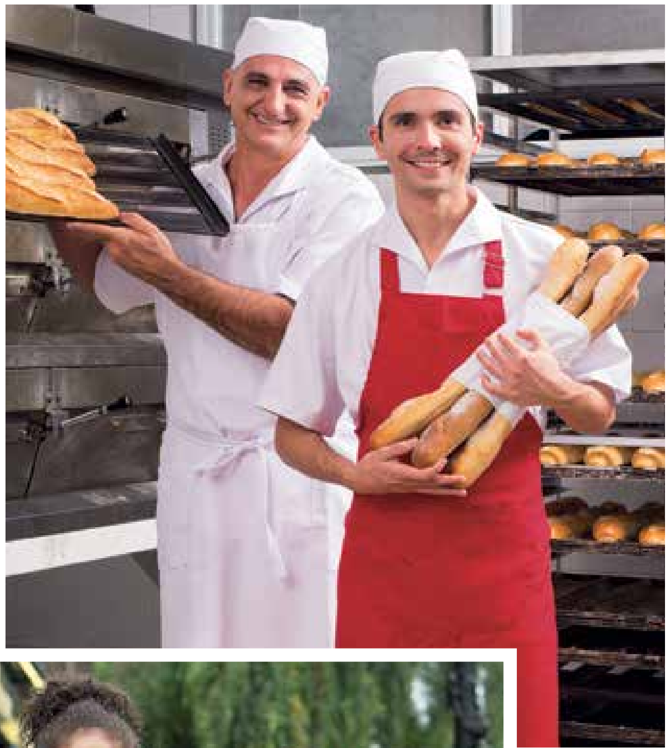
Associated British Foods plc



INTERIM RESULTS 2015

Associated British Foods is a diversified international food, ingredients and retail group with annual sales of £12.9bn, 118,000 employees and operations in 47 countries across Europe, southern Africa, the Americas, Asia and Australia.

Our range of activities is broad in product, technology and market scope. Our portfolio of businesses comprises sizeable operations that achieve good revenue and profit growth; mature, cash-generative operations; and smaller enterprises that afford exciting growth potential.

In our markets, we aim to achieve strong and sustainable positions through a combination of organic growth, acquisition of complementary new businesses and achievement of high levels of operating efficiency. We provide high-quality, value-for-money food and clothing that are central to people's lives.

FINANCIAL HIGHLIGHTS

Group revenue

£6,248m

Actual: +1%

Constant currency: +3%

Adjusted operating profit*

£474m

Actual: -5%

Constant currency: -2%

Adjusted profit before tax**

£450m

Down 4%

Adjusted earnings per share**

46.1p

Up 1%

Dividends per share

10.0p

Up 3%

Net capital investment

£277m

Net debt

£801m

Operating profit†

£353m

Down 24%

Profit before tax†

£213m

Down 51%

Basic earnings per share†

18.1p

Down 58%

CONTENTS

* Before amortisation of non-operating intangibles, profits less losses on disposal of non-current assets and exceptional items.

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

† After profits less losses on sale and closure of businesses and exceptional items.

All adjustments to profit measures are shown on the face of the consolidated income statement.

Constant currency is derived by translating the 2014 results at 2015 average exchange rates.

OUR BUSINESSES AT A GLANCE

The group operates through five strategic business segments: Sugar, Agriculture, Retail, Grocery and Ingredients.

GROCERY

Revenue
£1,580m 2014: £1,653m

Adjusted operating profit
£128m 2014: £123m

Adjusted operating profit margin
8.1% 2014: 7.4%

Return on average capital employed
21.4% 2014: 20.5%

SUGAR

Revenue
£928m 2014: £1,027m

Adjusted operating profit
£(3)m 2014: £64m

Adjusted operating profit margin
(0.3)% 2014: 6.2%

Return on average capital employed
(0.4)% 2014: 7.8%

AGRICULTURE

Revenue
£577m 2014: £625m

Adjusted operating profit
£23m 2014: £19m

Adjusted operating profit margin
4.0% 2014: 3.0%

Return on average capital employed
16.5% 2014: 14.2%

INGREDIENTS

Revenue
£616m 2014: £623m

Adjusted operating profit
£28m 2014: £17m

Adjusted operating profit margin
4.5% 2014: 2.7%

Return on average capital employed
8.0% 2014: 5.2%

RETAIL

Revenue
£2,547m 2014: £2,278m

Adjusted operating profit
£322m 2014: £298m

Adjusted operating profit margin
12.6% 2014: 13.1%

Return on average capital employed
31.2% 2014: 32.3%

This is a sound trading result with significant progress made in operating profit by Primark, Agriculture and Ingredients, and further improvement in Grocery's margin.

CHAIRMAN'S STATEMENT

I am pleased to report interim results for the group that delivered adjusted earnings per share 1% ahead of last year. This result says much about the strength of the non-sugar businesses given the impact, as expected, of much lower EU sugar prices which led to a substantial decline in Sugar profitability. The expansion of retail selling space and the superior trading by the stores opened in the last 12 months drove strong sales and profit growth for Primark. The recovery at Ingredients continued with a robust increase in profit, Agriculture maintained its profit growth trend, and Grocery achieved further margin improvement in a difficult trading environment.

Revenue in the first half increased by 1%, and by 3% at constant currency. Revenue in our food businesses was lower than last year primarily because of food commodity price deflation, particularly in sugar. Adjusted operating profit fell by 5%, and by 2% at constant currency. Sterling was stronger against most of our major operating currencies in the first half, with the exception of the US dollar.

Net financing costs in the period were £3m lower than last year's first half, resulting from a lower average level of net borrowings compared with the same period last year. The underlying tax rate of 21.3% is below the 23.5% applied to first half profits last year, reflecting the further reduction in the UK corporation tax rate applicable in the current year and a higher proportion of profit earned in territories with lower rates. Adjusted earnings per share were 1% ahead of last year and, at constant currency, would have been 3% ahead.

The cash flow from operating activities in the first half of the year was much lower than last year, largely driven by a higher working capital outflow. This was due to both an unusually low level of working capital at the interim stage last year and a higher stockholding at Primark this half year. Net capital investment of £277m in the first half was lower than last year, primarily due to the phasing of expenditure on new stores for Primark, while expenditure within the food businesses continued at the same level as last year. The redevelopment of a former factory site in Western Australia is progressing well with proceeds of £13m realised in the period. It was also pleasing to see the success of Stratas Foods, our edible oils joint venture with ADM in the US, with the receipt of a £27m dividend in the period following the £9m received in the second half of last year. We completed the acquisition of Dorset Cereals last October at a cash cost of £60m.

Net debt at the period end was £801m, a reduction from the position last half year. Cash generation was very strong in the second half of last year, driven by a bigger reduction in working capital than had been expected, which resulted in a low level of net debt at the year end. As outlined above, cash flow in the first half of this year was weaker than last year with the higher working capital outflow and the acquisition expenditure.

