



Annual Report and Accounts 2009

Group and Company

Financial Statements 2009

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Statement of Director's Responsibilities for the year ended 31 July 2009

The directors are responsible for preparing the Annual Report and the Group and Company Financial Statements, in accordance with applicable law and regulations. Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law, the directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRSs') 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing each of the Group 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 the 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 IFRSs and the requirements of Swiss Law.

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

24 September 2009

Group Income Statement

for the year ended 31 July 2009

in Euro `000	Notes	2009	2008
Revenue	4	3,212,270	2,660,946
Cost of sales		(2,344,377)	(2,017,580)
Gross profit		867,893	643,366
Distribution expenses		(415,047)	(304,300)
Administration expenses		(218,714)	(161,760)
Operating profit before fair value adjustment, merger costs and other income and expenses		234,132	177,306
Fair value adjustment on investment properties	2	(134,543)	–
Merger costs	2	(22,738)	–
Other income/ (expenses)	2	106	198
Operating profit		76,957	177,504
Share of profit of associates and joint ventures	6	17,525	28,070
Profit before financing income and costs		94,482	205,574
Financing income	3	7,055	8,703
Financing costs	3	(57,707)	(46,333)
Profit before tax		43,830	167,944
Income tax	9	(2,853)	(25,467)
Profit for the year		40,977	142,477
Attributable as follows:			
Equity shareholders of the company		54,010	129,752
Minority interest	28	(13,033)	12,725
Profit for the year		40,977	142,477
Earnings per share for the year	Notes	2009	2008
Basic earnings per share	11	68.87	204.15
Diluted earnings per share	11	68.69	200.38

Group Statement of Recognised Income and Expense for the year ended 31 July 2009

in Euro `000	Notes	2009	2008
Items of income and expense recognised directly in equity			
Foreign exchange translation effects			
– foreign currency net investments		51,553	(109,163)
– foreign currency borrowings		(34,336)	48,102
Deferred tax effect of capital gains tax rate change in Ireland		(7,035)	–
Share of associates' foreign exchange translation adjustment		(192)	1,491
Actuarial (loss) on Group defined benefit pension plans		(3,913)	(19,577)
Deferred tax effect of actuarial loss		817	2,371
Share of associates' actuarial (loss)/gain on defined benefit plan		(1,576)	2,455
Share of associates' deferred tax on actuarial (loss)/gain		442	(692)
Effective portion of changes in fair value of cash flow hedge		(2,727)	5,014
Fair value of cash flow hedges transferred to income statement		(6,992)	(5,186)
Deferred tax effect of cash flow hedges		1,314	189
Share of joint ventures gains on cash flow hedges		848	92
Share of joint ventures deferred tax relating to cash flow hedges		(144)	(11)
Revaluation of previously held investment in Hiestand		35,077	–
Revaluation of previously held investment in Odlums		–	17,960
Net income/ (expense) recognised directly in equity		33,136	(56,955)
Profit for the year		40,977	142,477
Total recognised income for the year	27	74,113	85,522
Attributable as follows:			
Equity shareholders of the company		93,522	74,556
Minority interest	28	(19,409)	10,966
Total recognised income for the year		74,113	85,522

Group Balance Sheet

as at 31 July 2009

in Euro `000	Notes	2009	2008
Assets			
Non current assets			
Property, plant and equipment	12	664,532	482,991
Investment properties	13	62,975	192,418
Goodwill and intangible assets	14	1,498,430	835,827
Investments in associates and joint ventures	15	139,351	178,131
Deferred tax assets	24	27,053	18,911
Total non current assets		2,392,341	1,708,278
Current assets			
Inventory	16	192,646	234,107
Trade and other receivables	17	406,774	367,649
Derivative financial instruments	22	599	2,709
Cash and cash equivalents	20	294,536	150,093
Total current assets		894,555	754,558
Total assets		3,286,896	2,462,836

Group Balance Sheet (continued)

as at 31 July 2009

in Euro `000	Notes	2009	2008
Equity			
Called up share capital	26	1,005	39,275
Share premium	27	518,006	59,734
Retained earnings and other reserves	27	801,345	686,259
Total equity attributable to equity shareholders of the company		1,320,356	785,268
Minority interest	28	47,612	61,482
Total equity		1,367,968	846,750
Liabilities			
Non current liabilities			
Interest bearing loans and borrowings	21	927,252	693,285
Employee benefits	25	28,544	25,556
Deferred income from government grants	23	18,941	3,906
Other payables	18	1,025	406
Deferred tax liabilities	24	203,527	149,224
Derivative financial instruments	22	3,244	600
Deferred consideration	19	41,259	37,705
Total non current liabilities		1,223,792	910,682
Current liabilities			
Interest bearing loans and borrowings	21	26,540	45,123
Trade and other payables	18	614,291	586,297
Corporation tax payable		40,650	40,486
Derivative financial instruments	22	9,832	5,524
Deferred consideration	19	3,823	27,974
Total current liabilities		695,136	705,404
Total liabilities		1,918,928	1,616,086
Total equity and liabilities		3,286,896	2,462,836

Group Cash Flow Statement

for the year ended 31 July 2009

in Euro `000	Notes	2009	2008
Cash flows from operating activities			
Profit for year		40,977	142,477
Income tax	9	2,853	25,467
Financing income	3	(7,055)	(8,703)
Financing costs	3	57,707	46,333
Share of profit of associates and joint ventures	6	(17,525)	(28,070)
Fair value adjustment on investment properties, merger costs and other expenses	2	157,175	(198)
Depreciation of property, plant and equipment	12	62,195	35,882
Amortisation of intangible assets	14	46,277	18,997
Amortisation of government grants	23	(2,026)	(327)
Employee share-based payment charge	8	3,743	11,886
Other		(22)	(2,796)
Cash flow from operating activities before changes in working capital		344,299	240,948
Decrease/(increase) in inventory		70,296	(81,115)
Decrease/(increase) in trade and other receivables		28,840	(59,080)
(Decrease)/increase in trade and other payables		(72,127)	154,094
Cash generated from operating activities		371,308	254,847
Interest paid, net		(51,574)	(34,500)
Income tax paid		(33,396)	(18,314)
Net cash flow from operating activities		286,338	202,033

Group Cash Flow Statement (continued)

for the year ended 31 July 2009

in Euro `000	Notes	2009	2008
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		2,973	920
Purchase of property, plant and equipment			
– ongoing		(22,762)	(15,247)
– new investments		(56,229)	(121,060)
Grants received	23	2,377	–
Purchase of investment properties		(775)	(12,945)
Acquisition of subsidiaries and businesses, net of cash acquired	30	(80,546)	(105,060)
Purchase of intangible assets		(10,705)	(8,916)
Sale of intangible assets	2.2	6,837	–
Dividends received		23,004	17,643
Investments in associates and joint venture	15	(26,184)	(15,632)
Deferred consideration paid	19	(27,384)	(1,671)
Other		–	(135)
Net cash flow from investing activities		(189,394)	(262,103)
Cash flows from financing activities			
Net proceeds from issue of share capital		(626)	3,834
Drawdown of loan capital		68,242	144,725
Capital element of finance lease liabilities		(1,300)	(1,096)
Dividends paid		–	(20,902)
Net cash flow from financing activities		66,316	126,561
Net increase in cash and cash equivalents		163,260	66,491
Translation adjustment		(875)	(8,236)
Cash and cash equivalents at start of year		106,759	48,504
Net cash and cash equivalents at end of year	20	269,144	106,759

Group Statement of Accounting Policies for the year ended 31 July 2009

Organisation

ARYZTA (the 'Company') is a company domiciled and incorporated in Switzerland. The Group's financial statements for the year ended 31 July 2009 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 individual and Group financial statements of the Company were authorised for issue by the directors on 24 September 2009.

Statement of compliance

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

The IFRS applied by the Group in the preparation of these financial statements are those that were effective for accounting periods beginning on or after 31 July 2008. The following standards and interpretations, issued by the International Accounting Standards Board ('IASB') and the International Financial Reporting Interpretations Committee ('IFRIC'), are effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position:

- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 14 – IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
- Reclassification of Financial Assets – Amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures

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

Standard / Interpretation	Effective date	Planned implementation by ARYZTA
IAS 1 (Revised) – Presentation of financial statements	1 January 2009	Reporting year 2010
IAS 27 (Revised) – Consolidated and separate financial statements	1 July 2009	Reporting year 2010
Amendment to IAS 38 – Intangible assets	1 January 2009	Reporting year 2010
Amendment to IFRS 2 – Share-based payments	1 January 2009	Reporting year 2010
IFRS 3 (Revised) – Business combinations	1 July 2009	Reporting year 2010
IFRS 8 – Operating segments	1 January 2009	Reporting year 2010
IFRIC 16 – Hedges of a net investment in a foreign operation	1 October 2008	Reporting year 2010
IFRIC 15 – Agreements for the construction of real estate	1 January 2009	Reporting year 2010
IAS 23 (Revised) – Borrowing Costs	1 January 2009	Reporting year 2010
Amendment to IAS 32 – Financial Instruments: Presentation	1 January 2009	Reporting year 2010
Amendment to IFRS 1 – First Time Adoption of International Financial Reporting Standards	1 January 2009	Reporting year 2010

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

The Group has undertaken an initial assessment of the potential impact of these standards and interpretations on its consolidated results and financial position. Based on this initial assessment the Group does not currently believe the adoption of these remaining standards or interpretations would have a significant impact on the consolidated results or financial position of the Group.

Basis of preparation

The Group financial statements are prepared on a historical cost basis except that the following assets and liabilities are stated at their fair value: equity investments held at fair value through profit or loss, investment properties, and derivative financial instruments. The financial statements are presented in Euro, rounded to the nearest thousand, unless otherwise stated, which is the functional currency of a majority of the Group's operations.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 judgements and accounting estimates is set out in note 36 to these Group Financial Statements.

Basis of consolidation

The Group Financial Statements reflect the consolidation of the results, assets and liabilities of the parent undertaking and all of its subsidiaries, together with the Group's share of profits/losses of associates and joint ventures. Where a subsidiary, associate or joint venture is acquired or disposed of during the financial period, the Group financial statements include the attributable results from, or to, the effective date when control passes, or in the case of associates when significant influence is obtained.

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 amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to the period end. 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 in which the Group has a significant influence over, but not control of, the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Joint ventures are those entities over whose

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

operating and financial policies the Group exercises control jointly, under a contractual agreement, with one or more parties. Investments in joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its associates and joint ventures is recognised in the income statement. The income statement reflects, in profit before tax, the Group's share of profit after tax of its associates and joint ventures in accordance with IAS 28, Investments in Associates, and IAS 31, Interests in Joint Ventures. The Group's interest in their net assets is included as investments in associates and joint ventures in the Group 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 amounts included in these 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 period end. Where necessary for consolidation, the accounting policies of associates and joint ventures have been changed to ensure consistency with the policies adopted by the Group.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the Group 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.

Comparative information

The merger of IAWS Group ('IAWS') and Hiestand Holding AG ('Hiestand') has been treated as a reverse acquisition. In accordance with IFRS 3 Business Combinations, IAWS was identified as the acquirer in the business combination transaction. Therefore, the comparative information relates to the financial statements of IAWS, which have been prepared under IFRS. See note 30 to these consolidated financial statements for further details.

Revenue recognition

Revenue represents the fair value of the sale of goods and services supplied to third parties, after deducting trade discounts, volume rebates, and exclusive of value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, 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 accrual basis, taking into consideration the sums lent and the actual interest rate applied.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

a particular economic environment (geographic segment), which is subject to risks and returns different from those of other segments.

The Group's primary format for segmental reporting is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the different products that the Group sells rather than the geographical location of the Group's operations.

Following the merger of IAWS and Hiestand in the current period, the Group has revised its previous three business segments which formed the primary format for segmental reporting to include Food Developing Markets with businesses principally in Japan, Malaysia and Australia. The Group's business segments are now Food Europe, Food North America, Food Developing Markets and Origin. The Group's principal geographical segments are Europe, North America and Developing Markets.

Food Europe has leading market positions in the speciality bakery market in Switzerland, Germany, the UK, Ireland and France. In Europe, ARYZTA has a mixture of business to business and consumer brands, including; Hiestand, Cuisine de France, Delice de France and Coup de Pates. Food Europe has a diversified customer base including convenience retail, gas stations, multiple retail, restaurants, catering, hotels and leisure.

Food North America has leading market positions in freshly baked cookies and artisan bread with two principle brands, namely Otis Spunkmeyer and La Brea Bakery. Food North America has a diversified customer base within the foodservice and retail channels.

Food Developing Markets is an embryonic business in Japan, Malaysia and Australia.

Origin is an agri-nutrition and food group. The agri-nutrition business is focused primarily in Ireland, the UK and Poland with activities in the supply of animal feeds, fertiliser and integrated agronomy services. Origin also operates ambient food and cereal milling businesses in Ireland.

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.

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 and 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 and appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

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; that benefit is discounted to determine the present value, 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. Actuarial gains and losses are recognised in the statement of recognised income and expense. Current and past service costs, interest on plan liabilities and expected return on assets are recognised in the income statement.

Equity settled compensation

As defined in IFRS 2, Share-based Payment, the fair value of equity instruments granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread 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 as appropriate, taking into account the terms and conditions under which the equity instruments were granted. The plans and share option scheme are each subject to a non-market vesting condition and, therefore, the amount recognised as an expense is adjusted to reflect the actual number of equity instruments that vest.

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, in which case the related tax is recognised in equity. 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, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability 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.

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 in-

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

come tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currency

Transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

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 ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Euro at the actual rates when the transactions occurred. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised directly in equity, in a 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 taken to the 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 currency translation reserve and are recycled through the income statement on the repayment of the intra-group loan or on disposal of the related business.

The principle Euro foreign exchange currency rates used by the Group for the preparation of these financial statements are as follows:

Currency	Average 2009	Closing 2009	Average 2008	Closing 2008
CHF	1.5310	1.5247	1.6276	1.6247
USD	1.3643	1.4252	1.4855	1.5729
CAD	1.5932	1.5372	1.4962	1.5946
GBP	0.8615	0.8545	0.7435	0.7911

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 expenditure including repairs and maintenance costs is recognised in the income statement as an expense as incurred.

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:

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

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.

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.

Investment properties

Investment property, principally comprising land, 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 arms 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. 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. The asset acquired under the finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

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.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is stated at cost or deemed cost less any accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

Intangible assets

Intangible assets acquired as part of a business combination are valued at their fair value 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. Intangible assets with finite lives are amortised over the period of their expected useful lives in equal annual instalments as follows;

Customer relationship	4 to 20 years
Brands	13 to 30 years
Patents and other	4 to 5 years
Computer related intangibles	3 to 5 years

All intangible assets are stated at cost less accumulated amortisation and impairment losses which are incurred. Cost comprises purchase price and other applicable directly attributable costs.

Impairment

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. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount. Goodwill, intangible assets with indefinite lives, and intangible assets not yet available for use are tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. 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, other than in the case of goodwill, is 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.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

Cash and cash equivalents

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 statement of cash flows.

Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Financial assets and liabilities

Trade and other receivables

Trade and other receivables 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 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.

