Mauri Products Limited

Directors' report and financial statements

Registered number 1413180

16 September 2006

Contents

Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 16 September 2006

Principal activities

The principal activity of the company is the manufacture and sale of yeast

Business review

The Directors are reporting a 5 4 % decrease in turnover to £16,520,000 This highlights the competitive pressures in the UK and European bakery business

Additional contribution gained from increased prices and reduced operational costs has been offset by higher raw material and energy costs resulting in an operating profit of £4,438,000, being a 3 1% decrease to the previous year The company is facing increased costs for its supply of molasses, as supplies around the world are diverted to bio-ethanol production In addition the recent problems with energy prices have increased costs significantly

The industry sector is facing strong competition from Europe as well as further increases in raw material and energy costs

The company has decided to pull back from the European markets in which it operates, as the volumes concerned are now very inefficient

With further expected increases in Molasses supply costs, and no immediate improvements in energy costs, the Directors anticipate another 'stand still' year ahead

Proposed dividend

The directors declared a final dividend of £nil *(2005 £nil)* in respect of the 52 week period ended 16 September 2006

Directors and directors' interests

The directors who held office during the period were as follows
DR Lamberth (resigned 30 November 2005)
J Lynch
C Simmonds
B Egan (resigned 11 January 2006)
D Cullen (appointed 11 January 2006)

The following directors had the following beneficial interests in the share capital of Associated British Foods plc, as recorded in the register of directors' interests

	Ordinary shares of $5^{15}/_{22}$p each at 16 September 2006	Ordinary shares of $5^{15}/_{22}$p each at 17 September 2005
J Lynch	**634**	620

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The other directors notified no interests No directors in office at the period end had outstanding options to acquire ordinary shares in Associated British Foods plc

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

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

Payments to suppliers

The company does not adopt any specific code or standard, however it is the policy of the company to agree terms of payment when the order for goods and services is placed and to adhere to these arrangements when making payment

The number of days of purchases outstanding at 16 September 2006 was 33 days *(2005 21 days)*

United Kingdom charitable and political contributions

Contributions to charitable organisations during the period totalled £475 *(2005 £835)* No contributions were made to political organisations *(2005 £nil)*

Auditors

Pursuant to a shareholders resolution the company is not obliged to appoint auditors annually and therefore KPMG Audit Plc will continue in office

By order of the board

RS Mendelsohn
Secretary

Weston Centre
10 Grosvenor Street
LONDON
W1K 4QY

7 June 2007

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

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 period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 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
1 The Embankment
Neville Street
Leeds
LS1 4DW

Independent auditors' report to the members of Mauri Products Limited

We have audited the financial statements of Mauri Products Limited for the period ended 16 September 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes These financial statements have been prepared under the accounting policies set out therein

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

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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

Independent auditors' report to the members of Mauri Products Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 16 September 2006 and of its profit for the period then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

7 June 2007

Profit and loss account
for the 52 week period ended 16 September 2006

	Note	**52 week period ended 16 September 2006 £000**	52 week period ended 17 September 2005 £000
Turnover	*3*	**16,520**	17,462
Operating profit	*4-6*	**4,438**	4,581
Other interest receivable and similar income	*7*	**289**	156
Profit on ordinary activities before taxation		**4,727**	4,737
Tax on profit on ordinary activities	*8*	**(1,424)**	(1,422)
Profit for the financial period		**3,303**	3,315
Retained profit for the financial period	*17*	**3,303**	3,315

There were no gains or losses other than those recognised in the profit and loss account above

A statement of movement on reserves is contained in note 17

The above activities relate to continuing operations

The historical cost profit equates to the profit shown above

Balance sheet
at 16 September 2006

	Note	2006 £000	2006 £000	2005 £000	2005 £000
Fixed assets					
Tangible assets	*9*		**6,863**		6,586
Current assets					
Stocks	*11*	**438**		449	
Debtors	*12*	**10,745**		6,959	
Cash at bank and in hand		**159**		287	
		11,342		7,695	
Creditors: amounts falling due within one year	*13*	**(2,528)**		(1,923)	
Net current assets			**8,814**		5,772
Total assets less current liabilities			**15,677**		12,358
Provisions for liabilities and charges	*14*		**(959)**		(943)
Net assets			**14,718**		11,415
Capital and reserves					
Called up share capital	*15*		**1,375**		1,375
Profit and loss account	*16*		**13,343**		10,040
Total equity shareholders' funds			**14,718**		11,415

