

Primark Stores Limited

Directors' report and
financial statements

Period ended 18 September 2010

Registered number 453448

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Primark Stores Limited

Directors' report and financial statements

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Primark Stores Limited

Directors' report

The directors present their report together with the audited financial statements of Primark Stores Limited for the 53 week period ended 18 September 2010

Principal activity, business review (including principal risks and uncertainties) and future developments

The principal activity of the company is the operation of retail outlets. The directors intend to continue to develop these activities in the foreseeable future

Results	2010 £'m	2009 £'m
Turnover – continuing operations	1,986	1,743
Operating profit (before interest and taxation) - continuing operations	203	90

Once again, sales were strong and increased by 14% since the prior period. The business continues to benefit significantly from access to Primark in Ireland, its Senior Management team and the business format developed and run from Ireland along with the use of Primark intellectual property, knowhow, and services received in the period. During the year, the company opened more retail selling space and achieved like-for-like sales growth that was ahead of the industry average. Good like-for-like sales growth was achieved in stores unaffected by new openings, common to other clothing retailers, aided by the warm weather experienced over the summer months.

Retail selling space increased by 358,000 sq ft during the year to 4.7 million sq ft at period end. Eight new stores were opened, one of which was the relocation of an existing store, and a further three stores were extended. This brought the total number of stores to 143 at period end. The new store openings were as follows:

- Cambridge
- Wood Green
- Chester
- Bury
- Blackburn
- Folkestone
- Guildford
- Braehead (relocation)

The directors consider the principal risks and uncertainties facing the company (which are typical of those facing the retail sector) are:

- Margin reduction due to competition and/or currency exposure
- Increases in raw material costs, particularly cotton
- Reduction in consumer spending
- VAT rate changes

These risks are managed through a strong focus on pricing policy and effective merchandising resulting from the retail experience, knowhow and services provided by Primark in Ireland.

Primark Stores Limited

Directors' report *(continued)*

Financial risk management

The directors consider the company's financial risk profile to be low. Borrowings are low relative to the company's asset base. Liquidity, cashflow and credit risks are low due to the cash-based nature of the business and the strong cash flows generated. Where the company is exposed to currency fluctuations it is the company's policy to hedge the underlying transaction using forward time options.

Key performance indicators include

- Sales volumes and values
- Stock turnover and absolute values
- Margin
- Overheads

Results and dividends

The profit and loss account for the 53 week period ended 18 September 2010 and the balance sheet at that date are set out on pages 12 and 13, respectively.

Profit on ordinary activities before taxation amounted to £191.9 million (2009 £51.3 million). After providing £93.9 million (2009 £21.5 million) for corporation tax, the company recorded a profit of £98.1 million (2009 £29.8 million) available for distribution.

A dividend of £25.5 million (2009 £12.5 million) was declared and paid during the period.

Fixed assets

Movements in tangible fixed assets are shown in note 7. The directors are of the opinion that the market value of interests in land and buildings at the end of the period exceeded the amount included in the balance sheet, but they are unable to quantify the excess.

Directors, secretary and their interests

The directors who held office during the period and subsequent to period-end are set out on page 1.

In accordance with the Articles of Association, the directors are not required to retire by rotation.

The directors and secretary who held office at 18 September 2010 had no beneficial interest in the share capital of the company at the beginning or end of the financial period.

Full details of the group's long term incentive plan are provided in the financial statements of the parent company, Associated British Foods plc.

Primark Stores Limited

Directors' report *(continued)*

Directors, secretary and their interests *(continued)*

No director or secretary had at any time during the period any material interest in a contract with the company, other than service contracts

Employees

The company's employment policy provides equal opportunities for all employees regardless of sex, race, religion or marital status. The same criteria for training, career development and promotion apply to disabled persons as to any other employee

The company is committed to the further development of employee information and consultation ensuring at all times that employees are informed of developments affecting the company

Creditor payment policy

The company does not have a formal code that it follows with regard to payments to suppliers. It agrees payment terms with its suppliers at the time it enters into binding purchasing contracts for the supply of goods and services. Its suppliers are, as a result aware of these terms. The company seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The average days credit for the period is 27 days

