For release 6 November 2012

ASSOCIATED BRITISH FOODS plc

Annual Results Announcement

Year ended 15 September 2012

For release 6 November 2012

Associated British Foods plc results for 52 weeks ended 15 September 2012

ABF delivers a strong set of results

Financial Highlights

- Group revenue up 11% to £12.3bn
- Adjusted operating profit up 17% to £1,077m*
- Adjusted profit before tax up 17% to £974m**
- Adjusted earnings per share up 18% to 87.2p**
- Dividends per share up 15% to 28.5p
- Net capital investment of £707m
- Net debt of £1,061m
- Operating profit up 4% to £873m, profit before tax level at £761m and basic earnings per share up 2% to 70.3p

George Weston, Chief Executive of Associated British Foods, said:

"These are very good results for the group and include exceptional performances from AB Sugar and Primark. Global economic uncertainty remains but we have opportunities for further investment and the strength of the group balance sheet and a strong cash flow will enable us to pursue them with confidence."

* 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 the sale and closure of businesses and exceptional items.

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

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Notes to Editors

Associated British Foods is a diversified international food, ingredients and retail group with sales of £12.3bn and 106,000 employees in 47 countries. It has significant businesses in Europe, southern Africa, the Americas, China and Australia.

Our aim is to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth. We look to achieve this through a combination of growth of existing businesses, acquisition of complementary new businesses and achievement of high levels of operating efficiency.

ASSOCIATED BRITISH FOODS plc
ANNUAL RESULTS ANNOUNCEMENT
FOR THE 52 WEEKS ENDED 15 SEPTEMBER 2012

For release 6 November 2012

CHAIRMAN'S STATEMENT

I concluded my statement last year with the expectation that we would achieve growth in sales and adjusted operating profit this year with the latter weighted towards the second half. I am therefore pleased that we have been able to report results throughout the course of the year that have met those expectations, despite the enduring challenges of subdued economic growth and continued pressure on consumer disposable incomes in the world's developed economies. By any standards, an increase of 11% in revenue and 17% in adjusted operating profit in the current climate is a fine performance. This resulted in an 18% increase in adjusted earnings per share to 87.2p.

AB Sugar delivered a first-class result, exceeding last year's record profit following the investment made in recent years. The business benefited from an excellent UK campaign, a strong European commercial market and better sugar yields across southern Africa. Primark's rate of growth increased this year with sales of £3.5bn, more than double those of five years ago. It was particularly exciting to see new store openings in Germany greeted with the same degree of customer enthusiasm as that experienced in the UK, with Berlin setting a new Primark record for sales made on the first day of trading. AB Agri also had a very good year. In recent years this business has evolved successfully from selling traditional animal feeds in the UK to producing high-value premixes, enzymes and technical ingredients and providing value-adding advisory and marketing services to the global agricultural market.

This year was not without its challenges, however, as evidenced by the results of our Grocery and Ingredients business segments. Although Twinings Ovaltine delivered another good result with continued growth, particularly in its developing markets, a mix of strong competition, a continued strain on consumer spending and high costs for a number of commodities led to lower profitability in both of these segments. A combination of management action to reduce the cost base together with increased investment in marketing and new product development, enabled most of the businesses in these segments to enter the new financial year on a sound footing. It was, nevertheless, disappointing that earlier this year we announced that these actions were not sufficient to avoid a non-cash impairment of the Don KRC assets in Australia. However, this business has already made substantial operational improvements and a recovery plan is in place. It is noteworthy that even if adjusted earnings are reduced by this exceptional charge they still show a 6% increase over last year.

Recent years have seen substantial capital investment in the food businesses with a number of projects spanning several years. These have now largely come to an end and our capital expenditure was lower as a result. Investment during the year included construction of the relocated sugar factory at Zhangbei in China and a new yeast plant in Mexico. As we continued to pursue the big retail expansion opportunity in continental Europe, capital expenditure on Primark reached £326m last year, and we expect a high level of expenditure on Primark to continue.

Following last year's cash outflow, the lower level of capital investment together with the higher profit and lower working capital resulted in a strong cash flow this year. Even taking into account the acquisition of Elephant Atta for £34m, net debt at the year end was £224m lower at £1,061m.

Directors

As announced last November, we welcomed Emma Adamo to the board at the conclusion of last year's annual general meeting. Emma was educated at Stanford University and INSEAD and is a director of Wittington Investments Limited.

Employees

The trading environment for many of our businesses has been difficult this year and, while credit is clearly due to those who have made progress, those working in the businesses most affected by adverse market conditions are, perhaps, all the more deserving of our thanks and appreciation for their strenuous efforts. On behalf of shareholders, I thank all our employees for the contribution they have made to the group's success in the past year.

Primark has created 10,000 new jobs across the UK and continental Europe this year at a time of high unemployment, particularly for young people. The average number of people employed by the group worldwide increased during the year to 106,000.

Dividends

I am pleased to report that a final dividend of 20.0p is proposed, to be paid on 11 January 2013 to shareholders on the register on 7 December 2012. Together with the interim dividend of 8.5p paid on 6 July 2012, this will make a total of 28.5p for the year, an increase of 15%.

Outlook

Global economic uncertainty looks set to remain a feature of the new financial year and in recent months we have seen an increase in some of our commodity costs, notably cereals. We expect a reduction in profit from AB Sugar, as a result of lower EU production, to be more than offset by further growth at Primark and some recovery in Grocery. We therefore expect the group to make some further progress in this new financial year but, in contrast to last year, this will be weighted towards the first half.

Charles Sinclair
Chairman

OPERATING REVIEW

In 2012 the group's revenue increased by 11% to £12.3bn and adjusted operating profit was 17% ahead of the previous year exceeding the one billion pound mark for the first time at £1,077m.

This was an extremely good year but it shouldn't be considered in isolation. The compound annual growth of revenue and profit achieved over the last 10 years is 10% and 11% respectively. This long-term performance is a direct result of our business model. Our businesses are organised so that they are close to the markets and customers they serve and the corporate centre is consequently small. Operational decisions are made by the businesses and strategy is agreed between the businesses and the centre. Business performance is closely monitored by the centre and capital is allocated to businesses where returns meet or exceed clearly defined criteria.

AB Sugar delivered a further significant improvement in profit this year driven by its European businesses and Illovo. AB Agri matched last year's record performance. Primark delivered excellent growth with a substantial increase in retail selling space and like-for-like growth at the top of its peer group. In Grocery, Twinings Ovaltine, Jordans Ryvita and Silver Spoon achieved good growth but overall profit was held back by restructuring charges taken to lower the cost base, and a difficult trading environment for George Weston Foods. The further decline in Ingredients' profit was disappointing.

The major investment in our sugar businesses in recent years has been an important driver of the substantial growth in Sugar profits. The acquisition of Azucarera in Iberia has proved to be a very sound investment and has been a key contributor to the increased profitability over the last two years. The investment in capacity expansion across southern Africa is now delivering better returns for Illovo and the development of our presence in China, in both cane and beet sugar, has built a platform for future growth. Our European businesses have benefited from firmer pricing and higher sugar production this year. Although we expect prices in the EU to remain firm, profit in the coming year will be affected by reduced European production, as a consequence of lower yields, and higher beet costs for British Sugar.

Primark's result reflects continued growth in the UK, including the opening of a flagship store in Edinburgh, and a major step forward in continental Europe. Retail selling space in Iberia was increased by almost half, our presence in Germany was strengthened by the opening of four large stores, and we continue to develop our regional distribution network with the opening of the Mönchengladbach distribution centre. The excitement that continues to be generated by each new store opening and the sales densities that we are achieving in continental Europe afford us the confidence to believe that Primark is capable of much further growth.

Once again, Twinings Ovaltine demonstrated its ability to generate strong revenue growth for both the Twinings and Ovaltine brands which resulted in higher profit. However, the continued pressure on consumer disposable incomes in the world's developed economies created a challenging environment for the businesses in Grocery. To succeed in this environment it is important to be a low-cost supplier and the management teams in George Weston Foods and Allied Bakeries made good progress in reducing their cost base. The financial results reflect the cost of this management action. It was a difficult year for the meat business in Australia but the new factory is now operating more efficiently and the focus for the coming year will be on increasing volumes.

The effects of a combination of high input costs and increased competition for yeast this year contributed to a further decline in margin for Ingredients. We are committed to this business and have focused our attention on the need to develop a more differentiated bakery ingredients proposition. We made a number of management changes during the year, including the appointment of a new chief executive, and the strengthened team will drive the implementation of the new business proposition across the group.

Net capital investment in the group was £707m this year which included a higher level of expenditure for Primark on new stores, and on the refit and extension of existing stores, as we increased the retail selling space by 13%. Continental Europe accounted for the vast majority of this investment but selling space in the UK still increased by 5%. We completed construction of

the Vivergo bioethanol plant in Hull and continued the investment in efficient production at Allied Bakeries. We made good progress with construction of the new yeast factory in Mexico and the relocation of the Zhangbei sugar factory in China will be completed in time for processing the new season's beet later this year. In the coming financial year we expect to maintain the level of investment in new stores for Primark but will see some reduction in the level of expenditure in the rest of the group.

