2012

Interim Report and Accounts

ARYZTA
Passion for good food

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Interim Report 2012

Interim Report 2012
Interim Financial and Business Review

1 Key performance highlights

Food Group
– Revenue increase of 9.4% to €1.40bn.
  - Food Europe increased by 7.5%.
  - Food North America increased by 9.6%.
  - Food Rest of World increased by 21.0%.
– EBITA increase of 11.3% to €173.0m.
  - Food Europe increased by 12.4%.
  - Food North America increased by 10.4%.
  - Food Rest of World increased by 10.6%.
– Net debt: EBITDA ratio of 2.13x.
– Food Group gross term debt weighted average maturity of circa 6.32 years.
– Weighted average interest cost of Food Group debt financing facilities of circa 4.47%.

Origin
– Revenue declined in the period by 17.0% to €507.4m.
– EBITA declined by 66.8% to €5.9m.
– Recent repositioning increased earnings seasonality.
– Underlying net profit decreased by 42.6%
– Fair value adjustment to write-down investment properties by €9.7m.
– Performed to expectation.

Group
– Group revenue increased by 0.9% to €1.91bn.
– Group EBITA increased by 3.3% to €178.8m.
– Group EBITA margin increased by 30bps to 9.4%.
– Underlying fully diluted EPS increased by 3.8% to 145.6 cent.

Commenting on the results, ARYZTA AG Chief Executive Officer Owen Killian said:

“Underlying performance was robust despite challenging trading conditions. 2012 remains a critical year of transformation for ARYZTA with significant ATI driven change underway across the Group to enhance our customer centric focus. This, combined with our strengthened balance sheet, will enhance future shareholder value from growth with existing customers and sector consolidation opportunities.

Our EPS guidance of 338 cent for FY12 and 400+ cent for FY13 remains unchanged.”

Interim Financial and Business Review (continued)

2 ARYZTA Group – Income Statement
6 month period ended 31 January 2012

in Euro '000	January 2012	January 2011	% Change
Group revenue	1,911,456	1,894,272	0.9%
EBITA	178,832	173,118	3.3%
EBITA margin	9.4%	9.1%	–
Associates and JVs, net	7,567	10,729	–
EBITA incl. associates and JVs	186,399	183,847	1.4%
Finance cost, net	(31,679)	(36,713)	–
Hybrid instrument accrued dividend	(8,240)	(3,911)	–
Pre-tax profits	146,480	143,223	–
Income tax	(19,968)	(20,684)	–
Non-controlling interests	(3,909)	(6,263)	–
Underlying fully diluted net profit	122,603	116,276	5.4%
Underlying fully diluted EPS (cent)	**145.6c[1]**	**140.3c[1]**	**3.8%**

1 ARYZTA Group January 2012 underlying fully diluted EPS is calculated using the weighted average number of diluted shares for the period of 84,176,373 (H1 2011: 82,856,277).

2 See glossary in section 20 for definitions of financial terms and references used in the Interim Financial and Business Review.

3 ARYZTA Group – Underlying revenue growth
6 month period ended 31 January 2012

in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin[1]	Total Group
Group revenue	629.0	669.3	105.7	1,404.0	507.4	1,911.4
Underlying growth	(0.3)%	7.5%	14.5%	4.4%	6.1%	4.9%
Acquisitions and disposals	6.5%	4.0%	5.0%	5.2%	(20.8)%	(3.2)%
Currency	1.3%	(1.9)%	1.5%	(0.2)%	(2.3)%	(0.8)%
Revenue Growth	**7.5%**	**9.6%**	**21.0%**	**9.4%**	**(17.0)%**	**0.9%**

1 Origin revenue is presented after deducting intra group sales between Origin and Food Group.

4 ARYZTA Group – Segmental EBITA
6 month period ended 31 January 2012

in Euro '000	January 2012	January 2011	% Change
Food Group			
Food Europe	74,164	66,004	12.4%
Food North America	84,955	76,953	10.4%
Food Rest of World	13,851	12,520	10.6%
Total Food Group	172,970	155,477	11.3%
Origin	5,862	17,641	(66.8)%
Total Group EBITA	**178,832**	**173,118**	**3.3%**
Associates & JVs, net			
Food JVs	502	4,328	(88.4)%
Origin associates & JV	7,065	6,401	10.4%
Total associates & JVs, net	7,567	10,729	(29.5)%
Total EBITA incl. associates and JVs	**186,399**	**183,847**	**1.4%**

Interim Financial and Business Review (continued)

5 Food Group – Income Statement
6 month period ended 31 January 2012

in Euro '000	January 2012	January 2011	% Change
Group revenue	1,404,035	1,283,194	9.4%
EBITA	172,970	155,477	11.3%
EBITA margin	12.3%	12.1%	–
JVs, net	502	4,328	–
EBITA incl. JVs	173,472	159,805	8.6%
Finance costs, net	(28,555)	(30,590)	–
Hybrid instrument accrued dividend	(8,240)	(3,911)	–
Pre-tax profits	136,677	125,304	–
Income tax	(19,236)	(18,580)	–
Non-controlling interests	(1,818)	(1,716)	–
Underlying net profit	115,623	105,008	10.1%

6 Food Group business

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

Total Food Group revenue grew by 9.4% to €1.40bn. ARYZTA's underlying food business performed robustly, posting revenue growth of 4.4% in what continues to be very a challenging trading environment, particularly in the Food Europe segment. Food EBITA margins expanded by 20bps to 12.3%, reflecting the improved efficiencies being derived through ARYZTA's transformation initiative ('ATI').

Despite the solid performance in the period, the operating environment remains challenging in light of high unemployment levels, government austerity measures in Europe and rising prices.

7 Food Europe

Food Europe has leading market positions in the European speciality bakery market. It has a diversified customer base including convenience retail, gas stations, multiple retail, restaurants, catering and hotels, leisure and LSR. The Food Europe segment, while performing to expectations, remains one of the most challenging trading environments within the Group. This reflects the impact from widespread government austerity measures across the region and weak consumer confidence.

Food Europe revenues grew by 7.5% to €629.0m, with acquisition contribution of 6.5%, but a decline in underlying revenues of 0.3%. EBITA grew by 12.4% to €74.2m due to the benefit of prior year investments in efficiency measures. This also led to EBITA margins expanding by 50bps since H1 FY 2011 to 11.8%. The acquired business in Europe performed satisfactorily.

Interim Financial and Business Review (continued)

8 Food North America

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

Food North America revenues grew by 9.6% to €669.3m, with acquisition contribution of 4.0% and underlying revenue growth of 7.5%. EBITA grew by 10.4% to €85.0m. Margins expanded by 10bps to 12.7% in the period, reflecting progress on the recovery of higher raw material costs and ongoing efficiencies arising from the ATI programme.

The Food North America segment performed strongly during the first half of the year reflecting the combination of high value (La Brea Bakery) and high volume LSR businesses. Unlike the European markets, modest economic recovery appears to be translating into an improvement in consumer confidence, which is supporting underlying revenue growth.

Food North America is well advanced in terms of operating on a single ERP platform. During the period new executive management and refocused sales teams have been appointed.

9 Food Rest of World

At the beginning of the period ARYZTA had businesses in Brazil, Australia, New Zealand, Malaysia and Japan, as well as a joint venture production facility in Guatemala. During the period businesses in Singapore and Taiwan were also added and performed satisfactorily.

Food Rest of World revenues grew by 21.0% to €105.7m, with acquisition contribution of 5.0% and underlying revenue growth of 14.5%. EBITA grew by 10.6% to €13.9m. EBITA margins declined by 120bps to 13.1%. This is largely due to the impact of transportation costs to Brazil to meet demand while additional capacity is being commissioned.

The key driver of revenue growth and capacity expansion in this region remains ARYZTA's partnership with global LSR groups, which should underpin the Group's future growth prospects in this region.

