

ABF Investments plc

**Directors' report and financial
statements**

Registered number 306672

15 September 2007



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Directors' report

The directors present their annual report and the audited financial statements for the 52 week period ended 15 September 2007

Profit and dividends

The profit and loss account is on page 5 Profit for the year attributable to equity shareholders amounted to £202m (2006 £568m), and dividends of £152m were declared (2006 £180m) Dividends are detailed in note 8

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, the Republic of Ireland and Spain

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 principle activities

Investments in subsidiaries and joint ventures increased by £10m, which related to an increase in the investment in ABF Overseas Limited by £164m, and a reduction in the company's investment in ABF Funding In addition, the company acquired a 45% investment in Vivergo Fuels Limited, a joint venture with BP and Du Pont

Profit on disposal of business of £2m arose on the winding up of a dormant company Davare Holdings (CI) Limited the investment in which had previously been written down

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, 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

A resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

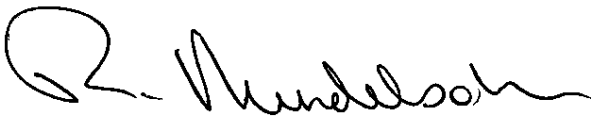
Directors' indemnities

One director of the company and three directors of operating subsidiaries, one of whom resigned on 13 October 2006, benefited from qualifying third party indemnity provisions provided by the company during the financial year 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



RS Mendelsohn
Secretary

Weston Centre
10 Grosvenor Street
London
W1K 4QY

2 April 2008

Statement of directors' responsibilities

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)

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
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report

We have audited the financial statements of ABF Investments plc for the year ended 15 September 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

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 15 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

2 April 2008

Profit and loss account

for the year ended 15 September 2007

	Notes	2007 £m	2006 £m
Investment income	5	199	216
Profit on disposal of business		2	361
		<hr/>	<hr/>
Profit on ordinary activities before interest		201	577
Net interest receivable/(payable)	6	1	(14)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		202	563
Tax on profit on ordinary activities	7	-	5
		<hr/>	<hr/>
Profit on ordinary activities after taxation		202	568
		<hr/>	<hr/>

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.

Balance sheet

at 15 September 2007

	<i>Notes</i>	2007 £m	2006 £m
Fixed assets			
Investments in subsidiaries and joint ventures	9	2,545	2,535
Other investments	10	283	283
		<hr/> 2,828	<hr/> 2,818
Current assets			
Debtors			
- due within one year	11	328	548
- due after one year	11	436	6
		<hr/> 764	<hr/> 554
Creditors amounts falling due within one year	12	(60)	(283)
		<hr/> 704	<hr/> 271
Net current assets			
		<hr/> 3,532	<hr/> 3,089
Total assets less current liabilities			
		<hr/> 3,532	<hr/> 3,089
Creditors amounts falling due after one year	12	(680)	(287)
		<hr/> 2,852	<hr/> 2,802
Net assets		<hr/> 2,852	<hr/> 2,802
Capital and reserves			
Called-up share capital	13	22	22
Share premium	14	192	192
Capital contribution reserve	14	283	283
Profit and loss account	14	2,355	2,305
		<hr/> 2,852	<hr/> 2,802
Shareholders' funds		<hr/> 2,852	<hr/> 2,802

These financial statements were approved by the board of directors on 2 April 2008 and were signed on its behalf by



PA Russell

Director

Reconciliation of movements in shareholders' funds

for the year ended 15 September 2007

	<i>Notes</i>	2007 £m	2006 £m
Opening shareholders' funds		2,802	2,131
Profit for the financial year		202	568
Dividends	8	(152)	(180)
Capital contribution received		-	283
Closing shareholders' funds		2,852	2,802

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 15 September 2007.

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 1985.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement because it is a wholly-owned subsidiary undertaking. 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.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Income from fixed asset investments

Dividend income is recognised on a receipts basis.

Financial Instruments

Under paragraph 28 of SSAP 20, the company has utilised a financial liability with a fellow subsidiary undertaking as a net investment hedge of an investment in a second subsidiary undertaking. Both the investment and the liability are revalued at each reporting date. This reduces the company's foreign exchange exposure.

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax where appropriate.

Current tax is the tax expected to be payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, together with any adjustment to tax payable in respect of previous years.

Provision for deferred tax is made on all timing differences that have originated, but not reversed at the balance sheet date.

Notes (continued)

2 Accounting policies (continued)

Investments

Investments in subsidiary undertakings 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 converted to foreign currency at inception of the hedge and then revalued at each reporting date.

Share capital

Fully paid ordinary share capital is stated at its nominal value.