Currency

The group is diverse and multinational with operations and transactions in many currencies. Exchange rates between some of our major trading currencies have changed markedly in recent months. Significantly, the US dollar has appreciated over the last 12 months, the euro has weakened since the start of this calendar year and the US dollar/euro exchange rate has moved by more than 20% over the last year. The impact on adjusted operating profit in the first half from the translation of overseas results into sterling was a loss of £11m and, if current rates persist, the translation impact on full year profits when compared with last year would be in the order of £25m.

However, these movements in exchange rates will potentially have more of an impact on our transactional exposures where we manufacture or purchase in one currency and sell in another. As an example, British Sugar has a sterling cost base but the majority of its sales contracts are denominated in euros.

Similarly, Primark buys a substantial proportion of its garments in US dollars and sells in euros and sterling. Primark takes out forward currency contracts to cover its purchase costs when orders are placed and, in the current year, some protection has been afforded by the agreement of contracts at more favourable exchange rates than those available now. The benefits of these contracts will therefore fade as we move into next year, which will have an impact on margins. Our attention remains focused on delivering a compelling product offering whilst maintaining our cost advantage. We will maintain our position of offering the lowest prices and best value on the high street.

If the current euro weakness against sterling and the US dollar persists, this will have an impact on the group's operating profit for the remainder of this financial year and a greater impact next year.

The board

In January we welcomed Wolfhart Hauser to the board as a non-executive director. Dr Hauser is currently chief executive officer of Intertek Group plc. He has established and led a broad range of successful international service industry businesses. He is currently a non-executive director of RELX Group plc, formerly Reed Elsevier, and chairman designate of FirstGroup PLC. We look forward to Wolfhart's active participation at the board.

Dividends

The board has declared an interim dividend of 10.0 pence per share, an increase of 3% on last year. The dividend will be paid on 3 July 2015 to shareholders registered at the close of business on 5 June 2015.

Outlook

Our trading outlook for this financial year is unchanged. Primark's European expansion and sales growth continues and plans for its entry into the north-east of the US are well advanced. For the full year, Grocery, Ingredients and Agriculture will make further progress in operating profit and, as previously stated, low EU sugar prices and continued weakness in the world sugar price will result in a large reduction in profit from AB Sugar compared with last year. We also expect a much lower underlying tax rate for the full year compared with last year's rate.

With sterling's continuing strength against most of our major trading currencies, and the transactional impact of euro weakness on the results of Primark and British Sugar, we now expect a modest decline in adjusted earnings per share for the group for the full year.

Charles Sinclair
Chairman
21 April 2015

Adjusted operating profit in the first half of £474m was 5% lower than last year on group revenues that were 1% higher at £6,248m. At constant currency, first half profits were 2% lower and revenues were 3% ahead. With the notable exception of the US dollar, sterling strengthened against most of our major trading currencies which had a negative effect on operating profit of £11m on the translation of overseas results. This is a sound trading result with significant progress made in operating profit by Primark, Agriculture and Ingredients, and further improvement in Grocery's margin. As expected, profitability at AB Sugar was substantially lower as a result of much weaker euro-denominated EU sugar prices. Primark's performance was driven by significant expansion of selling space and superior trading by the stores opened in the last 12 months. Plans for its entry into the north-east of the US are well advanced.

SUGAR

	2015	2014	Actual fx	Constant fx
Revenue £m	**928**	1,027	-10%	-6%
Operating profit £m	**(3)**	64		

Revenue in the first half was 6% lower than last year at constant currency driven, as previously indicated, by substantially lower EU sugar prices. The impact on profitability, combined with a higher UK beet price, was partly mitigated by the focus on the performance improvement programme which has been embraced by all of the sugar businesses and which delivered good results. A small operating loss was sustained but a small profit for the full year is expected.

The campaigns in the UK and Spain were excellent with record factory performances. We benefited from a large UK crop with good extraction rates, and UK sugar production is estimated to be 1.45 million tonnes compared with last year's 1.32 million tonnes. The campaign was completed at all sites within the first two weeks of March. Further capital investment was made in cost reduction and efficiency improvements including a major project to improve energy efficiency at the Cantley plant. In Spain, all factories performed well and a concerted effort to manage beet supplies more effectively resulted in the avoidance of disruption caused in recent years by poor weather. Total production this year is estimated to be 708,000 tonnes, an increase from last year's 597,000 tonnes. 414,000 tonnes is expected to be produced from beet; 250,000 tonnes refined from imported raw sugars at Guadalete; and 44,000 tonnes co-refined at the northern beet plants.

Quota stock levels in the EU are returning to historical norms and euro sugar prices now appear to have stabilised. However, world sugar prices remain at a low level.

Illovo's production season was almost complete at the half year with only Kilombero in Tanzania still operating. Total production volume for the season which ended in March 2015 was 1.76 million tonnes, slightly lower than last year's 1.84 million tonnes, with the impact of drought in South Africa being largely offset by higher volumes elsewhere. Zambia achieved record sugar production and further development at the factory is now planned which will increase sugar refining capacity and create new sugar conditioning and storage facilities to enable the supply of higher quality sugars to the regional market. Tanzania saw some recovery from last year's challenges, with consistent operation supporting the strong output of potable alcohol at the new Kilombero distillery. The economic conditions in Malawi are very challenging and the appreciation of the kwacha and high interest rates made pricing difficult and held back domestic sales volumes. It is anticipated that the difficulties in Malawi, little recovery in South African volumes and lower EU export proceeds will result in a further decline in Illovo's earnings in the coming year.

In China, total production fell from 676,000 tonnes to 529,000 tonnes primarily as a result of a reduced growing area in the south. However, the southern factories performed well achieving good extraction rates following success in reducing the time between cane being cut and its delivery to the factories. In the north, operations at the Qianqi and Zhangbei factories were excellent but volumes at our northernmost factories did not recover from last year's flood-affected volumes.

Achieving beet yields sufficient to provide our factories at Yi'an and BoCheng in Heilongjiang with an adequate supply of raw material, at a competitive cost, has been particularly challenging for a number of years, even with the benefit of significant advances made both in agricultural and factory operations in this region. In January we concluded that these factories were likely to remain uneconomic for the foreseeable future and announced our intention to cease sugar operations in Heilongjiang. We also announced action to be taken to reduce associated overheads. At that time we expected a loss of some £128m, reflecting the write-down of assets and one-off cash costs of £18m to close the sites. Since then we have disposed of the Yi'an factory and provision has been made for our revised estimate of the loss on disposal or closure of businesses in these results of £116m, all of which has been excluded from adjusted operating profit. Discussions for the disposal of BoCheng are continuing and, if successful, we expect a further marginal reduction in the provision and virtually no cash costs. Following this action, we expect our remaining sugar factories in China to be cash generative.

