Profit used to determine basic EPS – discontinued operations	**529,396**	43,261
Effect on non-controlling interests share of reported profits, due to dilutive impact of Origin management equity entitlements[2]	**(27)**	(186)
Profit used to determine diluted EPS – discontinued operations	**529,369**	43,075
Profit used to determine diluted EPS – total	**494,060**	105,779
Weighted average number of ordinary shares (diluted)	'000	'000
Weighted average number of ordinary shares used to determine basic earnings per share	**88,656**	88,144
Effect of equity-based incentives with a dilutive impact[3]	**–**	1,263
Weighted average number of ordinary shares used to determine diluted earnings per share	**88,656**	89,407
Diluted (loss)/earnings per share from continuing operations	**(39.8) cent**	70.1 cent
Diluted earnings per share from discontinued operations	**597.1 cent**	48.2 cent
Diluted earnings per share	**557.3 cent**	118.3 cent

1 Issued share capital excludes treasury shares.

2 Reflects the dilutive impact of equity entitlements granted to Origin senior management under the Origin LTIP. These equity entitlements dilute the Group's share of Origin profits available as part of its diluted earnings per share calculation.

3 In accordance with IAS 33, potential ordinary shares are treated as dilutive only when their conversion would decrease profit per share or increase loss per share from continuing operations. As the impact related to the conversion of equity-based incentives would decrease the loss per share for the year ended 31 July 2015, no dilutive effect is given to outstanding equity based incentives during that period.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 EPS;
- 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	2015 in EUR '000	2014 in EUR '000
(Loss)/profit used to determine basic EPS – continuing operations	**(35,309)**	62,704
Amortisation of non-ERP intangible assets (note 1)	**168,022**	123,762
Tax on amortisation of non-ERP intangible assets (note 24)	**(35,104)**	(28,710)
Share of associate intangible amortisation, net of tax (note 15)	**310**	–
Net acquisition, disposal and restructuring-related costs and fair value adjustments (note 3)	**279,950**	170,711
Tax on net acquisition, disposal and restructuring-related costs and fair value adjustments	**(47,881)**	(3,879)
Underlying net profit – continuing operations	**329,988**	324,588
Profit used to determine basic EPS – discontinued operations	**529,396**	43,261
Underlying contribution as associate – discontinuing operations	**17,296**	–
Amortisation, non-recurring and other – discontinued operations	**6,343**	9,629
Gain on disposal of discontinued operations	**(551,759)**	–
Fair value adjustment – discontinuing operations	**28,459**	–
Underlying fully diluted net profit – discontinued operations	**29,735**	52,890
Underlying fully diluted net profit – total	**359,723**	377,478

Weighted average number of ordinary shares used to determine basic earnings per share	**88,656**	88,144
Underlying basic earnings per share – continuing operations	**372.2 cent**	368.2 cent
Underlying basic earnings per share – discontinued operations	**33.6 cent**	60.1 cent
Underlying basic earnings per share – total	**405.8 cent**	428.3 cent

Weighted average number of ordinary shares used to determine basic earnings per share	**88,656**	88,144
Effect of equity-based incentives with a dilutive impact	**785**	1,263
Weighted average number of ordinary shares used to determine fully diluted earnings per share	**89,441**	89,407
Underlying fully diluted earnings per share – continuing operations	**368.9 cent**	363.0 cent
Underlying fully diluted earnings per share – discontinued operations	**33.3 cent**	59.2 cent
Underlying fully diluted earnings per share – total	**402.2 cent**	422.2 cent

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

12 Property, plant and equipment

31 July 2015 in EUR '000	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Total
Net Book Value At 1 August 2014	**534,286**	**688,544**	**3,097**	**148,083**	**1,374,010**
Additions	10,398	52,347	532	286,978	350,255
Transfer from assets under construction	31,632	228,310	62	(260,004)	–
Arising on business combination (note 29)	32,960	42,585	1,113	816	77,474
Arising on business disposals (note 3)	(680)	(43,054)	(1)	(12,448)	(56,183)
Disposals as part of discontinued operations (note 2)	(70,755)	(23,806)	(1,833)	–	(96,394)
Asset write-downs/disposals, net (note 3)	(26,248)	(29,473)	(181)	(20,181)	(76,083)
Transfer to investment properties (note 13)	(826)	–	–	–	(826)
Depreciation charge for year	(21,460)	(96,137)	(932)	–	(118,529)
Translation adjustments	17,014	54,419	(89)	18,195	89,539
Net Book Value At 31 July 2015	**506,321**	**873,735**	**1,768**	**161,439**	**1,543,263**
At 31 July 2015					
Cost	589,756	1,385,065	7,204	161,439	2,143,464
Accumulated depreciation	(83,435)	(511,330)	(5,436)	–	(600,201)
Net Book Value At 31 July 2015	**506,321**	**873,735**	**1,768**	**161,439**	**1,543,263**

31 July 2014 in EUR '000	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Total
Net Book Value At 1 August 2013	**499,551**	**553,474**	**3,243**	**85,579**	**1,141,847**
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 adoption of IAS 16.8	–	19,345	–	–	19,345
Asset write-downs/disposals (note 3)	(24,622)	(60,896)	(195)	–	(85,713)
Transfer to investment properties (note 13)	(7,297)	–	–	–	(7,297)
Depreciation charge for year	(18,263)	(80,001)	(1,331)	–	(99,595)
Translation adjustments	368	60	(96)	1,779	2,111
Net Book Value At 31 July 2014	**534,286**	**688,544**	**3,097**	**148,083**	**1,374,010**
At 31 July 2014					
Cost	610,097	1,185,343	3,182	148,083	1,946,705
Accumulated depreciation	(75,811)	(496,799)	(85)	–	(572,695)
Net Book Value At 31 July 2014	**534,286**	**688,544**	**3,097**	**148,083**	**1,374,010**

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 2015	**–**	**264**	**688**	**952**
At 31 July 2014	543	432	177	1,152

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

13 Investment properties

in EUR '000	2015	2014
Balance at 1 August	**30,716**	22,984
Transfer from property, plant and equipment (note 12)	**826**	7,297
Disposals as part of discontinued operations (note 2)	**(7,575)**	–
Translation adjustment	**1,949**	435
Balance at 31 July	**25,916**	30,716

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.

No material fair value adjustments were incurred during the years ended 31 July 2015 and 31 July 2014.

14 Goodwill and intangible assets

31 July 2015 in EUR '000	Goodwill	Customer Relation-ships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Net Book Value At 1 August 2014	**2,273,382**	**971,897**	**177,116**	**16,042**	**185,792**	**66,368**	**3,690,597**
Additions	–	532	–	5,267	52,514	4,010	62,323
Arising on business combination (note 29)	87,112	47,198	2,878	67	-	5,528	142,783
Arising on business disposals (note 3)	(56,202)	–	–	-	(9,439)	(63)	(65,704)
Disposals as part of discontinued operations (note 2)	(96,124)	(41,769)	(10,056)	(611)	(11,935)	–	(160,495)
Asset write-downs / disposals (note 3)	–	–	–	(3,316)	(36,337)	–	(39,653)
Amortisation charge for the year	–	(116,187)	(19,497)	(4,180)	(9,787)	(34,695)	(184,346)
Translation adjustments	227,760	91,229	21,549	1,273	6,692	3,261	351,764
Net Book Value At 31 July 2015	**2,435,928**	**952,900**	**171,990**	**14,542**	**177,500**	**44,409**	**3,797,269**
At 31 July 2015							
Cost	2,435,928	1,498,014	324,043	49,661	191,670	93,239	4,592,555
Accumulated amortisation	–	(545,114)	(152,053)	(35,119)	(14,170)	(48,830)	(795,286)
Net Book Value At 31 July 2015	**2,435,928**	**952,900**	**171,990**	**14,542**	**177,500**	**44,409**	**3,797,269**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

31 July 2014 in EUR '000	Goodwill	Customer Relation-ships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Net Book Value At 1 August 2013	**1,820,223**	**738,788**	**177,626**	**7,744**	**131,382**	**29,479**	**2,905,242**
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
Asset write-downs / disposals (note 3)	–	–	–	(4)	(4,283)	–	(4,287)
Amortisation charge for the year	–	(104,107)	(21,701)	(1,720)	(11,071)	(2,511)	(141,110)
Translation adjustments	2,667	621	1,179	(855)	1,312	1,612	6,536
Net Book Value At 31 July 2014	**2,273,382**	**971,897**	**177,116**	**16,042**	**185,792**	**66,368**	**3,690,597**
At 31 July 2014							
Cost	2,273,382	1,391,615	305,997	47,499	215,305	76,116	4,309,914
Accumulated amortisation	–	(419,718)	(128,881)	(31,457)	(29,513)	(9,748)	(619,317)
Net Book Value At 31 July 2014	**2,273,382**	**971,897**	**177,116**	**16,042**	**185,792**	**66,368**	**3,690,597**

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 2015 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 2015 impairment testing, are summarised as follows:

in EUR '000	Pre-tax discount rate 2015	Projection period	Terminal growth rate	Carrying Value 2015	Carrying Value 2014
Food UK and Ireland	**6.8%**	**3 years**	**2%**	**106,642**	155,772
Food Germany and other [1]	**7.1%**	**3 years**	**2%**	**474,525**	387,053
Food Switzerland	**6.4%**	**3 years**	**2%**	**249,581**	218,125
Food France	**7.6%**	**3 years**	**2%**	**105,927**	105,927
Total Food Europe				**936,675**	866,877
Food North America	**7.8%**	**3 years**	**2%**	**1,443,858**	1,258,700
Food Rest of World	**11.2%**	**3 years**	**3%**	**55,395**	59,965
Origin - Discontinued operations				**–**	87,840
				2,435,928	2,273,382

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. Except for the goodwill impairment of €56,202,000 recorded in the Food Europe operating segment as a result of business disposals (note 3), no impairment losses have been recognised related to the Group's goodwill during the years ended 31 July 2015 and 31 July 2014.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

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.

