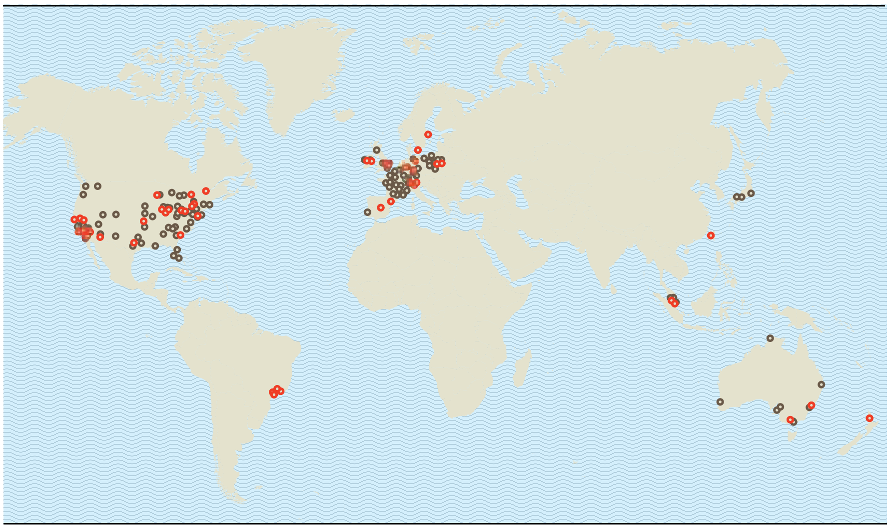
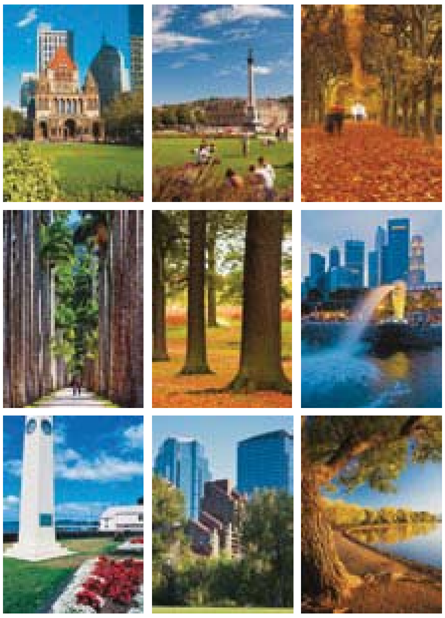
2012

Annual Report and Accounts

ARYZTA
Passion for good food



WELCOME TO ARYZTA AG



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

ARYZTA is the majority shareholder (68.8%) in Origin Enterprises plc, which has a listing on the AIM in London and the ESM in Dublin (AIM: OGN, ESM: OIZ).

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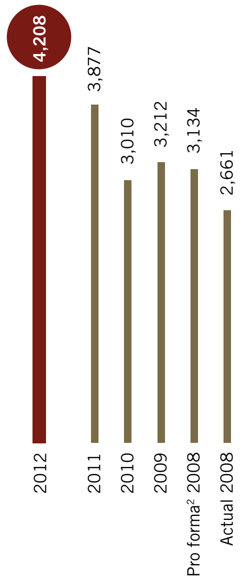
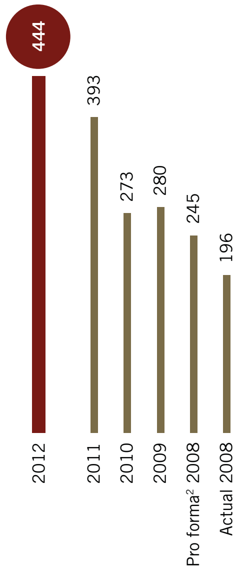
Financial Highlights

Group

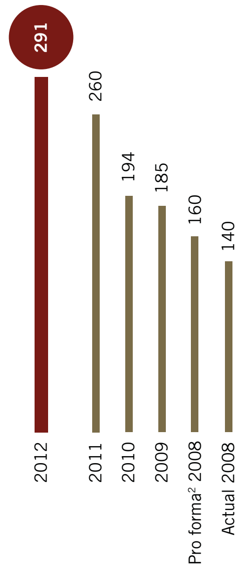
Revenue (EUR m)



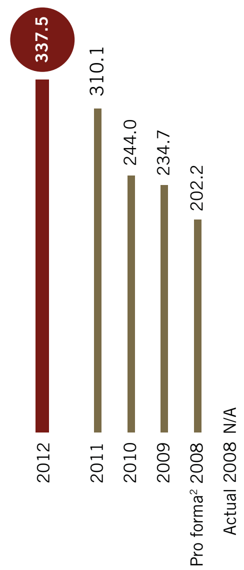
EBITA¹ (EUR m)



Underlying fully diluted net profit (EUR m)

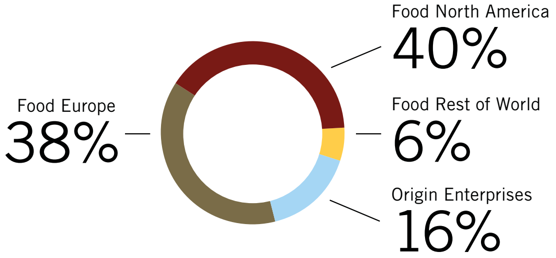


Underlying fully diluted EPS (cent)

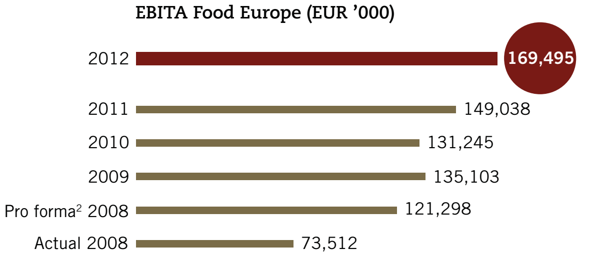


Group segments' EBITA

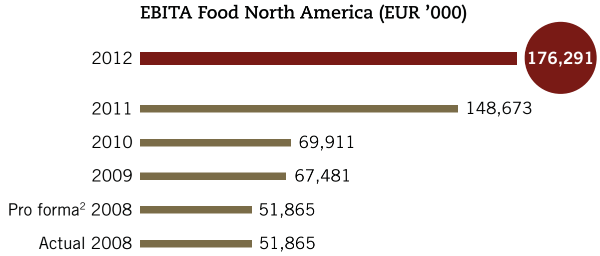
EBITA by business segment (% of Group contribution 2012)



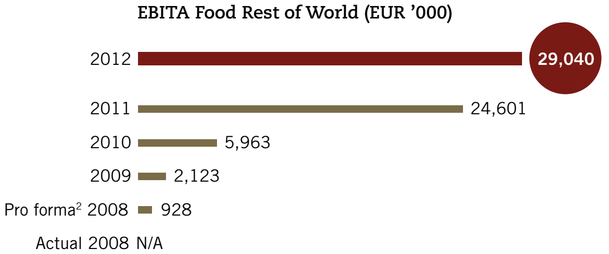
EBITA Food Europe (EUR '000)



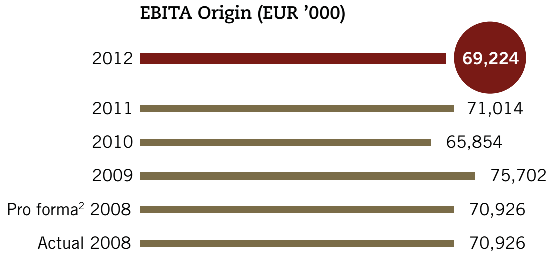
EBITA Food North America (EUR '000)



EBITA Food Rest of World (EUR '000)



EBITA Origin (EUR '000)



1 See glossary on page 22 for definitions of financial terms and references used in this document.
2 Pro forma numbers presented including Hiestand Holding AG in the 2008 comparative.

Annual Report and Accounts 2012
Letter to Shareholders

The financial year 2012 was one of solid top-line growth for the Food Group, achieved against a backdrop of a very challenging macro-environment, anaemic consumer spending trends and increased government austerity measures, especially in Europe.

Underlying Food Group revenue increased by 3.8% in FY 2012. Revenue growth in Food North America was largely organic driven, while acquisition growth led gains in Food Europe. Growth in the Rest of World segment was mainly organic, however acquisitions in South East Asia benefited top-line performance. Favourable currency translation rates assisted performance during the year, as the euro, ARYZTA's reporting currency, remained under pressure.

During the year, good progress on margin expansion was achieved, with Food Group margins increasing by 60bps to 13.1%. This improvement reflected the focus on change and reorganisation achieved through the ongoing implementation of the ARYZTA Transformation Initiative ('ATI'). Further progress can be expected in FY 2013, as ATI remains a critical area of investment for ARYZTA in the years ahead, as well as a substantial enabler for the delivery of targets.

In addition to the ongoing investment in ATI, ARYZTA commenced investment in new capacity and upgrades in Poland and Malaysia, and completed the new bakery in Brazil during the final quarter of 2012. Acquisitions included Honeytop in the UK, a leading manufacturer of flat breads. The addition of Honeytop adds new product capabilities, new customers and broadens ARYZTA's channel to market in Europe, which has a high dependency on independents. In South East Asia, two bakeries were acquired that manufacture for leading limited serve restaurant ('LSR') customers, which will facilitate further growth and investment in this region.

Similar to FY 2011, input cost volatility also occurred during FY 2012. This volatility triggered price increases during H1 2012, which waned during Q3 2012. However, cereal prices then increased significantly during Q4, due to weather-related events in key global grain-producing regions. This resulted in food inflation pressures re-emerging as a business issue. ARYZTA continues to manage this risk, mitigating its impact on customers and food affordability, while maintaining quality and service levels. The outlook for input costs remains volatile.

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. This significantly assisted the delivery of a year-end net debt: EBITDA of 2.05x (excluding hybrid), which maintained investment-grade status and helped offset the negative translation impact of the Group's dollar debt holdings.

Results

ARYZTA's financial year was a challenging one. Trading conditions were difficult, with persistent input price inflation in H1, a subdued consumer spending environment and increased government austerity measures in Europe. However, the Food Group performed well, reporting 3.8% growth in underlying revenue, 60bps increase in margins to 13.1% and a 16.3% increase in EBITA.

Letter to Shareholders (continued)

The Group posted a solid earnings performance for the financial year 2012, with underlying fully diluted net profit increasing by 11.9% to €291m, while underlying fully diluted earnings increased by 8.8% to 337.5 cent, reflecting the increased weighted average number of shares in issue following the January placement.

Dividend

The Board recommends a final dividend of CHF 0.6125[1] per share, to be paid on 1 February 2013, if approved at the Annual General Meeting on 11 December 2012.

Board membership

At the 2011 AGM, held on 1 December 2011, shareholders confirmed the re-election of Mr. J. Brian Davy and Mr. Patrick McEniff (CFO) to the Board of Directors, each for a further three-year term of office. In addition, Mr. Götz-Michael Müller, Mr. Shaun B. Higgins and Mr. Hugh Cooney were elected as new members of the Board of Directors, each for a three-year term. The biographies of individual Board members are available on pages 34 to 37 in the Corporate Governance report.

Dr. J. Maurice Zufferey and Mr. Denis Buckley, whose terms of office expired at the 2011 AGM, did not stand for re-election. We would like to take the opportunity to thank them and pay tribute to their service to ARYZTA as members of the Board of Directors.

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

Acknowledgement

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

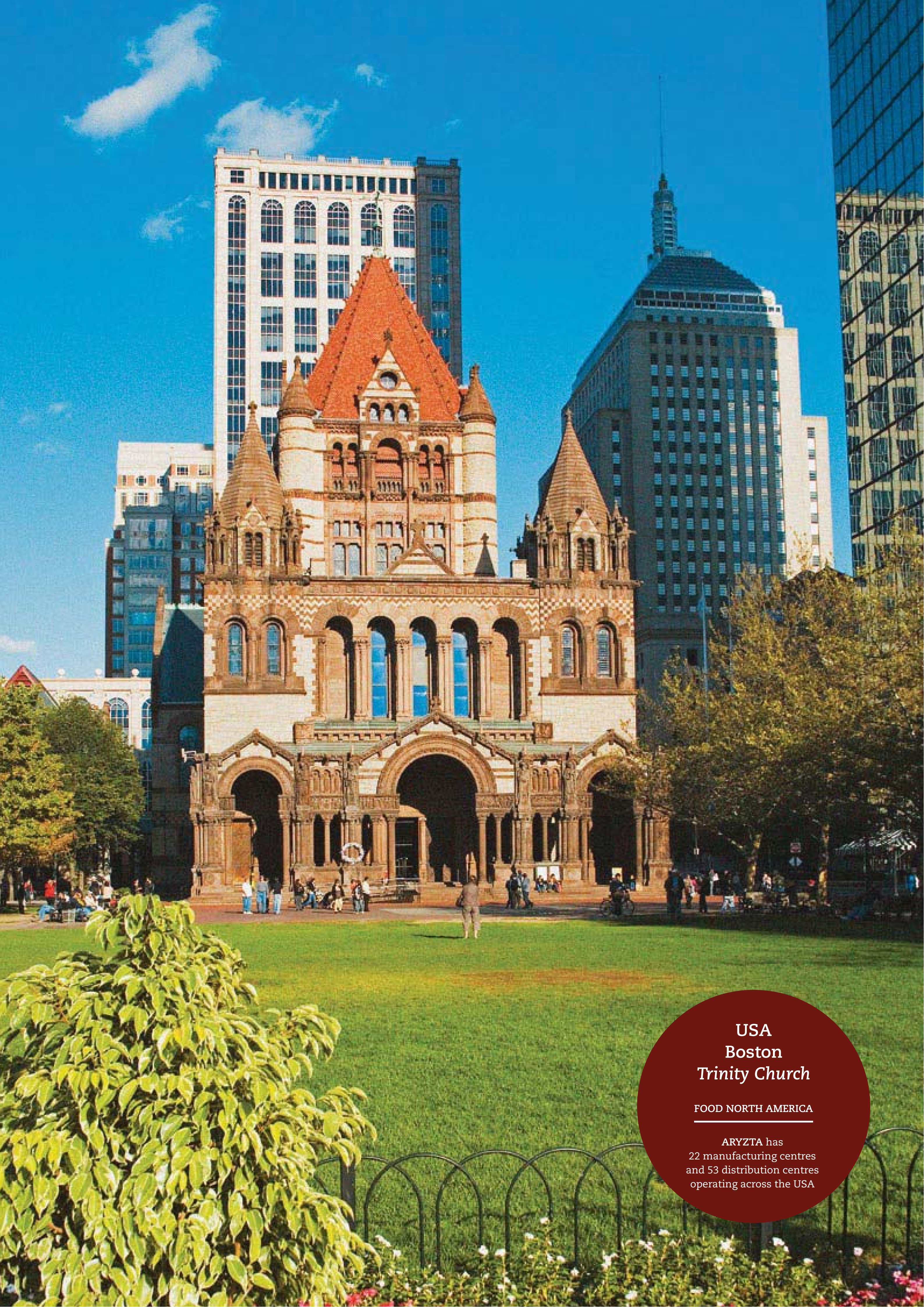
We believe ARYZTA AG is well positioned to deliver long-term sustainable growth.

Denis Lucey
Chairman, Board of Directors

Owen Killian
CEO, Member of the Board of Directors

20 September 2012

1 Based on EUR 0.5063 per share converted at the foreign exchange rate of one euro to CHF 1.2098 on 20 September 2012, the date of approval of the ARYZTA financial statements.



USA
Boston
Trinity Church

FOOD NORTH AMERICA

ARYZTA has
22 manufacturing centres
and 53 distribution centres
operating across the USA

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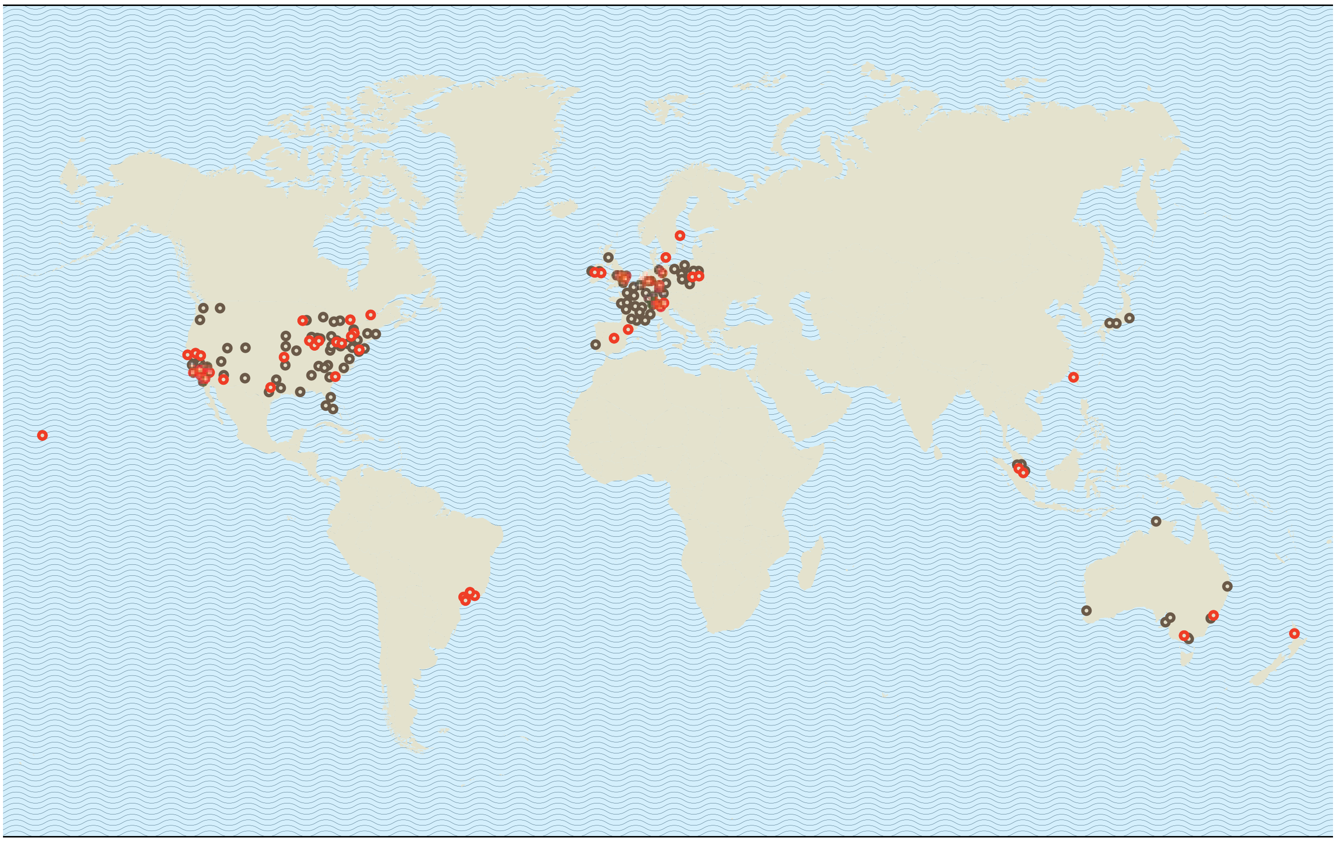
Business Overview

About ARYZTA

Food Group – Global Footprint



50 Manufacturing Centres

103 Distribution Centres

19 Countries

Reporting Segments

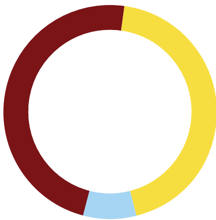
ARYZTA AG

Food Europe	Food North America	Food Rest of World	Origin Enterprises plc 95 million shares (68.8 % Holding)
Global Food Business			Listed on the AIM in London and the ESM in Dublin (AIM: OGN, ESM: OIZ)

Business Overview
(continued)