SUGAR

	2012	2011	change
Revenue £m	**2,666**	2,134	+25%
Adjusted operating profit £m	**510**	315	+62%
Adjusted operating profit margin	**19.1%**	14.8%	
Return on average capital employed	**26.5%**	17.3%	

AB Sugar is a leading multinational in the growing market for sugar and sugar derived products and co-products. In the EU, Azucarera is the major producer in Iberia and British Sugar is the sole processor of the UK sugar beet crop and Europe's most efficient producer. Illovo is the largest sugar processor in Africa and is one of the world's foremost low-cost producers. The group also has substantial businesses in China producing cane sugar in the south and beet sugar in the north east. The group currently operates 34 plants in ten countries and is capable of producing some 5.5 million tonnes of sugar and 600 million litres of ethanol each year. It also has the capacity to generate power sufficient to meet most of its internal needs. AB Sugar aims to achieve growth through excellence in agriculture and operations, the application of new technologies for the sustainable processing of beet and cane, and the further development of co-products.

AB Sugar made significant advances during the year with revenue ahead by 25% and profit up 62% reflecting higher sugar production and strong commercial markets in the EU and Africa, and a continued focus on performance improvement in agriculture and processing. Profit in China was lower as a result of a weakening of sugar prices during the year.

In the UK, profit from British Sugar was well ahead of last year reflecting the excellent campaign, higher sugar production and firmer prices. The absence of the weather-related challenges of last year resulted in the production of 1.3 million tonnes of sugar compared with just under 1.0 million tonnes in 2011. 2012 marked the centenary of the UK beet sugar industry and also saw British growers delivering record beet yields. While growers benefited from excellent conditions, the achievement of record yields for the fifth year out of the last seven confirms the progress the industry has made in harnessing applied science and innovation. Investment in processing and a continuing programme of business improvement enabled a strong factory performance in the year. This included the successful commissioning of the CO_2 liquefaction facility at the Wissington sugar factory which utilises the CO_2 produced during fermentation by the existing bioethanol plant.

Improvements made by Azucarera's growers contributed to record Spanish beet yields. Combined with a continued focus on raising factory performance and extraction rates, this resulted in the northern factories producing a total of 388,000 tonnes of sugar from beet in the 2011/12 campaign. The southern beet campaign, which commenced in early June and finished in August, produced 80,000 tonnes of sugar. The Guadalete refinery again increased its output, processing 303,000 tonnes of cane sugar against last year's 248,000 tonnes. A further 70,000 tonnes of co-refined cane sugar was produced at the three northern factories.

The advances made in recent years by both Azucarera and British Sugar in manufacturing productivity and agricultural development have made a major contribution to their financial performance and underscore the importance of continued investment in efficiency improvement. However, further improvements are required if these businesses are to become globally competitive and we believe the ending of sugar quotas in 2015, as 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. The tariffs for sugar imports into the EU are not affected by these proposals.

Construction of Vivergo's bioethanol plant in Hull is now complete with production coming on stream by the end of this calendar year. The plant uses feed wheat and has the capacity to produce up to 420 million litres of bioethanol and up to 500,000 tonnes of high-protein, high-fibre animal feed.

Illovo made good progress, recovering from the impact of low sucrose levels in the cane across the region and the severe drought in South Africa last year. Sugar production increased to 1.8 million tonnes compared to 1.6 million tonnes last year. The increased volumes in South Africa enabled the Umzimkulu mill to be reopened in March 2012 following last season's closure because of a shortfall in cane supplies. In Zambia and Swaziland, which have both seen recent investment in production and agricultural expansion, operations ran close to design capacity. Positive market conditions, combined with a more favourable rand/dollar exchange rate, led to higher domestic sugar revenues. However, the economic environment in Malawi remains challenging and the kwacha was devalued on 7 May 2012. Local sugar prices were increased as a result of the devaluation which, together with higher export earnings, more than offset increased operating costs in local currency terms. The devaluation had no material effect on profit when translated into sterling.

As announced in July, the Mali government was unable to fulfil its undertaking to fund the agricultural component of a project to develop Illovo's sugar business in the country. When combined with the deteriorating security situation, the project risk was considered to have increased to an unsupportable level and the decision was taken to terminate further involvement in the project. Illovo's investment in pre-project expenditure of £15m has been written off and charged as a loss on closure of businesses in the income statement. This charge was largely offset by the realisation of deferred profit on the disposal, in November 2009, of the group's former Polish sugar operations.

Illovo also markets a number of co-products which have become an increasingly important contributor to its results. These range from food-grade, industrial and agricultural products manufactured at the Sezela plant and at its ethanol distilleries in South Africa, to the export of electricity to the Swaziland national grid by the Ubombo sugar mill. A potable alcohol distillery at Kilombero in Tanzania is currently under construction and is due to be commissioned in 2013.

In China, further progress was made in the north, both in factory efficiency and in beet plantings and yield, with sugar production increasing from 210,000 tonnes to 287,000 tonnes. Factories concentrated on improving manufacturing performance through higher energy efficiency and extraction rates, and previous investment in beet handling drove record throughput at the Yi'an factory. Heavy rains in January 2012 constrained output in south China with volumes almost level with last year at 405,000 tonnes. China's national 2011/12 sugar production was 1.0 million tonnes higher than last year which, combined with lower prices for sugar imports, led to weaker domestic selling prices and consequently lower operating profit for our Chinese operations. Relocation of the Zhangbei beet sugar factory is almost complete and will be operational in time for the new season campaign.

AGRICULTURE

	2012	2011	change
Revenue £m	**1,265**	1,127	+12%
Adjusted operating profit £m	**40**	40	-
Adjusted operating profit margin	**3.2%**	3.5%	
Return on average capital employed	**16.5%**	19.0%	

AB Agri is an established major force in UK agriculture and is increasingly operating on a global scale. It supplies technology-based products and services to farmers, feed and food manufacturers, processors and retailers. It also buys grain from UK farmers and supplies them with crop inputs through its joint venture, Frontier. Operating across the agricultural supply chain, AB Agri manufactures high-performance compound feeds, provides world-leading analytical services, nutritional advice and poultry marketing services for customers. It provides an

added-value service to food, drink and bioethanol companies internationally, by marketing their co-products as animal feed, which in turn helps to reduce the costs of production for its farming customer base. It also supplies the livestock and pet industries with premixes, enzymes and other technical ingredients which are increasingly important growth drivers for the business.

AB Agri delivered another good performance with revenues 12% ahead and profit in line with last year's strong result. The UK feed business benefited from higher volumes of sugar beet feed but saw some margin erosion in the pig and poultry feed markets reflecting another difficult year for the UK livestock industry.

Frontier continued to trade well. Earnings from grain trading were at more normal levels which reflected less movement in wheat prices during the year. High crop prices underpinned good farm profitability and Frontier benefited from continued high demand for fertiliser, seed and crop protection products.

Premier Nutrition increased its UK market share in broiler and ruminant premixes but suffered margin erosion in Eastern Europe. The weakening of the euro affected the competitiveness of exported piglet starter feed and pet premixes into the Eurozone. The major building and engineering operations for UK expansion are now complete and plant commissioning is well under way.

AB Vista continued to expand its geographic presence and share of the feed enzyme market, with a particularly good performance in the Asia Pacific region. The main growth driver was the Quantum phytase range including the recently launched product, Quantum Blue. AB Vista also recently finalised an arrangement that will see it become a major global supplier of betaine to the animal nutrition sector.

During the year, AB Sustain acquired a small UK-based business, specialising in the development, implementation and auditing of systems which promote continuous improvement in agricultural supply chains across the world. AB Sustain also won the Sainsbury's Supplier 'Making it Happen' award in recognition of its outstanding customer support and service.

Progress was made in China with increased compound and sugar beet feed sales volumes together with new products for the feed ingredients market. Agreement was reached recently with a major US multinational to build a new feed mill in China to service its local poultry feed requirements.

RETAIL

	2012	2011	% change
Revenue £m	**3,503**	3,043	+15%
Adjusted operating profit £m	**356**	309	+15%
Adjusted operating profit margin	**10.2%**	10.2%	
Return on average capital employed	**19.2%**	18.2%	

Primark is a major clothing retailer with stores in the UK, Ireland, Spain, Portugal, Germany, the Netherlands, Belgium and Austria. It offers customers quality, up-to-the-minute fashion at value-for-money prices. Further expansion saw the creation of 10,000 new jobs during the year with the business employing more than 43,000 people by the year end.

Revenue was 17% ahead of last year at constant exchange rates. As a result of the weakening of the euro in the second half of the year, the increase was 15% when translated at actual exchange rates. This excellent result was driven by an increase in retail selling space and like-for-like sales growth of 3% for the full year. UK trading was particularly strong during the summer and sales in continental Europe remained buoyant. Trading in newly opened stores exceeded expectations and the opening of the new store in Berlin in July saw our most successful first day's sales ever. Sales of the autumn/winter range in the new financial year are encouraging.

The operating profit margin at 10.2% was level with that achieved last year. In the first half margins were lower than last year reflecting the absorption of high cotton costs and the increase in VAT in the UK, which we chose not to pass on to customers. As expected, margins in the second half increased reflecting the fall in cotton prices. Operating margins are expected to improve further in the first half of the new financial year with the benefit of lower cotton prices but will be partly constrained by the three percentage point increase in VAT rates in Spain from 1 September 2012. Operating profit at constant currency was 17% higher than last year reflecting the strong revenue growth. At actual exchange rates profit was 15% ahead.

