For release 3 November 2009

ASSOCIATED BRITISH FOODS plc

Annual Results Announcement

Year ended 12 September 2009

For release 3 November 2009

Associated British Foods plc results for year ended 12 September 2009

ABF delivers good results in difficult economic times

Financial Highlights

- Group revenue up 12% to £9.3bn
- Adjusted operating profit up 8% to £720m*
- Adjusted profit before tax up 4% to £655m**
- Adjusted earnings per share up 5% to 57.7p**
- Dividends per share up 4% to 21.0p
- Net investment in capital expenditure and acquisitions less disposals of £832m
- Net debt of £999m
- Operating profit up 13% to £625m, profit before tax down 6% to £495m*** and basic earnings per share up 1% to 45.5p

George Weston, Chief Executive of Associated British Foods, said:

“We have consistently developed the group through investment and this year it enabled the delivery of good results in difficult economic times. The pace of development activity has increased and all our businesses are well equipped to deliver future growth.”

* before amortisation of non-operating intangibles, profits less losses on the sale of property, plant & equipment, inventory fair value adjustment and exceptional items

** before amortisation of non-operating intangibles, profits less losses on the sale of property, plant & equipment, inventory fair value adjustment, profits less losses on the sale and closure of businesses and exceptional items

*** unadjusted profit before tax includes a £65m loss on the closure of businesses, principally the rationalisation of our US packaged oil business.

All adjustments to profit measures are shown on the face of the consolidated income statement.

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Notes to Editors

1. Associated British Foods is a diversified international food, ingredients and retail group with sales of £9.3bn and 96,000 employees in 44 countries. It has significant businesses outside Europe in southern Africa, the Americas, China and Australia.

   Our aim is to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth. We look to achieve this through a combination of growth of existing businesses, acquisition of complementary new businesses and achievement of high levels of operating efficiency.

2. The group has strong positions in the markets in which it operates:

Sugar	The group is a major international sugar producer. British Sugar is Europe's most efficient producer and the sole processor of the UK beet sugar crop. Azucarera Ebro is the leading producer in Iberia. Illovo is the largest sugar processor in Africa and is one of the world's leading, low-cost producers. In China the group has significant businesses in cane sugar in the south and beet sugar in the north east.
Agriculture	AB Agri sells animal feeds and micro-ingredients to farmers and purchases grain and oilseeds from them. It has facilities in the UK and China and markets products in 40 countries worldwide.
Retail	Primark is a fast-growing, major, value clothing retail group employing 27,800 people. It now has 191 stores in the UK, Ireland, Spain, Germany, Portugal and the Netherlands.
Grocery	The international hot beverages business comprises Twinings, the world's leader in speciality teas and infusions, and Ovaltine, the largest producer of malt-based beverages in Europe and Thailand. We are market leaders in UK sugar with Silver Spoon and Billington's.
	AB World Foods combines Patak's, the UK's leading, authentic Indian cuisine brand with Blue Dragon our pan-oriental food brand. This is complemented by Westmill Foods' leading presence in the supply of ethnic foods to the UK ethnic wholesale channel.
	In the growing 'better for you' category, Ryvita and Jordans have a strong position in healthy snacking.
	Allied Bakeries is a leading UK bread supplier with the well known brands: Kingsmill, Burgen, Allinson and Sunblest.
	George Weston Foods is Australia's second largest grocery company whose range of grocery brands includes Tip Top bakery products and Don and KR Castlemaine smallgoods.
	ACH has a strong portfolio of grocery brands in the Americas. Mazola is a leading corn oil in the US and Capullo a leading premium vegetable oil in Mexico. ACH also has strong positions in herbs and spices, sauces, corn syrup, starch and yeast for home baking.
Ingredients	AB Mauri has a major global presence in bakers' yeast, with significant market positions in the Americas, Europe and Asia, and is a technology leader in bakery ingredients. It operates from 48 plants in 27 countries. ABF Ingredients manufactures and markets enzymes, yeast extracts, speciality proteins and lipids.

3. We continue to invest heavily in the future growth of the group. Net capital expenditure in the year of £586m included £159m on the acquisition and fit out of new stores for Primark. Elsewhere, major projects underway are the expansion of our sugar operations in southern Africa, bioethanol production in the UK, yeast and yeast extract production in China and a new smallgoods factory in Australia. Projects completed during the year included the expansion of our sugar operations in China and enzyme capacity in Finland. We invested £391m in new businesses, principally the Iberian sugar producer, Azucarera Ebro. £145m was received on the sale of businesses. £101m was received as compensation for sugar quota renounced in 2008.

ASSOCIATED BRITISH FOODS plc
ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 12 SEPTEMBER 2009

For release 3 November 2009

CHAIRMAN'S STATEMENT

This is my first report to shareholders having succeeded Martin Adamson as Chairman in April and I am pleased to be able to report another good performance. Considerable progress was made in the development of the group during the year with significant capital expenditure, the restructuring of a number of businesses and growth in adjusted earnings per share of 5%. All of this was achieved against a background of a worldwide economic slow-down, with many of the countries in which we operate in recession.

The fact that we have been able to continue with our high level of capital investment despite these economic conditions is a testament to the strength of the group's balance sheet and our ability to generate cash. A number of major long-term projects are under way including the restructuring of our meat business in Australia, the combining of Jordans and Ryvita in the UK, the creation of a packaged edible oil joint venture in North America, capacity expansions for sugar and ingredients in southern Africa, Europe and China, the building of the Vivergo biofuels facility in the UK and further new stores for Primark across Europe.

Such investment benefits today's stakeholders but must also serve their interests tomorrow. Accordingly, our capital investment also addresses reduction in energy and water usage and promotes greater use of renewable fuels in our factories. The major infrastructure projects, particularly in the developing world, will provide local employment opportunities and a whole range of other social benefits.

Group revenue increased by 12% to £9.3bn and adjusted operating profit was up 8% to £720m. With over 50% of the group's revenue and profit arising outside the UK, the weakness of sterling had a favourable currency translation effect on these results. Good trading was delivered by a number of our businesses, most notably from sugar in the UK and Africa, Allied Bakeries and Primark. However, the difficulties experienced by our Chinese sugar operations and the North American edible oils business, evident in our half year results, held back profit for the full year.

Primark continues to deliver excellent growth in both revenue and profit, achieved through strong UK like-for-like sales growth and the addition of further retail selling space. Whilst there are still many opportunities to extend Primark's estate in the UK and Ireland, expansion into continental Europe represents an exciting and substantial growth prospect for this highly successful business.

Our European sugar operations have emerged from regime reform and profit is returning to more acceptable levels. For a relatively modest net investment, we strengthened our position in European sugar with the acquisition of Azucarera Ebro, the leading sugar producer in Iberia, and the disposal of our smaller sugar business in Poland. Azucarera will provide EU refining capacity for cane raws imported from least developed countries and is expected to be earnings accretive after the first year. Illovo delivered an excellent operating result and continues to explore the significant organic expansion opportunities available in Africa.

The profitability of our Chinese sugar businesses was severely affected by low sugar prices in the first half of the year but these saw some recovery in the second half. Profitable development of the beet sugar business in north east China is dependent on agricultural improvements and factory efficiencies which will take a number of years to achieve.

The challenges experienced by our grocery businesses last year from extreme movements in commodity costs were not repeated but were replaced instead by the pressures of trading in a recessionary environment. Although results in the first half were significantly affected by the losses sustained on high-priced US corn oil futures contracts, the second half performance was much better. There was some evidence of consumers trading down to cheaper products, but the group's major grocery brands, particularly Kingsmill, held up well.

A notable landmark in the development of the group's cash-generating ability is the achievement of adjusted earnings before interest, tax, depreciation and amortisation of £1bn. Together with a reduction in working capital during the year, reflecting an increased management focus and lower commodity prices, this provided the funds for net capital expenditure and investment in new businesses of £832m including debt assumed and net of disposals.

The events in the financial markets since last year end have turned an accounting surplus in our defined benefit pension schemes last September of £61m into a deficit of £106m. This deficit is somewhat reduced from the position at the half year and, in the context of the group's resources, is manageable. It will nevertheless have a detrimental effect on other financial income in the coming year.

Net debt at the end of the year was £999m despite the substantial level of investment. The completion of the US private placement earlier in the year raised some US$600m, lengthened our debt maturity profile and diversified our sources of financing. The group now has a very comfortable level of headroom on its committed bank facilities. This provides a sound platform for continued investment.

Board changes

I began my report by referring to Martin Adamson's retirement in April this year. Martin served on the board for almost ten years, of which more than six were as Chairman, and in that time steered the group through a period of considerable change. Revenue was doubled. The trading footprint of the group was increased from 16 countries to 44 and our worldwide workforce tripled with the substantial investments in Africa, China and Primark. Martin's extensive business experience and sound judgement have been of immeasurable benefit to the board and we greatly appreciate the substantial contribution he has made to the group's success over the last decade. We wish him a long and happy retirement.

Employees

It is pleasing during a time of worldwide recession and widespread unemployment to be able to report a small increase in the size of our workforce. The growth of the business has resulted in the number of our employees now exceeding 96,000 and I would like to thank them for their dedication and hard work. The trading environment over the past year has been difficult and the success of the group is a tribute to their commitment and enthusiasm.

Dividends

A final dividend of 14.1p is proposed, to be paid on 8 January 2010 to shareholders on the register on 4 December 2009. Together with the interim dividend of 6.9p paid on 3 July 2009, this will make a total of 21.0p for the year, an increase of 4%.

Outlook

The likely scale and speed of economic recovery remains uncertain, and we are cautious about the outlook for the UK consumer over the next year. However, we expect good revenue and operating profit growth with the benefit of returns from our recent long-term investments and restructuring together with improvement in our Chinese and US businesses. Net financing costs will be higher but we are confident of progress in earnings for the full year.

Charles Sinclair
Chairman

OPERATING REVIEW

The group delivered satisfactory results at a time when economic uncertainty and declining consumer spending presented our businesses with considerable challenges. Group revenue increased by 12% to £9.3bn and adjusted operating profit increased by 8% to £720m. Sugar, Primark and Ingredients delivered major improvements in profit, and Agriculture traded well and matched the exceptional performance of last year. Grocery was more affected and its profit decline was mainly attributable to long positions in vegetable oil futures taken out in the first half by ACH at values well above market. Sterling's weakness had a beneficial effect on the translation of profits from our overseas businesses.