These financial statements were approved by the board of directors on 7 June 2007 and were signed on its behalf by

~~Colin Simmonds~~
Director
D CULLEN

Cash flow statement
for the period ended 16 September 2006

	Note	**52 week period ended 16 September 2006 £000**	52 week period ended 17 September 2005 £000
Net cash inflow from operating activities	*18*	**2,209**	2,037
Return on investments and servicing of finance	*18*	**289**	156
Taxation		**(1,408)**	(1,492)
Capital expenditure and financial investment	*18*	**(1,218)**	(910)
Net cash outflow before use of liquid resources and financing		**(128)**	(209)
Decrease in cash	*18*	**(128)**	(209)

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 52 week period ended 16 September 2006

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

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- The presentation requirements of FRS 25 'Financial instruments presentation and disclosure', and
- FRS 28 'Corresponding amounts'

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985 The other standards have no impact on the financial statements for the current and preceding year

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	50 years
Plant and machinery	-	5 to 12 years
Computers	-	3 years

No depreciation is provided on freehold land

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 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 is unable to identify its 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', 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

Notes *(continued)*

2 Accounting policies *(continued)*

Stocks

Stocks are stated at the lower of cost and net realisable value

In the case of finished goods manufactured by the company the term 'cost' includes ingredients, production wages and an appropriate proportion of attributable production overheads

Taxation

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 FRS 19

3 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers

Turnover and operating profit are attributable to one activity, the manufacture and sale of yeast

The geographical analysis of turnover by destination is as follows

	52 week period ended 16 September 2006 £000	52 week period ended 17 September 2005 £000
United Kingdom	**15,908**	16,719
Europe	**549**	720
Rest of the World	**63**	23
	16,520	17,462

Notes *(continued)*

4 Operating profit

	52 week period ended 16 September 2006 £000	52week period ended 17 September 2005 £000
Turnover	**16,520**	17,462
Cost of sales	**(8,890)**	(9,470)
Gross profit	**7,630**	7,992
Distribution costs	**(2,295)**	(2,542)
Administrative expenses	**(897)**	(869)
Operating profit	**4,438**	4,581

Operating profit is stated after charging/(crediting)

Staff costs (note 5)	**1,754**	1,734
Depreciation and other amounts written off fixed tangible assets		
Owned	**1,030**	1,067
(Profit)/loss on sale of tangible fixed assets	**(89)**	8
Auditors' remuneration		
Audit	**10**	9

5 Staff numbers and costs

The average number of persons employed by the company during the period was as follows

	Number of employees 52 week period ended 16 September 2006 Number	Number of employees 52 week period ended 17 September 2005 Number
Production and administration	**54**	58

Notes *(continued)*

5 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	52 week period ended 16 September 2006	52 week period ended 17 September 2005
	£000	£000
Wages and salaries	**1,459**	1,489
Social security costs	**131**	126
Other pension costs	**164**	119
	1,754	1,734

Pensions

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 is unable to identify its 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', 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 There are no contributions outstanding at the period end

6 Directors remuneration

None of the directors received any emoluments in respect of services to the company *(2005 £nil)*

7 Other interest receivable and similar income

	52 week period ended 16 September 2006	52 week period ended 17 September 2005
	£000	£000
Receivable from group undertakings	**286**	153
Interest on Tax refund	**3**	3
	289	156

Notes *(continued)*

8 Taxation on profit on ordinary activities

	52 week period ended 16 September 2006 £000	52 week period ended 17 September 2005 £000
UK corporation tax at 30% *(2005 30%)*	**1,408**	1,492
Adjustment in respect of prior periods	**-**	(3)
Total current tax	**1,408**	1,489
Deferred tax (note 14)	**16**	(67)
	1,424	1,422

The tax assessed for the period is lower *(2005 higher)* than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £000	2005 £000
Profit on ordinary activities before tax	**4,727**	4,737
Profit on ordinary activities at standard rate or corporation tax in the UK of 30% (2005 30%)	**1,418**	1,421
Expenses not deductible for tax purposes	**-**	6
Capital allowances in excess of depreciation	**(10)**	65
Adjustments in respect of prior periods	**-**	(3)
Total current tax	**1,408**	1,489

