ABF Investments plc

ANNUAL REPORT AND ACCOUNTS 2004

Annual Report and Accounts 2004

Contents

Directors' report

The directors present their annual report and the audited financial statements for the 53 weeks ended 18 September 2004.

Profit and dividends
The group profit and loss account is on page 5. Profit for the financial period amounted to £344m and the dividends to £120m. Dividends are detailed in note 9.

Review of activities
The activities of the group principally concern the processing and manufacture of food in Europe, Australia, New Zealand, Asia and the US, and textile retailing in the UK and the Republic of Ireland. Comments on the development of the business during the period under review and on the future outlook are given below.

Tangible fixed assets
The group's tangible fixed assets are included in the financial statements at cost. The properties are employed in the business and many of them were acquired when market values were substantially lower than at present. The directors consider that a surplus over book value exists, but are unable to quantify the excess.

Development and future outlook
The profit on ordinary activities before tax was £495m, up by £53m compared with the previous year.

The results include a full year contribution from Ovaltine which was acquired at the end of November 2002 and 4 months of Capullo which was acquired at the beginning of May 2004. Tone Brothers Inc was also acquired at the end of August 2004. In addition, after the year end, we completed the purchase of the international yeast, yeast extracts and bakery ingredients business from Burns Philp, at a cost of £645m. This acquisition increases our position in food ingredients and develops our international reach.

In grocery, following its successful acquisition of Mazola in 2002, ACH acquired Capullo, the leading Mexican premium canola oil brand. This not only provides an entry into the growing Mexican market but also the opportunity to introduce Capullo to the US where ACH already has a strong franchise with Hispanic consumers. Our international hot beverages business celebrated a successful first full year of trading from Ovaltine. Growth in the brand was achieved in Switzerland, the Philippines and in Thailand. New products were launched under both the Twinings and Ovaltine brands including a 'stick' variety of Options, a new formulation of Activ8 in the Philippines and new Twinings tea, '1706', launched in the UK in anticipation of the 300th anniversary of the brand. In Australia, construction of the new bakery in Sydney is now complete and the closure of the Chatswood bakery in North Sydney has been announced.

In primary food & agriculture, improvements in operating efficiency at British Sugar were offset by a lower sugar crop than last year and an adverse profit impact from the strength of sterling against the euro. Overall sales and profits increased due to the strong improvement in profit in both our Polish and Chinese sugar operations. Our agriculture group ABNA experienced a challenging year with margins adversely impacted by increased wheat prices resulting from the reduced grain harvest in 2003.

The ingredients business showed strong growth from our US speciality food polyols business and a recovery at Cereform, particularly in the UK. There was a decline in sales over last year as a result of the exit from lower margin commodity business in bakery ingredients and lipid technologies and the translation effect of the weaker dollar against sterling.

The results from our clothing retailing business were excellent. Strong growth in like-for-like sales, extra space and improvement in operating margins have all contributed to an operating profit 23% ahead of the previous year. The management team's continuing ability to offer our customers a combination of attractive goods and keen prices has been responsible for this success. We continue our investment in store refits and to search for good sites which will enable us to penetrate the market more fully. We believe there is further scope for developing the business.

Investment income increased from £50m to £54m benefiting from the rising trend of sterling interest rates and an increase in the average funds invested.

Post Balance Sheet Events
The completion of the acquisition of the international yeast and bakery ingredients businesses from Burns Philp for £645m (US$1,175m) was announced on 30 September 2004. These businesses together with US herbs and spices businesses had an operating profit of US$129m (£70m) and sales of US$708m (£383m) in the year ended June 2003 and net tangible assets as 30 June 2003 of US$393m (£212m).

Directors and directors' interests
The directors who held office during the period were as follows:

PJ Jackson
JG Bason
PA Russell

Subsequent to the year-end, on 31 March 2005, Mr PJ Jackson resigned as a director.

Notification of interests by PJ Jackson and JG Bason is not required because at the end of the period they were directors of a company of which this company is a wholly owned subsidiary undertaking. PA Russell had no interest in shares of the company, its holding company and its subsidiary and fellow subsidiary undertakings.

Long-term incentives
For the three year period from 2003-4 to 2005-6 a long-term incentive has been established for executive directors and other key executives. This plan will reward superior growth in profits and cash flow and encourage investment in suitable growth opportunities. The value of the long-term incentive will be up to 150% of base salary over the three years and will be subject to testing at the end of 2005-6 against an expected operating profit target range. This target range is demanding and will only be modified in very exceptional circumstances, and in any case payouts will not be made to scheme participants if growth in earnings per share is below RPI + 4% per annum on average over the three year period of the plan.
This long-term incentive plan is in the form of a conditional allocation of shares which will be released if, and to the extent that, the performance targets described are satisfied over the specified three year period. Shares to a maximum value of 150% of salary were allocated in December 2003 following shareholder approval at the 2003 AGM, and shares to meet these obligations have been acquired on the market. As at 18 September 2004, 18,186 shares had been allocated to Peter Russell.

Directors and directors' interests (continued)

Share options

At 18 September 2004, the following director had outstanding options to acquire ordinary shares of Associated British Foods plc.

	At 13.9.03 Number	Granted	At 18.9.04 Number	Exercise price	Date from which exercisable	Expiry date
PA Russell	15,000	-	15,000	484.00p	17.1.2004	16.1.2011

Employees

Our employees are our most crucial resource, and therefore we abide by the following principles:

Equal opportunities

We are committed to offering equal opportunities to all people in their recruitment, training and career development, having regard for their particular aptitudes and abilities. Full and fair consideration is given to applicants with disabilities and every effort is made to give employees who become disabled whilst employed by the company an opportunity for retraining.

Health and safety

We consider health and safety as equal in importance to that of any other function of the company and its business objectives. The chief executive/managing director of each operating company has responsibility for health and safety. We seek to provide a safe and healthy workplace and system of work in line with local regulations, to protect all employees, visitors and the public, insofar as they come into contact with foreseeable work hazards. Our employees are expected to adopt a proactive attitude towards this end. We will continue to develop safety awareness amongst all employees, and we will measure and manage health and safety performance.