Food Group – Revenue

EUR 2.9 billion



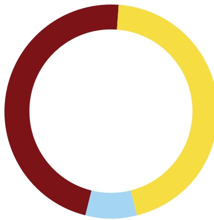
Food North America
48%

Food Europe
44%

Food Rest of World
8%

Food Group – EBITA

EUR 375 million



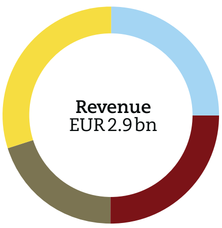
Food North America
47%

Food Europe
45%

Food Rest of World
8%

Food Group

Customer Channel Mix



Limited Serve Restaurant
30%

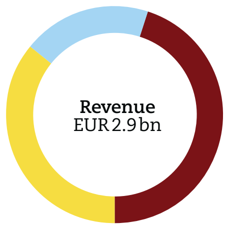
Other Foodservice
25%

Large Retail
25%

Convenience & Independent Retail
20%

Food Group

Food Mix



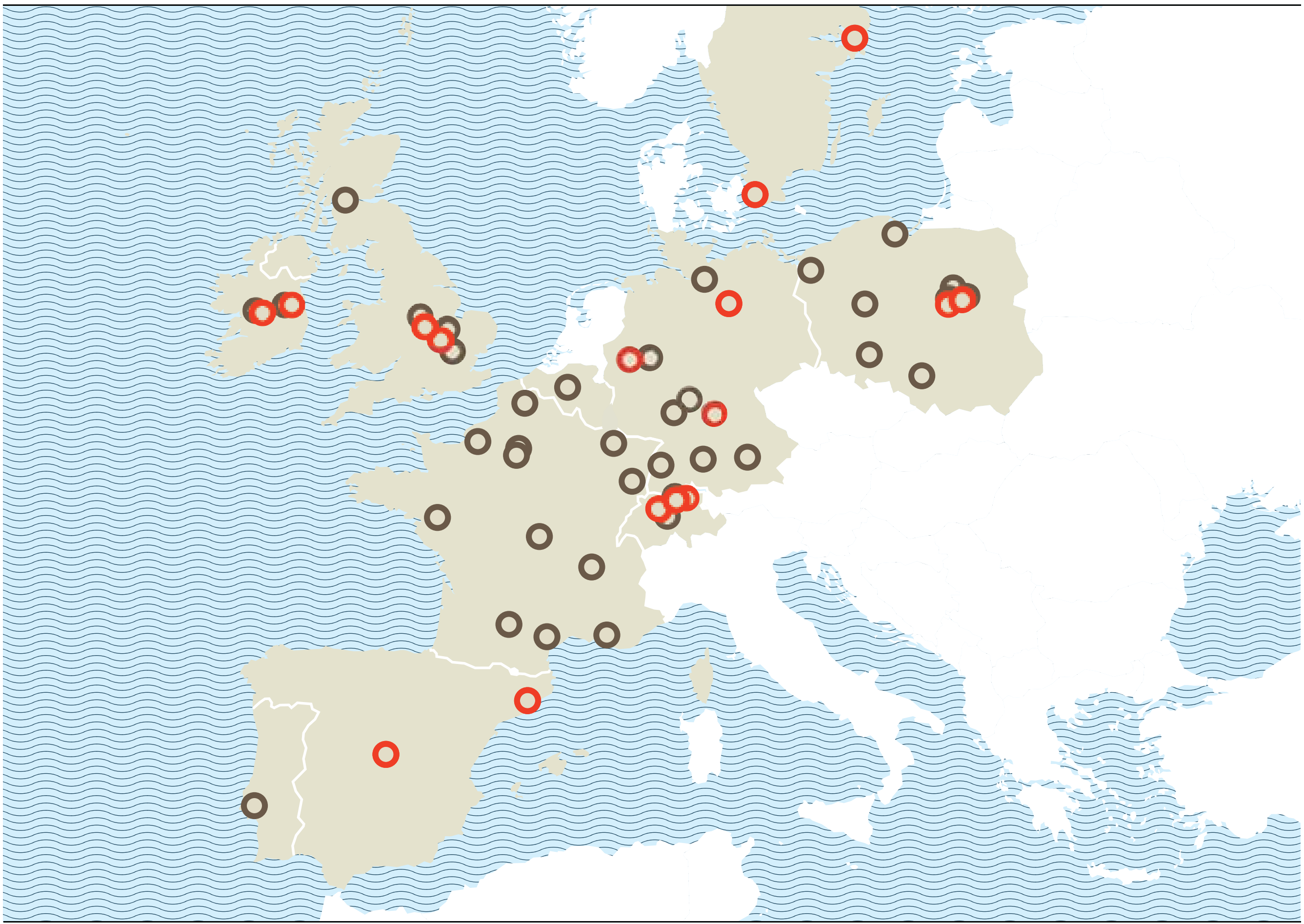
Bread Rolls & Artisan Loaves
45%

Sweet Baked Goods & Morning Goods
36%

Savoury & Other
19%

Business Overview
Food Business – Markets

Food Europe



16 Manufacturing Centres

37 Distribution Centres

10 Countries

Key Figures

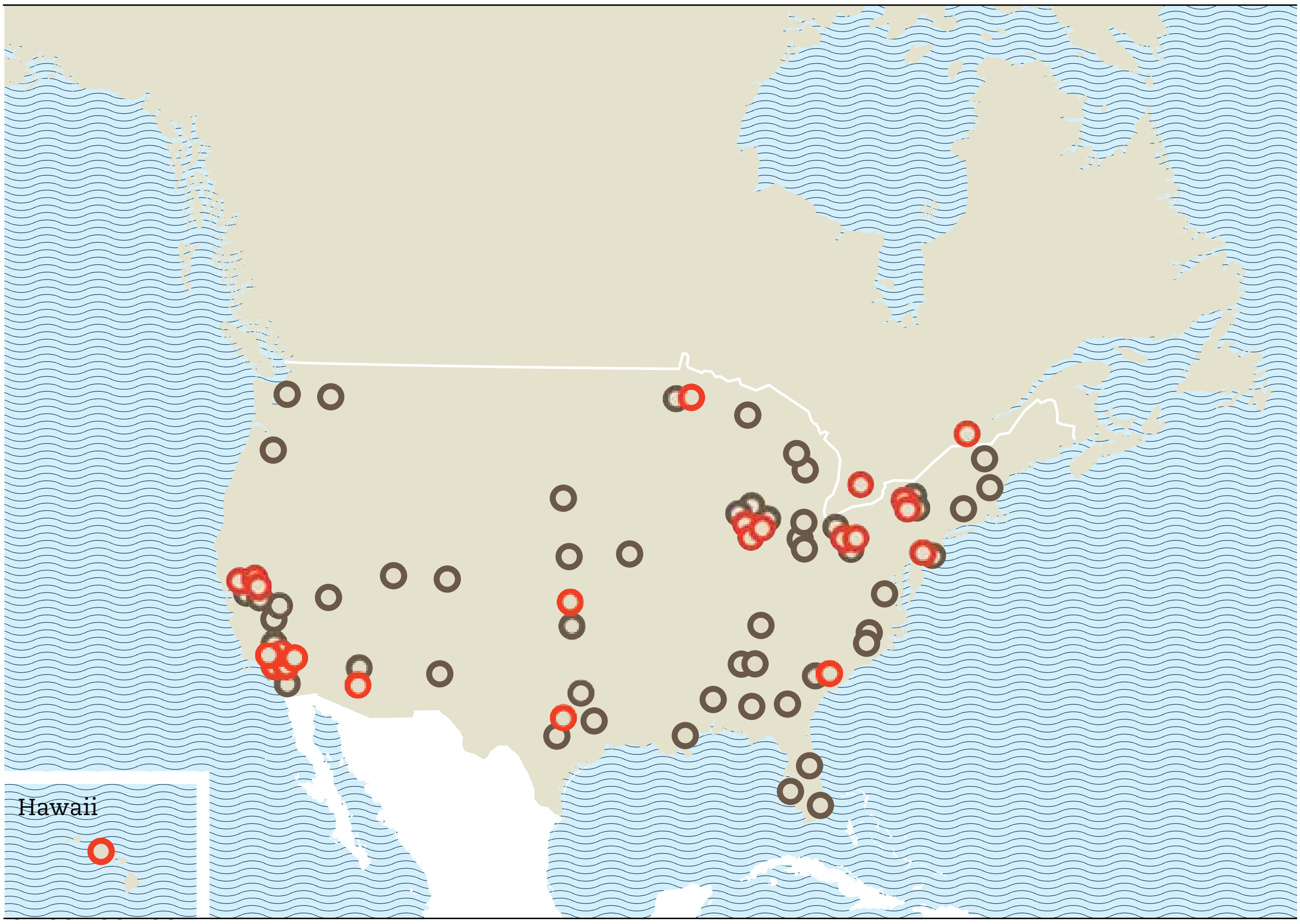
Revenue €1.3 bn

EBITDA €213m

EBITA €169 m

Business Overview
Food Business – Markets

Food North America



24 Manufacturing Centres

53 Distribution Centres

2 Countries

Key Figures

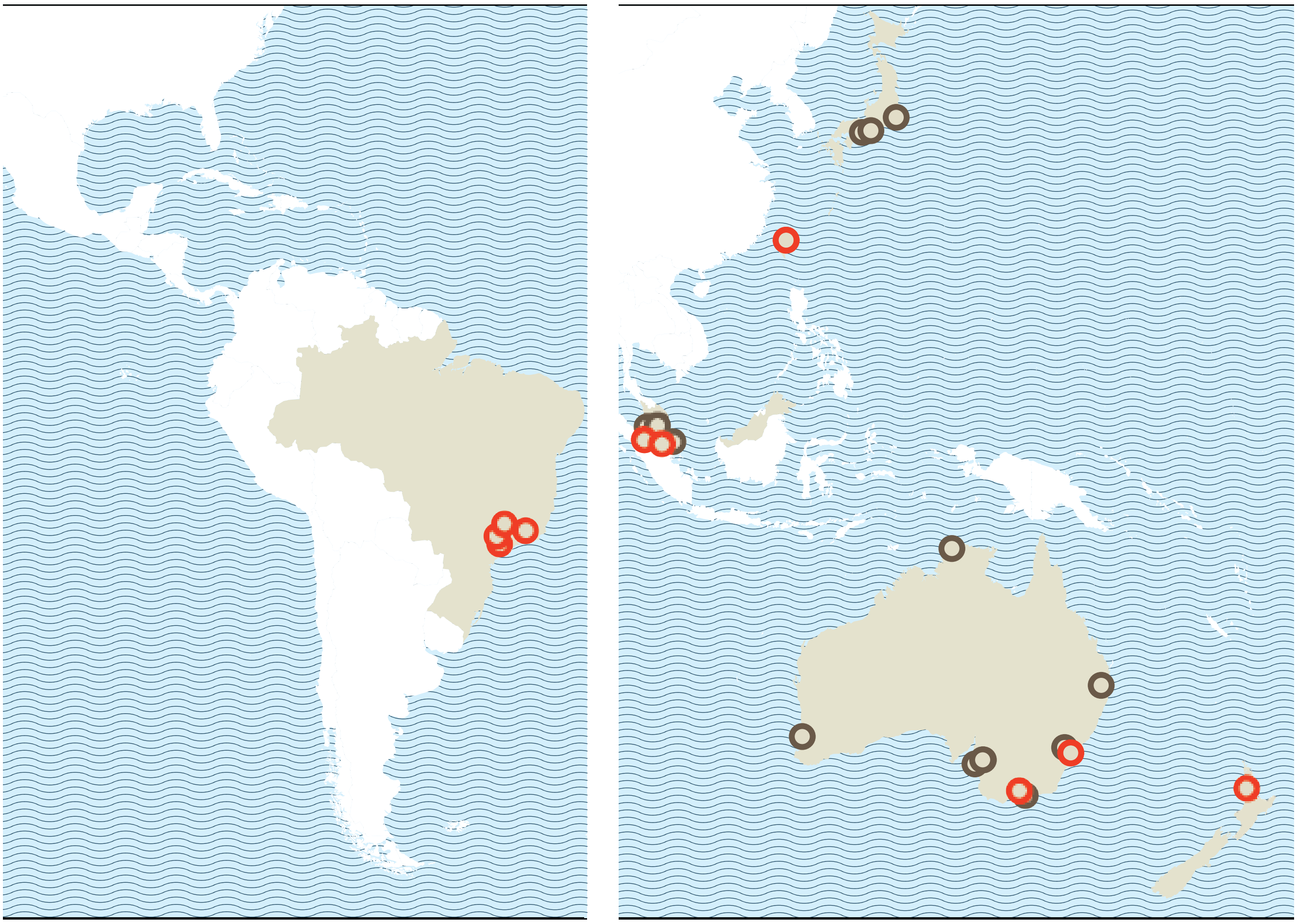
Revenue €1.4bn

EBITDA €216m

EBITA €176m

Business Overview
Food Business – Markets

Food Rest of World



10 Manufacturing Centres

13 Distribution Centres

7 Countries

Key Figures

Revenue
€222m

EBITDA
€36m

EBITA
€29m

GERMANY
Stuttgart
Schlossplatz

FOOD EUROPE

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

Annual Report and Accounts 2012

Financial and Business Review

1 ARYZTA AG – Income Statement

in EUR `000	July 2012	July 2011	% Change
Group revenue	4,207,667	3,876,923	8.5%
EBITA	444,050	393,326	12.9%
EBITA margin	10.6%	10.1%	–
Associates and JVs, net	14,200	19,479	–
EBITA incl. associates and JVs	458,250	412,805	11.0%
Finance cost, net	(65,311)	(67,916)	–
Hybrid instrument accrued dividend	(16,642)	(11,801)	–
Pre-tax profits	376,297	333,088	–
Income tax	(63,776)	(52,295)	–
Non-controlling interests	(21,476)	(20,753)	–
Underlying fully diluted net profit	291,045	260,040	11.9%
Underlying fully diluted EPS (cent)	**337.5c[1]**	**310.1c[1]**	**8.8%**

1 The July 2012 weighted average number of ordinary shares used to calculate diluted earnings per share is 86,228,153 (2011: 83,868,319). The increase in the weighted average number of ordinary shares used to determine diluted earnings per share is due primarily to the weighted average increase of 2,300,392 shares, as a result of the issuance of 4,252,239 shares during January 2012. The remaining increase relates to the continued vesting of management share based incentives.

2 Underlying revenue growth for year ended 31 July 2012

in EUR million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total Group
Group revenue	1,273.7	1,372.4	221.5	2,867.6	1,340.0	4,207.6
Underlying growth	(1.0)%	7.0%	13.0%	3.8%	7.1%	4.9%
Acquisitions and disposals	7.0%	2.1%	7.0%	4.7%	(4.5)%	1.6%
Currency	1.5%	4.1%	3.0%	2.8%	0.5%	2.0%
Revenue Growth	**7.5%**	**13.2%**	**23.0%**	**11.3%**	**3.1%**	**8.5%**

3 ARYZTA AG – Segmental EBITA

in EUR `000	July 2012	July 2011	% Change
Food Group			
Food Europe	169,495	149,038	13.7%
Food North America	176,291	148,673	18.6%
Food Rest of World	29,040	24,601	18.0%
Total Food Group	374,826	322,312	16.3%
Origin[1]	69,224	71,014	(2.5)%
Total Group EBITA	**444,050**	**393,326**	**12.9%**
Associates & JVs, net			
Food JVs	1,062	4,622	(77.0)%
Origin associates & JVs	13,138	14,857	(11.6)%
Total associates & JVs, net	14,200	19,479	(27.1)%
Total EBITA incl. associates and JVs	**458,250**	**412,805**	**11.0%**

1 For Origin reporting purposes ERP amortisation is adjusted below reported operating profit; however, for ARYZTA presentation purposes, all ERP amortisation has been included within EBITA.

Financial and Business Review (continued)

4 Food Group – Income Statement

in EUR `000	July 2012	July 2011	% Change
Group revenue	2,867,644	2,577,420	11.3%
EBITA	374,826	322,312	16.3%
EBITA margin	13.1%	12.5%	–
JVs, net	1,062	4,622	–
EBITA incl. JVs	375,888	326,934	15.0%
Finance cost, net	(58,717)	(57,406)	–
Hybrid instrument accrued dividend	(16,642)	(11,801)	–
Pre-tax profits	300,529	257,727	–
Income tax	(50,559)	(36,999)	–
Non-controlling interests	(3,367)	(2,666)	–
Underlying net profit	246,603	218,062	13.1%

5 Food Group business

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

Total Food Group revenue grew by 11.3% to €2.9bn. ARYZTA's underlying Food business performed well, posting underlying revenue growth of 3.8% in what was a very a challenging trading environment, particularly in the Food Europe segment.

Food EBITA increased by 16.3%, while EBITA margins expanded by 60bps to 13.1%, reflecting the improved efficiencies being derived through ARYZTA's Transformation Initiative ('ATI'). This translated into a 13.1% increase in underlying net profit within the Food Group.

6 Food Europe

Food Europe has leading market positions in the European speciality bakery market. It has a diversified customer base including convenience retail, gas stations, multiple retail, restaurants, catering and hotels, leisure and LSR.

Food Europe revenue grew by 7.5% to €1.3bn, with currency modestly boosting reported revenue by 1.5%. The contribution from acquisitions of 7.0% was somewhat offset by a decline in underlying revenues of 1.0%, reflecting weak consumer spending and the growing impact of government austerity measures across the region. These macro-economic factors reinforced the continuing trend of consumers switching channels from independent convenience towards large retail and LSR.

The growth in Food Europe was primarily acquisition-driven reflecting the acquisition of Honeytop in the UK in August 2011. Honeytop primarily manufactures flat breads and supplies both large retail and LSR customers.

During the year, further investment in expanding and upgrading facilities in Poland commenced, which is aimed at meeting increased demand from European LSR customers.

Financial and Business Review (continued)

EBITA increased by 13.7% to €169.5m due to the benefit of ATI measures and changes in the food offering. This also led to EBITA margins expanding by 70bps, versus FY 2011, to 13.3%.

Throughout the year, macro-economic conditions remained challenging. This was not confined solely to Ireland and the UK, as the euro financial crisis continued to impact government spending and consumer sentiment across the European continent. In this context, the relative performance of the Food Europe segment remained robust.

7 Food North America

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

Food North America revenue grew by 13.2% to €1.4bn, with acquisition contribution of 2.1% and underlying revenue growth of 7.0%. Favourable currency movements benefited the reported performance in the year by 4.1%.The underlying organic growth in North America was very strong, reflective of progress on deepening customer relationships and increased availability of a broader range of products to North American customers. The performance also benefited from stronger consumer spending trends in North America compared to Europe.

EBITA grew by 18.6% to €176.3m due to positive underlying revenue growth and good margin expansion. Margins expanded by 50bps to 12.8% during the year, benefiting from progress on the recovery of raw material costs, ongoing efficiencies and revenue growth arising from the ATI programme.

Food North America is well advanced in terms of operating on a single ERP platform. Further work will take place during FY 2013 to leverage this investment and increase returns. During the year, new executive management and refocused sales teams have been appointed. The objectives driving these changes remains delivering improved customer centric metrics and leveraging growth opportunities in the region through increased sales penetration levels.

8 Food Rest of World

ARYZTA operates in Brazil, Australia, New Zealand, Malaysia and Japan. During the year, businesses in Singapore and Taiwan were also added. These acquisitions performed satisfactorily and to expectation.

Food Rest of World revenues grew by 23.0% to €221.5m, with acquisition contribution of 7.0% and underlying revenue growth of 13.0%. Favourable currency benefited reported growth by 3.0%.

Financial and Business Review (continued)

EBITA grew by 18.0% to €29.0m, while EBITA margins declined by 60bps to 13.1%. This was largely due to the impact of transportation costs to Brazil during the year, to meet demand while additional capacity was being commissioned. The new facility became fully operational in Q4, which should assist margin progress, as these FY 2012 transport costs will not re-occur in FY 2013. Additional investment also commenced in Malaysia during the year and is expected to be operational during FY 2013.

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.

9 Food Group Non-Recurring Items & Strategic Repositioning

Non-recurring costs were incurred during the year, as a result of ATI initiatives aimed at improving focus on the customer and on more efficient manufacturing. These non-recurring costs amounted to €83.5m during the year ending July 2012, as follows:

in EUR `000	Non-cash	Cash	Total
Net gain on acquisition, disposals and dilution	1,417	–	1,417
Transaction related costs	–	(1,804)	(1,804)
Asset write-downs and fair value adjustments	(7,750)	–	(7,750)
Severance and other staff related costs	–	(50,639)	(50,639)
Other costs arising on integration	–	(24,701)	(24,701)
Total income statement impact	(6,333)	(77,144)	(83,477)

The bulk of the non-recurring costs were incurred in the second half of FY 2012, 82% in H2 versus 18% in H1. The non-cash costs of €6.3m related to the closure of sites during the financial year. The €77.1m cash costs incurred during the year related to severance and site decommissioning costs, as well as contractual obligations and advisory costs, with 66% related to severance and decommissioning and 22% to contractual and advisory.

10 ARYZTA Transformation Initiative

Following on from the phased implementation of Enterprise Resource Planning ('ERP') throughout the business during FY 2010 and FY 2011, the ARYZTA Transformation journey will continue to advance in FY 2013 with additional investment planned, especially in Europe. By the end of FY 2012, SAP was operating live in Food North America, with further work ongoing to leverage its full potential and return on investment. Rolling out SAP in Food Europe remains a key focus for FY 2013.

ARYZTA is continuing with its ongoing €400m investment strategy in its existing businesses. This is aimed at supply chain optimisation, SAP implementation throughout the Food business 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 ROIC to 15%+, from FY 2011 underlying food assets, by FY 2015. Further capacity reorganisation and investment will continue to occur during the coming financial year.

Financial and Business Review (continued)

During the year, new executive management teams in Europe and North America were appointed to drive the ATI initiative. Alongside this, the Food Group has seen a refocus 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 centric focused on offering its 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.

11 Primary food inflation

A key feature and risk management task for ARYZTA during FY 2012 was to manage volatile raw material prices. During FY 2012, especially in H1, agricultural raw material inflation triggered the need for price increases. While inflationary pressures abated somewhat in Q3, they resurfaced in Q4 as drought hit hard in key grain producing regions of the world, causing prices to spike. ARYZTA uses a range of tools to deal with this key business risk. In this regard ARYZTA continues to work closely with customers to mitigate the impact of pricing on the consumer through product innovation, selection and service model efficiencies. The outlook for food raw materials continues to be volatile and is expected to remain so for the foreseeable future.

12 Financial position

ARYZTA's 68.8% subsidiary and separately listed company, Origin, has separate funding structures, which are financed without recourse to ARYZTA. Origin's net debt amounted to €67.8m at 31 July 2012.

The consolidated net debt of the Food Group, excluding Origin's non-recourse debt, amounts to €976.3m. The Food Group net debt: EBITDA ratio is 2.05x (excluding hybrid instrument as debt) and interest cover of 8.10x (excluding hybrid interest). The weighted average maturity of the Food Group gross term debt is circa 5.94 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.

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

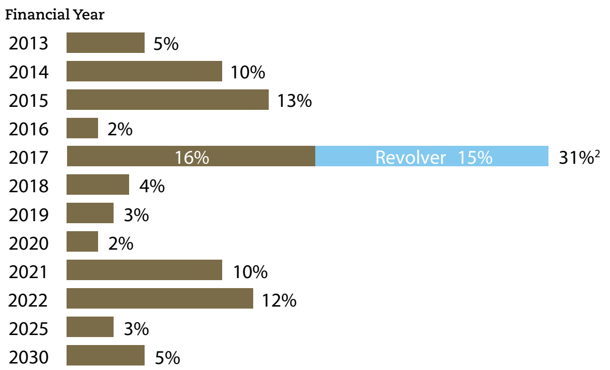
1 Weighted average interest cost of Food Group debt financing facilities (including overdrafts) as at 31 July 2012 of c. 4.68%.

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

Net Debt: EBITDA[1] calculations as at 31 July 2012	Ratio
Net Debt: EBITDA[1] (hybrid as equity)	2.05x
Net Debt: EBITDA[1] (hybrid as debt)	2.75x

1 Calculated based on the Food Group EBITDA for the year ended 31 July 2012 of €465.2m, which is then adjusted by the dividend received from Origin of €10.5m and 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 July 2012. Food Group gross term debt at 31 July 2012 is €1.24bn. Food Group net debt at 31 July 2012 is €976.3m, 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 €183.8m as at 31 July 2012 which represents 15% of the Food Group gross term debt.

Financial and Business Review (continued)

Food Group cash generation

in EUR `000	July 2012	July 2011
EBIT	275,043	235,780
Amortisation	99,783	86,532
EBITA	374,826	322,312
Depreciation	90,342	86,479
EBITDA	465,168	408,791
Working capital movement	(19,280)	(12,970)
Dividends received[1]	11,183	13,138
Maintenance capital expenditure	(46,248)	(39,272)
Interest and tax	(97,721)	(101,927)
Other non-cash charges / (income)	1,796	4,187
Cash flow generated from activities	**314,898**	**271,947**
Investment capital expenditure[2]	(89,401)	(51,589)
Cash flows generated from activities after capital expenditure	**225,497**	**220,358**
Underlying net profit	**246,603**	**218,062**

Food Group net debt and investment activity

in EUR `000	FY 2012	FY 2011
Food Group opening net debt as at 1 August	**(955,468)**	**(1,115,623)**
Cash flows generated from activities	314,898	271,947
Hybrid instrument proceeds	–	285,004
Net debt cost of acquisitions	(100,959)	(317,674)
Share placement	140,854	–
Transaction and restructuring related cash flows	(88,570)	(31,847)
Investment capital expenditure[2]	(89,401)	(51,589)
Proceeds from disposal of joint venture	4,675	–
Deferred consideration	(7,247)	(12,900)
Dividends paid	(43,745)	(32,908)
Hybrid dividend	(16,305)	–
Foreign exchange movement[3]	(139,216)	51,106
Other[4]	4,201	(984)
Food Group closing net debt as at 31 July	**(976,283)**	**(955,468)**

1 Includes dividends from Origin of €10,450,000 (July 2011: €8,550,000).

2 Includes expenditure on intangible assets.

3 Foreign exchange movement for the year ended 31 July 2012 attributable primarily to the fluctuation in the US Dollar to euro rate between July 2011 (1.4323) and July 2012 (1.2370).

4 Other comprises primarily proceeds on disposal of fixed assets and amortisation of financing costs.

Financial and Business Review (continued)

13 Return on invested capital

in EUR million	Food Europe	Food North America	Food Rest of World	Total Food Group	Origin	Total
2012						
Group share net assets[1]	1,447	1,835	290	3,572	460[3]	4,032
EBITA & associates/JVs cont.[2]	170	177	29	376	82	458
ROIC	11.7%	9.6%	10.1%	10.5%	17.9%	11.4%
2011						
Group share net assets[1]	1,368	1,635	253	3,256	434[3]	3,690
EBITA & associates/JVs cont.[2]	149	157	26	332	86	418
ROIC	10.9%	9.6%	10.1%	10.2%	19.8%	11.3%

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

2 ROIC is calculated using pro forma trailing twelve months segmental EBITA ('TTM EBITA') reflecting the full twelve months contribution from acquisitions. EBITA is before interest, tax, non-ERP amortisation and before the impact of non-recurring items. The contribution from associates and JVs is net profit (i.e. presented after interest and tax).

3 Origin net assets adjusted for the fluctuation in its average quarterly working capital by €119,073,000 (2011: €95,544,000).

4 The Food Group WACC on a pre-tax basis is currently 8.0% (2011: 8.0%).

Financial and Business Review (continued)

14 Net assets, goodwill and intangibles

Group Balance Sheet in EUR `000	**Total Group 2012**	**Total Group 2011**
Property, plant and equipment	1,022,587	939,949
Investment properties	29,268	32,180
Goodwill and intangible assets	2,871,982	2,650,956
Associates and joint ventures	127,384	124,057
Other financial assets	37,223	35,013
Working capital	(106,857)	(128,185)
Other segmental liabilities	(68,542)	(59,379)
Segmental net assets	3,913,045	3,594,591
Net debt	(1,044,091)	(1,047,588)
Deferred tax, net	(326,657)	(309,425)
Income tax	(27,440)	(38,248)
Derivative financial instruments	(5,502)	(2,824)
Net assets	**2,509,355**	**2,196,506**

Food Group Balance Sheet in EUR `000	**Food Group 2012**	**Food Group 2011**
Property, plant and equipment	931,439	845,693
Investment properties	15,960	16,178
Goodwill and intangible assets	2,729,340	2,520,450
Joint ventures	2,545	4,976
Investment in Origin	51,045	51,045
Working capital	(57,048)	(90,372)
Other segmental liabilities	(49,799)	(39,567)
Segmental net assets	3,623,482	3,308,403
Net debt	(976,283)	(955,468)
Deferred tax, net	(310,674)	(292,985)
Income tax	(16,976)	(28,299)
Derivative financial instruments	(1,739)	(1,918)
Net assets	**2,317,810**	**2,029,733**

Financial and Business Review (continued)

15 Proposed dividend

The Board recommends a final dividend of CHF 0.6125[1] to be paid on 1 February 2013, if approved by shareholders at the Annual General Meeting to be held on 11 December 2012.

16 Origin

Origin is a leading agri-services group focused on integrated agronomy and agri-inputs in the UK, Ireland and Poland. ARYZTA has a holding of 95m shares in Origin (68.8% holding).

Origin reported financial and operating results in line with expectations for the year. The Board of Origin has proposed a dividend per ordinary share of 15.0 cent for the year ended 31 July 2012.

Origin's separately published results, which were released on 19 September 2012, are available at www.originenterprises.com.

17 Outlook

The economic outlook for developed markets remains extremely challenging, particularly in Europe where financial market difficulties and government austerity measures continue to subdue consumer sentiment. Food inflation pressures have re-emerged as a business issue and ARYZTA will work closely with its customers to manage the impact of these inflationary pressures on affordability, without compromising quality or service levels.

ARYZTA's strategy to deal with this challenging market environment is through its ATI programme. ARYZTA will leverage key customer relationships to grow revenue, by focusing on product development around consumer insights and to identify cost efficiencies across the organisation.

ARYZTA has delivered an underlying fully diluted EPS compound annual growth of 13.7% since 2008, largely due to repositioning acquisitions. While this is lower than the 15% targeted in 2008, this target assumed 50% of the growth would be generated organically, which has not materialised due to weaker economic growth and consumer spending since 2009.

The current year, FY 2013, will be a further year of reorganisation and transformation. The Group expects to report year-on-year underlying fully diluted EPS growth of 5-10% in line with FY 2012. The ATI programme is targeting a 15% return from underlying food assets by 2015.

1 Based on EUR 0.5063 per share converted at the foreign exchange rate of one EUR to CHF 1.2098 on 20 September 2012, the date of the approval of the ARYZTA financial statements.

Financial and Business Review (continued)

18 Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on page 57 of the ARYZTA AG 2012 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group.

19 Forward looking statement

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

20 Glossary of financial terms and references

'EBITA' – presented before net acquisition, disposal and restructuring related costs and fair value adjustments, and related tax credits. ERP 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 year and before net acquisitions, disposal and restructuring related costs and fair value adjustments, and related deferred tax credits.

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

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

'ERP' – enterprise resource planning intangible assets include the Food Group SAP and Origin Microsoft Dynamics AX software systems.

Bridge to Group Income Statement
for the financial year ended 31 July 2012

in EUR `000	Food Group 2012	Origin 2012	Total Group 2012	Total Group 2011
Group revenue	**2,867,644**	**1,340,023**	**4,207,667**	3,876,923
EBITA	**374,826**	**69,224**[4]	**444,050**	393,326
Associates and JVs, net	**1,062**	**13,138**	**14,200**	19,479
EBITA incl. associates and JVs	**375,888**	**82,362**	**458,250**	412,805
Finance cost, net	**(58,717)**	**(6,594)**	**(65,311)**	(67,916)
Hybrid instrument accrued dividend	**(16,642)**	**–**	**(16,642)**	(11,801)
Pre-tax profits	**300,529**	**75,768**	**376,297**	333,088
Income tax	**(50,559)**	**(13,217)**	**(63,776)**	(52,295)
Non-controlling interests	**(3,367)**	**–**	**(21,476)**	(20,753)
Underlying fully diluted net profit	**246,603**	**62,551**	**291,045**	260,040
Underlying fully diluted EPS (cent)	**–**	**45.16c**[1]	**337.5c**[2]	310.1c[2]

Underlying net profit reconciliation

in EUR `000	Food Group 2012	Origin 2012	Total Group 2012	Total Group 2011
Reported net profit[3]	**116,278**	**42,909**	**146,264**	212,657
Intangible amortisation	**99,783**	**6,401**	**106,184**	90,827
Tax on amortisation	**(28,066)**	**(2,288)**	**(30,354)**	(18,691)
Hybrid instrument accrued dividend	**(16,642)**	**–**	**(16,642)**	(11,801)
Net acquisition, disposal and restructuring related costs and fair value adjustments	**83,477**	**16,152**	**99,629**	10,036
Tax on asset write-down and costs arising on integration	**(8,227)**	**(623)**	**(8,850)**	(17,990)
Non-controlling interest portion of acquisition, disposal and restructuring related costs and fair value adjustments	**–**	**–**	**(4,490)**	(3,325)
Underlying net profit	**246,603**	**62,551**	**291,741**	261,713
Dilutive impact of Origin management incentives	**–**	**–**	**(696)**	(1,673)
Underlying fully diluted net profit	**246,603**	**62,551**	**291,045**	260,040
Underlying fully diluted EPS (cent)	**–**	**45.16c**[1]	**337.5c**[2]	310.1c[2]

1 Origin FY 2012 underlying fully diluted EPS is calculated using the weighted average number of shares in issue of 138,499,154 (FY 2011: 138,416,254).

2 The July 2012 weighted average number of ordinary shares used to calculate diluted earnings per share is 86,228,153 (2011: 83,868,319). The increase in the weighted average number of ordinary shares used to determine diluted earnings per share is due primarily to the weighted average increase of 2,300,392 shares, as a result of the issuance of 4,252,239 shares during January 2012. The remaining increase relates to the continued vesting of management share based incentives.

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

4 For Origin reporting purposes ERP amortisation is adjusted below reported operating profit; however, for ARYZTA presentation purposes, all ERP amortisation has been included within EBITA.

FRANCE
Paris
Jardin des Plantes

FOOD EUROPE

ARYZTA has
12 distribution centres
operating across France

Annual Report and Accounts 2012
Corporate Governance Report

Preliminary remarks
ARYZTA is committed to best practice in corporate governance.

The primary corporate governance instruments adopted by ARYZTA (namely the Articles of Association, Organisational Regulations and Terms of Reference for the Committees of the Board) are available on the Company website at www.aryzta.com/about-aryzta/corporate-governance.aspx. While recognising the importance of these formal instruments, good corporate governance in practice requires a commitment to, and the practice of, values that guide the Group in serving the needs of its stakeholders, be they shareholders (institutional or retail), customers, consumers, suppliers, employees or other interested groups.

ARYZTA Board
In previous Corporate Governance Reports, ARYZTA stated its commitment to keeping its corporate governance framework under review, with a view to related developments and the on-going evolution of the Group.

At the ARYZTA 2011 Annual General Meeting, three new independent non-executive directors were appointed by the shareholders. In conjunction with these appointments, and in order to reflect the on-going evolution and internationalisation of ARYZTA, the Board discontinued the previous policy that a minimum of four of the non-executive directors be Irish and a minimum of two of the non-executive directors be Swiss. In addition, the Board re-affirmed its policy that a majority of its membership, excluding the Chairman, shall consist of independent non-executive directors (as determined in accordance with the Swiss Code of Best Practice for Corporate Governance).

Compensation Report and 'Say-on-Pay' voting
At the 2011 Annual General Meeting, the shareholders ratified the 2011 Compensation Report through a separate advisory vote. In keeping with good corporate governance practice, the Board has decided to also submit the 2012 Compensation Report to a separate advisory vote of the shareholders at the 2012 Annual General Meeting. The 2012 Compensation Report is included on pages 48 to 55 of this Annual Report.

Corporate Governance Report (continued)

ARYZTA Corporate Governance Report format

The ARYZTA Corporate Governance Report 2012 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 comply with International Financial Reporting Standards ('IFRS') and are in accordance with Swiss law. The ARYZTA AG Company financial statements are in accordance with Swiss Law and the Company's Articles of Association. Where necessary, the financial statement disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive on Information Relating to Corporate Governance.

