Associated British Foods plc

LONG-TERM INVESTMENT / SUSTAINABLE GROWTH

INTERIM RESULTS 2012

ASSOCIATED BRITISH FOODS IS A DIVERSIFIED INTERNATIONAL FOOD, INGREDIENTS AND RETAIL GROUP WITH SALES OF £11.1BN, AND 102,000 EMPLOYEES IN 46 COUNTRIES.

WE AIM TO ACHIEVE STRONG, SUSTAINABLE LEADERSHIP POSITIONS IN MARKETS THAT OFFER POTENTIAL FOR PROFITABLE GROWTH, AND DELIVER QUALITY PRODUCTS AND SERVICES THAT ARE CENTRAL TO PEOPLE'S LIVES.

Contents

Group revenue
£5,766m
Up 11%

Adjusted operating profit*
£412m
Up 6%

Adjusted profit before tax**
£363m
Up 3%

Adjusted earnings per share**
34.4p
Up 5%

Dividends per share
8.5p
Up 8%

Net capital investment
£326m

Net debt
£1,592m

Operating profit
£378m
Up 6%

Profit before tax
£329m
Up 3%

Basic earnings per share
31.7p
Up 4%

* before amortisation of non-operating intangibles and profits less losses on the disposal of non-current assets.

** before amortisation of non-operating intangibles, profits less losses on the disposal of non-current assets, and profits less losses on the sale and closure of businesses.

THE GROUP OPERATES THROUGH FIVE STRATEGIC BUSINESS SEGMENTS: SUGAR; AGRICULTURE; GROCERY; INGREDIENTS; AND RETAIL.

SUGAR

21%
of total revenue

Revenue
£1,203m (2011, £1,024m)

Adjusted operating profit
£172m (2011, £108m)

AGRICULTURE

10%
of total revenue

Revenue
£597m (2011, £507m)

Adjusted operating profit
£16m (2011, £18m)

GROCERY

32%
of total revenue

Revenue
£1,813m (2011, £1,743m)

Adjusted operating profit
£75m (2011, £109m)

INGREDIENTS

9%
of total revenue

Revenue
£538m (2011, £527m)

Adjusted operating profit
£18m (2011, £31m)

RETAIL

28%
of total revenue

Revenue
£1,615m (2011, £1,406m)

Adjusted operating profit
£154m (2011, £151m)

I AM PLEASED TO REPORT INTERIM RESULTS FOR THE GROUP WITH ALL BUSINESS SEGMENTS DELIVERING REVENUE GROWTH >>

In the conclusion to my statement in the 2011 annual report I commented that economic growth in developed economies around the world was likely to remain subdued in the medium term. With the consequent pressure on consumer disposable incomes, trading for our grocery and retail businesses has been challenging in this first half. However, commodity costs have subsided during the period and as the effects of forward purchasing unwind, the group is beginning to see some relief.

Revenue in the first half grew by 11% and adjusted operating profit increased by 6%. Net financing costs were higher than last year's first half, resulting from the higher level of net borrowings at the beginning of the period. Although lower than the rate used in the interim results last year, the underlying tax rate of 25.9% was, as expected, higher than last year's full rate of 24.6%. Adjusted earnings were 5% ahead at 34.4p per share.

Our sugar businesses delivered profit substantially ahead of last year with much stronger regional sugar prices and an excellent campaign in the UK compared with the challenges of last year's winter. Over recent years AB Sugar has made a significant investment in efficiency improvements to establish itself as a leader in beet sugar production in Europe and to make it more cost competitive on a global basis. Further improvements are planned. We believe the ending of sugar quotas in 2015, as recently proposed by the European Commission, is premature and is likely to jeopardise further investment in the European industry. AB Sugar is engaged with policymakers in the EU to explore alternative options for sugar reform.

In Grocery, Twinings Ovaltine and our UK businesses performed well. However, a combination of higher costs for the Castlemaine meat factory and a difficult trading environment in Australia led to a disappointing first half for our meat business in George Weston Foods although a recent improvement in its bakery business is encouraging. With an extensive overhead reduction programme now under way, the business has taken a charge for restructuring in the period. Allied Bakeries continued its focus on lowering its cost base with further capital expenditure in its bakeries and it also took a one-time overhead reduction charge. In Ingredients, a continuation of input cost pressures and increased competition, combined with a rationalisation charge, reduced operating profit in the yeast business.

Primark again delivered a robust result. Revenue grew by 15% in the half year driven by a strong programme of new store openings, with 1 million sq ft of selling space added in the last 12 months, and a like-for-like sales increase of 2%. We maintained our substantial capital investment in acquiring and fitting-out new stores and refurbishing existing properties, and this pace of expansion is expected to continue.

Our group exposure to sales in the eurozone is limited to some 20%. As uncertainty over the eurozone economies persists and government austerity measures take effect, growth rates and consumer demand can be expected to remain under pressure. Each of our businesses has analysed the potential impact of euro instability on their operations, looking at a range of possible outcomes and the action necessary to minimise the consequences. The diversity and geographic spread of the group's activities, together with the strength of the group balance sheet and the reduced reliance on bank finance, afford some protection from the worst effects of the eurozone problems.

The cash outflow that typically characterises our first half is a consequence of AB Sugar building inventory during its northern hemisphere campaign. The cash outflow before funding this year was lower than last year with the benefit of the higher profit, a lower working capital outflow and lower capital expenditure. Capital expenditure for Primark was in line with last year but, as projects within the food businesses complete, or near completion, the overall level of capital expenditure was lower. This had the effect of containing our net debt to £1,592m at the half year end.

On 29 March we completed a private placement of senior notes to a number of UK and US institutional lenders raising $526m with a range of maturities from 2019 to 2024. This issue provides funds, in addition to our existing committed bank facilities, some of which will be used to refinance debt maturing next year. The 3.66% average fixed interest coupon on these notes is higher than the current variable interest rate on shorter term bank borrowings which will increase the group's interest expense in the second half. By further diversifying our sources of funding and lengthening our debt maturity profile the financial strength and flexibility of the group has been enhanced.

Dividends

We have stated that the profit improvement in this financial year would be weighted towards the second half. The board has therefore decided to increase the interim dividend ahead of the half year increase in adjusted earnings per share. The interim dividend will be 8.5p, an increase of 8% on last year, and will be paid on 6 July 2012 to shareholders registered at the close of business on 8 June 2012.

Outlook

AB Sugar's investment over recent years, its focus on maximising capacity utilisation and operational efficiency and the strength of regional sugar prices, are expected to drive the full year profit for Sugar well ahead of last year. This, together with strong profit growth from Primark in the second half, should more than offset the lower profit in Grocery and Ingredients. We continue to expect this to result in substantial growth in both adjusted operating profit and adjusted earnings per share for the group for the full year.

