

Twining Crosfield & Co Limited

**Directors' report and financial
statements**

Registered number 144900

18 September 2004



Contents

| | |
|---|---|
| Directors' report | 1 |
| Statement of directors' responsibilities | 3 |
| Report of the independent auditors to the members of Twining Crosfield & Co Limited | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes | 7 |

Directors' report

The directors present their annual report and the audited financial statements for the 53 week period ended 18 September 2004.

Principal activities

In the course of the period the principal activities of the company were that of a holding company.

Trading results and transfer to reserves

The profit and loss account for the period is set out on page 5. The profit on ordinary activities after payment of taxation amounted to £13,295,000 (2003: loss of £4,167,000). An interim dividend of £7,900,000 was paid during the year (2003: £4,300,000). The directors do not recommend the payment of a final dividend (2003: £nil).

Directors and directors' interests

The directors who held office during the period were as follows:

SHG Twining (resigned 17 September 2004)
 SA Burr (resigned 16 March 2004)
 RE Tavener
 GH Weston (resigned 10 March 2005)
 G McCallum (appointed 23 November 2004)

The following directors had the following outstanding options to acquire ordinary shares in Associated British Foods plc.

| | Number | | | Exercise price | Date from exercisable | Expiry date |
|------------|---|-----------------------------------|---|----------------|-----------------------|-----------------|
| | At end of period Shares of 5 15/22p each | Lapsed Shares of 5 15/22p Each | At beginning of period Shares of 5 15/22p Each | | | |
| RE Tavener | 33,000 | - | 33,000 | 564.0p | 9 December 2005 | 8 December 2012 |

According to the register of directors' interests, no rights to subscribe for shares in this company or shares in or debentures of any other group company were granted to any of the other directors or their immediate families, during the financial period.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The following directors had the following interests in the ordinary shares of 5 15/22p each of Associated British Foods Plc, as recorded in the register of directors' interests.


| | Interest at end of period Shares of 5 15/22p each | Interest at beginning of period Shares of 5 15/22p each |
|-----------|---|---|
| GH Weston | 3,059,422 | 3,177,565 |

The other directors in office at the period end notified no interests.

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board


RS Mendelsohn
Secretary

Weston Centre
10 Grosvenor Street
London
W1K 4QY

27 June 2005

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of Twining Crosfield & Co Limited

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 18 September 2004 and of its profit for the 53 week period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

4 July 2005

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account
for the period ended 18 September 2004

| | <i>Note</i> | 53 week period ended 18 September 2004 £000 | 52 week period ended 13 September 2003 £000 |
|---|-------------|--|--|
| Income from shares in group undertakings | | 12,480 | 230 |
| Administrative expenses | | - | (317) |
| Other income receivable and similar income | 3 | 1,165 | 592 |
| Exchange loss on group company funding | | - | (21) |
| Amounts written off intangible fixed assets | | - | (5,176) |
| Profit/(loss) on ordinary activities before taxation | | 13,645 | (4,692) |
| Taxation | 6 | (350) | 525 |
| Profit/(loss) for the financial period | | 13,295 | (4,167) |
| Dividends | 7 | (7,900) | (4,300) |
| Retained profit/(loss) for the period | | 5,395 | (8,467) |
| Retained profit brought forward | | 2,722 | 11,189 |
| Retained profit carried forward | 12 | 8,117 | 2,722 |

The above results comprise the company's continuing operations.

A statement of movement on reserves is given in note 12.

There are no recognised gains or losses other than the results for the period and for the previous period.

There is no material difference between the company's results as reported, and on an historical cost basis. Accordingly no note of historical cost profits and losses has been prepared.

Balance sheet
at 18 September 2004

| | <i>Note</i> | 18 September 2004 £000 | 13 September 2003 £000 |
|---|-------------|---|---|
| Fixed assets | | | |
| Investments | 8 | 38,533 | 38,533 |
| Current assets | | | |
| Debtors | 9 | 20,978 | 20,600 |
| Cash at bank and in hand | | - | 505 |
| | | <u>20,978</u> | <u>21,105</u> |
| Creditors: amounts falling due within one year | 10 | <u>(50,549)</u> | <u>(56,071)</u> |
| Net current liabilities | | <u>(29,571)</u> | <u>(34,966)</u> |
| Net assets | | <u>8,962</u> | <u>3,567</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 610 | 610 |
| Share premium account | 12 | 107 | 107 |
| Capital redemption reserve | 12 | 128 | 128 |
| Profit and loss account | 12 | 8,117 | 2,722 |
| Total equity shareholders' funds | | <u>8,962</u> | <u>3,567</u> |

These financial statements were approved by the board of directors on 27 June '05 and were signed on its behalf by:



RE Tavener
Director

Notes

(forming part of the financial statements)

1 Accounting reference date

The accounting reference date of the company is the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 53 week period ended 18 September 2004.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom which have been applied consistently.