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.

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 a material 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 of 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)
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15 Investments in associates and joint ventures

31 July 2015 in EUR '000	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2014	41,323	13,588	54,911
Share of losses, after tax and before intangible amortisation	–	(1,210)	(1,210)
Group share of intangible amortisation	–	(310)	(310)
Investment in joint ventures	–	30,577	30,577
Movements in investment in associates and JV in discontinued operations	4,326	3,133	7,459
Disposals as part of discontinued operations (note 2)	(45,649)	(16,721)	(62,370)
Translation adjustments	–	3,010	3,010
At 31 July 2015	**–**	**32,067**	**32,067**

31 July 2014 in EUR '000			
At 1 August 2013	33,890	11,345	45,235
Share of profits, after tax and before intangible amortisation, acquisition and restructuring-related costs	9,565	3,827	13,392
Group share of intangible amortisation	(1,548)	–	(1,548)
Group share of acquisition and restructuring-related costs	(2,233)	–	(2,233)
Gains through other comprehensive income	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**

During January 2015, the Group agreed to exchange certain assets for a 50% interest in Signature Flatbreads (UK) Ltd. The deemed fair value of the Group's initial 50% interest in the Joint Venture was agreed to be GBP 24,000,000 (€30,577,000). The Group also received a Vendor Loan Note receivable from the Joint Venture, with an initial balance of GBP 17,683,000 (€22,529,000).

The amounts included in these Group consolidated financial statements in respect of the current year post-acquisition profits or losses of 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 July year-end, with the exception of Signature International Foods India, which has a year-end of 31 March.

Notes to the Group Consolidated Financial Statements (continued)
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The investment in associates and joint ventures is analysed as follows:

31 July 2015 in EUR '000	Associates	Joint ventures	Total
Non-current assets	–	45,510	45,510
Current assets	–	15,576	15,576
Non-current liabilities	–	(14,743)	(14,743)
Current liabilities	–	(14,276)	(14,276)
At 31 July 2015	**–**	**32,067**	**32,067**

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**

The share of revenues and results of associates and joint ventures is as follows:

31 July 2015 in EUR '000	Share of results of associates	Share of results of joint ventures	Total
Group share of:			
Revenue	**–**	**27,751**	**27,751**
Loss after tax and before intangible amortisation	–	(1,210)	(1,210)
Intangible amortisation	–	(310)	(310)
Loss after tax	**–**	**(1,520)**	**(1,520)**
Acquisition and restructuring-related costs	**–**	**–**	**–**
Gains through other comprehensive income	**–**	**–**	**–**

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

Notes to the Group Consolidated Financial Statements (continued)
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16 Inventory

in EUR '000	2015	2014
Raw materials	**56,380**	85,816
Finished goods	**196,040**	259,919
Consumable stores	**7,435**	16,734
Balance at 31 July	**259,855**	362,469

A total expense of €15,169,000 (2014: €8,430,000) was recognised in the Group Consolidated Income Statement arising from write-down of inventory.

17 Trade and other receivables

in EUR '000	2015	2014
Non-current		
Loan notes due from associates – discontinued operations (note 31)	**–**	42,586
Loan notes due from joint venture – continuing operations (note 31)	**28,644**	–
Balance at 31 July	**28,644**	42,586
Current		
Trade receivables, net	**185,777**	524,896
Amounts due from related parties (note 31)	**789**	16,347
VAT recoverable	**22,123**	22,463
Prepayments and accrued income	**25,947**	30,381
Other receivables	**29,400**	20,239
Balance at 31 July	**264,036**	614,326

18 Trade and other payables

in EUR '000	2015	2014
Non-current		
Other payables	**36,732**	44,111
Put option liability (note 22)	**–**	16,360
Forward purchase obligation (note 22)	**15,185**	13,271
Balance at 31 July	**51,917**	73,742
Current		
Trade payables	**372,135**	734,719
Amounts due to related parties (note 31)	**191**	10,091
Accruals and other payables[1]	**352,159**	409,521
Employee-related tax and social welfare	**9,128**	11,958
VAT payable	**8,947**	7,900
Balance at 31 July	**742,560**	1,174,189

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

Notes to the Group Consolidated Financial Statements (continued)
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19 Contingent consideration

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

in EUR '000	**2015**	2014
Balance at 1 August	**15,254**	12,780
Arising on business combination (note 29)	**42,366**	6,354
Payments of contingent consideration	**(9,240)**	(4,190)
Translation adjustment	**280**	310
Balance at 31 July	**48,660**	15,254
Classified as:		
Current – due within one year	**48,660**	8,154
Non-current – due after more than one year	**–**	7,100
Balance at 31 July	**48,660**	15,254

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.

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

in EUR '000	**2015**	2014
Food Group cash at bank and on hand	**316,867**	555,262
Origin cash at bank and on hand – discontinued operations	**–**	139,576
Total cash at bank and on hand (note 21)	**316,867**	694,838
Food Group bank overdraft	**(68,834)**	(251,091)
Origin bank overdraft – discontinued operations	**–**	(4,940)
Bank overdrafts (note 21)	**(68,834)**	(256,031)
Included in the Group Consolidated Cash Flow Statement	**248,033**	438,807

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.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

21 Interest-bearing loans and borrowings

Details of the Group's interest bearing loans and borrowings are outlined below.

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

in EUR '000	2015	2014
Included in non-current liabilities		
Food Group loans	**1,935,828**	1,781,895
Origin loans – discontinued operations	**–**	116,282
Total bank loans	**1,935,828**	1,898,177
Finance leases	**1,348**	258
Non-current interest-bearing loans and borrowings	**1,937,176**	1,898,435
Included in current liabilities		
Food Group loans	**35,883**	164,087
Origin loans – discontinued operations	**–**	30,000
Bank overdrafts (note 20)	**68,834**	256,031
Total bank loans and overdrafts	**104,717**	450,118
Finance leases	**77**	276
Current interest-bearing loans and borrowings	**104,794**	450,394
Total bank loans and overdrafts	**2,040,545**	2,348,295
Total finance leases	**1,425**	534
Total interest-bearing loans and borrowings	**2,041,970**	2,348,829

Analysis of net debt of continuing operations in EUR '000	1 August 2014	Cash flows	Arising on business combination / disposal	Non-cash movements	Translation adjustment	31 July 2015
Cash	555,262	(123,229)	(125,888)	–	10,722	316,867
Overdrafts	(251,091)	196,888	–	–	(14,631)	(68,834)
Cash and cash equivalents	**304,171**	**73,659**	**(125,888)**	**–**	**(3,909)**	**248,033**
Loans	(1,945,982)	337,668	–	(3,525)	(359,872)	(1,971,711)
Finance leases	(268)	60	(1,206)	–	(11)	(1,425)
Net debt of continuing operations	**(1,642,079)**	**411,387**	**(127,094)**	**(3,525)**	**(363,792)**	**(1,725,103)**

Split of net debt in EUR '000	1 August 2014	Cash flows	Arising on business combination / disposal	Non-cash movements	Translation adjustment	31 July 2015
Continuing operations net debt	(1,642,079)	411,387	(127,094)	(3,525)	(363,792)	(1,725,103)
Discontinued operations net debt	(11,912)	(200,325)	223,641	(242)	(11,162)	–
Net debt	**(1,653,991)**	**211,062**	**96,547**	**(3,767)**	**(374,954)**	**(1,725,103)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

The terms of outstanding loans are as follows:

2015	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	730,493	720,865
Private placement 2014				
Series A	USD	2020	90,017	89,377
Series B	USD	2022	225,043	223,442
Series C	USD	2024	126,024	125,127
Series D	EUR	2024	25,000	24,822
Private placement 2010				
Series B	USD	2016	36,007	35,883
Series C	USD	2018	54,010	53,825
Series D	USD	2021	135,026	134,563
Series E	USD	2022	90,017	89,709
Series F	EUR	2020	25,000	24,914
Private placement 2009				
Series A	USD	2021	72,014	71,653
Series B	USD	2024	36,007	35,826
Series C	USD	2029	72,013	71,653
Private placement 2007				
Series B	USD	2017	225,042	225,043
Series C	USD	2019	45,009	45,009
			1,986,722	**1,971,711**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 2015

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

	2015	2014
Food Group loans	**3.8%**	3.6%
Origin Loans – discontinued operations	**–**	2.9%
Total bank loans	**3.8%**	3.6%

The pre-tax weighted average cost of capital associated with the Group's financing structures was 7.4% (2014: 7.0%).