Charles Sinclair

Chairman
24 April 2012

GROUP REVENUES INCREASED BY 11% TO £5,766M AND ADJUSTED OPERATING PROFIT WAS 6% AHEAD OF LAST YEAR AT £412M >>

The first half was notable for the exceptional performance from AB Sugar and a creditable result from Primark. However, these results were held back by disappointing trading from AB Mauri and George Weston Foods in Australia. Average exchange rates remained similar to last year in all major currencies resulting in no material translation effects.

AB Sugar's result was particularly pleasing. It was the consequence of careful investments made, over a number of years, both in the acquisition of businesses and in organic capital, together with higher prices in the regions where we operate. Our organic investment has been directed at improving efficiency, reducing cost and increasing capacity which now exceeds 5 million tonnes annually. With production expected to be 4.5 million tonnes this year, there is still more room to grow.

Primark has now sold through the inventory that was bought when cotton prices were at their high point last year. Looking forward, the benefit of lower cotton prices together with the momentum of selling space growth and strong trading from new stores can be expected to accelerate the rate of profit growth.

The combination of higher input costs and increased competition for yeast in some parts of the world contributed to a decline in margin for Ingredients. As I said at the last financial year end, we remain committed to our investment in building capacity and in developing a sharper and more differentiated offering for both yeast and bakery ingredients.

The consumer food industry in developed countries faces the challenge of consumers seeking more value as their disposable incomes are squeezed. Twinings Ovaltine and our UK Grocery brands have performed well in this environment. With a focus on cost reduction, Allied Bakeries continued its capital development programme in the UK bakeries and a rationalisation charge was taken in Allied Bakeries and George Weston Foods. A new management team is now in place at George Weston Foods and progress has already been made in reducing overheads. Further rationalisation is under way and improvement in business performance is expected as the benefits flowing from the restructuring programme, enhanced efficiency of the Castlemaine plant and volume growth are delivered.

Revenue
£1,203m (2011, £1,024m)

Adjusted operating profit
£172m (2011, £108m)

SUGAR

Revenue and profit were both substantially ahead of last year at 17% and 59% respectively. This was driven by a strong increase in the UK, further improvement in Spain and a better performance from Illovo.

In the UK, the production campaign was successfully completed at the end of February. Growers benefited from excellent conditions throughout the year, delivering record beet yields of 75.6 tonnes per hectare. Combined with a high sucrose content in the beet, production for the full year is expected to be 1.3 million tonnes, compared to just under 1.0 million tonnes last year which fell short of sales quota. British Sugar's profit was well ahead of last year reflecting this excellent campaign, strong factory performance and higher EU prices. The higher sugar volumes this year allowed the resumption of bioethanol production at Wissington, which had been suspended last year. The bioethanol plant is now operating close to capacity and the commissioning of the associated CO_2 liquefaction plant is almost complete.

In Spain, Azucarera's northern beet harvest also benefited from an excellent growing season, with growers reporting record Spanish yields. Together with a continued focus on higher factory extraction rates, the three northern beet factories produced 392,000 tonnes, exceeding the company's beet sugar quota of 378,000 tonnes. In addition to its beet sugar production, Azucarera produced a further 70,000 tonnes of co-refined cane sugar at these factories, and the Guadalete refinery in southern Spain has performed well, and close to capacity, despite the limited availability of preferential raw cane sugar supplies. Beet sugar production in the south is expected to be similar to last year with favourable growing conditions but a smaller area under cultivation. The substantial increase in profit resulted from higher volumes of beet and cane sugar produced, excellent factory performance and higher EU prices.

Illovo delivered a stronger result than last year with revenue and profit both ahead benefiting from favourable regional prices. Plant operations were satisfactory although sugar production for the season ended March 2012 was 1.5 million tonnes, compared with 1.6 million tonnes last year, as a result of severe drought in South Africa and lower sucrose content throughout the region. Illovo's sugar production is now expected to recover with much higher volumes in South Africa and with the expanded plants in Swaziland and Zambia operating closer to capacity. The Umzimkulu mill in South Africa, which was closed for the 2011/12 season, is due to operate during the new season which commenced in March 2012. Illovo has spent a number of years developing a proposal to invest in Mali, West Africa. The project has been constrained by incomplete funding of the agricultural component, and commitments required from the Government of Mali in relation to the project are still outstanding. Illovo has offered its assistance to the Government of Mali in order to resolve these outstanding issues but the recent military coup has added further uncertainty.

Further progress was made in our north China sugar operations. Increased agricultural plantings, improved beet yield, higher sugar content and better factory extraction rates combined to increase sugar production from 210,000 tonnes last year to 291,000 tonnes this year. Relocation of the Zhangbei factory, from its original site which was redesignated for development, is on track for completion in time for the 2012/13 campaign, with construction recommencing in March following the north China winter freeze. In the south, reduced yield and lower extraction are expected to reduce sugar production to 387,000 tonnes compared with 415,000 tonnes last year. Sugar prices in China reduced steadily throughout calendar 2011 but since then the Beijing and Guangxi governments have intervened with a plan to purchase 1.5 million tonnes of strategic stock and prices have now stabilised. Profit in China is expected to be considerably lower than last year as a consequence.

Vivergo's wheat bioethanol plant in Hull is expected to be commissioned in late spring following successful testing of the grain intake and animal feed processing stages. Full capacity will be reached in 2013.

Revenue
£597m (2011, £507m)

Adjusted operating profit
£16m (2010, £18m)

AGRICULTURE

Each of the agriculture businesses achieved revenue growth in the period, led by KW Trident's strong sales of sugar beet feed and another excellent performance from AB Vista, our international micro-ingredients feed business. Profits in the UK and China were ahead of last year but lower grain prices and reduced volatility led to a fall in Frontier's profit from last year's very strong level.

In the UK, feed revenues were ahead in all sectors and KW Trident delivered an excellent performance with strong demand for sugar beet feed and a large sugar beet crop. Premier Nutrition, our specialist premix and pig starter feed business, strengthened its position in the UK broiler market winning substantial new business for premixes, and continued to develop its export business. Our share of the UK piglet starter feed market remained stable, during a challenging period for UK pig farmers, but the export starter business in the EU suffered volume and margin erosion. AB Vista delivered sales and profit growth ahead of expectations and continued its high level of investment in differentiating services and new product development. The recent launch of its new phytase enzyme, Quantum Blue, was highly successful.

Frontier had another strong period but, with cereal and oilseed prices drifting down from the extreme highs of 2011 and a more normal level of price volatility, trading opportunities were much reduced. Crop prices remained well ahead of the costs of production resulting in farmers investing in seed, fertiliser and crop protection inputs to support yields. Warm and dry autumn conditions, combined with a relatively mild winter, led to high plantings and advanced crop growth with a good yield potential and increased demand for fungicides and nutrients.