Short term bank deposits

Short term bank deposits of greater than three months maturity 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.

Other financial investments

Other financial investments are recognised at the fair value of the consideration given inclusive of any acquisition charges arising. Subsequent gain or loss arising from a change in fair value is recognised in the income statement.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivatives

Forward currency contracts and interest rate swaps are marked to market using quoted market values.

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates, remeasured to their fair value. The gain or loss arising on remeasurement is recognised in the income statement except where the instrument is a designated hedging instrument.

Derivative financial instruments are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk through the use of forward currency contracts, interest rate swaps and futures contracts. These derivatives are generally designated as cash flow hedges in accordance with IAS 39. The Group does not enter into speculative derivative transactions.

Group Statement of Accounting Policies (continued) for the year ended 31 July 2009

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 the cash flow hedging reserve, a separate component of equity. Unrealised gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction occurs the related gains or losses in the hedging reserve are transferred to the income statement.

Interest bearing loans and borrowings

For interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is considered to approximate fair value for disclosure purposes. For loans with a repricing 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.

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using an effective interest rate method.

Finance lease liabilities

Fair value for disclosure purposes is based on the present value of future cash flows discounted at appropriate current market rates.

Government grants

Grants that compensate the Group for the cost of an asset are shown as deferred income and amortised in the Group income statement by 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. 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.

Notes to the Group Financial Statements

for the year ended 31 July 2009

1 Segment information

1.1 Analysis by business segment

l) Segment revenue and result in Euro '000	Food Europe		Food North America		Food Developing Markets		Origin		Unallocated*		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment revenue	1,137,230	708,806	555,110	453,301	20,414	-	1,499,516	1,498,839	-	-	3,212,270	2,660,946
Operating profit before non-recurring items	101,893	65,649	57,771	43,128	2,060	-	72,408	68,529	-	-	234,132	177,306
Non-recurring items	(22,738)	(2,262)	-	(534)	-	-	(134,437)	-	-	2,994	(157,175)	198
Operating profit	79,155	63,387	57,771	42,594	2,060	-	(62,029)	68,529	-	2,994	76,957	177,504
Share of profit of associates and joint ventures	-	10,615	13,808	15,203	-	-	3,717	2,252	-	-	17,525	28,070
Profit before financing costs	79,155	74,002	71,579	57,797	2,060	-	(58,312)	70,781	-	2,994	94,482	205,574

* In 2008 the Group did not allocate the gain on curtailment associated with the transfer of members to the defined contribution plan.
There are no significant intercompany revenues between the Group's food business segments. There were €8,321,000 (2008: €5,403,000) in intra group revenue between the Origin and food segments of the Group.

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

II) Segment assets in Euro '000	Food Europe		Food North America		Food Developing Markets		Origin		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment assets excluding investments in associates and joint ventures	1,566,132	701,008	691,875	633,275	10,256	-	557,094	778,709	2,825,357	2,112,992
Investments in associates and joint ventures	-	87,230	55,720	58,057	-	-	83,631	32,844	139,351	178,131
Segment assets	1,566,132	788,238	747,595	691,332	10,256	-	640,725	811,553	2,964,708	2,291,123

Reconciliation to total assets as reported in Group balance sheet

Derivative financial instruments									599	2,709
Cash and cash equivalents									294,536	150,093
Deferred tax assets									27,053	18,911
Total assets as reported in Group balance sheet									3,286,896	2,462,836

III) Segment liabilities in Euro '000	Food Europe		Food North America		Food Developing Markets		Origin		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Segment liabilities	274,289	217,137	109,594	99,386	6,325	-	317,675	365,321	707,883	681,844

Reconciliation to total liabilities as reported in Group balance sheet

Interest bearing loans and borrowings									953,792	738,408
Derivative financial instruments									13,076	6,124
Current and deferred tax liabilities									244,177	189,710
Total liabilities as reported in the Group balance sheet									1,918,928	1,616,086

IV) Other segment information in Euro '000	Food Europe		Food North America		Food Developing Markets		Origin		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Depreciation	40,928	15,226	13,177	11,596	523	-	7,567	9,060	62,195	35,882
Amortisation of intangible assets	33,210	7,863	9,710	8,737	63	-	3,294	2,397	46,277	18,997
Fair value adjustment	-	-	-	-	-	-	134,543	-	134,543	-
Capital expenditure – property, plant and equipment	66,063	114,861	11,331	19,201	615	-	5,854	9,033	83,863	143,095
Capital expenditure – computer related intangibles	7,050	1,158	2,827	562	43	-	668	74	10,588	1,794
Capital expenditure – brand related intangibles	-	-	-	-	-	-	-	-	-	-
Capital expenditure – other intangibles	1,086	7,122	-	-	-	-	-	-	1,086	7,122
Total capital expenditure	74,199	123,141	14,158	19,763	658	-	6,522	9,107	95,537	152,011

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

1.2 Analysis by geographical segment

in Euro `000	Europe		North America		Developing Markets		Total Group	
	2009	2008	2009	2008	2009	2008	2009	2008
Segment revenue	2,636,746	2,207,645	555,110	453,301	20,414	–	3,212,270	2,660,946
Segment assets	2,206,857	1,599,791	747,595	691,332	10,256	–	2,964,708	2,291,123
Capital expenditure	80,721	132,248	14,158	19,763	658	–	95,537	152,011

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

2 Fair value adjustments, merger costs and other income and expenses

in Euro '000	Note	2009	2008
Fair value adjustment			
Fair value adjustment to investment properties	2.1	134,543	–
Merger costs			
Share based payments	2.3	20,517	–
Bank facilities	2.4	2,221	–
		22,738	–
Other expenses/ (income)			
Gain on disposal of operations	2.2	(5,562)	–
Gain on sale of property, plant and equipment		(1,189)	–
Costs associated with the closure of the Cork flour mill		6,645	–
Pension curtailment (gain)	2.5	–	(2,994)
Loss on disposal and termination of operations	2.6	–	2,796
		(106)	(198)
Total		157,175	(198)

2.1 Investment properties – fair value adjustment

Investment property held by Origin Enterprises, plc (the Group's 71.4% owned subsidiary and separately listed company) principally comprises 32 acres (13 hectares) of development land located close to the centre of Ireland's second largest city, Cork, in its South Docklands area. The area has long been associated with Origin's port activities. More recently the Group has been considering an overall redevelopment of the area and in 2007 (the year of the Origin IPO) revalued and transferred the property to investment property.

Since the prior year, the Irish property market has deteriorated due to unprecedented combinations of negative economic factors affecting the Irish economy. The deteriorating market conditions have had a particular impact on the values of Irish land and development properties, which have seen a significant fall in value in recent times. The prior year fair value would have included a significant value attributed to the redevelopment opportunity of this land which has been substantially reduced in the current year.

In accordance with its accounting policy of carrying investment property at fair value, the Group commissioned Savills, independent qualified valuation experts, to conduct a valuation of the Group's investment properties in June 2009. The valuation was on the basis of market value and complies with the requirements of the Valuation and Appraisal Standards issued under the auspices of the Society of Chartered Surveyors. For this purpose, market value was defined by the independent valuation experts as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

The respective fair value was therefore estimated based on considerations regarding the Irish economy, the local property market, the property related development plan and its challenges, planning permissions received to date and a property analysis (strengths and

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

weaknesses, trends and saleability) rather than based on other factors or assumptions. In particular, the valuation expert reflected the impact of the lack of liquidity in the market and based his assessment on the assumption that no forced sale is required, as it may be very difficult to achieve a successful sale of these assets in the short term. The valuation expert also referred to the valuation uncertainty which may lead to a heightened price volatility due to the combination of the above mentioned factors that are contributing to a very difficult trading environment in the property market.

Against the background of current conditions in the Irish property market, and the general economic environment in Ireland, this resulted in a revaluation loss to the carrying value of investment properties of €134,543,000.

2.2 Gain on disposal of operations

On 26 September 2008, the Group disposed of the non core US based McCanns Oatmeal brand and related goodwill for a net cash consideration of €6,837,000.

On 3 February 2009, the Group transferred its 100% shareholding in United Fish Industries Limited and United Fish Industries (UK) Limited together with a cash consideration of €16,000,000 for a 50% shareholding in the enlarged Welcon Invest AS ("Welcon") business. The net assets of the business transferred on 3 February 2009 amounted to €19,822,000. The Group's 50% shareholding in Welcon is treated as a joint venture and is accounted for using the equity method of accounting in accordance with IAS 31 as and from 3 February 2009.

A gain of €5,562,000 arose on these transactions.

2.3 Merger costs - share based payment

The merger between IAWS and Hiestand triggered the vesting of all previously granted IAWS share awards. This resulted in an accelerated share based payment charge of €20,517,000 of which €18,115,000 related to equity settled schemes and €2,402,000 related to cash settled schemes, for which the up front cash payments were made in previous periods. A related deferred tax credit of €218,000 has been reflected within the taxation charge. Net of deferred tax the amount is €20,299,000.

2.4 Merger costs - banking facilities

As a result of creating ARYZTA, new banking facilities were negotiated by the enlarged Group. This resulted in the extinguishment of redundant IAWS facilities whose related unamortised facility costs of €2,221,000 were expensed to the income statement.

2.5 Pension curtailment gain

During the year ended 31 July 2008, a curtailment gain of €2,994,000 was recorded in relation to the restructuring of the IAWS Group Defined Benefit Pension Plan.

2.6 Loss on disposal and termination of operations

During the year ended 31 July 2008, Food Europe and North America businesses recorded costs of €2,796,000 in relation to the restructuring of manufacturing and distribution operations.

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

3 Financing income and costs

in Euro `000	2009	2008
Financing income		
Interest income	(1,924)	(3,982)
Defined benefit plan expected return on plan assets (note 25)	(5,131)	(4,721)
Total financing (income) recognised in income statement	(7,055)	(8,703)
Financing costs		
Interest payable on bank loans and overdrafts	49,061	39,960
Interest payable under finance leases	270	186
Defined benefit plan: interest cost on plan liabilities (note 25)	5,850	4,105
Financing charge on deferred consideration (note 19)	2,526	2,082
Total financing costs recognised in income statement	57,707	46,333
Effective portion of changes in fair value of interest rate swaps*	11,972	(121)
Fair value of interest rate swaps transferred to income statement*	(862)	(901)
Total financing expense/(income) recognised directly in equity	11,110	(1,022)

* No unrealised gains or losses on any ineffective portion of derivatives have been recognised in the income statement.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

4 Other information

Group revenue categories

in Euro '000	2009	2008
Sale of products	3,175,223	2,627,075
Rendering of services	37,047	33,871
	3,212,270	2,660,946

Group operating profit was arrived at after charging/(crediting) the following amounts

in Euro '000	2009	2008
Depreciation of property, plant and equipment		
– owned assets	55,154	29,570
– leased assets	7,041	6,312
	62,195	35,882
Amortisation of intangible assets	46,277	18,997
Amortisation of government grants	(2,026)	(327)
Operating lease rentals		
– plant and machinery	5,843	7,457
– other	25,176	17,884
Research and development expenditure	5,307	13,970
Auditor's remuneration for audit services	2,200	1,377
Auditor's remuneration for non-audit services	3,655	2,528

5 Directors' emoluments and interests

Directors' interests are disclosed in the Corporate Governance Report on pages 21 to 36 inclusive in this Annual Report, and emoluments are disclosed in note 10 of the ARYZTA Company Financial Statements 2009.

6 Group share of associates and joint ventures profit after tax

Joint ventures

in Euro '000	2009	2008
Group share of:		
Revenue	89,419	52,818
Profit after tax	16,193	15,203

Associates

in Euro '000	2009	2008
Group share of:		
Revenue	122,496	275,796
Profit after tax	1,332	12,867

Share of profit of associates and joint ventures

	17,525	28,070
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Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

7 Employment

**The average number of persons employed
by the Group during the year was as follows**

	2009	2008
Sales and distribution	3,780	2,644
Production	4,382	2,550
Management and administration	1,182	800
	9,344	5,994

Aggregate employment costs of the Group are analysed as follows

in Euro '000	2009	2008
Wages and salaries	363,255	224,075
Social welfare costs	35,497	30,535
Pension costs (note 25)		
– defined benefit plans – statement of recognised income and expense	(3,913)	(19,577)
– defined benefit plans – income statement	3,400	(2,313)
– defined contribution plans	2,060	4,016
Share-based payment (note 8)	21,858	11,886
	422,157	248,622

8 Share-based payments

The Group has outstanding grants of equity instruments under the following plans and schemes:

- The ARYZTA Long Term Incentive Plan (“ARYZTA LTIP”);
- The 2006 Origin Enterprises Long Term Incentive Plan (the Origin Plan).

As set out in note 2.3 of these Group Financial Statements, the merger between IAWS and Hiestand triggered the vesting of all previously granted IAWS share awards. This resulted in an accelerated share based payment charge of €20,517,000 of which €18,115,000 related to equity settled schemes and €2,402,000 related to cash settled schemes, for which the up front cash payments were made in previous periods.

The equity settled schemes which vested were granted under the following plans and schemes:

- The 1997 Share Option Scheme
- The Employee Equity Participation Scheme (IAWS Long Term Incentive Plan 2006)
- The Executive Co-Investment Scheme (IAWS Long Term Incentive Plan 2006)

The total expense reported in the Group income statement in the period in relation to equity settled share based payments is €21,858,000 (2008: €11,886,000), including the accelerated share based payment charge upon the merger of IAWS and Hiestand of €18,115,000, as detailed in note 2.3 of these Group Financial Statements.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

8.1 ARYZTA LTIP

Impact on income statement

in Euro '000	2009	2008
Issued in FY 2009	2,827	–
	2,827	–

	Weighted conversion price in Euro 2009	Number of equity entitlements 2009
Details of equity entitlements issued under the ARYZTA LTIP		
Outstanding at beginning of year	–	–
Issued during the year 1)	0.01	1,035,000
Outstanding at the end of year	0.01	1,035,000
Vested at end of year	–	–

1) During the year, employees were granted 1,035,000 equity entitlements in the Company. All equity entitlements granted have a life of ten years.

Analysis of closing balance – outstanding at the end of the year	Conversion price	Number of equity entitlements 2009	Actual remaining life (years) 2009
Equity entitlements by conversion price	0.01	1,035,000	9
Total outstanding as at 31 July	0.01	1,035,000	9

The general terms and conditions applicable to the equity instruments granted under the ARYZTA LTIP are described in note 10 of the ARYZTA Company Financial Statements 2009.

The equity instruments granted under the ARYZTA LTIP 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 ARYZTA LTIP represents the full value of an ordinary share on the date of grant adjusted for the lost dividends between date of issue and vesting date.

None of these equity entitlements have vested at the end of the year.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

8.2 The Origin Long Term Incentive Plan (the "Origin Plan")

Origin Plan - Ordinary Share awards

Under the terms of the Origin Plan, 4,682,134 Ordinary Shares were issued to senior executives 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 must remain with Origin Enterprises plc for five years and financial and business targets must be achieved. If a senior executive leaves before the five year period or the financial and business targets are not achieved, the Ordinary Shares issued under the terms of the Origin Plan may be reacquired by Origin at the lower of the amount paid for the shares and the then fair market value of the shares.

