For release 9 November 2010

ASSOCIATED BRITISH FOODS plc

Annual Results Announcement

Year ended 18 September 2010

For release 9 November 2010

Associated British Foods plc results for 53 weeks ended 18 September 2010

A record year for Associated British Foods

Financial Highlights

- Group revenue up 10% to £10.2bn
- Adjusted operating profit up 26% to £909m*
- Adjusted profit before tax up 26% to £825m**
- Adjusted earnings per share up 25% to 72.2p**
- Dividends per share up 13% to 23.8p
- Net capital investment of £699m
- Net debt of £816m
- Operating profit up 31% to £819m, profit before tax up 54% to £763m and basic earnings per share up 52% to 69.3p

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

"This year's outstanding results represent a step change for the group. A number of major projects will be completed over the coming year which will underpin future profit delivery and provide a platform for further growth. Opportunities for further attractive investment are plentiful and the group has the financial capacity to exploit them."

* before amortisation of non-operating intangibles and profits less losses on disposal of non-current assets

** before amortisation of non-operating intangibles, profits less losses on disposal of non-current assets, and profits less losses on the sale and closure of businesses

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

These results are presented for the 53 week period ended 18 September 2010. Prior year results were for the 52 week period ended 12 September 2009.

For further information please contact:

Associated British Foods:
Until 15.00 only
John Bason, Finance Director
Tel: 020 7638 9571

Jonathan Clare/Chris Barrie/Nicola Smith, Citigate Dewe Rogerson
Tel: 020 7638 9571

After 15.00
John Bason, Finance Director
Tel: 020 7399 6500

Notes to Editors

1. Associated British Foods is a diversified international food, ingredients and retail group with sales of £10.2bn and 97,000 employees in 44 countries. It has significant businesses in Europe, 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 more than 40 countries worldwide.
Retail	Primark is a fast-growing, major, value clothing retail group employing 31,500 people. It now has 204 stores in the UK, Ireland, Spain, Germany, Portugal, the Netherlands and Belgium.
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 49 plants in 25 countries. ABF Ingredients manufactures and markets enzymes, yeast extracts, speciality proteins and lipids.

3. We continue to invest in the future growth of the group. Expenditure on property, plant and equipment and intangibles net of disposals in the year amounted £699m of which £207m was incurred by Primark on the acquisition and fit-out of stores. Elsewhere, major projects include factory capacity expansion in Mozambique which is now complete; yeast and yeast extract capacity at Harbin in China which is now commissioning; and construction of the new meat factory in Australia, the Vivergo biofuels plant in Hull and sugar capacity expansion in Swaziland all of which will be commissioned next year.

ASSOCIATED BRITISH FOODS plc
ANNUAL RESULTS ANNOUNCEMENT
FOR THE 53 WEEKS ENDED 18 SEPTEMBER 2010

For release 9 November 2010

CHAIRMAN'S STATEMENT

I am pleased to report a record year for Associated British Foods. Revenue grew across the group by 10% to over £10bn for the first time with strong underlying trading from all of our business segments. Adjusted operating profit increased by 26%. Grocery margins improved, there was an excellent result for Sugar and an outstanding performance from Primark. Our Chinese sugar operations made a significant recovery from the difficulties reported last year and there was no repeat of the losses incurred on vegetable oil futures in the US. Growth in adjusted earnings of 25%, particularly in the prevailing economic climate, is a fine achievement by the whole group.

A number of capital projects were completed during the year and have begun to yield results. Several projects are still in progress and will continue to drive the group's growth as they come on stream, notably the restructuring of our meat business in Australia, sugar capacity expansions in southern Africa and the building of the Vivergo biofuels plant in the UK. Encouragingly, we have identified a number of further investment opportunities, particularly in the developing markets of China and Africa and in new stores for Primark across Europe. The high level of capital investment is therefore planned to continue.

A major feature of these results is the significant increase in the cash generation capability of the group. Adjusted operating profit before depreciation and amortisation increased by £228m to £1,241m and provided the resources for investment. Even after capital expenditure of £694m during the year, net debt at the end of the year was £183m lower than last year at £816m, although the £115m raised at the beginning of the year from Illovo's rights issue contributed to this reduction. The strength of the group's balance sheet, the reliability of its cash generation and the newly negotiated bank facilities that extend to 2015, provide the financial resources to fund our investment ambitions.

Corporate responsibility

We have always sought to run our business in ways that are socially and environmentally responsible. It is part of our culture and we have been reporting the group's performance on health, safety and the environment for the past seven years. Some of the highlights over the last year are included in the Corporate Responsibility section of this year's annual report. However the limited space available here does not do justice to the variety of initiatives under way and the progress we have made. We are therefore launching our first Corporate Responsibility report which details our business principles, explains how we manage our corporate responsibility and contains a comprehensive review of our performance. This report is available for download from our website at www.abf.co.uk/corporate-responsibility.aspx

Employees

This year's success is in large part attributable to the dedication of our employees who have shown resilience and resourcefulness in a difficult economic environment. Successful delivery of such a wide-ranging capital investment programme also requires considerable commitment on their part, to both managing the projects and ensuring that the day-to-day business continues to perform effectively. I take this opportunity to extend the gratitude of the board to all of them on behalf of all shareholders.

It is also satisfying to note that during a period of employment uncertainty we are able to report a further increase in the size of our workforce. The growth of the business has resulted in the number of our employees now reaching 97,000.

The continued development of the group requires exceptional and sustained performance from our executive teams. We have significantly increased our focus on executive development, running leading-edge programmes for our business leaders around the world as well as the first executive programmes dedicated to our Chinese teams. To support our requirement to retain key executives and attract new people to our executive teams as the group develops further, we will also be asking shareholders to approve an increase in the maximum grant of shares for our long-term incentive plans. At the same time, we are introducing a requirement that all direct reports to the Chief Executive build a shareholding in the Company over time, to a value equivalent to their annual salary.

Dividends

A final dividend of 16.2p is proposed, to be paid on 14 January 2011 to shareholders on the register on 10 December 2010. Together with the interim dividend of 7.6p paid on 2 July 2010, this will make a total of 23.8p for the year, an increase of 13%.

Outlook

There is uncertainty about the global economic outlook, especially for western economies, and governmental actions to be taken to reduce budget deficits. We are cautious of the impact that this, together with VAT increases in Europe, will have on consumer spending. We have also seen, recently, significant increases in some commodity prices, particularly cotton and wheat. However, the diversity of the group's operations and its broad geographic spread together with further returns from our capital investments serve to mitigate these pressures. At this stage, therefore, we expect to achieve revenue and profit growth in the coming year.

Charles Sinclair
Chairman

OPERATING REVIEW

This is an exceptional set of results. Group revenue increased by 10% to £10.2bn and adjusted operating profit increased by 26% to £909m. With 56% of sales and 46% of operating profit generated outside the UK, the translated results of overseas businesses benefited from the weakness of sterling. At constant currency, and adjusted for the impact of acquisitions and disposals, group revenue increased by 6% but profit was little affected and was still 25% ahead. Four of our five business segments reported record profits and Agriculture almost equalled last year's record.

The drivers of this growth were returns from recent investments made, the restructuring of some of our operations and recovery in others. New stores for Primark, enzyme capacity expansion and an increase in sugar production in Zambia all contributed to the increase in profit for the year. We completed the restructuring of a number of our US and UK grocery businesses, the early benefits of which can be seen in margin improvement. Profitability also improved significantly with recovery in our UK sugar, China sugar and US vegetable oil businesses.

Sugar has received substantial investment through capital expenditure and acquisitions over a number of years. A business that was heavily dependent on UK beet sugar profit prior to reform of the EU sugar regime has been transformed. It now comprises businesses in the EU which have a more stable cash generative outlook, and businesses in the developing regions of Africa and China which provide the prospect of volume growth. The potential for this group is evident from the level of profitability and the international scale now achieved.

Primark's performance was truly outstanding and has taken profitability to a new level. The improvement in margin has been delivered with a much weaker sterling/dollar exchange rate compared to two years ago and has benefited from consistently strong volume growth. Trading in our stores in Continental Europe stood out this year with sales densities already ahead of the Primark average and delivering a strong profit margin. Primark has now demonstrated the strength of its consumer appeal in a number of countries which provides every encouragement for its continued expansion.

Last year I outlined the work in progress to strengthen our portfolio of grocery businesses. This has comprised the integration of Patak's and Jordans with the existing grocery businesses in the UK, the creation of a wholly-branded operation in the US, a recovery in UK bread with the relaunch of the Kingsmill brand, and rationalisation of the cost base. The increase in margin and profit this year reflects some of the benefits from these activities now coming through. Further work is under way, especially in Twinings and the meat business in Australia, which we expect to deliver further benefit in the future.

