**30 May 2013**

# TATE & LYLE PLC
## ANNOUNCEMENT OF FULL YEAR RESULTS
## For the year ended 31 March 2013

| Continuing operations[1] £m unless stated otherwise | 2013 | 2012 | Change (reported) | Change (constant currency)[5] |
|---|---|---|---|---|
| **Sales** | **3 256** | 3 088 | + 5% | + 6% |
| **Adjusted results**[2] | | | | |
| Adjusted operating profit[2] | **358** | 348 | + 3% | + 4% |
| Adjusted profit before tax[3] | **329** | 318 | + 4% | + 4% |
| Adjusted diluted earnings per share[3] | **57.0p** | 54.7p | + 4% | + 5% |
| **Statutory results** | | | | |
| Operating profit | **336** | 404 | | |
| Profit before tax | **309** | 379 | | |
| Profit for the year (on total operations) | **278** | 309 | | |
| Diluted earnings per share (on total operations) | **58.5p** | 64.3p | | |
| **Cash flow and net debt** | | | | |
| Free cash flow[4] | **110** | 79 | | |
| Net debt | **479** | 476 | | |
| **Dividend per share** | **26.2p** | 24.9p | +5.2% | |

**Javed Ahmed, Chief Executive, said:**

"I am pleased to report that the underlying business continues to perform well and that despite having entered the year facing a number of headwinds we have made progress. The opening of our new global Commercial and Food Innovation Centre in Chicago has significantly enhanced the level of engagement with our customers, and we have also made headway developing the innovation pipeline and bringing new products to market. Looking ahead, we will continue to build on the foundations we have laid and expect to deliver another year of profitable growth."

### Highlights

- Speciality Food Ingredients sales up 7% to £947 million (8% in constant currency) with adjusted operating profit broadly in line (0% in constant currency) with the prior year at £213 million (2012 – £214 million)
- Bulk Ingredients adjusted operating profit up by 6% to £182 million (7% in constant currency)
- Adjusted diluted earnings per share up 4% to 57.0p (5% in constant currency)
- 5.6% increase proposed for the final dividend to 18.8p, making a total dividend increase of 5.2% to 26.2p
- Promising new product launches including our stevia-based, natural, no-calorie sweetener, TASTEVA® Stevia Sweetener and salt reduction product, SODA-LO® Salt Microspheres

### Outlook

In Speciality Food Ingredients, we expect to deliver good sales and profit growth with volume growth across all major product categories.

In Bulk Ingredients, against a backdrop of continued corn price volatility, improved bulk sweetener unit margins in the US are expected to offset a softer start in US bulk sweetener volumes and lower isoglucose margins in Europe. Profits within Bulk Ingredients are expected to be more evenly distributed between the first and second half than in the prior year.

Overall, we expect to deliver another year of profitable growth.

1 Excluding the results of discontinued operations in both periods except where noted otherwise.
2 Before net exceptional charge of £12 million (2012 – net gains of £68 million) and amortisation of acquired intangible assets of £10 million (2012 – £12 million).
3 Before net exceptional charge of £12 million (2012 – net gains of £68 million), amortisation of acquired intangible assets of £10 million (2012 – £12 million) and post retirement pension interest credit of £2 million (2012 – £5 million)
4 Free cash flow is operating cash flow, based on adjusted operating profit from continuing operations, after working capital, interest, taxation and capital expenditure.
5 Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.

**Cautionary statement**
This Statement of Full Year Results contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Tate & Lyle PLC. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Statement of Full Year Results should be construed as a profit forecast.

A copy of this Statement of Full Year Results for the year ended 31 March 2013 can be found on our website at www.tateandlyle.com. A hard copy of this statement is also available from The Company Secretary, Tate & Lyle PLC, 1 Kingsway, London WC2B 6AT.

SPLENDA® is a trademark of McNeil Nutritionals, LLC.

**Webcast and Conference Call Details**

A presentation of the results by Chief Executive, Javed Ahmed and Chief Financial Officer, Tim Lodge will be audio webcast live at 10.00 (UKT) today. To view and/or listen to a live audio-cast of the presentation, please visit: http://view-w.tv/w/797-1031-12863/en. Please note that remote listeners will not be able to ask questions during the Q&A session. A webcast replay of the presentation will be available within two hours of the end of the live broadcast on the link above.

