For release 19 April 2017

ASSOCIATED BRITISH FOODS plc

Interim Results Announcement

24 weeks ended 4 March 2017

For release 19 April 2017

Associated British Foods plc announces its interim results for the 24 weeks ended 4 March 2017

Excellent progress on all fronts

Financial highlights

		Actual	Constant currency
• Group revenue	£7,296m	+19%	+7%
• Adjusted operating profit	£652m	+36%	+23%
• Adjusted profit before tax	£624m	+35%	
• Adjusted earnings per share	59.7p	+30%	
• Dividend per share	11.35p	+10%	
• Gross capital investment	£416m		
• Net cash	£190m		

- Statutory operating profit up 36% to £640m and, with the benefit of a profit on the sale of businesses, profit before tax up 92% to £867m and basic earnings per share up 79% to 80.5p

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

"The underlying growth of the group at constant currency was strong in the first half. Primark delivered a substantial increase in selling space which, together with its strong consumer offering, contributed to a further increase in our share of the total clothing market. Furthermore, we achieved a more acceptable rate of return in Sugar and further good progress was made by our Ingredients and Grocery businesses."

Adjusted operating profit is stated before the amortisation of non-operating intangibles, profits less losses on disposal of non-current assets and transaction costs. These items, together with profits less losses on the sale and closure of businesses, are excluded from adjusted profit before tax and adjusted earnings per share. Constant currency is derived by translating the 2016 results at 2017 average exchange rates.

References to operating profit in the Operating Review are based on the adjusted measure defined above.

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ASSOCIATED BRITISH FOODS plc
INTERIM RESULTS ANNOUNCEMENT
FOR THE 24 WEEKS ENDED 4 MARCH 2017

For release 19 April 2017

CHAIRMAN'S STATEMENT

I am very pleased to report excellent progress across the whole group in the period. Revenue of £7.3bn in the first half was 19% ahead of last year and adjusted operating profit of £652m was 36% ahead. This growth includes the benefit of the devaluation of sterling on the translation of our overseas results. The total increase of £171m in adjusted operating profit included £51m of currency benefit. The underlying growth of the group was therefore strong with revenue up 7% and adjusted operating profit up 23% at constant currency.

Net financing costs remained at a similar level to last year primarily due to the effect of translation of interest on our foreign currency denominated debt. As previously indicated, last year's tax rate benefited from the revaluation of deferred tax to reflect announced reductions in the UK corporation tax rate and, as a result, this year's underlying rate has increased from 21.3% to 22.7%. Adjusted earnings per share were 30% ahead at 59.7 pence.

We completed the disposal of two businesses during the period: US herbs and spices and our south China cane sugar operations. These disposals generated a profit of £255m, with an associated tax charge of £82m, both of which are included in the group's statutory performance measures. As a result, profit before tax was 92% higher than last year and earnings per share were 79% ahead.

I said in my statement in last year's annual report that 2016 would be seen as a turning point for AB Sugar. Our sugar businesses were the largest single driver of the group's underlying profit improvement in the first half. Higher sugar prices and further significant savings generated by performance improvement both contributed to this and to a more acceptable return on investment. Illovo is the leading producer of sugar in Africa and our move to full ownership last year has enabled us to focus on accelerating its performance improvement and commercial development in markets with high growth in both population and income per capita.

Primark's growth continued apace with a revenue increase of 12% on a comparable basis with last year at constant currency. The opening of 16 new stores with 0.8 million sq ft of selling space, across eight countries in 24 weeks was a major achievement and early trading from these stores has been ahead of expectations. Primark performed well in the highly competitive UK market with like-for-like growth and a strong increase in its market share. The impact of the US dollar's strength on Primark's input costs have been well flagged and our commitment to price leadership in clothing retail has seen, as forecast, a decline in its operating margin.

I would also highlight the major contribution made to the group's profit growth by the substantial increases from Grocery and Ingredients.

Cash flow before acquisitions and disposals was further improved this year driven by the higher profit and a lower working capital outflow. Gross capital expenditure of £416m was higher than last year driven by Primark's expansion. Proceeds from the sale of businesses net of tax paid amounted to £503m, including debt assumed by the purchaser in China. Net consideration paid on a number of small acquisitions amounted to £81m. When combined with the strong operational cash flow, the group had a net cash balance at the half year of £190m which compared with net debt of £315m at the beginning of the financial year.

The consequences for the group of the decision by the UK to leave the EU should be seen in the context of the diversity of our operations and geographical footprint, combined with a business model that wherever possible aligns food production with the end markets for our products and a discrete UK supply chain for Primark. Nevertheless, we have had a dedicated team working for many months to determine the consequences of Brexit for us, and our businesses are now working to seize the opportunities and mitigate any risks. We are actively engaging with a number of Government departments to ensure that these opportunities and risks are recognised.

Dividend

The board has declared an interim dividend of 11.35 pence per share, an increase of 10% on last year. The dividend will be paid on 7 July 2017 to shareholders registered at the close of business on 9 June 2017.

Outlook

The growth in earnings achieved in the first half has been excellent. We expect the underlying revenue momentum in all of our businesses to continue in the second half. However, profit growth in the second half will, at current exchange rates, be tempered primarily by a smaller translation benefit and the full effect of the devaluation of sterling against the US dollar on Primark’s margin.

Our outlook for the group’s full year results has improved and we now expect to report good growth in adjusted operating profit and adjusted earnings per share.

Charles Sinclair
Chairman
19 April 2017

OPERATING REVIEW

The underlying growth of the group at constant currency was strong in the first half with revenue up 7% and adjusted operating profit up 23% at constant currency. With some two thirds of the group's revenues and operating profit generated outside the UK, the weakness of sterling has been very favourable on the translation of these overseas results. The translation benefit in operating profit in the first half was £51m.

These results demonstrate the excellent progress made across the group. Primark's revenue growth of 12% at constant currency and on a comparable week basis with last year reflected its ability to deliver a very strong, geographically broad-based, expansion of its selling space and to trade well and gain share in competitive European markets. It was pleasing to see the jump in Sugar profits which was the result of higher prices and hard work to deliver performance improvement. Further margin progress and profit growth was achieved by Grocery with growth from Twinings Ovaltine and margin recovery at George Weston Foods in Australia. The recovery in Ingredients, sustained over the last few years through a combination of performance improvement, cost reduction and commercial development, is also very encouraging.

Further growth in operating profit is expected in the second half but not at the rate achieved in the first half, for the following reasons: the translation benefit in operating profit, if exchange rates remain at current levels, will be less in the second half; the full effect of sterling weakness against the US dollar on Primark's purchases will result in a greater margin decline in the second half because our currency hedges were at more advantageous exchange rates in the first half; last year's change in Illovo's financial year end has benefited the first half; and the second half last year benefited from an extra week's trading as 2016 was a 53 week year for the group.