Over the years we have developed the group through a combination of capital investment, process improvement, building new revenue streams and the acquisition of complementary businesses. Despite the economic environment, this year proved to be no exception and, if anything, the pace of activity increased with capital investment at a high level. All of our businesses have been strengthened as a result and are better equipped to deliver growth in the future.

In Sugar, the changes to the EU regime are now behind us and the market has been more stable. There has been much change and consolidation of producers in recent years. Our leading positions in the UK and Iberia, together with access to sugars from least developed countries, position us well for the EU market over the next few years. We expect volume growth from our African and Chinese operations over the coming years. Illovo has ambitious expansion plans and the doubling of capacity in Zambia was completed this year. Although profitability was held back by low prices in China, the addition of another mill in southern China expands this consistently profitable operation. Some progress was made in the beet sugar business in the north east of China but much remains to be achieved in improving agricultural yields and factory efficiency.

Primark had a remarkable year. Like-for-like growth of 7% demonstrated the strong development of its consumer franchise, particularly in the UK. The potential of continental Europe for the Primark model was even more evident this year and we are committed to expansion in Spain and the Netherlands. Early signs in Germany and Portugal are encouraging.

Development of our Grocery businesses was held back by the problems at ACH in the first half. However, it is noteworthy that considerable work was undertaken this year with integration work in our meat business in Australia, Patak's and Blue Dragon, Jordans and Ryvita and Stratas in the US. Each of these businesses will emerge much stronger.

Capacity expansion was the major feature in Ingredients with investment in enzymes, yeast and yeast extracts all of which have demonstrated their growth potential in recent years.

A number of long-term capital projects are in progress across the group, many of which are expected to complete during 2010. They will contribute to the continued growth of our businesses.

SUGAR & AGRICULTURE

Sugar	**2009**	2008
Revenue £m	**1,575**	1,267
Adjusted operating profit £m	**189**	153

The results from Sugar moved substantially ahead this year with both revenue and profit increasing by 24%. This was achieved by a sharp recovery in profit at British Sugar UK, reversing the trend of declines in recent years, and continued growth by Illovo which more than offset disappointing results in China.

In the EU, our UK and Polish businesses increased profit with good factory operating performances, robust sales, the benefit of a strong euro, a reduction in the restructuring levy and favourable energy costs. Very favourable growing conditions in the UK yielded an excellent beet crop with sugar per hectare at record levels and 1.19 million tonnes of sugar was produced. Factory operations benefited from further improvements in energy efficiency, returns from prior year investments and high sugar extraction rates. The contribution from the combined heat and power generation plants at Bury and Wissington increased with the supply of electricity to the grid at high prices. The business in Poland delivered a strong commercial performance which more than offset lower sugar production of 163,000 tonnes. Restructuring work at our closed factory sites in York, Dobre and Ostrawite proceeded to plan and the associated renunciation compensation of €116m was received in full from the European Commission in June 2009.

Following the renunciation of quota across the EU in 2008, supply and demand of sugar in the market has been broadly balanced. This has led to more stability for pricing. The final changes relating to reform of the EU sugar regime took place at the beginning of October 2009 and no further changes are anticipated until the next review which is expected to be implemented from October 2015.

A number of developments during the year strengthened our presence in the EU market. We acquired Azucarera Ebro, the leading sugar producer in Iberia, in April this year. It operates from four beet factories, three in the north of Spain and one in the south. A sugar refinery is being commissioned on the site of the southern factory, given its proximity to the port of Cadiz, and it will have the capacity to produce 400,000 tonnes of sugar. The supply of cane raws is expected to be primarily from Illovo. In August we announced that we had reached agreement to sell our Polish sugar business, the country's fourth largest producer, to Pfeifer & Langen. Completion, which is subject to regulatory approval, is expected in late 2009. During the year British Sugar established a joint venture with Illovo, Mitra Sugar, to source sugars from outside the EU and market them to companies within the EU. As a result of our leading positions in the UK and now in Iberia, together with access to the sugars of the least developed countries, we have a strong platform for the future.

Illovo delivered an excellent operating result driven by strong sales. These resulted from higher local market prices, currency translation gains for the operations outside South Africa and by recovery of the world sugar price. Sugar production was lower than expected at 1.9 million tonnes, with poor weather conditions in South Africa impacting the cane crop and excessive rains and early commissioning difficulties impacting volume throughput at the expanded mill in Zambia. In contrast Malawi had another excellent year with good production volumes and operating performances.

Our business in Zambia achieves the highest cane yield per hectare of any of Illovo's operations at levels which are world class. During the year we completed the doubling of capacity in Zambia as well as smaller scale expansion projects in Swaziland, Mozambique and Tanzania. Streamlining of the South African business continued with the sale of the Umfolozi and Pongola mills and creation of a new joint venture at Gledhow. Illovo successfully raised rand 3bn of additional capital through a rights issue to finance its future expansion plans. Proceeds were received in late September after the group's year end. The Zambian business completed a US$50m rights issue during the year to finance its capacity increase.

Our businesses in China had a very difficult year with the significant sugar stock overhang from 2007/8 depressing prices during the first half. A reduced crop in the north, with exceptionally low sugar content, impacted operating costs. Sugar prices in China rallied in the second half driven by government purchases, a smaller national crop this year and higher world sugar prices. Importantly for the price outlook, consumption exceeded production in China by some 1.7 million tonnes in 2008/9. Looking forward the business will be strengthened by the commissioning of the new cane sugar mill at Jinchengjiang and by the beet sugar business focusing on the development of agriculture and production in seven of its 12 factories.

Construction of Vivergo's wheat bioethanol plant is progressing well at Hull in the UK, with commissioning now planned for autumn 2010. All major plant items have now been received and installation is well underway. Contracts have been signed with AB Agri to supply wheat from Frontier and for the sale of the distillers' grain co-products. It is expected that a yeast supply agreement with AB Mauri will be signed shortly. The European market for bioethanol is still in its infancy but is expected to grow considerably over the next few years. The UK mandate for the inclusion of renewables in transport fuel requires the current 3.25% to increase to 5% by 2013/14.

Longer term, the EU Renewable Energy Directive will require the member states to derive 10% of transport fuel from renewable sources.

Agriculture	**2009**	2008
Revenue £m	**1,004**	867
Adjusted operating profit £m	**34**	33

AB Agri had another very strong year continuing to perform well above expectations in a market that experienced lower commodity prices but with continued volatility. Growth was achieved both in its UK and international operations, driven by good market experience, trading and nutritional expertise and by excellent performances from new business streams.

Frontier, our grain and crop inputs supply joint venture, produced exceptional results having anticipated the correction in the value of the global grain markets and the increased demand for seed, fertiliser and crop protection products. In a quite different market from the previous year, Frontier's unique national grain trading structure and its integrated crop inputs supply business enabled it to respond quickly to changing customer demand. Its national network for grain trading and exporting facilities was ideally suited to merchandising the UK crop which was not only large but also of variable quality.

KW Trident, our ruminant feeds business, significantly increased its presence in the UK blends market. AB Vista delivered excellent sales growth of its high-technology, valued-added feed enzymes, and a new enzyme, Econase XT, was recently granted approval by the European Food Safety Authority. International sales of our other specialist products, pre-mixes and piglet starter feeds, continued to grow, particularly in the developing markets of Eastern Europe.

As part of our sustainable supply chain offerings to processors and retailers, AB Agri has developed the first Carbon Trust accredited greenhouse gas reduction model for dairy farms. This has been used to help Sainsbury reduce the overall greenhouse gas emissions from its milk-supplying farms. Sainsbury has recently signed an agreement with AB Agri to extend this carbon-scoring work to include beef, lamb, pork, poultry and eggs in its UK supply chain. This will require AB Agri to carbon footprint more than 18,000 farms over the next four years.

We continued to invest in our compound feed business in China. We opened a new mill in Henan province to meet this market's high demand for pig feed, replacing an old leased mill, and began construction of a new ruminant-specific mill in Tianjin. When complete, this expansion will have delivered a 20% increase in production capacity.

RETAIL

	2009	2008
Revenue £m	**2,314**	1,933
Adjusted operating profit £m	**252**	233

Primark celebrates its 40th birthday this year and Arthur Ryan, its founder and chief executive throughout its rise to become a leading force on the high street, has chosen this landmark to announce that he will stand down as chief executive to concentrate on his role as Chairman. Responsibility for the day-to-day running of the business has been assumed by Paul Marchant as chief executive. Mr Marchant was appointed chief operating officer in January and brings with him a wealth of experience in retailing. Since then, he has worked closely with Mr Ryan and the strong management team. Mr Ryan's skill and experience will play an important part in maintaining the growth momentum and pursuing the significant strategic opportunities available to this business.

Primark again delivered exceptional sales and profit growth even though each of its three main markets were subject to recessionary pressure and a decline in consumer confidence. Sales increased by 20% as a result of growth in selling space and like-for-like sales growth of 7%. The value sector continued to capture an increasing share of the UK clothing retail market and Primark is in the vanguard of this movement. Organic growth was also achieved through Primark's strong competitive position, its highly appealing merchandise and better weather than last year.

Operating profit margin declined from 12.1% to 10.9% this year, primarily as a result of the increased fixed overhead of the new UK distribution centre at Thrapston. The weakness of sterling during the year significantly increased the cost of goods sourced in US dollars. As a result of forward buying of currency this mainly affected the second half of the financial year. However, the impact on gross margin was mitigated by better buying, lower freight costs and a more profitable sales mix. A further gross margin reduction is expected for the forthcoming period up to Christmas but with an improvement at the beginning of 2010 with the benefit of forward buying of US dollars at improved exchange rates.

We opened 12 new stores during the year: five in Spain, four in the UK and our first stores in each of the Netherlands, Germany and Portugal. We closed smaller stores in Bristol and Tooting when the new stores were opened there. The new Bristol store is our second largest after Manchester, trading from 100,000 sq ft over four floors. This brings the total number of stores trading by the year end to 191, from 5.9 million sq ft of selling space which is an increase of 9% since last year end. Our stores in Continental Europe performed well although it is still early days for Germany and Portugal. Plans are in place to open 11 new stores in the coming year, including our first store in Belgium, and there is a good pipeline of further stores.