At the beginning of February we announced that our interim results would include a non-cash exceptional charge of £98m to impair the group's shareholder loans to the Vivergo Fuels joint venture. Although the Vivergo bioethanol plant has achieved rated output and is now focused on maintaining efficient production, the continuing fall in crude oil and bioethanol prices, and the further weakening of the euro against sterling, led to the partial impairment of these loans.

AB Sugar's results for the second half of this year will benefit from further performance improvement initiatives and the non-recurrence of last year's cost of restructuring the EU sugar businesses. Margins will be reduced on British Sugar's euro-denominated sales contracts with the euro at current levels. However, there has been some stabilisation in EU sugar prices in recent weeks, albeit at very low levels.

The business remains focused on the management of its cost base. The performance improvement programme is expected to deliver further benefits across all Sugar businesses next year, overhead reduction initiatives are in process and agreement has been reached with UK and Spanish growers for a lower beet cost next year, all of which will go some way to offsetting the effects of low sugar prices and the structural change in the euro/sterling exchange rate.

AGRICULTURE

	2015	2014	Actual fx	Constant fx
Revenue £m	**577**	625	-8%	-8%
Operating profit £m	**23**	19	+21%	+21%

At AB Agri, excellent trading by AB Vista and strong commercial and operational performances across the businesses drove first half adjusted operating profit 21% ahead of last year on revenues that were 8% lower, driven by a fall in commodity feed prices.

An abundant availability of forage crops and a fall in commodity prices resulted in lower revenues from our UK feed business which accounts for two-thirds of the turnover of the AB Agri division. A good operational performance saw UK feed profit only marginally lower than last year. AB Vista, our feed ingredients business, continued to deliver strong growth in both sales and profit.

Recent investment has enabled expansion of the feed enzymes business with a significant increase in sales of our phytase feed enzyme, Quantum Blue, a large proportion of which has come from new markets in Eastern Europe, the Middle East, Asia and South America. This sales growth has led to an increase in throughput at the new granulation facility in Evansville, Indiana with the higher volume further improving factory profitability. In Speciality Nutrition, the recent expansion and modernisation of the UK pre-mix and starter feed plant at Rugeley enabled the business to meet higher UK demand. These higher revenues offset the impact of lower export volumes to the EU where falling pig prices dampened demand.

In China, despite weak market conditions, our compound feed business performed well with good procurement and success for its strategy of targeting feed sales to large farms. As the industry in China moves from traditional backyard farms to larger, more professionally managed farms, our business is well placed to deliver the higher quality service, differentiated products and food safety credentials demanded by these businesses.

Frontier Agriculture, our joint venture arable operation, traded at similar levels to last year and, after a slow start, sales volumes of crop inputs are now improving as UK farmers commit to purchases of fertiliser and crop protection products. Currency changes and geographical influences added complexity to grain trading operations, and lower than normal protein levels in domestic wheat have increased the demand for quality wheat imports, all of which plays well to Frontier's grain trading capability.

GROCERY

	2015	2014	Actual fx	Constant fx
Revenue £m	**1,580**	1,653	-4%	-3%
Operating profit £m	**128**	123	+4%	+4%

A noteworthy achievement in the first half was the delivery of an adjusted operating profit 4% ahead of last year despite a revenue decline of 4% largely due to commodity price deflation.

Twinings Ovaltine made excellent profit progress in the period. Tea sales grew in the UK and Australia, where record market shares were achieved, and very strong growth was realised in its developing markets of China and India. The UK relaunch of black tea in new packaging formats was rolled out at the end of the period and will be supported by a major new television advertising campaign in the second half. Profit growth was driven not only by higher sales but also by lower manufacturing conversion costs and further operating efficiencies in the integrated tea supply chain. Ovaltine continued to perform well in its developing markets with strong growth particularly in south-east Asia.

The UK bakery market remained intensely competitive and the profitability of Allied Bakeries reduced as a result. This was driven by a combination of over-capacity in the industry, reducing manufacturers' margins, and retailers seeking to prove their value credentials in essential shopping items such as bread. The investment programme to modernise our bakeries is largely complete, our marginal cost of production has improved and we are now winning new volume in the market. Although we lost the contract to supply Tesco with Kingsmill bread after the half year, the lost volume has been replaced elsewhere.

Since its acquisition last October, Dorset Cereals has traded well and its integration with Jordans Ryvita is on track and performing ahead of our business plan. Jordans increased sales, particularly internationally with its launch in Australia where it is trading ahead of expectations. Performance in the UK was strong in the granola segment where new product launches drove increased volume. Ryvita sales came under pressure from increased competition in crispbread although successful television advertising helped Ryvita Thins achieve double-digit growth.

At ACH in North America, Mazola achieved strong volume growth following increased investment in advertising and marketing highlighting the cholesterol-lowering benefits of corn oil. Volume and market share growth was achieved by Capullo in Mexico where margin benefited from lower oil costs.

This was a disappointing period for George Weston Foods in Australia. Bread margins have been reduced by a combination of competitive price pressure and retailers featuring bread in their drive for lower prices with heavy price promotion activity. Operationally, the business has implemented a cost reduction programme across all bakery sites and is focused on delivering productivity improvements. Marketing and advertising support behind The One and Abbotts' Village Bakery drove an increase in market share for these brands. Revenue at the Don KRC meat business increased with improved volumes at the two major retailers. However, higher-cost and variable-quality raw materials reduced margins in the first half, but we expect to benefit from supply improvements in the second half of the year.

INGREDIENTS

	2015	2014	Actual fx	Constant fx
Revenue £m	**616**	623	-1%	+3%
Operating profit £m	**28**	17	+65%	+87%

Revenue in the first half was 3% ahead of last year at constant currency. Building on last year's improvement, operating profit for the half year was substantially ahead, with further recovery in yeast and bakery ingredients and a very strong performance from ABF Ingredients.

Revenue and profit improvement at AB Mauri was achieved in most regions and is a reflection of the strong brand and product capability the business has to offer in many markets globally. Growth was also achieved in both the yeast and bakery ingredients product groups. Benefits from the continuous improvement programmes were delivered, particularly in the optimisation of the supply chain, with a notable improvement at the new facility in Mexico. Trading conditions in South America proved to be challenging due to high inflation in both Argentina and Venezuela and an economic slowdown in Brazil. In Venezuela, continued currency devaluation had a negative impact on our business in the region which depends on imports denominated in US dollars. In January we opened a new technology centre in St Louis, Missouri to enhance customer support and product application development across a range of yeast and bakery ingredient solutions in North America. The integration of the bakery ingredients business in western Europe, which was acquired last year, is progressing to plan with the region overall showing growth over the prior year.