Notes *(continued)*

9 Tangible fixed assets

	Land and buildings	Plant and machinery	Payments on account and assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At beginning of period	1,927	15,326	393	17,646
Additions	-	698	1,154	1,852
Disposals	-	(1,899)	-	(1,899)
At end of period	1,927	14,125	1,547	17,599
Depreciation				
At beginning of period	528	10,532	-	11,060
Charge for period	48	982	-	1,030
Disposals	-	(1,354)	-	(1,354)
At end of period	576	10,160	-	10,736
Net book value				
At 16 September 2006	**1,351**	**3,965**	**1,547**	**6,863**
At 17 September 2005	1,399	4,794	393	6,586

Land and buildings comprise freehold property, including land at a cost of £399,701 *(2005 £399,701)* which is not depreciated

10 Capital commitments

There are commitments for capital expenditure by the company of approximately £157,000 *(2005 £233 000)* for which no provision has been made in these financial statements

Notes *(continued)*

11 Stocks

	52 week period ended 16 September 2006 £000	52 week period ended 17 September 2005 £000
Raw materials and consumables	327	347
Finished goods and goods for resale	111	102
	438	449

12 Debtors

	52 week period ended 16 September 2006 £000	52 week period ended 17 September 2005 £000
Trade debtors	10,682	6,784
VAT recoverable	41	125
Prepayments and accrued income	22	50
	10,745	6,959

Inter-company amounts contained in the above balances are highlighted in note 19

13 Creditors: amounts falling due within one year

	52 week period ended 16 September 2006 £000	52 week period ended 17 September 2005 £000
Trade creditors	1,097	632
Corporation tax	1,265	1,291
Accruals and deferred income	166	-
	2,528	1,923

Inter-company amounts contained in the above balances are highlighted in note 19

Notes *(continued)*

14 Provisions for liabilities and charges

	Deferred tax £000
At beginning of the period	943
Charged in the period	10
Prior year correction	6
At end of period	959

The elements of deferred taxation are as follows

	2006 £000	2005 £000
Difference between accumulated depreciation and capital allowances	959	943
Deferred tax liability	959	943

15 Called up share capital

	16 September 2006 Number	16 September 2006 £	17 September 2005 Number	17 September 2005 £
Authorised				
Ordinary shares of £1 each				
Class A	1,499,999	1,499,999	1,499,999	1,499,999
Class B	1,499,999	1,499,999	1,499,999	1,499,999
Class C	2	2	2	2
	3,000,000	3,000,000	3,000,000	3,000,000
Allotted, called up and fully paid				
Ordinary shares of £1 each				
Class A	687,500	687,500	687,500	687,500
Class B	687,500	687,500	687,500	687,500
Class C	1	1	1	1
	1,375,001	1,375,001	1,375,001	1,375,001

The holders of Class A and B shares can appoint 4 and 3 directors respectively Class C shareholders have no right of appointment

Notes *(continued)*

18 Notes to cash flow statements

(i) Reconciliation of operating profit to net cash flow from operating activities

	2006 £000	2005 £000
Operating profit	**4,438**	4,581
Depreciation	**1,030**	1,067
(Profit)/loss on disposal of tangible fixed assets	**(89)**	8
Decrease/(increase) in stocks	**11**	(38)
wIncrease in debtors	**(3,786)**	(3,445)
Increase/(decrease) in creditors	**605**	(136)
Net cash inflow from operating activities	**2,209**	2,037

(ii) Analysis of cash flows for headings netted in the cash flow statement and other information

	2006 £000	2005 £000
Returns on investments and servicing of finance		
Interest received	**289**	156
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(1,852)**	(1,024)
Proceeds from sales of tangible fixed assets	**634**	114
	(1,218)	(910)

(iii) Analysis of changes in cash and cash equivalents

	Cash £000
Balance at 17 September 2005	287
Net cash outflow	(128)
Balance at 16 September 2006	**159**

Notes *(continued)*

19 Related party transactions

Mauri Products Limited is wholly owned by Associated British Foods plc

During the period the company had yeast sales to, and raw material purchases from, Associated British Foods plc subsidiary companies of £4,689,000 *(2005 £4,718,000)* and £1,834,000 *(2005 £2,942,000)* respectively

The amounts due from Associated British Foods plc group companies is £8,942,000 *(2005 £4,826,000)* The amounts owed to Associated British Foods plc group companies is £2,000 *(2005 £3,000)* These amounts are included in notes 12 and 13 within trade debtors and trade creditors respectively

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate holding company and controlling party as defined by FRS 8 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 that headed by Wittington Investments 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