As Primark has grown, its record on ethical trading, in common with all clothing retailers, has been subject to close scrutiny. It offers good quality fashion at low prices because it purchases very large volumes and has low mark-ups, minimal advertising and low overheads. Primark's success is also a result of its ability to respond quickly to changes in the marketplace with its flat management structure, a strong buying team and an excellent distribution capability. More than 95% of its third party suppliers are shared with other leading European high street brands.

Sourcing from developing countries carries with it an obligation to ensure that workers making garments are treated fairly. Primark takes this responsibility seriously and has contributed to the industry-wide efforts to improve labour standards.

Primark has committed to undertake over 1,000 audits in 2009, nearly doubling the number achieved last year. A new Ethical Trade Director has been appointed along with a number of other appointments based in the main regions from which we source. Relationships with non-government organisations have been strengthened, especially in China, India and Bangladesh. Projects relating to the determination of a living wage, women's rights and home-working are underway.

New store openings:		
Algeciras (Spain)	Oviedo (Spain)	Bristol (UK) - relocation
Barcelona (Spain)	Rotterdam (Netherlands)	Corby (UK)
La Coruna (Spain)	Bremen (Germany)	High Wycombe (UK)
La Gavia (Spain)	Lisbon (Portugal)	Tooting (UK) - relocation

GROCERY

	2009	2008
Revenue £m	**3,188**	2,820
Adjusted operating profit £m	**191**	194

Grocery revenue increased by 13% to £3,188m driven by the full year effect of price increases taken in the previous financial year, favourable translation resulting from the weakness of sterling, the inclusion of Jordans and some volume growth. Profit declined by 2% to £191m mainly as a result of the first half problems of ACH in the US and a highly competitive UK retail sugar market for Silver Spoon. By contrast, Allied Bakeries and Twinings Ovaltine made very good progress.

In the US and Mexico, profitability at ACH was heavily impacted in the first half by taking long positions in vegetable oil futures at values well above the current market after a period when vegetable oil prices had risen sharply. Volumes of Mazola and Capullo were lower than last year as a reaction to the consequentially higher consumer prices. The performance in the second half steadily improved with higher Mazola volumes, following its consumer price reductions, and the full utilisation of the oil futures. Difficult market conditions have hampered the recovery of Capullo in Mexico. Home baking products and spices had a good year. Good progress was made with the integration of the foodservice, speciality food ingredient and retail private-label bottled oils businesses in Stratas, the 50% joint venture formed with Archer Daniels Midland (ADM) in October. The products produced at ACH's factories are being transferred on a phased basis to the low-cost facilities contributed by ADM to Stratas. Major cost savings will be realised when ACH's facilities are finally closed in spring 2010. Following the transfer of its commodity oils business to Stratas, ACH has rationalised its overhead and focused on improvements to its processes to support what is now a branded food business.

In Australia, revenue was well ahead of last year reflecting the recovery of higher input costs and a strong performance from milling. Profit was also ahead although margin pressure was a feature both in the baking and meat businesses. A number of new products were launched during the year. Following the closure of the Canberra and Orange bakeries, announced at the end of last year, the consolidation of baking in New South Wales was completed with the upgrade of the Newcastle bakery. New product launches and packaging formats were also used to develop the Don and KR Castlemaine brands following the combination of these meat businesses last year. Rationalisation is progressing to plan with the closure of the factory in Perth and the start of the construction of the new factory in Castlemaine.

The UK grocery businesses made further progress led by a strong performance from Allied Bakeries where sales improved through distribution gains, delivered on the back of stronger trading relationships. In June this year Kingsmill became the first UK bread brand to use the Carbon Trust's Carbon Reduction Label when it featured the label on its Great Everyday White, Tasty Wholemeal and 50/50 loaves. At the end of the year we launched the Little Big Loaf in response to consumer demand for a loaf with full-sized slices but fewer of them. Early indications are that this unique offering has been well received by the market. Following an increased focus on health and safety in its commercial fleet, which covers one million kilometres each week, the business was delighted to receive an award for its promotion of safe driving by its employees.

Twinings Ovaltine is a successful international business which benefited from the favourable translation of the results of its overseas operations into sterling. It also delivered good volume growth, particularly from Ovaltine, in its developing markets with strong growth in Asia and the newer markets of Nigeria and Brazil. Growth slowed in Twinings as volumes of its premium products were affected but there was high consumer demand for Everyday tea. In the UK, a new television and press campaign supporting Twinings speciality teas was introduced in May with encouraging results. The Twinings brand also performed well in Australia supported by a successfully executed marketing plan including television commercials.

On 2 November 2009 Twinings announced that it was entering a period of consultation with employees over a proposed reorganisation of its tea manufacturing footprint. The changes will ensure that manufacturing will be closer to its major customer markets, it will have the capacity to meet future growth demands and it will be lower cost and more efficient than the current configuration. It is proposed to invest in high-speed, automated packaging equipment at Andover to produce high-volume products mainly destined for the UK market. The Chinese factory would be doubled in size and concentrate on the US and Asia Pacific markets and a new factory to be built in Poland would specialise in rest-of-world markets. The factory in Newcastle would close. The programme would take over two years to complete. The charge for this reorganisation of some £19m, of which £8m is non-cash, would be included in the income statement for the 2009/10 financial year.

Silver Spoon experienced a highly competitive market but benefited from increased demand for home baking ingredients. This, combined with distribution gains, resulted in higher sales and market share across the Silver Spoon sugar and Allinson flour ranges. The Silver Spoon brand was extended into the growing cake making and decorating category with the launch of the Cakecraft range in June. Closure of the Newark packaging plant and transfer of operations to an expanded plant at Bury St Edmunds is virtually complete.

This year we successfully integrated Jordans Cereals and Ryvita into a single business headquartered in Biggleswade, with common systems and processes. This was achieved on time and on budget whilst maintaining a high level of service to customers. Ryvita continued to perform well with good year-on-year sales growth in its core crispbread business. Jordans' trading improved during the year, after a slow start, with growth achieved in most of its key branded lines. The Country Crisp range was rationalised and responded well to its relaunch with improved recipes and new packaging.

The ethnic foodservice sector in the UK continued to suffer from the effects of recession which impacted sales by Westmill Foods. Profit was lower than last year as a consequence but our main brands, Lucky Boat, Patak's, Green Dragon, Habib and Rajah continued to develop well. Rajah was relaunched in the summer to coincide with its participation in three regional UK cultural events celebrating Asian music, dance and food.

Last year AB World Foods successfully combined the Blue Dragon and Patak's businesses with the creation of a single supply chain and the commissioning of a new sauces factory in Poland for Blue Dragon. This year we have focused on delivering the benefits of this combination and achieved a strong sales performance. Margin was impacted by adverse commodity and currency movements. The Blue Dragon brand continued to grow driven by the success of its stir-fry and sweet chilli dipping sauces. The Patak's brand has undergone a major relaunch with new and improved recipes and a new television advertising campaign focusing on the Pathak family heritage. Meena's, a premium Indian sauce range launched in the UK a year ago, has quickly established itself with availability in all major supermarkets.

INGREDIENTS

	2009	2008
Revenue £m	**989**	824
Adjusted operating profit £m	**88**	78

Revenue and operating profit increased by 20% and 13% respectively, largely driven by the benefit of sterling weakness against the US dollar and euro.

The yeast and bakery ingredients business of AB Mauri performed well, with good sales growth in all geographic regions. Particularly good progress was made in yeast in South America and in technical ingredients in the Americas, but with tough trading conditions experienced in India. Operating margins improved following price increases achieved early in the year and the benefit of capital investment in cost reduction projects at our newly acquired factory in Italy.

Capital investment continued apace with further progress made on the significant expansion of the Chinese yeast plant in Harbin which is due to open in 2010. Working closely with the relevant local authorities we continued our programme to upgrade effluent treatment plants in South America, India, Vietnam, China and the UK which will improve the quality of waste water, ensuring compliance with ever-tightening regulatory standards. A major new Innovations Centre was opened in Bangalore in April to provide a regional focus on Bakery Ingredients throughout South and West Asia. We closed our small yeast facility in Ireland and transferred production to Hull in the UK. The sale of the former Gilde Bakery Ingredients business in Iberia and our manufacturing plant in Portugal was completed in June in accordance with the agreement reached with the EU Commission.

ABF Ingredients had a difficult year with lower sales volumes and pressure on margins as some commodity prices fell. Feed enzymes performed well with good growth generated from geographic expansion and new products. The expansion of enzymes capacity in Finland by some 30% was completed during the year. This removes the previous capacity constraint allowing previously outsourced production to be brought in-house and provides much needed flexibility for further development of this fast-growing business. Construction of the new yeast extracts facility, adjacent to the Chinese yeast plant in Harbin, is due to complete in 2010. When opened this will be a low-cost complement to our existing facility in Hamburg, Germany which is running at full capacity.

In the US, the cost of key raw materials including fatty acids, rice and palm oil, fell from the high levels experienced last year which, combined with a better approach to global sourcing, resulted in an improvement in profitability. Our speciality proteins business has focused on whey protein production at Juda, Wisconsin, and we closed the loss-making Norfolk, Nebraska milk protein facility. To minimise the cost base and maximise sales and management efficiencies we have merged the whey protein business with our speciality extruded ingredients business based in Woodland, California.

SUMMARY

We have consistently developed the group through investment and this year it enabled the delivery of good results in difficult economic times. The pace of development activity has increased and all our businesses are well equipped to deliver future growth.

George Weston
Chief Executive

FINANCIAL REVIEW

GROUP PERFORMANCE

Group revenue increased by 12% to £9.3bn with substantial growth in every business segment. The food businesses benefited from the weakness of sterling, the flow-through of price increases from last year, acquisitions and some volume growth. There was continued strong trading from Primark. At constant currency, and excluding the impact of acquisitions and disposals, revenue increased by 7%. Revenue from the US packaged oils business that was contributed to the Stratas joint venture has been included in disposed businesses. Since the disposal, the group's interest in the joint venture has been equity accounted with the result that sales revenues are not consolidated.

Adjusted operating profit increased by 8% to £720m. At constant currency, and excluding the benefit of acquisitions, it increased by 3% but this ignores the impact that sterling weakness had on import costs which, for a number of businesses, and Primark in particular, was a significant factor in second half margin compression. Under international accounting standards, inventory acquired with a business is stated at its fair value and typically profit is reduced when the sale subsequently takes place. For the Azucarera acquisition this resulted in an increase of £12m in inventory, from book value to fair value. This non-cash amount, which reduced profit in the year, has been added back in calculating adjusted operating profit. Other items excluded in calculating adjusted operating profit are profits less losses on the sale of property, plant and equipment, amortisation of non-operating intangibles and any exceptional items.