In this report, the terms 'ARYZTA' and the 'Company' refer to ARYZTA AG, whereas the 'Group' and the 'ARYZTA Group' refer to ARYZTA AG and its subsidiaries. The 'Board' refers to the Board of Directors of the Company. 'Origin Enterprises' means Origin Enterprises plc (ARYZTA has a 68.8% holding in Origin Enterprises plc), and the 'Origin Board' means the Board of Directors of Origin Enterprises plc. To avoid duplication, in some sections cross-references are made to the 2012 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).

Corporate Governance Report (continued)

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, to Executive Management. The Group's management and organisational structure corresponds to its segmental reporting lines: Food Europe, Food North America, Food Rest of World and Origin.

Each segment's management team is responsible for the day-to-day activities of their segments and report to Executive Management, which in turn reports through the Chief Executive Officer to the Board. Origin constitutes an exception, as it is a public company in its own right, with its own Board of Directors, separate executive management team, governance structure and ring-fenced financing arrangements. The executive management team within Origin reports to the Origin Board. The Origin Board is accountable and reports to its shareholders, including ARYZTA. Owen Killian and Patrick McEniff, ARYZTA Board members and CEO and CFO respectively, are also members of the Origin Board. Pat Morrissey, ARYZTA General Counsel and Company Secretary, is also Company Secretary of Origin.

Corporate Governance Report (continued)

1.1.1 Listed companies of the ARYZTA Group
ARYZTA AG

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

Stock market capitalisation as of 31 July 2012:
CHF 4,274,229,121 or €3,552,760,375 based on 88,037,675 registered shares (i.e. disregarding 3,772,859 treasury shares) and closing prices of CHF 48.55 or €40.355 per share.

Stock market capitalisation as of 31 July 2011:
CHF 3,569,129,791 or €3,111,188,080 based on 82,810,436 registered shares (i.e. disregarding 2,234,359 treasury shares) and closing prices of CHF 43.10 or €37.57 per share.

Origin Enterprises plc

Name and domicile:	Origin Enterprises plc, Dublin 8, Ireland
Holding:	ARYZTA Group has a 68.8% 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 2012:
€503,768,657 based on 138,018,810 ordinary shares and closing price of €3.65 per share (excluding 480,345 deferred convertible ordinary shares).

Stock market capitalisation as of 31 July 2011:
€492,157,616 based on 133,015,572 ordinary shares and closing price of €3.70 per share (excluding 5,483,583 deferred convertible ordinary shares).

1.1.2 Non-listed companies of the ARYZTA Group
Details of the principal subsidiary and associated companies of ARYZTA (being their company names, domicile, share capital, and the Company's participation therein) are set out in note 35 of the ARYZTA Group consolidated financial statements for 2012 on page 142.

Corporate Governance Report (continued)

1.2 Significant shareholders

As at 31 July 2012, 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 2012	**Number of shares % 2012**	Number of shares 2011	Number of shares % 2011
Invesco Limited	**4,373,010**	**4.76%**	8,499,492	9.99%
ARY LTIP Trustee Limited (treasury shares)	**3,772,859**	**4.11%**		Less than 3%
Fidelity International Limited[1]		**Less than 3%**	4,049,810	4.76%
Fidelity Management and Research LLC[1]	**2,785,897**	**3.03%**		Less than 3%
Och-Ziff Capital Management Group LLC		**Less than 3%**	2,603,533	3.06%
Blackrock Inc		**Less than 3%**	2,556,485	3.01%

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

Any significant shareholder notifications during the year and since 31 July 2012 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 share capital of the Company amounts to CHF 1,836,210.68 and is divided into 91,810,534 registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-up.

2.2 Authorised and conditional capital

ARYZTA has no conditional share capital, as the deletion of Article 4 of the Articles of Association (governing Conditional Share Capital for Employee Benefit Plans) was approved by the shareholders at the 2011 Annual General Meeting without being replaced.

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 170,089.60 (through the issue of up to 8,504,480 registered shares). Authority for this purpose expires on 30 November 2013. 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 shares: (1) for acquisitions, (2) deleted (3) for the purposes of employee participation, provided such withdrawal of pre-emptive rights is limited to 2,551,343 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 on 22 August 2008.

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

	Nominal value CHF	Shares in issue	Shares outstanding	Treasury shares	Matching Plan Allocation	Option Plan Allocation	Unallocated Treasury shares
Issuance of shares on formation of ARYZTA	0.02	78,940,460	78,940,460	–	–	–	–
Issuance of shares to subsidiary	0.02	2,240,000	–	2,240,000	–	–	2,240,000
Treasury share disposal		–	5,641	(5,641)	–	–	(5,641)
Granting of LTIP awards		–	–	–	1,035,000	–	(1,035,000)
As of 31 July 2009		**81,180,460**	**78,946,101**	**2,234,359**	**1,035,000**	**–**	**1,199,359**
Issuance of shares on acquisition of Fresh Start Bakeries	0.02	3,864,335	3,864,335	–	–	–	–
Forfeitures of LTIP awards		–	–	–	(60,000)	–	60,000
Granting of LTIP awards		–	–	–	–	1,200,000	(1,200,000)
As of 31 July 2010		**85,044,795**	**82,810,436**	**2,234,359**	**975,000**	**1,200,000**	**59,359**
As of 31 July 2011		**85,044,795**	**82,810,436**	**2,234,359**	**975,000**	**1,200,000**	**59,359**
Vesting of LTIP awards		–	975,000	(975,000)	(975,000)	–	–
Issuance of shares to subsidiary	0.02	2,513,500	–	2,513,500	–	–	2,513,500
Granting of LTIP awards		–	–	–	944,250	1,569,250	(2,513,500)
Forfeitures of LTIP awards		–	–	–	(194,250)	(259,250)	453,500
Issuance of shares to broaden the shareholder constituency	0.02	4,252,239	4,252,239	–	–	–	–
As of 31 July 2012		**91,810,534**	**88,037,675**	**3,772,859**	**750,000**	**2,510,000**	**512,859**

The share capital of the Company at 31 July 2012 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 these 91,810,534 shares, 88,037,675 are outstanding and 3,772,859 are classified as treasury shares. As of 31 July 2012, 512,859 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 2012, ARYZTA has 91,810,534 fully paid-up, registered shares (including 3,772,859 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. CDI holders do, however, maintain an interest in the shares represented by the CDIs.

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

2 The CREST system, operated by Euroclear UK and Ireland, is the system for the holding and settlement of transactions in uncertificated (UK, Irish and Channel Island) securities.

3 ARYZTA shares are held in trust by Euroclear UK and Ireland for the benefit of CREST members who have been issued with dematerialised interests representing entitlements to ARYZTA registered shares in the form of CDIs.

Corporate Governance Report (continued)

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

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

2.6.3 Admissibility of nominee registrations

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

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

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

2.6.4 Procedure and conditions for cancelling statutory privileges

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

Corporate Governance Report (continued)

2.7 Convertible bonds, warrants and options

As of 31 July 2012, ARYZTA has not issued any convertible bonds or warrants.

As of 31 July 2012, a total of 750,000 Matching Plan awards and a total of 2,510,000 Option Equivalent Plan awards granted to executives and senior management remain outstanding, subject to fulfilment of predefined vesting conditions in connection with these ARYZTA Long Term Incentive Plans.

Please refer to the Compensation Report on pages 48 to 55 of this Annual Report for further information pertaining to options granted as an element of executive and management compensation.

3 Board of Directors

3.1 Members of the Board of Directors

At 31 July 2012, the Board of ARYZTA consists of two executive directors and eight non-executive directors, each of whom is considered by the Board to be independent in character and judgement. Moreover, none of the non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board of Directors' opinion, are likely to affect their judgement. All interests linked to each individual director in this section correspond to the nationality of that director, unless otherwise stated.

Corporate Governance Report (continued)

Denis Lucey (1937, Irish)
Chairman (since August 2008), and non-executive member
Term of office expires at 2012 AGM
Diploma in Dairy Science from University College Cork
Denis Lucey has a background in the agricultural co-operative movement in Ireland. In 1982, he was appointed Chief Executive Officer of Mitchelstown Co-Operative Agricultural Society Limited, a position he held until the merger of that co-operative with the Ballyclough Co-Operative Creamery Limited in 1990 and the formation of Dairygold Co-Operative Society Limited. He served as Chief Executive Officer of Dairygold Co-Operative Society Limited until March 2003. He joined the Board of IAWS Group plc as a non-executive director in September 2000, and was elected Chairman of the Board in 2005. He has served as Chairman of ARYZTA since its admission to trading on the SIX Swiss Exchange and the Irish Stock Exchange in August of 2008. He is also currently Chairman of the Milk Quota Appeals Tribunal for the Irish Department of Agriculture, Fisheries and Food.

Charles Adair (1951, American)
Non-executive member
Term of office expires at 2013 AGM
Bachelor of Arts in Biology from North Park College and a Master of Science from Michigan State University in Resource Economics
Charles Adair is Vice-Chairman of BMO Capital Markets, a full-service investment bank headquartered in Toronto, Canada. He began his career in the agricultural commodity trading and transportation industries in the U.S. and joined BMO Capital Markets in 1984 in Chicago. He was a leader in 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 30 years of experience in the food and agribusiness industries, he continues to focus on advising public and private companies on financing and mergers & acquisitions. He became a member of the ARYZTA Board of Directors in December 2010.

Hugh Cooney (1952, Irish)
Non-executive member
Term of office expires at 2014 AGM
Bachelor of Commerce from University College Dublin, Fellow of the Association of Chartered Certified Accountants
Hugh Cooney is a Certified Accountant with more than 35 years' experience working with a number of major professional advisory firms, including NCB Corporate Finance, Arthur Andersen and BDO in Ireland. He retired from practice in 2008 and is now a consultant with KPMG, Ireland, and a non-executive director of Aon MacDonagh Boland Group (since 2008) and Bio-Medical Research Limited (since 2012), all Irish companies. In addition, he is Chairman of Enterprise Ireland (the Irish government organisation responsible for the development of Ireland's international trade) and a member of the Advisory Committee of the (Irish) National Treasury Management Agency (NTMA) and Chairman of its Audit Committee, all Dublin, Ireland.

Corporate Governance Report (continued)

J. Brian Davy (1942, Irish)
Non-executive member
Term of office expires at 2014 AGM
Bachelor of Commerce from University College Dublin
Brian Davy is Chairman of Davy, Ireland's leading provider of stockbroking, wealth management and financial advisory services, and the sponsor of ARYZTA on the Irish Stock Exchange. He graduated from University College Dublin with a Bachelor of Commerce Degree and has spent his entire working career in building up the business and executive team of Davy, where he has worked since 1965. He is a former director of the Irish Stock Exchange and Arnotts plc. He joined the Board of IAWS Group plc as a non-executive director in December 1995. He became a member of the ARYZTA Board of Directors in August 2008.

Shaun B. Higgins (1950, American)
Non-executive member
Term of office expires at 2014 AGM
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 Boards of Drinks Americas Holdings, Ltd. and Carmine Labriola Contracting Corp.

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

Corporate Governance Report (continued)

Patrick McEniff (1967, Irish)
Chief Financial Officer and executive member
Term of office expires at 2014 AGM
Fellow of the Chartered Institute of Management Accountants; Master of Business Administration from Dublin City University
Patrick McEniff joined IAWS Group plc after its listing on the Irish Stock Exchange in 1988 and has fulfilled various senior management roles, focused on finance and systems development. In 2004, he was appointed to the board of IAWS Group plc as its Group Finance Director. In 2008, upon the formation of ARYZTA AG, he was also appointed as CFO and member of the Board of Directors.

Götz-Michael Müller (1948, German)
Non-executive member
Term of office expires at 2014 AGM
Diplom-Kaufmann Westfälische Wilhelms-Universität, Münster, Germany
Götz-Michael Müller has 30 years' experience working in fast-moving consumer goods companies in Germany. He worked from 1975 to 1996 with Kraft Foods (formerly Kraft Jacobs Suchard) in various marketing and management positions, culminating in the role of Executive Vice-President and Area Director for Kraft Jacobs Suchard, Germany. From 1997 to 2001, he served as member of the executive management (Vice-President of marketing & sales) with Brauerei Beck & Co, Bremen, Germany, and from 2001 to 2003 as Managing Director Germany, Coca-Cola GmbH, Berlin, Germany. From 2006 to 2007, Götz-Michael Müller served as a member of the Board of SIG Combibloc AG (previously SIG Holding AG), Schaffhausen, Switzerland. He is a member of the "Wissenschaftliche Gesellschaft für Marketing und Unternehmensführung" (Academic Society for Marketing and Business Leadership) at the University of Münster, Germany, and the Advisory Board of the Bremen branch of Deutsche Bank, Germany. He is also Senior Consultant to the President of JACOBS University in an honorary capacity and Managing Director of JCBS Holding GmbH, both Bremen, Germany.

William Murphy (1945, Irish)
Non-executive member
Term of office expires at 2012 AGM
Bachelor of Commerce from University College Dublin
William Murphy began his career with the Irish Forestry Department in 1963. He worked with a number of companies before joining Avonmore Creameries Limited in 1977, becoming a member of its Board of Directors in 1989. He served as Deputy Managing Director of Glanbia plc (the successor to Avonmore Creameries Limited) from 2001 to 2005. He remains a non-executive director of Glanbia plc. He joined the Board of IAWS Group plc as a non-executive director in October 1997. He became a member of the ARYZTA Board of Directors in August 2008. He is also Chairman of Grassland Fertilisers (Kilkenny) Ltd and Chairman of the National University of Ireland Maynooth (Kilkenny) Outreach Program.

Corporate Governance Report (continued)

Hans Sigrist (1940, Swiss)
Non-executive member
Term of office expires at 2012 AGM
Commercial Diploma
Hans Sigrist worked as Managing Director of Würth Schweiz AG from 1974 to 2005, and has been Chairman of the Board of Directors since 1981. From 1981 to 2009, he served as a member of the Board of Management of Würth Group International. From 1997 to 2008, he was a member of the Board of Directors of Hiestand Holding AG. He became a member of the ARYZTA Board of Directors in August 2008. Hans Sigrist is also a member of the Board of Directors of Kisling AG, Würth AG Arlesheim and consultant for Würth South East Asia, Australia and New Zealand.

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

Corporate Governance Report (continued)

3.2 Other activities and functions

None of the non-executive members of the Board of Directors has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period under review. There were no related-party transactions between the ARYZTA Group and Board members during the year ended 31 July 2012.

3.3 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board. The term of office shall correspond to the maximum term legally allowed, but shall not exceed three years. The Board determines the first term of office of each director in such a way that, each year, an appropriate portion of directors will be elected or re-elected at the Annual General Meeting of ARYZTA. Each director's remaining term of office is referred to in section 3.1 of the Corporate Governance Report.

3.4 Internal organisational structure

3.4.1 Allocation of tasks within the Board of Directors

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

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

ARYZTA has an Audit Committee and a Nomination and Remuneration Committee. The powers and responsibilities of each Committee are set out in their respective Terms of Reference, as approved by the Board and are available on the ARYZTA website at www.aryzta.com/about-aryzta/corporate-governance.aspx.

As of 31 July 2012, these Committees are comprised as follows:

	Audit Committee	Nomination & Remuneration Committee
Denis Lucey (Chairman)		X
Charles Adair		X
Hugh Cooney	X	
J. Brian Davy		X[1]
Shaun B. Higgins	X[1]	
Owen Killian (CEO)		
Patrick McEniff (CFO)		
Götz-Michael Müller		
William Murphy	X	
Hans Sigrist		

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

Corporate Governance Report (continued)

Audit Committee

As of 31 July 2012, the Audit Committee is comprised of three non-executive directors, namely Shaun B. Higgins (Chairman), Hugh Cooney and William Murphy. From 1 August 2011 until the Annual General Meeting on 1 December 2011, the Audit Committee was comprised of four non-executive directors, namely William Murphy (Chair), Dr. J. Maurice Zufferey, J. Brian Davy and Hans Sigrist. Each of these directors is considered by the Board to be independent in judgement and character. In the 2012 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 he and the Chief Financial Officer regularly attend meetings of the Audit Committee by invitation.

In the financial year 2012, the Audit Committee, operating under its Terms of Reference, discharged its responsibilities by reviewing:

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

Nomination and Remuneration Committee

As of 31 July 2012, 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. From 1 August 2011 until the Annual General Meeting on 1 December 2011 the Nomination and Remuneration Committee was comprised of three non-executive directors, namely J. Brian Davy (Chairman), the Company Chairman, Denis Lucey and Denis Buckley. Each of these directors is considered by the Board to be independent in judgement and character. In the 2012 financial year, the Nomination and Remuneration Committee met five times and the average duration of the meetings was approximately 1 hour.

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.

Corporate Governance Report (continued)

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 55 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

Six Board meetings were held during the year. The average duration of regular Board meetings is approximately 6.5 hours. In addition, the Board held a two-day meeting during the year to consider ARYZTA Group strategy. At each meeting, the Chairs of the Committees report to the Board on their activities as necessary. Details of the work methods of the Committees are set out in Section 3.4.2.

	Board		Audit		Nomination & Remuneration	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Denis Lucey (Chairman)	6	6			5	5
Charles Adair	6	6			2	2
Denis Buckley	2	2			3	2
Hugh Cooney	4	4	2	2		
J. Brian Davy	6	6	2	2	5	5
Shaun B. Higgins	4	4	2	2		
Owen Killian (CEO)	6	6				
Patrick McEniff (CFO)	6	6				
Götz-Michael Müller	4	3				
William Murphy	6	6	4	4		
Hans Sigrist	6	6	2	2		
Dr. J. Maurice Zufferey	2	2	2	2		

3.5 Definition of areas of responsibility

The Board of Directors is the ultimate governing body. It has the power and competencies afforded by Swiss law (art. 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 the CEO; and
3) to act as the ultimate supervisory authority.

The following fall within the exclusive competency of the Board of Directors:
– To ultimately direct the Company and issue the necessary directives;
– To determine the organisation;
– To structure the accounting, the internal control system, the financial control and the financial planning system as well as perform a risk assessment;
– To appoint and remove the persons entrusted with the management and the representation of the Company and to grant signatory power;
– To ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law and with the Articles of Association, regulations and directives;
– To prepare the business report, as well as the General Meeting and to implement its resolutions;
– To inform the judge in the event of over-indebtedness;

Corporate Governance Report (continued)

- 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 Chief Executive Officer, to Executive Management.

3.6 Information and control instruments pertaining to Group Executive Management

Group Executive Management report in a regular and structured manner to the Board of Directors. The CEO and CFO report to the Board on a systematic basis. At each Board Meeting, the CEO informs the Board of the status of current business operations, significant developments and major business transactions. Likewise, the CFO reports on financial performance across the Group and key financial figures and parameters. In addition, executives within the Group regularly deliver presentations to the Board. The Board approves the formal Risk Assessment, which is required by Article 663b of the Swiss Code of Obligations. The Board has approved the design, implementation and maintenance of the Internal Control System required under applicable law.

The ARYZTA Internal Audit function reports directly to the Audit Committee. Internal Audit may audit all Group activities and regularly meets with Group Executive Management. Internal Audit discusses audit plans with the Audit Committee on at least an annual basis, but may discuss them more frequently should circumstances require.

The external auditors, PricewaterhouseCoopers AG (the Auditors of the ARYZTA Group consolidated financial statements and the Company financial statements), conduct their audits in compliance with the auditing standards referenced in their respective opinions.

4 Group Executive Management

For the financial year 2012, the Group Executive Management consists of Owen Killian (Chief Executive Officer), Patrick McEniff (Chief Financial Officer) and Pat Morrissey (General Counsel and Secretary). Details of Owen Killian, Patrick McEniff and Pat Morrissey are provided in Section 3.1.

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

5 Compensation, shareholdings and loans

Please refer to note 10 of the ARYZTA AG Company financial statements on page 152 for details of Board members' shareholdings and to the Compensation Report on pages 48 to 55 for disclosures pertaining to compensation, as well as the content and method of determining the compensation and share-ownership programmes. No loans or advances were made by ARYZTA Group to members of the Board of Directors or to Executive Management during the financial year, or were outstanding at 31 July 2012 (2011: none).

Corporate Governance Report (continued)

6 Shareholders' participation

6.1 Voting rights

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

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

6.2 Statutory quorums

Pursuant to Article 14 of the Articles of Association, resolutions at the General Meeting calling for a quorum of at least two-thirds of the votes represented are required for:

- The cases listed in art. 704 para. 1 CO and in art. 18 and 64 Merger Act;
- The easement or abolition of the restriction of the transferability of registered shares;
- The conversion of bearer shares into registered shares; and
- Any change to the provisions of article 14 of the Articles of Association.

6.3 Convocation of General Meeting of the shareholders

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

6.4 Agenda

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

6.5 Entry in the share register

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

7 Change of control and defence measures

7.1 Obligation to make an offer

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

Corporate Governance Report (continued)

7.2 Change of control clauses

Benefits under the ARYZTA LTIP vest upon a change of control. Otherwise, the agreements and plans benefiting the members of the Board or the Group Executive Management are unaffected by a change of control. Further details regarding the benefits under the ARYZTA LTIP are set out in the Compensation Report on pages 48 to 55 of this Annual Report.

8 Auditors

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

In line with the Group's policy of rotating its auditors every seven years, ARYZTA AG put the audit mandate out to tender in November 2009. Submissions were received from a number of major accounting firms. The award decision was based on a set of criteria which had previously been disclosed to all candidate firms. These criteria included such elements as the composition of the audit team, knowledge of the bakery industry sector and differentiation vis-à-vis other candidate firms. The ultimate decision was made on the basis of general best practice principles. Following a formal tender process, PricewaterhouseCoopers AG, Zurich, was elected as statutory auditor and Group auditor in December 2009. The term of office is one year. Patrick Balkanyi has been the lead auditor since PricewaterhouseCoopers AG's appointment in 2009. At the 2011 AGM, PricewaterhouseCoopers AG, Zurich, was re-elected as statutory auditor and Group auditor for the 2012 financial year.

8.2 Audit fees

The total audit and audit-related fees charged by the Group auditors in the 2012 financial year amounted to €2,621,000. Of these fees, €299,000 were charged to Origin Enterprises plc.

The total audit and audit-related fees charged by the Group auditors in the 2011 financial year amounted to €2,458,000. Of these fees, €288,000 were charged to Origin Enterprises plc.

8.3 Additional fees

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

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

Corporate Governance Report (continued)

Fees for additional services rendered by the auditors to the ARYZTA Group in the financial year 2012 totalled €2,182,000 (2011: €2,495,000). The largest portion of these fees related to tax return preparation or review in 18 countries, covering more than 100 legal entities. Of these fees, €16,000 (2011: €38,000) were charged to Origin Enterprises plc.

Auditor's remuneration

in EUR `000	2012	2011
– Auditor's remuneration for audit and audit-related services	**2,621**	2,458
– Auditor's remuneration for tax compliance and related services	**1,178**	1,131
– Auditor's remuneration for tax consulting services	**904**	1,263
– Auditor's remuneration for advisory services	**100**	101
	4,803	4,953

– Total other fees / Audit and audit-related services	**83%**	102%
– Tax consulting or advisory services / Audit and audit-related services	**38%**	55%

8.4 Information tools pertaining to the external audit

PricewaterhouseCoopers presents to the Audit Committee a detailed report on the conduct of the 2012 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 2012, PricewaterhouseCoopers attended four Audit Committee meetings and the Group Head of Internal Audit participated in all four Audit Committee meetings. Other members of the Group Executive Management attended them as invited. In addition, the Head of Internal Audit regularly met with the Chairman of the Audit Committee for interim updates.

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

During meetings of the Audit Committee, audit and non-audit-related fees to be charged by PricewaterhouseCoopers during the year are reviewed to mitigate the risk of any potential impairment to PricewaterhouseCoopers' independence. PricewaterhouseCoopers monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

9 Investor Communications Policy

Guiding principles

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

Corporate Governance Report (continued)

Methodology
ARYZTA publishes its first-quarter trading update, half-year results, third-quarter trading update and full-year results (including the Annual Report) on the occasion of its quarterly announcement cycle (see details on page 46). 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 Company utilises its website and ancillary communications infrastructure to ensure a rapid and equitable distribution of information for all interested parties.

ARYZTA's Investor Relations programme for institutional investors is carried out in line with the quarterly announcement cycle, with management time allocated accordingly and not on an ad-hoc basis. 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 in the aftermath of such quarterly announcements should e-mail the Group's Communications Officer (see details on page 46). 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 Company also communicates with analysts and stockbrokers who follow ARYZTA to facilitate third-party research on the Company. ARYZTA assumes no responsibility for any statements, expectations, or recommendations made by analysts and stockbrokers. The Group will communicate to investors at the time of any potentially price-sensitive event, such as significant acquisitions and divestments, agreements and alliances.

Corporate Governance Report (continued)

Investor relations contact details

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Key dates to December 2013

Announcement of the 2012 annual results	24 September 2012
Issue of the 2012 annual report	2 October 2012
First-quarter trading update	3 December 2012
Annual General Meeting 2012	11 December 2012
Payment of dividend	1 February 2013
Announcement of half-year results 2013	11 March 2013
Third-quarter trading update	4 June 2013
Announcement of the 2013 annual results	30 September 2013
Issue of the 2013 annual report	7 October 2013
First-quarter trading update	25 November 2013
Annual General Meeting 2013	10 December 2013

BRAZIL
Rio de Janeiro
Jardim Botanico

FOOD REST OF THE WORLD

ARYZTA has
4 manufacturing centres
operating in Brazil

Annual Report and Accounts 2012
Compensation Report

Compensation Report 2012

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

As in the prior year, the Board has decided to submit this Compensation Report to a separate advisory vote of the shareholders at the ARYZTA 2012 Annual General Meeting.

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

Part 2 of the Compensation Report sets out relevant compensation details for the 2012 financial year.

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

Compensation Report (continued)

Compensation Report – Part 1

Corporate goals

The LTIP and short-term performance-related bonus are intended to direct and focus management's efforts towards the achievement of ARYZTA's key corporate goals over the long-term and short-term, respectively, as set by the Board and communicated to the market through ARYZTA's investor relations activities, including the annual report.

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

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

Shareholder value, capital discipline

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

- **Reported ROIC, Underlying ROIC and WACC**
  The rules governing awards under the LTIP require that the ARYZTA Food Group Return on Invested Capital ('Food Group ROIC') over the performance period must exceed the Food Group Weighted Average Cost of Capital ('WACC').

  Food Group ROIC for this purpose refers to the ARYZTA Food Group pro forma trailing twelve months earnings before interest tax and amortisation ('TTM EBITA') reflecting the full twelve months' contribution from acquisitions, taken as a percentage of ARYZTA Food Group net assets. For this purpose, EBITA includes the net profit contribution from joint ventures, and is before interest, tax, non-ERP amortisation and before the impact of non-recurring items. Net assets exclude all bank debt, cash, cash equivalents and tax-related balances. ROIC is reported to investors in conjunction with announcement of annual and half-year results and is presented on a Group and segmental basis. As presented on page 19, the Food Group ROIC reported for the year ended 31 July 2012 was 10.5% (2011: 10.2%).

  In order to compare ROIC on a like-for-like basis, the Group also calculates the Food Group Underlying ROIC. This measurement indicator is based on the assets of the Food Group business that existed as of 31 July 2011, using currency rates consistent with 2011, excluding net assets and historical EBITA levels of acquisitions completed after 1 August 2011 and adding back asset impairments (unless recovered once the assets are disposed of). Based on these adjustments, the Food Group Underlying ROIC for the year ended 31 July 2012 was 11.3%, compared with the Food Group 2011 Reported ROIC of 10.2%.

Compensation Report (continued)

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 reported to investors in conjunction with the announcement of yearly and half-yearly results. For the year ended 31 July 2012, the Food Group pre-tax WACC was 8.0% (2011: 8.0%).

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

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

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

The Matching Plan
Participants with Matching Plan awards have the prospect of receiving a multiple (ranging from one to three times) of the number of Qualifying Investment Shares held for the 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%. In the event of the minimum 10% growth target not being 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.

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.

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

Compensation Report (continued)

LTIP – accounting cost
Awards under the LTIP are equity-settled share-based payments, as defined in IFRS 2, Share-based Payment. Note 8 of the Group Financial Statements on page 95 details the total cost of €7,065,000[1] (2011: €19,063,000[1]) recognised in relation to share-based payments for the financial year 2012.

