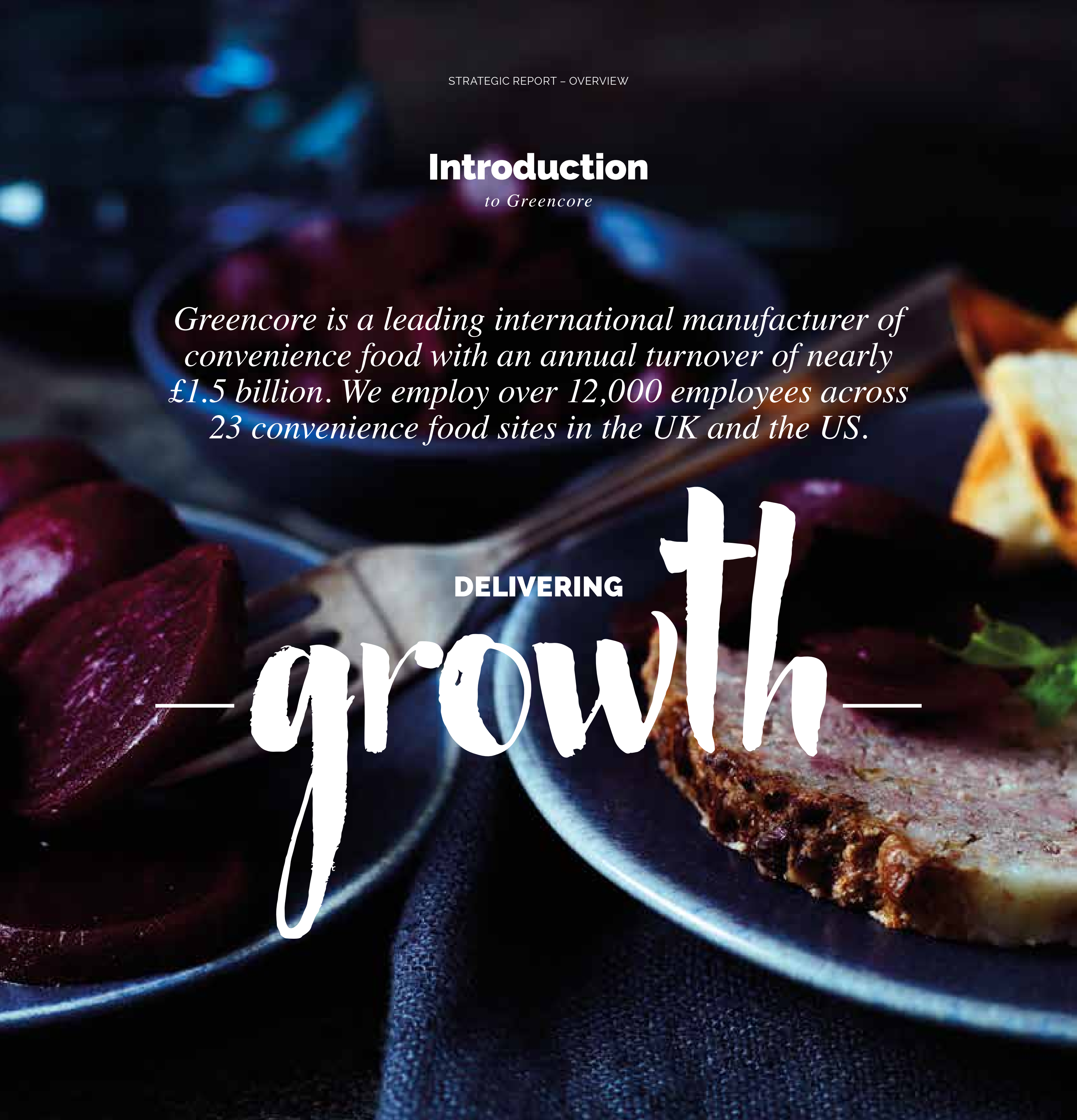
GREENCORE GROUP PLC

Annual Report and Financial Statements 2016

Introduction

to Greencore



Greencore is a leading international manufacturer of convenience food with an annual turnover of nearly £1.5 billion. We employ over 12,000 employees across 23 convenience food sites in the UK and the US.

DELIVERING
growth

Highlights
*of the year**

Delivering growth of 10.6%

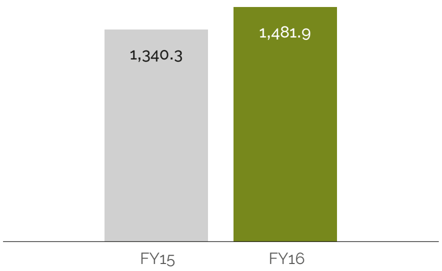
Greencore made significant progress in FY16, delivering revenue growth of 10.6%, growth of 11.2% in Operating Profit and growth of 8.3% in Adjusted Basic Earnings per Share*.*

Employees across the UK, the US and Ireland
12,000+

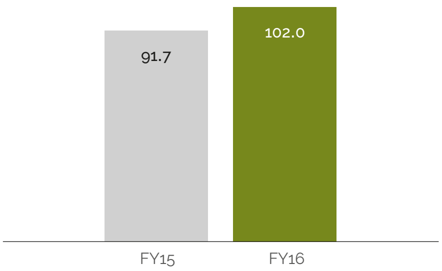
UK convenience foods facilities
16

US convenience foods facilities
7

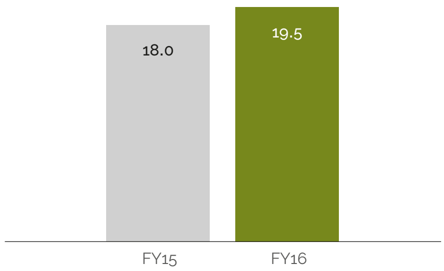
Revenue
£1,481.9m
+10.6%



Operating Profit*
£102.0m
+11.2%



Adjusted Basic EPS*
19.5p
+8.3%



Profit for the financial year
£48.5m
(FY15: £59.0m)

Basic EPS
11.6p
(FY15: 14.3p)

*Definitions of financial Key Performance Indicators ('KPIs') are provided on pages 12 to 14. Certain of these KPIs are non-IFRS measures or Alternative Performance Measures ('APMs') and definitions and reconciliations of the APMs to IFRS measures are provided in Note 35 to the Financial Statements on page 154.

This Annual Report contains 'forward-looking statements' that are based on management's beliefs and assumptions, and on information currently available to management. Such forward-looking statements may include, but are not limited to, information concerning the Company's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts. These may often be identified by the use of words such as 'will,' 'may,' 'could,' 'should,' 'would,' 'project,' 'believe,' 'anticipate,' 'expect,' 'plan,' 'estimate,' 'forecast,' 'potential,' 'intend,' 'continue,' 'target' or the negative of these terms or similar expressions. Because forward-looking statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements including, but not limited to, as a result of the risk factors set out on pages 19 to 23 of this Annual Report. In addition, there may be other risks and uncertainties that the Company is unable to predict at this time or that the Company currently does not expect to have a material adverse effect on its business.

These statements are made as of the date of this Annual Report. The Company expressly disclaims any obligation to update these forward-looking statements other than as required by law.

Our Business at a Glance

Food to Go

Greencore's Food to Go division is one of the world's largest manufacturers of pre-packed sandwiches, producing in excess of 580m food to go products each year for large retailers. Our range includes sandwiches, baguettes, wraps and other food to go items, such as salads and sushi. The business operates out of seven facilities in Atherstone, Bow, Crosby, Manton Wood, Northampton, Park Royal and Spalding. It also operates a distribution network covering the length and breadth of the UK.

Fast Fact

580m

Greencore produced 580m food to go products in the UK in FY16

Prepared Meals

Greencore's Prepared Meals division produces chilled ready meals, chilled sauces, chilled soup and quiche for major retailers in the UK. The business is largely private label, although Greencore also produces under license for the Weight Watchers and Little Dish brands. The division operates out of five facilities in Bristol, Consett, Kiveton, Warrington and Wisbech.

Fast Fact

224m

Greencore produced 224m prepared meals, quiches and packs of chilled sauces and soup in FY16

Grocery

Greencore's Grocery division manufactures ambient cooking sauces and dips, table sauces, pickles and Yorkshire Puddings, as well as cakes and desserts for most of the major retailers in the UK. The division operates out of four facilities in Evercreech, Hull, Leeds and Selby.

Fast Fact

105m

Greencore produced 105m cakes and desserts in FY16

US

Greencore's US division has a growing position in the US food to go market. We produce sandwiches, salads, bistro boxes and sauces, both fresh and frozen that are sold through coffee shops, grocery stores and convenience store chains across the country. The division operates out of seven manufacturing facilities in Chicago, Fredericksburg, Jacksonville, Minneapolis, Rhode Island, Salt Lake City and Seattle.

Fast Fact

175m

Greencore produced 175m food to go products in the US in FY16

Chairman's Statement

Gary Kennedy

BUILDING A STRONG POSITION

FY16 was another period of significant progress for the Group in achieving its ambition to become a fast-growing international convenience food leader.

DEAR SHAREHOLDER,

Our business has had another strong year of performance in FY16. This was again driven by strong momentum in our food to go businesses with performance well ahead of the market and the announcement of further new long-term business wins. This again led to a very good financial performance despite a challenging and uncertain retail and economic environment in the UK.

FINANCIAL PERFORMANCE

Reported Group revenue increased by 10.6% to £1,481.9m with like for like revenue growth in Convenience Foods of 6.6%. Group EBITDA increased by 13.9% to £138.4m while Operating Profit at the Group level grew by 11.2% to £102.0m leading to a 10 basis points increase in Operating Margin. Adjusted Basic Earnings per Share were 8.3% higher driven principally by the growth in Operating Profit, partially offset by a higher finance charge.

Net debt at 30 September 2016 stood at £331.8m, an increase of £66.3m from the prior year. The increase was driven principally by the increase in capital expenditure, and the acquisition of The Sandwich Factory, but also by the significant depreciation in the value of sterling since the EU referendum in June 2016. This resulted in an adverse translation impact of approximately £30m on non-sterling denominated debt. Net debt to EBITDA leverage, as at 30 September 2016 and as measured under our financing agreements, stood at 2.4 times, an increase of 0.4 turns over the year.

STRATEGIC DEVELOPMENT

FY16 was another period of significant progress for the Group in achieving its ambition to become a fast-growing international convenience food leader. Our UK Food to Go business strengthened its position in the market through market share gains, continued underlying growth, and capability and capacity enhancement, all supported by its strong customer partnership model. The rest of our UK portfolio also performed well in challenging markets. Our US business has progressed through a significant build phase, and now has substantial capacity for further growth.

In the UK, the Food to Go division delivered like for like revenue growth of 12.3%. Over the last five years, the business has organically grown its share of sandwiches in the grocery channel from 36% to 59%. It has concluded long-term sole supply arrangements with many of its key customers, and has also invested heavily in capacity in order to support its ongoing growth. In FY16, the division began the commissioning of a new sandwich facility in Northampton and also completed construction of a new sushi facility on the same campus. The business added further production lines at its two London sites in order to support the roll-out of a multi-year, sole supply agreement with a major customer.

During the last eighteen months, the Group has relocated its principal northern and southern food to go picking and distribution hubs to larger facilities and at the same time has also introduced more automated processes. This has enabled the Group to offer a wider range of distribution solutions to its customers and significantly grow the volumes of products distributed direct-to-store. The Group is also investing in its IT infrastructure and its enterprise resource planning solutions to build a scalable, resilient platform to support future performance and growth.

In July 2016, the Group acquired The Sandwich Factory from Cranswick plc for a headline consideration of £15m. The business extends Greencore's presence outside of its current core business with large grocery customers. The facility also offers an opportunity to modestly increase overall capacity across the Food to Go network and has also brought new capabilities in short-run, specialist product formats.

The US business made good progress in FY16. Like for like revenue growth was 5.2%. Product exits are estimated to have reduced the sales growth rate by approximately three percentage points. The Quonset, Rhode Island site was fully commissioned during H1 16 and, in H2, the business opened a new facility in Seattle. To date, the commissioning phase has gone well. The business moved into profit in H2 16 with further progress expected in FY17. Having completed the major capacity investments, the focus of the business now turns to developing the pipeline of future commercial opportunities.

DIVIDENDS

The Board of Directors is recommending a final dividend of 4.10 pence per share. This will result in a total dividend for the year of 6.65 pence per share representing an increase in dividend per share of 8.1%, broadly in line with the growth in Adjusted Basic Earnings per Share.

BOARD DEVELOPMENT

We announced the departure of Alan Williams who has contributed tremendously to the Group during his six year tenure as Chief Financial Officer. On behalf of the Board and myself I thank Alan for his vigilance and foresight and wish him well for the future.

I am delighted to welcome Eoin Tonge to the Board as his successor. Eoin has had a stalwart career to date with Greencore most recently leading our Grocery division very successfully. I look forward to working with him on our very exciting and challenging agenda.

MANAGEMENT AND EMPLOYEES

The success we have enjoyed to date could not be possible without the very significant efforts of all of our employees every single day. I have the pleasure of meeting them on location in Ireland, the United Kingdom and the United States of America. I continue to be amazed at their dedication, innovation and relentless focus on serving our customers well. For that I thank them all.

OUTLOOK

Our strategy of focusing on fast-growing segments of convenience food in the UK and the US is continuing to work well. Our well-developed food to go model in the UK is benefitting from contract wins and from strong underlying growth and our US business is now primed for further growth. Across the Group, we continue to invest significantly in capacity, capability and systems in order to underpin and sustain this overall growth. In particular in Food to Go in the UK, we expect to continue with significant investments to secure, commission and launch the new business wins. The general economic backdrop in the UK is expected to remain challenging given the changing nature of the grocery industry, emerging inflationary pressures and other geopolitical uncertainties. Also, on 14 November 2016 the Group announced the proposed acquisition of Peacock Foods. This acquisition will strengthen our US business, develop our position in high growth categories, broaden our customer exposure and add scale to our US operations. Given our strong market positions, commercial momentum and new business wins, we are confident that Greencore is well set to achieve further progress in FY17 and beyond.

GARY KENNEDY
Chairman
4 December 2016

value

for money

Consumers continue to seek value for money and this remains a key factor in buying behaviour. We work with our customers to carefully design our products to ensure they offer exceptional value.

LASAGNE AL FORNO
Delicious free range egg pasta and rich Aberdeen Angus beef ragu topped with creamy bechamel sauce.

DELIVERING GROWTH VALUE FOR MONEY

Business Environment

Market Trends

As in previous years, underlying consumer trends support the growth of our business in the UK and US.

Value for Money
Consumers continue to seek value for money and this remains a key factor in buying behaviour.

Fresh and Healthy
Consumers are choosing foods that are healthier and better for them.

Convenience
Consumers are seeking more convenient solutions to suit their changing lifestyles.

Snacking
There is a significant increase in the number of meal occasions that US and UK consumers choose to enjoy through the day.

Business Model and Strategy

Our vision is to be a fast-growing, international convenience food leader.

To deliver this we focus on four strategic imperatives:

DEEPEN FOOD TO GO LEADERSHIP
We will deepen our leadership in food to go by investing for growth with our existing customers and by expanding our offering to serve new customers, new channels and in adjacent food to go categories.

BUILD MARKET LEADING POSITIONS IN COMPLEMENTARY CONVENIENCE FOOD CATEGORIES
We will develop market leading positions in other convenience food categories that are complementary to food to go, such as ready meals, soup, sauces, cakes and desserts.

BUILD DISTINCTIVE, ENDURING CUSTOMER PARTNERSHIPS
We will develop strategic relationships with our customers to achieve the best outcome for them, their consumers and Greencore. Through these relationships, we will move beyond food manufacturing to provide distribution, innovation, new product development and category management solutions.

WIN IN THE UK AND US MARKETS NOW AND OTHER GEOGRAPHIES IN THE YEARS AHEAD
We will invest to grow our position in the UK and US markets. Over time we will identify new opportunities in high growth food to go markets and expand internationally.

Our Structure

To deliver this strategy we need a strong and capable organisation underpinned by a shared approach to doing business – we call this The Greencore Way.

GREENCORE GROUP PLC BOARD
More information in **Directors' Report** on **pages 46 and 47**

GROUP EXECUTIVE BOARD
More information in **Performance Review** on **page 45**

DIVISIONS

CONVENIENCE FOODS

- Food to Go UK
- Prepared Meals
- Grocery
- US

INGREDIENTS & PROPERTY

THE GREENCORE WAY
More information in **Corporate Social Responsibility Report** on **page 30**

Strategy in Action

UK Strategy Development

Our business in the UK has delivered another year of strong results, outperforming the rest of the UK retail market.

Our performance is underpinned by our leadership of the food to go category. Growth in the food to go market outperformed the overall food market with 5.6%[1] growth versus 2.3%[2] in total grocery. The category continues to benefit from supportive underlying consumer trends and further growth in the space dedicated to convenience retailing.

Going forward, we will leverage our investment in consumer insight and additional capacity to help grow the category in partnership with our customers. We are moving to multi-year supply arrangements with our customers to support this investment for the long-term.

In parallel, we have built market-leading positions in complementary convenience food categories through our Prepared Meals and Grocery divisions. In recent years these businesses have benefitted from an increasing preference for private label brands, which have outpaced brands in their categories.

UK sandwich market size

£6.3bn[3]

UK food to go market growth

+5.6%[1]

UK private label growth

+2.2%[4]

Strategy in Action in the UK in FY16

EXPANDING DISTRIBUTION CAPACITY AND CAPABILITY

In FY16, we opened two distribution hubs to expand our capacity in direct-to-store distribution: one next to our Manton Wood manufacturing facility and one in Hatfield. These facilities, combined with continued investment across our distribution network, have increased our picking capacity and supported the addition of a new high-street customer.

DEEPENING OUR LEADERSHIP OF FOOD TO GO

We have continued to invest in our food to go business through FY16. In July, Greencore acquired The Sandwich Factory from Cranswick plc, a food to go business serving the convenience and travel retail channels, with a single site in Atherstone, Warwickshire. The acquisition will expand Greencore's presence in these channels, bring access to several important customers, and expand food to go capacity. We have also increased capacity across our network to support the expansion of our business with a large grocery retailer and opened the second phase of our new facility in Northampton.

Source:
1 Greencore estimate based on Nielsen 52 weeks to 1 October 2016.
2 Nielsen 52 weeks to 1 October 2016.
3 Greencore estimates.
4 Kantar 12 weeks to 9 October 2016.

US Strategy Development

Our US business is focused on supplying food to go products to a range of customers, with a particular focus on the convenience, retail and food service channels.

The US food away from home market is very large ($700bn)[1] and growing rapidly (5.6%)[1]. Our addressable portion of this market is approximately $19bn[1].

Our US business is focused on supplying pre-prepared fresh sandwiches, frozen breakfast sandwiches, snack kits and salads, alongside a broad range of convenience foods.

Our US business is well placed for the future with a compelling combination of fresh and frozen capabilities, sufficient capacity to support significant organic growth, a wide geographic reach, excellent relationships with leading retailers and an enviable reputation for food safety and innovation.

Market size of food in convenience stores

$34.0bn[1]

Convenience foodservice growth rate

+7.0%[1]

Fresh pre-packaged food to go growth rate

+7.9%[2]

Strategy in Action in the US in FY16

OPENING OUR NEW FACILITY IN SEATTLE

In 2016, we opened a new chilled manufacturing facility in Seattle, our first site on the west coast, to support the supply of fresh food to go products to an important existing food service customer and the addition of a new grocery customer. The new site also includes a development centre.

PROPOSED ACQUISITION OF PEACOCK FOODS

On 14 November, Greencore announced the proposed acquisition of Peacock Foods, a US convenience food manufacturer headquartered in Geneva, Illinois. The acquisition supports our vision to be a fast-growing international convenience food leader and will transform Greencore's position in the US, creating a business with a combined revenue of $1.3bn, attractive positions in fast-growing categories, broaden our channel and customer exposure as well as add significant scale to our operations. Further details of Greencore's planned acquisition can be found in our shareholder circular on our website: www.greencore.com.

Source:
1 Greencore commissioned research.
2 A combination of sandwiches, salads and fresh snacks. For sandwiches Nielsen 52 weeks to 27 August 2016; for salads, Nielsen 52 weeks to 27 August 2016; for fresh snacks, CS News 52 weeks ending April 2016.

Financial Key Performance Indicators and Other Financial Metrics

The Group uses a set of headline Key Performance Indicators (‘KPIs’) to measure the performance of its operations and of the Group as a whole.

Although the measures are separate, the relationship between them is also monitored. In addition, other performance indicators are measured at individual business unit level. Certain of these KPIs are non-IFRS measures or Alternative Performance Measures (‘APMs’) and the definitions and reconciliations to IFRS are set out below and in Note 35.

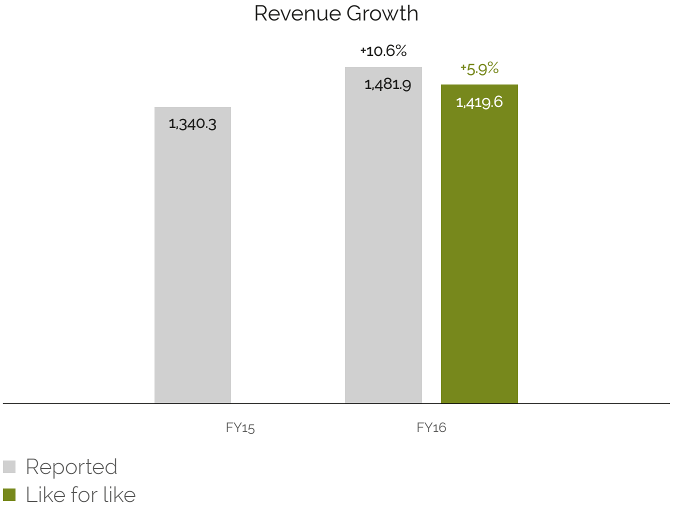
01.

REVENUE GROWTH

Group reported revenue increased by 10.6% in FY16, 5.9% on a like for like basis.

The Group uses like for like revenue growth as a supplemental measure of its performance. The Group believes that like for like revenue growth provides a more accurate guide to underlying revenue performance.

Like for like revenue growth excludes the impact of acquisitions or disposals in the year and is calculated on a local currency basis (i.e. on a constant currency basis) and excludes the impact of a 53rd week in a 53 week financial year.



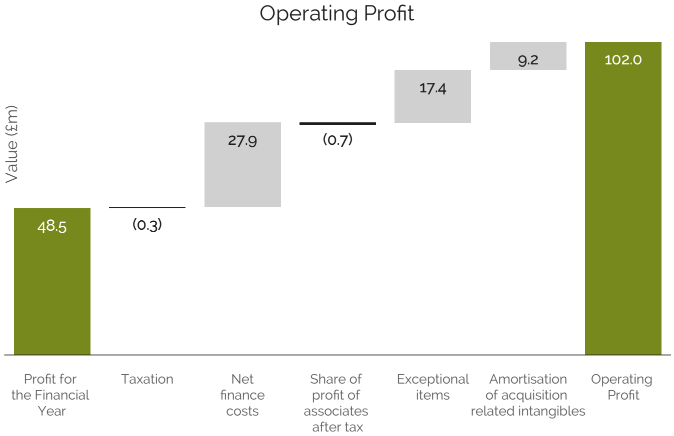
In FY16, Group reported revenue increased by 10.6%. On a like for like basis, revenue increased by 5.9%. In our Convenience Foods division reported revenue growth was 11.2% in FY16. Like for like revenue was up 6.6% in the division, 6.9% in the UK and 5.2% in the US. In FY16, the Ingredients & Property division recorded a 12% decline in revenue on a like for like basis, however this is not the primary measure of performance for this division.

02.

OPERATING MARGIN*

The Group’s Operating Margin in FY16 was 6.9% compared to 6.8% in FY15.

Operating Margin is used by the Group in order to measure the underlying operating performance of each business unit and the Group as a whole. It is calculated by dividing Operating Profit* by reported revenue. Operating Profit is used as the measure of the underlying and ongoing operating profitability of the business. It excludes exceptional items which are deemed to be one-time in nature. It also excludes the impact of the amortisation of acquisition-related intangible assets, net financing costs, and the impact of taxation. Operating Profit also includes the share of profit of associates after tax in order to incorporate their contribution to the Group.



Operating Profit grew by 11.2% whilst revenue grew by 10.6% in the year. This resulted in an increase in Group Operating Margin from 6.8% in FY15 to 6.9% in FY16. This growth was driven by good operational performance.

* Alterative Performance Measure definitions and reconciliations are provided in Note 35.

03.

CASH FLOW

Net cash inflow from operating activities was £115.3m compared to £78.8m in FY15.

The Group uses Net cash flow from operating activities as a key metric in order to measure the amount of cash generated by the Group's routine business activities.

Net cash inflow from operating activities for the year was £115.3m, an increase of £36.5m on the prior year. The increase was predominantly driven by a decrease in net working capital together with growth in Adjusted EBITDA*.

04.

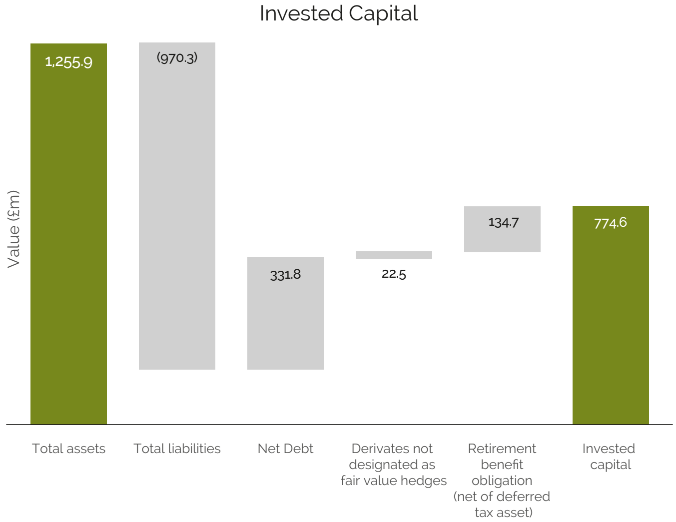
RETURN ON INVESTED CAPITAL ('ROIC')

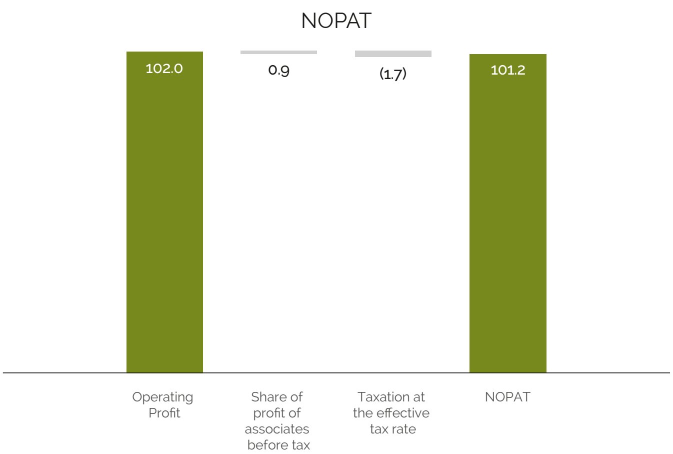
The Group's return on invested capital in FY16 was 13.8%, compared to 14.1% in FY15.

The Group seeks to manage its capital to ensure that entities in the Group will be able to trade on a going concern basis, while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group utilises ROIC to measure how effectively it uses invested capital to generate returns.

The Group calculates ROIC as net Operating Profit after tax ('NOPAT') divided by average Invested Capital. The Group uses Invested Capital as the basis for this calculation as it reflects the tangible and intangible assets the Group has added through its capital investment programme, the intangible assets the Group has added through acquisitions, as well as the working capital requirements of the business.

NOPAT is calculated as Operating Profit plus share of profit of associates before tax, less tax at the effective rate in the income statement. Invested Capital is calculated as net assets (total assets less total liabilities), plus Net Debt and the balance sheet value of derivatives not designated as fair value hedges. It also excludes retirement benefit obligations (net of deferred tax asset). Average Invested Capital is calculated by adding together the Invested Capital from the opening and closing balance sheets and dividing by two.





The Group again delivered a strong Return on Invested Capital ('ROIC') of 13.8% compared to 14.1% in the prior year. The year on year decrease was driven by a modest increase in the Group's effective tax rate as well as the Group's capital investment programme.

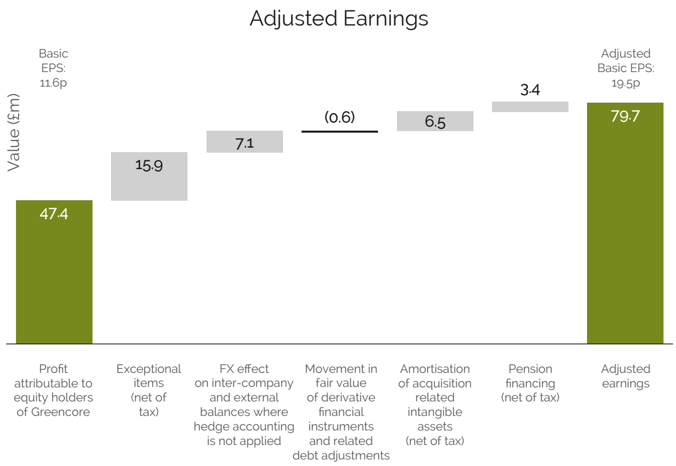
05.

ADJUSTED BASIC EARNING PER SHARE ('EPS')

Adjusted Basic Earnings per Share were 19.5 pence compared to 18.0 pence in FY15, an increase of 8.3%.

The Group uses Adjusted Basic EPS as a key measure of the overall performance of the Group. Over the past number of years, dividend growth for the year has been broadly in line with Adjusted Basic EPS growth. The Group uses this metric in order to show the underlying earnings of the business. This is after excluding exceptional items which are deemed to be one-off in nature. It also excludes the non-cash charges relating to the amortisation of acquisition-related intangibles and financing charges.

The Group calculates Adjusted Basic EPS by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Deferred Award Scheme, the Performance Share Plan and the Executive Share Option Scheme.



The Group grew Adjusted Basic Earnings per Share by 8.3% to 19.5 pence in the year. This growth was driven by the increase in Operating Profit, partially offset by an increase in interest and tax charges.

* Alterative Performance Measure definitions and reconciliations are provided in Note 35.

Financial Key Performance Indicators and Other Financial Metrics
continued

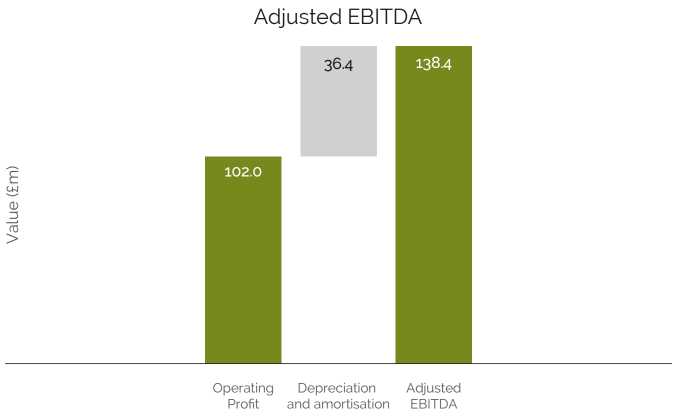
OTHER FINANCIAL METRICS

01.

ADJUSTED EBITDA

The Group uses Adjusted EBITDA as an alternative financial metric in order to measure the underlying cash profitability of the business. This metric is particularly relevant given the growth of depreciation and non-acquisition related amortisation as the result of the Group's capital investment programme.

Adjusted EBITDA is calculated by adding back depreciation and non-acquisition related intangible amortisation to Operating Profit.

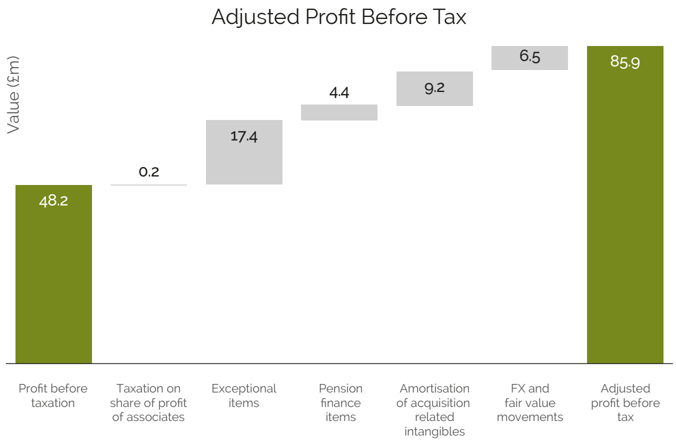


Group Adjusted EBITDA in the year was £138.4m, an increase of 13.9% on the prior year. This was driven by the same factors that grew Operating Profit.

02.

ADJUSTED PROFIT BEFORE TAX ('PBT')

The Group uses Adjusted Profit before Tax ('PBT') as a key measure of the overall performance of the Group. This measure is used to show the underlying earnings of the business after adjusting for exceptional items which are deemed to be one-off in nature and the non-cash charges relating to the amortisation of acquisition related intangibles and non-cash financing charges.



Adjusted PBT in the year was £85.9m, an increase of 10.1% on the prior year. This was driven by the growth in Operating Profit partially offset by the increase in interest charges.

Non-financial Key Performance Indicators

The Group measures progress against a number of non-financial key performance indicators. Monitoring these areas is relevant to our strategy and is important to our long-term success.

01.

ENGAGEMENT SCORES

As part of our People at the Core survey, employee engagement is measured and this year saw a 2% increase from 77% to 79%.

There was an overall increase in response rate to the survey from 69% in 2015 to 80% in 2016, with 82% of employees indicating that they are happy working for Greencore.

02.

THE GREENCORE WAY AWARDS

The Greencore Way, which officially launched in 2013, describes both who we are and how we succeed. The Greencore Way Awards were launched in 2015.

The Greencore Way Awards act to underpin and bring to life The Greencore Way through allowing employees to nominate their colleagues or themselves, when they feel they have gone over and above expectations in an activity relating to one of the four Greencore Way principles. Awards are made annually at a Group level. In FY16 over 1,000 colleagues will have been recognised with a Greencore Way award, and more than 5,000 nominations have been made.

03.

ACCIDENT RATES

Greencore recognises the importance of a positive health and safety culture and planned initiatives have been developed to support our commitment to achieving this across all of our sites.

All divisions have maintained an excellent health and safety performance for 2016. The accident incident rate further reduced during the year, and reportable accidents continue to decrease year on year by 10%. 2016 saw the introduction of a common health and safety strategy, with clear and intrinsic governance and stakeholder management, which will enable sites to align opportunities for enhanced health and safety risk management.

04.

PRODUCT DEVELOPMENT

The Group was manufacturing approximately 3,500 different products at the end of FY16.

It is Greencore's aim to put great tasting food at the heart of our culture and to continuously innovate food recipes and technologies. The Group's innovation rate in FY16 was 42%, which means that, of our 3,500 current products, nearly 1,500 of them had undergone some form of product or packaging development during the course of the year.

05.

GROUP TECHNICAL TRAINING

The Group technical department runs and coordinates a programme of training courses to maintain and develop the expertise of our site technical teams.

This year, 22 courses have been provided giving training in basic technical skills through to advanced courses in areas including Hazard Analysis Critical Control Points ('HACCP'), allergen management, legal labelling and thermal processing. Throughout FY16 colleagues took advantage of 530 training places provided by the Group technical programme.

06.

SUPPLIER AUDIT

The supplier approval process administered through our central purchasing and technical teams underpins our food safety and integrity standards.

We require all raw material suppliers to be accredited to British Retail Consortium ('BRC') or equivalent standard. All of the agents and brokers supplying raw materials to Greencore's UK sites are working towards BRC accreditation. Transport and distribution companies used by these sites are also BRC certified. Raw material suppliers are risk assessed and audited according to the resulting risk level. In 2016 the Group technical team carried out 170 physical audits of suppliers, including 45 overseas, as well as 824 paperwork approvals. The supplier networks behind 106 agents supplying raw materials were also risk assessed.

07.

WASTE TO LANDFILL

We continue to manage our waste in line with the waste hierarchy, with our lean programmes focused on elimination and minimisation at source.

This is reflected in our continued steady reduction in overall levels of solid waste generated per tonne of production which shows 7.4% reduction over the last three years in our UK manufacturing operations. During the year we have maintained our avoidance of landfill, and worked on our waste recovery and recycling, culminating in an increase in recycling rates compared to last year for our UK manufacturing operations.

08.

CDP

CDP formerly the Carbon Disclosure Project is a not-for-profit organisation that runs the global disclosure systems for investors, companies, cities, states and regions to manage their environmental impact.

During the year we responded to the CDP climate change module for the seventh successive year, and again to the forest and supply chain modules. Our overall score for the climate change module was C, in line with the overall CDP programme average.

convenience

Consumers are seeking more convenient solutions to suit their changing lifestyles. This has led to an increased popularity of foods that taste great but require less preparation, as well as increasing out of home consumption.

MEATBALL MARINARA COOKING SAUCE
A rich tomato and red wine sauce with basil, oregano and ground black pepper, served with Italian Strozzapreti pasta.

DELIVERING GROWTH CONVENIENCE

MALAGUETA
Pulled chicken in a spicy sauce with black beans and tomato salsa, and coriander mayonnaise on a corn and wheatflour tortilla.

Risks and Risk Management

As a leading food manufacturer in a highly competitive environment, it is critical that Greencore identifies, assesses and prioritises its risks. This, along with the development of appropriate mitigating actions, enables us to monitor, minimise and control the probability and impact of these risks.

OUR APPROACH TO RISK MANAGEMENT

Risk management is the responsibility of the Board and is integral to the ability of the Group to deliver on its strategic objectives.

The Board recognises the need for a robust system of internal control and risk management in accordance with the UK Corporate Governance Code. There is a clear link between risk and risk management and the Company's ability to continue as a viable entity. This is set out in further detail on pages 56 to 58.

The Board establishes the culture of effective risk management throughout the business by identifying and monitoring the material risks, setting risk appetite and determining the risk tolerance of the Group.

The Board is responsible for establishing and maintaining appropriate systems and controls to manage risk within the Group and to ensure compliance with regulation.

Under delegation from the Board, the Audit Committee regularly monitors the Group's risk management systems. The Audit Committee is responsible for overseeing the effectiveness of the internal control environment of the Group. Details of the activities of the Audit Committee for the year under review can be found in the Report of the Audit Committee set out on pages 81 to 85.

The Group has a well-established internal audit function, known as the 'Risk Management Group' whose role it is to provide independent assurance that the Group's risk management, governance and internal control processes remain appropriate and continue to operate effectively.

The Board has considered its obligations in relation to providing an annual Going Concern Statement and Viability Statement. Its review and conclusions in this regard are set out on pages 56 and 57 of the Directors' Report.

Business Risk Management Table

GREENCORE GROUP PLC BOARD

AUDIT COMMITTEE

RISK MANAGEMENT GROUP

INTEGRATED BUSINESS RISK MANAGEMENT SYSTEM

Strategic Risks	Commercial Risks	Operational Risks	Financial Risks

IDENTIFYING AND MONITORING PRINCIPAL RISKS

Principal risks are identified through a well-established business-wide risk assessment process, which is known as a 'bottom up approach', along with an evaluation of the strategy and operating environment of the Group, which is known as a 'top down approach'.

The bottom up review encompasses the identification, management and monitoring of risks in each area of the business and ensures risk management controls are embedded within the business' operations.

This process includes an assessment of the risks to determine the likelihood of occurrence, potential impact and the adequacy of the mitigation or control in place.

A full review is then undertaken by operational management, who evaluate the material risks of the Group with reference to its strategy and the operating environment. The Audit Committee monitors these processes, reviewing the Risk Register and reporting material risks to the Board.

The Group's principal risks and uncertainties during FY16 are summarised in the risk profile table as set out in pages 20 to 23.

Risks and Risk Management
continued

Risk Area	Description of Risk	Mitigation	Change from Last Year
STRATEGIC			
COMPETITOR ACTIVITY	The Group operates in highly competitive markets, particularly within the Convenience Foods division. Significant product innovations, technical advances or the intensification of price competition by competitors provide ongoing challenges and could adversely affect the Group's results.	The Group invests in research and development and ensures that the introduction of both new products and improved production processes place the Group at the forefront of customer needs in its chosen markets. The Group also continually works to streamline its cost base to ensure it remains competitive.	**The Board sees the level of risk to be broadly the same as last year.**
GROWTH	The Group is pursuing a strategy of growth and expansion and has won significant customer contracts recently. This strategy necessitates both major capital investments and selected corporate development opportunities both in the UK and the US. Major capital investments and corporate development opportunities are often high cost, may involve significant change and may result in the addition of material numbers of new employees.	The Board and senior management engage in a robust, formal and thorough process for identifying, measuring and deciding on the suitability of such investment projects. Resources are put in place in both the UK and US, and across the Group more broadly, as deemed necessary to manage the business change. The level of change has been particularly high in the US business and the leadership team there has been reinforced accordingly. In the case of any acquisitions in either the UK or the US, an integration team reporting to senior Group management and the Board is established to ensure a successful integration. In addition, post-project reviews are carried out on all major capital investment projects to monitor the effectiveness of execution.	**The Board sees the level of risk to be broadly the same as last year.**
COMMERCIAL			
CHANGES IN CONSUMER BEHAVIOUR AND DEMAND	The food manufacturing landscape continues to be fast moving and unforeseen changes in food consumption patterns or in weather patterns may impact the Group. In addition, demand for a number of the Group's products can be adversely affected by fluctuations in the economy.	The Group works closely with its customers to adapt to changing consumer trends and invests in market research, innovation and new product development to ensure regulatory, customer and consumer requirements are addressed. In FY16, 42% of all of the products that Greencore manufactured across the UK and the US were new to market.	**The gross risk has increased principally due to uncertainty following the UK referendum vote to leave the EU.**
KEY CUSTOMER RELATIONSHIPS AND GROCERY INDUSTRY STRUCTURE	The Group benefits from close commercial relationships with a number of key customers. The loss of any of these key customers, or a significant worsening in commercial terms, could result in a material impact on the Group's results. In addition, changes to the grocery industry structure may also adversely affect performance. For example, the grocery market is undergoing significant change with the growth of limited assortment discounters, small stores and online sales.	The Group invests significant resources to maintain deep, multi-level relationships which drive value and minimise risk for both itself and its key customers. The Group continues to focus on a broad range of customers across all formats and the exploration of other geographic markets, such as the US, where the Group has continued to expand its service offering during the year.	**The Board sees the level of risk to be broadly the same as last year.**

RISK TREND

Risk increased

Risk unchanged

Risk decreased

Risk Area	Description of Risk	Mitigation	Change from Last Year
COMMERCIAL CONTINUED			
INPUT COST INFLATION	The Group's cost base and margin can be affected by fluctuations in the cost of raw materials, packaging and energy. In addition, labour costs are a significant component of the overall cost base and labour inflation, including the impact of government policies, can have a material effect.	The Group maintains a strong commercial focus on purchasing, process and cost improvement to manage and mitigate these risks. In addition, the Group adopts strategies that diversify risk, thereby improving the positioning of its businesses and the defensibility of its margins. Over the last few years the Group successfully recovered the impact of input cost inflation.	**The gross risk has increased following the UK referendum vote to leave the EU which led to a sharp fall in the value of sterling and increased currency volatility.**
OPERATIONAL			
FOOD INDUSTRY REGULATIONS	As a producer of convenience foods and ingredients, Greencore is subject to rigorous and constantly evolving regulations and legislation, particularly in the areas of food safety and environmental protection.	The Group maintains a strong technical function which sets high standards for food safety and environmental controls which strive for best practice above and beyond the minimum compliance requirements. In addition, Greencore closely monitors emerging issues in an ever-changing regulatory environment to address increasing compliance requirements.	**The Board sees the level of risk to be broadly the same as last year.**
PRODUCT CONTAMINATION	The Group produces a large volume of food annually and there are risks of product contamination through either accidental or deliberate means. This may lead to products being recalled as well as being a significant draw on resources and could therefore result in both a financial and/or reputational impact on the Group.	The Group maintains industry-leading food safety and traceability processes and procedures. Each facility in the UK and the US has a team dedicated to ensuring compliance with Group and industry standards in this area and the Group constantly monitors performance against a detailed set of metrics and measures. They are subject to a number of audits by internal teams, customers and independent bodies auditing against recognised global food safety standards. The Group also operates stringent controls across its supply chain including audits and strict approval of its suppliers, supported by rigorous quality checking of all ingredients. In FY16, 2,251 internal audits and 186 external audits were carried out at our facilities and 170 audits were carried out on Group suppliers.	**The Board sees the level of risk to be broadly the same as last year.**
HEALTH AND SAFETY	In addition to the obvious human cost, a serious workplace injury or fatality could inevitably carry serious financial, reputational and legal risk.	The Group has in place strong processes and procedures in health and safety, supported by an established review programme across all sites. We also have a culture of engagement throughout the business from executive management through to the shop floor.	**The Board sees the level of risk to be broadly the same as last year.**

Risks and Risk Management
continued

Risk Area	Description of Risk	Mitigation	Change from Last Year
OPERATIONAL CONTINUED			
DISRUPTION TO DAY TO DAY GROUP OPERATIONS	The Group is at risk of disruption to its day to day operations from poor operational management, the breakdown of individual facilities or the loss of a significant manufacturing plant.	The Group maintains industry-leading operational processes and procedures to ensure effective operational management at each facility. The Group significantly invests in high calibre on-site teams with responsibility across engineering and maintenance, supply chain, planning and operational excellence. The Group also maintains robust site security and the development of comprehensive operational disaster recovery plans. In addition, the Group undertakes regular reviews of all sites with external insurance and risk management experts; with these reviews being aimed at improving the Group's risk profile.	**The Board sees the level of risk to be broadly the same as last year.**
RECRUITMENT AND RETENTION OF KEY PERSONNEL	The business is currently experiencing strong growth and undergoing significant change. The ongoing success of the Group is dependent on attracting and retaining high quality senior management and sufficient front line employees who can effectively implement the Group's strategy.	The Group mitigates the risk through robust succession planning, strong recruitment processes including rigorous compliance checks, offering competitive and attractive remuneration and benefits packages. The Group has a strong commitment to on-the-job training and specific programmes to enhance communication and colleague engagement. In addition, the Group has established the Group Executive Board which supports succession planning at senior management level.	**The risk has increased following the UK referendum vote to leave the EU which has increased uncertainty around the UK labour market.**
IT SYSTEMS AND CYBER RISK	The Group relies heavily on information technology and systems to support our business. In common with most large global companies, the Group is susceptible to cyber attacks with the threat to the confidentiality, integrity and availability of data in such systems. Whilst no material losses related to cyber security breaches have been suffered, given the increasing sophistication and evolving nature of this threat, we cannot rule out the possibility of them occurring in the future. An extended failure of our core systems, caused by accidental or malicious actions, including those resulting from a cyber-security attack, could result in a significant impact on the business.	Greencore maintains a programme of controls to protect the confidentiality, integrity and availability of information across the Group. In addition, the Group continues to have in place cyber insurance which transfers part of the risk of any deliberate attack over to our insurer. Recent Group business wins have highlighted that the Group will increasingly be required to show compliance with accepted Information Security Standards and the Group plans to review the full set of control documents against the requirements of ISO27001. Management have further mitigated the Group's exposure to IT failure by partnering with a third party to manage the operation of the Group's data centres in order to improve data resilience and security.	**The Board sees the level of risk to be broadly the same as last year.**

RISK TREND

Risk increased

Risk unchanged

Risk decreased

Risk Area	Description of Risk	Mitigation	Change from Last Year
FINANCIAL AND OTHER			
INTEREST RATES, FOREIGN EXCHANGE RATES, LIQUIDITY AND CREDIT	In the multi-currency and multi-national trading environment in which the Group operates, there are inherent risks associated with fluctuations in both foreign exchange rates and interest rates. In addition, in the current economic climate, the Group's credit rating and its related ability to obtain funding for future development and expansion are specific risks.	These risks are actively managed by the Group's Treasury department. The Treasury function operates within the framework of strict Board approved policies and procedures which are explained further in Note 21 to the Group Financial Statements. During the year, the Group refinanced $100m of maturing US private placement notes with a new issuance of notes ($74.5m and £18m) that have a range of maturities between seven and ten years. As a result, the Group is well financed with committed facilities at 30 September 2016 of £536m, with a weighted average maturity of just under five years.	**The level of risk has increased principally due to global uncertainty associated with the UK referendum vote to leave the EU.**
EMPLOYEE RETIREMENT OBLIGATIONS	The Group's defined benefit pension funds are exposed to the risk of changes in interest rates and the market values of investments, as well as inflation and the increasing longevity of scheme members. The recent volatility in worldwide equity markets and decline in bond yields has highlighted the risk of employee retirement obligations.	These risks are mitigated by paying appropriate contributions into the funds and through balanced investment strategies which are designed to avoid a material worsening of the current surplus or deficit in each fund. The Group has closed all defined benefit pension schemes to future accrual. Where relevant, the Group also uses specific arrangements with schemes to improve the security of scheme benefits while maintaining contributions. The Group maintains strong relations with the independent trustees and work together to consider and adopt de-risking policies for the principal UK and Irish schemes.	**The Board sees the level of risk to be broadly the same as last year.**

fresh

& healthy

Consumers are choosing foods that are healthier and better for them, seeking out the fresh, short-shelf life options which Greencore specialises in producing.