Primark continued to make significant progress with its ethical trade programme during the year. A member of the Ethical Trading Initiative (ETI) since 2006, it is now ranked at 'Leader' level which is the highest status achievable. The ETI classifies a Leader as "tackling the root causes of labour rights problems beyond individual workplaces with collaborative initiatives aimed at the sectorial level and in raw material or component supply". Achievement of this ranking demonstrates the hard work and commitment made by Primark to ensuring that workers making our products are paid fairly, treated well, and work in decent conditions. The impact of our in-country teams of ethical trading specialists has been significant in supporting sustainable improvements within supplier factories, providing greater visibility across the supply chain as well as improving the management of our audit programme. We conducted 1,795 audits in the last calendar year and ethical trade training continues to be provided to every new Primark employee.

Our new store design aims to provide an inspirational, exciting, fashionable and fun shopping environment for all customers. Strategically placed mannequins combine with video screens to inspire customers to choose outfits that are readily available on adjacent fixtures. Prominent directional signage allows easy navigation through the store and the confident expression of our Primark brand on building facades and at various focal points encourages customers to feel engaged with the brand. Customer service has been enhanced by providing a higher ratio of fitting rooms and cash registers to ensure a smoother experience when trying outfits on and paying for them.

The pace of store and retail selling space expansion increased this year. By the financial year end we had opened 19 new stores and added 0.9 million sq ft of selling space bringing the total to 242 stores and 8.2 million sq ft. Three new stores were opened in the UK, 11 in Iberia and five in northern continental Europe. Highlights of the year included a major expansion in Iberia, particularly Spain, the opening of a flagship store on Princes Street in Edinburgh and four large stores in Germany.

	UK		**Iberia**		**Republic of Ireland**		**Northern Continental Europe**		**Total**	
	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores
September 2011	5,190	154	760	24	1,010	38	320	7	7,280	223
Change in year	235	3	340	11	-	-	345	5	920	19
September 2012	5,425	157	1,100	35	1,010	38	665	12	8,200	242
	+5%		+45%		-		+108%		+13%	

The momentum of our store opening programme has continued into the new financial year with our second store on London's Oxford Street and our first store in Austria, in Innsbruck, during September. The new Oxford Street store has 82,000 sq ft of selling space over four floors and showcases Primark's latest design concept incorporating enhanced visual merchandising, branding, fixtures, lighting and state-of-the-art video screens showing the latest campaigns. A

further 12 stores will have opened before Christmas, including a second store in Austria. By the spring of next year we will also have completed the expansion of our city centre stores in Manchester, Newcastle and Mary Street in Dublin, featuring the new store design.

We have invested further to improve the efficiency, and increase the capacity, of our logistics network. In August we opened a new, purpose-built depot in Mönchengladbach in the west of Germany with 425,000 sq ft of warehouse space. This increases our total warehouse capability to 2.7 million sq ft, adding to the footprint of our existing depots in Ireland, the UK and Spain and enabling a more flexible response to the needs of our customers in northern Europe.

New store openings:		
Alicante (Spain)	Parque-sur, Madrid (Spain)	Schloss Strasse, Berlin (Germany)
Badajoz (Spain)	Valencia (Spain)	Zaandam (the Netherlands)
Barcelona (Spain)	Braga Parque (Portugal)	Chelmsford (UK)
Cordoba (Spain)	Coimbra (Portugal)	Edinburgh (UK)
Majadahonda (Spain)	Essen (Germany)	Livingston (UK)
Malaga (Spain)	Hannover (Germany)	
Pamplona (Spain)	Saarbrucken (Germany)	
UK concessions:		**Relocations:**
Selfridges, Birmingham	Selfridges, Manchester	Metro Centre, Gateshead (UK)

GROCERY

	2012	2011*	% change
Revenue £m	**3,726**	3,671	+1%
Adjusted operating profit £m	**187**	244	-23%
Adjusted operating profit margin	**5.0%**	6.6%	
Return on average capital employed	**12.2%**	17.6%	

*Restated – see note 1

Grocery comprises our consumer-facing businesses that manufacture and market a variety of grocery brands both nationally and internationally. Twinings Ovaltine has the broadest geographic reach selling its premium teas and malted beverages in more than 100 countries. The UK grocery businesses produce well-known household brands including Kingsmill, Silver Spoon, Jordans, Ryvita, Patak's and Blue Dragon. ACH is a speciality food business operating across North America and Mexico. Among its market-leading products are Mazola corn oil, Karo corn syrup and the leading corn starch brand, Argo. George Weston Foods in Australia produces a range of meats, breads and baked goods including Tip Top, the country's leading food brand.

Grocery revenue increased by 1% but adjusted operating profit declined by 23% reflecting primarily the cost of restructuring at George Weston Foods in Australia and Allied Bakeries in the UK, together with the difficult retail and competitor environment in Australia.

Twinings Ovaltine, our most profitable grocery business, maintained the momentum of last year achieving sales growth and share gains in its four largest tea markets. Marketing investment was substantially increased throughout the business. In the UK, we launched the very successful 'Gets you back to you' television campaign which contributed to our market share increase. In the US, growth was driven by the K-cup single-serve format which has expanded beyond foodservice into the grocery channel where we are now the leading tea brand in this format. Twinings had a particularly successful year in Australia, increasing its market share with an effective marketing campaign including consumer trial. Following last year's factory expansion in China and completion of the new factory in Poland, the final stages of investment in the Andover factory, which supplies the UK market, is due to complete before the end of the calendar year. New production lines enabled further improvements to be made in tea packaging. Ovaltine achieved strong growth in Thailand and other developing markets with particular success in Brazil, where we have now also introduced a 'ready to drink' format, and Indochina.

UK consumers have continued to seek value from product choice, promotions and price in response to sustained pressure on household incomes. The market remained competitive for Allied Bakeries with promotional activity reducing margins and the recent increase in wheat costs will give rise to further margin pressure in the coming year. However, good progress was made during the year in reducing the cost base with the closure of two small bakeries and a re-engineering of business processes to reduce overheads. Whilst delivering a significant change agenda the business has continued to focus on both understanding and meeting customer and consumer needs. This was recognised by The Grocer magazine which named Allied Bakeries as its branded bakery supplier of the year for the fourth year in succession. Kingsmill's largest sub-brand, 50/50, continues to be a key driver of Allied Bakeries' performance having become, last year, the number one brand in its segment, healthier white bread. Its range has also been successfully extended into wraps, pitta pockets and muffins. The capital expenditure programme to upgrade and modernise the equipment in the bakeries was accelerated during the year to realise, more quickly, the benefits of greater reliability, improved consistency and lower costs. The upgraded bread plant and new silos at Stockport came on stream in September creating one of the most advanced bakeries in the UK.

Jordans and Ryvita performed strongly in the UK with both brands responding well to effective advertising. Ryvita Thins won the healthy product of the year award and Jordans saw continued success in granola where it is the leading brand in the segment. The business also had a good year internationally with particularly strong sales growth for both brands in Canada, driven by increased distribution following the move from two distributors to one, and the building of a dedicated sales and marketing team in Toronto. The transfer of crackerbread manufacture from Stockport to Poole was completed during the year and the new plant is now fully functioning. The business was recognised during the year for its commitment to sustainability, winning the 'Waitrose Way' award for its work on water conservation at the Poole factory.

Silver Spoon had a good year but volumes and margins came under pressure towards the end of the year from increased competition in the consumer sugar market. Growth in caster and icing sugar for homebaking was offset by a decline in granulated and brown sugars as consumers sought cheaper alternatives. The Allinson flour brand continued to grow strongly, particularly as a result of increased distribution of its Nature Friendly plain and self-raising flours. In January, in partnership with Cargill, we launched the Truvia sweetener brand in the UK, the first stevia-based, zero calorie sweetener. The launch was supported with television and radio advertising as well as in-store promotional activity and has built a leading position in the sweetener category.

AB World Foods operated in a competitive trading environment throughout the year with an increased level of promotional activity which, although supporting volumes, had an adverse effect on margins. Blue Dragon became the UK's largest oriental ambient brand with strong sales growth following its successful relaunch last year and Patak's also achieved good growth albeit driven by promotional activity. The UK and Polish factories both performed well with Poland in particular benefiting from record volumes. Although the ethnic food industry remained weak, especially in the hard-pressed Chinese takeaway sector, Westmill's revenues held up well. The noodles business, spearheaded by our leading brand in the sector, Lucky Boat, continued to gain share with sales to industrial customers, as well as Chinese restaurants, ahead of last year. Investment in a third noodle line at the Trafford factory during the year consolidated our position as the largest and most efficient noodle manufacturer in the UK. On 5 July we acquired the leading ethnic flour brand in the UK, Elephant Atta, together with a number of smaller related ethnic flour brands which are used to make chapatti and other unleavened flat breads. This business will complement Westmill's other leading ethnic brands including Tolly Boy rice and Rajah spices.

