

ABF Investments plc

**Directors' report and financial
statements**

Registered number 00306672

17 September 2011

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Directors' report

The company was incorporated on 2 November 1935 and the directors present their annual report and the audited financial statements for the 52 week period ended 17 September 2011

Principal activities

During the period the principal activity was the holding of shares in subsidiary companies and the principal activities of the subsidiaries were the processing and manufacture of food worldwide and textile retailing in the UK and other parts of Western Europe

Business review and future developments

During the period the main activities of the company remained unchanged and the directors anticipate that any future developments will relate to the company's principal activities

During the period the company increased its investments in subsidiaries and joint ventures by £107m. The company increased its investment in ABF Overseas Limited and Vivergo Fuels Limited by £99m and £8m respectively

Profit and dividends

The profit and loss account is on page 5. Profit for the period attributable to equity shareholders and transferred to reserves amounted to £431m (2010 £175m). During the period dividends of £503m were declared and paid (2010 £172m). Dividends are detailed in note 8.

Risk management review

The company's risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the business at operational level and to operate internal controls which adequately mitigate these risks. This process is also undertaken by the subsidiaries in which the company has an interest. Each business is responsible for regularly assessing its risk management activities to ensure good practice in all areas. Compliance with the process is monitored six monthly and these assessments are formally reviewed at least annually. Reports on internal financial control issues raised by management and the external auditors are reported to the board of the company's parent, Associated British Foods plc, at least annually.

Directors

The directors who held office during the period were as follows

JG Bason
PA Russell

Employees

The company is an investment company and does not trade. It has no employees.

Directors' report *(continued)*

Disclosure of information to auditors

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 auditors are unaware, and each director has taken all the 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 auditors are aware of that information. For these purposes, relevant audit information means information needed by the company's auditor in connection with preparing their report on page 4

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Directors' indemnities

Three directors of operating subsidiaries, benefited from qualifying third party indemnity provisions provided by the company during the financial period and as at the date of this report

Going concern

After making due enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis for preparing the financial statements

By order of the board



PA Russell
Director

30 April 2012

Weston Centre
10 Grosvenor Street
London
W1K 4QY

Registered number 00306672

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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.

KPMG Audit Plc
15 Canada Square
Canary Wharf
London
E14 5GL

Independent auditor's report to the members of ABF Investments plc

We have audited the financial statements of ABF Investments plc for the period ended 17 September 2011 set out on pages 5 to 16. 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 Chapter 3 of Part 16 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 on page 3, 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 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

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 17 September 2011 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

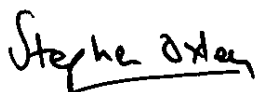
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared 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



Stephen Oxley (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor

30 April 2012

Chartered Accountants
15 Canada Square
London
E14 5GL

Profit and loss account

for the period ended 17 September 2011

	Notes	2011 £m	2010 £m
Investment income	5	407	175
Gain on sale of investment	10	33	-
Profit on ordinary activities before interest		440	175
Net interest (payable)/receivable	6	(11)	2
Profit on ordinary activities before taxation		429	177
Tax on profit on ordinary activities	7	2	(2)
Profit on ordinary activities after taxation		431	175

There are no other recognised gains and losses in the period. Accordingly, no statement of total recognised gains and losses has been presented.

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.

The profit on ordinary activities before taxation relates entirely to continuing activities in the period.

The notes on pages 8 to 16 form part of the financial statements.

Company number 00306672

Balance sheet

at 17 September 2011

	Notes	2011 £m	2010 £m
Fixed assets			
Investments in subsidiaries and joint ventures	9	3,385	3,278
Other investments	10	-	283
		<u>3,385</u>	<u>3,561</u>
Current assets			
Debtors			
- due within one year	11	6	3
- due after one year	11	640	617
		<u>646</u>	<u>620</u>
Creditors - due within one year	12	<u>(61)</u>	<u>(150)</u>
Net current assets		<u>585</u>	<u>470</u>
Total assets less current liabilities		<u>3,970</u>	<u>4,031</u>
Creditors - due after one year	12	<u>(999)</u>	<u>(994)</u>
Provisions	13	<u>(59)</u>	<u>(57)</u>
		<u>(1,058)</u>	<u>(1,051)</u>
Net assets		<u>2,912</u>	<u>2,980</u>
Capital and reserves			
Called-up share capital	14	23	23
Share premium	15	371	371
Capital contribution reserve	15	283	283
Profit and loss reserve	15	2,235	2,303
Equity shareholders' funds		<u>2,912</u>	<u>2,980</u>