Repayment schedule – loans and overdrafts (nominal values)
in EUR '000

	2015	2014
Less than one year	**104,841**	450,387
Between one and five years	**1,169,571**	1,163,292
After five years	**781,144**	749,924
	2,055,556	2,363,603

Repayment schedule – finance leases
in EUR '000

	Minimum lease payments 2015	Interest 2015	Present value of payments 2015	Minimum lease payments 2014	Interest 2014	Present value of payments 2014
Less than one year	**134**	**57**	**77**	292	16	276
Between one and five years	**1,358**	**10**	**1,348**	274	16	258
After five years	**–**	**–**	**–**	–	–	–
	1,492	**67**	**1,425**	566	32	534

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

22 Financial instruments and financial risk

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

in EUR '000	Fair value hierarchy	Fair Value through income statement 2015	Hedge instruments 2015	Loans and receivables 2015	Liabilities at amortised cost 2015	Total carrying amount 2015	Fair value 2015
Trade and other receivables (excluding prepayments)		–	–	244,610	–	244,610	244,610
Cash and cash equivalents		–	–	316,867	–	316,867	316,867
Derivative financial assets	*Level 2*	–	653	–	–	653	653
Investment properties	*Level 3*	25,916	–	–	–	25,916	25,916
Associate held-for-sale	*Level 1*	270,870	–	–	–	270,870	270,870
Total financial assets		**296,786**	**653**	**561,477**	**–**	**858,916**	**858,916**
Trade and other payables (excluding non-financial liabilities)		–	–	–	(761,217)	(761,217)	(761,217)
Bank overdrafts		–	–	–	(68,834)	(68,834)	(68,834)
Bank borrowings		–	–	–	(1,971,711)	(1,971,711)	(2,096,779)
Finance lease liabilities		–	–	–	(1,425)	(1,425)	(1,425)
Derivative financial liabilities	*Level 2*	–	(12,766)	–	–	(12,766)	(12,766)
Forward purchase obligation	*Level 3*	(15,185)	–	–	–	(15,185)	(15,185)
Contingent consideration	*Level 3*	(48,660)	–	–	–	(48,660)	(48,660)
Total financial liabilities		**(63,845)**	**(12,766)**	**–**	**(2,803,187)**	**(2,879,798)**	**(3,004,866)**

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 2015

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.

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

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.

Associate held-for-sale
The Group's 29% investment in Origin has been classified as an associate held-for-sale as its carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. This is stated at fair value, less costs to sell. As the fair value is determined by reference to prices quoted in an active market, it has been classified as a Level 1 financial 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 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.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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, presented within discontinued operations, 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 deferred or 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	**2015**	2014
Balance at 1 August	**44,885**	26,436
Arising on business combination (note 29)	**42,366**	22,138
Disposals as part of discontinued operations	**(16,360)**	–
Payments of contingent consideration (note 19)	**(9,240)**	(4,190)
Amounts recognised in profit and loss	**–**	(294)
Translation adjustments	**2,194**	795
Balance at 31 July	**63,845**	44,885

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 geographies.

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 owed is possible. At that point the amount is considered irrecoverable and is written off directly against the trade receivable.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 €176,574,000 (2014: €55,017,000). The Group has continued to recognise an asset of €17,948,000 (2014: €5,915,000), 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 2015**	Carrying amount 2014
Cash and cash equivalents	**316,867**	694,838
Trade and other receivables	**244,610**	604,068
Derivative financial assets	**653**	1,419
	562,130	1,300,325

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

in EUR '000	**Carrying amount 2015**	Carrying amount 2014
Europe	**127,813**	149,585
North America	**34,002**	90,318
Rest of World	**23,962**	23,524
Discontinued operations	**–**	261,469
	185,777	524,896

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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

in EUR '000	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
Not past due	**124,196**	**412**	420,227	286
Past due 0–30 days	**49,678**	**411**	78,497	405
Past due 31–120 days	**8,285**	**524**	31,397	4,534
Past due more than 121 days	**10,121**	**5,156**	12,938	12,938
	192,280	**6,503**	543,059	18,163

The Group payment terms are typically 0–60 days. With the exception of the long-term vendor loan note due from a joint venture, 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	2015	2014
Balance at 1 August	**18,163**	17,644
Arising on business combination	**1,308**	1,328
Arising on disposal of subsidiaries	**(1,550)**	–
Disposals as part of discontinued operations	**(11,121)**	–
Utilised during the year	**(593)**	(1,240)
Translation adjustment	**296**	431
Balance at 31 July	**6,503**	18,163

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 2015, 5% 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 (€912,083,000) to CHF 1,977,000,000 (€1,858,956,000) 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 (€1,206,229,000) and €50,000,000 private placements. Short term flexibility is achieved through the availability of overdrafts totalling €238,863,000.

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

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

2015 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	(1,250,846)	(1,630,568)	(31,124)	(67,131)	(285,685)	(348,305)	(898,323)
Variable rate bank loans	(720,865)	(776,672)	(6,445)	(6,444)	(12,887)	(750,896)	–
Finance lease liabilities	(1,425)	(1,492)	(36)	(98)	(1,333)	(25)	–
Bank overdrafts	(68,834)	(68,834)	(68,834)	–	–	–	–
Trade and other payables	(761,217)	(761,217)	(696,374)	(28,111)	(4,821)	(7,093)	(24,818)
Forward purchase obligation	(15,185)	(15,185)	–	–	(15,185)	–	–
Derivative financial instruments							
Interest rate swaps used for hedging	(9,258)	(9,258)	(1,928)	(1,929)	(2,631)	(2,770)	–
Currency forward contracts used for hedging							
– Inflows		204,840	174,837	30,003	–	–	–
– Outflows	(3,508)	(208,348)	(178,147)	(30,201)	–	–	–
	(2,831,138)	**(3,266,734)**	**(808,051)**	**(103,911)**	**(322,542)**	**(1,109,089)**	**(923,141)**

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)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 2015**	**Liabilities 2015**	Assets 2014	Liabilities 2014
Cash flow hedges				
Currency forward contracts	**653**	**(3,508)**	1,077	(2,678)
Interest rate swaps	**–**	**(9,258)**	342	(4,421)
At 31 July	**653**	**(12,766)**	1,419	(7,099)

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 2015

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 2015:

2015 in EUR '000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	8,520	6,753	1,424	6,764	9,494	2,720	35,675
Other receivables	–	2	–	–	3,444	88	3,534
Cash and cash equivalents	306	4,601	45	1,849	9,940	594	17,335
Trade payables	(8,534)	(23,674)	(491)	(1,090)	(28,339)	(3,468)	(65,596)
Other payables	(623)	(165)	–	(339)	(1,017)	–	(2,144)
Derivative financial instruments	(264)	(8,322)	(88)	–	(2,295)	9	(10,960)
At 31 July 2015	**(595)**	**(20,805)**	**890**	**7,184**	**(8,773)**	**(57)**	**(22,156)**

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)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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.

2015 in EUR '000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	30	14,720	(37)	(17,991)
USD	1,135	35,375	(1,387)	(43,236)
CAD	(89)	11,473	109	(14,022)
CHF	(653)	–	798	–
At 31 July 2015	423	61,568	(517)	(75,249)

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)

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 2015	Carrying amount 2014
Fixed rate instruments		
Bank borrowings	**(1,250,846)**	(1,207,868)
Finance lease liabilities	**(1,425)**	(534)
	(1,252,271)	(1,208,402)
Variable rate instruments		
Cash and cash equivalents	**316,867**	694,838
Bank overdrafts	**(68,834)**	(256,031)
Bank borrowings	**(720,865)**	(884,396)
Total interest-bearing financial instruments	**(1,725,103)**	(1,653,991)

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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.