A high level of capital investment has been a feature of recent years. Expenditure has been incurred this year on a number of projects, with those completed during the year including new stores for Primark, the sugar factory capacity expansion in Mozambique and the yeast capacity expansion at Harbin in China. Yeast extract capacity in China is in the process of commissioning. During the coming year, further new stores will be opened by Primark, we will commission both the new meat factory in Australia and the Vivergo biofuels plant in Hull, and increased sugar capacity in Swaziland will come on stream.

SUGAR

	2010	2009
Revenue £m	**1,941**	1,475
Adjusted operating profit £m	**240**	168

The results from Sugar improved substantially this year with revenue ahead by 32% primarily as a result of a full year's sales from Azucarera, acquired in April 2009, but also with good growth in the UK and from cane sugar in China. This revenue growth, together with an improvement in UK and Chinese margins, drove a profit increase of 43%.

In the EU, the UK business had an excellent campaign. Favourable growing conditions and improved beet yields led to production of 1.3 million tonnes of sugar which was 9% more than the previous year. Profit and margin were also significantly ahead. Factory performance was excellent with further improvements in energy consumption and costs savings achieved through optimising logistics. The business also benefited from firmer pricing, a stronger euro and 120,000 tonnes of non-quota exports into the world market enabled by a temporary increase in export licences issued by the European Commission. These exports were made at prices above the average for last year.

British Sugar has successfully developed, over many years, a number of co-products which maximise the value from the processing of sugar. These notably include molasses, animal feed, electricity generation and bioethanol for road transport. The glasshouse adjacent to the Wissington sugar factory, which uses waste heat and CO_2 to produce tomatoes, is being expanded by 70% to become the UK's largest tomato nursery. During the year, work also commenced on the development of a liquefaction plant in conjunction with Air Liquide to supply CO_2 to UK bottlers and at the same time further improve Wissington's carbon footprint. At Newark a raw sugar co-refining plant was successfully installed and commissioned, providing the capacity to process some 30,000 tonnes of raw sugar to supplement the annual beet quota. Opportunities to build similar plants at other UK sites are under review. Construction of Vivergo's wheat bioethanol plant in Hull in the UK will be completed in December, and commissioned during spring 2011 with operation scheduled for the summer.

In Spain, Azucarera had a very poor campaign in the south where extensive flooding in the spring damaged beet quality and volumes. In the north, heavy rains interrupted the campaign which was only finally completed in May. Planting for the current season was delayed as a consequence and crop development in the north is later than normal. A total of 394,000 tonnes of beet sugar was produced and 145,000 tonnes of raw sugars were processed through the Guadalete refinery which was successfully commissioned at the beginning of the year. 50,000 tonnes of non-quota sugar was exported, also benefiting from the temporary increase in licences. Profit in the first half was constrained by the volume of high-cost inventory brought forward from the previous year, all of which had been sold by the half year, and the second half of the year was substantially more profitable as a result.

The sale of the Polish sugar business was completed on 25 November 2009 and its revenue and profit to the date of disposal are excluded from the results of continuing businesses. A profit of £33m on this transaction is included in the income statement within profit less losses on sale and closure of businesses which is excluded from adjusted operating profit.

At Illovo, profit was adversely affected by lower volumes, a weakening of the African currencies other than South Africa on the translation of results, the rand's strength on South African exports and the effect of a weakening euro on exports to the European market. We produced 1.7 million tonnes of sugar in the 2009/10 season, which ended in March. This was 10% below the previous year's level and the start to the new season has been slower than planned with drought in South Africa impacting crop volumes and continued rain in Mozambique and Malawi impacting crop harvesting and sucrose levels. The Zambian factory, where capacity was doubled last year, ran efficiently following completion of commissioning in the first half. Factory expansion at Maragra in Mozambique was completed on plan, doubling production capacity in time for the new season. Expansion of the Ubombo operation in Swaziland is under way which will result in a substantial increase in milling capacity when it comes on stream in time for the 2011/12 season. The factory's power co-generating capacity is also to be increased, yielding surplus electricity for commercial export to the national grid. This project is linked to the completion of a major new dam and canal system sponsored by the Swaziland government to facilitate the development of some 5,000 hectares of new out-grower cane land.

The financial results of our Chinese sugar operations were much improved this year. Sugar prices recovered strongly from last year's depressed levels and have recently strengthened further to record levels. Our cane sugar business in the south has consistently delivered a profit. Cane sugar volumes were in line with last year at 474,000 tonnes. In the north 104,000 tonnes of beet sugar were produced, which was much lower than last year, as the business focused its agricultural development on a smaller acreage with processing at seven factories. Agricultural yield remains the largest challenge for this business. Substantial progress has been made with local government in securing support for beet. This year a large number of farmers have been trained in chemical usage and control, the use of appropriately designed machinery and irrigation. As a consequence, beet volumes for the coming year are anticipated to be significantly higher.

AGRICULTURE

	2010	2009
Revenue £m	**954**	913
Adjusted operating profit £m	**33**	34

AB Agri had another strong year following last year's record performance. UK feed revenues were ahead of last year in all sectors, Frontier's grain trading revenues held up well despite less volatility in commodity prices for most of the year, and continued progress was made by Premier Nutrition and AB Vista.

KW Trident, our ruminant feeds business, achieved strong volume growth driven by very high sugar beet crop yields, although the benefit was partly offset by lower prices in a tough trading environment. Work continued with the agriculture industry to help UK farms reduce the level of greenhouse gas emissions. ABN made further progress with good underlying organic growth as a result of the pig and poultry markets benefiting from sterling weakness, which kept pressure on import prices, and continued consumer support for British agriculture. New information systems were successfully implemented this year in both of these businesses which will provide much improved support for our customer and business needs.

Premier Nutrition had a successful year with high demand for piglet starter feeds and premixes in the UK and rapid expansion into central and eastern European markets. Strong specialist feed enzyme sales were achieved by AB Vista following European regulatory approval of its new enzyme, Econase XT. International sales, particularly to the Americas and Asia, continued to develop well with investment in selling, technical and research resources supporting the introduction of a range of new products.

Demand for both pig and poultry feed in China was below last year driven by lower consumer prices for meat and eggs which resulted in a reduction in livestock levels. Construction of the new ruminant feed mill in Tianjin is nearing completion.

Grain trading markets were less volatile for most of the year, following high global grain production last year, but trading activity increased towards the end of the financial year with concerns over crop losses in eastern Europe and Russia's imposition of export restrictions. Frontier's grain trading business performed well, delivering a good result with a strong focus on customer service and merchandising of its fertilisers and crop protection products.

RETAIL

	2010	2009
Revenue £m	**2,730**	2,314
Adjusted operating profit £m	**341**	252

Primark had an exceptional year. Revenue increased by 18% with like-for-like sales growth of 6% and the benefit of continued investment in new stores. Our stores in continental Europe, particularly those in Spain, performed ahead of expectations and provide encouragement for expansion into these new markets. In the UK, which remains our most important market with over 70% of the group's total retail space, like-for-like sales were strong, particularly by comparison with other high street retailers. In Ireland, however, the weak economy had an adverse effect on trading.

Profit was 35% ahead and operating margin improved substantially from 10.9% to 12.5%. This improvement was largely driven by economies of scale as revenues increased, and by sterling's relative strength against the US dollar in the first half which benefited the cost of goods sourced in dollars and sold in the second half. However, we expect some of this margin improvement to be eroded in the coming financial year due to higher cotton prices and freight costs and increases in VAT, already implemented in Spain and planned for the UK in January 2011. Primark continues to lead the growing value sector of the market with its on-trend product offering and commitment to maintaining its position of price leadership on the high street.

Primark further developed its ethical trading agenda during the year and now has a highly experienced ethical trade team of full-time staff supporting the Ethical Trade director, in the UK, Bangladesh, China, India and Turkey. The target of 1,000 audits set last year was comfortably exceeded with 1,136 audits completed representing 94% of our top 250 suppliers and 87% of the products we purchase. Over half of the audits carried out in 2010 were follow-up audits demonstrating our commitment to ensuring that our suppliers continue to improve. We provide support for them through dedicated training whether on site in factories or through informal supply training sessions, and online. Engaging directly with our suppliers is central to our objective of continually improving working conditions. With 95% of the factories shared by other high street brands, we also continue to collaborate with other retailers and non-governmental organisations on addressing the industry challenges, both through our membership of the Ethical Trading Initiative (ETI), and externally with non-ETI members. As well as working with our suppliers we have continued the process of building an ethical supply culture amongst our own staff and the subject is a feature of the induction training provided to all new employees.