At ACH in the US, vegetable oil volumes increased benefiting from a recent price reduction, while homebaking and spices volumes were level with last year. Oil costs remained high for most of the year but sales and margins recovered from last year's levels. Continued increases in raw material costs, with an inability to recover them fully, impacted margins in the flavours business. Significant investment was made during the year in new product launches in baking and in the sauces / marinades category, capitalising on the strength of the ACH brands. In Mexico, a weaker peso and continued competitive pressure resulted in lower volumes and operating profit. Stratas achieved further margin improvement with better oil procurement and by reducing overheads.

In Australia, the difficult retail and competitor environment experienced by George Weston Foods led to lower revenues and an operating loss for the year. Retailer promotion of in-store bakery products, combined with continuing support for $1 bread and range rationalisation, affected sales and margins in the bread business. Operationally, good progress was made with improved reliability and efficiencies delivered through supply chain optimisation. The successful launch during the year of ‘The One’, a nutritional loaf, strengthened the business in the key mainstream white bread segment of the market. The meat business performed well below expectations, driven by commissioning issues at the new Castlemaine factory, retailer pressure on prices, particularly in the first half of the year, and competitors increased volumes. Following the closure of the plant in Altona, the transfer of production and commissioning of the new facilities at Castlemaine constrained volume throughput which affected service levels, revenues and operating costs. The throughput issues have now been addressed and we are engaging with our key customers to recover lost volumes and drive growth. Costs are also reducing and a significant programme of work is under way to simplify the structure of the group and improve efficiency. Restructuring charges were made during the year for the cost of reorganising sales distribution and warehousing and a general reduction in administration overheads. As a result of the difficult trading conditions and low volumes, the carrying value of the assets in the meat business was no longer supported by our forecasts of its discounted future cash flows and an exceptional impairment charge of A$150m (£98m) has been taken.

INGREDIENTS

	2012	2011*	% change
Revenue £m	**1,092**	1,090	-
Adjusted operating profit £m	**32**	61	-48%
Adjusted operating profit margin	**2.9%**	5.6%	
Return on average capital employed	**4.3%**	8.3%	

*Restated – see note 1

The Ingredients segment comprises AB Mauri and ABF Ingredients. AB Mauri has a major global presence in bakers’ yeast, with significant market positions in the Americas, Europe and Asia, and is a technology leader in, and supplier of, bakery ingredients. It operates from 49 plants in 26 countries. ABF Ingredients markets enzymes, yeast extracts, speciality proteins and lipids worldwide with manufacturing facilities in Europe, the US and China.

Revenues were level with last year but operating profit was sharply lower reflecting restructuring charges and continuing operational challenges faced by AB Mauri. The European yeast market continued to be extremely competitive and our margins remained constrained by an inability to recover fully raw material cost increases. In Asia, sales volumes in China were disappointing and key raw material costs, primarily molasses, remained at a high level. Progress was made in improving productivity at the recently commissioned yeast factory in Harbin, making this one of our most efficient plants, and our factory in Vietnam was reopened in the second half of the year following completion of operational improvements. Latin America once again maintained strong revenue and profit growth across most markets although margins in Brazil came under pressure early in the year from higher molasses prices and increased competitor activity. As the Brazilian real has progressively weakened during the year our locally produced dry yeast has been able to compete more effectively against higher priced imports.

We achieved further growth in bakery ingredients benefiting from continued investment in resources and technology. This was particularly notable in the creativity and flexibility brought to bear by our Innovation Centre which has enabled the bakery ingredients business to tailor solutions to meet changing customer requirements at appropriate price points. The Innovation Centre is now supporting the yeast business by developing total yeast and ingredient solutions.

In the past year, AB Mauri made substantial progress in identifying the capabilities needed to deliver a more differentiated bakery ingredients proposition. It is now applying this understanding to each of its businesses, ensuring that it is adapted to meet their distinctive market requirements.

Capital investment by AB Mauri during the year included the construction of new yeast plants in Mexico and Shandong province in China together with the expansion of dry yeast capacity at Xinjiang in China. The plants in China have been commissioned and the Mexican plant will be operational during the first half of next year.

ABF Ingredients delivered good growth in sales and operating profit. Growth in feed, bakery and speciality enzymes was driven by new product launches and, in response to this sustained growth, the enzymes factory in Finland, which is now approaching capacity following its expansion in 2009, is to be expanded further. Management processes in the Enzymes business were enhanced during the year with the installation of new information systems, and improved sales forecasting accuracy has enabled better inventory management.

In the US, extruded grain products enjoyed strong growth driven by an enhanced range and customer service and an expanded customer base. Production at the existing facility in California is nearing capacity and with increasing demand, a new facility is to be built in Evansville, Indiana. The results of the US dairy business improved driven by high lactose and whey protein prices.

Yeast extracts are now supplied to Europe from the new, fully commissioned, factory in Harbin, China and new business is being developed in the Chinese and Asian markets. The yeast extracts facility in Hamburg was upgraded during the year enabling it to expand into new market sectors and, after a period of operational challenge, the US business made a number of efficiency improvements and is back in growth.

SUMMARY

The last financial year presented us with a number of challenges, and continued weakness in the economies of our developed markets suggests that 2013 will also be challenging. However, the diversity of the group's operations, our commitment to new product development, an exciting new store opening programme for Primark, the strength of the group balance sheet and a strong cash flow give us every reason to believe that we can meet the challenges ahead with confidence.

George Weston
Chief Executive

FINANCIAL REVIEW

GROUP PERFORMANCE

Group revenue increased by 11% to £12.3bn and adjusted operating profit was up 17% at £1,077m. Movements in foreign currency exchange rates had no material net effect on revenues but at constant exchange rates, adjusted operating profit was 19% ahead of last year. In calculating adjusted operating profit, the amortisation charge on non-operating intangibles, any profits or losses on disposal of non-current assets and any exceptional items are excluded. On an unadjusted basis, operating profit was 4% ahead of last year at £873m after charging intangible amortisation of £100m and an exceptional impairment charge of £98m.

The exceptional charge was taken to impair property, plant and equipment at the meat business in Australia which has performed well below expectations. Although a recovery plan is in place and a number of operational improvements have been made during the year, the discounted cash flow forecasts for the business were not sufficient to support the carrying value of its assets and an impairment charge of A$150m (£98m) was taken. Accounting standards do not permit the inclusion, in the impairment calculation, of cash flows that are expected to be generated from the future sale of the former meat processing sites in Western Australia and Victoria. These are being redeveloped and the net cash inflows in future years are expected to be substantial.

A net loss of £9m arose on the sale or closure of businesses this year relating primarily to the write off of Illovo's investment in pre-project expenditure in Mali following the decision not to pursue the development of this business, net of deferred profit realised on the disposal, in November 2009, of the group's former Polish sugar operations. The net loss is excluded from the calculation of adjusted earnings.

Finance expense less finance income of £105m compared with a net charge of £92m last year. This reflected the higher average net debt during the year and the incremental interest rate on the private placement financing completed in March.

Profit before tax increased from £757m to £761m. Adjusted to exclude the intangible amortisation and exceptional impairment charges, the losses on the sale of fixed assets and on the sale or closure of businesses, profit before tax increased by 17% to £974m.

TAXATION

The tax charge of £178m included an underlying charge of £242m, at an effective rate of 24.8% (2011 – 24.6%) on the adjusted profit before tax. The small increase in the effective rate is a result of the mix of profits earned in different tax jurisdictions and would have been higher had it not been for the further reduction in the UK corporation tax rate. The UK tax charge included a credit of £12m from the calculation of deferred tax liabilities reflecting the enacted rate reduction from 25% to 23%. The group is a substantial UK tax payer and even at the lower tax rate, out of a total of £191m tax paid in the year, £107m was paid in the UK as a result of the higher profits earned by our UK businesses. The proposed future reduction in the UK tax rate to 22% will be reflected in the year that the relevant legislation is substantively enacted. However, with increasing profitability in jurisdictions with a higher corporate tax rate than the UK, we expect the group's effective tax rate to be higher in future years.

The overall tax charge for the year benefited from a £33m (2011 - £25m) credit for tax relief on the amortisation of non-operating intangible assets and goodwill arising from previous acquisitions. A tax credit of £2m arose on the property and business disposals and a deferred tax asset of £29m has been recorded in respect of the exceptional impairment charge.

EARNINGS AND DIVIDENDS

Earnings attributable to equity shareholders were £555m, £14m higher than last year, and the weighted average number of shares in issue during the year used to calculate earnings per share was 789 million (2011 - 788 million). Earnings per ordinary share were 2% higher than last year at 70.3p. Adjusted earnings per share which provides a more consistent measure of performance increased by 18% from 74.0p to 87.2p.

The interim dividend was increased by 8% to 8.5p and a final dividend has been proposed at 20.0p which represents an overall increase of 15% for the year. The proposed dividend is expected to cost £158m and will be charged next year. Dividend cover, on an adjusted basis, remains at three times.

BALANCE SHEET

Non-current assets of £6,971m were broadly unchanged from last year. Intangible assets were £124m lower, mainly reflecting the amortisation charge of £122m for the year. Property, plant and equipment increased by £76m driven by the capital expenditure in the year, net of depreciation and the exceptional impairment charge.

