Annual Report and Accounts 2011
Financial and Business Review

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

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

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

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

2 Underlying revenue growth for year ended 31 July 2011

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

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

3 ARYZTA AG – Segmental EBITA

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

Financial and Business Review (continued)

4 Food Group – Income Statement

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

5 Food Group business

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

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

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

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

Financial and Business Review (continued)

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

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

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

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

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

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

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

Financial and Business Review (continued)

9 Acquisition Update

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

10 Food Group Non-Recurring Items & Strategic Repositioning

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

Strategic repositioning costs for financial year ending 31 July 2011

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

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

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

11 ARYZTA Transformation Initiative

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

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

Financial and Business Review (continued)

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

12 Primary food inflation

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

13 Financial position

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

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

Debt Funding	Principal	Maturity
May 2010 – Syndicated Bank Loan	CHF 600m	Dec 2014
May 2010 – US Private Placement	USD 420m/EUR 25m	May 2013 – May 2022
Dec 2009 – US Private Placement	USD 200m	Dec 2021 – Dec 2029
Nov 2009 – Swiss Bond	CHF 200m	March 2015
Jun 2007 – US Private Placement	USD 450m	Jun 2014 – Jun 2019

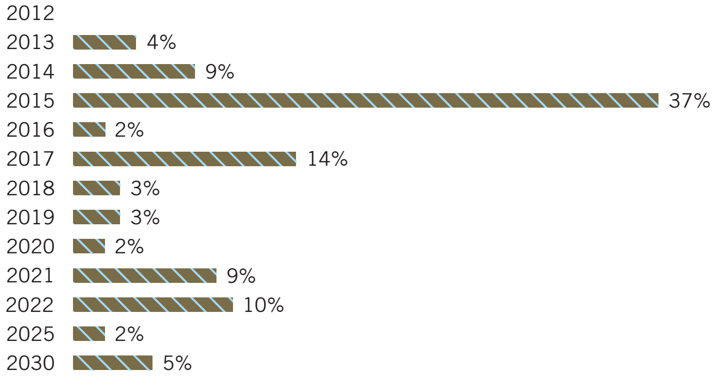
Financial and Business Review (continued)

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

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

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

Gross Term Debt Maturity Profile[1]



1 Profile of term debt maturity is set out based on the Group's financial year end. Food Group gross term debt at 31 July 2011 is €1.22bn (excluding overdrafts of €159m). Total Food Group net debt at 31 July 2011 is €955.5m.

Food Group cash generation

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

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

Financial and Business Review (continued)

Food Group net debt and investment activity

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

14 Return on investment

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

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

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

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

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

Financial and Business Review (continued)

15 Assets, goodwill and intangibles

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

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

Financial and Business Review (continued)

16 Proposed dividend

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

17 Origin

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

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

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

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

18 Outlook

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

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

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

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

Financial and Business Review (continued)

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

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

19 Principal risks and uncertainties

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

20 Forward looking statement

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

21 Glossary of financial terms and references

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

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

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

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

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

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

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

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

Underlying net profit reconciliation

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

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

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

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

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