13 new stores were opened during the year: three in Spain; our first store in Belgium in Liège; one each in Portugal and Germany and seven in the UK. We also relocated our stores in Waterford and Killarney in Ireland and Braehead in Scotland to larger premises. This brings the total number of stores trading by the year end to 204 with 6.5 million sq ft of selling space, an increase of 10% since last year end. A number of stores, including those extended during the year, have been redesigned and refitted to include upgraded in-store display and merchandising features. This not only increased the area available for display but also served to refresh the appearance of the stores and provide even more attractive places for our customers to shop.

	UK		**Republic of Ireland**		**Iberia**		**Other**		**Total**	
	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores	sq ft '000	stores
Sept 2009	4,380	136	970	38	450	15	80	2	5,880	191
Change in year	340	7	40	-	120	4	100	2	600	13
Sept 2010	4,720	143	1,010	38	570	19	180	4	6,480	204
	+8%		+4%		+27%		+125%		+10%	

We are continually working to secure new stores in each of the countries where we now operate. For those locations where contracts have already been exchanged and the required consents received, we expect to add another 0.5 million sq ft of selling space. This includes the remaining eight of the ten UK stores purchased from Bhs which are now in the process of being refitted and will open progressively during the year, together with a further six stores in Spain, the Netherlands, Germany and the UK. We also expect to start work during the financial year on a number of further stores, including a second store on London's Oxford Street following agreement of a conditional lease contract in August. These are planned to open in time for Christmas 2011.

We have also invested this year in improving the efficiency and increasing the capacity of our logistics network. The new 220,000 sq ft freehold warehouse in Naas, Ireland, is now operational and the former leased premises will be vacated at the end of 2010. The 200,000 sq ft leasehold warehouse at Torija in Spain is also now operational, providing regional distribution capability for southern continental Europe and reducing haulage from Dublin to Spain. Both of these new sites provide the opportunity for further expansion.

New store openings:		
Barcelona (Spain)	Frankfurt (Germany)	Chester (UK)
Elche (Spain)	Blackburn (UK)	Folkestone (UK)
Castellón de la Plana (Spain)	Bury (UK)	Guildford (UK)
Porto (Portugal)	Cambridge (UK)	Wood Green (UK)
Liège (Belgium)		
Relocations:		
Braehead (UK)	Killarney (Ireland)	Waterford (Ireland)

GROCERY

	2010	2009
Revenue £m	**3,406**	3,188
Adjusted operating profit £m	**229**	191

Grocery revenue increased by 7% to £3.4bn driven mainly by the benefit of currency translation on the sales of George Weston Foods in Australia. At constant currency, sales were level with last year. Continued strong trading by Twinings Ovaltine was offset by lower vegetable oil sales in the US and Mexico where lower consumer prices reflected a large fall in commodity costs. Grocery profit increased by 20% to £229m with the benefit of the restructuring work undertaken last year and the first half recovery in our US bottled oils business. This year's result includes rationalisation costs of £29m, £19m of which relates to the manufacturing reorganisation at Twinings, and £7m has been provided for rationalisation of the meat business in Australia.

In the UK, Allied Bakeries enjoyed considerable success with its Little Big Loaf, a new format for the bread industry, which received Sainsbury's 'branded new product of the year award' for 2010. This contributed to the increase in Kingsmill's volume and market share over the year. The bread market remained very competitive with high levels of promotional activity. Margins showed improvement over last year but much higher wheat costs seen towards the end of the year will put pressure on margins for 2010/11. Allied Bakeries continued to invest in the environment and its commitment to carbon reduction has resulted in the introduction of aerodynamically designed, lightweight trucks that use less fuel and reduce carbon and other engine exhaust emissions.

Twinings Ovaltine achieved good sales and profit growth with particularly encouraging progress for Twinings in North America and the UK. Advertising expenditure was increased with television campaigns in support of infusions in the UK, and Chai and flavoured black teas in the US. In France we launched Twinings Fresh, an innovative cold-infused teabag that has been well received by the market, and in Australia, speciality teas, green tea and infusions all performed well. Ovaltine continued to build on its success in Thailand and strong growth was achieved in its developing markets. The restructuring of Twinings' manufacturing base is progressing to plan with capacity expansion in China well under way and construction of a new factory in Poland planned to commission early in 2011. Of the £19m charge for this reorganisation, £8m is non-cash and relates to the writing off of plant and equipment.

Retail sugar continues to be a very competitive market although operating margins improved with the benefit of cost savings from the packaging plant rationalisation completed last year. A resurgence in home baking drove volume growth for Silver Spoon's caster, icing and brown sugars and the Allinson range of flours. Whilst best known for its bread flours, Allinson has always had a presence in culinary flour with its wholemeal plain and self-raising products and has recently launched Nature Friendly culinary flour made from Conservation Grade wheat.

AB World Foods delivered a strong performance this year. A notable success was the relaunch of the Patak's range with improved recipes, new products, new pack formats and advertising support. Blue Dragon export volumes increased, especially in Australia where distribution was taken in-house. Profit margins were much improved with recovery of increased commodity input costs, better factory operations in Poland and the UK, and good returns from investment in UK capacity. Westmill Foods increased profit despite the decline in the Indian and Chinese restaurant trade. Investment in our brands, particularly Patak's catering pastes, Green Dragon rice, Rajah spices and Lucky Boat noodles, resulted in an increased share of the UK ethnic food market.

A much improved performance from Jordans Country Crisp and a strong second half for Ryvita crispbread were the main drivers of a significantly better year for Jordans Ryvita. Two new crispbread varieties were launched supported by television advertising, and the Thins range is now well established following its launch last year. In May the business announced proposals to rationalise manufacturing with the closure of its Stockport factory and the transfer of production to its site in Poole, Dorset. A provision of £3m has been made in these accounts for the costs of closure and the rationalisation will be complete by summer 2011.

At ACH in the US, profit was well ahead with the absence of losses on vegetable oil futures incurred in the first half last year. Following consumer price reductions reflecting the large fall in commodity oil costs in 2009, there was greater market stability which enabled some margin recovery for Mazola and Capullo in the first half. However, margins tightened in the second half as corn oil costs began to increase. A number of new products were launched and, in the baking sector, our strong brands benefited from exclusive listings. The Stratas joint venture successfully transitioned its manufacturing capacity from ACH factories to its own plants, production at our Champaign and Jacksonville sites ceased during the year, and the sale of the Champaign site was completed shortly after the year end.

In Australia, growth of premium and continental branded breads, together with supplies to in-store bakeries, was made at the expense of private label. The launch of Abbott's Village Bakery in the premium bread segment of the market was particularly successful and we increased market share in bakery snacks. Bakery margins further benefited from improvement in operations. The meat business continued to experience difficulties. Volumes were affected by the reduced supply of bulk bacon and ham to the important delicatessen section of the major supermarkets. In the branded pre-pack segment, market share was maintained but margins came under pressure from discounted retail pricing. The opening of the new meat factory at Castlemaine next summer and the subsequent closure of the Altona factory in Melbourne will go some way to improve margins and a provision of £7m has been charged against adjusted operating profit for rationalisation of this business. Significant progress has been made in the construction of the new factory with fit-out now well under way. Early in the year we announced the closure of the abattoir in Queensland, which had been acquired with the KR Castlemaine business, and a provision of £8m for this exit has been charged in the income statement to profits less losses on sale and closure of businesses.

INGREDIENTS

	2010	2009
Revenue £m	**1,067**	989
Adjusted operating profit £m	**104**	88

Ingredients achieved a revenue increase of 8% over last year and operating profit rose by 18%. The improvement in margin was driven by a strong performance from the bakery ingredients and enzymes businesses.

The yeast and bakery ingredients business of AB Mauri achieved a good result. Bakery ingredients had another strong year of growth by concentrating on expansion of its range of icings, toppings and fillings in the UK and major new product launches into the craft bakery sector in Brazil, Argentina, Peru and Colombia drove growth in South America. In the US and Mexico we continued to build on our range of technical ingredients as exemplified by the launch of a technologically advanced system for coating dough with an enhanced leavening ingredient which produces tortillas with improved eating qualities, lower sodium and better functional characteristics. The earthquake that hit Chile in February caused some structural damage to our operations in Santiago but our employees sustained no injuries and they implemented a recovery plan very effectively. Further progress was made by our yeast business, especially in Germany and Argentina, and a number of operational improvements were achieved in Italy, Spain and France that will deliver savings next year.