Working capital at the year end was £73m lower than last year and average working capital across the year expressed as a percentage of sales showed an improvement. The inflation seen in commodity costs last year was not repeated and Primark delivered a substantial improvement with tight inventory management across the year. Net borrowings at the year end were £224m lower than last year at £1,061m as a consequence of the very strong cash flow.

A currency loss of £230m arose on the translation into sterling of the group's foreign currency denominated net assets. This resulted from a strengthening of sterling at the end of the year, particularly against the euro, US dollar and the rand. The group's net assets increased by £46m to £6,221m.

Return on capital employed (ROCE) for the group increased from 15.8% to 17.0% this year. Sugar and Primark both delivered an improvement through much higher profits but the lower profit at George Weston Foods and AB Mauri resulted in a reduction in the returns for Grocery and Ingredients. ROCE is calculated by expressing adjusted operating profit as a percentage of the average capital employed for the year.

CASH FLOW

Net cash flow from operating activities was very strong this year with a substantial increase from £736m to £1,240m. This mainly reflected a working capital inflow of £43m this year compared to an outflow of £199m last year, and higher operating profit adjusted for amortisation, depreciation and the exceptional item. The amortisation and depreciation charges were respectively £26m and £77m higher than last year, largely the consequence of capital investment in recent years on assets which are now operational, and also due to a foreshortening of the useful economic lives of certain assets in British Sugar, AB Mauri and Primark.

We continued to invest in the future growth of the group but the net £707m spent on property, plant and equipment and intangibles net of disposals during the year was a reduction on last year's investment of £825m. Primark spent £326m on the acquisition of new stores and the fit-out of new and existing stores. Elsewhere we continued the capital investment programme at Allied Bakeries and good progress was made with construction of the new yeast factory in Mexico and the relocation of the Zhangbei sugar factory in China.

We invested £45m on acquisitions, principally £34m on the acquisition of Elephant Atta, with the balance being deferred consideration payable on acquisitions made in previous years.

FINANCING

Cash and cash equivalents totalled £391m at the year end. These were managed during the year by a central treasury department, operating under strictly controlled guidelines, which also arranges term bank finance for acquisitions and to meet short-term working capital requirements, particularly for the sugar beet and wheat harvests.

The group has total committed borrowing facilities amounting to £2.6bn, of which £1.15bn is provided under a syndicated, revolving credit facility which does not mature until July 2015. £1.2bn was drawn down on these facilities at the year end. The strength and breadth of the 12 banks in the syndicate provide support for our financial needs and reflect the scale and international presence of the business. The group also had access, at the year end, to £874m of uncommitted credit lines under which £265m was drawn.

On 13 December 2011 we raised $100m in a bi-lateral private placement with a 10 year maturity and on 29 March 2012 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. These issues provided funds, in addition to our existing committed bank facilities, some of which will be used to refinance debt maturing next year. The average fixed interest coupon on these notes of 4.5% and 3.66% respectively, while historically attractive, are higher than prevailing variable interest rates on shorter term bank borrowings. This increased the group's interest expense in the second half of the year. However, by further diversifying our sources of funding and lengthening our debt maturity profile the financial strength and flexibility of the group has been enhanced.

PENSIONS

Pensions are accounted for in accordance with IAS 19 *Employee benefits* and on this basis, liabilities in the group's defined benefit pension schemes exceeded employee benefit assets by £95m compared with last year's deficit of £44m. The UK scheme accounts for 90% of the group's total pension assets and the increase in the market value of these assets during the year was slightly less than the increase in the present value of scheme liabilities which resulted from a further reduction in long-term bond yields during the year. By agreement with the Trustees, the Company agreed to eliminate the deficit identified at the time of the triennial actuarial valuation of the UK pension scheme in 2008 with five annual payments of £30m each. The last triennial valuation was undertaken in 2011 and revealed a funding surplus of £17m. However, following the fall in bond yields after the date of that valuation, the Company agreed to continue to make the remaining two payments, the last of which will be in March 2013. Total contributions to defined benefit plans in the year amounted to £71m (2011 - £70m).

For defined contribution schemes the charge for the year is equal to the contributions made which amounted to £53m (2011 - £51m).

John Bason
Finance Director

The annual report and accounts is available at www.abf.co.uk and will be despatched to shareholders on 8 November 2012. The annual general meeting will be held at Congress Centre, 28 Great Russell Street, London. WC1B 3LS at 11am on Friday, 7 December 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

Each business is responsible for its own risk management assessment which is reported to the group's Director of Financial Control annually. Our decentralised business model empowers the boards and management of our businesses to identify, evaluate and manage the risks they face on a timely basis. Key risks and internal control procedures are reviewed at group level by the board.

We require all businesses to implement appropriate levels of risk management to ensure compliance with all relevant legislation, our group health, safety and environment policies, our overriding business principles and group policies relating to them, taking into account business needs and local circumstances.

Each business is responsible for regularly assessing its health, safety and environmental risks with managers, operators, contracting companies and specialist staff working together to identify hazards. Appropriate operational procedures and controls are put in place to mitigate risks and all employees are provided with appropriate information, training and supervision. Further details of our risk mitigation activities can be found in our Corporate Responsibility report at www.abf.co.uk/cr-risks.

The board reviews annually the material financial and non-financial risks facing our businesses and, on a rolling cycle basis, reviews the effectiveness of the risk management process and the resources that our individual businesses devote to them. The principal risks currently identified by our businesses and reviewed by the board are:

Issue	Risk	Mitigation
People		
Product safety	Reputational damage caused by food hygiene or safety incidents. Non-compliance with regulatory requirements.	Food safety put before economic considerations. Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in relation to the sourcing and handling of raw materials. Food safety systems regularly reviewed to ensure efficacy and legal compliance. Quality and food safety audits are undertaken at our manufacturing sites. Documented and tested product recall procedures are embedded in all our businesses and regularly reviewed. We proactively monitor the regulatory and legislative environment as well as emerging scientific research.
Health and nutrition	Health concerns over certain ingredients in food. Inappropriate advertising to children.	Our recipes are regularly reviewed and reformulation is conducted as necessary to optimise the nutritional profile of products. Our UK Grocery group has signed the UK government's 'Responsibility Deal on Public Health' and associated pledges to reduce salt, remove trans fats and promote healthy eating and lifestyle options to our employees. % Guideline Daily Amount labelling or equivalent nutritional information provided to consumers in the UK and Australia. Our UK Grocery portfolio contains only a small number of products specifically intended for children. These products are marketed responsibly, following accepted codes of practice and within the parameters of a clear, operational business policy.
Workplace health and safety	Potential for fatal accidents and serious injuries to employees and visitors.	Group health and safety policy in place. Increased financial investment in health and safety management. Information and guidance provided to our businesses.

		Internal and external audits of health, safety and management reporting extended.
Employee rights	Non-compliance with internationally recognised standards. Inability to recruit and retain high-calibre people at all levels necessary to achieve business performance targets and maintain profitable growth.	International Labour Organization conventions are taken into account and we strive to observe the UN Universal Declaration of Human Rights in the management of all businesses. Staff throughout the group are recruited, trained and rewarded according to performance alone. Groupwide whistleblowing policy in place and kept under review.
Management succession	Failure to plan for succession to key roles could lead to a lack of management continuity and sub-optimal operational or financial performance.	Each business has a succession plan which is reviewed with group management twice a year, and with the board, annually. Development of our senior managers is co-ordinated by the Group HR Director and the Head of Executive Development. A small number of executive search companies have been briefed to introduce us to talented executives from other companies who could add value to the group.
Input costs, suppliers and supply chain reliability	Damage to brands caused by supply chain weakness e.g. poor conditions for workers. Disruption to raw material supplies and production caused by problems with suppliers, natural disasters and other incidents.	Extensive audit programme for labour standards of suppliers. Continued work, in partnership with suppliers and NGOs, to improve working conditions e.g. via training. Business continuity and disaster recovery planning regularly reviewed.
Ethical business practices	Penalties imposed or reputational damage suffered through bribery, corruption or unfair competition. Reputational damage.	All group businesses required to sign up to the group's Business Principles and Anti-Bribery and Corruption policy with training provided to all staff. Businesses work co-operatively to ensure visibility of reputational risk within supply chains and draw upon best practice management expertise from across the group, including Primark and Twinings.
Environment		
Climate change	Long-term increase in energy prices. Physical threats to operations from climate change e.g. flooding. Altered weather patterns affecting crop productivity.	Compliance with the group's environment policy. Best available techniques employed to reduce energy consumption – statutory requirement for all sites subject to the EU's Pollution Prevention and Control regime. Own electricity generated where possible, e.g. through combined heat and power plants and use of bagasse (waste sugar cane fibre). Agricultural raw materials sourced from a wide range of geographical locations and suppliers. Substantial investment to improve environmental risk management and energy efficiency.
Air pollution	Unacceptable impact on environment and offence caused to local communities by emissions to air.	Plant and process changes assessed in advance before authorisation sought. As a minimum, comply with emission standards in country of operation.
Disposal of waste and waste water	Legal sanction and reputational damage because of non-compliance with regulations and licences.	Responsibility assigned to senior executives in all businesses and specialists employed. As a minimum, comply with standards in country of operation. Our UK Grocery group supports the Courtauld 2 Commitment to reduce packaging waste, the Food and Drink Federation 'Fivefold