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

– **Dilutive effect of LTIP awards outstanding at 31 July 2012**
> The vesting of Matching Plan Awards made during FY 2009 resulted in a total of 975,000 shares being issued to participants (1.22% of the total number of shares in issue at the time of grant or 0.43% per annum over the applicable 3 year performance period ending 31 July 2011).
> The vesting and net exercise of all Option Equivalent Plan Awards made during FY 2010, which remain outstanding at 31 July 2012, would result in a total of 264,639[2] shares being issued to participants, based on the CHF 48.55 share price on 31 July 2012 (0.33% of the total number of shares in issue at the time of grant or 0.12% per annum over the applicable 3 year performance period ending 31 July 2012).
> The vesting of all Matching Plan Awards made during FY 2012, which remain outstanding at 31 July 2012, would result in a total of 750,000 shares being issued to participants (0.89% of the total number of shares in issue at the time of grant or 0.31% per annum over the applicable 3 year performance period ending 31 July 2014).
> The vesting and net exercise of all Option Equivalent Plan Awards made during FY 2012, which remain outstanding at 31 July 2012, would result in a total of 243,563 shares being issued to participants, based on the CHF 48.55 share price on 31 July 2012 (0.29% of the total number of shares in issue at the time of grant or 0.10% per annum over the applicable 3 year performance period ending 31 July 2014).

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

2 The Group's compound annual growth in underlying fully diluted EPS over the last three consecutive accounting periods was 12.9%, which exceeded the growth in the eurozone Core Consumer Price Index over the same period of 1.3%, plus 5%. Accordingly, the performance conditions associated with the Option Plan awards outstanding as of 1 August 2011 were met during FY 2012. As a result, 1,135,000 Option Plan awards (650,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval. The exercise price of all Option Plan awards for which the vesting conditions have been met is CHF 37.23.

Compensation Report (continued)

Short-term performance-related bonus and Food Group Underlying ROIC
In prior years, the short-term performance-related bonus element of Executive Management remuneration has been determined primarily based on delivery of the annual budget for the Group. In the financial year 2012, the short-term bonus was determined exclusively by reference to incremental gains in Food Group Underlying ROIC.

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

Compensation Report – Part 2

Compensation process
The Nomination and Remuneration Committee of the Board ('NRC') is responsible for determining the remuneration of executive and non-executive members of the Board and for approving the remuneration of other members of senior management upon the recommendation of the Chief Executive Officer. Executives are remunerated in line with the level of their authority and responsibility within the Group, with the various elements of the remuneration package for Executive Management being reviewed annually by the NRC.

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

Consultation with market participants with regard to the LTIP was undertaken during the 2011 financial year. This consultation resulted in the NRC and Board:

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

Against that background, it was decided not to undertake a benchmarking exercise in relation to Executive Management remuneration (short-term and long-term) during the 2012 financial year.

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

Compensation Report (continued)

Compensation to members of the Board of Directors

Executive and non-executive board members are paid a yearly fee (CHF 88,000), which reflects the time commitment and responsibilities of the role. Additional compensation is payable for service on a Board Committee (CHF 8,000) and for the Chair thereof (CHF 16,000). The NRC determines, at its discretion, the level of these yearly fees and additional compensation paid to each executive and non-executive Board member. Non-executive Board members are not eligible for performance-related payments and do not participate in the LTIP.

in CHF `000	**Direct payments year ended 31 July 2012**	Direct payments year ended 31 July 2011
Denis Lucey	**323**	323
Albert Abderhalden[2]	**N/A**	29
Charles Adair[2]	**88**	59
Denis Buckley[1]	**32**	96
Hugh Cooney[1]	**64**	N/A
J Brian Davy	**107**	112
Shaun B. Higgins[1]	**70**	N/A
Noreen Hynes[2]	**N/A**	37
Hugo Kane[2]	**N/A**	29
Owen Killian	**88**	88
Patrick McEniff	**88**	88
Götz-Michael Müller[1]	**64**	N/A
William Murphy	**101**	105
Hans Sigrist	**91**	93
Dr J Maurice Zufferey[1]	**32**	96
Total	**1,148**	1,155

1 Effective 1 December 2011 D. Buckley and M. Zufferey resigned from the Board and S. Higgins, H. Cooney and G. Müller were elected to the Board.

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

Compensation to members of the Executive Management

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

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

in CHF `000	**Total Executive Management 2012**	**Owen Killian 2012**	Total Executive Management 2011	Owen Killian 2011
Basic salaries	**2,641**	**1,277**	3,082	1,277
Benefits in kind	**170**	**83**	226	83
Pension contributions	**460**	**191**	630	191
Performance-related bonus	**1,879**	**908**	2,758	894
Long-term incentives (LTIP)	**4,569**	**2,219**	15,455	6,123
Total compensation paid to members of ARYZTA Executive Management	**9,719**	**4,678**	22,151	8,568

Compensation Report (continued)

As per the Corporate Governance Report on page 41, for the 2012 financial year Group Executive Management consists of Owen Killian (Chief Executive Officer), Patrick McEniff (Chief Financial Officer) and Pat Morrissey (General Counsel and Secretary). For the 2011 financial year, Group Executive Management also included Hugo Kane, who resigned from the role of Chief Operating Officer at the beginning of 2012 financial year and is no longer part of the Group Executive Management team.

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

The compensation to members of Executive Management disclosed includes compensation for their roles as members of the Board 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 the financial year 2012.

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

Executive Management short-term performance-related bonus
For financial year 2012, the short-term performance-related bonus for Executive Management was determined exclusively by reference to incremental gains in Food Group Underlying ROIC (as set out in Part 1 of the Compensation Report). The short-term performance-related bonus for Executive Management is capped at 100% of basic salary.

Executive Management Long-term Incentives (LTIP)
As set out in Part 1 of the Compensation Report, the long-term incentive remuneration of Executive Management consists of both Matching Plan and Option Equivalent Plan awards. The costs of these awards are accrued to each member of Executive Management, based on the accounting principles applicable to share-based payments under IFRS 2, Share-based Payment.

Compensation Report (continued)

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2011	Exercised during financial year[1]	Granted during financial year	Closing position 31 July 2012
Directors				
Owen Killian	300,000	(300,000)	150,000	150,000
Patrick McEniff	180,000	(180,000)	120,000	120,000
General Counsel & Company Secretary				
Pat Morrissey	90,000	(90,000)	60,000	60,000
Total	**570,000**	**(570,000)**	**330,000**	**330,000**

Executive Management Option Equivalent Plan Allocation

	Options carried forward 1 August 2011[2]	Exercised during financial year	Granted during financial year	Closing position 31 July 2012
Directors				
Owen Killian	300,000	–	450,000	750,000
Patrick McEniff	250,000	–	360,000	610,000
General Counsel & Company Secretary				
Pat Morrissey	100,000	–	100,000	200,000
Total	**650,000**	**–**	**910,000**	**1,560,000**

1 On 23 September 2011, the Nomination and Remuneration Committee approved the vesting of all equity entitlements out-standing under the ARYZTA Matching Plan LTIP, as all performance conditions associated with those awards were met as of 31 July 2011.

2 The Group's compound annual growth in underlying fully diluted EPS over the last three consecutive accounting periods was 12.9%, which exceeded the growth in the eurozone Core Consumer Price Index over the same period of 1.3%, plus 5%. Accordingly, the performance conditions associated with the Option Plan awards outstanding as of 1 August 2011 were met during FY 2012. As a result, 1,135,000 Option Plan awards (650,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval. The exercise price of all Option Plan awards for which the vesting conditions have been met is CHF 37.23.

GREAT BRITAIN
London
Richmond Park

FOOD EUROPE

ARYZTA has
2 manufacturing centres
and 4 distribution centres
operating across the UK

Annual Report and Accounts 2012

Group Risk Statement

Principal Risks and Uncertainties

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

The key risks facing the Group include the following:[1]

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

1 These risks are not listed in order of importance.

SINGAPORE
Singapore
Merlion Park

FOOD REST OF THE WORLD

ARYZTA has
1 manufacturing centre
operating in
Singapore

Annual Report and Accounts 2012
Our Responsibility

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

Community

ARYZTA believes in building long-term relationships with its stakeholders, which include consumers, customers, employees, shareholders and regulatory bodies. The Group understands its responsibilities as an important member of the communities in which it operates and emboldens its business units to play an active role within them. As well as 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.

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

Workplace

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

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

Marketplace

To ensure all our food products are manufactured with the highest level of food safety, all of ARYZTA's food processing facilities operate under comprehensive HACCP-systems (Hazard Analysis and Critical Control Point) based on Codex Alimentarius Principles, GMP (Good Manufacturing Practice) and in compliance with all related food law in force. To this end, ARYZTA contributes to various voluntary initiatives on food and product safety by industry associations such as the British Retail Consortium, International Featured Standards (IFS-Food and IFS-Logistics), the American Institute of Baking or the US Food and Drug Administration. All food safety and quality systems are certified by independent third-party bodies in accordance with the latest versions of the above-mentioned standards.

Our Responsibility (continued)

Environment

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

NEW ZEALAND
Auckland
Watson Memorial

FOOD REST OF THE WORLD

ARYZTA has
1 manufacturing centre
operating in
New Zealand

Annual Report and Accounts 2012

Group consolidated and Company Financial Statements 2012

Group Consolidated Financial Statements, presented in euro and prepared under IFRS and Swiss law

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Statement of Directors' Responsibilities
for the year ended 31 July 2012

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

Company law requires the directors to prepare Group consolidated and Company financial statements for each financial year. Under that law, 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 disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with IFRS and the requirements of Swiss law and the Company's Articles of Association.

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

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

On behalf of the Board

Denis Lucey
Chairman, Board of Directors

Owen Killian
CEO, Member of the Board of Directors

20 September 2012

Group Consolidated Income Statement
for the year ended 31 July 2012

in EUR `000	Notes	2012	2011
Revenue	1	**4,207,667**	3,876,923
Cost of sales		**(3,023,420)**	(2,774,960)
Gross profit		**1,184,247**	1,101,963
Distribution expenses		**(553,385)**	(510,401)
Administration expenses		**(292,996)**	(289,063)
Operating profit before net acquisition, disposal and restructuring related costs and fair value adjustments		**337,866**	302,499
Net acquisition, disposal and restructuring related costs and fair value adjustments	2	**(99,629)**	(10,036)
Operating profit		**238,237**	292,463
Share of profit after tax of associates and joint ventures	6	**14,200**	19,479
Profit before financing income, financing costs and income tax expense		**252,437**	311,942
Financing income	3	**14,561**	12,065
Financing costs	3	**(79,872)**	(79,981)
Profit before income tax		**187,126**	244,026
Income tax expense	9	**(24,572)**	(15,614)
Profit for the year		**162,554**	228,412
Attributable as follows:			
Equity shareholders		**146,264**	212,657
Non-controlling interests	27	**16,290**	15,755
Profit for the year		**162,554**	228,412

Earnings per share for the year	Notes	2012 euro cent	2011 euro cent
Basic earnings per share	11	**150.8**	242.6
Diluted earnings per share	11	**149.7**	238.0

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Comprehensive Income
for the year ended 31 July 2012

in EUR `000	Notes	2012	2011
Profit for the year		**162,554**	228,412
Other comprehensive income			
Foreign exchange translation effects			
– Foreign currency net investments		**246,802**	(18,822)
– Foreign currency borrowings	21	**(156,513)**	57,600
– Recycle of foreign exchange gain on settlement of quasi-equity loans	3	**(668)**	(1,398)
– Recycle on disposal of subsidiary undertakings		**–**	379
– Taxation effect of foreign exchange translation movements	9	**6,863**	(2,876)
– Share of joint ventures and associates' foreign exchange translation adjustment	15	**1,639**	1,170
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**(3,522)**	(2,345)
– Fair value of cash flow hedges transferred to income statement		**720**	6,897
– Deferred tax effect of cash flow hedges	9	**259**	(286)
– Share of joint ventures and associates' loss on cash flow hedges, net of deferred tax	15	**(1,275)**	(607)
Defined benefit plans			
– Actuarial loss on Group defined benefit pension plans	25	**(10,710)**	(1,881)
– Deferred tax effect of actuarial loss	9	**2,002**	67
– Share of associates' actuarial loss on defined benefit plans, net of deferred tax	15	**(4,379)**	(490)
Deferred tax effect of change in tax rates	9	**(858)**	–
Total other comprehensive income		**80,360**	37,408
Total comprehensive income for the year		**242,914**	265,820
Attributable as follows:			
Equity shareholders of the Company		**228,663**	247,738
Non-controlling interests	27	**14,251**	18,082
Total comprehensive income for the year		**242,914**	265,820

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 31 July 2012

in EUR `000	Notes	2012	2011
Assets			
Non-current assets			
Property, plant and equipment	12	**1,022,587**	939,949
Investment properties	13	**29,268**	32,180
Goodwill and intangible assets	14	**2,871,982**	2,650,956
Investments in associates and joint ventures	15	**127,384**	124,057
Other receivables	17	**37,223**	35,013
Deferred income tax assets	24	**85,465**	79,073
Total non-current assets		**4,173,909**	3,861,228
Current assets			
Inventory	16	**281,917**	251,416
Trade and other receivables	17	**553,566**	477,959
Derivative financial instruments	22	**422**	608
Cash and cash equivalents	20	**547,474**	482,229
Total current assets		**1,383,379**	1,212,212
Total assets		**5,557,288**	5,073,440

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 31 July 2012 (continued)

in EUR `000	Notes	2012	2011
Equity			
Called up share capital	26	**1,172**	1,061
Share premium		**773,735**	632,951
Retained earnings and other reserves		**1,648,223**	1,490,084
Total equity attributable to equity shareholders of the Company		**2,423,130**	2,124,096
Non-controlling interests	27	**86,225**	72,410
Total equity		**2,509,355**	2,196,506
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	21	**1,330,446**	1,363,893
Employee benefits	25	**23,710**	16,026
Deferred income from government grants	23	**10,210**	11,246
Other payables	18	**24,580**	10,749
Deferred income tax liabilities	24	**412,122**	388,498
Derivative financial instruments	22	**2,008**	299
Deferred consideration	19	**–**	9,209
Total non-current liabilities		**1,803,076**	1,799,920
Current liabilities			
Interest-bearing loans and borrowings	21	**261,119**	165,924
Trade and other payables	18	**942,340**	857,560
Income tax payable		**27,440**	38,248
Derivative financial instruments	22	**3,916**	3,133
Deferred consideration	19	**10,042**	12,149
Total current liabilities		**1,244,857**	1,077,014
Total liabilities		**3,047,933**	2,876,934
Total equity and liabilities		**5,557,288**	5,073,440

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity
for the year ended 31 July 2012

31 July 2012 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 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 year	–	–	–	–	–	–	–	–	146,264	146,264	16,290	162,554
Other comprehensive income	–	–	–	–	(2,721)	–	–	95,910	(10,790)	82,399	(2,039)	80,360
Total comprehensive income	**–**	**–**	**–**	**–**	**(2,721)**	**–**	**–**	**95,910**	**135,474**	**228,663**	**14,251**	**242,914**
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	–	–	–	–	–	–	(21,682)	–	21,682	–	–	–
Release of treasury shares due to exercise of LTIP	–	–	14	–	–	–	–	–	–	14	–	14
Share-based payments	–	–	–	–	–	–	6,872	–	–	6,872	193	7,065
Equity dividends	–	–	–	–	–	–	–	–	(41,490)	(41,490)	–	(41,490)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(6,437)	(6,437)
Transfer of revaluation reserve to retained earnings	–	–	–	–	–	(1,361)	–	–	1,361	–	–	–
Dividend accrued on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(16,642)	(16,642)	–	(16,642)
Total contributions by and distributions to owners	**111**	**140,784**	**(27)**	**–**	**–**	**(1,361)**	**(14,810)**	**–**	**(35,089)**	**89,608**	**(6,244)**	**83,364**
Dilution due to vesting of Origin management equity entitlements	–	–	–	–	80	(384)	(31)	334	(5,807)	(5,808)	5,808	–
Non-controlling interest forward contract	–	–	–	–	–	–	–	–	(13,429)	(13,429)	–	(13,429)
Total transactions with owners recognised directly in equity	**111**	**140,784**	**(27)**	**–**	**80**	**(1,745)**	**(14,841)**	**334**	**(54,325)**	**70,371**	**(436)**	**69,935**
At 31 July 2012	**1,172**	**773,735**	**(57)**	**285,004**	**(2,381)**	**15,403**	**10,148**	**140,298**	**1,199,808**	**2,423,130**	**86,225**	**2,509,355**

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity (continued)
for the year ended 31 July 2012

31 July 2011 in EUR `000	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Revaluation reserve	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total share-holders equity	Non controlling interests	Total
At 1 August 2010	**1,061**	**632,951**	**(30)**	**–**	**(2,603)**	**35,108**	**6,188**	**9,697**	**931,830**	**1,614,202**	**59,648**	**1,673,850**
Profit for the year	–	–	–	–	–	–	–	–	212,657	212,657	15,755	228,412
Other comprehensive income	–	–	–	–	2,863	–	–	34,357	(2,139)	35,081	2,327	37,408
Total comprehensive income	**–**	**–**	**–**	**–**	**2,863**	**–**	**–**	**34,357**	**210,518**	**247,738**	**18,082**	**265,820**
Share-based payments	–	–	–	–	–	–	18,801	–	–	18,801	262	19,063
Equity dividends	–	–	–	–	–	–	–	–	(30,768)	(30,768)	–	(30,768)
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(5,582)	(5,582)
Transfer of revaluation reserve to retained earnings	–	–	–	–	–	(17,960)	–	–	17,960	–	–	–
Issue of perpetual callable subordinated instrument	–	–	–	285,004	–	–	–	–	–	285,004	–	285,004
Dividend accrued on perpetual callable subordinated instrument	–	–	–	–	–	–	–	–	(11,801)	(11,801)	–	(11,801)
Income tax effect of perpetual callable subordinated instrument dividend	–	–	–	–	–	–	–	–	920	920	–	920
Total contributions by and distributions to owners	**–**	**–**	**–**	**285,004**	**–**	**(17,960)**	**18,801**	**–**	**(23,689)**	**262,156**	**(5,320)**	**256,836**
At 31 July 2011	**1,061**	**632,951**	**(30)**	**285,004**	**260**	**17,148**	**24,989**	**44,054**	**1,118,659**	**2,124,096**	**72,410**	**2,196,506**

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
for the year ended 31 July 2012

in EUR `000	Notes	2012	2011
Cash flows from operating activities			
Profit for the year		**162,554**	228,412
Income tax	9	**24,572**	15,614
Financing income	3	**(14,561)**	(12,065)
Financing costs	3	**79,872**	79,981
Share of profit after tax of associates and joint ventures	6	**(14,200)**	(19,479)
Net gain on acquisitions, disposals and dilution	2	**(3,722)**	(112,520)
Asset write-downs and fair value adjustments	2	**20,221**	43,039
Other restructuring related payments (in excess)/under current-year costs		**(7,201)**	42,253
Depreciation of property, plant and equipment	12	**90,679**	88,354
Amortisation of intangible assets	14	**111,491**	94,228
Recognition of deferred income from government grants	23	**(1,581)**	(3,036)
Share-based payments	8	**6,068**	14,294
Other		**(272)**	(791)
Cash flows from operating activities before changes in working capital		**453,920**	458,284
(Increase)/decrease in inventory		**(5,347)**	(49,327)
(Increase)/decrease in trade and other receivables		**(22,913)**	(60,109)
Increase/(decrease) in trade and other payables		**20,402**	82,289
Cash generated from operating activities		**446,062**	431,137
Interest paid		**(70,118)**	(76,547)
Interest received		**2,625**	4,438
Income tax paid		**(49,219)**	(55,090)
Net cash flows from operating activities		**329,350**	303,938

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
(continued)
for the year ended 31 July 2012

in EUR `000	Notes	2012	2011
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**6,852**	2,937
Proceeds from sale of investment property		**485**	–
Purchase of property, plant and equipment			
– maintenance capital expenditure		**(51,832)**	(45,896)
– investment capital expenditure		**(60,136)**	(30,855)
Grants received	23	**–**	25
Acquisitions of subsidiaries and businesses, net of cash acquired	29	**(92,310)**	(394,863)
Sale of subsidiaries and businesses, net of cash surrendered		**–**	72,562
Disposal of joint venture		**4,675**	–
Purchase of intangible assets		**(35,932)**	(23,735)
Dividends received	15	**11,073**	11,590
Net contributions to associates and joint ventures	15	**(7,731)**	(1,128)
Deferred consideration paid	19	**(13,346)**	(12,900)
Net cash flows from investing activities		**(238,202)**	(422,263)
Cash flows from financing activities			
Net proceeds from issue of shares	26	**140,854**	–
Net proceeds from issue of perpetual callable subordinated instrument	26	**–**	285,004
Gross drawdown of loan capital	21	**–**	192,258
Gross repayment of loan capital	21	**(142,255)**	(347,356)
Capital element of finance lease liabilities	21	**(2,708)**	(748)
Dividend paid on perpetual callable subordinated instrument		**(16,305)**	–
Dividends paid to non-controlling interests	27	**(6,437)**	(5,582)
Dividends paid to equity shareholders		**(41,490)**	(30,768)
Net cash flows from financing activities		**(68,341)**	92,808
Net increase/(decrease) in cash and cash equivalents		**22,807**	(25,517)
Translation adjustment		**4,646**	(5,196)
Net cash and cash equivalents at start of year		**317,636**	348,349
Net cash and cash equivalents at end of year	20	**345,089**	317,636

The notes on pages 72 to 143 are an integral part of these Group consolidated financial statements.

Group Statement of Accounting Policies
for the year ended 31 July 2012

Organisation

ARYZTA AG (the 'Company') is domiciled and incorporated in Switzerland. The consolidated financial statements for the year ended 31 July 2012 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group'), and show the Group's interest in associates and joint ventures using the equity method of accounting.

The Group consolidated financial statements and the ARYZTA AG Company financial statements were authorised for issue by the directors on 20 September 2012 and are subject to approval by the shareholders at the General Meeting on 11 December 2012.

Statement of compliance

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

In the preparation of these Group consolidated financial statements, the Group has applied all standards that were effective for accounting periods beginning on or before 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

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

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

Standard/Interpretation	Effective date	Planned implementation by ARYZTA
IFRS 9 – Financial Instruments	1 January 2015	Reporting year 2016
IFRS 10 – Consolidated Financial Statements	1 January 2013	Reporting year 2014
IFRS 11 – Joint Arrangements	1 January 2013	Reporting year 2014
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2013	Reporting year 2014
IFRS 13 – Fair Value Measurement	1 January 2013	Reporting year 2014
IAS 27 (Revised) – Separate Financial Statements	1 January 2013	Reporting year 2014
IAS 28 (Revised) – Investments in Associates and Joint Ventures	1 January 2013	Reporting year 2014
Amendment to IFRS 7 – Financial Instruments: Disclosures	1 January 2013	Reporting year 2014
Amendment to IAS 1 – Presentation of Financial Statements	1 July 2012	Reporting year 2013
Amendment to IAS 12 – Income Taxes	1 January 2012	Reporting year 2013
Amendment to IAS 19 – Employee Benefits	1 January 2013	Reporting year 2014
Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014	Reporting year 2015
Improvements to IFRSs (2011)	1 January 2013	Reporting year 2014

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

The Group has undertaken an initial assessment of the potential impact of the new standards, amendments and improvements listed above on its consolidated results and financial position. 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 the following assets and liabilities are stated at fair value: equity investments held at fair value through other comprehensive income, certain financial liabilities at fair value through profit or loss, investment properties and derivative financial instruments. The consolidated financial statements are presented in euro, rounded to the nearest thousand, unless otherwise stated.

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

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

Further information on areas involving a higher degree of judgement and accounting estimates are set out in note 34.

Income statement presentation

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

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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

Subsidiary undertakings
Subsidiary undertakings are those entities over which the Group has the power to control the operating and financial policies, so as to obtain economic benefit from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another 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.

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

Under the equity method of accounting, the Group's interest in the net assets of associates and joint ventures is included as investments in associates and joint ventures in the Group Consolidated Balance Sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition, plus the Group's share of post-acquisition retained income and expenses, less dividends received. The Group's investment in associates and joint ventures includes goodwill on acquisition. The Group Consolidated Income Statement reflects, in profit before tax, the Group's share of profit after tax of its associates and joint ventures and its share of post acquisition movements in other comprehensive income are recognised in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment, in accordance with IAS 28, Investments in Associates, and IAS 31, Interests in Joint Ventures. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The amounts included in these Group consolidated financial statements in respect of the post-acquisition profits or losses of associates and joint ventures are taken from their latest financial statements prepared up to their respective year ends, together with management accounts for the intervening periods to the Group's year end. 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 in the Group Consolidated Income Statement.

Where an associate or joint venture is acquired or disposed of during the financial period, the Group consolidated financial statements include the attributable results from, or up until, the effective date when significant influence or joint control is obtained, or lost. If the ownership interest in an associate or joint venture 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. Dilution gains and losses arising in investments in associates are recognised in the Group Consolidated Income Statement.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

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 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. Income from services supplied is recognised in proportion to the stage of completion at the balance sheet date. Financing income is recognised on an accruals basis, taking into consideration the sums lent and the actual interest rate applied.

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

As reflected in those reports, the Group is primarily organised into four operating segments: Food Europe, Food North America, Food Rest of World, (together referred to as the 'Food Group') and Origin, which includes the Group's separately listed 68.8% subsidiary Origin Enterprises plc ('Origin'). The Group's principal geographical segments are Europe, North America and Rest of World.

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

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

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

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

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

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

Research and development

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

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised, if the product or process is technically and commercially feasible, the attributable expenditure can be reliably measured, and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour or an appropriate proportion of overheads. Capitalised development expenditure is stated at cost, less accumulated depreciation and impairment losses. Other development expenditure is recognised in the income statement as an expense as incurred.

Employee benefits

Pension obligations

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as the related employee service is received. The Group's net obligation in respect of defined benefit pension plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. 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 calculation is performed by a qualified actuary using the projected unit credit method on an annual basis. Actuarial gains and losses are recognised in the Group consolidated Statement of Comprehensive Income, net of related taxes. Current and past service costs are recognised as employment costs in the income statement. Interest on plan liabilities and expected return on assets are recognised in financing costs/income in the income statement.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

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 Taxation
Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax is 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 2012

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 translated 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 translated to the functional currency using the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on translation 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 1 August 2004, the date of 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 2012

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

Currency	Average 2012	Closing 2012	Average 2011	Closing 2011
CHF	1.2026	1.2010	1.2862	1.1464
USD	1.3240	1.2370	1.3762	1.4323
CAD	1.3345	1.2393	1.3676	1.3620
GBP	0.8379	0.7854	0.8610	0.8761

Dividends

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

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and impairment losses. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. 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 capitalized during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

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 with the carrying amount and are included in operating profit.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

Investment properties

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

Leased assets

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. 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. 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.

Where any part of the consideration for a business combination is deferred, the fair value of the deferred component is determined by discounting the estimated amounts payable to their present value at the acquisition date. The discount component 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 deferred consideration recognised on acquisitions occurring before 31 July 2009 are recognised directly as a change in goodwill. As a result of the implementation of IFRS 3 (Revised), Business Combinations, subsequent changes to the estimated amounts payable for deferred consideration recognised on acquisitions occurring after 1 August 2009 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 2012

Goodwill is initially recognised at cost, being the difference between 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. Intangible assets with finite lives are amortised over the period of their expected useful lives in equal annual instalments, generally as follows;

Customer relationship	5 to 25 years
Brands	10 to 25 years
Patent and other	4 to 15 years
Computer-related intangibles	3 to 5 years
SAP-related intangibles	7 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 which are carried at fair value, are reviewed to determine whether there is an indication of impairment when an event or transaction indicates that there may be, 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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

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 which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand, less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

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

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

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

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

Trade and other payables
Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less; otherwise; they are presented as non-current liabilities.

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

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.

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.

Group Statement of Accounting Policies (continued)
for the year ended 31 July 2012

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.

Government grants

Grants that compensate the Group for the cost of an asset are shown as deferred income and 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 as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Reclassifications and adjustments

Certain amounts in the 31 July 2011 Group consolidated financial statement notes have been reclassified or adjusted to conform to the 31 July 2012 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on total revenues, expenses, profit for the year, total assets, total liabilities, equity or cash flow classifications as previously reported.