These financial statements were approved by the board of directors on 30 April 2012 and were signed on its behalf by



PA Russell

Director

The notes on pages 8 to 16 form part of the financial statements

Reconciliation of movements in equity shareholders' funds

for the period ended 17 September 2011

	Notes	2011 £m	2010 £m
Opening equity shareholders' funds	15	2,980	2,997
Effects of movement in foreign exchange	15	4	(20)
Profit for the period	15	431	175
Dividends paid	8	(503)	(172)
		<hr/>	<hr/>
Closing equity shareholders' funds		2,912	2,980
		<hr/>	<hr/>

Notes to 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 52 week period ended 17 September 2011.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards (UK GAAP) and the Companies Act 2006.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (Revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent undertaking includes the company in its own published consolidated financial statements. A group cash flow statement is included in the financial statements of Associated British Foods plc.

The company is controlled by Associated British Foods plc and is exempt from the requirement to disclose transactions with it and other group companies under Financial Reporting Standard 8 as it is a wholly-owned subsidiary included in consolidated financial statements which are publicly available.

Income tax

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

Investments

Investments in subsidiaries, joint ventures and associates are reported at cost less any provision for impairment, except for those investments hedged in accordance with paragraph 28 of SSAP 20. These investments are treated as foreign currency assets from inception of the hedge and then revalued at each reporting date. Foreign exchange differences arising on such revaluations are taken to reserves along with the gains or losses arising on the related foreign currency borrowings.

Foreign currency translation

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 contracted rate or 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.

Notes to the financial statements *(continued)*

3 Directors' emoluments

The directors received no emoluments in respect of their services as directors of the company in the current or previous period

4 Auditor's remuneration

Auditor's remuneration was borne by the holding company in the current and the previous period

5 Investment income

	2011 £m	2010 £m
Income from shares in subsidiary undertakings	407	175

6 Net interest (payable)/receivable

	2011 £m	2010 £m
Interest receivable		
Interest receivable from parent undertaking	6	4
Interest receivable from subsidiary undertaking	1	2
Foreign exchange gain on financing activities	-	12
Interest income from joint venture	3	1
	<u>10</u>	<u>19</u>
Interest payable		
Interest payable to fellow subsidiary undertakings	(16)	(12)
Unwind of discount on deferred consideration	(3)	(3)
Foreign exchange loss on financing activities	(2)	(2)
	<u>(21)</u>	<u>(17)</u>
Net interest (payable)/receivable	<u>(11)</u>	<u>2</u>

Notes to the financial statements *(continued)*

7 Tax on profit on ordinary activities

(a) Analysis of the tax (credit)/charge in the period

	2011 £m	2010 £m
Current tax (credit)/ charge	(2)	2

(b) Factors affecting the current tax (credit)/charge

The tax credit for the period is different from the standard rate of corporation tax in the UK 27 1% The differences are explained below

	2011 £m	2010 £m
Profit on ordinary activities before tax	429	177
Tax at the standard rate of corporation tax in the UK 2011 27 1% (2010 28%)	116	50
Expenses not deductible for tax purposes (primarily deferred consideration)	1	1
Income not subject to corporation tax	(119)	(49)
Current tax (credit)/charge in the period	(2)	2

(c) Factors affecting future tax credits or charges

Effective 1 April 2012 the corporation tax rate was reduced from 26% to 24% It has also been announced that the UK tax rate will drop a further 1% per annum over the following years reaching 22% effective from 1 April 2014

8 Dividends

	2011 £m	2010 £m
Interim dividends	503	172

The first interim dividend of £115m was declared and paid on 7 December 2010 The second interim dividend of £128m was declared and paid on 22 December 2010 The third interim dividend of £260m was declared and paid on 17 September 2011 No final dividend is proposed

Notes to the financial statements *(continued)*

9 Investments in subsidiaries, joint ventures and associates

	Subsidiaries £m	Joint ventures £m	Total £m
At 18 September 2010	3,249	29	3,278
Additions	99	8	107
Adjustment to consideration payable	-	-	-
At 17 September 2011	3,348	37	3,385

During the period the company increased its investments in ABF Overseas Limited and Vivergo Fuel Limited by £99m and £8m respectively

A list of the principal subsidiaries is given on page 12. All subsidiaries are wholly-owned, except where stated. None of the investments listed are directly held by the company, except where stated. The percentages given show the company's ultimate interest and therefore allow for the position where interests in subsidiaries and joint ventures are held by partly-owned intermediate subsidiaries.