RED PEPPER AND CHEESE ORZO SALAD
With black pearl barley, courgette, spinach and sunblushed tomatoes in a basil dressing.

DELIVERING GROWTH FRESH & HEALTHY

Chief Executive's Review

Patrick Coveney

DELIVERING GROWTH

Greencore has become a much stronger business; more than doubling revenues, while growing Operating Margins, for six years.

Patrick Coveney was appointed Group Chief Executive Officer ('CEO') in March 2008, having joined the Group in September 2005 as Chief Financial Officer ('CFO').

Greencore has undergone significant strategic, organisational and operational changes since Patrick's appointment as CEO, most particularly in terms of its performance, strategy and culture.

FY16 has also seen a high level of change. Here, Patrick talks about some of those changes and the implications for strategy, investment, performance and culture going forward.

Q: THERE IS A GROWING SENSE THAT CONSUMER SENTIMENT ACROSS THE WORLD IS FRAGILE AT PRESENT. WHAT CHANGES IN CONSUMER BEHAVIOURS HAVE YOU SEEN IN 2016 AND HOW ARE THEY INFORMING YOUR STRATEGY?

We recognise the pressures that consumers are under and sense that, for many, the world has become a more uncertain and, at times, worrying place. These pressures manifest themselves differently across the UK, US and in Ireland but the drivers are common across all geographies. At the same time, we are also conscious that our consumers are resilient. Across our Group, our strategy is working well; our well-developed food to go model in the UK is benefitting from contract wins and strong underlying growth, with our existing US business now well set up for further growth. We are delivering well against the consumer desire for convenience in food shopping, preparation and consumption. We are also delivering against the consumer drive for better nutrition and healthy options. We recognise the fragmentation of shopping and consumption occasions across channels. However, with our market positions, commercial momentum and recent new business wins, we feel that the Group is well-positioned for further progress in 2017, notwithstanding any headwinds that may emerge.

The decisions we made in 2010 to concentrate on convenience foods, and in 2013 to prioritise food to go, represented a conscious move on our part to put Greencore in the best space to capitalise on these trends. In the last year, we have been particularly struck by: a) the sustained growth of our categories, customers, and products despite overall consumer uncertainties; and b) the development of wider food to go channels.

Our business has continued to grow strongly through the year. In part, that growth reflects new customer wins and gains in our market share, but the underlying market growth has been impressive too. For example, the market growth rate for sandwiches across the UK and US has continued at approximately 5% in both value and volume terms. Consumers seek out, purchase, and consume ever-more convenient food solutions; especially if it can also deliver freshness, value, and trust. Lifestyle, travel and workplace habits underpin this structural growth opportunity for convenience foods, and retail and food service formats have evolved to meet these needs.

Meeting the needs of food to go consumers is central to our strategy – almost three-quarters of Greencore's revenues are in this area. We work very hard to deliver product and supply chain solutions to reflect where and how consumers shop. In this part of the food market, a traditional grocery industry market definition does not always resonate with actual consumer behaviour. For example, if you leave work to get lunch in London, Leeds or Birmingham (or for that matter, in Seattle, Chicago, or Boston) you don't think about your options in grocery or supermarket terms; nor do you confine your choice to quick service restaurants ('QSRs') or coffee shops. You consider the full set – all channels, all formats, all brands. You then make your choice based on some combination of convenience, value, taste and service.

Our customers are responding to this 'blurred world' with new store formats and product ranges. The combination of the enduring consumer demand for convenience and the format response of our customers has created big opportunities for Greencore. We target the food to go occasion, innovate for multiple consumer and shopper requirements across the day, tailor ranges and distribution solutions, work with our customers to bring their brands to life and deliver real value to consumers given our breadth and scale. This strategy works very well for Greencore, our customers and also the consumer. By aligning with our customers in terms of strategy, we are able to deliver great food to consumers under our customers' growing brands.

It is a proposition that favours simplicity in terms of the offering and pricing to consumers. We do not complicate matters by developing our own brands, instead our investment is in high-quality products and end-to-end supply chains, not into brand marketing. We leverage our scale for both business effectiveness and cost efficiency and, by focusing on a relatively narrow set of food occasions and product categories, we continue to build scale, capability and expertise.

Q: HOW HAS GREENCORE PERFORMED IN THE US THIS YEAR?

This has been a milestone year for Greencore US in many respects. We completed the commissioning of our new, high-quality, manufacturing facilities. After a difficult start, Rhode Island is now performing to plan. The final piece of our new factory agenda, namely, our new site in Seattle, was delivered on time, on budget and hit its key operational and people metrics ahead of plan. Our more mature sites had strong years of performance in every respect. We continued to deliver good growth with our two largest customers and are building an exciting pipeline of new business opportunities. Chris Kirke has strengthened our pioneering US leadership team and worked with Peter Haden to seamlessly connect US execution with our Group's strategic agenda. Importantly, we delivered a profitable second half in FY16 and the US division is now set up to progress further in FY17.

Q: LAST MONTH YOU ANNOUNCED THE BOARD'S INTENTION TO ACQUIRE PEACOCK FOODS. WHY ARE YOU EXCITED ABOUT THIS DEAL AND HOW DOES THIS BUSINESS FIT INTO THE WIDER GROUP STRATEGY?

The acquisition of Peacock Foods will transform our US business, strengthen our position in high growth categories, broaden our channel and customer exposure, and add significant scale to our operations. We believe Peacock's success is built on the same fundamental strategy and values that drive Greencore, making products that consumers love, building deep, long-standing relationships with customers, investing in high-quality manufacturing capacity, food safety capability and most importantly, people. We are delighted to welcome the Peacock team into the Group.

Chief Executive's Review
continued

Q: YOUR LEVEL OF CAPITAL EXPENDITURE INTO THE BUSINESS WAS SIGNIFICANT IN 2016. WHY WAS THAT AND WHAT DOES IT MEAN FOR GROWTH GOING FORWARD?

Our vision is to be a fast-growing, international convenience food leader. Our strategy has been to build scale, leadership, capability, relationships and returns in UK and US food to go and complementary convenience food markets. Over the past eight years, we have executed this strategy through a combination of strong growth with existing customers and facilities, 'on strategy' M&A, and more recently a significant step up in new facility development. In 2016, we commissioned, built or acquired seven new food to go facilities – a big step up in activity on any previous year.

In the UK, we built and opened a state of the art new sandwich facility in Northampton and now also have a new sushi unit under construction there. In February, we commissioned two new distribution centres for our direct-to-store business, and in July we acquired The Sandwich Factory from Cranswick plc. This acquisition will widen our channel and product reach in the food to go market. In the US, we completed the commissioning of our new sandwich facility in Rhode Island and built and opened a greenfield site in Seattle. Three themes underpin each of these projects: a) a focus on the fast-growing food to go market; b) high levels of customer commitment to utilise large elements of this new capacity; and c) progressively better project management discipline and shared learning as we have developed and commissioned these facilities.

The second factor that underpins our step-up in capital expenditure has been our sustained investment in functional and leadership capability. Greencore has become a much stronger business; more than doubling revenues, while growing Operating Margins, for six years. Throughout this journey we have tried to remain a dynamic, outward-looking, vigorous and progressive business. Such elements of our culture are part of who we are. At the same time, in order to sustain our trajectory and underpin our vision and growth we need to continue to strengthen our IT infrastructure, our functional practices (in HR, Quality, Operations, Finance and Strategy) and our leadership pipeline. Some of our recent step-up in capital expenditure in 2016 reflects such investments in our capability and capacity. This is a trend that will continue in 2017.

Q: YOU TALK A LOT ABOUT THE GREENCORE WAY. WHAT IS IT, HOW HAS IT BEEN EMBEDDED, WHAT HAVE YOU LEARNT AND WHERE DO YOU PLAN TO TAKE IT FROM HERE?

The Greencore Way has reset how we think about, design and operate our organisation. Truly, it is one of the very best things that we have done. The concept is incredibly simple. Between 2008 and 2013, we transformed our strategy, portfolio, organisation and team. In so doing we created a new business taking different parts of Greencore, Hazlewood, Uniq, MarketFare Foods and Schau. What The Greencore Way does is pull these constituent parts, teams and cultures into a single, strong, consistent culture, language and framework to unite our business.

The Greencore Way describes who we are and how we succeed. It brings together all the key elements of how we operate at Greencore. It is based on four principles that underpin our vision and strategy:

- People at the Core
- Great Food
- Business Effectiveness
- Cost Efficiency

You cannot create or impose a culture from scratch; it has to be grounded in who you are and what you value. The magic of The Greencore Way deployment was that so many of our colleagues recognise so much of their organisation, their team and themselves in it. They may not have used exactly the same language or approach but, in substance, it resonated with them.

Onto those foundations we layered a communications approach, a performance management system, thoughtful ways of sharing best practice and a consistent approach to divisional and functional deployment. In 2016 we rolled out a comprehensive functional competencies approach, together with a new leadership model – that we call 'High Definition Leadership'. Furthermore, we have put over 130 of the top leaders in our business into a structured, common, 12-month leadership training programme. Throughout, we have concentrated as much on looking out as on looking in. We also added hundreds of personal touches such as discrete individual leadership commitments made by senior and middle management to bring The Greencore Way into their everyday behaviour. For example, for more than two years now, I have been writing a personal blog (typically each fortnight) to the entire organisation.

We are all excited about the further potential of The Greencore Way. The next iterations of it will almost certainly focus on further functional and process capability building, facilitating the transition to a more common operating platform across divisions and geographies.

Finally, I wanted to thank my Board and Group Executive Board colleagues, the other senior leaders in all parts of the Group and the thousands of colleagues – both new and old – who deliver Great Food every day. I also want to especially thank our customers and shareholders for your continued support. It is a privilege to lead this organisation and, notwithstanding what we have achieved already, it still very much feels like our best days lie ahead.

PATRICK COVENEY
Chief Executive Officer
4 December 2016

Corporate Social Responsibility Report 2016

Our vision is to be a fast-growing, international convenience food leader. Our strategy is to be a food to go leader in the UK, the US and other markets supported by leading positions in complementary convenience food categories.

The Greencore Way

The Greencore Way describes both who we are and how we succeed. It is a simple model that brings together all the key elements of how we operate at Greencore. It is based on four core principles that are central to our vision. Our recent People at the Core survey of employees showed that 85% of respondents understand The Greencore Way and what it means to their roles.

OUR PRINCIPLES

people at the core
- Keep people healthy and safe
- Respect, recognise and reward everyone's contribution
- Ensure responsibility is owned by the right people
- Support one another to fulfil each person's potential
- Build a sense of excitement and fun into the work environment

great food
- Deliver industry leading food safety standards every day
- Put great tasting food at the heart of our culture
- Continuously innovate food recipes and technologies
- Establish industry recognised food expertise and credibility

business effectiveness
- Drive growth and performance with and for our customers
- Operate as a lean enterprise - right across the supply chain
- Align our resources to our strategy
- Maintain control and discipline across the business

cost efficiency
- Embed the importance of cost efficiency
- Develop a constant pipeline of cost initiatives across all parts of our business
- Challenge the status quo to deliver substantial value for all stakeholders
- Share a strong sense of personal responsibility and care for all Group resources

OUR STAKEHOLDERS

Shareholders
Delivering industry leading economic performance

Customers
Delivering excitement, intimacy, growth and trust

Suppliers
Building effective and transparent supply chains

Communities
Doing the right thing for our industry and our communities

Environment
Efficiently using and respecting all resources

PEOPLE AT THE CORE

We are a highly people-intensive business and believe that we ultimately differentiate as a business through our people.

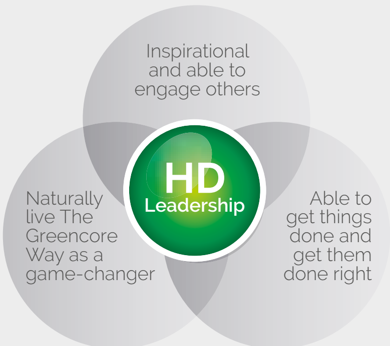
The guardhouse at Selby

PEOPLE DEVELOPMENT

HIGH DEFINITION LEADERSHIP

Our ambitions demand clarity around expectations for all leaders in Greencore. High Definition Leadership provides a sharper picture of what good leadership is at Greencore.

High Definition Leadership identifies best practice in our business. It is broken down into component parts to enable employees to develop over time. It enables employees to work within The Greencore Way framework, be inspirational, engaging and to get things done in the right way.



THE DEVELOPMENT OF GREENCORE COMPETENCIES: As part of High Definition Leadership we have developed clear profiles for all the roles within our business, and built our own set of Greencore competencies.

Furthermore, over 130 senior leaders embarked on a leadership programme to help our leadership team on their journey. It aims to help leaders to be the best they can be and bring to life High Definition Leadership.

PRIDE: With the development of clearly defined role profiles and competencies Greencore has also refreshed its performance management system, which we call PRIDE. The PRIDE system allows active management of goals throughout the year, rather than at set points. We are now also able to record an individual's competency proficiency, which enables us to provide them with appropriate learning and development support. This in turn supports the business and the employee to plan for succession and future development within Greencore.

TECHNICAL TRAINING: The Group technical department runs and coordinates a programme of training courses to maintain and develop the expertise of our site technical teams. This year 22 external courses have been provided giving training in basic technical skills through to advanced courses in areas including: Hazard Analysis and Critical Control Points ('HACCP'), allergen management, legal labelling and thermal processing.

In addition, our Technical Support Manager provides bespoke training for individual Greencore sites on areas such as internal auditing, root cause analysis and allergen awareness. These are tailored to use examples and situations from the site to enable participants to apply learnings directly.

Throughout FY16 colleagues took advantage of 530 training places provided by the Group technical programme.

GROUP TECHNICAL GRADUATE SCHEME: We recently welcomed the fourth intake of Group technical graduates to Greencore and their first site placements. The scheme began in 2013 and we are pleased to have four graduates from the programme now employed in permanent roles across the UK business.

Graduates joining the scheme have degree qualifications in food science and related disciplines, and work at two of our sites during a two-year period. They attend technical and general skills training courses throughout the period.

Greencore also supports a number of colleagues who are working to gain professional qualifications, including those on apprenticeship schemes. We are members of the Institute of Food Science & Technology Continuing Professional Development scheme with a number of technical colleagues, including our graduate population, enrolled.

Greencore continues to promote technical careers in the food industry through sponsorship of university Food Science Summer Schools. We provide support through our membership of industry organisations and by direct sponsorship of student places.

A number of Greencore colleagues are Science, Technology, Engineering and Maths ('STEM') ambassadors who visit schools and events to speak to young people about the opportunities available in the food industry.

Greencore has been a key participant and supporter of the IGD-led initiative, Feeding Britain's Future, since it was launched four years ago. Through the programme, businesses provide training to young unemployed people to help them become ready for work.

Thanks to the support of Greencore colleagues throughout the UK, Greencore has provided 2,400 skills for work training opportunities for young unemployed people, and participated in nearly 100 workshops for Year 9 and Year 12 pupils in the UK.

Corporate Social Responsibility Report 2016
continued

PEOPLE AT THE CORE CONTINUED

KEEP PEOPLE HEALTHY AND SAFE

At Greencore one of our main aims is to keep people healthy and safe.

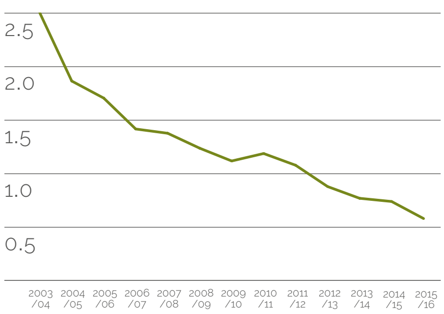
We have a common health and safety strategy, with clear and intrinsic governance and stakeholder management. This is supported by a common set of key performance indicators which we communicate across our business supporting enhanced health and safety management.

We continue to benchmark the Group Accident Incident Rate ('AIR'). During the period 2014/15 to 2015/16, the AIR has been reduced from 0.73 to 0.57 accidents per 100 employees. Reportable accidents have decreased by 9.8%.

Each manufacturing site is subject to an unannounced health and safety risk management and compliance audit annually. In recognition of our desire to continuously improve, the audit reporting format has been reviewed to reflect our risk-based approach, improve visibility of our risk profile and secure effective and efficient close out of next steps.

In the US, we continued to finalise the development and implementation of a comprehensive environmental, health and safety program including an overall management system, distinct programs and key performance indicators to govern all related actions. These actions led to a 50% reduction in total Occupational Safety and Health Administration ('OSHA') recordable injuries, and a 72% reduction in lost work day incident rate over the year. Two sites, Salt Lake City and Minneapolis, surpassed a milestone of 1,365 days with no lost time injuries.

Accident Rate per 100 Employees



DIVERSITY

Greencore respects and values inclusion and diversity, not only gender diversity, but also cultural and age diversity.

RATIO OF MEN AND WOMEN

We strive to build a culture of embracing diversity in all its forms. This includes recruiting, promoting and developing women across the Group.

In 2016, approximately 39% of all employees were female. At Board level, 25% of our Directors were female. Female representation on our subsidiary company boards was 22% and 25% of our senior managers were female.

Total Employee Gender Breakdown

Country	Ireland	UK	US
No. of employees	43	11,173	1,530
Male	21	6,944	770
Female	22	4,229	760

Operations colleagues at Kiveton

Food to Go direct to store operations

Operations colleagues in Seattle


Line colleagues at Selby

There are now nine sites across the Group which are independently audited against OHSAS18001 occupational safety management system, Greencore Grocery in Hull being the most recent addition.

We have continued our strong association with the Royal Society for the Prevention of Accidents ('RoSPA'), and our Wisbech and Park Royal sites have been recognised with a silver and gold award respectively. Our Northampton site received the President's award for 12 consecutive gold awards.

We continue to support the UK Health and Safety Executive Food and Drink Manufacture Health and Safety Forum to help shape the strategy for health and safety in the food manufacturing sector in the UK for the future. We also hold places on the Institute of Occupational Safety and Health ('IOSH'), Food and Drink Manufacturing Committee and are recognised as a significant contributor to the National Health and Safety Strategy Paper (published jointly by the Health and Safety Executive, Trade forums and Trade Unions).

The health and safety team have undertaken an extensive and collaborative training programme and initiated a new operating model, intended to further support our efforts to ensure that our management systems are not only fit for purpose, but also fit for the future.

GREENCORE ETHICAL CODE

Greencore is committed to ensuring a high standard of ethical and environmental practices. We believe that we have a responsibility to adhere to the highest standards of behaviour and care. We will ensure that all products manufactured and sourced by Greencore are produced under working conditions that are hygienic and safe, and that all workers involved in the production of products sold by Greencore from direct suppliers, indirect suppliers and our own service providers are treated with dignity and respect.

Our ethical code is published on our website in order to make our commitment visible to all of our stakeholders.

Greencore is a member of the Supplier Ethical Data Exchange ('SEDEX'). All UK sites are registered and have completed a self-assessment questionnaire. Our manufacturing sites have regular independent ethical audits. We ensure Group and Divisional representation at the SEDEX annual conference and are members of the SEDEX Stakeholder Forum.

We encourage our suppliers to operate to the same ethical standards as Greencore. It is a requirement that any new suppliers are SEDEX registered and visible to Greencore on the SEDEX system. They are also required to comply with Article 4 of the European Convention on Human Rights on the prohibition of slavery and forced labour. We have been progressively encouraging SEDEX registration among existing suppliers and have achieved this for all suppliers in certain key raw material categories. We are participating in an industry pilot towards a common approach to risk assessment together with other food businesses.

Greencore is subject to the provisions of the Modern Slavery Act which commenced in October 2015. All staff employed by Greencore whether permanent, contract or temporary, should expect to be treated in line with the employment standards set out in our ethical code. In recognition of the nature and level of concern about modern slavery, we have a number of activities in place related to preventing or tackling this and wider human rights issues.

All of our UK sites are 'Stronger Together' Business Partners. Stronger Together is a multi-stakeholder initiative, aimed at preventing forced labour. It was developed by a partnership of the Association of Labour Providers, the Gangmasters Licencing Authority and Migrant Help, with the support of retailers and industry associations. Materials provided by the campaign are displayed at sites, including sources of help and support for those with concerns and new employees are briefed as part of their induction.

In September our Prepared Meals division was recognised with an ethical award by one of our key customers.

Greencore ensures that we comply with all regulations surrounding the right to work and compliance is audited by our Group risk team. The team also audit compliance with the Ethical Trading Initiative ('ETI') Base Code on working hours.

Greencore provides an anonymous, free and confidential helpline to all its employees and contractors, where they can raise any concerns about employment standards, ethics or issues that are personal in nature.

Corporate Social Responsibility Report 2016
continued

PEOPLE AT THE CORE CONTINUED

BUILD A SENSE OF EXCITEMENT AND FUN INTO THE WORK ENVIRONMENT

At Greencore, we recognise the importance of celebrating key events and the need to bring a sense of fun to the workplace.

In FY16, the technical services team at the UK Centre held a spring event to help colleagues understand their role in maintaining the quality and integrity of our raw materials. With a selection of foods for tasting, the team demonstrated a variety of ingredients and their impact on products.

Colleagues from across the business also held charity events. These events bring fun and excitement into the workplace, support local communities and help bring people together. We share our enjoyment of these events through the Greencore Group intranet.

One of our chosen charities is Bluebell Wood Children's Hospice. This year colleagues from our UK Centre, Manton Wood and Kiveton sites have created a floral sanctuary designed to provide a calm outdoor space for families and friends at the hospice.

Further details of our charitable events can be found on our website: www.greencore.com.

RESPECT, RECOGNISE AND REWARD EVERYONE'S CONTRIBUTION

Everyone has a role in delivering the Greencore vision to be a fast-growing, international convenience food leader. The Greencore Way Awards underpin and bring to life The Greencore Way through encouraging employees to nominate their colleagues and themselves when they feel they have gone over and above expectations in an activity relating to one of the four Greencore Way principles.

Awards are made monthly at site, quarterly at Divisional level and annually at Group level. In FY16 over 1,000 colleagues will have been recognised with a Greencore Way Award.

As part of our People at the Core survey, employee engagement is measured and this year saw a 2% increase from 77% to 79%. There was an overall increase in response rate to the survey from 69% in 2015 to 80%, with 82% of employees indicating that they are happy working for Greencore.

Business In The Community Give & Gain Day in Hull

The Greencore Way Awards winners

BUSINESS EFFECTIVENESS

Our goal is to operate as a lean enterprise right across the supply chain.

Manufacturing colleagues in Selby

The Group sees lean as a key philosophy that underpins everything we do. We embrace lean principles and methodologies to realise breakthrough performance improvements in all functions of our business, with our customers and supplier partners. This strategy is developed and governed through an executive steering group with representatives from all divisions.

To track our progress on the journey and to continually challenge ourselves to close gaps and improve, we have developed a lean enterprise road map. This structured assessment has defined building blocks with best practice examples that support the continuous improvement of our methods and the rapid replication of these across the Group. Progress along the road map is achieved through a common approach to people development from lean awareness, shop floor coaching of daily management and root cause analysis to formal qualifications such as Lean Six Sigma Yellow, Green and Black belt. We have ambitious plans to expand our 'belt' practitioner community throughout all functions not only to deliver breakthrough projects through formal A3/DMAIC plans but to also coach lean methods and act as role models. We see this as key to developing our 'Continuous Improvement Engine' to deliver ever-increasing levels of performance which we can reinvest in our innovation, growth and capability building.

Within our High Definition Leadership Programme, we have built in lean competencies to all of our key role profiles. We are developing our structures to enable effective capability deployment from Group to shop floor and are enhancing our data capture and management information systems to continuously refine our daily management and strategy deployment processes.

In order to extend our lean thinking up and down the supply chain, and develop effective and durable relationships with our customer and supplier partners, we undertake end to end supply chain improvement activities. These not only identify opportunities for removing waste from the supply chain but also cement our business relationships with a joint commitment to continuously improve and redesign our processes and products. We see this as key to our role as category leaders and to strengthen our position as the supplier of choice with our customers.

We have recently focussed on the development of our engineering function with key work streams looking at our apprenticeship programme, maintenance management systems and a best practice model road map.

Warehousing colleagues at Kiveton

Corporate Social Responsibility Report 2016
continued

ENVIRONMENT

Efficiently using and respecting all resources.

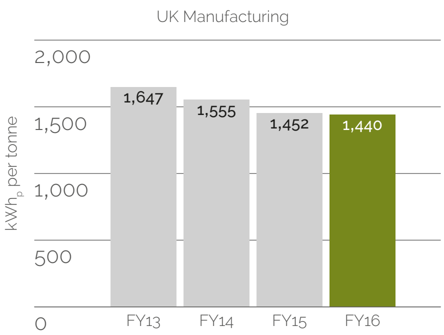
Prepared Meals facility in Kiveton

Being effective at managing and using our resources and reducing waste is entirely consistent with Greencore's economic and business aims.

Each Greencore site and employee has a responsibility to conserve precious resources and reduce our impact on the environment. Energy efficiency was a key focus for the year, and we were fully compliant with the requirements of the Energy Savings Opportunities Scheme ('ESOS') by the original deadline of 5 December 2015. A number of the energy efficiency opportunities identified during our ESOS audits at all UK manufacturing facilities have been delivered, with more to follow in the next three years. In addition to improving the efficiency of our existing sites we have also looked to incorporate environmental sustainability into new developments. Our new food to go facility in Northampton has a number of key measures integrated into the design:

- Heat recovery from the refrigeration system and air compressors as the lead generator of hot water;
- Free cooling element incorporated into the refrigeration system to maximise natural cooling and reduce energy consumption;
- LED lighting and PIR sensors fitted as standard throughout the building; and
- Modular unit design and building management system to enable flexibility of operation to meet fluctuating production levels (i.e. able to shut off air handling to individual halls when not in production).

Primary Energy Consumption per Tonne of Product



The overall impact of our activities has been a further 1% reduction in primary energy per tonne of product, and a total of 12.6% reduction over the last three years for our UK manufacturing operations.

During the year we responded to the CDP climate change module for the seventh successive year, and again to the forest and supply chain modules. Our overall score for the climate change module was C, in line with the overall CDP programme average.

Our annual carbon footprint has been produced using the Department for Environment, Food and Rural Affairs environmental reporting guidelines and the UK Government conversion factors for company reporting. We have included our Scope 1 emissions (fossil fuels for process, transport fuel and refrigerant losses) and Scope 2 (electricity) which has been completed on a location-based method. We are currently evaluating options for also reporting on a market-based method for next year. Emissions for the last three years are summarised below, all reported as CO_2e.

An increase in our production levels has led to an overall increase in the GHG emissions compared to last year. A significant new contract and expansion of our van fleet within the Food to Go division led to an increase in transport related Scope 1 emissions, and incidents with old refrigerant plants which had previously been converted from HCFCs to HFCs account for the remaining increase.

Our Scope 2 emissions have decreased by approximately 4.5%, although this is due to the average grid factor reducing this year, off-setting a slight increase in absolute electricity consumption linked to the production increases, but limited by the energy efficiency improvements.

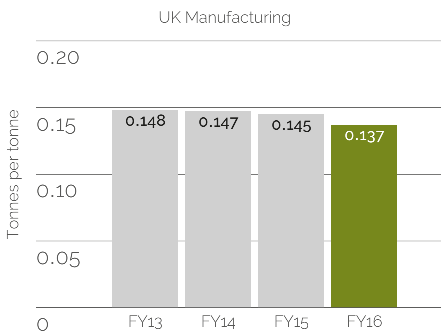
Global GHG emissions data for period 26 September 2015 to 30 September 2016

		Tonnes of CO_2e	
	2013/14	2014/15	2015/16
Emissions from:			
Combustion of fuel and operation of facilities (Scope 1)	77,850	68,350	73,624
Electricity, heat, steam and cooling purchased for own use (Scope 2)	71,875	70,707	67,546
Total emissions (Scope 1 & 2)	149,725	139,237	141,170
Ratio (Kg CO_2e per £1 sales revenue)	0.118	0.104	0.095

MANAGING OUR WASTE

We continue to manage our waste in line with waste hierarchy, with our lean programmes focused on elimination and minimisation at source. This is reflected in our continued steady reduction in overall levels of solid waste generated per tonne of production, which shows 7.4% reduction over the last three years in our UK manufacturing operations.

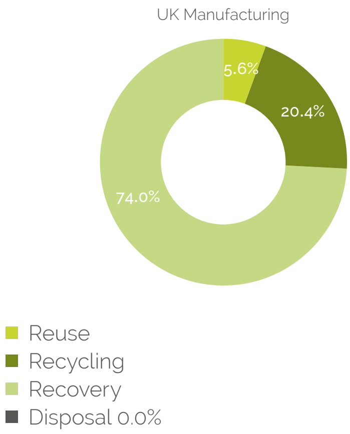
Waste Generated per Tonne of Product



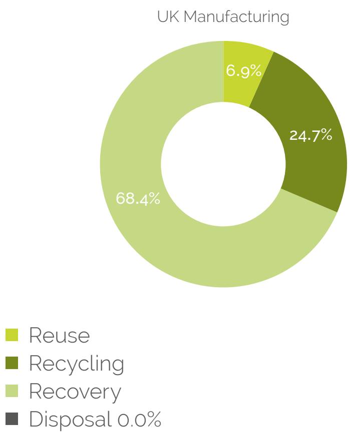
This year we have further developed our relationship with the Company Shop Ltd in the UK to offer a route for redistribution of food that is still fit for human consumption, as an alternative to it going to waste. During the year we redistributed 526 tonnes of food product that would otherwise have gone to waste. We have also commenced a pilot programme at our newly acquired Food to Go site in Atherstone, to donate a proportion of the redistribution to the Community Shop, the social enterprise scheme run by the Company Shop Ltd.

During the year we have maintained our avoidance of landfill and worked on our waste recovery and recycling, culminating in an increase in recycling rates compared to last year for our UK manufacturing operations.

Total Solid Waste FY15



Total Solid Waste FY16

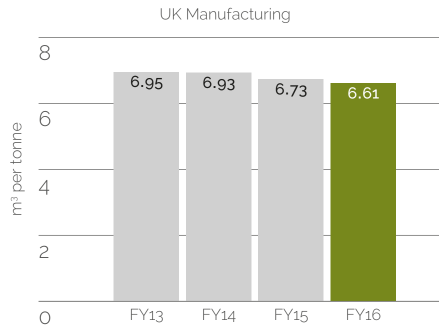


Operations colleague in Selby

CONSERVATION OF WATER

As a food manufacturer working to strict hygiene standards we recognise that we are a significant user of water. During the year, our lean environment programme had a special emphasis on water conservation and worked closely with hygiene teams, particularly within our Prepared Meals division. Our water consumption per tonne of product was reduced year on year by 1.8%, contributing to 4.9% reduction in the last three years for our UK manufacturing operations.

Water Consumption per Tonne of Product



Note – during an internal review we discovered that a water source on one of our sites had not been included on our previously reported data. The figures for FY13 to date have been amended to include this consumption.

ENVIRONMENTAL MANAGEMENT

During the year, we developed and launched our environmental roadmap to provide all of our UK manufacturing sites with a common framework for managing all environmental aspects of the business. We also relaunched our internal environmental compliance auditing programme, with nine sites audited during the year and the remaining seven to be audited in 2017 as part of a rolling two-year cycle.

Changes to operations meant that we submitted two new applications for environmental permits during the year which will give us a total of 10 (of 16) manufacturing sites operating within the permitting regime in 2017.

For the third year running we successfully ran activities across the business in support of World Environment Day, to help engage with our employees and local communities on our environmental journey.

Corporate Social Responsibility Report 2016
continued

GREAT FOOD

Deliver industry-leading food safety standards every day.


Cooking sauces on production line

Food safety is the priority for our business and we have an intense audit programme to support our safety standards.

Throughout the year 2,251 internal audits were carried out at our manufacturing facilities. All of our UK sites are third party BRC 'A' grade accredited through independent, and mainly unannounced audits with all sites moving to the unannounced audit scheme next year. Our US facilities are either BRC or SQF accredited. In total our sites underwent 186 audits by external bodies.

Greencore has a raw material integrity programme which aims to minimise vulnerability to food fraud. The Group technical team implements a central testing schedule to monitor and maintain raw material integrity. We adopt a Threat Assessment and Critical Control Point ('TACCP') approach which identifies vulnerable points within the supply chain, and seeks to identify emerging risk through horizon scanning. The results are communicated within the Group.

We have expanded our raw material expertise through the appointment of Subject Matter Experts ('SME') in key ingredients. Our SMEs form a vital link between suppliers and manufacturing sites. Throughout the year, the SME team made 127 visits to suppliers. Through projects focusing on raw material categories identified as high risk by our horizon scanning programme, SME and purchasing colleagues have helped to reduce the supply chain for certain material categories to selected companies whose practices meet the Greencore standard.

Through the raw material integrity and SME programmes we ensure that the provenance, nature and quality of our ingredients meet our expectations and those of our customers. We have implemented assured standards for certain raw materials. Five of our Food to Go sites are Marine Stewardship Council ('MSC') certified. We are members of the Round Table on Sustainable Palm Oil ('RSPO') and hold multi-site supply chain certification for UK facilities using palm oil-containing ingredients. With the help of our suppliers, we have progressively moved 99% of the palm oil in our raw materials to segregated or mass balance supply chain models with full chain of custody.

Implementation of our product life management system has involved the review of hundreds of raw material specifications, and movement to a single centralised copy. During this process we have worked with our suppliers to improve the overall quality of information through repeat validation and removal of redundancy.

The supplier approval process administered through our central purchasing and technical teams underpins our food safety and integrity standards. We require all raw material suppliers to be accredited to BRC or equivalent standard. All of the agents and brokers supplying raw materials to Greencore's UK sites are working towards BRC accreditation. Transport and distribution companies used by our sites are also BRC certified.

Raw material suppliers are risk assessed and audited according to the resulting risk level. In 2016 the Group technical team carried out 170 physical audits of suppliers, including 45 overseas, and 824 desktop approvals. The supplier networks behind 106 agents supplying raw materials were also risk assessed.

CONTINUOUSLY INNOVATE FOOD RECIPES AND TECHNOLOGIES

The convenience food market is dynamic and rapidly developing and we continuously innovate in both recipes and technologies in order to offer our customers exciting products. This year 42% of products manufactured in the UK and US are new to market.

Nutrition is important to both Greencore and our customers. Consumers demand convenience foods that are healthy and nutritious, as well as great tasting. We began to reduce the salt content of our products in 2004 and work within the 2017 salt targets during product development and manufacture. We align with the 2011 Public Health Responsibility Deal commitment on removal of all artificial trans fats from UK products.

We have made significant progress in our work on salt reduction since 2004 but recognise that, for certain key raw materials, innovative approaches are needed in order to take removal of salt and other public health sensitive nutrients to the next level. Together with a small consortium, we participated in a competition to secure research and development funding from Innovate UK to reduce salt and fat levels in our quiche products. The project will take three years to complete and targets the cheese component of quiche. It is anticipated that it will generate exciting technology that can be transferred to other baked cheese products.

In addition to working to reduce levels of certain nutrients within our products, we work with our customers to meet a range of consumer requirements. We provide products for those with sensitivity to specific allergens as well as those seeking meat-free options.

ESTABLISH INDUSTRY RECOGNISED FOOD EXPERTISE AND CREDIBILITY

We are proud of the expertise of the Greencore team and delighted to congratulate one of our Prepared Meals chefs on becoming GroceryAid Grocery Cook of the Year. Another colleague's skills were sought on the other side of the judging table when she was invited to join the panel at the International Cheese Awards.

In support of the wider food industry, Greencore has been instrumental in a key initiative to protect the integrity of the food supply chain. The Food Industry Intelligence Network ('FIIN') was established in 2015 in response to the Elliott Review, UK Government commissioned report. The Elliott Review recommended that the food industry should establish a safe haven to disseminate information and intelligence. Throughout the year, FIIN has collated the results of food integrity tests provided anonymously from its members through an approved intermediary. The organisation, which is co-chaired by Greencore's Technical Director, is rapidly gaining recognition across the industry.

PUT GREAT TASTING FOOD AT THE HEART OF OUR CULTURE

The Great Food principle underpins all aspects of life at Greencore and we make the most of opportunities to produce and enjoy great food at events across our sites.

Minneapolis celebrated their great achievement of four years with no lost time injuries with Great Food prepared by their development chef and served up by the Leadership team.

New product launches often create excitement and colleagues are keen to try new creations. When our Selby site began exporting products to a customer in Australia, the development team prepared a meal for all colleagues to try the range.

Throughout the year Greencore's Evercreech facility has run an around the world culinary experience by 'visiting' different countries each month. The initiative came from the site's employee forum and sampled dishes from nations voted for by employees. This gave the development chefs an opportunity to produce amazing dishes, such as pork kebabs, with sweet chilli sauce and bananas wrapped in filo pastry with mango sorbet, prepared for the Thai experience.

Team meeting at Manton Wood

Product quality panel in Seattle

snacking

There is a significant increase in the number of meal occasions that US and UK consumers choose to enjoy through the day. We have adapted our portfolio to meet these new snacking occasions.

RAINBOW SUSHI

A dragon roll with surimi and cucumber topped with smoked salmon, a Futomaki with bright purple cabbage rice filled with edamame beans and cucumber, a California roll with teriyaki marinated tuna and cucumber rolled in chives, a crabmeat California roll coated in yellow pepper, a carrot rice Futomaki with prawns and red pepper and a soft cheese, red pepper and chive California roll coated in red pepper.

All to be enjoyed accompanied by soya sauce, wasabi and pickled ginger.

DELIVERING GROWTH SNACKING

Operating and Financial Review*

Convenience Foods revenue was 11.2% higher than FY15 and 6.6% higher on a like for like basis whilst Operating Profit grew by 11.6%.

EOIN TONGE
Chief Financial Officer

Convenience Foods

	FY16 £m	FY15 £m	Change (As reported)	Change (Like for like)
Revenue	**1,435.2**	1,290.2	+11.2%	+6.6%
Operating Profit	**100.0**	89.6	+11.6%	
Operating Margin	**7.0%**	6.9%	+10 bps	

OPERATING REVIEW CONVENIENCE FOODS

Reported revenue in the Convenience Foods division increased by 11.2% to £1,435.2m. On a like for like basis, revenue was 6.6% ahead, with the UK up by 6.9% and the US up by 5.2% (product exits are estimated to have reduced the sales growth rate by approximately three percentage points). Growth in both the UK and US was driven by food to go performance with the UK business outperforming the market due to customer business wins, and the US performance driven by growth with the business' two largest customers. Operating Profit increased by 11.6% to £100.0m driven by strong revenue growth and good operational performance and despite investment in overheads and indirect costs to support new business wins, particularly in Food to Go.

UK CONVENIENCE FOOD

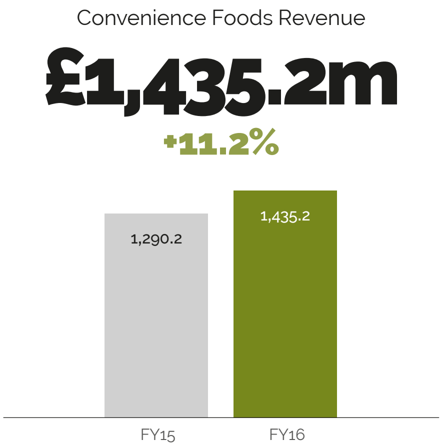
FOOD TO GO

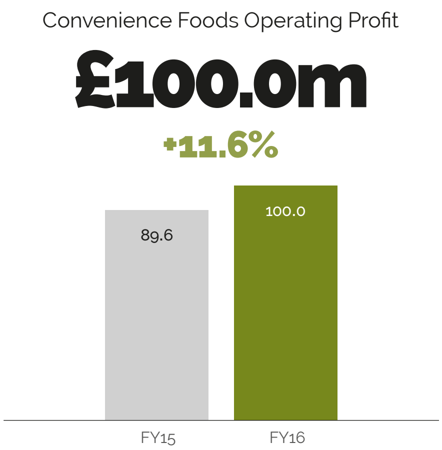
The UK Food to Go division represents approximately 45% of Group revenue and comprises sandwiches, sushi and salads.

The sandwich category and the broader chilled food to go market (sandwiches, snack salads and sushi) showed good growth in FY16 in the grocery channel with the sandwich market 4.5% ahead and chilled food to go ahead by 5.6%.

Greencore's Food to Go division again significantly outperformed the market.

Reported revenue growth was 17.0%. Excluding the acquisition of The Sandwich Factory and the impact of the 53rd week, like for like revenue growth was 12.3%. Growth was driven by new business wins and the associated roll-out of new product lines.





* The Group uses a set of headline Key Performance Indicators ('KPIs') to measure the performance of its operations and of the group as a whole. Certain of these KPIs are non-IFRS measures or Alternative Performance Measures ('APMs') and definitions and reconciliations of the APMs to IFRS measures are provided in Note 35 to the Financial Statements.

The construction of unit D on the Northampton campus was completed during H1 16 and two of the four production cells were fully commissioned during the year. Construction of the sushi facility in Northampton was also completed in FY16 with the installation of production equipment now underway. The remaining transfers of new products into the Northampton campus are all scheduled to be completed during H1 17. During H2 16, the division installed additional production lines in its two London facilities to enable a major long-term sole supply award from an existing customer. The full range for this customer was relaunched towards the end of the financial year.

The business commenced a new distribution contract with an existing customer for both its sandwich and broader chilled product ranges. This contract was enabled by investment in two major picking and distribution facilities in Worksop and Hatfield, together with a significant systems upgrade.

In July 2016, the Group acquired The Sandwich Factory from Cranswick plc for a headline consideration of £15m. The business extends Greencore's presence outside of its current core business with large grocery customers. The facility also offers an opportunity to modestly increase overall capacity across the food to go network and has brought new capabilities in short-run, specialist product formats. Performance to date has been in line with expectations.

PREPARED MEALS

The Prepared Meals division comprises chilled ready meals, quiche, chilled soup and chilled sauces and represents approximately 20% of Group revenue.

The chilled ready meals market grew by 2.3% in FY16 while our principal sub-segment, Italian chilled ready meals, grew by 2.5%. The quiche market grew by 1.0% while chilled soup was 2.1% lower following a mild winter.

Reported revenue in the Prepared Meals division was 5.1% higher than in FY15 or 2.9% ahead on a like for like basis. Chilled ready meals revenue performance was modestly ahead of the market as was soup, while quiche revenue was modestly behind the market.

During the year, all principal customer agreements were renewed and a significant number of products added or relaunched. The division has increased its participation in the Italian meals segment, underpinned by long-term customer agreements. Given this greater visibility, the Group is investing in refurbishing its two largest chilled ready meals facilities.

Ingredients & Property

	FY16 £m	FY15 £m	Change (As reported)	Change (Like for like)
Revenue	**46.7**	50.1	-6.8%	-12.0%
Operating Profit	**2.0**	2.1	-4.8%	

GROCERY

The Grocery division provides meal components such as cooking sauces, table sauces, pickles and Yorkshire Puddings as well as cakes and chilled desserts. It operates from four facilities and represents approximately 20% of Group revenue.

The Grocery division has seen significant price deflation in its markets during the year given lower input cost prices and intense retail competition. The own label cooking sauces market grew by 0.2% in value terms whilst volumes grew by 3.4% reflecting pronounced price deflation. The Yorkshire Puddings market was 2.6% lower, the ambient cakes market was flat and the chilled desserts category grew by 3.1%.

Reported revenue in the Grocery division grew by 0.7% and was 1.2% lower on a like for like basis. The division is actively supporting its principal customers' initiatives, and during the year it has provided insights and category management solutions and supported customer initiatives to extend own label participation, particularly in the cooking sauces market. The growth in core volumes, together with a tight focus on cost control, has enabled the division to maintain its position.

US CONVENIENCE FOODS

The US division is focused on food to go products supplied predominantly to the convenience and small store channels, including the coffee shop market. The division currently represents approximately 15% of Group revenue.

Reported revenue grew by 16.6% versus the prior year. On a like for like basis, revenue grew by 5.2%. Product exits are estimated to have reduced the like for like sales growth rate by approximately three percentage points. Underlying growth was driven by increased activity with the two principal customers of the division.

During H1 16, the Brockton facility was closed with all remaining volumes transferred to Quonset, Rhode Island. Following a challenging start-up, this site was stabilised and operational metrics are now in line with expectations. In June 2016, the new facility in Seattle was opened on time and on budget. Operational performance, customer service and colleague recruitment and retention at the site are all in line with expectations.

During H2 16, the US business moved into profit. Efforts are now focused on building a robust pipeline of growth opportunities to increase capacity utilisation across the network.

INGREDIENTS AND PROPERTY

The Ingredients and Property division represents less than 5% of Group revenue and a smaller proportion of Group profits. The revenue decline in the year was driven by challenging global dairy markets and lower commodity prices in edible oils. This also resulted in modestly lower Operating Profit.

FINANCIAL REVIEW

REVENUE AND OPERATING PROFIT

Reported revenue in the year was £1,481.9m, an increase of 10.6% versus FY15. Group Operating Profit of £102.0m was £10.3m, or 11.2% higher than in FY15. Group Operating Margin was 6.9%, 10 basis points ahead of the prior year. The improvement in Operating Profit and Operating Margin was driven by the growth in volume and revenue, together with good operational control across the business.

INTEREST PAYABLE

The Group's bank interest payable in FY16 was £17.1m, an increase of £2.0m. The increase was driven by higher average net debt as a result of the Group's capital investment programme and FX translation on US dollar denominated debt. The composition of the charge was £16.0m of interest payable, an amortisation charge in respect of facility fees of £0.6m and commitment fees for undrawn facilities of £0.5m.

NON-CASH FINANCE CHARGE

The Group's non-cash finance charge in FY16 was £10.8m (£5.8m charge in FY15). The change in the fair value of derivatives and related debt adjustments was a non-cash charge of £6.5m (£1.4m charge in FY15) reflecting the FX movement on balances where hedge accounting is not applied. The non-cash pension financing charge of £4.4m was £0.5m lower than the

Operating and Financial Review
continued

FY15 charge of £4.9m. The Group recorded a £0.1m credit in respect of the increase in the present value of assets and liabilities compared to a £0.5m credit in FY15.

TAXATION

The Group's effective tax rate in FY16 (including the tax impact associated with pension finance items) was 2% as compared to 1% in FY15. Over the last five years, the Group's effective tax rate has benefitted from historic tax losses. As at the end of September 2016, substantially all of the UK historic losses have been recognised as a deferred tax asset in the Balance Sheet. While the effective tax rate will rise more markedly from FY17, cash tax will continue to lag the Income Statement effective tax rate in the next two to three years.

EXCEPTIONAL ITEMS

The Group incurred a pre-tax exceptional charge in the year of £17.4m (FY15: £3.4m), £15.9m on a post-tax basis. This was composed as follows:

- a £2.7m charge in relation to the pre-commissioning and start-up costs in UK Food to Go and in Seattle, together with the completion of the exit from its facilities in Newburyport and Brockton, Massachusetts;
- a £6.6m charge in relation to UK reorganisation costs comprising a non cash £1.9m charge in connection with the removal of redundant production equipment and the clearance of production space to enable capacity increases and £4.7m in connection with a reorganisation of the distribution structure and the realignment of structures to manage significant long-term sole supply agreements and to optimise labour costs;
- a charge of £4.0m relating to the Group's former sugar processing sites as the process of remediation has proven to be longer and more complex than had previously been anticipated, leading to greater costs being incurred to meet the requirements of the Environmental Protection Agency; and
- a charge of £4.1m in relation to acquisition transaction and integration costs, of which £1.0m relates to the acquisition and integration of The Sandwich Factory, and £3.1m relates to the proposed acquisition of Peacock Foods announced on 14 November 2016.

EARNINGS PER SHARE

Adjusted Earnings of £79.7m were 9.5% or £6.9m above prior year. Adjusted Basic Earnings per Share of 19.5 pence were 8.3% ahead of FY15.