Parent undertaking

The company is a member of Associated British Foods plc, and the ultimate parent undertaking is Wittington Investments Limited, which is incorporated in the United Kingdom and registered in England and Wales

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor are aware of that information

Post balance sheet events

There have been no significant post balance sheet events since the period end which would require disclosure in the financial statements

Primark Stores Limited

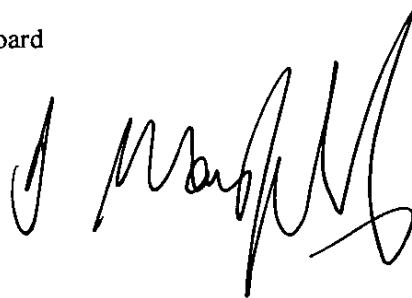
Directors' report *(continued)*

Auditor

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditor annually and KPMG, Chartered Accountants, will therefore continue in office

On behalf of the board

Director

A large, stylized handwritten signature in black ink, appearing to read 'B.J.M. Mansfield'.

2 June 2011

X B.J.M. MANSFIELD

Primark Stores Limited

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

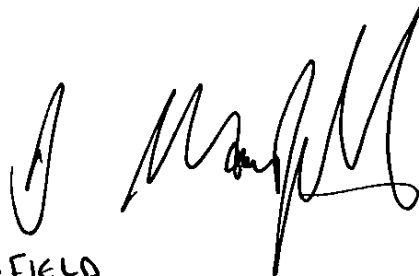
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are also responsible for preparing a directors' report that complies with the Companies Act 2006

On behalf of the board

Director

B. J. M. MANSFIELD



2 June 2011



KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of Primark Stores Limited

We have audited the financial statements of Primark Stores Limited for the period ended 18 September 2010, which comprise the profit and loss account and balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about whether the amounts and disclosures in the financial statements are 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 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. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.apb.org.uk/apb/scope>.

Independent auditor's report to the members of Primark Stores Limited *(continued)*

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 18 September 2010 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the UK Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

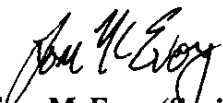
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit


Tom McEvoy (Senior Statutory Auditor)
for and on behalf of KPMG
Chartered Accountants
Registered Auditor
1 Stokes Place
St Stephen's Green
Dublin 2

2 June 2011

Primark Stores Limited

Statement of accounting policies

for the period ended 18 September 2010

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Accounting period

It is the policy of the group to make up its accounts to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 53 weeks ended 18 September 2010.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting practice in the UK under the historical cost convention, except for share based payments which are stated at fair value, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales.

Cash flow statement

As the company is a wholly owned subsidiary undertaking of Associated British Foods plc, an undertaking established under the laws of a member State of the European Community which has prepared a consolidated cash flow statement including the cash flows of this company, the company is availing of the exemption under *FRS 1 Cash Flow Statements (Revised)* not to prepare a cash flow statement.

Group accounts

These financial statements present information about Primark Stores Limited as an individual undertaking and not about it as a group. The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts.

Turnover

Turnover is shown as the total sales to customers exclusive of Value Added Tax. Turnover is recognised at the point of sale.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. No depreciation is provided on freehold land. The charge for depreciation is calculated to write down the cost of other tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives. Leasehold properties are written off over the shorter of the lease term and their useful lives. The anticipated useful life of other tangible fixed assets is generally deemed to be not longer than

Freehold and leasehold property	66 years
Fixtures and fittings	10-20 years
Computers (included in fixtures and fittings)	5 years

Primark Stores Limited

Statement of accounting policies *(continued)* *for the period ended 18 September 2010*

Leased assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis.

Rental payments on operating leases, whereby all the risks and rewards of ownership of an asset remain with the lessor in addition to the impact of lease incentives, are charged against profits on a straight line basis over the life of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as selling price less an appropriate margin. Net realisable value is the estimated selling price less all related selling, distribution and marketing costs.