China saw good growth in feed volumes across all species driven by higher prices for pigs, eggs and milk. The business still faces a number of market challenges, particularly with continued high raw material commodity prices.

Revenue
£1,813m (2011*, £1,743m)

Adjusted operating profit
£75m (2011*, £109m)

* restated – see note 1 (page 15)

GROCERY

Grocery revenue increased by 4% to £1,813m. The decline in operating profit was primarily driven by restructuring costs at George Weston Foods in Australia and Allied Bakeries in the UK, margin declines at Allied Bakeries and higher than expected costs of operating the Castlemaine meat factory in Australia.

Twinings Ovaltine continued to perform very well with good growth for tea in the US and exceptional growth for Ovaltine in developing markets. Profit in the first half was higher than last year, also benefiting from the non-repeat of a rationalisation charge for the tea supply chain. Marketing investment was increased again this year, particularly in UK advertising and promotion and in developing markets. The business in Thailand continued to trade during the recent heavy flooding, relying on inventive contingency planning to ensure our products reached consumers.

In Allied Bakeries, Kingsmill achieved revenue growth but a high level of promotion, as UK consumers increasingly seek value, affected margins. The brand was refreshed in January with a new pack design that more clearly distinguishes the various products in the range. This was supported by a television advertising campaign featuring 50/50 bread, Little Big Loaf Tasty Wholemeal and a recent innovation, 50/50 Pockets. A national press campaign promoted the fast-growing Burgen range and Allinson also benefited from press advertising to support the launch of a new variant, Sourdough. Allied Bakeries continued to roll out the largest capital development programme within the UK bakery industry to improve manufacturing efficiency and upgrade product quality. Construction of the new bread plant and bulk handling at the Stockport bakery is well under way and due to begin commissioning in June. A rationalisation charge has been taken in these results for the closure of two smaller bakeries and the cost of further overhead reduction.

Silver Spoon achieved growth in caster and icing sugars for home baking. The Billington's range was repackaged to improve its appearance on shelf and the Allinson range of culinary flours continued to grow strongly. Following EU approval of stevia extracts in December 2011 we launched the Truvia tabletop sweetener brand. The launch was supported with television and radio advertising as well as in-store promotion, and wide distribution has already been achieved. Jordans and Ryvita had a very strong first half with Ryvita crispbread and crackerbread in particular performing well in the UK. Competition in the UK cereal and cereal bar market remained strong but Jordans' international business performed well. The transfer of manufacturing from Stockport to Poole is now complete and operating successfully.

Westmill Foods continued to see reduced volumes with increased price awareness and a switch from premium to value brands in the highly pressured ethnic restaurant and takeaway trade, which led to a fall in profitability. Further progress was made in the noodles business with the leading brand in the sector, Lucky Boat, gaining market share. A third noodle line at the Trafford factory has now been commissioned, ahead of time and within budget. AB World Foods ran a strong promotional programme during the period which resulted in good sales volumes, particularly for Patak's. Blue Dragon is now the largest oriental ambient brand in the UK following its successful relaunch last year.

The difficult retail and competitor environment experienced by George Weston Foods in the latter part of last year continued into the first half this year although recently we have seen some improvement in the Tip Top bread business. Total revenue in the period was marginally ahead of last year with an increase in milling and baking largely offset by lower meat sales. Good progress was made in bakery operations with the opportunity to deliver further improvements. The performance of the meat business was unsatisfactory. It faced significant challenges at the new Castlemaine factory where the cost of operation remains too high, but progress continued to be made in improving productivity. In addition to the plans to drive factory efficiencies, progress on the restructuring of sales distribution channels and warehousing, and general reductions in administrative costs are expected to deliver improvements in performance. The half year result includes a provision for these restructuring costs.

Revenue at ACH was ahead of last year driven by an improved performance in oils with higher volumes and better margins achieved as underlying commodity costs weakened. Spice volumes were adversely impacted by price increases taken to recover higher input costs, new product launches and support for premium private label products. Margins in foodservice were affected by delays in increasing spice prices as a result of strong competition and customer promotion of private label. In Mexico the benefit of lower oil cost was offset by currency weakness resulting in the need to increase prices further at a time of heightened competitor activity. Capullo, our premium oil brand, was relaunched in the period and a new blended oil was launched under the Mazola brand.

Revenue
£538m (2011*, £527m)

Adjusted operating profit
£18m (2011*, £31m)

* restated – see note 1 (page 15)

INGREDIENTS

Revenue increased by 2% to £538m but operating profit declined to £18m as the challenges experienced by the yeast and bakery ingredients business, seen particularly in the second half of last year, continued. Operating profit was adversely affected in a number of regions by input cost pressures, increased competition and volume weakness. A rationalisation charge for the restructuring of the European region and the closure of a small production facility in Canada has been taken in the period.

ABF Ingredients made progress in improving productivity at its yeast extracts factory in Harbin, China which, combined with growth in enzymes, delivered a profit improvement.

Continued growth was achieved in bakery ingredients across South and Central America with a broadened product range. However, margins were affected by difficult market conditions and raw material price pressure in Brazil. We continued to grow the business in Mexico and expect to benefit from the commissioning of the new yeast plant at Veracruz which is expected at the start of the next financial year. In North America the competitive market made price recovery challenging.

Our performance in Europe was adversely affected by increased competition which has made price increases to recover higher input costs difficult to achieve. Bakery ingredients in Spain continued to grow and commissioning of the new plant in Cordoba is expected at the end of the financial year. A rationalisation charge has been taken for a reduction in overhead in the European region.

In Asia, sales volumes in China were disappointing but we continued to make good progress in growing volumes in India where investment was made in production capacity and skilled resources in order to build on our market leadership position. Our plant in Vietnam was closed for part of the period although bakery ingredients production has now recommenced and yeast production is expected to restart in the second half of the financial year once certain operational improvements have been completed.

Capital investment in the period included the construction of new yeast plants at Veracruz in Mexico and Shandong province in China, together with expansion of dry yeast capacity at our Xinjiang plant in China and fresh yeast at our plants in Delhi and Chiplun in India. We are also constructing a new bakery ingredients facility in Spain to support growth in southern Europe. These projects are expected to be completed this financial year and the full benefit will be seen next year.

At ABF Ingredients, sales of feed and bakery enzymes made further progress, benefiting from the success of new products launched last year. Improvements were made in operational efficiency at the yeast extracts plant in China which eased capacity constraints at our factory in Germany and improved profitability. A buoyant US dairy market contributed to a strong performance in lactose and whey proteins. Further growth was achieved in sales of speciality lipids to the pharmaceutical sector.