A high level of capital investment continued this year behind several expansion projects and improvements to a number of effluent treatment plants across the business. The new yeast plant in Harbin, China was completed at the end of the year and is now operational. Capital expenditure on further expansionary projects in the Americas, China and Europe is planned for the yeast business in the coming year.

ABF Ingredients had a much better year with strong revenue growth from enzymes and speciality lipids in the US. The global enzyme market continued to grow, new feed and bakery enzymes were launched during the year and our distribution and market coverage was again increased. The operational performance of our manufacturing plant in Finland was improved following the capacity expansion completed last year. Improved key account management and growth in pharmaceutical excipients strengthened our speciality lipids business in the US which out-performed last year. The proteins business made a good recovery, with the benefit of higher and more stable dairy protein and lactose pricing. The sale of the milk protein facility in Norfolk, Nebraska was completed in February.

The new yeast extracts plant in Harbin, China, is in the final stages of commissioning. This plant will provide a low-cost complement to our existing facility in Hamburg, Germany, and capacity for further expansion both in the domestic Chinese market and in exports to other countries in Asia and Europe.

SUMMARY

This year's outstanding results represent a step change for the group. A number of major projects will be completed over the coming year which will underpin future profit delivery and provide a platform for further growth. Opportunities for further attractive investment are plentiful and the group has the financial capacity to exploit them.

George Weston
Chief Executive

FINANCIAL REVIEW

GROUP PERFORMANCE

Group revenue increased by 10% to £10.2bn with growth achieved in every business segment and with notable step changes for Sugar and Primark. This increase benefited from this being a 53 week year and from the translation of overseas revenues arising from the weakness of sterling, particularly those in Australia. At constant currency, and excluding the impact of acquisitions and disposals, revenue increased by 6%.

Adjusted operating profit increased by 26% to £909m with a notable improvement in operating margin. The weakness of sterling had less of an impact on profit and at constant currency, and excluding the impact of acquisitions and disposals, it increased by 25%. In calculating adjusted operating profit, the amortisation charge on non-operating intangibles and any profits or losses on disposal of non-current assets are excluded. Together, these items amounted to £90m this year compared with £83m last year.

A net profit of £28m arose on the sale and closure of businesses and principally related to the disposal of the Polish sugar operation in November 2009. This compared with a loss of £65m last year which arose on the contribution of the US packaged oil business to the Stratas joint venture. Profits and losses arising on the sale or closure of businesses are excluded from the calculation of adjusted earnings. Revenue and profit from disposed businesses are disclosed separately in the segmental analysis.

Finance expense less finance income of £76m compared favourably with the charge of £78m last year, as interest rates on bank borrowings remained low and the level of net debt was consistently lower than last year. The reduction in net debt was the consequence of the minority shareholders' £115m contribution to the Illovo rights issue early in the year together with a strong underlying cash flow. Other financial expense of £8m compared with income last year of £13m and related primarily to the net expense on retirement benefit schemes, being the charge on pension scheme liabilities less the expected return on scheme assets.

Profit before tax rose from £495m to £763m. The increase included the profit on sale or closure of businesses this year, the non-recurrence of the loss on disposal of businesses last year, together with net losses on disposal of non-current assets. Last year's profit before tax also included a charge of £12m for an inventory adjustment arising on the Azucarera acquisition. Adjusted to exclude these items, underlying profit before tax increased by 26% to £825m.

TAXATION

The tax charge of £194m included an underlying charge of £221m, at an effective tax rate of 26.8% on the adjusted profit before tax. This was higher than last year's 25.3% as a result of the mix of profits in different tax jurisdictions. Following the enactment of legislation in the UK to reduce the corporation tax rate from 28% to 27% from 1 April 2011, the effective tax rate this year includes the impact on the income statement of calculating the UK deferred tax balances at the lower UK corporation tax rate. The impact of this rate change is a reduction in the tax charge of £6m. Proposed future reductions in the UK tax rate to 24% will be reflected when the relevant legislation is substantively enacted.

The overall tax charge for the year benefited from a £27m (2009 - £25m) credit for tax relief on the amortisation of non-operating intangible assets and goodwill arising from acquisitions. No tax arose on the profit on the sale of businesses or on the loss on disposal of non-current assets.

EARNINGS AND DIVIDENDS

Earnings attributable to equity shareholders were £546m, £187m higher than last year, and the weighted average number of shares in issue used to calculate earnings per share fell from 789 million to 788 million. Earnings per ordinary share were 52% ahead of last year at 69.3p. Adjusted earnings per share which provides a more consistent measure of performance increased by 25% from 57.7p to 72.2p.

The interim dividend was increased by 10% to 7.6p and a final dividend has been proposed at 16.2p which represents an overall increase of 13% for the year. In accordance with IFRS, no accrual has been made in these accounts for the proposed dividend which is expected to cost £128m and will be charged next year. Dividend cover, on an adjusted basis, has now returned to three times, a level last seen prior to the restructuring of the EU sugar regime.

BALANCE SHEET

Non-current assets of £6,493m increased by £475m as a result of an increase in property, plant and equipment of £422m which was driven by the high level of capital expenditure in the year net of depreciation. Working capital was tightly managed during the year and at the year end was £144m lower than last year. Provisions were £216m lower than last year end which included a provision of £122m against the advanced consideration received from the sale of the Polish sugar business. The provision was released on completion of the transaction in November 2009 and at that time the Polish sugar assets and liabilities, which had been included in the balance sheet as “held for sale”, were disposed of. Net borrowings at the year end were £183m lower than last year at £816m resulting from the strong cash flow of the business together with the benefit of £115m raised by the Illovo rights issue at the beginning of the year.

A currency gain of £217m arose on the translation into sterling of the group’s foreign currency denominated net assets. This resulted from sterling being weaker against most of the major currencies at the end of this year than at the end of the previous year. The group’s net assets increased by £668m to £5,744m.

After a number of years of decline, return on capital employed for the group increased from 15.4% to 17.8% this year. This is a consequence of the substantial increase in profit and the completion of a number of long-term capital projects which were in progress last year end and have now begun 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 £1,172m compared with £833m last year and was more than double that generated in the 2008 financial year. This substantial increase mainly reflects the strong operating profit and a working capital inflow of £193m compared to last year’s inflow of £46m.

We continued to invest in the future growth of the group with a net £699m spent on property, plant and equipment and intangibles net of disposals during the year. Capital expenditure amounted to £694m of which £207m was spent by Primark on the acquisition and fit-out of stores. Expenditure elsewhere was incurred on a wide variety of projects, the largest of which were development of the yeast and yeast extracts plants in China, expansion of our sugar interests in southern Africa and construction of the Vivergo bioethanol plant in the UK and the new meat factory in Australia.

We invested £50m on acquisitions, principally deferred consideration payable on acquisitions in previous years and the buyout of some minority interests in China and southern Africa.

FINANCING

Cash and cash equivalents totalled £345m 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 £2.1bn of which £927m was drawn down. In July we successfully negotiated a new £1.15bn revolving credit facility, with maturity in July 2015, which replaced our existing $1.2bn and £320m facilities that were due to mature in October 2011. The strength and breadth of the 12 banks in the syndicate provide support for our financial needs and reflect the scale and international presence of the business. The group also had access, at the year end, to £629m of uncommitted credit lines under which £234m was drawn.

PENSIONS

Pensions are accounted for in accordance with IAS 19 *Employee benefits* and on this basis, liabilities in the group's defined benefit pension schemes exceeded employee benefit assets by £99m compared with last year's deficit of £106m. This improvement was primarily due to favourable investment returns and deficit reduction contributions, but was largely offset by a fall in discount rates applied to 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 is eliminating with five deficit payments of £30m each, the second of which was made in March 2010. Total contributions to defined benefit plans in the year amounted to £66m (2009 - £76m).

The UK government announced on 8 July 2010 that it will in future use the Consumer Price Index rather than the Retail Prices Index for the purposes of determining statutory pension increases for private sector occupational pension schemes. The group's current UK defined benefit pension scheme rules specify that pensions in deferment will increase in line with the annual statutory order published by the UK government. The group has therefore amended its assumption for increases to pensions in deferment to reflect this. The resulting reduction in the present value of scheme liabilities of £28m is included as a change in assumptions within other comprehensive income rather than the income statement.

For defined contribution schemes the charge for the year is equal to the contributions made which amounted to £45m (2009 - £33m).

John Bason
Finance Director

The annual report and accounts is available at www.abf.co.uk and will be despatched to shareholders on 11 November 2010. The annual general meeting will be held at Congress Centre, 28 Great Russell Street, London. WC1B 3LS at 11am on Friday, 10 December 2010.