Taxation

Corporation tax is provided on taxable profits at current rates.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Share based payments

The Associated British Foods plc group operates a share incentive plan which allows certain employees to receive allocations of shares subject to the attainment of certain financial performance criteria and typically after a three-year performance period. The fair value of the shares to be awarded is recognised as an employee expense by the company, with a corresponding increase in reserves. The fair value is measured at grant date and charged to the income statement over the period during which the employee becomes unconditionally entitled to the shares. The fair value of the shares allocated is measured taking into account the terms and conditions under which the shares were allocated. The amount recognised as an expense is adjusted to reflect the actual number of shares that vest.

Primark Stores Limited

Statement of accounting policies *(continued)* *for the period ended 18 September 2010*

Deferred credits

Premia received as inducements to enter into operating leases are held on the balance sheet as deferred credits and are amortised to the profit and loss account on a straight line basis over the period of the lease or the period to the next rent review, whichever is earlier

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or a hedged rate where appropriate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Pension costs

The company participates in a group wide pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The company and the scheme's actuary are unable to identify the company's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by *FRS 17 Retirement Benefits*, the company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Financial fixed assets

Investments in subsidiary undertakings are shown at cost less provisions for permanent diminution in value. Income from investments is recognised in the profit and loss account in the financial period in which it is receivable.

Primark Stores Limited

Profit and loss account

for the period ended 18 September 2010

	Note	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
Turnover – continuing operations	1	1,985,735	1,743,006
Cost of sales		(1,599,640)	(1,433,079)
Gross profit		386,095	309,927
Distribution costs		(51,343)	(57,770)
Administration expenses	2	(135,908)	(166,142)
Other operating income		4,079	3,668
Profit on ordinary activities before interest and taxation	3	202,923	89,683
Interest receivable and similar income		52	25
Interest payable and similar charges	4	(11,070)	(38,422)
Profit on ordinary activities before taxation		191,905	51,286
Tax on profit on ordinary activities	6	(93,851)	(21,491)
Profit for the financial period	16	98,054	29,795

There were no other gains or losses for the period or preceding period other than those recognised above and accordingly no statement of total recognised gains and losses is presented

On behalf of the board

Director

B.S.M. MANFIELD
X

Primark Stores Limited

Balance sheet

as at 18 September 2010

	Note	18 September 2010 £'000	12 September 2009 £'000
Fixed assets			
Tangible assets	7	1,074,526	1,049,759
Financial assets	8	1,028	1,028
		<u>1,075,554</u>	<u>1,050,787</u>
Current assets			
Stocks	9	270,877	259,703
Debtors	10	28,535	29,586
Cash at bank and in hand		20,879	22,155
		<u>320,291</u>	<u>311,444</u>
Creditors: amounts falling due within one year	11	<u>(1,126,807)</u>	<u>(1,162,552)</u>
Net current liabilities		<u>(806,516)</u>	<u>(851,108)</u>
Total assets less current liabilities		<u>269,038</u>	<u>199,679</u>
Creditors: amounts falling due after more than one year	12	<u>(14,027)</u>	<u>(15,151)</u>
Provision for liabilities and charges	13	<u>(34,480)</u>	<u>(36,858)</u>
Net assets		<u>220,531</u>	<u>147,670</u>
Capital and reserves			
Called up share capital	14	50,000	50,000
Share based payment reserve	15	540	233
Profit and loss account	16	169,991	97,437
Shareholders' funds - equity	17	<u>220,531</u>	<u>147,670</u>

On behalf of the board

Director

B.S.M. MANSFIELD.

Primark Stores Limited

Notes

forming part of the financial statements

1 Turnover

Turnover arises solely in Northern Ireland and Great Britain and comprises

	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
Retail trading	1,985,735	1,743,006

2 Administration expenses

	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
Operating expenses	135,908	166,142

3 Statutory and other information

Operating profit is stated after charging

	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
Staff costs (see note 5)	206,267	183,780
Depreciation	72,533	66,475
Auditor's remuneration (including expenses)	143	208
Directors' remuneration	548	232
Rentals payable under operating leases - land and buildings	53,384	46,924