For those unable to view the webcast, there will also be a teleconference facility for the presentation. Details are given below:

Dial in details:
Standard International Access: +44 (0) 20 3003 2666
US dial in number: +1 212 999 6659
Password: Tate & Lyle

14 day Conference Participant Call Replay:
UK replay number: +44 (0) 20 8196 1998
US replay number: +1 866 583 1035
Replay Access code: 7579240
For additional international replay access numbers please visit:
http://www.meetingzone.com/ReplayDialInNumbers.aspx

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## CHIEF EXECUTIVE'S REVIEW

Results for the continuing operations are adjusted to exclude exceptional items, post-retirement benefit interest and amortisation of intangible assets acquired through business combinations. Except where specifically stated to the contrary, this commentary relates only to the adjusted results for the continuing operations. A reconciliation of statutory and adjusted information is included at Note 17.

### Key performance indicators

Our key performance indicators for the year to 31 March 2013 are as follows:

| KPI | Measure | Year to 31 March | | Change* |
|---|---|---|---|---|
| | | **2013** | 2012 | |
| **Growth in SFI sales** | Sales | **£947m** | £887m | + 8% |
| **Profitability** | Adjusted operating profit | **£358m** | £348m | + 4% |
| **Working capital efficiency** | Cash conversion cycle† | **42 days** | 36 days | Lengthened by 6 days |
| **Financial strength** | Net debt/EBITDA** | **1.0.x** | 1.1x | |
| | Interest cover** | **11.1x** | 11.1x | |
| **Return on assets** | Return on capital employed | **19.8%** | 21.6% | - 180 bps |
| **Corporate Responsibility^** | Safety – Recordable incident rate | **0.85** | 0.85 | No change |
| | Safety – Lost work case rate | **0.26** | 0.21 | 3 more lost work cases |

*Sales and operating profit growth shown in constant currency
†Defined as controllable working capital divided by quarterly sales, multiplied by number of days in quarter on a four quarter rolling basis (a reduction in the number of days represents an improvement)
**Calculated under banking covenant definitions
^Measured on a calendar year basis

### Overview of Group's financial performance

I am pleased to report that the underlying business continues to perform well and that, despite having entered the year facing a number of headwinds, including the step change in fixed costs associated with the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama and our business transformation initiatives, we have made progress.

Sales for the year were £3,256 million (2012 – £3,088 million), an increase of 5% (6% in constant currency) on the prior year with sales in our Speciality Food Ingredients division growing by 7% (8% in constant currency) to £947 million (2012 – £887 million). Adjusted operating profit increased by 3% (4% in constant currency) to £358 million (2012 – £348 million) with adjusted operating profit in Speciality Food Ingredients broadly in line with the prior year at £213 million and up 6% (7% in constant currency) in Bulk Ingredients at £182 million (2012 – £172 million). Adjusted profit before tax increased by 4% (4% in constant currency) to £329 million (2012 – £318 million) with adjusted diluted earnings per share also up 4% (5% in constant currency) to 57.0p (2012 – 54.7p).

### Financial management and balance sheet

Our average quarterly cash conversion cycle increased from 36 days to 42 days. This was driven by an increase in working capital including higher inventory levels in the US due to higher corn prices and aflatoxin[1], and the requirement for additional sucralose inventory following the restart of production at our McIntosh, Alabama facility.

The key performance indicators (KPIs) of our financial strength, the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) and interest cover, remain well within our internal targets. At 31 March 2013, the net debt to EBITDA ratio was 1.0 times (2012 – 1.1 times), against our upper limit of 2.0 times. Interest cover on total operations at 31 March 2013 was 11.1 times (2012 – 11.1 times), again comfortably ahead of our minimum limit of 5.0 times.

Net debt of £479 million at 31 March 2013 was slightly higher than at the end of last year (2012 – £476 million), reflecting an increase in working capital, capital expenditure payments including our business transformation projects and an increase in the value of dollar denominated debt as a result of the strengthening of the US dollar against sterling.

Return on capital employed at 19.8% (2012 – 21.6%) was lower than the prior year driven by an increase in operating assets reflecting the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama, investment in our business transformation initiatives and higher levels of working capital within the business.

