

For release 6 November 2007

ASSOCIATED BRITISH FOODS plc

Preliminary Announcement

Year ended 15 September 2007

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Associated British Foods plc preliminary results for year ended 15 September 2007

Recent major investment drives strong revenue and profit growth

Financial Highlights

- Group revenue up 13% to £6.8bn
- Adjusted operating profit up 11% to £622m*
- Adjusted profit before tax up 10% to £613m **
- Adjusted earnings per share up 4% to 52.9p**
- Dividends per share up 4% to 19.5p
- Net investment in capital expenditure and acquisitions of £489m
- Net debt of £311m

- Operating profit up 28% to £556m, profit before tax up 21% to £508m and basic earnings per share up 23% to 46.7p.

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

“This year’s strong growth in revenue and operating profit reflects the recent major investment made by the group in capital expenditure and acquisitions. The scale and range of our sugar activities are being transformed and Primark is now the second largest clothing retailer in the UK by volume. Our grocery business was strengthened with the acquisition of Patak’s, and Agriculture and Ingredients performed well. I am very encouraged that the considerable progress made places us well for growth in the future.”

* before amortisation of non-operating intangibles, profits less losses on the sale of PP&E and exceptional items.

** before amortisation of non-operating intangibles, profits less losses on sale of PP&E, profits less losses on the sale and closure of businesses and exceptional items.

Adjusted earnings per share reflect much higher minority interests following the acquisition of Illovo.

All figures stated after amortisation of non-operating intangibles, profits less losses on the sale of PP&E and losses on the sale and closure of businesses are shown on the face of the consolidated income statement.

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Notes to Editors

1. Associated British Foods is a diversified international food, ingredients and retail group with sales of £6.8billion and 85,000 employees in 43 countries. It has significant businesses outside Europe in southern Africa, the US, China and Australia.

Its 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. The group has established a track record of successful value adding acquisitions including a 51% stake in Illovo Sugar, Africa's biggest cane sugar producer with extensive agricultural and manufacturing operations in six African countries, AB Mauri (its leading international yeast and bakery ingredients business), Littlewoods stores for Primark and the grocery brands Mazola, Ovaltine and Patak's.

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

Sugar	ABF is the second largest sugar producer in the world with some two thirds of volume originating from outside the regulated EU market and with limited exposure to the cyclical world sugar price. British Sugar is Europe's most efficient producer, is the sole processor of the UK sugar beet crop and has a strong position in Poland. It has a successful cane sugar business in southern China and is investing in the beet sugar industry in the north east. Illovo is the largest sugar producer in Africa and is one of the world's leading low cost producers.
Retail	Primark is a major value clothing retail group, employs over 22,500 people and operates 170 stores in the UK, Ireland and Spain. Primark is the UK's second largest clothing retailer by volume (TNS).
Grocery	<p>The international hot beverages business comprises Twinings, the world's leader in speciality teas and infusions, and Ovaltine, a leading brand of nutritional, malt-based beverages which, from its foundation in western Europe, has built a significant business in emerging markets, particularly Asia.</p> <p>George Weston Foods is Australia's second largest grocery company and ACH has the leading corn oil brand, Mazola, in the US and the premium brand, Capullo, in Mexico.</p> <p>The combination of the UK's leading, authentic Indian cuisine brand, Patak's, with our pan-oriental foods brand, Blue Dragon, has created a retail 'world foods' business. This is augmented by Westmill Foods' leading presence in the supply of ethnic foods to the ethnic wholesale channel.</p> <p>In the growing 'better for you' category, Ryvita is synonymous with healthy eating and is now developing a strong position in the healthy snacking area.</p> <p>Allied Bakeries is a leading UK bread supplier with famous brands such as Kingsmill, Burgen, Allinson and Sunblest.</p>
Ingredients	AB Mauri has a 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 50 plants in 28 countries. ABF Ingredients comprises businesses operating in speciality proteins, enzymes, and yeast extracts.

3. We continue to invest strongly in the future growth of the group. The net expenditure in the year of £489m includes an acquisition spend of £150m, primarily on Patak's and a 20% interest in Jordans, £175m on the acquisition and fit out of new stores for Primark and £252m spent in the existing businesses. £88m proceeds were received from the sale of businesses and fixed assets.

**ASSOCIATED BRITISH FOODS plc
PRELIMINARY ANNOUNCEMENT
FOR THE YEAR ENDED 15 SEPTEMBER 2007**

For release 6 November 2007

CHAIRMAN'S STATEMENT

The group has made good progress in the past year and these results reflect the benefit of recent major investment. They include a contribution from our 51% investment in Illovo Sugar for the first time, and reflect the rapid roll-out of new Primark stores largely driven by the conversion of the former Littlewoods stores. These results have been achieved in the face of a weak US dollar and extremely sharp cost increases in some key commodities.

Revenue was 13% ahead at £6.8bn. Adjusted operating profit increased by 11% and adjusted profit before tax by 10%. Adjusted earnings per share, which reflect much higher minority interests, rose by 4% to 52.9p.

Our sugar activities have been transformed and now extend across nine countries in three continents. Further investment has been authorised to upgrade and extend our facilities. In Europe we have improved processing efficiency positioning the business to meet the challenges of the revised EU sugar regime. In southern Africa we are excited by the development potential of Illovo and new investment is being made to increase capacity and extend the range of its operations. In China additions have been made to our cane sugar capacity in the south and we are investing for the first time in the beet sugar industry in the north east. We are committed to developing our EU sales by harnessing the quota and tariff free trading available from 2009/10 to the Least Developed Countries. Illovo processes cane sugar in four of these countries.

Profit from our sugar business benefited from Illovo's contribution which exceeded our expectations. The acquisition was earnings enhancing in its first year. While profit pressure from sugar regime reform continued in Europe, an excellent result was achieved in China.

At the beginning of this year it became clear that the voluntary renunciation of sugar quota was going to fall substantially short of the target set by the European Commission to achieve market balance. Extended discussions within the industry and with the EU Commission demonstrated a welcome willingness to get the reform back on course and reduce the transitory turbulence associated with the initial reforms. Short-term measures, including an extended export programme and a temporary quota cut, were introduced to stabilise the market in 2007/8.

More importantly for the long term, in September the Agriculture Council agreed a series of adaptation proposals which offered incentives to growers and processors to opt for permanent renunciation of quota from the 2008/9 marketing year. We anticipate that a significant level of renunciation will now take place as a result of these changes, in addition to the 2.2m tonnes already surrendered.

There have been major developments by British Sugar in the emerging biofuel market. It has commissioned the UK's first bioethanol plant at Wisington, which uses sugar beet as feedstock. In June 2007 we announced a major new joint venture with BP and DuPont to build a world-scale plant in the UK and the design phase is on schedule. We will continue to monitor developments in biofuels to identify opportunities where use of the group's capabilities would offer satisfactory long-term returns.

Primark grew rapidly during the year with a 37% increase in retail selling space since last year end. The last Littlewoods store has been refitted and opened in Brighton in October. Significant new openings during the year were Oxford Street in London in April, and Liverpool in September, both of which have traded strongly.

Expansion at this year's rate was a major challenge for Primark's management. Many new staff were recruited and trained, a new central UK warehouse was brought into operation while the impact of trading in the new stores on some existing stores was absorbed. In this context, and with summer trading affected by unusually wet weather, like-for-like sales growth of 1% was encouraging. Overall

sales grew by 37% and profit by 20%. The most recent UK market data shows Primark is now the second largest clothing retailer in the UK by volume and the largest in the important value sector. This demonstrates the strength of Primark in the UK high street. It is also very encouraging that performance at Penneys in Ireland has been excellent.

We are pursuing further opportunities to expand selling space in our established markets in the UK and Ireland, but this is likely to be at a less rapid rate than in the last two years. We expect to build on our encouraging start in Spain.