Revenue
£1,615m (2011, £1,406m)

Adjusted operating profit
£154m (2011, £151m)

RETAIL

Primark's momentum delivered strong growth in the first half with revenue ahead by 15% to £1,615m. Although trading at the start of the financial year was slow as a result of the unusually warm autumn, sales over the Christmas period were particularly strong and have continued to be good since the New Year, especially considering the economic climate. The revenue growth resulted from a 2% like-for-like sales increase and an extensive programme of new store openings. Trading in the new stores, especially in continental Europe, exceeded our expectations.

As expected, the first half operating profit margin was lower than last year reflecting the absorption of high cotton costs and the decision taken not to pass on these higher costs to our customers. Cotton prices have since fallen and we are now beginning to see the benefit of lower input costs in the second half.

Primark's expansion has continued apace this year with ten new store openings in the first half. These included three in Spain, including our sixth store in Madrid which opened at Parque Sur on 3 March, three in Germany, one each in Portugal and the Netherlands, and two in the UK. Our flagship store in Scotland opened on Princes Street in Edinburgh just before Christmas. We also relocated to a much larger store in the Metro Centre in Gateshead and extended the stores in Bexleyheath and Harlow. Two menswear concessions were opened in Selfridges stores in Birmingham and the Manchester Trafford Centre. At the half year we were operating from 233 stores with 7.9 million sq ft of selling space, an increase of 0.6 million sq ft since the financial year end.

We currently expect to open a further six stores in the second half, including four in Spain, one in Germany and one in the UK. Together with further store extensions this will increase our selling space to 8.2 million sq ft by the year end. To service our stores in northern Europe we will take occupancy, in the summer, of a new 400,000 sq ft, purpose-built depot located in the west of Germany at Monchengladbach.

Capital expenditure of £139m in the first half was in line with last year reflecting the high number of stores opened in the period and those to open in the near future. Expenditure on new stores and refits for the full year is expected to be at a similar level to last year.

George Weston
Chief Executive
24 April 2012

Condensed consolidated income statement

CONTINUING OPERATIONS	Note	**24 weeks ended 3 March 2012 £m**	24 weeks ended 5 March 2011 £m	52 weeks ended 17 September 2011 £m
REVENUE	1	**5,766**	5,207	11,065
Operating costs		**(5,402)**	(4,870)	(10,265)
		364	337	800
Share of profit after tax from joint ventures and associates		**13**	17	37
Profits less losses on disposal of non-current assets		**1**	2	5
OPERATING PROFIT		**378**	356	842
Adjusted operating profit	1	**412**	390	920
Profits less losses on disposal of non-current assets		**1**	2	5
Amortisation of non-operating intangibles		**(35)**	(36)	(83)
Profits less losses on sale and closure of businesses		**–**	–	–
PROFIT BEFORE INTEREST		**378**	356	842
Finance income		**5**	4	9
Finance expense		**(53)**	(43)	(101)
Other financial (expense)/income		**(1)**	2	7
PROFIT BEFORE TAXATION		**329**	319	757
Adjusted profit before taxation		**363**	353	835
Profits less losses on disposal of non-current assets		**1**	2	5
Amortisation of non-operating intangibles		**(35)**	(36)	(83)
Taxation – UK		**(40)**	(36)	(92)
– Overseas		**(45)**	(47)	(88)
	2	**(85)**	(83)	(180)
PROFIT FOR THE PERIOD		**244**	236	577
ATTRIBUTABLE TO				
Equity shareholders		**250**	241	541
Non-controlling interests		**(6)**	(5)	36
PROFIT FOR THE PERIOD		**244**	236	577
Basic and diluted earnings per ordinary share (pence)	3	**31.7**	30.6	68.7
Dividends per share for the period (pence)	4	**8.5**	7.9	24.75

Condensed consolidated statement of comprehensive income

	24 weeks ended 3 March 2012 £m	24 weeks ended 5 March 2011 £m	52 weeks ended 17 September 2011 £m
PROFIT FOR THE PERIOD RECOGNISED IN THE INCOME STATEMENT	**244**	236	577
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Actuarial (losses)/gains on defined benefit schemes	**(21)**	132	12
Deferred tax associated with defined benefit schemes	**6**	(37)	(4)
Effect of movements in foreign exchange	**(33)**	28	89
Net gain on hedge of net investment in foreign subsidiaries	**3**	11	2
Deferred tax associated with movements in foreign exchange	**–**	(1)	(1)
Current tax associated with movements in foreign exchange	**(1)**	(4)	(1)
Movement in cash flow hedging position	**(3)**	(33)	6
Deferred tax associated with movement in cash flow hedging position	**1**	8	(1)
Share of other comprehensive income of joint ventures and associates	**(2)**	–	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**(50)**	104	102
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**194**	340	679
ATTRIBUTABLE TO			
Equity shareholders	**208**	346	657
Non-controlling interests	**(14)**	(6)	22
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**194**	340	679

Condensed consolidated balance sheet

	3 March 2012 £m	5 March 2011 £m	17 September 2011 £m
NON-CURRENT ASSETS			
Intangible assets	**1,850**	1,903	1,893
Property, plant and equipment	**4,546**	4,226	4,465
Biological assets	**100**	101	99
Investments in joint ventures	**166**	137	150
Investments in associates	**43**	40	44
Employee benefits assets	**19**	124	35
Deferred tax assets	**174**	164	150
Other receivables	**191**	201	203
TOTAL NON-CURRENT ASSETS	**7,089**	6,896	7,039
CURRENT ASSETS			
Inventories	**1,727**	1,555	1,425
Biological assets	**114**	112	112
Trade and other receivables	**1,312**	1,219	1,259
Other financial assets	**30**	16	26
Cash and cash equivalents	**310**	362	341
TOTAL CURRENT ASSETS	**3,493**	3,264	3,163
TOTAL ASSETS	**10,582**	10,160	10,202
CURRENT LIABILITIES			
Loans and overdrafts	**(979)**	(908)	(729)
Trade and other payables	**(1,665)**	(1,614)	(1,627)
Other financial liabilities	**(14)**	(39)	(22)
Income tax	**(140)**	(144)	(133)
Provisions	**(94)**	(104)	(31)
TOTAL CURRENT LIABILITIES	**(2,892)**	(2,809)	(2,542)
NON-CURRENT LIABILITIES			
Loans	**(923)**	(815)	(897)
Provisions	**(36)**	(94)	(105)
Deferred tax liabilities	**(428)**	(455)	(404)
Employee benefits liabilities	**(76)**	(83)	(79)
TOTAL NON-CURRENT LIABILITIES	**(1,463)**	(1,447)	(1,485)
TOTAL LIABILITIES	**(4,355)**	(4,256)	(4,027)
NET ASSETS	**6,227**	5,904	6,175
EQUITY			
Issued capital	**45**	45	45
Other reserves	**175**	175	175
Translation reserve	**689**	644	712
Hedging reserve	**(1)**	(27)	–
Retained earnings	**4,919**	4,655	4,816
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	**5,827**	5,492	5,748
Non-controlling interests	**400**	412	427
TOTAL EQUITY	**6,227**	5,904	6,175