**Dividend**

In line with our progressive dividend policy, the Board is recommending a 5.6% increase in the final dividend to 18.8p (2012 – 17.8p) making a full year dividend of 26.2p (2012 – 24.9p) per share, up 5.2% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 2 August 2013 to all shareholders on the Register of Members at 28 June 2013. In addition to the cash dividend option, shareholders will also be offered a dividend reinvestment plan (DRIP) alternative.

**Safety**

We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees and contractors, and our safety performance continues to compare well with companies both within and outside our industry.

While we delivered an improvement in our contractor recordable incident rate during calendar year 2012, there are still areas where we can do better. The overall recordable incident rate in 2012 was the same as in 2011 and the number of lost-work cases increased by three.

During the year, we undertook a wide range of safety improvement projects and we continue to work to assure the safety of all those who work at our sites. Our employees can be rightly proud that we are a leader in safety performance in our sector, but we are not complacent and we continually strive for improvement.

**Building a platform for long-term growth**

During the year, we reached a number of important milestones in our business transformation programme.

In June 2012, we formally opened our global Commercial and Food Innovation Centre in Chicago to customers, featuring state-of-the-art laboratories, a demonstration kitchen, sensory testing, analytical facilities and a pilot plant. Since then we have seen a step change in the level of customer engagement with a significant increase in the number of visits to the new facility as well as an improvement in the quality of customer interaction. In April 2013, the global Commercial and Food Innovation Centre was awarded the prestigious Gold certification by LEED[2] (Leadership in Energy and Environmental Design). The total investment made to develop the new Centre was £33 million, including £7 million of costs incurred during the year.

[1] A fungus impacting corn quality caused by prolonged hot and dry conditions

[2] LEED certification is official recognition that the design, fit-out and operation of a building complies with the requirements prescribed within the LEED rating systems of the US Green Building Council® (USGBC®).

Our Innovation and Commercial Development group (ICD), continues to develop the new product development pipeline across our core platforms of sweeteners, texturants and health and wellness. During the year, ICD supported the launch of six new products including our stevia-based, natural, no-calorie sweetener TASTEVA® Stevia Sweetener, and our salt reduction product, SODA-LO® Salt Microspheres for which the formal grant of the US patent was confirmed in March 2013. To drive the successful commercialisation of our new products, we have reorganised and strengthened our marketing organisation including the recruitment of a new Senior Vice-President, Global Marketing.

Our Open Innovation team continues to search for opportunities globally to form partnerships with universities, research institutes and start-ups specialising in food science. In December 2012, we signed an agreement with Nandi Proteins Limited, a spin-out from Heriot-Watt University in Edinburgh, to continue developing an early-stage protein ingredient technology for use in the food texturants space. In January 2013, we launched a new, dedicated open innovation web portal (www.tateandlyleopeninnovation.com) to encourage potential partners to submit proposals aligned with our innovation priorities. In May 2013, following our earlier agreement on SODA-LO® Salt Microspheres, we broadened our relationship with Eminate, a subsidiary of Nottingham University, with an agreement to develop its hollow microsphere technology to reduce sodium bicarbonate in baked goods.

We launched a new £30 million eight-year venture capital fund on 1 January 2013, building on our existing venture fund activities. The new fund will invest in start-ups and expansion-stage companies in both developed and emerging markets in food sciences and enabling technologies. The combination of the new fund and our internal Open Innovation team will give us access to the full spectrum of new ideas, technologies and opportunities in the global food science sector enabling us to deliver more innovative solutions to our customers.

On 17 May 2013, we acquired Biovelop, an early-stage manufacturer of oat beta-glucan. The acquisition broadens our health and wellness offering and adds a clean-label, speciality fibre with strong health claims to our existing corn-based fibre portfolio.

We continued to grow our presence in emerging markets. In December 2012, we opened our newly upgraded offices and applications centre in Shanghai which, together with the opening of applications and technical services facilities in Mexico City and São Paulo last year, has strengthened our ability to service customers in these regions and expanded our global innovation network. These new facilities include pilot plant equipment for the production of food and beverage prototypes which are helping us leverage our applications know-how and technical expertise to help meet local taste preferences and to respond rapidly to our customers. We have also continued to expand our go-to-market and technical teams in both Asia and Latin America allowing us to broaden our coverage in these regions in terms of both product categories and geography.