The Grocery businesses have also been strengthened, particularly by the acquisition of Patak's. The combination of this authentic Indian food brand with Blue Dragon will greatly strengthen our position in the growth orientated world foods market. In addition we have increased our presence in 'better for you' foods with the acquisition of a 20% stake in Jordans.

Good progress was made in many of our Grocery businesses. It was particularly satisfying to see the major improvement in the Australian bakery business driven by the good performance from our new bakery in Sydney. However, Allied Bakeries in the UK performed poorly, although there was significant improvement in the second half of the year following the relaunch of the Kingsmill brand.

Net capital expenditure on existing businesses and on acquisitions less disposals totalled £489m and represents further major investment in the group. This included expansionary capital of some £200m to extend capacity at our plants and on new Primark stores. It also included the acquisition of our interests in Patak's and Jordans. Despite this level of investment the group's continuing strong cash flow limited the increase in net borrowings to £13m, rising from £298m last year to £311m. The group remains very well placed to back the growth of our businesses by further investment based on its strong balance sheet and cash flow.

Board changes

In my half year statement I reported that Jeff Harris had retired from the Board on 18 April. Peter Smith was appointed to the Board on 28 February and has succeeded Jeff as chairman of the Audit committee.

Lord MacGregor has advised that he will retire from the Board at the end of the annual general meeting on 7 December. He was appointed a director in 1994 as one of two independent non-executive directors and later became senior independent director in 2003. Based on his wide experience of government and business, John has combined shrewd advice with the ability to challenge constructively. His contribution has been immense and will be greatly missed.

Mike Alexander has also indicated that he will not seek reappointment at the annual general meeting after nearly six years as a director. Mike's quick, clear thinking and wide operational experience have been of great value to the Board over a period of major development for the group.

Employees

85,000 people now work in the group and it is their efforts that have made these results possible. The tremendous range of their talent is a prime strength of the group. I would like to thank all our employees for their efforts in the past year, often in demanding conditions. In many of the diverse communities where we operate, our companies are a focus for local services. For example, in Africa healthcare issues are vital and Illovo has addressed this with first class programmes tailored to the country of operation. The group is committed to supporting these services where appropriate and to helping the development of all employees' skills.

Dividends

A final dividend of 13p is proposed to be paid on 11 January 2008 to shareholders on the register on 7 December 2007. Together with the interim dividend of 6.5p paid on 2 July 2007, this will make a total of 19.5p, an increase of 4%.

Outlook

The continued development of the group's businesses and the associated investment will result in further progress in 2008. Although reform of the EU sugar regime will have a further large negative effect on profit for the coming year, we expect the shape of the regime to be resolved finally after a long period of uncertainty. High commodity costs will continue to put pressure on margins but we are seeing some success in recovery through prices. As the group benefits from the realisation of recent major capital investment and rationalisation it is well positioned for longer term growth.

Martin Adamson
Chairman

OPERATING REVIEW

The last seven years have seen a considerable change in the shape and scale of the group. Revenue and operating profit have both grown by more than 50%. In 2000 the group was dominated by the profit contribution from our UK sugar operation. Today Sugar and Agriculture account for one third of the group and its composition has changed with a concentration on the growth markets of China and Africa. Primark has increased four fold and is now nearly one third of the group's profit. Geographically the UK now accounts for only 41% of profit, there is a good balance in the scale of our businesses in the Americas, Asia Pacific, Europe and Africa and we have a significant and growing presence in emerging markets.

2007 was another year of substantial growth with revenue ahead by 13% to £6.8bn and adjusted operating profit 11% higher at £622m. These sizeable increases are largely a function of the Illovo acquisition and a 37% increase in Primark's retail selling space but also include good performances from a number of the Grocery businesses and Agriculture. The UK bakery business underperformed the previous year but following the relaunch of Kingsmill in February, it made progress in increasing bread volumes and improving operating efficiency. Ingredients suffered from the weakness of the US dollar in translating its results into sterling but made good progress in local currencies.

Each of our businesses has continued to evolve and there have been a number of landmarks this year which have contributed to a transformation of the group. The Chairman has already referred to the development of our sugar business and indeed the significance of these changes is reflected in our re-naming of the business segment from Primary Food to Sugar. The investment in Illovo gives us leadership in one of the world's fastest developing sugar markets, Africa, and we have embarked on major expansion projects to enable us to maximise our advantageous position for export opportunities.

We are also expanding our sugar business in the rapidly developing Chinese market. The investment in the beet sugar industry represents an opportunity to use our considerable technological expertise to make dramatic improvements in agricultural yields and process efficiencies.

Our entry into the important area of renewable fuels has been marked by the start of production at the UK's first bioethanol plant alongside our sugar factory at Wisington. Renewables already play an important part in the group's operations, representing nearly half of the fuel we consume running our factories. Our biofuels operation goes a step further offering to the market a viable and sustainable alternative to fossil derived transport fuels.

In Grocery, the Patak's brand represents a particularly good fit with our existing businesses specialising in ethnic foods.

This year was significant for Primark. Many records were broken during the year and enormous customer and media interest continues to mark every opening of each new store. Oxford Street in London captured the national imagination but similarly successful openings featured throughout the UK, Ireland and also in our new market of Spain where we have demonstrated that good ideas travel.

I am enormously encouraged that the considerable progress made over recent years places us well for growth in the future.

SUGAR & AGRICULTURE

Sugar	2007	2006
Revenue £m	1,151	671
Adjusted operating profit £m	199	115

This was a very significant year in the development of our international sugar business. Revenue and profit were strongly ahead of last year driven by the first year contribution from Illovo, which exceeded our expectations, and a substantial increase in profit from China. Our European sugar businesses also performed well but profit was affected by the temporary quota cut and the net cost of the restructuring levy.

We have taken a number of steps which have transformed this business. We acquired Illovo Sugar, the largest producer in Africa, we announced a major investment in the beet sugar industry in north China and we developed our biofuel business. The enlarged business is now the world's second largest sugar producer with some two thirds of volume originating from outside the regulated EU market and it has limited exposure to the cyclical world sugar price. We now have a strong presence in the growth markets of China and a number of southern African countries and we have plans for significant capacity expansion here. In addition, the Illovo acquisition provides the opportunity to develop quota and tariff free exports to the EU as a result of four of the six countries in which they operate having Least Developed Country status.

Based in the southern hemisphere, Illovo's operating season runs from April to March and so our financial results include the contribution from the second half of Illovo's 2006/7 season and the first half of their 2007/8 season. Cane production in the 2006/7 season was in line with the previous year but sugar production was substantially below expectations at 1.7m tonnes, primarily due to poor weather conditions in South Africa and Tanzania. Factory performance was satisfactory with record sugar production in Malawi and record output in a number of downstream products. Revenue and profit benefited from higher domestic sales, better regional and world prices and continued cost savings. The current season, 2007/8, is progressing well with own cane production broadly in line with last year and sugar production forecast to increase to 1.9m tonnes. Factory performance has been broadly in line with plan. Growth in profit for the 2007/8 season is anticipated.

The development potential of Illovo was demonstrated by the announcement of a major expansion of sugar and cane production in Zambia. We are investing £100m to increase, by 50%, the area of irrigated cane developed by Illovo and its growers to increase factory capacity and to build the wider infrastructure necessary to support a much larger operation. Sugar production is planned to increase from 240,000 tonnes to 440,000 tonnes by the 2009/10 season. Projects for substantial further expansion are being developed.

The recent investments in capacity in our four cane sugar factories in south China enabled us to process a record crop this year. For a number of years, growth in sugar consumption has exceeded growth in domestic production leading to a deficit in the Chinese market and firm sugar prices. The combination of crop and prices has driven a substantial increase in profit.