CASH FLOW AND NET DEBT

A net cash inflow from operating activities of £115.3m was recorded compared to an inflow of £78.8m in FY15. There was an inflow of net working capital of £13.2m in FY16 as compared to an outflow of £7.6m in FY15.

Capital expenditure of £103.1m was incurred in the year compared to £93.1m in FY15, an increase of £10.0m. The Group continues to make significant investments in production capacity to meet new business demand in its food to go businesses. Major investments in the period included the expansion of capacity in Northampton and the construction of a new facility in Seattle, together with investments in distribution and IT infrastructure. Capital expenditure in FY17 for the existing Group is expected to be in the range of £90-100m as the Group continues to invest in capacity and capability enhancements.

Interest costs of £15.5m were paid in the year (FY15: £16.6m) with cash dividends to equity holders of £19.1m (FY15: £17.2m).

The Group's net debt at 30 September 2016, a seasonal low point, was £331.8m, an increase of £66.3m from 25 September 2015. The increase was driven by the increase in capital expenditure, the acquisition of The Sandwich Factory in July 2016 and the steep depreciation in the value of sterling following the EU referendum in June 2016 which affects the translation value of US dollar denominated debt.

The net debt at year end of £331.8m resulted in leverage as measured by the Group's financing providers of 2.4 times (FY15: 2.0 times).

During the year, the Group repaid \$100m of maturing private placement notes. These notes were refinanced in June 2016 with \$74.5m and £18m of new notes with an average maturity of 8.5 years. During the year, the Group's primary bank facility of £300m was extended for a further year to March 2021. The Group remains well financed with committed facilities of £536m at 30 September 2016 and a weighted average maturity of 4.7 years.

The £536m of committed facilities are comprised of £350m of bank borrowings and £186m of non-bank borrowings. The maturity profile of these borrowings consists of £411m of facilities with a maturity between one and five years and £125m of facilities with a maturity of greater than five years.

PENSIONS

The net pension deficit (before related deferred tax) increased to £162.3m at 30 September 2016 from £112.7m at 25 September 2015. The net pension deficit after related deferred tax was £134.7m, an increase of £45.3m from 25 September 2015. The principal driver of the year on year increase was the sharp fall in the UK discount rate from 3.90% to 2.35% while inflation expectations remained largely unchanged.

The fair value of total plan assets relating to the Group's defined benefit pension schemes increased to £497.8m at 30 September 2016 from £393.2m at 25 September 2015. The present value of the total pension liabilities for these schemes increased to £660.1m from £505.9m over the same period.

All defined benefit pension scheme plans are closed to future accrual and the Group's pension policy with effect from 1 January 2010 is that future service for current employees and new entrants is provided under defined contribution pension arrangements.

Despite the increase in the net deficit, the Group expects the annual cash funding requirement for defined benefit pension schemes to remain unchanged at approximately £15m.

SUMMARY

Our strategy of focusing on fast-growing segments of convenience food in the UK and the US is continuing to work well. Our well-developed food to go model in the UK is benefitting from contract wins and from strong underlying growth and our US business is now primed for further growth. Given our strong market positions, commercial momentum and new business wins, we are confident that Greencore is well set to achieve further progress in FY17 and beyond.

EOIN TONGE
Chief Financial Officer
4 December 2016

Group Executive Board

PATRICK COVENEY*

CEO, Greencore Group

Patrick joined the Board and was appointed Chief Financial Officer on 5 September 2005. In March 2008, Patrick was appointed Chief Executive Officer. Before joining Greencore, Patrick was Managing Partner of McKinsey & Co., Ireland. Patrick serves as a Non-Executive Director of Glanbia plc and is also a non-executive Chairman of Core Media.

EOIN TONGE*

CFO, Greencore Group

Eoin joined the Board and was appointed Chief Financial Officer on 3 October 2016. Prior to his appointment as Chief Financial Officer and Executive Director, Eoin was Managing Director of Greencore's Grocery Division, having previously served as Chief Strategy Officer and in other senior roles throughout the Group. Before joining Greencore in 2006, Eoin worked for Goldman Sachs where he held a variety of finance, treasury and capital market roles.

PETER HADEN

CDO, Greencore Group

Peter is the Group's Chief Development Officer. Since joining Greencore in 2015, Peter has been responsible for developing growth plans for individual business units. He also works with the Group Executive Board and the plc Board on the Group's strategy as a whole. Prior to joining Greencore, Peter was a brand manager with Proctor & Gamble, and more recently was a Partner with McKinsey & Co., where he led the UK Consumer Practice.

CHRIS KIRKE

CEO, Greencore US

Chris is the Chief Executive Officer of our US division. Since taking up this position in 2015, Chris has led the division to become a growing business of food to go products. Chris previously held the position of Managing Director of Greencore's UK Food to Go division. He has extensive experience in the food industry, having spent 10 years in a number of senior management roles prior to joining Greencore.

KEVIN MOORE

MD, Greencore Food to Go

Kevin is the Managing Director of Greencore Food to Go. The Greencore Food to Go division is a large manufacturer of pre-packed sandwiches, baguettes, wraps and other food to go items such as salads and sushi. Kevin has been a part of the Group since 1999, and most recently served as MD of Greencore Prepared Meals division. Prior to joining the business, Kevin worked for more than 10 years in senior roles in management consultancy and retail.

CLARE REES

MD, Greencore Prepared Meals

Clare is the Managing Director of our Greencore Prepared Meals division. The Prepared Meals division is a leading manufacturer of chilled ready meals, chilled sauces, chilled soup and quiche. Clare has been part of the Group for the past 20 years. During this time she has held a variety of senior roles in the Food to Go division, and most recently, Clare was Business Unit MD of Greencore Food to Go Retail until her current appointment.

NIGEL BLAKEY

MD, Greencore Grocery

Nigel is the Managing Director of our Greencore Grocery division. The Grocery division manufactures ambient cooking sauces and dips, table sauces, pickles and Yorkshire Puddings, as well as cakes and desserts. Appointed in October 2016, Nigel took over the Grocery division after serving as the division's Finance & Strategy Director. Nigel has held a number of senior positions since joining the Group in 1996.

PHIL TAYLOR

HR Director, Greencore Group

Phil is the Group HR Director and he is responsible for human resources across the Group. Phil joined Greencore in 1999, and has held a variety of roles across various Greencore business units. Prior to his appointment as HR Director, Phil was Managing Director for Greencore Grocery. Before joining Greencore, Phil worked in a number of commercial roles in a range of non-food branded businesses.

* Denotes Greencore Group plc Board Director.

Board of Directors

PG KENNEDY, BA, FCA

Title

Non-Executive Director (Aged 58)

Biography

Gary was co-opted as a Non-Executive Director on 20 November 2008 and on 29 January 2013 he was appointed Chairman. Gary currently serves as Chairman of Connect Group plc and Green REIT plc. In addition, Gary also serves as a Director of Friends First Holdings Ltd and is Chairman of a number of private companies. Gary previously served as a Non-Executive Director of Elan plc and served on the Board of Allied Irish Bank and the IDA. He was also a Government appointed Director of IBRC.

Committee membership

Nomination and Governance Committee
Remuneration Committee

PF COVENEY, B Comm, M Phil, D Phil

Chief Executive Officer (Aged 46)

Patrick joined the Board and was appointed Chief Financial Officer on 5 September 2005. In March 2008, Patrick was appointed Chief Executive Officer. Before joining Greencore, Patrick was Managing Partner of McKinsey & Co., Ireland. Patrick serves as a Non-Executive Director of Glanbia plc and is also a non-executive Chairman of Core Media.

EP TONGE, B Eng

Chief Financial Officer (Aged 44)

Eoin joined the Board and was appointed Chief Financial Officer on 3 October 2016. Prior to his appointment as Chief Financial Officer and Executive Director, Eoin was Managing Director of Greencore's Grocery division, having previously served as Chief Strategy Officer and in other senior roles throughout the Group. Before joining Greencore in 2006, Eoin worked for Goldman Sachs where he held a variety of finance, treasury and capital market roles.

HA MCSHARRY, B Comm, MBS

Non-Executive Director (Aged 55)

Heather Ann was appointed as a Non-Executive Director on 30 January 2013. Heather Ann currently serves as Non-Executive Director of CRH plc, Jazz Pharmaceuticals plc and Ergonomics Solutions International. Heather Ann is also a council member of the Institute of Directors and is Chairman of the Bank of Ireland Pension Fund Trustee Board. Previously she served as Managing Director of Reckitt Benckiser and Boots Healthcare in Ireland and was also a Board Director of the Governor and Company of Bank of Ireland.

Audit Committee
Remuneration Committee

SG BAILEY

Non-Executive Director (Aged 54)

Sly joined the Board on 17 May 2013. Sly currently serves as a Non-Executive Director of the London Real Estate Exchange Ltd. She was previously Chief Executive Officer of Trinity Mirror plc. Sly was Non-Executive Director of Ladbrokes plc and Littlewoods plc, as well as EMI plc, where she served as Senior Independent Director and Chairman of the Remuneration Committee. In addition, she served as Non-Executive Director of The Press Association, where she was also Chairman of the Remuneration Committee.

Audit Committee
Nomination and Governance Committee

JA WARREN, BSc, FCA

Non-Executive Director (Aged 63)

John was appointed to the Board on 30 January 2013. John is also a Non-Executive Director of Bloomsbury Publishing Plc and 4imprint plc, where he also acts as Senior Independent Director, and at Welsh Water. John serves as Chairman of the Audit Committee for each of the companies of which he is a Non-Executive Director. Previously, John was Group Finance Director of United Biscuits Plc and WH Smith PLC. He also served as Chairman of Uniq Plc and as Non-Executive Director of Bovis Homes Group PLC, Spectris plc, The Rank Group Plc, BPP Holdings plc, Arla Foods UK plc, RAC Plc and Rexam Plc.

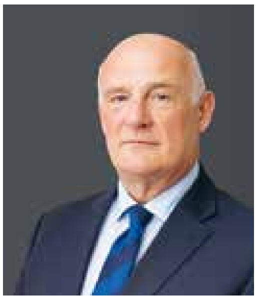
Audit Committee*

JJ MOLONEY, B Ag Sc, MBA

Non-Executive Director (Aged 62)

John joined the Board on 8 February 2013. He is a Non-Executive Director of DCC plc, where he also serves as Chairman. He is a Non-Executive Director of Smurfit Kappa Group plc and serves as Chairman of Coillte Teoranta (the Irish State Forestry Company). John is also a director of a number of private companies. John was Group Managing Director of Glanbia plc until November 2013 having held a number of senior positions within the international nutritional solutions and cheese group, including the position of Chief Executive of Food Ingredients and Agribusiness.

Nomination and Governance Committee*



EL NICOLI, CBE, BSc

Non-Executive Director Senior Independent Director (Aged 66)

Eric was appointed to the Board on 14 May 2010 and became Senior Independent Director in January 2014. Eric currently serves as Chairman of YS Topco Ltd (Yo! Sushi), Centtrip Ltd and Wentworth Media & Arts Ltd. He is also a Director of Akazoo Ltd (formerly R&R Music Ltd). Previously Eric was Group Chief Executive of United Biscuits (Holdings) plc until 1999 and was also Chairman and Chief Executive of EMI Group plc until 2007.

Remuneration Committee*

CM O'LEARY, FCIS

Group Company Secretary (Aged 47)

Conor was appointed Group Company Secretary on 4 June 2010. He joined Greencore in 2001 and was appointed Deputy Group Secretary in 2005. Before joining Greencore, Conor held senior company secretarial positions in Glanbia plc and Cable & Wireless plc and trained with PricewaterhouseCoopers. Conor currently serves on the Board of the British and Irish Chamber of Commerce.

* Denotes Committee Chairman.

Directors' Report

INTRODUCTION

The Directors present their Report and Financial Statements for the year ended 30 September 2016. The Directors' Report is contained on pages 46 to 90.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

Greencore is a leading producer of convenience foods with strong market leading positions in the UK convenience food market across sandwiches, salads and sushi, chilled prepared meals, chilled soup and sauces, cooking sauces and pickles, cakes and desserts and Yorkshire Puddings as well as an extending presence in the US through its food to go business.

The Group's performance and development activity is summarised in the Operating and Financial Review set out in pages 42 to 44.

The principal subsidiary and associate undertakings are listed in Note 33 to the Group Financial Statements and form part of this report.

RESULTS FOR THE YEAR

The Group Income Statement, which is set out on page 95 details the Group's results for the year. The Group reported an operating profit for the year before acquisition related amortisation and exceptional items of £102.0m (FY15: £91.7m), whilst the profit after taxation and exceptional charges was £48.5m (FY15: £59.0m).

DIVIDENDS

An interim ordinary dividend of 2.55 pence (FY15: 2.40 pence) per share was paid on 4 October 2016. The Directors are recommending a final ordinary dividend of 4.10 pence (FY15: 3.75 pence) per share. Subject to shareholders' approval, this dividend is to be paid on 4 April 2017 to shareholders who are on the register of members at 5.00pm on 2 December 2016. This will give a total dividend of 6.65 pence for the year, subject to shareholders' approval.

SHARE CAPITAL

During the year 1,883,280 (FY15: 1,706,734) Ordinary Shares were issued under the Company's Scrip Dividend Scheme and 1,283,084 (FY15: 1,484,652) Ordinary Shares were issued under the Company's ShareSave Schemes. Further details are set out in Note 25 to the Group Financial Statements.

One Special Share of €1.26 exists in the share capital of the Company. The Articles of Association provide that the Special Share may be held only by, or transferred only to, the Minister for Agriculture, Food & the Marine or some other person appointed by the Minister. Under the Articles of Association, the consent of the holder of the Special Share is required in the winding up of the Company. Many of the rights attaching to the Special Share were abolished in 2011.

At the Annual General Meeting ('AGM') of the Company held on 26 January 2016, the shareholders gave the Directors the authority to allot shares up to a maximum nominal amount equal to £1,356,515.70. This authority will expire at the forthcoming AGM and therefore, shareholders will be asked to renew, until the date of the AGM to be held in 2018 or 30 April 2018, whichever is earlier, the authority of the Directors to allot new shares. This authority will be limited to the allotment of up to an aggregate nominal value of 33% of the nominal value of the Company's Issued Share Capital.

Shareholders will also be asked at the forthcoming AGM to approve until the date of the AGM to be held in 2018, or 30 April 2018, whichever is earlier, the Directors' power to disapply the strict statutory pre-emption provisions relating to the issue of new equity for cash. The disapplication will be limited to the allotment of equity securities in connection with any rights issue or any open offer to shareholders and the allotment of shares in lieu of dividends, and/or the allotment of shares up to an aggregate nominal value equal to 5% of the nominal value of the Company's Issued Share Capital.

At the AGM held on 26 January 2016, the shareholders passed a resolution to give the Company, or any of its subsidiaries, the authority to make market purchases of up to 10% of its own shares. At the forthcoming AGM, shareholders will be asked to authorise the Directors, until the date of the AGM to be held in 2018 or 30 April 2018, whichever is earlier, to make market purchases or overseas market purchases of up to 10% of its own shares. Whilst the Directors do not have any current intention to exercise the power to purchase the Company's own shares, any purchases would be made only at price levels which the Directors consider to be in the best interests of the shareholders generally, taking into consideration the Group's overall financial position. In addition, the authority being sought from shareholders will provide that the minimum price which may be paid for such shares shall not be less than the nominal value of the shares and the maximum price will be the higher of 105% of the then average market price of such shares and the amount stipulated by Article 5(1) of the EU Market Abuse (Buyback and Stabilisation) Regulations.

Shareholders will be asked to pass a resolution at the forthcoming AGM authorising the Company to re-allot shares purchased by it and not cancelled as treasury shares. If the resolution is passed, the authority will expire on the earlier of the date of the AGM in 2018 or 30 April 2018 and the minimum price at which treasury shares may be re-allotted shall be set at the nominal value of the share where such a share is required to satisfy an obligation under an employees' share scheme or, in all other cases, an amount equal to 95% of the then market price of such shares and the maximum price at which treasury shares may be re-allotted shall be set at 120% of the then market price of such shares.

Subject to the necessary approval from shareholders at the forthcoming AGM, the Directors intend to continue the Scrip Dividend Scheme so that eligible shareholders will be offered the opportunity to take all or part of the FY16 final dividend of 4.10 pence per Ordinary Share in the form of fully paid new Ordinary Shares.

FUTURE DEVELOPMENTS

Our strategy of focusing on fast-growing segments of convenience food in the UK and the US is continuing to work well. Our well-developed food to go model in the UK is benefitting from contract wins and from strong underlying growth and our US business is now primed for further growth. Across the Group, we continue to invest significantly in capacity, capability and systems in order to underpin and sustain this overall growth. In particular in Food to Go in the UK, we expect to continue with significant investments to secure, commission and launch the new business wins. The general economic backdrop in the UK is expected to remain challenging given the changing nature of the grocery industry, emerging inflationary pressures and other geopolitical uncertainties. Also, on 14 November 2016 the Group announced the proposed acquisition of Peacock Foods. This acquisition will strengthen our US business, develop our position in high growth categories, broaden our customer exposure and add scale to our US operations. Given our strong market positions, commercial momentum and new business wins, we are confident that Greencore is well set to achieve further progress in FY17 and beyond.

DIRECTORS

Following the conclusion of the 2016 AGM, Mr JT Herlihy retired from the Board. On 3 October 2016, Mr AR Williams resigned from his position as Executive Director and Chief Financial Officer and was replaced by Mr EP Tonge. Mr Williams remains with the Group until the end of the calendar year in order to ensure an orderly transition.

In accordance with the Greencore Group plc Articles of Association and Provision B.7.1. of the 2014 UK Corporate Governance Code (the 'Code') each of the Directors individually retire at each AGM of the Company and where appropriate submit themselves for re-election. No re-appointment is automatic and all Directors who intend to submit themselves for re-election are subject to a full and rigorous evaluation. One of the main purposes of the evaluation is to assess each Director's suitability for re-election. If a Director is not deemed to be effective in carrying out their required duties, the Board will not recommend him or her for re-election.

In line with the Code, in the year under review, each Director was subject to a formal and rigorous internal evaluation. Following on from the review carried out during FY16, the Chairman and the Board are pleased to recommend the re-election of those Directors who are seeking re-appointment at the forthcoming AGM as they continue to be effective and remain committed to their role on the Board. During FY15, an external evaluation was conducted on the Board, each of the Committees and the individual Directors. In accordance with Code Provision B.6.2, it is intended that an external evaluation will be conducted at least every three years.

DIRECTORS' INTERESTS IN SHARE CAPITAL AT 30 SEPTEMBER 2016

The interests of the Directors and Group Company Secretary in the shares of the Company are set out in the Report on Directors' Remuneration. The Directors and Group Company Secretary have no beneficial interests in any of the Group's subsidiary or associated undertakings.

SIGNIFICANT SHAREHOLDINGS

At 30 September 2016, the Company has been advised of the following notifiable interests in its Ordinary Share Capital:

	No. of interests in Ordinary Shares	% of Issued Share Capital
Wellington Mgt Company	40,186,557	9.72
Polaris Capital Mgt	22,113,793	5.35
Fidelity Mgt & Research	20,433,660	4.94
Capital Research Global Investors	12,464,272	3.01

At 4 December 2016, the Company has been advised of the following notifiable interests in its Ordinary Share Capital:

	No. of interests in Ordinary Shares	% of Issued Share Capital
Polaris Capital Mgt	22,316,783	5.38
Wellington Mgt Company	19,798,444	4.77
Fidelity Mgt & Research	16,161,466	3.90
Capital Research Global Investors	12,964,272	3.12

Other than these holdings, the Company has not been notified as at 4 December 2016 of any interest of 3% or more in its Ordinary Share Capital.

Directors' Report
continued

CORPORATE GOVERNANCE
Statements by the Directors relating to the Group's application of corporate governance principles, compliance with the provisions of the Code and the Irish Corporate Governance Annex (the 'Annex'), the Group's system of internal controls and the adoption of the going concern basis in the preparation of the Financial Statements are set out on pages 52 to 58, 82 to 85 and 89 and 90.

Greencore Group plc is registered in Ireland and as an Irish incorporated company it is not subject to the UK executive remuneration requirements as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Nonetheless in order to ensure transparency to all of our stakeholders, we have sought to comply with these requirements on a voluntary basis, to the extent possible under Irish law. The Report on Directors' Remuneration is contained on pages 59 to 80.

CORPORATE SOCIAL RESPONSIBILITY
The Group is committed to maintaining sustainable and ethically responsible corporate and social practices in every aspect of its business for the benefit of its stakeholders. More details in relation to our Corporate Social Responsibility agenda can be found on pages 30 to 39.

RESEARCH AND DEVELOPMENT
The Group continued its research and development programme in relation to its principal activities during the year. Further information is contained in Note 3 to the Group Financial Statements.

TAXATION STATUS
So far as the Directors are aware, the Company is not a close company within the meaning of the Taxes Consolidation Act.

ACCOUNTING RECORDS
The Directors believe that they have complied with the requirements of Sections 281 to 286 of the Companies Act 2014 with regard to accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, D09 X5N9, Ireland.

DIRECTORS' COMPLIANCE STATEMENT
The Directors acknowledge that they are responsible for securing compliance by the Company of its relevant obligations as set out in the Companies Act 2014 (the 'Relevant Obligations').

The Directors further confirm that there is a Compliance Policy Statement in place setting out the Company's policies which, in the Directors' opinion, are appropriate to ensure compliance with the Company's Relevant Obligations.

The Directors also confirm that appropriate arrangements and structures are in place which, in the Directors' opinion, are designed to secure material compliance with the Company's Relevant Obligations. For the year ended 30 September 2016, the Directors, with the assistance of the Risk Management Group, have conducted a review of the arrangements and structures in place. In discharging their responsibilities under Section 225 of the Companies Act 2014, the Directors relied on the advice of persons who the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

DISCLOSURE OF INFORMATION TO THE AUDITOR
Each of the Directors individually confirm that:

- In so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- That they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

AUDITOR
The auditor, KPMG, Chartered Accountants, continues in office in accordance with Section 383 of the Companies Act 2014.

Under Irish legislation, the Company's external auditor is automatically re-appointed each year at the AGM unless the meeting passes a resolution to appoint a different auditor or provides that the existing external auditor shall not be re-appointed or, alternatively, if the auditor expresses its unwillingness to continue in office. Since 2014, the Company has put an annual advisory resolution before shareholders in respect of the continuation in office of KPMG as external auditor. It is intended that this resolution will once again be put before shareholders at the forthcoming AGM.

NOTICE OF ANNUAL GENERAL MEETING AND SPECIAL BUSINESS

Notice of the 2017 AGM, together with details of special business to be considered at the meeting, will be circulated to shareholders during December 2016.

On behalf of the Board

P.G. KENNEDY
Chairman
Dublin
4 December 2016

E.P. TONGE
Director

Corporate Governance Report

Corporate governance is the structure of policies, practices and processes utilised to facilitate effective, entrepreneurial and prudent management. The Group is fully committed to business integrity, high ethical standards and professionalism in all of its activities and operations and also ensuring that the highest standards of corporate governance are maintained.

The benchmark used by UK and Irish listed companies for measuring corporate governance is the UK Corporate Governance Code (the 'Code'). This statement explains how the Company has applied the principles and complied with the provisions set out in the Code.

Whilst Greencore is not listed on the Irish Stock Exchange, for increased transparency, we have chosen to voluntarily adopt the provisions of the Irish Corporate Governance Annex (the 'Annex').

In April 2016, the Financial Reporting Council published an updated Corporate Governance Code (the '2016 Code') which applies to financial years commencing on or after 17 June 2016. Whilst the 2016 Code does not apply to Greencore until FY17, we have chosen to early adopt certain provisions contained within the 2016 Code on a voluntary basis.

The Board believes that the Group has complied fully with the 2014 UK Corporate Governance Code (the '2014 Code') and the relevant provisions of the Annex throughout the financial year ended 30 September 2016 where the requirements are of a continuing nature. The full text of the 2014 Code and the 2016 Code can be found on the Financial Reporting Council's website, www.frc.org.uk, whilst the Annex can be found on the Irish Stock Exchange's website, www.ise.ie.

The Board, with the assistance of the Nomination and Governance Committee, keeps corporate governance developments under continuous review in order to ensure that the Group's governance structures evolve as necessary and remain appropriate for a Group of our size and complexity.

P.G. KENNEDY
Chairman
4 December 2016

Corporate Governance Report
continued

BOARD OF DIRECTORS

The Board is responsible for the governance of the Group. It is also responsible for leading, monitoring and controlling the Group, and with promoting its long-term success. The Board consists of two Executive Directors and six Non-Executive Directors. The biographical details of each of the Directors, along with each of their individual dates of appointment, are set out on pages 46 and 47.

Both on an individual and collective basis, the Directors have the range of skills, understanding, experience and expertise necessary to ensure the effective leadership of the Group and to ensure corporate governance standards are maintained.

The Board is comprised of Directors from a diverse range of backgrounds, each of whom brings independent judgement to bear on a number of key issues for the Group, including risk, culture, environmental matters, health and safety, strategy, performance, resourcing, ethics and regulation. In accordance with Provision B.1.2. of the 2014 UK Corporate Governance Code (the 'Code'), at least half of the Board, excluding the Chairman, are independent. It is Board policy to ensure that the independence of each Non-Executive Director is determined prior to his or her appointment and is reviewed annually thereafter.

Mr JT Herlihy retired from the Board at the conclusion of the 2016 AGM held on 26 January 2016, having served as a Non-Executive Director for almost seven years. In addition, on 3 October 2016, Mr AR Williams resigned from his position as Executive Director and Chief Financial Officer and was replaced by Mr EP Tonge. Mr Williams remains with the Group until the end of the calendar year in order to ensure an orderly transition. In their roles as Non-Executive Director and Executive Director respectively, both Mr Herlihy and Mr Williams made a significant contribution to the Board and to the wider Group during their tenure and we wish them every success and happiness for the future. We also welcome Mr Tonge to the Board and look forward to working with him during this exciting time for both the Board and the Group.

Following a review of each of the Non-Executive Directors, the Board confirms that each of the Non-Executive Directors who are submitting themselves for re-election at the forthcoming Annual General Meeting ('AGM') remain independent. In addition, none of the Non-Executive Directors have any material interest or other relationship with the Group.

Following the retirement of Mr JT Herlihy, the Board, in conjunction with the Nomination and Governance Committee, undertook a comprehensive review of the Board and each of the Board committees (the 'Committees'). Following on from this review, it was determined that both the Board and the Committees are of the correct size and structure with no one individual or small group having the ability to dominate decision making. Furthermore, given the current composition of the Board, no undue reliance is placed on any individual Non-Executive Director.

The Board continues to ensure that each of the Non-Executive Directors remain impartial and independent in order to meet the challenges of their individual roles.

Each year, a schedule of regular meetings to be held in the following calendar year is agreed with each of the Directors. Additional Board meetings are held on an ad-hoc basis as required. A list of the Directors' attendance at scheduled meetings throughout the year can be found on page 55. Board meetings generally take place at the Group's head office in Dublin along with the offices of the Group's operating subsidiaries, wherein tours of the local facilities, and visits to customer stores where appropriate, are also incorporated into the Board agenda. Each year, the Board holds a two-day strategy session at an off-site location.

Prior to the appointment of any Non-Executive Director, he or she is provided with details of the time commitment required for the role. If a Director is unable to attend a Board meeting, either in person or remotely, he or she will receive meeting papers in advance and is encouraged to communicate his or her views on any particular topic to the Chairman, the Chief Executive Officer, the Senior Independent Director or the Group Company Secretary in advance of the meeting. These views are then communicated at the Board meeting on behalf of the absent Director.

There is an agreed formal list of matters reserved for Board consideration and decision. The list includes, but is not limited to, approving the interim and full-year Financial Statements, approving the interim dividend and recommending a final dividend to shareholders, Board membership, major acquisitions and disposals, major capital expenditure, risk management, internal controls, treasury policies and the approval of all circulars and listing particulars. The list of matters reserved for Board decision is available under the Corporate Governance section of the Group's website, www.greencore.com, and is reviewed regularly by the Board and updated as appropriate. The matters and agenda reserved for Board consideration are planned in order to best utilise the skills, expertise and experience of the Directors. In addition, the Board is responsible for the approval of the Group's commercial strategy, trading and capital budgets. The Directors acknowledge that they are responsible for the proper stewardship of the Group's affairs, both on an individual and collective basis and it is the Board alone which has the authority and responsibility for planning, directing and controlling the activities of the Group.

The Board meets with senior management in the Group on a regular basis to ensure that the Board remains fully aware of the business and its operating performance. Legislative changes along with any developments in accounting, governance and other standards are communicated to, and discussed with, the Board and the Committees as appropriate.

Corporate Governance Report
continued

BOARD OF DIRECTORS CONTINUED

There is an agreed procedure for Directors to take independent legal advice at the expense of the Company in the furtherance of their duties as Directors of the Company. In addition, the Directors are indemnified for any legal action taken against them in respect of matters pertaining to their duties as Directors, subject always to the limitations under Irish company law. The Group Company Secretary, whose appointment and removal is a matter for the Board as a whole, is responsible for ensuring that Board procedures are followed. He is available to each of the Directors for any advice or additional services they may require.

Each month the Directors receive Group management accounts and reports. Full Board papers are sent to each Director in a timely manner in advance of the Board meetings. The Board papers include the minutes of all previous Board and where appropriate, Committee meetings. In addition, the Chairman of the relevant Committee provides a verbal update on the Committee meeting's proceedings at the following meeting of the Board.

In accordance with best practice and the Code, the Board acknowledges the importance of having a recognised senior member of the Board, referred to as the 'Senior Independent Director'. It is the role of the Senior Independent Director to act as a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders, and other stakeholders, if they have concerns which they have been unable to resolve through the normal channels of Chairman, Chief Executive Officer or other Executive Directors, or indeed where such contact through the aforementioned channels is deemed inappropriate.

The roles of the Chairman and Chief Executive Officer are separate and distinct and there is a clear division of responsibilities between the two roles. The operational responsibility for the management of the Group has been delegated to the Chief Executive Officer who is accountable to the Board, whilst it is the role of the Chairman to ensure the effective running of the Board.

The role of a Non-Executive Director includes providing entrepreneurial leadership, setting the Group's strategy, acting as a conduit between shareholders and management, reviewing management performance and challenging management proposals as appropriate in a clear and constructive manner. Non-Executive Directors must also utilise their expertise and experience to contribute to the development of the Group as a whole. As outlined earlier, before a Non-Executive Director is appointed to the Board, or any of its Committees, he or she is advised of the scheduled calendar of meetings and the time commitment involved in the role. Furthermore, he or she is required to confirm that he or she is able to meet the time commitment required.

The Board understands the importance of an effective evaluation process. As set out on page 49, each year the Board conducts an annual self-evaluation, which is led by the Chairman. The evaluation focuses on individual Board members, Board effectiveness, the composition of the Board, the interaction between Board members, Board and Committee meetings and the performance of the Board as a whole in the year under review.

Each year, as part of the performance evaluation process, the Non-Executive Directors, led by the Senior Independent Director, meet annually without the Chairman present to evaluate the Chairman's performance. The views of the Executive Directors and the Group Company Secretary are also taken into account. This forms part of the broader Board effectiveness review and assists in ensuring a robust, independent and effective Board.

In addition to the above, at least annually, the Chairman meets with the Non-Executive Directors without the Executive Directors present to discuss, amongst other matters, the Executive Directors, the Board as a whole, the Committees, and the interaction between the Executive and Non-Executive Directors.

As detailed on page 49, since FY15 the Board, the Committees and the individual Directors are also subject to an externally facilitated evaluation process on a triennial basis.

BOARD COMMITTEES

In order to ensure that it discharges its role appropriately, the Board has established an effective Committee structure in order to assist the Board in the fulfilment of its responsibilities. Details of the various Committee memberships, together with the relevant biographies are set out on pages 46 and 47 of this report. Further details on the role of the Committees and the work undertaken by each Committee in the year under review can be found on pages 59 to 88.

	FY16	FY15
Average Number of Executive Directors	**2**	2
Average Number of Non-Executive Directors	**6**	7

Attendance at scheduled Board and Committee meetings during the financial year under review was as follows:

	Board		Audit Committee		Nomination and Governance Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
SG Bailey	8	8	3	3	1	1	–	–
PF Coveney	8	8	–	–	–	–	–	–
JT Herlihy	3	1	1	0	–	–	1	1
PG Kennedy	8	8	–	–	1	1	3	3
HA McSharry	8	8	3	3	–	–	3	3
JJ Moloney	8	8	–	–	1	1	–	–
EL Nicoli	8	8	–	–	–	–	3	3
JA Warren	8	8	3	3	–	–	–	–
AR Williams	8	8	–	–	–	–	–	–

Column A indicates the number of scheduled meetings **held** during the year where the Director was a member of the Board and/or Committee.
Column B indicates the number of scheduled meetings **attended** during the year where the Director was a member of the Board and/or Committee.

Where appropriate, the Board also establishes sub-committees on an ad-hoc basis in order to deal with any additional items of business which arise throughout the year. The membership of the sub-committee will depend upon the purpose for which the Committee was established and will take into account the skills and expertise necessary.

COMMUNICATION WITH SHAREHOLDERS

It is the role of the Board to promote the long-term success of the Company and to ensure that its obligations to its shareholders and other stakeholders are met. Therefore the Group gives priority to effective dialogue with shareholders and ensuring active shareholder engagement. Throughout the year, apart from when the Group is in a close period, the investor relations team meets with institutional and major shareholders.

The Group promotes communication with shareholders and the Group welcomes queries via telephone, post or email. The Board also encourages shareholders to make use of their votes at all general meetings. In addition, the Group runs an active investor relations management programme which is led by the Chief Executive Officer and the Chief Financial Officer. Shareholder presentations are made at the time of the issue of the Group's half year and full year results, following which the Chief Financial Officer provides the Board with an update on feedback received. The Board receives regular updates on analyst coverage along with the details in relation to movement in the share price in addition to analysis of any major changes in the shareholder base.

Periodically, an investor seminar is held which provides the opportunity for institutional shareholders, equity analysts and brokers to increase their knowledge in relation to the Group's vision, strategy, organisation and business model. The Chairman, along with the Senior Independent Director and each of the Non-Executive Directors is available to meet with shareholders at the AGM and also throughout the year upon request.

Details of any major changes in the Group, including Board compositional changes, mergers and acquisitions, divestments and other significant strategic developments, are announced through a Regulatory News Service of the London Stock Exchange. The Group's website, www.greencore.com, provides the full text of the Annual Reports, Trading Statements, Half Yearly Financial Reports and presentations to analysts and investors, along with announcements released to the London Stock Exchange.

Shareholders can elect to receive the Annual Report in paper form, or may elect to receive an email notification advising that the Annual Report is available on the Group's website. Shareholders can also elect to receive an email notification when new information concerning the Group is available on the Group's website.

The Board members attend the AGM and are available to shareholders to answer questions. Separate resolutions are proposed on substantially different issues. The agenda of business to be conducted at the AGM includes a resolution to receive and consider the Annual Report and Financial Statements. The Chairman of each Committee is available at the AGM to address any queries shareholders may have in relation to the role and/or activities of the relevant Committee for the year under review.

The notice of the AGM and the Annual Report and Financial Statements are sent to shareholders at least 20 working days before the date of the meeting and details of the total number of votes cast, the number of votes for and against each resolution and the number of abstentions are announced at the meeting and are also available on the Group's website following the conclusion of the AGM. In the year under review, the Company held its AGM on 26 January 2016, wherein all shareholders were given the opportunity to ask questions or voice any concerns.

Corporate Governance Report
continued

SHAREHOLDERS' MEETINGS
The Company operates under the Companies Act 2014 (the 'Act'). The Act provides for two types of shareholder meetings: the AGM with all other general meetings being called Extraordinary General Meetings ('EGM').

The Company must hold a general meeting each year as its AGM, in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. EGMs can also be convened at the request of members holding not less than 5% of the voting share capital of the Company. The notice period for an AGM and an EGM to consider any special resolution (a resolution which requires a 75% majority vote, not a simple majority) is 21 days.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote shall be a quorum. Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

Under the Act, ordinary resolutions may be passed by a majority of votes cast in favour, while special resolutions require a 75% majority of votes cast in favour. Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint one or more proxies to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company. All resolutions are determined by a poll.

The business of the Company is managed by the Directors who may exercise all the powers of the Company unless they are required to be exercised by the Company in general meeting. Matters reserved to shareholders in general meetings include the election of Directors, the declaration of dividends on the recommendation of the Directors, the fixing of the remuneration of the External Auditor, amendments to the Articles of Association, measures to increase or reduce the Ordinary Share Capital and the authority to issue shares.

The information required to be provided to shareholders in accordance with Sections 1099 to 1110 of the Companies Act 2014 is available on the Group's website.

PRINCIPAL RISKS AND UNCERTAINTIES
Similar to any large group, Greencore faces a number of risks and uncertainties. The key risks facing the Group include strategic risks, commercial risks, operational risks and financial risks. Under Irish company law (Section 327(1) (b) of the Companies Act 2014 and the Transparency (Directive 2004/109/EC) Regulations 2007, as amended), the Directors are required to give a description of the principal risks and uncertainties which the Group faces. The principal risks and uncertainties identified are set out on pages 19 to 23 and form part of this report.

Whilst the Board as a whole is responsible for the Group's system of internal control, each of the individual business unit management teams drive the process through which individual business unit risks and uncertainties are identified. The Board understands that the individual business unit management teams are in the best position to identify the principal significant and emerging risks and uncertainties associated with their respective business. Risks and mitigating controls common across business categories are managed and reviewed at Group level. Risks identified and associated mitigating controls are subject to review by the Board and the Audit Committee on a regular basis and form part of the Group's health and safety, technical compliance and operational/financial audit programmes.

Further details on risks and uncertainties are outlined on pages 19 to 23.

Further details on how the Board and the Audit Committee have discharged their responsibilities along with the reviews undertaken by the Audit Committee in the financial year can be found on pages 81 to 85.

Details regarding the Group's internal controls are highlighted on pages 57 and 58 of this report. Details of the Group's financial risk management and hedging policies are set out in Note 21 to the Group Financial Statements. Details of the Group's financial key performance indicators are set out on pages 12 to 14. These disclosures form part of this report.

GOING CONCERN
The Directors, after making enquiries, have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the Financial Statements.

VIABILITY STATEMENT
In line with the Code Provision C.2.2, the Directors have carried out a rigorous review of the prospects of the current business and its ability to meet its liabilities as they fall due over the medium term. In undertaking this review, the Directors have concluded that a three-year timeframe continues to be an appropriate period for this assessment given that this is the key period of focus within the Group's strategic planning process and is a typical period for visibility of commercial arrangements with the Group's customers. The objectives of the annual strategic planning process are to consider the key strategic choices facing the Group and to build a consolidated financial model with

various scenarios, taking into account the principal risks and uncertainties facing the Company which may threaten the Company's solvency, liquidity, cash flow and business model.

Assumptions are built for the Income Statement, Balance Sheet and cash flow at the divisional level. These are rigorously tested by management and the Directors. Sensitivity analysis has been applied to reflect the potential impact of some of the principal strategic and commercial risks of the Company as described on pages 19 to 23. These risks could affect the level of sales and profitability of the Company and the amount of capital required to deliver them. A model of financing requirements is also built for the same time period taking into account the base plan and sensitivities against this, together with the likelihood of being able to refinance maturing committed facilities. Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

INTERNAL CONTROL

The Board is responsible for the Group's system of internal control, for reviewing its effectiveness and for confirming that there is a process in place for identifying, evaluating and managing the significant risks to the achievement of the Group's strategic objectives.

The process for identifying, evaluating and managing the significant risks has been in place throughout the financial year up to the date of the approval of the Annual Report and Financial Statements, accords with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and is regularly reviewed by the Board. This system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The internal control systems can only provide reasonable assurance, rather than absolute assurance, against material misstatement or loss.

The process involves the Board reviewing and analysing the following:

- The nature and extent of the risks, including principal risks, facing the Group;
- The extent and categories of risks it regards as desirable or acceptable for the Group to bear;
- The likelihood of the risk concerned materialising and the impact of associated risks materialising as a consequence;
- The Group's ability to reduce the incidence and impact on its business of risks that do materialise;
- The operation of the relevant controls and control processes;
- The costs of operating particular controls relative to the benefits thereby obtained in managing related risks; and
- The Group's risk culture.

On a regular basis, the risks faced by the Group are reviewed with management and also the Board's Audit Committee. The Audit Committee's Terms of Reference (which are available under the Corporate Governance section of the Group's website, www.greencore.com) stipulate that it must conduct an annual risk and internal control assessment, following on from which it must present a report to the Board on: (a) the nature and extent of the significant risks facing the Group; (b) the design, operation and monitoring by management of internal control systems and the adequacy and frequency of reports from management to the Board; (c) whether the reports give a balanced assessment of the significant risks and the effectiveness of the system of internal control in managing those risks; and (d) the Going Concern and Viability Statements.

The key elements of the system of internal control are as follows:

- Clearly defined organisation structures and lines of authority;
- Corporate policies for financial reporting, treasury and financial risk management, information technology and security, project appraisal and corporate governance;
- Annual budgets and strategic business plans for all operating units, identifying key risks and opportunities;
- Monitoring of performance against budgets and forecasts and reporting thereon to the Directors on a regular basis;
- A Risk Management Group which reviews key business processes and controls and their effectiveness; and
- The Audit Committee which approves audit plans and deals with significant control issues raised by the Risk Management Group or external audit.

The preparation and issue of financial reports is managed by the Group finance department, as delegated by the Board. The Group financial reporting process is controlled using the Group accounting policies and reporting systems. The Group finance department supports all reporting entities with guidance on the preparation of financial information. In the year under review, this process was supported by the Group finance team and Group treasury function. Each division has a Finance Director or Controller who is responsible for information which accords with agreed policies.

The financial information for each entity is subject to a review at reporting entity and Group level by the Chief Executive Officer and the Chief Financial Officer, along with the divisional Managing Directors. The Annual Report is reviewed by the Audit Committee in advance of its presentation to the Board for approval.

During the year under review, the Managing Director or the Finance Director of each reporting entity unit completed a Financial Internal Control Questionnaire which was used to identify control strengths and weaknesses across all financial areas and any weaknesses were subsequently addressed.

Corporate Governance Report
continued

INTERNAL CONTROL CONTINUED

The Group also maintains a Risk Register which sets out the nature and extent of the risks facing each division and the Group as a whole. Each of the risks are prioritised in terms of likelihood and impact. The purpose of the Risk Register is to ensure that all significant risks within each business unit have been appropriately identified and also to ensure that all risk is mitigated or managed as appropriate. It is understood that regular and detailed assessment is critical due to the volatile and uncertain economic environment. Further detail on risk and risk management is set out on pages 19 to 23 and in Note 21 to the Group Financial Statements.

Finally, the Directors, through the use of appropriate procedures, systems and the employment of competent personnel, have ensured that measures are in place to secure compliance with the Company's obligation to keep adequate accounting records. The accounting records are kept at the registered office of the Company.

Report on Directors' Remuneration

STATEMENT FROM THE REMUNERATION COMMITTEE CHAIRMAN

DEAR SHAREHOLDER,

I am pleased to present the Report on Directors' Remuneration for the year ended 30 September 2016 on behalf of my Remuneration Committee (the 'Committee') colleagues and the Board.

The Report on Directors' Remuneration is separated into two sections: a section on the Group's Remuneration Policy Report for Directors and a section on the Annual Remuneration Report for the year ended 30 September 2016.

BUSINESS PERFORMANCE AND INCENTIVE PAYOUTS FOR FY16*

ANNUAL BONUS

Greencore Group plc (the 'Company') has had a strong year, delivering significant strategic and economic progress. In determining the annual bonus payout for FY16, the Committee took into account both financial delivery against the stretching goals in the business' budget and also progress against delivery of our vision to be a fast-growing, international convenience food leader. Revenue increased by 10.6% on an as reported basis and 5.9% on a like for like basis. Operating Profit* grew by 11.2% to £102.0m, resulting in an Operating Margin of 6.9%, 10 basis points higher than in FY15. Adjusted Basic Earnings per Share ('EPS') grew by 8.3% to 19.5 pence. This resulted in a payout on the Adjusted Basic EPS measure of 37.5 out of 50. In addition, Return on Invested Capital ('ROIC') decreased by 30 basis points to 13.8%, predominantly driven by increased capital investment, which resulted in a payout of 21.3 out of 25.

In this context, the Committee considered the contribution of the Executive Directors to the delivery of financial performance and progress against the strategy and it was agreed that, based on the financial metrics outlined above, in addition to the individual personal performance, a bonus payout of 83% of maximum to the Chief Executive Officer ('CEO') was appropriate. It was also agreed that a bonus payout of 79% of maximum to Mr Alan Williams was appropriate.

In line with the remuneration policy for Executive Directors, 50% of the CEO's bonus is payable in cash with the remaining 50% payable in share awards deferred for three years subject to continued employment. As Mr AR Williams resigned from his position as Executive Director and Chief Financial Officer ('CFO') on 3 October 2016, he will forfeit the deferred share element of his bonus and receive only the cash element. Further details on these payouts versus budgeted expectations can be found on page 71.

PERFORMANCE SHARE PLAN ('PSP')

At the Annual General Meeting ('AGM') of the Company held in January 2013, shareholders approved the introduction of a Performance Share Plan ('PSP'). The first awards were granted under the PSP in March 2013 and based on actual performance against performance conditions, 92.3% of the total award vested. In determining the level of vesting for these awards, the Committee considered the EPS growth of 12% per annum during the period FY12–FY15, the significant improvement in ROIC in FY15 and Total Shareholder Return ('TSR') performance. Awards granted in December 2013 vest based on EPS and ROIC performance during the period FY13–FY16. Performance over the past three years has been strong, with the Group delivering EPS growth of 11.7% per annum and ROIC of 13.77% in FY16. The Committee concluded, taking into account a number of other factors, including TSR and cash flow performance, that 76.6% of the total award should vest in December 2016.

FY17 REMUNERATION POLICY

We previously made changes to our executive remuneration arrangements during FY13, and since then the Group has successfully achieved a number of key strategic, organisational and economic milestones.

- Exceptional levels of shareholder value creation: Since 2012, the Company's share price has increased from circa 50p to circa 284p; when combined with distributions this represents a total shareholder return of circa 536% and an increase in the market capitalisation of Greencore to circa £1.3bn.
- Successful transition to the London Stock Exchange market: The Company ceased trading on the Irish Stock Exchange, commenced trading on the London Stock Exchange and became a constituent of the UK FTSE SmallCap Index in 2012. This transition was well managed, and following its strong performance over the last few years, the Group is now ranked between 200 and 250 in the FTSE. This is a further indicator of the significant value we have created for shareholders over the past few years.
- Strong financial growth: Recent years have seen steady but significant year on year increases in the Company's revenue, Profit Before Tax and Earnings per Share. This has been achieved through a prudent mix of steady organic growth and carefully targeted acquisitions, including the bolt-on acquisition of The Sandwich Factory in the UK in July 2016.
- Development of a clear and effective international strategy: Our expansion into the US has been well managed. Our food to go business in this region has organically grown its revenue rapidly over the last three years. In addition, the proposed acquisition of Peacock Foods as announced on 14 November 2016 will provide the Group with increased scale, enhanced operating capacity, access to new channels and customers and strong US market positions.

Report on Directors' Remuneration
continued

STATEMENT FROM THE REMUNERATION COMMITTEE CHAIRMAN CONTINUED

FY17 REMUNERATION POLICY CONTINUED

This performance has been driven by an exceptional management team, who have a proven record of sustained performance evidenced by TSR performance that is in the top decile versus current constituents of the FTSE 350 index over each of the last three years and the last six years, and has been consistently above market over the longer term.

Against this backdrop, the Committee has been concerned for some time that our incentive opportunities have been below market, and not at the appropriate level to reflect the calibre and performance of our Executive Directors. Following a consultation with our largest shareholders, we are therefore proposing the following changes to our executive remuneration arrangements, which we believe will further align our Executive Directors with the successful delivery of our long-term business plan:

- Increase the maximum PSP limit in the policy to 200% of salary from 100% of salary. For FY17:
  - the CEO will receive an award of 200% of salary
  - the CFO will receive an award of 150% of salary
- Adopt a two-year holding period on vested PSP awards for Executive Directors

A PSP opportunity of 200% of salary is around median for FTSE companies ranked between 150 and 250 (as at the 4 December 2016, the Company is ranked circa 235th). The increase in opportunity will position total remuneration between median and upper quartile against FTSE 150 to 250 companies for the CEO, and around median for the CFO. Following careful consideration, the Committee believes that the proposed amendments are appropriate to reflect the experience and calibre of our executive team.