Global Shared Service Centre and IS/IT system

Our global Shared Service Centre in Łódź, Poland is operating well having successfully completed its first full year of operations processing financial transactions for our European and US businesses.

In July 2012, we deployed our new global IS/IT system across the majority of our European operations alongside a new set of business processes. Since then, we have gained invaluable practical experience operating the new system and processes in a live environment. This has shown us that while the new system meets the day-to-day needs of the business, we need to adapt the design to meet the high quality operational capabilities we require, and to realise further benefits, some of which have been identified as a result of operating the new system. Accordingly, to allow time to develop, build and test the design changes, we have decided to extend the next phase of the system's deployment into the first half of calendar year 2014.

Given that the new system is a key enabler of our global operating model, it warrants taking the additional time. As a result, the total investment in the global Shared Service Centre and IS/IT system is expected to increase by £45-60 million, dependent on the final date of implementation, bringing the total expected investment in these projects to around £120-135 million. Based on our current estimates, including the benefits that have already been delivered from these projects, we continue to target a three-year cash payback on the total investment following implementation of the IS/IT system across the business.

During the year, we incurred £43 million of costs on the rollout of the global Shared Service Centre and the common IS/IT platform, taking the total costs to date on these projects to £78 million.

Conclusion

Three years ago we set out to build a high quality business, one capable of generating sustained growth over the long term. We are on track to deliver this but we are not there yet. While we have more work to do, I believe we now have a solid foundation from which we can build.

Our new Innovation Centre in Chicago and global network of satellite laboratories are working well, providing the ideal environment for us to get closer to our customers. We have started to get new products into the market and expanded our health & wellness offering through the acquisition of new technologies. Our emerging markets presence and business continues to grow as we leverage the investment we have made in both people and infrastructure.

A key competitive advantage for any company is its people and its culture. We have very talented and dedicated people at Tate & Lyle working hard to create a real entrepreneurial and high performance culture and without them none of what we have achieved during the year would have been possible. I am very grateful for their support and commitment.

**Speciality Food Ingredients**

| | Year to 31 March | | Change | |
|---|---|---|---|---|
| | **2013** **£m** | 2012 £m | **Reported** | **Constant currency** |
| **Sales** | **947** | 887 | + 7% | + 8% |
| **Adjusted operating profit** | **213** | 214 | 0% | 0% |
| **Margin** | **22.5%** | 24.1% | - 160 bps | - 170 bps |

**Market conditions and trends**

While the food and beverage industry remains relatively resilient, it is not immune to fluctuations in the wider economy. Nonetheless, the global market for speciality food ingredients continued to benefit from a number of underlying global consumer trends.

The rising incidence of diabetes and obesity in both developed and developing countries is driving consumers and governments to focus more on healthier lifestyles and in turn, increasing demand for ingredients from food and beverage manufacturers in the health and wellness space. Consumer demand for more natural, 'cleaner label' products is increasing with close to a third of all product launches in 2012 in Western Europe[3] making some form of natural claim.

Rapid urbanisation in emerging markets and rising levels of disposable income continue to increase the penetration of packaged and convenience foods which in turn is supporting demand for speciality ingredients that provide added functionality such as extending shelf-life, stability and texture.

Against the backdrop of continuing tough macroeconomic conditions and a weaker consumer environment, particularly in Europe, coupled with high and volatile prices for certain raw materials, cost-optimisation continues to be an important driver for food and beverage customers, looking at ways to reduce costs and provide more value-based alternatives for consumers.

We believe that the combination of our leading market positions, strong product portfolio and technical and applications expertise along with the investments we have made to build a platform capable of delivering long-term sustainable growth, makes us well placed to benefit from these global trends in the future.

**Financial performance**

Within Speciality Food Ingredients, volumes grew by 4% and sales increased by 7% (8% in constant currency) to £947 million (2012 – £887 million). Adjusted operating profit was broadly in line with the prior year at £213 million (2012 – £214 million) with operating margins down 1.6 percentage points at 22.5% (2012 – 24.1%). The reduction in margin reflects the step change in fixed costs associated with the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama, our business transformation initiatives, lower sucralose volumes and higher corn input costs. The effect of exchange translation was to decrease adjusted operating profit by £1 million.

