

ABF Overseas Limited

**Directors' report and financial
statements**

Registered number 3313345

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 parts of Western Europe

Business review and future developments

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

During the period the company increased its investments in subsidiaries by £228.5m, primarily through an increase in investments in ABF UK Limited (£76.7m), Illovo Sugar Limited (£115.5m) and R. Twining and Company Sp. z o.o. (£16.0m)

Trading results, share issue, dividends and transfer to reserves

The profit and loss account is on page 5. Profit for the period attributable to equity shareholders and transferred to reserves amounted to £38.9m (2009: £27.2m), which includes dividend income from fixed asset investments of £55.9m (2009: £51.1m). No ordinary dividend was declared in the period (2009: nil).

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 confirmed by the businesses 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, three times each year.

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

Pursuant to Section 487 of the Companies Act 2006, the auditors are deemed to have been reappointed and KPMG Audit Plc will therefore continue in office.

Directors' report *(continued)*

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.

Directors

The directors who held office during the period were

JG Bason

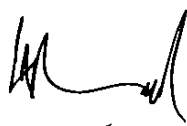
PA Russell

RS Schofield

Employees

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

By order of the board



PA Russell
Director

Weston Centre
10 Grosvenor Street
London
W1K 4QY
13 June 2011

Registered number 3313345

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 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 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 its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Canary Wharf
London
E14 5GL

Independent auditors' report to the members of ABF Overseas Limited

We have audited the financial statements of ABF Overseas Limited for the 53 week period ended 18 September 2010 which comprised the profit and loss account, the balance sheet, the statement of total recognised gains and losses, 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/UKNP

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
Canary Wharf
London
E14 5GL
13 June 2011

Profit and loss account

for the 53 week period ended 18 September 2010

	<i>Notes</i>	2010 £'000	2009 £'000
Administration costs		(1,049)	(26)
Income from fixed asset investments	5	55,877	51,104
Profit on disposal of business		-	3,608
		<hr/>	<hr/>
Operating profit		54,828	54,686
Net interest payable	6	(21,046)	(31,198)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		33,782	23,488
Tax credit on profit on ordinary activities	7	5,158	3,696
		<hr/>	<hr/>
Profit on ordinary activities after taxation		38,940	27,184
		<hr/> <hr/>	<hr/> <hr/>

There is no material difference between the company's results as reported and on a 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 15 form a part of these financial statements.

Balance sheet

at 18 September 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments in subsidiaries, joint ventures and partnerships	8	3,157,383	2,514,556
Other investments	9	3,343	302,744
		<u>3,160,726</u>	<u>2,817,300</u>
Current assets			
Debtors			
- due within one year	10	8,937	6,493
- due after one year	10	192,902	258,432
Cash		882	4
		<u>202,721</u>	<u>264,929</u>
Creditors amounts falling due within one year	11	(389,622)	(170,393)
Provisions amounts falling due within one year	12	(10,665)	-
		<u>(197,566)</u>	<u>94,536</u>
Net current (liabilities)/assets			
		(197,566)	94,536
Total assets less current liabilities		<u>2,963,160</u>	<u>2,911,836</u>
Creditors amounts falling due after one year	11	(908,418)	(1,316,199)
Provisions	12	-	(16,984)
		<u>(908,418)</u>	<u>(1,333,183)</u>
Net assets		<u>2,054,742</u>	<u>1,578,653</u>
Capital and reserves			
Called-up share capital	13	1,711,775	1,397,902
Share premium	14	76,649	-
Profit and loss account	14	185,829	146,889
Translation reserve	14	80,489	33,862
		<u>2,054,742</u>	<u>1,578,653</u>
Equity shareholder's funds		<u>2,054,742</u>	<u>1,578,653</u>

These financial statements were approved by the board of directors on 13 June 2011 and were signed on its behalf by


PA Russell
Director

Registered number 3313345

Statement of total recognised gains and losses

for the 53 week period ended 18 September 2010

	2010 £'000	2009 £'000
Profit for the financial period	38,940	27,184
Effect of movements in foreign exchange	46,627	31,027
Total recognised gains relating to the financial period	85,567	58,211

Reconciliation of movements in equity shareholder's funds

for the 53 week period ended 18 September 2010

	2010 £'000	2009 £'000
Opening equity shareholder's funds	1,578,653	1,341,384
Equity share capital subscribed	-	179,058
Share premium	76,649	-
Preference share capital subscribed	313,873	-
Profit for the financial period	38,940	27,184
Effect of movements in foreign exchange	46,627	31,027
Closing equity shareholder's funds	2,054,742	1,578,653

Notes to the financial statements

1 Accounting reference date

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, as modified by the revaluation of certain assets, 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.