GROCERY

Continuing operations	2017	2016	Actual fx	Constant fx
Revenue £m	**1,658**	1,441	+15%	+2%
Operating profit £m	**151**	126	+20%	+4%

Revenue and operating profit from continuing operations in the first half were ahead of last year at constant currency and substantially ahead at actual exchange rates. Margin made further progress and increased from 8.7% to 9.1%.

Twinings Ovaltine revenues were well ahead of last year at constant currency and, with almost 80% of sales generated overseas, revenues at actual exchange rates were even further ahead. Twinings achieved market share gains in the UK, the US, Australia and France. Ovaltine sales showed good growth in the developing markets of Vietnam and Brazil and a number of new product successes drove an increase in Thailand.

Allied Bakeries achieved higher sales volumes in the first half, and the distinctive new pack design for Kingsmill was well received by customers and consumers. The market remains competitive, and with inflationary cost pressures, margins have declined as a consequence. Work commenced last September on the upgrade of the Speedibake bakery in Wakefield in preparation for the installation of a new doughnut line to increase production capacity. The retail sugar market was also competitive and resulted in a decline in margins at Silver Spoon.

In the UK, Jordans achieved good growth driven by Muesli and Country Crisp, and Dorset Cereals made further progress following its relaunch with a number of award-winning new products. Exports of both brands performed particularly well, notably in Australia, Belgium, the Netherlands and France. The rate of decline in Ryvita crispbread volumes slowed, benefiting from the launch of portion packs and new variants including Apple & Cinnamon and Cracked Black Pepper, both of which won Great Taste awards. At AB World Foods, Patak's and Blue Dragon have made a good start to the year with strong sales growth in international markets.

During the first half we acquired two small sports nutrition businesses in the UK which have well-known brands in targeted niche markets. High5 is a hydration and energy brand popular with endurance athletes and Reflex provides a range of premium protein-based recovery products. This is a new high-growth market segment and we plan to develop these brands and broaden their distribution.

Trading from continuing operations at ACH in North America was stronger than last year with higher consumer oil volumes and better margins. Home baking product volumes also increased resulting in share gains. As previously announced, we completed the sale of the herbs and spices business on 21 November 2016 for a gross cash consideration of £294m and the assumption by the purchaser of net pension liabilities which, last year end, amounted to £14m. Tax of some £70m will be payable on the transaction in the current year. Oil volumes in Mexico have improved but weakness in the peso kept margin under pressure. Stratas Foods, our commodity oils joint venture, completed the purchase of Supreme Oil, based in New Jersey, thereby expanding its manufacturing presence in the northeast of the US. Supreme supplies a variety of oils, shortenings, mayonnaise and dressings to foodservice and retail.

Operating margins improved at George Weston Foods in Australia with market share gains achieved by its bakery and meat businesses. Tip Top achieved volume growth for its mainstream bread brand, 'The One', and the launch last September of Abbott's gluten free loaf was well received. Continued cost reduction at the Castlemaine factory contributed to margin improvement for Don KRC.

SUGAR

Continuing operations	**2017**	2016 restated	Actual fx	Constant fx
Revenue £m	**1,081**	811	+33%	+16%
Operating profit £m	**123**	3		

AB Sugar revenue from continuing operations was well ahead of last year on a comparable basis taking into account last year's alignment of Illovo's year end with that of the rest of the group. The change in Illovo's financial year end had the effect of including the month of September, a period of high sales and profit, in this year's first half. Higher sugar prices, increased production in Africa, and further benefit from the performance improvement programme drove the substantial increase in profit. The operating profit for 2016 has been restated for the change of accounting policy for cane roots adopted in the second half of last year.

With 2016/17 forecast to be the second year of global sugar deficit, world prices are higher than last year. A tightening of EU stock levels has strengthened domestic prices across the region and in Africa, domestic and regional prices increased as a result of higher US dollar denominated world prices.

In the UK, the operating result in the first half was much improved compared to last year with higher prices, lower beet costs and a weaker sterling/euro exchange rate. With sales fully contracted for the year we expect an improvement in British Sugar's result for the full year. The contracted growing area for 2016/17 was below that of the prior year and, with lower beet yields resulting from unfavourable planting conditions last year, sugar production at 900,000 tonnes was much lower than normal. The campaign started later in order to maximise the growth of the crop and was completed at all sites by late February. As a consequence the high level of sugar stocks at the beginning of the year has reduced to meet sales demand. The contracted growing area for 2017/18 has been increased and planting by growers is well advanced.

The new anaerobic digestion plant at Bury St Edmunds, which produces biogas from sugar beet pulp, became operational in the summer of 2016. The biogas is fed into a gas engine capable of generating five megawatts of low-carbon, renewable, electricity for export to the national grid. This plant will also make a major contribution to cost reduction by lowering the volume of pulp needing to be dried and transported off site.

Vivergo's performance fell short of last year, primarily as a result of lower ethanol prices and higher wheat prices. The ongoing focus on optimising the plant's operating performance led to an extension of the annual maintenance shutdown, which was completed in mid-February, and delivered a number of process improvements.

In Spain, the operating profit was much improved with the benefit of higher sugar prices, increased co-product revenues and the continued roll-out of profit improvement activities. Azucarera is expected to produce close to 385,000 tonnes of sugar from beet and the campaign has finished in Toro and Miranda with both sites performing well. In response to strengthening customer demand and partly to compensate for a lower volume of beet sugar, the Guadalete refinery, which processes cane raws, is operating this year and is now expected to produce 295,000 tonnes. Additional imported raw sugar has been refined at the northern beet factories.

Illovo made good progress following last year's weather-related crop shortfalls and, with further recovery expected in the new season, sugar production in this financial year is expected to improve to 1.7 million tonnes compared with 1.4 million tonnes produced in the comparable months last year. Revenue increased substantially in the first half driven by higher volumes and prices, and benefited from the introduction of new pack sizes for the consumer which improve product positioning and availability. Cost reduction from performance improvement initiatives in Zambia, Malawi and Mozambique substantially mitigated local inflation. The new refining and sugar conditioning facility at the Nakambala plant in Zambia has been fully operational this year and has the capacity to meet the growing regional demand for more refined sugars.

In China, we completed the sale of our five cane sugar factories to a consortium led by Nanning Sugar on 22 December 2016 for total proceeds, including debt assumed, of £297m. Tax arising on the transaction is not expected to be material. Our continuing operations now comprise two beet factories in north China at Zhangbei and Qianqi. These plants processed a record beet crop and although sugar levels in the beet were affected by adverse weather, the higher volumes and better prices enabled them to deliver an improved profit. In collaboration with growers, beet yields have improved significantly in recent years with the mechanisation of agricultural operations and the application of improved beet storage methods to overcome the harsh winter weather.