Origin Plan - awards of other equity entitlements

Under the terms of the Origin Plan, senior executive employees are also issued equity entitlements of €0.01 in Origin Enterprises plc at par value which will be converted on a one to one basis into Ordinary Shares in Origin after the expiration of 5 years. The conversion will occur only if specified EPS targets are achieved and the employee remains in employment.

Impact on income statement

in Euro '000	2009	2008
Issued in FY 2007	615	615
Issued in FY 2008	301	94
	916	709

Details of equity entitlements granted under the long term incentive plan	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009	Weighted conversion price 2008 in Euro	Number of equity entitlements 2008
Equity entitlements outstanding at beginning of year	0.01	5,555,270	0.01	5,140,770
Issued during the year	-	-	0.01	414,500
Equity entitlements outstanding at end of year	0.01	5,555,270	0.01	5,555,270
Vested at end of year	-	-	-	-

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.

None of these equity entitlements have vested at the end of the year.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

8.3 The 1997 Share Option Scheme

The merger of IAWS and Hiestand on 21 August 2008 triggered the vesting of all previously granted options under this scheme.

The measurement requirements of IFRS 2 had been implemented in respect of share options that were granted after 7 November 2002 under this scheme, that had not vested at the date of transition of the Company to IFRS (1 August 2005).

Impact on income statement

in Euro '000	2009	2008
Issued in FY 2006	3,530	2,185
	3,530	2,185

Details of options granted under the share option scheme	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009	Weighted conversion price 2008 in Euro	Number of equity entitlements options 2008
Options outstanding at beginning of year	12.07	3,669,300	11.35	4,540,250
Lapsed during the year	–	–	9.98	(437,000)
Exercised during the year	–	–	6.60	(433,950)
Vested on merger I)	12.07	(3,669,300)	–	–
Options outstanding at end of year	–	–	12.07	3,669,300
Exercisable at end of year	–	–	8.21	1,281,800

I) As set out in note 2.3 of these Group Financial Statements, the merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted share awards under the 1997 Share Option Scheme.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

8.4 The Employee Equity Participation Scheme (“EEPS”)

The merger of IAWS and Hiestand on 21 August 2008 triggered the vesting of all previously granted equity entitlements under this scheme.

The measurement requirements of IFRS 2 had been implemented in respect of the equity entitlements granted under this scheme.

Impact on income statement

in Euro '000	2009	2008
Issued in FY 2007	1,161	1,161
Issued in FY 2008	2,495	1,247
	3,656	2,408

Details of options granted under the share option scheme	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009	Weighted conversion price 2008 in Euro	Number of equity entitlements 2008
Options outstanding at beginning of year	15.65	2,230,000	17.10	970,000
Issued during the year	–	–	14.35	1,260,000
Vested on merger 1)	15.65	(2,230,000)	–	–
Options outstanding at end of year	–	–	15.65	2,230,000
Exercisable at end of year	–	–	–	–

1) As set out in note 2.3 of these Group Financial Statements, the merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted EEPS equity entitlements.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

8.5 The Executive Co-Investment Scheme (‘ECIS’ or ‘Matching Scheme’)

The merger of IAWS and Hiestand on 21 August 2008 triggered the vesting of all previously granted equity entitlements under this scheme.

The measurement requirements of IFRS 2 had been implemented in respect of the equity entitlements granted under this scheme.

Impact on income statement

in Euro `000	2009	2008
Issued in FY 2008	2,239	2,239
Issued in FY 2009	8,690	4,345
	10,929	6,584

Details of options granted under the share option scheme	Weighted conversion price 2009 in Euro	Number of equity entitlements 2009	Weighted conversion price 2008 in Euro	Number of equity entitlements 2008
Options outstanding at beginning of year	0.30	1,350,000	0.30	405,000
Issued during the year	–	–	0.30	945,000
Vested on merger I)	0.30	(1,350,000)	–	–
Options outstanding at end of year	–	–	0.30	1,350,000
Exercisable at end of year	–	–	–	–

1) As set out in note 2.3 of these Group Financial Statements, the merger between IAWS and Hiestand in August 2008 triggered the vesting of all previously granted ECIS equity entitlements.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

9 Income tax

Current tax in Euro '000	2009	2008
Current tax on profit for the year	29,715	27,781
Adjustments in respect of prior years	(3,085)	695
Less: manufacturing relief	–	(609)
Total current tax charge	26,630	27,867
Deferred tax:		
Origination and reversal of timing differences I)	(26,457)	(634)
Effect of tax rate change	2,442	(1,868)
Adjustments in respect of prior years	238	102
Total deferred tax (credit)	(23,777)	(2,400)
Income tax expense	2,853	25,467
Reconciliation of average effective tax rate to applicable tax rate in Euro '000		
Profit before tax	43,830	167,944
Less share of profits of associates and joint ventures	(17,525)	(28,070)
	26,305	139,874
Income tax on profits for the year at 21.2% (2008: 12.5%) II)	5,577	17,484
Expenses not deductible for tax purposes	6,635	2,757
Higher rates of tax on other income	350	914
(Lower)/higher rates of tax on earnings in other jurisdictions	(9,787)	6,340
Adjustments in respect of prior years	(2,848)	797
Manufacturing relief	–	(609)
Unutilised tax losses	594	16
Other items III)	2,332	(2,232)
Income tax expense	2,853	25,467
Movement recognised directly in equity		
Effect of capital gains tax rate change in Ireland	7,035	–
Relating to Group employee benefit plans actuarial losses	(817)	(2,371)
Derivative financial instruments	(1,314)	(189)
	4,904	(2,560)

I) Includes impact of the fair value adjustment on investment properties.

II) 21.2% is the standard rate of income tax applicable to trading profits in Zurich, Switzerland. In 2008, 12.5% was the standard rate of income tax applicable to trading profits in Ireland.

III) Other items primarily reflect a once off deferred tax cost in respect of the increase in the Irish capital gains tax rate during the year. The 2008 credit primarily arises in respect of a once off deferred tax benefit associated with a reduction of the US State tax rate on the Group's US activities.

10 Dividends

At the 3 December 2009 General Meeting, shareholders will be invited to approve a proposed dividend of CHF 0.5324 (Euro equivalent €0.3520) per share to be paid to shareholders after the balance sheet date. No dividend was paid during the period (2008: no dividend).

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

11 Earnings per share

On 21 August 2008, the merger of IAWS and Hiestand was completed. Following the merger, the IAWS shareholders received 0.5 shares of ARYZTA for each IAWS share. The basic and diluted earnings per share presented below for the year ended 31 July 2008 has been adjusted to reflect this change in the number of shares.

	2009	2008
	in Euro `000	in Euro `000
Basic earnings per share		
Profit for year attributable to equity shareholders	54,010	129,752
Weighted average number of ordinary shares	`000	`000
Issued ordinary shares at 1 August	63,669	63,453
Effect of shares issued during the year	14,758	104
Weighted average number of ordinary shares for the year	78,427	63,557
Basic earnings per share	68.87 cent	204.15 cent
Diluted earnings per share	in Euro `000	in Euro `000
Profit for year attributable to equity shareholders	54,010	129,752
Effect on minority interest share of profits due to dilutive effect of Origin equity entitlements 1)	–	(1,075)
Diluted profit for financial year attributable to equity shareholders	54,010	128,677
Weighted average number of ordinary shares (diluted)	`000	`000
Weighted average number of ordinary shares used in basic calculation	78,427	63,557
Effect of equity instruments with a dilutive effect	200	661
Weighted average number of ordinary shares (diluted) for the year	78,627	64,218
Diluted earnings per share	68.69 cent	200.38 cent

1) This dilutive adjustment reflects the dilutive impact of equity entitlements granted to Origin senior management under the Origin Plan as detailed in note 8.2 of these Group Financial Statements. These equity entitlements dilute the Group's share of Origin profits available as part of its diluted earnings per share calculation.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

12 Property, plant and equipment

31 July 2009 in Euro `000	Land and buildings	Plant and machinery	Motor vehicles	Assets under construction	Total
Cost					
At 1 August 2008	180,963	395,577	12,247	154,488	743,275
Additions	4,345	35,512	1,983	42,023	83,863
Transfer from assets under construction	120,357	76,154	–	(196,511)	–
Arising on business combination (note 30)	91,181	85,429	12,727	–	189,337
Disposals	(10,538)	(63,378)	(4,539)	–	(78,455)
Translation adjustments	(11,762)	8	(1,829)	–	(13,583)
At 31 July 2009	374,546	529,302	20,589	–	924,437
Accumulated depreciation					
At 1 August 2008	37,342	214,479	8,463	–	260,284
Depreciation charge for year	9,580	47,782	4,833	–	62,195
Disposals	(2,767)	(49,621)	(3,800)	–	(56,188)
Translation adjustments	(2,298)	(3,309)	(779)	–	(6,386)
At 31 July 2009	41,857	209,331	8,717	–	259,905
Net book amounts					
At 31 July 2009	332,689	319,971	11,872	–	664,532
At 31 July 2008	143,621	181,098	3,784	154,488	482,991

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

31 July 2008 in Euro `000	Land and buildings	Plant and machinery	Motor vehicles	Assets under construction	Total
Cost					
At 1 August 2007	150,863	358,851	3,389	52,634	565,737
Additions	3,521	37,337	383	101,854	143,095
Arising on business combination (note 30)	35,971	45,737	9,699	–	91,407
Disposals	(439)	(6,876)	(932)	–	(8,247)
Translation adjustments	(8,953)	(39,472)	(292)	–	(48,717)
At 31 July 2008	180,963	395,577	12,247	154,488	743,275
Accumulated depreciation					
At 1 August 2007	27,191	179,394	2,659	–	209,244
Depreciation charge for year	4,575	30,226	1,081	–	35,882
Arising on business combination (note 30)	7,382	30,536	5,805	–	43,723
Disposals	(225)	(6,381)	(744)	–	(7,350)
Translation adjustments	(1,581)	(19,296)	(338)	–	(21,215)
At 31 July 2008	37,342	214,479	8,463	–	260,284
Net book amounts					
At 31 July 2008	143,621	181,098	3,784	154,488	482,991
At 31 July 2007	123,672	179,457	730	52,634	356,493

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 Euro `000	Buildings	Plant and equipment	Motor vehicles	Total
At 31 July 2009	8,728	2,959	942	12,629
At 31 July 2008	10,414	1,830	1,548	13,792

Future purchase commitments at 31 July for property, plant and equipment

in Euro `000	2009	2008
Contracted but not provided for in the financial statements	7,474	46,028
Authorised by the directors but not contracted for	8,687	5,215
Total	16,161	51,243

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

13 Investment properties

in Euro '000	2009	2008
Balance at beginning of year	192,418	165,473
Fair value adjustment	(134,543)	–
Arising on business combination (note 30)	3,747	14,000
Development costs capitalised	1,339	12,945
Translation adjustment	14	–
Balance at end of year	62,975	192,418

Investment property principally comprises development land located in Ireland in areas destined for future development and regeneration. Rental income from these properties is negligible from a Group perspective and is not disclosed separately.

Development costs capitalised relates to various works carried out on development land held as investment properties.

Investment property held by Origin Enterprises, plc (the Group's 71.4% owned subsidiary and separately listed company) principally comprises 32 acres (13 hectares) of development land located close to the centre of Ireland's second largest city, Cork, in its South Docklands area. The area has long been associated with Origin's port activities. More recently the Group has been considering an overall redevelopment of the area and in 2007 (the year of the Origin IPO) revalued and transferred the property to investment property.

Since the prior year, the Irish property market has deteriorated due to unprecedented combinations of negative economic factors affecting the Irish economy. The deteriorating market conditions have particularly impacted the values of Irish land and development properties, which have seen a significant fall in value in recent times. The prior year fair value would have included a significant value attributed to the redevelopment opportunity of this land which has been substantially reduced in the current year.

In accordance with its accounting policy of carrying investment property at fair value, the Group commissioned Savills, independent qualified valuation experts, to conduct a valuation of the Group's investment properties in June 2009. The valuation was on the basis of market value and complies with the requirements of the Valuation and Appraisal Standards issued under the auspices of the Society of Chartered Surveyors. For this purpose market value was defined by the independent valuation experts as the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

The respective fair value was therefore estimated based on considerations regarding the Irish economy, the local property market, the property related development plan and its challenges, planning permissions received to date and a property analysis (strengths and weaknesses, trends and saleability) rather than based on other factors or assumptions. In particular, the valuation expert reflected the impact of the lack of liquidity in the market and based his assessment on the assumption that no forced sale is required as it may be very difficult to achieve a successful sale of these assets in the short term. The valuation expert also referred to the valuation uncertainty which may lead to a heightened price

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

volatility due to the combination of the above mentioned factors that are contributing to a very difficult trading environment in the property market.

Against the background of current conditions in the Irish property market, and the general economic environment in Ireland, this resulted in a revaluation loss to the carrying value of investment properties of €134,543,000.

14 Goodwill and intangible assets

31 July 2009 in Euro '000	Goodwill	Customer relationships	Brands	Computer related	Patents and other	Total
Cost						
At 1 August 2008	558,634	160,747	136,848	30,530	7,874	894,633
Arising on business combination (note 30)	360,031	160,227	114,741	1,208	–	636,207
Additions	–	–	–	10,588	1,086	11,674
Disposals	(1,520)	(2,400)	(2,400)	(2,984)	–	(9,304)
Other	376	–	–	–	–	376
Translation adjustments	51,893	10,189	5,980	485	(56)	68,491
At 31 July 2009	969,414	328,763	255,169	39,827	8,904	1,602,077
Accumulated amortisation						
At 1 August 2008	–	18,694	17,052	22,973	87	58,806
Amortisation	–	27,519	14,364	3,974	420	46,277
Disposals	–	(80)	(160)	(2,895)	–	(3,135)
Translation adjustments	–	722	278	704	(5)	1,699
At 31 July 2009	–	46,855	31,534	24,756	502	103,647
Net book amounts						
At 31 July 2009	969,414	281,908	223,635	15,071	8,402	1,498,430
At 31 July 2008	558,634	142,053	119,796	7,557	7,787	835,827

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

31 July 2008 in Euro `000	Goodwill	Customer relationships	Brands	Computer related	Patents and other	Total
Cost						
At 1 August 2007	531,340	137,389	127,738	31,429	–	827,896
Arising on business combination (note 30)	79,746	38,012	18,651	1,533	800	138,742
Additions	–	–	–	1,794	7,122	8,916
Disposals	–	–	–	(1,098)	–	(1,098)
Other	(361)	–	–	–	–	(361)
Translation adjustments	(52,091)	(14,654)	(9,541)	(3,128)	(48)	(79,462)
At 31 July 2008	558,634	160,747	136,848	30,530	7,874	894,633
Accumulated amortisation						
At 1 August 2008	–	10,181	11,358	21,876	–	43,415
Arising on business combination (note 30)	–	–	–	1,127	–	1,127
Amortisation	–	9,383	6,334	3,187	93	18,997
Disposals	–	–	–	(1,074)	–	(1,074)
Translation adjustments	–	(870)	(640)	(2,143)	(6)	(3,659)
At 31 July 2008	–	18,694	17,052	22,973	87	58,806
Net book amounts						
At 31 July 2008	558,634	142,053	119,796	7,557	7,787	835,827
At 31 July 2007	531,340	127,208	116,380	9,553	–	784,481

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Impairment testing on goodwill

Goodwill acquired through business combinations has been allocated at acquisition to the appropriate cash generating units that are expected to benefit from the business combination. The carrying amount of goodwill allocated to cash generating units across the Group is summarised as follows:

in Euro '000	Discount rate 2009	Projection period	Growth rate	2009	2008
Hiestand Holding AG	10.1%	4 years	2%	365,046	–
Otis Spunkmeyer Inc.	10.4%	4 years	2%	265,461	240,534
Groupe Hubert	13.0%	4 years	2%	111,822	90,884
Masstock Group Holdings Limited	11.9%	4 years	2%	49,521	50,574
La Brea Bakery	10.4%	4 years	2%	51,170	46,490
Other I)	–	–	–	126,394	130,152
				969,414	558,634
Goodwill arising on investments in joint venture and associates				21,980	41,235

I) Other is comprised of goodwill in a number of cash generating units which are individually insignificant.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. No impairment losses have been recognised in respect of the Group's cash generating units in the years ended 31 July 2009 and 31 July 2008.

