For release 8 November 2016

ASSOCIATED BRITISH FOODS plc

Annual Results Announcement

Year ended 17 September 2016

For release 8 November 2016

Associated British Foods plc results for 53 weeks ended 17 September 2016

Adjusted earnings per share 5% ahead

Financial Headlines

		Actual	Constant currency[1]
• Group revenue	£13.4bn	+5%	+4%
• Adjusted operating profit	£1,118m*	+3%	+3%

- Adjusted profit before tax up 5% to £1,071m**
- Adjusted earnings per share up 5% at 106.2p**
- Dividends per share up 5% to 36.75p
- Gross investment of £1bn
- Net debt £315m
- With the benefit of substantially lower losses on sale of businesses and reduced exceptional charges this year, operating profit was up 18% to £1,103m, profit before tax up 47% to £1,042m and basic earnings per share up 55% to 103.4p

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

"This has been a year of progress for all of our businesses with a substantial expansion in Primark's selling space, increased margins in all of the food businesses and fundamental structural changes at AB Sugar. The recent decline in the value of sterling presents both benefits and challenges to the group. The diversity of our operations and our broad geographical footprint, combined with a strong balance sheet, equip us well to take advantage of these opportunities as they arise."

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

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

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

[1] Constant currency is derived by translating the 2015 results at 2016 average exchange rates.

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Notes to Editors

Associated British Foods is a diversified international food, ingredients and retail group with sales of £13.4bn and 130,000 employees in 50 countries. It has significant businesses in Europe, southern Africa, The Americas, Asia 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 53 WEEKS ENDED 17 SEPTEMBER 2016

For release 8 November 2016

CHAIRMAN'S STATEMENT

This has been a year of progress for the group with revenues 5% higher than last year, adjusted operating profit ahead by 3% and earnings per share up by 5% to 106.2p. Gross investment was significant this year at just over £1bn which included capital expenditure increases both for Primark and the food businesses and the £247m consideration to acquire the minority shareholdings in Illovo Sugar Limited. This was funded by another strong cash flow and was the fifth consecutive year of operating cash generated in excess of £1bn. Although net debt at the year end was higher than last year, this was after the buyout of the Illovo minorities and a £53m increase attributable to the effect of translating foreign currency denominated net debt at weaker sterling exchange rates.

One of our group's great virtues is the way that it embraces change so positively and this year has provided plenty of opportunity for our businesses to demonstrate this. Whether responding to challenging financial markets; integrating acquired businesses; disposing of businesses; dealing with the effects of unusual weather on our supply chains or retail demand; advancing technology or changing legislation, our people have responded with enthusiasm.

The sugar industry has seen much change, not least in Europe as it has prepared for regime reform in 2017. However, 2016 will be seen as something of a turning point for AB Sugar. The profit decline of recent years has been arrested as EU and world sugar prices turned upwards and our performance improvement programme, which had already yielded substantial benefits, delivered further cost reduction and efficiency gains which have underpinned our credentials as a low-cost producer. Moving to full ownership of Illovo, at a time when increasing populations and rising incomes are driving growth in the African sugar market, is expected to accelerate its performance improvement and commercial development. We have also announced the sale of our south China cane sugar operations with completion expected later in this calendar year. We first entered the Chinese sugar market in 1995 and since then have substantially improved agricultural productivity, factory extraction and sugar yields. However, further improvements are likely to be driven by industry consolidation and we believe that other parties are better placed to take the business forward. Our beet sugar business in north east China is at an earlier stage in its development and we believe we are well positioned to take advantage of the opportunities this presents.

Cost reduction was a driver of the continued recovery of the yeast and bakery ingredients business which was the major contributor to the 22% growth in adjusted operating profit from Ingredients this year. Grocery and Agriculture both achieved further margin improvement despite the challenges for revenue growth presented by commodity price deflation. Since the year end we have announced the sale of ACH's herbs and spices business in North America with completion expected shortly. Whilst this has been a good investment over the years, it is a complex operation which occupies a niche position in its market and we believe its further development will best be achieved through consolidation with another party.

Primark's development continued apace with a further 1.2 million sq ft of selling space opened during the year. Ten years ago Primark opened its first store in Spain – the first time that it had ventured outside the UK and Ireland. Since then it has expanded into a further eight countries and has achieved a fivefold increase in retail selling space. This pace of development is set to continue with an extensive schedule of new store openings planned for 2016/17. That new store openings are still greeted with enthusiasm by our customers says much for the capability of our buyers and merchandisers who ensure that Primark remains at the forefront of fashion, but is also the result of our store designers making Primark an attractive and fun place to shop.

Corporate responsibility

Having provided an update on corporate responsibility in each of the last two years we have, today, published a full report for this year. The priorities of our businesses remain largely unchanged with a continued challenge to reduce the environmental footprint of our operations and improve the safety of our sites. We remain committed to being a good neighbour and supporting the communities where we operate. For the first time, we have sought to quantify our social impact in order to show the benefits of our collective endeavour on the lives of our people, suppliers, neighbours and customers. A copy of the report is available for download at www.abf.co.uk/responsibility.

Remuneration

As noted in the Remuneration report last year, we have undertaken a complete review of the group's incentive arrangements during the course of this year and a number of changes are proposed to improve alignment with shareholder interests.

The board

Tim Clarke and Javier Ferrán have each completed more than nine years' service as directors of the Company and, in accordance with the UK Corporate Governance Code, the rest of the board must now confirm their independence annually. This having been done, we are delighted that both Tim and Javier have agreed to continue as members of the board and Tim will continue as the Senior Independent Director.

Peter Smith retired as a non-executive director of the Company in April having served nine years as a member of the board. I would like to thank Peter for the significant contribution he made during his tenure as a director and chairman of the Audit committee.

In April we welcomed Richard Reid to the board as a non-executive director and chairman of the Audit committee. Richard was formerly a partner at KPMG LLP, having joined the firm in 1980. From 2008 he served as London Chairman until he retired from the firm in September 2015.

Employees

Whenever I visit our operations around the world I am regularly reminded of the enthusiasm with which our employees undertake their responsibilities, their commitment to improving performance and their willingness to embrace change. I would like to thank them for their achievements this year which contributed greatly to the group's continuing success.

Dividends

I am pleased to report that a final dividend of 26.45p is proposed, to be paid on 13 January 2017 to shareholders on the register on 16 December 2016. Together with the interim dividend of 10.3p paid on 1 July 2016, this will make a total of 36.75p for the year, an increase of 5%.

Outlook

We expect the expansion of Primark's selling space to continue in all of its major markets. AB Sugar will benefit substantially from this year's increase in sugar prices and from reductions in its cost base. Grocery, Ingredients and Agriculture are expected to make further progress.

Assuming a continuation of current exchange rates, and following the significant devaluation of sterling, we expect group earnings to benefit from the translation of overseas profits. However, as

Primark buys much of its merchandise in US dollars and sells in the UK in sterling, there will be an adverse effect, in the year, on its UK margins.

Taking all of these factors into account, at this early stage, we expect progress in adjusted operating profit and adjusted earnings for the group for the coming year.

Charles Sinclair
Chairman

CHIEF EXECUTIVE'S STATEMENT

I am pleased to report that group revenue increased by 5% to £13.4bn and adjusted operating profit of £1,118m was 3% higher than last year.

AB Sugar made a number of fundamental structural changes this year which will lead to a higher and more sustainable profit. Specifically, all of its operations delivered substantial cost reductions through performance improvement and capital investment; the sale of its cane sugar operations in south China will improve margins; and the move to full ownership will accelerate Illovo's commercial development and profit growth. There has also been an emphasis this year on working closely with growers, key members of our supply chain, to maximise efficiency and underpin our growth aspirations.

As a responsible business, AB Sugar contributes actively to the debate concerning the role that sugar can play as part of a healthy balanced diet with its Making Sense of Sugar campaign. We believe it is important to recognise that there is no single response to tackling obesity. We are committed to playing our part in finding solutions that heighten people's awareness of the calories they are consuming, whether in sugars or other food ingredients, through a combination of educational and regulatory measures.

Ingredients achieved a strong profit and margin increase driven by a further recovery in AB Mauri, our yeast and bakery ingredients business. AB Agri delivered a resilient performance with its strategy of expanding the value adding elements of its business, particularly internationally. Grocery achieved revenue growth against a background of food commodity price deflation and margin increased again with an improvement in George Weston Foods in Australia, particularly at the Don KRC meat business which generated a profit.

The strong expansion of Primark's selling space continued this year and a further 1.3 million sq ft is scheduled for next year. We were encouraged by the trading at our first store in Italy and by our five stores in the US. We now have a better understanding of what appeals to our American customers and are gaining valuable insights into store location. This was a challenging year for clothing retailers with market value declines seen in most countries in Europe. It is therefore a testament to the strength of Primark's customer offering that it increased its share in all of its major markets. The devaluation of the euro against the US dollar in 2015 put pressure on margins in this financial year and sterling's recent devaluation against the US dollar will have an impact in the coming year. Primark's commitment to maintaining its leadership position in the value sector of the clothing market has been our priority and I am pleased with the efforts of our buyers to significantly limit the profit impact of euro weakness in the financial year.

Implications of the EU referendum

ABF is an international business with diverse interests across 50 countries and has a business model that, wherever possible, aligns food production with the end markets for its products. Primark operates discrete supply chains for its stores in each of the UK, US and eurozone and as a group we undertake relatively little cross-border trading between the UK and the rest of the EU.

The referendum on the UK's continued membership of the EU has created some short-term uncertainties including a decline in the value of sterling. However, changes in legislation and trade agreements, particularly in the areas of trade tariffs and UK agricultural policy have the potential to benefit the group, and the current level of sterling offers UK food producers significant opportunities to replace imported food and build export markets. We are therefore engaging with a number of UK Government departments to ensure that the full range of opportunities and risks, as they affect ABF, are recognised.