		Environmental Ambition' and the Institute of Grocery Distribution 'Water Savings Initiative'. Waste reduced, re-used or recycled wherever practicable.
Water availability	Water shortages and increased cost of water	Water-intensive sites in areas of water stress identified, and efforts focused on water reduction in these areas. Investing heavily in the quality of our water usage data to enable improved monitoring and management of our water use.
Resource efficiency	Unnecessary costs from inefficient use of natural resources.	Use of raw materials optimised. Packaging waste minimised consistent with food safety and product protection. Fuel consumption in transport minimised.
Palm oil	Reputational damage from unsustainable sourcing of palm oil.	Group policy introduced to buy all palm oil from sustainable sources by 2015.
Genetically modified (GM) crops	Consumer concern over use of GM food ingredients.	Recognised as a sensitive issue for some consumers and trends monitored by market.
Financial and Regulatory		
Competition rules	Penalties for failing to comply with the 1998 Competition Act, the 2003 Enterprise Act, relevant EU law and all relevant competition legislation.	Clear policy direction and close support from specialist in-house legal department. Compulsory awareness training.
Global economic slowdown and changing consumer demand	Demand for our products declines due to uncertainty over economic outlook and impact on disposable incomes.	Mitigated by diversity of business portfolio and geographic reach. Substantial investment in research and development, product quality, advertising and promotion, and focus on cost management.
Financial, currency and commodity risks	Loss sustained as a result of failure of internal controls or fraud, and exposure to foreign currencies, interest rates, counterparty credit risk, liquidity risk, and changes in market prices especially for energy and commodities.	Adherence to the group's financial control framework and anti-fraud policy. Treasury operations are conducted within a framework of board-approved policies and guidelines. Sufficient funding is maintained by way of external loans and committed bank facilities which are renewed or extended on a timely basis having regard to the group's projected funding needs. Financial transactions are dealt through financial institutions with a credit rating of A or better.
Tax compliance	Failure to comply with local tax law resulting in underpayment of tax and exposure to related interest and penalties.	The group has a financial control framework and a board-adopted tax policy requiring all businesses to comply fully with all relevant local tax law. Provision is made for known issues based on management's interpretation of country-specific tax law and the likely outcome. Any interest and penalties on tax issues are provided for in the tax charge.
Loss of a major site	The loss of one of our key sites could present significant operational difficulties.	Our businesses have business continuity plans in place to manage the impact of such an event and group insurance programmes to mitigate the financial consequences.

Regulatory and political	Failure to recognise political or cultural differences in the many countries in which we operate could directly impact the success of our operations. Proposals to end sugar quotas in 2015.	We remain vigilant to future changes and the increased risk presented by emerging markets. We engage with governments and NGOs to ensure the views of our stakeholders are represented and we try to anticipate, and contribute to, important changes in public policy. Our financial control requirements are consistently applied wherever we operate. We are exploring alternative options with EU policymakers.
Major capital projects and acquisitions	Risk of overspending initial cost estimates, overrunning construction timelines and failure to meet design specifications.	All major projects are managed by dedicated teams who work in close liaison with business management. Project plans are reviewed and approved by group management and, for larger projects, by the board. Updates on progress are provided throughout the project.

CAUTIONARY STATEMENTS

This report 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.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole.

Pursuant to Disclosure and Transparency Rules, Chapter 4, the following sections of the Company's annual report contain a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face:

1. The Chairman's statement on pages 14 and 15;
2. Operating review on pages 16 to 29 which includes a review of the external environment, key strategic aims, future development and performance measures;
3. Financial review on pages 30 and 31;
4. Other disclosures: 'Research and development';
5. Other disclosures: 'Financial instruments';
6. Other disclosures: 'Property, plant and equipment';
7. Other disclosures: 'Power of the directors'; and
8. Other disclosures: 'Principal risks and uncertainties'

The contents of this announcement, including the responsibility statement above, have been extracted from the annual report and accounts for the 52 weeks ended 15 September 2012 which can be found at www.abf.co.uk and will be despatched to shareholders on 8 November 2012. Accordingly this responsibility statement makes reference to the financial statements of the Company and the group and to the relevant narrative appearing in that annual report and accounts rather than the contents of this announcement.

On behalf of the board

Charles Sinclair **Chairman**	**George Weston** **Chief Executive**	**John Bason** **Finance Director**

6 November 2012

CONSOLIDATED INCOME STATEMENT

For the 52 weeks ended 15 September 2012

Continuing operations	Note	**Before exceptional items 2012 £m**	**Exceptional items* 2012 £m**	**Total 2012 £m**	**2011 £m**
Revenue	1	**12,252**	-	12,252	11,065
Operating costs before exceptional items		**(11,302)**	-	(11,302)	(10,265)
Exceptional items		**-**	(98)	(98)	-
		950	(98)	852	800
Share of profit after tax from joint ventures and associates		**27**	-	27	37
Profits less losses on disposal of non-current assets		**(6)**	-	(6)	5
Operating profit		**971**	(98)	873	842
Adjusted operating profit	1	**1,077**	-	1,077	920
Profits less losses on disposal of non-current assets		**(6)**	-	(6)	5
Amortisation of non-operating intangibles		**(100)**	-	(100)	(83)
Exceptional items		**-**	(98)	(98)	-
Profits less losses on sale and closure of businesses	2	**(9)**	-	(9)	-
Profit before interest		**962**	(98)	864	842
Finance income		**9**	-	9	9
Finance expense		**(114)**	-	(114)	(101)
Other financial income		**2**	-	2	7
Profit before taxation		**859**	(98)	761	757
Adjusted profit before taxation		**974**	-	974	835
Profits less losses on disposal of non-current assets		**(6)**	-	(6)	5
Amortisation of non-operating intangibles		**(100)**	-	(100)	(83)
Exceptional items		**-**	(98)	(98)	-
Profits less losses on sale and closure of businesses		**(9)**	-	(9)	-
Taxation – UK		**(91)**	-	(91)	(92)
Taxation – Overseas (excluding tax on exceptional items)		**(116)**	-	(116)	(88)
– Overseas (on exceptional items)		**-**	29	29	-
	3	**(207)**	29	(178)	(180)
Profit for the period		**652**	(69)	583	577
Attributable to					
Equity shareholders		**624**	(69)	555	541
Non-controlling interests		**28**	-	28	36
Profit for the period		**652**	(69)	583	577
Basic and diluted earnings per ordinary share (pence)	4			70.3	68.7
Dividends per share paid and proposed for the period (pence)	5			28.50	24.75

*Refer to Note 6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 52 weeks ended 15 September 2012

	2012	2011
	£m	£m
Profit for the period recognised in the income statement	**583**	577
Other comprehensive income		
Actuarial (losses)/gains on defined benefit schemes	**(99)**	12
Deferred tax associated with defined benefit schemes	**23**	(4)
Effect of movements in foreign exchange	**(241)**	89
Net gain on hedge of net investment in foreign subsidiaries	**11**	2
Deferred tax associated with movements in foreign exchange	**3**	(1)
Current tax associated with movements in foreign exchange	**(4)**	(1)
Movement in cash flow hedging position	**(21)**	6
Deferred tax associated with movement in cash flow hedging position	**4**	(1)
Other comprehensive income for the period	**(324)**	102
Total comprehensive income for the period	**259**	679
Attributable to		
Equity shareholders	**281**	657
Non-controlling interests	**(22)**	22
Total comprehensive income for the period	**259**	679

CONSOLIDATED BALANCE SHEET

At 15 September 2012

	15 September 2012 £m	17 September 2011 £m
Non-current assets		
Intangible assets	**1,769**	1,893
Property, plant and equipment	**4,541**	4,465
Biological assets	**89**	99
Investments in joint ventures	**174**	150
Investments in associates	**40**	44
Employee benefits assets	**18**	35
Deferred tax assets	**189**	150
Other receivables	**151**	203
Total non-current assets	**6,971**	7,039
Current assets		
Inventories	**1,500**	1,425
Biological assets	**109**	112
Trade and other receivables	**1,236**	1,259
Derivative assets	**33**	26
Cash and cash equivalents	**391**	341
Total current assets	**3,269**	3,163
TOTAL ASSETS	**10,240**	10,202
Current liabilities		
Loans and overdrafts	**(538)**	(729)
Trade and other payables	**(1,752)**	(1,627)
Derivative liabilities	**(50)**	(22)
Income tax	**(150)**	(133)
Provisions	**(98)**	(31)
Total current liabilities	**(2,588)**	(2,542)
Non-current liabilities		
Loans	**(914)**	(897)
Provisions	**(38)**	(105)
Deferred tax liabilities	**(366)**	(404)
Employee benefits liabilities	**(113)**	(79)
Total non-current liabilities	**(1,431)**	(1,485)
TOTAL LIABILITIES	**(4,019)**	(4,027)
NET ASSETS	**6,221**	6,175
Equity		
Issued capital	**45**	45
Other reserves	**175**	175
Translation reserve	**532**	712
Hedging reserve	**(17)**	-
Retained earnings	**5,099**	4,816
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	**5,834**	5,748
Non-controlling interests	**387**	427
TOTAL EQUITY	**6,221**	6,175