The recoverable amounts of cash generating units are based on value in use calculations. Those calculations use cash flow projections based on expected future operating results and cash flows. The cash flow 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 over a 4 year period with additional cash flows in subsequent years calculated using a terminal value methodology, unless a shorter period is appropriate to the circumstances of a particular cash generating unit. The cash flows are discounted using appropriate risk adjusted discount rates as disclosed in the table above averaging 11.2% (2008: 12.0%), reflecting the risk associated with the individual future cash flows and the risk free rate. 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 greater of the value in use or the recoverable amount of the business unit. However the results of the impairment testing undertaken at 31 July 2009 provide sufficient headroom such that any reasonable realistic movement in any of the underlying assumptions would not give rise to an impairment charge.

Key assumptions include management's estimates of future profitability and replacement capital expenditure requirements.

The term of the discounted cashflow model is a significant factor in determining the fair value of the cash-generating units. The term has been arrived at taking account of the Group's strong financial position, its established history of earnings growth and cash flow generation and its proven ability to pursue and integrate value enhancing acquisitions. The goodwill included within the carrying amount of investments in associates and joint ventures is subject to annual impairment testing on a similar basis to the goodwill arising on the Group's subsidiaries.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

15 Investments in associates and joint ventures

31 July 2009 in Euro `000	Note	Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2008		120,074	58,057	178,131
Share of profits after tax		1,332	16,193	17,525
Additions	15.1	7,013	45,991	53,004
Associate becoming a subsidiary	15.2	(87,266)	–	(87,266)
Dividends received		(1,986)	(21,018)	(23,004)
Gains recognised directly through equity		(1,326)	704	(622)
Translation adjustments		(1,010)	2,593	1,583
At 31 July 2009		36,831	102,520	139,351

31 July 2008 in Euro `000		Share of associates net assets	Share of joint ventures net assets	Total
At 1 August 2007		104,297	64,708	169,005
Share of profits after tax		12,867	15,203	28,070
Additions	15.3	15,632	–	15,639
Associate becoming a subsidiary	15.4	(10,450)	–	(10,450)
Dividends received		(4,149)	(16,041)	(20,190)
Gains recognised directly through equity		3,254	81	3,335
Translation adjustments		(1,377)	(5,894)	(7,278)
At 31 July 2008		120,074	58,057	178,131

15.1 2009 additions

On 3 February 2009, the Group transferred its 100% shareholding in United Fish Industries and United Fish Industries (UK) together with cash consideration of €16,000,000 for a 50% shareholding in the enlarged Welcon business. The net assets of the business transferred on 3 February 2009 amounted to €19,822,000 and the Group's shareholding is treated as a joint venture and is accounted for using the equity method of accounting. A breakdown of the carrying amount is presented in the following table:

in Euro `000	Total
Net assets transferred	19,822
Cash consideration	16,000
Transaction costs paid	2,146
Gain arising on transfer	5,562
Other	2,461
Total	45,991

The cash consideration of €16,000,000 together with transaction costs paid of €2,146,000 and the cash element of the net assets transferred of €1,025,000 resulted in a total cash flow impact from this transaction of €19,171,000.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

During 2009 Origin increased its shareholding in Continental Farmers Group plc, a large scale producer of high value agriculture crops operating in Poland and the Ukraine from 20% to 36.9% for a cash consideration of € 7,013,000.

The total cash flow impact of the two additions above is €26,184,000.

15.2 2009 associate becoming a subsidiary

On 1 August 2008, the Group's ownership in Hiestand Holding AG was increased from 32% to 64%. As a result and from that date Hiestand has been accounted for as a subsidiary undertaking and not as an associate undertaking. The remaining 36% holding was subsequently absorbed by ARYZTA by means of a statutory merger under Swiss Law as disclosed in note 30 to these Group Financial Statements.

15.3 2008 additions

In June 2008 the Group acquired a 20% interest in Continental Farmers Group plc ("Continental Farmers"), a large scale producer of high value agriculture crops operating in Poland and the Ukraine. Continental Farmers primary objective is to significantly extend its farming business in the Ukraine and the funds invested by the Group will be used to achieve this.

In June 2008, the Group acquired 2,500,000 preference shares in BHH Limited (holding company for John Thompson & Sons) for £2,500,000.

15.4 2008 associate becoming a subsidiary

During the prior year, the Group completed the acquisition of the remaining 50% interest in the Odlum Group ("Odlums") that it did not previously own. As a result, Odlums is now accounted for as a subsidiary undertaking and not as an associate undertaking. Further disclosures in relation to this acquisition are set out in note 30.

15.5 Associate and joint venture reporting period

The amounts included in these Group Financial Statements in respect of the income and expenses 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 joint ventures, Cillryan's Bakery Limited and Welcon AS, both have a 31 December year end.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

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

31 July 2009 in Euro `000	Associates	Joint ventures	Total
Non current assets	25,871	82,786	108,657
Current assets	29,003	46,730	75,733
Non current liabilities	(5,583)	(21,410)	(26,993)
Current liabilities	(12,840)	(27,186)	(40,026)
Net assets	36,451	80,920	117,371
Goodwill	380	21,600	21,980
At 31 July 2009	36,831	102,520	139,351

31 July 2008 in Euro `000			
Non current assets	102,181	48,923	151,104
Current assets	63,079	16,372	79,451
Non current liabilities	(34,313)	(3,578)	(37,891)
Current liabilities	(46,281)	(9,487)	(55,768)
Net assets	84,666	52,230	136,896
Goodwill	35,408	5,827	41,235
At 31 July 2008	120,074	58,057	178,131

16 Inventory

in Euro `000	2009	2008
Raw materials	64,557	85,827
Finished goods	119,928	145,334
Consumable stores	8,161	2,946
Total inventory	192,646	234,107

A total expense of €2,393,000 (2008: €2,906,680) was recognised in the income statement arising from write down of inventory.

17 Trade and other receivables

in Euro `000	2009	2008
Current		
Trade receivables	352,595	296,496
Trade receivables due from associates	216	2,503
VAT recoverable	6,536	11,137
Prepayments and accrued income	22,864	36,906
Other receivables	24,563	20,607
	406,774	367,649

A total expense of €4,536,000 (2008: €2,817,000) was recognised in the income statement arising from impairment of trade receivables.

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

18 Trade and other payables

in Euro `000	2009	2008
Non current		
Other payables	1,025	406
Current		
Trade payables	335,008	316,560
Trade payables due to associates and joint ventures	2,984	610
Accruals and other payables (1)	260,319	256,439
Income tax and social welfare	9,907	5,194
Value added tax	6,073	7,494
	614,291	586,297

(1) Accruals and other payables consist in the majority of balances due for goods and services received not yet invoiced.

19 Deferred consideration

Provisions comprise the net present value of the amounts expected to be payable in respect of deferred consideration arising on business combinations. Residual deferred consideration is due entirely within 5 years and is payable subject to the achievement of earnings based targets.

in Euro `000	2009	2008
Balance at 1 August	65,679	73,063
Arising on business combination (note 30)	3,800	–
Discounting charge	2,526	2,082
Payments of deferred consideration	(27,384)	(1,671)
Translation adjustment	461	(7,795)
Balance at 31 July	45,082	65,679
Classified as:		
Current	3,823	27,974
Non-current	41,259	37,705
	45,082	65,679

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

20 Cash and cash equivalents

As set out further in note 21 of these Group 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 segments of the Group ('Food') as a whole and the second funding structure finances the Origin segment and its related subsidiaries ('Origin').

In accordance with IAS 7, Cash Flow Statements, 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 balance sheet.

in Euro '000	2009	2008
Food cash at bank and in hand	204,586	74,861
Origin cash at bank and in hand	89,950	75,232
Total cash at bank and in hand	294,536	150,093
Food bank overdraft	(15,276)	(43,109)
Origin bank overdraft	(10,116)	(225)
Bank overdrafts (note 21)	(25,392)	(43,334)
Included in the Group cash flow statement	269,144	106,759

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.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

21 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings, which are measured at amortised cost.

The Group operates two distinct debt funding structures which are segregated in line with its segmental and corporate reporting structures. The Group's 71.4% subsidiary, Origin Enterprises plc has a separate funding structure which is financed without recourse to ARYZTA AG or its Europe, North America and Developing Market Food business segment subsidiaries.

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

in Euro `000	2009	2008
<i>Included in non-current liabilities</i>		
Food loans	692,622	442,112
Origin loans	231,870	248,301
Total bank loans	924,492	690,413
Finance leases	2,760	2,872
Non current interest bearing loans and borrowings	927,252	693,285
<i>Included in current liabilities</i>		
Bank overdrafts	25,392	43,334
Finance leases	1,148	1,789
Current interest bearing loans and borrowings	26,540	45,123
Total bank loans and overdrafts	949,884	733,747
Total finance leases	3,908	4,661

Analysis of net debt	1 August 2008	Cashflow	Arising on business combination	Non cash movements	Translation adjustment	31 July 2009
in Euro `000						
Cash	150,093	145,486	–	–	(1,043)	294,536
Overdrafts	(43,334)	17,774	–	–	168	(25,392)
Cash and cash equivalents	106,759	163,260	–	–	(875)	269,144
Loans	(690,413)	(68,242)	(128,633)	(2,868)	(34,336)	(924,492)
Finance leases	(4,661)	1,300	(659)	–	112	(3,908)
Net debt	(588,315)	96,318	(129,292)	(2,868)	(35,099)	(659,256)

Split of net debt	1 August 2008	Cashflow	Arising on business combination	Non cash movements	Translation adjustment	31 July 2009
in Euro `000						
Food net debt	(413,190)	79,029	(126,272)	(2,868)	(42,203)	(505,504)
Origin net debt	(175,125)	17,289	(3,020)	–	7,104	(153,752)
Net debt	(588,315)	96,318	(129,292)	(2,868)	(35,099)	(659,256)

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

The terms of outstanding loans are as follows:

2009	Currency	Year of maturity	Face value in Euro `000	Carrying amount in Euro `000
Food loans				
Unsecured ARYZTA loan facility	EUR	2013	379,738	376,661
Unsecured private placement				
Series A	USD	2014	105,248	105,248
Series B	USD	2017	175,414	175,414
Series C	USD	2019	35,083	35,083
Other	EUR	2011	217	217
Origin loans				
Facility A	EUR	2012	115,000	113,207
Facility D	EUR	2012	16,000	16,000
Facility E	GBP	2012	43,622	43,622
Facility G	GBP	2012	9,040	9,040
Facility G	EUR	2012	50,000	50,000
			929,362	924,492

2008	Currency	Year of maturity	Face value in Euro `000	Carrying amount in Euro `000
Food loans				
Unsecured IAWS loan facility	EUR	2011	157,957	155,735
Unsecured private placement				
Series A	USD	2014	95,365	95,365
Series B	USD	2017	158,942	158,942
Series C	USD	2019	31,788	31,788
Other	EUR	2011	282	282
Origin loans				
Facility A	EUR	2012	115,000	115,000
Facility B	EUR	2012	10,987	10,987
Facility C	EUR	2010	50,000	50,000
Facility E	GBP	2010	47,118	47,118
Facility F	GBP	2010	25,196	25,196
			692,635	690,413

At 31 July 2009, the weighted average effective interest rate in respect of the Group's interest bearing liabilities was 4.18% (2008: 5.27%)

Repayment schedule – loans and overdrafts

in Euro `000	2009	2008
Less than one year	25,392	43,334
Between one and five years	713,995	404,317
After five years	210,497	286,096
Loans and overdrafts	949,884	733,747

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Repayment schedule – finance leases in Euro `000	Minimum lease payments 2009	Interest 2009	Present value of payments 2009	Minimum lease payments 2008	Interest 2008	Present value of payments 2008
Less than one year	1,258	110	1,148	1,854	186	1,788
Between one and five years	3,191	431	2,760	3,203	366	2,802
After five years	–	–	–	71	1	71
Total	4,449	541	3,908	5,128	553	4,661

Guarantees

As set out previously in this note, the Group operates two separate funding structures. All Group borrowings within the Food funding structures are secured by guarantees from ARYZTA and cross guarantees from various companies within the Food Group.

All Group borrowings within the Origin structure are guaranteed by Origin Enterprises plc with fixed and floating charges over the Origin Group assets totalling €736,000,000. The Origin borrowings do not have recourse to ARYZTA or any Group subsidiaries outside of the Origin Group.

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;

in Euro `000	Fair value through income statement 2009	Hedge instruments 2009	Loans and receivables 2009	Liabilities at amortised cost 2009	Total carrying amount 2009	Fair value 2009
Trade and other receivables	–	–	383,910	–	383,910	383,910
Cash and cash equivalents	–	–	294,536	–	294,536	294,536
Derivative financial assets	–	599	–	–	599	599
Total financial assets	–	599	678,446	–	679,045	679,045
Trade and other payables	–	–	–	(615,316)	(615,316)	(615,316)
Bank overdrafts	–	–	–	(25,392)	(25,392)	(25,392)
Bank borrowings	–	–	–	(924,492)	(924,492)	(981,611)
Finance lease liabilities	–	–	–	(3,908)	(3,908)	(3,908)
Derivative financial liabilities	–	(13,076)	–	–	(13,076)	(13,076)
Total financial liabilities	–	(13,076)	–	(1,569,108)	(1,582,184)	(1,639,303)

in Euro `000	Fair value through income statement 2008	Hedge instruments 2008	Loans and receivables 2008	Liabilities at amortised cost 2008	Total carrying amount 2008	Fair value 2008
Trade and other receivables	–	–	330,743	–	330,743	330,743
Cash and cash equivalents	–	–	150,093	–	150,093	150,093
Derivative financial assets	–	2,709	–	–	2,709	2,709
Total financial assets	–	2,709	480,836	–	483,545	483,545
Trade and other payables	–	–	–	(586,703)	(586,703)	(586,703)
Bank overdrafts	–	–	–	(43,334)	(43,334)	(43,334)
Bank borrowings	–	–	–	(690,413)	(690,413)	(731,943)
Finance lease liabilities	–	–	–	(4,661)	(4,661)	(4,661)
Derivative financial liabilities	(100)	(6,024)	–	–	(6,124)	(6,124)
Total financial liabilities	(100)	(6,024)	–	(1,325,111)	(1,331,235)	(1,372,765)

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

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

For receivables and 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. All other receivables and payables are discounted to fair value on initial recognition and in relation to subsequent 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 a 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.