2015 in EUR '000	Principal amount	Impact of 50 bp increase on income statement	Impact of 50 bp increase on equity
Bank overdrafts	(68,834)	(344)	–
Variable rate bank borrowings	(720,865)	(3,604)	–
Interest rate swaps	510,068	–	2,550
Cash flow sensitivity, net	**(279,631)**	**(3,948)**	**2,550**

2014 in EUR '000	Principal amount	Impact of 50 bp increase on income statement	Impact of 50 bp 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**

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 2015

23 Deferred income from government grants

in EUR '000	2015	2014
At 1 August	**21,261**	25,251
Received during the year	**193**	214
Arising on business disposals	**(373)**	–
Recognised in Group Consolidated Income Statement	**(4,107)**	(4,249)
Translation adjustment	**24**	45
At 31 July	**16,998**	21,261

24 Deferred income tax

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	2015	2014
Deferred tax income assets (deductible temporary differences)		
Property, plant and equipment	**11,427**	3,403
Employee compensation	**4,725**	4,092
Pension related	**5,161**	4,795
Financing related	**1,165**	201
Tax loss carry-forwards and tax credits	**71,856**	49,272
Other	**11,245**	10,985
	105,579	72,748
Deferred tax income liabilities (taxable temporary differences)		
Property, plant and equipment	**(103,530)**	(97,745)
Intangible assets	**(246,116)**	(255,639)
Pension related	**(432)**	(858)
Financing related	**(11,269)**	(11,139)
Unremitted earnings	**(75,293)**	(62,405)
Other	**(10,478)**	(6,400)
	(447,118)	(434,186)

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	2015	2014
Within one year	**–**	451
Between one and five years	**676**	1,042
After five years	**19,974**	16,389
Total unrecognised tax losses	**20,650**	17,882

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

Deferred income tax liabilities of €15,745,000 (2014: €13,604,000) 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.

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

2015 in EUR '000	Property, plant & equipment	Employee compen-sation	Pension related	Financing related	Tax losses, credits and unremitted earnings	Other	**Sub-Total**	Intangible assets	**Total Continuing Operations**	Dis-continued Operations	**Total**
At 1 August 2014	(88,853)	4,091	1,611	(11,132)	(13,133)	5,314	**(102,102)**	(246,717)	**(348,819)**	(12,619)	**(361,438)**
Recognised in Group Consolidated Income Statement	9,969	2	1,908	(310)	12,274	(7,886)	**15,957**	35,104	**51,061**	765	**51,826**
Recognised in Group Consolidated Statement of Comprehensive Income	–	–	1,216	2,914	–	2,950	**7,080**	–	**7,080**	2,694	**9,774**
Arising on business combination (note 29)	(4,642)	–	–	–	–	–	**(4,642)**	(12,869)	**(17,511)**	–	**(17,511)**
Disposal of discontinued operations (note 2)	–	–	–	–	–	–	**–**	–	**–**	10,355	**10,355**
Translation adjustments and other	(8,577)	632	(6)	(1,576)	(2,578)	389	**(11,716)**	(21,634)	**(33,350)**	(1,195)	**(34,545)**
At 31 July 2015	(92,103)	4,725	4,729	(10,104)	(3,437)	767	**(95,423)**	(246,116)	**(341,539)**	–	**(341,539)**

2014 in EUR '000	Property, plant & equipment	Employee compen-sation	Pension related	Financing related	Tax losses, credits and unremitted earnings	Other	**Sub-Total**	Intangible assets	**Total Continuing Operations**	Dis-continued Operations	**Total**
At 1 August 2013	(90,722)	5,570	2,485	(1,584)	(4,437)	9,106	**(79,582)**	(240,554)	**(320,136)**	(10,734)	**(330,870)**
Recognised in Group Consolidated Income Statement	6,790	(1,389)	467	(9,017)	(8,165)	(3,627)	**(14,941)**	28,710	**13,769**	260	**14,029**
Recognised in Group Consolidated Statement of Comprehensive Income	(312)	–	(2)	(450)	–	(1,103)	**(1,867)**	–	**(1,867)**	222	**(1,645)**
Arising on business combination (note 29)	(6,403)	–	–	–	–	–	**(6,403)**	(35,469)	**(41,872)**	(1,664)	**(43,536)**
Translation adjustments and other	1,794	(90)	(1,339)	(81)	(531)	938	**691**	596	**1,287**	(703)	**584**
At 31 July 2014	(88,853)	4,091	1,611	(11,132)	(13,133)	5,314	**(102,102)**	(246,717)	**(348,819)**	(12,619)	**(361,438)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

25 Employee benefits
The Group operates a number of defined benefit and defined contribution pension plans in various jurisdictions. 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	2015	2014
Deficit in Food Group defined benefit plans	13,487	5,692
Deficit in defined benefit plans in discontinued operations	–	5,193
Total deficit in defined benefit plans	13,487	10,885
Other[1]	1,787	1,566
Total	15,274	12,451

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 31 May 2015 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 2015

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:

	2015	2014
Rate of increase in salaries	**1.78%**	2.09%
Rate of increases in pensions in payment and deferred benefits	**0.00%**	2.54%
Discount rate on plan liabilities	**1.04%**	3.25%

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

	2015	2014
Male	**23.2**	23.7
Female	**25.7**	26.0

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

	2015	2014
Male	**21.5**	21.9
Female	**24.0**	24.2

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 2015 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 7.9%
Salary inflation	**Increase/decrease 0.5%**	Increase/decrease by 1.0%

Net pension liability
in EUR '000

	2015	2014	2013	2012	2011
Fair value of plan assets:					
Equities	**18,617**	43,059	47,085	43,087	42,230
Bonds	**26,979**	61,671	65,389	73,718	57,675
Property	**14,155**	8,532	14,957	9,545	12,301
Other	**7,075**	18,112	17,375	21,355	20,988
Total fair value of assets	**66,826**	131,374	144,806	147,705	133,194
Present value of plan liabilities	**(80,313)**	(142,259)	(163,727)	(167,511)	(145,303)
Deficit in the plans	**(13,487)**	(10,885)	(18,921)	(19,806)	(12,109)
Related deferred tax asset (note 24)	**4,729**	3,937	5,255	4,842	5,302
Net pension liability	**(8,758)**	(6,948)	(13,666)	(14,964)	(6,807)

Movement in the fair value of Plan assets
in EUR '000

	2015	2014
Fair value of plan assets at 1 August	**131,374**	144,806
Interest income	**1,004**	5,140
Employer contributions	**3,079**	4,983
Special pension contribution on wind-up	–	6,500
Employee contributions	**2,612**	2,462
Benefit payments made	**(417)**	(4,368)
Plan settlements	**(1,287)**	(5,343)
Movements in discontinued operations	**6,960**	–
Disposals as part of discontinued operations	**(87,310)**	–
Transfer on scheme wind-up	–	(29,733)
Acturial return on plan assets (excluding interest income)	**2,982**	1,325
Other	–	(155)
Translation adjustments	**7,829**	5,757
Fair value of plan assets at 31 July	**66,826**	131,374

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

Movement in the present value of Plan obligations
in EUR '000

	2015	2014
Present value of plan obligations at 1 August	**(142,259)**	(163,727)
Current service cost	**(3,618)**	(3,753)
Past service gain	**–**	1,424
Settlement gain	**636**	1,294
Interest expense on plan obligations	**(1,085)**	(5,574)
Employee contributions	**(2,612)**	(2,462)
Benefit payments made	**417**	4,368
Plan settlements	**1,287**	5,343
Movements in discontinued operations	**(26,007)**	–
Disposals as part of discontinued operations	**111,550**	–
Transfer on scheme wind-up	**–**	29,733
Actuarial changes in demographic and financial assumptions	**(6,393)**	(3,063)
Actuarial experience adjustments	**(3,471)**	(114)
Other	**–**	(22)
Translation adjustments	**(8,758)**	(5,706)
Present value of plan obligations at 31 July	**(80,313)**	(142,259)

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

	2015	2014
Net liability in plans at 1 August	**(10,885)**	(18,921)
Current service cost	**(3,618)**	(3,753)
Past service gain	**–**	1,424
Settlement gain	**636**	1,294
Employer contributions	**3,079**	4,983
Movements in discontinued operations	**(19,047)**	–
Disposals as part of discontinued operations (note 2)	**24,240**	–
Special contribution on scheme wind up	**–**	6,500
Net interest expense	**(81)**	(434)
Actuarial loss on Group defined benefit pension plans	**(6,882)**	(1,852)
Other	**–**	(177)
Translation adjustments	**(929)**	51
Net liability in plans at 31 July	**(13,487)**	(10,885)

The estimated contributions expected to be paid during the year ending 31 July 2016 in respect of the Group's defined benefit plans is €4,959,000.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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

in EUR '000	2015	2014
Current service cost	**3,618**	3,753
Past service gain	**–**	(1,424)
Settlement gain	**(636)**	(1,294)
Administration expenses	**–**	155
Non-financing expense recognised in Group Consolidated Income Statement	**2,982**	1,190
Included in financing costs, net – continuing operations	**81**	59
Included in financing costs, net – discontinued operations	**–**	375
Net charge to Group Consolidated Income Statement	**3,063**	1,624

Additionally, a charge of €14,557,000 (2014: €10,142,000) was recorded in the Group Consolidated Income Statement in respect of the Group's defined contribution plans within continuing operations.