CONSOLIDATED CASH FLOW STATEMENT

For the 52 weeks ended 15 September 2012

	2012 £m	2011 £m
Cash flow from operating activities		
Profit before taxation	**761**	757
Profits less losses on disposal of non-current assets	**6**	(5)
Profits less losses on sale and closure of businesses	**9**	-
Finance income	**(9)**	(9)
Finance expense	**114**	101
Other financial income	**(2)**	(7)
Share of profit after tax from joint ventures and associates	**(27)**	(37)
Amortisation	**122**	96
Depreciation	**394**	317
Exceptional impairment of property, plant and equipment	**92**	-
Exceptional impairment of operating intangibles	**6**	-
Net change in the fair value of biological assets	**(28)**	(21)
Share-based payment expense	**8**	8
Pension costs less contributions	**(38)**	(38)
Increase in inventories	**(125)**	(176)
Decrease/(increase) in receivables	**3**	(138)
Increase in payables	**165**	115
Purchases less sales of current biological assets	**(3)**	(2)
Decrease in provisions	**(17)**	(69)
Cash generated from operations	**1,431**	892
Income taxes paid	**(191)**	(156)
Net cash from operating activities	**1,240**	736
Cash flows from investing activities		
Dividends received from joint ventures and associates	**11**	9
Purchase of property, plant and equipment	**(700)**	(794)
Purchase of intangibles	**(13)**	(49)
Purchase of non-current biological assets	**(1)**	(1)
Sale of property, plant and equipment	**6**	18
Purchase of subsidiaries, joint ventures and associates	**(45)**	(24)
Sale of subsidiaries, joint ventures and associates	**2**	3
Loans to joint ventures	**24**	(25)
Purchase of non-controlling interests	**-**	(29)
Interest received	**10**	11
Net cash from investing activities	**(706)**	(881)
Cash flows from financing activities		
Dividends paid to non-controlling interests	**(23)**	(22)
Dividends paid to equity shareholders	**(200)**	(190)
Interest paid	**(108)**	(99)
Financing:		
(Decrease)/increase in short-term loans	**(279)**	342
Increase in long-term loans	**44**	105
Sale of shares in subsidiary undertakings to non-controlling interests	**4**	-
Movements from changes in own shares held	**-**	(16)
Net cash from financing activities	**(562)**	120
Net decrease in cash and cash equivalents	**(28)**	(25)
Cash and cash equivalents at the beginning of the period	**291**	309
Effect of movements in foreign exchange	**(18)**	7
Cash and cash equivalents at the end of the period	**245**	291

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 52 weeks ended 15 September 2012

	Attributable to equity shareholders							
	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 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	-	-	-	-	(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
Total comprehensive income								
Profit for the period recognised in the income statement	-	-	-	-	555	555	28	583
Actuarial losses on defined benefit schemes	-	-	-	-	(99)	(99)	-	(99)
Deferred tax associated with defined benefit schemes	-	-	-	-	23	23	-	23
Effect of movements in foreign exchange	-	-	(192)	-	-	(192)	(49)	(241)
Net gain/(loss) on hedge of net investment in foreign subsidiaries	-	-	12	-	-	12	(1)	11
Deferred tax associated with movements in foreign exchange	-	-	-	-	3	3	-	3
Current tax associated with movements in foreign exchange	-	-	-	-	(4)	(4)	-	(4)
Movement in cash flow hedging position	-	-	-	(21)	-	(21)	-	(21)
Deferred tax associated with movement in cash flow hedging position	-	-	-	4	-	4	-	4
Other comprehensive income	-	-	(180)	(17)	(77)	(274)	(50)	(324)
Total comprehensive income	-	-	(180)	(17)	478	281	(22)	259
Transactions with owners								
Dividends paid to equity shareholders	-	-	-	-	(200)	(200)	-	(200)
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	-	-	-	-	-	-	(23)	(23)
Changes in ownership of subsidiaries	-	-	-	-	(1)	(1)	5	4
Total transactions with owners	-	-	-	-	(195)	(195)	(18)	(213)
Balance as at 15 September 2012	45	175	532	(17)	5,099	5,834	387	6,221

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT
For the 52 weeks ended 15 September 2012

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**	
Operating segments	**52 weeks ended 15 September 2012 £m**	52 weeks ended 17 September 2011 £m	**52 weeks ended 15 September 2012 £m**	52 weeks ended 17 September 2011 £m
Grocery	**3,726**	3,671	**187**	244
Sugar	**2,666**	2,134	**510**	315
Agriculture	**1,265**	1,127	**40**	40
Ingredients	**1,092**	1,090	**32**	61
Retail	**3,503**	3,043	**356**	309
Central	**-**	-	**(48)**	(48)
	12,252	11,065	**1,077**	921
Businesses disposed:				
Grocery	**-**	-	**-**	(1)
	12,252	11,065	**1,077**	920
Geographical information				
United Kingdom	**5,248**	4,788	**638**	491
Europe & Africa	**3,328**	2,735	**325**	213
The Americas	**1,241**	1,176	**100**	118
Asia Pacific	**2,435**	2,366	**14**	99
	12,252	11,065	**1,077**	921
Businesses disposed:				
The Americas	**-**	-	**-**	(1)
	12,252	11,065	**1,077**	920

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

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 52 weeks ended 15 September 2012

1. Operating segments for the 52 weeks ended 15 September 2012

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,734	2,808	1,275	1,163	3,503	(231)	12,252
Internal revenue	(8)	(142)	(10)	(71)	-	231	-
Revenue from external customers	3,726	2,666	1,265	1,092	3,503	-	12,252
Adjusted operating profit before joint ventures and associates	179	514	27	22	356	(48)	1,050
Share of profit after tax from joint ventures and associates	8	(4)	13	10	-	-	27
Adjusted operating profit	187	510	40	32	356	(48)	1,077
Profits less losses on disposal of non-current assets	-	1	-	-	-	(7)	(6)
Amortisation of non-operating intangibles	(16)	(22)	(1)	(61)	-	-	(100)
Exceptional items	(98)	-	-	-	-	-	(98)
Profits less losses on sale and closure of businesses	-	(6)	-	(3)	-	-	(9)
Profit before interest	73	483	39	(32)	356	(55)	864
Finance income						9	9
Finance expense						(114)	(114)
Other financial income						2	2
Taxation						(178)	(178)
Profit for the period	73	483	39	(32)	356	(336)	583
Segment assets (excluding investments in joint ventures and associates)	2,685	2,510	275	1,353	2,423	182	9,428
Investments in joint ventures and associates	24	47	87	56	-	-	214
Segment assets	2,709	2,557	362	1,409	2,423	182	9,642
Cash and cash equivalents						391	391
Deferred tax assets						189	189
Employee benefits assets						18	18
Segment liabilities	(573)	(413)	(104)	(204)	(526)	(118)	(1,938)
Loans and overdrafts						(1,452)	(1,452)
Income tax						(150)	(150)
Deferred tax liabilities						(366)	(366)
Employee benefits liabilities						(113)	(113)
Net assets	2,136	2,144	258	1,205	1,897	(1,419)	(6,221)
Non-current asset additions	153	160	14	96	329	3	755
Depreciation	105	95	7	47	132	8	394
Amortisation	33	24	3	62	-	-	122
Impairment of property, plant and equipment	92	-	-	3	-	-	95
Impairment of operating intangibles	6	-	-	-	-	-	6

Geographical information

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	5,248	3,328	1,241	2,435	12,252
Segment assets	3,689	3,002	1,051	1,900	9,642
Non-current asset additions	270	278	65	142	755
Depreciation	184	95	25	90	394
Amortisation	15	49	26	32	122
Impairment of property, plant and equipment	-	-	-	95	95
Impairment of operating intangibles	-	-	-	6	6

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 52 weeks ended 15 September 2012

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
Profits less losses on disposal of non-current assets	3	2	-	-	-	-	5
Amortisation of non-operating intangibles	(24)	(31)	(1)	(27)	-	-	(83)
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

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

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 52 weeks ended 15 September 2012

2. Profits less losses on sale and closure of businesses

Loss on sale and closure of businesses of £9m comprised a £15m non-cash charge for the write-off of Illovo's investment in pre-project expenditure in Mali (Sugar and Europe & Africa segments), offset by a £9m credit for recognition of deferred profit on the disposal of the group's Polish sugar operations in November 2009 (Sugar and Europe & Africa segments) together with other small charges totalling £3m.

No profits or losses arose on the sale or closure of businesses in 2011.

3. Income tax expense

	52 weeks ended 15 September 2012 £m	52 weeks ended 17 September 2011 £m
Current tax expense		
UK – corporation tax at 25.1% (2011 – 27.1%)	**108**	80
Overseas – corporation tax	**110**	88
UK – (over)/underprovided in prior periods	**(6)**	16
Overseas – overprovided in prior periods	**(2)**	(25)
	210	159
Deferred tax expense		
UK deferred tax	**(14)**	(5)
Overseas deferred tax	**(20)**	22
UK – underprovided in prior periods	**3**	1
Overseas – (over)/underprovided in prior periods	**(1)**	3
	(32)	21
Total income tax expense in income statement	**178**	180
Reconciliation of effective tax rate		
Profit before taxation	**761**	757
Less share of profit after tax from joint ventures and associates	**(27)**	(37)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**734**	720
Nominal tax charge at UK corporation tax rate of 25.1% (2011 – 27.1%)	**184**	195
Benefit of lower tax rates	**(19)**	(35)
Expenses not deductible for tax purposes	**3**	22
Profits/losses on disposal of assets covered by tax exemptions or unrecognised capital loses	**2**	(2)
Deferred tax not recognised	**14**	5
Adjustments in respect of prior periods	**(6)**	(5)
	178	180
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	**(23)**	4
Deferred tax associated with share-based payments	**2**	(2)
Deferred tax associated with movement in cash flow hedging position	**(4)**	1
Deferred tax associated with movements in foreign exchange	**(3)**	1
Current tax associated with movements in foreign exchange	**4**	1
	(24)	5

The tax credit of £29m arising on the exceptional impairment charge in the year is included within the overseas deferred tax credit.