Interest bearing loans and borrowings

For interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is deemed to reflect fair value. For loans with repricing dates of greater than six months, the fair value is calculated based on the present value of the expected future principal and interest cash flows discounted at interest rates effective at the balance sheet date.

Finance lease liabilities

Fair value is based on the present value of future cash flows discounted at market rates at the balance sheet date.

Risk exposures

Group risk management

Risk management is a fundamental element of the Group's business practice on 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 7 of the Company Financial Statements 2009. 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.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Credit risk

Exposure to credit risk

Credit risk arises from credit to customers arising 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.

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.

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. For banks and financial institutions, only independently rated banks with a minimum rating of "A1/P1" are accepted.

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 Euro '000	Carrying amount 2009	Carrying amount 2008
Trade and other receivables	383,910	330,743
Cash and cash equivalents	294,536	150,093
Derivative financial assets	599	2,709
	679,045	483,545

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

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

in Euro '000	Carrying amount 2009	Carrying amount 2008
Europe	301,155	255,468
North America	45,619	40,908
Developing Markets	5,821	–
Other	–	120
	352,595	296,496

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

in Euro '000	Carrying amount 2009	Carrying amount 2008
ARYZTA food	171,493	115,005
Origin food businesses	33,264	37,884
Origin agribusiness	147,838	143,607
	352,595	296,496

The aging of trade receivables at the reporting date was:

in Euro '000	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
Not past due	269,318	2,079	232,014	–
Past due 0-30 days	70,112	1,170	47,585	–
Past due 31-120 days	21,852	5,438	22,889	6,367
Past due more than 121 days	4,909	4,909	7,436	7,061
Total	366,191	13,596	309,924	13,428

All other receivables are due in less than 6 months and are deemed to be fully recoverable.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

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

in Euro `000	2009	2008
Balance at 1 August	13,428	6,850
Acquired	691	3,761
Charge / (release) to income statement	(523)	2,817
Balance at 31 July	13,596	13,428

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 proceeding twelve month period. 97% of the Group's total borrowings at the year end will mature between two and ten years.

The Food Group has syndicated loan facilities totalling €795,000,000 as well as a US\$450,000,000 private placement facility. Short-term flexibility is achieved through the availability of overdraft facilities totalling €68,892,000.

Origin has syndicated loan facilities totalling €450,000,000. Short-term flexibility is achieved through the availability of overdraft facilities totalling €49,195,000.

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

2009 in Euro `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	(315,939)	(448,990)	(9,195)	(9,195)	(18,390)	(160,420)	(251,790)
Variable rate bank loans	(608,553)	(617,873)	(4,256)	–	(217)	(613,400)	–
Finance lease liabilities	(3,908)	(4,449)	(950)	(308)	(2,232)	(959)	–
Bank overdrafts	(25,392)	(25,392)	(25,392)	–	–	–	–
Trade and other payables	(615,316)	(615,316)	(597,274)	(17,017)	–	(1,025)	–
Derivative financial instruments							
Interest rate swaps used for hedging	(9,355)	(9,355)	(3,071)	(3,068)	(2,897)	(319)	–
Currency forward contracts used for hedging							
- Inflows		65,342	44,299	19,215	1,828	–	–
- Outflows	(3,122)	(68,464)	(46,495)	(20,148)	(1,821)	–	–
	(1,581,585)	(1,724,497)	(642,334)	(30,521)	(23,729)	(776,123)	(251,790)

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

2008 in Euro '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	(286,377)	(415,159)	(8,332)	(8,332)	(16,663)	(49,990)	(331,842)
Variable rate bank loans	(404,036)	(413,370)	(9,053)	–	(281)	(404,036)	–
Finance lease liabilities	(4,661)	(5,128)	(963)	(891)	(1,422)	(1,781)	(71)
Bank overdrafts	(43,334)	(43,334)	(43,334)	–	–	–	–
Trade and other payables	(586,703)	(586,703)	(571,095)	(15,202)	–	(406)	–
Derivative financial instruments							
Interest rate swaps used for hedging	1,755	1,755	434	470	586	265	–
Currency forward contracts used for hedging							
- Inflows	–	122,710	85,937	30,184	6,589	–	–
- Outflows	(5,070)	(127,780)	(88,652)	(31,953)	(7,175)	–	–
Non designated as cash flow hedges	(100)	(100)	(100)	–	–	–	–
	(1,328,526)	(1,467,109)	(635,158)	(25,724)	(18,366)	(455,948)	(331,913)

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 Euro '000	Assets 2009	Liabilities 2009	Assets 2008	Liabilities 2008
Cash flow hedges				
Currency forward contracts	599	3,721	954	6,024
Interest rate swaps	–	9,355	1,755	–
Not designated as hedges	–	–	–	100
At 31 July	599	13,076	2,709	6,124

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.

Not designated as hedges

The prior year balance relates to an agreement entered into by the Group with the Co-founder of Cuisine de France, Ronan McNamee, under which he had been granted a call option to take ownership of a Group subsidiary which currently owns facilities and land at Tallaght. The option was terminated with no additional costs associated.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

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 euro-zone economies, it also has significant operations in the UK, Switzerland and North America. As a result the Group balance sheet is exposed to currency fluctuations including, in particular, sterling, US 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 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.

Currency swaps

The Group also hedges a portion of its 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 as the hedged item.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

The following table details the Group's exposure to foreign currency risk at the balance sheet date.

2009

in Euro `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	1,480	2	1,686	702	31,336	6,356	41,562
Other receivables	–	14	77	61	3,064	189	3,405
Bank	548	(5,412)	2,001	877	8,426	388	6,828
Trade payables	(6,556)	(8,780)	(701)	(191)	(23,727)	(2,114)	(42,069)
Other payables	(1,959)	(1,719)	(504)	(10,087)	(26,265)	(2,614)	(43,148)
Derivative financial instruments	(2,469)	(1,403)	–	(1,851)	(616)	–	(6,339)
At 31 July 2009	(8,956)	(17,298)	2,559	(10,489)	(7,782)	2,205	(39,761)

The following table details the Group's exposure to foreign currency risk at 31 July 2008.

2008

in Euro `000	GBP	USD	CAD	CHF	EUR	Other	Total
Trade receivables	2,584	1,273	1,775	630	–	325	6,587
Other receivables	166	–	148	117	–	–	431
Bank	10,791	1,648	15	–	27	–	12,481
Trade payables	(2,845)	(10,224)	(100)	(203)	(8,640)	(3,345)	(25,357)
Other payables	(4,955)	(476)	(476)	(212)	(9,259)	(4,770)	(20,148)
Derivative financial instruments	(928)	(3,138)	–	–	221	–	(3,845)
At 31 July 2008	4,813	(10,917)	1,362	332	(17,651)	(7,790)	(29,851)

Currency sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 July 2009 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 for 2008.

2009 in Euro `000	10% strengthening profit and loss	10% strengthening equity	10% weakening profit and loss	10% weakening equity
GBP	590	6,076	(721)	(7,426)
USD	1,445	128	(1,766)	(156)
CAD	256	–	(512)	–
CHF	(864)	(4,384)	1,728	8,899
At 31 July 2009	1,427	1,820	(1,271)	1,317

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

2008 in Euro '000	10% strengthening profit and loss	10% strengthening equity	10% weakening profit and loss	10% weakening equity
GBP	(522)	6,787	638	(8,295)
USD	707	76	(864)	(93)
CAD	(124)	677	151	(827)
CHF	(30)	9,320	37	(11,391)
At 31 July 2008	31	16,860	(38)	(20,606)

Interest rate risk

The Group's debt bears both floating and fixed rates of interest as per the original contracts. The Group's policy is to maintain between 40% and 70% of overall Group average annual borrowings at fixed rates. This is achieved through the issuing 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 Euro '000	Carrying amount 2009	Carrying amount 2008
Fixed rate instruments		
Bank borrowings	(315,939)	(286,377)
Finance lease liabilities	(3,908)	(4,661)
	(319,847)	(291,038)
Variable rate instruments		
Cash and cash equivalents	294,536	150,093
Bank overdrafts	(25,392)	(43,334)
Bank borrowings	(608,553)	(404,036)
Total interest bearing financial instruments	(659,256)	(588,315)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points in interest rates at the reporting date would have had the effect as shown below on the income statement and equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

2009 in Euro '000	Principal amount	Impact of 50 Bp increase on income statement	Impact of 50 Bp increase on equity
Variable rate instruments	(608,553)	(3,043)	–
Bank overdrafts	(25,392)	(127)	–
Interest rate swaps	(308,249)	–	1,541
Cash flow sensitivity (net)	(942,194)	(3,170)	1,541

2008 in Euro '000	Principal amount	Impact of 50 Bp increase on income statement	Impact of 50 Bp increase on equity
Variable rate instruments	(404,036)	(2,020)	–
Bank overdrafts	(43,334)	(217)	–
Interest rate swaps	(106,883)	–	534
Cash flow sensitivity (net)	(554,253)	(2,237)	534

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

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, Financial Instruments: Recognition and Measurement, are applied.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

23 Deferred income from government grants

in Euro `000	2009	2008
At 1 August	3,906	2,929
Arising on business combination (note 30)	14,657	1,453
Received in the period	2,377	–
Translation adjustment	27	(21)
Repayment of government grants	–	(128)
	20,967	4,233
Amortised in Group income statement	(2,026)	(327)
At 31 July	18,941	3,906

Government grants received in the period are principally in relation to compensation for the funding of capital investments.

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 Euro `000	2009	2008
Deferred tax assets (deductible temporary differences)		
Pension related	3,814	3,697
Employee compensation	2,120	2,865
Financing related	4,032	3,470
Property, plant and equipment	2,732	331
Intangible assets	104	–
Other deductible temporary differences	14,251	8,548
Total	27,053	18,911

Deferred tax liabilities (taxable temporary differences)		
Pension related	(204)	(183)
Employee compensation	(83)	–
Financing related	(1,391)	–
Property, plant and equipment	(54,257)	(39,956)
Investment properties	(7,262)	(28,302)
Intangible assets	(133,062)	(80,780)
Other	(7,268)	(3)
Total	(203,527)	(149,224)

Unrecognised deferred taxes

Unrecognised deferred tax assets	2,577	1,230
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Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Movement in temporary differences, during the year, were as follows:

2009 in Euro '000	Property, plant & equipment	Investment properties	Intangible assets	Employee compensation	Pension related	Financing related	Other	Total
At 1 August 2008	(39,625)	(28,302)	(80,780)	2,865	3,514	3,470	8,545	(130,313)
Recognised in group income statement	(7,154)	30,166	11,180	(932)	282	(1,113)	(8,652)	23,777
Recognised in group statement of recognised income and expense	(121)	(6,914)	–	–	817	1,314	–	(4,904)
Arising on business combination (note 30)	(5,821)	(2,201)	(60,513)	(86)	96	(1,283)	9,463	(60,345)
Arising on disposal	2,217	–	–	–	(893)	–	(89)	1,235
Foreign exchange and other	(1,021)	(11)	(2,845)	190	(206)	253	(2,284)	(5,924)
At 31 July 2009	(51,525)	(7,262)	(132,958)	2,037	3,610	2,641	6,983	(176,474)

2008 in Euro '000	Property, plant & equipment	Investment properties	Intangible assets	Employee compensation	Pension related	Financing related	Other	Total
At 1 August 2007	(30,726)	(25,502)	(90,155)	2,405	1,542	3,156	6,928	(132,352)
Recognised in group income statement	(6,805)	–	6,905	458	(504)	356	1,990	2,400
Recognised in group statement of recognised income and expense	–	–	–	–	2,371	189	–	2,560
Arising on business combination	(2,831)	(2,800)	(7,696)	–	296	–	36	(12,995)
Foreign exchange and other	737	–	10,166	2	(191)	(231)	(409)	10,074
At 31 July 2008	(39,625)	(28,302)	(80,780)	2,865	3,514	3,470	8,545	(130,313)

25 Retirement benefit obligations

The Group operates a number of pension plans, comprising three defined benefit plans and a number of defined contribution plans, with assets held in separate trustee-administered funds.

The Group's principal defined benefit plan (the "Plan") was restructured in the year ended 31 July 2007. Prior to this IAWS Group Limited (formerly IAWS Group, plc) was the principal employer of the Plan. A number of the Origin Enterprises plc ("Origin") businesses participated in this Plan. Following the formation of Origin, a restructuring of this Plan was approved. On completion of the restructuring, Origin replaced IAWS Group Limited (formerly IAWS Group, plc) as principal employer, such that the Plan now only includes active members employed by Origin and the current deferred members of the Plan. As part of the Plan restructuring, the Trustees purchased annuities for the Plan's existing pensioners. This extinguished the Group's liability in the Plan relating to those pensioners. All non-Origin members were transferred to a new defined contribution plan during the prior year.

Outside of this principle Origin employee defined benefit plan, the Group operates two smaller defined benefit plans within its Food business segments.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Under IAS 19, Employee Benefits, the total deficit in the Group's defined benefit plans, including the main plan, for which as outlined above, Origin is the principle employer, at 31 July 2009 was €25,236,000 (2008: €23,365,000).

The pension charge recorded in the income statement for the year in respect of the Group's defined benefit plans was €3,400,000 (2008: credit of €2,313,000) and a cost of €2,060,000 (2008: €4,016,000) was recorded in respect of the Group's defined contribution plans.

Employee benefits included in the Group balance sheet comprises the following:

in Euro '000	2009	2008
Deficit in ARYZTA Food defined benefit plans	2,183	677
Deficit in Origin defined benefit plans	23,053	22,688
Other (a)	3,308	2,191
Total	28,544	25,556

(a) In 1989, a provision was made to meet pension fund deficiencies in subsidiaries acquired, mostly relating to unfunded pensions. The residual actuarial deficit is being paid over the remaining lifetime of the pensioners.

The valuation of the defined benefit plans used for the purposes of the following disclosures are those of the most recent actuarial valuations to 31 July 2009 by an independent, qualified actuary. The valuations have been performed using the projected unit credit method.