10 Food Group non-recurring costs

Non-recurring costs were incurred during the period, as a result of ATI initiatives aimed at improving focus on the customer and on more efficient manufacturing. These non-recurring costs amounted to €15.1m over the six month period to the end of January 2012. These break down as follows:

Food Group non-recurring costs for 6 month period ended 31 January 2012

in Euro '000	Non-Cash	Cash	Total
Transaction related costs	–	(805)	(805)
Asset write-downs	(300)	–	(300)
Restructuring related costs	–	(13,981)	(13,981)
Total income statement impact	**(300)**	**(14,786)**	**(15,086)**

Interim Financial and Business Review (continued)

11 Raw material volatility

The period has seen continuing raw material price volatility. Although some moderation in raw material inputs is beginning to be seen, prices are likely to remain at elevated levels.

ARYZTA has worked hard with its customers over the previous three quarters to mitigate the impact of higher raw material input costs and to protect its margins.

Despite some easing in raw material prices recently, protecting margins during raw material price volatility will continue to remain a key operational focus for the Group for the foreseeable future.

12 ARYZTA Transformation Initiative

Following on from the phased implementation of Enterprise Resource Planning (‘ERP’) throughout the business during 2010 and 2011, the ARYZTA Transformation journey is underway through ATI. This process will continue into 2013. ERP is operating live in certain locations in Food North America with a full implementation by the end of FY 2012, and is also being implemented in Food Europe. As indicated in September, ARYZTA plans to invest €400m in its existing businesses in supply chain optimisation, ERP and upgrading its manufacturing footprint to fewer, larger, more efficient multi-product bakeries. The benefits of this investment remain a key driver of ARYZTA’s goal to improve its ROI to 15%+ from underlying food assets by FY 2015.

During the period executive management teams in Europe and North America were appointed to drive the ATI initiative. Alongside this, the Food Group has seen a refocusing of its sales team to meet the unique channel requirements in which ARYZTA operates and to enhance a culture of innovation. This has translated into increased customer marketing capability, especially in North America, as ARYZTA becomes more customer focused by offering the full food portfolio to all customers.

ARYZTA views ATI as key to improving competitiveness as Food North America and Food Europe move to a single instance ERP operational platform.

13 Financial position

ARYZTA’s 71.4% subsidiary and separately listed company, Origin, has separate funding structures, which are financed without recourse to ARYZTA. Origin’s net debt amounted to €194.0m at 31 January 2012. The consolidated net debt of the Group excluding Origin’s non-recourse debt amounted to €952.4m and relates to the Food segments of the Group. The Food Group net debt: EBITDA ratio is 2.13x (excluding hybrid instrument as debt) and interest cover of 8.07x (excluding hybrid interest). The Food Group gross term debt weighted average maturity is circa 6.32 years. ARYZTA intends to maintain an investment grade position in the range of 2x - 3x net debt to EBITDA.

In November 2011, ARYZTA agreed an amendment to its existing revolving credit facility, which increased the facility from CHF 600m to CHF 970m and extended the maturity of the facility by two years to December 2016 with unchanged interest rate margins and financial covenants. This also added new credit providers to complement recent geographic expansion of the ARYZTA business.

Interim Financial and Business Review (continued)

In January 2012, ARYZTA offered an equity share placement (5% of the pre-existing shares issued). This issuance raised €140.9m, net of costs, and has substantially strengthened the balance sheet, leaving the Group well positioned for growth.

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

Debt Funding	Principal[1]	Maturity
Nov 2011 – Syndicated Bank Loan	CHF 970m	Dec 2016
May 2010 – US Private Placement	USD 420m/EUR 25m	May 2013 – May 2022
Dec 2009 – US Private Placement	USD 200m	Dec 2021 – Dec 2029
Nov 2009 – Swiss Bond	CHF 200m	Mar 2015
Jun 2007 – US Private Placement	USD 450m	Jun 2014 – Jun 2019

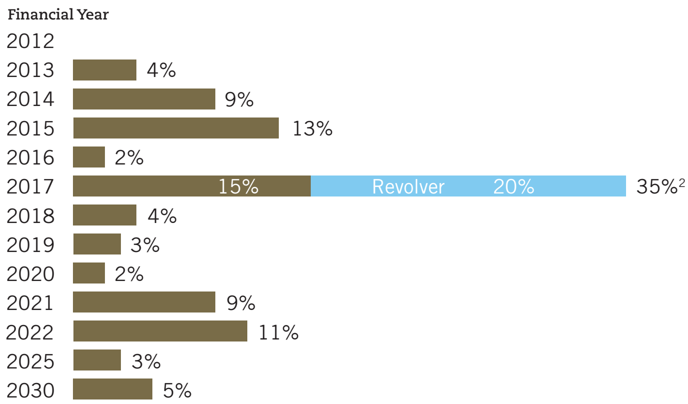
1 Weighted average interest cost of Food Group debt financing facilities (including overdrafts) as at 31 January 2012 of c. 4.47%.

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

Net Debt: EBITDA[1] calculations as at 31 January 2012	Ratio
Net Debt: EBITDA (hybrid as equity)	2.13x
Net Debt: EBITDA (hybrid as debt)	2.87x

1 Calculated based on the Food Group EBITDA for the 12 month period ended 31 January 2012, including dividend received from Origin, adjusted for the pro forma full-year contribution of Food Group acquisitions.

Gross Term Debt Maturity Profile[1]



1 The term debt maturity profile is set out as at 31 January 2012. Food Group gross term debt at 31 January 2012 is €1.26bn. Food Group net debt at 31 January 2012 is €952.4m, 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 €254.2m as at 31 January 2012, which represents 20% of the Food Group gross term debt.

Interim Financial and Business Review (continued)

Food Group cash generation

in Euro '000	January 2012	January 2011
EBIT	125,960	113,000
Amortisation	47,010	42,477
EBITA	172,970	155,477
Depreciation	43,838	41,545
EBITDA	216,808	197,022
Working capital movement	(21,883)	(15,911)
Working capital movement from debt factoring	(9,545)	(587)
Dividends received[1]	10,567	12,967
Maintenance capital expenditure	(22,032)	(22,092)
Interest and tax	(44,494)	(50,894)
Other non-cash income charges	1,821	5,165
Cash flow generated from activities	**131,242**	**125,670**
Investment capital expenditure[2]	(36,802)	(26,199)
Cash flows generated from activities after capital expenditure	**94,440**	**99,471**
Underlying net profit	**115,623**	**105,008**

Food Group net debt and investment activity

in Euro '000	Period ended 31 January 2012	Period ended 31 January 2011
Food Group opening net debt as at 1 August	**(955,468)**	**(1,115,623)**
Cash flows generated from activities	**131,242**	125,670
Share placement	**140,854**	–
Hybrid instrument proceeds	–	285,061
Net debt cost of acquisitions	**(100,959)**	(316,563)
Transaction and restructuring related cash flows	**(33,213)**	(22,756)
Investment capital expenditure[2]	**(36,802)**	(26,199)
Deferred consideration	**(7,247)**	(12,089)
Dividends paid	**(2,255)**	(2,066)
Hybrid dividend	**(16,305)**	–
Foreign exchange movement[3]	**(73,855)**	19,606
Amortisation of financing costs and other	**1,655**	985
Food Group closing net debt as at 31 January	**(952,353)**	**(1,063,974)**

1 Includes dividends from Origin of €10,450,000 (H1 2011: €8,550,000).
2 Includes expenditure on intangible assets.
3 Foreign exchange movement for the period ended 31 January 2012 is primarily attributable to the fluctuation in the US Dollar to Euro rate between July 2011 (1.4323) and January 2012 (1.3149).