Notes to the Group Consolidated Financial Statements
for the year ended 31 July 2012

1 Segment information

1.1 Analysis by business segment

I) Segment revenue and result	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Segment revenue[1]	**1,273,707**	1,184,928	**1,372,411**	1,212,463	**221,526**	180,029	**2,867,644**	2,577,420	**1,340,023**	1,299,503	**4,207,667**	3,876,923
Operating profit before net acquisition, disposal and restructuring related costs and fair value adjustments [2]	**124,750**	112,665	**128,597**	108,155	**21,696**	14,960	**275,043**	235,780	**62,823**	66,719	**337,866**	302,499
Net acquisition, disposal and restructuring related costs and fair value adjustments (note 2)	**(40,700)**	(62,127)	**(44,044)**	64,105	**1,267**	(1,004)	**(83,477)**	974	**(16,152)**	(11,010)	**(99,629)**	(10,036)
Operating profit	**84,050**	50,538	**84,553**	172,260	**22,963**	13,956	**191,566**	236,754	**46,671**	55,709	**238,237**	292,463
Share of profit after tax of associates and joint ventures	**39**	7	**430**	3,706	**593**	909	**1,062**	4,622	**13,138**	14,857	**14,200**	19,479
Profit before financing income, financing cost and income tax expense	**84,089**	50,545	**84,983**	175,966	**23,556**	14,865	**192,628**	241,376	**59,809**	70,566	**252,437**	311,942
Financing income[3]							**7,276**	5,959	**7,285**	6,106	**14,561**	12,065
Financing costs[3]							**(65,993)**	(63,365)	**(13,879)**	(16,616)	**(79,872)**	(79,981)
Profit before income tax expense as reported in Group Consolidated Income Statement							**133,911**	183,970	**53,215**	60,056	**187,126**	244,026

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

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

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

II) Segment assets	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Segment assets excluding investments in associates and joint ventures	**1,760,828**	1,670,110	**2,042,006**	1,837,126	**329,833**	280,751	**4,132,667**	3,787,987	**626,653**	564,473	**4,759,320**	4,352,460
Investments in associates and joint ventures and other financial assets	**530**	495	**2,015**	1,420	**–**	3,061	**2,545**	4,976	**162,062**	154,094	**164,607**	159,070
Segment assets	**1,761,358**	1,670,605	**2,044,021**	1,838,546	**329,833**	283,812	**4,135,212**	3,792,963	**788,715**	718,567	**4,923,927**	4,511,530
Reconciliation to total assets as reported in the Group Consolidated Balance Sheet												
Derivative financial instruments							**327**	297	**95**	311	**422**	608
Cash and cash equivalents							**452,175**	426,733	**95,299**	55,496	**547,474**	482,229
Deferred income tax assets							**80,745**	74,261	**4,720**	4,812	**85,465**	79,073
Total assets as reported in Group Consolidated Balance Sheet							**4,668,459**	4,294,254	**888,829**	779,186	**5,557,288**	5,073,440

III) Segment liabilities	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Segment liabilities	**314,553**	302,294	**208,659**	203,522	**40,297**	30,993	**563,509**	536,809	**447,373**	380,130	**1,010,882**	916,939
Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet												
Interest-bearing loans and borrowings							**1,428,458**	1,382,201	**163,107**	147,616	**1,591,565**	1,529,817
Derivative financial instruments							**2,066**	2,215	**3,858**	1,217	**5,924**	3,432
Current and deferred income tax liabilities							**408,395**	395,545	**31,167**	31,201	**439,562**	426,746
Total liabilities as reported in Group Consolidated Balance Sheet							**2,402,428**	2,316,770	**645,505**	560,164	**3,047,933**	2,876,934

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

IV) Other segment information	Food Europe		Food North America		Food Rest of World		Total Food Group		Origin		Total Group	
in EUR `000	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Depreciation	**43,204**	46,916	**35,676**	30,785	**6,610**	5,377	**85,490**	83,078	**5,189**	5,276	**90,679**	88,354
ERP-related amortisation	**778**	–	**4,074**	3,401	**–**	–	**4,852**	3,401	**455**	–	**5,307**	3,401
Amortisation of other intangible assets	**44,745**	36,373	**47,694**	40,518	**7,344**	9,641	**99,783**	86,532	**6,401**	4,295	**106,184**	90,827
Capital expenditure												
– Property, plant and equipment	**37,318**	25,228	**45,723**	24,813	**28,272**	21,816	**111,313**	71,857	**5,768**	6,425	**117,081**	78,282
– Computer-related intangibles	**14,244**	9,513	**9,637**	14,879	**7,492**	955	**31,373**	25,347	**5,987**	3,001	**37,360**	28,348
– Other intangibles	**–**	–	**–**	–	**–**	–	**–**	–	**575**	–	**575**	–
Total capital expenditure	**51,562**	34,741	**55,360**	39,692	**35,764**	22,771	**142,686**	97,204	**12,330**	9,426	**155,016**	106,630

1.2 Analysis by geographical segment

	Europe		North America		Rest of World		Total Group	
in EUR `000	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Segment revenue[1]	**2,613,730**	2,484,431	**1,372,411**	1,212,463	**221,526**	180,029	**4,207,667**	3,876,923
Segment assets	**2,550,073**	2,389,172	**2,044,021**	1,838,546	**329,833**	283,812	**4,923,927**	4,511,530
IFRS 8 non-current assets[2]	**1,954,207**	1,877,077	**1,845,060**	1,654,252	**289,177**	250,826	**4,088,444**	3,782,155

1 Revenues from external customers attributed to the Group's country of domicile, Switzerland, are 5.3% (2011: 5.4%) of total Group revenues. Revenues from external customers attributed to material foreign countries are United States 29.2% (2011: 28.3%), the United Kingdom 29.8% (2011: 24.1%) and Ireland 7.1% (2011: 13.6%). 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. Non-current assets attributed to the Group's country of domicile, Switzerland, are 9.4% of total Group non-current assets (2011: 11.3%). Non-current assets attributed to material foreign countries are: United States 31.3% (2011: 29.5%), United Kingdom 10.9% (2011: 8.0%) and Ireland 10.0% (2011: 12.2%).

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

in EUR `000	Notes	Food Europe 2012	Food Europe 2011	Food North America 2012	Food North America 2011	Food Rest of World 2012	Food Rest of World 2011	Total Food Group 2012	Total Food Group 2011	Origin 2012	Origin 2011	Total Group 2012	Total Group 2011
Gain / (loss) on acquisition, disposals and dilution													
Gain on disposal of interest in joint venture	2.1	–	–	–	–	**1,417**	–	**1,417**	–	**–**	–	**1,417**	–
Fair value gain on acquisition of 50% share in Maidstone Bakeries	2.2	–	–	–	121,391	–	–	**–**	121,391	**–**	–	**–**	121,391
Loss on disposal of Origin Food business	2.3	–	–	–	–	–	–	**–**	–	**–**	(7,301)	**–**	(7,301)
Gain on disposal of Origin Feed business	2.4	–	–	–	–	–	–	**–**	–	**–**	3,168	**–**	3,168
Gain/(loss) on dilution of associate interests	2.5	–	–	–	–	–	–	**–**	–	**2,305**	(4,738)	**2,305**	(4,738)
Net gain on acquisition, disposals and dilution		–	–	–	121,391	**1,417**	–	**1,417**	121,391	**2,305**	(8,871)	**3,722**	112,520
Transaction-related costs	2.6	**(1,654)**	–	–	(9,994)	**(150)**	(692)	**(1,804)**	(10,686)	**(1,451)**	(2,139)	**(3,255)**	(12,825)
Restructuring-related costs and fair value adjustments	2.7												
Asset write-downs		**(3,744)**	(34,999)	**(4,006)**	(8,040)	–	–	**(7,750)**	(43,039)	**(2,806)**	–	**(10,556)**	(43,039)
Fair value adjustments of investment properties		–	–	–	–	–	–	**–**	–	**(9,665)**	–	**(9,665)**	–
Severance and other staff related costs		**(25,758)**	(17,878)	**(24,881)**	(29,085)	–	–	**(50,639)**	(46,963)	**(4,535)**	–	**(55,174)**	(46,963)
Grant-related costs		**(713)**	(2,338)	–	–	–	–	**(713)**	(2,338)	**–**	–	**(713)**	(2,338)
Contractual obligations		**(2,175)**	(3,969)	**(837)**	–	–	–	**(3,012)**	(3,969)	**–**	–	**(3,012)**	(3,969)
Advisory and other costs		**(6,656)**	(2,943)	**(14,320)**	(10,167)	–	(312)	**(20,976)**	(13,422)	**–**	–	**(20,976)**	(13,422)
Total restructuring-related costs and fair value adjustments		**(39,046)**	(62,127)	**(44,044)**	(47,292)	–	(312)	**(83,090)**	(109,731)	**(17,006)**	–	**(100,096)**	(109,731)
Total acquisition, disposal and restructuring related costs and fair value adjustments		**(40,700)**	(62,127)	**(44,044)**	64,105	**1,267**	(1,004)	**(83,477)**	974	**(16,152)**	(11,010)	**(99,629)**	(10,036)

2.1 Gain on disposal of interest in joint venture (financial year 2012)

During April 2012, the Group completed the disposal of its interest in a joint venture, previously held as part of the Food Rest of World segment. Consideration received on disposal was €4,675,000, which was in excess of the investment carrying value of €3,258,000 at the time, resulting in a gain of €1,417,000.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

2.2 Fair value gain on acquisition of 50% share in Maidstone Bakeries (financial year 2011)

On 29 October 2010, ARYZTA closed the acquisition of all outstanding shares of the previously 50%-owned Maidstone Bakeries ('Maidstone') 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 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 was recorded within operating profit for the year ended 31 July 2011. This is a requirement under IFRS 3 (Revised), Business Combinations, which was implemented by the Group as required for the financial years ended after 1 August 2009. See note 29 for further details.

2.3 Loss on disposal of Origin Food business (financial year 2011)

On 10 September 2010, the Group's subsidiary and separately listed subsidiary, Origin, announced that it had reached an agreement with CapVest Limited 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 €7,301,000 was realised on the disposal of Origin Foods to Valeo during the year ended 31 July 2011. The impact of this loss on ARYZTA's profit attributable to equity shareholders during the year ended 31 July 2011 was €5,214,000, which is after deduction of Origin non-controlling interests. The loss was calculated as follows:

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

2.4 Gain on disposal of Origin Feed business (financial year 2011)

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 is treated as a joint venture in accordance with IAS 31, Interests in Joint Ventures. A gain arose on the transaction, which was recorded in the Group Consolidated Income Statement for the year ended 31 July 2011, as follows:

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

2.5 Gain/(loss) on dilution of associate interests

During the year, Origin's investment in 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 on the dilution of the holding, which is recorded in the Group Consolidated Income Statement for the year ended 31 July 2012.

In financial year 2011, Continental Farmers Group plc raised €16,726,000 of funding upon its flotation on the ESM and AIM markets of the Dublin and London stock exchanges. As a result, Origin's shareholding reduced from 38.7% to 24.2%. This gave rise to a loss of €4,738,000 on the dilution of the holding, which was recorded in the Group Consolidated Income Statement for the year ended 31 July 2011.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

2.6 Transaction-related costs

Transaction-related costs of €3,255,000 incurred during the year ended 31 July 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 year. Transaction-related costs of €12,825,000 incurred during the year ended 31 July 2011 related primarily to the acquisition of the outstanding 50% of Maidstone. These costs include share purchase tax, due diligence and other professional service fees. Since the adoption of IFRS 3 (Revised), Business Combinations, these costs no longer form part of the acquisition consideration and are expensed within operating profit through the income statement. Details relating to these acquisitions are set out in note 29.

2.7 Restructuring-related costs and fair value adjustments

During the year ended 31 July 2011, the Group commenced two separate integration and rationalisation programmes in each of its Food Europe and Food North America segments. These programmes allow the development of two principal operating platforms in Food Europe and Food North America to optimise the Group's manufacturing and business support platforms.

As a result of decisions made through these projects, the Group has recognised costs, including providing for amounts as required by IAS 37, Provisions, Contingent Liabilities and Contingent Assets in the Group Consolidated Income Statement as follows:

Asset write-downs and fair value adjustments

The Group incurred €10,556,000 (2011: €43,039,000) of asset write-downs during the year. These amounts relate primarily to the write-down of certain manufacturing, distribution and administration assets, due to the closure and/or reduction in activity at a number of sites as part of the implementation of the Group's integration and rationalisation programmes.

Additionally, during the year a fair value adjustment of €9,665,000 (2011: Nil) was recorded to the carrying value of investment properties within Origin. 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.

Severance and other staff-related costs

The Group has incurred and provided for €55,174,000 (2011: €46,963,000) in severance and other staff-related costs during the year, a majority of which relates to employees whose services were 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 programmes have resulted in the triggering of related grant repayment conditions. This resulted in the reversal of €713,000 (2011: €2,338,000) in grants previously amortised through the Group's Consolidated Income Statement.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Contractual obligations
The operational decisions made through the Group's integration and rationalisation programmes triggered early termination and/or resulted in certain operational contracts becoming onerous. The Group incurred total costs of €3,012,000 (2011: €3,969,000) during the year to either exit or provide for such contracts.

Advisory costs and other costs
During the year, the Group incurred €20,976,000 (2011: €13,422,000) in other costs related directly to the implementation of its integration and rationalisation programmes. These costs are composed principally of restructuring-related advisory costs, operational site decommissioning costs, and other directly attributable incremental costs.

3 Financing income and costs

in EUR `000	**2012**	2011
Financing income		
Interest income	**7,989**	5,843
Defined benefit plans: expected return on plan assets (note 25)	**5,904**	4,824
Foreign exchange gain realised on settlement of quasi-equity intercompany loans	**668**	1,398
Total financing income recognised in Group Consolidated Income Statement	**14,561**	12,065
Financing costs		
Interest cost on bank loans and overdrafts	**(73,160)**	(73,801)
Interest cost under finance leases	**(159)**	(125)
Defined benefit plans: interest cost on plan liabilities (note 25)	**(5,965)**	(4,996)
Interest cost on deferred consideration (note 19)	**(588)**	(1,059)
Total financing costs recognised in Group Consolidated Income Statement	**(79,872)**	(79,981)
Recognised directly in other comprehensive income		
Effective portion of changes in fair value of interest rate swaps[1]	**(3,122)**	(447)
Fair value of interest rate swaps transferred to income statement	**–**	5,064
Total financing (loss)/gain recognised directly in other comprehensive income	**(3,122)**	4,617

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 2012

4 Other information

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

in EUR `000	2012	2011
Revenue	**4,207,667**	3,876,923
Raw materials and consumables used	**(2,507,762)**	(2,298,201)
Employment costs (note 7)	**(603,555)**	(580,621)
Other direct and indirect costs	**(495,172)**	(465,097)
Net gain on acquisitions, disposals and dilution (note 2)	**3,722**	112,520
Asset write-downs and fair value adjustments (note 2)	**(20,221)**	(43,039)
Transaction-related costs (note 2)	**(3,255)**	(12,825)
Other restructuring-related costs (note 2)	**(79,875)**	(66,692)
Amortisation of intangible assets (note 14)	**(111,491)**	(94,228)
Depreciation of property, plant and equipment (note 12)	**(90,679)**	(88,354)
Recognition of deferred income from government grants (note 23)	**1,581**	3,036
Operating lease rentals	**(55,148)**	(44,294)
Research and development expenditure	**(7,575)**	(6,665)
Operating profit	**238,237**	292,463

Group revenue categories

Group revenue relates primarily to sale of products.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

The above amounts are further analysed as follows:

Depreciation of property, plant and equipment

in EUR `000	2012	2011
– owned assets	**89,896**	87,639
– leased assets	**783**	715
	90,679	88,354

Operating lease rentals

in EUR `000	2012	2011
– plant and machinery	**9,681**	7,408
– other	**45,467**	36,886
	55,148	44,294

Operating lease rentals

in EUR `000	2012	2011
– Food Group	**47,759**	39,055
– Origin	**7,389**	5,239
	55,148	44,294

Research and development expenditure

in EUR `000	2012	2011
– Food Group	**6,943**	6,284
– Origin	**632**	381
	7,575	6,665

Auditor's remuneration

in EUR `000	2012	2011
– Auditor's remuneration for audit and audit-related services	**2,621**	2,458
– Auditor's remuneration for tax compliance and related services	**1,178**	1,131
– Auditor's remuneration for tax consulting services	**904**	1,263
– Auditor's remuneration for advisory services	**100**	101
	4,803	4,953

– Total other fees / Audit and audit-related fees	**83%**	102%
– Tax consulting or advisory fees / Audit and audit-related fees	**38%**	56%

5 Directors' emoluments

Directors' emoluments are disclosed in note 10 of the ARYZTA AG Company Financial Statements (page 152).

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

6 Share of profit after tax of associates and joint ventures

Joint ventures

in EUR `000	2012	2011
Group share of:		
Revenue	**264,764**	202,029
Share of profit of joint ventures after tax and before acquisition and restructuring related costs (note 15)	**7,101**	14,125

Associates

in EUR `000	2012	2011
Group share of:		
Revenue	**234,593**	192,156
Share of profit of associates after tax and before acquisition and restructuring related costs (note 15)	**7,099**	5,354

Share of profit of associates and joint ventures after tax and before acquisition and restructuring related costs (note 15)	**14,200**	19,479

7 Employment

Average number of persons employed by the Group during the year

	2012	2011
Sales and distribution	**4,203**	4,116
Production	**7,352**	7,142
Management and administration	**1,376**	1,380
	12,931	12,638

Aggregate employment costs of the Group

in EUR `000	2012	2011
Wages and salaries	**526,421**	499,901
Social welfare costs	**56,478**	54,049
Defined contribution plans (note 25)	**11,311**	9,074
Defined benefit plans (note 25)	**3,277**	3,303
Share-based payments (note 8)	**6,068**	14,294
	603,555	580,621

8 Share-based payments

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

– The ARYZTA Long-Term Incentive Plans (‘ARYZTA LTIP’), 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 consolidated financial statements in relation to equity settled share-based payments is €7,065,000 (2011: €19,063,000), of which €6,068,000 (2011: €14,294,000) was reported in the Group Consolidated Income Statement.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

8.1 ARYZTA Matching Plan LTIP

Matching Plan awards	Weighted conversion price 2012 in CHF	Number of equity entitlements	Weighted conversion price 2011 in CHF	Number of equity entitlements
Outstanding at the beginning of the year	**0.02**	**975,000**	0.02	975,000
Exercised during the year	**0.02**	**(975,000)**	–	–
Issued during the year	**0.02**	**944,250**	–	–
Forfeited during the year	**0.02**	**(194,250)**	–	–
Outstanding at the end of the year	**0.02**	**750,000**	0.02	975,000
Vested at the end of the year	**–**	**–**	–	–

Matching Plan awards outstanding by conversion price	Conversion price in CHF	Number of equity entitlements	Actual remaining life (years)
Issued during financial year 2012	0.02	**750,000**	**9.2**
As of 31 July 2012	0.02	**750,000**	**9.2**

Plan description

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

Participants with Matching Plan awards 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 compound annual underlying fully diluted EPS growth. For awards outstanding as of 31 July 2012, vesting may occur on a fractional pro-rata basis ranging from a multiple of one to three for growth between 10.0% and 15.0%. In the event of the minimum 10.0% growth target not being achieved, no awards vest.

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

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

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

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2012

8.2 ARYZTA Option Equivalent Plan LTIP

Option Equivalent Plan awards	Weighted conversion price 2012 in CHF	Number of equity entitlements	Weighted conversion price 2011 in CHF	Number of equity entitlements
Outstanding at the beginning of the year	**37.23**	**1,200,000**	37.23	1,200,000
Issued during the year	**39.95**	**1,569,250**	–	–
Forfeited during the year	**39.27**	**(259,250)**	–	–
Outstanding at the end of the year	**38.72**	**2,510,000**	37.23	1,200,000
Vested at the end of the year	**–**	**–**	–	–

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	**1,135,000**	**7.1**
Issued during financial year 2012	39.95	**1,375,000**	**9.2**
As of 31 July 2012	38.72	**2,510,000**	**8.3**

Plan description

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

Vesting of the awards under the Option Equivalent Plan is conditional on compound annual growth in underlying fully diluted EPS in three consecutive accounting periods exceeding the compound growth in the eurozone Core Consumer Price Index, plus 5%, on an annualised basis.

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

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

The weighted average fair value assigned to share option equivalents granted under the ARYZTA Option Equivalent Plan LTIP during the year ended 31 July 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 five 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 five years.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

The Group's compound annual growth in underlying fully diluted EPS over the last three consecutive accounting periods was 12.9%, which exceeded the growth in the eurozone Core Consumer Price Index over the same period of 1.3%, plus 5%. Accordingly, the performance conditions associated with the Option Plan awards outstanding as of 1 August 2011 were met during FY 2012. As a result, 1,135,000 Option Plan awards (650,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval. The exercise price of all Option Plan awards for which the vesting conditions have been met is CHF 37.23.

8.3 The Origin Enterprises Long-Term Incentive Plan

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

Origin Plan – ordinary share awards

Under the terms of the Origin Plan, 4,682,134 ordinary shares were issued to senior executives of Origin during the year ended 31 July 2007. As the consideration paid for these shares equalled their fair value, no additional share-based compensation charge was recorded under IFRS 2, Share-based Payment. To retain the ordinary shares issued under the terms of the Origin Plan, the senior executives had to remain with Origin for five years and specified financial and business related targets had to be achieved. If the senior executive left before the end of the five year period or if the financial and business targets were not achieved, the ordinary shares issued under the terms of the Origin Plan could have been reacquired by Origin at the lower of the amount paid for the shares and the then fair market value of the shares. The specified targets were achieved and accordingly the shares can no longer be reacquired.

Origin Plan – awards of other equity entitlements

Under the terms of the Origin Plan, senior executives of Origin were also issued equity entitlements in Origin at par value, during 2007 and 2008. These equity entitlements convert on a one-to-one basis into ordinary shares in Origin after the expiration of five years, only if specified EPS growth targets are achieved and the employee remains in employment.

During the five year period to 31 July 2011 the EPS growth targets were achieved. As a result, during April 2012 a total of 5,003,238 equity entitlements were converted on a one for one basis into ordinary shares. These shares are ranked pari passu in all respects with the existing ordinary shares of Origin. The remaining equity entitlements are expected to convert into ordinary shares in FY 2013, after the related five year period for those equity entitlements is completed.

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

Origin Plan awards	**Weighted conversion price 2012 in EUR**	**Number of equity entitlements 2012**	Weighted conversion price 2011 in EUR	Number of equity entitlements 2011
Outstanding at the beginning of the year	**0.01**	**5,483,583**	0.01	5,555,270
Redeemed during the year	–	–	0.01	(71,687)
Converted to ordinary shares during the year	**0.01**	**(5,003,238)**	–	–
Outstanding at the end of the year	**0.01**	**480,345**	0.01	5,483,583
Vested at the end of the year	–	–	–	–

Notes to the Group Consolidated Financial Statements (continued)
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The equity entitlements issued under the Origin plan are equity-settled share-based payments as defined in IFRS 2, Share-based Payment. The weighted average fair value assigned to equity entitlements issued under the Origin Plan represents the fair value of an ordinary share on the date of grant adjusted for the lost dividends between date of issue and vesting date.

9 Income tax expense

Income tax expense

in EUR `000	2012	2011
Current tax charge	**37,584**	39,263
Deferred tax credit (note 24)	**(13,012)**	(23,649)
Income tax expense	**24,572**	15,614

Reconciliation of average effective tax rate to applicable tax rate

in EUR `000	2012	2011
Profit before tax	**187,126**	244,026
Less share of profits after tax of associates and joint ventures	**(14,200)**	(19,479)
	172,926	224,547
Income tax on profits for the year at 21.2% (2011: 21.2%)[1]	**36,660**	47,604
(Income)/expenses not (taxable)/deductible for tax purposes	**(7,523)**	(21,817)
Income subject to lower rates of tax	**(11,367)**	(13,203)
Change in estimates and other prior year adjustments:		
– Current tax	**(1,280)**	552
– Deferred tax	**1,002**	(1,475)
Unutilised tax losses	**7,080**	3,953
Income tax expense	**24,572**	15,614

Current and deferred tax movements recognised directly in other comprehensive income

in EUR `000	2012	2011
Relating to tax rate changes	**858**	–
Relating to foreign exchange translation effects	**(6,863)**	2,876
Relating to cash flow hedges	**(259)**	286
Relating to Group employee benefit plans actuarial losses	**(2,002)**	(67)
	(8,266)	3,095

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

10 Dividends

At the Annual General Meeting on 11 December 2012, shareholders will be invited to approve a proposed dividend of CHF 0.6125 (€0.5063) per share, to be paid to shareholders after the balance sheet date. A dividend of CHF 0.5679 was paid during the year (2011: CHF 0.4802).

11 Earnings per share

Basic earnings per share	**2012** in EUR '000	2011 in EUR '000
Profit attributable to equity shareholders	**146,264**	212,657
Perpetual callable subordinated instrument accrued dividend (note 26)	**(16,642)**	(11,801)
Profit used to determine basic earnings per share	**129,622**	200,856

Weighted average number of ordinary shares	'000	'000
Ordinary shares outstanding at 1 August[1]	**82,810**	82,810
Effect of vesting of equity instruments during the year[2]	**827**	–
Effect of shares issued during the year	**2,300**	–
Weighted average number of ordinary shares used to determine basic earnings per share	**85,937**	82,810
Basic earnings per share	**150.8 cent**	242.6 cent

Diluted earnings per share	**2012** in EUR '000	2011 in EUR '000
Profit used to determine basic earnings per share	**129,622**	200,856
Effect on non-controlling interests share of reported profits, due to dilutive impact of Origin management equity entitlements[3]	**(557)**	(1,276)
Profit used to determine diluted earnings per share	**129,065**	199,580

Weighted average number of ordinary shares (diluted)	'000	'000
Weighted average number of ordinary shares used to determine basic earnings per share	**85,937**	82,810
Effect of equity-based incentives with a dilutive impact[2]	**291**	1,058
Weighted average number of ordinary shares used to determine diluted earnings per share[4]	**86,228**	83,868
Diluted earnings per share	**149.7 cent**	238.0 cent

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

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

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

4 The July 2012 weighted average number of ordinary shares used to calculate diluted earnings per share is 86,228,153 (2011: 83,868,319). The increase in the weighted average number of ordinary shares used to determine diluted earnings per share is due primarily to the weighted average increase of 2,300,392 shares, as a result of the issuance of 4,252,239 shares during January 2012. The remaining increase relates to the continued vesting of management share-based incentives.

Notes to the Group Consolidated Financial Statements (continued)
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In addition to the basic and diluted earnings per share measure calculated above, as required by IAS 33, Earnings per Share, the Group also presents the following underlying earnings per share measure in accordance with IAS 33 paragraph 73, as it is the Group's policy to declare dividends based on underlying fully diluted earnings per share of the Group.