The company has net current liabilities. The immediate parent company, ABF Investments plc, has confirmed to the directors that it will continue to provide financial and other support to the company at least for the next twelve months to enable the company to continue to meet its liabilities as they fall due.

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 undertaking included in consolidated financial statements which are publicly available.

Income tax

The charge for taxation is based on the profit or loss for the financial period 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.

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.

The assets and liabilities of the company's foreign branch are denominated in foreign currencies and are translated into sterling at the rate of exchange at the balance sheet date. Income and expenses are translated into sterling at an average exchange rate. Any difference that arises due to a variance between the rate of exchange at the balance sheet date and the average is recorded in reserves. Income and expenses are translated into sterling at an average exchange rate.

Financial instruments

Under FRS 25, preference shares issued with cumulative dividend rights attached are classified as financial liabilities. Where preference shares are issued in foreign currency and are classified as financial liabilities, the shares are revalued to local currency at each reporting date. Preference shares issued with dividends awarded at the discretion of the directors of the company are classified as equity in the financial statements.

In accordance with SSAP 20, the company has utilised financial liabilities with fellow subsidiaries as net investment hedges of investments in other subsidiaries. Both the investments and the liabilities are revalued at each reporting date. This reduces the company's foreign exchange exposure.

Notes to the financial statements *(continued)*

2 Accounting policies *(continued)*

Investments

Investments in subsidiaries are reported at cost less any provision for impairment, except for those investments hedged in accordance with SSAP 20. These hedged investments are converted to foreign currency at 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.

3 Directors' emoluments

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

4 Auditors' remuneration

The auditors' remuneration was borne by the holding company in the current and previous period.

5 Income from fixed asset investments

	2010 £'000	2009 £'000
Income from shares in group undertakings	52,619	50,976
Income from shares in joint ventures	375	-
Income from other investment	103	128
Other income	2,780	-
	<hr/> 55,877 <hr/>	<hr/> 51,104 <hr/>

Notes to the financial statements *(continued)*

6 Net interest payable

	2010 £'000	2009 £ 000
Interest receivable		
Interest income on loans to fellow subsidiary undertakings	2,774	2,857
Interest income on loans to parent undertakings	1,789	5,426
Foreign exchange gains on financing activities	2,783	6 053
	<hr/> 7,346	<hr/> 14,336
Interest payable		
Interest expense on borrowings from fellow subsidiary undertakings	(644)	(42,717)
Interest expense on borrowings from parent undertaking	(24,645)	(1,876)
Unwind of discount on deferred consideration payable	(546)	(150)
Foreign exchange losses on financing activities	(2,557)	(791)
	<hr/> (28,392) <hr/>	<hr/> (45,534) <hr/>
Net interest payable	<hr/> (21,046) <hr/>	<hr/> (31,198) <hr/>

7 Tax on profit on ordinary activities

(a) Analysis of the tax credit in the period

	2010 £'000	2009 £'000
Current tax credit	5,158	3,696

(b) Factors affecting current tax credit for the period

The tax credit for the period differs from the charge that would have arisen at the standard rate of corporation tax in the UK of 28.00%. The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	33,782	23,488
Tax at the standard rate of corporation tax of 28.00% (2009 28.00%)	9,459	6,576
Overseas tax	-	1,025
Other income not subject to corporation tax	(14,867)	(11,297)
Expenditure not deductible for tax purposes	250	-
	<hr/> (5,158) <hr/>	<hr/> (3,696) <hr/>
Current tax credit in the period	<hr/> (5,158) <hr/>	<hr/> (3,696) <hr/>

Notes to the financial statements *(continued)*

(c) Factors affecting future tax credits or charges

Effective 1 April 2011 the UK corporation tax rate was reduced from 28% to 27% and the effect on deferred tax has been included within these accounts. The 27% rate has now been further reduced to 26% but this further reduction is a post balance sheet event so the effect of this change will not be reflected until next year. It has also been announced that the UK tax rate will drop a further 1% per annum over each of the following three years reaching 23% effective from 1 April 2014. However, the impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