Interim Financial and Business Review (continued)

14 Return on investment

in Euro million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total
31 January 2012						
Group share net assets[1]	1,453	1,738	282	3,473	443[4]	3,916
EBITA incl. associates and JVs[2]	163	158	27	348	75	423
ROI	11.2%	9.1%[3]	9.7%	10.0%	16.9%	10.8%
31 July 2011						
Group share net assets[5]	1,368	1,635	253	3,256	434[4]	3,690
EBITA incl. associates and JVs[5]	149	157	26	332	86	418
ROI	10.9%	9.6%	10.1%	10.2%	19.8%	11.3%

1 Net assets is defined as reported net assets excluding bank debt, cash and cash equivalents and tax related balances.

2 ROI is calculated using pro forma trailing twelve months EBITA ('TTM EBITA') reflecting the full twelve months impact of Food Group acquisitions. TTM EBITA is presented as segmental EBITA plus the pro forma contribution from acquisitions in the current year of €7,032,000 (covering the pre-acquisition period in FY2011 and FY2012). EBITA is before interest, tax, non-SAP amortisation and before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax).

3 Re-translating January 2012 pro-forma EBITA incl. JV contribution and Group share net assets for Food North America at the July 2011 closing rate of 1.4323 would result in a ROI of 9.4%.

4 Origin net assets adjusted by €22,802,000 (2011: €95,544,000) to reflect Origin average working capital.

5 July 2011 pro forma trailing twelve months EBITA adjustments are detailed on page 18 of the 2011 Annual Report and Accounts.

6 The Group WACC on a pre-tax basis is currently 8.0%. The Group WACC on a post-tax basis is currently 6.7%.

15 Assets, goodwill & intangibles

ARYZTA Group Balance Sheet

in Euro '000	As at January 2012	As at July 2011
Property, plant and equipment	988,236	939,949
Investment properties	22,290	32,180
Goodwill and intangible assets	2,798,090	2,650,956
Associates and joint ventures	130,179	124,057
Other financial assets	36,118	35,013
Working capital, net	(35,834)	(128,185)
Other segmental liabilities	(45,878)	(59,379)
Segmental net assets	3,893,201	3,594,591
Net debt	(1,146,319)	(1,047,588)
Deferred tax, net	(322,396)	(309,425)
Income tax	(35,679)	(38,248)
Derivative financial instruments, net	(4,470)	(2,824)
Net assets	**2,384,337**	**2,196,506**

Interim Financial and Business Review (continued)

Food Group Balance Sheet

in Euro '000	As at January 2012	As at July 2011
Property, plant and equipment	892,143	845,693
Investment properties	15,953	16,178
Goodwill and intangible assets	2,663,054	2,520,450
Joint ventures	5,164	4,976
Investment in Origin	51,045	51,045
Working capital, net	(72,143)	(90,372)
Other segmental liabilities	(30,856)	(39,567)
Segmental net assets	3,524,360	3,308,403
Net debt	(952,353)	(955,468)
Deferred tax, net	(306,554)	(292,985)
Income tax	(29,187)	(28,299)
Derivative financial instruments, net	(1,679)	(1,918)
Net assets	**2,234,587**	**2,029,733**

16 Origin

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

In the period under review, Origin reported a 17.0% decline in revenue, 66.8% decline in EBITA and 43.0% decline in adjusted EPS. The results were in line with expectations as the declines from the comparable period reflect the impact of recent repositioning at Origin, which greatly increases the seasonality of its earnings towards the second half of the fiscal year. In the period Origin recorded a fair value adjustment to write-down investment properties by €9.7m.

The global demand outlook for cereals is buoyant and remains supportive for solid demand for key inputs such as fertiliser and crop protection products. In the period Agri intelligence inspired the new corporate identity “Agrii” for the Origin agronomy business in the UK.

17 Outlook

ARYZTA’s revenue growth in the first six months of the financial year 2012 reflects the regional consumer trends – weakness in Europe and modest recovery in North America. Little change is expected in the second half of the fiscal year.

ARYZTA’s strategy remains unchanged and views 2012 as a year of transformation through the implementation of ATI, which will continue through 2013. ARYZTA’s strategy remains one of leveraging key customer relationships to grow revenue, to focus on food innovations around customer insights and to identify and exploit cost efficiencies across the organisation. This will be supported by increased investment in emerging markets and availing of bolt-on acquisition opportunities.

The Group has strengthened its balance sheet in the period raising €140.9m, net of costs, from the placing of 5% additional new shares in the market, which supports the maintenance of its investment grade status. In addition, the planned investment of €400m in upgrading group wide facilities will secure its leadership position in the global bakery sector. ARYZTA reiterates its guidance of 338 cent in FY 2012 and 400+ cent in FY 2013 as remaining valid.

Interim Financial and Business Review (continued)

18 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.

19 Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on page 55 of the ARYZTA AG 2011 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remaining six months of the financial year.

20 Glossary of financial terms and references

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

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

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

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

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

Bridge to Group Income Statement
for the six months ended 31 January 2012

in Euro '000	Food Group 2012	Origin 2012	Total Group 2012	Total Group 2011	% Change
Group revenue	**1,404,035**	**507,421**	**1,911,456**	1,894,272	0.9%
EBITA	**172,970**	**5,862**	**178,832**	173,118	3.3%
Associates and JVs, net	**502**	**7,065**	**7,567**	10,729	–
EBITA incl. associates and JVs	**173,472**	**12,927**	**186,399**	183,847	1.4%
Finance cost, net	**(28,555)**	**(3,124)**	**(31,679)**	(36,713)	–
Hybrid instrument accrued dividend	**(8,240)**	**–**	**(8,240)**	(3,911)	–
Pre-tax profits	**136,677**	**9,803**	**146,480**	143,223	–
Income tax	**(19,236)**	**(732)**	**(19,968)**	(20,684)	–
Non-controlling interests	**(1,818)**	**–**	**(3,909)**	(6,263)	–
Underlying fully diluted net profit	**115,623**	**9,071**	**122,603**	116,276	5.4%
Underlying fully diluted EPS (cent)	**–**	**6.53c[1]**	**145.6c[2]**	140.3c[2]	3.8%

Underlying net profit reconciliation

in Euro '000	Food Group 2012	Origin 2012	Total Group 2012	Total Group 2011	% Change
Reported net profit/(loss)	**74,175[3]**	**(3,248)**	**71,855**	164,513	(56.3%)
Intangible amortisation	**47,010**	**3,419**	**50,429**	44,137	–
Tax on amortisation	**(12,408)**	**(765)**	**(13,173)**	(12,172)	–
Hybrid instrument accrued dividend	**(8,240)**	**–**	**(8,240)**	(3,911)	–
Net acquisition, disposal and restructuring related costs and fair value adjustments	**15,086**	**9,665**	**24,751**	(74,293)	–
Non-controlling interest portion of acquisition, disposal and restructuring related costs and fair value adjustments	**–**	**–**	**(2,762)**	(1,582)	–
Underlying net profit	**115,623**	**9,071**	**122,860**	116,692	5.3%
Dilutive impact of Origin management incentives	**–**	**–**	**(257)**	(416)	–
Underlying fully diluted net profit	**115,623**	**9,071**	**122,603**	116,276	5.4%
Underlying fully diluted EPS (cent)	**–**	**6.53c[1]**	**145.6c[2]**	140.3c[2]	3.8%

1 Origin H1 2012 underlying fully diluted EPS is calculated using the weighted average number of diluted shares for the period of 138,499,154 (H1 2011: 138,098,000).

2 ARYZTA Group January 2012 underlying fully diluted EPS is calculated using the weighted average number of diluted shares for the period of 84,176,373 (2011: 82,856,277).

