

**ABF Investments plc**

**Directors' report and financial  
statements**

Registered number 306672

18 September 2010

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 53 week period ended 18 September 2010

### **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 £78m. The company increased its investment in ABF Overseas Limited and Vivergo Fuel Limited by £77m and £1m 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 £175m (2009 £128m). During the period dividends of £172m were declared and paid (2009 £162m). 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*

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

*14 March 2011*

Registered number 306672

## **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 auditors' report to the members of ABF Investments plc

We have audited the financial statements of ABF Investments plc for the period ended 18 September 2010 which comprises the profit and loss account, the balance sheet, the reconciliation of movements in equity shareholders' funds and 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 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 auditors' 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

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 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/UKNI](http://www.frc.org.uk/apb/scope/UKNI).

#### 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;
- 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

Chartered Accountants

15 Canada Square  
London  
E15 5GL  
14 March 2011

## Profit and loss account

*for the period ended 18 September 2010*

	Notes	2010 £m	2009 £m
Investment income	5	175	141
<b>Profit on ordinary activities before interest</b>		<b>175</b>	<b>141</b>
Net interest receivable/(payable)	6	2	(16)
<b>Profit on ordinary activities before taxation</b>		<b>177</b>	<b>125</b>
Tax on profit on ordinary activities	7	(2)	3
<b>Profit on ordinary activities after taxation</b>		<b>175</b>	<b>128</b>

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.

## Balance sheet

at 18 September 2010

	Notes	2010 £m	2009 £m
<b>Fixed assets</b>			
Investments in subsidiaries and joint ventures	9	3,278	3,216
Other investments	10	283	283
		<u>3,561</u>	<u>3,499</u>
<b>Current assets</b>			
Debtors			
- amounts falling due within one year	11	3	-
- amounts falling due after one year	11	617	476
		<u>620</u>	<u>476</u>
<b>Creditors - amounts falling due within one year</b>	12	(150)	(103)
<b>Net current assets</b>		<u>470</u>	<u>373</u>
<b>Total assets less current liabilities</b>		<u>4,031</u>	<u>3,872</u>
<b>Creditors - amounts falling due after one year</b>	12	(994)	(784)
<b>Provisions</b>	13	(57)	(91)
		<u>(1,051)</u>	<u>(875)</u>
<b>Net assets</b>		<u>2,980</u>	<u>2,997</u>
<b>Capital and reserves</b>			
Called-up share capital	14	23	23
Share premium	15	371	371
Capital contribution reserve	15	283	283
Profit and loss reserve	15	2,303	2,320
<b>Equity shareholders' funds</b>		<u>2,980</u>	<u>2,997</u>

These financial statements were approved by the board of directors on 14 March 2011 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 18 September 2010*

	Notes	2010 £m	2009 £m
Opening equity shareholders' funds	15	2,997	2,851
Equity share capital subscribed	15	-	180
Effects of movement in foreign exchange	15	(20)	-
Profit for the period	15	175	128
Dividends paid	8	(172)	(162)
<b>Closing equity shareholders' funds</b>		<b>2,980</b>	<b>2,997</b>

## 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 53 week period ended 18 September 2010.

### 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 Auditors' remuneration

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

### 5 Investment income

	2010 £m	2009 £m
Income from shares in subsidiary undertakings	175	141

### 6 Net interest receivable/(payable)

	2010 £m	2009 £m
<b>Interest receivable</b>		
Interest receivable from parent undertaking	4	19
Interest receivable from subsidiary undertaking	2	4
Foreign exchange gain on financing activities	12	11
Interest income from joint venture	1	-
	<hr/> 19	<hr/> 34
<b>Interest payable</b>		
Interest payable to fellow subsidiary undertakings	(12)	(32)
Unwind of discount on deferred consideration	(3)	(5)
Foreign exchange loss on financing activities	(2)	(13)
	<hr/> (17)	<hr/> (50)
<b>Net interest receivable/(payable)</b>	<hr/> 2	<hr/> (16)

## Notes to the financial statements *(continued)*

### 7 Tax on profit on ordinary activities

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

	2010 £m	2009 £m
Current tax charge/(credit)	2	(3)

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

The tax credit for the period is different from the standard rate of corporation tax in the UK 28.00%. The differences are explained below

	2010 £m	2009 £m
Profit on ordinary activities before tax	177	125
Tax at the standard rate of corporation tax in the UK 2010 28% (2009 28%)	50	35
Expenses not deductible for tax purposes (primarily deferred consideration)	1	1
Income not subject to corporation tax	(49)	(39)
Current tax charge/(credit) in the period	2	(3)

#### (c) Factors affecting future tax credits or charges

Effective from 1 April 2011 the corporation tax rate will be reduced from 28% to 27%. It has also been announced that the UK tax rate will drop a further 1% per annum over the next three years reaching 24% effective from 1 April 2014.

### 8 Dividends

	2010 £m	2009 £m
Interim dividends	172	162

The first interim dividend of £60m was declared and paid on 18 June 2010. The second interim dividend of £112m was declared and paid on 18 September 2010. No final dividend is proposed.