Primark Stores Limited

Notes *(continued)*

4 Interest payable and similar charges	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
Interest on amounts owed to group undertaking	10,451	37,727
On bank loans and overdrafts wholly repayable within five years	8	83
Finance lease charges	611	612
	<hr/>	<hr/>
	11,070	38,422
	<hr/>	<hr/>

5 Staff numbers and costs	Period ended 18 September 2010 Number	Period ended 12 September 2009 Number
The average weekly number of employees during the year was	23,707	21,827
	<hr/>	<hr/>

The aggregate payroll costs of these employees was as follows

	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
Wages and salaries	191,476	170,303
Social welfare costs	9,383	8,875
Pension costs	5,101	4,602
Share based payment expense	307	121
	<hr/>	<hr/>
	206,267	183,901
	<hr/>	<hr/>

Primark Stores Limited

Notes (continued)

6 Tax on profit on ordinary activities	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
(a) Analysis of charge in the year		
<i>Current tax</i>		
Corporation tax on income for the financial period	62,493	21,430
Adjustments in respect of prior periods	33,736	-
	<hr/>	<hr/>
Total current tax	96,229	21,430
	<hr/>	<hr/>
<i>Deferred tax (note 13)</i>		
Origination/reversal of timing differences	(2,378)	61
	<hr/>	<hr/>
Total deferred tax	(2,378)	61
	<hr/>	<hr/>
Tax on profit on ordinary activities	93,851	21,491
	<hr/>	<hr/>
(b) Factors affecting tax charge		
Profit on ordinary activities before taxation	191,905	51,266
	<hr/>	<hr/>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	53,733	14,354
	<hr/>	<hr/>
<i>Effects of</i>		
Accounting depreciation in excess of tax depreciation	8,680	7,400
Other	80	(324)
Adjustment in respect of prior periods	33,736	-
	<hr/>	<hr/>
Current tax charge for period	96,229	21,430
	<hr/>	<hr/>

The adjustment in respect of the prior periods arises as a result of the conclusion of a review by HMRC of the company's tax position

Primark Stores Limited

Notes (continued)

6 Tax on profit on ordinary activities (continued)

Factors affecting the future effective tax rate of the company,

Effective 1 April 2011 the corporation tax rate was reduced from 28% to 27% and the effect on deferred tax has been included within these financial statements. The 27% rate has now been further reduced to 26% but this further reduction is a post balance sheet event so the effect of this change will not be reflected until next year.

It has also been announced that the UK tax rate will drop a further 1% per annum over the following three years reaching 23% effective from 1 April 2014. However, the impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

7 Tangible fixed assets	Freehold property £'000	Leasehold property £'000	Fixtures & fittings £'000	Total £'000
<i>Cost</i>				
At beginning of period	504,752	148,812	619,754	1,273,318
Additions in period	22,219	9,539	65,542	97,300
Disposals in period	-	-	(16,838)	(16,838)
At end of period	526,971	158,351	668,458	1,353,780
<i>Depreciation</i>				
At beginning of period	32,896	12,944	177,719	223,559
Charge for period	7,356	3,051	62,126	72,533
Eliminated on disposals	-	-	(16,838)	(16,838)
At end of period	40,252	15,995	223,007	279,254
<i>Net book value</i>				
At end of period	486,719	142,356	445,451	1,074,526
At beginning of period	471,856	135,868	442,035	1,049,759

Leasehold property includes assets held under finance leases with a net book value of £11.6 million (2009 £11.8 million) on which depreciation of £0.2 million (2009 £0.2 million) was charged in the current period.