8. Investments in subsidiaries, joint ventures and partnerships

	Shares in subsidiaries £'000	Shares in joint ventures £'000	Shares in partnerships £'000	Total £'000
Cost at 12 September 2009	2,127,924	6,207	388,625	2,522,756
Additions	228,458	-	-	228,458
Reclassification from other investments (refer to note 9)	313,873	-	-	313,873
Loan waiver	9,061	-	-	9,061
Effect of movements in foreign exchange	30,935	-	60,500	91,435
At 18 September 2010	2,710,251	6,207	449,125	3,165,583
Amounts written off at 12 September 2009 and 18 September 2010	8,200	-	-	8,200
Carrying value at 12 September 2009	2,119,724	6,207	388,625	2,514,556
Carrying value at 18 September 2010	2,702,051	6,207	449,125	3,157,383

During the period the company increased its investments in subsidiaries by £228.5m, primarily through an increase in investments in ABF UK Limited (£76.7m), Illovo Sugar Limited (£115.5m) and R. Twining and Company SpA (£16.0m).

No provisions for impairment were required in the current financial period.

A list of the principal subsidiaries is given on page 12. All 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)

Principal subsidiary undertakings

	Place of incorporation or registration (if overseas)	Class of shares held	Percentage of shares held
AB Calsa Servicios, S DE R L DE C V	Mexico	Equity participation	99.99%
AB Calsa S A de C V	Mexico	Ordinary B	78%
Azucarera Ebro	Spain	Ordinary	100%
Abitec Corporation	US	Ordinary	100%
AB Food & Beverages Australia Pty Ltd *	Australia	Ordinary	100%
AB Food & Beverages Philippines, Inc	Philippines	Ordinary	100%
AB Food and Beverages GmbH	EU	Ordinary	100%
AB Foods Polska SP z o o	Poland	Ordinary	100%
AB Enzymes OY	Finland	Ordinary	100%
AB Mauri Food, S A	Spain	Ordinary	100%
AB Mauri India (Private) Limited	India	Ordinary	100%
AB Mauri Vietnam Ltd	Vietnam	Ordinary	66%
ACH Food Companies Inc *	US	Ordinary	100%
Alimentos Capullo S de R L de C V	Mexico	Ordinary	100%
Anzchem Pty Ltd *	Australia	Ordinary	100%
Azucarera Ebro, S L U	Spain	Ordinary	100%
Calsa de Colombia S A	Colombia	Ordinary	100%
Casteggio Lieviti S r L	Spain	Ordinary	100%
Compania Argentina de Levaduras S A I C	Argentina	Ordinary	86%
George Weston Foods Limited *	Australia	Ordinary	100%
George Weston Foods (NZ) Limited *	New Zealand	Ordinary	100%
Harbin Mauri Yeast Co , Limited	China	Ordinary	85%
Hebei Mauri Food Co , Ltd	China	Ordinary	100%
Illovo Sugar Limited	South Africa	Ordinary	51%
Illovo Sugar (Malawi) Limited *	Malawi	Ordinary	39%
Kilombero Sugar Company Limited *	Tanzania	Ordinary	28%
Maragra Acucar SARL*	Mozambique	Ordinary	46%
Mauri Fermentos, SA	Portugal	Ordinary	96%
Mauri Lanka (Private) Limited	Sri Lanka	Ordinary	100%
Mauri Products Limited	UK	Ordinary	100%
Serrol Ingredients Pty Ltd	Australia	Ordinary	100%
Shanghai AB Food & Beverages Limited*	China	Ordinary	100%
SPI Pharma S A S	France	Ordinary	100%
SPI Pharma Inc	US	Ordinary	100%
Twinnings North America Inc *	US	Ordinary	100%
Ubombo Sugar Limited *	Swaziland	Ordinary	31%
Wander AG	Switzerland	Ordinary	100%
Zambia Sugar plc *	Zambia	Ordinary	46%

*Indirect investments

There is no significant loan capital in any of the joint ventures. Each joint venture 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 the company's subsidiary undertakings, joint ventures and partnerships is not less than the value at which they are stated in the balance sheet.