ABF Ingredients delivered excellent growth in sales and profits in the first half driven primarily by the enzymes business. Feed enzymes again performed well, building on the strong collaboration with AB Vista, and making good progress in the focus areas of supplying detergents and pulp and paper manufacturers.

The integration of AB Mauri's yeast and bakery ingredients business in Australia and New Zealand with the flour milling business of George Weston Foods in Australia has begun to deliver benefits through its more efficient structure, better procurement and an improved customer offering. As the results of the milling business were previously included within the Grocery segment, the 2014 comparative results have been restated to transfer £114m of revenue and £2m of operating profit from Grocery to Ingredients.

RETAIL

	2015	2014	Actual fx	Constant fx
Revenue £m	**2,547**	2,278	+12%	+15%
Operating profit £m	**322**	298	+8%	+11%

Primark's sales in the first half were 15% ahead of last year at constant currency driven by an 11% increase in retail selling space and very high sales densities in stores opened during the last 12 months. As a result of the weakening of the euro against sterling, total sales were 12% ahead of the same period last year at actual exchange rates.

The very strong trading in the stores opened over the last 12 months is excluded from the like-for-like measure. Several of these stores now regularly feature in Primark's top 20 stores by annualised sales including Berlin-Alexanderplatz, the new store in Cardiff, Stuttgart, Cologne and, following our entry into France, Marseille and all three stores in Paris.

Like-for-like sales for the group were level with last year and were held back by unseasonably warm weather across northern Europe last autumn and the impact that opening new stores in the Netherlands and Germany had on existing stores in this region. Like-for-like sales over the important Christmas trading period were strong. The UK delivered a positive like-for-like performance and Spain, Portugal and Ireland all performed very strongly. As new stores opened in the Netherlands and Germany, sales in existing stores declined as customers chose to shop more locally rather than travelling the long distances that we saw in the early days of trading in these countries. This is consistent with the normal trading pattern that we have seen in the early days of Primark's expansion in new countries. If the Netherlands and Germany are excluded from the comparison, like-for-like growth for the group would have been 3% in the first half.

Adjusted operating profit was 11% ahead at constant currency and 8% ahead at actual exchange rates. Operating profit margin of 12.6% was 0.5 percentage points lower than last year with a higher level of mark-down. A proportion of our product is sourced in US dollars and its strengthening, particularly against the euro, has an impact on our sourcing costs which our buying teams are working to mitigate.

The impact of sustained US dollar strength will increase our costs for the autumn/winter season and will be seen in the fourth quarter of this financial year and into the following financial year. We will not allow currency changes to impact our model of providing up-to-the-minute fashion at the best value to our customers in each of our markets.

Retail selling space increased by 0.5 million sq ft since the last financial year end and by 1.1 million sq ft since the 2014 half year. At 28 February 2015, we were trading from 287 stores and 10.7 million sq ft of retail selling space. We opened ten new stores in the period including the relocation of the Northampton store to much larger premises. We opened four stores in the Netherlands, increasing space by some 60% and bringing our total there to 12, and three stores in Germany including 80,000 sq ft in Dresden. Further store openings or extensions to existing stores will take place in Germany, Belgium and the UK in the second half. Total new selling space to be opened in the financial year will be less than one million sq ft. We have an extensive pipeline of new stores to be opened over the next few years with a strong programme of some 1.5 million sq ft scheduled for the next financial year.

Significant investment was made in the first half to expand warehouse capacity in Europe and further expenditure is planned for later in the year. At the beginning of this year the capacity at Torija in northern Spain was doubled and the extension of our Mönchengladbach warehouse in Germany, which increased capacity by 60%, is now fully operational. We plan to open a new warehouse in the autumn, located in Bor on the western border of the Czech Republic, which will service stores in Austria and Germany.

Good progress was made in building the management team in the US in anticipation of our launch in late 2015. We have signed eight store leases in the north-east of the country, including seven from Sears. Six store locations have been announced including Downtown Crossing in Boston and five in the following shopping malls: King of Prussia and Willow Grove Park, PA; Staten Island, NY; Danbury Fair, CT; and Freehold Raceway, NJ. A lease has also been signed for warehouse space located in the Lehigh Valley area of Pennsylvania.

George Weston
Chief Executive

CONDENSED CONSOLIDATED INCOME STATEMENT

Continuing operations	Note	**24 weeks ended 28 February 2015 £m**	24 weeks ended 1 March 2014 £m	52 weeks ended 13 September 2014 £m
Revenue	1	**6,248**	6,206	12,943
Operating costs before exceptional items		**(5,820)**	(5,743)	(11,865)
Exceptional items	2	**(98)**	–	–
		330	463	1,078
Share of profit/(loss) after tax from joint ventures and associates		**18**	(1)	13
Profits less losses on disposal of non-current assets		**5**	1	(11)
Operating profit		**353**	463	1,080
Adjusted operating profit	1	**474**	497	1,163
Profits less losses on disposal of non-current assets		**5**	1	(11)
Amortisation of non-operating intangibles		**(28)**	(35)	(72)
Exceptional items	2	**(98)**	–	–
Profits less losses on sale and closure of businesses	6	**(116)**	–	(2)
Profit before interest		**237**	463	1,078
Finance income		**6**	9	15
Finance expense		**(32)**	(38)	(73)
Other financial income		**2**	–	–
Profit before taxation		**213**	434	1,020
Adjusted profit before taxation		**450**	468	1,105
Profits less losses on disposal of non-current assets		**5**	1	(11)
Amortisation of non-operating intangibles		**(28)**	(35)	(72)
Exceptional items	2	**(98)**	–	–
Profits less losses on sale and closure of businesses	6	**(116)**	–	(2)
Taxation – UK (excluding tax on exceptional items)		**(36)**	(49)	(117)
– UK (on exceptional items)		**3**	–	–
– Overseas		**(56)**	(51)	(120)
	3	**(89)**	(100)	(237)
Profit for the period		**124**	334	783
Attributable to				
Equity shareholders		**143**	341	762
Non-controlling interests		**(19)**	(7)	21
Profit for the period		**124**	334	783
Basic and diluted earnings per ordinary share (pence)	4	**18.1**	43.2	96.5
Dividends per share paid and proposed for the period (pence)	5	**10.0**	9.7	34.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	24 weeks ended 28 February 2015 £m	24 weeks ended 1 March 2014 £m	52 weeks ended 13 September 2014 £m
Profit for the period recognised in the income statement	**124**	334	783
Other comprehensive income			
Remeasurements of defined benefit schemes	**(58)**	(56)	(25)
Deferred tax associated with defined benefit schemes	**12**	12	3
Items that will not be reclassified to profit or loss	**(46)**	(44)	(22)
Effect of movements in foreign exchange	**(208)**	(292)	(275)
Net gain on hedge of net investment in foreign subsidiaries	**22**	38	25
Current tax associated with movements in foreign exchange	**–**	–	2
Movement in cash flow hedging position	**33**	(7)	55
Deferred tax associated with movement in cash flow hedging position	**(1)**	2	(11)
Share of other comprehensive income of joint ventures and associates	**–**	(7)	(5)
Items that are or may be subsequently reclassified to profit or loss	**(154)**	(266)	(209)
Other comprehensive income for the period	**(200)**	(310)	(231)
Total comprehensive income for the period	**(76)**	24	552
Attributable to			
Equity shareholders	**(42)**	80	580
Non-controlling interests	**(34)**	(56)	(28)
Total comprehensive income for the period	**(76)**	24	552