Notes to the financial statements (continued)

9 Investments in subsidiaries and joint ventures (continued)

Principal subsidiaries	Country of incorporation	Principal subsidiaries	Country of incorporation
Manufacturing activities			
AB Agri Limited	UK	Jacksons of Piccadilly Limited	UK
AB Brasil Industria e comercio de Alimentos LTDA	Brazil	Kilombero Sugar Company Limited (28%)	Tanzania
AB Calsa SA de C V	Mexico	Maragra Acucar SARRL (46%)	Mozambique
AB Enzymes GmbH	Germany	Mauri Fermentos II, SA (96%)	Portugal
AB Enzymes Oy	Finland	Mauri Lanka (Private) Limited	Sri Lanka
ABF Grain Products Limited	UK	Mauri Maya Sanayi A S	Turkey
AB Food & Beverages Australia Pty Ltd	Australia	Mauri Products Limited	UK
AB Food & Beverages Philippines, Inc	Philippines	Pataks Foods Limited	UK
AB Food & Beverages (Thailand) Limited	Thailand	Premier Nutrition Products Limited	UK
AB(Harbin) Food Ingredients Company Limited	China	R Twinning & Company Limited	UK
AB Mauri Food, S A	Spain	Shanghai AB Food & Beverages Co , Ltd	China
AB Mauri India (Private) Limited	India	SPI Pharma Inc	US
AB Mauri Vietnam Ltd (66%)	Vietnam	The Billington Food Group Limited	UK
Abitec Corporation	US	The Jordans and Ryvita Company Limited (73%)	UK
ABNA Feed (Liaoning) Co , Ltd	China	Twinnings North America Inc	US
ABNA (Shanghai) Feed Co , Ltd	China	Ubombo Sugar Limited (31%)	Swaziland
AB World Foods Limited	UK	Wander AG	Switzerland
ACH Food Companies, Inc	US	Yeast Products Company	Republic of Ireland
Alimentos Capullo S de R L de C V	Mexico	Zambia Sugar plc (42%)	Zambia
Anzchem Pty Ltd	Australia		
Azucarera Ebro, S L U	Spain	Retailing activities	
Bo Tian Sugar Industry Company Limited (65%)	China	Primark	Republic of Ireland
British Sugar (Overseas) Limited	UK	Primark Deutschland GmbH	Germany
British Sugar plc*	UK	Primark Netherlands NV	Netherlands
Calsa de Colombia S A S	Colombia	Primark NV	Belgium
Casteggio Lieviti Sarl	Italy	Primark Stores Limited*	UK
Cereform Limited	UK	Primark Tiendas S L U	Spain
Compania Argentina de Levaduras S A I C	Argentina	Lojas Primark Portugal-Exploracao, Casto e	Portugal
Food Investments Limited*	UK	Administracao De Espacos Comerciais S A	
Foods International S A S	France		
G Costa and Company Limited	UK	Investment and other activities	
George Weston Foods Limited	Australia	AB Exploration Limited	UK
George Weston Foods (NZ) Limited	New Zealand	ABF European Holdings & Co SNC	Luxembourg
German's (UK) Limited	UK	ABF Funding*	UK
German's Technology Group Polska Sp z o o	Poland	ABF No1 Limited*	UK
Guangxi Bo Hua Food Co , Ltd (71%)	China	ABF (No2)*	UK
Guangxi Boqing Food Co , Ltd (60%)	China	ABF No3 limited*	UK
Guangxi Boxuan Food Co , Ltd (70%)	China	ABF Holdings Limited*	UK
Harbin Mauri Yeast Co , Limited (85%)	China	ABF Overseas Limited*	UK
Hebei Mauri Limited (51%)	China	ABF (UK) Ltd	UK
Illovo Sugar Limited (51%)	South Africa	*Parkstone (Jersey) Limited (73%)	UK
Illovo Sugar (Malawi) Limited (39%)	Malawi	Talisman (Guernsey) Limited	Guernsey, Channel Islands