3 Food Group reported net profit excludes dividend income of €10,450,000 (H1 2011: €8,550,000) from Origin.

Group Income Statement
for the six months ended 31 January 2012

in Euro '000	Notes	Six months ended 31 January **2012 Unaudited**	2011 Unaudited
Revenue		**1,911,456**	1,894,272
Cost of sales		**(1,365,511)**	(1,371,222)
Gross profit		**545,945**	523,050
Distribution expenses		**(278,249)**	(252,796)
Administration expenses		**(139,293)**	(141,273)
Operating profit before net acquisition, disposal and restructuring related costs and fair value adjustments		**128,403**	128,981
Net acquisition, disposal and restructuring related costs and fair value adjustments	4	**(24,751)**	74,293
Operating profit		**103,652**	203,274
Share of profit after tax of associates and joint ventures		**7,567**	10,729
Profit before financing income and costs		**111,219**	214,003
Financing income		**6,374**	3,395
Financing costs		**(38,053)**	(40,108)
Profit before tax		**79,540**	177,290
Income tax		**(6,795)**	(8,512)
Profit for the period		**72,745**	168,778
Attributable as follows:			
Equity shareholders of the Company		**71,855**	164,513
Non-controlling interests		**890**	4,265
Profit for the period		**72,745**	168,778

Earnings per share for the period	Notes	Six months ended 31 January **2012 Euro cent**	2011 Euro cent
Basic earnings per share	5	**75.90**	193.94
Diluted earnings per share	5	**75.57**	193.55

Group Statement of Comprehensive Income
for the six months ended 31 January 2012

in Euro '000	Six months ended 31 January 2012 Unaudited	Six months ended 31 January 2011 Unaudited
Profit for the period	**72,745**	168,778
Other comprehensive income		
Foreign exchange translation effects		
– Foreign currency net investments	**109,457**	(4,618)
– Foreign currency borrowings	**(80,141)**	24,373
Cash flow hedges		
– Effective portion of changes in fair value of cash flow hedges	**(2,803)**	4,510
– Fair value of cash flow hedges transferred to income statement	**792**	1,841
– Deferred tax effect of cash flow hedges	**411**	(1,108)
– Share of associates and joint venture loss on cash flow hedges, net of deferred tax	**(344)**	–
Defined benefit plans		
– Actuarial (loss)/gain on Group defined benefit plans arising during the period	**(822)**	795
– Deferred tax effect of actuarial loss/(gain)	**91**	(268)
– Share of associates' actuarial gain on defined benefit plan, net of deferred tax	**291**	–
Total other comprehensive income for the period	**26,932**	25,525
Total comprehensive income for the period	**99,677**	194,303
Attributable as follows:		
Equity shareholders of the Company	**99,402**	188,527
Non-controlling interests	**275**	5,776
Total comprehensive income for the period	**99,677**	194,303

Group Balance Sheet
as at 31 January 2012

in Euro '000	31 January 2012 Unaudited	31 July 2011 Audited
Assets		
Non-current assets		
Property, plant and equipment	**988,236**	939,949
Investment properties	**22,290**	32,180
Goodwill and intangible assets	**2,798,090**	2,650,956
Investments in associates and joint ventures	**130,179**	124,057
Other financial assets	**36,118**	35,013
Deferred tax assets	**87,127**	79,073
Total non-current assets	**4,062,040**	3,861,228
Current assets		
Inventory	**342,256**	251,416
Trade and other receivables	**381,226**	477,959
Derivative financial instruments	**976**	608
Cash and cash equivalents	**518,198**	482,229
Total current assets	**1,242,656**	1,212,212
Total assets	**5,304,696**	5,073,440

Group Balance Sheet (continued) as at 31 January 2012

in Euro '000	31 January 2012 Unaudited	31 July 2011 Audited
Equity		
Called up share capital	**1,172**	1,061
Share premium	**773,735**	632,951
Retained earnings and other reserves	**1,543,061**	1,490,084
Total equity attributable to equity shareholders of the Company	**2,317,968**	2,124,096
Non-controlling interests	**66,369**	72,410
Total equity	**2,384,337**	2,196,506
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**1,491,794**	1,363,893
Employee benefits	**16,562**	16,026
Deferred income from government grants	**10,981**	11,246
Other payables	**9,126**	10,749
Deferred tax liabilities	**409,523**	388,498
Derivative financial instruments	**2,052**	299
Deferred consideration	**547**	9,209
Total non-current liabilities	**1,940,585**	1,799,920
Current liabilities		
Interest-bearing loans and borrowings	**172,723**	165,924
Trade and other payables	**759,316**	857,560
Corporation tax payable	**35,679**	38,248
Derivative financial instruments	**3,394**	3,133
Deferred consideration	**8,662**	12,149
Total current liabilities	**979,774**	1,077,014
Total liabilities	**2,920,359**	2,876,934
Total equity and liabilities	**5,304,696**	5,073,440

Group Statement of Changes in Equity
for the six months ended 31 January 2012

for the six months ended 31 January 2012 in Euro '000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revaluation reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total shareholders equity	Non-controlling interests	Total
At 1 August 2011	**1,061**	**632,951**	**(30)**	**285,004**	**260**	**17,148**	**24,989**	**44,054**	**1,118,659**	**2,124,096**	**72,410**	**2,196,506**
Profit for the period	–	–	–	–	–	–	–	–	71,855	**71,855**	890	**72,745**
Foreign exchange translation effects	–	–	–	–	–	–	–	29,340	–	**29,340**	(24)	**29,316**
Cash flow hedges	–	–	–	–	(1,393)	–	–	–	–	**(1,393)**	(551)	**(1,944)**
Defined benefit plans	–	–	–	–	–	–	–	–	(400)	**(400)**	(40)	**(440)**
Total comprehensive income	**–**	**–**	**–**	**–**	**(1,393)**	**–**	**–**	**29,340**	**71,455**	**99,402**	**275**	**99,677**
Issue of treasury shares	41	–	(41)	–	–	–	–	–	–	**–**	–	**–**
Issue of shares, net of costs	70	140,784		–	–	–	–	–	–	**140,854**	–	**140,854**
Transfer of share-based payments reserve to retained earnings	–	–	–	–	–		(19,545)	–	19,545	**–**	–	**–**
Release of treasury shares exercised	–	–	14	–	–	–	–	–	–	**14**	–	**14**
Share-based payments	–	–	–	–	–	–	3,332	–	–	**3,332**	121	**3,453**
Equity dividends	–	–	–	–	–	–	–	–	(41,490)	**(41,490)**	–	**(41,490)**
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	**–**	(6,437)	**(6,437)**
Dividend on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(8,240)	**(8,240)**	–	**(8,240)**
At 31 January 2012	**1,172**	**773,735**	**(57)**	**285,004**	**(1,133)**	**17,148**	**8,776**	**73,394**	**1,159,929**	**2,317,968**	**66,369**	**2,384,337**

Group Statement of Changes in Equity (continued)
for the six months ended 31 January 2012

for the six months ended 31 January 2011 in Euro '000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revaluation reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total shareholders equity	Non-controlling interests	Total
At 1 August 2010	**1,061**	**632,951**	**(30)**	–	**(2,603)**	**35,108**	**6,188**	**9,697**	**931,830**	**1,614,202**	**59,648**	**1,673,850**
Profit for the period	–	–	–	–	–	–	–	–	164,513	**164,513**	4,265	**168,778**
Foreign exchange translation effects	–	–	–	–	–	–	–	19,380	–	**19,380**	375	**19,755**
Cash flow hedges	–	–	–	–	4,278	–	–	–	–	**4,278**	965	**5,243**
Defined benefit plans	–	–	–	–	–	–	–	–	356	**356**	171	**527**
Total comprehensive income	**–**	**–**	**–**	**–**	**4,278**	**–**	**–**	**19,380**	**164,869**	**188,527**	**5,776**	**194,303**
Share-based payments	–	–	–	–	–	–	5,776	–	–	**5,776**	131	**5,907**
Equity dividends	–	–	–	–	–	–	–	–	(30,768)	**(30,768)**	–	**(30,768)**
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	**–**	(5,508)	**(5,508)**
Transfer of revaluation reserve to retained earnings	–	–	–	–	–	(22,262)	–	–	22,262	**–**	–	**–**
Issue of perpetual callable subordinated instrument	–	–	–	285,061	–	–	–	–	–	**285,061**	–	**285,061**
Dividend on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(3,911)	**(3,911)**	–	**(3,911)**
Purchase of non-controlling interests	–	–	–	–	–	–	–	–	–	**–**	(247)	**(247)**
At 31 January 2011	**1,061**	**632,951**	**(30)**	**285,061**	**1,675**	**12,846**	**11,964**	**29,077**	**1,084,282**	**2,058,887**	**59,800**	**2,118,687**