CONDENSED CONSOLIDATED BALANCE SHEET

	28 February 2015 £m	1 March 2014 £m	13 September 2014 £m
Non-current assets			
Intangible assets	**1,431**	1,484	1,467
Property, plant and equipment	**4,515**	4,506	4,665
Biological assets	**99**	88	96
Investments in joint ventures	**167**	179	180
Investments in associates	**33**	34	32
Employee benefits assets	**30**	25	90
Deferred tax assets	**132**	218	152
Other receivables	**86**	163	164
Total non-current assets	**6,493**	6,697	6,846
Current assets			
Inventories	**1,872**	1,650	1,631
Biological assets	**102**	98	109
Trade and other receivables	**1,258**	1,259	1,293
Derivative assets	**149**	31	74
Cash and cash equivalents	**283**	311	519
Total current assets	**3,664**	3,349	3,626
Total assets	**10,157**	10,046	10,472
Current liabilities			
Loans and overdrafts	**(459)**	(539)	(358)
Trade and other payables	**(1,920)**	(1,806)	(2,046)
Derivative liabilities	**(18)**	(51)	(15)
Income tax	**(175)**	(164)	(193)
Provisions	**(63)**	(36)	(72)
Total current liabilities	**(2,635)**	(2,596)	(2,684)
Non-current liabilities			
Loans	**(625)**	(599)	(607)
Provisions	**(29)**	(29)	(29)
Deferred tax liabilities	**(245)**	(363)	(266)
Employee benefits liabilities	**(131)**	(97)	(133)
Total non-current liabilities	**(1,030)**	(1,088)	(1,035)
Total liabilities	**(3,665)**	(3,684)	(3,719)
Net assets	**6,492**	6,362	6,753
Equity			
Issued capital	**45**	45	45
Other reserves	**175**	175	175
Translation reserve	**70**	234	238
Hedging reserve	**58**	(18)	29
Retained earnings	**5,862**	5,626	5,950
Total equity attributable to equity shareholders	**6,210**	6,062	6,437
Non-controlling interests	**282**	300	316
Total equity	**6,492**	6,362	6,753

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	24 weeks ended 28 February 2015 £m	24 weeks ended 1 March 2014 £m	52 weeks ended 13 September 2014 £m
Cash flow from operating activities				
Profit before taxation		**213**	434	1,020
Profits less losses on disposal of non-current assets		**(5)**	(1)	11
Profits less losses on sale and closure of businesses		**116**	–	2
Finance income		**(6)**	(9)	(15)
Finance expense		**32**	38	73
Other financial expense		**(2)**	–	–
Share of (profit)/loss after tax from joint ventures and associates		**(18)**	1	(13)
Amortisation		**41**	46	94
Depreciation		**199**	187	402
Exceptional items		**98**	–	–
Net change in the fair value of biological assets		**(3)**	(10)	(21)
Share-based payment expense		**4**	6	15
Pension costs less contributions		**6**	3	7
Increase in inventories		**(297)**	(126)	(119)
(Increase)/decrease in receivables		**(20)**	36	19
(Decrease)/increase in payables		**(48)**	9	200
Purchases less sales of current biological assets		**(1)**	–	(3)
(Decrease)/increase in provisions		**(17)**	(9)	13
Cash generated from operations		**292**	605	1,685
Income taxes paid		**(102)**	(97)	(246)
Net cash from operating activities		**190**	508	1,439
Cash flows from investing activities				
Dividends received from joint ventures and associates		**30**	3	17
Purchase of property, plant and equipment		**(289)**	(321)	(676)
Purchase of intangibles		**(17)**	(18)	(32)
Sale of property, plant and equipment		**29**	11	17
Purchase of subsidiaries, joint ventures and associates		**(60)**	(7)	(8)
Sale of subsidiaries, joint ventures and associates		**3**	–	15
Loans to joint ventures		**–**	(15)	(15)
Interest received		**5**	6	10
Net cash from investing activities		**(299)**	(341)	(672)
Cash flows from financing activities				
Dividends paid to non-controlling interests		**(8)**	(8)	(21)
Dividends paid to equity shareholders	5	**(192)**	(179)	(256)
Interest paid		**(28)**	(33)	(77)
Financing:				
Increase/(decrease) in short-term loans		**106**	68	(158)
Decrease in long-term loans		**(1)**	(11)	(10)
Sale of shares in subsidiary undertakings to non-controlling interests		**11**	–	1
Movements from changes in own shares held		**–**	–	(59)
Net cash from financing activities		**(112)**	(163)	(580)
Net (decrease)/increase in cash and cash equivalents		**(221)**	4	187
Cash and cash equivalents at the beginning of the period		**399**	243	243
Effect of movements in foreign exchange		**(11)**	(15)	(31)
Cash and cash equivalents at the end of the period	7	**167**	232	399