Harassment

We will not tolerate sexual, mental or physical harassment in the workplace. We expect incidents of harassment to be reported to the appropriate human resources director.

Human rights

Managers must take account of the core International Labour Organisation labour conventions and strive to observe the UN Declaration on Human Rights, by respecting the dignity and human rights of our employees and in particular as stated below:-

"Universal respect for an observance of human rights and fundamental freedoms for all without discrimination as to race, sex, language or religion."

We remunerate fairly with respect to skills, performance, our peers and local conditions.

Communication

We will brief employees and their representatives on all relevant matters on a regular basis.

Payments to suppliers

The group does not have a formal code that it follows with regard to payment to suppliers. It agrees payment terms with its suppliers when it enters into binding purchase contracts for the supply of goods and services. Its suppliers are, in that way made aware of these terms. The group seeks to abide by these payment terms whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

ABF Investments plc has no trade creditors.

Political and charitable contributions

Contributions to charitable organisations by the group during the year totalled £0.4m (2003 - £0.2m). Political donations were made during the year by Food Investments Pty in Australia to the Liberal Party of Australia of £49,453 (2003 - £59,623), to the Australian Labour Party of £4,150 (2003 - £6,792) and to the National Party of Australia of £8,186 (2003 - nil).

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

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 on pages 5 to 25.

By order of the board

R. Mendelsohn

RS Mendelsohn

Secretary

1st April 05.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss for that period. In preparing those 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 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the 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 group and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of ABF Investments plc

We have audited the financial statements on pages 5 to 25.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985 and our terms of our engagement. 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 our 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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 of the state of affairs of the company and the group as at 18 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

1 April 2005

Consolidated profit and loss account

for the period ended 18 September 2004

	Note	2004 £m	2003 RESTATED £m
Turnover of the group including its share of joint ventures		**5,181**	4,931
Less share of turnover of joint ventures		**(16)**	(22)
Group turnover	1	**5,165**	4,909
Operating costs	2	**(4,736)**	(4,532)
Group operating profit		**429**	377
Share of operating results of - joint ventures		**8**	4
- associates		**3**	3
Total operating profit	1	**440**	384
Operating profit before amortisation of goodwill		**481**	422
Amortisation of goodwill		**(41)**	(38)
Profit less losses on sale of fixed assets		**8**	12
Profit less losses on sale of businesses		**7**	20
Investment income	6	**54**	50
Profit on ordinary activities before interest		**509**	466
Interest payable	7	**(25)**	(32)
Other financial income		**11**	8
Profit on ordinary activities before taxation		**495**	442
Adjusted profit before taxation		**521**	454
Profits less losses on sale of fixed assets		**8**	12
Profit less losses on sale of businesses		**7**	14
Amortisation of goodwill		**(41)**	(38)
Tax on profit on ordinary activities	8	**(145)**	(118)
Profit on ordinary activities after taxation		**350**	324
Minority interests - equity		**(6)**	3
Profit for the financial period		**344**	327
Dividends - interim	9	**(120)**	(108)
Transfer to reserves		**224**	219

The group has made no material acquisitions nor discontinued any operations within the meaning of the Financial Reporting Standards during either 2004 or 2003.
The results for the year ended 13 September 2003 have been restated to reflect the adoption of 'FRS 17 - Retirement Benefits'. The impact of this change is detailed in note 4.

Consolidated balance sheet

at 18 September 2004

	Note	2004 £m	2003 RESTATED £m
Fixed assets			
Intangible assets - goodwill	10	**531**	441
Tangible assets	11	**1,459**	1,406
		1,990	1,847
Interest in net assets of - joint ventures	13	**12**	9
- associates	13	**11**	12
Other investments	13	**1**	1
Total fixed asset investments		**24**	22
		2,014	1,869
Current assets			
Stocks	14	**496**	516
Debtors	15	**680**	652
Investments	16	**1,187**	1,150
Cash at bank and in hand		**130**	152
		2,493	2,470
Creditors amounts falling due within one year			
Short-term borrowings	17	**(68)**	(92)
Other creditors	18	**(733)**	(706)
		(801)	(798)
Net current assets		**1,692**	1,672
Total assets less current liabilities		**3,706**	3,541
Creditors amounts falling due after one year			
Loans	17	**(156)**	(157)
Other creditors	18	**(8)**	(7)
		(164)	(164)
Provision for liabilities and charges	19	**(154)**	(141)
Net assets excluding pension asset		**3,388**	3,236
Pension asset		**60**	33
Net assets		**3,448**	3,269
Capital and reserves			
Called up share capital	20	**22**	22
Share premium account	21	**192**	192
Revaluation reserve	21	**3**	3
Other reserves	21	**1**	1
Profit and loss account	21	**3,203**	3,027
Equity shareholders' funds		**3,421**	3,245
Minority interests in subsidiary undertakings - equity		**27**	24
		3,448	3,269

The balance sheet as at 13 September 2003 has been restated to reflect the adoption of 'FRS17 - Retirement Benefits'. The details of these changes are disclosed in note 4.

These financial statements were approved by the board of directors on 1 April 2005 and were signed on its behalf by:

John Bason Director

Peter Russell Director

Consolidated cash flow statement

for the period ended 18 September 2004

		Note	2004 £m	2003 £m
Cash flow from operating activities		25	**679**	493
Dividends from joint ventures			**4**	4
Dividends from associates			**2**	2
Return on investments and servicing of finance				
Investment income			**52**	49
Interest paid			**(25)**	(29)
Dividends paid to minorities			**(1)**	(16)
			26	4
Taxation			**(126)**	(114)
Capital expenditure and financial investment				
Purchase of tangible fixed assets			**(223)**	(180)
Sale of tangible fixed assets			**29**	40
			(194)	(140)
Acquisitions and disposals				
Purchase of subsidiary undertakings		26	**(229)**	(142)
Sale of joint ventures and associates			**1**	-
Sale of subsidiary undertakings		26	**22**	124
			(206)	(18)
Equity dividends paid			**(120)**	(108)
Net cash inflow before use of liquid funds and financing			**65**	123
Management of liquid resources		27	**(50)**	(104)
Financing				
Borrowings due within one year	- repayment of loans		**(97)**	(224)
	- increase in loans		**81**	220
Borrowings due after one year	- repayment of loans		**(6)**	(3)
	- increase in loans		**2**	4
(Decrease)/increase in bank borrowings			**(6)**	16
			(26)	13
(Decrease)/increase in cash		27	**(11)**	32

Consolidated statement of total recognised gains and losses

for the period ended 18 September 2004

	2004	2003 RESTATED
	£m	£m
Profit for the financial period	**344**	327
Actuarial gains/(losses) on net pension assets	**43**	(95)
Deferred tax associated with net pension assets	**(13)**	28
Currency translation differences on foreign currency net assets	**(75)**	54
Total recognised gains and losses relating to the period	299	314
Prior year adjustment	41	
Total recognised gains and losses since previous year end	340	

Consolidated statement of historical cost profits

for the period ended 18 September 2004

There is no material difference between the group results as reported and on an unmodified historical cost basis. Accordingly, no note of historical cost profits and losses has been prepared.