Group Cash Flow Statement
for the six months ended 31 January 2012

in Euro '000	Notes	Six months ended 31 January 2012 Unaudited	2011 Unaudited
Cash flows from operating activities			
Profit for period		**72,745**	168,778
Income tax		**6,795**	8,512
Financing income		**(6,374)**	(3,395)
Financing costs		**38,053**	40,108
Share of profit after tax of associates and joint ventures		**(7,567)**	(10,729)
Net gain on acquisitions, disposals and dilution	4	**(2,305)**	(116,185)
Asset write-downs and fair value adjustments	4	**9,965**	13,412
Other restructuring related payments in (excess)/under current period costs		**(16,122)**	5,724
Depreciation of property, plant and equipment		**43,874**	43,135
Amortisation of intangible assets		**52,855**	45,426
Recognition of deferred income from government grants		**(719)**	(339)
Share-based payments	9	**2,980**	5,907
Other		**(38)**	–
Cash flows from operating activities before changes in working capital		**194,142**	200,354
Increase in inventory		**(77,224)**	(87,302)
Decrease in trade and other receivables		**123,384**	48,863
Decrease in trade and other payables		**(151,912)**	(32,889)
Cash generated from operating activities		**88,390**	129,026
Interest paid, net		**(29,919)**	(35,331)
Income tax paid		**(22,361)**	(25,319)
Net cash flows from operating activities		**36,110**	68,376

Group Cash Flow Statement (continued)
for the six months ended 31 January 2012

in Euro '000	Notes	Six months ended 31 January 2012 Unaudited	2011 Unaudited
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**3,011**	3,402
Purchase of property, plant and equipment			
– maintenance capital expenditure		**(25,009)**	(25,616)
– investment capital expenditure		**(31,001)**	(22,439)
Acquisition of subsidiaries and businesses, net of cash acquired	10	**(92,031)**	(316,563)
Sale of subsidiaries and businesses, net of cash surrendered		**–**	69,284
Purchase of intangible assets		**(8,348)**	(4,598)
Dividends received		**10,069**	6,465
Investments in associates and joint ventures		**(7,817)**	(516)
Deferred consideration paid		**(13,194)**	(12,089)
Other		**–**	274
Net cash flows from investing activities		**(164,320)**	(302,396)
Cash flows from financing activities			
Net proceeds from issue of shares		**140,854**	–
Net proceeds from issue of perpetual callable subordinated instrument		**–**	285,061
Gross drawdown of loan capital	6	**94,571**	–
Gross repayment of loan capital	6	**(55,148)**	(55,545)
Capital element of finance lease liabilities	6	**(1,524)**	(856)
Dividend paid on perpetual callable subordinated instrument		**(16,305)**	–
Dividends paid to non-controlling interests		**(6,437)**	(5,508)
Net cash flows from financing activities		**156,011**	223,152
Net increase/(decrease) in cash and cash equivalents		**27,801**	(10,868)
Translation adjustment	6	**2,165**	(3,731)
Net cash and cash equivalents at start of period	6	**317,636**	348,349
Net cash and cash equivalents at end of period		**347,602**	333,750

Notes to the Group Condensed Interim Financial Statements
for the six months ended 31 January 2012

1 Basis of preparation

The Group Condensed Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (IAS 34).

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent Annual Financial Statements in respect of the year ended 31 July 2011, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

These condensed interim financial statements for the six months ended 31 January 2012 and the comparative figures for the six months ended 31 January 2011 are unaudited and have not been reviewed by the Auditors. The extracts from the Group's Annual Financial Statements for the year ended 31 July 2011 represent an abbreviated version of the Group's full accounts for that year, on which the Auditors issued an unqualified audit report.

Certain amounts in the 31 January 2011 and 31 July 2011 comparative financial statement figures and related notes have been reclassified to conform to the 31 January 2012 presentation. The reclassifications have no effect on total revenues, total expense, profit for the period or total equity as previously reported.

Income tax expense is recognised based upon the best estimate of the average annual income tax rate expected for the full year.

2 Accounting policies

Except as described below, the condensed consolidated interim financial information has been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates as set out on pages 70 to 80 of the ARYZTA AG 2011 Annual Report and Accounts.

The IFRS applied by the Group in preparation of these financial statements are those that were effective for accounting periods beginning on or after 1 August 2011. 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 IFRS 7 – Financial Instruments: Disclosures
- Amendment to IFRIC 14 – IAS 19, Limits on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Amendment to IAS 24 – Related Party Disclosures

While the above standards and interpretations adopted by the Group modify certain disclosure requirements, these requirements are not significantly different than information presented as part of the 31 July 2011 year-end financial statements and have no impact on the consolidated results or financial position of the Group.

The Group has not applied early adoption of any standards which are not yet effective.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

3 Analysis by business segment

I) Segment revenue and result	Food Europe		Food North America		Food Rest of World		Origin		Total Group	
	Six months ended 31 January		Six months ended 31 January		Six months ended 31 January		Six months ended 31 January		Six months ended 31 January	
in Euro '000	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Segment revenue[1]	**629,046**	585,310	**669,299**	610,537	**105,690**	87,347	**507,421**	611,078	**1,911,456**	1,894,272
Operating profit before non-recurring items	**52,151**	45,834	**63,086**	57,639	**10,723**	9,527	**2,443**	15,981	**128,403**	128,981
Net acquisition, disposal and restructuring related costs and fair value adjustments	**(4,435)**	(21,690)	**(10,493)**	102,539	**(158)**	(1,023)	**(9,665)**	(5,533)	**(24,751)**	74,293
Operating profit/(loss)	**47,716**	24,144	**52,593**	160,178	**10,565**	8,504	**(7,222)**	10,448	**103,652**	203,274
Share of profit after tax of associates and joint ventures	**39**	–	**23**	3,754	**440**	574	**7,065**	6,401	**7,567**	10,729
Profit/(loss) before financing income and costs	**47,755**	24,144	**52,616**	163,932	**11,005**	9,078	**(157)**	16,849	**111,219**	214,003
Financing income									**6,374**	3,395
Financing costs									**(38,053)**	(40,108)
Profit before tax as reported in Group Income Statement									**79,540**	177,290

1 There were no significant intercompany revenues between the Group's food business segments. There were €Nil (2011: €2,235,000) intra group revenues between the Origin and food business segments of the Group.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

II) Segment assets in Euro '000	**Food Europe** **as at 31 Jan 2012**	Food Europe as at 31 Jul 2011	**Food North America** **as at 31 Jan 2012**	Food North America as at 31 Jul 2011	**Food Rest of World** **as at 31 Jan 2012**	Food Rest of World as at 31 Jul 2011	**Origin** **as at 31 Jan 2012**	Origin as at 31 Jul 2011	**Total Group** **as at 31 Jan 2012**	Total Group as at 31 Jul 2011
Segment assets excluding investments in associates and joint ventures	**1,743,669**	1,670,110	**1,957,432**	1,837,126	**318,139**	280,751	**512,858**	564,473	**4,532,098**	4,352,460
Investments in associates, JVs and other financial assets	**540**	495	**1,535**	1,420	**3,089**	3,061	**161,133**	154,094	**166,297**	159,070
Segment assets	**1,744,209**	1,670,605	**1,958,967**	1,838,546	**321,228**	283,812	**673,991**	718,567	**4,698,395**	4,511,530

Reconciliation to total assets as reported in Group Balance Sheet	**as at 31 Jan 2012**	as at 31 Jul 2011
Derivative financial instruments	**976**	608
Cash and cash equivalents	**518,198**	482,229
Deferred tax assets	**87,127**	79,073
Total assets as reported in Group Balance Sheet	**5,304,696**	5,073,440

III) Segment liabilities in Euro '000	**Food Europe** **as at 31 Jan 2012**	Food Europe as at 31 Jul 2011	**Food North America** **as at 31 Jan 2012**	Food North America as at 31 Jul 2011	**Food Rest of World** **as at 31 Jan 2012**	Food Rest of World as at 31 Jul 2011	**Origin** **as at 31 Jan 2012**	Origin as at 31 Jul 2011	**Total Group** **as at 31 Jan 2012**	Total Group as at 31 Jul 2011
Segment liabilities	**291,755**	302,294	**220,929**	203,522	**39,095**	30,993	**253,415**	380,130	**805,194**	916,939