OPERATING REVIEW

GROCERY

	2016	2015	Actual fx	Constant fx
Revenue £m	**3,274**	3,177	+3%	+2%
Adjusted operating profit £m	**304**	285	+7%	+4%
Adjusted operating profit margin	**9.3%**	9.0%		
Return on average capital employed	**24.2%**	22.5%		

Adjusted operating profit increased by 7% with a further improvement in margin. Revenues were also ahead, including the benefit of a 53rd week but were again held back by commodity price deflation.

Twinings Ovaltine had another good year led by Twinings in Australia and the US and a return to growth for Ovaltine in Thailand. Continued support for the brand through television, digital and print advertising drove a further increase in Twinings' UK value market share following the brand's relaunch last year. Twinings is the clear market leader in Australia, where the breakfast range was relaunched during the year, and the successful 'Tealand' television advertising campaign, which has driven further growth in Italy, has recently been rolled out in France and Japan. Sales of Ovaltine in Thailand increased and, with less sold on promotion, there was also some margin improvement. Brand extensions drove growth in Switzerland and some of these lines now have wider geographic distribution achieving particular success in Germany.

Revenues at Allied Bakeries were ahead this year driven by a substantial increase in Kingsmill volumes. A further strengthening of relationships with major customers saw the business win The Grocer magazine's 'supplier of the year' award for the second year running. Our premium brands, Allinson and Burgen also performed well with notable success for Allinson Seeded and Seeded Wholemeal variants. The continued growth of Kingsmill Sandwich Thins led to investment in a second production line which came on stream in the Stockport bakery in April, providing a platform for further innovation.

Silver Spoon gained new contracts and benefited from a relaunch this summer, but low retail sugar prices maintained pressure on margins. Wider distribution and a targeted home-baking marketing campaign drove an increase in Billington's revenues, and Allinson maintained its position as the UK's leading bread flour brand. The full integration of Dorset Cereals with Jordans and Ryvita has now delivered the expected savings in operations, logistics and procurement. International expansion drove excellent growth for Jordans and Dorset, which also increased their UK market share. The Jordans Farm partnership, launched late last year in conjunction with LEAF (Linking Environment and Farming) and the Wildlife Trust to improve sustainability and biodiversity on the farms of our oat suppliers, has received widespread recognition within the industry. Ryvita lost crispbread sales in a very competitive UK market although its relaunch this year and a new portion pack format has slowed the rate of decline.

Revenues at AB World Foods were level with last year. Patak's and Blue Dragon achieved growth in their important markets of Canada and the UK where both brands strengthened their market-leading positions, but Patak's faced a more challenging competitive environment in Australia. Westmill had a good year across most segments with a particularly strong performance in noodles where Lucky Boat achieved good growth. Spices and microwaveable rice both delivered volume and value growth but the proliferation of low cost basmati rice brands put pressure on sales and margin of our products.

Operating profit for our grocery businesses in North America was ahead of last year. Stratas Foods, our commodity oils joint venture, performed strongly. At ACH, Mazola oil revenues were marginally below last year despite distribution gains, as pricing remained under pressure from competing vegetable oils which had a raw material cost advantage throughout the year. Mexico's results were disappointing as unfavourable exchange rate movements and competitor pricing pressure reduced volumes and margin. Since the year end we have reached agreement to sell

ACH's North American herbs and spices business including the Tone's, Spice Islands and Durkee brands, the licence for Weber seasonings, and a manufacturing facility in Ankeny, Iowa. The transaction has now received clearance from the anti-trust authorities and completion, with a cash consideration of $365m, is expected in mid-November. As a consequence of the sale, ACH has announced the rationalisation of its remaining overheads with the result that we expect a minimal effect on its adjusted operating profit in the new financial year.

Adjusted operating profit and margin both increased at George Weston Foods in Australia. The Don KRC meat business generated a profit with a return to more normal bought-in raw material prices, good volume growth and production efficiencies. Continuous improvement at the Castlemaine factory remains a management priority with further opportunities identified. Last autumn's Tip Top relaunch was well received by customers and the trade, and bread and breakfast bakery both performed well. The brand is committed to innovative new product development with Café Brioche style fruit bread launched in Australia during the year and Tip Top Extra Protein distributed across Australia and New Zealand.

SUGAR

	2016	2015 restated	Actual fx	Constant fx
Revenue £m	**1,798**	1,818	-1%	+5%
Adjusted operating profit £m	**34**	33	+3%	+55%
Adjusted operating profit margin	**1.9%**	1.8%		
Return on average capital employed	**2.1%**	1.9%		

Our reported revenue and adjusted operating profit for AB Sugar for the period were in line with last year, and substantially ahead at constant currency as a result of the weakness of the African currencies.

A reduction in EU stock levels and an increase in world sugar prices resulted in a strengthening of European sugar prices. This benefited our Spanish business in the year but, with most of British Sugar's contracts agreed on an annual basis, no material impact on its results from the improvement in pricing will be seen until the 2016/17 financial year. All of our sugar businesses delivered substantial cost reductions again this year through a combination of continuous improvement, business transformation, capital expenditure and procurement activities.

In June, we completed the buyout of the minority interests in Illovo Sugar Limited for a purchase consideration of £247m. Africa is a growth market for sugar, driven by increasing populations and rising incomes and, with AB Sugar's strong track record of commercial development and delivery of performance improvement, full ownership will accelerate Illovo's progress. In order to align Illovo's financial year end more closely with that of the group, Illovo's results will now be consolidated for the year to 31 August. These results therefore include Illovo's revenue and profit for an 11 month period. They also reflect a change in accounting policy for the valuation of Illovo's sugar cane roots in line with an amendment to IAS 41 which now permits the valuation of such assets at cost less accumulated depreciation. The cane roots adjustment had the effect of reducing adjusted operating profit by £8m this year, with a restatement of the adjusted operating profit for 2015 to reduce it by £10m.

UK sugar production for the 2015/16 year was just short of 1.0 million tonnes, as planned, with a return to more typical beet yields and a smaller contracted growing area designed to reduce excessive stocks from the prior year. Above average rainfall in June slowed the growth of the new crop for the 2016/17 season and, combined with a further small reduction in the contracted area, we expect a further reduction in sugar production next year. Delivered beet costs for the 2016/17 campaign will be lower than this year.

The end of the EU sugar regime in October 2017 represents an opportunity for British Sugar to increase its sugar production and it is working with growers to restore beet supplies to more normal levels in 2017/18. This is the first crop for which growers will be able to choose between one and three year deals, both of which will have bonuses linked to the sugar sales price. This is designed to strengthen the partnership with our farmers and underpin British Sugar's competitive position.

During the year, British Sugar completed a £15m investment in an anaerobic digestion plant at the Bury St Edmunds factory. This new facility will consume some 100,000 tonnes of pressed sugar beet pulp as a feedstock and will generate five megawatts of electricity for export to the national grid. This investment will reduce our carbon emissions and our energy consumption by avoiding the need to dry the pulp and by eliminating the transportation of it for animal feed.

In Spain, the operating result improved significantly with the benefit of lower beet costs, higher beet sugar production and better pricing. Total production for the year is estimated to be 474,000 tonnes of which 449,000 tonnes was from beet and 25,000 tonnes was from raw sugars co-refined in the beet factories in the north.

Beet sugar in north China made a small profit with the benefit of increased production to 159,000 tonnes and record operating performances at both factories. In the south, our cane sugar factories operated at a much lower level than last year and sugar production reduced to 284,000 tonnes mainly as a result of poor sugar content. On 12 September we reached agreement to sell our cane sugar business in south China to a consortium led by Nanning Sugar, a leading producer in the region which has the support of the Guangxi government. Upon completion of the transaction, which is subject to third party consents and regulatory approvals, we will receive consideration for our shareholdings in the business together with the repayment of related loans.

Illovo production was lower than last year as a result of severe drought. However, an improved sales mix and further cost savings across the business contributed to an increase in full year profit. With the exception of Tanzania, all of Illovo's countries of operation experienced substantial currency devaluations during the year but, despite the pressure this placed on consumers and on production costs, Illovo maintained its margin development through a combination of price increases and benefits delivered by the performance improvement programme. The new refining and sugar conditioning facility at the Nakambala plant in Zambia was commissioned in July 2016, is now fully operational, and is a key step in broadening our product range to meet the demands of a fast developing domestic market.

Good progress was made this year by Vivergo Fuels which increased throughput in the bioethanol plant, although achieving operational reliability remained challenging. An improvement in the operating result was driven by better margins with the benefit of lower wheat prices and higher EU bioethanol prices. The UK Energy & Climate Change Select Committee recently issued a report recommending a proposal to increase the bioethanol inclusion in road fuel from the current level of 5% to 10%. We believe this is the only practical next step towards achieving the UK Government's previously agreed 2020 renewable obligation for transport fuel in the near term, and would bring the UK into line with the US, Brazil, France and Germany.

AGRICULTURE

	2016	2015	Actual fx	Constant fx
Revenue £m	**1,084**	1,211	-10%	-11%
Adjusted operating profit £m	**58**	60	-3%	-6%
Adjusted operating profit margin	**5.4%**	5.0%		
Return on average capital employed	**17.7%**	19.2%		

UK agriculture faced a number of challenges this year and in that context AB Agri performed well, delivering an adjusted operating profit just below last year but with a higher reported operating margin. Good results from the specialist businesses and a strong finish by Frontier Agriculture were more than offset by lower UK feed profits.

The UK dairy market saw continued price pressure resulting from global oversupply, and pig prices fell to their lowest level for a number of years. Against this background our UK pig starter feed business had a strong year but the smaller UK sugar beet crop resulted in less beet feed availability which adversely affected revenue and profit at AB Connect, our UK feed business.

AB Agri has a strong tradition of seeking ways of extracting value from feedstock materials and has entered the specialist anaerobic digestion (AD) products and services sector this year. A new business was created to market a range of specialist vitamin and mineral packs, and a nutritionally balanced, blended food-waste product for use as the feedstock for AD plants. We have built an AD plant in Yorkshire, due to be commissioned before the end of the calendar year, which will enable us to promote our nutritional, operational and product expertise in this developing market.