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to equity shareholders						Non-controlling interests £m	Total equity £m
		Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m		
Balance as at 13 September 2014		45	175	238	29	5,950	6,437	316	6,753
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	143	143	(19)	124
Remeasurements of defined benefit schemes		**–**	**–**	**–**	**–**	**(58)**	**(58)**	**–**	**(58)**
Deferred tax associated with defined benefit schemes		**–**	**–**	**–**	**–**	**12**	**12**	**–**	**12**
Items that will not be reclassified to profit or loss		**–**	**–**	**–**	**–**	**(46)**	**(46)**	**–**	**(46)**
Effect of movements in foreign exchange		**–**	**–**	**(190)**	**(3)**	**–**	**(193)**	**(15)**	**(208)**
Net gain on hedge of net investment in foreign subsidiaries		**–**	**–**	**22**	**–**	**–**	**22**	**–**	**22**
Movement in cash flow hedging position		**–**	**–**	**–**	**33**	**–**	**33**	**–**	**33**
Deferred tax associated with movement in cash flow hedging position		**–**	**–**	**–**	**(1)**	**–**	**(1)**	**–**	**(1)**
Items that are or may be subsequently reclassified to profit or loss		**–**	**–**	**(168)**	**29**	**–**	**(139)**	**(15)**	**(154)**
Other comprehensive income		**–**	**–**	**(168)**	**29**	**(46)**	**(185)**	**(15)**	**(200)**
Total comprehensive income		**–**	**–**	**(168)**	**29**	**97**	**(42)**	**(34)**	**(76)**
Transactions with owners									
Dividends paid to equity shareholders	5	**–**	**–**	**–**	**–**	**(192)**	**(192)**	**–**	**(192)**
Net movement in own shares held		**–**	**–**	**–**	**–**	**4**	**4**	**–**	**4**
Dividends paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(8)**	**(8)**
Acquisition of non-controlling interests		**–**	**–**	**–**	**–**	**3**	**3**	**8**	**11**
Total transactions with owners		**–**	**–**	**–**	**–**	**(185)**	**(185)**	**–**	**(185)**
Balance as at 28 February 2015		**45**	**175**	**70**	**58**	**5,862**	**6,210**	**282**	**6,492**
Balance as at 14 September 2013		45	175	440	(13)	5,508	6,155	364	6,519
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	341	341	(7)	334
Remeasurements of defined benefit schemes		–	–	–	–	(55)	(55)	(1)	(56)
Deferred tax associated with defined benefit schemes		–	–	–	–	12	12	–	12
Items that will not be reclassified to profit or loss		–	–	–	–	(43)	(43)	(1)	(44)
Effect of movements in foreign exchange		–	–	(244)	–	–	(244)	(48)	(292)
Net gain on hedge of net investment in foreign subsidiaries		–	–	38	–	–	38	–	38
Movement in cash flow hedging position		–	–	–	(7)	–	(7)	–	(7)
Deferred tax associated with movement in cash flow hedging position		–	–	–	2	–	2	–	2
Share of other comprehensive income of joint ventures and associates		–	–	–	–	(7)	(7)	–	(7)
Items that are or may be subsequently reclassified to profit or loss		–	–	(206)	(5)	(7)	(218)	(48)	(266)
Other comprehensive income		–	–	(206)	(5)	(50)	(261)	(49)	(310)
Total comprehensive income		–	–	(206)	(5)	291	80	(56)	24
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(179)	(179)	–	(179)
Net movement in own shares held		–	–	–	–	6	6	–	6
Dividends paid to non-controlling interests		–	–	–	–	–	–	(8)	(8)
Total transactions with owners		–	–	–	–	(173)	(173)	(8)	(181)
Balance as at 1 March 2014		45	175	234	(18)	5,626	6,062	300	6,362

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders							
	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
Balance as at 14 September 2013		45	175	440	(13)	5,508	6,155	364	6,519
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	762	762	21	783
Remeasurements of defined benefit schemes		–	–	–	–	(25)	(25)	–	(25)
Deferred tax associated with defined benefit schemes		–	–	–	–	3	3	–	3
Items that will not be reclassified to profit or loss		–	–	–	–	(22)	(22)	–	(22)
Effect of movements in foreign exchange		–	–	(224)	–	–	(224)	(51)	(275)
Net gain on hedge of net investment in foreign subsidiaries		–	–	25	–	–	25	–	25
Current tax associated with movements in foreign exchange		–	–	2	–	–	2	–	2
Movement in cash flow hedging position		–	–	–	53	–	53	2	55
Deferred tax associated with movement in cash flow hedging position		–	–	–	(11)	–	(11)	–	(11)
Share of other comprehensive income of joint ventures and associates		–	–	(5)	–	–	(5)	–	(5)
Items that are or may be subsequently reclassified to profit or loss		–	–	(202)	42	–	(160)	(49)	(209)
Other comprehensive income		–	–	(202)	42	(22)	(182)	(49)	(231)
Total comprehensive income		–	–	(202)	42	740	580	(28)	552
Transactions with owners									
Dividends paid to equity shareholders	5	–	–	–	–	(256)	(256)	–	(256)
Net movement in own shares held		–	–	–	–	(44)	(44)	–	(44)
Current tax associated with share-based payments		–	–	–	–	2	2	–	2
Dividends paid to non-controlling interests		–	–	–	–	–	–	(21)	(21)
Acquisition of non-controlling interests		–	–	–	–	–	–	1	1
Total transactions with owners		–	–	–	–	(298)	(298)	(20)	(318)
Balance as at 13 September 2014		45	175	238	29	5,950	6,437	316	6,753

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating segments

The group has five operating segments, as described below. These are the group's operating divisions, based on the 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 and services for the agriculture sector.
Ingredients	The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.
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 28 February 2015 £m	24 weeks ended 1 March 2014 £m	52 weeks ended 13 September 2014 £m	**24 weeks ended 28 February 2015 £m**	24 weeks ended 1 March 2014 £m	52 weeks ended 13 September 2014 £m
Operating segments						
Grocery	**1,580**	1,653	3,337	**128**	123	269
Sugar	**928**	1,027	2,083	**(3)**	64	189
Agriculture	**577**	625	1,312	**23**	19	50
Ingredients	**616**	623	1,261	**28**	17	41
Retail	**2,547**	2,278	4,950	**322**	298	662
Central	**–**	–	–	**(24)**	(25)	(49)
	6,248	6,206	12,943	**474**	496	1,162
Businesses disposed:						
Grocery	**–**	–	–	**–**	1	1
	6,248	6,206	12,943	**474**	497	1,163
Geographical information						
United Kingdom	**2,574**	2,603	5,631	**248**	267	602
Europe & Africa	**2,077**	1,964	3,924	**142**	149	393
The Americas	**622**	610	1,211	**73**	64	127
Asia Pacific	**975**	1,029	2,177	**11**	16	40
	6,248	6,206	12,943	**474**	496	1,162
Businesses disposed:						
Asia Pacific	**–**	–	–	**–**	1	1
	6,248	6,206	12,943	**474**	497	1,163

During 2014, the activities of AB Mauri's yeast and bakery ingredients business in Australia and New Zealand were merged with the flour milling business of George Weston Foods. The results of the flour milling business, which were previously included within the Grocery segment, are now included in the Ingredients segment. The comparative results for the 2014 half year have been reclassified, resulting in revenue of £114m and adjusted operating profit of £2m being transferred from Grocery to Ingredients. Segment assets and liabilities have also been restated in this respect.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating segments for the 24 weeks ended 28 February 2015