Reconciliation to total liabilities as reported in Group Balance Sheet	**as at 31 Jan 2012**	as at 31 Jul 2011
Interest-bearing loans and borrowings	**1,664,517**	1,529,817
Derivative financial instruments	**5,446**	3,432
Current and deferred tax liabilities	**445,202**	426,746
Total liabilities as reported in Group Balance Sheet	**2,920,359**	2,876,934

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

4 Acquisition, disposal and restructuring related costs and fair value adjustments

	Notes	Six months ended 31 January 2012 in Euro '000	2011 in Euro '000
Gain/(loss) on acquisition, disposals and dilution			
Fair value gain on acquisition of 50% share in Maidstone Bakeries	4.1	–	121,391
Loss on disposal of Origin Food business	4.2	–	(8,125)
Gain on disposal of Origin Feed business	4.3	–	2,919
Gain on dilution in Valeo	4.4	**2,305**	–
Net gain on acquisition, disposals and dilution		**2,305**	116,185
Transaction related costs	4.5	**(3,110)**	(9,265)
Restructuring related costs and fair value adjustments	4.6		
– Asset write-downs		**(300)**	(13,412)
– Fair value adjustments of investment properties		**(9,665)**	–
– Severance and other staff related costs		**(7,394)**	(7,877)
– Grant related costs		–	(2,449)
– Contractual obligations		–	(3,654)
– Other		**(6,587)**	(5,235)
Total restructuring related costs and fair value adjustments		**(23,946)**	(32,627)
Total acquisition, disposal and restructuring related costs and fair value adjustments		**(24,751)**	74,293

4.1 Fair value gain on acquisition

On 29 October 2010, ARYZTA closed the acquisition of all outstanding shares of the previously 50% owned Maidstone Bakeries joint venture for total deemed consideration of €502,808,000 for 100% of the business. The consideration was based on a discounted cash flow enterprise value and was in line with market valuation multiples on comparable industry transactions. Maidstone Bakeries is no longer treated as a joint venture for accounting purposes and is now fully consolidated in the Food North America segment. A non-cash gain of €121,391,000 on the previously owned 50% of Maidstone Bakeries was recorded within operating profit. This is a requirement under IFRS 3 (Revised), Business Combinations, implemented by the Group as required for the financial year ended 31 July 2010. See note 10.2 for further details.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

4.2 Loss on disposal of Origin Food business

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

A loss of €8,125,000 was realised on the disposal of Origin Foods to Valeo. The impact of this loss on ARYZTA's profit attributable to equity shareholders for the prior period was €5,803,000 which was after deduction of Origin non-controlling interests. The loss was calculated as follows:

in Euro '000	
Net assets transferred on 26 November 2010:	
Property, plant and equipment	(30,810)
Goodwill and intangible assets	(43,174)
Working capital	(12,976)
Provisions for liabilities and charges	3,429
Net assets transferred	**(83,531)**
Consideration:	
Fair value of 44.1% equity interest in Valeo Foods	17,108
Investment in associate through vendor loan note	33,540
Net cash consideration	27,518
Total consideration received	**78,166**
Costs directly related to the transaction	(2,760)
Loss on disposal of Origin Food business	**(8,125)**

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

4.3 Gain on disposal of Origin Feed business

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

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

in Euro '000	
Net assets transferred on 28 January 2011:	
Property, plant and equipment	(15,412)
Working capital	(36,277)
Provisions for liabilities and charges	2,667
Net assets transferred	**(49,022)**
Consideration:	
Net cash consideration	40,886
Fair value of existing 50% equity interest in Hall	11,055
Total consideration received	**51,941**
Gain on disposal of Origin Feed business	**2,919**

4.4 Gain on dilution of interest in associate

During the period Origin's investment in Valeo Foods Group Limited ('Valeo') was reduced from 44.1% to 32.0% as a result of Valeo raising additional funding from investors. As a result of this transaction the Group recorded a gain of €2,305,000.

4.5 Transaction related costs

Transaction related costs of €3,110,000 incurred during the period ended 31 January 2012 relate primarily to Origin's share of Valeo transaction and rationalisation costs, as well as costs associated with the Food Group acquisitions during the period. The transaction related costs of €9,265,000 incurred during the period ended 31 January 2011 relate primarily to the acquisition of the outstanding 50% of Maidstone Bakeries. These costs include share purchase tax, due diligence and other professional service fees. Since the adoption of IFRS 3 (Revised), these costs no longer form part of the acquisition consideration and are expensed within operating profit through the income statement.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

4.6 Restructuring related costs and fair value adjustments
During the prior year the Group commenced two separate integration and rationalisation programmes in each of its Food Europe and Food North America segments. These programmes will allow the development of two principal operating platforms in Food Europe and Food North America to optimise the Group's manufacturing and business support.

As a result of these programmes the Group has incurred and provided for costs, through its income statement, as these amounts meet the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

During the period ended 31 January 2012, there were no significant changes in estimates related to those items that met these requirements during prior periods.

Asset write-downs and fair value adjustments
The Group incurred €9,965,000 (2011: €13,412,000) of asset write-downs and fair value adjustments during the period. This primarily related to Origin's fair value adjustment to the carrying value of investment properties of €9,665,000 during the period. This was the result of the continuing decline in the Irish property market, a lack of transactions, restricted bank financing for property-related deals, a generally difficult economic environment, and in particular the indication that the value of development land in regional areas is converging to that of agricultural land. Therefore, Origin's directors determined that an adjustment to the fair value of Origin's investment properties was necessary during the period.

Severance and other staff related costs
The Group incurred €7,394,000 (2011: €7,877,000) in severance costs during the period in relation to employees whose service was discontinued following the actual or announced closure and rationalisation of certain Group operational sites.

Grant related costs
The termination of certain activities caused by the Group's integration and rationalisation programs have resulted in the triggering of certain grant repayment conditions. This resulted in the reversal of €Nil (2011: €2,449,000) in grants previously amortised through the Group's income statement.

Contractual obligations
The operational decisions made through the Group's integration and rationalisation projects triggered early termination penalties and/or resulted in certain operational contracts becoming onerous. The Group incurred total costs of €Nil (2011: €3,654,000) during the period to either exit or provide for such contracts.

Other costs
During the period the Group incurred €6,587,000 (2011: €5,235,000) in other costs related directly to the implementation of its integration and rationalisation programs. These costs are composed principally of restructuring related advisory costs, directly attributable incremental internal staff costs and operational site decommissioning costs.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

5 Earnings per share

	Six months ended 31 January	
	2012	**2011**
Basic earnings per share	in Euro '000	in Euro '000
Profit for period attributable to equity shareholders	**71,855**	164,513
Perpetual callable subordinated instrument accrued dividend	**(8,240)**	(3,911)
Profit attributable to ordinary equity shareholders	**63,615**	160,602
Weighted average number of ordinary shares	'000	'000
Ordinary shares outstanding at 1 August	**82,810**	82,810
Effect of vesting of equity instruments during the period	**675**	–
Effect of shares issued during the period	**327**	–
Weighted average number of ordinary shares for the period	**83,812**	82,810
Basic earnings per share	**75.90 cent**	193.94 cent

	2012	**2011**
Diluted earnings per share	in Euro '000	in Euro '000
Profit for period attributable to equity shareholders	**71,855**	164,513
Perpetual callable subordinated instrument accrued dividend	**(8,240)**	(3,911)
Effect on non-controlling interests share of profits, due to dilutive effect of Origin management equity entitlements	–	(234)
Diluted profit for financial period attributable to ordinary equity shareholders	**63,615**	160,368
Weighted average number of ordinary shares (diluted)	'000	'000
Weighted average number of ordinary shares used in basic calculation	**83,812**	82,810
Effect of equity instruments with a dilutive effect	**364**	46
Weighted average number of ordinary shares (diluted) for the period	**84,176**	82,856
Diluted earnings per share	**75.57 cent**	193.55 cent