Reconciliation of movements in shareholders' funds

for the period ended 18 September 2004

	Company		Group	
	2004	2003	**2004**	2003 RESTATED
	£m	£m	**£m**	£m
Opening shareholders' funds as previously reported	1,852	1,822	**3,204**	2,914
Prior year adjustment - FRS 17	-	-	**41**	114
Opening shareholders' funds	**1,852**	1,822	**3,245**	3,028
Profit for the financial period	**174**	138	**344**	327
Dividends	**(120)**	(108)	**(120)**	(108)
Goodwill written back	-	-	**(3)**	11
Other recognised gains and losses relating to the period	-	-	**(45)**	(13)
Closing shareholders' funds	**1,906**	1,852	**3,421**	3,245

Company balance sheet

at 18 September 2004

	Note	2004 £m	2003 £m
Fixed assets			
Shares in subsidiary undertakings	24	**1,322**	1,224
Current assets			
Debtors	15	**793**	838
Creditors amounts falling due within one year			
Other creditors	18	**(209)**	(210)
		(209)	(210)
Net current assets		**584**	628
		1,906	1,852
Capital and reserves			
Called up share capital	20	**22**	22
Share premium account	21	**192**	192
Profit and loss account	21	**1,692**	1,638
Equity shareholders' funds		**1,906**	1,852

These financial statements were approved by the board of directors on 1 April 2005 and were signed on its behalf by:

John Bason Director

Peter Russell Director

Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with applicable accounting standards and the Companies Act 1985.

Basis of consolidation

The group accounts comprise a consolidation of the accounts of the company and its subsidiary undertakings, together with the group's share of the results and net assets of its joint ventures and associates. The financial statements of the company and its subsidiary undertakings are made up for the 53 weeks ended 18 September 2004, except that, to avoid delay in the preparation of the consolidated financial statements, those of Australia, New Zealand, China, Poland and the North American subsidiary undertakings are made up to 31 August 2004.

Acquisitions

The consolidated profit and loss account includes the results of new subsidiary undertakings, joint ventures and associates attributable to the period since change of control.

Disposals

The results of subsidiary undertakings, joint ventures and associates sold are included up to the dates of change of control. The profit or loss on the disposal of an acquired business takes into account the amount of any related goodwill previously written off directly to reserves, or the net amount of capitalised goodwill remaining unamortised, as appropriate.

Intangible fixed assets

Intangible fixed assets consist of goodwill arising on acquisitions since 13 September 1998, being the excess of the fair value of the purchase consideration of new subsidiary undertakings, joint ventures and associates over the fair value of net assets acquired. Goodwill is capitalised in accordance with FRS 10 and amortised over its useful economic life, not exceeding 20 years. Goodwill previously written off against reserves has not been reinstated.

Tangible fixed assets

Tangible fixed assets are carried at their original cost less accumulated depreciation.

Depreciation

Depreciation is provided on the original cost of assets and is calculated on a straight line basis at rates sufficient to reduce them to their estimated residual value. No depreciation is provided on freehold land or payments on account. Leaseholds are written off over the period of the lease. The anticipated life of other assets is generally deemed to be not longer than:

Freehold buildings	66 years
Plant, machinery, fixtures and fittings:	
- sugar factories	20 years
- other operations	12 years
Vehicles	8 years

Fixed asset investments

Joint ventures and associates are accounted for in the financial statements of the group under the equity method of accounting. Other fixed asset investments in the group's accounts, and all fixed asset investments in the accounts of the company, are stated at cost less amounts written off in respect of any impairment.

Accounting policies continued

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due provision against obsolete and slow-moving items. In the case of manufactured goods the term 'cost' includes ingredients, production wages and production overheads.

Current asset investments

Current asset investments are stated at the lower of cost or market value.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or at the contracted rate as appropriate. The assets and liabilities of overseas operations are translated into sterling at the rates of exchange ruling at the balance sheet date. The results of overseas operations have been translated at the average rate prevailing during the year. Exchange differences arising on consolidation are taken directly to reserves. Other exchange differences are dealt with as part of operating profits.

Group turnover

Turnover represents the net invoiced value of goods and services delivered to customers excluding sales taxes. Revenue is not recognised until goods are despatched or services are rendered to customers.

Pensions

In accordance with 'FRS 17 - Retirement Benefits', the operating and financing costs of pension and post-retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

Research and development

Expenditure in respect of research and development is written off against profits in the period in which it is incurred.

Leases

All material leases entered into by the group are operating leases, whereby substantially all of the risks and rewards of ownership of an asset remain with the lessor. Rental payments are charged against profits on a straight line basis over the life of the lease.

Financial instruments

Forward foreign exchange contracts and currency options are used to hedge forecast transactional cash flows and accordingly, any gains or losses on these contracts are recognised in the profit and loss account when the underlying transaction is settled. Derivative commodity contracts are used to hedge committed purchases or sales of commodities and accordingly, any gains or losses on these contracts are recognised in the profit and loss account in the same accounting period as the underlying purchase or sale. Gains or losses arising on hedging instruments that are cancelled due to the termination of the underlying exposure are taken to the profit and loss account immediately.

Deferred tax

Provision for deferred tax is made on all timing differences that have originated, but not reversed at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when it is regarded as more likely than not that there will be sufficient future taxable profits. Deferred tax is not discounted.