This segment comprises three broad product categories namely: starch-based speciality ingredients, high intensity sweeteners and food systems.

<u>Starch-based speciality ingredients</u>

In starch-based speciality ingredients, sales increased by 13% (14% in constant currency) to £559 million (2012 – £494 million) with volume growth of 5%. While we increased unit margins, percentage operating margins were lower due to the increase in fixed costs and higher corn prices. While we expect to deliver an

[3] GNPD Mintel; Food and drink products claiming to be 'natural' or 'all natural' as a proportion of all food and drink product launches.

increase in unit margins within this category for the 2014 financial year, the impact of passing through a further increase in corn prices during the 2013 calendar year contracting round is expected to result in a slight reduction in percentage operating margins in this category.

In food starches, volumes grew across all regions, with particularly strong growth in Asia driven by rising demand for convenience foods where our value-added starches are used to add functionality such as mouth-feel and extending shelf-life. We have also seen good demand for our speciality starches in Europe and the US, particularly within the snacks sector.

We saw strong volume growth in our speciality corn sweeteners in emerging markets where demand is driven not only by the functional benefits they provide, including the delivery of a consistent texture and sweetness profile, but also the role that they play as a substitute for sugar in cost-optimisation projects. The strike at our plant in Turkey during the first quarter resulted in volumes in Europe being lower than the comparative period.

Our fibres range continues to benefit from consumers' increased focus on health and wellness, and we saw strong volume growth in Europe and Asia during the period. The acquisition in May 2013 of Biovelop, an early-stage manufacturer of oat beta-glucan, adds a clean-label speciality fibre with strong health claims to our existing corn-based fibres portfolio.

High-intensity sweeteners

Within high-intensity sweeteners, which comprises SPLENDA® Sucralose and our no-calorie, natural sweeteners PUREFRUIT™ Monk Fruit Extract and TASTEVA® Stevia Sweetener, sales were in line with the comparative period at £198 million (2012 – £197 million) with volumes 1% lower.

After a very strong prior year, where volumes grew by 12%, SPLENDA® Sucralose volumes were 1% lower than the prior year as a result of two main factors. First, we had a slow start to the year with a soft first quarter driven by weakness in Europe. Second, we experienced lower volumes within the table top segment where competition from natural alternatives has increased.

While we saw a return towards more normal growth patterns overall in the second quarter and throughout the remainder of the year, supported by the delivery of a number of growth initiatives, this was not sufficient to match the strong prior year result.

We expect long-term demand for SPLENDA® Sucralose to continue to be underpinned by the health and wellness trend as well as its superior taste profile and heat stability. With our two unique large-scale continuous production facilities now operational following the restart of our facility in McIntosh, Alabama we continue to provide our customers with the highest quality, fully traceable sucralose, produced according to the highest standards of sustainability and reliability in the industry.

The launch of products by our customers within the table top segment incorporating our no-calorie, fruit-based sweetener, PUREFRUIT™ Monk Fruit Extract has stimulated a number of other customer product launches and driven incremental sales within the high-intensity sweetener category. We have also been encouraged by the initial customer response to our stevia-based, natural sweetener TASTEVA® Stevia Sweetener which launched in September 2012.

Food systems

In Food Systems, our blending business, sales were 3% lower (flat in constant currency) at £190 million (2012 – £197 million) with volumes also down 3% on the prior year. Despite the price of certain raw materials remaining high during the period, the performance of this product category was ahead of the prior year reflecting the improvements we have made in managing these higher input costs and our decision to focus on higher margin blends.

Our new technical and commercial facility in Lübeck, Germany which opened in June 2012, has helped us to increase the level of customer interaction and has provided a focal point for the creation and sharing of new ideas between our food systems facilities around the world.