Finally, the introduction of a two-year holding period on vested PSP awards (after tax) extends our long-term incentive time horizon to five years, which will provide greater shareholder alignment and is in line with developing market practice.

It is the Committee's view that incentivising the current senior management team, in particular the CEO, to deliver our strategy and pursue growth opportunities is of the utmost importance and we believe that our proposals will support that aim whilst further aligning the senior management's interests with those of shareholders.

SALARY

The Committee reviewed the salary of the Chief Executive Officer, who is remunerated in euro, in November and determined that this would be increased by 2% to €803,637 with effect from 1 October 2016. This increase is aligned with typical increases received elsewhere in the Group. As Mr Tonge, who is remunerated in sterling, was appointed Chief Financial Officer on 3 October 2016, he will not receive an increase in salary at this time.

ERIC NICOLI
On behalf of the Remuneration Committee
4 December 2016

* Definitions of financial Key Performance Indicators ('KPIs') are provided on pages 12 to 14. Certain of these KPIs are non-IFRS measures or Alternative Performance Measures ('APMs') and definitions and reconciliations of the APMs to IFRS measures are provided in Note 35 to the Financial Statements on page 154.

DIRECTORS' REMUNERATION POLICY REPORT

The following section sets out our Directors' Remuneration Policy (the 'Policy'). As outlined in the FY15 Annual Report, as Greencore Group plc (the 'Company') is an Irish incorporated company, it is not subject to the UK Directors' Remuneration Reporting Regulations. However, in line with best practice, we are committed to applying the requirements on a voluntary basis insofar as is possible under Irish legislation. As we are unable to rely on the statutory provisions applicable under the UK Directors' Remuneration Regulations, this Policy will be submitted as an advisory resolution at the Annual General Meeting ('AGM') of the Company to be held on 31 January 2017. If approved, the Group intends to comply with the Policy. However, there may be circumstances under Irish legislation where a Director could be entitled to receive amounts other than as provided for in the Policy.

The Annual Remuneration Report, which will also be put before shareholders as an advisory resolution at the forthcoming AGM is set out on pages 71 to 80 and includes further details on how this Policy will be operated for FY17.

REMUNERATION POLICY

The main aim of the Group's Policy is to align the interests of Executive Directors with the Group's strategic vision and the long-term creation of shareholder value. The Policy is intended to pay the Executive Directors competitively and appropriately, having taken into account a number of other factors, including the remuneration practices of other international companies of similar size and scope, the current economic climate and the regulatory and governance framework. The Committee also takes into consideration remuneration practices throughout the Group when considering Executive Directors' pay and ensures that the Group pays its Executive Directors no more than is necessary.

As outlined in the Chairman's statement, the Policy outlined below contains certain differences to that presented and approved by shareholders at the AGM held in January 2015. The differences are:

- An increase of the maximum Performance Share Plan ('PSP') limit in the policy to 200% of salary from 100% of salary. For FY17:
  - the CEO will receive an award of 200% of salary
  - the CFO will receive an award of 150% of salary
- The adoption of a two-year holding period on vested PSP awards for Executive Directors

REMUNERATION PRINCIPLES

The following principles have been adopted as a framework for evaluating changes to Executive Directors' remuneration. The remuneration arrangements for Executive Directors are designed to:

- Promote value creation;
- Support the business strategy;
- Promote the long-term success of the Company;
- Promote sound risk management;
- Ensure that the interests of the Executive Directors are aligned with the long-term interests of shareholders;
- Deliver a competitive level of pay for the Executive Directors without paying more than is necessary to recruit and retain individuals;
- Ensure that the Executive Directors are rewarded for their contributions to the success of the Group; and
- Motivate the Executive Directors to deliver enhanced sustainable performance.

Report on Directors' Remuneration
continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

EXECUTIVE DIRECTORS' REMUNERATION POLICY

The table below sets out the element and purpose of Executive Directors' compensation and how each element operates, as well as the maximum opportunity of each element and any applicable performance measures.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Basic salary	To provide the basis of a market competitive overall remuneration package. Takes account of the role, skills and contribution of individuals.	Basic salaries are determined taking into account a number of factors, including: • individual responsibilities, performance and experience; • practice at other companies of a similar size and complexity; • the pay arrangements throughout the organisation; and • the Company's progress towards its objectives. Salaries are usually reviewed during November and any increases will normally be effective from the preceding 1 October. However, the Committee reserves the right to make salary increases effective from any other time where considered appropriate.	Whilst there is no maximum salary, increases will normally be in line with the average increase awarded to other employees in the Group. However, the Committee retains the discretion to make increases above this level in certain circumstances, including, but not limited to: • an increase in scope and/or responsibility of a role; • a new Executive Director being moved to market competitive positioning over time; and • an existing Executive Director falling below market positioning.	None
Pension	To provide post-retirement remuneration to ensure that the overall remuneration package is competitive.	The Chief Executive Officer receives a taxable non-pensionable cash allowance in lieu of participation in a Defined Contribution pension scheme. The Chief Financial Officer participates in part in the Greencore UK Master Trust Pension Scheme which is a Defined Contribution pension scheme and receives a partial non-pensionable cash allowance. The Chief Executive Officer participated in the Defined Benefit Pension Scheme until it was closed to future accrual in 2009. The Committee may determine that alternative pension provisions will operate for new appointments to the Board. When determining pension arrangements for new appointments, the Board will give regard to the cost of the arrangements, market practice and the pension arrangements received elsewhere in the Group.	The Company's maximum contribution/cash allowance for the Executive Directors is as follows: • CEO – 35% of pensionable salary; and • CFO – 25% of pensionable salary. The Chief Executive Officer is a deferred member of the Group's Defined Benefit Pension Scheme which closed to future accrual with effect from 31 December 2009. The value of the frozen scheme benefits for the Chief Executive Officer was £44,000 as at 30 September 2016.	None

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits	To provide market typical benefits to ensure that the overall remuneration package is competitive.	Executive Directors receive health insurance for the individual and his immediate family and a car allowance (or a company car and payment of related expenses). Other benefits may be provided at the discretion of the Committee based on individual circumstances and business requirements, such as appropriate relocation and expatriate allowances and support (either on a one-off or an ongoing basis). Executive Directors may also be eligible to participate in any all-employee schemes operated by the Company up to the relevant approved scheme limits.	The cost of benefit provision will depend on the cost to the Company of providing individual items and the individual's circumstances and therefore there is no maximum value.	None

Report on Directors' Remuneration
continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED
EXECUTIVE DIRECTORS' REMUNERATION POLICY CONTINUED

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Annual Bonus Plan	To support the business strategy by incentivising the delivery of annual financial targets as well as the achievement of personal and strategic objectives. The deferred element aligns the interests of Executives and shareholders and provides a strong retention mechanism.	Performance is assessed over the relevant financial year. The level of payment is determined by the Committee after the year-end, based on performance against targets and any additional factors they deem significant. A proportion (normally 50% unless the Committee determines otherwise) of any bonus is paid in cash, with the remainder deferred into a share award. Cash bonuses are paid following the year-end. *Deferred share element.* The Deferred Share Awards will normally vest three years after the grant of an award (unless the Committee determines an alternative vesting period is appropriate). The vesting of Deferred Share Awards will normally be subject to continued employment. The Committee has the discretion to reduce the number of Deferred Shares if, prior to vesting, the participant is in fundamental breach of their employment contract. Dividend equivalents may be awarded. See page 66 for further details.	The maximum annual bonus opportunity is 150% of salary. The award opportunity for bonus at threshold performance is nil with up to 50% of the award normally payable for target performance. 100% of the award is payable for maximum performance.	The bonus is determined based on performance against financial performance metrics and personal objectives. Currently, 75% of the award is based on financial targets (of which 50% is based on adjusted EPS and 25% is based on ROIC) and 25% is based on personal and strategic goals. The Committee may choose alternative performance measures or may adjust the weighting of measures in future years to ensure that Executive Directors are appropriately incentivised to deliver key strategic goals. In any year, the financial performance metrics will always account for the majority of the award. The Committee sets targets every year to ensure that they are appropriately stretching. For further details of metrics for the FY17 annual bonus please see page 78.

Element of remuneration	Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Performance Share Plan ('PSP')	To create alignment between the interests of Executive Directors and shareholders through the delivery of rewards in Company shares. To incentivise Executive Directors to deliver long-term shareholder value creation and the achievement of financial targets.	Awards normally vest based on performance measured over a period of three years or such other period as the Committee may determine. Awards may be granted in the form of performance share awards (a conditional award of shares, a nil-cost option or a forfeitable share award). The Committee determines the extent to which the performance measures have been met. The Committee will also consider the underlying financial performance of the business, as well as the value added to shareholders. The level of vesting may be adjusted where the Committee considers there is a material difference. An additional two-year holding period will apply to Executive Directors' vested shares before they are released to participants. In the event of a material misstatement of the Company's audited results, a material failure of risk management, a material breach of health and safety regulations, or serious reputational damage to any member or business unit of the Group, the Committee may scale back, or impose additional conditions on awards prior to vesting. Dividend equivalents may be awarded. See page 66 for further details.	The maximum award level is 200% of salary in respect of a financial year. For FY17 it is intended to grant awards of 200% and 150% to the CEO and CFO, respectively.	Current awards vest based on Earnings per Share and Return on Invested Capital measures. These measures will generally be equally weighted, however, the Committee may determine that an alternative weighting is appropriate. The Committee shall have the discretion to determine that alternative financial performance measures may apply to future awards. For threshold levels of performance, 25% of the award vests, increasing to 100% of the award for maximum performance. There is straight-line vesting of awards between these points. The Committee determines targets each year to ensure that targets are stretching and represent value creation for shareholders, whilst remaining motivational for management.

The Company also operates a shareholding guideline for Executive Directors, details of which can be found on page 75 of the Annual Remuneration Report.

Report on Directors' Remuneration
continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

EXECUTIVE DIRECTORS' REMUNERATION POLICY CONTINUED

The Committee reserves the right to make any remuneration payments and payments for loss of office (including the exercise of any discretion available to it in connection with such payments), notwithstanding that they may not be in line with the Policy where the terms of the payment were agreed either before the Policy came into effect or at a time when the relevant individual was not a Director of the Company and in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

From 2001 to 2011, the Company granted market value share options under the Greencore Group Executive Share Option Scheme. As the Scheme expired in 2011, no further options will be granted under this scheme. At the time when this Policy came into force, all options under the Executive Share Option Scheme had vested and, subject to the individual's continued employment and the rules of the scheme, the outstanding options may be exercised until the ten-year anniversary of the date of the award.

The Committee may make minor amendments to the Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Awards granted under the Deferred Bonus Plan ('DBP') and the PSP:

(a) may be settled in cash;
(b) may incorporate the right to receive in cash or shares the value of dividends which would have been paid or allotted on the shares between grant and vesting. This may assume the reinvestment of those dividends in the Company's shares on a cumulative basis; and
(c) may be adjusted in the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Committee's opinion, affect the current or future value of awards.

The Committee may amend or substitute performance conditions applicable to a PSP award if an event (or events) occurs which causes the Committee to consider that an amended or substituted performance condition would be more appropriate and would not be materially less difficult to satisfy.

The terms of the DBP and PSP may be amended in accordance with the relevant plan rules (which in the case of the PSP, will be subject to approval by shareholders at the AGM of the Company to be held on 31 January 2017).

INFORMATION SUPPORTING THE POLICY TABLE

SELECTION OF PERFORMANCE MEASURES

The Annual Bonus Plan is based on financial performance, as well as personal and strategic goals. The financial element for FY17 will be based on Earnings per Share and Return on Invested Capital. The Committee has selected these measures to ensure continued focus on the key financial objectives for the year ahead. The achievement of key personal and strategic goals is also considered important to drive the performance of the business over the longer term.

The PSP is also based on Earnings per Share and Return On Invested Capital. The earnings measure incentivises Executive Directors to grow earnings for shareholders over the long-term, whilst the return measure ensures that the growth is sustainable and in the long-term interests of the Company and its shareholders.

Targets are set taking into account a number of factors including internal and external forecasts, and market practice.

The Committee keeps the performance measures, weightings and targets of both the annual bonus and PSP under review and reserves the right to adjust these if they are no longer considered to be appropriate.

REMUNERATION ARRANGEMENTS THROUGHOUT THE GROUP

Remuneration arrangements throughout the Group are based on the same high level remuneration principles as for the Executive Directors. We believe that individuals should be rewarded based on their contribution to the Group and the success of the Group and that reward should be competitive in the market, without paying more than is necessary to recruit and retain individuals.

Reward packages will differ taking into account location, seniority and level of responsibility, however, remuneration packages are structured around common reward objectives and principles.

In addition to the Executive Directors, individuals across the Group participate in the annual bonus plan, whilst senior executives participate in the PSP and DBP on the same principles as the Executive Directors.

In addition, eligible employees in Ireland and the UK are entitled to join the Group's ShareSave Schemes which provide a means of saving and gives employees the opportunity to become shareholders in the Company.

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY

The remuneration policy for the Chairman and Non-Executive Directors is to pay fees necessary to attract Non-Executive Directors of the calibre required taking into consideration the size and complexity of the business and the time commitment of the role, without paying more than is necessary.

Details are set out in the table below:

Approach to setting fees	Basis of fees	Other items
• The fees of the Non-Executive Directors are agreed by the Board following recommendations by the Committee. • The fees for the Chairman are determined by the Committee. • Fees are normally reviewed every two years but may be reviewed more or less frequently if it is considered appropriate. • Fees are set taking into account the level of responsibility, relevant experience and specialist knowledge of each Non-Executive Director and fees at other companies of a similar size and complexity.	• Non-Executive Directors are paid a basic fee for membership of the Board with additional fees being paid for the role of the Senior Independent Director or Chairman of a Board committee, to take into account the additional responsibilities and workload required. • If a Non-Executive Director is a Chairman of more than one committee, the additional fee is capped at the higher committee fee. • If a Non-Executive Director is also the Senior Independent Director, the additional fee is capped at the additional Senior Independent Director fee. • Additional fees may also be paid for other Board responsibilities or roles if this is considered appropriate. • Fees are normally paid in cash.	• Neither the Chairman nor any of the Non-Executive Directors are eligible to participate in any of the Group's incentive arrangements. • Non-Executive Directors do not currently receive any benefits. However, benefits may be provided in the future if, in the view of the Board (for Non-Executive Directors or the Committee for the Chairman), this is considered appropriate. • Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties) incurred in the course of performing their duties are reimbursed to Non-Executive Directors. • The Company may settle any tax due on benefits or taxable expenses.

REMUNERATION POLICY FOR NEW HIRES

The Group is committed to ensuring appropriate succession plans are in place, specifically in respect of senior management and Executive Directors. When considering the remuneration package of a potential new Executive Director, the Committee would seek to apply the following principles:

- The Committee will ensure that the package is sufficient to attract the appropriate individual, having regard to the skills, experience and dedication required whilst ensuring that the interests of the Group and its shareholders are aligned, whilst being cognisant of not paying more than is necessary.
- The structure of the ongoing remuneration package would normally include the components set out in the policy table for Executive Directors. However, the Committee has the discretion to include any other remuneration component or award as it considers appropriate, taking into account the specific commercial circumstances, subject to the limit on variable remuneration set out below. Where any additional element is included, the key terms and rationale for such component would be appropriately disclosed.
- Where an individual forfeits outstanding incentive payments and/or contractual rights at a previous employer as a result of their appointment at the Group, the Committee may offer compensatory payments or awards in such form as it considers appropriate.
- In doing so, it will take into account all relevant factors including the form of awards, expected value and vesting timeframe of forfeited opportunities. When determining such 'buy-out' arrangements, the Committee's intention would be that awards would generally be on a 'like for like' basis as those forfeited.
- The maximum level of variable remuneration which may be awarded (excluding any compensatory payments or awards referred to above) in respect of recruitment is 350% of salary, in line with our proposed revised policy for existing Executive Directors.
- Where an Executive Director is required to relocate from their home location to take up their role, the Committee may provide reasonable assistance with re-location (either via one-off or ongoing payments or benefits).
- In the event that an internal candidate is promoted to the Board, legacy terms and conditions will normally be honoured, including pension entitlements and any outstanding incentive awards.
- To facilitate any buy-out awards outlined above, in the event of recruitment, the Committee may grant awards to a new Executive Director relying on the exemption in the Listing Rules which allows for the grant of awards, to facilitate in unusual circumstances, the recruitment of an Executive Director, without seeking prior shareholder approval or under any other appropriate Company incentive plan.

The remuneration package for a newly appointed Non-Executive Director will normally be in line with the structure set out in the Non-Executive Directors' policy table above.

Report on Directors' Remuneration
continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

REMUNERATION OPPORTUNITIES IN DIFFERENT PERFORMANCE SCENARIOS

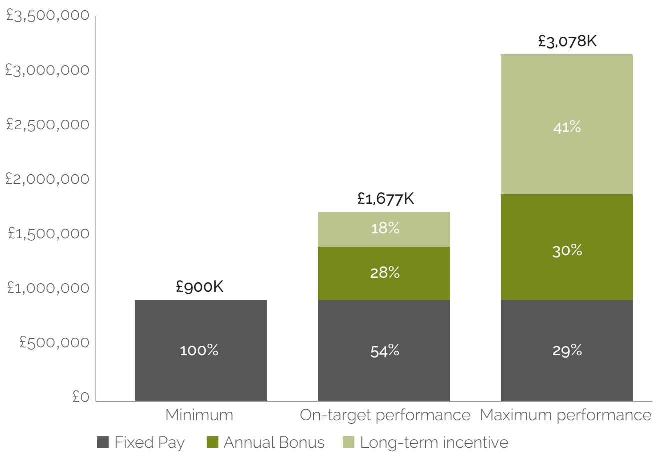
The Committee believes that the current remuneration arrangements provide an appropriate balance between fixed and variable pay linked to short and long-term strategic objectives.

The charts below illustrate the current value and composition of the Executive Directors' remuneration opportunity in minimum, "in line with the Company's expectations", and maximum performance scenarios.

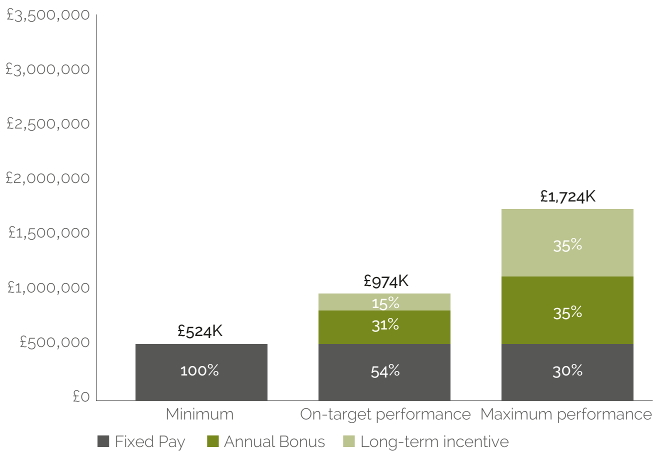
Minimum	No bonus payout No vesting under the PSP
On-target Performance	50% of maximum annual bonus payout (i.e. 75% of salary) 25% of maximum vesting under the PSP (i.e. 50% and 37.5% of salary for the CEO and CFO, respectively*)
Maximum	100% of maximum annual bonus payout (i.e. 150% of salary) 100% of maximum vesting under the PSP (i.e. 200% and 150% of salary for the CEO and CFO, respectively*)

* Subject to shareholder approval.

CEO*



CFO



* The scenario chart for the Chief Executive Officer is based on an exchange rate of €1: £0.7743 which was the average exchange rate for FY16.

FIXED REMUNERATION FOR FY17

	Salary with effect from 1 October 2016 €/£000	Benefits – actual paid in the year ending 30 September 2016 €/£000	Pension with effect from 1 October 2016 €/£000	Total fixed pay €/£000
CEO (Patrick Coveney)	€804	€57	€301	€1,162
CFO (Eoin Tonge)	£400	£24	£100	£524

EXECUTIVE DIRECTOR SERVICE CONTRACTS AND POLICY ON PAYMENTS TO DIRECTORS LEAVING THE GROUP

When determining leaving arrangements for an Executive Director, the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and the performance and conduct of the individual.

Notice period	Executive Directors have service contracts with the Company which can be terminated on 11 months' notice by the Company and on three months' notice by the individual. Mr Coveney's current contract was entered into on 31 March 2008 and Mr Tonge's current contract was entered into on 3 October 2016.
Payment in lieu of notice	Salary and other emoluments in lieu of notice.
Annual bonus	The Committee may determine that an Executive Director remains eligible to receive a bonus for the financial year in respect of which he ceased to be a Director. The Committee will determine the level of bonus taking into account performance. Any unvested Deferred Share Awards will vest in full or to such lesser extent as is determined by the Committee if the individual dies or ceases employment as a result of ill-health, injury, disability, redundancy, retirement, the sale or transfer of his employing entity out of the Group or if the Committee determines exceptional circumstances exist that warrant such treatment. If the employee leaves in other circumstances, his or her unvested Deferred Share Awards lapse.
PSP	If a participant dies his PSP award will vest to the extent determined by the Committee, taking into account the extent to which the performance conditions have been met and if the Committee so determines the period of time elapsed since grant. If the participant ceases to be an officer or employee of the Group as a result of his ill-health, injury, disability, redundancy, retirement or the sale of his employing entity out of the Group, or for any other reason at the Committee's discretion, his award will vest on the original vesting date, or, if the Committee so determines, as soon as practicable after the date of cessation. The extent to which awards vest in these circumstances will be determined by the Committee, taking into account the extent to which the performance conditions have been satisfied, and, unless the Committee determines otherwise, the period of time from the date of grant up to the date of cessation. If a Director leaves in other circumstances, his or her awards lapse.

The Executive Directors' contracts are available for shareholders to view at the AGM and also from the Company Secretary upon request.

CHANGE OF CONTROL

In the event of a change of control of the Company, Executive Directors are entitled to terminate their employment with the Company with 30 days' prior notice at any time within six months after the change in control if the Executive Director has reasonable grounds to contend that the change in control has resulted, or will result, in the diminution of his/her powers, duties or functions in relation to the Group.

If the Executive Director's contract is terminated in the event of the change of control, the Executive Director can seek a payment from the Company in settlement of all and any claims arising in those circumstances. The amount of the payment (subject to deduction of income tax) will be equal to the sum total of his or her basic salary, the bonus paid to the Executive Director in the calendar year immediately preceding such termination and any retained bonus approved but unpaid for the year immediately prior to the year in which the Executive Director's contract was terminated. These provisions reflect Irish employment law.

If the Company undergoes a change of control, PSP awards vest to the extent determined by the Committee. The extent to which awards vest in these circumstances will be determined by the Committee taking into account the extent to which the performance conditions have been met and, unless the Committee determines otherwise, the period of time between grant and the relevant event. Alternatively, the Committee may require that PSP awards are rolled over for equivalent awards in a different company.

Deferred Share Awards will vest in full in the event of a change of control or winding up of the Company.

In the event of a merger, demerger, delisting, special dividend or other event which may in the opinion of the Committee affect the current or future value of the Company's shares, the Committee may allow Deferred Share and PSP awards to vest on the same basis as set out above.

Report on Directors' Remuneration
continued

DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

NON-EXECUTIVE DIRECTOR LETTERS OF APPOINTMENT

The Non-Executive Directors have Letters of Appointment, the terms of which recognise that their appointments are subject to the Company's Articles of Association and their services are at the direction of the shareholders.

All Non-Executive Directors submit themselves for election at the AGM following their appointment, and in line with the Company's Articles of Association and Provision B.7.1. of the UK Corporate Governance Code (the 'Code'), each Director retires at each subsequent AGM and offers him or herself for re-election as appropriate.

Non-Executive Directors are not entitled to any payment in lieu of notice. The Letters of Appointment are available for shareholders to view at the AGM and also from the Company Secretary upon request.

The table below shows the appointment and expiry dates for the Non-Executive Directors:

Name	Effective date of appointment	Expiry of appointment*
PG Kennedy	20 November 2008	31 January 2017
SG Bailey	17 May 2013	31 January 2017
HA McSharry	30 January 2013	31 January 2017
JJ Moloney	8 February 2013	31 January 2017
EL Nicoli	14 May 2010	31 January 2017
JA Warren	30 January 2013	31 January 2017

* In line with the Company's Articles of Association and the UK Corporate Governance Code, each year at the AGM of the Company each Director retires, and where appropriate offers him or herself for re-election.

CONSIDERATION OF WIDER EMPLOYEE VIEWS

The Committee generally considers pay and employment conditions elsewhere in the Group when determining pay for Executive Directors.

When assessing any increases to base salary, the Committee reviews overall levels of base pay increases offered to other employees in the Group.

The Committee does not consider it appropriate to consult directly with employees regarding Executive Directors' remuneration. However, employees are encouraged to become shareholders under the Company's ShareSave Scheme and once an employee becomes a shareholder, he or she can vote on resolutions in respect of Directors' remuneration along with any other resolutions put before the AGM.

CONSULTING WITH OUR SHAREHOLDERS

The Committee is dedicated to ensuring open dialogue with shareholders in relation to remuneration. In advance of any proposal to amend the Policy, the Committee, led by the Chairman, will liaise with key shareholders and proxy advisory firms to discuss the proposed amendments and receive their feedback.

ANNUAL REMUNERATION REPORT

The following sets out our Annual Remuneration Report, which outlines decisions made by the Committee in relation to Directors' remuneration in respect of FY16 and how the Committee intends to apply the Remuneration Policy for FY17. The Annual Remuneration Report will be subject to an advisory shareholder vote at the AGM to be held on 31 January 2017. Where information has been audited by KPMG, this has been stated. All other information in this report is unaudited.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The following table sets out the single figure for total remuneration for Executive Directors in FY16 and FY15.

				Annual Bonus* (£000)				
		Salary (£000)	Benefits (£000)	Cash	Deferred Share Award	Long-term Incentive (£000)	Pension (£000)	Total (£000)
Patrick Coveney**	FY16	610	44	380	380	881****	228	2,523
	FY15	581	42	318	318	2,277*****	214	3,750
Alan Williams***	FY16	438	31	259	0	586****	109	1,423
	FY15	434	31	224	224	1,320*****	108	2,341

* Half of the annual bonus is payable as a cash award and half as a Deferred Share Award, with the exception of Alan Williams whose Deferred Share Award was forfeited in view of his resignation.

** The exchange rate used for the conversion of salary from euro to sterling for FY16 was €1:£0.7743 which was the average exchange rate for FY16. The exchange rate used for FY15 was €1:£0.7443.

*** Alan Williams stepped down as Chief Financial Officer and Director of Greencore on 3 October 2016, and was replaced by Eoin Tonge. As Eoin Tonge was not a Director in FY16 his single total figure of remuneration for FY16 is not included in the table above.

**** The figures for the Long Term Incentive are in respect of awards granted under the PSP which are due to vest in December 2016 and are based on the average share price for the period 1 July 2016 to 30 September 2016 of £3.3391.

***** The figure has been restated from FY15 to take into account the closing share price on the date the shares became exercisable on 7 March 2016 of £3.585 and includes dividend equivalents.

NOTES TO THE TABLE (AUDITED)

BENEFITS

Benefits include a car allowance or the provision of a company car and private medical insurance.

ANNUAL BONUS

BONUS DISCLOSURE

The Group demonstrated strong financial and operational performance over the year in continuing challenging market conditions.

The maximum bonus opportunity for FY16 was 150% of salary for both Executive Directors. The bonus was based 75% on financial measures (adjusted EPS and ROIC), and 25% on personal performance against agreed strategic goals. Adjusted basic EPS grew 8.3% from FY15 and ROIC decreased by 30bps resulting in 59% of the financial element paying out. Both the Chief Executive Officer and the Chief Financial Officer for the year under review had a strong year delivering strong progress against key strategic objectives for the Group. The Committee decided that the Chief Executive Officer should receive 24 out of 25 for the personal element of his bonus and the Chief Financial Officer for the year under review should receive 20 out of 25 for the personal element of his bonus.

This resulted in a total bonus payout of 83% of maximum for the Chief Executive Officer and 79% of maximum for the Chief Financial Officer. The Committee considered that this level of bonus was appropriate in light of the Group's development, taking into account the strategic, organisational and economic progress made during the financial year.

The table below summarises performance achieved against target performance levels. The target achievement of 95% of budget EPS/ROIC metrics would result in a payout of 50% of the available bonus, whilst achievement of 105% of budget EPS/ROIC metrics would result in a payout of 100% of the available bonus.

	Weighting	Group budget	Actual performance for FY16	Pay-out for achieving target performance (% of salary)	Pay-out for achieving maximum performance (% of salary)	Actual pay-out (% of maximum)
Financial measures						
EPS	50%	19.5p	19.5p	37.5%	75%	38%
ROIC	25%	13.55%	13.8%	18.75%	37.5%	21%
Personal measures						
Patrick Coveney	25%	See page 72 for details of performance achieved				24%
Alan Williams	25%					20%
Total – Patrick Coveney						**83%**
Total – Alan Williams						**79%**

Report on Directors' Remuneration
continued

ANNUAL REMUNERATION REPORT CONTINUED
NOTES TO THE TABLE (AUDITED) CONTINUED
ANNUAL BONUS CONTINUED
BONUS DISCLOSURE CONTINUED
Details of achievements against personal performance goals are set out below:

Personal measures	
Patrick Coveney	Patrick has worked with key customers to deliver further share gains during the year culminating in the award of a long-term, sole supply partnership with a key food to go customer in the UK which will see our share of UK grocery retail sandwiches grow towards 60% on a run-rate basis. During the year, additional capacity was added at UK sites to meet the strong growth. In July 2016, the business completed the acquisition of The Sandwich Factory bringing new capabilities in short-run, specialist product formats. A substantial proportion of UK revenue in Prepared Meals and Grocery was put out to tender during the year and Patrick successfully steered the business through these contract renewals. In the US, Patrick has worked to deliver new capacity and to drive the establishment of a robust pipeline of future growth opportunities.
Alan Williams	Alan had a successful year with strong functional delivery. He continued to lead the Group's engagement within the investment analyst community whilst also ensuring delivery of the Group's IT and tax objectives for the year under review.

LONG-TERM INCENTIVES
PSP AWARDS
PSP awards granted in December 2013 were subject to performance targets measured over the period FY13–FY16 as follows:

	Portion of award	Target range	Actual performance FY13–FY16	Percentage vesting
EPS growth	50%	5% p.a. to 15% p.a.	11.7% p.a. growth	75.1%
ROIC	50%	12% to 14.5%	13.8%	78.1%
Total				76.6%

25% of the award vests for delivering threshold levels of performance with 100% vesting for hitting maximum performance targets (straight-line vesting in-between).

The vesting of the awards is also subject to a performance underpin. When assessing the performance underpin, the Committee will take into consideration a number of factors including: TSR and cash flow performance.

The Committee considered these factors along with the underlying performance of the business and determined that the level of vesting is appropriate. Awards will vest in December 2016.

PENSIONS
The Chief Executive Officer receives a taxable non-pensionable cash allowance equivalent to 35% of his pensionable earnings in lieu of participation in a Defined Contribution pension scheme. For the year under review, Mr Williams received a taxable non-pensionable cash allowance equivalent to 25% of his pensionable earnings in lieu of participation in a Defined Contribution pension scheme.

The Chief Financial Officer participates in part in the Greencore UK Master Trust Pension Scheme which is a Defined Contribution pension scheme and receives a partial non-pensionable cash allowance.

The Chief Executive Officer is a deferred member of the Group's Irish Defined Benefit Pension Scheme which closed to future accrual with effect from 31 December 2009. The value of the frozen scheme benefits for the Chief Executive Officer was £44,000 as at 30 September 2016. His normal retirement age under the scheme is 60 and the Chief Executive Officer will not be entitled to any augmentation of benefit in the event that he or she retires early.

SHARE AWARDS GRANTED DURING THE YEAR (AUDITED)

PSP

The table below sets out details of the PSP awards made to Executive Directors during the year.

	Date of grant	Number of shares granted	Face value (£)*	Face value (% of salary)	Threshold vesting (% of salary)	Performance period
Patrick Coveney	3 December 2015	173,572	553,636	100%	25%	26 September 2015–28 September 2018

Alan Williams also received an award of 137,267 shares on 3 December 2015 (face value of £437,835*) on the same basis as the above for the performance period 26 September 2015 to 28 September 2018. However, as Mr Williams leaves the Group at the end of the calendar year, these awards will lapse.

* Face value calculated using the average share price for the three days following 24 November 2015 which was £3.18966.

As noted above, the PSP awards made in the year are subject to performance conditions. The table below shows the performance targets applicable to each of the two performance measures:

Vesting	**EPS element** Compound annual growth in period FY18 versus FY15 base	**ROIC element** Assessed based on FY18 performance
100%	15% p.a.	15%
Straight line between 25% and 100%	Between 5%–15% p.a.	12.5%–15%
25%	5% p.a.	12.5%
Nil vesting	Below 5% p.a.	Below 12.5%

Prior to determining the level of vesting, the Committee will also consider the underlying financial performance of the business, as well as the value added to shareholders, and the level of vesting may be adjusted where it considers that there is a material difference (the 'performance underpin').

When assessing the performance underpin, the Committee will take into consideration a number of factors including TSR and cash flow performance. The Committee has set targets taking into account internal and external forecasts, as well as market practice for similar sized companies.

DEFERRED BONUS PLAN ('DBP')

During the year, the following deferred bonus shares were awarded to the Chief Executive Officer. The awards were granted based on performance delivered during FY15.

	Date of grant	Number of shares granted	Face value (£)*	Face value (% of salary)
Patrick Coveney	3 December 2015	95,379	304,227	50%

Alan Williams also received an award of 70,332 shares on 3 December 2015 for the bonus performance period 27 September 2014 to 25 September 2015 (face value of £224,335*) on the same basis as the above. However, as Mr Williams leaves the Group at the end of the calendar year, these awards will lapse.

The allocation of the number of shares under the DBP for FY16 will be determined on 9 January 2017.

* Face value calculated using the average share price for the three days following 24 November 2015 which was £3.18966.

Report on Directors' Remuneration
continued

ANNUAL REMUNERATION REPORT CONTINUED
SHARE AWARDS GRANTED DURING THE YEAR (AUDITED) CONTINUED
DEFERRED BONUS PLAN ('DBP') CONTINUED

	Date of grant	Number of options/ awards at start of year	Granted/ awarded during the year	Vested/ exercised in the year	Lapsed during the year	Number of options/ awards at year–end	Market price at date of grant	Exercise price	Earliest date of exercise	Expiry date
Patrick Coveney										
Deferred Bonus Plan										
	03.12.12	603,739	–	629,750*	–	–	£0.92	–	03.12.15	03.12.15
	03.12.13	224,219	–	–	–	224,219	£1.85567	–	03.12.16	03.12.16
	02.12.14	158,176	–	–	–	158,176	£2.81733	–	02.12.17	02.12.17
	03.12.15	–	95,379	–	–	95,379	£3.18966	–	03.12.18	03.12.18
Performance Share Plan**	05.03.13	658,417	–	635,157***	–	–	£0.9825	–	05.03.16	05.03.16
	03.12.13	344,306	–	–	–	344,306	£1.85567	–	03.12.16	03.12.16
	02.12.14	219,510	–	–	–	219,510	£2.8173	–	02.12.17	02.12.17
	03.12.15	–	173,572	–	–	173,572	£3.18966	–	03.12.18	03.12.18
ShareSave	06.07.16	–	5,761	–	–	5,761	£3.2970	€3.14	01.09.19	29.02.20
Alan Williams******										
Deferred Bonus Plan										
	03.12.12	352,794	–	367,992*	–	–	£0.92	–	03.12.15	03.12.15
	03.12.13	136,407	–	–	–	136,407	£1.85567	–	03.12.16	03.12.16
	02.12.14	110,876	–	–	–	110,876	£2.81733	–	02.12.17	02.12.17
	03.12.15	–	70,332	–	–	70,332	£3.18966	–	03.12.18	03.12.18
Performance Share Plan**	05.03.13	381,639	–	368,157***	–	–	£0.9825	–	05.03.16	05.03.16
	03.12.13	229,028	–	–	–	229,028	£1.85567	–	03.12.16	03.12.16
	02.12.14	153,869	–	–	–	153,869	£2.8173	–	02.12.17	02.12.17
	03.12.15	–	137,267	–	–	137,267	£3.18966	–	03.12.18	03.12.18
ShareSave										
	01.07.14	3,913	–	–	–	3,913	£2.77	£2.30	01.09.17	28.02.18
	23.07.15	3,557	–	–	–	3,557	£3.153	£2.53	01.09.18	28.02.19

* The difference between awards granted in 2012 and shares exercised in 2015 represents scrip dividend payments on the awards.
** The share price used to calculate the number of shares under the award was the average share price for the three dealing days after release of the Group's results.
*** The difference between awards granted in 2013 and shares exercised in 2016 represents satisfaction of the performance conditions and Scrip dividend payments on the awards.
**** Alan Williams will leave the Group on 31 December 2016, thereafter all outstanding options under the Deferred Bonus Plan, the Performance Share Plan and the ShareSave Scheme will lapse.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTERESTS (AUDITED)

The Company has adopted Director shareholding guidelines whereby the Chief Executive Officer and Chief Financial Officer shall acquire a holding of shares in the Company equal to 200% and 100% of base salary, respectively, over a five-year period commencing on the date of their employment or from when the policy was introduced in November 2013, whichever is earlier. There are currently no shareholding guidelines in place for Non-Executive Directors, however, all Non-Executive Directors are encouraged to hold shares in the Company.

				Shareholding requirement					
	Ordinary Shares held at 25 September 2015	Ordinary Shares held at 30 September 2016	Value of Shares held at 30 September 2016*	% of salary required	% of salary held	Unvested performance shares subject to performance	Unvested share options subject to performance	Unvested awards not subject to performance	Vested options not exercised
Patrick Coveney	1,966,762	1,996,284	£6,665,792	200%	1,093%	737,388	–	477,774	–
Alan Williams**	360,609	557,976	£1,863,138	100%	425%	520,164	–	317,615	–

* This shareholding is calculated based on the average share price between 1 July 2016 and 30 September 2016 of £3.3391.
** Note that all of Mr Williams' outstanding awards are included in the table for completeness, however, all outstanding awards will lapse when he leaves the Group at the end of the calendar year.

CHANGE IN REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

With effect from October 2015 the Chief Executive Officer received an increase of 1% in his euro-denominated base salary, which was broadly in line with increases in the Group for FY16. He received a bonus increase in respect of FY16 when compared with FY15 due to the Group performance element of his bonus which was 59/75 in FY16 and 49/75 in FY15. Group employees with an element of their bonus linked to Group performance will generally receive a similar uplift. There were no changes to his benefits or Group employees' benefits in FY16.

HISTORIC TSR PERFORMANCE AND THE REMUNERATION OUTCOMES FOR THE CHIEF EXECUTIVE OFFICER

The graph below compares the Company's Total Shareholder Return against the FTSE All-Share Index and the FTSE 250 for a seven-year period. The FTSE 250 has been chosen as the Company is a constituent of this index whilst the FTSE All-Share Index has been chosen to provide a more broad-based comparator group.

Report on Directors' Remuneration
continued

ANNUAL REMUNERATION REPORT CONTINUED

SHARE AWARDS GRANTED DURING THE YEAR (AUDITED) CONTINUED

The table below illustrates the Chief Executive Officer's single figure of total remuneration over the same seven-year period.

GBP

	Salary	Pension	Benefits	Bonus	LTI	Total
FY16*	£610k	£228k	£44k	£760k	£881k	£2,523k
FY15*	£581k	£214k	£42k	£636k	£2,277k**	£3,750k
FY14	£625k	£234k	£45k	£924k	£302k	£2,130k
FY13	£626k	£234k	£44k	£836k	n/a	£1,740k
FY12	£618k	£231k	£42k	£1,138k	n/a	£2,029k
FY11	£647k	£242k	£42k	£1,002k	n/a	£1,933k
FY10	£586k	£180k	£41k	£1,113k	n/a	£1,920k

* The exchange rate used for the conversion of salary from euro to sterling for FY16 was €1: £0.7743. The exchange rate used for FY15 was €1: £0.7443.
** The figure has been restated from FY15 to take into account the closing share price on the day the shares became exercisable.

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below illustrates the year on year change in total remuneration compared to distributions to shareholders for FY16 and FY15.

	Distributions to shareholders £000	Total employee pay £000
FY16	25,229	270,800
FY15	22,184	232,100
% change	13.7%	16.7%

REMUNERATION OF NON-EXECUTIVE DIRECTORS (AUDITED)

The following table sets out the single figure of remuneration for Non-Executive Directors for FY15 and FY16.

NON-EXECUTIVE DIRECTORS

	FY16* (£000)	FY15 (£000)
PG Kennedy	**189**	182
SG Bailey	**52**	52
JT Herlihy**	**19**	45
HA McSharry	**46**	45
JJ Moloney	**50**	48
EL Nicoli	**66**	66
JA Warren	**66**	66
Total	**488**	504

* The exchange rate used for the conversion of fees from euro to sterling was €1:£0.7743 which was the average exchange rate for the year.
** JT Herlihy retired from the Board on 26 January 2016.

SHARES HELD BY DIRECTORS AT 30 SEPTEMBER 2016 (AUDITED)

The beneficial interest of Non-Executive Directors on 30 September 2016 (including the benefits interest of their spouses, civil partners, children and step children) in the Ordinary Shares of the Company are shown below.

	As at 25.09.2015	As at 30.09.2016	As at 04.12.2016
Director			
SG Bailey	25,000	25,000	25,000
PF Coveney	1,966,762	1,996,284	2,008,551
JT Herlihy*	10,088	10,088*	n/a
PG Kennedy	47,684	48,582	48,954
HA McSharry	12,836	13,030	13,110
JJ Moloney	25,000	25,000	25,000
EL Nicoli	17,000	17,000	17,000
JA Warren	25,000	25,000	25,000
AR Williams**	360,609	557,976**	n/a

* JT Herlihy stepped down from the Board on 26 January 2016. His shareholding is shown as at this date.
** AR Williams stepped down from the Board on 3 October 2016. His shareholding is shown as at this date.

Group Company Secretary			
C O'Leary	72,975	72,975	73,423

The movement in shares between 30 September 2016 and 4 December 2016 reflects certain Directors increasing their shareholdings through the take up of the FY16 Interim Scrip Dividend.

None of the Directors had a material interest in any contract of significance, other than a service contract, with the Company or any of its subsidiaries at any time during the period.

Non-Executive Directors are not paid in shares nor do they have formal shareholding guidelines, however, as outlined earlier, all Non-Executive Directors are encouraged to hold shares in the Company.

PAYMENTS FOR LOSS OF OFFICE

No payments for loss of office were made during the year under review.

PAYMENTS TO PAST DIRECTORS

No payments were made to past directors during the year under review.

IMPLEMENTATION OF REMUNERATION POLICY IN FY17

SALARY

In December 2016 the Chief Executive Officer's base salary will be increased by 2% to €803,637 with effect from 1 October 2016. As the Chief Financial Officer was appointed on 3 October 2016, he will not receive an increase in salary at this time.

PENSION AND BENEFITS

Executive Directors will receive pension and benefits as set out in the remuneration policy table.

ANNUAL BONUS

The performance measures and award levels for the FY17 annual bonus remain unchanged from FY16. The maximum cash bonus opportunity for Executive Directors is 75% of basic salary. A Deferred Share Award with an equal value to the cash award will also be awarded. The Deferred Share Award vests after three years, subject to continued employment. Therefore the maximum total bonus is 150% of salary.

Report on Directors' Remuneration
continued

ANNUAL REMUNERATION REPORT CONTINUED
IMPLEMENTATION OF REMUNERATION POLICY IN FY17 CONTINUED
ANNUAL BONUS CONTINUED

Performance is measured based on Group financial targets (75% of the award) and on personal and strategic goals (25% of the award). The financial targets are adjusted EPS (50%) and ROIC (25%). Personal and strategic goals are set in relation to each Executive Director's responsibilities and are aligned with the short and medium-term strategic priorities. Measures are generally created to be specific and measurable. The balance of targets is illustrated below.

The targets for the FY17 annual bonus are based around the Group's stretching budget and the Committee considers these targets to be appropriate. Target measures are set out on page 71. If maximum performance targets are achieved, the Committee considers that this would represent exceptional performance and add significant value for shareholders. The balance of measures is illustrated in the chart below.

PSP

Awards under the PSP will be made with a face value of 200% and 150% of salary to the CEO and CFO, respectively, and will be made following the AGM, subject to approval of the revised Plan Rules. The targets that will apply to the awards for FY17 are as follows:

Vesting	Adjusted EPS element Compound annual growth in period FY19 versus FY16 base	ROIC element Assessed based on FY19 performance
100%	15% p.a.	15%
Straight line between 25% and 100%	Between 5%–15% p.a.	12.5%–15%
25%	5% p.a.	12.5%
Nil vesting	Below 5% p.a.	Below 12.5%

Prior to determining the level of vesting, the Committee will also consider the underlying financial performance of the business, as well as the value added to shareholders, and the level of vesting may be adjusted where it is considered that there is a material difference (the 'performance underpin'). When assessing the performance underpin, the Committee will take into consideration a number of factors including TSR and cash flow performance. The Committee has set targets taking into account internal and external forecasts, as well as market practice for similar sized companies.

The Committee is aware of evolving corporate governance and market practice in relation to the implementation of clawback and malus provisions. Shares awarded under the PSP are already subject to malus provisions. See page 65 for more details.

NON-EXECUTIVE DIRECTOR FEES

The table below sets out the current Non-Executive Director fees for FY17.

	€ Euro
Basic Fee	
Chairman	55,000
Non-Executive Directors	60,000
Additional Fees	
Chairman	189,000
Senior Independent Director	16,500
Audit Committee Chairman	16,500
Remuneration Committee Chairman	12,000
Nomination and Governance Committee Chairman	5,000

EXTERNAL APPOINTMENTS

We recognise the opportunities and benefits to both the Company and to our Executive Directors of serving as Non-Executive Directors of other companies. Executive Directors are permitted to take on a Non-Executive Directorship with another publicly listed company with the approval of the Nomination and Governance Committee. Any fees arising from such appointments will generally be retained by the individual.

On 30 May 2014, the Chief Executive Officer was appointed as a Non-Executive Director of Glanbia plc. He receives an annual fee of €70,000 for this role.

FUNDING OF EQUITY AWARDS

Executive incentive arrangements are funded by a mix of newly issued shares and shares purchased in the market. Where shares are newly issued, the Company complies with the Investment Association guidelines in relation to issuing a maximum of 5% of share capital in respect of discretionary schemes and a maximum of 10% in respect of all share schemes in a rolling ten-year period.

At 30 September 2016, there were 2,414,291 shares in the Company's share ownership trust (As at 25 September 2015: 2,966,258). Current shareholder dilution is circa 0.58%.

THE REMUNERATION COMMITTEE ROLE

The Remuneration Committee currently consists of three Non-Executive Directors whose collective role is to ensure that the Group's remuneration arrangements are aligned with the Group's strategy and vision. The Terms of Reference of the Committee include the determination of the remuneration packages for Executive Directors, the Group Company Secretary and other members of the senior management team. The Committee also makes recommendations to the Board Chairman and the Executive Directors in relation to the Non-Executive Directors' fees.

The Terms of Reference for the Committee are updated as appropriate and are available under the Corporate Governance Section of the Group's website, www.greencore.com.

MEMBERS

The Remuneration Committee comprises of the following Non-Executive Directors:

Name	Remuneration Committee position
Eric Nicoli	Chairman (appointed to Committee on 29 January 2013)
Gary Kennedy	Member (appointed to Committee on 11 March 2010)
Heather Ann McSharry	Member (appointed to Committee on 28 January 2014)

John Herlihy stepped down from the Remuneration Committee and the Board on 26 January 2016. The biographical details for each of the Committee members are set out on pages 46 and 47.

ADVISORS

As with each of the Committees of the Board, the Group Company Secretary acts as Secretary to the Committee. The Chief Executive Officer and the Chief Financial Officer attend meetings on an ad-hoc basis at the invitation of the Committee and provide information and support as requested, however, neither Executive Director is present when his own remuneration is being discussed.

Until August 2016 the Committee received advice from its independent remuneration advisors Deloitte LLP ('Deloitte') who were appointed by the Committee and provided advice to management in relation to their work in supporting the Committee. The advice provided by Deloitte was objective and independent.

During FY16, separate teams within Deloitte also provided the Group with advice on the Group's information systems environment and taxation matters.