In August we announced an investment in the Chinese beet sugar industry. This is centred in the north east where the provinces have abundant, high quality arable land with ideal weather conditions to produce high sugar content in the beet. Government approval has recently been given for the creation of a joint venture, to be called BoTian, with the Hebei Tian Lu Sugar Group. ABF holds 51% of the joint venture. BoTian will initially operate four beet sugar factories in the northern provinces of China but negotiations are well advanced for a further five factories and more are being considered. A significant increase in sugar production is planned. There is a major opportunity to improve beet yields by the application of British Sugar's European beet sugar expertise through better agricultural practices and technology transfer. In addition refinery capacity will be increased through investment and efficiency improvements.

The UK business benefited from a very efficient campaign, the additional quota of 83,000 tonnes acquired and lower energy costs. However, as expected, these factors were offset by the further impact on profit of sugar regime reform arising from the temporary quota cut and the cost of the

restructuring levy which exceeded reduced beet costs. Sugar prices were more stable. Although the Allscott factory was closed at the end of the campaign, in light of the European Commission proposals announced in May 2007 to make further changes to the EU sugar regime reform, British Sugar decided to reconsider its plans for its operations in the UK, and specifically activities on the York site. As a consequence, an application for restructuring will be made to the UK government. The future and extent of operations at the York site will be determined once this application for restructuring has been approved. The cost of closure of both factories was provided for in last year's accounts. In Poland profit was level with last year with the benefits of an excellent campaign, the additional quota of 11,000 tonnes acquired and factory rationalisation offsetting the impact of regime reform. The Gliniojeck factory performed ahead of expectations following completion of its major expansion programme. Juice processing is now firmly established here. This process was pioneered in our UK factories, permitting out of season sugar refining, and is a major driver in improving asset utilisation. The sugar produced was 1.16m tonnes in the UK and 0.21m tonnes in Poland.

In recent months the European Commission has announced measures to redress the imbalance in supply and demand for sugar in the EU. For the current marketing year, 2007/8, it announced a temporary quota withdrawal of 2.1m tonnes. It has now allowed exports of up to 1.4m tonnes of quota sugar and has allocated a proportion of the remaining sugar in intervention for non-food uses. Profit in our EU businesses is expected to be lower next year because of the substantial increase in the restructuring levy, from €126 per tonne to €173, and the temporary quota withdrawal of 193,000 tonnes mitigated in part by the reduction in beet costs.

The adaptation package agreed in September by the European Commission primarily offers new incentives directly to growers to renounce quota permanently from the 2008/9 marketing year onwards. Its aim is to encourage additional renunciation of at least 13.5% of the European quota in addition to the 2.2m tonnes already renounced, with relief from the restructuring levy in 2007/8 and the benefit of compensation for the processor. British Sugar plans to renounce quota in the UK and Poland from 2008/9 as a consequence of these measures. A quota reduction of 13.5% would be 193,000 tonnes.

The Wisington biofuel plant has been commissioned and is producing bioethanol for blending with petroleum in the UK. The plant uses sugar beet as feedstock and has the capacity to deliver 70m litres a year. Vivergo Fuels, the joint venture with BP and DuPont in which ABF has a 45% interest, has now been established and is working on the detailed design for a world-scale bioethanol plant which will use wheat as feedstock. It is expected to cost £200m and will be built at BP's chemical site at Saltend, Hull. Its capacity will be 420m litres of bioethanol per year and is planned to come on-stream in late 2009. ABF expects a return on its investment ahead of its cost of capital in the first full year of operation. The plant will initially produce bioethanol, but the partners will look at the feasibility of converting it to biobutanol once the technology is available. It is expected that formal agreements will be entered into by the joint venture with AB Agri and Frontier Agriculture. The supply of locally grown wheat would be arranged by Frontier which is the UK's leading grain marketer and supplier of agricultural inputs. The major co-product of bioethanol production, distillers' grain, would be sold to AB Agri. It will use its highly specialised sales and marketing business, which sources and develops co-products from the food, drink and energy industries, to market the distillers' grain as an alternative feed for livestock.

Agriculture	2007	2006
Revenue £m	687	623
Adjusted operating profit £m	18	15

AB Agri performed well and its strategy to focus on working with large-scale suppliers and livestock producers is delivering new opportunities for growth alongside those created by its technology-based feed ingredients business.

The UK delivered excellent results with full year benefits from restructuring, cost saving initiatives and firmer pricing. Frontier performed ahead of expectations and recent investment in systems, a low cost base and national trading have strengthened the business. Following our decision to focus on co-products, our ruminant feed operations have benefited from the increasing demand in the UK dairy

sector. In pig and poultry, where our focus continues to be on compound feeds, our strategy of building strong supply chain relationships with the key players in the industry has further strengthened our business.

However, in China, margins were lower following substantial increases in the cost of raw materials, particularly for soy, and reduced pig and poultry numbers following the outbreak of disease. Raw material costs remain high but price increases are being negotiated to recover these costs. A new feed mill was built in Harbin during the year bringing the total number of mills in China to six at the year end.

RETAIL

	2007	2006
Primark		
Revenue £m	1,602	1,168
Adjusted operating profit £m	200	166
Littlewoods		
Revenue £m	-	141
Adjusted operating profit £m	-	19

Once again Primark's results were very strongly ahead of last year, revenue was up 37% and profit up 20%. The revenue increase was driven by the opening of substantially more retail selling space. Like-for-like sales growth was 1% and our estimate of like-for-like sales growth, in stores unaffected by new openings, is 7%. This was achieved despite the impact, common to other clothing retailers, of poor weather over the summer months. Operating profit margin was affected by a higher depreciation charge, arising from the recent investment in new stores, and by a higher level of discounting of the summer season stock to make way for the autumn range.

Retail selling space increased by 1.3m sq ft during the year to 4.8m sq ft at the year end. 32 new stores were opened, five smaller stores were closed, bringing the total to 170 stores at the year end.

New store openings:		
UK		
Aberdeen	Dundee	London - Oxford Street
Bedford	Dunfermline	Londonderry
Birmingham - Merryhill	Eastbourne	Oldham
Blackpool	Glasgow - Parkhead	Plymouth
Burton-on-Trent	Greenock	Poole
Camberley	Hanley	Redditch
Cheltenham	Inverness	Sheffield - Meadowhall
Chesterfield	Irvine	Swindon
Coventry	Lincoln	Wolverhampton
Doncaster	Liverpool - Church Street	
Ireland		
Ballina	Dublin - Swords	
Spain		
Murcia		
Stores closed (all resites):		
Aberdeen	Doncaster	Swindon
Burton-on-Trent	Dundee	

Highlights during the year included the opening of London's Oxford Street store in April. This was extremely successful, selling one million items in its first ten days of trading, and attracting considerable media coverage. The 85,000 sq ft Liverpool store was opened in September and was greeted with a similar level of enthusiasm both by customers and the media. Primark has demonstrated success in trading from very large premises and now has 25 stores trading from over

50,000 sq ft of which eight trade from over 70,000 sq ft. Over the last two years the average store size has risen by more than 50% from 19,000 sq ft to 29,000 sq ft.

Since the year end we have opened a new store in Brighton which brings to a conclusion the conversion of the 41 former Littlewoods stores. This highly successful development programme has driven significant growth in the number of stores and selling space in the UK. Primark is now established as a major clothing retailer on the UK high street. TNS ranks Primark as the UK's second largest clothing retailer by volume and Verdict Research now places Primark as the leading retailer in value clothing.

The stores in Oxford Street and Liverpool showcase the new fit-out in our larger stores. The high standard aims to meet customers' expectations of prestigious high street locations. A range of finishes, colours and textures has been used to create zones within the spacious store interiors which reinforce and differentiate the departments. An electronic 'call forward' system is being introduced to speed customer transaction times and minimise queuing.