A net loss of £65m arose on the sale and closure of businesses, in line with that reported at the half year. This primarily related to the contribution of the US packaged oils business to the Stratas joint venture, £37m of which related to the write-off of property, plant and equipment at the two redundant ACH factories.

Finance expense less finance income of £78m compared with a charge of £53m last year. This year-on-year increase resulted from the continued significant level of capital investment in organic growth opportunities, the acquisition of new businesses and the impact of the US private placement which is currently a more expensive source of finance than bank debt at prevailing interest rates. Other financial income of £13m was primarily net income from retirement benefit schemes, being the expected return on assets in the group's schemes less the charge on pension scheme liabilities. This compared with a net income of £21m last year.

Profit before tax fell from £527m to £495m. This included the impact of the loss on disposal of businesses this year and an £11m reduction, year-on-year, in profits less losses on the sale of property, plant and equipment. Last year's profit before tax included a charge of £46m for exceptionals. Adjusted to exclude these items, underlying profit before tax increased by 4% to £655m.

TAXATION

The tax charge of £112m included an underlying charge of £166m, at an effective tax rate of 25.3% on the adjusted profit before tax. This was higher than last year's 24.4% as a result of the mix of profits in different tax jurisdictions and last year's one-time benefit from tax credits related to our investment in Zambia.

The overall tax charge for the year benefited from a £25m (2008 - £21m) credit for tax relief on the amortisation of non-operating intangible assets and goodwill arising from asset acquisitions. A tax credit of £25m arose on the loss on the sale of businesses and fixed assets and the tax on the fair value inventory adjustment discussed above amounted to £4m.

EARNINGS AND DIVIDENDS

Earnings attributable to equity shareholders were £359m, £2m higher than last year, and the weighted average number of shares in issue used to calculate earnings per share fell from 790 million to 789 million. Earnings per ordinary share were 1% ahead of last year at 45.5p. Adjusted earnings per share which provides a more consistent measure of performance increased by 5% from 54.9p to 57.7p.

The interim dividend was increased by 2% to 6.9p and a final dividend has been proposed at 14.1p which represents an overall increase of 4% for the year. In accordance with IFRS, no accrual has been made in these accounts for the proposed dividend which is expected to cost £111m and will be charged next year. The dividend is covered 2.75 times on an adjusted basis.

BALANCE SHEET

Non-current assets increased by £647m to £6,018m. Property, plant and equipment of £3,519m increased by £409m driven by acquisitions, which added £218m, and capital expenditure net of depreciation of £223m. Working capital increased by £65m primarily due to higher inventory values as a result of the Azucarera acquisition. Excluding the impact of acquisitions, working capital fell reflecting lower commodity costs and an increased focus on working capital management. Net borrowings at the year end were £208m higher than last year at £999m.

A currency gain of £243m arose on the translation into sterling of the group's foreign currency denominated net assets. This resulted from the fact that sterling was weaker against all major currencies at the end of this year than at the end of the previous year. The group's net assets increased by £232m to £5,076m.

Return on capital employed for the group fell from 16.6% to 15.4%. This is largely a consequence of the substantial level of investment made this year in a number of long-term capital projects which have yet to yield a return. Return on capital employed is defined as adjusted operating profit expressed as a percentage of average capital employed for the year.

CASH FLOW

Net cash flow from operating activities was £833m compared with £553m last year. This substantial increase mainly reflects a strong working capital performance with an inflow of £117m compared with an outflow of £110m last year, despite the considerable growth in the business.

We continued to invest significantly in the future growth of the group with a net £832m spent on property, plant and equipment, intangibles and acquisitions net of disposals during the year. Capital expenditure amounted to £545m of which £159m was spent on the acquisition and fit-out of Primark stores. Elsewhere expenditure was incurred on yeast and yeast extract production in China, the expansion of our sugar interests in southern Africa, bioethanol production in the UK and enzymes capacity in Finland. Compensation received for sugar quota renounced last year amounted to £101m.

We invested £391m on acquisitions, principally on the leading sugar producer in Iberia but also on an animal feed mill in the UK and a sugar cane farm in Zambia. £145m was received from business disposals, primarily the Polish sugar business, the Pongola mill in South Africa and the former Gilde Bakery Ingredients business in Iberia which was sold, together with our manufacturing plant in Portugal, in accordance with an agreement reached with the EU Commission.

FINANCING

Cash and cash equivalents totalled £383m at the year end. These were managed during the year by a central treasury department, operating under strictly controlled guidelines, which also arranges term bank finance for acquisitions and to meet short-term working capital requirements, particularly for the sugar beet and wheat harvests.

At the year end the group had total committed borrowing facilities amounting to £1,847m of which £1,007m was drawn down. £1,073m of these facilities expire in October 2011, with the remainder maturing from 2012 to 2021. The group also had access, at the year end, to £841m of uncommitted credit lines under which £358m was drawn. The significant increase in headroom on these facilities since last year is the consequence of the £320m bank facility which was secured at the beginning of the year, and the US$610m raised in March through a private placement in the US which strengthened the group balance sheet and secured long-term non-bank financing.

PENSIONS

Pensions are accounted for in accordance with IAS 19 – Employee benefits. The total pension expense for the year was £69m compared with £62m last year.

On an IAS 19 basis, liabilities in the group's defined benefit pension schemes now exceed employee benefit assets by £106m compared with last year's surplus of £61m. This turnaround is the consequence of a fall in asset values as equity and bond markets have responded to the worldwide recession together with inflationary increases in scheme liabilities. The triennial actuarial valuation of the UK Pension Scheme undertaken in 2008 revealed a funding deficit of £163m which, by agreement with the Trustees, the Company will eliminate with five deficit payments of £30m each, the first of which was made in March 2009. Total contributions to defined benefit plans in the year amounted to £75m (2008 - £54m).

For defined contribution schemes the charge for the year is equal to the contributions made which amounted to £33m (2008 - £26m).

POST BALANCE SHEET EVENTS

On 14 September 2009, Illovo concluded a rand 3bn rights issue to fund further expansion projects in Africa. The issue was 99.4% subscribed. ABF took up its 51% entitlement at a cost of £126m. The rights issue reduces the group's consolidated net debt by £119m after the year end.

On 2 November 2009, Twinings announced that it was entering a period of consultation with employees over a proposed reorganisation of its tea manufacturing operations. The charge for this reorganisation is expected to be £19m and will be included in the income statement for the financial year 2009/10.

John Bason
Finance Director

The annual report and accounts is available at www.abf.co.uk and will be despatched to shareholders on 5 November 2009. The annual general meeting will be held at Congress Centre, 28 Great Russell Street, London. WC1B 3LS at 11am on Friday, 4 December 2009.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's risk management process seeks to enable the early identification, evaluation and effective management of the key risks facing the businesses at an operational level and to operate internal controls to mitigate these risks. The key risks and internal control procedures are reviewed by group personnel together with internal audit activities. Each business is responsible for regularly assessing its risk management activities to ensure good practice in all areas. Compliance with group requirements is monitored six monthly, and these assessments are formally reviewed by group personnel at least annually. The board reviews annually the risk management process and its implementation in each of the businesses. A review of the main risks facing the group is embedded within every board agenda and summarised on an annual basis. The Audit committee receives reports on internal financial control issues both from management and the external auditors and regularly reports to the board for the purposes of the board's annual review.

The principal corporate risks as identified by each business and reviewed by the board are currently:

Food safety

Our businesses have a positive role to play in contributing to the quality of people's lives by providing wholesome and nutritious foods, food ingredients and animal feedstuffs. Sugar, tea, flour, bread, cereals and meat products are part of people's daily lives all over the world and every effort is made to ensure these are produced efficiently and to a high quality.

To manage food safety risks, manufacturing sites operate food safety systems which are regularly reviewed to ensure they remain effective, including compliance with all regulatory requirements for hygiene and food safety. Food products are made to high standards regardless of where they are manufactured and food safety is put before economic considerations.

Global economic slowdown and changing consumer demand

The economic slowdown and turmoil in the global economy has adversely impacted consumer markets, including those in which we operate. Our businesses are dependent on continued consumer demand for their products, and reduced consumer wealth may result in consumers becoming unwilling or unable to purchase our products, with clear implications for turnover and profitability.

Our strategy is aimed at delivering value to consumers, through strong brands, supported by differentiated innovation and continued product improvement. We seek to build mutually rewarding relationships with customers in order to make our products available across all relevant channels.

We have a significant number of global brands and any adverse event affecting consumer confidence or continuity of supply of such a brand could have an adverse impact in many of our markets, or in some cases affect intangible asset values. We support our brands and their growth through competitive levels of investment in advertising and promotions. The breadth of the business portfolio and our geographic reach also help to mitigate general economic risks. We aim to protect the value of our brands through research and development, product quality and by operating in accordance with relevant laws and regulations.

These measures are aimed at extending our consumer offerings, reducing the impact of falling consumer demand or of consumers switching to alternative products, thus allowing us to compete effectively in our key categories and countries.

Input costs, supplier and supply chain reliance

Primark's ethical trade programme has been strengthened considerably over the past year. In March, Primark appointed its first Ethical Trade Director and in the last 12 months it has doubled the size of its in-house ethical trade team around the world. Primark is visiting and working with more suppliers than ever before. It will audit more than 1,000 factories in 2009, up from 533 last year. An important and growing area of team activity is training, both internally and externally. In the first half of 2009 Primark's buyers and key personnel received over 1,500 hours of ethical trade training as part of a continuous programme to help them understand the impact of their actions further down the supply chain and improve their purchasing practices. Primark is concentrating on developing the support it gives to suppliers to meet its code of conduct and held supplier training sessions in India and the UK. Plans are under way for others in China, Bangladesh and Turkey to be held by the end of 2009. In addition to a new supplier management system which will help with monitoring and remediation, a suppliers' extranet, including many practical tools to improve compliance, is due to be launched by the end of 2009.