Frontier Agriculture achieved record grain procurement volumes from farms and benefited from strong grain exports in the second half of the year. The creation of a strategic alliance with a major UK fertiliser manufacturer and the acquisition of a bio-stimulant specialist will further strengthen Frontier's crop inputs business.

The pace of development of our international operations has increased. AB Vista, our animal nutrition and technology business, achieved further volume and market share growth driven by strong sales of its two leading feed enzyme products, Quantum Blue and Econase XT. We have developed our pig starter feed business in Spain and the recent acquisition of Agro Korn in Denmark provides an exciting platform for further growth in specialist proteins for pigs, calves, poultry, fish and pets.

AB Agri China enjoyed a good year due to its continued focus on sales into the fast growing larger-farm sector and the development of its service business aimed at integrated international livestock producers. These relationships, supported by the construction of a new pre-mix feed mill which will provide an assured source of high-quality feed and is due to be completed next spring, will further differentiate our feed business in China.

INGREDIENTS

	2016	2015	Actual fx	Constant fx
Revenue £m	**1,294**	1,247	+4%	+5%
Adjusted operating profit £m	**93**	76	+22%	+24%
Adjusted operating profit margin	**7.2%**	6.1%		
Return on average capital employed	**13.1%**	11.1%		

Ingredients' revenues were 4% ahead of last year and operating profit was again substantially ahead with a further improvement in margin.

AB Mauri, our bakery ingredients and yeast business, delivered a third year of significant profit recovery with The Americas being a major contributor to its success. In North America, new bakery ingredient products targeted at the faster growing market segments, such as tortillas and flatbreads, were well received. A robust performance in Latin America, despite continuing economic difficulties, was driven by higher output from the yeast factory in Veracruz and strong operational execution.

A focus on the development of new products to meet changing consumer tastes included the creation of organic bread ingredient solutions and a range of natural ferments and flavours. We also successfully introduced new shelf-life extension products aimed at reducing food waste in the supply chain.

We made further progress in China this year including the rationalisation of production facilities with the closure of our old factory site at Harbin. In the rest of Asia good revenue growth drove higher profit and further factory optimisation initiatives drove efficiencies in manufacturing operations.

A key driver of the development of the business has been the recent investment in the US and UK Centres of Excellence. Opened in November 2015 in response to customer requests for support in developing their products, the UK facility in Corby, Northamptonshire provides an opportunity for customers to access the latest innovations in bakery development. This mirrors the successful US bakingHUB[tm] which was opened in January last year in St Louis, Missouri. Expansion of the bakery ingredients research and development centre in the Netherlands will be completed next year.

ABF Ingredients made further progress with margin improvement driven by lower raw material costs and tight control of overheads. Our speciality lipids business, Abitec in North America, had an excellent year with increased sales in human nutrition applications for cognitive health and weight management, and success for its range of products designed to enhance bioavailability of molecules in pharmaceutical and nutraceutical applications.

Yeast extracts came under some price pressure in the more mature European and North American markets but the effects were, in part, mitigated by tight cost control. Sales of SPI's excipients and drug delivery solutions increased in line with market growth for pharmaceutical reformulations and, at PGPI, the cereal crisp extrusion business continued to develop, fuelled by the consumer trend for healthy snacking.

Our range of bakery enzymes was extended during the year with a number of new product launches including a new glucose oxidase enzyme for the bakery sector. Increased sales into the detergent sector were driven by a focus on the speciality enzymes segments and a broadening of our customer base. The food enzyme business in South America and Asia was also expanded with a particular emphasis on bakery. Expansion of the enzymes plant in Finland is on schedule for completion next year.

RETAIL

	2016	2015	Actual fx	Constant fx
Revenue £m	**5,949**	5,347	+11%	+9%
Adjusted operating profit £m	**689**	673	+2%	+1%
Adjusted operating profit margin	**11.6%**	12.6%		
Return on average capital employed	**30.2%**	31.1%		

Sales at Primark were 9% ahead of last year at constant currency driven by a weighted average increase in selling space of 9% with a much higher proportion of this year's new store openings being in the second half. Revenue benefited by two percentage points from the 53rd week this year. Unseasonable weather and cautious consumer sentiment led to value declines in the clothing retail sector in some of our important markets, particularly the UK and Germany. Warm weather in the pre-Christmas period was followed by a very cold March and April. Like-for-like sales were 2% negative overall. The UK like-for-like performance was in line with this but Ireland delivered a strong sales performance throughout the year, Spain, France and Austria traded well and the Netherlands and Germany were less affected by cannibalisation as the year progressed. As a result of the weakening of sterling, sales were 11% ahead when translated at actual exchange rates.

The operating profit margin reduced from 12.6% to 11.6% driven by the devaluation of the euro against the US dollar early in calendar 2015. Primark buys a substantial proportion of its garments in US dollars and sells them in euros and sterling and is therefore subject to transactional currency exposures. Forward currency contracts are taken out to cover these exposures when orders are placed and as a consequence last year's results were largely unaffected by this devaluation and the impact was felt throughout this financial year. A large part of the gross impact was mitigated by a good buying performance and also a lower level of mark-downs as a result of tight stock management.

Sterling's weakening against the US dollar, particularly following the EU referendum, had little transactional impact on Primark's margins in this financial year. However, at current exchange rates the effect will be adverse in the new financial year. The reaction of UK clothing retailers to this major movement in exchange rates is currently uncertain but Primark is committed to leading the value sector of the market with its on-trend product offering and maintenance of its price leadership position in clothing.

In the US, awareness of the Primark brand started at a low level and has continued to grow. The brand has been well received with very positive customer feedback, particularly for its exceptional value-for-money and the breadth of its product range. We are encouraged by the most recent openings in the regional malls at Danbury, Willow Grove and Freehold Raceway.

During this financial year we opened 1.2 million sq ft of selling space, bringing the total estate to 315 stores and 12.3 million sq ft at the financial year end. A net 22 new stores were opened and two stores, in Oxford and Grimsby, were temporarily relocated to smaller premises pending redevelopment. This was another very active year for store development, particularly in the second half when 16 new stores and 0.9 million sq ft of selling space were opened. New stores this year comprised our first store in Italy, at Arese north west of Milan, a 135,000 sq ft Spanish flagship on Gran Via in Madrid, three stores in each of France and the Netherlands, seven in the UK, four stores in the north east of the US and a store in each of Germany, Portugal and Austria. Four stores were extended including a 49,000 sq ft increase in the selling space at Creteil in Paris, which doubled the size of the store only two years after its opening.

Store development has also focused this year on upgrading the back-of-house area to create a more motivating work environment for our employees. First trialled with the opening of the Leeds Trinity store in 2013, we have now rolled out this concept in 59 new stores and, to date, 34 existing stores have been upgraded as part of their planned refurbishment. Designed with a completely open plan, fresh, modern look and feel, the effect has been dramatic. Wi-fi throughout the area has made it easier for key tasks to be undertaken 'on-the-go'; the open-plan environment encourages team interaction, collaboration and efficiency - staff briefings and inductions take less time leaving more time to be spent on the shop floor; and instances of paid absence are lower than in similar stores.

	Year ended 17 September 2016		Year ended 12 September 2015	
	# of stores	sq ft 000	# of stores	sq ft 000
UK	171	6,362	164	6,083
Spain	41	1,503	40	1,369
Germany	20	1,272	19	1,194
Republic of Ireland	36	1,032	36	1,028
Netherlands	15	679	12	547
France	8	407	5	231
USA	5	322	1	77
Portugal	9	300	8	267
Austria	5	243	4	193
Belgium	4	166	4	166
Italy	1	56	-	-
	315	12,342	293	11,155

1.3 million sq ft of new space is currently planned to be opened next year. Five stores are planned for Germany, two more Italian stores in Florence and Brescia, and notably an 89,000 sq ft store in the centre of Amsterdam. Three more stores will be opened in the north east of the US, bringing the total to eight, and an extension to the Downtown Crossing store in Boston is planned which will increase selling space by 20%. A 32,000 sq ft extension to the Oxford Street East store will also be opened ahead of the important Christmas period.

Our new warehouse at Islip, Northamptonshire is now operational and relocation of capacity from Magna Park will be completed early in the new financial year. The new distribution centre at Roosendaal in the Netherlands is on track to open early in the new calendar year.

New store openings:			
UK	**Portugal**	**Germany**	**US**
Banbury	Almada Forum, Lisbon	Leipzig	Danbury, Connecticut
Birmingham Fort			Freehold Raceway, NJ
Broughton Park, Chester	**France**	**The Netherlands**	King of Prussia, Philadelphia
Fort Kinnaird	Cagnes-sur-Mer	Alkmaar	Willow Grove, Philadelphia
Fosse Park, Leicester	La Valette-du-Var	Dordrecht	
Lancaster	Lyon	Groningen	
Monks Cross, York			
	Italy	**Austria**	**Relocations:**
Spain	Arese	Linz	**UK**
Gran Via, Madrid			Oxford
			Grimsby

George Weston
Chief Executive

FINANCIAL REVIEW

GROUP PERFORMANCE

Group revenue increased by 5% to £13.4bn and adjusted operating profit was 3% higher at £1,118m. In calculating adjusted operating profit, the amortisation charge on non-operating intangibles, profits or losses on disposal of non-current assets and any exceptional items are excluded. On an unadjusted basis, operating profit was £1,103m, 18% higher than last year which included a £98m exceptional charge. Revenue and operating profit both benefited to a small extent from a 53rd week's trading activity in some of our businesses this year but this was offset by the consolidation of only 11 months' results for Illovo as a consequence of the alignment of its year end with the rest of the group.

These results take into account a change in our accounting policy for the valuation of Illovo's sugar cane roots following the amendment of IAS 41 which now permits the valuation of such assets at cost less accumulated depreciation. This change reduced both adjusted and unadjusted operating profit in the current year by £8m and in the prior year, which has been restated, by £10m.