AGRICULTURE

	2017	2016	Actual fx	Constant fx
Revenue £m	**552**	491	+12%	+8%
Operating profit £m	**23**	22	+5%	-8%

Revenue growth in the first half was driven by increased prices of UK compound feed, volume growth in our China compound feed and UK premix businesses, and last year's acquisition of a producer of alternative proteins and other speciality feed ingredients. Operating profit was marginally ahead in the first half with the benefit of currency translation. However, on an underlying basis, margin pressure in UK and China feeds was only partially offset by the continued strong performance from AB Vista.

UK ruminant feed volumes were lower than last year as a result of the smaller sugar beet crop and lower demand, but UK pig feed volumes benefited from increased herd sizes as imports of fresh meat from continental Europe declined. Exports of UK starter feeds were strong, particularly into the Polish market, and production from the new starter feed factory in Spain is due to commence in the spring.

AB Vista continued its recent strong performance in Asia following last year's focus to strengthen sales support and customer service and improve supply chain efficiency.

In China, further consolidation in the agricultural sector, leading to an increase in larger scale farms, drove higher demand for assured sources of high-quality feed. Further investment has been made by AB Agri in developing a value-added product range and operation of its new premix mill will commence shortly.

AB Agri also made progress in the development of new businesses supplying alternative proteins and feed for baby animals.

INGREDIENTS

	2017	2016	Actual fx	Constant fx
Revenue £m	**730**	596	+22%	+3%
Operating profit £m	**61**	40	+53%	+27%

At constant currency, revenue in the first half was 3% ahead of last year and operating profit growth was strong at 27% with further recovery in yeast and bakery ingredients and another excellent performance from ABF Ingredients. Most of our Ingredients activities are outside the UK and our results therefore benefit considerably from their translation into sterling.

Trading at AB Mauri in North America has been good and in January we completed the acquisition of Specialty Blending, a bakery ingredients business located in Cedar Rapids, Iowa. The combination of this high-quality and well-positioned ingredients blending operation with AB Mauri's global technology capability will further strengthen our North American business. Asia delivered a stronger performance following last year's manufacturing rationalisation, and margin improvement in Australia was achieved through overhead reduction.

The trading performance in Europe was in line with last year with notable success for the recently opened UK Technical Centre which enables the development of new bakery ingredient solutions and provides technical support and training to customers. Despite challenging economic conditions in South and Central America our important markets of Argentina and Brazil performed well.

ABF Ingredients had an excellent performance in the first half. A major contributor was AB Enzymes where sales of feed enzymes were particularly strong and growth was also achieved in the bakery, food and technical markets. The production site in Finland ran at full capacity in the first half delivering efficiency benefits, and new capacity is scheduled to be added later this year. Abitec in the US continued to strengthen its range of bioavailability enhancement solutions, capitalising on its world leading speciality lipids. We also achieved sustained growth in functional excipients and drug delivery systems and the US protein extrusion business continues to develop fuelled by the consumer trend for healthy snacking.

RETAIL

	2017	2016	Actual fx	Constant fx
Revenue £m	**3,222**	2,667	+21%	+11%
Operating profit £m	**323**	313	+3%	-2%

Sales at Primark were 11% ahead of last year at constant currency, driven by increased retail selling space, and 21% ahead at actual exchange rates. Last year was a 53-week year for Primark and, as a result, this financial year started one week later than last year. On a comparable week basis, total retail sales at constant currency were 12% ahead, and 22% ahead at actual exchange rates. The increase in average retail selling space in the first half, compared with the same period last year, was 12%.

Primark performed well in the UK and delivered sales 7% ahead of last year with a strong increase in our share of the total clothing market. This was driven by 2% growth in like-for-like sales, the increase in selling space and the strength of our consumer offering. In continental Europe, sales and market shares increased strongly. In the Netherlands, where sales densities are high and some stores are over-trading, we have added 32% more retail selling space over the last year, including a flagship store in Amsterdam. Consequently, total sales in the Netherlands increased by

18% but like-for-like sales declined. Like-for-like sales for the group were level with last year but were 1% ahead excluding the Netherlands. We continue to develop and evolve our US store offering and we are encouraged by our most recent store, Staten Island, which opened in March and is performing very well.

The operating profit margin in the first half declined, as forecast, reflecting the strength of the US dollar on input costs. The full effect of sterling weakness against the US dollar on Primark's purchases will result in a greater margin decline in the second half because our currency hedges were at more advantageous exchange rates in the first half. The buying and merchandising teams have worked hard to reduce the currency impact on margin as Primark remains committed to price leadership in clothing retail. Foreign exchange contracts are now in place for virtually all of the remaining purchases for this financial year and our expectation for margin decline for the full year is unchanged. Stock has been well managed and markdowns were in line with the first half last year.

The new store opening programme in the first half was very strong. We increased retail selling space by 0.8 million sq ft since the last financial year end and, at 4 March 2017, 329 stores were trading from 13.1 million sq ft. 16 new stores were opened in the period including five stores in the UK; our second store in Italy in Brescia; an 89,000 sq ft store in the centre of Amsterdam; and a sixth store in the US in Burlington, Massachusetts.

New store openings:			**Relocations:**
UK	**Ireland**	**Spain**	**UK**
Carlisle	Liffey Valley	Mallorca	Reading
Colchester			Sheffield
Stafford	**France**	**Germany**	
Truro	Lille	Mannheim	
York	Paris, Evry	Hamburg	
The Netherlands	**Italy**	**US**	
Amsterdam	Brescia	Burlington, Mass	

Our store at the Tottenham Court Road end of Oxford Street in London was extended by almost 40%, increasing square footage to 114,000 sq ft, making it our largest store after Manchester and Newcastle in the UK and the Gran Via store in Madrid, Spain. We relocated in Reading and Sheffield to larger stores in more central locations.

We have added a further 0.3 million sq ft of selling space since the half year. This comprised new stores in Charleroi, Belgium; Granada, Spain; Staten Island in the US; Uxbridge in the UK and Zwolle in the Netherlands; and an extension of the Downtown Crossing store in Boston, US taking it to 93,000 sq ft.

Having added 1.1 million sq ft of space already this year and with earlier than expected openings now planned for September we expect to have added close to 1.5 million sq ft of new selling space in this financial year.