Primark is engaging with local experts, including unions and Non-Government Organisations (NGOs), in many of the regions from which it sources. It has built solid partnerships with a number of NGOs, such as a grassroots project with SAVE in India, to understand and address the challenges faced by workers in the communities where its products are made, and in Bangladesh a project with Nari Uddug Kendra, particularly focusing on training workers on their entitlements, including wages and associated rights. Two projects on living wages, one in Bangladesh and one in China, are under way with the aim of creating long-term improvements in labour standards. Primark is an active member of the Ethical Trading Initiative and participates in a number of working groups including the General Merchandisers, Home-working, Purchasing Practices, Reporting and China Forum. Primark launched a dedicated ethical trade section on its website in May which provides information and updates on its programme.

Profitable manufacturing is dependent on obtaining adequate supplies of production materials in a timely and cost effective manner. Prices are significantly influenced by global economic conditions and can fluctuate, which may have an impact on margins and cash flows.

We are also dependent on suppliers and global supply chains as a means of producing and supplying our products. As a result, we are exposed to business interruption from natural disasters or catastrophes and through additional risks of changes in local legal and regulatory schemes, labour shortages and disruption from environmental and industrial incidents.

In the current climate we also face a risk that our suppliers may fail to meet their contractual obligations. Active monitoring of suppliers and the supply chain is in place, and regular supplier counterparty risk analysis is undertaken to mitigate this risk.

We actively monitor our external environment, review and revisit our business continuity and disaster recovery plans, and continue to adapt our internal cost structures to deliver products at competitive prices.

Competition rules

The penalties for failing to comply with the 1998 Competition Act, the 2003 Enterprise Act, relevant EU law and all relevant competition legislation are recognised as risks to be managed within the group. Clear policy direction, which includes compulsory awareness training and close support from the in-house legal department, has reduced the likelihood of the group breaching these regulations.

Environment

We recognise the impact that our businesses have on the environment. Therefore, as a minimum, we comply with current applicable legislation of the countries in which we operate and our operations are conducted with a view to ensuring that:

- emissions to air, releases to water and landfilling of solid wastes do not cause unacceptable environmental impacts and do not offend the community;
- significant plant and process changes are assessed and positively authorised in advance to prevent adverse environmental impacts;
- energy is used efficiently and consumption is monitored;
- natural resources are used efficiently;
- raw material waste is minimised;

- solid waste is reduced, reused or recycled where practicable;
- the amount of packaging used for our products is minimised, consistent with requirements for food safety and product protection;
- products are transported efficiently to minimise fuel usage, consistent with customers' demands, production arrangements and vehicle fleet operations;
- accidents are prevented so far as is reasonably practical; and
- effective emergency response procedures are in place to minimise the impact of foreseeable incidents.

Particular attention is paid to recently acquired businesses to ensure they operate in accordance with the standards we expect of the group's businesses.

The principal environmental risk is the use of energy and the resultant emissions of carbon dioxide, a gas involved in climate change. The efficient use of energy is a major element of our environmental policy. Indeed, all sites which are subject to the EU's Pollution Prevention and Control regime are also under a statutory requirement to minimise energy consumption by use of best available techniques.

Our manufacturing operations in the UK participate in the UK Government's Climate Change Agreement Scheme in which energy-intensive businesses receive an 80% discount from the Climate Change Levy in return for meeting energy efficiency or carbon-saving targets. The sugar sites in the UK and Poland participate in the EU Emissions Trading Scheme. These schemes encourage the sites to reduce energy consumption and therefore reduce emissions of carbon dioxide cost-effectively.

In addition to the consumption of energy we generate surplus electricity from highly efficient Combined Heat and Power (CHP) plants and sell this electricity to other companies. All UK CHP plants participate in the UK Government's CHP quality assurance scheme and qualify for a full exemption from the UK's Climate Change Levy.

Carbon dioxide is emitted directly from the combustion of fossil fuels to create steam, heat and electricity at our factories, and indirectly by the power stations from which we buy our electricity. The use of bagasse (sugar cane fibre, which is a renewable resource and hence carbon neutral) as a fuel in the cane factories, eliminates the need to use coal and other fossil fuels to provide energy to our boilers.

Other significant environmental risks include the handling and disposal of waste and the treatment of waste water. The principal legal risk is regulatory action for non-compliance with licence conditions and statutory requirements. All of our businesses have named senior executives and responsible managers accountable for waste, and the management of the physical and legal risks, for which they employ specialists, is included in their annual objectives.

We use Environmental Resources Management (ERM) to continue our rolling programme of audits of the management of environmental risks at a representative sample of our businesses. The sites audited are selected on the basis of materiality with regard to the range of issues as well as their contribution to the health, safety and environmental performance of the group as a whole. ERM also carry out a sample data verification process on the group's data to check for completeness and accuracy. Each year the board reviews the verified results and provides strategic direction. Businesses are required to develop action plans as appropriate and progress is monitored by the group health and safety manager.

Details of our environmental performance is published in a separate report on our website: www.abf.co.uk

Health and safety

We are committed to providing a safe and healthy workplace in line with local regulations to protect all employees, visitors and the public insofar as they come into contact with foreseeable work hazards. We consider health and safety to be no less important than any other function. We require our businesses to build a culture of sustained improvement.

People's health and safety at work is a prime responsibility for all those who manage and supervise. All employees and those working on behalf of the Company have a responsibility for the health and safety of themselves and others who may be affected by their actions. We ensure that they are well informed, appropriately trained and are consulted on matters affecting their health and safety.

The principal health and safety risks relate to the potential for serious injuries, fatal accidents and regulatory action for non-compliance with statutory requirements.

As with environmental risks, all the group's businesses have named accountable senior executives who employ specialists to manage these risks, which form part of their annual objectives.

We use ERM to audit a representative sample of our operations to understand how the businesses manage their risks and to verify the data. Businesses are required to develop action plans as appropriate and progress is monitored by the group health and safety manager.

Details of our safety performance is published in a separate report on our website: www.abf.co.uk

People

The group's performance targets require us to have the right calibre of people at all levels. We must compete to obtain capable recruits for the businesses, and then train them in the skills and competencies that are needed to deliver profitable growth. At a time of substantial change in the businesses, there is a particular focus on creating alignment and energetic leadership.

Financial and commodity risks

Treasury operations are conducted within a framework of board-approved policies and guidelines to manage the group's financial and commodity risks. Financial risks essentially arise through exposure to foreign currencies, interest rates, counterparty credit and borrowings. Commodity risks arise from the procurement of raw materials and the exposure to changes in market prices. Liquidity risk arises from the availability of internal and external funding to enable the group to meet its financial obligations as and when they fall due.

Sufficient funding is maintained by way of external loans and committed bank facilities to meet our expected needs. An extended period of constraint in the capital markets, where availability of funds from the bank loan and public debt markets was limited at a time when cash flow was under pressure, might compromise our ability to implement current long-term strategies.

Credit risk is the risk that a counterparty will default on its contractual financial obligations resulting in a loss to the group. Credit risk arises from cash balances, credit exposures to customers including outstanding receivables, derivative financial instruments, and financial guarantees. Credit risk is managed at both a group and business level according to internal guidelines, with businesses responsible for their exposure to customer credit risk. Financial transactions are dealt through financial institutions with a credit rating of A or better.

Details of the group's accounting and risk management policies with respect to financial instruments and the associated quantitative and qualitative disclosures are set out in note 25 of the annual report.

Taxation risks

Tax benefits are not recognised unless it is probable that the position taken is sustainable. Management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation. Any interest and penalties on tax liabilities are provided for in the tax charge.

The group operates internationally and is subject to tax in many different jurisdictions. As a consequence, the group is routinely subject to tax audit and local enquiries which, by their very nature, can take a considerable period to conclude. Provision is made for known issues based on management's interpretation of country-specific tax law and the likely outcome.

Loss of a major site and business continuity

The group operates from many key sites the loss of which, for example as a result of fire, would present significant operational difficulties. Our operations have business continuity plans in place to manage the impact of such an event and group insurance programmes to mitigate the financial consequences.

Major projects

The group undertakes a number of major capital investment projects, each of which carries the risk of overspending initial cost estimates, overrunning construction timelines and failing to meet design specifications. All major projects are managed by dedicated teams who work in close liaison with business management.

Initial project plans are reviewed by group management and, for the larger projects, by the board. Updates on progress are provided throughout the project.

Management succession

The devolved nature of the group requires us to pay particular attention to the strength of the various management teams around the world, with specific focus on succession planning. The status of each division's succession plan is reviewed with group management twice a year, and with the board annually. Development of our senior managers is co-ordinated by the Group HR Director and the Head of Executive Development. In addition, a small number of executive search companies have been briefed to introduce us to talented executives from other companies who could add value to the group.

Regulatory and political environment

Our businesses are subject to a wide variety of regulations in the different countries in which they operate because of their diverse nature. They may also be affected by political developments in the countries in which they operate. These uncertainties in the external environment are considered when developing strategy and reviewing performance, and we remain vigilant to future changes. We engage with governments and NGOs to ensure the views of our stakeholders are represented and we try to anticipate, and contribute to, important changes in public policy wherever we operate.

CAUTIONARY STATEMENTS

This report contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

Pursuant to Disclosure and Transparency Rules, Chapter 4, the following sections of the Company's annual report contain a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face:

1. The Chairman's statement on pages 4 and 5;
2. Operating review on pages 6 to 23 which includes a review of the external environment, key strategic aims, future development and performance measures;
3. Financial review on pages 24 and 25;
4. Other disclosures: 'Research and development';
5. Other disclosures: 'Financial instruments';
6. Other disclosures: 'Property, plant and equipment';
7. Other disclosures: 'Power of directors'; and
8. Other disclosures: 'Principal risks and uncertainties'

The contents of this announcement, including the responsibility statement above, have been extracted from the annual report and accounts for the year ended 12 September 2009 which can be found at www.abf.co.uk and will be despatched to shareholders on 5 November 2009. Accordingly the responsibility statement makes reference to the financial statements of the Company and the group and to the relevant narratives appearing in that annual report and accounts rather than the contents of this announcement.