Following the enactment of legislation in the UK to reduce the corporation tax rate to 23% from 1 April 2013, the effective tax rate this year includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate. The impact of this rate change is a £12m reduction in the tax charge in the income statement. Proposed future reductions in the UK tax rate to 22% will be reflected when the relevant legislation is substantively enacted.

4. Earnings per share

The calculation of basic earnings per share at 15 September 2012 was based on the net profit attributable to equity shareholders of £555m (2011 - £541m), and a weighted average number of shares outstanding during the year of 789 million (2011 – 788 million). The calculation of the weighted average number of shares excludes the shares held by the Employee Share Ownership Plan Trust on which the dividends are being waived.

Adjusted earnings per ordinary share, which exclude the impact of profits less losses on disposal of non-current assets and the sale and closure of businesses, amortisation of non-operating intangibles, exceptional items and any associated tax credits, is shown to provide clarity on the underlying performance of the group.

The diluted earnings per share calculation takes into account the dilutive effect of share options and share incentives. The diluted, weighted average number of shares is 789 million (2011 – 788 million). There is no difference between basic and diluted earnings.

	52 weeks ended 15 September 2012 pence	52 weeks ended 17 September 2011 pence
Adjusted earnings per share	**87.2**	74.0
Disposal of non-current assets	**(0.8)**	0.6
Sale and closure of businesses	**(1.1)**	-
Exceptional items	**(12.4)**	-
Tax effect on above adjustments	**3.9**	-
Amortisation of non-operating intangibles	**(12.7)**	(10.5)
Tax credit on non-operating intangibles amortisation and goodwill	**4.2**	3.2
Non-controlling interests' share of amortisation of non-operating intangibles net of tax	**2.0**	1.4
Earnings per ordinary share	**70.3**	68.7

5. Dividends

	2012 pence per share	2011 pence per share	**2012 £m**	2011 £m
2010 final	**-**	16.20	**-**	128
2011 interim	**-**	7.90	**-**	62
2011 final	**16.85**	-	**133**	-
2012 interim	**8.50**	-	**67**	-
	25.35	24.10	**200**	190

The 2012 interim dividend was declared on 24 April 2012 and paid on 6 July 2012. The 2012 final dividend of 20.0 pence, total value of £158m, will be paid on 11 January 2013 to shareholders on the register on 7 December 2012.

Dividends relating to the period were 28.50 pence per share totalling £225m (2011 – 24.75 pence per share totalling £195m).

6. Exceptional items

An exceptional charge of £98m has been made to impair the property, plant and equipment assets (£92m) and operating intangible assets (£6m) in the Australian meat business. An exceptional tax credit of £29m arises through the recognition of the resultant deferred tax asset.

7. Acquisitions and disposals

2012

During 2012 the group acquired Elephant Atta, the UK's leading ethnic flour brand, for a consideration of £34m. Additionally a number of smaller acquisitions were made with a total cash consideration of £3m, and deferred consideration payable on prior year acquisitions was increased by £9m. Total consideration therefore amounted to £46m. Net identifiable assets and liabilities acquired were £38m, comprising non-operating intangibles of £36m, inventory of £3m, cash of £1m, trade payables of £1m and short-term borrowings of £1m. Goodwill arising was £8m.

Cash flow on purchase of subsidiaries, joint ventures and associates of £45m comprises £37m cash consideration, less £1m cash acquired, and a £9m investment in joint ventures.

Loss on sale and closure of businesses of £9m comprised a £15m non-cash charge for the write-off of Illovo's investment in pre-project expenditure in Mali (Sugar and Europe & Africa segments), offset by a £9m credit for recognition of deferred profit on the disposal of the group's Polish sugar operations in November 2009 (Sugar and Europe & Africa segments) together with other small charges totalling £3m. Cash flow on sale of subsidiaries, joint ventures and associates of £2m in the cash flow statement comprises receipts of deferred consideration in respect of previous business disposals.

2011

During 2011, the group completed no new business combinations or business disposals. Cash flow on purchase of subsidiaries, joint ventures and associates of £24m comprised £15m in respect of previous acquisitions and £9m investment in a joint venture. Cash flow on sale of subsidiaries, joint ventures and associates of £3m in the cash flow statement comprises receipts of deferred consideration in respect of previous business disposals.

8. Analysis of net debt

	At 17 September 2011 £m	Cash flow £m	Acquisitions £m	Exchange adjustments £m	**At 15 September 2012 £m**
Cash at bank and in hand, cash equivalents and overdrafts	291	(28)	-	(18)	**245**
Short-term borrowings	(679)	279	(1)	9	**(392)**
Loans over one year	(897)	(44)	-	27	**(914)**
	(1,285)	207	(1)	18	**(1,061)**

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 of £146m are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

9. Related party transactions

The group has a controlling related party relationship with its parent company, which is also its ultimate parent company. The group also has a related party relationship with its associates and joint ventures and with its directors. In the course of normal operations, related party transactions entered into by the group have been contracted on an arm's length basis.

Material transactions and year end balances with related parties were as follows:

	Sub note	2012 £'000	2011 £'000
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		**330**	249
Dividends paid by ABF and received in a beneficial capacity by:			
(i) trustees of the Garfield Weston Foundation	1	**7,143**	6,960
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation		**1,120**	952
(iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited		**21**	18
(iv) a member of the Weston family employed within the Associated British Foods group	2	**746**	706
Sales to fellow subsidiary undertakings on normal trading terms	3	**135**	2,802
Sales to companies with common key management personnel on normal trading terms	4	**14,710**	14,870
Commissions paid to companies with common key management personnel on normal trading terms	4	**300**	-
Amounts due from fellow subsidiary undertakings	3	**-**	23
Amounts due from a company with common key management personnel	4	**1,531**	1,530
Sales to joint ventures on normal trading terms		**18,177**	36,421
Sales to associates on normal trading terms		**17,598**	15,116
Purchases from joint ventures on normal trading terms		**292,687**	273,533
Purchases from associates on normal trading terms		**21,898**	23,149
Amounts due from joint ventures		**152,136**	196,288
Amounts due from associates		**898**	1,509
Amounts due to joint ventures		**24,808**	11,859
Amounts due to associates		**2,398**	804

1. The Garfield Weston Foundation ('the Foundation') is an English charitable trust, established in 1958 by the late W Garfield Weston. The Foundation has no direct interest in the Company, but as at 15 September 2012 was the beneficial owner of 683,073 shares (2011 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2011 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 15 September 2012 trustees of the Foundation comprised two children and two grandchildren of the late W Garfield Weston and five children of the late Garry H Weston.
2. A member of the Weston family who is employed by the group and is not a director of the Company or Wittington Investments Limited and is not a trustee of the Foundation.
3. The fellow subsidiary undertakings are Fortnum and Mason plc and Heal & Son Limited.
4. The companies with common key management personnel are the George Weston Limited group, in Canada, and Selfridges & Co Ltd.

Amounts due from joint ventures comprise £16m (2011 - £19m) of finance lease receivables and £126m (2011 - £150m) of loan receivables. The remainder of the balance is trading balances. The loan receivables are all non-current (2011 – all non-current), and all but £3m (2011 - £3m) of the finance lease receivables are non-current.

10. Other information

The financial information set out above does not constitute the Company's statutory accounts for the 52 weeks ended 15 September 2012, or the 52 weeks ended 17 September 2011. Statutory accounts for 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts. Their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain a statement under section under section 498(2) or (3) of the Companies Act 2006 in respect of the accounts.

11. Basis of preparation

Associated British Foods plc ('the Company') is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the 52 weeks ended 15 September 2012 comprise those of the Company and its subsidiaries (together referred to as 'the group') and the group's interest in joint ventures and associates.

The consolidated financial statements were authorised for issue by the directors on 6 November 2012.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. Under IFRS, management is required to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on experience. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised from the period in which the estimates are revised.

The consolidated financial statements are presented in sterling, rounded to the nearest million. They are prepared on the historical cost basis except that biological assets and certain financial instruments are stated at fair value. Assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The consolidated financial statements of the group are prepared to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 52 weeks ended 15 September 2012. To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries, joint ventures and associates are included up to 31 August 2012. The results of Illovo are included for the period to 30 September 2012 in line with Illovo's local reporting date. Adjustments are made as appropriate for significant transactions or events occurring between 31 August and 30 September.

12. Significant accounting policies

The accounting policies applied by the group in this annual results announcement are the same as those applied by the group in its consolidated financial statements for the year ended 15 September 2012.