The Committee reviewed its advisors during FY16, and following a robust selection process, appointed Kepler, a brand of Mercer, on 1 September 2016. Kepler is a founding member of the Remuneration Consultants Group and adheres to its code of conduct. Mercer provided the Group with pension actuarial services during FY16. The Committee is satisfied that Kepler provides independent and objective remuneration advice to the Committee and does not have any connections with Greencore which may impair its independence. The fees paid to Kepler in respect of work carried out for the Committee in the year under review amounted to circa £10,000.

Report on Directors' Remuneration
continued

ANNUAL REMUNERATION REPORT CONTINUED
IMPLEMENTATION OF REMUNERATION POLICY IN FY17 CONTINUED
ACTIVITIES DURING THE YEAR
During FY16, the Committee held three scheduled meetings. Details of the attendances at these meetings are set out on page 55. The key matters discussed at these meetings included:

- A full review of the Committee's Terms of Reference;
- A full review of the Executive Directors' and Senior Executives' remuneration for FY16 and awards in respect of FY15;
- A review of the Non-Executive Directors' fees;
- A full review of the Remuneration Policy;
- PSP and Annual Bonus Plan;
- Performance targets;
- Irish and UK ShareSave Schemes; and
- A comprehensive review of the Report on Directors' Remuneration.

In discussing the above matters, the Committee considered the remuneration policies throughout the Group.

SHAREHOLDER VOTING
Each year at the AGM, shareholders are asked to receive and consider the Directors' Remuneration Report. The table below highlights the voting outcome of the resolution proposed at the 2016 AGM in relation to the FY15 Directors' Remuneration Report.

Total votes	For	Against	Votes withheld
281,144,620 circa 68% of issued share capital	278,356,879 (99.0%)	2,787,741 (1.0%)	461,152

The Committee is very pleased with the level of support received for the FY15 Report on Directors' Remuneration. The Committee Chairman is available to answer any queries in relation to remuneration at the Company's forthcoming AGM.

SHARE-BASED PAYMENTS
The Group operates a ShareSave Scheme in both Ireland and in the UK which encourages eligible employees to save in order to buy shares in the Company. The ShareSave Schemes provides a means of saving and gives employees the opportunity to become shareholders. Currently, there are approximately 1,900 participants in the schemes. The Group's Financial Statements recognise an Income Statement charge in accordance with IFRS 2 Share-based Payment in respect of options issued under the ShareSave Scheme, the DBP and the PSP. The related charge in respect of share-based payments issued to Executive Directors totalled £0.9m (2015: £1.6m). Full details of the DBP and PSP awards are outlined on pages 64 and 65.

Options outstanding under the Company's Executive Share Option Scheme, the DBP, PSP and ShareSave Schemes at 30 September 2016 amounted to 9,993,654 Ordinary Shares (2015: 13,340,085) made up as follows:

		No. of Ordinary Shares	Price range	Normal exercise dates
Executive Share Option Scheme	Basic Tier	257,533	€0.64 – €3.88	2016 – 2021
Deferred Bonus Plan		1,857,505	–	2016 – 2019
Performance Share Plan		4,605,309	–	2016 – 2019
ShareSave Scheme	Ireland	80,781	€1.20 – €3.33	2016 – 2020
	UK	3,192,526	£0.60 – £2.64	2016 – 2020

Report of the Audit Committee

DEAR SHAREHOLDER,
On behalf of the Audit Committee and the Board, it is my pleasure to present the Report of the Audit Committee for the year ended 30 September 2016.

ROLE OF THE COMMITTEE

The Audit Committee's Terms of Reference are available under the Corporate Governance section of our website, www.greencore.com, and set out the role, authority, responsibilities and scope of the Audit Committee (the 'Committee'). The Terms of Reference, which were last amended in July 2016, are reviewed on an annual basis and are updated as required.

The main responsibilities of the Committee include:

- Monitoring the integrity of the Financial Statements of the Company, including its full year results, interim results, trading updates and any formal announcements relating to the Company's financial performance;
- Reviewing significant financial reporting judgements contained within the full year results, interim results, trading updates and any formal announcements relating to the Company's financial performance;
- Reviewing any changes to accounting policies and compliance with accounting standards;
- Reviewing the Company's internal financial controls and the Company's internal control and risk management systems;
- Monitoring and reviewing the effectiveness of the Company's risk management function (the 'Risk Management Group') whilst ensuring that it is of the quality required and has the appropriate level of experience and expertise;
- Reviewing and approving the annual risk management plan, ensuring that the plan is aligned to the key risks of the business, and monitoring progress against plan;
- Making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment of the external auditor;
- Agreeing the Terms of Engagement and the audit fee with the external auditor, ensuring that the fees are reasonable and set at a level which ensures that the audit is conducted in an efficient and effective manner;
- Assessing and reporting to the Board on the qualifications, expertise and resources of the external auditor;
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements;
- Monitoring the external auditor's internal policies on independence and objectivity, including its policies on the rotation of the lead audit partner;
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant regulation and ethical guidance regarding the provision of non-audit services by the external audit firm;
- Monitoring the level of permissible non-audit services to ensure that they do not exceed the levels as set out under regulation and ethical guidance;
- Reviewing and approving the annual external audit plan;
- Reviewing and assessing the effectiveness of the Group's 'whistleblowing' arrangements;
- Assessing and reporting to the Board on:
  - the nature and extent of principal risks facing the Group;
  - the design, operation and monitoring by management of internal control systems;
  - the going concern statement and the viability statement;
  - the Group Treasury policy; and
  - the accuracy and frequency of reports from management to the Board, and whether they give a balanced assessment of the principal risks and the effectiveness of the system of internal control in managing those risks;
- Reviewing and approving the statements in relation to risk management and internal controls contained within the Annual Report;
- On an annual basis, advising the Board whether the Annual Report and Financial Statements, when taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy; and
- Ensuring the mandatory rotation of the external auditor at least every 10 years and leading the formal external audit selection process.

I confirm that during FY16, the Audit Committee has fulfilled its role in accordance with its Terms of Reference.

MEMBERSHIP OF THE COMMITTEE

The Nomination and Governance Committee annually reviews the size and structure of the Board and each of the Board committees (the 'Committees') in order to ensure that the Committees are made up of individuals with the appropriate balance of skills and experience. In that regard, the Nomination and Governance Committee recommends to the Board for appointment to the Committee, those members it considers to have both the financial and commercial expertise and experience required to ensure an effective Committee. In addition, in determining the composition of the Committee, the Nomination and Governance Committee ensures that the Committee, as a whole, has the requisite knowledge of the industry in which we operate.

Report of the Audit Committee
continued

MEMBERSHIP OF THE COMMITTEE CONTINUED
As outlined on page 53, Mr JT Herlihy retired from the Board and each of the Committees of which he was a member at the conclusion of the Annual General Meeting held on 26 January 2016. Following Mr Herlihy's retirement, a review of the membership of the Committee was undertaken, and it was agreed that the composition of three independent Non-Executive Directors: Ms SG Bailey, Ms HA McSharry and myself, any two of whom shall be a quorum, was appropriate. The Board has determined that I have the recent and relevant financial experience as required under Provision C.3.1 of the 2014 UK Corporate Governance Code (the 'Code').

The varied backgrounds of the individual Committee members and their collective skills, experience and knowledge of the Company ensures that the Committee is well equipped to monitor and supervise the Company's auditor and to fulfil the Committee's remit effectively. Each Committee member is independent and financially literate and has a knowledge and understanding of the following key areas:

- Financial reporting principles and accounting standards;
- The regulatory framework within which the Group operates;
- The Group's internal control and risk management environment; and
- Factors impacting the Group's Financial Statements.

Further details of the Directors' experience and qualifications can be found in their biographical details as set out on pages 46 and 47. As set out above the Committee, as a collective, is competent in the manufacturing sector.

In line with Code Principle C.3 and its associated provisions, the Board ensures that there are formal and transparent arrangements in place for considering how corporate reporting is applied, along with monitoring risk management and internal control principles and maintaining a suitable relationship with the external auditor. Following a recent review of the Committee's compliance with the Code, the Committee has determined that it meets the requirement of Code Principle C.3 and its associated provisions, along with the remainder of the Code Provisions and associated principles within its remit.

The Committee meets at least three times in the financial year. In order to ensure that the Committee works efficiently, the meetings of the Committee are scheduled to take place in advance of Board meetings. In order to ensure that the Board is kept apprised of the Committee's agenda, the Board receive copies of the minutes of the Committee meetings and in my role as Chairman of the Committee, I provide the Board with a verbal report on the key items discussed at the Committee meetings.

In accordance with the Committee's Terms of Reference, the Group Company Secretary acts as Secretary to the Committee. Meetings of the Committee are attended by the Chief Executive Officer, Chief Financial Officer, Head of Risk Management and the Group Financial Controller upon invitation. Representatives of the external auditor also attend Committee meetings upon invitation. In addition, other individuals from within the Group will attend a Committee meeting at least annually and provide the Committee with an update on certain key areas of the business, such as health and safety, insurance, IT and legislation.

In my capacity as Chairman of the Committee, I am available to all Board members to discuss any issues they may have, either on a collective or individual basis. I meet with the external auditor and Head of Risk Management absent management on an annual basis in order to discuss any issues which may have arisen during the year under review. In addition, the Head of Risk Management, whose appointment or removal is subject to Committee approval, has direct access to both the Board Chairman and myself.

HOW THE COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES IN FY16
During FY16, the Committee held three scheduled meetings. The Committee members' attendance is outlined on page 55. The Committee's agenda is set based on the Group's financial calendar in order to ensure that the Committee fulfils its role in an efficient manner. In the year under review, the Committee focused on the following key areas:

MONITORING THE INTEGRITY OF THE FINANCIAL STATEMENTS INCLUDING SIGNIFICANT JUDGEMENTS
- We reviewed the appropriateness of Group accounting principles, practices and policies and monitored changes to, and compliance with, accounting standards on an ongoing basis;
- We reviewed the half-year results for FY16, having discussed them with the external auditor and compared the results to management accounts and budgets, focusing on key areas of judgement before recommending their release to the Board;
- Prior to making recommendations to the Board we reviewed the Group's Full Year Preliminary Results Statement for the year ended 30 September 2016; and
- We reviewed, prior to making any recommendations to the Board, the Annual Report and Financial Statements for the year ended 30 September 2016.

In undertaking this review, we discussed with management, and the external auditor the critical accounting policies and judgements that had been applied. These were:

GOODWILL AND INTANGIBLE ASSETS

The Group had goodwill of £476.9m and intangible assets of £75.5m as at 30 September 2016 and as set out in Note 13 to the Group Financial Statements. The Committee considered the impairment reviews which had been carried out by management in order to satisfy itself that the balances were stated appropriately. As part of its audit, KPMG assessed the Group's impairment model for each Cash Generating Unit and performed analysis on the assumptions which had been used by the Group in the impairment model. Following a detailed review and discussions with KPMG, the Committee was satisfied that the assumptions used were appropriate. As there was sufficient headroom, the Committee was satisfied that no impairment was required.

PENSIONS ACCOUNTING

As set out in Note 24 to the Group Financial Statements, the Group operates a number of defined benefit pension schemes, all of which are closed to future accrual and some of which have significant deficits. The defined benefit pension schemes are sensitive to any change in actuarial assumptions, whereby a modest change to an actuarial assumption may have a material impact on the reported balance. As part of its audit, KPMG evaluated and reviewed the assumptions and methodologies used by the actuarial advisors to the Group and made an assessment as to whether the assumptions made were appropriate and not materially different from external benchmarks. KPMG discussed the assumptions used and models by which the defined benefit pension schemes had been accounted for with management and the Committee, following on from which, the Committee were satisfied with the assumptions used and the methods by which the defined benefit pension schemes have been accounted for.

TAXATION

Significant judgement is exercised by management and the Group's tax advisor, Deloitte, in determining the amounts to be provided for both current and deferred tax. The final tax determination of certain transactions is often uncertain and may not be known for some time in the future. The Group has deferred tax assets, largely as a result of the Uniq acquisition in 2011 and also as a result of historic trading losses. KPMG, during their audit, reviewed the taxation risks arising from the Group's operations and applied sensitivity analysis to ascertain whether key judgements used were appropriate. Following on from such reviews and analysis, KPMG discussed the judgements made with the Committee. The Committee is satisfied that the judgements made were prudent and appropriate and that the correct accounting treatment had been adopted. Further detail in relation to taxation is set out in Note 10 to the Group Financial Statements.

EXCEPTIONAL ITEMS

Exceptional items are items which have been disclosed separately due to their amount or nature, the purpose of which is to assist the user in understanding underlying performance. Group management exercises judgement in assessing each exceptional item and analysing whether the treatment of exceptional items is consistent with accounting policies and practice. During the audit, KPMG reviewed the treatment of exceptional items and discussed the application of the accounting policy and the related disclosures with management. Following discussions, the Committee was satisfied that the identification of items as exceptional items was applied on a consistent basis and the accounting policy and disclosures were in line with previous practice.

FAIR, BALANCED AND UNDERSTANDABLE ASSESSMENT

Under Code Provision C.3.4. the Audit Committee, upon request from its Board, should "provide advice on whether the annual report and accounts, 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 Board has tasked the Committee with this role, which is incorporated into the Committee's Terms of Reference.

In line with the above, the Committee has undertaken a complete review of the Annual Report and Financial Statements and confirmed to the Board that it was the opinion of the Committee that, taken as a whole, they were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In advance of providing such a confirmation to the Board, the Committee considered the adequacy of the systems and internal controls, the consistency of the various elements of the reports (taking into account reports received by the Board during the year), the level of information provided, the narrative reporting and the language used.

RISK MANAGEMENT AND INTERNAL CONTROLS/RISK MANAGEMENT GROUP FUNCTION

Whilst it is the Board which is responsible for the Group's system of internal control, the Committee assists the Board in meeting its obligations in this regard. More information on the Group's internal control framework is set out on pages 57 and 58.

At least twice in the financial year, the Committee formally meets with the Head of Risk Management who provides the Committee with reports on the Risk Management Group's key business process and control reviews, the purpose of which is to ensure that the Committee fulfils its supervisory role in relation to the adequacy and effectiveness of the Group's risk management and internal control system.

In May 2016, the Head of Risk Management provided the Committee with an update on progress against the FY16 Risk Management Plan which had been approved by the Committee in September 2015. A presentation on the reports completed to date together with updates on the risk management charter were also provided to the meeting.

Report of the Audit Committee
continued

HOW THE COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES IN FY16 CONTINUED

RISK MANAGEMENT AND INTERNAL CONTROLS/RISK MANAGEMENT FUNCTION CONTINUED

At the September Committee meeting, we reviewed the Risk Management Plan for FY17 which sets out the proposed approach and planned activities for the Risk Management Group for the year ahead, along with staffing and resources. The Committee also received and reviewed the final comprehensive report on the activities of the Risk Management Group for FY16. The report included detailed information in relation to how the Risk Management Group had delivered against the FY16 plan, a summary of its risk assessment process for the year under review, its key findings and comprehensive information in relation to each of the risk management reports which had been issued since the previous report. The Committee also undertook a review of the Risk Management Group's mission and objectives along with its internal audit charter in order to assess how effectively it had performed during the year. Following the review, the Committee was satisfied that Risk Management Group had performed well against its mission and objectives. Furthermore, the deployment of its formalised audit approach had ensured appropriate escalation and accountability processes remained in place.

In light of the above review, the Committee continues to be satisfied that the Group control environment remains appropriate.

In May and September, the Committee also noted reports from the Head of Risk Management in relation to good faith reporting ('whistleblowing'). Under the Group's whistleblowing policy, arrangements are in place for individuals to raise any issue, in confidence, relating to accounting, risk issues, auditing issues or any other impropriety or area of concern. The whistleblowing reports included information on the nature of issues reported, an analysis of the issues raised by location, category and type along with the outcome of the investigations into the allegations.

As set out in the FY15 Annual Report, during FY15 the Chartered Institute of Internal Auditors ('CIIA') conducted an 'External Quality Assurance' assessment on the Risk Management Group. During FY16 the Committee received a detailed report from the CIIA in relation to their assessment, wherein it was noted in particular that the Risk Management Group was well regarded by the Audit Committee along with executive management, was a valued resource and had a very good knowledge of the business. The Committee discussed the report in detail at an unscheduled meeting of the Committee, which was held on 26 January 2016, following on from which the Committee implemented the recommendations of the CIIA where appropriate.

EXTERNAL AUDIT

One of the key roles of the Committee is to monitor the performance, objectivity and independence of the external auditor. It is essential that open, direct and honest communication exists between the Committee, the external auditor and the senior management team. It is the Committee's view that effective oversight of the activities undertaken by the external auditor assists in ensuring both an effective audit and audit independence.

In September 2016, we met with the external auditor to agree the FY16 audit plan. To ensure a quality audit, the external auditor needs to be aware of the business risks, therefore the Committee discussed and agreed the key business, financial statement and audit risks with the external auditor to ensure that the audit was appropriately directed. In addition, the external auditor's Letter of Engagement was reviewed by the Committee and signed on behalf of the Group in advance of the commencement of the audit.

In early November 2016, in advance of the finalisation of the Group's Full Year Preliminary Results, we reviewed a report from KPMG in relation to the annual audit, which included information on the status of the annual audit, specific assumptions, key judgemental areas and the next steps to complete the audit.

In late November 2016, in advance of the finalisation of the Group's Financial Statements, we received a further report from KPMG on their key audit findings, including the key risk areas and significant judgements, and discussed the issues with them in order for the Committee to form a judgement on the Financial Statements. In addition, we considered the Letter of Representation and the management letter.

At least annually, the Committee meets with the external auditor absent management to discuss any issues the auditor may wish to raise. The Committee continues to be fully satisfied with the performance of KPMG who remain effective, objective and independent. We have therefore recommended to the Board that KPMG should continue in office as the Group's auditor for FY17 and as set out on page 85, a resolution will be put before the shareholders at the forthcoming Annual General Meeting ('AGM') in relation to the continuation in office of KPMG as auditor.

In advance of the commencement of the annual audit, the Committee reviewed a letter provided by the external auditor confirming their independence within the meaning of the regulations and professional standards.

In order to assist the Committee in evaluating the external audit process and to ensure continuous improvement, following the completion of the audit, on an annual basis each Committee member and the management team complete a questionnaire on the effectiveness of the external auditor and the external audit process generally.

The last external audit tender was conducted in 2008 and KPMG were formally appointed as the Group's auditor by shareholders at the AGM of the Company held in February 2009. The lead partner is rotated every five years to ensure continued independence and objectivity. During FY15, Tom McEvoy of KPMG succeeded David Meagher of KPMG as lead partner on the Group's audit.

Under Section 383 of the Companies Act 2014, the external auditor is automatically re-appointed at a company's AGM, unless: (i) it is not qualified for re-appointment; (ii) a resolution has been passed at that meeting appointing another auditor or providing expressly that the auditor shall not be re-appointed; or (iii) the auditor has given the company notice in writing of its unwillingness to be re-appointed, however, as outlined above, we believe that it is vital that shareholders are provided with the opportunity to highlight any issues or concerns in relation to the appointment of the external auditor. Therefore, it is intended that an advisory resolution will be put before shareholders at the forthcoming AGM in respect of the continuation in office of KPMG as the Group's auditor for FY17.

On 17 June 2016, EU Directive 2014/56 EU and Regulation (EU) No 537/2014 (the 'EU Audit Reform') came into effect in Ireland with the purpose of reforming the audit market in the EU. One of the key provisions of the EU Audit Reform is the mandatory rotation of the external auditor every 10 years (subject to transitional arrangements). As outlined above, KPMG was appointed as the Group's auditors in 2008. The Committee is working with the Company in relation to a formal external audit process which will comply with the provisions as set forth in the EU Audit Reform.

NON-AUDIT FEES

Under the Committee's Terms of Reference, the Committee is responsible for developing and implementing policy on the engagement of the external auditor to supply non-audit services whilst ensuring that the auditor does not provide services which are prohibited under the relevant EU Audit Reform provisions. The Committee has a formal approved policy in place in respect of the above, which will be subject to review on an annual basis.

Furthermore, the Committee has agreed that only 'clearly trivial' permitted non-audit work may be undertaken by the external auditor without the prior approval of the Audit Committee. All other non-audit services must be pre-approved by the Audit Committee, whose role also includes monitoring the level of fees incurred for the provision of non-audit services. In the year under review non-audit fees in the sum of £350k were incurred by the Group relating to the proposed acquisition of Peacock Foods, whilst £547k was paid to other firms in the lead audit firms network in relation to a historic matter which was pre-existing on a Group acquisition.

Details of the amounts paid to the external auditor during the year for audit services are set out in Note 4 to the Group Financial Statements.

ADDITIONAL MEETINGS

Following the end of the financial year, the Committee held three unscheduled meetings in relation to the proposed acquisition of Peacock Foods. Further details in relation to the proceedings at the unscheduled Committee meetings will be contained within the FY17 Annual Report.

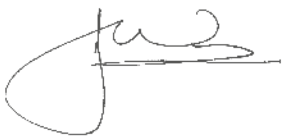
COMMITTEE EFFECTIVENESS

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself. Following a review conducted in FY16, I can confirm that the Committee continues to operate effectively and efficiently.

FURTHER QUESTIONS

I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

Yours sincerely



JOHN WARREN
On behalf of the Audit Committee
4 December 2016

Report of the Nomination and Governance Committee

DEAR SHAREHOLDER,
As Chairman of the Nomination and Governance Committee, I am pleased to present the report of the Nomination and Governance Committee (the 'Committee') for the year ended 30 September 2016.

The role of the Committee is defined within its written Terms of Reference. The Terms of Reference of the Committee, which can be found under the Corporate Governance section of our website, www.greencore.com, are reviewed on an annual basis and were most recently updated in July 2016 to take into account the expanded role of the Committee in relation to the oversight of corporate governance.

In relation to its nomination role, the Committee keeps the composition of the Board, the Remuneration Committee, the Audit Committee and the Committee itself (collectively the 'Committees') under review to ensure that both the Board and the individual Committees have the range of skills, experience, expertise, competence and diversity required to ensure that the demands of the business and shareholder obligations are met. In relation to its governance role, it is the Committee's responsibility to ensure that, inter alia, the Board is kept apprised of developments in relation to good corporate governance, legislation and regulation.

ROLE OF THE COMMITTEE
The primary purpose of the Committee in relation to its nomination function is to:

- Regularly review the structure, size and composition (including the skills, knowledge, experience, independence and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- Regularly give full consideration to succession planning for Directors and other senior executives within the Group, taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore required to ensure progressive refreshing of the Board;
- Keep under review both the executive and non-executive leadership requirements of the Group, with a view to ensuring the continued ability of the Group to compete efficiently;
- Before recommending a Board nominee, evaluating the balance of skills, knowledge, experience, independence and diversity on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required, including time commitment, for a particular appointment;
- Be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board positions, ensuring that any nominations are based on merit, against objective criteria, having due regard for diversity;
- Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment required, Committee service and involvement outside of Board meetings; and
- Review annually the time required for Non-Executive Directors to fulfill their roles.

The primary purpose of the Committee in relation to its governance function includes:

- Keeping the UK Corporate Governance Code (the 'Code') under review along with applicable legal, regulatory and listing requirements;
- Monitoring the Company's compliance with the Code;
- On a periodic basis, advising the Board, together with any of the relevant Committees, of any significant developments in regulation and legislation;
- On a biannual basis, updating the Board, on any significant developments in legislation and regulation in the area of corporate social responsibility;
- Reviewing the disclosures contained in the Corporate Governance Report section of the Annual Report in respect of corporate governance;
- Assisting the Board Chairman in the annual evaluation of each of the Directors and the Board as a whole; and
- Giving consideration to reports received by shareholders and shareholder representative bodies in relation to corporate governance.

MEMBERSHIP OF THE COMMITTEE
In accordance with Provision B.2.1. of the Code all members of the Committee, including myself as Chairman, are Non-Executive Directors. The Group Company Secretary acts as Secretary to the Committee. Other than the Committee Secretary and Committee members, no other individual is entitled to attend the meetings of the Committee, however, in order to ensure that the Committee carries out its role efficiently and effectively, other members of the Board and advisors may attend by invitation on an ad-hoc basis. Each Committee member must absent himself or herself from any discussions concerning their role in order to avoid any conflicts of interests.

The Committee engages the services of an independent consultant, where appropriate, in relation to any search for new appointments to the Board. Before any new member is co-opted to the Board, the Committee undertakes a review of the size and structure of the Board along with the skills, experience, competence and expertise required, at all times remaining mindful of the need to ensure that any potential Board appointees are independent of mind, character and judgment, confident and commercially orientated. There was no requirement for recruitment consultancy services in the year under review.

The Committee held one scheduled meeting in January 2016, details of the attendance at this scheduled meeting can be found on page 55. The Committee also held unscheduled meetings during FY16 to discuss the resignation of Mr AR Williams and the appointment of Mr EP Tonge as Chief Financial Officer and Executive Director.

As set out on page 86, the Committee's nomination role is to keep the size and structure of the Board and its Committees under review and to recommend any compositional changes. The Committee's role also includes developing the quality of nominees to the Board and ensuring that the recruitment and appointment process is conducted ethically and with rigour and integrity.

At the meeting of the Committee held in January 2016, following the retirement of Mr JT Herlihy earlier that day, the Committee reviewed the skillset of the remaining Non-Executive Directors, both on an individual and collective basis, to ensure the Board, and each of the Committees, continued to have the appropriate mix and diversity of experience. Following a detailed discussion on the composition of the remaining Board, the Committee was satisfied that the remaining composition of two Executive Directors and six Non-Executive Directors was appropriate. As set out on page 86, the Committee, along with the Board, keep the composition of the Board and the membership of each of the Committees under continuous review to ensure that each remain appropriately constituted.

During the year under review, the Committee also considered the tenure of a Non-Executive Director and agreed timelines within which tenure would not normally be extended. This is to ensure that the independence of the Non-Executive Directors is maintained. Since 2012, in compliance with Provision B.7.1. of the Code and in accordance with the Company's Articles of Association, all Directors retire at the AGM of the Company and, if appropriate, submit themselves for re-election.

The Committee believes that the composition of the Committees remain suitably equipped to perform both their nomination and governance duties effectively. Diversity and succession planning remain key aspects of our nomination agenda.

The Committee is also tasked with ensuring that succession plans are in place for the Directors and other key executives within the Group taking into consideration the current Board structure, the leadership requirements of the organisation and the commercial environment within which the Group operates, along with the wider market.

Our Non-Executive Directors' tenure on our Board as at 30 September 2016 was as follows:

Board Tenure	Number of Non-Executive Directors
0–3 years	0
3–6 years	4
6–8 years	2
8 years+	0

The Letters of Appointment of each of the Non-Executive Directors are available for inspection at the Company's registered office during normal office hours and at the Company's AGM.

Both the Committee and the Board recognise the strong role a diversified Board, particularly a gender diversified Board, plays in ensuring a more effective Board through more efficient and effective decision making along with better utilisation of the talent pool.

Whilst suitable candidates are selected for Board appointment on the basis of relevant experience, backgrounds, skills, knowledge and insights, the Board and the Committee continue to have due regard for the benefits of diversity on the Board, including gender, in accordance with Principle B.2 of the Code and in that regard, I am pleased to advise that the Board has 25% female representation.

In addition to ensuring that both the Board and the Committee remain committed to ensuring diversity at Board level, across the Group we are dedicated to ensuring that all recruitment decisions are fair and non-discriminatory. Group-wide, females made up approximately 39% of our employed population at the end of FY16. Further details on the breakdown of female and male employees can be found on page 32.

Each year, the Committee reviews the time required to fulfill the roles of Chairman, Senior Independent Director and Non-Executive Director and ensures that all members of the Board continue to devote appropriate time to their duties.

As outlined above, with effect from July 2016, it is the role of the Committee to ensure that the Board is kept apprised of developments in corporate governance, legislation and regulation. The Committee also assists the Board where required in relation to the disclosures contained within the Annual Report's Corporate Governance Report and reviews and considers any reports received from shareholders and/or shareholder representative bodies in relation to corporate governance.

Report of the Nomination and Governance Committee
continued

MEMBERSHIP OF THE COMMITTEE CONTINUED
I will be available at the forthcoming AGM of the Company to answer any queries that shareholders may have in relation to my role, or the role of the Committee generally.

JOHN MOLONEY
On behalf of the Nomination and Governance Committee
4 December 2016

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable laws and regulations. Irish company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. The Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ('EU'). The Directors have elected to prepare the Company Financial Statements in accordance with FRS 101: Reduced Disclosure Framework, comprising the financial reporting standards issued by the Financial Reporting Council and published by the Institute of Chartered Accountants in Ireland, together with the Companies Act 2014.

In preparing these Group and Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the Group Financial Statements comply with IFRS as adopted by the EU and as regards the Company, comply with FRS 101: Reduced Disclosure Framework, together with the requirements of the Companies Act 2014; and
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) and the Transparency Rules of the Central Bank to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors confirm that they have complied with the above requirements in preparing the Annual Report.

The Directors are responsible for keeping adequate accounting records which enable at any time the financial position of the Company to be determined with reasonable accuracy, and which enable them to ensure that the Financial Statements of the Group are prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and comply with the provisions of the Companies Act 2014, and Article 4 of the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005 (the 'IAS Regulation').

They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the website (www.greencore.com). Legislation in Ireland concerning the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

In accordance with the 2014 UK Corporate Governance Code, the Directors, having taken all relevant matters into consideration, believe that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and gives shareholders the information needed to assess the Group's performance, business model and strategy.

REGULATION 21 OF SI 255/2006 'EC (TAKEOVER BIDS DIRECTIVE) REGULATIONS 2006'

For the purpose of Regulation 21 of SI 255/2006 'EC (Takeover Bids Directive) Regulations 2006', the information given under the following headings on page 48 (Share Capital), 46, 47 and 49 (Directors), 49 (Significant Shareholdings), 64 (Performance Related Annual Bonus and Deferred Bonus Plan), 65 (Performance Share Plan), 80 (Share Option Schemes), 77 (Directors' and Company Secretary's Share Interests), 74 and 80 (Share Options), 70 (Directors' Service Contracts), 80 (Share-Based Payments) and 71 and 76 (Remuneration and Fees Paid in respect of FY16) are deemed to be incorporated in this part of the Directors' Report. In addition, the Company's Memorandum and Articles of Association, which set out the rules that apply in relation to the appointment and replacement of Directors and the amendment of the Articles of Association which are available on the Greencore website, are deemed to be incorporated in this part of the Directors' Report.

The Group's financing facilities contain provisions that may require repayment in the event that a change in control of the Company occurs. In addition, the Company's ShareSave Schemes allow for the early exercise of outstanding options upon a change in control of the Company, subject to the approval of the Remuneration Committee.

Statement of Directors' Responsibilities
continued

RESPONSIBILITY STATEMENT IN REGARD TO ANNUAL REPORT
Each of the Directors, whose names and functions are listed on pages 46 and 47 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

As required by the Transparency Regulations:

- The Group Financial Statements, prepared in accordance with IFRS as adopted by the EU and the Company Financial Statements prepared in accordance with FRS 101: Reduced Disclosure Framework, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 30 September 2016 and of the profit/loss of the Group for the year then ended; and
- The Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risk and uncertainties that they face.

As required by the UK Corporate Governance Code:

- The Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable.

On behalf of the Board

P.G. KENNEDY
Director
Dublin
4 December 2016

E.P. TONGE
Director

Independent Auditor's Report

to the Members of Greencore Group plc

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the Financial Statements of Greencore Group plc for the year ended 30 September 2016 as set out on pages 95 to 162. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing ('ISAs') (UK and Ireland) as applicable to years beginning prior to 17 June 2016.

In our opinion:

- The Group Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group as at 30 September 2016 and of its profit for the year then ended;
- The Company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company as at 30 September 2016;
- The Group Financial Statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- The Company Financial Statements have been properly prepared in accordance with applicable law and accounting standards, FRS 101 'Reduced Disclosure Framework' as applied in accordance with the provisions of the Companies Act 2014; and
- The Company Financial Statements and Group Financial Statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

2. OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team.

Our audit procedures relating to these risks were designed in the context of our audit of the Financial Statements as a whole. Our opinion on the Financial Statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the Group Financial Statements, the risks of material misstatement that had the greatest effect on our Group audit were as follows:

GOODWILL AND INTANGIBLE ASSETS (£552.4M)

Refer to page 83 (Report of the Audit Committee), page 104 (accounting policy) and Note 13 to the Group Financial Statements.

THE RISK

There is a risk that the carrying amounts of the Group's goodwill and intangible assets will be more than the estimated recoverable amount, if future cash flows are not sufficient to recover the Group's investment.

This could occur if forecasted demand is weak or due to the nature of the cost base in certain markets. We focus on this area due to the inherent uncertainty involved in forecasting and discounting future cash flows, particularly in projected revenue growth, which forms the basis of the assessment of recoverability.

OUR RESPONSE

Our audit procedures in this area included assessing the Group's impairment model for each CGU and evaluating the assumptions used by the Group in the model, specifically the cash flow projections, perpetuity rates and discount rates. We considered the historical accuracy of the Group's forecasts.

We compared the Group's assumptions, where possible, to externally derived data and performed our own assessment in relation to key model inputs. We checked the mathematical accuracy of the model. We examined the sensitivity analysis performed by Group management and performed our own sensitivity analysis in relation to the key assumptions.

We also assessed whether the disclosures as set out in Note 13 were appropriate and in compliance with IAS 36.

EXCEPTIONAL ITEMS (£17.4M PRE TAX)

Refer to page 83 (Report of the Audit Committee), page 110 (accounting policy) and Note 7 to the Group Financial Statements.

THE RISK

The Group reports significant exceptional items in the year ended 30 September 2016. The classification of items as exceptional affects Adjusted Basic Earnings per Share and is inherently judgemental. As a result there is a risk that items are not consistently classified as exceptional items.

Independent Auditor's Report
continued

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT CONTINUED

EXCEPTIONAL ITEMS (£17.4M PRE TAX) CONTINUED

OUR RESPONSE

Our audit procedures included evaluating the classification of transactions as exceptional in accordance with the Group's accounting policy. We ensured that the accounting policy for exceptional items is appropriate and was consistent with previous periods. We also ensured that items are appropriately and consistently classified as exceptional items. In addition we assessed the appropriateness of disclosures made in relation to each item classified as exceptional.

RETIREMENT BENEFIT OBLIGATIONS (NET DEFICIT OF £162.3M)

Refer to page 83 (Report of the Audit Committee), page 108 (accounting policy) and Note 24 to the Group Financial Statements.

THE RISK

The Group operates large defined benefit pension schemes which, although closed to future accrual, have a significant net deficit which are sensitive to changes in actuarial assumptions, and modest changes to the assumptions used to value the Group's defined benefit obligations would have a significant effect on the results and financial position of the Group.

OUR RESPONSE

Our audit procedures included, among others, involving a KPMG actuarial specialist to assist the Group audit team in evaluating the assumptions and methodologies used by the Group's actuarial advisors, in particular those relating to the discount rate, inflation and mortality assumptions.

We compared the Group's assumptions to externally derived data as well as our own assessments in relation to these and other key inputs in assessing whether the assumptions used by the Group are reasonable. We also assessed whether the disclosures reflected the risks inherent in the accounting for the pension schemes.

TAXATION (CURRENT TAX LIABILITIES OF £13.5M; DEFERRED TAX ASSETS OF £60.1M AND DEFERRED TAX LIABILITIES OF £9.3M)

Refer to page 83 (Report of the Audit Committee), page 107 (accounting policy) and Note 10 to the Group Financial Statements.

THE RISK

The Group has significant operations in the United Kingdom and across the United States and is subject to income taxes in a number of jurisdictions. The Group encounters challenges by tax authorities on a range of tax matters during the normal course of business and recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The calculation of these liabilities is underpinned by judgemental assumptions as the ultimate tax determination is uncertain.

Separately, the Group has incurred historic trading losses in certain jurisdictions and acquisitions made in recent years (particularly Uniq plc) have involved complex tax aspects. As a consequence, the Group's current and deferred tax balances are sensitive to assumptions used in determining the appropriate liabilities and assets.

OUR RESPONSE

Our approach to the audit of taxation is underpinned by including KPMG international and domestic taxation specialists (including specialists in the United States and the United Kingdom taxation jurisdictions) in the Group audit team. These specialists evaluate the assumptions and methodologies used by the Group and its taxation advisors, in calculating the taxation provisions for the period. Particular focus is placed on assumptions relating to provisions for uncertain tax positions and the recognition and recoverability of deferred tax assets.

We specifically considered the taxation risks arising from the Group's operations when assessing the accounting for taxation related balances and applied sensitivity analysis to determine the appropriateness of key judgements. We assessed the recoverability of deferred tax assets, which involved assessing the assumptions in relation to the utilisation of losses carried forward against projected taxable profits. We also considered whether the recognition of additional deferred tax assets would be appropriate.

We assessed the presentation and disclosure (in accordance with IAS 1 and IAS 12) in respect of taxation related balances and considered whether the Group's disclosures reflected the risks inherent in the accounting for the taxation balances.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the Group Financial Statements as a whole was set at £2.5m (2015: £3.0m). This has been calculated using a benchmark of Group profit before taxation (of which it represents 5%), which we have determined, in our professional judgement, to be one of the principal benchmarks within the Financial Statements relevant to members of the Company in assessing financial performance.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £100,000 (2015: £100,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT CONTINUED

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT CONTINUED

The structure of the Group's finance function is such that certain transactions and balances are accounted for by central Group and divisional finance teams, with the remainder accounted for in the operating units. We performed comprehensive audit procedures, including those in relation to the significant risks above, on those transactions and balances accounted for at Group, divisional and operating unit level.

In relation to the Group's operating units, audits for Group reporting purposes were performed at identified key reporting components in Ireland, the UK and the US, augmented by risk focused audit procedures which were performed for all other components. These audits covered 94% of Group profit before taxation, 94% of Group total assets, 86% of total Group revenue, with the remaining 14% of Group revenue covered by specified risk focused audit procedures.

The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by the Group audit team. These local materiality levels were set individually for each component and ranged from £500,000 to £1,500,000.

Detailed audit instructions were sent to the auditors in all of these identified locations. These instructions covered the significant audit areas to be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team. Senior members of the Group audit team, including the lead engagement partner, either physically attended divisional closing meetings or attended via telephone conferencing facilities, at which the results of component audits were discussed with divisional and Group management.

4. WE HAVE NOTHING TO REPORT ON THE DISCLOSURES OF PRINCIPAL RISKS

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- The directors' statement of Risk and Risk Management on page 56, concerning the principal risks, their management, and, based on that statement, the directors' assessment and expectation of the Group's continuing in operation over the 3 years to October 2019; or
- The disclosures on page 101 of the Financial Statements concerning the use of the going concern basis of accounting.

5. WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the Financial Statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- We have identified any inconsistencies between the knowledge we acquired during our audit and the Directors' Statement that they consider the annual report is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; or
- The Report of the Audit Committee does not appropriately disclose those matters that we communicated to the Audit Committee.

The Listing Rules of the UK Listing Authority require us to review:

- The Director's statement in relation to going concern and longer term viability set out on pages 56 and 57; and
- The part of the Corporate Governance Report on page 52 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

In addition, the Companies Act require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

6. OUR CONCLUSIONS ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014 ARE SET OUT BELOW

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the Financial Statements to be readily and properly audited and the Financial Statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the Financial Statements and, the description in the Corporate Governance Report of the main features of the internal control and risk management systems in relation to the process for preparing the Group Financial Statements is consistent with the Group Financial Statements.

Independent Auditor's Report
continued

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT CONTINUED

6. OUR CONCLUSIONS ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014 ARE SET OUT BELOW CONTINUED

In addition we report, in relation to information given in the Corporate Governance Report on pages 52 to 58, that:

- Based on knowledge and understanding of the Company and its environment obtained in the course of our audit, no material misstatements in the information identified above have come to our attention;
- Based on the work undertaken in the course of our audit, in our opinion:
  - The description of the main features of the internal control and risk management systems in relation to the process for preparing the Group Financial Statements, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 and specified by the Companies Act 2014 for our consideration, are consistent with the Financial Statements and have been prepared in accordance with the Companies Act 2014; and
  - The Corporate Governance Report contains the information required by the Companies Act 2014.

BASIS OF OUR REPORT, RESPONSIBILITIES AND RESTRICTIONS ON USE

As explained more fully in the Statement of Directors' Responsibilities set out on pages 89 and 90, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group and Company Financial Statements in accordance with applicable law and International Standards on Auditing ('ISAs') (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the Financial Statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the Financial Statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tom McEvoy

TOM MCEVOY
for and on behalf of KPMG

KPMG

4 December 2016
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Group Income Statement

year ended 30 September 2016

		2016			2015		
	Notes	Pre-exceptional £m	Exceptional (Note 7) £m	Total £m	Pre-exceptional £m	Exceptional (Note 7) £m	Total £m
Revenue	2	**1,481.9**	**–**	**1,481.9**	1,340.3	–	1,340.3
Cost of sales		**(1,009.5)**	**–**	**(1,009.5)**	(917.4)	–	(917.4)
Gross profit		**472.4**	**–**	**472.4**	422.9	–	422.9
Operating costs, net	3	**(370.4)**	**(17.4)**	**(387.8)**	(331.2)	(3.4)	(334.6)
Group Operating Profit before acquisition related amortisation		**102.0**	**(17.4)**	**84.6**	91.7	(3.4)	88.3
Amortisation of acquisition related intangibles	13	**(9.2)**	**–**	**(9.2)**	(8.7)	–	(8.7)
Group Operating Profit		**92.8**	**(17.4)**	**75.4**	83.0	(3.4)	79.6
Finance income	8	**0.1**	**–**	**0.1**	0.5	–	0.5
Finance costs	8	**(28.0)**	**–**	**(28.0)**	(21.4)	–	(21.4)
Share of profit of associates after tax	9	**0.7**	**–**	**0.7**	0.7	–	0.7
Profit before taxation		**65.6**	**(17.4)**	**48.2**	62.8	(3.4)	59.4
Taxation	10	**(1.2)**	**1.5**	**0.3**	(0.4)	–	(0.4)
Profit for the financial year	4	**64.4**	**(15.9)**	**48.5**	62.4	(3.4)	59.0
Attributable to:							
Equity shareholders		**63.3**	**(15.9)**	**47.4**	61.4	(3.4)	58.0
Non-controlling interests	26	**1.1**	**–**	**1.1**	1.0	–	1.0
		64.4	**(15.9)**	**48.5**	62.4	(3.4)	59.0
Basic earnings per share (pence)	11			**11.6**			14.3
Diluted earnings per share (pence)	11			**11.4**			14.0

Group Statement of Recognised Income and Expense

year ended 30 September 2016

	Notes	2016 £m	2015 £m
Items of income and expense taken directly to equity			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on Group defined benefit pension schemes	5	**(59.8)**	9.2
Deferred tax on Group defined benefit pension schemes	10	**4.7**	–
		(55.1)	9.2
Items that may subsequently be reclassified to profit or loss:			
Currency translation adjustment		**28.1**	9.7
Tax on currency translation adjustment	10	**(0.3)**	0.4
Hedge of net investment in foreign currency subsidiaries		**(25.7)**	(8.4)
Cash flow hedges:			
fair value movement taken to equity		**2.3**	(7.7)
transfer to Income Statement for the year		**(6.0)**	2.6
Tax on cash flow hedges	10	**(0.1)**	0.1
		(1.7)	(3.3)
Net (expense)/income recognised directly within equity		**(56.8)**	5.9
Profit for the financial year		**48.5**	59.0
Total recognised income and expense for the financial year		**(8.3)**	64.9
Attributable to:			
Equity shareholders		**(10.1)**	64.1
Non-controlling interests		**1.8**	0.8
Total recognised income and expense for the financial year		**(8.3)**	64.9

Group Balance Sheet

at 30 September 2016

	Notes	2016 £m	2015 £m
ASSETS			
Non-current assets			
Goodwill and intangible assets	13	**552.4**	507.5
Property, plant and equipment	14	**367.4**	304.8
Investment property	15	**6.2**	6.5
Investment in associates	9	**1.0**	1.0
Other receivables	17	**2.5**	12.3
Retirement benefit assets	24	**16.7**	15.0
Derivative financial instruments	21	**0.2**	–
Deferred tax assets	10	**60.1**	65.0
Total non-current assets		**1,006.5**	912.1
Current assets			
Inventories	16	**65.7**	57.5
Trade and other receivables	17	**157.6**	144.0
Derivative financial instruments	21	**0.6**	7.3
Cash and cash equivalents	19	**25.5**	6.3
Total current assets		**249.4**	215.1
Total assets		**1,255.9**	1,127.2
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**4.1**	4.1
Share premium		**198.9**	191.6
Reserves		**78.2**	123.9
		281.2	319.6
Non-controlling interests	26	**4.4**	3.4
Total equity		**285.6**	323.0
LIABILITIES			
Non-current liabilities			
Borrowings	20	**357.3**	211.2
Derivative financial instruments	21	**23.0**	16.8
Retirement benefit obligations	24	**179.0**	127.7
Other payables	18	**1.7**	2.0
Provisions for liabilities	23	**3.7**	2.7
Deferred tax liabilities	10	**9.3**	17.4
Total non-current liabilities		**574.0**	377.8
Current liabilities			
Borrowings	20	**–**	67.8
Derivative financial instruments	21	**0.3**	0.1
Trade and other payables	18	**376.2**	339.6
Provisions for liabilities	23	**6.3**	3.0
Current tax payable		**13.5**	15.9
Total current liabilities		**396.3**	426.4
Total liabilities		**970.3**	804.2
Total equity and liabilities		**1,255.9**	1,127.2

P.G. KENNEDY
Director

E.P. TONGE
Director

Group Cash Flow Statement

year ended 30 September 2016

	Notes	2016 £m	2015 £m
Profit before taxation		**48.2**	59.4
Finance income		**(0.1)**	(0.5)
Finance costs		**28.0**	21.4
Share of profit of associates (after tax)		**(0.7)**	(0.7)
Exceptional items		**17.4**	3.4
Operating Profit (pre-exceptional)		**92.8**	83.0
Depreciation		**32.7**	27.4
Amortisation of intangible assets		**12.9**	11.1
Employee share-based payment expense		**3.2**	4.3
Contributions to defined benefit pension scheme		**(14.0)**	(13.5)
Working capital movement	27	**13.2**	(7.6)
Other movements		**0.2**	0.2
Net cash inflow from operating activities pre-exceptional items		**141.0**	104.9
Cash outflow related to exceptional items	7	**(9.9)**	(9.2)
Interest paid		**(15.5)**	(16.6)
Tax paid		**(0.3)**	(0.3)
Net cash inflow from operating activities		**115.3**	78.8
Cash flow from investing activities			
Dividends received from associates	9	**0.7**	0.6
Contract acquisition costs		**(2.4)**	(8.8)
Purchase of property, plant and equipment		**(87.7)**	(79.1)
Disposal of investment property		**1.1**	–
Purchase of intangible assets		**(15.4)**	(14.0)
Acquisition of undertakings, net of cash acquired		**(16.6)**	–
Disposal of undertakings		**0.9**	0.4
Net cash outflow from investing activities		**(119.4)**	(100.9)
Cash flow from financing activities			
Proceeds from issue of shares		**1.1**	0.9
Ordinary shares purchased – own shares		**(13.8)**	(13.1)
Drawdown of bank borrowings	22	**47.0**	47.6
Drawdown of private placement notes	22	**76.2**	–
Repayment of private placement notes	22	**(67.7)**	–
Decrease in finance lease liabilities	22	**(0.1)**	(0.1)
Dividends paid to equity holders of the Company		**(19.1)**	(17.2)
Dividends paid to non-controlling interests	26	**(0.9)**	(0.8)
Net cash inflow from financing activities		**22.7**	17.3
Net increase/(decrease) in cash and cash equivalents		**18.6**	(4.8)
Reconciliation of opening to closing cash and cash equivalents			
Cash and cash equivalents at beginning of year	19	**6.3**	12.2
Translation adjustment	22	**0.6**	(1.1)
Increase/(decrease) in cash and cash equivalents	22	**18.6**	(4.8)
Net cash and cash equivalents at end of year	19	**25.5**	6.3

Group Statement of Changes in Equity

year ended 30 September 2016

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 25 September 2015	**4.1**	**191.6**	**112.7**	**11.2**	**319.6**	**3.4**	**323.0**
Items of income and expense taken directly to equity							
Currency translation adjustment	**–**	**–**	**27.4**	**–**	**27.4**	**0.7**	**28.1**
Tax on currency translation adjustment	**–**	**–**	**–**	**(0.3)**	**(0.3)**	**–**	**(0.3)**
Net investment hedge	**–**	**–**	**(25.7)**	**–**	**(25.7)**	**–**	**(25.7)**
Actuarial loss on Group defined benefit pension schemes	**–**	**–**	**–**	**(59.8)**	**(59.8)**	**–**	**(59.8)**
Tax credit on Group defined benefit pension schemes	**–**	**–**	**–**	**4.7**	**4.7**	**–**	**4.7**
Cash flow hedge transferred to equity	**–**	**–**	**2.3**	**–**	**2.3**	**–**	**2.3**
Cash flow hedge transferred to profit or loss	**–**	**–**	**(6.0)**	**–**	**(6.0)**	**–**	**(6.0)**
Tax on cash flow hedge	**–**	**–**	**(0.1)**	**–**	**(0.1)**	**–**	**(0.1)**
Profit for the financial year	**–**	**–**	**–**	**47.4**	**47.4**	**1.1**	**48.5**
Total recognised income and expense for the financial year	**–**	**–**	**(2.1)**	**(8.0)**	**(10.1)**	**1.8**	**(8.3)**
Currency translation adjustment	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Employee share-based payments expense	**–**	**–**	**3.2**	**–**	**3.2**	**–**	**3.2**
Tax on share-based payments	**–**	**–**	**–**	**0.9**	**0.9**	**–**	**0.9**
Exercise, lapse or forfeit of share-based payments*	**–**	**1.1**	**(4.3)**	**4.3**	**1.1**	**–**	**1.1**
Shares acquired by Employee Benefit Trust [A]	**–**	**–**	**(13.8)**	**–**	**(13.8)**	**–**	**(13.8)**
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust [B]	**–**	**–**	**14.8**	**(14.8)**	**–**	**–**	**–**
Dividends	**–**	**6.2**	**–**	**(25.9)**	**(19.7)**	**(0.9)**	**(20.6)**
At 30 September 2016	**4.1**	**198.9**	**110.5**	**(32.3)**	**281.2**	**4.4**	**285.6**

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 26 September 2014	4.1	185.7	107.9	(17.5)	280.2	3.4	283.6
Items of income and expense taken directly to equity							
Currency translation adjustment	–	–	9.9	–	9.9	(0.2)	9.7
Tax on currency translation adjustment	–	–	–	0.4	0.4	–	0.4
Net investment hedge	–	–	(8.4)	–	(8.4)	–	(8.4)
Actuarial gain on Group defined benefit pension schemes	–	–	–	9.2	9.2	–	9.2
Cash flow hedge transferred to equity	–	–	(7.7)	–	(7.7)	–	(7.7)
Cash flow hedge transferred to profit or loss	–	–	2.6	–	2.6	–	2.6
Tax on cash flow hedge	–	–	0.1	–	0.1	–	0.1
Profit for the financial year	–	–	–	58.0	58.0	1.0	59.0
Total recognised income and expense for the financial year	–	–	(3.5)	67.6	64.1	0.8	64.9
Currency translation adjustment	–	–	(0.1)	–	(0.1)	–	(0.1)
Employee share-based payments expense	–	–	4.3	–	4.3	–	4.3
Tax on share-based payments	–	–	–	1.4	1.4	–	1.4
Exercise, lapse or forfeit of share-based payments*	–	0.9	(2.6)	2.6	0.9	–	0.9
Shares acquired by Employee Benefit Trust [A]	–	–	(13.1)	–	(13.1)	–	(13.1)
Shares granted to beneficiaries of the Employee Benefit Trust	–	–	9.4	(9.4)	–	–	–
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust	–	–	10.4	(10.4)	–	–	–
Dividends	–	5.0	–	(23.1)	(18.1)	(0.8)	(18.9)
At 25 September 2015	4.1	191.6	112.7	11.2	319.6	3.4	323.0

* See Note 25.