The currency markets in this financial year have been more volatile than in recent years, especially for sterling, our reporting currency. Sterling's strength in the first half of the year had an adverse translation effect on the group's results. In the second half, and particularly after the result of the EU referendum, sterling weakened and we benefited from translation, resulting in little net effect for the financial year as a whole. The biggest transactional exposures in our group are in British Sugar and Primark. Margins at British Sugar benefit from euro strength while margins at Primark are adversely affected by sterling or euro weakness against the US dollar. Because Primark hedges its exposures when orders are placed, the impact of sterling's weakness will not be felt until the new financial year.

Finance expense less finance income of £50m was lower than last year's net charge of £53m reflecting a lower average level of debt during the year. Profit before tax increased from £707m to £1,042m with the benefit of a substantially lower level of losses on disposal of businesses and exceptional items. On our adjusted basis which excludes these items, profit before tax rose by 5% to £1,071m.

ACQUISITIONS AND DISPOSALS

Some ten years after the acquisition of 51% of Illovo Sugar Limited, we acquired the non-controlling interests of the company on 28 June for a purchase consideration of £247m. The transaction was immediately earnings accretive for the group. The business rationale is explained in the operating review and moving to full ownership presented the opportunity to align management and financial reporting including a change of year end.

The disposal of our cane sugar business in south China is subject to regulatory approvals but is expected to complete later this year. The sale of ACH's herbs and spices business in the US is due to complete by the end of this month. The combined proceeds net of costs are expected to be over £0.5bn with little impact on the group's adjusted operating profit after these disposals and some overhead rationalisation.

Assets and liabilities which will be disposed of when these transactions complete are shown separately on the balance sheet as assets and liabilities classified as held for sale. The net assets are held at their net book value without impairment as these values are lower than the expected disposal proceeds.

TAXATION

We recognise the importance of complying fully with all applicable tax laws as well as paying and collecting the right amount of tax in every country in which the group operates. Our board-adopted tax policy is based on seven tax principles that are embedded in the financial and non-financial processes and controls of the group. These tax principles are included in the appendix to our Corporate Responsibility report www.abf.co.uk/responsibility.

As a substantial UK tax payer, the group will benefit from the future reductions in the UK corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020. These reductions were enacted before our balance sheet date and their effect on our UK deferred tax liability is therefore taken into account in the current year and will be reflected in our current tax charge in the years in which the lower rates apply.

This year's tax charge of £221m includes an underlying charge of £227m at an effective rate of 21.2% (2015 – 21.3%) on the adjusted profit before tax. This year's effective rate includes the beneficial effect of the revaluation of UK deferred tax balances. This will not be repeated next year and, combined with profit increasing in businesses subject to a corporation tax rate higher than that in the UK, we expect the group's effective tax rate to increase a little from this level. The overall tax charge for the year benefited from a credit of £5m (2015 - £8m) for tax relief on the amortisation of non-operating intangible assets and goodwill arising from previous acquisitions.

EARNINGS AND DIVIDENDS

Last year's earnings per share have been restated for the change of accounting policy for the valuation of sugar cane roots with a reduction of 0.5p. Earnings attributable to equity shareholders in the current year were £818m and the weighted average number of shares in issue during the year, which is used to calculate earnings per share, was 791 million (2015 - 790 million). Earnings per ordinary share were 55% higher than last year at 103.4p with the benefit of substantially lower losses on sale of businesses and exceptional items this year. Adjusted earnings per share, which provides a more consistent measure of trading performance, increased by 5% from 101.5p to 106.2p.

The interim dividend was increased by 3% to 10.3p and a final dividend has been proposed at 26.45p which represents an overall increase of 5% for the year. The proposed dividend is expected to cost £209m and will be charged next year. Dividend cover, on an adjusted basis, remains at 2.9 times.

BALANCE SHEET

Non-current assets of £6.9bn were £0.6bn higher than last year driven by substantially higher capital expenditure than depreciation this year and as a result of the translation of overseas assets at a weaker sterling exchange rate. The change of accounting policy for sugar cane roots resulted in the reclassification of these assets from non-current biological assets to property, plant and equipment where they are now carried at historic cost rather than fair value.

Working capital at the year end was at a similar level to last year. Year-on-year changes in the carrying values of inventory, trade receivables and payables were largely the result of currency translation. Average working capital as a percentage of sales at 8.4% was lower than last year's 9.4%. Net debt at the year end was £121m higher than last year at £315m reflecting the buyout of the Illovo minorities and a £53m increase attributable to the effect of translating foreign currency denominated net debt at weaker sterling exchange rates.

The group's net assets increased by £611m to £7,122m. Return on capital employed for the group, which is calculated by expressing adjusted operating profit as a percentage of the average capital employed for the year, was 18.1% compared with 17.6% last year. This reflected the higher profit and only a small increase in average capital employed which was primarily the consequence of Primark's expansion.

CASH FLOW

The group generated a net cash flow from operating activities of £1,310m this year with tight management of working capital throughout the year. Gross expenditure on property, plant and equipment and intangibles amounted to £796m compared with £613m last year. Primark spent £435m on the acquisition of new stores and the fit-out of new and existing stores, while a number of expansion projects increased the expenditure in the food businesses. £27m was realised from the sale of property, plant and equipment, the major elements of which were the sale of farmland in South Africa and the continued redevelopment of a former factory site in Western Australia where further lots were sold for housing development during the year.

£10m was incurred on the acquisition of two small businesses for AB Agri and £252m was spent on the buyout of the minority interests in Illovo Sugar Limited which is shown in the cash flow statement under financing activities inclusive of costs associated with the buyout.

FINANCING

The financing of the group is managed by a central treasury department. The group has total committed borrowing facilities amounting to £2.1bn, which comprise: £0.6bn of US private placement notes maturing between 2017 and 2024, with an average fixed rate coupon of 4.7%, £15m of which is payable in March 2017; £1.2bn provided under a syndicated, revolving credit facility which matures in July 2021; and £0.3bn of local committed facilities in Africa and Spain. During the financial year we repaid, from existing cash resources, £78m of private placement notes. At the year end, £740m was drawn down under these committed facilities. The group also had access to £0.8bn of uncommitted credit lines under which £142m was drawn at the year end. Cash and cash equivalents, including cash within assets held for sale, totalled £581m at the year end.

PENSIONS

The deficit in the group's defined benefit pension schemes increased from £16m last year to £303m, including liabilities held for sale, this year end. The UK scheme accounts for 88% of the group's gross liabilities and its deficit was £138m. Long-term bond yields, which are used to value defined benefit pension obligations for accounting purposes, have been falling for some time, with a marked decline in UK yields at the balance sheet date following the EU referendum. This had a material impact on the discounted value of pension liabilities. When considered in the context of gross pension assets of £4bn, and with the group's strong balance sheet and substantial cash generating ability, it is well within the group's capacity to fund the future requirements of all these schemes. However, bond yields at current levels will result in an increased service cost and a higher interest charge next year.

The next triennial valuation of the UK scheme is due in April 2017 and it is expected that appropriate contribution plans, designed to fund the scheme and any deficit over the long term, will be implemented. The last valuation of the UK scheme was undertaken as at 5 April 2014 which was agreed by the trustees in December 2014, and revealed a surplus of £79m.

The charge for the year for the group's defined contribution schemes, which was equal to the contributions made, amounted to £74m (2015 - £76m). This was substantially greater than the cash contribution to the defined benefit schemes of £38m (2015 - £39m) reflecting the changing shape of pension provision in the group.

John Bason
Finance Director

The annual report and accounts is available at www.abf.co.uk and will be despatched to shareholders on 10 November 2016. The annual general meeting will be held at Congress Centre, 28 Great Russell Street, London. WC1B 3LS at 11am on Friday, 9 December 2016.

RISK MANAGEMENT

Effective risk management is central to the board's role in providing strategic oversight and stewardship of the group. In order to deliver our strategic plans, we believe we must understand and respond appropriately to risks and also consider whether additional business opportunities can be realised through effective risk management.

We require all of our businesses to implement appropriate levels of risk management to ensure compliance with relevant legislation, our overriding business principles and group policies relating to them.

We have embedded a process for identifying risks and put in place activities to mitigate them. Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face on a timely basis. The collated risks from each business are shared with the respective divisional chief executives who present their divisional risks to the group executive.

The group's Director of Financial Control receives the risk assessments on an annual basis and, with the Group Finance Director, reviews them with the divisional chief executives. These risks and their impact on business performance are reported during the year and are considered as part of the monthly management review process.

Group functional heads including Legal, Treasury, Tax, IT, Pensions, HR and Insurance also provide input to this process, sharing with the Director of Financial Control their view of key risks and what activities are in place or planned to mitigate them. A summary of these risk assessments is then shared and discussed with the Group Finance Director and Chief Executive at least annually.

The board undertakes an annual review of the material risks facing our businesses together with the internal control procedures and resources devoted to them. It also monitors the group's exposure to these risks as part of the performance reviews undertaken at each board meeting. Financial risks are reviewed by the Audit committee and all other risks are reviewed by the board.

The Director of Financial Control holds meetings with each of the non-executive directors seeking their feedback on the reviews performed and discussing the key risks and mitigating activities. Once all non-executive directors have been consulted, a board report is prepared summarising the full process and providing an assessment of the status of risk management across the group. The key risks, mitigating controls and relevant policies are summarised. This report also details when formal updates, relating to the key risks, will be provided to the board throughout the year.

Reporting our principal risks and uncertainties

The group's principal risks and uncertainties identified by the above process during 2016 are detailed in the following tables. They are grouped into external risks, which may occur in the markets or environment in which we operate, and operational risks, which are related to internal activity linked to our own operations and internal controls. The 'Changes since 2015' highlight the significant variations in the profile of our principal risks or describe our experience and activity over the last year.

These are the principal risks of the group as a whole and are not in any order of priority. The operational and product diversity of the group reduces the impact that any one business risk can have on the group's results.