3 Directors' emoluments

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

4 Auditors' remuneration

Auditors' remuneration has been borne by the holding company in the current and the previous period.

5 Investment income

	2007 £m	2006 £m
Income from shares in group undertakings	199	216

6 Net interest receivable/(payable)

	2007 £m	2006 £m
Interest receivable		
Interest income from parent undertaking	37	6
	<u>37</u>	<u>6</u>
Interest payable		
Interest expense on borrowings from fellow subsidiary undertakings	36	13
Foreign exchange loss on financing activities	-	7
	<u>36</u>	<u>20</u>
Net interest receivable/(payable)	<u>1</u>	<u>(14)</u>

Notes (continued)

7 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2007 £m	2006 £m
Current tax credit	-	5

(b) Factors affecting current tax credit for the period

The tax credit for the period is different from the standard rate of corporation tax in the UK (30%). The differences are explained below

	2007 £m	2006 £m
Profit on ordinary activities before tax	203	563
Tax at the standard rate of corporation tax of 30% (2006 30%)	61	169
Income not subject to corporation tax	61	174
Current tax credit	-	5

8 Dividends

	2007 £m	2006 £m
Interim dividends	152	180

The first interim dividend of £100m was declared and paid on 5 January 2007. The second interim dividend of £52m was declared on 25 June 2007 and paid on 16 September 2007. No final dividend is proposed.

Notes (continued)

9 Investments in subsidiaries and joint ventures

	Shares in subsidiary undertakings £m	Shares in joint ventures £m	Total £m
At 16 September 2006	2,535	-	2,535
Additions	164	4	168
Disposals	(141)	-	(141)
Effect of movements in foreign exchange	(17)	-	(17)
At 15 September 2007	2,541	4	2,545

During the year the company increased its investment in ABF Overseas Limited by £164m and reduced its investment in ABF Funding by £141m. In addition, it acquired a 45% investment in Vivergo Fuels Limited, a joint venture with BP and Du Pont.

There were no provisions for impairment in either year.

A list of the principal subsidiary undertakings is given below. Except where stated, none of the companies listed is a direct subsidiary of ABF Investments plc.

Notes (continued)

9 Investments in subsidiaries and joint ventures (continued)

Principal subsidiary undertakings

Manufacturing activities

AB Agri Limited
AB Brasil Industria e comercio de Alimentos LTDA
AB Enzymes GmbH
AB Enzymes Oy
ABF Grain Products Limited
AB Food & Beverages Australia Pty Ltd
AB Food & Beverages Philippines, Inc
AB Food & Beverages (Thailand) Limited
AB Mauri Food, S A
AB Mauri India (Private) Limited
Abitec Corporation
Abitec Limited
ABNA (Shanghai) Feed Co , Ltd
ACH Food Companies Inc
Alimentos Capullo S de R L de C V
Anzchem Pty Ltd
British Sugar (Overseas) Limited
British Sugar plc*
BSO Polska S A (98%)
Calsa de Colombia S A S
Cereform Limited
Compania Argentina de Levaduras S A I C
Cukrownia Gliniojeck SA (98%)
Deutsche Hefewerke GmbH
Food Investments Limited*
Foods International S A S
G Costa and Company Limited
George Weston Foods Limited
George Weston Foods (NZ) Limited
Germain's (Ireland) Limited
Germain's Technology Group NA Inc
German's Technology Group Polska Sp z o o
Guangxi Bo Hua Food Co , Ltd (71%)
Guangxi Boqing Food Co , Ltd (60%)
Guangxi Boxuan Food Co , Ltd (70%)
Harbin Mauri Yeast Co , Limited (85%)
Hebei Mauri Food Co , Ltd
Illovo Sugar Limited (51%)
Illovo Sugar (Malawi) Limited (39%)
Innovative Cereal Systems LLC
Jacksons of Piccadilly Limited
Jordan Bros, (N I) Limited
Kilombero Sugar Company Limited (28%)
Liaoning Liaohe Aimin Feed Co , Ltd
Liaoning Liaohe Yingpeng Feed Co , Ltd
Maragra Acucar SARL (38%)
Mauri Fermentos, SA
Mauri Lanka (Private) Limited
Mauri La-Nga Fermentation Co , Ltd (66%)
Mauri Maya Sanayi A S
Mauri Products Limited
Nambarrie Tea Company Limited
Patak's Food Limited
Patak's Breads Limited
R Twining & Co Limited
R Twining & Company Limited
Serrol Ingredients Pty Limited
Shanghai AB Food & Beverages Limited