**Bulk Ingredients**

| | Year to 31 March | | Change | |
|---|---|---|---|---|
| | **2013** **£m** | 2012 £m | **Reported** | **Constant currency** |
| **Sales** | **2 309** | 2 201 | + 5% | + 6% |
| **Adjusted operating profit** | **182** | 172 | + 6% | + 7% |
| **Margin** | **7.9%** | 7.8% | + 10 bps | + 10 bps |

**Market conditions**

In the US, the worst drought in the mid-west for 56 years affected both the size and quality of the 2012/13 harvest with supply falling from the original US Department of Agriculture's (USDA) projections of 15.6 million[4] to 11.9 million[5] bushels (-24%), resulting in a sharp rise in corn prices during the summer. While corn prices remained high and volatile throughout the remainder of the financial year, they eased slightly during the second half based on higher projections for ending stocks and on the latest planting intentions for the new harvest which if realised would represent the highest acreage since 1936. Corn prices in Europe, where the harvest was also affected by a hot and dry summer, followed a similar pattern to the US.

The extremely dry and hot conditions in the US also affected corn quality with aflatoxin, a by-product of a grain fungus which tends to concentrate in certain co-products, present in the harvest particularly in those areas hardest hit by the drought.

Sugar is the key competitor of many of our corn bulk sweeteners. World sugar prices fell during the year reflecting better supplies, underpinned by a better harvest in Brazil, which helped stock levels to recover and created a global surplus. In the US, prices also fell as a result of a record beet harvest, a large crop in Mexico (where sugar prices also fell) and the USDA's decision to allow additional imports before the size of the domestic crop was known. Conversely, EU prices remained high and increased slightly during the year reflecting the undersupply of imports from preferential cane sugar suppliers over the last few years, something that has led the EU Commission to intervene to boost supply.

While US domestic demand for nutritive sweeteners continued its long-term downward trend, once again strong seasonal demand and an increase in exports helped offset this decline with Mexico continuing to represent the major export destination. In Europe, higher corn prices during the second half reduced isoglucose (HFCS) margins.

In the US and Europe, overall consumption of paper and board, the main sources of demand for our industrial starches, was slightly lower than the prior year.

The market for US ethanol continued to be challenging with negative industry margins and inventory overhang for much of the period as a result of oversupply, following the removal of the blender's tax credit in December 2011, and high corn prices. In response, some industry capacity has come off line in order to get a better balance between supply and demand leading to lower levels of industry utilisation and inventory.

Against a backdrop of high corn prices and the severe drought in the US, prices for animal feed increased in the summer peaking in September and remaining high for the remainder of the financial year. However, as anticipated, the increased concentration of aflatoxin above certain thresholds, particularly in corn gluten meal, restricted the end markets into which these co-products could be sold reducing average prices in the second half.

[4] 10 May 2012
[5] 10 August 2012

**Financial performance**

Bulk Ingredients volumes decreased by 2% as we continued our strategy of diverting grind to produce speciality food ingredients, with sales up 5% (6% in constant currency) to £2,309 million (2012 – £2,201 million) as a result of higher corn prices. Adjusted operating profit increased by 6% (7% in constant currency) to £182 million (2012 – £172 million) driven by a strong performance from bulk sweeteners in both the US and Europe, partially offset by challenging market conditions in US ethanol and £8 million adverse impact from aflatoxin. The full year result includes the release of accrued royalties and other expenses totalling £4.5 million following the settlement of the commercial dispute with Whitefox after the year end. The effect of exchange translation was to decrease operating profit by £2 million.

This division comprises three broad product categories namely: sweeteners; industrial starches, acidulants and ethanol; and co-products.

Sweeteners

In the Americas, bulk corn sweeteners volumes decreased by 1% and sales increased by 8% (7% in constant currency) to £942 million (2012 – £876 million) due to higher corn prices. Having achieved a modest increase in HFCS unit margins in the 2012 contracting round, profits were higher within this segment than the comparative period despite the lower volumes.

In Europe, sales of bulk corn sweeteners increased by 4% (10% in constant currency) to £146 million (2012 – £141 million) with volumes in line with the prior year. While unit margins during the first half were higher as a result of higher sugar prices (which provide the reference price for isoglucose (HFCS) in the EU), they were squeezed during the second half on the back of higher corn prices, with the overall performance for the full year ahead of the comparative period.

Operating profits from Almex, our Mexican joint venture, were up on the comparative period.

Industrial starches, acidulants and ethanol

Sales of industrial starches, acidulants and ethanol decreased by 2% (flat at constant currency) to £667 million (2012 – £677 million) with volumes down by 5%.