The UK's decision to leave the European Union has had some immediate impact on our results as a consequence of the effect on currency markets, but the extent to which our operations and financial performance are affected in the longer term will only become apparent as details emerge of how the exit is to be engineered. Both at a group and individual business level, we are preparing for changes in legislation, trade agreements and working practices and formulating plans to take advantage of the changing landscape and to mitigate risk.

Principal risks and uncertainties
External risks

Risk trend	Context and potential impact	Mitigation	Changes since 2015
△	**Movement in exchange rates and inflation**		
	Associated British Foods is a multinational group with operations and transactions in many currencies. Changes in exchange rates give rise to transactional exposures within the businesses and to translation exposures when the assets, liabilities and results of overseas entities are translated into sterling upon consolidation.	Businesses impacted by exchange rate volatility, specifically those manufacturing or purchasing in one currency and selling in another, constantly review their currency related exposures. Board approved policies require businesses to hedge, using foreign exchange forward contracts, all transactional currency exposures, and long-term supply or purchase contracts which give rise to currency exposures. Borrowings are largely maintained in the functional currency of the local operations. Cross currency swaps are used to align borrowings with the underlying currencies of the group's net assets; (Refer to note 25 to the financial statements in the annual report for more information).	Exchange rates between sterling and some of our major trading currencies have changed markedly this year. The net impact on adjusted operating profit for 2015/16 from the translation of overseas results into sterling was a gain of £5m compared with the prior year. As a result of our hedging strategies, this had only a limited transactional impact in the financial year although the impact on margins will be more evident next year. The fall in long-term bond yields, particularly since the EU referendum, had a substantial impact on the valuation of the group's defined benefit pension obligations. However, it is well within the group's capacity to fund the future requirements of all of the group's pension schemes.
◁▷	**Fluctuations in commodity and energy prices**		
	Changes in commodity and energy prices can have a material impact on the group's operating results, asset values and cash flows.	We constantly monitor the markets in which we operate and manage certain of these exposures through the use of exchange traded contracts and hedging instruments. The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products.	Our businesses have been less affected by changes in commodity prices this year. EU and world sugar prices have increased and are expected to benefit our EU sugar business in the coming year.
◁▷	**Operating in global markets**		
	Operating in 50 countries with a supply chain covering even more, we are exposed to global market forces, fluctuations in national economies, societal and political changes, a range of consumer concerns and evolving legislation. Failure to recognise and respond to any of these factors could directly impact the profitability of our operations. Entering new markets is a risk to any business.	Our approach to risk management incorporates potential short-term market volatility and evaluates longer-term socio-economic and political scenarios. The group's financial control framework and board adopted tax and treasury policies require all businesses to comply fully with relevant local laws. Provision is made for known issues based on management's interpretation of country-specific tax law and the likely outcome. We engage with governments, local regulators and community organisations to contribute to, and anticipate important changes in, public policy. Extensive research is conducted into each new market that Primark enters, and, in the case of its entry into the US where there was no existing local	AB Sugar continued to reduce its cost base with the benefit of its performance improvement programme. It is preparing for the removal of sugar quotas in the EU from October 2017 and consideration is being given to the implications for British Sugar of the EU referendum. Primark continues to learn from its early experience in the US and has taken this into account when opening the further four stores there this year.

Risk trend	Context and potential impact	Mitigation	Changes since 2015
		infrastructure, care has been taken to limit capital investment to a minimum. Expansion into new markets in Europe is supported by our existing business which has extensive experience of developing a successful retail business model across western Europe.	
◁▷	**Health and nutrition**		
	Failure to respond appropriately to health and nutrition concerns in the formulation of our products could result in adverse consumer reaction. We must also act responsibly across the spectrum of food poverty and malnutrition to obesity.	Recipes are regularly reviewed and reformulated to improve the nutritional value of our grocery products, all of which are labelled with nutritional information. We develop partnerships with other organisations to help educate consumers about making healthy choices.	Our businesses continued to review their products and to partner with others to enable a swift and innovative response to changing consumer needs. Our Sugar and Grocery businesses have supported healthy eating campaigns during the year to help consumers make informed choices about their food.

Operational risks

Risk trend	Context and potential impact	Mitigation	Changes since 2015
◁▷	**Workplace health and safety**		
	Many of our operations, by their nature, have the potential for injuries and fatal accidents to employees, contractors and visitors.	Safety continues to be the number one priority for our businesses with active endorsement and accountability from the chief executives of each business. Our Health and Safety policy and practices are firmly embedded in each business, supporting a strong ethos of workplace safety. Independent audits are conducted to verify implementation and support continuous improvement. Best practice safety and occupational health training and guidance are shared across the businesses, co-ordinated from the corporate centre, to supplement the delivery of their own training programmes.	Regrettably, there were three fatalities this year all of which were unrelated and occurred in our African operations. Two were the result of contractors failing to comply with group health and safety policies. A thorough root-cause analysis was undertaken following each accident and lessons learned have been widely shared across the business.
◁▷	**Product safety and quality**		
	As a leading food manufacturer and retailer it is fundamental that we manage the safety and integrity of our products throughout the supply chain.	Across the group, product safety is put before economic considerations. Our businesses employ quality control specialists and operate strict policies within an organisational culture of hygiene and product safety to ensure that consistently high standards are maintained in our operations and in the sourcing and handling of raw materials and garments. We monitor the regulatory environment and emerging scientific research while reviewing our food safety systems for efficacy and legal compliance. A programme of independent food quality and safety audits is undertaken across all of our manufacturing sites and a due diligence programme is in place to ensure the safety of our retail products.	In the UK, AB Agri implemented a process to track the compliance of all suppliers with a range of product quality assurance schemes.

Risk trend	Context and potential impact	Mitigation	Changes since 2015
◁▷	**Our use of natural resources and managing our environmental impact**		
	Our businesses rely on a stable supply of natural resources some of which are vulnerable to external factors such as natural disasters and climate change. Our operations give rise to a range of emissions including dust, waste water and waste which, if not controlled, could lead to a risk to the environment and our local communities.	We aim to go beyond environmental compliance. Our businesses employ environmental specialists who use the best available technologies and techniques to reduce our use of consumables, adapt operations to climate change and reduce our environmental footprint. We report group environmental performance every year in our Corporate Responsibility and Annual Reports as well as the voluntary CDP disclosure (formerly Carbon Disclosure Project).	The environmental performance of the group, with updates by division, is reported in the 2016 Corporate Responsibility Report at www.abf.co.uk/responsibility.
◁▷	**Our supply chain and ethical business practices**		
	Our suppliers are essential to the successful operation of the group. We therefore work with them to ensure reliability and to help them meet acceptable standards of product quality and safety, financial stability, ethics, technical competence and people safety. Potential supply chain and ethical business practice risks include: – reputational damage through supply chain weaknesses e.g. poor conditions for workers; – unacceptable and unethical behaviour, including bribery and corruption; – impact on reliability of supply and business continuity due to unforeseen incidents e.g. natural disasters; and – long-term sustainability of key suppliers.	Our Supplier Code of Conduct is designed to ensure suppliers, representatives and all with whom we deal, adhere to our values and standards. The full Code is available at the Company's website www.abf.co.uk/supplier_code_of_conduct. Adherence to the Code is verified through ABF's supplier audit system with our procurement and operational teams establishing strong working relationships with suppliers to help them meet our standards. All businesses are required to comply with the group's Business Principles including its Anti-Bribery and Corruption Policy.	Our businesses have continued to engage with key suppliers on a range of shared issues such as maximising environmental and cost efficiencies, maintaining safe workplaces, supporting steady employment and increasing transparency across the wider supply chain. All of our businesses have undertaken risk assessments to identify supply chains at high risk from modern slavery. The steps we take to try to ensure that any forms of modern slavery are not present within our own operations or our supply chain are reported in the 2016 Corporate Responsibility Report www.abf.co.uk/responsibility
◁▷	**Breaches of IT and information security**		
	Our delivery of efficient and effective operations is enhanced by the use of relevant technologies and the sharing of information. We are therefore subject to potential internal and external cyber threats such as computer viruses and the loss or theft of data. There is also the potential for disruption to operations from unforeseen IT and system malfunctions or external attack.	We seek to understand the changing cyber risks faced by our businesses and take appropriate action. We have established processes, group IT security policies and technologies in place all of which are subject to regular internal audit. Access to sensitive data is restricted and closely monitored. Robust disaster recovery plans are in place for business critical applications. Technical security controls are in place over key IT platforms with the Head of IT Security tasked with identifying and responding to potential security risks.	During the year there has been an ongoing focus on raising the awareness of all employees of the risks associated with the use of IT. Our IT security capability has been strengthened with the appointment of specialist resource and consolidation of existing personnel under the direction of the Head of IT Security. We have instigated regular security scanning of all websites. Remediation of any identified vulnerabilities is treated as a high priority and there has been a focus on the development of incident management plans across the businesses.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the Strategic report includes 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.