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

6 Analysis of net debt

in Euro '000	1 August 2011	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 January 2012
Cash	482,229	26,863	–	–	9,106	518,198
Overdrafts	(164,593)	938	–	–	(6,941)	(170,596)
Cash and cash equivalents	**317,636**	**27,801**	–	–	**2,165**	**347,602**
Loans	(1,362,261)	(39,423)	(5,957)	(1,500)	(80,141)	(1,489,282)
Finance leases	(2,963)	1,524	(2,971)	–	(229)	(4,639)
Net debt	**(1,047,588)**	**(10,098)**	**(8,928)**	**(1,500)**	**(78,205)**	**(1,146,319)**

Split of net debt in Euro '000	1 August 2011	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 January 2012
Food Group net debt	(955,468)	86,976	(8,928)	(1,078)	(73,855)	(952,353)
Origin net debt	(92,120)	(97,074)	–	(422)	(4,350)	(193,966)
Net debt	**(1,047,588)**	**(10,098)**	**(8,928)**	**(1,500)**	**(78,205)**	**(1,146,319)**

Finance leases include amounts due within one year of €2,217,000 (2011: €1,472,000).

The €55,148,000 repayment of loan capital during the period was made on the outstanding balance of the Food Group's credit facilities that existed as of 31 July 2011.

ARYZTA's 71.4% subsidiary and separately listed company, Origin, has separate ring-fenced funding structures, which are financed without recourse to ARYZTA. The €94,571,000 drawdown of loan capital during the period was made under Origin's credit facilities that existed as of 31 July 2011.

7 Share Capital

At the Annual General Meeting on 1 December 2011 the shareholders approved the resolution to abolish Article 4 of the Articles of Association, which previously established conditional share capital for Employee Benefit Plans. Furthermore, the shareholders also approved the resolution to modify Article 5 of the Articles of Association (governing Authorised Share Capital for General Purposes). Pursuant to these modifications, the Board of Directors is authorised to increase the share capital at any time until 30 November 2013 by an amount not exceeding CHF 255,134.38 through the issue of up to 12,756,719 fully paid up registered shares with a nominal value of CHF 0.02 each. The Board of Directors is authorised to withdraw the subscription rights of the shareholders and to allocate them to third parties if the shares are used for the following purposes:

(a) acquisition of enterprises or parts thereof or participations therein, new investments or the financing of any of those transactions (but only for a maximum of 8,504,479 fully paid up registered shares),
(b) broadening the shareholder constituency (but only for a maximum of 4,252,239 fully paid up registered shares), or
(c) for the purpose of the participation of employees (but only for a maximum of 2,551,343 fully paid up registered shares).

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

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.

Registered shares of CHF 0.02 each - authorised, issued and fully paid	Number of Shares `000	in Euro `000
At 1 August 2011	85,045	1,061
Issue of registered shares	6,766	111
At 31 January 2012	**91,811**	**1,172**

On 22 November 2011 the issued shares were increased to 87,558,295 registered shares by the issue of 2,513,500 registered shares of nominal value of CHF 0.02 each, pursuant to a share subscription on behalf of ARY LTIP Trustee, a wholly owned subsidiary of ARYZTA for the purposes of the ARYZTA Long-Term Incentive Plan ('LTIP') and will be held in treasury pending satisfaction of the applicable terms of the LTIP.

On 16 January 2012, the issued shares were increased to 91,810,534 by the issue of 4,252,239 registered shares at CHF 41.00 per share.

These increases in share capital in November 2011 and January 2012 resulted in proceeds of €140,854,000, net of associated share registration, stamp duty and issuance costs.

Treasury shares of CHF 0.02 each - authorised, called up and fully paid	Number of Shares `000	in Euro `000
At 1 August 2011	2,234	30
Issue of shares to ARY LTIP Trustee	2,514	41
Release of treasury shares upon vesting and exercise of matching shares	(975)	(14)
At 31 January 2012	**3,773**	**57**

On 23 September 2011, the compensation committee approved the vesting of all equity entitlements outstanding under the ARYZTA Matching Plan LTIP, as all performance conditions associated with those awards were met as of 31 July 2011. As the CHF 0.02 per share subscription price associated with these equity entitlements was paid by plan participants to ARY LTIP Trustee at the inception of the plan, in accordance with the terms of the plan, upon approval of vesting the associated shares were issued to plan participants out of shares previously held in treasury by ARY LTIP Trustee. The share price at the time of the exercise was CHF 39.05 per share.

8 Dividends

The proposed dividend covering the 12 month period to 31 July 2011 of CHF 0.5679 (2010: CHF 0.4802) per registered share was approved at the annual general meeting held on 1 December 2011. The total resulting dividend of €41,490,000 (2010: €30,768,000) was paid in February 2012, to those shareholders holding shares in ARYZTA AG on 27 January 2012.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

9 Share Based Payments

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

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

The total cost reported in the Group Financial Statements in the current period in relation to equity settled share-based payments is €3,453,000, of which €2,980,000 was reported in the Group Income Statement.

The following activity occurred within the ARYZTA LTIP plans during the current period. No significant activity occurred within the Origin Plan during the period.

9.1 ARYZTA Matching Plan LTIP

Equity entitlements issued	Weighted conversion price in CHF	Number of equity entitlements
Outstanding at beginning of period	**0.02**	**975,000**
Exercised during the period	0.02	(975,000)
Issued during the period	0.02	944,250
Outstanding at the end of period	**0.02**	**944,250**
Vested at end of period	–	–

Equity entitlements outstanding by conversion price	Weighted conversion price in CHF	Number of equity entitlements	Actual remaining life (years)
	0.02	**944,250**	**9.7**
As of 31 January 2012	**0.02**	**944,250**	**9.7**

Plan description

The equity instruments granted under the ARYZTA Matching Plan LTIP are equity-settled share-based payments, as defined in IFRS 2, Share-based Payment. The Group has no legal or constructive obligation to repurchase or settle the matching plan equity entitlements in cash.

Participants with Matching Plan Awards have the prospect of receiving up to three shares for each recognised qualifying interest held throughout the performance period. Vesting is determined by reference to underlying fully diluted EPS growth. For awards made during the period ended 31 January 2012, vesting may occur on a fractional pro-rata basis ranging from a multiple of 1 to 3 for growth between 10.0% and 15.0%. In the event of the minimum 10.0% growth target not being achieved, no awards vest.

Awards under the Matching Plan are subject to additional conditions, including notably: (a) the requirement to remain in service throughout the performance period; (b) the requirement to hold recognised qualifying interests throughout the performance period; (c) the

Notes to the Group Condensed Interim Financial Statements (continued) for the six months ended 31 January 2012

requirement that the ARYZTA Food Group's return on invested capital over the expected performance period is not less than its weighted average cost of capital (currently 8.0%) and (d) the requirement that annual dividends to shareholders are at least 15% of the underlying EPS during the performance period.

The Matching Plan Awards can be exercised as of the time the performance conditions described above have been met, but no longer than 10 years after grant date.

The fair value assigned to equity entitlements issued under the ARYZTA Matching Plan LTIP represents the full value of an ordinary share on the date of grant, adjusted for the estimated lost dividends between date of issue and vesting date and adjusted for the nominal value of the share. The weighted average fair value of Matching Plan entitlements granted during the period was CHF 38.54.

9.2 ARYZTA Option Equivalent Plan LTIP

Equity entitlements granted and outstanding	Weighted conversion price in CHF	Number of equity entitlements
Option equivalents outstanding at beginning of period	37.23	1,200,000
Issued during the period	39.95	1,569,250
Option equivalents outstanding at end of period	38.77	2,769,250
Exercisable at end of period	–	–

Equity entitlements outstanding by conversion price	Weighted conversion price in CHF	Number of equity entitlements	Actual remaining life (years)
	37.23	1,200,000	7.6
	39.95	1,569,250	9.7
As of 31 January 2012	38.77	2,769,250	8.8

Plan description

The equity instruments granted under the ARYZTA Option Equivalent Plan LTIP are equity-settled share-based payments as defined in IFRS 2, Share-based Payment. The Group has no legal or constructive obligation to repurchase or settle the option equivalents in cash.