Notes forming part of the financial statements
for the year ended 18 September 2004

1. Segmental analysis

	Group turnover		Operating Profit		Capital Employed	
	2004	2003 RESTATED	**2004**	2003 RESTATED	**2004**	2003 RESTATED
	£m	£m	**£m**	£m	**£m**	£m
Analysis by business						
Grocery	**2,446**	2,310	**160**	148	**767**	709
Primary food & agriculture	**1,682**	1,544	**189**	172	**690**	704
Ingredients	**294**	311	**36**	32	**125**	136
Retail	**858**	752	**108**	88	**338**	293
Inter company sales	**(160)**	(185)	**-**	-	**-**	-
Central costs/capital employed	**-**	-	**(16)**	(21)	**63**	88
	5,120	4,732	**477**	419	**1,983**	1,930
Businesses disposed:						
Grocery	**22**	90	**1**	-	**-**	2
Primary food & agriculture	**23**	69	**3**	2	**-**	15
Packaging	**-**	18	**-**	1	**-**	-
	5,165	4,909	**481**	422	**1,983**	1,947
Amortisation of goodwill	**-**	-	**(41)**	(38)	**-**	-
	5,165	4,909	**440**	384	**1,983**	1,947
Analysis by geography (by origin and destination)						
United Kingdom	**2,952**	2,667	**301**	273	**1,256**	1,232
Rest of Europe	**526**	473	**59**	36	**193**	178
The Americas	**865**	862	**66**	78	**255**	210
Australia, Asia & Rest of World	**834**	807	**51**	32	**279**	310
Inter company sales	**(57)**	(77)				
	5,120	4,732	**477**	419	**1,983**	1,930
Businesses disposed:						
European Union	**26**	131	**-**	5	**-**	16
Australia & New Zealand	**5**	2	**-**	-	**-**	-
North America	**-**	11	**-**	1	**-**	-
Pension credit	**14**	33	**4**	(3)	**-**	1
	5,165	4,909	**481**	422	**1,983**	1,947
Amortisation of goodwill	**-**	-	**(41)**	(38)	**-**	-
	5,165	4,909	**440**	384	**1,983**	1,947

We have revised the composition of our geographic segments to reflect the increasingly international breadth of our businesses.

The amortisation of goodwill arises in primary food and agriculture £2m (2003 - £6m), ingredients £6m (2003 - £7m), and grocery £33m (2003 - £25m). By geography, the charge arises in the United Kingdom £6m (2003 £2m), Rest of Europe £8m (2003 - £4m), the Americas £23m (2003 - £23m), Australia, Asia & Rest of World £4m (2003 - £9m).

Capital employed comprises tangible fixed assets, interests in joint ventures and associates, current assets (excluding deferred taxation, cash and investments), creditors (excluding borrowings, tax and dividends) and provisions for liabilities and charges excluding deferred taxation.

Notes forming part of the financial statements continued

2. Operating costs

	2004 £m	2003 RESTATED £m
Cost of sales (including amortisation of goodwill)	**3,879**	3,668
Distribution costs	**623**	618
Administration expenses	**234**	246
Operating costs	**4,736**	4,532

Operating costs are stated after charging:		
Staff costs	**651**	644
Amortisation of goodwill	**41**	38
Depreciation of tangible fixed assets	**139**	142
Hire of plant and machinery	**8**	7
Rentals payable under property leases	**31**	28
Research and development	**8**	7

The remuneration of the auditors in respect of audit services provided to the group during the year was £2.4m (2003 - £2.4m) and £10,000 (2003 - £10,000) in respect of audit services provided to the company. The remuneration of auditors and their associates in respect of non-audit servicess provided to the company and its UK subsidiaries was £1.9m (2003 - £2.4m), including tax - £0.7m (2003 - £0.8m), transaction due diligence - £0.5m (2003 - £1.3m) and other assurance related activity - £0.7m (2003 - £0.3m). In addition, £0.7m (2003 - £1.0m) was paid to the group auditors for non-audit services to overseas subsidiaries relating to tax.

3. Employees

	2004	2003
Average number of employees:		
United Kingdom	**19,234**	18,252
Rest of Europe	**4,148**	4,225
The Americas	**1,964**	2,027
Australia, Asia & Rest of World	**10,158**	10,837
	35,504	35,341

		£m	£m
Staff costs	- wages and salaries	**553**	551
	- social security costs	**45**	42
	- other pension costs	**53**	51
		651	644

4. Pension costs

Financial Reporting Standard 17 - Retirement Benefits (FRS 17) has been adopted in full with effect from 14 September 2003. The adoption of FRS 17 has required a change to the accounting treatment of defined benefit pension arrangements such that the group now includes the assets and liabilities of these arrangements in the consolidated balance sheet. Current service costs, curtailment and settlement gains and losses, and net financial returns are included in the profit and loss account in the period to which they relate. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The group operates a number of defined benefit pension arrangements, the total cost of which, included within operating profit, was £42m (2003- £40m, restated). This total pension cost compares to £20m (2003 - £17m), which would have been incurred under the previous accounting policy.

The following table sets out the impact of adopting FRS 17 on the affected line items in the group profit and loss account and balance sheet:

	GROUP OPERATING PROFIT £m	PROFIT/ LOSS ON SALE OF BUSINESSES £m	OTHER FINANCIAL INCOME £m	TAX ON PROFIT ON ORDINARY ACTIVITIES £m	PROFIT FOR THE FINANCIAL YEAR £m
GROUP PROFIT AND LOSS ACCOUNT					
Year to 13 September 2003					
As previously reported	400	14	-	(121)	333
Adoption of FRS 17	(23)	6	8	3	(6)
As restated	377	20	8	(118)	327

	OTHER CREDITORS £m	PROVISION FOR LIABILITIES AND CHARGES £m	NET PENSION ASSETS £m	PROFIT AND LOSS RESERVE £m
GROUP BALANCE SHEET				
Year to 13 September 2003				
As previously reported	(712)	(143)	-	2,986
Adoption of FRS 17	6	2	33	41
As restated	(706)	(141)	33	3,027

Notes forming part of the financial statements continued

4. Pension costs continued

Associated British Foods pension schemes

The group operates pension schemes, the majority of which are of the defined benefit type. The group's principal UK defined benefit schemes are closed to new members, with defined contribution arrangements in place for these members. The pension costs in the UK for the defined benefit sections are assessed in accordance with the advice of independent qualified actuaries using the projected unit method. For the defined contribution schemes, the pension costs are the contributions paid.