On behalf of the board

Charles Sinclair **Chairman**	**George Weston** **Chief Executive**	**John Bason** **Finance Director**

3 November 2009

CONSOLIDATED INCOME STATEMENT
for the year ended 12 September 2009

Continuing operations		**Note**	**2009 £m**	**2008 £m**
Revenue		1	9,255	8,235
Operating costs before exceptional items			(8,639)	(7,660)
Exceptional items			-	(46)
			616	529
Share of profit after tax from joint ventures and associates			10	15
Profits less losses on sale of property, plant & equipment			(1)	10
Operating profit			625	554
Adjusted operating profit		1	720	664
Profits less losses on sale of property, plant & equipment			(1)	10
Amortisation of non-operating intangibles			(82)	(74)
Inventory fair value adjustment		6	(12)	-
Exceptional items		5	-	(46)
Profits less losses on sale and closure of businesses			(65)	5
Profit before interest			560	559
Finance income			17	21
Finance expense			(95)	(74)
Other financial income			13	21
Profit before taxation			495	527
Adjusted profit before taxation			655	632
Profits less losses on sale of property, plant & equipment			(1)	10
Amortisation of non-operating intangibles			(82)	(74)
Inventory fair value adjustment			(12)	-
Exceptional items			-	(46)
Profits less losses on sale and closure of businesses			(65)	5
Taxation	- UK (excluding tax on exceptional items)		(71)	(50)
	- UK (on exceptional items)		-	(14)
	- Overseas (excluding tax on exceptional items)		(41)	(92)
	- Overseas (on exceptional items)		-	20
		2	(112)	(136)
Profit for the period			383	391
Attributable to				
Equity shareholders			359	357
Minority interests			24	34
Profit for the period			383	391
Basic and diluted earnings per ordinary share (pence)		4	45.5	45.2
Dividends per share paid and proposed for the year (pence)		3	21.0	20.25

CONSOLIDATED BALANCE SHEET
at 12 September 2009

	2009	2008
	£m	£m
Non-current assets		
Intangible assets	**1,913**	1,815
Property, plant & equipment	**3,519**	3,110
Biological assets	**92**	66
Investments in joint ventures	**122**	75
Investments in associates	**32**	23
Employee benefits assets	**16**	106
Deferred tax assets	**184**	101
Other receivables	**140**	75
Total non-current assets	**6,018**	5,371
Current assets		
Assets classified as held for sale	**136**	19
Inventories	**1,262**	1,042
Biological assets	**101**	80
Trade and other receivables	**1,121**	1,228
Other financial assets	**12**	63
Cash and cash equivalents	**383**	348
Total current assets	**3,015**	2,780
TOTAL ASSETS	**9,033**	8,151
Current liabilities		
Liabilities classified as held for sale	**(26)**	-
Interest-bearing loans and overdrafts	**(584)**	(278)
Trade and other payables	**(1,413)**	(1,365)
Other financial liabilities	**(76)**	(25)
Income tax	**(113)**	(89)
Provisions	**(248)**	(85)
Total current liabilities	**(2,460)**	(1,842)
Non-current liabilities		
Interest-bearing loans	**(806)**	(870)
Provisions	**(173)**	(101)
Deferred tax liabilities	**(396)**	(449)
Employee benefits liabilities	**(122)**	(45)
Total non-current liabilities	**(1,497)**	(1,465)
TOTAL LIABILITIES	**(3,957)**	(3,307)
NET ASSETS	**5,076**	4,844
Equity		
Issued capital	**47**	47
Other reserves	**173**	173
Translation reserve	**439**	221
Hedging reserve	**(32)**	25
Retained earnings	**4,121**	4,088
	4,748	4,554
Minority interests	**328**	290
TOTAL EQUITY	**5,076**	4,844

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 12 September 2009

	2009	2008
	£m	£m
Cash flow from operating activities		
Profit before taxation	**495**	527
Profits less losses on sale of property, plant & equipment	**1**	(10)
Profits less losses on sale and closure of businesses	**65**	(5)
Inventory fair value adjustment	**12**	-
Exceptional items	**-**	46
Finance income	**(17)**	(21)
Finance expense	**95**	74
Other financial income	**(13)**	(21)
Share of profit after tax from joint ventures and associates	**(10)**	(15)
Amortisation	**85**	76
Depreciation	**290**	234
Change in the fair value of biological assets	**(90)**	(84)
Share-based payment expense	**5**	5
Pension costs less contributions	**(40)**	(18)
Decrease/(increase) in inventories	**58**	(103)
Decrease/(increase) in receivables	**159**	(156)
(Decrease)/increase in payables	**(100)**	149
Purchases less sales of current biological assets	**(7)**	(9)
Decrease in provisions	**(20)**	(6)
Cash generated from operations	**968**	663
Income taxes paid	**(135)**	(110)
Net cash from operating activities	**833**	553
Cash flows from investing activities		
Dividends received from joint ventures	**3**	1
Dividends received from associates	**1**	1
Purchase of property, plant & equipment	**(545)**	(502)
Purchase of intangibles	**(24)**	(70)
Purchase of non-current biological assets	**(10)**	(3)
Sale of property, plant & equipment	**19**	30
Quota renunciation compensation	**101**	-
Purchase of subsidiaries, joint ventures and associates	**(266)**	(211)
Sale of subsidiaries, joint ventures and associates	**145**	59
Loans to joint ventures	**(52)**	-
Purchase of minority interests	**(2)**	(10)
Purchase of other investments	**(4)**	(3)
Interest received	**12**	19
Net cash from investing activities	**(622)**	(689)
Cash flows from financing activities		
Dividends paid to minorities	**(23)**	(21)
Dividends paid to shareholders	**(161)**	(156)
Interest paid	**(89)**	(74)
Decrease/(increase) in other current investments	**12**	(7)
Financing:		
Increase in short-term loans	**283**	59
(Decrease)/increase in long-term loans	**(100)**	182
Sale of shares in subsidiary undertakings to minority interests	**19**	**-**
Movements from changes in own shares held	**(15)**	(3)
Net cash from financing activities	**(74)**	(20)
Net increase/(decrease) in cash and cash equivalents	**137**	(156)
Cash and cash equivalents at the beginning of the period	**210**	349
Effect of movements in foreign exchange	**14**	17
Cash and cash equivalents at the end of the period	**361**	210

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 12 September 2009

	2009 £m	2008 £m
Actuarial losses on defined benefit schemes	**(217)**	(254)
Deferred tax associated with defined benefit schemes	**62**	71
Effect of movements in foreign exchange	**270**	360
Net loss on hedge of net investment in foreign subsidiaries	**(27)**	(58)
Deferred tax associated with movements in foreign exchange	**1**	(3)
Current tax associated with movements in foreign exchange	**(4)**	-
Movement in cash flow hedging position	**(81)**	34
Deferred tax associated with movement in cash flow hedging position	**18**	(7)
Share of recognised income and expense of joint ventures and associates	**(1)**	(1)
Net gain recognised directly in equity	**21**	142
Profit for the period	**383**	391
Total recognised income and expense for the period	**404**	533
Attributable to:		
Equity shareholders	**361**	466
Minority interests	**43**	67
	404	533

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT
for the year ended 12 September 2009

1. Segmental analysis

Segment reporting is presented in respect of the group's business and geographical segments. The primary format, business segments, is based on the group's management and internal reporting structure and combines businesses with common characteristics. Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefit balances and current and deferred tax balances. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Business segments
The group is comprised of the following business segments:

- Grocery — The manufacture of grocery products, including hot beverages, sugar and sweeteners, vegetable oils, bread and baked goods, cereals, ethnic foods, herbs and spices and meat products which are sold to retail, wholesale and foodservice businesses.
- Sugar — The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the Grocery segment.
- Agriculture — The manufacture of animal feeds and the provision of other products for the agriculture sector.
- Ingredients — The manufacture of bakers' yeast, bakery ingredients, speciality proteins, enzymes, lipids and yeast extracts.
- Retail — Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

Geographical segments
The secondary format presents the revenues, profits and assets for the following geographical segments:

- United Kingdom
- Europe & Africa
- The Americas
- Asia Pacific

Revenues are shown by reference to the geographical location of customers. Profits are shown by reference to the geographical location of the businesses. Segment assets are based on the geographical location of the assets.

	Revenue		**Adjusted operating profit**	
	2009	2008	**2009**	2008
	£m	£m	**£m**	£m
Grocery	**3,188**	2,820	**191**	194
Sugar	**1,575**	1,267	**189**	153
Agriculture	**1,004**	867	**34**	33
Ingredients	**989**	824	**88**	78
Retail	**2,314**	1,933	**252**	233
Central	**-**	-	**(34)**	(28)
	9,070	7,711	**720**	663
Businesses disposed:				
Grocery	**177**	434	**-**	-
Agriculture	**-**	42	**-**	1
Ingredients	**8**	48	**-**	-
	185	524	**-**	1
	9,255	8,235	**720**	664
Geographical segments				
United Kingdom	**4,140**	3,766	**354**	309
Europe & Africa	**2,027**	1,489	**219**	159
The Americas	**1,068**	860	**85**	105
Asia Pacific	**1,835**	1,596	**62**	90
	9,070	7,711	**720**	663
Businesses disposed:				
United Kingdom	**-**	42	**-**	2
Europe & Africa	**-**	30	**-**	2
The Americas	**185**	452	**-**	(3)
	185	524	**-**	1
	9,255	8,235	**720**	664

1 Segmental analysis for the year ended 12 September 2009

Business segments

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Elimina-tions £m	Total £m
Revenue from continuing businesses	3,197	1,683	1,005	1,033	2,314	-	(162)	9,070
Businesses disposed	177	-	-	8	-	-	-	185
Internal revenue	(9)	(108)	(1)	(44)	-	-	162	-
Revenue from external customers	3,365	1,575	1,004	997	2,314	-	-	9,255
Adjusted operating profit from continuing businesses	191	189	34	88	252	(34)	-	720
Businesses disposed	-	-	-	-	-	-	-	-
Adjusted operating profit	191	189	34	88	252	(34)	-	720
Inventory fair value adjustment	-	(12)	-	-	-	-	-	(12)
Amortisation of non-operating intangibles	(27)	(25)	(1)	(29)	-	-	-	(82)
Profits less losses on sale of property, plant & equipment	-	(1)	-	-	-	-	-	(1)
Profits less losses on sale and closure of businesses[1]	(57)	(2)	-	(6)	-	-	-	(65)
Profit before interest	107	149	33	53	252	(34)	-	560
Finance income						17	-	17
Finance expense						(95)	-	(95)
Other financial income						13	-	13
Taxation						(112)	-	(112)
Profit for the period	107	149	33	53	252	(211)	-	383
Segment assets (excluding investments in associates and joint ventures)	2,414	2,570	230	1,240	1,780	54	-	8,288
Investments in associates and joint ventures	32	42	51	29	-	-	-	154
Segment assets	2,446	2,612	281	1,269	1,780	54	-	8,442
Cash and cash equivalents						391	-	391
Employee benefits assets						16	-	16
Deferred tax assets						184	-	184
Segment liabilities	(503)	(557)	(90)	(150)	(339)	(296)	-	(1,935)
Interest-bearing loans and overdrafts						(1,390)	-	(1,390)
Income tax						(114)	-	(114)
Deferred tax liabilities						(396)	-	(396)
Employee benefits liabilities						(122)	-	(122)
Net assets	1,943	2,055	191	1,119	1,441	(1,673)	-	5,076
Capital additions	96	184	11	77	177	5	-	550
Depreciation	89	76	8	32	85	-	-	290
Impairment of PP&E	37	-	-	-	-	-	-	37
Amortisation	29	27	-	29	-	-	-	85
Impairment of intangibles on closure of business	6	-	-	-	-	-	-	6
Other significant non-cash expenses (inventory fair value adjustment	-	12	-	-	-	-	-	12