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirement to prepare group accounts.

Under Financial Reporting Standard 1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A group cash flow statement is included in the financial statements of Associated British Foods plc.

Despite net current liabilities of £29,571,000 the financial statements have been prepared on a going concern basis because the parent company (creditor balance less than one year £39,304,000) has indicated that although the loan is repayable on demand, it is not expected to be called in the next 12 months.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

Post-retirement benefits

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The scheme is fully paid up.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Notes (continued)

3 Other income receivable and similar income

| | 53 week period ended 18 September 2004 £000 | 52 week period ended 13 September 2003 £000 |
|------------------------------------|---|---|
| Receivable from group undertakings | 1,188 | 508 |
| Bank interest receivable | 4 | 7 |
| Other operating (expenses)/income | (27) | 77 |
| | <hr/> | <hr/> |
| | 1,165 | 592 |
| | <hr/> | <hr/> |

Income receivable from group undertakings represents interest on intercompany loan balances.

4 Remuneration of Directors

None of the directors received any emoluments in respect of their services to the company in 2004 (2003: nil.)

Retirement benefits did not accrue to any of the directors in respect of their services to the company in 2004 (in 2003 no benefits accrued.)

5 Staff numbers and costs

The company did not employ any staff in the current or previous year

6 Taxation

Analysis of charge/(credit) in the period

| | 53 week period ended 18 September 2004 £000 | 52 week period ended 13 September 2003 £000 |
|---|---|---|
| <i>UK corporation tax</i> | | |
| Current tax on income for the period | 350 | 240 |
| Adjustments in respect of prior periods | - | (209) |
| Group relief receipt | - | (556) |
| | <hr/> | <hr/> |
| | 350 | (525) |
| | <hr/> | <hr/> |

The group relief receipt in 2003 relates to losses group relieved in 1999 and 2001.

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the current period.

The current tax charge for the period is lower (2003: *higher*) than the standard rate of corporation tax in the UK (30%, 2003: 30%). The differences are explained below:

| | 53 week period ended 18 September 2004 £000 | 52 week period ended 13 September 2003 £000 |
|---|---|---|
| <i>Current tax reconciliation</i> | | |
| (Loss)/profit on ordinary activities before tax | 13,645 | (4,692) |
| Current tax at 30% | 4,094 | (1,408) |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes (primarily impairment of investment) | - | 1,648 |
| Income from shares in group undertakings | (3,660) | - |
| Income from shares in overseas group undertakings | (84) | - |
| Total current tax charge | 350 | 240 |

7 Dividends

| | 53 week period ended 18 September 2004 £000 | 52 week period ended 13 September 2003 £000 |
|-----------------------|---|---|
| Equity shares: | | |
| Interim dividend paid | 7,900 | 4,300 |

Notes (continued)

8 Fixed asset investments - Shares

| | Unlisted subsidiary undertakings £000 |
|------------------------|---|
| Shares | |
| <i>Cost</i> | |
| At beginning of period | 44,121 |
| Additions | - |
| Disposals | - |
| | <hr/> |
| At end of period | 44,121 |
| | <hr/> |
| <i>Provisions</i> | |
| At beginning of period | 5,588 |
| Increase in provision | - |
| | <hr/> |
| At end of period | 5,588 |
| | <hr/> |
| <i>Net book value</i> | |
| At 18 September 2004 | 38,533 |
| | <hr/> |
| At 13 September 2003 | 38,533 |
| | <hr/> |

Notes (continued)

8 Fixed asset investments - Shares (continued)

The principal companies in which the company's interest is more than 10% are as follows:

| | Country of registration or incorporation | Principal activity | Class of shares held |
|--|--|--------------------|--|
| <i>Companies whose share capital is wholly owned by Twining Crosfield & Co Limited</i> | | | |
| R Twining and Company Limited | England | Tea merchants | Ord. £1 |
| Robert Jackson & Co Ltd | England | Holding company | Ord. £1 'A' Ord. £1 'B' Pref. £1 |
| * Jacksons of Piccadilly Limited | England | Non-trading | Ord. £1 Pref. £1 |
| Tuke Shipping | England | Non-trading | Ord. £1 'A' Ord. £0.10 'B' |
| Walter Williams & Co (London) Ltd | England | Non-trading | Ord. £1 Deferred £1 |
| Matheson McLaren & Co Ltd | Scotland | Non-trading | Ord. £1 |
| Nambarrie Tea Company Limited (formerly Namosa Ltd) | Northern Ireland | Tea merchants | Ord. £1 |
| Twinings of Ireland Ltd | Eire | Non-trading | Ord. €1.27 Pref. €12.70 |
| Foods International S.A. | France | Tea merchants | Ord. €22.87 |
| Foods International Holding B.V. | Netherlands | Holding company | Ord. €453.78 |
| * Foods International Sales en Marketing N.V. | Belgium | Tea merchants | Ord. CHF1.00 |
| * Fritz Walter AG | Switzerland | Tea merchants | Ord. CHF1.00 |
| * Julia B.V. | Netherlands | Non-trading | Ord. €453.78 |
| * Foods International Verkoop en Marketing | Holland | Tea merchants | Ord. €453.78 |
| * Foods International Vertriebs und Marketing GmbH | Germany | Non-trading | |
| Haugen Gruppen AS | Norway | Distributor | Ord. NKR 1 |
| International Seed Technologies B.V. | Netherlands | Seed Coating | Ord. €453.78 |
| International Seed Technologies SA | Spain | Seed Coating | Ord. €60.10 |
| International Seed Technologies GmbH | Germany | Seed Coating | Ord. €25,565 |
| Haugen Gruppen Denmark | Denmark | Distributor | Ord. DKK 1,000 |
| Haugen Gruppen Sweden | Sweden | Distributor | Ord. 'A' SEK 10 |