George Weston
Chief Executive

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**24 weeks ended 4 March 2017**	24 weeks ended 27 February 2016 (restated[1])	53 weeks ended 17 September 2016
		£m	£m	£m
Continuing operations				
Revenue	1	**7,296**	6,117	13,399
Operating costs		**(6,684)**	(5,668)	(12,364)
		612	449	1,035
Share of profit after tax from joint ventures and associates		**26**	23	57
Profits less losses on disposal of non-current assets		**2**	-	11
Operating profit		**640**	472	1,103
Adjusted operating profit	1	**652**	481	1,118
Profits less losses on disposal of non-current assets		**2**	-	11
Amortisation of non-operating intangibles		**(11)**	(9)	(21)
Transaction costs		**(3)**	-	(5)
Profits less losses on sale and closure of businesses	5	**255**	-	(14)
Profit before interest		**895**	472	1,089
Finance income		**4**	2	6
Finance expense		**(29)**	(26)	(56)
Other financial (expense)/income		**(3)**	4	3
Profit before taxation		**867**	452	1,042
Adjusted profit before taxation		**624**	461	1,071
Profits less losses on disposal of non-current assets		**2**	-	11
Amortisation of non-operating intangibles		**(11)**	(9)	(21)
Transaction costs		**(3)**	-	(5)
Profits less losses on sale and closure of businesses	5	**255**	-	(14)
Taxation – UK		**(36)**	(32)	(73)
Taxation – Overseas		**(185)**	(64)	(148)
	2	**(221)**	(96)	(221)
Profit for the period		**646**	356	821
Attributable to				
Equity shareholders		**636**	355	818
Non-controlling interests		**10**	1	3
Profit for the period		**646**	356	821
Basic and diluted earnings per ordinary share (pence)	3	**80.5**	44.9	103.4
Dividends per share paid and proposed for the period (pence)	4	**11.35**	10.3	36.75

[1] The results of the prior half year have been restated to reflect a change of accounting policy for sugar cane roots (see note 9)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	24 weeks ended 4 March 2017	24 weeks ended 27 February 2016 (restated[1])	53 weeks ended 17 September 2016
	£m	£m	£m
Profit for the period recognised in the income statement	**646**	356	821
Other comprehensive income			
Remeasurements of defined benefit schemes	**103**	45	(258)
Deferred tax associated with defined benefit schemes	**(22)**	(10)	50
Current tax associated with defined benefit schemes	**-**	-	1
Items that will not be reclassified to profit or loss	**81**	35	(207)
Effect of movements in foreign exchange	**256**	281	610
Net gain/(loss) on hedge of net investment in foreign subsidiaries	**(13)**	(42)	(75)
Deferred tax associated with movements in foreign exchange	**-**	6	8
Current tax associated with movements in foreign exchange	**-**	1	1
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	**(28)**	-	-
Movement in cash flow hedging position	**20**	(2)	(13)
Deferred tax associated with movement in cash flow hedging position	**(4)**	-	4
Share of other comprehensive income of joint ventures and associates	**7**	9	16
Items that are or may be subsequently reclassified to profit or loss	**238**	253	551
Other comprehensive income for the period	**319**	288	344
Total comprehensive income for the period	**965**	644	1,165
Attributable to			
Equity shareholders	**949**	660	1,153
Non-controlling interests	**16**	(16)	12
Total comprehensive income for the period	**965**	644	1,165

[1] The results of the prior half year have been restated to reflect a change of accounting policy for sugar cane roots (see note 9)

CONDENSED CONSOLIDATED BALANCE SHEET

	4 March 2017	27 February 2016 (restated[1])	17 September 2016
	£m	£m	£m
Non-current assets			
Intangible assets	**1,467**	1,425	1,348
Property, plant and equipment	**5,400**	4,764	5,145
Investments in joint ventures	**210**	196	221
Investments in associates	**46**	36	39
Employee benefits assets	**7**	177	6
Deferred tax assets	**136**	120	139
Other receivables	**47**	29	41
Total non-current assets	**7,313**	6,747	6,939
Current assets			
Assets classified as held for sale	**-**	-	312
Inventories	**1,988**	1,951	2,033
Biological assets	**121**	90	86
Trade and other receivables	**1,382**	1,281	1,337
Derivative assets	**127**	105	105
Income tax	**-**	-	9
Cash and cash equivalents	**1,103**	583	555
Total current assets	**4,721**	4,010	4,437
TOTAL ASSETS	**12,034**	10,757	11,376
Current liabilities			
Liabilities classified as held for sale	**-**	-	(75)
Loans and overdrafts	**(249)**	(379)	(245)
Trade and other payables	**(2,444)**	(2,200)	(2,551)
Derivative liabilities	**(52)**	(49)	(73)
Income tax	**(169)**	(112)	(147)
Provisions	**(84)**	(35)	(54)
Total current liabilities	**(2,998)**	(2,775)	(3,145)
Non-current liabilities			
Loans	**(664)**	(625)	(640)
Provisions	**(50)**	(25)	(34)
Deferred tax liabilities	**(226)**	(221)	(139)
Employee benefits liabilities	**(210)**	(161)	(296)
Total non-current liabilities	**(1,150)**	(1,032)	(1,109)
TOTAL LIABILITIES	**(4,148)**	(3,807)	(4,254)
NET ASSETS	**7,886**	6,950	7,122
Equity			
Issued capital	**45**	45	45
Other reserves	**175**	175	175
Translation reserve	**650**	153	433
Hedging reserve	**(7)**	(14)	(22)
Retained earnings	**6,940**	6,424	6,423
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	**7,803**	6,783	7,054
Non-controlling interests	**83**	167	68
TOTAL EQUITY	**7,886**	6,950	7,122

[1] The results of the prior half year have been restated to reflect a change of accounting policy for sugar cane roots (see note 9)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**24 weeks ended 4 March 2017**	24 weeks ended 27 February 2016 (restated[1])	53 weeks ended 17 September 2016
		£m	£m	£m
Cash flow from operating activities				
Profit before taxation		**867**	452	1,042
Profits less losses on disposal of non-current assets		**(2)**	-	(11)
Profits less losses on sale and closure of businesses		**(255)**	-	14
Transaction costs		**3**	-	5
Finance income		**(4)**	(2)	(6)
Finance expense		**29**	26	56
Other financial expense/(income)		**3**	(4)	(3)
Share of profit after tax from joint ventures and associates		**(26)**	(23)	(57)
Amortisation		**24**	22	47
Depreciation		**232**	202	439
Net change in the fair value of current biological assets		**(25)**	(25)	(12)
Share-based payment expense		**9**	-	7
Pension costs less contributions		**8**	5	7
Decrease/(increase) in inventories		**104**	(56)	(62)
Decrease/(increase) in receivables		**7**	(57)	(55)
(Decrease)/increase in payables		**(155)**	(79)	107
Purchases less sales of current biological assets		**(1)**	-	(2)
(Decrease)/increase in provisions		**(9)**	(7)	5
Cash generated from operations		**809**	454	1,521
Income taxes paid		**(164)**	(87)	(211)
Net cash from operating activities		**645**	367	1,310
Cash flows from investing activities				
Dividends received from joint ventures and associates		**38**	10	25
Purchase of property, plant and equipment		**(394)**	(332)	(766)
Purchase of intangibles		**(22)**	(16)	(30)
Purchase of non-current biological assets		**(5)**	(3)	(8)
Sale of property, plant and equipment		**17**	7	27
Purchase of subsidiaries, joint ventures and associates		**(81)**	(9)	(10)
Sale of subsidiaries, joint ventures and associates		**455**	-	-
Interest received		**4**	2	6
Net cash from investing activities		**12**	(341)	(756)
Cash flows from financing activities				
Dividends paid to non-controlling interests		**-**	(7)	(10)
Dividends paid to equity shareholders	4	**(209)**	(198)	(279)
Interest paid		**(24)**	(21)	(62)
Increase/(decrease) in short-term loans		**114**	21	(109)
(Decrease)/increase in long-term loans		**(2)**	4	12
Purchase of shares in subsidiary undertaking from non-controlling interests		**-**	-	(252)
Movements from changes in own shares held		**-**	-	(19)
Net cash from financing activities		**(121)**	(201)	(719)
Net increase/(decrease) in cash and cash equivalents		**536**	(175)	(165)
Cash and cash equivalents at the beginning of the period		**462**	585	585
Effect of movements in foreign exchange		**16**	34	42
Cash and cash equivalents at the end of the period	6	**1,014**	444	462