The last actuarial valuations of the British Sugar Pension Scheme and the Associated British Foods Pension Scheme were carried out as at 1 October 2001 and 5 April 2002 respectively. Both valuations were carried out using a market related approach, under which the actuarial values of the assets were taken as their market values at the valuation date. The valuation assumptions also reflected market conditions at the respective valuation date. For the British Sugar Pension Scheme, it was assumed that the investment return would exceed price inflation by 3.25% per annum. For the Associated British Foods Pension Scheme, the investment return assumption prior to retirement exceeded the price inflation assumption by 3.25% per annum and post retirement by 2.5% per annum. In both valuations, salary increases were assumed to exceed price inflation by 2% per annum.

At the valuation dates the total market value of the two major schemes' assets was £1,722m and the value of these assets for actuarial valuation purposes represented 112% of the benefits that had accrued to members for expected future increases in earnings.

The group also operates defined benefit pension schemes in Australia and New Zealand, the United States, and the Republic of Ireland, Switzerland, Norway, Germany, France and the Philippines. The charge for the year is based on recommendations by qualified local actuaries.

The most recent actuarial valuations referred to above have been updated to 18 September 2004 by an independant qualified actuary.

The financial assumptions used to calculate UK scheme liabilities under FRS 17 are:

	2004 %	2003 %	2002 %
Rate of general increase in salaries	4.80	4.50	4.25
Rate of increase in pensions in payment	2.80	2.50	2.25
Rate of increase of deferred pensions	2.80	2.50	2.25
Discount rate of scheme liabilities	5.60	5.25	5.50
Inflation	2.80	2.50	2.25

For some of the overseas schemes, regionally appropriate assumptions have been used where recommended by local actuaries.

Because the group's principal UK defined benefit schemes are closed to new members, they have an ageing population. In accordance with FRS 17, the valuation of the schemes has been determined using the projected unit method. In these circumstances the use of this method can lead to the contribution rate implicit in the current service cost increasing in future years.

The expected rates of return and market values of the assets of the principal schemes were as follows:

UK Schemes

	AT YEAR END 18 SEPTEMBER 2004 %	AT YEAR END 18 SEPTEMBER 2004 £m	AT YEAR END 13 SEPTEMBER 2003 %	AT YEAR END 13 SEPTEMBER 2003 £m	AT YEAR END 14 SEPTEMBER 2002 %	AT YEAR END 14 SEPTEMBER 2002 £m
Equities	7.00%	669	7.00%	631	6.75%	504
Government bonds	4.80%	592	4.75%	589	4.50%	564
Non-government bonds	5.60%	443	5.25%	407	5.50%	496
Property	6.30%	67	6.25%	57	6.00%	62
Other	4.80%	40	3.50%	77	4.00%	35
Total market value of assets		1,811		1,761		1,661
Present value of scheme liabilities		(1,729)		(1,706)		(1,519)
Surplus in the schemes		82		55		142
Deferred tax		(25)		(16)		(42)
Net pension assets		57		39		100

Overseas Schemes	AT YEAR END 18 SEPTEMBER 2004 %	AT YEAR END 18 SEPTEMBER 2004 £m	AT YEAR END 13 SEPTEMBER 2003 %	AT YEAR END 13 SEPTEMBER 2003 £m	AT YEAR END 14 SEPTEMBER 2002 %	AT YEAR END 14 SEPTEMBER 2002 £m
Equities	6.90%	58	7.00%	48	6.75%	41
Government bonds	4.10%	40	4.75%	30	4.50%	11
Non-government bonds	5.80%	-	5.25%	1	5.50%	-
Property	6.40%	4	6.25%	4	6.00%	2
Other	3.60%	5	3.50%	4	4.00%	1
Total market value of assets		107		87		55
Present value of scheme liabilities		(102)		(95)		(52)
Surplus/(deficit) in the schemes		5		(8)		3
Deferred tax		(2)		2		(1)
Net pension assets/(liabilities)		3		(6)		2

The amounts included in the performance statements are as follows:

	2004 £m	2003 £m
Current service cost of defined benefit schemes	(41)	(39)
Past service cost	(1)	(1)
Total operating charge	(42)	(40)

An additional service cost of £12m (2003 - £11m) arose in connection with the group's defined contribution pension schemes.

4. Pension costs continued

	2004 £m	2003 £m
Past service cost in relation to the sale of businesses	-	(1)
Gain on curtailment	2	7
Net credit in relation to the sale of businesses	2	6
Expected return on pension schemes assets	105	95
Interest on pension scheme liabilities	(94)	(87)
Net return included in other financial income	11	8
Actual return less expected return on pension scheme assets	(5)	45
Experience gains and losses arising on the scheme liabilities	22	(3)
Changes in assumptions underlying the present value of the scheme liabilities	26	(137)
Actuarial loss included in the statement of total recognised gains and losses	43	(95)

The movement in the surplus during the year arose as follows:

	UK 2004 £m	Overseas 2004 £m	UK 2003 £m	Overseas 2003 £m
Surplus/ (deficit) at beginning of year	55	(8)	142	3
Current service cost	(35)	(6)	(34)	(5)
Acquisition deficit	(3)	(1)	-	(4)
Contributions	22	8	22	5
Past service costs	(1)	-	(2)	-
Gain on curtailments	2	-	7	-
Other financial income	10	1	8	-
Actuarial gain/(loss)	32	11	(88)	(7)
Surplus/ (deficit) at end of year	82	5	55	(8)

The experience gains and losses were as follows:

	2004	2003	2002
Difference between the xpected and actual return in schme assets			
- amount (£m)	(5)	45	(39)
- percentage of scheme assets	0.3%	2.4%	2.3%
Experience gains and losses on scheme liabilities			
- amount (£m)	22	(3)	(53)
- percentage of the present value of scheme liabilities	1.2%	0.1%	3.4%
Total amount included in the statement of total recognised gains and losses			
- amount (£m)	43	(95)	(222)
- percentage of the present value of scheme liabilities	2.3%	5.3%	14.1%