We consider the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The contents of this announcement, including the responsibility statement above, have been extracted from the annual report and accounts for the 53 weeks ended 17 September 2016 which will be despatched to shareholders on 10 November 2016 and may then be found at www.abf.co.uk. 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**

8 November 2016

CONSOLIDATED INCOME STATEMENT
For the 53 weeks ended 17 September 2016

Continuing operations		Note	2016 £m	2015 (restated[1]) £m
Revenue		1	**13,399**	12,800
Operating costs before exceptional item			**(12,359)**	(11,821)
Exceptional item		2	**(5)**	(98)
			1,035	881
Share of profit after tax from joint ventures and associates			**57**	48
Profits less losses on disposal of non-current assets			**11**	8
Operating profit			**1,103**	937
Adjusted operating profit		1	**1,118**	1,082
Profits less losses on disposal of non-current assets			**11**	8
Amortisation of non-operating intangibles			**(21)**	(55)
Exceptional item			**(5)**	(98)
Profits less losses on sale and closure of businesses		6	**(14)**	(172)
Profit before interest			**1,089**	765
Finance income			**6**	8
Finance expense			**(56)**	(61)
Other financial income/(expense)			**3**	(5)
Profit before taxation			**1,042**	707
Adjusted profit before taxation			**1,071**	1,024
Profits less losses on disposal of non-current assets			**11**	8
Amortisation of non-operating intangibles			**(21)**	(55)
Exceptional item			**(5)**	(98)
Profits less losses on sale and closure of businesses			**(14)**	(172)
Taxation	– UK (excluding tax on exceptional item)		**(73)**	(88)
	– UK (on exceptional item)		**-**	22
	– Overseas		**(148)**	(125)
		3	**(221)**	(191)
Profit for the period			**821**	516
Attributable to				
Equity shareholders			**818**	528
Non-controlling interests			**3**	(12)
Profit for the period			**821**	516
Basic and diluted earnings per ordinary share (pence)		4	**103.4**	66.8
Dividends per share paid and proposed for the period (pence)		5	**36.75**	35.0

[1] The results of the prior year have been restated to reflect the change of accounting policy for sugar cane roots (see note 11)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 53 weeks ended 17 September 2016

	2016	2015 (restated)
	£m	£m
Profit for the period recognised in the income statement	**821**	516
Other comprehensive income		
Remeasurements of defined benefit schemes	**(258)**	27
Deferred tax associated with defined benefit schemes	**50**	(5)
Current tax associated with defined benefit schemes	**1**	-
Items that will not be reclassified to profit or loss	**(207)**	22
Effect of movements in foreign exchange	**610**	(444)
Net (loss)/gain on hedge of net investment in foreign subsidiaries	**(75)**	22
Deferred tax associated with movements in foreign exchange	**8**	2
Current tax associated with movements in foreign exchange	**1**	1
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	**-**	(8)
Movement in cash flow hedging position	**(13)**	(56)
Deferred tax associated with movement in cash flow hedging position	**4**	11
Share of other comprehensive income of joint ventures and associates	**16**	(2)
Items that are or may be subsequently reclassified to profit or loss	**551**	(474)
Other comprehensive income for the period	**344**	(452)
Total comprehensive income for the period	**1,165**	64
Attributable to		
Equity shareholders	**1,153**	151
Non-controlling interests	**12**	(87)
Total comprehensive income for the period	**1,165**	64

CONSOLIDATED BALANCE SHEET

At 17 September 2016

	2016	2015 (restated[1])	2014 (restated[1])
	£m	£m	£m
Non-current assets			
Intangible assets	**1,348**	1,367	1,467
Property, plant and equipment	**5,145**	4,518	4,701
Investments in joint ventures	**221**	180	180
Investments in associates	**39**	32	32
Employee benefits assets	**6**	125	90
Deferred tax assets	**139**	125	152
Other receivables	**41**	23	164
Total non-current assets	**6,939**	6,370	6,786
Current assets			
Assets classified as held for sale	**312**	-	-
Inventories	**2,033**	1,827	1,631
Biological assets	**86**	70	109
Trade and other receivables	**1,337**	1,176	1,293
Derivative assets	**105**	74	74
Income tax	**9**	-	-
Cash and cash equivalents	**555**	702	519
Total current assets	**4,437**	3,849	3,626
TOTAL ASSETS	**11,376**	10,219	10,412
Current liabilities			
Liabilities classified as held for sale	**(75)**	-	-
Loans and overdrafts	**(245)**	(319)	(358)
Trade and other payables	**(2,551)**	(2,226)	(2,046)
Derivative liabilities	**(73)**	(33)	(15)
Income tax	**(147)**	(126)	(193)
Provisions	**(54)**	(38)	(72)
Total current liabilities	**(3,145)**	(2,742)	(2,684)
Non-current liabilities			
Loans	**(640)**	(577)	(607)
Provisions	**(34)**	(28)	(29)
Deferred tax liabilities	**(139)**	(220)	(251)
Employee benefits liabilities	**(296)**	(141)	(133)
Total non-current liabilities	**(1,109)**	(966)	(1,020)
TOTAL LIABILITIES	**(4,254)**	(3,708)	(3,704)
NET ASSETS	**7,122**	6,511	6,708
Equity			
Issued capital	**45**	45	45
Other reserves	**175**	175	175
Translation reserve	**433**	(120)	238
Hedging reserve	**(22)**	(11)	29
Retained earnings	**6,423**	6,232	5,933
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	**7,054**	6,321	6,420
Non-controlling interests	**68**	190	288
TOTAL EQUITY	**7,122**	6,511	6,708

[1] Prior year balances have been restated to reflect the change of accounting policy for sugar cane roots (see note 11)

CONSOLIDATED CASH FLOW STATEMENT
For the 53 weeks ended 17 September 2016

	2016	2015
		(restated)
	£m	£m
Cash flow from operating activities		
Profit before taxation	**1,042**	707
Profits less losses on disposal of non-current assets	**(11)**	(8)
Profits less losses on sale and closure of businesses	**14**	172
Finance income	**(6)**	(8)
Finance expense	**56**	61
Other financial (income)/expense	**(3)**	5
Share of profit after tax from joint ventures and associates	**(57)**	(48)
Amortisation	**47**	81
Depreciation	**439**	408
Exceptional item	**5**	98
Net change in the fair value of current biological assets	**(12)**	16
Share-based payment expense	**7**	11
Pension costs less contributions	**7**	6
Increase in inventories	**(62)**	(310)
(Increase)/decrease in receivables	**(55)**	10
Increase in payables	**107**	234
Purchases less sales of current biological assets	**(2)**	(2)
Increase/(decrease) in provisions	**5**	(28)
Cash generated from operations	**1,521**	1,405
Income taxes paid	**(211)**	(230)
Net cash from operating activities	**1,310**	1,175
Cash flows from investing activities		
Dividends received from joint ventures and associates	**25**	50
Purchase of property, plant and equipment	**(766)**	(582)
Purchase of intangibles	**(30)**	(31)
Purchase of non-current biological assets	**(8)**	(10)
Sale of property, plant and equipment	**27**	72
Purchase of subsidiaries, joint ventures and associates	**(10)**	(52)
Sale of subsidiaries, joint ventures and associates	**-**	5
Loans to joint ventures	**-**	(7)
Interest received	**6**	7
Net cash from investing activities	**(756)**	(548)
Cash flows from financing activities		
Dividends paid to non-controlling interests	**(10)**	(16)
Dividends paid to equity shareholders	**(279)**	(271)
Interest paid	**(62)**	(64)
Decrease in short-term loans	**(109)**	(115)
Increase in long-term loans	**12**	15
Purchase of shares in subsidiary undertaking from non-controlling interests	**(252)**	-
Sale of shares in subsidiary undertaking to non-controlling interests	**-**	11
Movements from changes in own shares held	**(19)**	-
Net cash from financing activities	**(719)**	(440)
Net (decrease)/increase in cash and cash equivalents	**(165)**	187
Cash and cash equivalents at the beginning of the period	**585**	399
Effect of movements in foreign exchange	**42**	(1)
Cash and cash equivalents at the end of the period	**462**	585

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 53 weeks ended 17 September 2016

	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 13 September 2014 as originally stated	45	175	238	29	5,950	6,437	316	6,753
Impact of change in accounting policy	-	-	-	-	(17)	(17)	(28)	(45)
Balance as at 13 September 2014 restated	45	175	238	29	5,933	6,420	288	6,708
Total comprehensive income								
Profit for the period recognised in the income statement (restated)	-	-	-	-	528	528	(12)	516
Remeasurements of defined benefit schemes	-	-	-	-	26	26	1	27
Deferred tax associated with defined benefit schemes	-	-	-	-	(5)	(5)	-	(5)
Items that will not be reclassified to profit or loss	-	-	-	-	21	21	1	22
Effect of movements in foreign exchange (restated)	-	-	(371)	(1)	-	(372)	(72)	(444)
Net gain on hedge of net investment in foreign subsidiaries	-	-	22	-	-	22	-	22
Deferred tax associated with movements in foreign exchange	-	-	-	-	-	-	2	2
Current tax associated with movements in foreign exchange	-	-	1	-	-	1	-	1
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	-	-	(8)	-	-	(8)	-	(8)
Movement in cash flow hedging position	-	-	-	(49)	-	(49)	(7)	(56)
Deferred tax associated with movement in cash flow hedging position	-	-	-	10	-	10	1	11
Share of other comprehensive income of joint ventures and associates	-	-	(2)	-	-	(2)	-	(2)
Items that are or may be subsequently reclassified to profit or loss (restated)	-	-	(358)	(40)	-	(398)	(76)	(474)
Other comprehensive income (restated)	-	-	(358)	(40)	21	(377)	(75)	(452)
Total comprehensive income (restated)	-	-	(358)	(40)	549	151	(87)	64
Transactions with owners								
Dividends paid to equity shareholders	-	-	-	-	(271)	(271)	-	(271)
Net movement in own shares held	-	-	-	-	11	11	-	11
Current tax associated with share-based payments	-	-	-	-	4	4	-	4
Dividends paid to non-controlling interests	-	-	-	-	-	-	(16)	(16)
Acquisition and disposal of non-controlling interests (restated)	-	-	-	-	6	6	5	11
Total transactions with owners (restated)	-	-	-	-	(250)	(250)	(11)	(261)
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	-	-	-	-	(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 and disposal 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 ANNUAL RESULTS ANNOUNCEMENT
For the 53 weeks ended 17 September 2016

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 by each business, 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, income tax 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. Segment assets and liabilities are presented before the reclassification of assets and liabilities held for sale.