[1] The results of the prior half year have been restated to reflect a change of accounting policy for sugar cane roots (see note 9)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders							
	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 17 September 2016		45	175	433	(22)	6,423	7,054	68	7,122
Total comprehensive income									
Profit for the period recognised in the income statement		-	-	-	-	636	636	10	646
Remeasurements of defined benefit schemes		-	-	-	-	103	103	-	103
Deferred tax associated with defined benefit schemes		-	-	-	-	(22)	(22)	-	(22)
Items that will not be reclassified to profit or loss		-	-	-	-	81	81	-	81
Effect of movements in foreign exchange		-	-	251	(1)	-	250	6	256
Net loss on hedge of net investment in foreign subsidiaries		-	-	(13)	-	-	(13)	-	(13)
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed		-	-	(28)	-	-	(28)	-	(28)
Movement in cash flow hedging position		-	-	-	20	-	20	-	20
Deferred tax associated with movement in cash flow hedging position		-	-	-	(4)	-	(4)	-	(4)
Share of other comprehensive income of joint ventures and associates		-	-	7	-	-	7	-	7
Items that are or may be subsequently reclassified to profit or loss		-	-	217	15	-	232	6	238
Other comprehensive income		-	-	217	15	81	313	6	319
Total comprehensive income		-	-	217	15	717	949	16	965
Transactions with owners									
Dividends paid to equity shareholders	4	-	-	-	-	(209)	(209)	-	(209)
Net movement in own shares held		-	-	-	-	9	9	-	9
Disposal of non-controlling interests		-	-	-	-	-	-	(1)	(1)
Total transactions with owners		-	-	-	-	(200)	(200)	(1)	(201)
Balance as at 4 March 2017		**45**	**175**	**650**	**(7)**	**6,940**	**7,803**	**83**	**7,886**
Balance as at 12 September 2015 (restated)		45	175	(120)	(11)	6,232	6,321	190	6,511
Total comprehensive income									
Profit for the period recognised in the income statement		-	-	-	-	355	355	1	356
Remeasurements of defined benefit schemes		-	-	-	-	45	45	-	45
Deferred tax associated with defined benefit schemes		-	-	-	-	(10)	(10)	-	(10)
Items that will not be reclassified to profit or loss		-	-	-	-	35	35	-	35
Effect of movements in foreign exchange		-	-	299	-	-	299	(18)	281
Net gain on hedge of net investment in foreign subsidiaries		-	-	(42)	-	-	(42)	-	(42)
Deferred tax associated with movements in foreign exchange		-	-	6	-	-	6	-	6
Current tax associated with movements in foreign exchange		-	-	1	-	-	1	-	1
Movement in cash flow hedging position		-	-	-	(3)	-	(3)	1	(2)
Share of other comprehensive income of joint ventures and associates		-	-	9	-	-	9	-	9
Items that are or may be subsequently reclassified to profit or loss		-	-	273	(3)	-	270	(17)	253
Other comprehensive income		-	-	273	(3)	35	305	(17)	288
Total comprehensive income		-	-	273	(3)	390	660	(16)	644
Transactions with owners									
Dividends paid to equity shareholders	4	-	-	-	-	(198)	(198)	-	(198)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(7)	(7)
Total transactions with owners		-	-	-	-	(198)	(198)	(7)	(205)
Balance as at 27 February 2016		45	175	153	(14)	6,424	6,783	167	6,950
Balance as at 12 September 2015 (restated)		45	175	(120)	(11)	6,232	6,321	190	6,511
Total comprehensive income									
Profit for the period recognised in the income statement		-	-	-	-	818	818	3	821
Remeasurements of defined benefit schemes		-	-	-	-	(258)	(258)	-	(258)
Deferred tax associated with defined benefit schemes		-	-	-	-	50	50	-	50
Current tax associated with defined benefit schemes		-	-	-	-	1	1	-	1
Items that will not be reclassified to profit or loss		-	-	-	-	(207)	(207)	-	(207)
Effect of movements in foreign exchange		-	-	603	2	-	605	5	610
Net loss on hedge of net investment in foreign subsidiaries		-	-	(75)	-	-	(75)	-	(75)
Deferred tax associated with movements in foreign exchange		-	-	8	-	-	8	-	8
Current tax associated with movements in foreign exchange		-	-	1	-	-	1	-	1
Movement in cash flow hedging position		-	-	-	(17)	-	(17)	4	(13)
Deferred tax associated with movement in cash flow hedging position		-	-	-	4	-	4	-	4
Share of other comprehensive income of joint ventures and associates		-	-	16	-	-	16	-	16
Items that are or may be subsequently reclassified to profit or loss		-	-	553	(11)	-	542	9	551
Other comprehensive income		-	-	553	(11)	(207)	335	9	344
Total comprehensive income		-	-	553	(11)	611	1,153	12	1,165
Transactions with owners									
Dividends paid to equity shareholders	4	-	-	-	-	(279)	(279)	-	(279)
Net movement in own shares held		-	-	-	-	(12)	(12)	-	(12)
Deferred tax associated with share based payments		-	-	-	-	(2)	(2)	-	(2)
Current tax associated with share-based payments		-	-	-	-	1	1	-	1
Dividends paid to non-controlling interests		-	-	-	-	-	-	(10)	(10)
Acquisition of non-controlling interests		-	-	-	-	(128)	(128)	(124)	(252)
Total transactions with owners		-	-	-	-	(420)	(420)	(134)	(554)
Balance as at 17 September 2016		45	175	433	(22)	6,423	7,054	68	7,122

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Operating segments

The group has five operating segments, as described below. These are the group's operating divisions, based on the management and internal reporting structure, which combine businesses with common characteristics, primarily in respect of the type of products offered but also the production processes involved and the manner of the distribution and sale of goods. The board is the chief operating decision-maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefits assets and deferred tax assets, and all current assets except cash and cash equivalents. Segment liabilities comprise trade and other payables, derivative liabilities and provisions.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefits balances and current and deferred tax balances. Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year, comprising property, plant and equipment, operating intangibles and biological assets.

