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# Annual Report and Accounts 2014

## Food Group Financial Statements

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## Basis of Preparation

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The unaudited Food Group Financial Statements comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet and Cash Flow Statement ('the Food Group Financial Statements') of the Food Group for the year ended 31 July 2014, with 31 July 2013 comparatives.

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

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

## Food Group Income Statement

### for the year ended 31 July 2014

in EUR '000	2014 unaudited	2013 unaudited
Revenue	3,393,783	3,085,517
Cost of sales	(2,275,760)	(2,053,734)
<b>Gross profit</b>	<b>1,118,023</b>	<b>1,031,783</b>
Operating expenses	(755,491)	(731,730)
Dividend income from investment in Origin	16,388	14,250
Gain on Origin tender offer share buyback, net of costs	66,568	–
Net acquisition, disposal and restructuring-related costs and fair value adjustments	(170,711)	(119,814)
<b>Operating profit</b>	<b>274,777</b>	<b>194,489</b>
Share of profit after tax of joint ventures	–	201
<b>Profit before financing costs, net and income tax expense</b>	<b>274,777</b>	<b>194,690</b>
Financing costs, net	(62,604)	(57,761)
<b>Profit before income tax</b>	<b>212,173</b>	<b>136,929</b>
Income tax expense	(33,165)	(39,899)
<b>Profit for the year</b>	<b>179,008</b>	<b>97,030</b>
Attributable as follows:		
Equity shareholders	175,208	93,411
Non-controlling interests	3,800	3,619
<b>Profit for the year</b>	<b>179,008</b>	<b>97,030</b>

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

in EUR '000	2014 unaudited	2013 unaudited
<b>Profit for the year</b>	<b>179,008</b>	97,030
<b>Other comprehensive (loss)/income</b>		
Foreign exchange translation effects	(26,682)	(138,848)
Actuarial gain on Food Group defined benefit pension plans, net of deferred tax	191	1,063
(Losses)/gains relating to cash flow hedges, net of deferred tax	(4,248)	928
Deferred tax effect of change in tax rates	(1,415)	–
<b>Total other comprehensive loss for the year</b>	<b>(32,154)</b>	(136,857)
<b>Total comprehensive income/(loss) for the year</b>	<b>146,854</b>	(39,827)
Attributable as follows:		
Equity shareholders	142,846	(43,062)
Non-controlling interests	4,008	3,235
<b>Total comprehensive income/(loss) for the year</b>	<b>146,854</b>	(39,827)

## Food Group Balance Sheet

as at 31 July 2014

in EUR '000	2014 unaudited	2013 unaudited
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,283,584	1,061,200
Investment properties	23,141	15,409
Goodwill and intangible assets	3,539,225	2,775,430
Investment in Origin Enterprises plc	45,824	51,045
Deferred income tax assets	68,938	66,642
<b>Total non-current assets</b>	<b>4,960,712</b>	<b>3,969,726</b>
<b>Current assets</b>		
Amounts owed by Origin Enterprises plc	691	879
Inventory	228,155	189,275
Trade and other receivables	322,492	322,863
Derivative financial instruments	847	1,329
Cash and cash equivalents	555,262	501,438
<b>Total current assets</b>	<b>1,107,447</b>	<b>1,015,784</b>
<b>Total assets</b>	<b>6,068,159</b>	<b>4,985,510</b>