Group Statement of Changes in Equity

year ended 30 September 2016

continued

OTHER RESERVES

	Share options (C) £m	Own shares (D) £m	Capital redemption reserve (E) £m	Capital conversion reserve fund (F) £m	Hedging reserve (G) £m	Foreign currency translation reserve (H) £m	Total £m
At 25 September 2015	**8.7**	**(8.5)**	**117.0**	**0.8**	**(11.0)**	**5.7**	**112.7**
Items of income and expense taken directly to equity							
Currency translation adjustment	–	–	–	–	–	**27.4**	**27.4**
Net investment hedge	–	–	–	–	–	**(25.7)**	**(25.7)**
Cash flow hedge taken to equity	–	–	–	–	**2.3**	–	**2.3**
Cash flow hedge transferred to Income Statement	–	–	–	–	**(6.0)**	–	**(6.0)**
Tax on cash flow hedge	–	–	–	–	**(0.1)**	–	**(0.1)**
Total recognised income and expense for the financial year	–	–	–	–	**(3.8)**	**1.7**	**(2.1)**
Currency translation adjustment	–	–	–	–	–	–	–
Employee share-based payments expense	**3.2**	–	–	–	–	–	**3.2**
Exercise, lapse or forfeit of share options	**(4.3)**	–	–	–	–	–	**(4.3)**
Shares acquired by Employee Benefit Trust (A)	–	**(13.8)**	–	–	–	–	**(13.8)**
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust (B)	–	**14.8**	–	–	–	–	**14.8**
At 30 September 2016	**7.6**	**(7.5)**	**117.0**	**0.8**	**(14.8)**	**7.4**	**110.5**

	Share options £m	Own shares £m	Capital redemption reserve £m	Capital conversion reserve fund £m	Hedging reserve £m	Foreign currency translation reserve £m	Total £m
At 26 September 2014	7.1	(15.2)	117.0	0.8	(6.0)	4.2	107.9
Items of income and expense taken directly to equity							
Currency translation adjustment	–		–	–	–	9.9	9.9
Net investment hedge	–	–	–	–	–	(8.4)	(8.4)
Cash flow hedge taken to equity	–	–	–	–	(7.7)	–	(7.7)
Cash flow hedge transferred to Income Statement	–	–	–	–	2.6	–	2.6
Tax on cash flow hedge	–	–	–	–	0.1	–	0.1
Total recognised income and expense for the financial year	–	–	–	–	(5.0)	1.5	(3.5)
Currency translation adjustment	(0.1)	–	–	–	–	–	(0.1)
Employee share-based payments expense	4.3	–	–	–	–	–	4.3
Exercise, lapse or forfeit of share options	(2.6)	–	–	–	–	–	(2.6)
Tax on share-based payments							
Shares acquired by Employee Benefit Trust (A)	–	(13.1)	–	–	–	–	(13.1)
Shares granted to beneficiaries of the Employee Benefit Trust	–	9.4	–	–	–	–	9.4
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust	–	10.4	–	–	–	–	10.4
At 25 September 2015	8.7	(8.5)	117.0	0.8	(11.0)	5.7	112.7

(A) The Employee Benefit Trust acquired 43,175 (2015: 46,360) shares in the Group with a combined value of £0.2m (2015: £0.1m) and a nominal value at the date of purchase of £0.0004 (2015: £0.0005m) through the Scrip Dividend Scheme and utilisation of dividend income. Pursuant to the terms of the Employee Benefit Trust, 3,908,376 (2015: 4,274,037) shares were purchased during the financial year ended 30 September 2016 at a cost of £13.8m (2015: £13.1m). The nominal value of these shares, on which dividends have not been waived by the Employee Benefit Trust was £0.04m (2015: £0.04m) at the date of purchase.

(B) During the year, 4,503,518 (2015: 5,732,827) shares with a nominal value at the date of transfer of £0.05m (2015: £0.06m) were transferred to beneficiaries of the Deferred Bonus Plan.

(C) The share-based payment reserve relates to equity settled share-based payments made to employees through the Performance Share Plan, the Deferred Bonus Plan, the Employee ShareSave Scheme and the Executive Share Option Scheme. Further information in relation to these share-based payment schemes is set out in Note 6.

(D) The amount included as own shares relates to Ordinary Shares in Greencore Group plc which are held in trust. The shares held in trust are granted to beneficiaries of the Group's share-based payment schemes when the relevant conditions of the schemes are satisfied.

(E) The capital redemption reserve represents the nominal cost of cancelled shares.

(F) The capital conversion reserve fund represents the amount transferred to reserves as a result of renominalising the share capital of Greencore Group plc on conversion to the euro.

(G) The hedging reserve represents the effective portion of gains and losses on hedging instruments from the application of cash flow hedge accounting for which the underlying hedged transaction is not impacting profit or loss. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss.

(H) The currency reserve reflects the exchange differences arising from the translation of the net investment in foreign operations and on borrowings and other currency instruments designated as hedges of such investments which are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale.

Notes to the Group Financial Statements

year ended 30 September 2016

1. GROUP STATEMENT OF ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The Group Financial Statements of Greencore Group plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Act 2014, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The accounting policies applied in the preparation of the Group Financial Statements for the year ended 30 September 2016 are set out below.

The IFRS adopted by the EU and applied by the Group in the preparation of these Financial Statements are those that were effective for the accounting period ending 30 September 2016.

BASIS OF PREPARATION

The Group Financial Statements, which are presented in sterling and rounded to the nearest million (unless otherwise stated), have been prepared on a going concern basis under the historical cost convention, except where assets and liabilities are stated at fair value in accordance with relevant accounting policies.

The accounting policies set out below have been applied consistently by all the Group's subsidiaries and associates and have been consistently applied to all years presented, unless otherwise stated.

The preparation of the Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best estimate of the amount, event or actions, actual results ultimately may differ from those estimates.

The Financial Statements of the Group are prepared to the Friday nearest to 30 September. Accordingly these Financial Statements are prepared for the 53 week period ended 30 September 2016. Comparatives are for the 52 week period ended 25 September 2015. The Balance Sheets for 2016 and 2015 have been prepared as at 30 September 2016 and 25 September 2015 respectively.

The profit attributable to equity shareholders dealt with in the Financial Statements of the parent Company was £90.3m (2015: profit of £17.9m). In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual profit and loss account, which forms part of the approved Financial Statements, to the Annual General Meeting and from filing it with the Registrar of Companies.

NEW STANDARDS AND INTERPRETATIONS

The following standards and interpretations issued by the IASB and the IFRS Interpretations Committee are effective for the first time in the current financial period and have been adopted with no significant impact on the Group's result for the period or financial position:

New/Revised International Financial Reporting Standards		EU Effective Date – periods beginning on or after
IAS 19	Defined Benefit Plans; Employee Contributions	1 February 2015
IFRS 2	Share-based payments	1 February 2015
IFRS 3	Business Combinations	1 February 2015
IFRS 8	Operating Segments	1 February 2015
IFRS 13	Fair Value Measurement	1 February 2015
IAS 16	Property Plant and Equipment	1 February 2015
IAS 24	Related Party Disclosures	1 February 2015
IAS 38	Intangible Assets	1 February 2015

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 26 September 2015 and have not been applied in preparing these consolidated Financial Statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9 Financial Instruments addressed the classification, measurement and recognition of financial assets and liabilities. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The Group is currently evaluating the impact that IFRS 9 will have on its financial statements. IFRS 9 is expected to be endorsed by the EU towards the end of 2016.

Notes to the Group Financial Statements

year ended 30 September 2016

continued

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

NEW STANDARDS AND INTERPRETATIONS CONTINUED

IFRS 15 Revenue from Contracts with Customers specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Group is currently evaluating the impact that IFRS 15 will have on its financial statements. IFRS 15 was endorsed by the EU on 22 September 2016.

IFRS 16 Leases sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year. The Group is currently evaluating the impact that IFRS 16 will have on its financial statements. IFRS 16 is expected to be endorsed by the EU in 2017.

There are no other IFRS standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

BASIS OF CONSOLIDATION

The Group Financial Statements comprise the Financial Statements of the parent undertaking and its subsidiary undertakings, together with the Group's share of the results of associated undertakings.

SUBSIDIARIES

Subsidiary undertakings are included in the Group Financial Statements from the date on which control over the operating and financial policies is obtained, and cease to be consolidated from the date on which control is transferred out of the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All inter-group transactions, balances and unrealised gains on transactions between Group undertakings are eliminated on consolidation. Unrealised losses are also eliminated except where they provide evidence of impairment.

ASSOCIATES

An associate is an enterprise over which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

The Group's share of the results, assets and liabilities of an associate are included in the Financial Statements using the equity method of accounting. Under the equity method of accounting, the investment in the associate is carried in the Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less distributions received, less any impairments in the value of the investment. The Group Income Statement reflects the Group's share of the results after tax of the associate. The Group Statement of Recognised Income and Expense reflects the Group's share of any income and expense recognised by the associate outside of profit or loss.

REVENUE RECOGNITION

Revenue represents the fair value of the sale of goods and rendering of services to external customers, net of trade discounts and value added tax in the ordinary course of the Group's activities. The Group provides trade discounts, primarily in the form of rebate arrangements or other incentive arrangements, to its customers. The arrangements can take the form of volume related rebates, marketing fund contributions, promotional fund contributions or lump sum incentives. The Group recognises revenue net of such discounts over the period to which the arrangement applies.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably, which generally arises on delivery or in accordance with specific terms and conditions agreed with customers. Revenue from the rendering of services is recognised in the period in which the services are rendered on the basis of services provided.

SUPPLIER REBATES

The Group enters into rebate arrangements with its suppliers. The arrangements are primarily volume related. This supplier rebates received are recognised primarily as a deduction from cost of sales, based on the entitlement that has been earned up to the Balance Sheet date, for each relevant supplier arrangement.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is shown at cost less depreciation and any impairments. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs.

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

PROPERTY, PLANT AND EQUIPMENT CONTINUED

Depreciation is provided so as to write off the cost less residual value of each item of property, plant and equipment during its expected useful life using the straight-line method over the following periods:

Freehold and long leasehold buildings	25–50 years
Plant, machinery, equipment, fixtures and fittings	3–25 years
Freehold land is not depreciated	

Useful lives and residual values are reassessed annually.

Subsequent costs incurred relating to specific assets are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to profit or loss during the financial period in which they are incurred.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. When the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. Following the recognition or reversal of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale.

ASSETS HELD UNDER LEASES

FINANCE LEASES

Leases of property, plant and equipment, where the Group obtains substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased item and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charge so as to achieve a constant interest charge on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing loans and borrowings, allocated between current and non-current as appropriate. The interest element of the finance cost is charged to profit or loss over the lease period. Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term, taking into account the time period over which benefits from the leased assets are expected to accrue to the Group.

OPERATING LEASES

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of incentives received from the lessor, are charged to profit or loss on a straight-line basis over the period of the lease. Income earned from operating leases is credited to profit or loss when earned.

BUSINESS COMBINATIONS

The purchase method of accounting is used in accounting for the acquisition of businesses. In accordance with IFRS 3 Business Combinations, the fair value of the consideration for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at their fair values at the date of acquisition. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated are made within 12 months of the acquisition date and are effected from the date of acquisition.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the fair value of the additional consideration payable as a liability at the acquisition date where this can be measured reliably. This amount is reassessed at each subsequent Balance Sheet date with any adjustments to the liability recognised in profit or loss.

Notes to the Group Financial Statements

year ended 30 September 2016

continued

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

BUSINESS COMBINATIONS CONTINUED

To the extent that deferred purchase consideration and earn-out obligations are payable after one year from the date of acquisition, they are discounted at an appropriate interest rate and, accordingly, are carried at net present value in the Group Balance Sheet. An appropriate interest charge, at a constant interest rate on the carrying amount, adjusted to reflect material conditions, is reflected in profit or loss over the earn-out period, increasing the value of the provision so that the obligation will reflect its settlement value at the time of maturity.

Transaction costs are expensed as incurred.

GOODWILL

Goodwill represents the difference between the fair value of the consideration given over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Any excess of the fair value of the net assets acquired over the fair value of the consideration given (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. On acquisition, goodwill is allocated to cash-generating units expected to benefit from the combination's synergies. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in profit or loss.

Goodwill arising on investments in associates is included in the carrying amount of the investment and any impairment of the goodwill is included in income from associates.

ACQUISITION RELATED INTANGIBLE ASSETS

An intangible asset, which is an identifiable non-monetary asset without physical substance, is capitalised separately from goodwill as part of a business combination to the extent that it is probable that the expected future economic benefits attributable to the asset will accrue to the Group and that its fair value can be measured reliably. The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amounts of definite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. Any impairment charge is taken to profit or loss.

The amortisation of intangible assets is calculated to write off the book value of definite-lived intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. Customer related intangible assets are amortised over periods ranging from 1–10 years.

COMPUTER SOFTWARE

Costs incurred on the acquisition of computer software and software licences are capitalised. Other costs directly associated with developing and upgrading computer software programs are capitalised once the recognition criteria set out in IAS 38 Intangible Assets are met. Computer software is amortised over 5-7 years.

INVESTMENT PROPERTY

Investment property is shown at cost less depreciation and any impairment. The cost of investment property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Investment property is depreciated so as to write off the cost, less residual value, on a straight-line basis over the expected life of each property. Freehold buildings held as investment property are depreciated over their expected useful life, normally assumed to be 40-50 years. Freehold land is not depreciated.

Rental income arising on investment property is accounted for on a straight-line basis over the lease term of the ongoing leases and is recognised within other income.

In relation to the recognition of income on the disposal of property, income is recognised when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is calculated based on first-in, first-out or weighted average as appropriate. Cost includes raw materials, direct labour expenses and related production and other overheads. Net realisable value is the estimated selling price, in the ordinary course of business, less costs to completion and appropriate selling and distribution expenses.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost, net of provision for impairment. A provision is made when there is objective evidence that the Group will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Any trade and other receivables included in non-current assets are carried at amortised cost in accordance with the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially recognised at fair value and subsequently carried at amortised cost. Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less.

TRADE AND OTHER PAYABLES

Trade and other payables are initially recorded at fair value and subsequently at the higher of cost or payment or settlement amounts. Where the time value of money is material, payables are initially recorded at fair value and subsequently carried at amortised cost.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in profit or loss net of any reimbursement.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

BORROWINGS

All loans and borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the settlement or cancellation of liabilities are recognised in finance income and finance costs as appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date.

FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested and the unwind of discount on assets. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, unwind of discount on liabilities, interest on the net defined benefit pension scheme liabilities, changes in fair value of hedging instruments and other derivatives that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Notes to the Group Financial Statements

year ended 30 September 2016
continued

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

A financial asset is derecognised when the Group no longer controls the contractual rights that comprise the financial asset, which is normally the case when the asset is sold or the rights to receive cash flows from the asset have expired, and the Group has not retained substantially all risks and rewards of ownership and has transferred control of the asset.

FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the recognition of a new liability with the result that the difference in the respective carrying amounts, together with any costs or fees incurred, is recognised in profit or loss.

DERIVATIVE FINANCIAL INSTRUMENTS

The activities of the Group expose it to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments, such as forward foreign exchange contracts, cross currency swaps and interest rate swap agreements, to hedge these exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments which are held for trading and are not designated as effective hedging instruments are classified as a current asset or liability (as appropriate) regardless of maturity if the Group expects that they may be settled within twelve months of the Balance Sheet date. All other derivative instruments that are not designated as effective hedging instruments are classified by reference to their maturity date. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

The fair value of derivative instruments is determined by using valuation techniques. The Group uses its judgement to select the most appropriate valuation methods and makes assumptions that are mainly based on observable market conditions existing at the Balance Sheet date.

For those derivatives designated as hedges and for which hedge accounting is sought, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, derivatives are classified as:

- Fair value hedges, when hedging the exposure of changes in the fair value of a recognised asset or liability; or
- Cash flow hedges, when hedging the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction; or
- Net investment hedges, when hedging the exposure to foreign currency differences between the functional currency of a foreign operation and the functional currency of the parent.

Any gains or losses arising from changes in the fair value of all other derivatives which are classified as held for trading are taken to profit or loss and charged to finance income or expense. These may arise from derivatives for which hedge accounting is not applied because they are not designated as hedging instruments. The Group does not use derivatives for trading or speculative purposes.

The treatment of gains and losses arising from remeasuring derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

FAIR VALUE HEDGE

In the case of fair value hedges which are designated and qualify for hedge accounting, any gain or loss arising from the remeasurement of the hedging instrument to fair value is reported in profit or loss as finance costs. In addition, any fair value gain or loss attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in profit or loss as finance income or finance costs. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to profit or loss with the objective of achieving full amortisation by maturity of the hedged item.

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

CASH FLOW HEDGE

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised within equity in the hedging reserve, with the ineffective portion being reported in profit or loss as finance income or finance costs. When a highly probable forecast transaction results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from the hedging reserve in equity and included in the initial measurement of the non-financial asset or liability. Otherwise, the associated gains and losses that had previously been recognised within equity in the hedging reserve are transferred to profit or loss as the cash flows of the hedged item impact profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised within equity in the hedging reserve is kept in the hedging reserve until the forecast transaction occurs. If a hedged transaction is no longer anticipated to occur, the net cumulative gain or loss recognised within equity in the hedging reserve is transferred immediately to profit or loss as finance costs.

NET INVESTMENT HEDGE

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to profit or loss on disposal.

TAXATION

The charge/credit for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in the Statement of Recognised Income and Expense or directly in equity, in which case the tax is also recognised in the Statement of Recognised Income and Expense or directly in equity, respectively.

Current tax payable represents the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the Balance Sheet date, along with any adjustment to tax payable in respect of previous years.

The Group provides in full for deferred tax assets and liabilities (using the liability method), arising from temporary differences between the tax base of assets and liabilities and their carrying amounts in the Group Financial Statements except where they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability that at the date of initial recognition does not affect accounting or taxable profit or loss on a transaction that is not a business combination. Such differences result in an obligation to pay more tax or a right to pay less tax in future periods. A deferred tax asset is only recognised where it is probable that future taxable profits will be available against which the temporary differences giving rise to the asset can be utilised.

Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are enacted or substantively enacted at the Balance Sheet date.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Once it has been concluded that a liability needs to be recognised, the liability is measured. We consider the range of possible outcomes and record a liability based on the most likely single outcome, rather than alternative approaches which could include a weighted average probability of outcomes or an 'all or nothing' approach.

Notes to the Group Financial Statements

year ended 30 September 2016

continued

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

EMPLOYEE BENEFITS

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

RETIREMENT BENEFIT OBLIGATIONS

DEFINED CONTRIBUTION PENSION PLANS

A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate defined contribution scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense within profit or loss as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

DEFINED BENEFIT PENSION PLANS

The cost of providing benefits under the Group's defined benefit pension plans is determined separately for each plan, using the projected unit credit method, by professionally qualified actuaries and arrived at using actuarial assumptions based on market expectations at the Balance Sheet date. These valuations attribute entitlement benefits to the current period (to determine current service cost), and to the current and prior periods (to determine the present value of defined benefit pension obligations).

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through the Statement of Recognised Income and Expense in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit pension liability or asset.

When a settlement (eliminating all obligations for defined benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in profit or loss during the period in which the settlement or curtailment occurs.

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total, for each plan, of the present value of the defined benefit pension obligation (using a discount rate based on high quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is the present value of any economic benefit the Group reasonably expects to recover by way of refund of surplus from the plan at the end of the plan's life or reduction in future contributions to the plan.

EMPLOYEE SHARE-BASED PAYMENTS

The Group grants equity settled share-based payments to employees (through the Performance Share Plan, the Deferred Bonus Plan, the Employee ShareSave Scheme and the Executive Option Scheme). The fair value of these is determined at the date of grant and is expensed to profit or loss with a corresponding increase in equity on a straight-line basis over the vesting period. The fair value is determined using a trinomial valuation model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Balance Sheet date, the Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in profit or loss, with a corresponding adjustment to equity.

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

EMPLOYEE SHARE-BASED PAYMENTS CONTINUED

To the extent that the Group receives a tax deduction relating to services paid for by means of share awards or options, deferred tax is provided on the basis of the difference between the market price of the underlying equity as at the date of the Balance Sheet and the exercise price of the option. As a result, the deferred tax impact of share options will not directly correlate with the expense reported in profit or loss. To the extent that the deductible difference exceeds the cumulative charge to profit or loss, it is recorded in the Statement of Recognised Income and Expense.

When the exercise of share options results in the issuance of shares, the proceeds received are credited to the share capital and share premium accounts, net of directly attributable transaction costs.

FOREIGN CURRENCY

FUNCTIONAL AND PRESENTATION CURRENCY

The individual Financial Statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The Group Financial Statements are presented in sterling, which is also the Company's functional and presentation currency.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

FOREIGN OPERATIONS

The Income Statement and Balance Sheet of Group entities that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the date of the Balance Sheet;
- Income and expenses are translated at the rates at the date of the transaction, normally estimated using average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and on long-term borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

GOVERNMENT GRANTS

Government grants for the acquisition of assets are recognised at their fair value when there is reasonable assurance that the grant will be received and any conditions attached to them have been fulfilled. The grant is held on the Balance Sheet as a deferred credit and released to profit or loss over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

RESEARCH AND DEVELOPMENT

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 Intangible Assets are met.

SEGMENTAL REPORTING

The Group reports segmental information by class of business and by geographical area. The Group's primary reporting segment, for which more detailed disclosures are made, is by class of business. The Group has identified two reportable segments: (i) Convenience Foods; and (ii) Ingredients & Property. Refer to Note 2 for further information.

Notes to the Group Financial Statements

year ended 30 September 2016

continued

1. GROUP STATEMENT OF ACCOUNTING POLICIES CONTINUED

EXCEPTIONAL ITEMS

Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the Group Income Statement and results for the year. Examples of such items may include but are not limited to, significant reorganisation programmes, profits or losses on termination of operations, litigation costs and settlements, significant impairments of assets, transaction and integration costs related to acquisition activity and transaction costs related to disposal activity. Group management exercises judgement in assessing each particular item which, by virtue of its scale or nature, should be highlighted and disclosed in the Group Income Statement and notes to the Group Financial Statements as exceptional items. Exceptional items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

NON-CONTROLLING INTERESTS

Non-controlling interests are stated at their proportion of the fair values of the identifiable assets and liabilities recognised. Subsequently, any losses applicable to non-controlling interests continue to be recognised and attributed to non-controlling interests unless the parent has undertaken to fund their losses.

SHARE CAPITAL

ORDINARY SHARES

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are taken as a deduction within equity, net of tax, from the proceeds.

TREASURY SHARES

Where the Company purchases its own share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

DIVIDENDS

Interim dividends payable are recognised as a liability of the Company when the Board of Directors resolves to pay the dividend and the shareholders have been notified in accordance with the Company's Articles of Association. Final dividends of the Company are recognised as a liability when they have been approved by the Company's shareholders.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Group management makes estimates and assumptions concerning the future in the preparation of the Group Financial Statements, which can significantly impact the reported amounts of assets and liabilities. The significant estimates and assumptions used in the preparation of the Group's Financial Statements are outlined in the relevant notes.

2. SEGMENT INFORMATION

The Group encompasses different product portfolios. The Group's reportable segments under IFRS 8 Operating Segments are as follows:

Convenience Foods – this reportable segment is the aggregation of two operating segments, Convenience Foods UK and Convenience Foods US. This segment derives its revenue from the production and sale of convenience food. The Convenience Foods US segment and the Convenience Foods UK segment have been aggregated as the segments have similar characteristics. The economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics include expected future financial performance; operating and competitive risks; return on invested capital and the ratio of capital expenditure (excluding the impact of one-off significant projects) to revenue.

Ingredients and Property – this segment represents the aggregation of 'all other segments' as allowed under IFRS 8 (IFRS 8 specifies that, where the external revenue of reportable segments exceeds 75% of the total Group revenue, it is permissible to aggregate all other segments into one reportable segment). The Ingredients & Property reportable segment derives its revenue from the distribution of edible oils and molasses and the management of the Group's property assets.

The Chief Operating Decision Maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on Operating Profit before exceptional items and amortisation of acquisition related intangible assets. Exceptional items, net finance costs and income tax are managed on a centralised basis and therefore, these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision Maker and are accordingly omitted from the segmental information below. Intersegment revenue is not material.

2. SEGMENT INFORMATION CONTINUED

	Convenience Foods		Ingredients & Property		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Revenue	**1,435.2**	1,290.2	**46.7**	50.1	**1,481.9**	1,340.3
Group Operating Profit before exceptional items and amortisation of acquisition related intangible assets	**100.0**	89.6	**2.0**	2.1	**102.0**	91.7
Amortisation of acquisition related intangible assets	**(9.2)**	(8.7)	**–**	–	**(9.2)**	(8.7)
Exceptional items					**(17.4)**	(3.4)
Group Operating Profit	**90.8**	80.9	**2.0**	2.1	**75.4**	79.6
Finance income					**0.1**	0.5
Finance costs					**(28.0)**	(21.4)
Share of profit of associates after tax					**0.7**	0.7
Profit before taxation					**48.2**	59.4

	Convenience Foods		Ingredients & Property		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Segment assets						
Assets	**1,123.7**	1,008.7	**28.1**	23.9	**1,151.8**	1,032.6
Reconciliation to total assets as reported in the Group Balance Sheet						
Deferred tax assets					**60.1**	65.0
Cash and cash equivalents					**25.5**	6.3
Derivative financial instruments					**0.8**	7.3
Investments in associates					**1.0**	1.0
Retirement benefit asset					**16.7**	15.0
Total assets as reported in the Group Balance Sheet					**1,255.9**	1,127.2

	Convenience Foods		Ingredients & Property		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Segment liabilities						
Liabilities	**351.3**	320.0	**11.9**	8.0	**363.2**	328.0
Reconciliation to total liabilities as reported in the Group Balance Sheet						
Borrowings (current and non-current)					**357.3**	279.0
Derivative financial instruments (current and non-current)					**23.3**	16.9
Provisions					**10.0**	5.7
Declared interim dividend					**10.5**	9.9
Interest payable					**4.2**	3.7
Retirement benefit obligations					**179.0**	127.7
Income tax liabilities (current and deferred)					**22.8**	33.3
Total liabilities as reported in the Group Balance Sheet					**970.3**	804.2

Notes to the Group Financial Statements

year ended 30 September 2016

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2. SEGMENT INFORMATION CONTINUED

OTHER SEGMENT INFORMATION

	Convenience Foods		Ingredients & Property		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Continuing operations						
Capital expenditure	**103.3**	97.4	**0.6**	0.7	**103.9**	98.1
Depreciation	**32.5**	27.2	**0.2**	0.2	**32.7**	27.4
Amortisation of intangible assets	**12.9**	11.1	**–**	–	**12.9**	11.1

GEOGRAPHICAL ANALYSIS

The following is a geographical analysis of the segment information presented above:

	Ireland		UK		Rest of World		Total Group	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Revenue	**54.2**	56.9	**1,202.4**	1,090.5	**225.3**	192.9	**1,481.9**	1,340.3
Capital expenditure	**0.6**	0.7	**85.1**	77.4	**18.2**	20.0	**103.9**	98.1
Non-current assets (excluding derivative financial instruments, retirement benefit assets and deferred tax assets)	**12.9**	11.7	**748.3**	685.3	**168.3**	135.1	**929.5**	832.1

Further geographical analysis relating to the Group's financial risks is set out in Note 21.

3. OPERATING COSTS, NET

	2016 £m	2015 £m
Distribution costs	**62.8**	58.2
Administrative expenses	**302.2**	267.4
Research and development	**4.3**	4.1
Other operating costs	**2.5**	1.7
Other operating income	**(1.4)**	(0.2)
Total operating costs pre-exceptional, net	**370.4**	331.2
Exceptional charge (Note 7)	**17.4**	3.4
Total operating costs, net	**387.8**	334.6

4. RESULT FOR THE FINANCIAL PERIOD

The result for the financial period has been arrived at after charging/(crediting) the following amounts:

	2016 £m	2015 £m
Depreciation:		
Owned assets	**32.6**	27.3
Assets held under finance lease	**0.1**	0.1
	32.7	27.4
Amortisation of intangible assets	**12.9**	11.1
Operating lease rentals:		
Premises, plant and equipment	**13.9**	13.8
Rental income from investment properties	**(0.1)**	(0.1)
	£000	£000
Auditor's remuneration		
Fees paid to the lead audit firm:		
Audit of the Group financial statements	**635**	530
Audit of subsidiary financial statements	**60**	60
Other non-audit services	**350**	5
	1,045	595
Fees paid to other firms in the lead audit firms network:		
Other non-audit services	**547**	10
	547	10
Total	**1,592**	605

Directors' remuneration is shown in the Report on Directors' Remuneration and in Note 32.

Notes to the Group Financial Statements

year ended 30 September 2016

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5. EMPLOYMENT

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

	2016 Number	2015 Number
Production	**9,488**	8,844
Distribution	**1,065**	760
Administration	**1,303**	1,276
	11,856	10,880

The staff costs for the year for the above employees were:

	2016 £m	2015 £m
Wages and salaries	**270.8**	232.1
Social welfare costs	**24.2**	19.4
Employee share-based payment expense (Note 6)	**3.2**	4.3
Pension costs – defined contribution plans (Note 24)	**7.3**	6.7
Pension – settlement gain (Note 24)	**–**	(0.3)
	305.5	262.2
Defined benefit interest cost (Note 24)	**4.4**	4.9
	309.9	267.1

Total staff costs capitalised during the year were £6.9m (2015: £5.0m).

Actuarial (loss)/gain on Group defined benefit pension schemes recognised in the Group Statement of Recognised Income and Expense:

	2016 £m	2015 £m
Return on plan assets	**60.7**	13.5
Actuarial losses arising on scheme liabilities (Note 24)	**(120.5)**	(4.3)
Total (loss)/gain included in the Statement of Recognised Income and Expense	**(59.8)**	9.2

6. SHARE-BASED PAYMENTS

The Group operates a number of employee share option schemes which are equity settled share-based payments as defined in IFRS 2 Share-based payments. A recognised valuation methodology is employed to determine the fair value of options granted as set out in the standard. The charge incurred relating to these options is recognised within operating costs. Detail of each of the employee share option schemes operated by the Group are set out below.

SHARESAVE SCHEMES

The Group operates savings-related share option schemes in both Ireland and the UK. Options are granted at a discount of between 25% and 20% of the market price at the date of invitation over three, five and seven year savings contracts and options are exercisable during the six month period following completion of the savings contract. The charge recognised within operating costs of the Group Income Statement in respect of these options was £0.7m (2015: £0.6m). Grant date fair value was arrived at through applying a trinomial model, which is a lattice option-pricing model.

During the year ended 30 September 2016, ShareSave Scheme options were granted over 23,618 shares (Ireland) and 1,062,107 shares (UK), which will ordinarily be exercisable at an exercise price of €3.14 and £2.64 per share respectively, during the period 1 September 2019 to 29 February 2020. The weighted average fair value of share options granted during the year ended 30 September 2016 was £0.96 (Ireland) and £0.86 (UK).

During the year ended 25 September 2015, ShareSave Scheme options were granted over 21,727 shares (Ireland) and 1,498,196 shares (UK), which will ordinarily be exercisable at an exercise price of €3.33 and £2.53 per share respectively, during the period 1 September 2018 to 28 February 2019. The weighted average fair value of share options granted during the year ended 25 September 2015 was £1.03 (Ireland) and £0.95 (UK).

NUMBER AND WEIGHTED AVERAGE EXERCISE PRICES FOR THE IRISH SHARESAVE SCHEME (EXPRESSED IN EURO)

The following table sets out the number and weighted average exercise prices (expressed in euro) of, and movements in, share options during the year under the Irish ShareSave Scheme:

	2016		2015	
	Number outstanding	Weighted average exercise price €	Number outstanding	Weighted average exercise price €
At beginning of year	**88,303**	**1.86**	222,728	0.93
Granted	**23,618**	**3.14**	21,727	3.33
Exercised	**–**	**–**	(152,058)	0.69
Expired	**(26,217)**	**0.69**	–	–
Forfeited	**(4,923)**	**1.84**	(4,094)	3.33
At end of year	**80,781**	**2.62**	88,303	1.86
Exercisable at end of year	**19,597**	**1.20**	26,217	0.69

RANGE OF EXERCISE PRICES FOR THE IRISH SHARESAVE SCHEME (EXPRESSED IN EURO)

	Number outstanding	Weighted average contract life years	Weighted average exercise price €	Number exercisable	Weighted average exercise price €
At 30 September 2016					
€1.01-€2.00	**19,597**	**0.25**	**1.20**	**19,597**	**1.20**
€2.01-€3.00	**16,382**	**1.25**	**2.65**	**–**	**–**
€3.01-€4.00	**44,802**	**2.78**	**3.23**	**–**	**–**
	80,781	**1.86**	**2.62**	**19,597**	**1.20**
At 25 September 2015					
€0.01-€1.00	26,217	0.27	0.69	26,217	0.69
€1.01-€2.00	22,612	1.27	1.20	–	–
€2.01-€3.00	17,747	2.27	2.65	–	–
€3.01-€4.00	21,727	3.27	3.33	–	–
	88,303	1.67	1.86	26,217	0.69

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year ended 30 September 2016

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6. SHARE-BASED PAYMENTS CONTINUED

NUMBER AND WEIGHTED AVERAGE EXERCISE PRICE FOR THE UK SHARESAVE SCHEME (EXPRESSED IN STERLING)

The following table sets out the number and weighted average exercise prices (expressed in sterling) of, and movements in, share options during the year under the UK ShareSave Scheme:

	2016		2015	
	Number outstanding	Weighted average exercise price £	Number outstanding	Weighted average exercise price £
At beginning of year	**3,734,125**	**1.88**	3,824,245	1.11
Granted	**1,062,107**	**2.64**	1,498,196	2.65
Exercised	**(1,275,748)**	**0.87**	(1,332,594)	0.62
Forfeited	**(327,958)**	**2.33**	(255,722)	1.49
At end of year	**3,192,526**	**2.49**	3,734,125	1.88
Exercisable at end of year	**152,428**	**1.07**	543,115	0.63

RANGE OF EXERCISE PRICES FOR THE UK SHARESAVE SCHEME (EXPRESSED IN STERLING)

	Number outstanding	Weighted average contract life years	Weighted average exercise price £	Number exercisable	Weighted average exercise price £
At 30 September 2016					
£0.01-£1.00	**18,798**	**0.98**	**0.70**	**5,186**	**0.69**
£1.01-£2.00	**147,242**	**–**	**1.08**	**147,242**	**1.08**
£2.01-£3.00	**3,026,485**	**2.36**	**2.56**	**–**	**–**
	3,192,525	**2.24**	**2.48**	**152,428**	**1.07**
At 25 September 2015					
£0.01-£1.00	699,382	0.52	0.63	537,204	0.62
£1.01-£2.00	768,679	0.93	1.09	5,911	1.77
£2.01-£3.00	2,266,064	2.92	2.53	–	–
	3,734,125	2.06	1.88	543,115	0.63

ANNUAL BONUS PLAN

Senior Executives participate in the Annual Bonus Plan as outlined in the Report on Directors' Remuneration. In accordance with this plan, a Deferred Share Award equal to a proportion of the cash bonus is awarded to the participating executives, the number of shares is calculated at market value on the date of allocation, to be held by a trustee for the benefit of individual participants without any additional performance conditions other than three years of service. The shares vest after three years but are forfeit should an executive voluntarily leave the Group within the three year time period, subject to normal 'good leaver' provisions. The charge recognised in the Income Statement was £1.1m (2015: £1.4m). The fair value of the award is equal to the share price on the grant date. The share price on the grant date, for awards granted in December 2015, was £3.19.

On 1 December 2015 and 1 December 2014, 447,853 and 631,605 respectively, awards were granted to senior executives of the Group under the Annual Bonus Plan.

The following table illustrates the number of, and movements in, share awards during the year under the plan:

	2016 Number outstanding	2015 Number outstanding
At beginning of year	**3,328,848**	6,288,461
Granted	**447,853**	631,605
Exercised	**(1,940,681)**	(3,337,663)
Forfeited	**–**	(253,555)
At end of year	**1,836,020**	3,328,848
Exercisable at end of year	**–**	–

6. SHARE-BASED PAYMENTS CONTINUED

ANNUAL BONUS PLAN CONTINUED

Awards will be granted to senior executives of the Group under the Annual Bonus Plan in respect of the year ended 30 September 2016. A charge amounting to £0.1m (2015: £0.1m) relating to awards to Executive Directors and £0.2m (2015: £0.2m) relating to awards to other Senior Executives has been included in the Group Income Statement in respect of the estimated 2016 charge. The total fair value of the awards will be taken as a charge to the Income Statement over the vesting period of the awards.

PERFORMANCE SHARE PLAN

Certain employees participate in a long term incentive scheme, the Performance Share Plan. In accordance with this scheme, participants are awarded an allotment of shares which will vest over three years subject to vesting conditions for growth in return on invested capital and in earnings per share. The number of shares granted is calculated based on the market value on the date of allocation. Share options are forfeit should an executive voluntarily leave the Group prior to the vesting date, subject to normal 'good leaver' provisions. The fair value of the award is equal to the share price on the grant date. Further description of the scheme can be found in the Report on Directors' Remuneration. A charge amounting to £1.4m (2015: £2.3m) was included in the Group Financial Statements in the 2016 financial year related to these awards.

The following table illustrates the number of, and movements in, share options during the year under the plan:

	2016 Number outstanding	2015 Number outstanding
At beginning of year	**5,931,276**	5,516,881
Granted	**1,499,538**	1,537,245
Exercised	**(2,569,169)**	–
Expired	**(231,000)**	–
Forfeited	**(212,882)**	(1,122,850)
At end of year	**4,417,763**	5,931,276
Exercisable at end of year	**–**	–

WEIGHTED AVERAGE ASSUMPTIONS USED TO VALUE THE SHARESAVE SCHEMES

The following tables show the weighted average assumptions used to fair value the equity settled options granted in the ShareSave Schemes. The fair value of awards granted under the Annual Bonus Plan and the Performance Share Plan is equal to the share price on the grant date.

	Ireland 2016 ShareSave 3 year	**UK 2016 ShareSave 3 year**
Dividend yield (%)	**1.87%**	**1.87%**
Expected volatility (%)	**29%**	**29%**
Risk-free interest rate (%)	**0.5%**	**0.5%**
Expected life of option (years)	**3**	**3**
Share price at grant (€/£)	**€ 3.93**	**£3.30**
Exercise price (€/£)	**€ 3.14**	**£2.64**
Fair value (€/£)	**€ 1.10**	**£0.86**

	Ireland 2015 ShareSave 3 year	UK 2015 ShareSave 3 year
Dividend yield (%)	1.73%	1.73%
Expected volatility (%)	35%	35%
Risk-free interest rate (%)	1.0%	1.0%
Expected life of option (years)	3	3
Share price at grant (€/£)	€ 4.42	£3.15
Exercise price (€/£)	€ 3.30	£2.53
Fair value (€/£)	€ 1.40	£0.95

The average share price during the 2016 financial year was £3.41 (2015: £3.03).

The expected volatility is estimated based on the historic volatility of the Company's share price over a period equivalent to the life of the relevant option. The risk-free rate of return is the yield on a government bond of a term consistent with the life of the option.

The range of the Company's share price during the year was £2.73 – £3.92 (2015: £2.30 – £3.55).

Notes to the Group Financial Statements

year ended 30 September 2016

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6. SHARE-BASED PAYMENTS CONTINUED

EXECUTIVE SHARE OPTION SCHEME

The charge relating to the Executive Share Option Scheme recognised in the Group Income Statement for the year was £Nil (2015: £Nil). Grant date fair value was arrived at through applying a trinomial model, which is a lattice option-pricing model. To the extent that options have vested, they will ordinarily remain exercisable for a period up to ten years from the date of grant and are settled in equity through the issue of shares once exercised.

The general terms and conditions applicable to the share options granted by the Group are addressed in the Report on Directors' Remuneration. All conditions are non-market based.

The Executive Share Option Scheme expired in 2011 and no further options have been granted under this scheme.

The following table illustrates the number and weighted average exercise prices (expressed in euro) of, and movements in, share options during the year under the plan:

	2016		2015	
	Number outstanding	Weighted average exercise price €	Number outstanding	Weighted average exercise price €
At beginning of year	**257,533**	**2.33**	3,810,587	1.48
Exercised	–	–	3,553,054	1.43
At end of year	**257,533**	**2.33**	257,533	2.33
Exercisable at end of year	**257,533**	**0.84**	257,533	0.84

The weighted average exercisable price does not include any options which have an exercise price in excess of the closing quoted Greencore plc share price as at 30 September 2016.

RANGE OF EXERCISE PRICES FOR THE EXECUTIVE SHARE OPTION SCHEME

	Number outstanding	Weighted average contract life years	Weighted average exercise price €	Number exercisable
At 30 September 2016				
€0.01-€1.00	**75,000**	**5.18**	**0.64**	**75,000**
€1.01-€2.00	**56,648**	**3.00**	**1.11**	**56,648**
€2.01-€4.00	**125,885**	**0.84**	**3.88**	**125,885**
	257,533	**2.58**	**2.33**	**257,533**
At 25 September 2015				
€0.01-€1.00	75,000	6.20	0.64	75,000
€1.01-€2.00	56,648	4.01	1.11	56,648
€2.01-€4.00	125,885	1.85	3.88	125,885
	257,533	3.59	2.33	257,533

7. EXCEPTIONAL ITEMS

Exceptional items are those which, in management's judgement, should be disclosed separately by virtue of their nature or amount. Such items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

		2016 £m	2015 £m
Pre-commissioning costs	(A)	**(2.7)**	(3.4)
Reorganisation costs	(B)	**(6.6)**	–
Remediation costs	(C)	**(4.0)**	–
Transaction and integration costs of acquisitions	(D)	**(4.1)**	–
		(17.4)	(3.4)
Tax on exceptional items	(E)	**1.5**	–
Total exceptional expense		**(15.9)**	(3.4)

(A) PRE-COMMISSIONING COSTS

The Group recognised a £2.7m charge in the 2016 financial year, in relation to the pre-commissioning and start-up costs in UK Food to Go and in Seattle together with the completion of the exit from its US facilities in Newburyport and Brockton, Massachusetts.

During the prior financial year, the Group recognised a £3.4m charge in relation to the start-up of production at the new facility in Quonset, Rhode Island and the related exit from its facilities in Newburyport and Brockton, Massachusetts.

(B) REORGANISATION COSTS

The Group recognised a £6.6m charge for the reorganisation costs in the UK business in the year, comprising £1.9m in relation to the removal of redundant production equipment and the clearance of production space to enable capacity increases and £4.7m in connection with a reorganisation of the distribution structure and the realignment of structures to manage significant long-term sole supply agreements and to optimise labour costs.

(C) REMEDIATION COSTS

The Group recognised a £4.0m charge in the 2016 financial year, in relation to the Group's former sugar processing sites, as the process of remediation has proven to be longer and more complex than had previously been anticipated, leading to greater costs being incurred to meet the requirements of the Environmental Protection Agency.

(D) TRANSACTION AND INTEGRATION COSTS OF ACQUISITIONS

The Group recognised a £4.1m charge in the 2016 financial year, of which £1.0m was in relation to the transaction and integration costs associated with the acquisition of The Sandwich Factory Holdings Limited in the UK. As set out in Note 34, the Group announced on the 14 November 2016 the proposed acquisition of Peacock Foods and the related estimated transaction costs provided for at 30 September 2016 were £3.1m.

(E) TAX

During the year, the Group recognised a tax credit of £1.5m in respect of exceptional charges, as set out in Note 10.

CASH FLOW ON EXCEPTIONAL ITEMS

The total cash outflow during the year in respect of exceptional charges was £9.9m (2015: £9.2m), of which £1.7m (2015: £6.3m) was in respect of prior year exceptional charges.

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8. FINANCE COSTS AND FINANCE INCOME

	2016 £m	2015 £m
Finance Costs		
Bank overdrafts and other financing costs	**9.2**	7.8
Other borrowings	**7.7**	7.1
Interest on obligations under finance leases	**0.2**	0.2
Interest on defined benefit pension scheme liabilities	**4.4**	4.9
Fair value movement on hedged financial liabilities (Note 22)	**(7.6)**	1.8
Fair value movement on fair value hedges (Note 22)	**7.2**	(2.0)
Fair value movement on interest rate swaps not designated as hedges	**0.6**	0.2
Fair value movement on forward foreign exchange contracts not designated as hedges	**(0.8)**	(0.4)
Foreign exchange on inter-company and external balances where hedge accounting is not applied	**7.1**	1.8
	28.0	21.4
Finance Income		
Unwind of discount on non-current receivables	**(0.1)**	(0.5)
	(0.1)	(0.5)
Net finance expense recognised in the Income Statement	**27.9**	20.9
Recognised Directly in Equity		
Currency translation adjustment	**28.1**	9.7
Hedge of net investment in foreign operations	**(25.7)**	(8.4)
Effective portion of changes in fair value of cash flow hedges	**2.3**	(7.7)
	4.7	(6.4)

Interest costs capitalised in the year were £1.3m (2015: £0.9m).