Companies whose share capital is 80% owned by Twining Crosfield & Co Limited

| | | | |
|--------------------------|-------|---------------|---------------|
| Twinings Private Limited | India | Tea merchants | Ord. Rupee 10 |
|--------------------------|-------|---------------|---------------|

* Shareholdings marked are held through subsidiary undertakings the rest are owned directly by Twining Crosfield & Co Limited.

Group financial statements have not been prepared as the company is a wholly owned subsidiary undertaking of Associated British Foods plc. Associated British Foods plc prepares group financial statements which include the company. In the opinion of the directors, the investments in and amounts due from the company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

Notes (continued)

8 Fixed asset investments - Shares (continued)

In 1999 the trade and net assets of a subsidiary undertaking, Jacksons of Piccadilly Limited, were transferred to another subsidiary undertaking, R Twining and Company Limited, at their book value which was less than their fair value. The cost of the company's investment in Robert Jackson & Co Limited reflected the underlying fair value of the net assets and goodwill of Jacksons of Piccadilly Limited at the time.

As a result of this transfer, the value of the company's investment in Robert Jackson & Company Limited fell below the amount at which it was stated in the company's accounting records. Schedule 4 to the Companies Act 1985 requires that the investment be written down accordingly and that the amount be charged as a loss in the company's profit and loss account. However, at that time the directors considered that, as there had been no overall loss to the company, it would fail to give a true and fair view to charge that diminution to the company's profit and loss account and it should instead be re-allocated to the company's investment in R Twining and Company Limited.

9 Debtors

| | 18 September 2004 £000 | 13 September 2003 £000 |
|---|------------------------------|------------------------------|
| Amounts owed by subsidiary undertakings | 20,978 | 20,600 |

All debtors are due within one year.

10 Creditors: amounts falling due within one year

| | 18 September 2004 £000 | 13 September 2003 £000 |
|-------------------------------------|------------------------------|------------------------------|
| Corporation tax payable | 348 | 144 |
| Amounts owed to group undertakings: | | |
| Parent undertaking | 39,304 | 45,468 |
| Subsidiary undertakings | 10,897 | 10,459 |
| | 50,549 | 56,071 |

Notes (continued)

11 Called up share capital

| | 18 September 2004 | | 13 September 2003 | |
|---|-------------------|------------|-------------------|------------|
| | Number | £000 | Number | £000 |
| Authorised | | | | |
| Ordinary shares of 25p each | 3,000,000 | 750 | 3,000,000 | 750 |
| 6.5 % cumulative, redeemable preference shares of £1 each | 150,000 | 150 | 150,000 | 150 |
| | | <u>900</u> | | <u>900</u> |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of 25p each | 2,440,000 | 610 | 2,440,000 | 610 |
| 6.5 % cumulative, redeemable preference shares of £1 each | - | - | - | - |
| | | <u>610</u> | | <u>610</u> |

12 Reserves

| | Share premium account £000 | Capital Reserves £000 | Profit and loss account £000 | Total £000 |
|--------------------------------|-------------------------------------|-----------------------------|---------------------------------------|---------------|
| At beginning of period | 107 | 128 | 2,722 | 2,957 |
| Retained profit for the period | - | - | 5,395 | 5,395 |
| | <u>107</u> | <u>128</u> | <u>8,117</u> | <u>8,352</u> |

13 Contingent liabilities

The company, together with Associated British Foods plc and certain fellow UK subsidiary undertakings, is party to a set-off arrangement in respect of its bank accounts with certain of the group's bankers.

Notes *(continued)*

14 Parent company

The ultimate parent company is Wittington Investments Limited which is incorporated in Great Britain and registered in England.

The largest group in which the results of the company are consolidated is that headed by Wittington Investment Limited. The smallest group in which they are consolidated is that headed by ABF Investments plc, which is incorporated in Great Britain and registered in England. The consolidated accounts of these groups are available to the public and may be obtained from Weston Centre, 10, Grosvenor Street, London W1K 4QY.