Primark Stores Limited

Notes *(continued)*

8 Financial assets	18 September 2010 £'000	12 September 2009 £'000
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Investment in Friar Street Developments Limited	1,028	1,028
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9 Stocks	18 September 2010 £'000	12 September 2009 £'000
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Goods for resale	270,877	259,703
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The replacement cost of stocks does not differ significantly from the amounts shown in the balance sheet

10 Debtors	18 September 2010 £'000	12 September 2009 £'000
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Amounts owed by group undertakings	8,062	-
Prepayments	20,473	29,586
	28,535	29,586

All debtors fall due within one year

Primark Stores Limited

Notes *(continued)*

11 Creditors: amounts falling due within one year	18 September 2010 £'000	12 September 2009 £'000
Bank loans and overdrafts	704	7,922
Finance lease obligations (note 12)	25	25
Trade creditors	102,510	94,654
Amounts owed to group undertakings	839,933	949,466
Accruals and deferred income	70,769	54,665
Corporation tax	80,107	16,613
Other taxation and social security costs	5,125	4,445
Capital creditors	14,413	8,628
VAT payable	13,221	26,134
	<hr/>	<hr/>
	1,126,807	1,162,552
	<hr/>	<hr/>

The company has bank loans and overdraft facilities as follows

- (a) Facility with Royal Bank of Scotland of £102 million which is unsecured Associated British Foods plc has supplied the bank with a letter of awareness in respect of these facilities
- (b) Facility with AIB Plc of €1 million which is unsecured This facility is offered jointly to Primark Stores Limited and Primark, a fellow group subsidiary company

Amounts owed to group undertakings are repayable on demand at an interest rate of Libor plus 25bps

In addition to current account advances, the company also had at 18 September 2010

- (a) Forward contracts for various foreign currencies of £507.6 million (2009 £253.9 million)
- (b) Letters of credit issued to suppliers of £97.7 million (2009 £76.6 million)

Primark Stores Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year	18 September 2010 £'000	12 September 2009 £'000
Reverse premia on leases (1)	1,864	2,963
Finance lease obligations	12,163	12,188
	<u>14,027</u>	<u>15,151</u>

(1) This relates to incentives received from landlords as inducements for entering into operating leases on a limited number of specific sites

Finance lease obligations are payable as follows

	18 September 2010 £'000	12 September 2009 £'000
Within one year (note 11)	25	25
2-5 years	110	110
After five years	12,053	12,078
	<u>12,188</u>	<u>12,213</u>

13 Provision for liabilities and charges	18 September 2010 £'000	12 September 2009 £'000
<i>Deferred taxation – accelerated capital allowances</i>		
At beginning of period	36,858	36,797
Movement in period (note 6)	(2,378)	61
	<u>34,480</u>	<u>36,858</u>
At end of period	34,480	36,858

Primark Stores Limited

Notes (continued)

14 Called up share capital	18 September 2010 £'000	12 September 2009 £'000
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Allotted, called up and fully paid
50,000,000 ordinary shares of £1 each

50,000 **50,000**

15 Share based payments

The company had the following equity-settled share-based payment plans in operation during the period for certain employees

Associated British Foods Executive Share Incentive Plan 2003 ('the Share Incentive Plan')

The Share Incentive Plan was approved and adopted by Associated British Foods plc at its annual general meeting held on 5 December 2003. It takes the form of conditional allocations of shares which will be released if, and to the extent that, certain performance targets are satisfied over a three-year performance period.

Details of the shares outstanding under the equity-settled share-based payment plan are as follows

	18 September 2010 No.	12 September 2009 No.
Balance outstanding at the beginning of the period	87,091	14,945
Awarded during period	29,183	84,341
Lapsed during the period	-	(12,195)
	<hr/>	<hr/>
Balance outstanding at the end of the period	116,274	87,091
	<hr/>	<hr/>

Of the balance of shares outstanding at the 18 September 2010, 72,770 shares have vested

Primark Stores Limited

Notes *(continued)*

15 Share based payments *(continued)*

Movement on share based payment reserve	18 September 2010 £'000	12 September 2009 £'000
At beginning of period	233	112
Share based payment charge for the period	307	121
At end of period	540	233

Fair values

The weighted average fair value of shares awarded was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid on conditionally allocated shares during the vesting period. The dividend yield used was 2.5%.

The weighted average fair value of shares awarded during the period was 834 pence per share and the weighted average grant price of shares outstanding at 18 September 2010 was 730 pence.

Accordingly, the company recognised a total equity-settled share-based payment expense of £307,000 (2009 £121,000) as administrative costs in the financial period.