Underlying fully diluted net profit adjusts reported net profit by the following items and their related tax impacts:
– includes the perpetual callable subordinated instrument accrued dividend as an expense, similar to the adjustment for basic and diluted earnings per share;
– excludes non-ERP-related 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	2012 in EUR '000	2011 in EUR '000
Profit used to determine basic earnings per share	**129,622**	200,856
Amortisation of non-ERP intangible assets (notes 1 and 14)	**106,184**	90,827
Tax on amortisation of non-ERP intangible assets (note 24)	**(30,354)**	(18,691)
Net acquisition, disposal and restructuring related costs and fair value adjustments (notes 1 and 2)	**99,629**	10,036
Tax on net acquisition, disposal and restructuring related costs and fair value adjustments	**(8,850)**	(17,990)
Non-controlling interest portion of net acquisition, disposal and restructuring related costs and fair value adjustments	**(4,490)**	(3,325)
Effect on non-controlling interests share of adjusted profits due to dilutive impact of Origin management equity entitlements	**(696)**	(1,673)
Underlying fully diluted net profit	**291,045**	260,040
Weighted average number of ordinary shares used to determine basic earnings per share	**85,937**	82,810
Underlying basic earnings per share	**338.7 cent**	314.0 cent
Weighted average number of ordinary shares used to determine diluted earnings per share	**86,228**	83,868
Underlying fully diluted earnings per share	**337.5 cent**	310.1 cent

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

12 Property, plant and equipment

31 July 2012 in EUR '000	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Total
Cost					
At 1 August 2011	487,157	707,331	10,244	32,678	1,237,410
Additions	16,490	45,814	876	53,901	117,081
Transfer from assets under construction	9,747	19,700	–	(29,447)	–
Arising on business combination (note 29)	921	18,102	17	–	19,040
Restructuring related disposals	(586)	(5,253)	–	–	(5,839)
Disposals	(11,734)	(19,411)	(3,457)	–	(34,602)
Transfer to investment properties (note 13)	(7,456)	–	–	–	(7,456)
Translation adjustments	19,698	59,535	729	1,717	81,679
At 31 July 2012	**514,237**	**825,818**	**8,409**	**58,849**	**1,407,313**
Accumulated depreciation					
At 1 August 2011	29,883	263,011	4,567	–	297,461
Depreciation charge for year	14,283	73,644	2,752	–	90,679
Restructuring related disposals	–	(572)	–	–	(572)
Disposals	(9,304)	(15,646)	(3,155)	–	(28,105)
Translation adjustments	2,243	22,642	378	–	25,263
At 31 July 2012	**37,105**	**343,079**	**4,542**	**–**	**384,726**
Net book amounts					
At 31 July 2012	**477,132**	**482,739**	**3,867**	**58,849**	**1,022,587**
At 31 July 2011	457,274	444,320	5,677	32,678	939,949

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

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 2012	**728**	**4,138**	**205**	**5,071**
At 31 July 2011	1,722	2,457	315	4,494

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

in EUR '000	2012	2011
Balance at 1 August	**32,180**	20,648
Transfer from property, plant and equipment (note 12)	**7,456**	10,700
Disposals	**(485)**	–
Fair value adjustments (note 2)	**(9,665)**	–
Translation adjustment	**(218)**	832
Balance at 31 July	**29,268**	32,180

Investment property is principally comprised of property previously used in operations, which was transferred to investment property upon the determination that the property would no longer be used in operations, but instead would be held as an investment for capital appreciation.

During the year ended 31 July 2012, Origin recorded a fair value adjustment to the carrying value of investment properties of €9,665,000. Origin's directors determined that this adjustment to the fair value of Origin's investment properties was necessary as a result of the continuing decline in the Irish property market. Additionally, as some of Origin's land and buildings were no longer used in the Group's businesses, the directors concluded that these items should be transferred to investment property. The property had an estimated market value of €7,456,000 at the date of the transfer.

During the year ended 31 July 2011, a property that was no longer in operational use in the Food Group was transferred to investment property. The property was located in Dublin, Ireland, and had an estimated market value of €10,700,000 at the date of transfer.

Rental income and direct operating expenses recognised in the income statement relating to investment property were not significant.

The directors have reviewed the carrying amount of investment properties and are satisfied that the carrying value appropriately reflects the estimated fair value of these properties as of 31 July 2012.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

14 Goodwill and intangible assets

31 July 2012 in EUR '000	Goodwill	Customer relationships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Cost							
At 1 August 2011	1,613,057	905,724	284,319	36,205	48,934	14,319	2,902,558
Additions	–	575	–	3,131	34,229	–	37,935
Arising on business combination (note 29)	51,613	26,708	–	–	–	19,077	97,398
Transfer from/(to) ERP-related intangibles	–	–	–	(4,614)	4,614	–	–
Restructuring-related disposals	–	–	–	(601)	(1,647)	–	(2,248)
Disposals	–	–	–	(739)	–	–	(739)
Translation adjustments	126,814	73,575	8,747	2,508	648	3,140	215,432
At 31 July 2012	**1,791,484**	**1,006,582**	**293,066**	**35,890**	**86,778**	**36,536**	**3,250,336**
Accumulated amortisation							
At 1 August 2011	–	152,200	66,838	27,170	4,005	1,389	251,602
Amortisation	–	82,949	18,053	2,462	5,307	2,720	111,491
Transfer from/(to) ERP-related intangibles	–	–	–	631	(631)	–	–
Restructuring-related disposals	–	–	–	(163)	(716)	–	(879)
Disposals	–	–	–	(739)	–	–	(739)
Translation adjustments	–	12,171	1,927	2,399	43	339	16,879
At 31 July 2012	**–**	**247,320**	**86,818**	**31,760**	**8,008**	**4,448**	**378,354**
Net book amounts							
At 31 July 2012	**1,791,484**	**759,262**	**206,248**	**4,130**	**78,770**	**32,088**	**2,871,982**
At 31 July 2011	1,613,057	753,524	217,481	9,035	44,929	12,930	2,650,956

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

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

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. Historically, this allocation was performed at the acquired business unit level, as this represented the lowest level within the entity at which goodwill was monitored for internal management purposes. This was the case as significant integration of the individually acquired businesses had not occurred and the business units were managed autonomously. Due to the significant reorganisation of historical acquired business units as part of the ARYZTA Transformation Initiative, effective during the first quarter of fiscal year 2013, management began formally evaluating business performance and allocating resources at the operating segment level and no longer at the former business unit level. As such, this will become the lowest level within the entity at which goodwill is monitored for internal management purposes. In line with this change, allocation of any goodwill from future acquisitions, as well as future annual impairment testing, will be performed at the operating segment level.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

The carrying amount of goodwill allocated to the historical individual cash-generating units, as well as the relevant operating segments, are summarised as follows:

in EUR '000	Pre-tax discount rate 2012	Pre-tax discount rate 2011	Projection period	Terminal growth rate	Carrying value 2012	Carrying value 2011
Hiestand Europe	**6.2%**	6.6%	**2 years**	**2%**	**426,564**	437,340
Groupe Hubert	**9.4%**	9.0%	**2 years**	**2%**	**105,812**	105,812
Fresh Start Bakeries Europe	**7.4%**	8.2%	**2 years**	**2%**	**34,215**	34,078
Other[1]	**–**	–	**–**	**–**	**156,674**	98,136
Total Food Europe					**723,265**	675,366
Otis Spunkmeyer	**6.7%**	7.5%	**2 years**	**2%**	**445,989**	385,176
La Brea Bakery	**8.7%**	9.4%	**2 years**	**2%**	**59,114**	50,916
Great Kitchens	**8.7%**	9.8%	**2 years**	**2%**	**83,149**	71,812
Fresh Start Bakeries North America	**8.7%**	9.8%	**2 years**	**2%**	**29,240**	25,390
Maidstone Bakeries	**7.1%**	7.9%	**2 years**	**2%**	**295,691**	268,816
Total Food North America					**913,183**	802,110
Fresh Start Bakeries Rest of World	**7.8%**	8.9%	**2 years**	**2%**	**65,010**	53,480
Hiestand Rest of World[1]	**–**	–	**–**	**–**	**8,105**	7,092
Total Food Rest of World					**73,115**	60,572
Agrii	**11.6%**	9.9%	**3 years**	**2%**	**68,186**	62,356
Other[1]	**–**	–	**–**	**–**	**13,735**	12,653
Total Origin					**81,921**	75,009
					1,791,484	1,613,057
Goodwill arising on investments in JVs and associates					**72,746**	49,336

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

The Group tests goodwill for impairment annually, during the last quarter of the financial year, or more frequently if changes in circumstances indicate a potential impairment. No impairment losses have been recognised related to the Group's goodwill during the years ended 31 July 2012 and 31 July 2011.

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Any significant adverse change in the expected future operational results and cash flows may result in the value-in-use being less than the carrying amount of a cash-generating unit and would require that the carrying amount of the cash-generating unit be impaired and stated at the recoverable amount of the business unit. However, based on the results of the impairment testing undertaken during the years ended 31 July 2012 and 31 July 2011, sufficient headroom exists such that any reasonable movement in any of the underlying assumptions would not give rise to an impairment charge. Key assumptions include management's estimates of future profitability, specifically the terminal growth rate, as well as the discount rate used.

The terminal growth rate within the discounted cash flow model is a significant factor in determining the value-in-use of the cash-generating units. A terminal growth rate is included to take into account the Group's strong financial position, its established history of earnings growth, ongoing cash flow generation and its proven ability to pursue and integrate value-enhancing acquisitions. The terminal growth rates utilised approximated the relevant long-term inflation rates. While the terminal growth rate is a significant factor in the goodwill impairment testing, reducing the terminal growth rate to 0.0% 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 from that cash-generating unit. While the discount rate is a significant factor in the goodwill impairment testing, increasing the discount rate by 1% would not give rise to a material impairment.

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

15 Investments in associates and joint ventures

31 July 2012 in EUR '000	Notes	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2011		49,571	74,486	124,057
Share of profits, after tax and before acquisition and restructuring related costs		7,099	7,101	14,200
Group share of acquisition and restructuring related costs		(6,384)	–	(6,384)
Gain on dilution of investment	2	2,305	–	2,305
Net contributions to existing associates and JVs		7,745	(14)	7,731
Dividends received		(5,329)	(5,744)	(11,073)
Disposal of interest in Joint Venture	2	–	(3,258)	(3,258)
(Losses)/gains through other comprehensive income		(4,269)	254	(4,015)
Translation adjustments		1,304	2,517	3,821
At 31 July 2012		**52,042**	**75,342**	**127,384**

31 July 2011 in EUR '000	Notes	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2010		37,770	125,111	162,881
Share of profits, after tax and before acquisition and restructuring related costs		5,354	14,125	19,479
Subsidiaries becoming associate/joint venture	2	17,108	11,055	28,163
Loss on dilution of investment	2	(4,738)	–	(4,738)
Contributions to existing associates and JVs		419	709	1,128
Arising on business combinations	29	232	–	232
Dividends received		(2,136)	(9,454)	(11,590)
JV becoming a subsidiary	29	–	(64,854)	(64,854)
(Losses)/gains through other comprehensive income		(689)	762	73
Translation adjustments		(3,749)	(2,968)	(6,717)
At 31 July 2011		**49,571**	**74,486**	**124,057**

The amounts included in these Group consolidated financial statements in respect of the post-acquisition profits or losses of associates and joint ventures are taken from their latest financial statements prepared up to their respective year-ends, together with management accounts for the intervening periods to the Group's year-end. All joint ventures of the Group have a 31 December year-end. All associates of the Group have a 31 July year-end, with the exception of Continental Farmers Group plc, which has a year-end of 31 December and Valeo, which has a year-end of 31 March.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

31 July 2012 in EUR '000	Associates	Joint ventures	Total
Non-current assets	37,906	55,548	93,454
Current assets	69,088	70,584	139,672
Non-current liabilities	(70,816)	(34,695)	(105,511)
Current liabilities	(38,184)	(34,793)	(72,977)
Net (liabilities)/assets	**(2,006)**	**56,644**	**54,638**
Goodwill	54,048	18,698	72,746
At 31 July 2012	**52,042**	**75,342**	**127,384**

31 July 2011 in EUR '000	Associates	Joint ventures	Total
Non-current assets	42,002	50,502	92,504
Current assets	61,850	62,228	124,078
Non-current liabilities	(52,605)	(20,621)	(73,226)
Current liabilities	(35,001)	(33,634)	(68,635)
Net assets	**16,246**	**58,475**	**74,721**
Goodwill	33,325	16,011	49,336
At 31 July 2011	**49,571**	**74,486**	**124,057**

16 Inventory

in EUR '000	2012	2011
Raw materials	**69,913**	71,714
Finished goods	**187,354**	160,535
Consumable stores	**24,650**	19,167
	281,917	251,416

A total expense of €5,898,000 (2011: €3,491,000) was recognised in the Group Consolidated Income Statement arising from write-down of inventory.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

17 Trade and other receivables

in EUR '000	**2012**	2011
Non-current		
Loan note due from associate	**37,223**	35,013
Current		
Trade receivables, net	**490,691**	420,217
Trade receivables due from associates and joint ventures	**1,709**	3,583
VAT recoverable	**17,717**	9,304
Prepayments and accrued income	**26,415**	24,939
Other receivables	**17,034**	19,916
	553,566	477,959

A total expense of €2,410,000 (2011: €3,950,000) was recognised in the Group Consolidated Income Statement arising from impairment of trade receivables.

18 Trade and other payables

in EUR '000	**2012**	2011
Non-current		
Other payables	**11,134**	10,749
Non-controlling interest forward contract	**13,446**	–
	24,580	10,749
Current		
Trade payables	**595,487**	488,783
Trade payables due to associates and joint ventures	**1,567**	3,263
Accruals and other payables[1]	**320,945**	344,351
Employee-related tax and social welfare	**10,604**	8,501
Value-added tax	**13,737**	12,662
	942,340	857,560

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)
for the year ended 31 July 2012

19 Deferred consideration

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

in EUR '000	2012	2011
Balance at 1 August	**21,358**	38,298
Arising on business combination (note 29)	**245**	1,080
Discounting unwind (note 3)	**588**	1,059
Payments of deferred consideration	**(13,346)**	(12,900)
Written off against goodwill[1] (note 14)	**–**	(5,392)
Translation adjustment	**1,197**	(787)
Balance at 31 July	**10,042**	21,358
Classified as:		
Current – due within one year	**10,042**	12,149
Non-current – due after more than one year	**–**	9,209
	10,042	21,358

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

20 Cash and cash equivalents

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

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

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

in EUR '000	2012	2011
Food Group cash at bank and in hand	**452,175**	426,733
Origin cash at bank and in hand	**95,299**	55,496
Total cash at bank and in hand	**547,474**	482,229
Food Group bank overdraft	**(195,908)**	(159,224)
Origin bank overdraft	**(6,477)**	(5,369)
Bank overdrafts (note 21)	**(202,385)**	(164,593)
Included in the Group Consolidated Cash Flow Statement	**345,089**	317,636

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

21 Interest-bearing loans and borrowings

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

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

All Group borrowings within the Food Group funding structures are secured by guarantees from ARYZTA AG and upstream guarantees from various companies within the Food Group.

All Group borrowings within the Origin structure are guaranteed by Origin Enterprises plc and its main trading subsidiaries. The Origin borrowings do not have recourse to ARYZTA AG or any Group subsidiaries outside of the Origin Group.

in EUR `000	**2012**	2011
Included in non-current liabilities		
Food Group loans	**1,173,360**	1,221,232
Origin loans	**155,825**	141,029
Total bank loans	**1,329,185**	1,362,261
Finance leases	**1,261**	1,632
Non-current interest-bearing loans and borrowings	**1,330,446**	1,363,893
Included in current liabilities		
Food Group loans	**56,303**	–
Bank overdrafts	**202,385**	164,593
Finance leases	**2,431**	1,331
Current interest-bearing loans and borrowings	**261,119**	165,924
Total bank loans and overdrafts	**1,587,873**	1,526,854
Total finance leases	**3,692**	2,963
Total interest-bearing loans and borrowings	**1,591,565**	1,529,817

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Analysis of net debt in EUR `000	1 August 2011	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 July 2012
Cash	482,229	48,058	–	–	17,187	547,474
Overdrafts	(164,593)	(25,251)	–	–	(12,541)	(202,385)
Cash and cash equivalents	**317,636**	**22,807**	**–**	**–**	**4,646**	**345,089**
Loans	(1,362,261)	142,255	(5,957)	(3,012)	(156,513)	(1,385,488)
Finance leases	(2,963)	2,708	(2,971)	–	(466)	(3,692)
Net debt	**(1,047,588)**	**167,770**	**(8,928)**	**(3,012)**	**(152,333)**	**(1,044,091)**

Split of net debt in EUR `000	1 August 2011	Cash flows	Arising on business combination	Non-cash movements	Translation adjustment	31 July 2012
Food Group net debt	(955,468)	129,551	(8,928)	(2,222)	(139,216)	(976,283)
Origin net debt	(92,120)	38,219	–	(790)	(13,117)	(67,808)
Net debt	**(1,047,588)**	**167,770**	**(8,928)**	**(3,012)**	**(152,333)**	**(1,044,091)**

The terms of outstanding loans are as follows:

2012	Currency	Calendar year of maturity	Nominal value in EUR '000	Carrying amount in EUR '000
Food Group loans				
Senior secured revolving working capital facility	Various	2016	183,799	177,247
Swiss Bond	CHF	2015	166,522	165,359
Private placement 2010				
Series A	USD	2013	56,589	56,303
Series B	USD	2016	32,336	32,173
Series C	USD	2018	48,504	48,260
Series D	USD	2021	121,261	120,649
Series E	USD	2022	80,841	80,433
Series F	EUR	2020	25,000	24,874
Private placement 2009				
Series A	USD	2021	64,673	64,233
Series B	USD	2024	32,336	32,116
Series C	USD	2029	64,673	64,233
Private placement 2007				
Series A	USD	2014	121,261	121,261
Series B	USD	2017	202,102	202,102
Series C	USD	2019	40,420	40,420
Origin loan facilities				
Unsecured revolving credit facility	GBP	2016	38,197	37,752
Unsecured term loan facility	GBP	2016	89,127	88,088
Unsecured term loan facility	EUR	2015	30,000	29,985
			1,397,641	**1,385,488**

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

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

	2012	2011
Food Group loans	**4.68%**	4.28%
Origin Loans	**3.16%**	2.84%
Total bank loans	**4.51%**	4.14%

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

	2012	2011
Food Group	**8.0%**	8.0%
Origin	**11.6%**	9.9%

Notes to the Group Consolidated Financial Statements (continued)
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Repayment schedule – loans and overdrafts (nominal values) in EUR `000	2012	2011
Less than one year	**258,974**	164,593
Between one and five years	**863,344**	782,974
After five years	**477,708**	590,524
	1,600,026	1,538,091

Repayment schedule – finance leases in EUR `000	Minimum lease payments 2012	Interest 2012	Present value of payments 2012	Minimum lease payments 2011	Interest 2011	Present value of payments 2011
Less than one year	**2,550**	**119**	**2,431**	1,488	157	1,331
Between one and five years	**1,313**	**52**	**1,261**	1,765	133	1,632
After five years	**–**	**–**	**–**	–	–	–
	3,863	**171**	**3,692**	3,253	290	2,963

22 Financial instruments and financial risk

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

2012 in EUR `000	Fair value hierarchy	Fair value through income statement 2012	Hedge instruments 2012	Loans and receivables 2012	Liabilities at amortised cost 2012	Total carrying amount 2012	Fair value 2012
Trade and other receivables (excluding prepayments)		–	–	546,657	–	546,657	546,657
Cash and cash equivalents		–	–	547,474	–	547,474	547,474
Derivative financial assets	*Level 2*	–	422	–	–	422	422
Total financial assets		**–**	**422**	**1,094,131**	**–**	**1,094,553**	**1,094,553**
Trade and other payables (excluding non-financial liabilities)		–	–	–	(929,133)	(929,133)	(929,133)
Bank overdrafts		–	–	–	(202,385)	(202,385)	(202,385)
Bank borrowings		–	–	–	(1,385,488)	(1,385,488)	(1,531,545)
Finance lease liabilities		–	–	–	(3,692)	(3,692)	(3,692)
Forward purchase obligation	*Level 3*	(13,446)	–	–	–	(13,446)	(13,446)
Derivative financial liabilities	*Level 2*	–	(5,924)	–	–	(5,924)	(5,924)
Total financial liabilities		**(13,446)**	**(5,924)**	**–**	**(2,520,698)**	**(2,540,068)**	**(2,686,125)**

2011 in EUR `000	Fair value hierarchy	Hedge instruments 2011	Loans and receivables 2011	Liabilities at amortised cost 2011	Total carrying amount 2011	Fair value 2011
Trade and other receivables (excluding prepayments)		–	478,729	–	478,729	478,729
Cash and cash equivalents		–	482,229	–	482,229	482,229
Derivative financial assets	*Level 2*	608	–	–	608	608
Total financial assets		**608**	**960,958**	**–**	**961,566**	**961,566**
Trade and other payables (excluding non-financial liabilities)		–	–	(847,146)	(847,146)	(847,146)
Bank overdrafts		–	–	(164,593)	(164,593)	(164,593)
Bank borrowings		–	–	(1,362,261)	(1,362,261)	(1,480,312)
Finance lease liabilities		–	–	(2,963)	(2,963)	(2,963)
Derivative financial liabilities	*Level 2*	(3,432)	–	–	(3,432)	(3,432)
Total financial liabilities		**(3,432)**	**–**	**(2,376,963)**	**(2,380,395)**	**(2,498,446)**

Notes to the Group Consolidated Financial Statements (continued)
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Estimation of fair values
Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

Trade and other receivables/payables
All trade and other receivables or payables, other than the forward purchase obligation 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.

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.

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 minority 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. No gains or losses related to changes in the fair value of this liability were recognised within the Group Consolidated Income Statement or Group Consolidated Statement of Comprehensive Income during the year and no reasonably possible changes in assumptions would result in a material change in the fair value of this financial obligation.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

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

Risk exposures
Group risk management
Risk management is a fundamental element of the Group's business practice at all levels and encompasses different types of risks. This overall Group risk management process includes the performance of a risk assessment that is described in more detail in note 33. Financial risk management specifically is described in further detail below.

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

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

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

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

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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 €28,114,000 (2011: €38,705,000). The Group has continued to recognise an asset of €352,000 (2011: €680,000), representing the maximum extent of its continuing involvement or exposure and an associated liability of a similar amount.

Cash and short-term bank deposits
Cash and short-term bank deposits are invested with institutions with the highest short-term credit rating, with limits on amounts held with individual banks or institutions at any one time. Management does not expect any losses from non-performance by these counterparties.

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

in EUR `000	**Carrying amount 2012**	Carrying amount 2011
Trade and other receivables	**546,657**	478,729
Cash and cash equivalents	**547,474**	482,229
Derivative financial assets	**422**	608
	1,094,553	961,566

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

in EUR `000	**Carrying amount 2012**	Carrying amount 2011
Europe	**381,370**	307,110
North America	**86,440**	94,249
Rest of World	**22,881**	18,858
	490,691	420,217

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

in EUR `000	**Carrying amount 2012**	Carrying amount 2011
Food Group trade receivables	**228,548**	212,333
Origin trade receivables	**262,143**	207,884
	490,691	420,217

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

in EUR `000	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011
Not past due	**369,987**	**114**	322,292	371
Past due 0–30 days	**96,800**	**278**	79,762	222
Past due 31–120 days	**32,660**	**8,364**	24,766	8,814
Past due more than 121 days	**5,320**	**5,320**	6,651	3,847
	504,767	**14,076**	433,471	13,254

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

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

in EUR `000	2012	2011
Balance at 1 August	**13,254**	13,837
Arising on business combination	**544**	1,297
Arising on disposal of subsidiaries	**–**	(1,881)
Charged during the year	**2,410**	3,950
Released during the year	**(2,544)**	(3,752)
Translation adjustment	**412**	(197)
Balance at 31 July	**14,076**	13,254

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 2012, 16% of the Group's total borrowings will mature within the next 12 months.

In November 2011, the Food Group agreed an amendment to its existing syndicated loan facility, which increased the amount available from CHF 600,000,000 (€499,567,000) to CHF 970,000,000 (€807,633,000) and extended the maturity of the facility by two years to December 2016, with unchanged interest rate margins and financial covenants. The Food Group also has USD 1,070,000,000 (€864,996,000) and €25,000,000 private placement facilities and a CHF 200,000,000 (€166,522,000) Swiss-listed bond. Short-term flexibility is achieved through the availability of overdraft facilities totalling €339,683,000.

In July 2011, Origin negotiated new syndicated loan facilities with an available principal of €300,000,000, which matures in July 2016. In March 2012, Origin additionally arranged an unsecured term loan facility with an available principal of €30,000,000, which matures in March 2015. Short-term flexibility is achieved through the availability of overdraft facilities totalling €59,334,000.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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

2012 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	(1,052,416)	(1,422,451)	(24,161)	(86,162)	(173,167)	(523,604)	(615,357)
Variable rate bank loans	(333,072)	(380,358)	(5,002)	(5,002)	(10,002)	(360,352)	–
Finance lease liabilities	(3,692)	(3,863)	(1,389)	(1,161)	(969)	(344)	–
Bank overdrafts	(202,385)	(202,385)	(202,385)	–	–	–	–
Trade and other payables	(929,133)	(929,133)	(900,398)	(17,601)	(2,962)	(3,461)	(4,711)
Forward purchase obligation	(13,446)	(13,446)	–	–	–	(13,446)	–
Derivative financial instruments							
Interest rate swaps used for hedging	(3,112)	(3,112)	(560)	(544)	(1,026)	(982)	–
Currency forward contracts used for hedging							
– Inflows	–	77,325	75,056	2,269	–	–	–
– Outflows	(2,812)	(80,137)	(77,717)	(2,420)	–	–	–
	(2,540,068)	**(2,957,560)**	**(1,136,556)**	**(110,621)**	**(188,126)**	**(902,189)**	**(620,068)**

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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 2012**	**Liabilities 2012**	Assets 2011	Liabilities 2011
Cash flow hedges				
Currency forward contracts	**416**	**(2,812)**	608	(3,226)
Interest rate swaps	**6**	**(3,112)**	–	(206)
At 31 July	**422**	**(5,924)**	608	(3,432)

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 equity in the foreign currency translation reserve. Any ineffectiveness arising on such hedging relationships is recognised immediately in the income statement.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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 2012:

2012

in EUR `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	4,728	1,637	5,174	1,847	4,334	2,227	19,947
Other receivables	–	80	28	–	–	46	154
Cash and cash equivalents	931	4,158	4,531	37	11,286	773	21,716
Trade payables	(4,191)	(3,655)	(2,743)	(837)	(30,172)	(180)	(41,778)
Other payables	(1,224)	(580)	(2,601)	(1,821)	(1,956)	–	(8,182)
Derivative financial instruments	(2,170)	(274)	(207)	(59)	(1,887)	(147)	(4,744)
At 31 July 2012	**(1,926)**	**1,366**	**4,182**	**(833)**	**(18,395)**	**2,719**	**(12,887)**

The following table details the Group's exposure to transactional foreign currency risk at 31 July 2011:

2011

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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.

2012 in EUR `000	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	(22)	20,696	27	(25,295)
USD	(149)	12,350	182	(15,094)
CAD	(399)	24	488	(30)
CHF	70	5	(86)	(7)
At 31 July 2012	(500)	33,075	611	(40,426)

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

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 floating 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 2012**	Carrying amount 2011
Fixed rate instruments		
Bank borrowings	**(1,052,416)**	(941,599)
Finance lease liabilities	**(3,692)**	(2,963)
	(1,056,108)	(944,562)
Variable rate instruments		
Cash and cash equivalents	**547,474**	482,229
Bank overdrafts	**(202,385)**	(164,593)
Bank borrowings	**(333,072)**	(420,662)
Total interest-bearing financial instruments	**(1,044,091)**	(1,047,588)

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

A change of 50 basis points ('bp') in interest rates at the reporting date would have had the effect as shown below on the Group 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.

2012 in EUR `000	Principal amount	Impact of 50 bp increase on Income Statement	Impact of 50 bp increase on equity
Bank overdrafts	(202,385)	(1,012)	–
Variable rate bank borrowings	(333,072)	(1,665)	–
Interest rate swaps	134,591	–	673
Cash flow sensitivity, net	**(400,866)**	**(2,677)**	**673**

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

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 2012

23 Deferred income from government grants

in EUR `000	2012	2011
At 1 August	**11,246**	18,477
Received during the year	**–**	25
Arising on business combination	**842**	–
Disposals	**–**	(2,321)
Grants released on rationalisation	**–**	(3,538)
Translation adjustment	**(297)**	1,639
Recognised in Group Consolidated Income Statement	**(1,581)**	(3,036)
At 31 July	**10,210**	11,246

24 Deferred tax

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

in EUR `000	2012	2011
Deferred tax assets (deductible temporary differences)		
Property, plant and equipment	**2,505**	5,033
Employee compensation	**4,386**	3,310
Pension related	**5,037**	6,002
Financing related	**9,955**	6,092
Tax loss carry-forwards and tax credits	**37,814**	34,597
Other	**25,768**	24,039
	85,465	79,073
Deferred tax liabilities (taxable temporary differences)		
Property, plant and equipment	**(107,149)**	(95,853)
Investment properties	**(3,368)**	(1,744)
Intangible assets	**(267,555)**	(268,266)
Pension related	**(195)**	(700)
Financing related	**(5,912)**	(10,759)
Other	**(27,943)**	(11,176)
	(412,122)	(388,498)

Unrecognised deferred taxes

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

in EUR `000	2012	2011
Within one year	**722**	367
Between one and five years	**2,550**	2,465
After five years	**19,667**	11,948
Total unrecognised tax losses	**22,939**	14,780

Notes to the Group Consolidated Financial Statements (continued)
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Deferred income tax liabilities of €4,970,000 (2011: €4,224,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries as 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.