Geographical segments

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Elimina-tions £m	Total £m
Revenue from external customers	4,140	2,027	1,253	1,835	-	9,255
Segment assets	3,258	2,689	1,021	1,474	-	8,442
Capital additions	198	189	20	143	-	550
Depreciation	149	62	27	52	-	290
Impairment of PP&E	-	-	37	-	-	37
Amortisation	14	35	26	10	-	85
Impairment of intangibles on closure of business	-	-	6	-	-	6
Other significant non-cash expenses (inventory fair value adjustment	-	12	-	-	-	12

[1] Provision of £65m has been made for the sale and closure of our US packaged oil processing plants, the milk protein factory in Norfolk, Nebraska and a sugar mill in South Africa**.**

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
for the year ended 12 September 2009

1 Segmental analysis for the year ended 13 September 2008

Business segments

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Eliminations £m	Total £m
Revenue from continuing businesses	2,833	1,359	870	860	1,933	-	(144)	7,711
Businesses disposed	434	-	42	54	-	-	(6)	524
Internal revenue	(13)	(92)	(3)	(42)	-	-	150	-
Revenue from external customers	3,254	1,267	909	872	1,933	-	-	8,235
Adjusted operating profit from continuing businesses	194	153	33	78	233	(28)	-	663
Businesses disposed	-	-	1	-	-	-	-	1
Adjusted operating profit	194	153	34	78	233	(28)	-	664
Exceptional items	(61)	25	-	(10)	-	-	-	(46)
Amortisation of non-operating intangibles	(22)	(24)	-	(28)	-	-	-	(74)
Profits less losses on sale of property, plant & equipment	2	1	-	4	3	-	-	10
Profits less losses on sale and closure of businesses	-	-	1	4	-	-	-	5
Profit before interest	113	155	35	48	236	(28)	-	559
Finance income						21	-	21
Finance expense						(74)	-	(74)
Other financial income						21	-	21
Taxation						(136)	-	(136)
Profit for the period	113	155	35	48	236	(196)	-	391
Segment assets (excluding investments in associates and joint ventures)	2,415	2,072	213	1,146	1,628	15	-	7,489
Investments in associates and joint ventures	12	31	40	15	-	-	-	98
Segment assets	2,427	2,103	253	1,161	1,628	15	-	7,587
Cash and cash equivalents						348	-	348
Employee benefits assets						106	-	106
Deferred tax assets						101	-	101
Other current investments						9	-	9
Segment liabilities	(525)	(404)	(89)	(149)	(266)	(143)	-	(1,576)
Interest-bearing loans and overdrafts						(1,148)	-	(1,148)
Income tax						(89)	-	(89)
Deferred tax liabilities						(449)	-	(449)
Employee benefits liabilities						(45)	-	(45)
Net assets	1,902	1,699	164	1,012	1,362	(1,295)	-	4,844
Capital additions	90	194	10	54	140	6	-	494
Depreciation	81	55	7	27	64	-	-	234
Impairment of PP&E	17	2	-	3	-	-	-	22
Amortisation	24	24	-	28	-	-	-	76

Geographical segments

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Eliminations £m	Total £m
Revenue from external customers	3,808	1,519	1,312	1,596	-	8,235
Segment assets	3,334	1,947	1,090	1,216	-	7,587
Capital additions	129	243	29	93	-	494
Depreciation	131	40	22	41	-	234
Impairment of PP&E	-	2	3	17	-	22
Amortisation	10	32	24	10	-	76

2. Income tax expense

	2009 £m	2008 £m
Current tax expense		
UK – corporation tax at 28% (2008: 29.1%)	**63**	41
Overseas – corporation tax	**86**	73
Underprovided in prior years	**3**	2
	152	116
Deferred tax expense		
UK deferred tax	**10**	28
Overseas deferred tax	**(48)**	(9)
(Over)/underprovided in prior years	**(2)**	1
Total income tax expense in income statement	**112**	136

	2009 £m	2008 £m
Reconciliation of effective tax rate		
Profit before taxation	**495**	527
Less share of profit after tax from joint ventures and associates	**(10)**	(15)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**485**	512
Nominal tax charge at UK corporation tax rate of 28% (2008: 29.1%)	**136**	149
Lower tax rates on overseas earnings	**(44)**	(38)
Expenses not deductible for tax purposes	**12**	12
Utilisation of losses	**-**	(10)
Deferred tax not recognised	**7**	3
Abolition of UK Industrial Buildings Allowances	**-**	17
Adjustments in respect of prior periods	**1**	3
	112	136

	2009 £m	2008 £m
Income tax recognised directly in equity		
Deferred tax associated with actuarial gains and losses on defined benefit schemes	**(62)**	(71)
Deferred tax associated with movement in cash flow hedging position	**(18)**	7
Deferred tax associated with movements in foreign exchange	**(1)**	3
Current tax associated with movements in foreign exchange	**4**	-
	(77)	(61)

3. Dividends

	2009 pence per share	2008 pence per share	2009 £m	2008 £m
2007 final	**-**	13.00	**-**	103
2008 interim	**-**	6.75	**-**	53
2008 final	**13.50**	-	**107**	-
2009 interim	**6.90**	-	**54**	-
	20.40	19.75	**161**	156

The 2009 interim dividend was declared on 21 April 2009 and paid on 3 July 2009. The 2009 final dividend of 14.1p, total value of £111m, will be paid on 8 January 2010 to shareholders on the register on 4 December 2009.

Dividends relating to the period were 21.0p per share totalling £165m (2008 – 20.25p per share totalling £160m).

4. Earnings per share

The calculation of basic earnings per share at 12 September 2009 was based on the net profit attributable to equity shareholders of £359m (2008 - £357m), and a weighted average number of shares outstanding during the year of 789 million (2008 – 790 million). The calculation of the weighted average number of shares excludes the shares held by the Employee Share Ownership Plan Trust on which the dividends are being waived.

Adjusted earnings per ordinary share, which exclude the impact of profits less losses on the sale of property, plant & equipment and businesses, amortisation of non-operating intangibles, the inventory fair value adjustment on the acquisition of Azucarera, exceptional items and associated tax credits, is shown to provide clarity on the underlying performance of the group.

The diluted earnings per share calculation takes into account the dilutive effect of share options and share incentives. The diluted, weighted average number of shares is 789 million (2008 – 790 million). There is no difference between basic and diluted earnings.

	2009	2008
	£m	£m
Adjusted profit for the period	**455**	434
Profits less losses on sale of property, plant & equipment	**(1)**	10
Profits less losses on sale and closure of businesses	**(65)**	5
Inventory fair value adjustment	**(12)**	-
Exceptional items	**-**	(46)
Tax effect on above adjustments	**29**	(3)
Amortisation of non-operating intangibles	**(82)**	(74)
Tax credit on non-operating intangibles amortisation and goodwill	**25**	21
Minority share of amortisation of non-operating intangibles net of tax	**10**	10
Profit for the period attributable to equity shareholders	**359**	357

	2009	2008
	pence	pence
Adjusted earnings per share	**57.7**	54.9
Sale of property, plant & equipment	**(0.1)**	1.3
Sale and closure of businesses	**(8.3)**	0.6
Inventory fair value adjustment	**(1.5)**	-
Exceptional items	**-**	(5.8)
Tax effect on above adjustments	**3.6**	(0.4)
Amortisation of non-operating intangibles	**(10.4)**	(9.4)
Tax credit on non-operating intangibles amortisation and goodwill	**3.2**	2.7
Minority share of amortisation of non-operating intangibles net of tax	**1.3**	1.3
Earnings per ordinary share	**45.5**	45.2

5. Exceptional items

In 2008, an exceptional credit of £25m arose in British Sugar comprising compensation receivable for quota renunciation less factory closure costs and the write-off of the unamortised cost of quota purchased in 2006.

An exceptional charge of £71m was made for the cost of business restructuring, principally the Australian meat and dairy business following the acquisition of KR Castlemaine. These costs comprised severance costs, impairment of property, plant & equipment and other closure costs.

A tax credit of £23m arose on the above exceptional items. Following a change in tax law in the UK Finance Act 2008, Industrial Buildings Allowances are being phased out. An exceptional tax charge of £17m reflected the consequential increase in the group's deferred tax liability.

6. Acquisitions and disposals

Acquisitions

During the period, the group completed the acquisition of the Iberian sugar business, Azucarera Ebro, together with a small feed mill in the UK and a sugar cane farm in Zambia, as well as a number of other small acquisitions. Costs associated with these acquisitions are included within cash and deferred consideration. Deferred consideration was paid in respect of the beet sugar operations acquired in north east China last year.