Whilst the main focus for development has been the UK, trading in Ireland continued to be very strong last year. The Irish estate expanded with the opening of two new stores and extensions to existing stores, particularly at the successful location at Blanchardstown, west of Dublin. Trading in our two stores in Spain exceeded expectation. Like-for-like growth in Madrid, just over a year from opening, is very strong and the sales density exceeds the average for the UK and Ireland.

	UK	Ireland	Spain	Total
Stores				
At September 2006	107	35	1	143
Net additions	24	2	1	27
At September 2007	131	37	2	170
Retail selling space m sq ft				
At September 2006	2.8	0.7	-	3.5
Net additions	1.1	0.1	0.1	1.3
At September 2007	3.9	0.8	0.1	4.8

Plans are currently in place to open nine stores in the next financial year including Ealing and Basingstoke in the UK and Cork in Ireland. Five stores are expected to open in Spain: Jerez, two in Madrid, Bilbao and Oviedo.

9% of all clothing purchases in the UK takes place at Primark (TNS).

Voted 'Best Value High Street Fashion' by GMTV and ITV viewers.

GROCERY

	2007	2006
Revenue £m	2,605	2,578
Adjusted operating profit £m	153	182

Revenue for the year was in line with last year but profit declined from £182m to £153m. Adverse currency translation, particularly as a result of US dollar weakness, affected both revenue and profit. At constant currencies, revenue increased by 4% and profit was impacted by £7m. Operating profit was further reduced by losses incurred at Allied Bakeries, margin pressure at Silver Spoon and a charge of £8m for factory rationalisation at ACH in the US and Blue Dragon.

Our international hot beverage brands, Twinings and Ovaltine, continued to deliver strong growth with the benefit of marketing investment in their strategic markets. Twinings growth was driven by green tea and the strong growth of Everyday tea in the UK. We made good progress in developing our market shares around the world, but most notably in the UK, which is at an all time high, in Italy where we enjoy over one third of speciality tea sales, and in France. The introduction of new packaging in the US had a significant impact, raising the Twinings share to record levels. In August we signed an

agreement with an existing Japanese distributor to establish a joint venture in Japan to provide a platform for developing our presence in one of the five biggest tea markets in the world. We sold our Scandinavian food distributor in October 2006, and the profit on this disposal is included in the income statement below operating profit.

The Ovaltine brand again performed well. Disappointing sales in Switzerland during the poor ski season were more than offset by good growth achieved in Asia and a successful targeting of developing markets, notably Brazil, Nigeria and Vietnam, all of which had strong double digit growth. Ready-to-drink had a particularly strong year and the new product development programme continued apace. Early success has been achieved in raising prices in key markets to recover recent rises in world commodity prices, particularly in dairy and barley. Restructuring of our factory at Neuenegg in Switzerland, to reduce costs and improve operating flexibility, is progressing according to plan with most of the major work now completed.

At Silver Spoon, significant business gains were made in the wholesale sector, despite continued margin pressure on sugar. Billington's and Allinson were completely re-launched and several new products have been introduced resulting in significant new listings in major retailers. Working closely with Illovo, the business has more than doubled its fairtrade sugar volume both under the Billington's brand and in own label. An innovative brown sweetener was introduced under the Silver Spoon branding which has achieved encouraging listings.

After a difficult first half, the crispbread market returned to growth in the second half of the year stimulated by a continued trend towards more premium variants, new product launches from Ryvita and vigorous marketing support. Ryvita extended crispbread into sweet snacking with the launch of Muesli Crunch and provided a convenient format with the introduction of Sesame and Multigrain Snackpacks. Healthy snacking has continued to grow but these markets have become increasingly competitive. However, Ryvita Minis strengthened its position within the Healthy Bagged Snacks segment and we extended our offering within cereal bars with the launch of Ryvita Luxury Goodness bars which combine great taste with strong health credentials.

In September 2007 we acquired 20% of the highly successful UK breakfast cereal and cereal bar business, Jordans. The brand has a strong and differentiated consumer position based on its use of natural and Conservation Grade® ingredients. It is well positioned to benefit from consumers' growing desire for natural ingredients and healthy eating. This investment is an exciting development for our UK branded grocery business which already has extensive interests and expertise in cereal-based branded foods both in the UK and internationally. It will be a strong partner to ensure the further development of the Jordans business.

Westmill Foods is the leading supplier of ethnic foods to the ethnic wholesale channel in the UK. Profit was sharply ahead following the successful integration of the brands acquired last year and the completion of a new integrated warehouse at Enfield. New packing lines for the Rajah spice brand were installed and this brand, together with Lucky Boat noodles and Green Dragon, recorded double digit sales growth. Scarcity of non-GM, long grain rice from the US affected sales of the Tolly Boy brand but this was offset in part by strong growth in sales of our basmati brands.

The pan-oriental retail brand, Blue Dragon, performed well this year and delivered good growth. During the year we announced the relocation of manufacturing from two factories in Wales to a new factory now being built in Poland. The factory is due to open in spring 2008.

In September we completed the acquisition of Patak's, a leading brand in Indian cuisine widely recognised for its authenticity. It was established in England in 1957 and has grown strongly in the UK but has also established a wide international presence. It manufactures, markets and distributes Indian cooking sauces, curry pastes, chutneys and other meal accompaniments from the Indian sub-continent. In the UK it supplies both retail and foodservice. Its main factory is in Leigh, Lancashire.

The combination of Patak's with our existing businesses will create a leading position in the UK for the supply of world foods to both the retail and wholesale channels. These markets have grown strongly and this growth is expected to continue. Our grocery business outside the UK will provide the

capability to drive the international growth of Patak's. The integration of Blue Dragon and Patak's will begin in the next few months.

Allied Bakeries underperformed this year with a particularly poor first half when lower volumes and non-recovery of higher wheat costs affected profitability. Following this, the Kingsmill brand was relaunched in February with improved products and new packaging. Recipes were improved to exclude artificial preservatives and some loaves are now larger and have a softer texture. The launch was supported by strong marketing and television advertising. The combination of price increases to recover the increased wheat costs from 2006, higher volumes and significant enhancements in operating efficiency resulted in an improving performance in the second half. Unprecedented increases in the cost of bread-quality flour over the summer of 2007 have resulted in the need for further bread price increases which are being negotiated with the major retailers.

Our Australian grocery business saw sales and underlying profit substantially ahead of last year. Milling & baking performed well with a strong improvement in the performance of the New South Wales bakery. The substantial increase in the cost of wheat during the year was recovered by a price increase in February. Strong growth was enjoyed in '9 Grain' bread and Bazaar Breads of the World, reflecting consumer preference for healthy breads and variety. Baking operations have now expanded into China with the opening of a plant in Wuhan to supply KFC with bread rolls. The bakery also sells Tip Top branded products into the Wuhan retail market to meet the increasing demand of the Chinese consumer for western style products. The performance of the meat & dairy businesses continued to improve. Our two major brands, Don's and Watsonia, benefited from relaunches, and the successful introduction of new shaved meat products improved their market share.

ACH performed satisfactorily in both the US and Mexico. Mazola marginally lost share in a US vegetable oil market which declined by 3% in the year. The cost of vegetable oils increased sharply in the second half which led to some margin pressure. Very strong demand for these oils, including demand for the production of biofuels, is continuing to drive these commodity prices still higher. Further price increases are planned to recover these higher input costs in 2007/8. Consumer concerns over the use of trans fatty acids remained a strong influence on the performance of our foodservice business. A number of restaurant businesses have changed the oils used in food preparation with the result that our profit declined. Our business is now having success with the sale of oil formulations with no trans fatty acids. Oil processing at Jacksonville has ceased and we have withdrawn from the supply of certain low margin commodity products. Profit in Mexico increased with further progress from Capullo and its other grocery brands.