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

2012 in EUR `000	Property, plant & equipment	Investment Properties	Intangible assets	Employee compensation	Pension related	Financing related	Tax loss carry-forward	Other	Total
At 1 August 2011	(90,820)	(1,744)	(268,266)	3,310	5,302	(4,668)	34,597	12,864	(309,425)
Recognised in Group Consolidated Income Statement	(3,434)	238	30,354	618	(2,727)	457	(1,259)	(11,235)	13,012
Recognised in Group Consolidated Statement of Comprehensive Income	(622)	(236)	–	–	2,002	7,122	–	–	8,266
Arising on business combination (note 29)	(1,238)	–	(11,016)	–	–	–	–	(212)	(12,466)
Reclassifications	1,626	(1,626)	4,615	–	–	–	–	(4,615)	–
Translation adjustments and other	(10,156)	–	(23,242)	458	265	1,132	4,476	1,023	(26,044)
At 31 July 2012	**(104,644)**	**(3,368)**	**(267,555)**	**4,386**	**4,842**	**4,043**	**37,814**	**(2,175)**	**(326,657)**

2011 in EUR `000	Property, plant & equipment	Investment Properties	Intangible assets	Employee compensation	Pension related	Financing related	Tax loss carry-forward	Other	Total
At 1 August 2010	(84,058)	(7,065)	(250,369)	2,892	3,998	2,152	28,096	1,265	(303,089)
Recognised in Group Consolidated Income Statement	(4,908)	(54)	18,691	518	673	3,893	8,630	(3,794)	23,649
Recognised in Group Consolidated Statement of Comprehensive Income	–	–	–	–	67	(9,304)	–	–	(9,237)
Arising on business combination (note 29)	(2,911)	–	(31,811)	78	426	27	–	1,971	(32,220)
Arising on disposal of subsidiaries	2,253	–	2,713	–	(5)	(14)	–	–	4,947
Reclassifications	(5,413)	5,413	(14,514)	–	–	–	–	14,514	–
Translation adjustments and other	4,217	(38)	7,024	(178)	143	(1,422)	(2,129)	(1,092)	6,525
At 31 July 2011	**(90,820)**	**(1,744)**	**(268,266)**	**3,310**	**5,302**	**(4,668)**	**34,597**	**12,864**	**(309,425)**

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

25 Employee benefits

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

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

in EUR `000	2012	2011
Deficit in Food Group defined benefit plans	**11,247**	6,851
Deficit in Origin defined benefit plans	**8,559**	5,258
Total deficit in defined benefit plans	**19,806**	12,109
Other[1]	**3,904**	3,917
Total	**23,710**	16,026

1 Other includes provisions to meet unfunded pension fund deficiencies in a variety of insignificant subsidiaries. The residual actuarial deficit is being paid over the remaining lifetime of the pensioners.

The calculation of the defined benefit plan obligations and related overall deficit were performed by an independent, qualified actuary using the projected unit credit method. 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:

	2012	2011
Rate of increase in salaries	**2.00%**	2.01%
Rate of increases in pensions in payment and deferred benefits	**2.34%**	2.75%
Discount rate on plan liabilities	**3.70%**	4.24%
Inflation rate	**2.20%**	2.71%

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

	2012	2011
Male	**23.3**	22.6
Female	**25.4**	24.7

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

	2012	2011
Male	**21.6**	21.4
Female	**23.7**	23.6

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

	2012	2011
Equities	**6.8%**	7.0%
Bonds	**3.0%**	4.1%
Property	**5.1%**	6.3%
Other	**2.6%**	3.5%

Notes to the Group Consolidated Financial Statements (continued)
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Net pension liability
in EUR `000

	2012	2011	2010	2009	2008
Fair value of plan assets:					
Equities	**43,087**	42,230	28,035	34,896	38,579
Bonds	**73,718**	57,675	34,891	14,886	16,785
Property	**9,545**	12,301	6,061	5,086	6,743
Other	**21,355**	20,988	22,219	40,191	972
Total fair value of assets	**147,705**	133,194	91,206	95,059	63,079
Present value of plan liabilities	**(167,511)**	(145,303)	(103,034)	(120,295)	(86,444)
Deficit in the plans	**(19,806)**	(12,109)	(11,828)	(25,236)	(23,365)
Related deferred tax asset	**4,842**	5,302	3,998	3,610	3,514
Net pension liability	**(14,964)**	(6,807)	(7,830)	(21,626)	(19,851)

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

	2012	2011
Fair value of plan assets at 1 August	**133,194**	91,206
Expected return on plan assets	**5,904**	4,824
Employer contributions	**6,094**	5,459
Employee contributions	**2,737**	2,744
Arising on business combination	**–**	23,791
Translation adjustments	**4,934**	5,540
Benefit payments (made)/received	**(4,569)**	1,003
Other	**(1,301)**	(1,310)
Actuarial gain/(loss) on plan assets	**712**	(63)
Fair value of plan assets at 31 July	**147,705**	133,194

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Movement in the present value of Plan obligations

in EUR `000	**2012**	2011
Value of plan obligations at 1 August	**(145,303)**	(103,034)
Current service cost	**(3,277)**	(3,112)
Interest on plan obligations	**(5,965)**	(4,996)
Employee contributions	**(2,737)**	(2,744)
Arising on business combination	**–**	(23,347)
Benefit payments made/(received)	**4,569**	(1,003)
Translation adjustments	**(4,677)**	(6,368)
Other	**1,301**	1,310
Settlement loss on transfer of members to defined contribution plan	**–**	(400)
Curtailment gain	**–**	209
Actuarial loss	**(11,422)**	(1,818)
Present value of plan obligations at 31 July	**(167,511)**	(145,303)

Movement in net liability recognised in the Group Consolidated Balance Sheet

in EUR `000	**2012**	2011
Net liability in plans at 1 August	**(12,109)**	(11,828)
Current service cost	**(3,277)**	(3,112)
Employer contributions	**6,094**	5,459
Other finance expense	**(61)**	(172)
Actuarial loss	**(10,710)**	(1,881)
Arising on acquisition	**–**	444
Settlement loss on transfer of members to defined contribution plan	**–**	(400)
Curtailment gain	**–**	209
Translation adjustments	**257**	(828)
Net liability in plans at 31 July	**(19,806)**	(12,109)

The estimated contributions expected to be paid during the year ending 31 July 2013 in respect of the Group's defined benefit plans is €5,457,000.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Analysis of defined benefit expense recognised in the Group Consolidated Income Statement in EUR `000	**2012**	2011
Current service cost	**3,277**	3,112
Settlement loss on transfer of members to defined contribution plan	**–**	400
Curtailment gain	**–**	(209)
Non-financing expense recognised in Group Consolidated Income Statement	**3,277**	3,303
Expected return on Plan assets (note 3)	**(5,904)**	(4,824)
Interest cost on Plan liabilities (note 3)	**5,965**	4,996
Included in financing costs, net	**61**	172
Net charge to Group Consolidated Income Statement	**3,338**	3,475
Actual return on pension Plan assets	**6,616**	4,761

Additionally, a charge of €11,311,000 (2011: €9,074,000) was recorded in the Group Consolidated Income Statement in respect of the Group's defined contribution plans.

Defined benefit pension expense recognised in the Group Consolidated Statement of Comprehensive Income in EUR `000	**2012**	2011
Actual return/(loss) less expected return on Plan assets	**712**	(63)
Experience losses on Plan liabilities	**(880)**	(343)
Changes in demographic and financial assumptions	**(10,542)**	(1,475)
Actuarial loss	**(10,710)**	(1,881)
Deferred tax effect of actuarial loss	**2,002**	67
Actuarial loss recognised in Group Consolidated Statement of Comprehensive Income	**(8,708)**	(1,814)

History of experience gains and losses:	**2012**	2011	2010	2009	2008
Difference between expected and actual return on plan assets and losses:					
– Amount (in €`000)	**712**	(63)	3,700	(10,119)	(18,870)
– % of Plan assets	**0.48 %**	(0.05)%	4.06%	(10.64)%	(29.91)%
Experience (losses)/gains on plan obligations:					
– Amount (in €`000)	**(880)**	(343)	2,681	3,177	(1,714)
– % of Plan obligations	**(0.53) %**	(0.24)%	2.60%	2.64%	(1.98)%
Total actuarial losses recognised in Group Consolidated Statement of Comprehensive Income:					
– Amount (in €`000)	**(10,710)**	(1,881)	(2,336)	(3,913)	(19,577)
– % of Plan obligations	**(6.39) %**	(1.29)%	(2.27)%	(3.25)%	(22.65)%

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

26 Shareholders equity

Registered shares of CHF 0.02 each – authorised, issued and fully paid	2012 `000	2012 in EUR `000	2011 `000	2011 in EUR `000
At 1 August	**85,045**	**1,061**	85,045	1,061
Issue of registered shares (CHF 0.02)	**6,766**	**111**	–	–
At 31 July	**91,811**	**1,172**	85,045	1,061

On 22 November 2011, the issued shares were increased to 87,558,295 registered shares by the issue of 2,513,500 registered shares with a nominal value of CHF 0.02 each, pursuant to a share subscription on behalf of ARY LTIP Trustee. ARY LTIP Trustee is a wholly owned subsidiary of ARYZTA, formed for the purpose of holding shares subject to the ARYZTA LTIP. ARY LTIP Trustee holds all treasury shares, pending satisfaction of the applicable terms of the ARYZTA LTIP.

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

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. As part of the issuance of these shares, the Board also approved the resolution to modify Article 5 of the Articles of Association to remove item (2) above. Pursuant to these modifications, the Board of Directors is now authorised to increase the share capital at any time until 30 November 2013 by an amount not exceeding CHF 170,089.58 through the issue of up to 8,504,480 fully paid-up registered shares.

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.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Treasury shares of CHF 0.02 each – authorised, called up and fully paid	2012 `000	2012 in EUR `000	2011 `000	2011 in EUR `000
At 1 August	**2,234**	**30**	2,234	30
Creation and 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 July	**3,773**	**57**	2,234	30

On 23 September 2011, the Nomination and Remuneration 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 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.

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 has been recognised at a carrying value of €285,004,000 within equity, net of transaction costs of €7,436,000. The Hybrid Instrument offers a coupon of 5%, accruing €16,642,000 to 31 July 2012 (2011: €11,801,000), and has no maturity date, with an initial call date by ARYZTA after four years from issuance. In the event that the call option is not exercised after four years, the coupon would be 905 bp plus the 3-month CHF LIBOR.

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

Revaluation reserve
The revaluation reserve as of 31 July 2012 relates to surpluses arising on revaluations of land and buildings previously held as investment property. During the year €1,361,000 was transferred from the revaluation reserve to retained earnings in connection with ARYZTA equity shareholders' portion of the fair value adjustments to investment properties held in Origin. During prior years the revaluation reserve also included €17,960,000 related to the revaluation of the Origin Food business, which was transferred from the revaluation reserve to retained earnings upon disposal of that associate interest in 2011.

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

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

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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 minority shareholder continues to participate in the risk and rewards of the business until the final exit date, which is expected to occur between 2016 and 2020. At that time consideration based on the net book value of HiCoPain AG will be paid to the minority shareholder.

A liability of CHF 16,149,000 (€13,429,000 as of the date of the agreement and €13,446,000 as of 31 July 2012) has been recorded representing the estimated future consideration to be paid, with a corresponding reduction in retained earnings of the Group. Upon final exit of the minority shareholder, the related carrying value of the non-controlling interest will be eliminated as a corresponding increase in retained earnings.

Capital management

The capital managed by the Group consists of the Group equity of €2,509,355,000 (2011: €2,196,506,000). The Group has set the following goals for the management of its capital:

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

As set out in note 21 of these Group consolidated financial statements, the Group operates two distinct debt funding structures.

- The Food Group net debt amounted to €976,283,000 at 31 July 2012 (2011: €955,468,000) and relates to the ARYZTA Food segments of the group.
- The Group's separately listed subsidiary, Origin Enterprises plc, has separate funding structures, which are financed without recourse to ARYZTA AG. Origin net debt amounted to €67,808,000 at 31 July 2012 (2011: €92,120,000).

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

- The Food Group's net debt to EBITDA[1] ratio is below 3.5 times – the ratio was 2.05 times at 31 July 2012 (2011: 2.24 times).
- The Food Group's interest cover (EBITDA[1] to interest) is above 4 times – the ratio was 8.10 times at 31 July 2012 (2011: 7.4 times).
- The Food Group's minimum equity shall not be below €1,000,000,000 at any time – the equity at 31 July 2012 was €2,317,810,000 (2011: €2,029,733,000).
- The Food Group's minimum equity ratio (equity/consolidated assets) shall amount to at least 35% at any time – the ratio was 49% at 31 July 2012 (2011: 47%).

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

1 Calculated based on the Food Group EBITDA for the year ended 31 July 2012 of €465.2m, which is then adjusted by the dividend received from Origin of €10.5m and for the pro forma full-year contribution of Food Group acquisitions.

Notes to the Group Consolidated Financial Statements (continued)
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The proposed payout ratio to shareholders for the Group's financial year to 31 July 2012 is 15% of fully diluted underlying earnings per share. The payout will be in the form of a dividend. The payout ratio and form of payout proposed by the Board will be reviewed on an annual basis and is subject to the decision of the Annual General Meeting of the shareholders.

27 Non-controlling interests

in EUR `000	2012	2011
Balance at 1 August	**72,410**	59,648
Share of profit for the year	**16,290**	15,755
Share of (loss)/income recognised in other comprehensive income	**(2,039)**	2,327
Dividends paid to non-controlling interests	**(6,437)**	(5,582)
Portion of share-based payment charge	**193**	262
Dilution of equity shareholders interest in Origin due to vesting of Origin management equity entitlements	**5,808**	–
Balance at 31 July	**86,225**	72,410

Transactions with non-controlling interests
As discussed in note 8, during April 2012, a total of 5,003,238 Origin management equity entitlements were converted, on a one for one basis, into ordinary shares of Origin. While the ARYZTA continues to hold the same number of ordinary shares of Origin, due to the issuance of these additional Origin ordinary shares to third parties, the ARYZTA's ownership interest was diluted from 71.4% to 68.8%. As a result of this dilution, the Group has recorded a reduction in the individual equity balances within the Group's total shareholders' equity and allocated these balances as an increase in non-controlling interests.

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	2012	2011
Operating lease commitments payable:		
Within one year	**52,746**	39,583
In two to five years	**131,081**	100,085
After more than five years	**93,832**	82,456
	277,659	222,124

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

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	2012	2011
Property, plant and equipment	**50,331**	15,422
Intangible assets	**8,573**	3,444
Total	**58,904**	18,866

28.3 Other commitments

ARYZTA AG has guaranteed the liabilities of its subsidiaries within the Food Group and has also guaranteed contractual trade payments amounting to €1,247,000 (2011: €1,077,000) relating to letters of credit given on behalf of joint ventures. The Group's 68.8% subsidiary Origin Enterprises plc has also given guarantees to secure the obligations of its subsidiary undertakings on all sums due in respect of bank loans and advances within the Origin Group.

29 Business combinations

29.1 Acquisitions in financial year 2012

During the year, the Group completed multiple acquisitions by acquiring all outstanding shares of those individual entities. The details of the combined net assets acquired and goodwill arising from these various 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.

2012

in EUR `000	Provisional fair values
Provisional fair value of net assets acquired:	
Property, plant and equipment	19,040
Intangible assets	45,785
Inventory	2,637
Trade and other receivables	11,766
Trade and other payables	(15,329)
Debt acquired	(5,957)
Finance leases	(2,971)
Deferred tax	(12,466)
Deferred income from government grants	(842)
Corporation tax payable	(721)
Net assets acquired	**40,942**
Goodwill arising on acquisitions	51,613
Consideration	**92,555**
Satisfied by:	
Cash consideration	96,105
Cash acquired	(3,795)
Net cash consideration	**92,310**
Deferred consideration	245
Total consideration	**92,555**

Notes to the Group Consolidated Financial Statements (continued) for the year ended 31 July 2012

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	96,105
Cash acquired	(3,795)
	92,310
Cash flows from financing activities	
Debt acquired, including finance leases	8,928
Cost of acquisitions (including net debt acquired)	**101,238**

Costs of €3,255,000 related to the transactions were charged to the net acquisition, disposal, and restructuring related costs and fair value adjustments in the Group Consolidated Income Statement during the year ended 31 July 2012.

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	99,481
Profit for the year	13,142

As these acquisitions occurred near the beginning of the year, no material difference exists between the reported consolidated revenue and profit for the year and the amounts that would have been reported. 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 intangibles acquired as part of these acquisitions, ARYZTA was assisted by a non-audit independent appraisal firm. The identified intangibles acquired include customer relationships and unpatented technology, 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.

29.2 Acquisitions in financial year 2011

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

Maidstone Acquisition

The Group completed the acquisition of the outstanding 50% of the Maidstone 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 was attributable to the skills and talent of the Maidstone work force, the synergies expected to be achieved from integrating Maidstone into the Group's existing businesses and increasing capacity utilisation of the facility.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Origin acquisitions

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

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

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

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

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

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

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

2011 in EUR `000	Maidstone Bakeries	Other	Final fair values
Final fair value of net assets acquired:			
Property, plant and equipment	94,267	12,733	107,000
Intangible assets	175,158	37,844	213,002
Financial assets	–	232	232
Inventory	7,925	30,791	38,716
Trade and other receivables	6,592	36,975	43,567
Trade and other payables	(9,684)	(58,232)	(67,916)
Finance leases	(25)	(402)	(427)
Deferred tax	(24,290)	(7,930)	(32,220)
Employee benefits	–	444	444
Income tax	(5,138)	(734)	(5,872)
Net assets acquired	**244,805**	**51,721**	**296,526**
Goodwill arising on acquisition	258,003	26,548	284,551
Consideration	**502,808**	**78,269**	**581,077**

Satisfied by:			
Cash consideration	334,719	94,608	429,327
Cash acquired	(18,156)	(17,419)	(35,575)
Net cash consideration	316,563	77,189	393,752
Investment in joint venture on acquisition date	64,854	–	64,854
Fair value gain on 50% equity interest held prior to acquisition date	121,391	–	121,391
Contingent consideration	–	1,080	1,080
Consideration	**502,808**	**78,269**	**581,077**

Notes to the Group Consolidated Financial Statements (continued)
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Costs of €12,825,000 related to the above transactions were charged to net acquisition, disposal and restructuring related costs and fair value adjustments in the Group Consolidated Income Statement.

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

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

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

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

30 Contingent liabilities

	2012 in EUR `000	2011 in EUR `000
Government grants repayable if grant conditions are not met	**3,489**	3,489

During prior years, the Group reported on a legal claim made by a former Hiestand shareholder challenging the exchange ratio applied in the merger of Hiestand Holdings AG into ARYZTA AG. In March 2012, the Swiss Federal Court upheld a previous ruling by the local court in favour of ARYZTA, thereby dismissing the claim and bringing the proceedings on this matter to a conclusion.

The Group is also subject to other 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 arm's-length transactions with its associates, joint ventures and other related parties. A summary of transactions with these related parties, which relate primarily to transactions with associates and joint ventures during the year, is as follows:

in EUR `000	2012	2011
Sale of goods	**102,788**	91,380
Purchase of goods	**(132,076)**	(10,018)
Provision of services	**1,383**	2,925
Receiving of services	**(3,324)**	(962)

Notes to the Group Consolidated Financial Statements (continued)
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The trading balances owing to the Group from related parties were €1,709,000 (2011: €3,583,000) and the trading balances owing from the Group to these related parties were €1,567,000 (2011: €3,820,000). Non-current other receivables on the Group Consolidated Balance Sheet comprises €37,223,000 (2011: €35,013,000) in relation to a vendor loan note made to Valeo, an associate undertaking. All outstanding balances with related parties are on an arm's-length basis.

Compensation of key management

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

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

in EUR `000	2012	2011
Short-term employee benefits	**3,147**	3,310
Post employment benefits	**382**	490
Performance related bonus	**1,562**	2,144
Long-term incentives (LTIP)	**3,799**	12,016
Total key management compensation	**8,890**	17,960

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 2012

As of 20 September 2012, the date of approval of the Group consolidated financial statements by the Board of Directors, there have been no significant events that would require adjustment or disclosure within the Group consolidated financial statements.

33 Risk assessment required by Swiss law

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

Notes to the Group Consolidated Financial Statements (continued)
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34 Accounting estimates and judgements

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

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

Note	Name
Note 8	Share-based payments
Note 13	Investment properties
Note 14	Goodwill and intangible assets
Note 22	Financial instruments and financial risk
Note 24	Deferred 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 will be recognised as an expense, requires various management estimates and assumptions, as set out in note 8.

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

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

The Group Consolidated Balance Sheet includes deferred tax assets of €85,465,000 (2011: €79,073,000) relating to deductible temporary differences, of which €37,814,000 (2011: €34,597,000) relate to tax loss carry-forwards expected to be utilisable, as set out in note 24. The recoverable value is based on forecasts of the corresponding Group company's taxable income over a period of several years. As actual results may differ from these forecasts, these deferred tax assets may need to be adjusted accordingly.

The estimation of employee benefit costs requires the use of actuaries and the determination of appropriate assumptions such as 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 2012

35 Significant subsidiaries

A list of all of the Group's significant subsidiary undertakings as at 31 July 2012 and 2011 is provided in the table below. For the purposes of this note, a significant subsidiary is one which has third-party revenues equal to, or in excess of, 1% of total Group revenue and/or consolidated Group assets equal to, or in excess of 1% of total Group assets. A significant associate or joint venture is one in which the Group's Share of profits, after tax is equal to, or in excess of, 1% of total Group operating profit.

	Name	Nature of business	Currency	Share capital millions	Group % share 2012	Group % share 2011	Registered office
(a)	***Food subsidiaries – Ireland***						
	Cuisine de France	Food manufacturing and distribution	EUR	0.063	100	100	1
	Cuisine de France (Manufacturing)	Food manufacturing	EUR	0.889	100	100	1
(b)	***Food subsidiaries – United Kingdom***						
	Delice de France, plc	Food manufacturing and distribution	GBP	0.250	100	100	2
	Honeytop Speciality Foods Limited	Food manufacturing and distribution	GBP	0.610	100	–	3
(c)	***Food subsidiaries – Mainland Europe***						
	France Distribution SAS	Food distribution	EUR	0.108	100	100	4
	Fresca SAS	Food distribution	EUR	0.830	98.3	98.3	5
	Hiestand Schweiz AG	Bread manufacturing and food distribution	CHF	3.500	100	100	6
	HiCoPain AG	Food manufacturing	CHF	20.000	60	60	7
	Fricopan GmbH	Food distribution	EUR	0.025	100	100	8
	Hiestand & Suhr Handels und Logistik GmbH	Food distribution	EUR	0.025	100	100	9
(d)	***Food subsidiaries – North America***						
	ARYZTA LLC (formerly OTIS Spunkmeyer)	Baked good manufacturing and distribution	USD	0.00001	100	100	10
	La Brea Bakery Holdings, Inc.[1]	Bread manufacturing and food distribution	USD	–	–	100	–
	Arbor Frozen Foods, Inc.[1]	Food manufacturing and distribution	USD	–	–	100	–
	Fresh Start Bakeries, Inc.[1]	Baked good manufacturing and distribution	USD	–	–	100	–
	ARYZTA Canada Co.	Baked good manufacturing and distribution	CAD	113.400	100	100	11
(e)	***Food subsidiaries – Rest of World***						
	Fresh Start Bakeries Australia Pty Limited	Baked good manufacturing and distribution	AUD	17.000	100	100	12
	Fresh Start Bakeries Industrial LTDA	Baked good manufacturing and distribution	BRL	10.643	100	100	13
(f)	***Origin subsidiaries – Ireland***						
	Origin Enterprises plc	Holding company	EUR	1.385	68.8	71.4	14
	Goulding Chemicals Limited	Fertiliser blending and distribution	EUR	6.349	68.8	71.4	14
(g)	***Origin subsidiaries – United Kingdom***						
	Origin Fertilisers (UK) Limited	Fertiliser blending and distribution	GBP	0.550	68.8	71.4	15
	R & H Hall Trading Limited	Grain and feed trading	GBP	2.000	68.8	71.4	16
	Masstock Group Holdings Limited	Specialist agronomy services	GBP	0.010	68.8	71.4	17
	United Agri Products Limited	Specialist agronomy products and services	GBP	0.0009	68.8	71.4	18
	Origin Fertilisers 2011 Limited	Specialist fertiliser blending and distribution	GBP	0.000001	68.8	71.4	15
(h)	***Origin subsidiaries – Mainland Europe***						
	Dalgety Agra Polska	Specialist agronomy products and services	PLN	6.320	68.8	71.4	19
(i)	***Origin associates and joint venture***						
	Welcon Invest AS	Fish processing	NOK	12.000	34.4	35.7	20
	BHH Limited	Provender millers	GBP	5.020	34.4	35.7	21
	Valeo Foods Group Limited	Food distribution	EUR	0.780	22.1	31.5	22
	R&H Hall	Grain and feed trading	EUR	6.105	34.4	35.7	23

1 During the year these entities were legally merged into ARYZTA LLC.

Notes to the Group Consolidated Financial Statements (continued)
for the year ended 31 July 2012

Registered Offices:

1. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
2. 149 Brent Road, Southall, Middlesex UB2 5LJ, England.
3. Honeytop House, Verey Road, Woodside Industrial Estate, Dunstable, LU5 4TT, England.
4. ZAC de Bel Air, 14–16 Avenue Joseph Paxton, Ferrières en Brie, 77164, France.
5. 29 Rue Hélène Boucher, Zone d'activités La Butte au Berger, 91380, Chilly-Mazarin, France.
6. Ifangstrasse 9–11, 8952 Schlieren-Zurich, Switzerland.
7. Industriepark, 6252 Dagmersellen, Switzerland.
8. Nobelstrasse 66, 12057 Berlin, Germany.
9. Auf der Haid 1, 79235 Vogtsburg, Germany.
10. 6080 Center Drive, Suite 900, Los Angeles, CA 90045, United States of America.
11. 1100-1959 Upper Water Street, Halifax, Nova Scotia, B3J 3N2, Canada.
12. 14 Homeprode Avenue, Liverpool, NSW 2170, Australia.
13. Rua Amador Bueno, 942, Santo Amaro, São Paulo – SP, 04752-005, Brazil.
14. 151 Thomas Street, Dublin 8, Ireland.
15. Orchard Road, Royston, Hertfordshire SG8 5HW, England.
16. McCaughey Road, Belfast, BT3 9AG, Northern Ireland.
17. Andoversford, Cheltenham, Gloucestershire, GL54 4LZ, England.
18. The Crossways, Alconbury Hill, Huntingdon, Cambridgeshire, PE28 4JH, England.
19. Ul. Heleny Szafran 6, 60-693 Poznan, Poland.
20. 6718 Deknepollen, Norway.
21. 35/39 York Road, Belfast BT15 3GW, Northern Ireland.
22. Ogier House, The Esplanade, St Helier, Jersey, JE4 9WG.
23. La Touche House, Custom House Dock, IFSC, Dublin 1, Ireland.

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

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

As statutory auditor, we have audited the accompanying 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 on pages 64 to 143 for the year ended 31 July 2012.