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**	
	53 weeks ended 17 September 2016	52 weeks ended 12 September 2015	**53 weeks ended 17 September 2016**	52 weeks ended 12 September 2015 (restated)
Operating segments	**£m**	£m	**£m**	£m
Grocery	**3,274**	3,177	**304**	285
Sugar	**1,798**	1,818	**34**	33
Agriculture	**1,084**	1,211	**58**	60
Ingredients	**1,294**	1,247	**93**	76
Retail	**5,949**	5,347	**689**	673
Central	**-**	-	**(60)**	(45)
	13,399	12,800	**1,118**	1,082
Geographical information				
United Kingdom	**5,375**	5,444	**484**	535
Europe & Africa	**4,564**	4,080	**364**	325
The Americas	**1,403**	1,269	**168**	148
Asia Pacific	**2,057**	2,007	**102**	74
	13,399	12,800	**1,118**	1,082

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 53 weeks ended 17 September 2016

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	3,277	1,898	1,090	1,444	5,949	(259)	13,399
Internal revenue	(3)	(100)	(6)	(150)	-	259	-
Revenue from external customers	3,274	1,798	1,084	1,294	5,949	-	13,399
Adjusted operating profit before joint ventures and associates	272	32	44	84	689	(60)	1,061
Share of profit after tax from joint ventures and associates	32	2	14	9	-	-	57
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)
Exceptional item	-	(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/(expense)						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)
Exceptional item	-	(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)
Exceptional item	-	(5)	-	-	(5)

Segment disclosures given above are stated before reclassification of assets and liabilities as held for sale

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 53 weeks ended 17 September 2016

1. Operating segments for the 52 weeks ended 12 September 2015 (restated)

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,179	1,887	1,213	1,402	5,347	(228)	12,800
Internal revenue	(2)	(69)	(2)	(155)	-	228	-
Revenue from external customers	3,177	1,818	1,211	1,247	5,347	-	12,800
Adjusted operating profit before joint ventures and associates	259	33	48	66	673	(45)	1,034
Share of profit after tax from joint ventures and associates	26	-	12	10	-	-	48
Adjusted operating profit	285	33	60	76	673	(45)	1,082
Profits less losses on disposal of non-current assets	19	3	1	-	(8)	(7)	8
Amortisation of non-operating intangibles	(19)	(35)	-	(1)	-	-	(55)
Exceptional item	-	(98)	-	-	-	-	(98)
Profits less losses on sale and closure of businesses	6	(181)	3	-	-	-	(172)
Profit before interest	291	(278)	64	75	665	(52)	765
Finance income						8	8
Finance expense						(61)	(61)
Other financial expense						(5)	(5)
Taxation						(191)	(191)
Profit for the period	291	(278)	64	75	665	(301)	516
Segment assets (excluding joint ventures and associates)	2,369	2,016	318	1,142	3,126	84	9,055
Investments in joint ventures and associates	22	17	125	48	-	-	212
Segment assets	2,391	2,033	443	1,190	3,126	84	9,267
Cash and cash equivalents						702	702
Deferred tax assets						125	125
Employee benefits assets						125	125
Segment liabilities	(451)	(391)	(115)	(230)	(1,034)	(104)	(2,325)
Loans and overdrafts						(896)	(896)
Income tax						(126)	(126)
Deferred tax liabilities						(220)	(220)
Employee benefits liabilities						(141)	(141)
Net assets	1,940	1,642	328	960	2,092	(451)	6,511
Non-current asset additions	104	130	17	58	351	6	666
Depreciation	(94)	(83)	(9)	(45)	(173)	(4)	(408)
Amortisation	(37)	(39)	(2)	(3)	-	-	(81)
Exceptional item	-	(98)	-	-	-	-	(98)
Impairment of goodwill on disposal of business	-	(46)	-	-	-	-	(46)
Impairment of intangible on closure of business	-	(11)	-	-	-	-	(11)

Geographical information

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	5,444	4,080	1,269	2,007	12,800
Segment assets	3,977	3,006	1,009	1,275	9,267
Non-current asset additions	216	298	91	61	666
Depreciation	(185)	(125)	(27)	(71)	(408)
Amortisation	(29)	(38)	(4)	(10)	(81)
Exceptional item	(98)	-	-	-	(98)
Impairment of goodwill on disposal of business	-	-	-	(46)	(46)
Impairment of intangible on closure of business	-	-	(11)	-	(11)

2. Exceptional item

The exceptional item in 2016 is a charge of £5m for costs associated with the buyout of the Illovo Sugar Limited non-controlling interests.

In 2015, the exceptional item was a £98m non-cash charge to impair the group's shareholder loans to Vivergo Fuels which, at the time of the impairment, was a joint venture in which the group's equity interest was 47%. Vivergo Fuels is based in the UK and is included in the Sugar segment. The impairment was a consequence of the continuing fall in crude oil and bioethanol prices and the further weakening of the euro against sterling both of which affected the group's assessment of the recoverability of the shareholder loans.

3. Income tax expense

	53 weeks ended 17 September 2016	52 weeks ended 12 September 2015 (restated)
	£m	£m
Current tax expense		
UK – corporation tax at 20.0% (2015 – 20.5%)	**85**	74
Overseas – corporation tax	**142**	109
UK – under/(over) provided in prior periods	**6**	(10)
Overseas – overprovided in prior periods	**(17)**	(15)
	216	158
Deferred tax expense		
UK deferred tax	**(14)**	(6)
Overseas deferred tax	**28**	23
UK – (over)/under provided in prior periods	**(4)**	8
Overseas – (over)/under provided in prior periods	**(5)**	8
	5	33
Total income tax expense in income statement	**221**	191
Reconciliation of effective tax rate		
Profit before taxation	**1,042**	707
Less share of profit after tax from joint ventures and associates	**(57)**	(48)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**985**	659
Nominal tax charge at UK corporation tax rate of 20.0% (2015 – 20.5%)	**197**	135
Effect of higher and lower tax rates on overseas earnings	**5**	(29)
Effect of changes in tax rates on income statement	**(6)**	3
Expenses not deductible for tax purposes	**38**	58
Disposal of assets covered by tax exemptions or unrecognised capital losses	**(1)**	23
Deferred tax not recognised	**8**	10
Adjustments in respect of prior periods	**(20)**	(9)
	221	191
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	**(50)**	5
Current tax associated with defined benefit schemes	**(1)**	-
Deferred tax associated with share-based payments	**2**	-
Current tax associated with share-based payments	**(1)**	(4)
Deferred tax associated with movement in cash flow hedging position	**(4)**	(11)
Deferred tax associated with movements in foreign exchange	**(8)**	(2)
Current tax associated with movements in foreign exchange	**(1)**	(1)
	(63)	(13)

The UK corporation tax rate was reduced to 20% with effect from 1 April 2015 and further reductions to 19% and 17% have also now been enacted which will take effect in April 2017 and April 2020 respectively. Accordingly, UK deferred tax has been calculated using these rates as appropriate.

In 2015, a tax credit of £22m arose on the exceptional impairment charge which was included in UK current tax.

4. Earnings per share

The calculation of basic earnings per share at 17 September 2016 was based on the net profit attributable to equity shareholders of £818m (2015 restated - £528m), and a weighted average number of shares outstanding during the year of 791 million (2015 – 790 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 exceptional items, profits less losses on disposal of non-current assets and the sale and closure of businesses, amortisation of non-operating intangibles 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 incentives. The diluted, weighted average number of shares is 791 million (2015 – 790 million). There is no difference between basic and diluted earnings.

	53 weeks ended 17 September 2016	52 weeks ended 12 September 2015 (restated)
	pence	pence
Adjusted earnings per share	**106.2**	101.5
Disposal of non-current assets	**1.4**	1.0
Sale and closure of businesses	**(1.8)**	(21.7)
Exceptional item	**(0.6)**	(12.4)
Tax effect on above adjustments	**0.1**	2.4
Amortisation of non-operating intangibles	**(2.6)**	(7.0)
Tax credit on non-operating intangibles amortisation and goodwill	**0.6**	1.0
Non-controlling interests' share of the above adjustments	**0.1**	2.0
Earnings per ordinary share	**103.4**	66.8

5. Dividends

	2016 pence per share	2015 pence per share	**2016 £m**	2015 £m
2014 final	**-**	24.30	**-**	192
2015 interim	**-**	10.00	**-**	79
2015 final	**25.00**	-	**198**	-
2016 interim	**10.30**	-	**81**	-
	35.30	34.30	**279**	271

The 2016 interim dividend was declared on 19 April 2016 and paid on 1 July 2016. The 2016 final dividend of 26.45 pence, total value of £209m, will be paid on 13 January 2017 to shareholders on the register on 16 December 2016.

Dividends relating to the period were 36.75 pence per share totalling £290m (2015– 35.0 pence per share totalling £277m).

6. Acquisitions and disposals

Acquisitions

2016

During the year the group acquired two small European Agriculture businesses which, together, increased net assets by £8m satisfied in cash. Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from a £2m non-operating intangible asset recognised in respect of brands. The acquisitions contributed aggregate revenues of £13m and no adjusted profit before tax for the period between the dates of acquisition and 17 September 2016. Aggregate contributions to revenue and adjusted profit before tax, had the acquisitions occurred at the beginning of the period, have not been disclosed as appropriate financial information, prepared under adopted IFRS, is not available.

The £8m of cash consideration differs by £2m from the cash outflow of £10m on the purchase of subsidiaries, joint ventures and associates in the cash flow statement. 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 shareholdings in Illovo Sugar Limited. As Illovo and its subsidiaries have 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 is shown within financing activities.

2015

Acquisitions had the following effect on the group's assets and liabilities:

	Pre-acquisition carrying values	Recognised values on acquisition
Net assets	£m	£m
Intangible assets	32	53
Property, plant and equipment	4	4
Inventories	10	10
Trade and other receivables	18	18
Cash and cash equivalents	8	8
Trade and other payables	(38)	(40)
Loan interest	(48)	(3)
Overdrafts	(3)	(3)
Loans	(323)	(18)
Taxation	82	20
Net identifiable assets and liabilities	(258)	49
Goodwill		5
Non-controlling interests		1
Total consideration		55
Satisfied by		
Cash consideration		57
Deferred consideration		6
Interest in joint venture		(8)
		55
Net cash		
Cash consideration		57
Cash and cash equivalents acquired		(8)
Overdrafts acquired		3
		52

In October 2014, the group acquired Dorset Cereals in the UK for gross cash consideration of £68m, but with cash acquired of £8m. Non-operating intangible assets of £21m in respect of brand and customer relationships together with the related deferred tax were recognised as fair value adjustments.