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

in EUR '000	2015	2014
Return on plan assets (excluding interest income)	**2,982**	1,325
Experience losses on plan liabilities	**(3,471)**	(114)
Changes in demographic and financial assumptions	**(6,393)**	(3,063)
Actuarial loss	**(6,882)**	(1,852)
Deferred tax effect of actuarial loss	**1,216**	221
Actuarial loss recognised in Group Consolidated Statement of Comprehensive Income	**(5,666)**	(1,631)

History of experience gains and losses:	2015	2014	2013	2012	2011
Difference between expected and actual return on plan assets and losses:					
– Amount (in €'000)	**2,982**	1,325	3,679	712	(63)
– % of Plan assets	**4.46%**	1.01%	2.54%	0.48 %	(0.05)%
Experience (losses)/gains on plan obligations:					
– Amount (in €'000)	**(3,471)**	(114)	(1,055)	(880)	(343)
– % of Plan obligations	**(4.32)%**	(0.08) %	(0.64) %	(0.53) %	(0.24)%
Total actuarial losses recognised in Group Consolidated Statement of Comprehensive Income:					
– Amount (in €'000)	**(6,882)**	(1,852)	(3,840)	(10,710)	(1,881)
– % of Plan obligations	**(8.57)%**	(1.30) %	(2.35) %	(6.39) %	(1.29)%

Notes to the Group Consolidated Financial Statements (continued)
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26 Shareholders equity

Registered shares of CHF 0.02 each – authorised, issued and fully paid	2015 '000	2015 in EUR '000	2014 '000	2014 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	2015 '000	2015 in EUR '000	2014 '000	2014 in EUR '000
At 1 August	**3,636**	**55**	3,691	56
Release of treasury shares upon vesting and exercise of equity entitlements	**(584)**	**(8)**	(55)	(1)
At 31 July	**3,052**	**47**	3,636	55

During the year ended 31 July 2015, 501,000 vested Option Equivalent Plan awards were exercised, in exchange for 256,703 shares. The weighted average share price at the time of these exercises was CHF 79.98 per share.

The performance conditions associated with 327,052 Matching Plan awards were fulfilled during the year ended 31 July 2014. Therefore, these awards were approved as vested by the Nomination and Remuneration Committee and were subsequently exercised by management during the period ended 31 July 2015.

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.

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 2015

Other equity reserve

In October 2010, the Group raised CHF 400,000,000 through the issuance of a perpetual Callable Subordinated Instrument ('Hybrid Instrument'), which was recognised at a carrying value of €285,004,000 within equity, net of transaction costs. This Hybrid Instrument offered a coupon of 5.0% and had no maturity date, with an initial call date by ARYZTA in October 2014. In October 2014, the Group repaid the CHF 400,000,000 (€331,680,000) Hybrid Instrument, in line with the initial call date.

In April 2013, the Group raised CHF 400,000,000 through the issuance of an additional Hybrid Instrument, which was 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 4.0% and has no maturity date, with an initial call date by ARYZTA in April 2018. In the event that the call option is not exercised, the coupon would be 605 bps, plus the 3-month CHF LIBOR.

In October 2014, the Group raised CHF 190,000,000 through the issuance of an additional Hybrid Instrument. This Hybrid Instrument offers a coupon of 3.5% and has no maturity date, with an initial call date by ARYZTA in April 2020. In the event that the call option is not exercised, the coupon would be 421 bps, plus the 3-month CHF LIBOR.

In November 2014, the Group raised €250,000,000 through the issuance of an additional Hybrid Instrument. This Hybrid Instrument offers a coupon of 4.5% and has no maturity date, with an initial call date by ARYZTA in March 2019. In the event that the call option is not exercised, the coupon would be 677 bps, plus the 5 year swap rate.

The two Hybrid instruments issued during the year ended 31 July 2015 were recognised at a combined value of €401,014,000 within equity, net of related transaction costs of €6,534,000.

Other equity reserve
in EUR '000

	2015	2014
At 1 August	**604,446**	604,446
Redemption of perpetual callable subordinated instrument	**(285,004)**	–
Issuance of hybrid instruments, net of transaction costs	**401,014**	–
At 31 July	**720,456**	604,446

The total coupon recognised for these Hybrid instruments during the year ended 31 July 2015 was €30,673,000 (2014: €29,548,000).

Cash flow hedge reserve

The cash flow hedge reserve comprises of 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 related to surpluses arising on revaluations of land and buildings previously held as investment property. During the year ended 31 July 2015, the revaluation reserve was transferred to retained earnings in connection with the disposal of Origin.

Notes to the Group Consolidated Financial Statements (continued)
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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 2016. At that time, consideration based on the net book value of HiCoPain AG will be paid to the non-controlling interest shareholder.

Total estimated future consideration and related costs to be paid in connection with this transaction of CHF 17,349,000 (€14,412,000) were recorded as a reduction in retained earnings of the Group at the time of the agreement. As of 31 July 2015, the remaining estimated liability is €15,185,000 (2014: €13,271,000). 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 €3,221,943,000 (2014: €2,791,457,000). 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.

The net debt of continuing operations (Food Group) amounted to €1,725,103,000 at 31 July 2015 (2014: €1,642,079,000).

The 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 2.54 times at 31 July 2015 (2014: 2.49 times).
- The Food Group's interest cover (EBITDA[1] to interest including hybrid) is above 4 times – the ratio was 5.76 times at 31 July 2015 (2014: 7.29 times).
- The Food Group's minimum equity shall not be below €1,000,000,000 at any time – the equity at 31 July 2015 was €3,221,943,000 (2014: €2,613,325,000).
- The Food Group's minimum equity ratio (equity / consolidated assets) shall amount to at least 35% at any time – the ratio was 48% at 31 July 2015 (2014: 43%).

1 Calculated based on the terms of the Group Syndicated Bank Loan Revolving Credit Facility

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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

The proposed pay-out ratio to shareholders for the Group's financial year to 31 July 2015 is 15% of fully diluted underlying earnings per share. The pay-out will be in the form of a dividend. The pay-out ratio and form of pay-out 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.

27 Non-controlling interests

in EUR '000	**2015**	2014
Balance at 1 August	**87,752**	97,610
Share of profit for the year	**7,519**	24,026
Share of profit recognised in other comprehensive income	**333**	3,150
Dividends paid to non-controlling interests – continuing operations	**(4,330)**	(3,248)
Dividends paid to non-controlling interests – discontinued operations	**(7,977)**	(7,503)
Acquisition of non-controlling interests	**(134)**	–
Disposal as part of discontinued operations (note 2)	**(64,727)**	–
Portion of share-based payment charge	**–**	243
Origin tender offer share buyback, net	**–**	(26,526)
Balance at 31 July	**18,436**	87,752

Transactions with non-controlling interests
The Group completed an offering of 49 million ordinary shares in Origin on 25 March 2015, thereby reducing the Group's holding from 68.1% to 29.0%. Thereafter, Origin is presented as an associate asset held-for-sale, and the related non-controlling interests balance of €64,727,000 has been de-recognised, in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

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%.

The difference between the total Tender Offer proceeds paid by Origin and the amount received by ARYZTA represented a transaction with the non-controlling shareholders of Origin, which was 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 2015

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	2015	2014
Operating lease commitments payable - continuing operations:		
Within one year	**54,256**	50,453
In two to five years	**155,322**	126,784
After more than five years	**120,699**	118,314
	330,277	295,551

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	2015	2014
Property, plant and equipment	**37,293**	98,340
Intangible assets	**6,487**	4,415
Total - continuing operations	**43,780**	102,755

28.3 Other commitments

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

29 Business combinations

29.1 Acquisitions in financial year 2015

During the year ended 31 July 2015, the Group completed the 100% acquisitions of two businesses in the Food Europe segment.

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	Provisional fair values
Provisional fair value of net assets acquired:	
Property, plant and equipment	77,474
Intangible assets	55,671
Inventory	7,703
Trade and other receivables	15,926
Trade and other payables	(31,515)
Finance leases	(1,292)
Deferred tax	(17,511)
Income tax payable	(2,672)
Net assets acquired	**103,784**
Goodwill arising on acquisitions	87,112
Consideration	**190,896**
Satisfied by:	
Cash consideration	155,713
Cash acquired	(7,183)
Net cash consideration	**148,530**
Contingent consideration (note 19)	42,366
Total consideration	**190,896**

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	155,713
Cash acquired	(7,183)
Net cash consideration within investment activities	**148,530**
Finance leases acquired within net debt	1,292
Net debt consideration	**149,822**

Costs of €9,982,000 related to the Group's acquisition-related activities were charged to the Group Consolidated Income Statement during the year ended 31 July 2015, as included in note 3, Net acquisition, disposal and restructuring-related costs and fair value adjustments.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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	48,870
Profit for the year	2,874

If these acquisitions had occurred on 1 August 2014, management estimates that the consolidated revenue from continuing operations would have been €3,911,951,000 and profit for the year from continuing operations would have been €4,925,000. 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 2014.