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 the Group consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

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

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

Opinion

In our opinion, the Group consolidated financial statements for the year ended 31 July 2012 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 the 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

Cornelia Ritz Bossicard
Audit Expert

Zurich, 20 September 2012

Company Income Statement
for the year ended 31 July 2012

in CHF '000	2012	2011
Income		
Revenues from licences and management fees from Group companies	**37,228**	40,710
Financial income from Group companies	**36,758**	37,900
Dividend income from Group companies	**129,795**	80,378
Gain on sale of IP asset to a Group company	–	113,000
Total income	**203,781**	271,988
Expenses		
Depreciation and amortisation	**(49,699)**	(49,622)
Personnel expenses	**(3,373)**	(4,381)
Financial expenses	**(48,097)**	(137,608)
Other operating expenses to Group companies	**(11,648)**	(8,017)
Other operating expenses	**(27,112)**	(15,980)
Total expenses	**(139,929)**	(215,608)
Profit before income tax expense	**63,852**	56,380
Income tax (expense) / income	**(538)**	2,528
Profit for the year	**63,314**	58,908

Company Balance Sheet
as at 31 July 2012

in CHF '000	**2012**	2011
Assets		
Non-current assets		
Property, plant and equipment	**2,295**	1,640
Intangible assets	**21,088**	72,844
Financial assets		
– investments in Group companies	**1,493,585**	1,380,485
– loans to Group companies	**1,263,748**	1,139,404
Total non-current assets	**2,780,716**	2,594,373
Current assets		
Cash and cash equivalents	**6,143**	42,201
Other receivables		
– from third parties	**2,783**	1,038
– from Group companies	**1,387**	805
Total current assets	**10,313**	44,044
Total assets	**2,791,029**	2,638,417

Company Balance Sheet (continued)
as at 31 July 2012

in CHF '000	2012	2011
Equity		
Called-up share capital	**1,836**	1,701
Legal reserves from capital contribution	**1,297,860**	159,316
Unrestricted reserves	**2,150**	983,610
Legal reserves for own shares from capital contribution	**142,113**	75,167
Loss carried forward	**(65,114)**	(124,022)
Profit for the year	**63,314**	58,908
Total equity	**1,442,159**	1,154,680
Liabilities		
Non-current liabilities		
Accrued expenses and deferred income	–	5,190
Liabilities from Group companies	**278,522**	377,874
Interest-bearing loans and borrowings	**820,750**	925,873
Total non-current liabilities	**1,099,272**	1,308,937
Current liabilities		
Trade accounts payable	**2,139**	2,546
Accrued expenses and deferred income	**24,545**	28,135
Interest-bearing loans and borrowings	**214,712**	129,224
Other accounts payable		
– to third parties	**335**	279
– to Group companies	**7,867**	14,616
Total current liabilities	**249,598**	174,800
Total liabilities	**1,348,870**	1,483,737
Total equity and liabilities	**2,791,029**	2,638,417

Notes to the Company Financial Statements

1 Basis of presentation

The Company's accounting period runs for the year from 1 August 2011 to 31 July 2012. Certain amounts in the Company's 31 July 2011 financial statements and related notes have been reclassified or adjusted to conform to the 31 July 2012 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on profit for the year, total assets, total liabilities or equity as previously reported.

2 Loans, guarantees and pledges in favour of third parties

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

	2012 in CHF '000	2011 in CHF '000	Interest Rate	Maturity
Swiss Bond	**200,000**	200,000	3.25%	March 2015
Hybrid Instrument	**400,000**	400,000	5.00%	No specified maturity date

The Company is party to cross guarantees on ARYZTA AG Food Group (ARYZTA AG excluding Origin) borrowings. The Company has also guaranteed the liabilities of subsidiaries within the ARYZTA Food Group. The Company treats these guarantees as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

3 Fire insurance value of property, plant and equipment

	2012 in CHF '000	2011 in CHF '000
Fire insurance value of property, plant and equipment	**3,500**	1,500

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		2012	2011	2012	2011
ARYZTA Holdings Asia Pacific BV (NL)	EUR	**0.002**	0.002	**100**	100
ARYZTA Holdings Ireland Limited (Jersey)	EUR	**–**	–	**100**	100
ARYZTA Finance II AG	EUR	**0.087**	–	**100**	–
Hiestand Beteiligungsholding GmbH & Co. KG, Gerolzhofen (DE)[1]	EUR	**0.026**	0.026	**100**	100
Hiestand Holdings (Switzerland) AG, Lupfig (CH)	CHF	**6.450**	6.450	**100**	100
Summerbake GmbH (DE)	EUR	**0.025**	0.025	**100**	100

1 The amount disclosed represents limited liability capital.

Notes to the Company Financial Statements
(continued)

5 Share capital

	Year ended 31 July 2012 '000	Year ended 31 July 2012 in CHF'000	Year ended 31 July 2011 '000	Year ended 31 July 2011 in CHF'000
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at 1 August	**85,045**	**1,701**	85,045	1,701
Issued during the year	**6,766**	**135**	–	–
As at 31 July	**91,811**	**1,836**	85,045	1,701

	Year ended 31 July 2012 '000	Year ended 31 July 2012 in CHF'000	Year ended 31 July 2011 '000	Year ended 31 July 2011 in CHF'000
Shares of CHF 0.02 each				
Conditional capital	**–**	**–**	6,507	130
Authorised capital	**8,504**	**170**	17,578	352

On 22 November 2011, the issued shares were increased to 87,558,295 registered shares by the issue of 2,513,500 registered shares with a nominal value of CHF 0.02 each, pursuant to a share subscription on behalf of ARY LTIP Trustee. ARY LTIP Trustee is a wholly owned subsidiary of ARYZTA, formed for the purpose of holding shares subject to the ARYZTA LTIP. ARY LTIP Trustee holds all treasury shares, pending satisfaction of the applicable terms of the ARYZTA LTIP.

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 was 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 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 enterprises or parts thereof or participations therein, new investments or the financing of any of those transactions (maximum of 8,504,479 fully paid-up registered shares), (2) broadening the shareholder constituency (maximum of 4,252,239 fully paid-up registered shares), or (3) for the purpose of the participation of employees (maximum of 2,551,343 fully paid-up registered shares).

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. As part of the issuance of these shares, the Board also approved the resolution to modify Article 5 of the Articles of Association to remove item (2) above. Pursuant to these modifications, the Board of Directors is now authorised to increase the share capital at any time until 30 November 2013 by an amount not exceeding CHF 170,089.60 through the issue of up to 8,504,480 fully paid-up registered shares with a nominal value of CHF 0.02 each.

Notes to the Company Financial Statements
(continued)

The share capital of the Company at 31 July 2012 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 these 91,810,534 shares, 88,037,675 are outstanding and 3,772,859 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 2012 '000	**Year ended 31 July 2012** in CHF'000	Year ended 31 July 2011 '000	Year ended 31 July 2011 in CHF'000
As at 1 August	**2,234**	**75,167**	2,234	75,167
Release of treasury shares upon vesting and exercise of matching shares	**(975)**	**(32,790)**	–	–
Issue of shares to ARY LTIP Trustee	**2,514**	**99,736**	–	–
As at 31 July	**3,773**	**142,113**	2,234	75,167

On 23 September 2011, the Nomination and Remuneration 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 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.

On 22 November 2011 the issued shares were increased by the issue of 2,513,500 registered shares with nominal value of CHF 0.02 each, pursuant to a share subscription on behalf of ARY LTIP Trustee, as discussed in note 5 above.

7 Risk assessment

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

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

Notes to the Company Financial Statements
(continued)

8 Participations

As at 31 July 2012, 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 2012	Number of shares % 2012	Number of shares 2011	Number of shares % 2011
Invesco Limited	**4,373,010**	**4.76%**	8,499,492	9.99%
ARY LTIP Trustee Limited (treasury shares)	**3,772,859**	**4.11%**	Less than 3%	
Fidelity International Limited[1]	**Less than 3%**		4,049,810	4.76%
Fidelity Management and Research LLC[1]	**2,785,897**	**3.03%**	Less than 3%	
Och-Ziff Capital Management Group LLC	**Less than 3%**		2,603,533	3.06%
Blackrock Inc	**Less than 3%**		2,556,485	3.01%

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

Any significant shareholder notifications during the year and since 31 July 2012 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 117,177 at 31 July 2012 (2011: CHF 37,040).

10 Compensation disclosure

Compensation process

The Nomination and Remuneration Committee of the Board (the 'NRC') is responsible for determining the remuneration of executive and non-executive members of the Board and for approving the remuneration of other members of senior management upon the recommendation of the Chief Executive Officer. Executives are remunerated in line with the level of their authority and responsibility within the Group, with the various elements of the remuneration package for Executive Management being reviewed annually by the NRC.

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

Executive Management basic salary and benefits

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

Notes to the Company Financial Statements
(continued)

Executive Management short-term performance related bonus
For financial year 2012, the short-term performance related bonus for Executive Management was determined exclusively by reference to incremental gains in Food Group Underlying ROIC (as set out in Part 1 of the Compensation Report).

In order to compare ROIC on a like-for-like basis, the Group calculates the Food Group Underlying ROIC, in addition to the reported ROIC. The measurement indicator is based on the assets of the Food Group business that existed as of 31 July 2011, using currency rates consistent with 2011, excluding net assets and historical EBITA levels of acquisitions completed after 1 August 2011 and adding back asset impairments (unless recovered once the assets are disposed). Based on these adjustments, the Food Group Underlying ROIC for the financial year 2012 was 11.3%, compared with the Food Group 2011 ROIC of 10.2%.

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

Executive Management long-term incentives (LTIP)
As set out in the Compensation Report on pages 48 to 55 this report, the long-term incentive remuneration of Executive Management consists of both Matching Plan and Option Equivalent Plan awards.

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

Vesting of awards under the Option Equivalent Plan is conditional on compound annual growth in underlying fully diluted EPS in three consecutive accounting periods exceeding the 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 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 95) for the total cost recognised in the Group Financial Statements for share-based payments in the financial year 2012.

Notes to the Company Financial Statements (continued)

Compensation to members of the Board of Directors

Executive and non-executive board members are paid a yearly fee (CHF 88,000), which reflects the time commitment and responsibilities of the role. Additional compensation is payable for service on a Board Committee (CHF 8,000) and for the Chair thereof (CHF 16,000). The NRC determines, at its discretion, the level of these yearly fees and additional compensation paid to each executive and non-executive Board member. Non-executive Board members are not eligible for performance-related payments and do not participate in the LTIP.

in CHF '000	**Direct payments year ended 31 July 2012**	Direct payments year ended 31 July 2011
Denis Lucey	**323**	323
Albert Abderhalden[2]	**N/A**	29
Charles Adair[2]	**88**	59
Denis Buckley[1]	**32**	96
Hugh Cooney[1]	**64**	N/A
J Brian Davy	**107**	112
Shaun B. Higgins[1]	**70**	N/A
Noreen Hynes[2]	**N/A**	37
Hugo Kane[2]	**N/A**	29
Owen Killian	**88**	88
Patrick McEniff	**88**	88
Götz-Michael Müller[1]	**64**	N/A
William Murphy	**101**	105
Hans Sigrist	**91**	93
Dr J Maurice Zufferey[1]	**32**	96
Total	**1,148**	1,155

1 Effective 1 December 2011 D. Buckley and M. Zufferey resigned from the Board and S. Higgins, H. Cooney and G. Müller were elected to the Board.

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

Compensation to members of the Executive Management

in CHF '000	**Total Executive Management 2012**	**Owen Killian 2012**	Total Executive Management 2011	Owen Killian 2011
Basic salaries	**2,641**	**1,277**	3,082	1,277
Benefits in kind	**170**	**83**	226	83
Pension contributions	**460**	**191**	630	191
Performance related bonus	**1,879**	**908**	2,758	894
Long-term incentives (LTIP)	**4,569**	**2,219**	15,455	6,123
Total compensation paid to members of ARYZTA Executive Management	**9,719**	**4,678**	22,151	8,568

As per the Corporate Governance Report on page 41, for the 2012 financial year Group Executive Management consists of Owen Killian (Chief Executive Officer), Patrick McEniff (Chief Financial Officer) and Pat Morrissey (General Counsel and Secretary). For the financial year 2011, Group Executive Management also included Hugo Kane, who resigned from the role of Chief Operating Officer at the beginning of 2012 financial year and is no longer part of the Group Executive Management team.

Notes to the Company Financial Statements (continued)

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

The compensation to members of Executive Management disclosed includes compensation for their roles as members of the Board 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 the financial year 2012.

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 2012	No. of shares 2011
Denis Lucey	**1,250**	1,250
Charles Adair[2]	**1,000**	–
Denis Buckley[1]	**N/A**	2,250
Hugh Cooney[1]	**2,915**	N/A
J Brian Davy	**58,186**	58,186
Shaun B. Higgins[1]	**500**	N/A
Hugo Kane[2]	**N/A**	240,978
Owen Killian	**823,731**	523,731
Patrick McEniff	**500,006**	320,006
Götz-Michael Müller[1]	**–**	N/A
William Murphy	**8,160**	6,171
Hans Sigrist	**14,000**	14,000
Dr J Maurice Zufferey[1]	**N/A**	396
General Counsel & Company Secretary		
Pat Morrissey	**130,251**	93,251
Total	**1,539,999**	1,260,219

1 Effective 1 December 2011, D. Buckley and M. Zufferey resigned from the Board and S. Higgins, H. Cooney and G. Müller were elected to the Board.

2 Effective 2 December 2010, H. Kane resigned from the Board and C. Adair was elected to the Board. H. Kane's share interests continue to be presented as he was a member of executive management as of 31 July 2011.

There have been no changes in the interests as shown above between 31 July 2012 and 20 September 2012. Details of the interests of Owen Killian, Patrick McEniff, and Pat Morrissey in share entitlements under the Matching Plan and Share Option Equivalent Plan are set out on the next page.

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 2012 (2011: none).

Notes to the Company Financial Statements
(continued)

Directors' and Executive Management's interests in equity instruments

Executive Management Matching Plan Allocation

	Maximum share allocation carried forward 1 August 2011	Exercised during financial year[1]	Granted during financial year	Closing position 31 July 2012
Directors				
Owen Killian	300,000	(300,000)	150,000	150,000
Patrick McEniff	180,000	(180,000)	120,000	120,000
General Counsel & Company Secretary				
Pat Morrissey	90,000	(90,000)	60,000	60,000
Total	**570,000**	**(570,000)**	**330,000**	**330,000**

Executive Management Option Equivalent Plan Allocation

	Options carried forward 1 August 2011[2]	Exercised during financial year	Granted during financial year	Closing position 31 July 2012
Directors				
Owen Killian	300,000	–	450,000	750,000
Patrick McEniff	250,000	–	360,000	610,000
General Counsel & Company Secretary				
Pat Morrissey	100,000	–	100,000	200,000
Total	**650,000**	**–**	**910,000**	**1,560,000**

1 On 23 September 2011, the Nomination and Remuneration 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.

2 The Group's compound annual growth in underlying fully diluted EPS over the last three consecutive accounting periods was 12.9%, which exceeded the growth in the eurozone Core Consumer Price Index over the same period of 1.3%, plus 5%. Accordingly, the performance conditions associated with the Option Plan awards outstanding as of 1 August 2011 were met during FY 2012. As a result, 1,135,000 Option Plan awards (650,000 of which are held by Executive Management) are eligible for vesting, pending Nomination and Remuneration Committee approval. The exercise price of all Option Plan awards for which the vesting conditions have been met is CHF 37.23.

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	**2012**	2011
Balance of unrestricted reserves and loss carried forward	**(62,964)**	899,389
Dividend payment from unrestricted reserves and loss carried forward	–	(39,801)
Net profit for the year	**63,314**	58,908
Closing balance of unrestricted reserves and earnings	**350**	918,496
Proposed transfer from unrestricted reserves to legal reserves from capital contribution	–	(981,460)
Balance of unrestricted reserves and earnings to be carried forward	**350**	(62,964)

Proposed release and distribution of legal reserves from capital contribution in the amount of[1]	**53,923**	47,028

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

Report of the Statutory Auditor on the Financial Statements to the General Meeting of ARYZTA AG

As statutory auditor, we have audited the accompanying financial statements of ARYZTA AG (the "Company"), which comprise the Company Income statement, Company Balance Sheet and notes on pages 146 to 156 for the year ended 31 July 2012.

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 Association. 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 2012 comply with Swiss law as well as with the Company's Articles of Association.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of ARYZTA AG (continued)

Report on Other Legal Requirements

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

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

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

PricewaterhouseCoopers AG

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

Zurich, 20 September 2012

CANADA
Calgary
Prince's Island Park

FOOD NORTH AMERICA

ARYZTA has
2 manufacturing centres
operating across Canada

Annual Report and Accounts 2012

Food Group Financial Statements

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Basis of Preparation

These unaudited Food Group Financial Statements comprise designated individual legal entities which are consolidated as subsidiaries of ARYZTA AG and show the Food Group's interest in joint ventures of ARYZTA AG using the equity method, and which do not form part of Origin Enterprises, plc.

The accompanying financial statements comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet and Cash Flow Statement ('the Food Group Financial Statements') of the Food Group for the year ended 31 July 2012 with 31 July 2011 comparatives.

The Directors have prepared the Food Group Financial Statements by applying accounting policies consistent with those applied by ARYZTA AG and extracting the differences between the audited Group consolidated financial statements of ARYZTA AG and the audited Group consolidated financial statements of Origin Enterprises plc, after reflecting appropriate adjustments deemed necessary to prepare the Food Group Financial Statements. The investment in Origin is carried at historic cost.

The ARYZTA AG and Origin Enterprises plc Group Consolidated Financial Statements have been reported on by PricewaterhouseCoopers Zurich and Dublin, respectively, without qualification.

Food Group Income Statement
for the year ended 31 July 2012

in EUR `000	2012 unaudited	2011 unaudited
Revenue	**2,867,644**	2,577,420
Cost of sales	**(1,874,455)**	(1,653,361)
Gross profit	**993,189**	924,059
Operating expenses	**(718,146)**	(688,279)
Operating profit before net acquisition, disposal and restructuring related costs and fair value adjustments	**275,043**	235,780
Dividend income from investment in Origin	**10,450**	8,550
Net acquisition, disposal and restructuring related costs and fair value adjustments	**(83,477)**	974
Operating profit	**202,016**	245,304
Share of profit after tax of joint ventures	**1,062**	4,622
Profit before financing income, financing costs and income tax expense	**203,078**	249,926
Financing costs, net	**(58,717)**	(57,406)
Profit before income tax	**144,361**	192,520
Income tax expense	**(14,266)**	(1,356)
Profit for the year	**130,095**	191,164
Attributable as follows:		
Equity shareholders	**126,728**	188,498
Non-controlling interests	**3,367**	2,666
Profit for the year	**130,095**	191,164

Food Group Statement of Comprehensive Income
for the year ended 31 July 2012

in EUR `000	**2012 unaudited**	2011 unaudited
Profit for the year	**130,095**	191,164
Other comprehensive income		
Foreign exchange translation effects	**88,476**	37,011
Actuarial loss on Food Group defined benefit pension plans, net of deferred tax	**(3,812)**	(1,728)
(Losses)/gains relating to cash flow hedges, net of deferred tax	**(140)**	873
Total other comprehensive income for the year	**84,524**	36,156
Total comprehensive income for the year	**214,619**	227,320
Attributable as follows:		
Equity shareholders	**211,913**	222,685
Non-controlling interests	**2,706**	4,635
Total comprehensive income for the year	**214,619**	227,320

Food Group Balance Sheet
as at 31 July 2012

in EUR `000	2012 unaudited	2011 unaudited
Assets		
Non-current assets		
Property, plant and equipment	**931,439**	845,693
Investment property	**15,960**	16,178
Goodwill and intangible assets	**2,729,340**	2,520,450
Investments in joint ventures	**2,545**	4,976
Investment in Origin Enterprises plc	**51,045**	51,045
Deferred income tax assets	**80,745**	74,261
Total non-current assets	**3,811,074**	3,512,603
Current assets		
Amounts owed by Origin Enterprises plc	**734**	1,204
Inventory	**175,601**	148,075
Trade and other receivables	**280,327**	257,591
Derivative financial instruments	**327**	297
Cash and cash equivalents	**452,175**	426,733
Total current assets	**909,164**	833,900
Total assets	**4,720,238**	4,346,503

Food Group Balance Sheet (continued) as at 31 July 2012

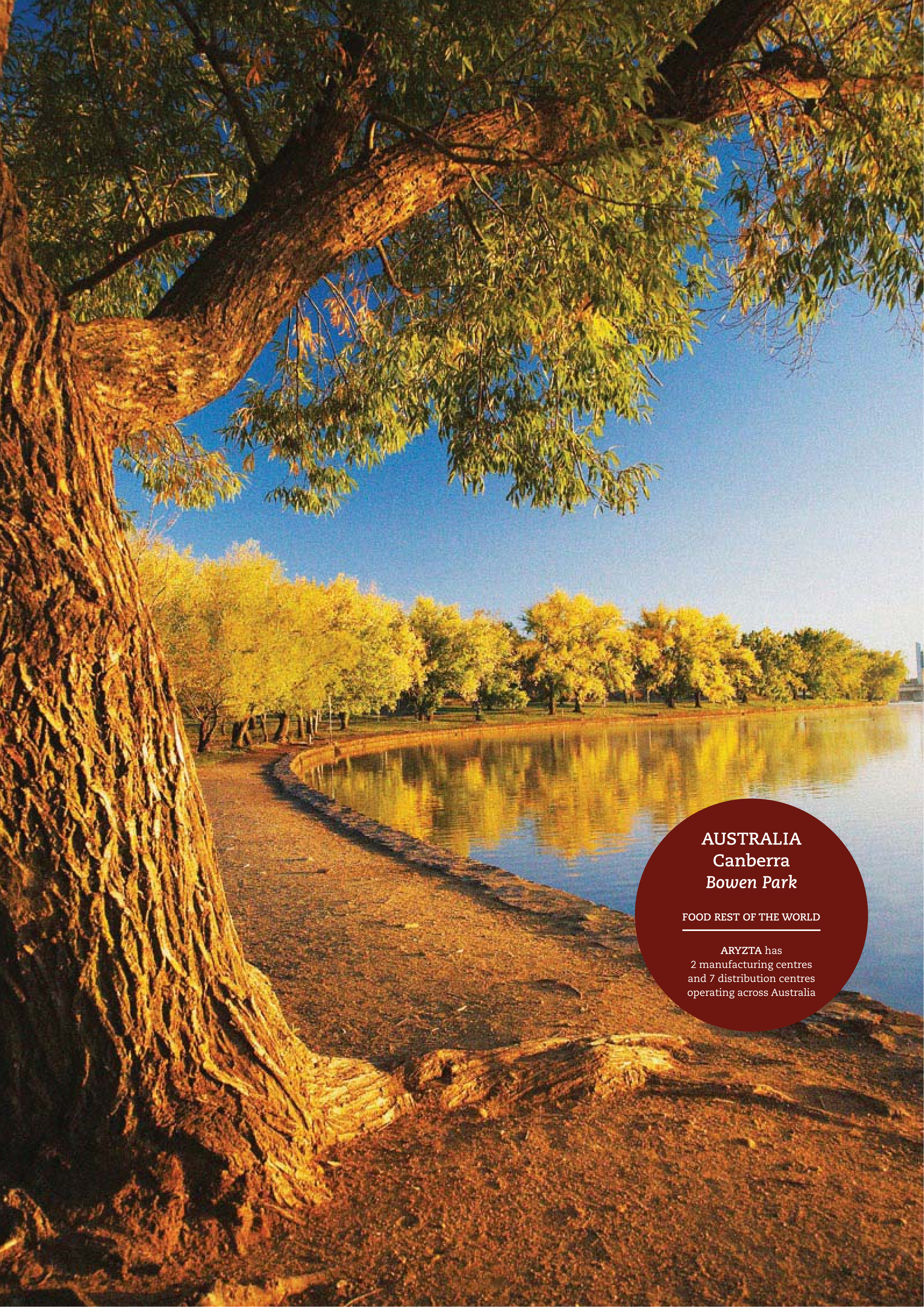
in EUR `000	2012 unaudited	2011 unaudited
Equity		
Called up share capital	**1,172**	1,061
Share premium	**773,735**	632,951
Retained earnings and other reserves	**1,528,020**	1,381,288
Total equity attributable to equity shareholders of parent	**2,302,927**	2,015,300
Non-controlling interests	**14,883**	14,433
Total equity	**2,317,810**	2,029,733
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	**1,174,201**	1,222,145
Employee benefits	**14,733**	10,343
Deferred income from government grants	**10,210**	11,246
Other payables	**24,580**	10,749
Deferred income tax liabilities	**391,419**	367,246
Derivative financial instruments	–	184
Deferred consideration	–	342
Total non-current liabilities	**1,615,143**	1,622,255
Current liabilities		
Interest-bearing loans and borrowings	**254,257**	160,056
Trade and other payables	**513,710**	497,242
Income tax payable	**16,976**	28,299
Derivative financial instruments	**2,066**	2,031
Deferred consideration	**276**	6,887
Total current liabilities	**787,285**	694,515
Total liabilities	**2,402,428**	2,316,770
Total equity and liabilities	**4,720,238**	4,346,503

Food Group Cash Flow Statement
for the year ended 31 July 2012

in EUR `000	2012 unaudited	2011 unaudited
Cash flows from operating activities		
Profit for the year before tax	**144,361**	192,520
Financing costs, net	**58,717**	57,406
Dividend income from investment in Origin	**(10,450)**	(8,550)
Share of profit after tax of joint ventures	**(1,062)**	(4,622)
Net gain on acquisitions, disposals and dilution	**(1,417)**	(121,391)
Asset write-downs and fair value adjustments	**7,750**	43,039
Other restructuring related payments (in excess)/under current-year costs	**(13,187)**	40,114
Depreciation of property, plant and equipment	**85,490**	83,078
Amortisation of intangible assets	**104,635**	89,933
Recognition of deferred income from government grants	**(1,581)**	(2,980)
Share-based payments	**5,409**	13,377
Other	**(270)**	(791)
Cash flows from operating activities before changes in working capital	**378,395**	381,133
(Increase)/decrease in inventory	**(12,213)**	(15,944)
(Increase)/decrease in trade and other receivables	**5,821**	(14,228)
Increase/(decrease) in trade and other payables	**(12,888)**	17,202
Cash generated from operating activities	**359,115**	368,163
Interest paid, net	**(59,961)**	(59,079)
Income tax paid	**(37,760)**	(42,848)
Net cash flows from operating activities	**261,394**	266,236

Food Group Cash Flow Statement (continued)
for the year ended 31 July 2012

in EUR `000	**2012 unaudited**	2011 unaudited
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	**6,411**	1,532
Purchase of property, plant and equipment		
– maintenance capital expenditure	**(46,248)**	(39,272)
– investment capital expenditure	**(60,136)**	(30,855)
Grants received	–	25
Acquisitions of subsidiaries and businesses, net of cash acquired	**(92,031)**	(317,674)
Disposal of joint venture	**4,675**	–
Purchase of intangible assets	**(29,265)**	(20,734)
Dividends received	**11,183**	13,138
Investments/loans to joint ventures, net	**11**	(709)
Deferred consideration paid	**(7,247)**	(12,900)
Net cash flows from investing activities	**(212,647)**	(407,449)
Cash flows from financing activities		
Net proceeds from issue of shares	**140,854**	–
Net proceeds from issue of perpetual callable subordinated instrument	–	285,004
Gross repayment of loan capital	**(136,765)**	(114,180)
Capital element of finance lease liabilities	**(2,189)**	(825)
Dividend paid on perpetual callable subordinated instrument	**(16,305)**	–
Dividends paid to non-controlling interests	**(2,255)**	(2,140)
Dividends paid to equity shareholders	**(41,490)**	(30,768)
Net cash flows from financing activities	**(58,150)**	137,091
Net (decrease)/increase in cash and cash equivalents	**(9,403)**	(4,122)
Translation adjustment	**(1,839)**	(4,093)
Net cash and cash equivalents at start of year	**267,509**	275,724
Net cash and cash equivalents at end of year	**256,267**	267,509



AUSTRALIA
Canberra
Bowen Park

FOOD REST OF THE WORLD

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

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Key dates to December 2013

Announcement of the 2012 annual results	24 September 2012
Issue of the 2012 annual report	2 October 2012
First-quarter trading update	3 December 2012
Annual General Meeting 2012	11 December 2012
Payment of dividend	1 February 2013
Announcement of half-year results 2013	11 March 2013
Third-quarter trading update	4 June 2013
Announcement of the 2013 annual results	30 September 2013
Issue of the 2013 annual report	7 October 2013
First-quarter trading update	25 November 2013
Annual General Meeting 2013	10 December 2013

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