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 material financial and non-financial risks facing our businesses and, on a rolling cycle basis, reviews the effectiveness of the risk management processes and the resources that our businesses devote to them. 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

Food safety affects all businesses except Primark. For businesses that are adequately prepared and managing their processes efficiently, the prospect of a contamination incident and the risks of product withdrawal and recall are significantly diminished.

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

Given the diversity of our businesses, the responsibility for managing and mitigating this risk lies with the chief executive of each business. There are, however, several internal mechanisms for exchange of best practice amongst the businesses. Allied Technical Centre, part of the UK milling and baking business, provides technical advice on aspects of food safety. The group technical forum, which was started in 2007, enables senior technical managers from each division to discuss and share best practice and emerging developments on a wide variety of food safety related issues including food policy and regulation, quality management systems and food safety protocols.

In March 2010, a review of food safety processes at each of the businesses was undertaken by the Chief Executive and Finance Director. This covered quality control, product security, hygiene, regulatory compliance, product recall procedures and incidents over the last two years. As expected, food safety procedures are a high priority for all our businesses. While government standards in developing countries differ from those in developed countries, both AB Agri and British Sugar regard the higher standards demanded of their Chinese businesses as a commercial differentiator from their competitors.

Across the group's factories, there is almost universal usage of Hazard and Critical Control Points (HACCP) analysis, which is required by EU law, and widespread accreditation to the ISO quality standards and British Retail Consortium global standards for food safety. Some Illovo sites outside South Africa have yet to implement HACCP, but extension to these sites is planned.

All businesses have documented and tested product recall procedures, except British Sugar in China, where testing is still to be undertaken, and the incidence of product recalls in the last two years has been relatively few. However, any recall is damaging to customer relationships, and so a renewed focus is being given to this area.

A number of independent audit processes are in place which provide a level of assurance on food safety. All sites are regularly audited by their major customers. Larger customers have their own teams of food safety experts who have a clear incentive to ensure that their suppliers have in place robust and effective food safety and quality processes as well as recall procedures. All sites also have quality and food safety audits carried out by local quality control staff. Additionally, some businesses utilise site audits by their own technical staff and others undertake cross-site peer audits.

Global economic slowdown and changing consumer demand

Uncertainty about the global economic outlook, especially for western economies, and governmental actions to be taken to reduce budget deficits could have an adverse impact on consumer spending, with clear implications for group revenue and profitability.

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, suppliers and supply chain reliance

Primark's ethical trade programme has been further strengthened over the past year and now has a highly experienced ethical trade team of full time staff supporting the Ethical Trade director, in the UK, Bangladesh, China, India and Turkey. During the year 1,136 audits were completed representing 94% of our top 250 suppliers and 87% of the products we purchase. Over half of the audits carried out were follow-up audits demonstrating our commitment to ensuring our suppliers continue to improve. We provide support for them through dedicated training whether on site in factories or through informal supply training sessions, and online.

Engaging directly with our suppliers is central to our objective of continually improving working conditions. With 95% of the factories shared by other high street brands, we also continue to collaborate with other retailers and non-governmental organisations (NGOs) to address the industry challenges, both through our membership of the Ethical Trading Initiative (ETI), and externally with non ETI members. We have built solid partnerships with a number of NGOs to understand and address the challenges faced by workers in the communities where our products are made, particularly focusing on training workers on their entitlements, including wages and associated rights.

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 including floods, droughts and poor crop harvests, 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 land filling of solid wastes do not have an unacceptable environmental impact and do not offend the community;
- significant plant and process changes are assessed and positively authorised in advance to prevent adverse environmental effects;
- 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 practicable; and
- effective emergency response procedures are in place to minimise the impact of any incidents that do arise.

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

The principal impacts upon the environment and biodiversity arise from the use of energy and the resultant emission of carbon dioxide, the abstraction of water, the release of waste water and the generation and disposal of waste. All sites that are subject to the EU's Pollution Prevention and Control regime are also under a statutory duty to minimise energy consumption by the 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 Spain 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.

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 perform a 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 as well as their contribution to the health, safety and environmental performance of the group as a whole. ERM also carry out an independent data assurance process to verify our safety and environmental data. 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 management of environmental issues are included in our corporate responsibility report which is available for download from our website at www.abf.co.uk/corporate-responsibility.aspx

Health and safety

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

We are committed to providing a safe and healthy workplace to protect all employees, visitors and the public from foreseeable work hazards. We are also committed to complying with the applicable legislation of the countries in which we operate. We consider health and safety as equal in importance to that of any other function of the group and its business objectives. We require our businesses to improve their safety performance year-on-year.

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. 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 management of health and safety issues are included in our corporate responsibility report which is available for download from our website at www.abf.co.uk/corporate-responsibility.aspx

People

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. The group's performance targets require that we have the right calibre of people at all levels.

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 might be limited at a time when cash flow is 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. They may also be affected by political developments and cultural differences in those countries. These uncertainties in the external environment are considered when developing strategy and reviewing performance, and we remain vigilant to future changes and the increased risk presented by emerging markets. 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. Our financial control requirements are consistently applied 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 27 which includes a review of the external environment, key strategic aims, future development and performance measures;
3. Financial review on pages 28 and 29;
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 53 weeks ended 18 September 2010 which can be found at www.abf.co.uk and will be despatched to shareholders on 11 November 2010. 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**

9 November 2010

CONSOLIDATED INCOME STATEMENT

	53 weeks ended 18 September 2010 £m	52 weeks ended 12 September 2009 £m
Continuing operations		
Revenue	**10,167**	9,255
Operating costs	**(9,355)**	(8,639)
	812	616
Share of profit after tax from joint ventures and associates	**16**	10
Profits less losses on disposal of non-current assets	**(9)**	(1)
Operating profit	**819**	625
Adjusted operating profit	**909**	720
Profits less losses on disposal of non-current assets	**(9)**	(1)
Amortisation of non-operating intangibles	**(81)**	(82)
Inventory fair value adjustment	**-**	(12)
Profits less losses on sale and closure of businesses	**28**	(65)
Profit before interest	**847**	560
Finance income	**12**	17
Finance expense	**(88)**	(95)
Other financial (expense)/income	**(8)**	13
Profit before taxation	**763**	495
Adjusted profit before taxation	**825**	655
Profits less losses on disposal of non-current assets	**(9)**	(1)
Amortisation of non-operating intangibles	**(81)**	(82)
Inventory fair value adjustment	**-**	(12)
Profits less losses on sale and closure of businesses	**28**	(65)
Taxation - UK	**(83)**	(71)
- Overseas	**(111)**	(41)
	(194)	(112)
Profit for the period	**569**	383
Attributable to:		
Equity shareholders	**546**	359
Non-controlling interests	**23**	24
Profit for the period	**569**	383
Basic and diluted earnings per ordinary share (pence)	**69.3**	45.5
Dividends per share paid and proposed for the period (pence)	**23.8**	21.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	53 weeks ended 18 September 2010 £m	52 weeks ended 12 September 2009 £m
Profit for the period recognised in the income statement	**569**	383
Other comprehensive income/(expense)		
Actuarial losses on defined benefit schemes	**(22)**	(217)
Deferred tax associated with defined benefit schemes	**3**	62
Effect of movements in foreign exchange	**228**	270
Net loss on hedge of net investment in foreign subsidiaries	**(11)**	(27)
Deferred tax associated with movements in foreign exchange	**(4)**	1
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed	**(28)**	-
Current tax associated with movements in foreign exchange	**(4)**	(4)
Movement in cash flow hedging position	**41**	(81)
Deferred tax associated with movement in cash flow hedging position	**(11)**	18
Share of other comprehensive income of joint ventures and associates	**1**	(1)
Other comprehensive income for the period	**193**	21
Total comprehensive income for the period	**762**	404
Attributable to:		
Equity shareholders	**715**	361
Non-controlling interests	**47**	43
Total comprehensive income for the period	**762**	404