Notes forming part of the financial statements continued

5. Remuneration of directors

	2004 £'000	2003 £'000
Directors emoluments	**1,662**	1,453

The aggregate of emoluments paid to the highest paid director was £848,000 (2003: £707,000)

	Number of directors 2004	2003
Retirement benefits are accruing to the following number of directors under:-		
Defined benefit schemes	**3**	3

6. Investment income

	2004 £m	2003 £m
Interest from other current asset investments	**54**	50
Profit on sale of current asset equity investments	**-**	-
	54	50

7. Interest payable

	2004 £m	2003 £m
Parent company loans	**6**	7
Bank loans	**3**	9
Other loans	**16**	16
	25	32

8. Tax on profit on ordinary activities

	2004 £m	2003 £m
The charge for the year comprises:		
UK - corporation tax at 30% (2002 - 30%)	**93**	75
Overseas - income and corporation tax	**30**	35
Joint ventures and associates	**2**	2
Current tax charge	**125**	112
UK deferred taxation	**7**	(1)
Overseas deferred taxation	**13**	7
Total tax charge	**145**	118
Add back:		
Tax credit on goodwill amortisation	**8**	9
Exceptional charge on property and business disposals	**(4)**	-
Underlying tax charge	**149**	127

	2004 £m	2003 £m
Tax reconciliation		
Profit on ordinary activities before taxation	**495**	442
Nominal tax charge at UK corporation tax rate 30% (2002: 30%)	**149**	133
Lower tax rates on overseas earnings	**(11)**	(4)
Expenses not deductible for tax purposes (primarily goodwill and non-cash pension costs)	**10**	6
Utilisation of losses	**(3)**	(8)
Timing differences	**(22)**	(5)
Adjustments to tax charge in respect of previous periods	**2**	(10)
Current tax charge	**125**	112

In the absence of any unforeseen circumstances the underlying tax rate is expected to be close to 30%, although this may be affected by changes in the proportion of profit earned in different tax jurisdictions.

9. Dividends

	2004 £m	2003 £m
Interim dividend	**120**	108

Notes forming part of the financial statements continued

10. Intangible fixed assets - goodwill

	£m
Cost at 13 September 2003	575
Effect of currency changes	(39)
Goodwill arising on acquisitions	164
Disposals	-
Cost at 18 September 2004	**700**
Amortisation at 13 September 2003	134
Effect of currency changes	(6)
Provided during year	41
Amortisation at 18 September 2004	**169**
Net book value at 18 September 2004	**531**
Net book value at 13 September 2003	441

11. Tangible fixed assets

	Land and buildings £m	**Plant and machinery £m**	**Fixtures and fittings £m**	**Payments on account £m**	**Total £m**
Cost at 13 September 2003	734	1,512	288	47	2,581
Effect of currency changes	(15)	(42)	(3)	(3)	(63)
Businesses acquired	18	14	-	-	32
Businesses disposed	(6)	(23)	-	-	(29)
Additions	66	111	48	4	229
Disposals	(26)	(94)	(26)	-	(146)
Cost at 18 September 2004	**771**	**1,478**	**307**	**48**	**2,604**
Depreciation at 13 September 2003	181	867	127	-	1,175
Effect of currency changes	(3)	(24)	(2)	-	(29)
Provided during year	19	90	30	-	139
Businesses disposed	(2)	(14)	-	-	(16)
On disposals	(22)	(76)	(26)	-	(124)
Depreciation at 18 September 2004	**173**	**843**	**129**	-	**1,145**
Net book value at 18 September 2004	**598**	**635**	**178**	**48**	**1,459**
Net book value at 13 September 2003	553	645	161	47	1,406

	2004 £m	2003 £m
Analysis of land and buildings at net book value		
Freehold	**509**	465
Long leasehold	**58**	54
Short leasehold	**31**	34
	598	553

The book value of land not amortised in the financial statements was £70m (2003 - £62m).

12. Capital commitments

There are commitments for capital expenditure by the group of approximately £100m (2003 - £74m) for which no provision has been made in these financial statements.

13. Fixed asset investments

	Joint ventures £m	Associates £m	Other investments £m	Total £m
At 13 September 2003	9	12	1	22
Effect of currency changes	-	(1)	-	(1)
Share of profit for the year	3	-	-	3
At 18 September 2004	12	11	1	24

Details of the principal joint ventures, associates and other investments are given on page 25. Interests in the net assets of joint ventures include the group's share of their gross assets of £16m (2003 - £17m) and the group's share of their gross liabilities of £4m (2003 - £8m).

Other investments are stated at cost.

14. Stocks

	2004 **£m**	2003 £m
Raw materials and consumables	**195**	210
Finished goods and goods for resale	**301**	306
	496	516

15. Debtors

	Company		Group	
	2004 **£m**	2003 £m	**2004** **£m**	2003 £m
Trade debtors	-	-	**477**	430
Amounts owed by subsidiary undertakings	**80**	80	-	-
Amounts owed by holding company	**713**	758	**87**	112
Other debtors	-	-	**51**	50
Prepayments and accrued income	-	-	**57**	46
Deferred tax	-	-	**8**	14
	793	838	**680**	652

Other debtors of the group at 18 September 2004 include £1m (2002 - £3m) receivable after more than one year.

16. Current asset investments

	Company		Group	
	2004 **£m**	2003 £m	**2004** **£m**	2003 £m
Investments listed on a recognised stock exchange	-	-	**24**	43
Unlisted investments	-	-	**1,163**	1,107
	-	-	**1,187**	1,150

Current asset investments comprise interest bearing instruments and deposits. Listed investments include £22m (2003 - £20m) quoted on overseas stock exchanges.