For the identification and estimation of the fair value of the intangibles acquired as part of these acquisitions, ARYZTA was assisted by an independent non-audit 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 2015

29.2 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.

in EUR '000	Cloverhill	Pineridge	Other	Final fair values
Final 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 acquisitions during the prior year was disclosed in the Group Consolidated Cash Flow Statement as follows:

in EUR '000	Continuing Operations Total	Discontinued operations Total	Total
Cash flows from investing activities			
Cash consideration	869,083	12,992	882,075
Cash acquired	(6,291)	–	(6,291)
Net cash consideration	**862,792**	**12,992**	**875,784**

Costs of €7,234,000 related to the acquisitions of continuing operations were charged to the Group Consolidated Income Statement during the year ended 31 July 2014, as included in note 3, Net acquisition, disposal and restructuring-related costs and fair value adjustments.

For the identification and estimation of the fair value of the intangibles acquired as part of these acquisitions, ARYZTA was assisted by an independent non-audit appraisal firm. 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 2015

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 within continuing operations is as follows:

in EUR '000	**2015**	2014
Purchase of goods	**(64)**	–
Provision of services	**578**	153
Receiving of services	**(2,521)**	–

Purchase of goods and provision of services relate primarily to transactions with joint ventures during the year.

Services received during the year ended 31 July 2015 related to broker fees paid totalling €2,521,000 (2014: none) to J&E Davy, primarily in connection with its placing of Origin shares. J. Brian Davy, a member of the ARYZTA Board of Directors, also served as Chairman of J&E Davy, up to his retirement from that board in March 2015. These fees were based on arm's length negotiations and were consistent with costs paid to other providers for similar services.

The trading balances owing to the Group from related parties were €789,000 (2014: €16,347,000) and the trading balances owing from the Group to these related parties were €191,000 (2014: €10,091,000). Non-current other receivables on the Group Consolidated Balance Sheet comprises €28,644,000 which relates to a vendor loan note made to Signature Flatbreads (UK) Ltd, a joint venture undertaking. The coupon rate on the vendor loan note is 5.83% compounding. Unless previously repaid, redeemed or repurchased, the vendor loan note will be repaid in full in March 2020. Non-current other receivables of €42,586,000 in the prior year related primarily to a vendor loan note made to Valeo, an associate undertaking at the time.

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 manage the business and affairs of the Group. A summary of the compensation to key management is as follows:

in EUR '000	**2015**	2014
Short-term employee benefits	**4,187**	3,628
Post-employment benefits	**394**	345
Performance-related bonus	**–**	2,640
Long-term incentives (LTIP)	**881**	6,873
Total key management compensation	**5,462**	13,486

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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.

32 Post balance sheet events – after 31 July 2015

Picard

During August 2015, the Group completed its previously announced agreement to acquire a strategic interest in Picard, a speciality premium food business in France. Based on the terms of the final agreement, total consideration paid was €450,732,000, in exchange for a 49.5% interest in Picard.

ARYZTA also retains the right to exercise a call option to acquire the remaining outstanding interest in Picard in three to five years. Picard remains a separately managed entity, with separately funded debt, which is non-recourse to ARYZTA.

Origin

During September 2015, the Group completed the divestment of its remaining 29.0% interest in Origin, which was classified as an associate held-for-sale as of 31 July 2015.

ARYZTA raised net proceeds of €225m by placing 36.3m shares in Origin at €6.30 per share, resulting in an estimated net loss of €46m compared to the year-end carrying value of €271m. This fair value adjustment will be accounted for within discontinued operations during the year ending 31 July 2016, along with the operating results of Origin up to the date of disposal.

La Rousse Foods

During September 2015, the Group completed the 100% acquisition of La Rousse Foods ('La Rousse') for an enterprise value of €26,500,000. La Rousse supplies fresh, frozen and ambient goods to various restaurants, hotels and caterers across Ireland.

The information required by IFRS 3 (Revised), Business Combinations, has not been disclosed in the annual report due to the proximity between the date of the completion of the acquisition and the date of approval of the Group Financial Statements.

33 Risk assessment required by Swiss law

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 are identified and associated 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 the potential frequency, severity and velocity of identified risks is reviewed by the Board of Directors on an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, health and safety audit programmes.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2015

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 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.

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, as set out in note 9, and deferred taxes, as set out in note 24, are subject to management estimate. The Group Consolidated Balance Sheet includes deferred taxes relating to temporary differences, which 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 2015

35 Significant subsidiaries

A list of all of the Group's significant subsidiary undertakings as at 31 July 2015 and 2014 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, 2% of total Group revenue and/or consolidated Group assets equal to, or in excess of, 2% 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, 2% of total Group operating profit.

Name	Nature of business	Currency	Share capital millions	Group % share 2015	Group % share 2014	Registered office
(a) Food subsidiaries – Ireland						
ARYZTA Bakeries Ireland	Food manufacturing and distribution	EUR	1.016	100	100	1
ARYZTA Technology Ireland	Asset management company	EUR	0.000	100	100	1
(b) Food subsidiaries – United Kingdom						
Delice de France Limited	Food distribution	GBP	0.250	100	100	2
(c) Food subsidiaries – Mainland Europe						
France Distribution SAS	Food distribution	EUR	0.108	100	100	3
Klemme AG	Food manufacturing and distribution	EUR	3.072	100	100	4
Hiestand Schweiz AG	Food manufacturing and distribution	CHF	3.500	100	100	5
ARYZTA Bakeries Deutschland GmbH	Food manufacturing and distribution	EUR	0.025	100	100	6
Hiestand & Suhr Handels und Logistik GmbH	Food distribution	EUR	0.025	100	100	7
Pré Pain B.V.	Food manufacturing and distribution	EUR	0.018	100	–	8
(d) Food subsidiaries – North America						
ARYZTA LLC	Food manufacturing and distribution	USD	705.000	100	100	9
Oakrun Farm Bakery Limited	Food manufacturing and distribution	CAD	104.753	100	100	10
ARYZTA Limited	Food manufacturing and distribution	CAD	5.347	100	100	11
ARYZTA Canada Co.	Food manufacturing and distribution	CAD	113.400	100	100	12
(e) Food subsidiaries – Rest of World						
ARYZTA Australia Pty Limited	Food manufacturing and distribution	AUD	17.000	100	100	13
(f) Associate held for sale						
Origin Enterprises plc	Agri-Services	EUR	1.264	29	68	14

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2015

Registered Offices:

1. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
2. 149 Brent Road, Southall, Middlesex UB2 5LJ, England.
3. ZAC de Bel Air, 14 – 16 Avenue Joseph Paxton, Ferrières en Brie, 77164, France.
4. Industriestraße 4, 06295 Lutherstadt Eisleben, Germany.
5. Ifangstrasse 9–11, 8952 Schlieren-Zurich, Switzerland.
6. Brunnenstrasse 128, 13355 Berlin, Germany.
7. Konrad Goldmann Strasse 5 b, 79100 Freiburg im Breisgau, Germany.
8. Kleibultweg 94, Oldenzaal, 7575 BX, the Netherlands.
9. 6080 Center Drive, Suite 900, Los Angeles, CA 90045, United States of America.
10. 58 Carluke Road West, Ancaster, ON L9G 3L1, Canada.
11. 1 Place Ville-Marie, 39th Floor, Montréal QC H3B 4M7, Canada.
12. 1100-1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, Canada.
13. 14 Homepride Avenue, Liverpool, NSW 2170, Australia.
14. 151 Thomas Street, Dublin 8, Ireland.

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

Report of the statutory auditor to the General Meeting of ARYZTA AG on the consolidated financial statements 2015

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, Group Consolidated 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 66 to 145), for the year ended 31 July 2015.