CONSOLIDATED BALANCE SHEET

	18 September 2010 £m	12 September 2009 £m
Non-current assets		
Intangible assets	**1,925**	1,913
Property, plant & equipment	**3,941**	3,519
Biological assets	**97**	92
Investments in joint ventures	**121**	122
Investments in associates	**38**	32
Employee benefits assets	**-**	16
Deferred tax assets	**180**	184
Other receivables	**191**	140
Total non-current assets	**6,493**	6,018
Current assets		
Assets classified as held for sale	**-**	136
Inventories	**1,238**	1,262
Biological assets	**100**	101
Trade and other receivables	**1,079**	1,121
Other financial assets	**33**	12
Cash and cash equivalents	**345**	383
Total current assets	**2,795**	3,015
TOTAL ASSETS	**9,288**	9,033
Current liabilities		
Liabilities classified as held for sale	**-**	(26)
Loans and overdrafts	**(367)**	(584)
Trade and other payables	**(1,491)**	(1,413)
Other financial liabilities	**(38)**	(76)
Income tax	**(132)**	(113)
Provisions	**(99)**	(248)
Total current liabilities	**(2,127)**	(2,460)
Non-current liabilities		
Loans	**(794)**	(806)
Provisions	**(106)**	(173)
Deferred tax liabilities	**(418)**	(396)
Employee benefits liabilities	**(99)**	(122)
Total non-current liabilities	**(1,417)**	(1,497)
TOTAL LIABILITIES	**(3,544)**	(3,957)
NET ASSETS	**5,744**	5,076
Equity		
Issued capital	**45**	47
Other reserves	**175**	173
Translation reserve	**606**	439
Hedging reserve	**(4)**	(32)
Retained earnings	**4,471**	4,121
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS	**5,293**	4,748
Non-controlling interests	**451**	328
TOTAL EQUITY	**5,744**	5,076

CONSOLIDATED CASH FLOW STATEMENT

	53 weeks ended 18 September 2010 £m	52 weeks ended 12 September 2009 £m
Cash flow from operating activities		
Profit before taxation	**763**	495
Profits less losses on disposal of non-current assets	**9**	1
Profits less losses on sale and closure of businesses	**(28)**	65
Inventory fair value adjustment	**-**	12
Finance income	**(12)**	(17)
Finance expense	**88**	95
Other financial expense/(income)	**8**	(13)
Share of profit after tax from joint ventures and associates	**(16)**	(10)
Amortisation	**89**	85
Depreciation	**324**	290
Net change in the fair value of biological assets	**(8)**	(19)
Share-based payment expense	**11**	5
Pension costs less contributions	**(34)**	(40)
Decrease/(increase) in inventories	**61**	(13)
Decrease in receivables	**105**	159
Increase/(decrease) in payables	**27**	(100)
Purchases less sales of current biological assets	**(3)**	(7)
Decrease in provisions	**(57)**	(20)
Cash generated from operations	**1,327**	968
Income taxes paid	**(155)**	(135)
Net cash from operating activities	**1,172**	833
Cash flows from investing activities		
Dividends received from joint ventures and associates	**6**	4
Purchase of property, plant & equipment	**(694)**	(545)
Purchase of intangibles	**(32)**	(24)
Purchase of non-current biological assets	**-**	(10)
Sale of property, plant & equipment	**27**	19
Quota renunciation compensation	**-**	101
Purchase of subsidiaries, joint ventures and associates	**(36)**	(266)
Sale of subsidiaries, joint ventures and associates	**4**	145
Loans to joint ventures	**(74)**	(52)
Purchase of non-controlling interests	**(14)**	(2)
Purchase of other investments	**-**	(4)
Interest received	**11**	12
Net cash from investing activities	**(802)**	(622)
Cash flows from financing activities		
Dividends paid to non-controlling interests	**(29)**	(23)
Dividends paid to equity shareholders	**(171)**	(161)
Interest paid	**(84)**	(89)
Decrease in other current investments	**-**	12
Financing:		
(Decrease)/increase in short-term loans	**(241)**	283
Decrease in long-term loans	**(30)**	(100)
Net proceeds of rights issue taken up by non-controlling interests	**115**	19
Redemption of deferred shares	**(2)**	-
Movements from changes in own shares held	**(4)**	(15)
Net cash from financing activities	**(446)**	(74)
Net (decrease)/increase in cash and cash equivalents	**(76)**	137
Cash and cash equivalents at the beginning of the period	**361**	210
Effect of movements in foreign exchange	**24**	14
Cash and cash equivalents at the end of the period	**309**	361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity shareholders							
	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 14 September 2008		47	173	221	25	4,088	4,554	290	4,844
Total comprehensive income									
Profit for the period recognised in the income statement		-	-	-	-	359	359	24	383
Actuarial losses on defined benefit schemes		-	-	-	-	(217)	(217)	-	(217)
Deferred tax associated with defined benefit schemes		-	-	-	-	62	62	-	62
Effect of movements in foreign exchange		-	-	245	-	-	245	25	270
Net loss on hedge of net investment in foreign subsidiaries		-	-	(27)	-	-	(27)	-	(27)
Deferred tax associated with movements in foreign exchange		-	-	-	-	1	1	-	1
Current tax associated with movements in foreign exchange		-	-	-	-	(4)	(4)	-	(4)
Movement in cash flow hedging position		-	-	-	(75)	-	(75)	(6)	(81)
Deferred tax associated with movement in cash flow hedging position		-	-	-	18	-	18	-	18
Share of other comprehensive income of joint ventures and associates		-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income		-	-	218	(57)	200	361	43	404
Transactions with owners									
Dividends paid to equity shareholders	5	-	-	-	-	(161)	(161)	-	(161)
Net movement in own shares held		-	-	-	-	(10)	(10)	-	(10)
Dividends paid to non-controlling interests		-	-	-	-	-	-	(23)	(23)
Changes in ownership of subsidiaries		-	-	-	-	4	4	18	22
Total transactions with owners		-	-	-	-	(167)	(167)	(5)	(172)
Balance as at 12 September 2009		47	173	439	(32)	4,121	4,748	328	5,076
Total comprehensive income									
Profit for the period recognised in the income statement		-	-	-	-	546	546	23	569
Actuarial losses on defined benefit schemes		-	-	-	-	(22)	(22)	-	(22)
Deferred tax associated with defined benefit schemes		-	-	-	-	3	3	-	3
Effect of movements in foreign exchange		-	-	204	-	-	204	24	228
Net loss on hedge of net investment in foreign subsidiaries		-	-	(9)	-	-	(9)	(2)	(11)
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed		-	-	(28)	-	-	(28)	-	(28)
Deferred tax associated with movements in foreign exchange		-	-	-	-	(4)	(4)	-	(4)
Current tax associated with movements in foreign exchange		-	-	-	-	(4)	(4)	-	(4)
Movement in cash flow hedging position		-	-	-	38	-	38	3	41
Deferred tax associated with movement in cash flow hedging position		-	-	-	(10)	-	(10)	(1)	(11)
Share of other comprehensive income of joint ventures and associates		-	-	-	-	1	1	-	1
Total comprehensive income		-	-	167	28	520	715	47	762
Transactions with owners									
Dividends paid to equity shareholders	5	-	-	-	-	(171)	(171)	-	(171)
Redemption of deferred shares		(2)	2	-	-	(2)	(2)	-	(2)
Net movement in own shares held		-	-	-	-	7	7	-	7
Dividends paid to non-controlling interests		-	-	-	-	-	-	(29)	(29)
Disposal of subsidiary		-	-	-	-	-	-	(3)	(3)
Changes in ownership of subsidiaries		-	-	-	-	(4)	(4)	108	104
Total transactions with owners		(2)	2	-	-	(170)	(170)	76	(94)
Balance as at 18 September 2010		45	175	606	(4)	4,471	5,293	451	5,744

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT
For the 53 weeks ended 18 September 2010

1. Operating segments

The group discloses five operating segments, as described below. These are the group's operating divisions, based on the group's management and internal reporting structure, which combine businesses with common characteristics. The board is the chief operating decision maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefits assets and deferred tax assets, and all current assets except cash and cash equivalents. Segment liabilities comprise trade and other payables, other financial liabilities and provisions. 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 benefits balances and current and deferred tax balances. Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year, comprising property, plant and equipment, operating intangibles and biological assets.