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,581	960	577	693	2,547	(110)	6,248
Internal revenue	(1)	(32)	–	(77)	–	110	–
Revenue from external customers	1,580	928	577	616	2,547	–	6,248
Adjusted operating profit before joint ventures and associates	118	(3)	20	23	322	(24)	456
Share of profit after tax from joint ventures and associates	10	–	3	5	–	–	18
Adjusted operating profit	128	(3)	23	28	322	(24)	474
Profits less losses on disposal of non-current assets	7	1	–	–	1	(4)	5
Amortisation of non-operating intangibles	(10)	(18)	–	–	–	–	(28)
Exceptional items	–	(98)	–	–	–	–	(98)
Profits less losses on sale and closure of businesses	–	(116)	–	–	–	–	(116)
Profit before interest	125	(234)	23	28	323	(28)	237
Finance income						6	6
Finance expense						(32)	(32)
Other financial income						2	2
Taxation						(89)	(89)
Profit for the period	125	(234)	23	28	323	(141)	124
Segment assets (excluding joint ventures and associates)	2,466	2,454	356	1,218	2,861	157	9,512
Investments in joint ventures and associates	22	14	116	48	–	–	200
Segment assets	2,488	2,468	472	1,266	2,861	157	9,712
Cash and cash equivalents						283	283
Deferred tax assets						132	132
Employee benefits assets						30	30
Segment liabilities	(463)	(515)	(121)	(213)	(575)	(143)	(2,030)
Loans and overdrafts						(1,084)	(1,084)
Income tax						(175)	(175)
Deferred tax liabilities						(245)	(245)
Employee benefits liabilities						(131)	(131)
Net assets	2,025	1,953	351	1,053	2,286	(1,176)	6,492
Non-current asset additions	53	55	8	24	131	2	273
Depreciation	45	48	4	22	78	2	199
Amortisation	18	20	1	2	–	–	41
Impairment of property, plant and equipment on closure of business	–	14	–	–	–	–	14
Impairment of operating intangibles on closure of business	–	5	–	–	–	–	5
Impairment of goodwill on sale and closure of business	–	46	–	–	–	–	46

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,574	2,077	622	975	6,248
Segment assets	4,232	3,007	971	1,502	9,712
Non-current asset additions	106	122	17	28	273
Depreciation	90	58	12	39	199
Amortisation	10	24	2	5	41
Impairment of property, plant and equipment on closure of business	–	–	–	14	14
Impairment of operating intangibles on closure of business	–	–	–	5	5
Impairment of goodwill on sale and closure of business	–	–	–	46	46

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating segments for the 24 weeks ended 1 March 2014

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,656	1,072	625	702	2,278	(127)	6,206
Internal revenue	(3)	(45)	–	(79)	–	127	–
Revenue from external customers	1,653	1,027	625	623	2,278	–	6,206
Adjusted operating profit before joint ventures and associates	118	78	16	12	298	(25)	497
Share of profit after tax from joint ventures and associates	5	(14)	3	5	–	–	(1)
Businesses disposed	1	–	–	–	–	–	1
Adjusted operating profit	124	64	19	17	298	(25)	497
Profits less losses on disposal of non-current assets	2	–	–	–	(1)	–	1
Amortisation of non-operating intangibles	(23)	(9)	(2)	(1)	–	–	(35)
Profit before interest	103	55	17	16	297	(25)	463
Finance income						9	9
Finance expense						(38)	(38)
Taxation						(100)	(100)
Profit for the period	103	55	17	16	297	(154)	334
Segment assets (excluding joint ventures and associates)	2,408	2,515	343	1,244	2,556	213	9,279
Investments in joint ventures and associates	36	24	102	51	–	–	213
Segment assets	2,444	2,539	445	1,295	2,556	213	9,492
Cash and cash equivalents						311	311
Deferred tax assets						218	218
Employee benefits assets						25	25
Segment liabilities	(472)	(490)	(121)	(223)	(475)	(141)	(1,922)
Loans and overdrafts						(1,138)	(1,138)
Income tax						(164)	(164)
Deferred tax liabilities						(363)	(363)
Employee benefits liabilities						(97)	(97)
Net assets	1,972	2,049	324	1,072	2,081	(1,136)	6,362
Non-current asset additions	59	48	9	28	168	1	313
Depreciation	47	42	3	22	71	2	187
Amortisation	31	10	3	2	–	–	46

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,603	1,964	610	1,029	6,206
Segment assets	4,025	2,843	958	1,666	9,492
Non-current asset additions	116	149	18	30	313
Depreciation	88	49	13	37	187
Amortisation	10	10	20	6	46

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating segments for the 52 weeks ended 13 September 2014

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,344	2,164	1,312	1,423	4,950	(250)	12,943
Internal revenue	(7)	(81)	–	(162)	–	250	–
Revenue from external customers	3,337	2,083	1,312	1,261	4,950	–	12,943
Adjusted operating profit before joint ventures and associates	254	215	36	31	662	(49)	1,149
Share of profit after tax from joint ventures and associates	15	(26)	14	10	–	–	13
Businesses disposed	1	–	–	–	–	–	1
Adjusted operating profit	270	189	50	41	662	(49)	1,163
Profits less losses on disposal of non-current assets	6	–	1	–	(14)	(4)	(11)
19 Amortisation of non-operating intangibles	(50)	(17)	(3)	(2)	–	–	(72)
Profits less losses on sale and closure of businesses	–	–	–	(2)	–	–	(2)
Profit before interest	226	172	48	37	648	(53)	1,078
Finance income						15	15
Finance expense						(73)	(73)
Taxation						(237)	(237)
Profit for the period	226	172	48	37	648	(348)	783
Segment assets (excluding joint ventures and associates)	2,431	2,327	312	1,266	2,948	215	9,499
Investments in joint ventures and associates	38	13	113	48	–	–	212
Segment assets	2,469	2,340	425	1,314	2,948	215	9,711
Cash and cash equivalents						519	519
Deferred tax assets						152	152
Employee benefits assets						90	90
Segment liabilities	(495)	(385)	(125)	(251)	(784)	(122)	(2,162)
Loans and overdrafts						(965)	(965)
Income tax						(193)	(193)
Deferred tax liabilities						(266)	(266)
Employee benefits liabilities						(133)	(133)
Net assets	1,974	1,955	300	1,063	2,164	(703)	6,753
Non-current asset additions	153	103	28	65	394	1	744
Depreciation	96	80	7	44	171	4	402
Amortisation	64	20	6	4	–	–	94
Impairment of goodwill on closure of business	–	–	–	4	–	–	4

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	5,631	3,924	1,211	2,177	12,943
Segment assets	3,951	3,220	968	1,572	9,711
Non-current asset additions	279	351	34	80	744
Depreciation	184	122	27	69	402
Amortisation	22	19	43	10	94
Impairment of goodwill on closure of business	–	–	–	4	4

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. Exceptional items

The exceptional item comprises a £98m non-cash charge to impair the group's shareholder loans to its 47% joint venture, Vivergo Fuels. Vivergo is based in the UK and is included in the Sugar segment. The impairment was a consequence of the continuing fall in crude oil and bioethanol prices and the further weakening of the euro against sterling, both of which affected the group's assessment of the recoverability of its shareholder loans.