ACH successfully launched extensions to its gourmet spice business with both the introduction of a new packaging format, grinders, under the Spice Islands brand and the launch of a new line of gourmet grilling spices under the Weber Grill brand. Weber Grill is licensed from the manufacturer of Weber grills and is synonymous with barbeques and outdoor grilling. Both launches have exceeded initial expectations.

INGREDIENTS

	2007	2006
Revenue £m	728	683
Adjusted operating profit £m	75	79

Our Ingredients businesses are almost entirely located outside the UK and are therefore susceptible to the impact of movements in exchange rates on the translation of their results. Reported revenue and profit were respectively 7% ahead and 5% lower than last year. However, at constant exchange rates, revenue increased by 12% and profit was level with last year. In addition, the strength of the Real had a substantial adverse effect on our Brazilian operations through competition from cheaper imports.

AB Mauri generated good sales growth in yeast, particularly in South America and south and west Asia. Construction of the yeast finishing plant in Mexico was completed during the year which, coupled with a bakery ingredients plant due for commissioning in January 2008, will significantly

increase our presence in this large market. We have also completed the expansion of our yeast plant at Hebei in China and are reviewing opportunities for further expansion in the region to take advantage of continued market growth. Capital investment continued with an automation project to improve the efficiency of the UK yeast plant in Hull.

During the year we bought out our joint venture partner in the Philippines which enabled us to rationalise production in the region and announce the closure of the old Philippines plant.

A key challenge across the yeast businesses is the effective treatment of waste water. To enable a more co-ordinated approach to technical projects across the regions we have reorganised our central technical resources under the new AB Mauri Global Technology Group. One of its first initiatives was to identify the most appropriate technologies for waste water management.

Subsequent to the year end we acquired certain of the European assets of the yeast business of Gilde Bakery Ingredients. The acquired business comprises a wet and dry yeast plant based in Casteggio, Italy; a 50% shareholding in the Uniferm yeast and bakery ingredients plants in Germany; a number of West European sales and distribution companies; and a 10% stake in Somadir, Morocco's leading yeast manufacturer. Ownership of some of the businesses is dependent on clearances by the relevant competition authorities. The acquisition also included part of the dry yeast business together with ownership of the Fermipan brand in a large number of markets throughout the world. This will significantly improve our ability to offer excellent sales reach and customer service in Europe, Africa, Middle East and south and west Asia.

In bakery ingredients we continued to share technology across the group and have started to see the benefit in our global accounts. Our South American business continued to expand and was able to recover raw material cost increases with pricing.

We completed the sale of our commodity food polyols business in the US in February and by the year end we had closed the old manufacturing plant in Delaware and sold the site. The loss on disposal of this business, including the write-off of goodwill and the costs of the plant closure, is charged in these accounts. The business supplying antacids, excipients including polyols, and drug delivery systems to pharmaceutical companies has been retained.

In ABF Ingredients, strong sales growth across all sectors has helped to drive profit development with progress particularly in the US. We expanded both within growing and established markets. Growth in enzymes was supported by investment in capacity expansion at its Finnish plant. Capacity expansion has also been achieved in proteins and yeast extracts. Such is the sales momentum in these businesses that further expansion projects are planned in enzymes, proteins and yeast extracts in the coming year, supported by investment in both selling and research capabilities.

George Weston
Chief Executive

FINANCIAL REVIEW

GROUP PERFORMANCE

Group revenue increased by 13% to £6,800m. Operating profit, adjusted to exclude exceptional items, the amortisation of non-operating intangibles and profits on the sale of property, plant and equipment, increased by 11% to £622m. The strength of sterling continued to have an adverse effect on the translation of our overseas results. At constant currency, revenue increased by 16% and profit by 13%.

The improvement in adjusted operating profit before exceptional items was delivered despite the adverse impact of sugar regime reform of some £30m and a £13m adverse currency translation effect primarily as a result of the weak US dollar. These were offset by a better than forecast first time contribution from Illovo, another strong performance from Primark and good progress in many of our food and ingredients businesses.

The disposal of properties, plant and equipment resulted in a profit of £8m which compares with £10m last year. A net loss of £39m, including goodwill written off of £27m, arose on business disposals during the year, primarily our Scandinavian food distributor and the commodity food polyols business in the US.

Finance expense less finance income of £35m compares with a charge of £14m last year. This year-on-year increase of £21m results primarily from the cost of acquisition of Illovo at the end of last year and a substantial capital investment programme. Other financial income of £26m includes £25m of net pensions financing income, being the expected return on assets in the group's pension schemes less the charge on pension scheme liabilities, and a £1m net foreign exchange gain on financing activities.

Profit before tax increased from £419m to £508m. Last year's result included an exceptional charge of £97m for the costs of closing two British Sugar factories. Adjusted to exclude exceptional items, amortisation of non-operating intangibles and profits and losses on the sale of businesses and fixed assets, profit before tax increased 10% from £559m to £613m.

TAXATION

The tax charge of £108m included an underlying charge of £153m, at an effective tax rate of 25.0% on the adjusted profit before tax described above. The effective tax rate has reduced from last year's 26.8% as a result of an increase in the profits subject to lower tax rates and the prospective effect of the reduction of tax rates in the UK and elsewhere on deferred tax carrying values.

The overall tax charge for the year benefited from a £30m (2006 - £13m) credit for tax relief on the amortisation of non-operating intangible assets and goodwill arising from asset acquisitions. This credit, together with the tax effect of the other exceptional items, has been excluded from the calculation of adjusted earnings per share.

EARNINGS AND DIVIDENDS

Earnings attributable to equity shareholders increased by £68m to £369m and the weighted average number of shares in issue remained at 790 million. Earnings per ordinary share increased by 23% from 38.1p to 46.7p. A more consistent measure of performance is provided by the adjusted earnings per share which excludes exceptional items, profits on the sale of businesses and fixed assets and the amortisation of non-operating intangibles net of any tax benefit. Adjusted earnings per share increased by 4% from 50.9p to 52.9p.

The interim dividend was increased by 4% to 6.5p and a final dividend has been proposed at 13.0p which represents an overall increase of 4% for the year. In accordance with IFRS, no accrual has been made in these accounts for the proposed dividend which is expected to cost £103m and will be charged next year. The dividend is covered, on an adjusted basis, 2.7 times.

BALANCE SHEET

Non-current assets increased by £327m to £4,719m including £2,642m of property, plant and equipment. The increase was driven by acquisitions which added £168m and capital expenditure of £420m.

To determine the market value of the assets backing the Primark business we have obtained an independent valuation of its freehold and long leasehold properties. The net book value at the year end was £579m and the valuation on a vacant possession basis is £1,002m. This valuation increases to £1,262m with the benefit of the Primark covenant. These assets continue to be included in the accounts at their depreciated historic cost.

Working capital, including tax accruals, decreased by £35m.

Net borrowings were £311m at the year end compared with £298m last year.

A currency loss of £28m arose on the translation into sterling of the group's non-sterling net assets. This resulted from the continued strengthening of sterling against the US dollar year on year.

The group's net assets increased by £282m to £4,464m.

Despite the high level of investment made this year in acquisitions and capital expenditure, the return on capital employed for the group was consistent with last year at 18.8%. Return on capital employed is defined as operating profit before exceptional items and the amortisation of non-operating intangibles expressed as a percentage of average capital employed for the year.

CASH FLOW

Net cash flow from operating activities was £696m compared to £419m last year. This increase reflects a positive working capital movement year on year of £184m.

The group invested a net £489m in capital expenditure and acquisitions during the year. Capital expenditure amounted to £420m of which £175m was spent on the acquisition of new stores and the refitting of existing Primark stores. The balance was used to upgrade, expand or build new manufacturing facilities including commissioning of the new biofuels plant at British Sugar's Wissington factory, construction of a new factory in Poland for Blue Dragon and rationalisation of the Ovaltine factory in Switzerland and the ACH oils plant at Jacksonville in the US.