The group is comprised of the following operating segments:

Grocery	The manufacture of grocery products, including hot beverages, sugar & sweeteners, vegetable oils, bread & baked goods, cereals, ethnic foods, herbs & 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 information
In addition to the required disclosure for operating segments, disclosure is also given of certain geographical information about the group's operations, based on the geographical groupings: United Kingdom; Europe & Africa; The Americas; and 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	
Operating segments	**53 weeks ended 18 September 2010 £m**	52 weeks ended 12 September 2009 £m	**53 weeks ended 18 September 2010 £m**	52 weeks ended 12 September 2009 £m
Grocery	**3,406**	3,188	**229**	191
Sugar	**1,941**	1,475	**240**	168
Agriculture	**954**	913	**33**	34
Ingredients	**1,067**	989	**104**	88
Retail	**2,730**	2,314	**341**	252
Central	**-**	-	**(42)**	(34)
	10,098	8,879	**905**	699
Businesses disposed:				
Grocery	**17**	177	**-**	-
Sugar	**19**	100	**4**	21
Agriculture	**33**	91	**-**	-
Ingredients	**-**	8	**-**	-
	69	376	**4**	21
	10,167	9,255	**909**	720
Geographical information				
United Kingdom	**4,411**	4,049	**480**	354
Europe & Africa	**2,495**	1,927	**219**	198
The Americas	**1,120**	1,068	**121**	85
Asia Pacific	**2,072**	1,835	**85**	62
	10,098	8,879	**905**	699
Businesses disposed:				
United Kingdom	**33**	91	**-**	-
Europe & Africa	**19**	100	**4**	21
The Americas	**17**	185	**-**	-
	69	376	**4**	21
	10,167	9,255	**909**	720

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 53 weeks ended 18 September 2010

1 Operating segments for the 53 weeks ended 18 September 2010

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,410	2,030	958	1,142	2,730	(172)	10,098
Internal revenue	(4)	(89)	(4)	(75)	-	172	-
External revenue from continuing businesses	3,406	1,941	954	1,067	2,730	-	10,098
Businesses disposed	17	19	33	-	-	-	69
Revenue from external customers	3,423	1,960	987	1,067	2,730	-	10,167
Adjusted operating profit from continuing businesses	229	242	23	96	341	(42)	889
Share of profit after tax from joint ventures and associates	-	(2)	10	8	-	-	16
Businesses disposed	-	4	-	-	-	-	4
Adjusted operating profit	229	244	33	104	341	(42)	909
Amortisation of non-operating intangibles	(26)	(33)	-	(22)	-	-	(81)
Profits less losses on disposal of non-current assets	12	(24)	3	(1)	-	1	(9)
Profits less losses on sale and closure of businesses	(7)	35	-	-	-	-	28
Profit before interest	208	222	36	81	341	(41)	847
Finance income						12	12
Finance expense						(88)	(88)
Other financial expense						(8)	(8)
Taxation						(194)	(194)
Profit for the period	208	222	36	81	341	(319)	569
Segment assets (excluding investments in associates and joint ventures)	2,555	2,454	227	1,354	1,892	122	8,604
Investments in associates and joint ventures	26	40	61	32	-	-	159
Segment assets	2,581	2,494	288	1,386	1,892	122	8,763
Cash and cash equivalents						345	345
Deferred tax assets						180	180
Segment liabilities	(566)	(402)	(91)	(184)	(342)	(149)	(1,734)
Loans and overdrafts						(1,161)	(1,161)
Income tax						(132)	(132)
Deferred tax liabilities						(418)	(418)
Employee benefits liabilities						(99)	(99)
Net assets	2,015	2,092	197	1,202	1,550	(1,312)	5,744
Non-current asset additions	251	171	10	81	214	12	739
Depreciation	98	84	7	32	102	1	324
Impairment of property, plant & equipment	-	13	-	1	-	-	14
Amortisation	32	34	-	23	-	-	89
Impairment of intangibles	-	10	-	-	-	-	10

Geographical information

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	4,444	2,514	1,137	2,072	10,167
Segment assets	3,344	2,629	1,043	1,747	8,763
Non-current asset additions	227	250	43	219	739
Depreciation	155	79	29	61	324
Impairment of property, plant & equipment	-	-	-	14	14
Amortisation	14	41	20	14	89
Impairment of intangibles	-	-	-	10	10

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 53 weeks ended 18 September 2010

1 Operating segments for the 52 weeks ended 12 September 2009

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,197	1,580	914	1,033	2,314	(159)	8,879
Internal revenue	(9)	(108)	(1)	(44)	-	162	-
External revenue from continuing businesses	3,188	1,472	913	989	2,314	3	8,879
Businesses disposed	177	103	91	8	-	(3)	376
Revenue from external customers	3,365	1,575	1,004	997	2,314	-	9,255
Adjusted operating profit from continuing businesses	199	166	23	83	252	(34)	689
Share of profit after tax from joint ventures and associates	(8)	2	11	5	-	-	10
Businesses disposed	-	21	-	-	-	-	21
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 disposal of non-current assets	-	(1)	-	-	-	-	(1)
Profits less losses on sale and closure of businesses	(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)
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
Non-current asset additions	115	213	11	80	177	5	601
Depreciation	89	76	8	32	85	-	290
Impairment of property, plant & equipment	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 information

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £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
Non-current asset additions	221	196	24	160	601
Depreciation	149	62	27	52	290
Impairment of property, plant & equipment	-	-	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

2. Profits less losses on sale and closure of businesses

During the year, the group realised a net gain of £28m on the sale or closure of businesses. The group's Polish sugar business was sold on 25 November 2009 for a profit of £33m, following clearance from the Polish National Competition Authority. A profit of £2m was realised on the sale of South African agricultural assets. A provision of £7m has been made for the closure of the group's abattoir operations in Queensland, Australia. See note 6 for further details. In the previous year, the £65m loss on disposal related to provision for the sale and closure of the group's commodity oil processing plants in the US and the milk protein factory in Norfolk, Nebraska together with the sale of the Pongola sugar mill in South Africa.

3. Income tax expense

	53 weeks ended 18 September 2010 £m	52 weeks ended 12 September 2009 £m
Current tax expense		
UK – corporation tax at 28% (2009 – 28%)	**92**	63
Overseas – corporation tax	**99**	86
(Over)/underprovided in prior periods	**(10)**	3
	181	152
Deferred tax expense		
UK deferred tax	**(8)**	10
Overseas deferred tax	**14**	(48)
Under/(over)provided in prior periods	**7**	(2)
Total income tax expense in income statement	**194**	112
Reconciliation of effective tax rate		
Profit before taxation	**763**	495
Less share of profit after tax from joint ventures and associates	**(16)**	(10)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**747**	485
Nominal tax charge at UK corporation tax rate of 28% (2009 – 28%)	**209**	136
Lower tax rates on overseas earnings	**(27)**	(44)
Expenses not deductible for tax purposes	**13**	12
Utilisation of losses	**(6)**	-
Deferred tax not recognised	**8**	7
Adjustments in respect of prior periods	**(3)**	1
	194	112
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	**(3)**	(62)
Deferred tax associated with movement in cash flow hedging position	**11**	(18)
Deferred tax associated with movements in foreign exchange	**4**	(1)
Current tax associated with movements in foreign exchange	**4**	4
	16	(77)

4. Earnings per share

The calculation of basic earnings per share at 18 September 2010 was based on the net profit attributable to equity shareholders of £546m (2009 - £359m), and a weighted average number of shares outstanding during the year of 788 million (2009 – 789 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 disposal of non-current assets and the sale and closure of businesses, amortisation of non-operating intangibles, the inventory fair value adjustment on the acquisition of Azucarera, and the 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 788 million (2009 – 789 million). There is no difference between basic and diluted earnings.

	53 weeks ended 18 September 2010 pence	52 weeks ended 12 September 2009 pence
Adjusted earnings per share	**72.2**	57.7
Disposal of non-current assets	**(1.1)**	(0.1)
Sale and closure of businesses	**3.6**	(8.3)
Inventory fair value adjustment	**-**	(1.5)
Tax effect on above adjustments	**-**	3.6
Amortisation of non-operating intangibles	**(10.3)**	(10.4)
Tax credit on non-operating intangibles amortisation and goodwill	**3.4**	3.2
Non-controlling interests' share of amortisation of non-operating intangibles net of tax	**1.5**	1.3
Earnings per ordinary share	**69.3**	45.5

5. Dividends

	2010 pence per share	2009 pence per share	**2010 £m**	2009 £m
2008 final	**-**	13.50	**-**	107
2009 interim	**-**	6.90	**-**	54
2009 final	**14.10**	-	**111**	-
2010 interim	**7.60**	-	**60**	-
	21.70	20.40	**171**	161

The 2010 interim dividend was declared on 20 April 2010 and paid on 2 July 2010. The 2010 final dividend of 16.2 pence, total value of £128m, will be paid on 14 January 2011 to shareholders on the register on 10 December 2010.

Dividends relating to the period were 23.8 pence per share totalling £188m (2009 – 21.0 pence per share totalling £165m).

6. Acquisitions and disposals

During 2010, the group completed no new business combinations. Minor provisional fair value adjustments were finalised during the year. These comprised a £9m reduction in non-operating intangibles, a £3m reduction in other non-current receivables, a £1m reduction in trade and other receivables and a £4m increase in deferred tax liabilities. This reduction to net identifiable assets and liabilities of £17m resulted in a £2m increase in goodwill and a £15m decrease in deferred consideration. There were no changes to pre-acquisition carrying amounts.

Cash flow on purchase of subsidiaries, joint ventures and associates of £36m in the cash flow statement comprises £35m paid in respect of previous acquisitions and £1m investment in a joint venture.