The group is comprised of the following operating segments:

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

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

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

	Revenue			Adjusted operating profit		
	24 weeks ended 4 March 2017	24 weeks ended 27 February 2016	53 weeks ended 17 September 2016	**24 weeks ended 4 March 2017**	24 weeks ended 27 February 2016 (restated[1])	53 weeks ended 17 September 2016
Operating segments	**£m**	£m	£m	**£m**	£m	£m
Grocery	**1,658**	1,441	3,097	**151**	126	294
Sugar	**1,081**	811	1,636	**123**	3	35
Agriculture	**552**	491	1,084	**23**	22	58
Ingredients	**730**	596	1,294	**61**	40	93
Retail	**3,222**	2,667	5,949	**323**	313	689
Central	**-**	-	-	**(31)**	(25)	(60)
	7,243	6,006	13,060	**650**	479	1,109
Businesses disposed:						
Grocery	**53**	79	177	**5**	4	10
Sugar	**-**	32	162	**(3)**	(2)	(1)
	7,296	6,117	13,399	**652**	481	1,118
Geographical information						
United Kingdom	**2,589**	2,488	5,375	**204**	210	484
Europe & Africa	**2,800**	2,080	4,564	**278**	158	364
The Americas	**752**	575	1,226	**107**	73	158
Asia Pacific	**1,102**	863	1,895	**61**	38	103
	7,243	6,006	13,060	**650**	479	1,109
Businesses disposed:						
The Americas	**53**	79	177	**5**	4	10
Asia Pacific	**-**	32	162	**(3)**	(2)	(1)
	7,296	6,117	13,399	**652**	481	1,118

[1] The results of the prior half year have been restated to reflect a change of accounting policy for sugar cane roots (see note 9)

1 Operating segments for the 24 weeks ended 4 March 2017

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,660	1,135	553	826	3,222	(153)	7,243
Internal revenue	(2)	(54)	(1)	(96)	-	153	-
External revenue from continuing businesses	1,658	1,081	552	730	3,222	-	7,243
Businesses disposed	53	-	-	-	-	-	53
Revenue from external customers	1,711	1,081	552	730	3,222	-	7,296
Adjusted operating profit before joint ventures and associates	138	120	20	54	323	(31)	624
Share of profit after tax from joint ventures and associates	13	3	3	7	-	-	26
Businesses disposed	5	(3)	-	-	-	-	2
Adjusted operating profit	156	120	23	61	323	(31)	652
Profits less losses on disposal of non-current assets	2	-	-	-	-	-	2
Amortisation of non-operating intangibles	(10)	-	-	(1)	-	-	(11)
Transaction costs	(3)	-	-	-	-	-	(3)
Profits less losses on sale and closure of businesses	72	183	-	-	-	-	255
Profit before interest	217	303	23	60	323	(31)	895
Finance income						4	4
Finance expense						(29)	(29)
Other financial expense						(3)	(3)
Taxation						(221)	(221)
Profit for the period	217	303	23	60	323	(280)	646
Segment assets (excluding joint ventures and associates)	2,404	2,312	388	1,489	3,800	139	10,532
Investments in joint ventures and associates	33	25	132	66	-	-	256
Segment assets	2,437	2,337	520	1,555	3,800	139	10,788
Cash and cash equivalents						1,103	1,103
Deferred tax assets						136	136
Employee benefits assets						7	7
Segment liabilities	(531)	(492)	(115)	(267)	(1,042)	(183)	(2,630)
Loans and overdrafts						(913)	(913)
Income tax						(169)	(169)
Deferred tax liabilities						(226)	(226)
Employee benefits liabilities						(210)	(210)
Net assets	1,906	1,845	405	1,288	2,758	(316)	7,886
Non-current asset additions	55	38	15	41	224	2	375
Depreciation	49	47	5	25	104	2	232
Amortisation	19	2	1	2	-	-	24
Impairment of property, plant & equipment on disposal of business	2	-	-	-	-	-	2

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,589	2,800	805	1,102	7,296
Segment assets	4,245	3,870	1,153	1,520	10,788
Non-current asset additions	119	175	46	35	375
Depreciation	93	84	20	35	232
Amortisation	14	2	2	6	24
Impairment of property, plant & equipment on disposal of business	-	-	2	-	2

1 Operating segments for the 24 weeks ended 27 February 2016 (restated)

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	1,442	872	493	669	2,667	(137)	6,006
Internal revenue	(1)	(61)	(2)	(73)	-	137	-
External revenue from continuing businesses	1,441	811	491	596	2,667	-	6,006
Businesses disposed	79	32	-	-	-	-	111
Revenue from external customers	1,520	843	491	596	2,667	-	6,117
Adjusted operating profit before joint ventures and associates	113	2	18	35	313	(25)	456
Share of profit after tax from joint ventures and associates	13	1	4	5	-	-	23
Businesses disposed	4	(2)	-	-	-	-	2
Adjusted operating profit	130	1	22	40	313	(25)	481
Amortisation of non-operating intangibles	(9)	-	-	-	-	-	(9)
Profit before interest	121	1	22	40	313	(25)	472
Finance income						2	2
Finance expense						(26)	(26)
Other financial income						4	4
Taxation						(96)	(96)
Profit for the period	121	1	22	40	313	(141)	356
Segment assets (excluding joint ventures and associates)	2,470	2,230	363	1,253	3,225	104	9,645
Investments in joint ventures and associates	29	19	129	55	-	-	232
Segment assets	2,499	2,249	492	1,308	3,225	104	9,877
Cash and cash equivalents						583	583
Deferred tax assets						120	120
Employee benefits assets						177	177
Segment liabilities	(477)	(456)	(108)	(221)	(928)	(119)	(2,309)
Loans and overdrafts						(1,004)	(1,004)
Income tax						(112)	(112)
Deferred tax liabilities						(221)	(221)
Employee benefits liabilities						(161)	(161)
Net assets	2,022	1,793	384	1,087	2,297	(633)	6,950
Non-current asset additions	46	73	14	25	140	-	298
Depreciation	44	42	4	21	89	2	202
Amortisation	17	2	1	2	-	-	22

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	2,488	2,080	654	895	6,117
Segment assets	4,070	3,136	1,095	1,576	9,877
Non-current asset additions	118	127	28	25	298
Depreciation	95	62	15	30	202
Amortisation	10	5	2	5	22