3. Income tax expense

	24 weeks ended 28 February 2015 £m	24 weeks ended 1 March 2014 £m	52 weeks ended 13 September 2014 £m
Current tax expense			
UK – corporation tax at 20.5%/22.1%/22.1%	**35**	51	137
Overseas – corporation tax	**47**	49	148
UK – overprovided in prior periods	**–**	–	3
Overseas – overprovided in prior periods	**–**	–	(2)
	82	100	286
Deferred tax expense			
UK deferred tax	**(2)**	(2)	(17)
Overseas deferred tax	**9**	2	(19)
UK – overprovided in prior periods	**–**	–	(6)
Overseas – overprovided in prior periods	**–**	–	(7)
	7	–	(49)
Total income tax expense in income statement	**89**	100	237
Reconciliation of effective tax rate			
Profit before taxation	**213**	434	1,020
Less share of (profit)/loss from joint ventures and associates	**(18)**	1	(13)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**195**	435	1,007
Nominal tax charge at UK corporation tax rate of 20.5%/22.1%/22.1%	**40**	96	222
Effect of higher and lower tax rates on overseas earnings	**(1)**	(7)	(7)
Expenses not deductible for tax purposes	**25**	5	25
Disposal of assets covered by tax exemptions or unrecognised capital losses	**23**	–	2
Deferred tax not recognised	**2**	6	7
Adjustments in respect of prior periods	**–**	–	(12)
	89	100	237
Income tax recognised directly in equity			
Deferred tax associated with defined benefit schemes	**(12)**	(12)	(3)
Current tax associated with share-based payments	**–**	–	(2)
Deferred tax associated with movement in cash flow hedging position	**1**	(2)	11
Current tax associated with movements in foreign exchange	**–**	–	(2)
	(11)	(14)	4

Following the enactment of legislation by the UK government to reduce the corporation tax rate from 21% to 20% with effect from 1 April 2015, UK deferred tax has been calculated using a rate of 20%. This legislation was enacted before 13 September 2014 and accordingly the impact of these rate reductions on deferred tax was reflected in the group's financial statements for the financial year ended 13 September 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. Earnings per ordinary share

	24 weeks ended 28 February 2015 pence	24 weeks ended 1 March 2014 pence	52 weeks ended 13 September 2014 pence
Adjusted earnings per share	**46.1**	45.8	104.1
Disposal of non-current assets	**0.6**	0.1	(1.4)
Sale and closure of businesses	**(14.2)**	–	(0.3)
Exceptional items	**(12.4)**	–	–
Tax effect on above adjustments	**0.3**	–	(0.1)
Amortisation of non-operating intangibles	**(3.5)**	(4.4)	(9.1)
Tax credit on non-operating intangibles' amortisation and goodwill	**0.6**	1.3	2.7
Non-controlling interests' share of amortisation of non-operating intangibles net of tax	**0.6**	0.4	0.6
Earnings per ordinary share	**18.1**	43.2	96.5

5. Dividends

	24 weeks ended 28 February 2015 pence	24 weeks ended 1 March 2014 pence	52 weeks ended 13 September 2014 pence
Per share			
2013 final	**–**	22.65	22.65
2014 interim	**–**	–	9.70
2014 final	**24.30**	–	–
	24.30	22.65	32.35
	£m	£m	£m
Total			
2013 final	**–**	179	179
2014 interim	**–**	–	77
2014 final	**192**	–	–
	192	179	256

The 2014 final dividend of 24.30p per share was approved on 5 December 2014 and totalled £192m when paid on 9 January 2015. The 2015 interim dividend of 10.0p per share, total value of £79m, will be paid on 3 July 2015 to shareholders on the register on 5 June 2015.

6. Acquisitions and disposals

Dorset Cereals was acquired during the period for cash consideration of £60m, net of £8m of cash acquired. Other net assets acquired mainly comprised non-operating intangibles, property, plant and equipment and goodwill.

Loss on sale and closure of businesses was £116m in North China Sugar for the sale of the Yi'an factory and closure of the BoCheng factory, both in Heilongjiang province, comprising goodwill and operating intangible write-offs, property, plant and equipment provisions and closure costs.

During the period Illovo Sugar disposed of 5.1% of Zambia Sugar for consideration of £11m.

7. Analysis of net debt

	At 13 September 2014 £m	Cash flow £m	Non-cash items £m	Exchange adjustments £m	**At 28 February 2015 £m**
Cash at bank and in hand, cash equivalents and overdrafts	399	(221)	–	(11)	**167**
Short-term loans	(238)	(106)	(2)	3	**(343)**
Long-term loans	(607)	1	2	(21)	**(625)**
	(446)	(326)	–	(29)	**(801)**

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less. Bank overdrafts that are repayable on demand of £116m form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Derivative assets include £42m in respect of a number of cross-currency swaps which have the economic effect of matching the currency mix of the group's US private placement debt more closely to the currency mix of its operating asset base. These derivative assets are not included in the group's net debt.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. 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 13 September 2014. There have been no material changes in these relationships in the 24 weeks ended 28 February 2015 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.

9. 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 28 February 2015 comprise those of the Company and its subsidiaries (together referred to as 'the group') and the group's interests in associates and joint ventures.

The consolidated financial statements of the group for the 52 weeks ended 13 September 2014 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 13 September 2014.

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 13 September 2014.

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 118 to 127 of the 2014 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 21 April 2015. 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 13 September 2014 have been abridged from the group's 2014 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 auditor was unqualified, did not include a reference to any matters to which the auditor 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.

This 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.

10. 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 13 September 2014.

IFRS 10 *Consolidated Financial Statements,* IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities* are applicable for the first time in 2015, together with a number of minor changes to other standards. None have had a significant impact on the group, other than in respect of additional disclosures which will be made in the consolidated financial statements for the year ending 12 September 2015.

CAUTIONARY STATEMENTS, RISKS AND UNCERTAINTIES, AND RESPONSIBILITY STATEMENT

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 principal risks facing the group's businesses at an operational level are included on pages 46 to 49 of the group's statutory financial statements for the 52 weeks ended 13 September 2014, 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 UK's Financial Conduct 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.

On behalf of the board

George Weston
Chief Executive

John Bason
Finance Director

Charles Sinclair
Chairman

21 April 2015

INDEPENDENT REVIEW REPORT TO ASSOCIATED BRITISH FOODS PLC

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 28 February 2015 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 Conduct Authority ('the UK FCA'). 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 FCA.

The annual financial statements of the group are prepared in accordance with International Financial Reporting Standards 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 28 February 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Richard Pinckard
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

21 April 2015

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Company Secretary
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Javier Ferrán*‡√†
Wolfhart Hauser*‡†
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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