Notes to the financial statements *(continued)*

9. Other investments

Investments

	£'000
Cost	
At beginning of the period	266,631
Restatement of opening balance	20,094
Reclassification to investment in subsidiaries	(283,382)

Cost at 18 September 2010	3,343
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Effect of movements in foreign exchange

At beginning of the period	36,113
Restatement of opening balance	(20,094)
Current period effect	14,472
Reclassification to investment in subsidiaries	(30,491)

At 18 September 2010	-
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Net book value

At 18 September 2010	3,343
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At 12 September 2009	302,744
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Other investments comprised a holding of USD preference shares in a fellow subsidiary (£313.9m) and a 10% holding in the ordinary shares of Somadir SA (£3.3m). During the period the dividend rights attached to the preference shares were amended such that dividends are no longer paid on a cumulative basis but rather paid at the discretion of the directors of the fellow subsidiary. In accordance with FRS25, the investment at cost, together with the accumulated gain on translation, has been reclassified to investment in subsidiaries. The foreign exchange gain which had previously been held in reserves that arose on revaluation was released to the profit and loss account.

10. Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year		
Group relief receivable	5,389	6,242
Amounts owed by parent undertaking	227	192
Amounts owed by fellow subsidiary undertakings	2,014	38
Other debtors	1,307	21
	8,937	6,493
Amounts falling due after one year		
Amounts owed by parent undertaking	125,357	125,357
Amounts owed by fellow subsidiary undertakings	67,545	133,075
	192,902	258,432

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

Notes to the financial statements *(continued)*

11. Creditors

	2010 £'000	2009 £'000
Amounts falling due within one year		
Amounts owed to parent undertaking	388,669	170,213
Amounts owed to fellow subsidiary undertakings	940	180
Accruals and deferred income	13	-
	<u>389,622</u>	<u>170,393</u>
Amounts falling due after one year		
Amounts owed to parent undertaking	882,469	987,313
Amounts owed to fellow subsidiary undertakings	25,949	29,485
Preference shares issued to a fellow subsidiary undertaking (refer to note 14)	-	299,401
	<u>908,418</u>	<u>1,316,199</u>

The directors consider that the carrying amounts of creditors approximate their fair value. Included in the opening balance of creditors – amount falling due after one year were USD preference shares issued to a fellow subsidiary undertaking (£313.9m). During the period the dividend rights attached to these preference shares were amended such that dividends are no longer paid on a cumulative basis but rather paid at the discretion of the directors. In accordance with FRS25, the financial liability, together with the accumulated loss on translation, has been reclassified to called-up share capital as preference share capital. The foreign exchange loss which arose on revaluation, which had previously been held in the translation reserve, was transferred to preference share capital.

12. Provisions

	2010 £'000
Deferred consideration payable – due within one year	
At the beginning of the period	16,984
Created in the period	2,781
Settled in the period	(8,108)
Effects of movement in foreign exchange	(992)
	<u>10,665</u>

The provision primarily relates to the deferred consideration payable on the company's investment in Azucarera Ebro S L U, which is expected to be settled in the 2010/2011 financial year.

13. Share capital

	2009 £'000	2009 £'000
Issued and fully paid		
1,397,901,702 ordinary shares of £1 each	1,397,902	1,397,902
(2009 1,397,901,602 Ordinary shares of £1 each)		
500,000 B Class preference Shares of US\$1 each	313,873	-
	<u>1,711,775</u>	<u>1,397,902</u>

Notes to the financial statements *(continued)*

14. Capital and Reserves

	Issued capital	Share premium	Preference share capital	Translation reserve	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 12 September 2009	1,397,902	-	-	33,862	146,889	1,578,653
Reclassification from creditors (refer to note 1)	-	-	313,873	-	-	313,873
Share premium	-	76,649	-	-	-	76,649
Profit for the period	-	-	-	-	38,940	38,940
Effect of movements in foreign exchange	-	-	-	46,627	-	46,627
At 18 September 2010	1,397,902	76,649	313,873	80,489	185,829	2,054,742

During the period the company issued 100 ordinary shares of £1 each for £76 6m to the existing parent undertaking, resulting in a share premium of £76 6m

15. Contingent liabilities

The company has no outstanding guarantees provided in the ordinary course of business as at 18 September 2010 (2009 nil)

16. Holding company

The immediate holding company is ABF Investments plc, a company registered in England and Wales. 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