Country of incorporation

UK
Brazil
Germany
Finland
UK
Australia
Philippines
Thailand
Spain
India
US
UK
China
US
Mexico
Australia
UK
UK
Poland
Columbia
UK
Argentina
Poland
Germany
UK
France
UK
Australia
New Zealand
Republic of Ireland
US
Poland
China
China
China
China
China
China
South Africa
Malawi
US
UK
UK
Tanzania
China
China
Mozambique
Portugal
Sri Lanka
Vietnam
Turkey
UK
UK
UK
US
UK
Australia
China

SPI Pharma S A S
SPI Pharma Inc
SPI Polyols Inc
SugarPol (Torun) Sp z o o (72%)
The Billington Food Group Limited
The Ryvita Company Limited
Twinings North America Inc
Ubombo Sugar Limited (31%)
Wander AG
Yeast Products Company Limited (60%)
Zambia Sugar plc (46%)

France
US
US
Poland
UK
UK
US
Swaziland
Switzerland
Republic of Ireland
Zambia

Retailing activities

Primark
Primark Stores Limited*
Primark Tiendas S L U

Republic of Ireland
UK
Spain

Investment and other activities

ABF European Holdings & Co SNC
Talisman (Guernsey) Limited

Luxembourg
Guernsey, Channel Islands

Principal joint ventures and associates

	Country of incorporation	Issued ordinary share capital Total	Group %
Australasian Lupin Processing Pty Ltd	Australia	A\$560,000	50
C Czarnikow Limited	UK	£1,000,000	43
Chiltern Bakeries Limited	UK	£100	44
Frontier Agriculture Limited	UK	£36,000,001	50
Harper-Love Adhesives Corporation	US	US\$912,200	50
Levaduras Collico S A	Chile	CLP1,834,390,000	50
Murray Bridge Bacon Pty Ltd	Australia	A\$11,040,210	20
New Food Coatings Pty Limited	Australia	A\$150,000	50
Qingdao Xinghua Cereal Oil & Foodstuff Co , Ltd	China	CNY24,844,000	30
Roal Oy	Finland	EUR3,196,000	50
Vivergo Fuels Limited*	UK	£8,000,000	45
W Jordan & Son (Silo) Limited	UK	£2,000	20

*Directly owned by ABF Investments plc

Group interest is 100% except where indicated. The percentages give ABF Investments plc's ultimate interest and therefore allow for the position where interests in subsidiaries and joint ventures are held by partly-owned intermediate subsidiaries.

British Sugar (Overseas) Limited operates subsidiary undertakings and joint ventures in Europe and Asia. Other than this company, each subsidiary undertaking 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.

Notes (continued)

10 Other investments

	£m
Cost	
at 16 September 2006 and 15 September 2007	283

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

11 Debtors

	2007 £m	2006 £m
Amounts falling due within one year		
Amounts due by parent	328	548
	<u>328</u>	<u>548</u>
Amounts falling due after one year		
Amounts due by parent	430	-
Amounts owed by fellow subsidiary undertakings	6	6
	<u>436</u>	<u>6</u>

The directors consider that the carrying amounts of debtors approximate their fair value

Notes (continued)

12 Creditors

	2007 £m	2006 £m
Amounts falling due within one year		
Amounts owed to parent undertaking	52	-
Amounts owed to fellow subsidiary undertakings	2	283
Corporation tax payable	6	-
	<hr/>	<hr/>
	60	283
Amounts falling due after one year	<hr/>	<hr/>
Amounts owed to fellow subsidiary undertakings	680	287
	<hr/>	<hr/>

The directors consider that the carrying amounts of creditors approximate their fair value

13 Share capital

	2007 £m	2006 £m
Authorised		
591,662,120 Ordinary shares of 5p each	30	30
	<hr/>	<hr/>
Issued and fully paid		
449,814,877 Ordinary shares of 5p each	22	22
	<hr/>	<hr/>

Notes (continued)

14 Reserves

	Issued capital	Share Premium	Capital contribution reserve	Profit and loss account	Total
	£m	£m	£m	£m	£m
At 16 September 2006	22	192	283	2,305	2,802
Profit for the year	-	-	-	202	202
Dividends	-	-	-	(152)	(152)
At 15 September 2007	22	192	283	2,355	2,852

The company applies SSAP 20 to hedge its investment in ABF Funding. During the period a foreign exchange loss of £17m was recognised on its investment. This was fully offset by a £17m gain on a US dollar loan. The gain and loss offset and are included in reserves.

15 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.

The company has provided guarantees in the ordinary course of business amounting to £58m (2006 - £46m).

16 Holding company

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 headed by Wittington Investments Limited, incorporated in Great Britain. 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.

17 Indemnity

The Company has granted an indemnity to one of its directors and to three directors of operating subsidiaries (one of whom resigned on 13 October 2006) 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.