17. Loans and short term borrowings

	Company		Group	
	2004	2003	**2004**	2003
	£m	£m	**£m**	£m
Amounts falling due within one year				
Bank loans and overdrafts				
- unsecured	-	-	**45**	51
- secured	-	-	**23**	41
	-	-	**68**	92
Amounts falling due after one year				
Bank loans and overdrafts				
- unsecured	-	-	**6**	7
Other loans				
- 10 ¾% redeemable debenture stock 2013 (secured)	-	-	**150**	150
	-	-	**156**	157
	-	-	**224**	249
Creditor analysis				
Repayable:				
- less than one year	-	-	68	92
- between one and two years	-	-	6	1
- between two and five years	-	-	-	2
- after five years	-	-	150	154
	-	-	**224**	249

The secured loans are secured by floating charges over the assets of subsidiary undertakings.

18. Other creditors

	Company		Group	
	2004	2003	**2004**	2003 RESTATED
	£m	£m	**£m**	£m
Amounts falling due within one year				
Trade creditors	-	-	**349**	319
Taxation on profits	**5**	5	**106**	110
Other taxation and social security	-	-	**20**	20
Accruals and deferred income	-	-	**258**	257
Amounts owed to subsidiary undertakings	**204**	205	-	-
Amounts owed to holding company	-	-	-	-
	209	210	**733**	706
Amounts falling due after one year				
Taxation on profits	-	-	**8**	7

19. Provisions for liabilities and charges

	Deferred tax £m	Restructuring £m	Other £m	Total £m
At 13 September 2003 as previously reported	98	9	36	143
Prior year adjustment - FRS 17	4	-	(6)	(2)
At 13 September 2003 as restated	102	9	30	141
Profit and loss account - charged or released	13	13	3	29
Utilised	-	(4)	(8)	(12)
Acquisitions	-	-	1	1
Disposals	-	(4)	-	(4)
Effect of currency changes	-	-	(1)	(1)
At 18 September 2004	**115**	**14**	**25**	**154**

The group's overall deferred tax position is as follows:

	2004 £m	2003 RESTATED £m
Fixed asset timing differences	**132**	119
Other timing differences	**2**	(17)
	134	102
Included in:		
Provisions	**115**	102
Debtors	**(8)**	14
Pension asset	**27**	(14)
	134	**102**

The recoverability of deferred tax assets is supported by the expected level of future profits in the countries concerned. There are other deferred tax assets totalling £4m (2003 - £7m) that have not been recognised on the basis that their future economic benefit is uncertain.

No deferred tax provision has been made in these financial statements for the additional tax that may be payable on the remittance to this country of the group's share of profits retained by overseas subsidiary undertakings since there is no intention to repatriate these reserves to the UK in the foreseeable future.

Restructuring provisions relate to the cash costs, including redundancy, associated with the group's announced reorganisation plans. Other provisions mainly comprise potential warranty claims arising from the disposal of businesses.

20. Share capital

	Ordinary shares of 5p each £'000	Nominal value £m
Authorised		
At 18 September 2004 and 13 September 2003	**600,000**	**30**
Issued and fully paid		
At 18 September 2004 and 13 September 2003	**449,815**	**22**

21. Reserves

	Share premium account £m	Revaluation reserve £m	Other reserves £m	Profit and loss account £m
Group				
At 13 September 2003 as previously reported	192	3	1	2,986
Prior year adjustment - FRS 17	-	-	-	41
At 13 September 2003 as restated	192	3	1	3,027
Actuarial gains on net pension assets	-	-	-	43
Deferred tax associated with net pension assets	-	-	-	(13)
Effect of currency changes	-	-	-	(75)
Goodwill written back on disposal of businesses	-	-	-	(3)
Profit for the year	-	-	-	224
At 18 September 2004	**192**	**3**	**1**	**3,203**
Company				
At 13 September 2003	192	-	-	1,638
Profit for the year	-	-	-	54
At 18 September 2004	**192**	-	-	**1,692**

As permitted by Section 230(4) of the Companies Act 1985, no profit and loss account has been presented for the company.

The cumulative amount of goodwill written off directly to reserves as a result of acquisitions made in earlier financial periods is £443m (2003 - £446m).

22. Contingent liabilities

Litigation and other proceedings against companies in the group are not considered material in the context of these financial statements.

Group companies have provided guarantees in the ordinary course of business amounting to £4m (2003 - £6m)

23. Leases

The group has minimum annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:	Within one year £m	Two to five years £m	Over five years £m	Total £m
Land and buildings	6	3	23	32
Other	1	3	1	5
At 18 September 2004	7	6	**24**	**37**
Land and buildings	6	3	21	30
Other	1	4	1	6
At 13 September 2003	7	7	22	36

24. Shares in subsidiary undertakings

	£m
At 13 September 2003	1,224
Additions	98
At 18 September 2004	**1,322**

Investments in subsidiary undertakings are shown at cost less amounts written off. A list of the principal trading subsidiary undertakings is given on page 24. Except where noted, none of the companies shown is a direct subsidiary undertaking of ABF Investments plc.

The entire share capital of the companies listed is held within the group except where percentages are shown. These percentages give the group's ultimate interest and therefore allow for the position where subsidiary undertakings are owned by partly owned intermediate subsidiary undertakings.

Notes forming part of the financial statements continued

25. Reconciliation of operating profit to cash flow from operating activities

	2004	2003 RESTATED
	£m	£m
Group operating profit	429	377
Amortisation of goodwill	41	38
Depreciation	139	142
Movement with holding company	44	(129)
(Increase)/decrease in working capital		
- stocks	30	(11)
- debtors	(38)	20
- creditors	18	32
Other provisions	2	4
Pension cost less contributions	14	20
Net cash from operating activities	679	493

26. Acquisitions and disposals

	Acquisitions		Disposals	
	2004	2003 RESTATED	2004	2003 RESTATED
	£m	£m	£m	£m
Net assets				
Goodwill	-	-	-	-
Tangible fixed assets	32	26	13	62
Stocks	33	13	7	22
Debtors	38	20	-	16
Cash at bank and in hand	1	13	-	-
Creditors	(23)	(31)	-	(5)
Loans and finance leases	(9)	(13)	-	-
Provisions	(1)	(2)	(4)	(4)
Minority interests	1	32	-	-
Pension liability acquired/disposed	(2)	(3)	(2)	(6)
Net assets acquired/disposed	70	55	14	85
Goodwill on acquisitions/written back	164	100	(3)	11
Provisions made	-	-	(1)	6
Profit on sale	-	-	7	20
Total consideration	234	155	17	122
Satisfied by				
Cash consideration	230	155	15	122
Deferred consideration	3	-	2	-
Shares in subsidiary undertaking	1	-	-	-
Net cash				
Cash consideration	230	155	17	122
Deferred consideration brought forward received in the year	-	-	6	2
Cash acquired	(1)	(13)	-	-
	229	142	23	124

The principal acquisitions in the year were Tone Brothers Inc in the US - £99m and Capullo and related brands in Mexico - £63m.