During the year, the group disposed of its Polish sugar business and some agricultural assets in South Africa. The group also announced the closure of its abattoir operations in Queensland, Australia. Costs associated with these disposals are included within cash and deferred consideration. The assets and liabilities of the Polish sugar business were shown within assets and liabilities held for sale at 12 September 2009.

6. Acquisitions and disposals continued

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

	2010 carrying values £m
NET ASSETS	
Intangible assets	**1**
Property, plant & equipment	**82**
Biological assets	**3**
Inventories	**37**
Trade and other receivables	**20**
Cash and cash equivalents	**2**
Trade and other payables	**(37)**
Intercompany payables	**(13)**
Loans	**(7)**
Taxation	**(2)**
Net identifiable assets and liabilities	**86**
Goodwill	**29**
Non-controlling interests	**(3)**
Recycle of effect of movements in foreign exchange	**(28)**
Profits less losses on sale and closure of business	**28**
Total consideration	**112**
SATISFIED BY	
Cash consideration	**123**
Deferred consideration	**5**
Provisions made	**(16)**
	112
NET CASH	
Cash consideration	**125**
Cash and cash equivalents disposed	**(2)**
Cash consideration in respect of previous disposals	**3**
	126

Provisions made on the sale and closure of businesses mainly comprise rationalisation costs and warranty provisions.

The net cash of £126m 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 £122m as this cash was received in the preceding financial year and was included in the cash flow statement in the same caption for the year ended 12 September 2009. This advance consideration was included within provisions as at 12 September 2009 as the disposal of the Polish sugar business was still subject to competition clearance from the relevant authorities (clearance was subsequently received in November 2009).

7. Analysis of net debt

	At 12 September 2009 £m	Cash flow £m	Disposals £m	Exchange adjustments £m	**At 18 September 2010 £m**
Cash at bank and in hand, cash equivalents and overdrafts	361	(76)	-	24	**309**
Short-term borrowings	(554)	241	-	(18)	**(331)**
Loans over one year	(806)	30	7	(25)	**(794)**
	(999)	195	7	(19)	**(816)**

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.

NOTES TO THE ANNUAL RESULTS ANNOUNCEMENT continued
For the 53 weeks ended 18 September 2010

8. Related party transactions

The group has a controlling related party relationship with its parent company, 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	2010 £'000	2009 £'000
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		**240**	201
Dividends paid by ABF and received in a beneficial capacity by:			
(i) Trustees of the Garfield Weston Foundation	1	**6,447**	6,142
(ii) Directors of Wittington Investments Limited who are not trustees of the Foundation		**858**	806
(iii) Directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited		**7**	12
(iv) a member of the Weston family employed within the ABF group	2	**634**	596
Sales to fellow subsidiary undertakings on normal trading terms	3	**3,296**	2,246
Sales to a company with common key management personnel	4	**5,439**	4,448
Amounts due from fellow subsidiary undertakings on normal trading terms	3	**243**	193
Amounts due from a company with common key management personnel	4	**588**	508
Sales to joint ventures and associates on normal trading terms	5	**191,239**	328,915
Purchases from joint ventures and associates on normal trading terms		**264,225**	221,774
Amounts due from joint ventures and associates		**153,364**	95,068
Amounts due to joint ventures and associates		**23,092**	23,321

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 18 September 2010 was the beneficial owner of 683,073 shares (2009 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2009 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 18 September 2010 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.
5. In 2009, sales were made by ACH to Stratas Foods under the transitional supply agreement entered into on creation of the joint venture. This agreement came to an end in February 2010.

Amounts due from joint ventures and associates comprise £20m (2009 - £19m) of finance lease receivables due from a joint venture and £126m (2009 - £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 £2m (2009 - £1m) of the finance lease receivables are non-current.

9. Other information

The financial information set out above does not constitute the Company's statutory accounts for the 53 weeks ended 18 September 2010, or the 52 weeks ended 12 September 2009. Statutory accounts for 2009 have been delivered to the Registrar of Companies and those for 2010 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts. Their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain a statement under section under section 498(2) or (3) of the Companies Act 2006 in respect of the accounts.

10. Basis of preparation

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 18 September 2010 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 9 November 2010.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU. Under IFRS, management are required 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 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.

The consolidated financial statements of the group are prepared to the Saturday nearest to 15 September. Accordingly, these financial statements have been prepared for the 53 weeks ended 18 September 2010. To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries are included up to 31 August 2010. The results of Illovo are included for the period to 30 September 2010 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.

11. Significant accounting policies

Except as described below, the accounting policies applied by the group in this annual results announcement are the same as those applied by the group in its consolidated financial statements for the year ended 12 September 2009.

Accounting for business combinations
The group has applied the revised versions of IFRS 3 *Business combinations* and IAS 27 *Consolidated and separate financial statements* with effect from 13 September 2009. The standards apply prospectively to all business combinations executed from that date. Business combinations executed prior to that date, and the resolution of related issues, are dealt with under the preceding version of the standards as previously applied by the group.

The revised standards introduce changes in a number of areas, including the requirement to recognise changes in contingent consideration in the income statement rather than as an adjustment to goodwill; the requirement to recognise contingent liabilities at fair value; and the requirement to expense acquisition costs as incurred rather than treating them as part of the cost of acquisition.

The group did not complete any business combinations in the 53 weeks ended 18 September 2010, and therefore the application of these revised standards has no material impact on the group’s consolidated financial statements.

Accounting for borrowing costs
The group has applied the amendment to IAS 23 *Borrowing costs* with effect from 13 September 2009. For qualifying items of property, plant & equipment and intangibles, where the commencement date for capitalisation was on or after 13 September 2009, the group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of those qualifying assets as part of their cost. Previously, the group expensed all borrowing costs as incurred. The standard applies prospectively and accordingly comparative periods have not been restated. The change in accounting policy has no material impact on the group’s consolidated financial statements.

Determination and presentation of operating segments
The group has applied IFRS 8 *Operating segments* which became effective on 13 September 2009, and has been applied retrospectively. Operating segments are determined based on the information that is presented to the board of directors, which is the chief operating decision maker as defined in IFRS 8. Since the application of this new standard affects only disclosure and presentation, there is no impact on reported profit, earnings per share or net assets. Further information on the group's operating segments is included in note 1.

Presentation of financial statements
The group has applied the revised version of IAS 1 *Presentation of Financial Statements* which became effective on 13 September 2009. The standard addresses presentational and terminology issues only. The principal changes are as follows:

- The consolidated statement of changes in equity becomes a primary statement. Previously, this information was included as part of a note to the financial statements.
- Changes in total equity resulting from transactions with owners are detailed in the consolidated statement of changes in equity, and are presented separately from non-owner changes in equity.
- Income and expenses are presented separately from transactions with owners in two primary statements – the consolidated income statement and the consolidated statement of comprehensive income (which details the components of other comprehensive income). The consolidated statement of comprehensive income replaces the consolidated statement of recognised income and expense, which is no longer presented. These two statements together comprise total comprehensive income.

The standard also introduces some changes in terminology, many of which are voluntary and have not been adopted. However, a small number of changes have been incorporated, including the names of the consolidated statement of changes in equity and the consolidated statement of comprehensive income, as described above. Minority interests are now referred to as non-controlling interests.

Comparative information has been re-presented so that it conforms with the revised standard. Since the change in accounting policy only impacts presentation, there is no impact in reported profit, earnings per share or net assets.

Financial instruments disclosures
The group has applied Amendments to IFRS 7 – *Improving Disclosures about Financial Instruments* with effect from 13 September 2009. The amendments require enhanced disclosures about fair value measurement methods and about liquidity risk and the management thereof. The disclosures around fair value measurement relate to valuation methods applied to financial instruments carried at fair value in the balance sheet, and require classification of such instruments using a three-level hierarchy that ranks the inputs to valuation techniques according to their use of both objective evidence and subjective judgments. The disclosures on liquidity management are an enhancement of existing requirements. Comparative information in the first year of application is not required. Since the amendments relate to disclosure only, no restatements of profit, earnings or net assets are required.

Cash flow statement
The group has amended the way in which it presents adjustments relating to biological assets in the reconciliation in the cash flow statement between profit before taxation and cash generated from operations. Previously, the change in fair value mainly attributable to growth of sugar cane was shown as a separate adjustment and the impact of harvested cane was shown in the inventory movement. The impact of these two items is now shown net, as one separate adjustment, as this better presents the impact of biological assets on the cash flows of the group. Prior period amounts have been amended to reflect this change. There is no impact on cash generated from operations as a result of this change.