Condensed consolidated cash flow statement

	Note	**24 weeks ended 3 March 2012 £m**	24 weeks ended 5 March 2011 £m	52 weeks ended 17 September 2011 £m
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation		**329**	319	757
Profits less losses on disposal of non-current assets		**(1)**	(2)	(5)
Profits less losses on sale and closure of businesses		**–**	–	–
Finance income		**(5)**	(4)	(9)
Finance expense		**53**	43	101
Other financial (income)/expense		**1**	(2)	(7)
Share of profit after tax from joint ventures and associates		**(13)**	(17)	(37)
Amortisation		**44**	41	96
Depreciation		**173**	154	317
Net change in the fair value of biological assets		**(8)**	(13)	(21)
Share-based payment expense		**4**	3	8
Pension costs less contributions		**(4)**	(4)	(38)
Increase in inventories		**(320)**	(310)	(176)
Increase in receivables		**(35)**	(130)	(138)
Increase in payables		**47**	58	115
Purchases less sales of current biological assets		**(1)**	(1)	(2)
Decrease in provisions		**(11)**	(12)	(69)
Cash generated from operations		**253**	123	892
Income taxes paid		**(70)**	(51)	(156)
NET CASH FROM OPERATING ACTIVITIES		**183**	72	736
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from joint ventures and associates		**4**	3	9
Purchase of property, plant and equipment		**(316)**	(384)	(794)
Purchase of intangibles		**(10)**	(20)	(49)
Purchase of non-current biological assets		**–**	(1)	(1)
Sale of property, plant and equipment		**–**	5	18
Purchase of subsidiaries, joint ventures and associates		**(5)**	(6)	(24)
Sale of subsidiaries, joint ventures and associates		**–**	1	3
Loans to joint ventures		**4**	(13)	(25)
Purchase of non-controlling interests		**(1)**	(29)	(29)
Interest received		**5**	4	11
NET CASH FROM INVESTING ACTIVITIES		**(319)**	(440)	(881)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to non-controlling interests		**(13)**	(10)	(22)
Dividends paid to equity shareholders	4	**(133)**	(128)	(190)
Interest paid		**(38)**	(30)	(99)
Financing:				
Increase in short-term loans		**237**	484	342
Increase in long-term loans		**37**	31	105
Movements from changes in own shares held		**–**	(16)	(16)
NET CASH FROM FINANCING ACTIVITIES		**90**	331	120
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(46)**	(37)	(25)
Cash and cash equivalents at the beginning of the period		**291**	309	309
Effect of movements in foreign exchange		**(4)**	(2)	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**241**	270	291

Condensed consolidated statement of changes in equity

	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to equity shareholders							
Balance as at 18 September 2011		45	175	712	–	4,816	5,748	427	6,175
TOTAL COMPREHENSIVE INCOME									
Profit for the period recognised in the income statement		–	–	–	–	250	250	(6)	244
Actuarial losses on defined benefit schemes		–	–	–	–	(21)	(21)	–	(21)
Deferred tax associated with defined benefit schemes		–	–	–	–	6	6	–	6
Effect of movements in foreign exchange		–	–	(26)	–	–	(26)	(7)	(33)
Net gain on hedge of net investment in foreign subsidiaries		–	–	3	–	–	3	–	3
Current tax associated with movements in foreign exchange		–	–	–	–	(1)	(1)	–	(1)
Movement in cash flow hedging position		–	–	–	(2)	–	(2)	(1)	(3)
Deferred tax associated with movement in cash flow hedging position		–	–	–	1	–	1	–	1
Share of other comprehensive income of joint ventures and associates		–	–	–	–	(2)	(2)	–	(2)
Other comprehensive income		–	–	(23)	(1)	(18)	(42)	(8)	(50)
Total comprehensive income		–	–	(23)	(1)	232	208	(14)	194
TRANSACTIONS WITH OWNERS									
Dividends paid to equity shareholders	4	–	–	–	–	(133)	(133)	–	(133)
Net movement in own shares held		–	–	–	–	4	4	–	4
Dividends paid to non-controlling interests		–	–	–	–	–	–	(13)	(13)
Total transactions with owners		–	–	–	–	(129)	(129)	(13)	(142)
Balance as at 3 March 2012		45	175	689	(1)	4,919	5,827	400	6,227
Balance as at 19 September 2010		45	175	606	(4)	4,471	5,293	451	5,744
TOTAL COMPREHENSIVE INCOME									
Profit for the period recognised in the income statement		–	–	–	–	241	241	(5)	236
Actuarial gains on defined benefit schemes		–	–	–	–	132	132	–	132
Deferred tax associated with defined benefit schemes		–	–	–	–	(37)	(37)	–	(37)
Effect of movements in foreign exchange		–	–	27	–	–	27	1	28
Net gain on hedge of net investment in foreign subsidiaries		–	–	11	–	–	11	–	11
Deferred tax associated with movements in foreign exchange		–	–	–	–	(1)	(1)	–	(1)
Current tax associated with movements in foreign exchange		–	–	–	–	(4)	(4)	–	(4)
Movement in cash flow hedging position		–	–	–	(29)	–	(29)	(4)	(33)
Deferred tax associated with movement in cash flow hedging position		–	–	–	6	–	6	2	8
Other comprehensive income		–	–	38	(23)	90	105	(1)	104
Total comprehensive income		–	–	38	(23)	331	346	(6)	340
TRANSACTIONS WITH OWNERS									
Dividends paid to equity shareholders	4	–	–	–	–	(128)	(128)	–	(128)
Net movement in own shares held		–	–	–	–	(13)	(13)	–	(13)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(10)	(10)
Changes in ownership of subsidiaries		–	–	–	–	(6)	(6)	(23)	(29)
Total transactions with owners		–	–	–	–	(147)	(147)	(33)	(180)
Balance as at 5 March 2011		45	175	644	(27)	4,655	5,492	412	5,904