No material fair value adjustments were made on the acquisitions during the year.

Costs associated with acquisitions and disposals are included within cash consideration.

27. Reconciliation of net cash flow to movement in net funds

	2004	2003
	£m	£m
Increase in cash	(11)	32
Management of liquid resources	50	104
Net decrease in borrowings	26	(13)
Change in net funds resulting from cash flows	65	123
Effect of currency changes	(16)	9
On acquisition of subsidiary undertakings	(9)	(13)
Movement in net funds	40	119
Opening net funds	1,053	934
Closing net funds	1,093	1,053

28. Analysis of net funds

	At 13 September 2003 £m	Cash flow £m	Acquisition of subsidiary undertakings £m	Exchange adjustments £m	**At 18 September 2004 £m**
Cash at bank and in hand	152	(11)	-	(11)	**130**
Short-term borrowings	(92)	22	(5)	7	**(68)**
Investments	1,150	50	-	(13)	**1,187**
Loans over one year	(157)	4	(4)	1	**(156)**
	1,053	65	(9)	(16)	**1,093**

29. Holding company information

The ultimate parent undertaking is Wittington Investments Limited which is incorporated in Great Britain and registered in England. The company is a wholly owned subsidiary of Associated British Foods plc. 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 Associated British Foods plc which is incorporated in Great Britain and registered in England. The consolidated financial statements of Associated British Foods plc are available at Companies House, Crown Way, Cardiff, CF14 3UZ.

30. Related party transactions

The group's related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of the transactions with them, are summarised below :

	Sub note	**2004 £m**	2003 £m
Sales to fellow subsidiary undertakings on normal trading terms	1	**4**	7
Sales to joint ventures and associates on normal trading terms	2	**60**	52
Purchases from joint ventures and associates on normal trading terms	2	**4**	1
Amounts due from joint ventures and associates	2	**3**	4
Amounts due to joint ventures and associates	2	**1**	2

Sub notes

1 The fellow subsidiary undertaking is Fortnum & Mason PLC.

2 Details of the group's principal joint ventures and associates are set out on page 25.

Principal subsidiary undertakings

Manufacturing activities	Country of incorporation
AB Enzymes GmbH	Germany
AB Enzymes Oy	Finland
ABF Grain Products Limited	UK
AB Food & Beverages Australia Pty Ltd	Australia
AB Food & Beverages Philippines	Philippines
AB Food & Beverages Shanghai Ltd	China
AB Food & Beverages (Thailand) Ltd	Thailand
Abitec Corporation	US
Abitec Limited	UK
ABNA Limited	UK
ACH Food Companies Inc	US
Alimentos Capullo.S.de R.L.de C.V.	Mexico
Allied Foods Co Limited	New Zealand
Allied Grain Limited	UK
Anzchem Pty Ltd	Australia
British Sugar (Overseas) Limited	UK
British Sugar plc *	UK
Cereform Limited	UK
Cukrownia Glinojeck SA (58%)	Poland
Food Investments Limited *	UK
Foods International SA	France
G. Costa and Company Limited	UK
George Weston Foods Limited	Australia
Germains (Ireland) Limited	Republic of Ireland
Germains (Poland) Sp zoo	Poland
Grosvenor Marketing Limited	US
Guangxi Bo hua Food Company (71%)	China
Guangxi Boqing Food Co. Limited (60%)	China
Haugen Gruppen AS	Norway
Haugen Gruppen Denmark AS	Denmark
Haugen Gruppen Sweden AS	Sweden
Henan Lianhua - BSO Pharmaceutical Co. Limited (57%)	China
Jacksons of Piccadilly Limited	UK
Jordan Bros (NI) Limited	UK
Liaoning Liaohe Aimin Feed Company Limited (55%)	China
Liaoning Liaohe Yingpeng Feed Company Limited (55%)	China
Nambarrie Tea Company Limited	UK
R Twining & Co. Limited	US
R Twining & Company Limited	UK
Seed Systems Incorporated	US
Shanghai ABN Huinong Feed Company Limited (60%)	China
SPCA Barcroft SA	France
SPI Pharma Inc	US
SPI Polyols Incorporated	US
SugarPol (Torun) Sp. zoo (72%)	Poland
The Billington Food Group Limited	UK
The Ryvita Company Limited	UK
Tone Brothers, Inc	US
Wander AG	Switzerland

Retailing activities	Country of incorporation
Primark	Republic of Ireland
Primark Stores Limited *	UK

Investment and other activities	Country of incorporation
ABF Hyde Park Investments & Co SNC	Luxembourg
Beauvallet Investments Limited	Jersey, Channel Islands
Soublier Investments Limited	Jersey, Channel Islands
Talisman (Guernsey) Limited	Guernsey, Channel Islands

Group interest is 100% except where indicated.

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.

The group's interest in subsidiary undertakings are all equity investments with the exception of a preference share interest in British Sugar plc held by Beauvallet Investments Limited and Soublier Investments Limited.

* - Direct subsidiary of ABF Investments plc.

Investments

	Country of incorporation	Issued ordinary share capital Total	Group %
Principal joint ventures and associates			
C Czarnikow Sugar Limited	UK	£1,000,000	42
Chiltern Bakeries Limited	UK	£100	44
Getec Guanabara Quimica Industrial SA	Brazil	BRR 14,254,370	20
Harper-Love Adhesives Corporation	US	US$912,200	50
Mauri Products Limited	UK	£1,375,001	50
Murray Bridge Bacon Pty Limited	Australia	A$11,040,210	20
New Food Coatings Pty Limited	Australia	A$150,000	50
Roal Oy	Finland	€3,195,572	50
Yeast Products Company Limited	Republic of Ireland	€1,015,796	30

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.