£150m was spent on the acquisition of Patak's, a 20% interest in Jordans and a number of smaller businesses to complement our Grocery and Agriculture operations. £58m was realised on the disposal of the Scandinavian distribution business and SPI Foods in the US resulting in a net cash outflow on acquisitions and disposals of £92m.

FINANCING

This year's acquisitions were financed in part by the surplus cash funds that have historically been managed by professional investment managers. All such funds have now been liquidated. Cash and cash equivalents totalled £411m at the year end and 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 beginning of the year the company refinanced its external borrowings and negotiated a multicurrency \$1.2bn syndicated loan facility with its existing banking group, with a term of five years including two one-year extension options. £412m was borrowed under this facility at the year end, drawn down in euros, £248m, and US dollars, £164m.

PENSIONS

Pensions are accounted for in accordance with IAS 19 – employee benefits. The total pension expense for the year was £71m compared with £67m last year.

On an IAS 19 basis, the net surplus (employee benefit assets less liabilities) in the group's defined benefit pension schemes increased from £127m last year to £276m this year benefiting from more favourable market conditions.

Following the merger of the British Sugar and Associated British Foods pension schemes in April 2006, the company agreed with the Pension Trustees to make two payments of £14.5m to eliminate the funding deficit, at that date, in the British Sugar section of the newly-merged scheme. The first payment was made in October 2006 and the second in October 2007. A full actuarial valuation of the combined scheme is planned to take place with the normal triennial cycle in April 2008. Total contributions to defined benefit plans in the year amounted to £61m (2006 - £48m).

For defined contribution schemes the charge for the year is equal to the contributions made which amounted to £24m (2006 - £21m).

FINANCIAL REPORTING STANDARDS AND ACCOUNTING POLICIES

There have been no changes to International Accounting Standards this year that have a material impact on the group accounts.

We have refined our policy of excluding intangible amortisation from the calculation of adjusted profit and earnings. The amortisation charge in respect of intangible assets that arise on a business combination, non-operating intangibles, will continue to be excluded from the adjusted profit and earnings measures. Amortisation arising on intangibles that are purchased in the ordinary course of business, operating intangibles, such as licences and information technology expenditure, is charged to adjusted operating profit. No amortisation of operating intangibles has historically been excluded from the adjusted measures hence there has been no need for restatement.

POST BALANCE SHEET EVENTS

The acquisition of certain of the European assets of Gilde Bakery Ingredients, and the disposal of our German yeast business, was agreed on 2 October 2007. The acquisition of the operations in Spain, Portugal and Germany is dependent on clearances by the relevant competition authorities. Gilde will continue to operate these businesses until competition clearance has been received.

John Bason
Finance Director

The annual report and accounts will be available on 8 November 2007 and the annual general meeting will be held at Congress Centre, 28 Great Russell Street, London. WC1B 3LS at 11am on Friday, 7 December 2007.

CONSOLIDATED INCOME STATEMENT
for the year ended 15 September 2007

		2007	2006
	Note	£m	£m
Continuing operations			
Revenue	1	6,800	5,996
Operating costs before exceptional items		(6,262)	(5,486)
Exceptional items			
- impairment of property, plant & equipment		-	(64)
- restructuring costs		-	(33)
		538	413
Share of profit after tax from joint ventures and associates		10	10
Profits less losses on sale of property, plant & equipment		8	10
Operating profit		556	433
<hr/>			
Adjusted operating profit	1	622	561
Profits less losses on sale of property, plant & equipment		8	10
Amortisation of non-operating intangibles		(74)	(41)
Exceptional items		-	(97)
<hr/>			
Profits less losses on sale of businesses		(39)	(4)
Provision for loss on termination of an operation		-	(8)
Profit before interest		517	421
Finance income		20	32
Finance expense		(55)	(46)
Other financial income		26	12
Profit before taxation		508	419
<hr/>			
Adjusted profit before taxation		613	559
Profits less losses on sale of property, plant & equipment		8	10
Amortisation of non-operating intangibles		(74)	(41)
Exceptional items		-	(97)
Profits less losses on sale of businesses		(39)	(4)
Provision for loss on termination of an operation		-	(8)
<hr/>			
Taxation: - UK (excluding tax on exceptional items)		(46)	(89)
- UK (on exceptional items)		-	29
- Overseas		(62)	(51)
	2	(108)	(111)
Profit for the period		400	308
<hr/>			
Attributable to			
Equity shareholders		369	301
Minority interests		31	7
Profit for the period		400	308
<hr/>			
Basic and diluted earnings per ordinary share (pence)	4	46.7	38.1
Dividends per share paid and proposed for the year (pence)	3	19.50	18.75

CONSOLIDATED BALANCE SHEET
at 15 September 2007

	2007	2006
	£m	£m
Non-current assets		
Intangible assets	1,570	1,542
Property, plant & equipment	2,642	2,479
Biological assets	48	46
Investments in joint ventures	46	54
Investments in associates	33	15
Employee benefits assets	308	169
Deferred tax assets	70	82
Other receivables	2	5
Total non-current assets	<u>4,719</u>	<u>4,392</u>
Current assets		
Assets classified as held for sale	48	53
Inventories	765	681
Biological assets	53	51
Trade and other receivables	967	896
Other financial assets	17	70
Cash and cash equivalents	411	349
Total current assets	<u>2,261</u>	2,100
TOTAL ASSETS	<u>6,980</u>	<u>6,492</u>
Current liabilities		
Liabilities classified as held for sale	(7)	(11)
Interest-bearing loans and overdrafts	(125)	(531)
Trade and other payables	(1,167)	(972)
Other financial liabilities	(26)	(25)
Income tax	(82)	(85)
Provisions	(36)	(49)
Total current liabilities	<u>(1,443)</u>	<u>(1,673)</u>
Non-current liabilities		
Interest-bearing loans	(598)	(176)
Provisions	(14)	(21)
Deferred tax liabilities	(430)	(398)
Employee benefits liabilities	(31)	(42)
Total non-current liabilities	<u>(1,073)</u>	<u>(637)</u>
TOTAL LIABILITIES	<u>(2,516)</u>	<u>(2,310)</u>
NET ASSETS	<u>4,464</u>	<u>4,182</u>
Equity		
Issued capital	47	47
Other reserves	173	173
Translation reserve	(49)	(29)
Hedging reserve	(1)	(6)
Retained earnings	4,074	3,773
	<u>4,244</u>	3,958
Minority interests	220	224
TOTAL EQUITY	<u>4,464</u>	<u>4,182</u>

**CONSOLIDATED CASH FLOW STATEMENT
for the year ended 15 September 2007**

	2007 £m	2006 £m
Cash flow from operating activities		
Profit before taxation	508	419
Profits less losses on sale of property, plant & equipment	(8)	(10)
Profits less losses on sale of businesses	39	4
Provision for loss on termination of an operation	-	8
Exceptional items	-	97
Financial income	(20)	(32)
Financial expense	55	46
Other financial income	(26)	(12)
Share of profit from joint ventures and associates	(10)	(10)
Amortisation	79	41
Depreciation	214	177
Change in the fair value of biological assets	(59)	-
Share-based payment expense	6	-
Pension costs less contributions	(14)	(1)
Increase in inventories	(38)	(29)
Increase in receivables	(58)	(178)
Increase in payables	151	78
Decrease in provisions	(17)	(62)
Cash generated from operations	802	536
Income taxes paid	(106)	(117)
Net cash from operating activities	696	419
Cash flows from investing activities		
Dividends received from joint ventures	1	1
Dividends received from associates	2	3
Purchase of property, plant & equipment	(420)	(432)
Purchase of intangibles	(7)	(13)
Sale of property, plant & equipment	30	181
Purchase of subsidiaries	(132)	(496)
Sale of subsidiaries	58	-
Purchase of joint ventures and associates	(18)	-
Interest received	20	36
Net cash from investing activities	(466)	(720)
Cash flows from financing activities		
Dividends paid to minorities	(26)	(6)
Dividends paid to shareholders	(150)	(144)
Interest paid	(58)	(47)
Decrease in other current investments	52	216
Financing:		
Decrease in short-term loans	(307)	(46)
Increase/(decrease) in long-term loans	417	(365)
(Increase)/decrease in own shares held	(9)	1
Net cash from financing activities	(81)	(391)
Net increase/(decrease) in cash and cash equivalents	149	(692)
Cash and cash equivalents at the beginning of the period	198	894
Effect of movements in foreign exchange	2	(4)
Cash and cash equivalents at the end of the period	349	198