16 Reconciliation of profit and loss account reserves	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
At beginning of period	97,437	80,142
Profit for the financial period	98,054	29,795
Dividend paid to group undertaking of £0.51 (2009 £0.25) per ordinary share	(25,500)	(12,500)
At end of period	169,991	97,437

Primark Stores Limited

Notes (continued)

17 Reconciliation of movement in shareholders' funds	Period ended 18 September 2010 £'000	Period ended 12 September 2009 £'000
At beginning of period	147,670	130,254
Profit for the period	98,054	29,795
Dividends paid to group undertaking	(25,500)	(12,500)
Share based payments (note 15)	307	121
	<hr/>	<hr/>
At end of period	220,531	147,670
	<hr/>	<hr/>

18 Pension information

The company is a member of the Associated British Foods Pension Scheme providing benefits based on final pensionable pay. As the company is unable to identify its share of the Schemes assets and liabilities on a consistent basis, as permitted by *FRS 17 Retirement Benefits*, the Scheme is accounted for as if it was a defined contribution scheme.

The latest full actuarial valuation of the Associated British Foods Pension Scheme was carried out as at 5 April 2008 respectively. At the valuation date the total market value of the assets of the scheme was £2,223m and represented 93% of the benefits that had accrued to members after allowing for expected future increases in earnings. Following completion of the actuarial valuation, ABF agreed to make five annual payments of £30m in order to eliminate the deficit as at 4 April 2008. The first two of these payments were made in March 2009 and March 2010.

The actuarial valuations were updated for IAS 19 purposes to 18 September 2010 by an independent qualified actuary. The updated valuation of the UK scheme reported a deficit of £14 million. There are no material differences in the valuation methodologies under IAS 19 and FRS 17. Full IAS 19 disclosures can be found within the financial statements of Associated British Foods plc, which may be obtained from Associated British Foods plc, Weston Centre, 10 Grosvenor Street, London, W1K 4QY. The consolidated accounts of Associated British Foods plc are also available for download on the group's website at www.abf.co.uk.

On 30 September 2002 the scheme was closed to new members and a defined contribution arrangement was put in place for other employees. For the defined contribution scheme, the pension costs are the contributions payable.

The combined contribution to the defined benefit and defined contribution sections of the Associated British Foods Pension Scheme for the year was £5.1 million (2009 £4.6 million).

Primark Stores Limited

Notes *(continued)*

19 Contingencies

From time to time the company is involved in claims and legal actions which arise in the normal course of business. Based on information currently available to the company and legal advice, the directors do not believe such litigation individually or in aggregate would have a material adverse effect on the financial statements of the company.

20 Commitments	18 September 2010 £'000	12 September 2009 £'000
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(i) Capital

Authorised and contracted for	67,850	37,261
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(ii) Operating leases

Leasing commitments payable during the next twelve months amount to £58.9 million
(2009: £50.8 million)

	Land and buildings 18 September 2010 £'000	Land and buildings 12 September 2009 £'000
Payable on leases in which the commitment expires		
Within one year	1,400	-
2-5 years inclusive	6,078	3,300
After more than five years	51,422	47,500
	<u>58,900</u>	<u>50,800</u>

Primark Stores Limited

Notes *(continued)*

21 Parent undertaking

The company is a wholly owned subsidiary undertaking of Associated British Foods plc, an undertaking incorporated and operating in the United Kingdom

Primark Stores Limited is a member of the Associated British Foods plc group. The ultimate holding company and controlling party as defined by FRS 8, is Wittington Investments Limited, a company incorporated in Great Britain and registered in England and Wales

The largest group into which the results of the company are consolidated is that headed by Wittington Investments Limited. The smallest group into which they are consolidated is that headed by Associated British Foods plc, a company incorporated in Great Britain and registered in England and Wales

The consolidated financial statements of these groups are available to the public and may be obtained from Weston Centre, 10 Grosvenor Street, London W1K 4QY

22 Related party transactions

The company has availed of the exemption available in *FRS 8 Related Party Disclosures* from disclosing transactions with group undertakings

23 Approval of financial statements

The financial statements were approved by the board on 2 June 2011