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 to the General Meeting of ARYZTA AG on the consolidated financial statements 2015 (continued)

Opinion
In our opinion, the Group consolidated financial statements for the year ended 31 July 2015 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

Carrie Rohner

Zurich, 2 October 2015

Company Income Statement
for the year ended 31 July 2015

in CHF '000	**2015**	2014
Income		
Revenues from licences and management fees from Group companies	**7,524**	9,088
Financial income from Group companies	**50,782**	43,217
Dividend income from Group companies	**252,705**	49,109
Total income	**311,011**	101,414
Expenses		
Depreciation and amortisation	**(284)**	(341)
Personnel expenses	**(4,770)**	(3,203)
Financial expenses	**(79,455)**	(68,667)
Other operating expenses to Group companies	**(8,158)**	(8,923)
Other operating expenses	**(13,058)**	(12,007)
Total expenses	**(105,725)**	(93,141)
Profit before income tax expense	**205,286**	8,273
Income tax expense	**(2,826)**	(745)
Profit for the year	**202,460**	7,528

Company Balance Sheet
as at 31 July 2015

in CHF '000	2015	2014
Assets		
Non-current assets		
Property, plant and equipment	**2,123**	2,744
Financial assets		
– investments in Group companies	**2,102,203**	1,493,685
– loans to Group companies	**2,256,179**	2,443,945
Total non-current assets	**4,360,505**	3,940,374
Current assets		
Cash and cash equivalents	**1,859**	1,680
Other receivables		
– from third parties	**3,968**	227
– from Group companies	**611**	96
Total current assets	**6,438**	2,003
Total assets	**4,366,943**	3,942,377

Company Balance Sheet (continued)
as at 31 July 2015

in CHF '000	2015	2014
Equity		
Called-up share capital	**1,836**	1,836
Legal reserves from capital contribution	**1,137,573**	1,186,009
Legal reserves for own shares from capital contribution	**117,871**	137,503
Retained earnings	**240,331**	37,871
Total equity	**1,497,611**	1,363,219
Liabilities		
Non-current liabilities		
Liabilities to Group companies	**278,522**	278,522
Interest-bearing loans and borrowings	**1,366,879**	1,711,353
Total non-current liabilities	**1,645,401**	1,989,875
Current liabilities		
Trade accounts payable	**106**	474
Accrued expenses	**8,921**	26,803
Interest-bearing loans and borrowings	**1,029,439**	499,370
Other accounts payable		
– to third parties	**118,088**	31,668
– to Group companies	**67,377**	30,968
Total current liabilities	**1,223,931**	589,283
Total liabilities	**2,869,332**	2,579,158
Total equity and liabilities	**4,366,943**	3,942,377

Notes to the Company Financial Statements

1 Basis of presentation

The Company's accounting period for the year is from 1 August 2014 to 31 July 2015. Certain amounts in the Company's 31 July 2014 financial statements and related notes have been reclassified or adjusted to conform to the 31 July 2015 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.

The Company's financial statements have been prepared in accordance with the requirements of Swiss law effective for accounting periods beginning on or before 1 August 2014. Accordingly, the requirements of the revised Swiss financial reporting law, which become effective for the Company on 1 August 2015, have not yet been applied.

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.

	2015 in CHF '000	2014 in CHF '000	**Interest Rate**	**Maturity**
Swiss Bond	–	200,000	3.25%	March 2015
Hybrid Instrument 2010	–	400,000	5.00%	No specified maturity date
Hybrid Instrument 2013	**400,000**	400,000	4.00%	No specified maturity date
Hybrid Instrument 2014	**190,000**	–	3.50%	No specified maturity date

In October 2014, the Company repaid the CHF 400m perpetual callable subordinated instrument ('Hybrid Instrument') funded in October 2010, in line with the initial call date associated with that instrument.

In October 2014, the Company issued a CHF 190m Hybrid Instrument with a 3.5% coupon. This Hybrid Instrument is undated, with an initial call date in April 2020.

In March 2015, the Company repaid the CHF 200m Swiss Bond, in line with the expected maturity of that instrument.

The current portion of the Company's interest-bearing loans and borrowings relates primarily to amounts drawn by the Company against positive cash balances of other entities within the Group's overall cash pooling arrangement. These cash pooling overdrafts are repayable on demand and form an integral part of the Group's cash and debt management structure.

The Company is party to cross guarantees on ARYZTA AG Food Group 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.

Notes to the Company Financial Statements
(continued)

3 Fire insurance value of property, plant and equipment

	2015 in CHF '000	2014 in CHF '000
Fire insurance value of property, plant and equipment	**3,500**	3,500

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)		**2015**	2014	**2015**	2014
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 2015 '000	Year ended 31 July 2015 in CHF '000	Year ended 31 July 2014 '000	Year ended 31 July 2014 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 2015 '000	Year ended 31 July 2015 in CHF '000	Year ended 31 July 2014 '000	Year ended 31 July 2014 in CHF '000
Shares of CHF 0.02 each				
Conditional capital	**–**	**–**	–	–
Authorised capital	**9,181**	**184**	9,181	184

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 2015 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 88,758,527 are outstanding and 3,052,007 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 2015 '000	**Year ended 31 July 2015** in CHF '000	Year ended 31 July 2014 '000	Year ended 31 July 2014 in CHF '000
As at 1 August	**3,636**	**137,503**	3,691	139,359
Release of treasury shares upon exercise of LTIP shares	**(584)**	**(19,632)**	(55)	(1,856)
As at 31 July	**3,052**	**117,871**	3,636	137,503

During the year ended 31 July 2015, 501,000 vested Option Equivalent Plan awards were exercised, in exchange for 256,703 shares. The weighted average share price at the time of these exercises was CHF 79.98 per share.

The performance conditions associated with 327,052 Matching Plan awards were fulfilled during the year ended 31 July 2014. Therefore, these awards were approved as vested by the Nomination and Remuneration Committee and were subsequently exercised by management during the period ended 31 July 2015.

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.

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 are identified and associated 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 the potential frequency, severity and velocity of identified risks are reviewed by the Board of Directors on an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial and health and safety audit programmes.

8 Participations
As at 31 July 2015, 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 2015	**Number of shares % 2015**	Number of shares 2014	Number of shares % 2014
MassMutual	**5,450,713**	**5.94%**	2,799,110	3.05%
BlackRock Inc.	**4,874,919**	**5.31%**	–	–
ARYZTA Treasury shares	**3,052,007**	**3.32%**	3,635,762	3.96%

Any significant shareholder notifications during the year and since 31 July 2015 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 18,847 at 31 July 2015 (2014: CHF 16,310).

10 Compensation disclosure
Compensation process
The Nomination and Remuneration Committee of the Board (the '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 during the financial years 2015 and 2014.

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)

As discussed in the Corporate Governance Report beginning on page 26, and in the Compensation Report beginning on page 48, the coming into force of the Ordinance Against Excessive Compensation with respect to Listed Stock Corporations, will bring about certain changes in the compensation process for the Board and Executive Management. One of these changes is that as from the ARYZTA 2015 AGM, the General Meeting will vote on the compensation of the Board and Executive Management on a prospective basis for the upcoming financial year.

Executive Management basic salary and benefits
For financial year 2015, 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 2015, the short-term performance-related bonus for Executive Management was determined by reference to incremental gains in Food Group ROIC.

The incremental gain in Food Group ROIC is calculated, on a constant currency basis, by comparing the FY 2015 ROIC (as included on page 20) to FY 2014 ROIC. Any asset impairments or non-recurring charges recorded in FY 2015 are reversed for the purposes of the comparison, thereby ensuring that Executive Management do not benefit therefrom. Likewise, the net assets and historical annual EBITA levels of any acquisitions made in FY 2015 are added to the FY 2014 ROIC base, for the purposes of the comparison.

Executive Management have the potential to earn a percentage of their set target bonus, based on the incremental gain in Food Group ROIC. For example, if an ROIC increase of 80 bps were achieved, Executive Management would earn 80% of their individual bonus targets.

In the case of Owen Killian, Patrick McEniff, John Yamin and Pat Morrissey, the short-term performance-related bonus targets were set at 100% of their basic salary, with the potential amounts earned being capped at 150% of basic salary.

As there was no incremental increase in Food Group ROIC in FY 2015, no amount of short-term bonus was earned by Executive Management.

Executive Management long-term incentives (LTIP)
As set out in the Compensation Report on pages 48 to 54, 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.

Notes to the Company Financial Statements (continued)

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.

See note 8 of the Group Financial Statements (page 98) 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 2015, 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 2015 and 2014. Fluctuations in amounts received are reflective of the changing roles and responsibilities held by the individual directors, during each respective year.

Direct Payments Board of Directors – Audited in CHF '000	**Year ended 31 July 2015**	Year ended 31 July 2014
Denis Lucey	**323**	323
Charles Adair	**96**	96
Hugh Cooney[1]	**40**	96
J Brian Davy	**104**	104
Annette Flynn[1]	**64**	–
Shaun B. Higgins	**104**	104
Owen Killian	**–**	–
Patrick McEniff	**–**	–
Andrew Morgan[2]	**96**	62
Götz-Michael Müller[1]	**22**	88
Wolfgang Werlé	**96**	96
John Yamin[2]	**–**	–
Total	**945**	969

1 The terms of office as Members of the Board of Directors of H. Cooney and G-M. Müller expired on 2 December 2014, and on that date A. Flynn was elected to the Board.