## Notes to the financial statements *(continued)*

### 9 Investments in subsidiaries, joint ventures and associates

	<b>Subsidiaries £m</b>	<b>Joint ventures £m</b>	<b>Total £m</b>
At 12 September 2009	3,188	28	3,216
Additions	77	1	78
Adjustment to consideration payable	(16)	-	(16)
	<hr/>	<hr/>	<hr/>
<b>At 18 September 2010</b>	<b>3,249</b>	<b>29</b>	<b>3,278</b>
	<hr/>	<hr/>	<hr/>

During the period the company increased its investments in ABF Overseas Limited and Vivergo Fuel Limited by £77m and £1m 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
<b>Manufacturing activities</b>			
AB Agri Limited	UK	Mauri Lanka (Private) Limited	Sri Lanka
AB Brasil Industria e comercio de Alimentos LTDA	Brazil	Mauri Maya Sanayi A.S	Turkey
AB Enzymes GmbH	Germany	Mauri Products Limited	UK
AB Enzymes Oy	Finland	Mitra Sugar Limited	UK
ABF Grain Products Limited	UK	Patak's Breads Limited	UK
AB Food & Beverages Australia Pty Ltd	Australia	Pataks Foods Limited	UK
AB Food & Beverages Philippines, Inc	Philippines	Parkstone (Jersey) Limited	UK
AB Food & Beverages (Thailand) Limited	Thailand	Premier Nutrition Products Limited	UK
AB Mauri (UK) Limited*	UK	R Twining & Company Limited	UK
AB Mauri Food, S A	Spain	Serrol Ingredients Pty Limited	Australia
AB Mauri India (Private) Limited	India	Shanghai AB Food & Beverages Co , Ltd	China
Abitec Corporation	US	SPI Pharma S A S	France
ABNA (Shanghai) Feed Co , Ltd	China	SPI Pharma Inc	US
AB World Foods Limited	UK	The Billington Food Group Limited	UK
ACH Food Companies, Inc	US	The Jordans and Ryvita Company Limited (73%)	UK
Alimentos Capulio S de R L de C V	Mexico	Twinnings North America Inc	US
Anzchem Pty Ltd	Australia	Ubombo Sugar Limited (31%)	Swaziland
Azucarera Ebro, S L U	Spain	Wander AG	Switzerland
Bo Tian Sugar Industry Company Limited (65%)	China	Yeast Products Company	Republic of Ireland
British Sugar (Overseas) Limited	UK	Zambia Sugar plc (46%)	Zambia
British Sugar plc*	UK		
Calsa de Colombia S A S	Columbia		
Cereform Limited	UK	<b>Retailing activities</b>	
Compania Argentina de Levaduras S A I C	Argentina	Lojas Primark Portugal-Exploracao, Gastao e	Portugal
Food Investments Limited*	UK	Administracao De Espacos Comerciais S A	
Foods International S A	France	Primark	Republic of Ireland
G Costa and Company Limited	UK	Primark Deutschland GmbH	Germany
George Weston Foods Limited	Australia	Primark Netherlands NV	Netherlands
George Weston Foods (NZ) Limited	New Zealand	Primark NV	Belgium
Germain's (Ireland) Limited	Republic of Ireland	Primark Stores Limited*	UK
Germain's Seed Technology, Inc	US	Primark Tiendas S L U	Spain
German's Technology Group Polska Sp z o o	Poland		
Guangxi Bo Hua Food Co , Ltd (71%)	China	<b>Investment and other activities</b>	
Guangxi Boqing Food Co , Ltd (60%)	China	ABF European Holdings & Co SNC	Luxembourg
Guangxi Boxuan Food Co , Ltd (70%)	China	Talisman (Guernsey) Limited	Guernsey, Channel Islands
Harbin Mauri Yeast Co , Limited (85%)	China		
Hebei Mauri Food Co , Ltd	China	ABF Funding*	UK
Illovo Sugar Limited (51%)	South Africa	ABF (No2)*	UK
Illovo Sugar (Malawi) Limited (39%)	Malawi	ABF Overseas Limited*	UK
Jacksons of Piccadilly Limited	UK	ABF Holdings Limited*	UK
Kilombero Sugar Company Limited (28%)	Tanzania	ABF No1 Limited*	UK
Liaoning Liaohu Aimin Feed Co , Ltd	China	ABF No3 Limited*	UK
Maragra Acucar SARL (46%)	Mozambique	Parkstone (Jersey) Limited (73%) *	UK
Mauri Fermentos II, SA (96%)	Portugal		

\*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
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	\$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 12 September 2009 and 18 September 2010	283

Other investments comprise a holding of USD preference shares in a subsidiary undertaking.

## Notes to the financial statements *(continued)*

### 11 Debtors

	2010 £m	2009 £m
<b>Amounts falling due within one year</b>		
Amounts due by parent undertaking	1	-
amount due by joint venture	2	-
	<hr/>	<hr/>
	3	-
	<hr/>	<hr/>
<b>Amounts falling due after one year</b>		
Amounts due by parent undertaking	353	430
Amounts owed by subsidiary undertaking	183	46
Amounts owed by joint venture	81	-
	<hr/>	<hr/>
	617	476
	<hr/>	<hr/>

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

### 12 Creditors

	2010 £m	2009 £m
<b>Amounts falling due within one year</b>		
Amounts owed to parent undertaking	142	101
Amounts owed to fellow subsidiaries	1	-
Corporation tax payable	7	2
	<hr/>	<hr/>
	150	103
	<hr/>	<hr/>
<b>Amounts falling due after one year</b>		
Amounts owed to subsidiary undertakings	994	784
	<hr/>	<hr/>



## Notes to the financial statements (continued)

### 13 Provisions

	£m
At 12 September 2009	91
Settlement of deferred consideration	(21)
Change in fair value of deferred consideration	(16)
Interest	3
	<hr/>
At 18 September 2010	57
	<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

	2010 £m	2009 £m
<b>Issued and fully paid</b>		
459,814,877 Ordinary shares of 5p each (2009 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 12 September 2009	23	371	283	2,320	2,997
Profit for the period				175	175
Dividends paid				(172)	(172)
Effects of movements in foreign exchange				(20)	(20)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 18 September 2010	23	371	283	2,303	2,980
	<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 £20m 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 18 September 2010 the company has provided guarantees in the ordinary course of business amounting to £2m (2009 £nil).

## 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](http://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.