The acquisitions had the following effect on the group's assets and liabilities:

	Pre-acquisition carrying amounts £m	Recognised values on acquisition £m
Net assets		
Intangible assets	5	54
Property, plant & equipment	202	218
Biological assets	3	8
Joint ventures and associates	12	12
Other non-current receivables	52	52
Inventories	156	169
Trade and other receivables	61	61
Other financial assets	2	2
Cash and cash equivalents	1	1
Trade and other payables	(130)	(130)
Overdrafts	(4)	(4)
Interest-bearing loans and borrowings	(121)	(121)
Taxation	37	23
Provisions	(92)	(92)
Net identifiable assets and liabilities	184	253
Goodwill		18
Minority interests		(3)
Total consideration		268
Satisfied by		
Cash consideration		235
Deferred consideration		17
Consideration previously paid		16
Net cash		
Cash consideration		235
Net overdrafts acquired		3
Cash consideration in respect of prior year acquisitions		11
		249

The differences between pre-acquisition carrying amounts and amounts recognised on acquisition, which include fair value adjustments to the assets and liabilities acquired, are £49m of intangibles recognised, a £16m upward adjustment to property, plant & equipment, a £5m upward adjustment to biological assets, a £13m revaluation of inventories (including £12m in respect of the Azucarera acquisition) and a £14m adjustment to deferred tax.

Goodwill arising on the acquisitions is attributable to the anticipated profitability from the sale of the group's existing products in new markets, and the anticipated future technological and operational synergies from the combinations.

The acquisitions in aggregate contributed revenue of £136m and adjusted profit before tax of £1m for the period between the dates of acquisition and 12 September 2009. Aggregate contributions to revenue and profit before tax had the acquisitions occurred at the beginning of the period have not been disclosed, as appropriately consolidated financial information prepared under Adopted IFRS is not available.

The net cash of £249m in the acquisition table above differs from the cash flow on purchase of subsidiaries, joint ventures and associates shown in the cash flow statement by £17m. The difference relates to amounts paid for investments in joint ventures.

6. Acquisitions and disposals continued

Acquisition of Azucarera Ebro

The acquisition of Azucarera was completed on 30 April 2009. It contributed a net profit of £1m to the consolidated adjusted net profit for the year since acquisition date. The contribution to consolidated revenues and net profit had the acquisition occurred at the beginning of the year has not been disclosed, as it would be impractical to determine these amounts. This is because the entity acquired did not prepare consolidated financial statements and reported to a 31 December year end.

Disposals and closure of businesses

During the year, the group disposed of its US packaged oils business to a newly formed joint venture with Archer Daniels Midland Company Inc, Stratas Foods. We also sold the former Gilde Bakery Ingredients business in Iberia together with our manufacturing plant in Portugal and the Pongola mill in South Africa. Costs associated with these disposals are included within cash and deferred consideration.

The disposals had the following effect on the group's assets and liabilities:

	2009 Carrying values £m	2008 Carrying values £m
Net assets		
Intangible assets	**-**	15
Property, plant & equipment	**28**	17
Other non-current receivables	**16**	-
Inventories	**5**	3
Trade and other receivables	**7**	5
Trade and other payables	**(8)**	(3)
Intercompany receivables	**-**	1
Taxation	**(1)**	(5)
Employee benefits	**-**	(1)
Net identifiable assets and liabilities	**47**	32
Goodwill	**-**	21
Recycle of effect of movements in foreign exchange	**-**	1
(Loss)/profit on sale and closure of business	**(65)**	5
Total consideration	**(18)**	59
Satisfied by		
Cash consideration	**22**	59
Deferred consideration	**11**	-
Provisions made	**(65)**	-
Interest in joint venture	**14**	-
Net cash		
Cash consideration	**22**	59

Provisions made on sale and closure of businesses of £65m comprised £37m of property, plant and equipment impairment, £6m of operating intangible impairment and £22m of other rationalisation costs.

In August 2009, agreement was reached to sell the Polish sugar business, completion of which is subject to competition clearance. Assets and liabilities of this business have been included in the consolidated balance sheet as "held for sale" pending competition clearance.

The net cash of £22m in the disposal table above differs from the cash flow on sale of subsidiaries, joint ventures and associates shown in the cash flow statement by £123m. Of this difference, £122m relates to advance consideration received in respect of the agreement to dispose of the Polish sugar business, as described above. The remaining £1m was received in respect of a reduction in stake in a joint venture.

7. Analysis of net debt

	At 13 September 2008 £m	Cash flow £m	Acquisitions/ disposals £m	Exchange adjustments £m	**At 12 September 2009 £m**
Cash at bank and in hand, cash equivalents and overdrafts	210	137	-	14	**361**
Short-term borrowings	(140)	(283)	(119)	(12)	**(554)**
Other current investments	9	(12)	2	1	**-**
Loans over one year	(870)	100	(2)	(34)	**(806)**
	(791)	(58)	(119)	(31)	**(999)**

Cash and cash equivalents comprise cash balances, call deposits and investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement. £8m of cash at bank and in hand disclosed above is included within assets held for sale.

8. Total equity

Reconciliation of movement in capital and reserves

	Attributable to equity shareholders							
	Share capital £m	**Other reserves £m**	**Translation reserve £m**	**Hedging reserve £m**	**Retained earnings £m**	**Total £m**	**Minority interests £m**	**Total equity £m**
At 15 September 2007	47	173	(49)	(1)	4,074	4,244	220	4,464
Total recognised income and expense for the period	-	-	270	26	170	466	67	533
Dividends paid to shareholders	-	-	-	-	(156)	(156)	-	(156)
Net decrease in own shares held	-	-	-	-	3	3	-	3
Minority interests acquired/disposed	-	-	-	-	-	-	24	24
Dividends paid to minorities	-	-	-	-	-	-	(21)	(21)
Changes in fair value of minority interests on acquisition	-	-	-	-	(3)	(3)	-	(3)
At 13 September 2008	47	173	221	25	4,088	4,554	290	4,844
Total recognised income and expense for the period	-	-	218	(57)	200	361	43	404
Dividends paid to shareholders	-	-	-	-	(161)	(161)	-	(161)
Net increase in own shares held	-	-	-	-	(10)	(10)	-	(10)
Minority interests acquired/disposed	-	-	-	-	-	-	9	9
Sale of shares to minority interests	-	-	-	-	-	-	19	19
Gain on deemed disposal	-	-	-	-	10	10	(10)	-
Dividends paid to minorities	-	-	-	-	-	-	(23)	(23)
Changes in fair value of minority interests on acquisition	-	-	-	-	(6)	(6)	-	(6)
At 12 September 2009	**47**	**173**	**439**	**(32)**	**4,121**	**4,748**	**328**	**5,076**

9. Related parties

The group has a controlling related party relationship with its parent company, Wittington Investments Limited, which is also its ultimate parent company. The group also has a related party relationship with its associates and joint ventures and with its directors. In the course of normal operations, related party transactions entered into by the group have been contracted on an arm's-length basis.

Material transactions and year end balances with related parties were as follows:

	Sub note	**2009 £'000**	**2008 £'000**
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		**201**	271
Dividends paid by ABF and received in a beneficial capacity by:			
(i) Trustees of the Garfield Weston Foundation	1	**6,142**	6,063
(ii) Directors of Wittington Investments Limited who are not trustees of the Foundation		**806**	780
(iii) Directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited		**12**	15
(iv) a member of the Weston family employed within the ABF group	2	**596**	576
Sales to fellow subsidiary undertakings on normal trading terms	3	**2,246**	2,438
Sales to a company with common key management personnel	4	**4,448**	3,551
Amounts due from fellow subsidiary undertakings on normal trading terms	3	**193**	872
Amounts due from a company with common key management personnel	4	**508**	332
Sales to joint ventures and associates on normal trading terms		**328,915**	25,087
Purchases from joint ventures and associates on normal trading terms		**221,774**	78,929
Amounts due from joint ventures and associates		**95,068**	13,270
Amounts due to joint ventures and associates		**23,321**	4,438

1. The Garfield Weston Foundation ('the Foundation') is an English charitable trust, established in 1958 by the late W Garfield Weston. The Foundation has no direct interest in the Company, but as at 12 September 2009 was the beneficial owner of 683,073 shares (2008 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2008 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 12 September 2009 trustees of the Foundation comprised two children and two grandchildren of the late W Garfield Weston and five children of the late Garry H Weston.
2. A member of the Weston family who is employed by the group and is not a director of the Company or Wittington Investments Limited and is not a Trustee of the Foundation.
3. The fellow subsidiary undertaking is Fortnum and Mason plc.
4. The company with common key management personnel is George Weston Limited, in Canada.

Amounts due from joint ventures and associates comprise £19m of finance lease receivables due from a joint venture (see note 14) and £50m of loan receivables due from joint ventures. The remainder of the balance is trading balances. The loan receivables are all non-current, and all but £1m of the finance lease receivables are non-current.

10. Subsequent events

On 14 September 2009, Illovo concluded a ZAR 3bn rights issue to fund further expansion projects in Africa. The issue was 99.4% subscribed. ABF took up its 51% entitlement at a cost of £126m. The rights issue reduces the group's consolidated net debt by £119m.

On 2 November 2009, Twinings announced that it was entering a period of consultation with employees over a proposed reorganisation of its tea manufacturing operations. The charge for this reorganisation is expected to be £19m and will be included in the income statement for the financial year 2009/10

11. Other information

The financial information set out above does not constitute the group's statutory financial statements for the years ended 12 September 2009 and 13 September 2008 but it is derived from them. The 2008 financial statements have been filed with Registrar of Companies whereas those for 2009 will be delivered following the company's annual general meeting. The auditors' opinions on these financial statements were unqualified and did not include a statement under Section 237 (2) or (3) of the Companies Act 1985.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 12 September 2009

Associated British Foods plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 12 September 2009 comprise those of the Company and its subsidiaries (together referred to as the "group") and the group's interest in associates and jointly-controlled entities.

The financial statements were authorised for issue by the directors on 3 November 2009.

Basis of preparation
The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU.

The financial statements are presented in sterling, rounded to the nearest million. They are prepared on the historical cost basis except that biological assets and certain financial instruments are stated at their fair value. Assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell. However, the financial information included in this announcement does not in itself contain sufficient information to comply with IFRS.

The accounting policies applied in preparing this financial information are consistent with the group’s financial statements for the year ended 13 September 2008. New accounting standards that came into force in the year did not require restatement of comparatives nor had any significant impact on the group’s consolidated results or financial position.

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on experience. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognised from the period in which the estimates are revised.

The consolidated financial statements of the group are prepared for the 52 weeks ended 12 September 2009 except that, to avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries are included up to 31 August 2009. The results of Illovo are included for the period to 30 September 2009 in line with Illovo’s local reporting date. Adjustments are made as appropriate for significant transactions or events occurring between 31 August and 30 September.