Condensed consolidated statement of changes in equity continued

	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
		Attributable to equity shareholders							
Balance as at 19 September 2010		45	175	606	(4)	4,471	5,293	451	5,744
TOTAL COMPREHENSIVE INCOME									
Profit for the period recognised in the income statement		–	–	–	–	541	541	36	577
Actuarial gains on defined benefit schemes		–	–	–	–	12	12	–	12
Deferred tax associated with defined benefit schemes		–	–	–	–	(4)	(4)	–	(4)
Effect of movements in foreign exchange		–	–	105	–	–	105	(16)	89
Net gain on hedge of net investment in foreign subsidiaries		–	–	1	–	–	1	1	2
Deferred tax associated with movements in foreign exchange		–	–	–	–	(1)	(1)	–	(1)
Current tax associated with movements in foreign exchange		–	–	–	–	(1)	(1)	–	(1)
Movement in cash flow hedging position		–	–	–	5	–	5	1	6
Deferred tax associated with movement in cash flow hedging position		–	–	–	(1)	–	(1)	–	(1)
Other comprehensive income		–	–	106	4	6	116	(14)	102
Total comprehensive income		–	–	106	4	547	657	22	679
TRANSACTIONS WITH OWNERS									
Dividends paid to equity shareholders	4	–	–	–	–	(190)	(190)	–	(190)
Net movement in own shares held		–	–	–	–	(8)	(8)	–	(8)
Deferred tax associated with share-based payments		–	–	–	–	2	2	–	2
Dividends paid to non-controlling interests		–	–	–	–	–	–	(22)	(22)
Changes in ownership of subsidiaries		–	–	–	–	(6)	(6)	(24)	(30)
Total transactions with owners		–	–	–	–	(202)	(202)	(46)	(248)
Balance as at 17 September 2011		45	175	712	–	4,816	5,748	427	6,175

1. Operating segments

The group discloses five operating segments, as described below. These are the group's operating divisions, based on the group's management and internal reporting structure, which combine businesses with common characteristics. The board is the chief operating decision maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefits assets and deferred tax assets, and all current assets except cash and cash equivalents. Segment liabilities comprise trade and other payables, derivative liabilities and provisions. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefits balances and current and deferred tax balances. Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year, comprising property, plant and equipment, operating intangibles and biological assets.

The group is comprised of the following operating segments:

Grocery	The manufacture of grocery products, including hot beverages, sugar & sweeteners, vegetable oils, bread & baked goods, cereals, ethnic foods, herbs & spices, and meat products which are sold to retail, wholesale and foodservice businesses.
Sugar	The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the grocery segment.
Agriculture	The manufacture of animal feeds and the provision of other products for the agriculture sector.
Ingredients	The manufacture of bakers' yeast, bakery ingredients, speciality proteins, enzymes, lipids and yeast extracts.
Retail	Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

Geographical information

In addition to the required disclosure for operating segments, disclosure is also given of certain geographical information about the group's operations, based on the geographical groupings: United Kingdom; Europe & Africa; The Americas; and Asia Pacific.

Revenues are shown by reference to the geographical location of customers. Profits are shown by reference to the geographical location of the businesses. Segment assets are based on the geographical location of the assets.

	Revenue			Adjusted operating profit		
	24 weeks ended 3 March 2012 £m	24 weeks ended 5 March 2011 £m	52 weeks ended 17 September 2011 £m	**24 weeks ended 3 March 2012 £m**	24 weeks ended 5 March 2011 £m	52 weeks ended 17 September 2011 £m
OPERATING SEGMENTS						
Grocery	**1,813**	1,743	3,671	**75**	109	244
Sugar	**1,203**	1,024	2,134	**172**	108	315
Agriculture	**597**	507	1,127	**16**	18	40
Ingredients	**538**	527	1,090	**18**	31	61
Retail	**1,615**	1,406	3,043	**154**	151	309
Central	**–**	–	–	**(23)**	(27)	(48)
	5,766	5,207	11,065	**412**	390	921
Businesses disposed:						
Grocery	**–**	–	–	**–**	–	(1)
	–	–	–	**–**	–	(1)
	5,766	5,207	11,065	**412**	390	920
GEOGRAPHICAL INFORMATION						
United Kingdom	**2,485**	2,194	4,788	**271**	230	491
Europe & Africa	**1,549**	1,336	2,735	**89**	56	213
The Americas	**607**	571	1,176	**50**	59	118
Asia Pacific	**1,125**	1,106	2,366	**2**	45	99
	5,766	5,207	11,065	**412**	390	921
Businesses disposed:						
The Americas	**–**	–	–	**–**	–	(1)
	–	–	–	**–**	–	(1)
	5,766	5,207	11,065	**412**	390	920

The comparative results for the Grocery and Ingredients segments have been reclassified following a change of management responsibility for the Australian cake business.

1. Operating segments for the 24 weeks ended 3 March 2012

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,815	1,281	602	574	1,615	(121)	5,766
Internal revenue	(2)	(78)	(5)	(36)	–	121	–
Revenue from external customers	1,813	1,203	597	538	1,615	–	5,766
Adjusted operating profit before joint ventures and associates	69	173	13	13	154	(23)	399
Share of profit after tax from joint ventures and associates	6	(1)	3	5	–	–	13
Adjusted operating profit	75	172	16	18	154	(23)	412
Amortisation of non-operating intangibles	(7)	(12)	–	(16)	–	–	(35)
Profits less losses on disposal of non-current assets	–	1	–	–	–	–	1
Profit before interest	68	161	16	2	154	(23)	378
Finance income						5	5
Finance expense						(53)	(53)
Other financial expense						(1)	(1)
Taxation						(85)	(85)
PROFIT FOR THE PERIOD	68	161	16	2	154	(157)	244
Segment assets (excluding investments in joint ventures and associates)	2,894	2,901	333	1,402	2,207	133	9,870
Investments in joint ventures and associates	23	51	78	57	–	–	209
SEGMENT ASSETS	2,917	2,952	411	1,459	2,207	133	10,079
Cash and cash equivalents						310	310
Deferred tax assets						174	174
Employee benefits assets						19	19
SEGMENT LIABILITIES	(574)	(524)	(117)	(166)	(315)	(113)	(1,809)
Loans and overdrafts						(1,902)	(1,902)
Income tax						(140)	(140)
Deferred tax liabilities						(428)	(428)
Employee benefits liabilities						(76)	(76)
NET ASSETS	2,343	2,428	294	1,293	1,892	(2,023)	6,227
Non-current asset additions	59	67	8	46	122	1	303
Depreciation	50	45	3	22	52	1	173
Amortisation	14	12	1	17	–	–	44

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,485	1,549	607	1,125	5,766
Segment assets	3,760	2,946	1,102	2,271	10,079
Non-current asset additions	91	116	32	64	303
Depreciation	77	40	12	44	173
Amortisation	6	17	11	10	44