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

Notes to the Company Financial Statements
(continued)

Compensation to members of the Executive Management

Total Compensation Executive Management – Audited in CHF '000	Total Executive Management 2015	Owen Killian 2015	Total Executive Management 2014	Owen Killian 2014
Basic salaries	**3,551**	**1,277**	3,234	1,277
Benefits in kind	**189**	**83**	241	83
Pension contributions	**441**	**192**	423	192
Performance-related bonus	**–**	**–**	3,234	1,277
Long-term incentives (LTIP)	**986**[1]	**305**[1]	8,420	3,312
Total compensation	**5,167**	**1,857**	15,552	6,141
Average total compensation per member	**1,292**		3,888	

1 The FY 2015 Executive Management LTIP compensation expense relates entirely to 2012 LTIP awards, which vested in September 2014. No compensation expense has been recognised to date for LTIP awards granted in September 2014, as the performance criteria for those awards requires that Underlying EPS in FY 2017 would exceed 500 cent per share, which is currently considered remote.

As per page 41 of the Corporate Governance Report, for financial year 2015, Group Executive Management consisted of Owen Killian (Group CEO), Patrick McEniff (Group CFO/COO), John Yamin (CEO of the Americas) and Pat Morrissey (Group General Counsel, Company Secretary and CAO).

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 2015	No. of shares 2014
Directors		
Denis Lucey	**4,250**	4,250
Charles Adair	**3,000**	2,000
J Brian Davy	**58,186**	58,186
Annette Flynn[1]	**1,000**	N/A
Shaun B. Higgins	**2,500**	2,000
Owen Killian	**633,816**	567,140
Patrick McEniff	**553,347**	500,006
Andrew Morgan	**–**	–
Wolfgang Werlé	**2,336**	2,336
John Yamin	**47,171**	20,500
Executive Management		
Pat Morrissey	**131,922**	105,251
Total	**1,437,528**	1,261,669

1 Effective 2 December 2014 A. Flynn was 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 2015 and 23 September 2015. 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 2015 (2014: none).

Executive Management's interests in equity instruments

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2014	Exercised during the period[1]	Forfeited during the period[1]	**Closing position 31 July 2015**
Executive Management				
Owen Killian	150,000	(66,676)	(83,324)	–
Patrick McEniff	120,000	(53,341)	(66,659)	–
Pat Morrissey	60,000	(26,671)	(33,329)	–
John Yamin	60,000	(26,671)	(33,329)	–
Total	**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 327,052 Matching Plan awards (173,359 of which were held by Executive Management) were fulfilled during the year ended 31 July 2014. Therefore, these awards were approved as vested by the Nomination and Remuneration Committee and were subsequently exercised by management during the period ended 31 July 2015. As the performance criteria for the remaining Matching Plan awards were not met, they were no longer capable of vesting and were forfeited.

Executive Management Option Equivalent Plan Allocation

	Maximum share allocation carried forward 1 August 2014	Exercised during the period	Granted during the period[2]	**Closing position 31 July 2015**	Of which Vesting criteria have been fulfilled[3]
Executive Management					
Owen Killian	750,000	–	410,000	1,160,000	750,000
Patrick McEniff	610,000	–	300,000	910,000	610,000
Pat Morrissey	100,000	–	120,000	220,000	100,000
John Yamin	60,000	(60,000)	150,000	150,000	–
Total	**1,520,000**	**(60,000)**	**980,000**	**2,440,000**	**1,460,000**

2 During the period ended 31 July 2015, 980,000 Option Equivalent Plan awards were granted to Executive Management, with a weighted average exercise price of CHF 81.00 (EUR 67.11). The possibility of these awards becoming eligible to vest is considered remote.

3 The weighted average exercise price of all Option Equivalent Plan awards that remain outstanding and for which the vesting conditions have been met is CHF 39.36.

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	2015	2014
Balance of retained earnings carried forward	**37,871**	30,343
Net profit for the year	**202,460**	7,528
Closing balance of retained earnings	**240,331**	37,871
Dividend payment from retained earnings	**–**	–
Balance of retained earnings to be carried forward	**240,331**	37,871
Proposed release and distribution of legal reserves from capital contribution in the amount of[1]	**58,181**	67,418

1 Proposed release and distribution of legal reserves from capital contribution represents an estimated amount. This will be adjusted to take account of actual currency translation rates at the date of payment and of any new shares entitled to dividend, which are issued subsequent to 31 July and prior to dividend ex-date.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2015

pwc

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 148 to 158), for the year ended 31 July 2015.

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 2015 comply with Swiss law and the Company's Articles of Association.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2015 (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

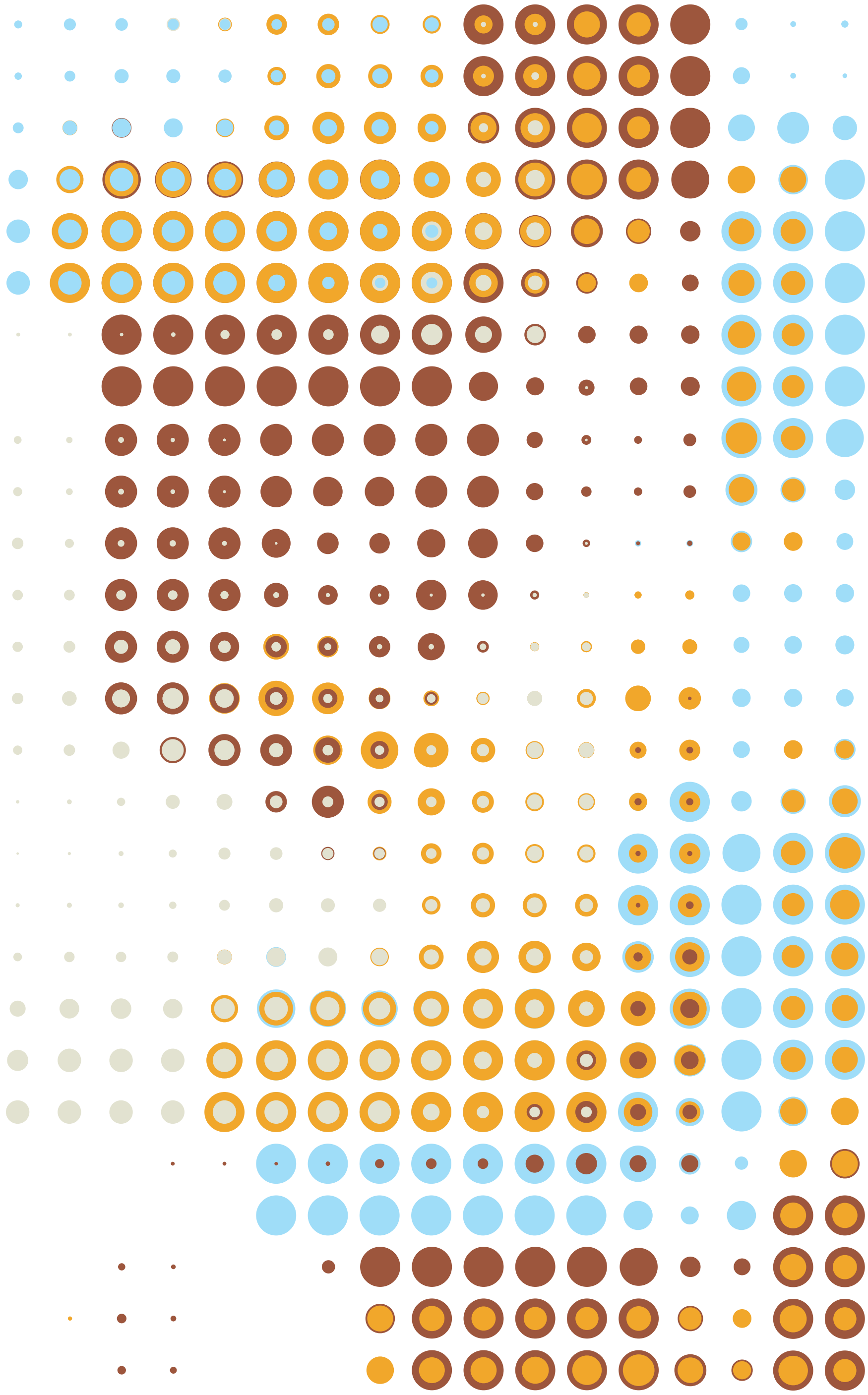
P. Balkanyi

Carrie Rohner

Patrick Balkanyi
Audit expert
Auditor in charge

Carrie Rohner

Zurich, 2 October 2015



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Key dates to December 2016

Announcement of the 2015 annual results	28 September 2015
Issue of the 2015 annual report	5 October 2015
First-quarter trading update	30 November 2015
Annual General Meeting 2015	8 December 2015
Payment of dividend	1 February 2016
Announcement of half-year results 2016	14 March 2016
Third-quarter trading update	31 May 2016
Announcement of the 2016 annual results	26 September 2016
Issue of the 2016 annual report	3 October 2016
First-quarter trading update	28 November 2016
Annual General Meeting 2016	13 December 2016

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