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS continued

1 Operating segments for the 53 weeks ended 17 September 2016

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,100	1,736	1,090	1,444	5,949	(259)	13,060
Internal revenue	(3)	(100)	(6)	(150)	-	259	-
External revenue from continuing businesses	3,097	1,636	1,084	1,294	5,949	-	13,060
Businesses disposed	177	162	-	-	-	-	339
Revenue from external customers	3,274	1,798	1,084	1,294	5,949	-	13,399
Adjusted operating profit before joint ventures and associates	262	33	44	84	689	(60)	1,052
Share of profit after tax from joint ventures and associates	32	2	14	9	-	-	57
Businesses disposed	10	(1)	-	-	-	-	9
Adjusted operating profit	304	34	58	93	689	(60)	1,118
Profits less losses on disposal of non-current assets	3	8	-	-	-	-	11
Amortisation of non-operating intangibles	(19)	(1)	-	(1)	-	-	(21)
Transaction costs	-	(5)	-	-	-	-	(5)
Profits less losses on sale and closure of businesses	-	-	-	(5)	-	(9)	(14)
Profit before interest	288	36	58	87	689	(69)	1,089
Finance income						6	6
Finance expense						(56)	(56)
Other financial income						3	3
Taxation						(221)	(221)
Profit for the period	288	36	58	87	689	(337)	821
Segment assets (excluding joint ventures and associates)	2,503	2,139	333	1,359	3,942	95	10,371
Investments in joint ventures and associates	52	21	129	58	-	-	260
Segment assets	2,555	2,160	462	1,417	3,942	95	10,631
Cash and cash equivalents						581	581
Income tax						13	13
Deferred tax assets						145	145
Employee benefits assets						6	6
Segment liabilities	(522)	(498)	(106)	(274)	(1,166)	(156)	(2,722)
Loans and overdrafts						(896)	(896)
Income tax						(147)	(147)
Deferred tax liabilities						(180)	(180)
Employee benefits liabilities						(309)	(309)
Net assets	2,033	1,662	356	1,143	2,776	(848)	7,122
Non-current asset additions	116	141	27	69	466	9	828
Depreciation	(98)	(78)	(10)	(47)	(202)	(4)	(439)
Amortisation	(38)	(4)	(1)	(3)	-	(1)	(47)
Transaction costs	-	(5)	-	-	-	-	(5)

Geographical information	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	5,375	4,564	1,403	2,057	13,399
Segment assets	4,108	3,804	1,239	1,480	10,631
Non-current asset additions	315	349	99	65	828
Depreciation	(195)	(144)	(35)	(65)	(439)
Amortisation	(30)	(4)	(3)	(10)	(47)
Transaction costs	-	(5)	-	-	(5)

The above segment disclosures are stated before reclassification of assets and liabilities classified as held for sale.

2. Income tax expense

	24 weeks ended 4 March 2017	24 weeks ended 27 February 2016 (restated)	53 weeks ended 17 September 2016
	£m	£m	£m
Current tax expense			
UK – corporation tax (19.5%, 20%, 20%)	**33**	38	85
Overseas – corporation tax	**165**	57	142
UK – under provided in prior periods	**-**	-	6
Overseas – over provided in prior periods	**-**	-	(17)
	198	95	216
Deferred tax expense			
UK deferred tax	**3**	(6)	(14)
Overseas deferred tax	**20**	7	28
UK – over provided in prior periods	**-**	-	(4)
Overseas – over provided in prior periods	**-**	-	(5)
	23	1	5
Total income tax expense in income statement	**221**	96	221
Reconciliation of effective tax rate			
Profit before taxation	**867**	452	1,042
Less share of profit after tax from joint ventures and associates	**(26)**	(23)	(57)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**841**	429	985
Nominal tax charge at UK corporation tax rate (19.5%, 20%, 20%)	**164**	86	197
Effect of higher and lower tax rates on overseas earnings	**40**	5	5
Effect of changes in tax rates on income statement	**1**	(5)	(6)
Expenses not deductible for tax purposes	**4**	7	38
Disposal of assets covered by tax exemptions or unrecognised capital losses	**13**	-	(1)
Deferred tax not recognised	**-**	3	8
Adjustments in respect of prior periods	**(1)**	-	(20)
	221	96	221
Income tax recognised directly in equity			
Deferred tax associated with defined benefit schemes	**22**	10	(50)
Current tax associated with defined benefit schemes	**-**	-	(1)
Deferred tax associated with share-based payments	**-**	-	2
Current tax associated with share-based payments	**-**	-	(1)
Deferred tax associated with movement in cash flow hedging position	**4**	-	(4)
Deferred tax associated with movements in foreign exchange	**-**	(6)	(8)
Current tax associated with movements in foreign exchange	**-**	(1)	(1)
	26	3	(63)

Legislation has been substantively enacted to reduce the UK corporation tax rate from 20% to 19% with effect from 1 April 2017 with a further reduction to 17% from 1 April 2020. Accordingly, UK deferred tax has been measured taking these rates into account.

3. Earnings per ordinary share

	24 weeks ended 4 March 2017 pence	24 weeks ended 27 February 2016 restated pence	53 weeks ended 17 September 2016 pence
Adjusted earnings per share	**59.7**	45.8	106.2
Disposal of non-current assets	**0.3**	-	1.4
Sale and closure of businesses	**32.3**	-	(1.8)
Transaction costs	**(0.4)**	-	(0.6)
Tax effect on above adjustments	**(10.3)**	-	0.1
Amortisation of non-operating intangibles	**(1.4)**	(1.2)	(2.6)
Tax credit on non-operating intangibles amortisation and goodwill	**0.3**	0.3	0.6
Non-controlling interests' share of the above adjustments	**-**	-	0.1
Earnings per ordinary share	**80.5**	44.9	103.4

4. Dividends

	24 weeks ended 4 March 2017 pence	24 weeks ended 27 February 2016 pence	53 weeks ended 17 September 2016 pence
Per share			
2015 final	**-**	25.0	25.0
2016 interim	**-**	-	10.3
2016 final	**26.45**	-	-
	26.45	25.0	35.3
Total	**£m**	£m	£m
2015 final	**-**	198	198
2016 interim	**-**	-	81
2016 final	**209**	-	-
	209	198	279

The 2016 final dividend of 26.45p per share was approved on 9 December 2016 and totalled £209m when paid on 13 January 2017. The 2017 interim dividend of 11.35p per share, total value of £90m, will be paid on 7 July 2017 to shareholders on the register on 9 June 2017.

5. Acquisitions and disposals

2017

During the period the group acquired two small Grocery businesses in the UK and one small Ingredients business in the US. Total consideration was £88m, comprising cash of £86m and deferred consideration of £2m. Net assets acquired comprised intangible assets of £66m, cash of £5m and other operating assets and liabilities of £17m. The cash outflow of £81m on the purchase of subsidiaries, joint ventures and associates in the cash flow statement comprises cash consideration of £86m less cash acquired with the businesses of £5m.

The group disposed of its US herbs and spices business, reported within the Grocery segment. Cash proceeds amounted to £294m, net assets disposed were £63m and the associated goodwill was £124m. Provisions for transaction and associated restructuring costs were £34m, with a loss of £1m on recycling foreign exchange differences. The gain on disposal was £72m. The group also disposed of its south China sugar cane operations for cash proceeds of £194m. The purchaser also assumed £103m of debt resulting in total proceeds of £297m. Net assets disposed were £120m. Provisions for transaction and associated restructuring costs were £24m, offset by a gain of £29m on recycling of foreign exchange differences and £1m of non-controlling interests. The gain on disposal was £183m.