The vesting of the share option equivalents is conditional on the growth rate in the underlying fully diluted EPS in the three consecutive accounting periods following the date of grant exceeding the growth in the Eurozone Core Consumer Price Index, plus 5% on an annualised basis.

Awards under the Option Equivalent Plan are subject to additional conditions, including notably: (a) the requirement to remain in service throughout the performance period; (b) the requirement to hold recognised qualifying interests throughout the performance

Notes to the Group Condensed Interim Financial Statements (continued)
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period; (c) the requirement that the ARYZTA Food Group's return on invested capital over the expected performance period is not less than its weighted average cost of capital (currently 8.0%) and (d) the requirement that annual dividends to shareholders are at least 15% of the underlying EPS during the performance period.

The Option Equivalent Awards can be exercised as of the time the performance conditions described above have been met, but no longer than 10 years after grant date.

The weighted average fair value assigned to share option equivalents granted under the ARYZTA Option Equivalent Plan LTIP during the period ended 31 January 2012 was CHF 7.95, which was determined using the Black-Scholes valuation model. The significant inputs into the model were the price of the shares as at the grant date, an expected option life of 5 years, expected share price volatility of 26.75%, the exercise price of CHF 39.95, the expected dividend yield of 1.5%, and the risk-free rate of 0.36%. The volatility, measured at the standard deviation of continuously compounded share returns, is based on statistical analysis of monthly share prices of a peer group over the period of 5 years.

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

10 Acquisitions

10.1 Acquisitions during the interim period ended 31 January 2012

During the period the Group completed multiple bolt on acquisitions. The details of the net assets acquired and goodwill arising from these business combinations are set out below. 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 Euro '000	Provisional fair values
Provisional fair value of net assets acquired:	
Property, plant and equipment	19,040
Intangible assets	45,564
Inventory	2,637
Trade and other receivables	11,766
Trade and other payables	(15,216)
Finance leases	(2,971)
Debt acquired	(5,957)
Deferred tax	(12,412)
Deferred income from government grants	(842)
Corporation tax payable	(721)
Net assets acquired	**40,888**
Goodwill arising on acquisitions	51,387
Consideration	**92,275**
Satisfied by:	
Cash consideration	95,826
Cash acquired	(3,795)
Net cash consideration	**92,031**
Deferred consideration	244
Total consideration	**92,275**

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

in Euro '000	Total
Cash flows from investing activities	
Cash consideration	95,826
Cash acquired	(3,795)
	92,031
Cash flows from financing activities	
Debt acquired, including finance leases	8,928
Cost of acquisitions (including net debt acquired)	**100,959**

Notes to the Group Condensed Interim Financial Statements (continued)
for the six months ended 31 January 2012

Transaction related costs of €805,000 have been charged to the Group Income Statement related to these transactions during the period ended 31 January 2012.

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

in Euro '000	Total
Revenue	45,412
Profit for the period	6,931

As these bolt on acquisitions occurred near the beginning of the period, no material difference exists between the consolidated revenue reported and the consolidated revenue that would have been reported if these acquisitions had occurred on exactly 1 August 2011. 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 acquisition had occurred on 1 August 2011.

For the identification and estimation of the fair value of the acquired intangibles of these acquisitions, ARYZTA was assisted by a non-audit independent appraisal firm. The identified intangibles include the fair value of customer relationships and unpatented technology. The income approach method was the basis for the fair value of these customer relationships and unpatented technology intangible assets.

The fair values presented in this note are based on provisional valuations due to the complexity and close proximity of the transactions to the end of the period.

Other than the movements reflected above, and the results of foreign currency translation adjustments, there have been no further adjustments to goodwill during the period. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No indication of impairment has been identified during the period ended 31 January 2012.

Statement of Directors' Responsibilities
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10.2 Acquisition during the interim period ended 31 January 2011

During the 2011 interim period the Group completed the acquisition of the outstanding 50% of the Maidstone Bakeries (Maidstone) joint venture on 29 October 2010. As a result and from that date, Maidstone has been accounted for as a subsidiary undertaking and not as a joint venture.

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

Details of net assets acquired and goodwill arising from this business combination are set out below:

in Euro '000	Final fair values
Final fair value of net assets acquired:	
Property, plant and equipment	94,267
Intangible assets	175,158
Inventory	7,925
Trade and other receivables	6,592
Trade and other payables	(9,684)
Finance leases	(25)
Deferred tax	(24,290)
Income tax	(5,138)
Net assets acquired	**244,805**
Goodwill arising on acquisition	258,003
Consideration	**502,808**
Satisfied by:	
Cash consideration	334,719
Cash acquired	(18,156)
Net cash consideration	**316,563**
Investment in joint venture on acquisition date	64,854
Fair value gain on 50% equity interest held prior to acquisition date	121,391
Consideration	**502,808**

Transaction related costs of €6,023,000 were charged to the Group Income Statement during the period ended 31 January 2011 related to this transaction.

ARYZTA's existing 50% equity interest of the joint venture has been re-measured at its fair value, with the resulting gain, over the previous carrying value, of €121,391,000 recognised within gain/(loss) on acquisition, disposals and dilution, as discussed in note 4.

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

in Euro '000	
Revenue	43,201
Profit for the period	8,495

Notes to the Group Condensed Interim Financial Statements (continued)
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If the acquisition had occurred on 1 August 2010, management estimates that consolidated revenue would have been €1,915,474,000 and consolidated profit for the period would have been €169,667,000. In determining these amounts management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 August 2010.

For the identification and estimation of the fair value of the acquired intangibles of Maidstone, ARYZTA was assisted by a non-audit independent appraisal firm. The identified intangibles include the fair value of customer relationships. The income approach method was the basis for the fair value of customer relationships.

11 Contingent liabilities

The Group is not aware of any major changes with regard to contingent liabilities, in comparison with the situation as of 31 July 2011.

12 Current litigation

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

13 Subsequent events

There were no other events since the balance sheet date on 31 January 2012 that would require adjustment of assets or liabilities or a disclosure.

14 Seasonality

As indicated in Origin’s interim results announcement, the strategic repositioning of that business, following the Valeo transaction in November 2011 and the Agri-Services acquisitions in the second half of the last financial year, has significantly increased Origin’s seasonality profile, with the first half of the financial year now accounting for approximately 15 per cent of annual profits. The increased scale of the business following the acquisitions, combined with the impact of higher global fertiliser prices, has resulted in an increase in the Origin inventory balances as of 31 January 2012.

15 Related party transactions

There have been no changes in related party transactions other than those described in the ARYZTA AG 2011 Annual Report and Accounts, which could have a material impact on the financial position or performance of the Group in the six months to 31 January 2012.

Notes to the Group Condensed Interim Financial Statements (continued)
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16 Distribution of interim report

The Annual Report and Accounts, Interim Management Statements, Interim Report and Accounts and other useful information about the Company, such as the current share price, is available on our website www.aryzta.com.
We confirm our responsibility for the half year interim results and that to the best of our knowledge:

– The condensed set of financial statements comprising the consolidated interim income statement, the consolidated interim statement of comprehensive income, the consolidated interim balance sheet, the consolidated interim statement of changes in equity, the consolidated interim cash flow statement and the related notes have been prepared in accordance with IAS 34, Interim Financial Reporting;

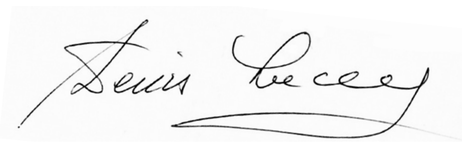
– The review of operations includes a fair review of the information required by:

a) *Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007,* being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) *Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007,* being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Group's auditor has not audited these half year interim results.

On behalf of the Board



Denis Lucey
Chairman, Board of Directors

Owen Killian
CEO, Member of the Board of Directors

12 March 2012