In May 2015, the group acquired BP's 47% interest in Vivergo Fuels in the UK, in which the group already held an equity-accounted joint venture interest of 47%. Fair value adjustments comprised the valuation of shareholder loan obligations and associated interest accruals together with the related tax consequences.

Acquisitions and disposals (continued)

A non-cash charge of £75m was recorded in line with accounting requirements to re-measure the group's interest at fair value prior to the acquisition. This was charged to loss on sale and closure of business.

The acquisitions contributed aggregate revenues of £81m and an adjusted loss before tax of £1m for the period between the dates of acquisition and 12 September 2015. Aggregate contributions to revenue and adjusted profit before tax, had the acquisitions occurred at the beginning of the period, were not disclosed as appropriate financial information, prepared under Adopted IFRS, was not available.

Disposals

2016

The group closed a small number of Ingredients businesses during the year, incurring closure costs of £4m in the Asia Pacific segment and £1m in Europe & Africa. The group also charged a £9m onerous lease provision to sale and closure of business (in the Central segment) as a result of lease reversions following the administration of the BHS retail chain in the UK.

2015

The group sold and closed businesses which had the following impact on adjusted operating profit by segment:

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Sugar					
North China	-	-	-	(100)	(100)
Vivergo Fuels	(75)	-	-	-	(75)
Other (including warranties)	-	4	(11)	1	(6)
	(75)	4	(11)	(99)	(181)
Grocery (warranties)	6	-	-	-	6
Agriculture (warranties)	3	-	-	-	3
	(66)	4	(11)	(99)	(172)

The group sold the Yi'an and BoCheng beet sugar factories in Heilongjiang province in north China and restructured the associated head office in Beijing. This reduced the group's assets and liabilities as follows:

Net assets	£m
Intangible assets	9
Property, plant and equipment	47
Inventories	3
Trade and other payables	(1)
Loans	(1)
Taxation	5
Net identifiable assets and liabilities	62
Goodwill	46
Non-controlling interests	(2)
Recycle of effect of movements in foreign exchange	(8)
Profits less losses on sale and closure of businesses	(100)
Total consideration	(2)
Satisfied by	
Cash consideration	3
Provisions made	(5)
	(2)
Net cash	
Cash consideration	3

The group incurred a net £75m non-cash charge arising on the acquisition of BP's 47% interest in Vivergo Fuels. Accounting standards required the re-measurement of the group's interest at fair value prior to the acquisition, resulting in a loss on the deemed disposal of the group's original interest prior to its immediate re-acquisition at fair value.

Also in the Sugar segment, an intangible asset with a carrying value of £11m was written off on closure of a small business in North America.

Acquisitions and disposals (continued)
£14m of warranty provisions relating to disposals made in previous years were no longer required and were released during the year. These comprised £6m in Grocery (all in the UK), £5m in Sugar (£4m in Europe & Africa and £1m in Asia Pacific) and £3m in Agriculture (all in the UK).

The cash consideration received for the disposal was £3m which compared with a cash inflow of £5m on the sale of subsidiaries, joint ventures and associates shown in the cash flow statement. The difference related to deferred consideration received in respect of prior year disposals.

7. Analysis of net debt

	At 12 September 2015 £m	Cash flow £m	Non-cash items £m	Exchange adjustments £m	**At 17 September 2016 £m**
Cash at bank and in hand, cash equivalents and overdrafts	585	(165)	-	42	**462**
Short-term loans	(202)	109	(26)	(18)	**(137)**
Long-term loans	(577)	(12)	26	(77)	**(640)**
	(194)	(68)	-	(53)	**(315)**

8. Related party transactions

The group has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. The group 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	**2016 £'000**	2015 £'000
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		**1,226**	661
Dividends paid by Associated British Foods and received in a beneficial capacity by:			
(i) trustees of the Garfield Weston Foundation and their close family	1	**10,012**	9,838
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family		**2,613**	1,529
(iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited		**54**	50
(iv) members of the Weston family employed within the Associated British Foods group	2	**2**	1,011
Sales to fellow subsidiary undertakings on normal trading terms	3	**48**	108
Sales to companies with common key management personnel on normal trading terms	4	**16,642**	13,343
Commissions paid to companies with common key management personnel on normal trading terms	4	**1,490**	1,602
Amounts due from companies with common key management personnel	4	**1,748**	1,541
Sales to joint ventures on normal trading terms		**13,460**	18,288
Sales to associates on normal trading terms		**41,494**	29,992
Purchases from joint ventures on normal trading terms		**324,959**	314,818
Purchases from associates on normal trading terms		**17,424**	16,132
Amounts due from joint ventures		**37,531**	18,959
Amounts due from associates		**4,244**	2,978
Amounts due to joint ventures		**28,374**	28,533
Amounts due to associates		**3,342**	2,278

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 17 September 2016 was the beneficial owner of 683,073 shares (2015 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2015 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 17 September 2016 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. Members of the Weston family who are employed by the group and are not directors of the Company or Wittington Investments Limited and are not trustees 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. Limited.

Amounts due from joint ventures include £36m (2015 - £19m) of finance lease receivables. The remainder of the balance is trading balances. All but £3m (2015 - £3m) of the finance lease receivables are non-current.

9. Other information

The financial information set out above does not constitute the Company's statutory accounts for the 53 weeks ended 17 September 2016, or the 52 weeks ended 12 September 2015. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 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 498(2) or (3) of the Companies Act 2006 in respect of the accounts.

10. 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 53 weeks ended 17 September 2016 (2015 – 52 weeks ended 12 September 2015) comprise those of the Company and its subsidiaries (together referred to as 'the group') and the group's interests in joint ventures and associates.

The consolidated financial statements were authorised for issue by the directors on 8 November 2016.

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 expense 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 53 weeks ended 17 September 2016. 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 2016 including those of Illovo Sugar which has changed its year end this year. Illovo's results have previously been included for the period to 30 September in line with its previous local reporting date.

11. Significant accounting policies

The group has 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 follows 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.

The amendments bring bearer plants (which for the group are sugar cane roots) into the scope of IAS 16 rather than IAS 41. The previous valuation of these non-current biological assets is replaced by a cost or revaluation approach. The group has selected the historic cost approach as this removes subjective judgment from the accounting calculation. The policy change has been applied retrospectively as if the amendments had always applied.

Sugar cane roots are now shown in the consolidated balance sheet at cost less accumulated depreciation and impairment charges as a separate category within property, plant and equipment. The net changes in fair value of sugar cane roots previously credited to the consolidated income statement have been reversed and replaced with historic cost depreciation. There is no net change to the consolidated cash flow statement, but the adjustment to profit before tax for the net change in fair value of sugar cane roots has been reversed and replaced with an adjustment for historic cost depreciation and increased capital expenditure.

The impact of the changes prior to the 2014 balance sheet date have been reflected in retained earnings in equity in the restated 2014 consolidated balance sheet, together with the related impact on non-controlling interests. In the 2014 consolidated balance sheet, non-current biological assets reduced from £96m to £36m and are now disclosed as sugar cane roots within property, plant and equipment. Deferred tax liabilities decreased from £266m to £251m. The reduction in consolidated net assets of £45m comprised £17m attributable to equity shareholders and £28m attributable to non-controlling interests.

In the 2015 consolidated income statement, the impact was an increase of £10m in cost of sales and a decrease of £2m in the overseas tax charge. Of the net reduction of £8m in profit after tax, £4m was attributable to equity shareholders and £4m to non-controlling interests. 2015 basic earnings and adjusted earnings per share both decreased by 0.5p, from 67.3p to 66.8p, and 102.0p to 101.5p respectively.

In the 2015 consolidated balance sheet, non-current biological assets reduced from £83m to £30m. Deferred tax liabilities decreased from £233m to £220m. The reduction in consolidated net assets of £40m comprised £15m attributable to equity shareholders, with £(5)m reflected in the translation reserve and £20m in retained earnings, and £25m attributable to non-controlling interests.

In the 2015 consolidated cash flow statement, the previously reported £12m adjustment to profit before tax for the net change in fair value of sugar cane roots has been reversed and replaced with a £7m adjustment for historic cost depreciation and £9m of increased capital expenditure.

These adjustments affect only the Sugar operating segment and Europe & Africa geographical segment.

There were no other changes to accounting policies during the year. The group is also assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the EU, these changes will be adopted on the effective dates noted. Where not yet endorsed by the EU, the adoption date is less certain. The standards effective in 2017 are not expected to have any material effect on the group. The impact of the other standards is currently under review.

- Amendments to IFRS 2: *Classification and Measurement of Share-based Payment Transactions* effective 2019 financial year (not yet endorsed by the EU)
- Amendments to IFRS 4: *Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts* effective 2019 financial year (not yet endorsed by the EU)
- *Annual Improvements to IFRSs 2012-2014* effective 2017 financial year
- IFRS 9 *Financial Instruments: Classification and Measurement* effective 2019 financial year (not yet endorsed by the EU)
- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities – Applying the Consolidation Exception* effective 2017 financial year (endorsed by the EU since the balance sheet date)
- Amendments to IFRS 11: *Accounting for Acquisitions of Interests in Joint Operations* effective 2017 financial year
- IFRS 15 *Revenue from Contracts with Customers* effective 2019 financial year (endorsed by the EU since the balance sheet date)
- IFRS 16 *Leases* effective 2020 financial year (not yet endorsed by the EU)
- Amendments to IAS 1: *Disclosure Initiative* effective 2017 financial year
- Amendments to IAS 7: *Disclosure Initiative* effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses* effective 2018 financial year (not yet endorsed by the EU)
- Amendments to IAS 16 and IAS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation* effective 2017 financial year