## Food Group Balance Sheet (continued)

as at 31 July 2014

in EUR '000	2014 unaudited	2013 unaudited
<b>Equity</b>		
Called up share capital	1,172	1,172
Share premium	773,735	773,735
Retained earnings and other reserves	1,821,997	1,746,520
<b>Total equity attributable to equity shareholders of parent</b>	<b>2,596,904</b>	<b>2,521,427</b>
Non-controlling interests	16,421	15,661
<b>Total equity</b>	<b>2,613,325</b>	<b>2,537,088</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing loans and borrowings	1,782,026	1,006,932
Employee benefits	7,258	9,954
Deferred income from government grants	21,261	25,251
Other payables	49,708	44,641
Deferred income tax liabilities	417,757	386,778
Derivative financial instruments	2,290	–
Contingent consideration	7,100	8,570
<b>Total non-current liabilities</b>	<b>2,287,400</b>	<b>1,482,126</b>
<b>Current liabilities</b>		
Interest-bearing loans and borrowings	415,315	343,734
Trade and other payables	699,924	583,727
Income tax payable	41,019	33,342
Derivative financial instruments	3,022	1,283
Contingent consideration	8,154	4,210
<b>Total current liabilities</b>	<b>1,167,434</b>	<b>966,296</b>
<b>Total liabilities</b>	<b>3,454,834</b>	<b>2,448,422</b>
<b>Total equity and liabilities</b>	<b>6,068,159</b>	<b>4,985,510</b>

## Food Group Cash Flow Statement

for the year ended 31 July 2014

in EUR '000	2014 unaudited	2013 unaudited
<b>Cash flows from operating activities</b>		
Profit for the year	179,008	97,030
Income tax expense	33,165	39,899
Financing costs, net	62,604	57,761
Dividend income from investment in Origin	(16,388)	(14,250)
Gain on Origin tender offer share buyback, net of costs	(66,568)	–
Share of profit after tax of joint venture	–	(201)
Loss on disposals	–	705
Asset write-downs and fair value adjustments	87,357	36,650
Transaction and restructuring-related payments in excess of current-year costs	(23,456)	(6,203)
Depreciation of property, plant and equipment	94,216	87,483
Amortisation of intangible assets	132,425	112,849
Recognition of deferred income from government grants	(4,249)	(2,644)
Share-based payments	8,253	6,075
Other	(5,695)	(693)
<b>Cash flows from operating activities before changes in working capital</b>	<b>480,672</b>	<b>414,461</b>
Increase in inventory	(38,105)	(16,458)
Decrease/(increase) in trade and other receivables	29,765	(12,667)
Increase in trade and other payables	54,936	17,927
<b>Cash generated from operating activities</b>	<b>527,268</b>	<b>403,263</b>
Interest paid, net of interest received	(59,704)	(60,604)
Income tax paid	(43,671)	(30,350)
<b>Net cash flows from operating activities</b>	<b>423,893</b>	<b>312,309</b>

## Food Group Cash Flow Statement (continued)

for the year ended 31 July 2014

in EUR '000	2014 unaudited	2013 unaudited
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	4,522	9,863
Purchase of property, plant and equipment		
– maintenance capital expenditure	(59,970)	(43,675)
– investment capital expenditure	(174,271)	(112,195)
Grants received	214	79
Acquisitions of subsidiaries and businesses, net of cash acquired	(862,792)	(311,609)
Disposal of joint venture	–	1,941
Purchase of intangible assets	(102,572)	(60,311)
Dividends received	16,388	14,250
Origin tender offer proceeds, net of related costs	71,789	–
Net receipts from joint venture	–	21
Contingent consideration paid	(4,190)	(268)
<b>Net cash flows from investing activities</b>	<b>(1,110,882)</b>	<b>(501,904)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of perpetual callable subordinated instrument	–	319,442
Gross drawdown/(repayment) of loan capital, net	804,368	(37,062)
Capital element of finance lease liabilities	(680)	(1,825)
Dividend paid on perpetual callable subordinated instrument	(29,388)	(16,561)
Dividends paid to non-controlling interests	(3,248)	(2,482)
Dividends paid to equity shareholders	(47,898)	(43,517)
<b>Net cash flows from financing activities</b>	<b>723,154</b>	<b>217,995</b>
<b>Net increase in cash and cash equivalents</b>	<b>36,165</b>	<b>28,400</b>
Translation adjustment	(3,410)	(13,251)
Net cash and cash equivalents at start of year	271,416	256,267
<b>Net cash and cash equivalents at end of year</b>	<b>304,171</b>	<b>271,416</b>