The main assumptions used by the actuary, averaged across the plans, were as follows:

	2009	2008
Rate of increase in salaries	2.37%	4.18%
Rate of increases in pensions in payment and deferred benefits	2.26%	2.70%
Discount rate in plan liabilities	5.15%	5.74%
Inflation rate	2.26%	2.70%

Assumptions regarding future mortality experience are set based on advice from published statistics and experience. The average life expectancy in years of a pensioner retiring at age 65 is as follows:

	2009	2008
Male	21.8	21.8
Female	24.8	23.7

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

	2009	2008
Equities	8.75%	7.82%
Bonds	4.11%	4.77%
Property	6.98%	6.99%
Other	3.27%	3.96%

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

Net pension liability				
in Euro '000	2009	2008	2007	2006
Fair value of plan assets:				
Equities	34,896	38,579	39,751	60,811
Bonds	14,886	16,785	3,354	19,039
Property	5,086	6,743	6,285	5,345
Other	40,191	972	279	4,132
Total fair value of assets	95,059	63,079	49,669	89,327
Present value of plan liabilities	(120,295)	(86,444)	(56,128)	(95,893)
Deficit in the plans	(25,236)	(23,365)	(6,459)	(6,566)
Related deferred tax asset	3,610	3,514	1,542	1,537
Net pension liability	(21,626)	(19,851)	(4,917)	(5,029)

Movement in the fair value of plan assets		
in Euro '000	2009	2008
Fair value of plan assets at 1 August	63,079	49,669
Expected return on plan assets	5,131	4,721
Employer contributions	4,182	2,065
Employee contributions	2,015	588
Arising on business combination	36,310	36,860
Foreign exchange	7	(2,124)
Benefit payments	(5,546)	(9,830)
Experience adjustment on plan assets	(10,119)	(18,870)
Fair value of plan assets at 31 July	95,059	63,079

Movement in the present value of plan obligations		
in Euro '000	2009	2008
Value of plan obligations at 1 August	(86,444)	(56,128)
Current service cost	(2,681)	(1,297)
Interest on plan obligations	(5,850)	(4,105)
Employee contributions	(2,015)	(588)
Arising on business combination	(35,623)	(41,078)
Benefit payments	5,546	9,830
Experience adjustment on plan liabilities	6,206	(707)
Translation adjustments	566	2,810
Other	-	1,825
Curtailment gain relating to transfer of members to defined contribution plan	-	2,994
Present value of plan obligations at 31 July	(120,295)	(86,444)

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

Movement in net liability recognised in the balance sheet

in Euro `000	2009	2008
Net liability in plans at 1 August	(23,365)	(6,459)
Current service cost	(2,681)	(1,297)
Contributions	4,182	2,065
Other finance (expense)/income	(719)	616
Actuarial (loss)/gain	(3,913)	(19,577)
Arising on acquisition	687	(4,218)
Curtailment gain relating to the transfer of members to defined contribution plan	-	2,994
Other	-	1,825
Foreign exchange translation	573	686
Net liability in plans at 31 July	(25,236)	(23,365)

Analysis of defined benefit expense recognised in the Group income statement

in Euro `000	2009	2008
Current service cost	2,681	1,297
Curtailment gain relating to transfer of members to defined contribution plan	-	(2,994)
Non financing (income)/expense recognised in Group income statement	2,681	(1,697)
Expected return on plan assets	(5,131)	(4,721)
Interest cost on plan liabilities	5,850	4,105
Included in financing costs, net	719	(616)
Net (credit)/charge to Group income statement	3,400	(2,313)
Actual return/(loss) on pension plan assets	(4,987)	(14,149)

Defined benefit pension expense recognised in the Group statement of recognised income and expense

in Euro `000	2009	2008
Actual loss less expected return on plan assets	(10,119)	(18,870)
Experience gains/(losses) on plan liabilities	3,177	(1,714)
Changes in demographic and financial assumptions	3,029	1,007
Actuarial (loss)/gain	(3,913)	(19,577)
Deferred tax effect of actuarial (loss)/gain	817	2,371
Actuarial (loss)/gain recognised in Statement of recognised income and expense	(3,096)	(17,206)

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

History of experience gains and losses:	2009	2008	2007	2006
<i>Difference between expected and actual return on plan assets</i>				
- Amount (in €'000)	(10,119)	(18,870)	4,991	(1,305)
- % of plan assets	(10.64)%	(29.91)%	10.0%	(1.5)%
<i>Experience losses on plan obligations</i>				
- Amount (in €'000)	3,177	(1,714)	(538)	(1,066)
- % of plan obligations	2.64%	(1.98)%	(1.0)%	(1.1)%
<i>Total actuarial (gain)/loss recognised in statement of total recognised income and expenses</i>				
- Amount (in €'000)	(3,913)	(19,577)	9,060	4,811
- % of plan liabilities	(15.51)%	(22.65)%	16.1%	5.2%

26 Share capital

Registered shares of CHF 0.02 each (2008: € 0.30 each) - authorised, issued and fully paid	2009	2009	2008	2008
	'000	in Euro '000	'000	in Euro '000
At 1 August	127,339	38,201	126,905	38,071
Issue of shares prior to reverse acquisition (€ 0.30)	12,700	3,810	-	-
Effect of reverse acquisition	(61,099)	(41,036)	-	-
Opening issued share capital of ARYZTA (CHF 0.02) I)	78,940	975		
Issue of registered shares post reverse acquisition (CHF 0.02) II)	2,240	30	-	-
Issued on exercise of options	-	-	434	130
Total	81,180	1,005	127,339	38,201

(I) After the merger with Hiestand the issued share capital of ARYZTA consisted of 78,940,460 registered shares with a nominal value of CHF 0.02 each fully paid up. Shareholders are entitled to dividend as declared. The ARYZTA shares rank pari passu in all respects with each other. The share capital for the comparative periods is that of IAWS Group Limited.

(II) On 2 December 2008, the issued shares were increased to 81,180,460 registered shares by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA pursuant to a share subscription on behalf of ARY LTIP Trustee Limited.

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

<i>Treasury shares of CHF 0.02 each - allotted, called up and fully paid I)</i>	2009 `000	2009 in Euro `000
At 1 August	–	–
Issue of shares	2,240	30
Movement on treasury shares	(6)	–
Total	2,234	30

<i>Deferred Convertible Ordinary Shares of € 0.30 each - authorised, issued and fully paid</i>	2009 `000	2009 in Euro `000	2008 `000	2008 in Euro `000
At 1 August	3,580	1,074	1,375	103
Effect of reverse acquisition	(3,580)	(1,074)	–	–
Issued during the year	–	–	2,205	662
Final call on deferred convertibles issued in 2008	–	–	–	309
Total	–	–	3,580	1,074

(I) On 2 December 2008, the issued shares were increased to 81,180,460 registered shares by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA pursuant to a share subscription on behalf of ARY LTIP Trustee Limited.

ARY LTIP Trustee Limited is a wholly owned subsidiary of ARYZTA formed for the purposes of holding shares subject to the ARYZTA Long Term Incentive Plan 2008 (“LTIP”) and ARY LTIP Trustee Limited holds these shares in treasury, pending satisfaction of the applicable terms of the LTIP.

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

27 Statement of changes in shareholders' equity

31 July 2009 in Euro '000	Share capital	Share premium	Treasury shares	Cash flow hedge reserve	Revalua- tion reserve	Share based payment reserve	Foreign currency transla- tion reserve	Retained earnings	Total sharehol- ders equity	Minority interest	Total
At 1 August 2008	39,275	59,734	-	(510)	127,446	19,986	(60,035)	599,372	785,268	61,482	846,750
Issue of shares, net of costs	3,810	182,631	-	-	-	-	-	-	186,441	-	186,441
Effect of reverse acquisition	(42,110)	275,641	-	-	-	-	-	-	233,531	-	233,531
Issue of treasury shares	30	-	(30)	-	-	-	-	-	-	-	-
Foreign exchange translation	-	-	-	-	-	-	19,025	-	19,025	(1,808)	17,217
Share of associates foreign exchange translation reserve	-	-	-	-	-	-	(137)	-	(137)	(55)	(192)
Transfer to retained earnings	-	-	-	-	(92,338)	-	-	92,338	-	-	-
Share based payments	-	-	-	-	-	21,594	-	-	21,594	264	21,858
Share based payment reserve released on cancellation of schemes	-	-	-	-	-	(37,449)	-	37,449	-	-	-
Group defined benefit plans	-	-	-	-	-	-	-	(2,507)	(2,507)	(1,406)	(3,913)
Deferred tax on defined benefit pension plans	-	-	-	-	-	-	-	584	584	233	817
Share of associates defined benefit plans	-	-	-	-	-	-	-	(1,576)	(1,576)	-	(1,576)
Share of associates deferred tax on defined benefit plans	-	-	-	-	-	-	-	442	442	-	442
Effective portion of changes in fair value of cash flow hedges	-	-	-	(1,189)	-	-	-	-	(1,189)	(1,538)	(2,727)
Fair value of cash flow hedges transferred to income statement	-	-	-	(6,992)	-	-	-	-	(6,992)	-	(6,992)
Deferred tax on cash flow hedges and other	-	-	-	1,105	-	-	-	(5,024)	(3,919)	(1,802)	(5,721)
Share of joint venture gains relating to cash flow hedges	-	-	-	848	-	-	-	-	848	-	848
Share of joint venture deferred tax relating to cash flow hedges	-	-	-	(144)	-	-	-	-	(144)	-	(144)
Profit for the year	-	-	-	-	-	-	-	54,010	54,010	(13,033)	40,977
Net revaluation of previously held interest in associate	-	-	-	-	-	-	-	35,077	35,077	-	35,077
Arising on business combination	-	-	-	-	-	-	-	-	-	8,092	8,092
Repurchase/disposal of minority interests	-	-	-	-	-	-	-	-	-	(2,817)	(2,817)
At 31 July 2009	1,005	518,006	(30)	(6,882)	35,108	4,131	(41,147)	810,165	1,320,356	47,612	1,367,968

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

31 July 2008 in Euro '000	Share capital	Share premium	Cash flow hedge reserve	Revalua- tion reserve	Share based payment reserve	Foreign currency transla- tion reserve	Retained earnings	Total sharehol- ders equity	Minority interest	Total
At 1 August 2007	38,174	57,001	(470)	114,627	9,015	(3,084)	500,834	716,097	50,631	766,728
Foreign exchange translation	-	-	-	-	-	(58,442)	-	(58,442)	(2,619)	(61,061)
Share of associates' foreign exchange translation reserve	-	-	-	-	-	1,491	-	1,491	-	1,491
Group defined benefit pension plans	-	-	-	-	-	-	(14,001)	(14,001)	(5,576)	(19,577)
Deferred tax on defined benefit pension plans	-	-	-	-	-	-	1,692	1,692	679	2,371
Share of associate defined benefit plan	-	-	-	-	-	-	1,791	1,791	664	2,455
Share of associates' deferred tax on defined benefit pension plan	-	-	-	-	-	-	(506)	(506)	(186)	(692)
Effective portion of changes in fair value of cashflow hedges	-	-	4,856	-	-	-	-	4,856	158	5,014
Fair value of cashflow hedges transferred to income statement	-	-	(5,186)	-	-	-	-	(5,186)	-	(5,186)
Deferred tax relating to cash flow hedges	-	-	209	-	-	-	-	209	(20)	189
Share of joint venture gains relating to cash flow hedges	-	-	92	-	-	-	-	92	-	92
Share of joint venture deferred tax relating to cash flow hedges	-	-	(11)	-	-	-	-	(11)	-	(11)
Revaluation of previously held investment in Odlums	-	-	-	12,819	-	-	-	12,819	5,141	17,960
Profit for the year	-	-	-	-	-	-	129,752	129,752	12,725	142,477
Issue of ordinary shares	130	2,733	-	-	-	-	-	2,863	-	2,863
Issue of deferred convertible ordinary shares	971	-	-	-	-	-	-	971	-	971
Share-based payments	-	-	-	-	11,683	-	-	11,683	203	11,886
Share based payments reserve released on reserves	-	-	-	-	(712)	-	712	-	-	-
Dividends paid	-	-	-	-	-	-	(20,902)	(20,902)	-	(20,902)
Other	-	-	-	-	-	-	-	-	(318)	(318)
At 31 July 2008	39,275	59,734	(510)	127,446	19,986	(60,035)	599,372	785,268	61,482	846,750

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

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.

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.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 August 2004, 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.

Revaluation reserve

The revaluation reserve relates to revaluation surpluses arising on revaluations of investment property and previously held interest in an associate.

Capital management

The capital managed by the Group consists of the Group equity of €1,367,968,000. 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 Financial Statements) to EBITDA* and interest cover (EBITDA* 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 Financial Statements, the Group operates two distinct debt funding structures. The Group's 71.4% subsidiary and separately listed company, Origin Enterprises plc, has separate funding structures, which are financed without recourse to ARYZTA AG. Origin Enterprises plc net debt amounted to €153,752,000 at 31 July 2009. The consolidated net debt of the Group excluding Origin's non-recourse debt amounted to €505,504,000 and relates to the ARYZTA Food segments of the Group.

The Group employs two ratio targets to monitor equity and to be compliant with its banking covenants:

- The Food segment's net debt (as set out in note 21) to EBITDA* ratio is below 3.5x - the ratio is 1.77x at 31 July 2009
- The Food segment's and interest cover (EBITDA* to interest) is above 4x - the ratio is 8.55x at 31 July 2009.

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

* Calculated based on banking covenant definition of EBITDA. This is the Food Group EBITDA for the year ended 31 July 2009 including EBITDA from its joint venture, adjusted for non cash share based incentive charge in the year and for the pro forma full year contribution of Food Group acquisitions.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

The proposed payout ratio to shareholders for the Group's financial year to 31 July 2009 is 15% of fully diluted underlying earnings per share. Underlying earnings per share excludes intangible amortisation and the impact of merger costs and fair value adjustments on investment properties as detailed in note 2.1, 2.3 and 2.4 of these Group Financial Statements. 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 General Meeting of the shareholders.

28 Minority interest

in Euro '000	2009	2008
Balance at 1 August	61,482	50,631
Share of (loss)/ profit for the year	(13,033)	12,725
Arising on business combination	8,092	–
Share of income and expenses recognised directly in equity	(6,376)	(1,759)
Share of share based payment charge	264	203
Disposals	(1,522)	–
Repurchase of minority interest	(1,295)	–
Other	–	(318)
Balance at 31 July	47,612	61,482

During the year ended 31 July 2008, the Group repurchased a minority interest held in a subsidiary of the Food Europe business.

29 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 Euro '000	2009	2008
Operating leases which expire:		
Within one year	18,216	9,165
In two to five years	59,733	33,468
After more than five years	47,777	23,017
Balance at 31 July	125,726	65,650

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

30 Acquisitions

During the year the Group completed the acquisitions of Hiestand Holding AG, Fresca SAS and a number of smaller acquisitions mainly in the Origin agri-business, the principal ones being CSC Crop Protection Limited and GB Seeds Limited.

Hiestand acquisition

IAWS' relationship with Hiestand began in 2003 when IAWS acquired its 22% shareholding in Hiestand, a gourmet bakery business with manufacturing and distribution facilities principally in Switzerland and Germany as well as Eastern Europe and Asia.

IAWS' initial 22% shareholding was increased to 32% in the financial year 2006. On 7 June 2008, IAWS entered into an agreement to purchase Lion Capital's 32% shareholding in Hiestand which would bring IAWS' total shareholding in Hiestand to 64%. This transaction was completed on 1 August 2008 and since this date Hiestand has been consolidated.

The investment was accounted for using the equity method up to the end of July 2008. The carrying amount as at 31 July 2008 was €87,266,000. At the date of acquisition any changes in the carrying amount of the investment recognised in the past were reversed. Secondly, the changes in fair values that occurred since the original shareholdings were obtained were recognised based on the respective interests held. Both items in the total amount of €35,077,000 were recognised against equity.