1. Operating segments for the 24 weeks ended 5 March 2011

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,746	1,079	509	564	1,406	(97)	5,207
Internal revenue	(3)	(55)	(2)	(37)	–	97	–
Revenue from external customers	1,743	1,024	507	527	1,406	–	5,207
Adjusted operating profit before joint ventures and associates	107	104	11	27	151	(27)	373
Share of profit after tax from joint ventures and associates	2	4	7	4	–	–	17
Adjusted operating profit	109	108	18	31	151	(27)	390
Amortisation of non-operating intangibles	(11)	(16)	–	(9)	–	–	(36)
Profits less losses on disposal of non-current assets	–	2	–	–	–	–	2
Profit before interest	98	94	18	22	151	(27)	356
Finance income						4	4
Finance expense						(43)	(43)
Other financial income						2	2
Taxation						(83)	(83)
PROFIT FOR THE PERIOD	98	94	18	22	151	(147)	236
Segment assets (excluding investments in joint ventures and associates)	2,696	2,756	267	1,392	2,092	130	9,333
Investments in joint ventures and associates	29	47	67	34	–	–	177
SEGMENT ASSETS	2,725	2,803	334	1,426	2,092	130	9,510
Cash and cash equivalents						362	362
Deferred tax assets						164	164
Employee benefits assets						124	124
SEGMENT LIABILITIES	(559)	(492)	(98)	(177)	(352)	(173)	(1,851)
Loans and overdrafts						(1,723)	(1,723)
Income tax						(144)	(144)
Deferred tax liabilities						(455)	(455)
Employee benefits liabilities						(83)	(83)
NET ASSETS	2,166	2,311	236	1,249	1,740	(1,798)	5,904
Non-current asset additions	111	147	6	32	140	2	438
Depreciation	43	41	5	19	45	1	154
Amortisation	16	16	–	9	–	–	41

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,194	1,336	571	1,106	5,207
Segment assets	3,679	2,791	1,022	2,018	9,510
Non-current asset additions	117	206	24	91	438
Depreciation	75	32	12	35	154
Amortisation	5	19	7	10	41

1. Operating segments for the 52 weeks ended 17 September 2011

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,677	2,265	1,134	1,164	3,043	(218)	11,065
Internal revenue	(6)	(131)	(7)	(74)	–	218	–
Revenue from external customers	3,671	2,134	1,127	1,090	3,043	–	11,065
Adjusted operating profit before joint ventures and associates	237	308	27	51	309	(48)	884
Share of profit after tax from joint ventures and associates	7	7	13	10	–	–	37
Businesses disposed	(1)	–	–	–	–	–	(1)
Adjusted operating profit	243	315	40	61	309	(48)	920
Amortisation of non-operating intangibles	(24)	(31)	(1)	(27)	–	–	(83)
Profits less losses on disposal of non-current assets	3	2	–	–	–	–	5
Profit before interest	222	286	39	34	309	(48)	842
Finance income						9	9
Finance expense						(101)	(101)
Other financial income						7	7
Taxation						(180)	(180)
PROFIT FOR THE PERIOD	222	286	39	34	309	(313)	577
Segment assets (excluding investments in joint ventures and associates)	2,824	2,503	280	1,441	2,310	124	9,482
Investments in joint ventures and associates	38	50	73	33	–	–	194
SEGMENT ASSETS	2,862	2,553	353	1,474	2,310	124	9,676
Cash and cash equivalents						341	341
Deferred tax assets						150	150
Employee benefits assets						35	35
SEGMENT LIABILITIES	(593)	(409)	(96)	(193)	(398)	(96)	(1,785)
Loans and overdrafts						(1,626)	(1,626)
Income tax						(133)	(133)
Deferred tax liabilities						(404)	(404)
Employee benefits liabilities						(79)	(79)
NET ASSETS	2,269	2,144	257	1,281	1,912	(1,688)	6,175
Non-current asset additions	226	193	11	93	323	2	848
Depreciation	87	77	9	42	100	2	317
Amortisation	36	32	1	27	–	–	96

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	4,788	2,735	1,176	2,366	11,065
Segment assets	3,671	2,916	1,075	2,014	9,676
Non-current asset additions	290	320	61	177	848
Depreciation	146	74	24	73	317
Amortisation	12	47	15	22	96

2. Income tax expense

	24 weeks ended 3 March 2012 £m	24 weeks ended 5 March 2011 £m	52 weeks ended 17 September 2011 £m
CURRENT TAX EXPENSE			
UK – corporation tax at 25.5%/27.5%/27.1%	**37**	32	80
Overseas – corporation tax	**39**	28	88
UK – underprovided in prior periods	**–**	–	16
Overseas – overprovided in prior periods	**–**	–	(25)
	76	60	159
DEFERRED TAX EXPENSE			
UK	**3**	4	(5)
Overseas	**6**	19	22
UK – underprovided in prior periods	**–**	–	1
Overseas – underprovided in prior periods	**–**	–	3
	9	23	21
TOTAL INCOME TAX EXPENSE IN INCOME STATEMENT	**85**	83	180
RECONCILIATION OF EFFECTIVE TAX RATE			
Profit before taxation	**329**	319	757
Less share of profit from joint ventures and associates	**(13)**	(17)	(37)
PROFIT BEFORE TAXATION EXCLUDING SHARE OF PROFIT AFTER TAX FROM JOINT VENTURES AND ASSOCIATES	**316**	302	720
Nominal tax charge at UK corporation tax rate of 25.5%/27.5%/27.1%	**81**	83	195
Higher and lower tax rates on overseas earnings	**1**	(12)	(35)
Expenses not deductible for tax purposes	**3**	12	22
Utilisation of losses	**–**	–	(2)
Deferred tax not recognised	**–**	–	5
Adjustments in respect of prior periods	**–**	–	(5)
	85	83	180
INCOME TAX RECOGNISED DIRECTLY IN EQUITY			
Deferred tax associated with defined benefit schemes	**(6)**	37	4
Deferred tax associated with share-based payments	**–**	–	(2)
Deferred tax associated with movement in cash flow hedging position	**(1)**	(8)	1
Deferred tax associated with movements in foreign exchange	**–**	1	1
Current tax associated with movements in foreign exchange	**1**	4	1
	(6)	34	5

In 2011, it was announced that the UK corporation tax rate, which had been reduced from 28% to 27% with effect from 1 April 2010, would be further reduced to 26% with effect from 1 April 2011. This announcement was made subsequent to the end of the reporting period and was not therefore reflected in the interim report for 2011. The impact of this additional rate reduction on current and deferred tax was reflected in the consolidated financial statements for the year ended 17 September 2011. It was also announced that the UK corporation tax rate would reduce by a further 1% each year for the following three years, falling to 23% with effect from 1 April 2014. Each annual reduction will be reflected as the relevant legislation becomes substantively enacted. The interim results for the period ended 3 March 2012 reflect the reduction of 1% to 25% that was enacted in 2011.

It has recently been announced that the UK corporation tax rate will be further reduced by 1% with effect from 1 April 2012. As last year, the announcement was made after the end of the reporting period and has not therefore been reflected in the interim results for 2012 but will be reflected in the results for the full year ending 15 September 2012.