9. INVESTMENT IN ASSOCIATES

The following table summarises the financial information of the Group's associates as included in their own financial statements:

	2016 £m	2015 £m
Associates' Income Statement		
Revenue	**9.0**	8.6
Profit before finance costs	**1.7**	1.6
Profit before taxation	**1.7**	1.6
Taxation	**(0.3)**	(0.2)
Profit after taxation	**1.4**	1.4
Group's share of profit after tax (50%)	**0.7**	0.7

	2016 £m	2015 £m
Associates' Balance Sheet		
Current assets	**3.8**	2.8
Non-current assets	**0.1**	0.2
Current liabilities	**(1.7)**	(0.4)
Non-current liabilities	**(0.2)**	(0.6)
Net assets	**2.0**	2.0
Group's share of net assets (50%)	**1.0**	1.0

The following table reconciles the summarised financial position to the carrying amount of the Group's interest in its associates:

	2016 £m	2015 £m
Carrying amount of associates		
At beginning of year	**1.0**	0.9
Share of profit after tax of associates	**0.7**	0.7
Dividends received	**(0.7)**	(0.6)
At end of year	**1.0**	1.0

Details of the Group's principal associates, all of which are unlisted, are shown in Note 33.

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10. TAXATION

	2016 £m	2015 £m
Continuing operations		
Current tax		
Corporation tax charge	**0.7**	0.6
Overseas tax charge	**4.7**	1.3
Adjustment in respect of prior years	**(6.2)**	(6.6)
Total current tax credit (pre-exceptional)	**(0.8)**	(4.7)
Deferred tax		
Origination and reversal of temporary differences	**12.0**	11.9
Defined benefit pension obligations	**0.5**	0.6
Effect of tax rate change	**(0.4)**	(0.3)
Employee share based payments	**0.1**	1.6
Increase in asset recognised	**(8.9)**	(7.8)
Adjustment in respect of prior years	**(1.3)**	(0.9)
Total deferred tax charge	**2.0**	5.1
Income tax expense (pre-exceptional)	**1.2**	0.4
Tax on exceptional items		
Current tax credit	**(0.2)**	–
Deferred tax credit	**(1.3)**	–
Tax credit on exceptional items	**(1.5)**	–
Total tax (credit)/charge	**(0.3)**	0.4
Tax relating to items (credited)/charged to equity		
Current tax relating to items (credited)/charged to equity		
Income tax relating to foreign currency exchange	**0.3**	–
Employee share based payments	**(1.5)**	–
	(1.2)	–
Deferred tax relating to items (credited)/charged to equity		
Currency translation adjustment	**–**	(0.4)
Actuarial loss on Group defined benefit pension schemes	**(4.7)**	–
Cash flow hedges transferred to Income Statement	**0.1**	(0.1)
Employee share based payments	**0.6**	(1.4)
	(4.0)	(1.9)
	(5.2)	(1.9)

10. TAXATION CONTINUED

RECONCILIATION OF TOTAL TAX (CREDIT)/CHARGE

The tax (credit)/charge for the year can be reconciled to the profit per the Income Statement as follows:

	2016 £m	2015 £m
Profit for the year	**48.5**	59.0
Total tax (credit)/charge for the year	**(0.3)**	0.4
Less: share of profit of associates after tax	**(0.7)**	(0.7)
Profit before tax	**47.5**	58.7
Tax charge at Irish corporation tax rate of 12.5%	**5.9**	7.3
Effects of:		
Expenses not deductible for tax purposes	**3.6**	2.0
Differences in effective tax rates on overseas earnings	**(0.1)**	(0.1)
Effect of current year losses not recognised	**6.2**	7.6
Utilisation of losses not previously recognised	**(0.3)**	(0.3)
Recognition of previously unrecognised deferred tax asset	**(8.9)**	(8.2)
Effect of rate change	**(0.4)**	(0.3)
Exceptional items	**1.2**	–
Adjustment in respect of prior years	**(7.5)**	(7.5)
Other	**–**	(0.1)
Total tax (credit)/charge for the year	**(0.3)**	0.4

FACTORS THAT MAY IMPACT FUTURE TAX CHARGES AND OTHER DISCLOSURES

The tax charge in future periods will be impacted by any changes to the corporation tax rate in force in the countries in which the Group operates. The UK rate effective from 1 April 2015 is 20%. In the Budget on 8 July 2015, the UK Government proposed to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Additionally in the Budget on 16 March 2016 a further rate reduction to 17% was proposed from 1 April 2020, instead of the reduction to 18% as originally planned.

The rate reductions to both 19% and 17% were enacted during the period. These rates have therefore been taken into account in the calculation of the UK related deferred tax balances.

During the year the Group recognised £8.9m (2015: £7.8m) of previously unrecognised deferred tax assets, which arose on the acquisition of Uniq plc.

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Adjustments in respect of prior periods arose largely on the settlement of tax authority enquiries and/or closure of open periods.

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year ended 30 September 2016

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10. TAXATION CONTINUED

DEFERRED TAXATION

The Group's deferred tax assets and liabilities are analysed as follows:

	Property, plant and equipment £m	Acquisition related intangibles £m	Retirement benefit obligations £m	Derivative financial instruments £m	Tax losses £m	Employee share based payment £m	Other £m	Total £m
Year ended 30 September 2016								
At beginning of year	(7.7)	(3.4)	23.3	0.1	32.2	1.8	1.3	47.6
Income Statement (charge)/credit	6.1	1.0	(0.5)	–	(7.2)	(0.1)	–	(0.7)
Tax credited to equity	–	–	4.7	(0.1)	–	(0.6)	–	4.0
Currency translation adjustment and other	(0.1)	–	0.1	–	–	–	(0.1)	(0.1)
At end of year	**(1.7)**	**(2.4)**	**27.6**	**–**	**25.0**	**1.1**	**1.2**	**50.8**
Deferred tax assets (deductible temporary differences)	5.2	–	27.6	–	25.0	1.1	1.2	60.1
Deferred tax liabilities (taxable temporary differences)	(6.9)	(2.4)	–	–	–	–	–	(9.3)
Net deferred tax asset/(liability)	**(1.7)**	**(2.4)**	**27.6**	**–**	**25.0**	**1.1**	**1.2**	**50.8**

	Property, plant and equipment £m	Acquisition related intangibles £m	Retirement benefit obligations £m	Derivative financial instruments £m	Tax losses £m	Employee share based payment £m	Other £m	Total £m
Year ended 30 September 2015								
At beginning of year	(8.5)	(4.6)	23.9	–	36.7	2.0	1.2	50.7
Income Statement (charge)/credit	0.7	1.2	(0.6)	–	(4.5)	(1.6)	(0.3)	(5.1)
Tax charged to equity	–	–	–	0.1	–	1.4	0.4	1.9
Currency translation adjustment and other	0.1	–	–	–	–	–	–	0.1
At end of year	(7.7)	(3.4)	23.3	0.1	32.2	1.8	1.3	47.6
Deferred tax assets (deductible temporary differences)	6.3	–	23.3	0.1	32.2	1.8	1.3	65.0
Deferred tax liabilities (taxable temporary differences)	(14.0)	(3.4)	–	–	–	–	–	(17.4)
Net deferred tax asset/(liability)	(7.7)	(3.4)	23.3	0.1	32.2	1.8	1.3	47.6

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences, and it is probable that the temporary difference will not reverse in the foreseeable future. Given that participation exemptions and tax credits would be available in the context of the Group's investments in subsidiaries in the majority of the jurisdictions in which the Group operates, the aggregate amount of any unrecognised deferred tax liability arising in respect of temporary differences would be immaterial. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment to remit earnings.

No deferred tax asset is recognised in respect of certain tax losses and other attributes incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The unrecognised deferred tax asset at 30 September 2016 was £53.8m (2015: £49.3m). Recognition of deferred tax assets is a key judgement in the financial statements.

No deferred tax asset is recognised in respect of certain capital losses incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. The unrecognised deferred tax asset at 30 September 2016 was £11.3m (2015: £12.0m).

11. EARNINGS PER ORDINARY SHARE

Basic earnings per Ordinary Share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period, excluding Ordinary Shares purchased by the Company and held in trust in respect of the Annual Bonus Scheme, the Performance Share Plan and the Executive Share Option Scheme. The adjusted figures for basic and diluted earnings per Ordinary Share is calculated as profit attributable to equity holders of the Company adjusted to exclude exceptional items (net of tax), the effect of foreign exchange ('FX') on inter-company and certain external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the effect of interest expense relating to defined benefit pension liabilities (net of tax).

NUMERATOR FOR EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE CALCULATION

	2016 £m	2015 £m
Profit attributable to equity holders of the Company	47.4	58.0
Exceptional items (net of tax)	15.9	3.4
Movement on fair value of derivative financial instruments and related debt adjustments	(0.6)	(0.4)
FX effect on inter-company and external balances where hedge accounting is not applied	7.1	1.8
Amortisation of acquisition related intangible assets (net of tax)	6.5	6.1
Pension financing (net of tax)	3.4	3.9
Numerator for adjusted earnings per share calculation	**79.7**	72.8

DENOMINATOR FOR EARNINGS PER SHARE CALCULATION

	2016 '000	2015 '000
Shares in issue at the beginning of the year	410,300	407,109
Effect of shares held by Employee Benefit Trust	(2,659)	(2,778)
Effect of shares issued during the year	1,615	1,205
Weighted average number of Ordinary Shares in issue during the year	**409,256**	405,536

	2016 pence	2015 pence
Basic earnings per Ordinary Share	11.6	14.3
Adjusted basic earnings per Ordinary Share	19.5	18.0

DILUTED EARNINGS PER ORDINARY SHARE

Diluted earnings per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares. Employee Performance Share Plan awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable Ordinary Shares are excluded from the computation of diluted earnings per Ordinary Share where the conditions governing exercisability have not been satisfied as at the end of the reporting period. A total of 6,042,288 (2015: 3,961,702) unvested shares were excluded from the diluted earnings per share calculation as they were either antidilutive or contingently issuable Ordinary Shares which had not satisfied the performance conditions attaching at the end of the 2016 financial year.

Notes to the Group Financial Statements

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11. EARNINGS PER ORDINARY SHARE CONTINUED

DENOMINATOR FOR DILUTED EARNINGS PER SHARE CALCULATION

A reconciliation of the weighted average number of Ordinary Shares used for the purpose of calculating the diluted earnings per share amounts is as follows:

	2016 '000	2015 '000
Weighted average number of Ordinary Shares in issue during the year	**409,256**	405,536
Dilutive effect of share options	**5,328**	7,781
Weighted average number of Ordinary Shares for diluted earnings per share	**414,584**	413,317

	2016 pence	2015 pence
Diluted earnings per Ordinary Share	**11.4**	14.0
Adjusted diluted earnings per Ordinary Share	**19.2**	17.6

12. DIVIDENDS PAID AND PROPOSED

	2016 £m	2015 £m
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on Ordinary Shares:		
Final dividend of 3.75 pence for the year ended 25 September 2015 (2014: 3.25 pence)	**15.4**	13.2
Interim dividend of 2.55 pence for the year ended 30 September 2016 (2015: 2.40 pence)	**10.5**	9.9
Total	**25.9**	23.1
Proposed for approval at AGM:		
Equity dividends on Ordinary Shares:		
Final dividend of 4.10 pence for the year ended 30 September 2016 (2015: 3.75 pence)	**17.0**	15.4

During the year, 1,883,280 (2015: 1,706,734) shares were issued in respect of the Scrip Dividend Scheme.

This proposed dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Balance Sheet of the Group as at 30 September 2016, in accordance with IAS 10 Events After the Balance Sheet Date.

The proposed final dividend for the financial year ended 30 September 2016 will be payable on 4 April 2017 to shareholders on the Register of Members at 2 December 2016.

13. GOODWILL AND INTANGIBLE ASSETS

	Goodwill £m	Computer software and other intangibles £m	Acquisition related intangible assets – Customer related £m	Total £m
Year ended 30 September 2016				
Opening net book amount	**452.3**	**20.1**	**35.1**	**507.5**
Acquisitions through business combinations (Note 31)	**14.2**	**–**	**–**	**14.2**
Additions*	**–**	**17.3**	**12.7**	**30.0**
Currency translation adjustment	**10.4**	**0.4**	**2.8**	**13.6**
Amortisation charge	**–**	**(3.7)**	**(9.2)**	**(12.9)**
Closing net book amount	**476.9**	**34.1**	**41.4**	**552.4**

* Includes £8.8m transferred from Non-current other receivables relating to payments made by the Group in the prior year towards the acquisition of a right to supply contract with a key customer in Seattle.

	Goodwill £m	Computer software and other intangibles £m	Acquisition related intangible assets – Customer related £m	Total £m
At 30 September 2016				
Cost	**486.2**	**45.6**	**91.1**	**622.9**
Accumulated impairment/amortisation	**(9.3)**	**(11.5)**	**(49.7)**	**(70.5)**
Net book amount	**476.9**	**34.1**	**41.4**	**552.4**

	Goodwill £m	Computer software and other intangibles £m	Acquisition related intangible assets – Customer related £m	Total £m
Year ended 25 September 2015				
Opening net book amount	448.5	8.3	42.4	499.2
Additions	–	14.1	–	14.1
Currency translation adjustment	3.8	0.1	1.4	5.3
Amortisation charge	–	(2.4)	(8.7)	(11.1)
Closing net book amount	452.3	20.1	35.1	507.5
At 25 September 2015				
Cost	461.6	28.1	72.0	561.7
Accumulated impairment/amortisation	(9.3)	(8.0)	(36.9)	(54.2)
Net book amount	452.3	20.1	35.1	507.5

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ('CGU's) that are expected to benefit from that business combination. A summary of the allocation of the carrying value of goodwill by segment is as follows:

	2016 £m	2015 £m
Convenience Foods UK	**406.5**	392.3
Convenience Foods US	**68.3**	58.3
Ingredients & Property	**2.1**	1.7
	476.9	452.3

IMPAIRMENT TESTING AND GOODWILL

Goodwill acquired through business combinations has been allocated to CGUs for the purposes of impairment testing based on the business unit into which the business will be assimilated. Goodwill has been allocated for impairment testing purposes to three individual cash-generating units; Convenience Foods UK, Convenience Foods US and Ingredients & Property.

Notes to the Group Financial Statements

year ended 30 September 2016

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13. GOODWILL AND INTANGIBLE ASSETS CONTINUED

IMPAIRMENT TESTING AND GOODWILL CONTINUED

The recoverable amount of all of the Group's CGUs has been determined based on a value in use calculation. The calculation uses cash flow projections of CGUs based on the 2017 budget and the four year strategic plan formally approved by the Board of Directors and specifically exclude incremental profits and other cash flows stemming from any potential future acquisitions. Cash flows beyond the five year budget period have been calculated by extrapolating the year five forecast cash flows using a steady 2% (2015: 2%) rate (reflecting inflation but no other growth) for a further period of 25 years and discounting these back to present values. Applying these techniques, no impairment arose in either 2015 or 2016.

The application of a terminal value of 30 years to the cash flows has been arrived at after taking account of the Group's strong financial position, its established history of earnings growth and cash flow generation, its proven ability to pursue and integrate value enhancing acquisitions and the nature of the Consumer Foods market.

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATIONS

Estimation of the carrying value of goodwill is a key judgemental estimate in the preparation of the Group Financial Statements.

CONVENIENCE FOODS UK CGU

DISCOUNT RATE

A present value of the future cash flows of the Convenience Foods UK CGU is calculated using a discount rate of 8% (2015: 8%). The discount rate used is the Group's weighted average cost of capital calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a country risk premium. The value assigned to the UK CGU discount rate is consistent with external sources of information.

The table below is a description of the approach used to determine the values assigned to each key assumption for the purpose of impairment testing for the Convenience Foods UK CGU:

Key assumptions	Profitability Growth	Capital Expenditure	Working Capital	Inflation
Basis for determining values assigned to key assumptions	Future profitability is based on a five year plan and takes past experience into account as management places value on this key assumption based on the Group's established history of revenue and earnings' growth. Management also considers external sources of information, such as Nielsen market data and IGD research, pertaining to the estimated growth of the UK market, customer behaviour, consumer behaviour, competitor activity, long and short-term customer growth targets, contract wins and customer attrition. In any areas of significant uncertainty, the Group seek to take a conservative approach to attributing values to key assumptions. The value assigned to profitability reflects modest revenue growth and increased average future profitability growth rates. Revenue and profitability estimates are consistent with external sources of information pertaining to estimated growth of the UK convenience food market and profitability is consistent with past experience of the Group.	Capital expenditure is budgeted and forecast by assigning values to the investment required to deliver the estimated future profitability growth of the category and to deliver cost savings. Management assigns this value based on past experience of the Group's capital expenditure requirements as well as external sources such as quotes from suppliers/contractors.	Working capital requirements are based on historical trends and past experience taking the budgeted future profitability into account. As a group, Greencore has negative working capital. This is borne out by past experience. The Group assumes no change in working capital estimates after year one of the budget period.	Management considers the UK inflation rate. Values assigned to the inflation rate are consistent with external sources of information such as government and analyst predictions.

The prior year assumptions were prepared on the same basis.

13. GOODWILL AND INTANGIBLE ASSETS CONTINUED

US CONVENIENCE FOODS CGU

DISCOUNT RATE

A present value of the future cash flows of the Convenience Foods US CGU is calculated using a discount rate of 8% (2015: 8%). The discount rate used is the Group's weighted average cost of capital calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a country risk premium. The value assigned to the US CGU discount rate is consistent with external sources of information.

The table below is a description of the approach used to determine the values assigned to each key assumption for the purpose of impairment testing for the Convenience Foods US CGU:

Key assumptions	Profitability Growth	Capital Expenditure	Working Capital	Inflation
Basis for determining values assigned to key assumptions	Future profitability is based on a five year plan and takes past experience into account as management places value on this key assumption based on the Group's established history of revenue and earnings growth and experience with bedding down new contracts. Management also considers external sources of information such as market data pertaining to the estimated growth of the US market, new contract wins, customer behaviour, consumer behaviour, competitor activity, long and short-term customer growth targets and customer attrition. In any areas of significant uncertainty, the Group seek to take a conservative approach to attributing values to key assumptions. The value assigned to US Convenience Food CGU revenue is consistent with external sources of information pertaining to estimated growth of the US market. The value assigned to profitability growth in the US is specific to the group. Given recent customer wins, it exceeds the long term average growth rate in the US market.	Capital expenditure is budgeted and forecast by assigning values to the investment required to deliver the estimated future profitability growth of the category and to deliver cost savings. Management assigns this value based on past experience of the Group's capital expenditure requirements as well as external sources such as quotes from suppliers/contractors.	Working capital requirements are based on historical trends and past experience taking the budgeted future profitability into account.	Management considers the US inflation rate. Values assigned to the inflation rate are consistent with external sources of information such as government and analyst predictions.

The prior year assumptions were prepared on the same basis.

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year ended 30 September 2016

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13. GOODWILL AND INTANGIBLE ASSETS CONTINUED

INGREDIENTS AND PROPERTY

The recoverable amount of the Ingredients and Property CGU has been determined based on a value in use calculation. The calculation uses cash flow projections based on the 2017 budget and the four year strategic plan formally approved by the Board of Directors. Cash flows beyond the five year period have been extrapolated using a steady 2% (2015: 2%) rate (reflecting inflation but no other growth) for a further period of 25 years.

DISCOUNT RATE

A present value of the future cash flows of the Ingredients and Property CGU is calculated using a discount rate of 8% (2015: 8%). The discount rate used is the Group's weighted average cost of capital calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a country risk premium. The value assigned to the CGU discount rate is consistent with external sources of information.

The application of a terminal value of 30 years to the cash flows has been arrived at after taking account of the Group's strong financial position, its' established history of earnings growth and cash flow generation.

Key assumptions	Profitability Growth	Capital Expenditure	Working Capital	Inflation
Basis for determining values assigned to key assumptions	Management consider external sources of information such as market data pertaining to the edible oil and molasses feed business, UK and Irish property market data, customer behaviour, consumer behaviour, competitor activity, long and short term customer growth targets, contract wins and customer attrition. Future profitability also takes past experience into account as management place value on this key assumption based on the Group's established history of sales and earnings growth.	Capital expenditure is budgeted and forecast by assigning values to the investment required to deliver the estimated future profitability growth of the category and to deliver cost savings. Management assign this value based on past experience of the Group's capital expenditure requirements as well as external sources such as quotes from suppliers/contractors.	Working capital requirements are based on historical trends and past experience taking the budgeted future profitability into account.	Management considers the inflation rate. Values assigned to the inflation rate are based on external sources of information such as government and analyst predictions.

SENSITIVITY ANALYSIS

Sensitivity analysis has been carried out on each of the key assumptions used in the value in use calculation for each CGU identified. The Group believe that any reasonable change in the key assumptions applied would not give rise to the carrying value of goodwill assigned to each CGU exceeding the recoverable amount of that CGU. The carrying value of goodwill assigned to each CGU is not negatively impacted by a decline in projected cashflows of 18%, a reduction in the inflationary linked long term growth rate to zero or an increase in the discount rate by 44%.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Capital work in progress £m	Total £m
Year ended 30 September 2016					
Opening net book amount	**131.6**	**121.9**	**14.4**	**36.9**	**304.8**
Acquisitions through business combinations	**1.0**	**1.1**	**0.1**	**–**	**2.2**
Additions	**19.8**	**18.1**	**19.1**	**29.6**	**86.6**
Disposals	**(0.1)**	**(0.5)**	**(0.2)**	**(0.4)**	**(1.2)**
Impairments	**–**	**(2.2)**	**–**	**–**	**(2.2)**
Reclassifications	**14.7**	**11.4**	**0.8**	**(26.9)**	**–**
Currency translation adjustment	**5.6**	**2.8**	**0.1**	**1.4**	**9.9**
Depreciation charge	**(8.1)**	**(22.0)**	**(2.6)**	**–**	**(32.7)**
Closing net book amount	**164.5**	**130.6**	**31.7**	**40.6**	**367.4**
At 30 September 2016					
Cost	**221.5**	**352.1**	**47.7**	**40.6**	**661.9**
Accumulated depreciation	**(57.0)**	**(221.5)**	**(16.0)**	**–**	**(294.5)**
Net book amount	**164.5**	**130.6**	**31.7**	**40.6**	**367.4**
Year ended 25 September 2015					
Opening net book amount	102.7	110.5	9.6	24.2	247.0
Additions	34.4	22.9	6.5	20.2	84.0
Disposals	(0.3)	(0.2)	(0.1)	–	(0.6)
Reclassifications	0.4	8.6	0.4	(9.4)	–
Currency translation adjustment	(0.2)	0.1	–	1.9	1.8
Depreciation charge	(5.4)	(20.0)	(2.0)	–	(27.4)
Closing net book amount	131.6	121.9	14.4	36.9	304.8
At 25 September 2015					
Cost	179.1	319.9	27.7	36.9	563.6
Accumulated depreciation	(47.5)	(198.0)	(13.3)	–	(258.8)
Net book amount	131.6	121.9	14.4	36.9	304.8

An impairment charge of £1.9m arose in relation to the removal of redundant production equipment and the clearance of production space to enable capacity increases. This charge was included as an exceptional item in operating costs in the Income Statement. The remaining £0.3m arose on the Group's US operations and was recognised within operating expenses.

ASSETS HELD UNDER FINANCE LEASES

The net book amount and the depreciation charge in respect of assets held under finance leases and capitalised in property, plant and equipment are as follows:

	£m
Cost	**1.1**
Depreciation	**(0.4)**
Net book amount	**0.7**

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15. INVESTMENT PROPERTY

	2016 £m	2015 £m
Opening net book amount	**6.5**	7.0
Disposals	**(1.2)**	(0.2)
Currency translation adjustment	**0.9**	(0.3)
Closing net book amount	**6.2**	6.5
Analysed as:		
Cost	**6.2**	6.5
Accumulated depreciation	**–**	–
Net book amount	**6.2**	6.5

Investment property is carried at cost less depreciation and any impairment.

During the year the Group disposed of a number of investment properties for a cash consideration of £1.1m resulting in a loss of £0.1m on disposal.

The fair value of the Group's investment properties at 30 September 2016 was £7.3m (2015: £7.7m). The valuation was carried out by the Group and was arrived at by reference to location, market conditions and status of planning applications. The fair values of investment properties are considered a Level 3 fair value measurement.

An increase or decrease in the price per hectare of 5% would result in a 5% increase or decrease in the fair value of the land.

16. INVENTORIES

	2016 £m	2015 £m
Raw materials and consumables	**32.6**	23.8
Work in progress	**0.9**	1.4
Finished goods and goods for resale	**32.2**	32.3
	65.7	57.5

None of the above carrying amounts have been pledged as security for liabilities entered into by the Group.

Inventory recognised within cost of sales	**908.3**	816.0

The amount recognised as an expense, for inventory write-downs, for the year, was £1.9m (2015: £2.9m).

17. TRADE AND OTHER RECEIVABLES

	2016 £m	2015 £m
Current		
Trade receivables	**111.2**	105.2
Prepayments	**13.2**	11.4
VAT	**10.0**	7.1
Other receivables	**23.2**	20.3
Subtotal – current	**157.6**	144.0
Non-current		
Other receivables	**2.5**	12.3
Total	**160.1**	156.3

The fair value of current receivables approximates book value due to their size and short-term nature.

17. TRADE AND OTHER RECEIVABLES CONTINUED
Non-current receivables bear interest at market rates or are discounted to present value and accordingly approximate fair value.

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is set out in Note 21.

The fair value of the contingent consideration receivable of £2.5m, included within non-current receivables, was estimated using an income approach. The deferred contingent consideration receivable mainly relates to the Ministry of Cake business which was disposed of during FY2014. The amount of deferred contingent consideration that has been recognised is adjusted by the application of a range of outcomes and associated probabilities in order to determine the carrying amount. This is a Level 3 fair value measurement. Further information has not been disclosed as it is considered commercially sensitive.

18. TRADE AND OTHER PAYABLES

	2016 £m	2015 £m
Current		
Trade payables	**245.9**	225.3
Employment related taxes	**6.5**	5.7
Other payables and accrued expenses	**113.3**	98.7
Declared interim dividend	**10.5**	9.9
Subtotal – current	**376.2**	339.6
Non-current		
Other payables	**1.7**	2.0
Total	**377.9**	341.6

The Group's exposure to liquidity and currency risk is disclosed in Note 21.

19. CASH AND CASH EQUIVALENTS

	2016 £m	2015 £m
Cash at bank and in hand, being cash and cash equivalents	**25.5**	6.3

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, between one day and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. At the year ended 30 September 2016, £2.9m of cash and cash equivalents held in Group accounts was deemed to be short-term restricted cash. The fair value of cash and cash equivalents equals the carrying amount. Note 22 includes details of the Group's net debt at 30 September 2016.

20. BORROWINGS

	2016 £m	2015 £m
Non-current		
Bank borrowings	**170.6**	116.0
Private Placement Notes	**125.2**	42.6
Non-bank borrowings	**60.5**	51.6
Finance leases	**1.0**	1.0
Subtotal – non-current	**357.3**	211.2
Current		
Finance leases	**–**	0.1
Private Placement Notes	**–**	67.7
Subtotal – current	**–**	67.8
Total	**357.3**	279.0

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20. BORROWINGS CONTINUED

The maturity of non-current borrowings is as follows:

	2016 £m	2015 £m
Between 1 and 2 years	**0.1**	–
Between 2 and 5 years	**231.5**	167.6
Over 5 years	**125.7**	43.6
	357.3	211.2

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the Balance Sheet date are as follows:

	2016 £m	2015 £m
6 months or less	**170.6**	183.8
1 – 5 years	**61.0**	51.6
Over 5 years	**125.7**	43.6
	357.3	279.0

BANK BORROWINGS

The Group's bank borrowings are denominated in sterling, US dollar and euro and bear floating rate interest. Interest is set at commercial rates based on a spread over sterling LIBOR, US dollar LIBOR and EURIBOR for periods of up to six months. At 30 September 2016, the Group's bank borrowings comprised of £112m, $70m and €7.5m (2015: £85m and $50m), with the latest maturity being October 2018.

At 30 September 2016, the Group had available £177.5m (2015: £232.1m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. Uncommitted facilities undrawn at 30 September 2016 amounted to £31.9m (2015: £41.2m).

NON-BANK BORROWINGS

The Group's non-bank borrowings were drawn in March 2014 and bear floating rate interest that is based on a spread over EURIBOR for periods of six months. The funds received were swapped (using cross-currency interest rate swaps designated as cash flow hedges under IAS 39 Financial Instruments: Recognition and Measurement) from floating euro to fixed US dollar rates. At 30 September 2016, the Group's non-bank borrowings comprised of €70m (2015: €70m), with the latest maturity being March 2020.

PRIVATE PLACEMENT NOTES

The Group's outstanding Private Placement Notes of $139.5m and £18m at 30 September 2016 (2015: $165m) were issued as fixed rate debt in October 2013 ($65m) and June 2016 ($74.5m and £18m) with maturities ranging between October 2021 and June 2026. The Notes issued in June 2016 replace $100m in Notes that matured in October 2015.

The average spread that the Group paid on its financing facilities in the year ended 30 September 2016 was 2.37% (2015: 2.31%).

FINANCE LEASES

The Group has finance leases for various items of property, plant and equipment. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are set out in Note 28.

GUARANTEES

The Group's financing facilities are secured by guarantees from Greencore Group plc and cross guarantees from various companies within the Group. The Group treats these guarantees as insurance contracts and accounts for them as such.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks that include interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. These financial risks are actively managed by the Group's treasury department under strict policies and guidelines approved by the Board of Directors. The Group's treasury department actively monitors market conditions with a view to minimising the exposure of the Group to changing market factors while at the same time minimising the volatility of the funding costs of the Group. The Group uses derivative financial instruments such as foreign currency contracts, cross-currency swaps and interest rate swaps to manage the financial risks associated with the underlying business activities of the Group.

FINANCIAL ASSETS AND LIABILITIES

	2016						
	Loans and receivables £m	**FV through Income Statement £m**	**Cash flow hedges £m**	**Financial liabilities at amortised cost £m**	**Financial liabilities in fair value hedges £m**	**Carrying value £m**	**Fair value £m**
Trade and other receivables	**141.9**	**–**	**–**	**–**	**–**	**141.9**	**141.9**
Cash and cash equivalents*	**25.5**	**–**	**–**	**–**	**–**	**25.5**	**25.5**
Derivative financial instruments*	**–**	**(0.4)**	**(22.1)**	**–**	**–**	**(22.5)**	**(22.5)**
Bank borrowings*	**–**	**–**	**–**	**(170.6)**	**–**	**(170.6)**	**(173.2)**
Private Placement Notes*	**–**	**–**	**–**	**(125.2)**	**–**	**(125.2)**	**(139.5)**
Non-bank borrowings*	**–**	**–**	**–**	**(60.5)**	**–**	**(60.5)**	**(65.4)**
Finance lease*	**–**	**–**	**–**	**(1.0)**	**–**	**(1.0)**	**(1.6)**
Trade and other payables	**–**	**–**	**–**	**(373.4)**	**–**	**(373.4)**	**(373.4)**

Level 2 denoted by *.

The carrying value of trade and other receivables and trade and other payables are considered a reasonable approximation of fair value.

The fair value of the financial liabilities held at amortised cost and the financial liabilities in fair value hedges are within Level 2 of the fair value hierarchy and have been calculated by discounting the expected future cash flows at prevailing interest rates and by applying period end exchange rates.

	2015						
	Loans and receivables £m	FV through Income Statement £m	Cash flow hedges £m	Financial liabilities at amortised cost £m	Financial liabilities in fair value hedges £m	Carrying value £m	Fair value £m
Trade and other receivables	133.3	–	–	–	–	133.3	133.3
Cash and cash equivalents*	6.3	–	–	–	–	6.3	6.3
Derivative financial instruments*	–	6.9	(16.5)	–	–	(9.6)	(9.6)
Bank borrowings*	–	–	–	(116.0)	–	(116.0)	(117.0)
Private Placement Notes*	–	–	–	(42.6)	(67.7)	(110.3)	(114.3)
Non-bank borrowings*	–	–	–	(51.6)	–	(51.6)	(55.1)
Finance lease*	–	–	–	(1.1)	–	(1.1)	(1.5)
Trade and other payables	–	–	–	(339.5)	–	(339.5)	(339.5)

Level 2 denoted by *.

FAIR VALUE HIERARCHY

The following table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not observable market data (un-observable inputs).

During the year, there were no transfers between the different levels identified above.

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year ended 30 September 2016

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21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

FAIR VALUE HIERARCHY CONTINUED

	2016 Level 2 £m	2015 Level 2 £m
Assets carried at fair value		
Cross-currency interest rate swaps – fair value hedges	–	7.2
Forward foreign exchange contracts – not designated as hedges	**0.8**	0.1
	0.8	7.3
Liabilities carried at fair value		
Interest rate swaps – cash flow hedges	**(4.1)**	(0.8)
Interest rate swaps – not designated as hedges	**(1.2)**	(0.4)
Cross-currency interest rate swaps – cash flow hedges	**(18.0)**	(15.7)
	(23.3)	(16.9)

INTEREST RATE RISK

The Group's exposure to market risk for changes in interest rates arises from its floating rate borrowings, cash and cash equivalents and derivatives. The Group's policy is to optimise interest cost and reduce volatility in reported earnings. This is managed by reviewing the debt profile of the Group regularly on a currency by currency basis and by selectively using interest rate swaps to manage the level of floating interest rate exposure.

SENSITIVITY ANALYSIS FOR FLOATING RATE DEBT

The full year impact of both an upward and downward movement in each applicable interest rate and interest rate curve by 100 basis points (assuming all the other variables remain constant) is shown below:

	On profit after tax		On equity	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Effect of a downward movement of 100 basis points (negative = cost)	**(0.3)**	(0.8)	**(2.5)**	(3.4)
Effect of an upward movement of 100 basis points (positive = gain)	**–**	(0.1)	**2.1**	2.5

FOREIGN CURRENCY RISK

The Group is exposed to currency risk as follows:

- Sales and purchases in certain businesses
- Financing

SALES AND PURCHASES IN CERTAIN BUSINESSES

The Group is exposed to currency risk on sales and purchases in certain businesses that are denominated in currencies other than the functional currency of the entity concerned. The Group utilises foreign currency contracts to economically hedge foreign exchange exposures arising from these transactions. In addition, a significant level of the Group's head office costs in Dublin are denominated in euro. The Group's policy is to economically hedge these costs in order to reduce volatility in reported earnings through the use of foreign currency derivatives as appropriate.

The Group's trading entity exposures to foreign currency risk for amounts not denominated in the functional currency of the relevant entity at the Balance Sheet date were as follows (excluding derivative financial instruments):

	2016			2015		
Denominated in:	**Euro £m**	**US dollars £m**	**Sterling £m**	Euro £m	US dollars £m	Sterling £m
Trade receivables and other receivables	**0.6**	**1.0**	**0.4**	0.3	0.5	0.9
Trade payables and other payables	**(0.5)**	**(0.2)**	**(0.6)**	(0.5)	(0.3)	(0.7)
Cash and cash equivalents	**0.2**	**0.1**	**0.4**	0.2	0.2	0.5
Gross Balance Sheet exposure	**0.3**	**0.9**	**0.2**	–	0.4	0.7

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

FINANCING

Although the Group is an Irish domiciled business and governed by Irish law, the majority of its activity is in the UK and therefore it has adopted sterling as its functional and reporting currency. The Group finances its operations by obtaining funding at Group level through external borrowings, and where appropriate, these borrowings are designated as net investment hedges. This enables gains and losses arising on the retranslation of foreign currency borrowings to be recognised in equity, providing a partial offset in equity against the gains and losses arising on translation of the net assets of the foreign operations. A foreign exchange loss of £25.7m (2015: £8.4m) was recognised in equity during the period in respect of borrowings designated as net investment hedges.

The Group has financed its investment in the UK by directly borrowing in sterling, with the US business being funded in US dollar. Although a portion of the US funding is obtained by directly borrowing US dollar, a significant element of the funding is achieved through euro borrowings converted to US dollar using cross-currency interest rate swaps.

SENSITIVITY ANALYSIS FOR PRIMARY FOREIGN CURRENCY RISK

A 10% strengthening of the sterling exchange rate against the euro or US dollar exchange rates in respect of the translation of amounts not denominated in the functional currency of relevant entities into the functional currency would impact profit after tax and equity by the amount shown below. This assumes that all other variables remain constant. A 10% weakening of the sterling exchange rate against the euro or US dollar exchange rates would have an equal and opposite effect.

	On profit after tax		On equity	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Impact of 10% strengthening of sterling vs euro gain/(loss)	**(0.6)**	0.5	**(0.6)**	0.5
Impact of 10% strengthening of sterling vs dollar gain/(loss)	**3.5**	2.9	**20.0**	15.6

The effect on equity of a movement between sterling and US dollar would be offset by the translation of the net assets of the subsidiaries against which the US dollar and euro borrowings are hedged. The above calculations do not include the variability in Group profitability which arises on the translation of foreign currency subsidiaries' financial statements to Group presentation currency.

LIQUIDITY RISK

The Group's policy on funding capacity is to ensure that it always has sufficient long-term funding and committed bank facilities in place to meet foreseeable peak borrowing requirements with an appropriate level of additional headroom. A prudent approach to liquidity risk management is taken by the Group by spreading the maturities of its debt using long-term financing. The Group's treasury department actively monitors the current and future funding requirements of the business on a daily basis. Excess funds are placed on short-term deposit for up to one month whilst ensuring that sufficient cash is available on demand to meet expected operational requirements.

The following are the carrying amounts and contractual liabilities of financial liabilities (including interest payments):

	Carrying amount £m	Contractual amount £m	Period 1-6 months £m	Period 6-12 months £m	Period 1-5 years £m	Period > 5 years £m
30 September 2016						
Non-Derivative Financial Instruments						
Bank borrowings	**(170.6)**	**(187.6)**	**(2.0)**	**(1.8)**	**(183.8)**	**–**
Private Placement Notes	**(125.2)**	**(170.0)**	**(3.3)**	**(3.3)**	**(26.3)**	**(137.1)**
Non-bank borrowings	**(60.5)**	**(67.6)**	**(1.0)**	**(1.0)**	**(65.6)**	**–**
Finance leases	**(1.0)**	**(1.6)**	**(0.1)**	**(0.1)**	**(0.8)**	**(0.6)**
Trade and other payables	**(373.4)**	**(373.4)**	**(373.4)**	**–**	**–**	**–**
Derivative Financial Instruments						
Interest rate swaps – cash flow hedges	**(4.1)**					
Inflow/(outflow)		**(6.3)**	**(0.3)**	**–**	**(5.0)**	**(1.0)**
Interest rate swaps – not designated as hedges	**(1.2)**					
Inflow/(outflow)		**(1.3)**	**(0.2)**	**(0.3)**	**(0.8)**	**–**
Cross-currency interest rate swaps – cash flow hedges	**(18.0)**					
Inflow		**67.7**	**1.0**	**1.0**	**65.7**	**–**
(Outflow)		**(89.6)**	**(2.2)**	**(2.2)**	**(85.2)**	**–**
Forward foreign exchange contracts	**0.8**					
Inflow		**19.5**	**13.1**	**4.4**	**2.0**	**–**
(Outflow)		**(18.4)**	**(12.4)**	**(4.1)**	**(1.9)**	**–**

Notes to the Group Financial Statements

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21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

LIQUIDITY RISK CONTINUED

	Carrying amount £m	Contractual amount £m	Period 1-6 months £m	Period 6-12 months £m	Period 1-5 years £m	Period > 5 years £m
25 September 2015						
Non-Derivative Financial Instruments						
Bank borrowings	(116.0)	(131.7)	(1.4)	(1.5)	(128.8)	–
Private Placement Notes	(110.3)	(126.6)	(69.1)	(1.3)	(10.5)	(45.7)
Non-bank borrowings	(51.6)	(59.9)	(0.9)	(0.7)	(58.3)	–
Finance leases	(1.1)	(1.8)	(0.1)	(0.1)	(0.8)	(0.8)
Trade and other payables	(339.5)	(339.5)	(339.5)	–	–	–
Derivative Financial Instruments						
Interest rate swaps – cash flow hedges	(0.8)					
Inflow/(outflow)		(0.9)	(0.4)	(0.3)	(0.3)	0.1
Interest rate swaps – not designated as hedges	(0.4)					
Inflow/(outflow)		(0.8)	(0.7)	(0.1)	–	–
Cross-currency interest rate swaps – fair value hedges	7.2					
Inflow		67.8	67.8	–	–	–
(Outflow)		(60.6)	(60.6)	–	–	–
Cross-currency interest rate swaps – cash flow hedges	(15.7)					
Inflow		59.9	0.9	0.7	58.3	–
(Outflow)		(80.3)	(1.9)	(1.9)	(76.5)	–
Forward foreign exchange contracts	0.1					
Inflow		47.3	46.2	0.7	0.4	–
(Outflow)		(47.3)	(46.1)	(0.7)	(0.5)	–

CREDIT RISK

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations on financial assets held in the Balance Sheet. Risk is monitored both centrally and locally. The Group derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact the Group's results. The Group derives significant benefit from trading with its large customers and manages the risk by regularly reviewing the credit history and rating of all significant customers.

The Group assessed the carrying value of other receivables based on management's assessment and knowledge of the counterparty. The amounts due were neither past due nor impaired at 30 September 2016.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Balance Sheet:

	Carrying Amount	
	2016 £m	2015 £m
Trade receivables	**111.2**	105.2
Other receivables	**20.6**	21.0
Cash and cash equivalents	**25.5**	6.3
Derivative financial instruments	**0.8**	7.3

TRADE RECEIVABLES

The top six UK retailers accounted for 74% (2015: 70%) of net revenue in the Convenience Foods segment. Revenue earned individually from three of these customers, £246.0m, £206.0m and £163.2m respectively, represents more than 10% of the Group's revenue.

The Group also manages credit risk through the use of a receivables purchase arrangement. Under the terms of this agreement the Group has transferred substantially all of the credit risk and control of the receivables, which are subject to this agreement, and accordingly, £34.7m (2015: £20.0m) has been derecognised at year end.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

TRADE RECEIVABLES CONTINUED

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount	
	2016 £m	2015 £m
UK	**85.1**	86.4
Rest of World	**17.4**	12.1
Ireland	**8.0**	5.6
Other Europe	**0.7**	1.1
	111.2	105.2

AGEING OF TRADE RECEIVABLES

The aged analysis of trade receivables split between amounts that were neither past due nor impaired, amounts past due but not impaired and amounts that are impaired at 30 September 2016 and 25 September 2015 were as follows:

	2016 £m	2015 £m
Neither past due nor impaired:		
Receivable within 3 months of the Balance Sheet date	**104.1**	87.2
Past due but not impaired:		
Receivable between 1 and 6 months of the Balance Sheet date	**7.1**	18.0
Total	**111.2**	105.2

Trade receivables are in general receivable within 90 days of the Balance Sheet date, are unsecured and are not interest bearing. The figures disclosed above are stated net of provisions for impairment. The movements in the provision for impairment of receivables are as follows:

	2016 £m	2015 £m
At beginning of year	**0.6**	1.0
Provided during year	**0.7**	0.5
Written off during year	**(0.5)**	(0.8)
Recovered during year	**(0.1)**	(0.1)
Translation adjustment	**0.2**	–
At end of year	**0.9**	0.6

CASH AND CASH EQUIVALENTS

Exposure to credit risk on cash and derivative financial instruments is actively monitored by the Group's treasury department. The maximum exposure to credit risk for cash and cash equivalents by geographic location of financial institution was as follows:

	Carrying amount	
	2016 £m	2015 £m
UK	**18.0**	2.8
Ireland and other	**7.5**	3.5
	25.5	6.3

PRICE RISK

The Group purchases a variety of commodities which can be subject to significant price volatility. The price risk on these commodities is managed by the Group's purchasing function. It is the Group policy to minimise its exposure to volatility by adopting an appropriate forward purchase strategy.

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21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments recognised as assets and liabilities in the Balance Sheet are analysed as follows:

	2016 Assets £m	2016 Liabilities £m	2016 Net £m
Current			
Forward foreign exchange contracts – not designated as hedges	**0.6**	**–**	**0.6**
Interest rate swaps – not designated as hedges	**–**	**(0.3)**	**(0.3)**
	0.6	**(0.3)**	**0.3**
Non-current			
Cross-currency interest rate swaps – cash flow hedges	**–**	**(18.0)**	**(18.0)**
Forward foreign exchange contracts – not designated as hedges	**0.2**	**–**	**0.2**
Interest rate swaps – not designated as hedges	**–**	**(0.9)**	**(0.9)**
Interest rate swaps – cash flow hedges	**–**	**(4.1)**	**(4.1)**
	0.2	**(23.0)**	**(22.8)**
Total	**0.8**	**(23.3)**	**(22.5)**

	2015 Assets £m	2015 Liabilities £m	2015 Net £m
Current			
Forward foreign exchange contracts – not designated as hedges	0.1	–	0.1
Cross-currency interest rate swaps – fair value hedges	7.2	–	7.2
Interest rate swaps – not designated as hedges	–	(0.1)	(0.1)
	7.3	(0.1)	7.2
Non-current			
Cross-currency interest rate swaps – cash flow hedges	–	(15.7)	(15.7)
Interest rate swaps – not designated as hedges	–	(0.3)	(0.3)
Interest rate swaps – cash flow hedges	–	(0.8)	(0.8)
	–	(16.8)	(16.8)
Total	7.3	(16.9)	(9.6)

Derivative instruments which are held for trading and are not designated as effective hedging instruments are classified as a current asset or liability (as appropriate) regardless of maturity if the Group expects that they may be settled within 12 months of the Balance Sheet date. Derivative instruments that are designated as effective hedging instruments are classified as a current or non-current asset or liability by reference to the maturity of the hedged item. All other derivative instruments are classified by reference to their maturity date.

CROSS-CURRENCY INTEREST RATE SWAPS

The Group utilises cross-currency interest rate swaps to swap floating rate euro denominated debt of €70m into fixed rate US dollar debt of $96.7m. The floating rate is based on EURIBOR. The euro to US dollar swaps are designated as cash flow hedges under IAS 39 Financial Instruments: Recognition and Measurement.

INTEREST RATE SWAPS

The Group utilises interest rate swaps to convert floating rate sterling and US dollar debt into fixed rate debt liabilities. The principal amount of the Group's borrowings which are swapped at 30 September 2016 total £100m and $30m (2015: £125m and $30m). In addition, the Group has entered into forward starting interest rate swaps of £100m split into two tranches of £50m each, commencing in October 2018 and October 2019 respectively with maturities in October 2021. The total value of interest rate swaps designated as cash flow hedges under IAS 39 Financial Instruments: Recognition and Measurement at 30 September 2016 was £150m and $30m inclusive of forward starting derivatives (2015: £150m and $30m). At 30 September 2016, the fixed interest rates varied from 1.25% to 2.10% (2015: 1.25% to 5.09%) with maturities ranging from October 2016 to October 2021 (2015: October 2015 to October 2021).

FORWARD FOREIGN EXCHANGE CONTRACTS

The notional principal amounts of outstanding forward foreign exchange contracts at 30 September 2016 total £19.6m (2015: £47.3m). No outstanding forward foreign exchange contracts are designated as cash flow hedges as at the 30 September 2016.

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS CONTINUED

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to trade on a going concern basis while maximising the return to stakeholders through the optimisation of the debt and equity balance. Invested capital is defined as the sum of all current and non-current assets (including intangibles), less current and non-current liabilities with the exception of net debt items, derivatives and retirement benefits obligations. The Group monitors the return on invested capital of the Group as a key performance indicator, the calculation is set out in Note 35.

22. ANALYSIS OF NET DEBT

RECONCILIATION OF OPENING TO CLOSING NET DEBT

Net debt is a non-IFRS measure which comprises current and non-current borrowings less net cash and cash equivalents.