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 15 September 2007

	2007	2006
	£m	£m
Actuarial gains on defined benefit schemes	110	43
Deferred tax associated with defined benefit schemes	(25)	(12)
Effect of movements in foreign exchange	(32)	(88)
Net gain on hedge of net investment in foreign subsidiaries	4	14
Movement in cash flow hedging position	7	(17)
Deferred tax associated with movement in cash flow hedging position	(2)	<u>4</u>
Net gain/(loss) recognised directly in equity	62	(56)
Profit for the period	400	<u>308</u>
Total recognised income and expense for the period	462	252
Adjustments relating to adoption of IAS 32 and IAS 39 on 18 September 2005 (equity shareholders)	-	<u>7</u>
	462	<u>259</u>
Attributable to:		
Equity shareholders	439	246
Minority interests	23	<u>6</u>
	462	<u>252</u>

NOTES TO THE PRELIMINARY ANNOUNCEMENT for the year ended 15 September 2007

1. Segmental analysis

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

Business segments

The group is comprised of the following business segments:

- Grocery The manufacture of grocery products, including hot beverages, sugar & sweeteners, vegetable oils, bread & baked goods, ethnic foods, herbs & spices and meat & dairy 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, lipid technologies and polyols.
- Retail Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

To reflect the changed nature of the former Primary Food segment it has been renamed Sugar.

Geographical segments

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

- United Kingdom
- Europe, Middle East & Africa
- The Americas
- Asia Pacific

Geographically segmented revenues are shown by reference to the geographical location of customers. Geographically segmented 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	
	2007 £m	2006 £m	2007 £m	2006 £m
Grocery	2,605	2,578	153	182
Sugar	1,151	671	199	115
Agriculture	687	623	18	15
Ingredients	728	683	75	79
Retail	1,602	1,309	200	185
Central	-	-	(26)	(22)
	6,773	5,864	619	554
Businesses disposed:				
Grocery	7	78	-	3
Agriculture	-	8	-	1
Ingredients	20	46	3	3
	27	132	3	7
	6,800	5,996	622	561
Geographical segments				
United Kingdom	3,216	2,995	255	280
Europe, Middle East & Africa	1,251	668	158	70
The Americas	1,142	1,164	113	121
Asia Pacific	1,164	1,037	93	83
	6,773	5,864	619	554
Businesses disposed:				
United Kingdom	-	8	-	1
Europe, Middle East & Africa	7	78	-	3
The Americas	20	46	3	3
	27	132	3	7
	6,800	5,996	622	561

**NOTES TO THE PRELIMINARY ANNOUNCEMENT continued
for the year ended 15 September 2007**

1. Segmental analysis – for the year ended 15 September 2007

Business segments

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Eliminations £m	Total £m
Revenue from continuing businesses	2,616	1,250	689	775	1,602	-	(159)	6,773
Businesses disposed	7	-	-	20	-	-	-	27
Internal revenue	(11)	(99)	(2)	(47)	-	-	159	-
Revenue from external customers	2,612	1,151	687	748	1,602	-	-	6,800
Adjusted operating profit from continuing businesses	153	199	18	75	200	(26)	-	619
Businesses disposed	-	-	-	3	-	-	-	3
Adjusted operating profit	153	199	18	78	200	(26)	-	622
Amortisation of non-operating intangibles	(14)	(32)	-	(28)	-	-	-	(74)
Profits less losses on sale of property, plant & equipment	-	-	-	-	8	-	-	8
Profits less losses on sale of businesses	7	-	1	(40)	(7)	-	-	(39)
Profit before financial income, financial expenses and taxation	146	167	19	10	201	(26)	-	517
Finance costs	-	-	-	-	-	(35)	-	(35)
Other finance income	-	-	-	-	-	26	-	26
Taxation	-	-	-	-	-	(108)	-	(108)
Profit for the period	146	167	19	10	201	(143)	-	400
Segment assets (excluding investments in associates and joint ventures)	1,949	1,609	172	924	1,436	21	-	6,111
Investment in associates and joint ventures	25	10	31	13	-	-	-	79
Segment assets	1,974	1,619	203	937	1,436	21	-	6,190
Cash and cash equivalents	-	-	-	-	-	411	-	411
Employee benefits assets	-	-	-	-	-	308	-	308
Deferred tax assets	-	-	-	-	-	70	-	70
Other current investments	-	-	-	-	-	1	-	1
Segment liabilities	(391)	(427)	(56)	(119)	(217)	(35)	-	(1,245)
Interest-bearing loans and overdrafts	-	-	-	-	-	(723)	-	(723)
Income tax	-	-	-	-	-	(82)	-	(82)
Deferred tax liabilities	-	-	-	-	-	(434)	-	(434)
Employee benefits liabilities	-	-	-	-	-	(32)	-	(32)
Net assets	1,583	1,192	147	818	1,219	(495)	-	4,464
Capital additions	85	113	6	44	139	-	-	387
Depreciation	75	52	7	24	56	-	-	214
Amortisation	14	37	-	28	-	-	-	79

Geographical segments

	United Kingdom £m	Europe Middle East & Africa £m	The Americas £m	Asia Pacific £m	Eliminations £m	Total £m
Revenue from external customers	3,216	1,258	1,162	1,164	-	6,800
Segment assets	2,858	1,601	905	826	-	6,190
Capital additions	230	79	37	41	-	387
Depreciation	124	33	23	34	-	214
Amortisation	10	39	25	5	-	79