On 9 June 2008, the IAWS Board and the Hiestand Board announced the proposed merger of IAWS and Hiestand with a view to creating the global leader in speciality bakery. Following the merger on 21 August 2008, ARYZTA became the holding company of the enlarged Group.

Fresca acquisition

On 7 February 2009, the Group completed the acquisition of Fresca SAS. Fresca is a French based food distribution business concentrated on the Greater Paris region and serving principally the local catering and restaurant markets.

Other acquisitions

During the current year Origin completed a number of bolt-on acquisitions in the United Kingdom. The principal transactions were the acquisition of CSC Crop Protection Limited in April 2009 and GB Seeds Limited in June 2009. These acquisitions improve the strategic position of Origin's integrated agronomy services business. The Group also acquired holdings in a Food Europe distribution business. The results of these other acquisitions were not material to the Group.

The goodwill arising on the principal Hiestand and Fresca business combinations is attributable to the skills and talent of the acquired businesses' work force and the synergies expected to be achieved from integrating the companies into the Group's existing business.

Notes to the Group Financial Statements (continued)

for the year ended 31 July 2009

Details of net assets acquired and goodwill arising from the business combinations during the year are set out below;

2009 in Euro '000	Acquiree's carrying amount	Fair value adjustments	Fair value	Hiestand	Fresca	Other
Net assets acquired:						
Property, plant and equipment	165,313	24,024	189,337	183,474	1,070	4,793
Investment property	3,297	450	3,747	3,747	–	–
Goodwill	106,408	(106,408)	–	–	–	–
Intangible assets	42,595	233,581	276,176	256,786	9,300	10,090
Inventory	38,121	(23)	38,098	27,005	2,166	8,927
Trade and other receivables	101,392	(1,293)	100,099	83,564	7,061	9,474
Trade and other payables	(91,895)	(15,615)	(107,510)	(84,265)	(7,487)	(15,758)
Debt acquired	(128,633)	–	(128,633)	(126,238)	–	(2,395)
Finance leases	(659)	–	(659)	–	–	(659)
Deferred tax	(20,885)	(39,460)	(60,345)	(54,343)	(3,254)	(2,748)
Deferred government grants	–	(14,657)	(14,657)	(14,657)	–	–
Defined benefit and other pension obligations	(1,194)	(1,489)	(2,683)	(2,128)	(207)	(348)
Corporation tax	(9,855)	1,055	(8,800)	(9,606)	395	411
Net assets acquired before minority interest			284,170	263,339	9,044	11,787
Minority interest			(8,092)	(8,092)	–	–
Net assets acquired after minority interest			276,078	255,247	9,044	11,787
Goodwill arising on acquisition			360,031	335,811	20,929	3,291
Consideration			636,109	591,058	29,973	15,078
Satisfied by:						
Equity consideration:						
Fair value of shares exchanged for 32% Lion Capitals holding (see 30.1)			187,960	187,960	–	–
Equity based consideration for remaining 36% interest in Hiestand Holding AG (see 30.2)			233,531	233,531	–	–
Total equity consideration			421,491	421,491	–	–
Cash consideration			70,119	30,000	25,488	14,631
Transaction costs			33,907	30,514	2,887	506
Deemed consideration of previously held 32% interest (see 30.3)			121,854	121,854	–	–
Deferred consideration			3,800	–	3,800	–
Cash acquired			(15,062)	(12,801)	(2,202)	(59)
Consideration			636,109	591,058	29,973	15,078

There have been no material revisions of the provisional fair value adjustments since the initial values were established at the time of each acquisition.

For the identification and estimation of the fair value of the acquired intangibles of Hiestand, ARYZTA was assisted by an independent accounting firm. The identified intangibles include the fair value of contract related intangibles, brands and the customer relationships. To value the contract related intangibles and brands, the relief-from-royalty methodology (income approach method) has been applied. The excess earnings method (income approach method) was the basis for the fair value valuation of customer relationships.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Net cash outflow on acquisitions during the period amounted to €80,546,000 and is composed as follows:

in Euro '000	Hiestand	Fresca	Other	Total
Cash consideration	30,000	25,488	14,631	70,119
Transaction costs paid	23,740	287	479	24,506
Cash acquired	(12,801)	(2,202)	(59)	(15,062)
Cash spend on purchase of minority interests*	–	–	983	983
Cash spend per cash flow statement	40,939	23,573	16,034	80,546

* Goodwill arising on the acquisition of minority interest was €376,000.

The impact of the business combinations during the year on the income statement of the Group is set out in the following table;

in Euro '000	Hiestand	Fresca	Other
Revenue	509,935	17,556	29,891
Operating profit	61,050	655	4,503

If the acquisitions had occurred on 1 August 2008, management estimates that consolidated revenue would have been €3,264,171,000 and consolidated operating profit for the period would have been €76,238,000. In determining these amounts management has assumed that the fair value adjustments that arose on the dates of the acquisition would have been the same if the acquisitions occurred on 1 August 2008.

30.1 Fair value of shares exchanged

This amount is represented by the issuance of 12,700,000 IAWS shares issued at a market value of €14.80, being the opening quoted price of IAWS shares on 31 July 2008.

30.2 Equity based compensation

This is the fair value of the equity consideration as defined by IFRS 3, Business Combinations, for use in reverse acquisition accounting. The fair value is calculated by determining the number of IAWS shares which would need to have been issued to non-IAWS shareholders of Hiestand to give them the same stake in IAWS Group Limited as they will have in ARYZTA going forward.

This would be satisfied by the issuance of 13,737,143 IAWS shares to the non-IAWS shareholders of Hiestand at a market value of €17.00 being the opening quoted price of IAWS shares on 21 August 2008, the date of the merger. The fair value of €233,531,000 so calculated is presented in equity.

Also included in equity is an adjustment that was required to show the share capital of ARYZTA in the consolidated balance sheet rather than that of IAWS. This step in the acquisition accounting is effectively a reclassification.

The net impact of both these steps is an increase in equity of €233,531,000.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

30.3 Deemed consideration

The deemed consideration of the previously held 32% interest in Hiestand is comprised of the current fair value of IAWS's original 32% share in the net assets of Hiestand of €85,607,000 and the current fair value of the goodwill arising thereon of €36,247,000.

2008 acquisitions

On 30 August 2007, Origin completed the acquisition of the remaining 50% interest in the Odium Group, not previously owned.

On 1 February 2008, Origin completed the acquisition of 100% of Masstock Group Holdings Limited ("Masstock"). Masstock, with operations in the United Kingdom and Poland, is the leading provider of specialist agronomy services directly to arable and grassland farm enterprises.

During the prior year, the Food Europe segment also purchased two additional businesses, the results of which are not individually material to the Group.

Details of the net assets acquired and goodwill arising from all the business combinations are as follows:

2008 in Euro '000	Acquiree's carrying amount	Fair value adjustments	Fair value	Masstock	Odiums	Other
Net assets acquired:						
Property, plant and equipment	48,351	(667)	47,684	14,095	25,256	8,333
Investment property	–	14,000	14,000	–	14,000	–
Intangible assets	5,176	52,693	57,869	14,718	28,900	14,251
Inventory	29,924	(855)	29,069	18,456	8,377	2,236
Trade and other receivables	81,029	(586)	80,443	52,992	20,524	6,927
Trade and other payables	(67,218)	(893)	(68,111)	(53,926)	(8,602)	(5,583)
Debt acquired	(67,548)	–	(67,548)	(36,776)	(27,085)	(3,687)
Finance leases	(3,097)	–	(3,097)	(2,144)	–	(953)
Deferred tax	(233)	(12,762)	(12,995)	(3,276)	(7,604)	(2,115)
Deferred government grants	(1,453)	–	(1,453)	–	(248)	(1,205)
Defined benefit pension obligations	(4,218)	–	(4,218)	(1,794)	(2,424)	–
Corporation tax	(53)	(576)	(629)	90	(156)	(563)
Net assets acquired			71,014	2,435	50,938	17,641
Goodwill arising on acquisition			79,746	53,804	10,019	15,923
Consideration			150,760	56,239	60,957	33,564
Satisfied by:						
Cash consideration including acquisition expenses of (€2,705,000)			104,272	42,037	35,350	26,885
Contingent consideration			23,157	12,987	–	10,170
Cash acquired			(5,080)	1,215	(2,804)	(3,491)
Fair value of previously held 50% interest			28,411	–	28,411	–
Consideration			150,760	56,239	60,957	33,564

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Post acquisition revenues and operating profit relating to these acquisitions amounted to €395,562,000 and €18,319,000, respectively. Masstock contributed revenue of €300,613,000 and operating profit of €12,104,000. Odlums contributed revenue of €77,355,000 and operating profit of €4,797,000.

If the acquisitions had occurred on 1 August 2007, management estimates that consolidated revenue would have been €2,888,597,000 and consolidated operating profit for the period would have been €177,550,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the dates of acquisition would have been the same if the acquisition occurred on 1 August 2007.

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

31 Contingent liabilities

	2009	2008
	in Euro '000	in Euro '000
a) Government grants repayable if grant conditions are not met	5,458	7,724
b) The Group has guaranteed the liabilities of certain of its subsidiaries. The Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.		
c) The Group and its subsidiaries have given composite guarantee and indemnity to secure obligations of fellow subsidiary undertakings on all sums due: €1,245,000,000 in respect of bank loans, advances and overdrafts, \$450,000,000 in respect of the Group's US dollar private placement.		
d) Origin, the Group's 71.4% owned subsidiary has guaranteed contractual trade payments amounting to €19,139,000 (2008: €14,783,000) by way of letters of credit.		

32 Current litigation

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

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

33 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, are as follows:

	2009 in Euro `000	2008 in Euro `000
Sale of goods	65,673	63,246
Purchase of goods	(7,586)	(7,807)
Provision of services	1,841	876
Receiving of services	(989)	(4,624)

The trading balances owing to the Group from related parties were €923,000 (2008: €2,511,000) and the trading balances owing from the Group to these related parties were €850,000 (2008: €4,852,000).

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 (as set out on page 26 of the annual report), which manages the business and affairs of the Group.

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

	2009 in Euro `000	2008 in Euro `000
Short term employee benefits	4,928	5,920
Post employment benefits	312	251
Share based payments	2,134	403
Total key management compensation	7,374	6,574

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 Company Financial Statements 2009.

Other related party transactions

The Group is not aware of any other transactions between the Group and related parties with the exception of J. Brian Davy. During the year Davy, an Irish based stockbroking wealth management and financial advisory firm, of which J. Brian Davy is Chairman, provided advisory services in relation to the merger between IAWS and Hiestand. The total invoiced value of these services was €1,750,000.

34 Post balance sheet events

There have been no significant events, outside the ordinary course of business, affecting the Group since 31 July 2009.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

35 Risk assessment required by Swiss law

The Group has set out a general risk statement on page 37 of this report. In addition the risk statement required under the Swiss Code of Obligation is set out in note 7 of the ARYZTA Company Financial Statements 2009.

36 Accounting estimates and judgments

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Note	Name
Note 8	Share Based Payments
Note 13	Investment Properties
Note 14	Goodwill and Intangible Assets - Measurement of the Recoverable Amounts of CGU's
Note 19	Deferred consideration
Note 22	Financial instruments and financial risk
Note 24	Deferred Tax
Note 25	Retirement Benefit Obligations
Note 30	Acquisitions

Impairment testing of assets, particularly of goodwill, involves estimating the future cash flows for a cash generating unit and an appropriate discount rate to determine a recoverable value. The estimation of employee benefit costs requires the use of actuaries and the determination of appropriate assumptions such as discount rates and expected future rates of return as set out in note 25.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

37 Significant subsidiaries

A list of all of the Group's principal subsidiary undertakings as at 31 July 2009 is provided in the table below.

Name	Nature of business	Currency	Share capital millions	Group % share	Regis- tered office
(a) Food subsidiaries - Ireland					
Cuisine de France Limited	Food manufacturing and distribution	EUR	0.635	100	3
IAWS Management Services Limited	Management	EUR	0.00005	100	1
IAWS Technology and Global Services Limited	Research and development	EUR	0.152	100	1
Gallagher's Bakery Limited	Food manufacturing and distribution	EUR	0.034	100	1
(b) Food subsidiaries - United Kingdom					
Cuisine de France (UK) Limited	Food distribution	GBP	0.250	100	6
Delice de France, plc	Food manufacturing and distribution	GBP	0.250	100	10
(c) Food subsidiaries - Mainland Europe					
IAWS France SA	Food distribution	EUR	28.750	100	7
Hiestand Schweiz AG I)	Food	CHF	3.500	100	13
Hiestand International AG I)	Food	CHF	0.200	100	13
HiCoPain AG	Food	CHF	20.000	60	17
Hiestand Beteiligungsholding GmbH & Co KG I)	Food	EUR	0.026	100	5
(d) Food subsidiaries - United States of America					
Cuisine de France, Inc.	Bread distribution	USD	0.002	100	8
La Brea Bakery Holdings, Inc.	Bread manufacturing and food distribution	USD	0.007	100	9
Otis Spunkmeyer, Inc.	Baked good manufacturing and distribution	USD	0.00001	100	14
(e) Food joint venture					
CillRyan's Bakery Limited	Bread manufacturing and distribution	CAD	21.105	50	1
(f) Origin subsidiaries - Ireland					
Origin Enterprises plc	Holding company	EUR	1.386	71.4	1
Goulding Chemicals Limited	Fertiliser blending and distribution	EUR	6.349	71.4	1
R. & H. Hall Limited	Grain and feed trading	EUR	6.865	71.4	1
Shamrock Foods Limited	Food distribution	EUR	0.0001	71.4	1
Odlum Group	Flour milling	EUR	4.493	71.4	12
(g) Origin subsidiaries - United Kingdom					
Origin Fertilisers (UK) Limited	Fertiliser blending and distribution	GBP	0.550	71.4	2
Masstock Group Holdings Limited	Specialist agronomy services	GBP	0.010	71.4	15
(h) Origin associates and joint venture					
Welcon Invest AS I)	Fish processing	NOK	12.000	35.7	11
BHH Limited	Provender millers	STG	5.020	35.7	4
Continental Farmer's Group Plc	High value agricultural crop production	EUR	0.652	26.4	16

(I) During the year Hiestand Schweiz AG, Hiestand International AG and Hiestand Beteiligungsholding GmbH & Co KG were added to the list of significant subsidiaries. Welcon Invest AS was added as a new joint venture with Origin.