The reconciliation of opening to closing net debt for the year ended 30 September 2016 is as follows:

	At 25 September 2015 £m	**Acquisitions £m**	**Cash flow £m**	**Hedge adjustment £m**	**Translation and other non-cash adjustments £m**	**At 30 September 2016 £m**
Net cash and cash equivalents	**6.3**	**0.5**	**18.1**	**–**	**0.6**	**25.5**
Bank borrowings	**(116.0)**	**–**	**(47.0)**	**–**	**(7.6)**	**(170.6)**
Finance leases	**(1.1)**	**–**	**0.1**	**–**	**–**	**(1.0)**
Non-bank borrowings	**(51.6)**	**–**	**–**	**–**	**(8.9)**	**(60.5)**
Private Placement Notes	**(110.3)**	**–**	**(8.5)**	**7.6**	**(14.0)**	**(125.2)**
Cross-currency interest rate swaps – fair value hedges	**7.2**	**–**	**–**	**(7.2)**	**–**	**–**
Total	**(265.5)**	**0.5**	**(37.3)**	**0.4**	**(29.9)**	**(331.8)**

The Group repaid $100m in Private Placement Notes in October 2015 and subsequently issued Private Placement Notes of $74.5m and £18m in June 2016. During the year, the Group had additional bank borrowings of £47.0m on its Revolving Credit Facility and the Group's primary bank facility of £300m was extended for a further year to March 2021.

	At 26 September 2014 £m	Acquisitions £m	Cash flow £m	Hedge adjustment £m	Translation and other non-cash adjustments £m	At 25 September 2015 £m
Net cash and cash equivalents	12.2	–	(4.8)	–	(1.1)	6.3
Bank borrowings	(68.1)	–	(47.6)	–	(0.3)	(116.0)
Finance leases	(1.2)	–	0.1	–	–	(1.1)
Non-bank borrowings	(54.5)	–	–	–	2.9	(51.6)
Private Placement Notes	(105.8)	–	–	(1.8)	(2.7)	(110.3)
Cross-currency interest rate swaps – fair value hedges	5.3	–	–	2.0	(0.1)	7.2
Total	(212.1)	–	(52.3)	0.2	(1.3)	(265.5)

The Group refinanced its £280m Revolving Credit Facility, which was due to mature in May 2016, with a new £300m facility on 27 March 2015. During the year the Group made additional bank borrowings of £47.6m on its Revolving Credit Facility.

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year ended 30 September 2016

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22. ANALYSIS OF NET DEBT CONTINUED

CURRENCY PROFILE

The currency profile of net debt and derivative financial instruments at 30 September 2016 was as follows:

	US dollar £m	Euro £m	Sterling £m	Total £m
Net cash and cash equivalents	**7.1**	**1.6**	**16.8**	**25.5**
Borrowings	**(160.4)**	**(66.9)**	**(130.0)**	**(357.3)**
Net Debt	**(153.3)**	**(65.3)**	**(113.2)**	**(331.8)**
Other derivative financial instruments	**(18.2)**	**–**	**(4.3)**	**(22.5)**
Total	**(171.5)**	**(65.3)**	**(117.5)**	**(354.3)**

The currency profile of net debt and derivative financial instruments at 25 September 2015 was as follows:

	US dollar £m	Euro £m	Sterling £m	Total £m
Net cash and cash equivalents	2.3	1.2	2.8	6.3
Borrowings*	(74.6)	(51.6)	(152.8)	(279.0)
Fair value derivative financial instruments	–	–	7.2	7.2
Net Debt	(72.3)	(50.4)	(142.8)	(265.5)
Other derivative financial instruments	(15.8)	–	(1.0)	(16.8)
Total	(88.1)	(50.4)	(143.8)	(282.3)

* Prior year comparatives have been restated to ensure consistency with current year presentation.

INTEREST RATE PROFILE

The interest rate profile of net debt at 30 September 2016 was as follows:

	Floating rate net debt £m	Fixed rate net debt £m	Total £m
EUR	**(4.8)**	**(60.5)**	**(65.3)**
GBP	**5.0**	**(118.2)**	**(113.2)**
USD	**(23.2)**	**(130.1)**	**(153.3)**
	(23.0)	**(308.8)**	**(331.8)**

The interest rate profile of net debt at 25 September 2015 was as follows:

	Floating rate net debt £m	Fixed rate net debt* £m	Total £m
EUR	1.2	(51.6)	(50.4)
GBP	2.8	(145.6)	(142.8)
USD	(10.9)	(61.4)	(72.3)
	(6.9)	(258.6)	(265.5)

* Prior year comparatives have been restated to ensure consistency with current year presentation.

23. PROVISIONS FOR LIABILITIES

	Deferred contingent consideration £m	Leases £m	Remediation and closure £m	Transaction and integration costs £m	Total £m
At beginning of year	1.3	3.3	1.1	–	5.7
Provided in year	–	1.9	4.0	3.1	9.0
Utilised in year	(0.8)	(0.9)	(3.1)	–	(4.8)
Released in the year	(0.7)	–	–	–	(0.7)
Currency translation adjustment	0.2	0.2	0.4	–	0.8
At end of year	–	4.5	2.4	3.1	10.0

ANALYSED AS:

	2016 £m	2015 £m
Non-current liabilities	3.7	2.7
Current liabilities	6.3	3.0
	10.0	5.7

The estimation of provisions is a key judgement in the preparation of the financial statements.

DEFERRED CONTINGENT CONSIDERATION

Deferred contingent consideration at the beginning of the year related to the acquisition of H.C. Schau & Son. The deferred contingent consideration was settled in full during the year by paying £0.8m and releasing the remainder of the provision to the Income Statement.

LEASES

Lease provisions consist of: (a) provisions for leasehold dilapidations in respect of certain leases, relating to the estimated cost of reinstating leasehold premises to their original condition at the time of the inception of the lease as provided for in the lease agreement; and (b) provisions for onerous contractual obligations for properties held under operating lease. It is anticipated that these will be payable within six years.

REMEDIATION AND CLOSURE

Remediation and closure obligations are established to cover either a statutory, contractual or constructive obligation of the Group.

Remediation and closure obligations relate to the exit from the Brockton facility in the US and to the closure of Irish Sugar and the exit from sugar processing. During the year a £4.0m provision was recognised relating to the former sugar processing sites. The charge was recognised as an exceptional item, further detail is set out in Note 7. A portion of the balance provided is not contracted and accordingly the timing of payments is subject to a degree of uncertainty.

TRANSACTION AND INTEGRATION COSTS

The Group recognised a £3.1m provision for transaction costs incurred to 30 September 2016 relating to the proposed acquisition of Peacock Foods, as set out in Note 34.

24. RETIREMENT BENEFIT OBLIGATIONS

The Group operates defined contribution pension schemes in all of its main operating locations. The Group also has defined benefit pension schemes as set out below. Scheme assets are held in separate trustee administered funds.

DEFINED CONTRIBUTION PENSION SCHEMES

The total cost charged to income of £7.3m (2015: £6.7m) represents employer contributions payable to these schemes at rates specified in the rules of the schemes. At year end, £0.7m (2015: £0.7m) was included in other accruals in respect of defined contribution pension accruals.

DEFINED BENEFIT PENSION SCHEMES

The Group operates four defined benefit pension schemes in the Republic of Ireland (the 'Irish schemes') and three defined benefit pension schemes and two defined benefit pension commitments in the UK (the UK schemes). The Projected Unit Credit actuarial cost method has been employed in determining the present value of the defined benefit pension obligation arising, the related current service cost and, where applicable, past service cost.

Notes to the Group Financial Statements

year ended 30 September 2016

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24. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

DEFINED BENEFIT PENSION SCHEMES CONTINUED

These plans have broadly similar regulatory frameworks. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Company and the respective boards of trustees.

The Group's cash contributions to its pension schemes are generally determined by reference to actuarial valuations undertaken by the schemes' actuaries at intervals not exceeding three years and not by the provisions of IAS 19. These funding valuations can differ materially from the requirements of IAS 19. In particular the discount rate used to determine the value of liabilities under IAS 19 is determined by reference to the yield on high grade corporate bonds of comparable duration to the liabilities. In contrast the discount rate used in the ongoing valuation is generally determined by reference to the yield on the scheme's current and projected future investment portfolio. Where a funding valuation reveals a deficit in a scheme, the Group will generally agree a schedule of contributions with the Trustees designed to address the deficit over an agreed future time horizon. Based on current discussions with the trustees of the scheme cash contributions are expected to amount to £15m in FY17. All of the schemes are operating under the terms of funding proposals agreed with the relevant pension authorities.

All of the defined benefit pension schemes are closed to future accrual and there is an assumption applied in the valuation of the schemes that there will be no discretionary increases in pensions in payment.

Actuarial gains and losses and the associated movement in deferred tax are recognised in retained income via the Group Statement of Recognised Income and Expense.

Full actuarial valuations were carried out between 31 March 2013 and 31 March 2016. In general, actuarial valuations are not available for public inspection, however, the results of valuations are advised to the members of the various schemes.

DEFINED BENEFIT PENSION ASSETS AND LIABILITIES ARE ANALYSED IN THE GROUP BALANCE SHEET

	UK Schemes £m	Irish Schemes £m	2016 £m	2015 £m
Fair value of plan assets	**211.3**	**286.5**	**497.8**	393.2
Present value of scheme liabilities	**(383.8)**	**(276.3)**	**(660.1)**	(505.9)
(Deficit)/surplus in schemes	**(172.5)**	**10.2**	**(162.3)**	(112.7)
Deferred tax asset (Note 10)	**29.0**	**(1.4)**	**27.6**	23.3
Net (liability)/asset at end of year	**(143.5)**	**8.8**	**(134.7)**	(89.4)
Presented as:				
Retirement benefit asset*			**16.7**	15.0
Retirement benefit obligation			**(179.0)**	(127.7)

* The value of a net pension benefit asset is the value of any amount the Group reasonably expects to recover by way of refund of surplus from the remaining assets of a plan at the end of the plan's life.

The net pension deficit, before related deferred tax, increased to £162.3m at 30 September 2016 from £112.7m at 25 September 2015. The net pension deficit, after related deferred tax, was £134.7m an increase of £45.3m from 25 September 2015.

The fair value of total plan assets relating to the Group's defined benefit pensions schemes increased to £497.8m at 30 September 2016 from £393.2m at 25 September 2015. The present value of the total pension liabilities for these schemes also increased to £660.1m from £505.9m over the same period.

The defined benefit pension scheme plans are closed to future accrual and the Group's pension policy is that post-employment benefits earned from service by current employees or new entrants is provided under defined benefit contribution arrangements.

EMPLOYEE BENEFIT PLAN RISKS

The employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit. The plans hold equities which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to equities is monitored to ensure that it remains appropriate given the plans' long term objectives.

Discount rates: The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the Balance Sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. Changes in discount rates impact the quantum of the liabilities.

24. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

EMPLOYEE BENEFIT PLAN RISKS CONTINUED

Inflation risk: Some of the Group's pension obligations have an inflation linkage; higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The rate of inflation is derived from the RPI in the UK. The breakeven rate in the Eurozone is used for the basis for the Irish inflation assumption.

Longevity risk: In the majority of cases, the Group's defined benefit pension schemes provide benefits for the life of the member, so increases in life expectancy will therefore give rise to higher liabilities.

The size of the obligation is sensitive to judgemental actuarial assumptions. These include demographic assumptions covering mortality, economic assumptions covering price inflation and benefit increases, together with the discount rate. The expected return on plan assets is also a key judgement.

The principal actuarial assumptions are as follows:

	Irish Schemes		UK Schemes	
	2016	2015	**2016**	2015
Rate of increase in pension payments	**0.00%‡**	0.00%‡	**2.95%**	2.90%
Discount rate	**1.10%**	2.30%	**2.35%**	3.90%
Inflation rate	**1.20%**	1.65%	**3.00%^**	3.05%

‡ The rate of increase in pension payments shown above applies to the majority of the liability base, however, there are certain categories within the Group that have an entitlement to pension indexation and this is allowed for in the calculation.
^ CPI is assumed to be 1% less than RPI.

Assumptions regarding future mortality experience are set based on information from published statistics and experience in all geographic regions and are selected to reflect the characteristics and experience of the membership of the relevant plans. In relation to the UK, this has been done by adjusting standard mortality tables to reflect recent research into mortality experience in the UK (S2YOB CMI) tables combined with an underpin for improvement factors. The average life expectancy, in years, of a pensioner retiring at 65 is as follows:

	Irish Schemes		UK Schemes	
	2016 years	2015 years	**2016 years**	2015 years
Male	**23**	23	**22–23**	22–24
Female	**24**	24	**23–25**	24–25

SENSITIVITY OF PENSION LIABILITY TO JUDGEMENTAL ASSUMPTIONS

		Impact on Scheme Liabilities		
Assumption	Change in assumption	Irish Schemes	UK Schemes	Total
Discount rate	Increase by 0.5%	▼ £19.2m	▼ £33.7m	▼ £52.9m
Discount rate	Decrease by 0.5%	▲ £21.1m	▲ £39.7m	▲ £60.8m
Rate of inflation	Increase by 0.5%	▲ £7.7m	▲ £23.0m	▲ £30.7m
Rate of inflation	Decrease by 0.5%	▼ £7.5m	▼ £20.5m	▼ £28.0m
Rate of mortality	Members assumed to live 1 year longer	▲ £9.1m	▲ £15.4m	▲ £24.5m

SENSITIVITY OF PENSION SCHEME ASSETS TO YIELD MOVEMENTS

		Impact on Scheme Assets		
Assumption	Change in assumption	Irish Schemes	UK Schemes	Total
Change in bond yields	Decrease by 0.5%	▲ £18.2m	▲ £11.9m	▲ £30.1m

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries.

Notes to the Group Financial Statements

year ended 30 September 2016

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24. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

SENSITIVITY OF PENSION SCHEME ASSETS TO YIELD MOVEMENTS CONTINUED

The Trustees invest the funds in a range of assets with the objective of maximising the fund return with a view to containing the cost of funding the scheme whilst at the same time maintaining an acceptable risk profile. In assessing the risk profile the Trustees take account of the nature and duration of the liabilities. Approximately 49% (2015: 46%) of the Irish funds and 26% (2015: 19%) of the UK funds are invested in liability matching investments. The Trustees review investment strategy regularly.

Plan assets are comprised as follows:

	2016			2015		
	Quoted £m	**Unquoted £m**	**Total £m**	Quoted £m	Unquoted £m	Total £m
Cash	**11.7**	**–**	**11.7**	10.5	–	10.5
Equity instruments	**165.3**	**–**	**165.3**	140.2	–	140.2
Debt instruments	**148.9**	**–**	**148.9**	104.0	–	104.0
Real estate	**–**	**36.2**	**36.2**	–	33.1	33.1
Derivatives	**61.4**	**–**	**61.4**	41.7	–	41.7
Investment funds	**41.9**	**29.7**	**71.6**	10.3	53.4	63.7
Insurance contracts	**0.3**	**2.4**	**2.7**	–	–	–
Fair value of plan assets	**429.5**	**68.3**	**497.8**	306.7	86.5	393.2

MOVEMENT IN THE FAIR VALUE OF PLAN ASSETS

	2016 £m	2015 £m
Change in plan assets		
Fair value of plan assets at beginning of year	**393.2**	395.4
Interest income on plan assets	**11.8**	11.6
Actuarial gains	**60.7**	13.5
Administrative expenses paid from plan assets	**(0.8)**	(1.1)
Settlement gain	**–**	(0.3)
Plan settlements	**–**	(4.6)
Employer contributions	**14.0**	13.5
Benefit payments	**(22.5)**	(21.9)
Effect of exchange rate changes	**41.4**	(12.9)
Fair value of plan assets at end of year	**497.8**	393.2

MOVEMENT IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

	2016 £m	2015 £m
Change in benefit obligation		
Benefit obligation at beginning of year	**505.9**	524.9
Interest expense	**16.2**	16.5
Past service cost	**0.1**	–
Actuarial loss on financial assumptions	**126.8**	5.6
Actuarial gain on demographic assumptions	**(5.3)**	–
Actuarial gain loss on experience	**(1.0)**	(1.3)
Plan settlements	**(0.1)**	(5.2)
Benefit payments	**(22.5)**	(22.0)
Effect of exchange rate changes	**40.0**	(12.6)
Liability recognised in Balance Sheet at end of year	**660.1**	505.9

24. RETIREMENT BENEFIT OBLIGATIONS CONTINUED

MATURITY ANALYSIS

The expected maturity analysis is set out in the table below:

	% of benefits
Expected benefit payments:	
Within 5 years	12%
Between 6 and 10 years	12%
Between 11 and 15 years	14%
Between 16 and 20 years	14%
Between 21 and 25 years	14%
Over 25 years	34%

The weighted average duration of the Irish and UK defined benefit obligations are 13 years and 20 years respectively.

GREENCORE GROUP PENSION SCHEME CONTINGENT ASSET

The Greencore Group Pension Scheme ('the Scheme') has a mortgage and charge relating to certain property assets of the Group with a carrying value of £5.2m (2015: £4.5m) for use as a contingent asset of the Scheme. Under the terms of the mortgage and charge, should a disposal of these property assets occur that meets certain requirements, the Scheme is entitled to a portion of the sale proceeds. The maximum amount recoverable by the Trustees of the Scheme under the mortgage and charge is the amount required for the Scheme to meet the minimum funding standard under the Pension Acts 1990-2009.

GREENCORE UK DEFINED BENEFIT SCHEME

In 2013, the Group entered into arrangements with the Greencore UK Retirement Defined Benefit Scheme ('the UK Scheme') to address £40.0m of the actuarial deficit in the UK Scheme. The substance of this arrangement is to reduce the cash funding which would otherwise be required based on the latest actuarial valuation, whilst improving the security of the UK Scheme members' benefits.

On 10 May 2013, the Group made a contribution to the UK Scheme of £32.8m. On the same day, the UK Scheme's trustees invested £32.8m in Greencore Convenience Foods Limited Partnership ('SLP') as a limited partner. SLP was established by Greencore Prepared Meals Limited, a wholly owned subsidiary of the Group, to hold properties of the Group and loan notes issued by Greencore Convenience Foods I Limited Liability Partnership ('LLP'). LLP was established by SLP and holds certain trade receivables of the Group. As at 30 September 2016, SLP held properties with a carrying value of £17.6m (2015: £18.1m), trade receivables with a carrying value of £33.1m (2015: £36.0m), and a call on restricted cash of £2.9m (2015: £Nil) in the Group Financial Statements. The properties are leased to other Group undertakings. As a partner in the SLP, the Scheme is entitled to a semi-annual share of the profits of SLP until 2029.

These partnerships are controlled by the Group, and as such, they are fully consolidated as wholly owned subsidiaries in accordance with IFRS 10 Consolidated Financial Statements. Under IAS 19 Employee Benefits, the investment held by the Scheme in SLP, does not represent a plan asset for the purposes of the Group's consolidated accounts. Accordingly, the Scheme's deficit position presented in the Group Financial Statements does not reflect the investment in SLP held by the Scheme. Distributions from SLP to the Scheme are treated as contributions by employers in the Group Financial Statements on a cash basis.

25. SHARE CAPITAL

Authorised	2016 £m	2015 £m
500,000,000 Ordinary Shares of £0.01 each	**5.0**	5.0
500,000,000 Deferred Shares of €0.01 each	**4.3**	4.3
300,000,000 Deferred Shares of €0.62 each	**160.1**	160.1
1 Special Rights Preference Share of €1.26 (A)	**–**	–
	169.4	169.4

Issued and fully paid	2016 £m	2015 £m
413,466,755 (2015: 410,300,391) Ordinary Shares of £0.01 each	**4.1**	4.1
1 Special Rights Preference Share of €1.26 (A)	**–**	–
	4.1	4.1

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25. SHARE CAPITAL CONTINUED

Reconciliation of movements on Equity Share Capital	2016 £000	2015 £000
Share capital, at beginning of year	**4,103**	4,071
Exercise of share options (B)	**14**	15
Scrip dividends (C)	**19**	17
	4,136	4,103

(A) There is one Special Share of €1.26 in the capital of the Company. The Articles of Association provide that the Special Share may be held only by, or transferred only to, the Minister for Agriculture, Food and the Marine or some other person appointed by the Minister. In 2011, many of the rights attaching to the Special Share were abolished.
(B) Details of share options granted under the Company's Executive Share Option Scheme, ShareSave scheme, the Deferred Bonus Plan and the Performance Share Plan and the terms attaching thereto are provided in Note 6 to the Group Financial Statements and in the Report on Directors' Remuneration.
(C) During the year 1,883,280 (2015: 1,706,734) shares were issued in respect of the Scrip Dividend Scheme.

All shares, with the exception of the Special Rights Preference Share, carry equal voting rights and rank for dividends to the extent to which the total amount payable on each share is paid up.

26. NON-CONTROLLING INTERESTS

	2016 £m	2015 £m
At beginning of year	**3.4**	3.4
Profit after tax	**1.1**	1.0
Dividends paid to non-controlling interests	**(0.9)**	(0.8)
Currency translation adjustment	**0.8**	(0.2)
At end of year	**4.4**	3.4

27. WORKING CAPITAL MOVEMENT

The following represents the Group's working capital movement:

	2016 £m	2015 £m
Inventories	**(4.7)**	(3.3)
Trade and other receivables	**(8.0)**	(14.8)
Trade and other payables	**25.9**	10.5
	13.2	(7.6)

28. COMMITMENTS UNDER OPERATING AND FINANCE LEASES

OPERATING LEASES

Future minimum rentals payable under non-cancellable operating leases at year end are as follows:

	2016 £m	2015 £m
Within one year	**13.9**	12.8
After one year but not more than five years	**32.6**	30.5
More than five years	**32.4**	29.3
	78.9	72.6

Operating lease commitments relate to property, plant and machinery and fixtures and fittings.

28. COMMITMENTS UNDER OPERATING AND FINANCE LEASES CONTINUED

FINANCE LEASES

The future minimum lease payments under finance leases at 30 September 2016, together with the present value of the net minimum lease payments were as follows:

	2016		2015	
	Minimum payments £m	Present value of payments £m	Minimum payments £m	Present value of payments £m
Within one year	**0.2**	**0.1**	0.2	0.1
After one year but not more than five years	**0.8**	**0.4**	0.8	0.3
More than five years	**0.6**	**0.5**	0.8	0.7
Total minimum lease payments	**1.6**	**1.0**	1.8	1.1
Less: amounts allocated to future finance costs	**(0.6)**	**–**	(0.8)	–
Present value of minimum lease payments	**1.0**	**1.0**	1.0	1.1

29. CAPITAL EXPENDITURE COMMITMENTS

	2016 £m	2015 £m
Capital expenditure that has been contracted but not been provided for	**24.5**	9.1
Capital expenditure that has been authorised by the Directors but not yet contracted	**66.4**	63.5
	90.9	72.6

30. CONTINGENCIES

The Company and certain subsidiaries have given guarantees in respect of borrowings and other obligations arising in the ordinary course of the business of the Company and other Group undertakings. The Company and other Group undertakings consider these guarantees to be insurance contracts and account for them as such. The Company treats these guarantee contracts as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities of certain subsidiary undertakings in the Republic of Ireland for the financial year ended 30 September 2016 and as a result, such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014.

Various subsidiaries of the Group are subject to legal proceedings. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

The Group provided bank guarantees to third parties for amounts of £3.1m (2015: £1.6m).

Notes to the Group Financial Statements

year ended 30 September 2016

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31. ACQUISITION OF UNDERTAKINGS

ACQUISITION IN THE CURRENT YEAR

On 22 July 2016, the Group acquired 100% of The Sandwich Factory, a manufacturer of food to go products for the UK convenience food market. The company employs approximately 480 staff at its purpose-built facility in Atherstone, Warwickshire. The acquisition provides the Group's Convenience Food division with additional manufacturing capability to meet the expanding demand within the sector.

The provisional fair value of the assets acquired were as follows:

	2016 £m
Assets	
Property, plant and equipment	**2.2**
Inventory	**1.1**
Trade and other receivables	**9.3**
Total assets	**12.6**
Liabilities	
Provisions	**(2.3)**
Trade and other payables	**(8.7)**
Total liabilities	**(11.0)**
Net assets acquired	**1.6**
Goodwill	**14.2**
Total enterprise value	**15.8**

Satisfied by:	
Cash payments	**15.5**
Cash and cash equivalents acquired	**(0.5)**
Working capital consideration	**0.8**
Net cash outflow	**15.8**

The principal factor contributing to the recognition of goodwill on the acquisition of The Sandwich Factory is the expected realisation of production and purchasing synergies with existing customers, through the complementary product offering of The Sandwich Factory with the existing product offering of the Group.

As part of the acquisition the Group acquired trade receivables with a fair value of £8.2m. Management estimate that acquired receivables will be collected in full. Acquisition related costs of £1.0m have been charged to exceptional items in the Income Statement for the year ended 30 September 2016. The goodwill is not deductible for tax purposes.

The post acquisition impact of The Sandwich Factory acquisition on the Group was to increase revenue by £12.4m and Group profit by £0.4m. If the acquisition had occurred at the beginning of the Group's financial year, revenue would have been £35.9m higher and the profit for the year would have been £1.0m higher.

32. RELATED PARTY DISCLOSURES

The principal related party relationships requiring disclosure in the Group Financial Statements under IAS 24 Related Party Disclosures pertain to the existence of subsidiaries and associates and transactions with these entities entered into by the Group, as well as the identification and compensation of key management personnel, as addressed in greater detail below.

SUBSIDIARIES AND ASSOCIATES

The Group Financial Statements include the Financial Statements of the Company (Greencore Group plc, the ultimate parent) and its subsidiaries and associates. A listing of the principal subsidiaries and associates is provided in Note 33 of the Group Financial Statements.

Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries, are eliminated in the preparation of the Group Financial Statements in accordance with IFRS 10 Consolidated Financial Statements. Amounts receivable from and payable to associates as at the Balance Sheet date are included as separate line items in the notes to the Group Financial Statements.

TERMS AND CONDITIONS OF TRANSACTIONS WITH ASSOCIATES

In general, sales to and purchases from associates are on terms equivalent to those that prevail in arm's length transactions. The outstanding balances included in receivables and payables at the Balance Sheet date in respect of transactions with associates are unsecured, interest-free and settlement arises in cash. No guarantees have been either requested or provided in relation to the associates' company receivables and payables.

KEY MANAGEMENT PERSONNEL

For the purposes of the disclosure requirements of IAS 24 Related Party Disclosures, the term 'Key Management Personnel' (i.e. those persons having the authority and responsibility for planning, directing and controlling the activities of the Company), comprise the Board of Directors which manages the business and affairs of the Group. As identified in the Report on Directors' Remuneration, the Directors who served during the year, other than the Non-Executive Directors, serve as executive officers of the Group.

Key management personnel compensation was as follows:

	2016 £m	2015 £m
Salaries and other short-term employee benefits	**1.8**	2.1
Post-employment benefits	**0.3**	0.3
Share-based payments*	**0.6**	1.6
	2.7	4.0

* This is the Group Income Statement charge for the year which represents the fair value of the share-based payments, relating to Executive Directors. Details of the Group's share based payments and the basis of calculation are set out in Note 6. This differs from the amount included in the single total figure for remuneration included in the Directors' Report which is not an IFRS metric.

Notes to the Group Financial Statements

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33. PRINCIPAL SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS

Name of undertaking	Nature of business	Percentage share	Registered office
Greencore Advances Designated Activity Company	Finance Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Beechwood Limited*	Holding Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore Convenience Foods Limited Partnership*	Pension Funding	100	c/o Eversheds LLP 3-5 Melville Street Edinburgh EH3 7PE
Greencore Convenience Foods I Limited Liability Partnership*	Pension Funding	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore Developments Designated Activity Company	Property Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Finance Designated Activity Company	Finance Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Foods Limited*	Holding and Management Services Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore Food to Go Limited*	Food Processor	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore Funding Limited**	Finance Company	100	13 Castle Street St. Helier Jersey JE4 5UT
Greencore Grocery Limited*	Food Processor	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore Prepared Meals Limited*	Food Processor	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore USA, Inc.***	Food Processor	100	National Registered Agents 160 Greentree Drive, Suite 101 Dover, DE 19904 US

33. PRINCIPAL SUBSIDIARIES AND ASSOCIATED UNDERTAKINGS CONTINUED

Name of undertaking	Nature of business	Percentage share	Registered office
Greencore UK Holdings Limited*	Holding Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Greencore US Holdings LLC***	Holding Company	100	National Registered Agents 160 Greentree Drive, Suite 101 Dover, DE 19904 US
Hazlewood (Blackditch) Limited*	Property Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Hazlewood Foods Limited*	Holding Company	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Irish Sugar Designated Activity Company	General Trading Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Premier Molasses Company Limited	Molasses Trading	50	Harbour Road Foynes Co. Limerick
The Sandwich Factory Holdings Limited*	Food Processor	100	Greencore Group UK Centre Midland Way Barlborough Links Business Park Barlborough Chesterfield S43 4XA
Trilby Trading Limited	Food Industry Supplier	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
United Molasses (Ireland) Limited*	Molasses Trading	50	Duncrue Street Belfast BT3 9AQ

All the above entities are registered in the Republic of Ireland except those marked with * which are registered within the UK, that marked with ** which is registered in Jersey, and that marked with *** which is registered in the US.

34. SUBSEQUENT EVENTS

On 14 November 2016 the Group announced the proposed acquisition of Peacock Foods for a total consideration of $747.5m on a debt free and cash free basis. The proposed acquisition and related expenses will be funded by a fully underwritten Rights Issue to raise a total of £439.4m and new debt facilities of approximately £200m.

The acquisition is of sufficient size relative to the Group to constitute a Class 1 transaction for the purposes of the Listing Rules and the acquisition is therefore conditional, among other things, upon the approval of shareholders. The Rights Issue is also conditional upon, among other things, the passing of the Transaction Resolutions. Accordingly, an Extraordinary General Meeting of the Group is to be held on 7 December 2016 for the purposes of approving the Acquisition and the Transaction Resolutions that are required in order to implement the Rights Issue.

Notes to the Group Financial Statements

year ended 30 September 2016

continued

35. ALTERNATIVE PERFORMANCE MEASURES

The Group uses the following key performance indicators ('KPIs') which are non-IFRS measures to monitor the performance of its operations: Like for Like Sales Growth, Operating Margin, Return on Invested Capital ('ROIC'), Cash Flow Adjusted Earnings per Share and Adjusted PBT.

The Group believes that these KPIs provide useful historical financial information to help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and securities analysts for evaluating the performance of the Group. In addition, the Group uses certain KPIs which reflect underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group. Although the measures are separate, the relationship between all six is also monitored. Other performance indicators are measured at divisional level.

Summarised below are the Group's KPIs results for the financial years presented:

	2016	2015
Like for Like Sales Growth	**5.9%**	5.4%
Operating Margin	**6.9%**	6.8%
Cash Flow (millions)	**£115.3**	£78.8
Return on Invested Capital ('ROIC')	**13.8%**	14.1%
Adjusted EPS (pence)	**19.5**	18.0
Adjusted PBT (millions)	**85.9**	78.0

SALES GROWTH

The Group uses Like for Like Sales Growth as a supplemental measure of its performance. The Group believes that Like for Like Sales Growth provides a more accurate guide to underlying revenue performance. Like for Like Sales Growth excludes the impact of acquisitions or disposals in the year and is calculated on a local currency basis (i.e. on a constant currency basis) and excludes the impact of a 53rd week in a 53 week financial year.

OPERATING PROFIT, OPERATING MARGIN AND ADJUSTED EBITDA

The Group calculates Operating Margin as Operating Profit before amortisation of acquisition related intangibles and exceptional charges divided by reported revenue. Operating Margin is used by Greencore to measure underlying operating performance.

The following table sets forth a reconciliation from the Group's profit for the financial year to Operating Profit and Adjusted EBITDA, as well as a calculation of Operating Margin, for the financial years indicated.

	2016 £m	2015 £m
Profit for the financial year	**48.5**	59.0
Taxation (A)	**(0.3)**	0.4
Net finance costs (B)	**27.9**	20.9
Share of profit of associates after tax	**(0.7)**	(0.7)
Exceptional items	**17.4**	3.4
Amortisation of acquisition related intangibles	**9.2**	8.7
Operating Profit	**102.0**	91.7
Depreciation and amortisation (C)	**36.4**	29.8
Adjusted EBITDA	**138.4**	121.5
Operating Margin (%)	**6.9**	6.8

(A) Includes tax on exceptional items of £1.5 million, (2015: £Nil).
(B) Finance costs less finance income.
(C) Excludes amortisation of acquisition related intangibles.

CASH FLOW

Cash flow refers to net cash inflow/outflow from operating activities (as shown on the Group's consolidated statement of cash flows) and is used by Greencore to highlight the Group's net generation/consumption of cash through business operations.

35. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

RETURN ON INVESTED CAPITAL ('ROIC')

The Group seeks to manage its capital to ensure that entities in the Group will be able to trade on a going concern basis, while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group utilises ROIC to measure how effectively it uses invested capital.

The following table sets forth the calculation of net Operating Profit after tax ('NOPAT') and invested capital used in the calculation of ROIC for the financial years indicated in respect of the Group.

	2016 £m	2015 £m
Operating Profit	**102.0**	91.7
Share of profit of associates before tax	**0.9**	0.9
Taxation at the effective tax rate (A)	**(1.7)**	(0.9)
NOPAT	**101.2**	91.7
Invested capital		
Total assets	**1,255.9**	1,127.2
Total liabilities	**(970.3)**	(804.2)
Net Debt	**331.8**	265.5
Derivatives not designated as fair value hedges	**22.5**	16.8
Retirement benefit obligation (net of deferred tax asset)	**134.7**	89.4
Invested capital	**774.6**	694.7
Average invested capital for ROIC calculation (B)	**734.7**	651.3
ROIC (%)	**13.8**	14.1

(A) The effective tax rates for the financial year ended 30 September 2016 and 25 September 2015, were 2%, 1%, respectively.
(B) Opening capital for ROIC calculation for the financial year ended 25 September 2015 is £607.9 million.

ADJUSTED BASIC EPS

The Group calculates Adjusted Basic EPS by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Deferred Award Scheme, the Performance Share Plan and the Executive Share Option Scheme. Adjusted Earnings is calculated as statutory profit attributable to equity holders (as shown on the Group's income statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the interest expense relating to defined benefit pension liabilities (net of tax). The following table sets forth a reconciliation of the Group's statutory profit attributable to equity holders of Greencore to its Adjusted Earnings for the financial years indicated.

	2016 £m	2015 £m
Profit attributable to equity holders of Greencore	**47.4**	58.0
Exceptional items (net of tax)	**15.9**	3.4
FX effect on inter-company and external balances where hedge accounting is not applied	**7.1**	1.8
Movement in fair value of derivative financial instruments and related debt adjustments	**(0.6)**	(0.4)
Amortisation of acquisition related intangible assets (net of tax)	**6.5**	6.1
Pension financing (net of tax)	**3.4**	3.9
Adjusted Earnings	**79.7**	72.8

	2016 '000	2015 '000
Weighted average number of ordinary shares in issue during the year	**409,256**	405,536

	Pence	Pence
Adjusted Basic Earnings per Share	**19.5**	18.0

Notes to the Group Financial Statements

year ended 30 September 2016

continued

35. ALTERNATIVE PERFORMANCE MEASURES CONTINUED

ADJUSTED PROFIT BEFORE TAX (PBT)

The Group calculates Adjusted PBT as profit before taxation, excluding tax on share of profit associate and before, exceptional items, pension finance items, amortisation of acquisition related intangibles, FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	2016 £m	2015 £m
Profit before taxation	**48.2**	59.4
Taxation on share of profit of associates	**0.2**	0.2
Exceptional items	**17.4**	3.4
Pension finance items	**4.4**	4.9
Amortisation of acquisition related intangibles	**9.2**	8.7
FX and fair value movements (A)	**6.5**	1.4
Adjusted Profit Before Tax	**85.9**	78.0

(A) FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

36. BOARD APPROVAL

The Group Financial Statements, together with the Company Financial Statements, for the year ended 30 September 2016 were approved by the Board of Directors and authorised for issue on 4 December 2016.

Company Balance Sheet

at 30 September 2016

	Notes	2016 £m	2015 £m
Fixed assets			
Tangible assets	2	**0.8**	1.0
Financial assets	3	**155.5**	155.5
		156.3	156.5
Current assets			
Debtors	4	**808.8**	809.8
Cash and cash equivalents		**33.8**	–
		842.6	809.8
Creditors (amounts falling due within one year)			
Creditors	5	**528.2**	556.7
		528.2	556.7
Net current assets		**314.4**	253.1
Total assets less current liabilities		**470.7**	409.6
Net assets		**470.7**	409.6
Capital and reserves			
Share capital	6	**4.1**	4.1
Share premium account	7	**198.9**	191.6
Capital conversion reserve fund	7	**0.8**	0.8
Other reserves	7	**117.1**	117.2
Profit and loss account	7	**149.8**	95.9
Shareholders' funds		**470.7**	409.6

P.G. KENNEDY
Director

E.P. TONGE
Director

Notes to the Company Financial Statements

year ended 30 September 2016

1. COMPANY STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company financial statements of Greencore Group plc ('the Company') were prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (Adopted IFRSs), but makes amendments where necessary in order to comply with the Companies Acts 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 12.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for tangible fixed assets and share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of the Group are prepared in accordance with IFRS as adopted by the EU and include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 Share Based Payments; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 Balance Sheet at 26 September 2014 for the purposes of the transition to FRS 101.

The financial statements have been prepared in sterling and are rounded to the nearest million.

PROFIT AND LOSS

The profit attributable to equity shareholders dealt with in the Financial Statements of the Company was £90.3m (2015: £17.9m). In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in profit or loss.

DEBTORS

Debtors are initially recognised at fair value and subsequently carried at amortised cost net of provision for impairment. A provision is made when there is objective evidence that the Company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Any trade and other receivables included in non-current assets are carried at amortised cost in accordance with the effective interest rate method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are initially recognised at fair value and subsequently carried at amortised cost. Cash and cash equivalents include cash in hand, deposits held on call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less.

1. COMPANY STATEMENT OF ACCOUNTING POLICIES CONTINUED

CREDITORS

Creditors are initially recorded at fair value and subsequently at the higher of cost or payment or settlement amounts. Where the time value of money is material, amounts payable are initially recorded at fair value and subsequently carried at amortised cost.

INTRA-GROUP GUARANTEES

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

FINANCIAL ASSETS

Investments in subsidiaries undertakings are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

FIXED ASSETS

Depreciation is calculated so as to write off the cost or valuation, less estimated residual value, of each fixed asset during its expected useful life using the straight-line or reducing balance methods over the following periods:

Plant, machinery, fixtures and fittings 3-25 years

No depreciation is provided on freehold land.

EMPLOYEE SHARE-BASED PAYMENTS

The Company grants equity settled share-based payments and share awards to employees (through the Executive Share Option plan, the Share Award Scheme, the Performance Share Plan and employee ShareSave Schemes). In the case of these options, the fair value is determined using a trinomial valuation model, as measured at the date of grant. The fair value is expensed to profit or loss on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest.

When the exercise of share options results in the issuance of shares, the proceeds received are credited to the share capital and share premium accounts, net of directly attributable transaction costs respectively.

TAXATION

The expense charge for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in the Statement of Recognised Income and Expense or directly in equity, in which case the tax is also recognised in the Statement of Recognised Income and Expense or directly in equity.

Current tax represents the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted, at the Balance Sheet date along with any adjustment to tax payable in respect of previous years.

The Company provides in full for deferred tax assets and liabilities (using the liability method), arising from temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements except where they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability that at the date of initial recognition does not affect accounting or taxable profit or loss on a transaction that is not a business combination. Such differences result in an obligation to pay more tax or a right to pay less tax in future periods.

A deferred tax asset is only recognised where it is probable that future taxable profits will be available against which the temporary differences giving rise to the asset can be utilised.

Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are enacted or substantively enacted at the Balance Sheet date. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

RETIREMENT BENEFITS

DEFINED CONTRIBUTION PENSION PLANS

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate defined contribution scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes to the Company Financial Statements

year ended 30 September 2016

continued

1. COMPANY STATEMENT OF ACCOUNTING POLICIES CONTINUED

RETIREMENT BENEFITS CONTINUED

DEFINED BENEFIT PENSION PLAN

Pension benefits are funded over the employees' years of service by way of contributions to a defined benefit scheme operated by the Company. Pursuant to IAS 19.31, as the Directors of the Company are unable to determine the portion of the pension scheme assets and liabilities which relate to the employees of the Company, the Company has accounted for the contributions as if the scheme were a defined contribution scheme. Contributions to the plan are charged to the Income Statement as due. Any difference between the amounts charged to the Income Statement and contributions paid to the pension scheme are included in debtors or creditors in the Balance Sheet.

SHARE CAPITAL

ORDINARY SHARES

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are taken as a deduction, within equity net of tax, from the proceeds.

TREASURY SHARES

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

DIVIDENDS

Interim dividends payable are recognised as a liability of the Company when the Board of Directors' resolves to pay the dividend and the shareholders have been notified in accordance with the Company's Articles of Association. Final dividends of the Company are recognised as a liability when they have been approved by the Company's shareholders.

2. TANGIBLE ASSETS

	Fixtures and fittings £m	Total £m
Cost		
At 25 September 2015	1.4	1.4
Disposals	(0.1)	(0.1)
At 30 September 2016	**1.3**	**1.3**
Depreciation		
At 25 September 2015	0.4	0.4
Charge for the year	0.1	0.1
At 30 September 2016	**0.5**	**0.5**
Net book value		
At 30 September 2016	**0.8**	**0.8**
At 25 September 2015	1.0	1.0

3. FINANCIAL ASSETS

Interest in subsidiary undertakings	**2016 £m**	2015 £m
At beginning and end of the year	**155.5**	155.5

The principal trading subsidiary and associated undertakings are set out in Note 33 to the Group Financial Statements.

4. DEBTORS

Amounts falling due within one year	2016 £m	2015 £m
Amounts owed by subsidiary undertakings*	**808.3**	809.2
Other debtors	**0.3**	0.3
Prepayments and accrued income	**0.2**	0.3
	808.8	809.8

* Amounts due from subsidiary undertakings are classified as current, as all inter-company receivables and payables are repayable on demand.

5. CREDITORS

Amounts falling due within one year	2016 £m	2015 £m
Bank overdrafts	–	37.7
Amounts owed to subsidiary undertakings*	**507.8**	502.2
Declared interim dividend	**10.5**	9.9
Trade and other creditors	**2.3**	2.3
Accruals	**4.7**	4.6
Provisions	**2.9**	–
	528.2	556.7

* Amounts due to subsidiary undertakings are classified as current, as all inter-company receivables and payables are repayable on demand.

6. SHARE CAPITAL

Details in respect of called-up share capital are presented in Note 25 of the Group Financial Statements.

7. EQUITY RESERVES

	2016						
	Share capital £m	Share premium £m	Capital conversion reserve fund (C) £m	Share based payment reserve (D) £m	Own shares reserve (E) £m	Capital redemption reserve (F) £m	Profit and loss account £m
At beginning of year	4.1	191.6	0.8	8.7	(8.5)	117.0	95.9
Profit for the financial year attributable to equity holders of the Company	–	–	–	–	–	–	90.3
Employee share based payment expense	–	–	–	3.2	–	–	–
Exercise, forfeit or lapse of share based payments	–	1.1	–	(4.3)	–	–	4.3
Shares acquired by Employee Benefit Trust (A)	–	–	–	–	(13.8)	–	–
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust (B)	–	–	–	–	14.8	–	(14.8)
Dividends	–	6.2	–	–	–	–	(25.9)
At end of year	4.1	198.9	0.8	7.6	(7.5)	117.0	149.8

(A) The Employee Benefit Trust acquired 43,175 (2015: 46,360) shares in the Group with a combined value of £0.2m (2015: £0.1m) and a nominal value at the date of purchase of £0.0004m (2015: £0.0005m) through the Scrip Dividend Scheme and utilisation of dividend income. Pursuant to the terms of the Employee Benefit Trust, 3,908,376 (2015: 4,274,037) shares were purchased during the financial year ended 30 September 2016 at a cost of £13.8m (2015: £13.m). The nominal value of these shares, on which dividends have not been waived by the Employee Benefit Trust was £0.04m (2015: £0.04m) at the date of purchase.
(B) During the year, 4,503,518 (2015: 5,732,827) shares with a nominal value at the date of transfer of £0.05m (2015: £0.06m) were transferred to beneficiaries of the Employee Benefit Trust.
(C) The share-based payment reserve relates to equity settled share-based payments made to employees through the Performance Share Plan, the Deferred Bonus Plan, the Employee ShareSave Scheme and the Executive Option Scheme. Further information in relation to this share-based payment is set out in Note 6 of the Group Financial Statements.
(D) The amount included as own shares relates to Ordinary Shares in Greencore Group plc which are held in trust. The shares held in trust are granted to beneficiaries of the Group's share-based payment schemes when the relevant conditions are satisfied.
(E) The capital redemption reserve represents the nominal cost of cancelled shares.
(F) The capital conversion reserve fund represents the amount transferred to reserves as a result of renominalising the share capital of Greencore Group plc on conversion to the euro.

Notes to the Company Financial Statements

year ended 30 September 2016
continued

8. RETIREMENT BENEFITS
The Company operates a defined benefit pension scheme and a defined contribution pension scheme, with assets held in separate trustee administered funds.

Some employees of the Company are members of a multi-employer defined benefit pension scheme, which is operated in conjunction with other Group companies. The defined benefit pension scheme is accounted for as if it were a defined contribution pension scheme on the grounds that the Company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. The defined benefit pension scheme of which some employees are members is not included on the Balance Sheet of the Company as it is not possible to determine the proportion of the assets and liabilities of the scheme that relates to the Company on a reasonable and consistent basis. The assets and liabilities associated with the defined benefit pension scheme are recognised on the Balance Sheet of Irish Sugar DAC. A substantial number of deferred beneficiaries of the scheme were employees of entities that either no longer trade or are no longer owned by the Group.

Total pension costs for the year amounted to £2.7m (2015: £3.1m) in respect of defined benefit schemes and £0.4m (2015: £0.4m) in respect of defined contribution schemes. At year end, £0.03m (2015: £Nil) was included in other accruals in respect of amounts owed to the scheme.

Disclosures in relation to this and all other Group defined benefit pension schemes are given in Note 24 to the Group Financial Statements.

9. SHARE BASED PAYMENTS
The Company grants share options under various share option plans as detailed in the Report of the Directors. A charge of £3.2m (2015: £4.3m) was recognised in the Income Statement of the Company in respect of the employees of the Company. All disclosures relating to the plans are given in Note 6 to the Group Financial Statements.

10. FINANCIAL GUARANTEE CONTRACTS
Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities of certain subsidiary undertakings in the Republic of Ireland for the financial year ended 30 September 2016. Where the Company has entered into financial guarantee contracts to guarantee the indebtedness of such subsidiaries, the Company considers these to be insurance contracts and accounts for them as such.

The Company is party to cross guarantees on Group borrowings. These are treated as insurance contracts and accounted for as such.

11. STATUTORY INFORMATION
During the period the average number of persons employed by the Company (excluding Non-Executive Directors) was 26 (2015: 26).

Directors' remuneration is disclosed in the Report on Directors' Remuneration and in Note 32 to the Group Financial Statements.

Auditor's remuneration for the year was as follows:

	2016 £000	2015 £000
Audit of the Company Financial Statements	**26**	26

The Company has annual commitments under operating leases expiring between two and five years of £1.1m (2015: £1.4m) and after five years of £0.5m (2015: £0.6m).

12. EXPLANATION OF TRANSITION TO FRS 101 FROM IRISH GAAP
As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies are set out in Note 1 and have been applied in preparing the financial statements for the year ended 30 September 2016, the comparative information for the year ended 25 September 2015 and the opening Balance Sheet at 26 September 2014 (the Company's date of transition to FRS 101).

In preparing its FRS 101 Balance Sheet, the Company was not required to perform any remeasurements on transition to FRS 101.

Notes

Notes

Shareholder and Other Information

Greencore Group plc is an Irish registered company. Its Ordinary Shares are quoted on the London Stock Exchange. Greencore has a Level 1 American Depositary Receipts ('ADR') programme for which BNY Mellon acts as depositary (Symbol: GNCGY). Each ADR share represents four Greencore Ordinary Shares.

SHAREHOLDING STATISTICS AS AT 1 DECEMBER 2016

Range of units	Total holders	Units	% of Issued Capital
0–1,000	5,219	1,798,783	0.43
1,001–5,000	3,750	8,852,916	2.13
5,001–10,000	750	5,249,209	1.27
10,001–25,000	481	7,313,627	1.76
25,001–100,000	210	9,741,372	2.35
100,001–250,000	76	11,789,604	2.84
250,001–500,000	47	16,403,328	3.95
Over 500,000	129	353,717,219	85.26
Total	10,662	414,866,058	100.00

FINANCIAL CALENDAR

Record date for 2016 final dividend	2 December 2016
Annual General Meeting	31 January 2017
Payment date for 2016 final dividend	4 April 2017
Half yearly financial report	23 May 2017
Financial year end	29 September 2017
Announcement of Results	28 November 2017

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COMPANY SECRETARY
Conor O'Leary FCIS

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