3. Earnings per ordinary share

	24 weeks ended 3 March 2012 pence	24 weeks ended 5 March 2011 pence	52 weeks ended 17 September 2011 pence
ADJUSTED EARNINGS PER SHARE	**34.4**	32.9	74.0
Disposal of non-current assets	**0.1**	0.3	0.6
Amortisation of non-operating intangibles	**(4.4)**	(4.6)	(10.5)
Tax credit on non-operating intangibles amortisation and goodwill	**1.1**	1.4	3.2
Non-controlling interests' share of amortisation of non-operating intangibles net of tax	**0.5**	0.6	1.4
EARNINGS PER ORDINARY SHARE	**31.7**	30.6	68.7

4. Dividends

	24 weeks ended 3 March 2012 pence	24 weeks ended 5 March 2011 pence	52 weeks ended 17 September 2011 pence
PER SHARE			
2010 final	**–**	16.20	16.20
2011 interim	**–**	–	7.90
2011 final	**16.85**	–	–
	16.85	16.20	24.10
	£m	£m	£m
TOTAL			
2010 final	**–**	128	128
2011 interim	**–**	–	62
2011 final	**133**	–	–
	133	128	190

The 2011 final dividend of 16.85p per share was approved on 9 December 2011 and totalled £133m when paid on 13 January 2012. The 2012 interim dividend of 8.5p per share, total value of £67m, will be paid on 6 July 2012 to shareholders on the register on 8 June 2012.

5. Acquisitions and disposals

There were no acquisitions or disposals in the period. Cash flow on purchase of subsidiaries, joint ventures and associates in the cash flow statement of £5m comprised a £4m investment in joint ventures and £1m paid in respect of previous acquisitions.

6. Analysis of net debt

	At 17 September 2011 £m	Cash flow £m	Exchange adjustments £m	At 3 March 2012 £m
Cash at bank and in hand, cash equivalents and overdrafts	291	(46)	(4)	**241**
Short-term borrowings	(679)	(237)	6	**(910)**
Loans over one year	(897)	(37)	11	**(923)**
	(1,285)	(320)	13	**(1,592)**

Cash and cash equivalents comprise cash balances, call deposits and investments with original maturities of three months or less. 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 cash flow statement.

7. Related party transactions
Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Full details of the group's other related party relationships, transactions and balances are given in the group's financial statements for the 52 weeks ended 17 September 2011. There have been no material changes in these relationships in the 24 weeks ended 3 March 2012 or up to the date of this report.

No related party transactions have taken place in the first 24 weeks of the current financial year that have materially affected the financial position or the performance of the group during that period.

8. Basis of preparation
Associated British Foods plc ('the Company') is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company for the 24 weeks ended 3 March 2012 comprise those of the Company and its subsidiaries (together referred to as 'the group') and the group's interests in associates and jointly controlled entities.

The consolidated financial statements of the group for the 52 weeks ended 17 September 2011 are available upon request from the Company's registered office at 10 Grosvenor Street, London W1K 4QY or at www.abf.co.uk

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the 52 weeks ended 17 September 2011.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 52 weeks ended 17 September 2011.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating review. Note 24 on pages 93 to 104 of the 2011 Annual Report provides details of the group's policy on managing its financial and commodity risks.

The group has considerable financial resources, good access to debt markets, a diverse range of businesses and a wide geographic spread. It is therefore well placed to continue to manage business risks successfully despite the current economic uncertainty.

The 24 week period for the condensed consolidated interim financial statements of the Company means that the second half of the year is usually a 28 week period, and the two halves of the reporting year are therefore not of equal length. For the Retail segment, Christmas, falling in the first half of the year, is a particularly important trading period. For the Sugar segment, the balance sheet, and working capital in particular, is strongly influenced by seasonal growth patterns for both sugar beet and sugar cane, which vary significantly in the markets in which the group operates.

The condensed consolidated interim financial statements are unaudited but have been subject to an independent review by the auditor and were approved by the board of directors on 24 April 2012. They do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the 52 weeks ended 17 September 2011 have been abridged from the group's 2011 financial statements and are not the Company's statutory financial statements for that period. Those financial statements have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The interim results announcement has been prepared solely to provide additional information to shareholders as a body, to assess the group's strategies and the potential for those strategies to succeed. This interim results announcement should not be relied upon by any other party or for any other purpose.

9. Significant accounting policies
The accounting policies applied by the group in these condensed consolidated interim financial statements are substantially the same as those applied by the group in its consolidated financial statements for the 52 weeks ended 17 September 2011. Whilst there have been a number of minor changes to standards which become applicable for the year ending 15 September 2012, none has been assessed as having a significant impact on the group.

Cautionary statements

This interim results announcement contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the group's performance over the remainder of the financial year and could cause actual results to differ materially from expected and historical results. These include, but are not limited to, competitor activity and competition risk, commercial relationships with customers and suppliers, changes in foreign exchange rates and commodity prices. Details of the key risks facing the group's businesses at an operational level are included on pages 46 to 48 of the group's statutory financial statements for the 52 weeks ended 17 September 2011, as part of the corporate governance report. Details of further potential risks and uncertainties arising since the issue of the previous statutory financial statements are included within the Chairman's statement and the Operating review as appropriate.

Responsibility statement

The interim results announcement complies with the Disclosure and Transparency Rules ('the DTR') of the Financial Services Authority in respect of the requirement to produce a half yearly financial report.

The directors confirm that to the best of their knowledge:

- this financial information has been prepared in accordance with IAS 34 as adopted by the EU;
- this interim results announcement includes a fair review of the important events during the first half and their impact on the financial information, and a description of the principal risks and uncertainties for the remaining half of the year as required by DTR 4.2.7R; and
- this interim results announcement includes a fair review of the disclosure of related party transactions and changes therein as required by DTR 4.2.8R.

George Weston
Chief Executive
24 April 2012

John Bason
Finance Director
24 April 2012

Charles Sinclair
Chairman
24 April 2012

on behalf of the board

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim results announcement for the 24 weeks ended 3 March 2012 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the interim results announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim results announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results announcement in accordance with the DTR of the UK FSA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this interim results announcement has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim results announcement based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim results announcement for the 24 weeks ended 3 March 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Richard Pinckard
for and on behalf of KPMG Audit Plc

Chartered Accountants
15 Canada Square
London, E14 5GL

24 April 2012

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Company secretary
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George G Weston, Chief Executive
John G Bason, Finance Director
Emma Adamo
Tim Clarke*‡√†
Lord Jay of Ewelme, GCMG*‡√†
Javier Ferrán*√†
Peter Smith*‡√†

* member of the Remuneration committee

‡ member of the Audit committee

√ member of the Nomination committee

† independent non-executive director

Tim Clarke is the senior independent director

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