Notes to the Group Financial Statements (continued) for the year ended 31 July 2009

Registered Offices:

1. 151 Thomas Street, Dublin 8, Ireland.
2. Orchard Road, Royston, Hertfordshire SG8 5HW, England.
3. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
4. 35/39 York Road, Belfast BT15 3GW, Northern Ireland.
5. Kolpingstrasse 1-3, 97447 Gerolzhofen, Germany.
6. Unit 4, Blaris Industrial Estate, Old Hillsborough Road, Lisburn, Co. Antrim, BT27 5QB, Northern, Ireland.
7. Boulevard de Beaubourg, B.P. 22 - Emerainville, 7713 Marne-La-Vallée, Cedex 2, France.
8. 203 North La Salle Street, Suite 1800, Park Ridge, Chicago, Illinois, United States of America.
9. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States of America.
10. Rubastic Road, Southall, Middlesex UB2 5LL, England.
11. 6718 Deknepollen, Norway
12. Alexandra Road, Dublin 1, Ireland.
13. Ifangstrasse 9-11, 8952 Schlieren-Zurich, Switzerland.
14. 14490 Catalina Street, San Leandro, CA94577, United States of America.
15. Andoversford, Cheltenham, Gloucestershire, GL54 4LZ, England
16. Athol Street, Douglas, IMI 1LB, Isle of Man.
17. Industriepark, 6252 Dagmersellen, Switzerland

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 consolidated financial statements of ARYZTA AG, which comprise the income statement, statement of recognised income and expense, balance sheet, cash flow statement and notes on pages 42 to 115 for the year ended 31 July 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 consolidated 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 consolidated financial statements for the year ended 31 July 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

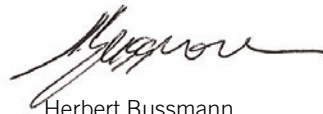
Report on Other Legal Requirements

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 consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG



Herbert Bussmann
Licensed Audit Expert
Auditor in Charge



Roman Wenk
Licensed Audit Expert

Zurich, 24 September 2009

Company Income Statement

for the 19 month period ended 31 July 2009

	Total 2009
in CHF '000	
Income	
Revenues from licences and management fees	31,121
Financial income	17,231
Dividend income	34,093
Total income	82,445
Expenses	
Depreciation and amortisation	(78,264)
Personnel expenses	(5,126)
Financial expenses	(21,395)
Other operating expenses	(34,797)
Service fees	(4,751)
Total expenses	(144,333)
Loss before taxes	(61,888)
Taxes	(3,972)
Net loss after taxes	(65,860)

Company Balance Sheet

as at 31 July 2009

	Total
in CHF '000	2009
Assets	
Non-current assets	
Property, plant and equipment	1,085
Intangible assets	170,242
Financial assets	
- investments	1,318,954
- loans to group companies	157,580
Total non-current assets	1,647,861
Current assets	
Cash and cash equivalents	5,779
Trading accounts receivable from third parties	563
Other receivables	
- from third parties	1,679
- from group companies	23,694
Total current assets	31,715
Total assets	1,679,576

Company Balance Sheet (continued)

as at 31 July 2009

	Total 2009
in CHF '000	
Equity	
Called up share capital	1,624
Share premium	1,065,653
Reserves for own shares	75,167
Net loss for the year	(65,860)
Total equity	1,076,584
Liabilities	
Non-current liabilities	
Provisions	5,630
Intercompany non-current liabilities	572,047
Total non-current liabilities	577,677
Current liabilities	
Trade accounts payable	843
Accrued expenses and deferred income	12,444
Other accounts payable	
- to third parties	141
- to group companies	11,887
Total current liabilities	25,315
Total liabilities	602,992
Total equity and liabilities	1,679,576

Notes to the Company Financial Statements

1 Accounting dates

The Company's accounting period runs from 1 January 2008 to 31 July 2009.

2 Loans, guarantees and pledges in favour of third parties

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

As of 21 August 2008, the Swiss ARYZTA entities formed a VAT subgroup and, hence, every company participating in the subgroup is liable for VAT payables of the other subgroup participants.

3 Fire insurance value of property, plant and equipment

The values of property, plant and equipment as per the fire insurance policy have been disclosed.

	2009
	in CHF '000
Fire insurance value of property, plant and equipment	1,500

4 Details of investments

Company, domicile		Share capital millions	Percentage 2009
Hiestand Schweiz AG, Schlieren (CH)	CHF	3.500	100
Hiestand International AG, Schlieren (CH)	CHF	0.200	100
Hiestand Beteiligungsholding GmbH & Co. KG, Gerolzhofen (DE) (i)	EUR	0.026	100
Hiestand Polska SP. z.o.o., Grodzisk Mazowiecki (PL)	PLN	60.637	100
Hiestand Austria GmbH, Wiener Neudorf (AT)	EUR	0.036	100
Hiestand Japan Co., Ltd, Tokyo (JP)	JPY	185.000	100
Hiestand Malaysia SDN BHD, Bandar Baru Bangi (MY)	MYR	2.400	100
Hiestand Services AG, Lupfig (CH)	CHF	0.200	100
Hiestand Holdings (Switzerland) AG, Lupfig (CH)	CHF	0.100	100
IAWS Group Ltd, Dublin (IE)	EUR	43.085	100

(i) The amount disclosed represents limited liability capital.

Notes to the Company Financial Statements (continued)

5 Authorised or conditional capital increase

	2009 `000	2009 in CHF `000
Authorised		
Shares of CHF 0.02 each	109,130	2,183
	2009 `000	2009 in CHF `000
Shares of CHF 0.02 each (2008: €0.30 each) - Authorised, issued and fully paid		
On incorporation	100	2
Issued during the period	81,080	1,622
As at 31 July 2009	81,180	1,624

On 21 August 2008, after the merger of ARYZTA AG with Hiestand Holding AG, the issued share capital of ARYZTA consisted of 78,940,460 ordinary shares with a nominal value of CHF 0.02 each fully paid up. On 2 December 2008, the issued share capital was increased to 81,180,460 by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA pursuant to a share subscription on behalf of ARY LTIP Trustee Limited.

ARY LTIP Trustee Limited is a wholly owned subsidiary of ARYZTA formed for the purposes of holding shares subject to the ARYZTA Long Term Incentive Plan 2008 ("LTIP") and ARY LTIP Trustee Limited will hold these shares in treasury pending satisfaction of the applicable terms of the LTIP.

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

On 2 December 2008, the Company increased its share capital to 81,180,460 by the issue of 2,240,000 registered shares of nominal value of CHF 0.02 each in the capital of ARYZTA. These 2,240,000 registered shares were issued to a subsidiary of ARYZTA, ARY LTIP Trustee Limited, as treasury shares for use in connection with the ARYZTA Long Term Incentive Plan.

ARY LTIP Trustee Limited was formed for the purposes of holding shares, subject to the ARYZTA Long Term Incentive Plan ('LTIP') and ARY LTIP Trustee Limited will hold these shares in treasury pending satisfaction of the applicable terms of the LTIP.

	2009 `000	2009 in CHF `000
On incorporation	-	-
Issue of shares	2,240	75,357
Movement on Treasury shares	(6)	(190)
As at 31 July 2009	2,234	75,167

Notes to the Company Financial Statements (continued)

7 Risk assessment

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

The Board and senior management have invested 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 management of the businesses, who are best placed to identify the significant ongoing and emerging risks facing their businesses. The outputs of these risk assessment processes are subject to various levels of review by management, and a consolidated Risk Map 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.

8 Participations

As at 31 July 2009 the Company has been notified of the following shareholdings which amount to 5% or more of the Company's issued ordinary share capital:

	Number of shares	% of registered shares
Fidelity International Limited *	4,255,814	5.24%
Invesco Limited	4,102,193	5.05%
Fidelity Management and Research LLC ("FMR LLC") *	3,825,000	4.71%

* Fidelity International Limited and FMR 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 the 31 July 2009 are available on the Group's website www.aryzta.com.

9 Pension fund liability

The pension fund liability was CHF 140,000 at 31 July 2009.

10 Compensation disclosure

Remuneration policy

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.

The Group's policy on executive remuneration recognises that employment and remuneration conditions for senior executives must reward and motivate senior executives to perform in the best interests of the shareholders, while striking an appropriate balance between long-term and short-term goals.

Notes to the Company Financial Statements (continued)

Executives are remunerated in line with the level of their authority and responsibility within the Group. The elements of the remuneration package for Executive Management, all of which are reviewed annually by the NRC comprise: (i) basic salary and benefits (including retirement benefits), (ii) short-term performance related bonus (measured by reference to performance in the financial year) and (iii) long-term incentives.

Executive directors' basic salary and benefits

Basic salary of executive directors is reviewed annually with regard to personal performance, Group performance and competitive market practice. Employment related benefits consist principally of a car allowance and pension. Pension benefits are determined solely in relation to basic salary.

Performance related bonus

The short term performance related bonus is contingent on a range of performance related factors and in no case in the year exceeded 100% of basic salary.

ARYZTA Long Term Incentive Plan

The ARYZTA Long Term Incentive Plan ("LTIP") is designed to incentivise executives for driving the achievement of superior financial targets measured over the long term (three financial years) and to align their interests with the shareholders through the promotion and encouragement of share ownership. The LTIP allows a mix of tools to be employed to this end. During the year, the Company made awards under the Matching Scheme LTIP. Participants with Matching Scheme Awards have the prospect of receiving up to 3 shares for each recognised qualifying interest held throughout the performance period. Vesting is determined by reference to underlying fully diluted EPS growth. Compound growth in EPS in any three consecutive financial years ending after 31 July 2008 must, in each case, exceed 10%, with vesting accruing as per the following table:

EPS Growth	Multiple (re Qualifying Invest- ment Shares)
15% or more	3
>12.5% < 15%	2
10% to 12.4%	1
< 10%	0

Awards under the Matching Scheme are subject to additional conditions including notably: (a) the requirement to hold recognised qualifying interests throughout the performance period and (b) the requirement that ARYZTA's return on invested capital over the performance period is not less than its weighted average cost of capital.

Notes to the Company Financial Statements (continued)

The costs of the Matching Awards under the LTIP is charged to the income statement of ARY LTIP over the vesting period of three financial years. The total estimated charge over the vesting period is CHF 24,998,000, of which CHF 18,115,000 relates to Executive Management. The remaining charge of CHF 6,883,000 relates to awards granted to members of Group management. The fair value assigned to these equity instruments represent the full value of an ordinary share on the date of grant adjusted for lost dividends between the date of issue and vesting date.

Non-executive Board members are paid a yearly fee which reflects the time commitment and responsibilities of the role. Additional compensation is payable for service on a Board Committee (including the Chair thereof). The level of fees is kept under review by reference to comparable external figures. Non-executive Board members are not eligible for performance-related payments and do not participate in the Group's long term incentive plan.

Notes to the Company Financial Statements (continued)

Compensation to members of the Board of Directors for the fiscal year 2009

in CHF `000	Direct payments
Denis Lucey	323
Albert Abderhalden	77
Denis Buckley	96
J Brian Davy	112
Noreen Hynes	112
Hugo Kane	77
Owen Killian	77
Patrick McEniff	77
William Murphy	97
Hans Sigrist	77
Dr J Maurice Zufferey	84
Beatrice Dardis*	90
Wolfgang Werle*	30
Paul Wilkinson*	98
Lyndon Lea*	–
Andreas Casutt**	–
Philipp Haas**	–
Total	1,427

* B. Dardis and P. Wilkinson resigned from the Board on 28 July 2009, W. Werle resigned from the Board on 29 December 2008 and L. Lea resigned from the Board on 31 October 2008.

** A. Casutt and P. Haas, partners of the law firm Nieder Kraft & Frey, acted as transaction advisors and served as members of the Board upon the formation of ARYZTA and prior to admission to trading on the SIX Swiss Exchange and Irish Stock Exchange commencing on the 22 August 2008. They were not compensated in their role as members of the Board of ARYZTA up to their date of retirement from the Board on 21 August 2009.

With the exception of Andreas Casutt and Philipp Haas who were appointed upon formation of ARYZTA, and Denis Lucey, Owen Killian and Patrick McEniff who were appointed on 6 June 2008 all other Directors were appointed to the ARYZTA Board upon the admission of ARYZTA to trading on the SIX Swiss Exchange and Irish Stock Exchange on 22 August 2008.

Depending on when they commenced their service with the Group, the compensation paid to the members of the Board of Directors covers the period from either 1 August 2008 or the date of their appointment to the Board of Directors of ARYZTA to 31 July 2009.

Compensation to members of the Executive Management for the fiscal year 2009

in CHF `000	Total Executive Management	Owen Killian
Basic salaries	3,188	1,277
Variable compensation	2,920	1,277
Benefits in kind	240	83
Pension contributions	478	191
Executive Incentive Plan	3,267	1,307
Total compensation paid to members of ARYZTA Executive Management	10,093	4,135

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 above. Executive Management, as per the ARYZTA Group's Corporate Governance Report at page 21, consists of Owen Killian (CEO), Patrick McEniff (CFO), Hugo Kane (COO), and Pat Morrissey (Group General Counsel and Company Secretary).

The compensation to members of the Executive Management disclosed, includes compensation for their roles as members of the Board of ARYZTA for the period from 1 August 2008 to 31 July 2009 and in the case of Owen Killian, Patrick McEniff and Pat Morrissey their service as officers of Origin Enterprises plc (respectively, Chairman, non-executive Director and Company Secretary).

Directors' and Executive Management's share interests

The directors and Company Secretary who held office at 31 July 2009 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 2009 were as follows:

	No. of shares 2009
Shares in ARYZTA at CHF 0.02 each	
Denis Lucey	1,250
Albert Abderhalden	313,788
Denis Buckley	2,250
J Brian Davy	58,186
Noreen Hynes	1,000
Hugo Kane	280,978
Owen Killian	523,731
Patrick McEniff	321,506
William Murphy	6,171
Hans Sigrist	14,000
Dr J Maurice Zufferey	396
Company Secretary	
Pat Morrissey	93,251
Total	1,616,507

Notes to the Company Financial Statements (continued)

Details of the interests of Owen Killian, Patrick McEniff, Hugo Kane, and Pat Morrissey in share entitlements under the Matching Scheme are set out below. There have been no changes in the interests as shown on the previous page between 31 July 2009 and 24 September 2009.

Directors' and Executive Management's interest in equity instruments

Matching Scheme

	1)	2)	3)	4)
Directors				
Owen Killian	300,000	300,000	31 July 2011	6 April 2019
Patrick McEniff	180,000	180,000	31 July 2011	6 April 2019
Hugo Kane	180,000	180,000	31 July 2011	6 April 2019
Company Secretary				
Pat Morrissey	90,000	90,000	31 July 2011	6 April 2019
Total	750,000	750,000		

- 1) Maximum number of shares available based on Matching Scheme Awards made during the year
- 2) Maximum number of shares available based on Matching Scheme Awards made during the year and held at 31 July 2009
- 3) Earliest date by which qualifying conditions can be met
- 4) Latest date by which qualifying conditions must be met

Company Appropriation of Available Earnings

Appropriation of available earnings

The Board of Directors will propose to the General Meeting of Shareholders the following appropriation of earnings:

in CHF `000	2009
Transfer from share premium to unrestricted reserves	1,065,329
Net loss for the year	(65,860)
Available earnings	999,469
Payment of a dividend in the amount of	42,031
To be carried forward	957,438
Total	999,469

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

As statutory auditor, we have audited the accompanying financial statements of ARYZTA AG, which comprise the income statement, balance sheet and notes on pages 118 to 128 for the period from 1 January 2008 to 31 July 2009.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the period from 1 January 2008 to 31 July 2009 comply with Swiss law and the company's articles of incorporation.

Report of the Statutory Auditor on the Financial Statements to the General Meeting (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 incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG



Herbert Bussmann
Licensed Audit Expert
Auditor in Charge



Roman Wenk
Licensed Audit Expert

Zurich, 24 September 2009