*Directly owned by ABF Investments plc

Notes to the financial statements *(continued)*

9 Investments in subsidiaries and joint ventures *(continued)*

Principal joint ventures and associates

	Country of incorporation	Issued ordinary share capital Total	Group %
Australasian Lupin Processing Pty Ltd	Australia	A\$2	50
C Czarnikow Limited	UK	£1,000,000	43
Chiltern Bakeries Limited	UK	£100	44
Compania de Melazas	Spain	EUR10,000	50
Frontier Agriculture Limited	UK	£36,000,104	50
Harper-Love Adhesives Corporation	US	US\$13,200	50
Gledhow Sugar Company Limited	South Africa	ZAR10,000	15
Levaduras Collico S A	Chile	CLP1,834,390,000	50
Murray Bridge Bacon Pty Ltd	Australia	A\$12,000,000	20
New Food Coatings Pty Limited	Australia	A\$150,000	50
Qingdao Xinghua Cereal Oil & Foodstuff Co , Ltd	China	CNY24,844,000	25
Roal Oy	Finland	EUR3,196,000	50
Stratas Foods LLC	US	US\$2	50
Uniferm Verwaltungs GmbH	Germany	EUR2	50
Vivergo Fuels Limited*	UK	£60,800,000	45

*Directly owned by ABF Investments plc

British Sugar (Overseas) Limited operates subsidiaries and joint ventures in Europe and Asia Other than this company, each subsidiary operates mainly in its country of incorporation

There is no significant loan capital in any of the joint ventures or associates Each joint venture and associate carries out manufacturing and food processing activities and operates mainly in its country of incorporation

In the opinion of the directors the value of investments in subsidiaries and joint ventures is not less than the value at which they are included in the balance sheet

10 Other investments

	£m
Cost	
At 18 September 2010	283
Disposal	(283)
At 17 September 2011	-

Other investments comprised a holding of USD preference shares in a subsidiary undertaking The preference shares were cancelled on 15 September 2011 Consideration for this cancellation was by way of a loan transfer from the subsidiary undertaking for £316.6m This provided a gain on cancellation of £33.2m which was taken to the profit and loss account in the period

Notes to the financial statements *(continued)*

11 Debtors

	2011 £m	2010 £m
Due within one year		
Owed by parent undertaking	-	1
Owed by joint venture	6	2
	<hr/>	<hr/>
	6	3
	<hr/>	<hr/>
Due after one year		
Owed by parent undertaking	353	353
Owed by subsidiary undertaking	181	183
Owed by joint venture	106	81
	<hr/>	<hr/>
	640	617
	<hr/>	<hr/>

The directors consider the carrying amounts of the debtors to be recoverable

12 Creditors

	2011 £m	2010 £m
Due within one year		
Owed to parent undertaking	58	142
Owed to fellow subsidiaries	1	1
Corporation tax payable	2	7
	<hr/>	<hr/>
	61	150
	<hr/>	<hr/>
Due after one year		
Owed to subsidiary undertakings	999	994
	<hr/>	<hr/>

Notes to the financial statements *(continued)*

13 Provisions

	£m
At 18 September 2010	57
Settlement of deferred consideration	-
Change in fair value of deferred consideration	-
Interest	2
	<hr/>
At 17 September 2011	59
	<hr/>

The provision relates to deferred consideration on the company's investment in Parkstone (Jersey) Limited, which is expected to be settled in the 2012/2013 financial year

14 Share capital

	2011 £m	2010 £m
Issued and fully paid		
459,814,877 Ordinary shares of 5p each (2010 459,814,877 Ordinary shares of 5p each)	23	23
	<hr/>	<hr/>

15 Capital and reserves

	Issued capital £m	Share Premium £m	Capital contribution reserve £m	Profit and loss reserve £m	Total £m
At 18 September 2010	23	371	283	2,303	2,980
Profit for the period	-	-	-	431	431
Dividends paid	-	-	-	(503)	(503)
Effects of movements in foreign exchange	-	-	-	4	4
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At 17 September 2011	23	371	283	2,235	2,912
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The company applies SSAP 20 to hedge part of its US dollar investment in ABF Funding. During the period a foreign exchange gain of £4m was recognised on the translation of this investment. The gain is included in the profit and loss reserve.

16 Contingent liabilities

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the 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. As at 17 September 2011 the company has provided guarantees in the ordinary course of business amounting to £3m (2010 £2m).

Notes to the financial statements *(continued)*

17 Holding company

The ultimate holding company is Wittington Investments Limited which is incorporated in Great Britain and registered in England and Wales

The largest group in which the results of the company are consolidated is headed by Wittington Investments Limited. The smallest group in which they are consolidated is headed by Associated British Foods plc, which is incorporated in Great Britain and registered in England and Wales. The consolidated accounts of these groups are available to the public and 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

18 Indemnity

The company has granted an indemnity to three directors of operating subsidiaries as permitted by section 234 of the Companies Act 2006 (the 'Act'). The indemnity provides that these individuals be indemnified out of the assets of the company against any liability, loss or expenditure incurred by them acting as a director of the company or any of its subsidiaries to the fullest extent permitted by the Act.