2016

During the first half of 2016 the group acquired two small Agriculture businesses in Europe. Total consideration paid was £8m, acquiring net assets of £5m, resulting in goodwill of £3m. The £8m of cash consideration differs from the cash outflow on the purchase of subsidiaries, joint ventures and associates in the cash flow statement by £1m in the first half of 2016 and by £2m in the full year. The difference comprises payment of deferred consideration in respect of prior year acquisitions.

In June 2016 the group paid £252m, including costs, to acquire the minority shareholding in Illovo Sugar Limited. As Illovo and its subsidiaries had been consolidated in the group financial statements since the acquisition of the original controlling interest in 2006, this was treated as a transaction with owners and recorded in equity rather than as an acquisition. The cash flow was shown within financing activities.

6. Analysis of net cash/(debt)

	At 17 September 2016 £m	Cash flow £m	Disposals £m	Non-cash items £m	Exchange adjustments £m	**At 4 March 2017 £m**
Cash at bank and in hand, cash equivalents and overdrafts	462	536	-	-	16	**1,014**
Short-term loans	(137)	(114)	103	(9)	(3)	**(160)**
Long-term loans	(640)	2	-	9	(35)	**(664)**
	(315)	424	103	-	(22)	**190**

Cash and cash equivalents comprise bank and cash balances, call deposits and short-term investments with original maturities of three months or less. Bank overdrafts that are repayable on demand of £89m form an integral part of the group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Derivative assets include £81m and derivative liabilities include £16m in respect of a number of cross-currency swaps which have the economic effect of matching the currency mix of the group's US private placement debt more closely to the currency mix of its operating asset base. These derivative assets are not included in the group's net debt.

At 17 September 2016, £26m of cash at bank and in hand and £11m of short-term loans included in the above analysis were included within assets and liabilities classified as held for sale.

7. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Full details of the group's other related party relationships, transactions and balances are given in the group's financial statements for the 53 weeks ended 17 September 2016. There have been no material changes in these relationships in the 24 weeks ended 4 March 2017 or up to the date of this report. No related party transactions have taken place in the first 24 weeks of the current financial year that have materially affected the financial position or the performance of the group during that period.

8. Basis of preparation

Associated British Foods plc ('the Company') is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company for the 24 weeks ended 4 March 2017 comprise those of the Company and its subsidiaries (together referred to as 'the group') and the group's interests in associates and joint ventures.

The consolidated financial statements of the group for the 53 weeks ended 17 September 2016 are available upon request from the Company's registered office at 10 Grosvenor Street, London W1K 4QY or at www.abf.co.uk.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the group for the 53 weeks ended 17 September 2016.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 53 weeks ended 17 September 2016.

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Operating review. Note 25 on pages 131 to 140 of the 2016 annual report provides details of the group's policy on managing its financial and commodity risks.

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

8. Basis of preparation (continued)

The 24 week period for the condensed consolidated interim financial statements of the Company means that the second half of the year is usually a 28 week period, and the two halves of the reporting year are therefore not of equal length. The previous reporting year ended on 17 September 2016 and was 53 weeks long with a 29 week second half. For the Retail segment, Christmas, falling in the first half of the year, is a particularly important trading period. For the Sugar segment, the balance sheet, and working capital in particular, is strongly influenced by seasonal growth patterns for both sugar beet and sugar cane, which vary significantly in the markets in which the group operates.

The condensed consolidated interim financial statements are unaudited but have been subject to an independent review by the auditor and were approved by the board of directors on 19 April 2017. They do not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the 53 weeks ended 17 September 2016 have been abridged from the group's 2016 financial statements and are not the Company's statutory financial statements for that period. Those financial statements have been reported on by the Company's auditor for that period and delivered to the Registrar of Companies. The report of the auditor was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

9. Significant accounting policies

The accounting policies applied by the group in these condensed consolidated interim financial statements are substantially the same as those applied by the group in its consolidated financial statements for the 53 weeks ended 17 September 2016, including for derivatives and current biological assets, which are recognised in the balance sheet at fair value and fair value less costs to sell, respectively. The methodology for selecting assumptions underpinning the fair value calculations has not changed since 17 September 2016.

In the second half of the 2016 financial year, the group adopted early the amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture* which were not otherwise applicable until the 2017 financial year. This followed the acquisition of the remaining minority stake in Illovo Sugar Limited and the change of Illovo's year end to 31 August to align it more closely with the rest of the group. Details of the impact of the adoption of these amendments are set out on pages 106 and 107 of the 2016 annual report.

As the 2016 interim report was published before these amendments were adopted, the condensed consolidated financial statements for the 24 weeks ended 27 February 2016 have been restated with the following effects:

- Cost of sales increased by £5m and, of the net reduction of £4m in profit after tax, £2m was attributable to equity shareholders and £2m to non-controlling interests. Basic earnings per share decreased by 0.3p, from 45.2p to 44.9p and adjusted earnings per share decreased from 46.1p to 45.8p.
- Non-current biological assets reduced from £83m to £28m and deferred tax liabilities decreased from £234m to £221m. The reduction in consolidated net assets of £42m comprised £16m attributable to equity shareholders (of which a credit of £6m was reflected in the translation reserve and a charge of £22m was included in retained earnings), and £26m was attributable to non-controlling interests.
- In the consolidated cash flow statement, in addition to the £5m reduction in profit before taxation, the previously reported £5m outflow on the net change in fair value of sugar cane roots has been replaced with £3m of historic cost depreciation and £3m of capital expenditure. There was therefore no net effect on the group's cash flow. These adjustments affect only the Sugar operating segment and the Europe & Africa geographic segment.

CAUTIONARY STATEMENTS

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

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the group's performance over the remainder of the financial year and could cause actual results to differ materially from expected and historical results. These include, but are not limited to, competitor activity and competition risk, commercial relationships with customers and suppliers, changes in foreign exchange rates and commodity prices. Details of the principal risks facing the group's businesses at an operational level are included on pages 48 to 52 of the group's statutory financial statements for the 53 weeks ended 17 September 2016, as part of the Strategic report. Details of further potential risks and uncertainties arising since the issue of the previous statutory financial statements are included within the Chairman's statement and the Operating review as appropriate.

RESPONSIBILITY STATEMENT

The Interim Results Announcement complies with the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority in respect of the requirement to produce a half-yearly financial report.

The directors confirm that to the best of their knowledge:

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

On behalf of the board

George Weston	John Bason	Charles Sinclair
Chief Executive	Finance Director	Chairman
19 April 2017	19 April 2017	19 April 2017

Independent review report to Associated British Foods plc

Introduction
We have been engaged by the Company to review the condensed consolidated interim financial statements in the Interim Results Announcement for the 24 weeks ended 4 March 2017 which comprise the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the Interim Results Announcement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities
The Interim Results Announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results Announcement in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 8, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed consolidated interim financial statements included in this Interim Results Announcement have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the Interim Results Announcement based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the Interim Results Announcement for the 24 weeks ended 4 March 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
19 April 2017