**NOTES TO THE PRELIMINARY ANNOUNCEMENT continued
for the year ended 15 September 2007**

1. Segmental analysis – for the year ended 16 September 2006

Business segments

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Eliminations £m	Total £m
Revenue from continuing businesses	2,597	766	623	729	1,309	-	(160)	5,864
Businesses disposed	78	-	8	46	-	-	-	132
Internal revenue	(19)	(95)	-	(46)	-	-	160	-
Revenue from external customers	2,656	671	631	729	1,309	-	-	5,996
Adjusted operating profit from continuing businesses	182	115	15	79	185	(22)	-	554
Businesses disposed	3	-	1	3	-	-	-	7
Adjusted operating profit	185	115	16	82	185	(22)	-	561
Exceptional items	-	(97)	-	-	-	-	-	(97)
Amortisation of non-operating intangibles	(12)	-	-	(29)	-	-	-	(41)
Profits less losses on sale of property, plant & equipment	4	4	(1)	-	2	1	-	10
Profits less losses on sale of businesses	3	(2)	-	(6)	-	1	-	(4)
Provision for loss on termination of an operation	-	-	-	-	(8)	-	-	(8)
Profit before finance costs, other finance income, and taxation	180	20	15	47	179	(20)	-	421
Finance costs	-	-	-	-	-	(14)	-	(14)
Other finance income	-	-	-	-	-	12	-	12
Taxation	-	-	-	-	-	(111)	-	(111)
Profit for the period	180	20	15	47	179	(133)	-	308
Segment assets (excluding investments in associates and joint ventures)	1,782	1,497	158	1,010	1,302	14	-	5,763
Investment in associates and joint ventures	7	6	27	29	-	-	-	69
Segment assets	1,789	1,503	185	1,039	1,302	14	-	5,832
Cash and cash equivalents	-	-	-	-	-	356	-	356
Employee benefits assets	-	-	-	-	-	169	-	169
Deferred tax assets	-	-	-	-	-	82	-	82
Other current investments	-	-	-	-	-	53	-	53
Segment liabilities	(303)	(338)	(48)	(113)	(214)	(60)	-	(1,076)
Interest-bearing loans and overdrafts	-	-	-	-	-	(707)	-	(707)
Income tax	-	-	-	-	-	(86)	-	(86)
Deferred tax liabilities	-	-	-	-	-	(398)	-	(398)
Employee benefits liabilities	-	-	-	-	-	(43)	-	(43)
Net assets	1,486	1,165	137	926	1,088	(620)	-	4,182
Capital additions	84	55	6	48	289	-	-	482
Depreciation	71	36	7	30	33	-	-	177
Amortisation	12	-	-	29	-	-	-	41
Impairment	-	64	-	-	-	-	-	64
Other significant non-cash expenses	-	30	-	-	10	-	-	40

Geographical segments

	United Kingdom £m	Europe Middle East & Africa £m	The Americas £m	Asia Pacific £m	Eliminations £m	Total £m
Revenue from external customers	3,003	746	1,210	1,037	-	5,996
Segment assets	2,519	1,533	1,023	757	-	5,832
Capital additions	343	52	30	57	-	482
Depreciation	101	18	26	32	-	177
Amortisation	4	7	18	12	-	41
Impairment	64	-	-	-	-	64
Other significant non-cash expenses	40	-	-	-	-	40

Other significant non-cash expenses include a provision of £30m for costs associated with the closure of two UK sugar factories, announced on 4 July 2006, and a provision of £10m for costs associated with the termination of Littlewoods.

**NOTES TO THE PRELIMINARY ANNOUNCEMENT continued
for the year ended 15 September 2007**

2.	Income tax expense	2007	2006		
		<u>£m</u>	<u>£m</u>		
	Current tax expense				
	UK – corporation tax at 30% (2006: 30%)	37	37		
	Overseas – corporation tax	71	46		
	Over-provided in prior years	<u>(7)</u>	<u>-</u>		
		101	83		
	Deferred tax expense				
	UK deferred tax	14	21		
	Overseas deferred tax	(12)	8		
	Under/(over) provided in prior years	<u>5</u>	<u>(1)</u>		
	Total income tax expense in income statement	<u>108</u>	<u>111</u>		
	Reconciliation of effective tax rate				
	Profit before taxation	508	419		
	Less share of profit from joint ventures and associates	<u>(10)</u>	<u>(10)</u>		
	Profit before taxation excluding share of profit from joint ventures and associates	<u>498</u>	<u>409</u>		
	Nominal tax charge at UK corporation tax rate of 30% (2006: 30%)	149	123		
	Lower tax rates on overseas earnings	(46)	(23)		
	Expenses not deductible for tax purposes	7	12		
	Adjustments in respect of prior periods	<u>(2)</u>	<u>(1)</u>		
		<u>108</u>	<u>111</u>		
	.				
3.	Dividends	2007	2006	2007	2006
		pence	pence	£m	£m
	Per share				
	2005 final	-	12.00	-	95
	2006 interim	-	6.25	-	49
	2006 final	12.50	-	99	-
	2007 interim	<u>6.50</u>	-	<u>51</u>	-
		<u>19.00</u>	<u>18.25</u>	<u>150</u>	<u>144</u>

The 2007 interim dividend was declared on 24 April 2007 and paid on 2 July 2007. The 2007 final dividend of 13.00p, total value of £103m, will be paid on 11 January 2008 to shareholders on the register on 7 December 2007.

Dividends relating to the period were 19.50p per share totalling £154m (2006 – 18.75p per share totalling £148m).

**NOTES TO THE PRELIMINARY ANNOUNCEMENT continued
for the year ended 15 September 2007**

4. Earnings per share

The calculation of basic earnings per share at 15 September 2007 was based on the net profit attributable to equity shareholders of £369m (2006 - £301m), and a weighted average number of shares outstanding during the year of 790 million (2006 – 790 million). The calculation of the weighted average number of shares excludes the shares held by the Employee Share Option Scheme on which the dividends are being waived.

Adjusted earnings per ordinary share, which exclude the impact of profits less losses on the sale of property, plant & equipment and businesses, provision for loss on termination of an operation, amortisation of non-operating intangibles, exceptional items 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. The diluted, weighted average number of shares is 790 million (2006 – 790 million). There is no difference between basic and diluted earnings.

	2007	2006
	£m	£m
Adjusted profit for the period	418	402
Profits less losses on sale of property, plant & equipment	8	10
Profits less losses on sale of businesses	(39)	(4)
Provision for loss on termination of an operation	-	(8)
Exceptional items	-	(97)
Tax effect on above	15	26
Amortisation of non-operating intangibles	(74)	(41)
Tax credit on non-operating intangibles amortisation & goodwill	30	13
Minority share of amortisation of non-operating intangibles net of tax	11	-
Profit for the period attributable to equity shareholders	<u>369</u>	<u>301</u>
	2007	2006
	pence	pence
Adjusted earnings per share	52.9	50.9
Earnings per share on:		
Sale of property, plant & equipment	1.0	1.3
Sale of businesses	(4.9)	(0.5)
Provision for loss on termination of operation	-	(1.0)
Exceptional items	-	(12.3)
Tax effect on above	1.9	3.3
Amortisation of non-operating intangibles	(9.4)	(5.2)
Tax credit on non-operating intangibles amortisation & goodwill	3.8	1.6
Minority share of amortisation of non-operating intangibles net of tax	1.4	-
Earnings per ordinary share	<u>46.7</u>	<u>38.1</u>

**NOTES TO THE PRELIMINARY ANNOUNCEMENT continued
for the year ended 15 September 2007**

5. Analysis of net funds/(debt)

	At 16 September 2006 £m	Cash flow £m	Acquisitions/ disposals £m	Exchange adjustments £m	At 15 September 2007 £m
Cash at bank and in hand, cash equivalents and overdrafts ⁽¹⁾	198	149	-	2	349
Short-term borrowings ⁽¹⁾	(373)	307	3	-	(63)
Other current Investments	53	(52)	-	-	1
Loans over one year	(176)	(417)	(9)	4	(598)
	<u>(298)</u>	<u>(13)</u>	<u>(6)</u>	<u>6</u>	<u>(311)</u>

- (1) 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.

6. Other information

The financial information set out above does not constitute the group's statutory financial statements for the years ended 15 September 2007 and 16 September 2006 but it is derived from them. The 2006 financial statements have been filed with Registrar of Companies whereas those for 2007 will be delivered following the company's annual general meeting. The auditors' opinions on these financial statements were unqualified and did not include a statement under Section 237 (2) or (3) of the Companies Act 1985.

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 15 September 2007

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 15 September 2007 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 6 November 2007.

Basis of preparation

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

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

The accounting policies applied in preparing this financial information are consistent with the group's financial statements for the year ended 16 September 2006. New accounting standards that came into force in the year did not require restatement of comparatives.

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

The consolidated financial statements of the Company are prepared for the 52 weeks ended 15 September 2007 except that, to avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries are included up to 31 August 2007. The results of Illovo are included for the period to 30 September 2007 in line with Illovo's local reporting date. Adjustments are made for significant transactions or events occurring between 31 August and 30 September.