In industrial starches, volumes were 5% lower as we continued to switch a proportion of corn grind to speciality food ingredients. In the US where we are able to contract for longer periods than in Europe, while volumes were lower than the comparative period, we delivered a better performance for the year overall driven by firmer pricing. In Europe, while volumes were broadly in line with the prior year, unit margins were somewhat lower reflecting higher corn costs. This part of the business remains particularly sensitive to changes in the macroeconomic environment.

In US ethanol, which represents a small part of our business, the challenging market conditions resulted in negative margins for much of the period and an increase in operating losses for the full year compared to the prior year.

The performance of our citric acid business was slightly better than the prior year with higher volumes more than offsetting the impact of higher raw material costs. Having made a loss last year, our Bio-PDO™ joint venture delivered a better performance generating a small operating profit during the period.

As part of our strategy to diversify and reduce volatility within our Bulk Ingredients division, our Bio-Ventures team continued to work on a number of projects to leverage our fermentation facilities with our green-chemistry partners. In December 2012 we completed the first successful commercial scale production of 1,4-Butanediol (Bio-BDO) with our partner Genomatica using a bio-based manufacturing process at our joint-venture facility in Loudon, Tennessee.

<u>Co-products</u>

Sales of co-products increased by 9% (9% in constant currency) to £554 million (2012 - £507 million). For the full year, overall we generated a small amount of net additional income from co-products with gains made in corn gluten feed partially offset by lower returns on corn gluten meal where quality and prices have been affected by aflatoxin. We will continue to manage the risk posed by aflatoxin throughout the current crop, until the new harvest in the autumn of 2013.

Since over 80% of our US corn grind is utilised to produce Bulk Ingredients, the majority of the impact from co-products is recorded within this segment.

**Group outlook for year ending 31 March 2014**

In Speciality Food Ingredients, we expect to deliver good sales and profit growth with volume growth across all major product categories.

In Bulk Ingredients, against a backdrop of continued corn price volatility, improved bulk sweetener unit margins in the US are expected to offset a softer start in US bulk sweetener volumes and lower isoglucose margins in Europe. Profits within Bulk Ingredients are expected to be more evenly distributed between the first and second half than in the prior year.

Overall, we expect to deliver another year of profitable growth.

## GROUP FINANCIAL RESULTS

### Basis of preparation

Adjusted performance
We report adjusted profit because it provides both management and investors with valuable additional information on the performance of the business. The following items are excluded from adjusted profit:

- results of discontinued operations, including gains and losses on disposal (Note 9 and Note 11)
- exceptional items from continuing operations (Note 4)
- amortisation of intangible assets acquired through business combinations
- post-retirement benefit interest (as announced in May 2012).

This adjusted information is used internally for analysing the performance of the business. A reconciliation of reported and adjusted information is included in Note 17.

Impact of changes in exchange rates
In comparison to the prior year, the Group's reported financial performance this year has been adversely affected by exchange rate translation. A strengthening of the average US dollar exchange rate against sterling has been more than offset by the weakening of other currencies which has reduced profits. The movement in period-end exchange rates, particularly the stronger US dollar, led to an increase in net debt as a result of the translation of dollar-denominated debt. The average and closing exchange rates used to translate reported results were as follows:

| | **Average rates** | | **Closing rates** | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| US dollar : sterling | 1.57 | 1.60 | 1.52 | 1.60 |
| Euro : sterling | 1.24 | 1.15 | 1.18 | 1.20 |

## Summary of financial results

| Year to 31 March | 2013 | 2012 | Change (reported) | Change (constant currency) |
|---|---|---|---|---|
| | £m | £m | % | % |
| Continuing operations | | | | |
| Sales | **3 256** | 3 088 | 5% | 6% |
| | | | | |
| Adjusted operating profit | **358** | 348 | 3% | 4% |
| Adjusted net finance expense | **(29)** | (30) | | |
| Adjusted profit before tax | **329** | 318 | 4% | 4% |
| Exceptional items | **(12)** | 68 | | |
| Amortisation of intangible assets acquired through business combinations | **(10)** | (12) | | |
| Post-retirement benefit interest | **2** | 5 | | |
| Profit before tax | **309** | 379 | | |
| Income tax expense | **(49)** | (72) | | |
| Profit for the year from continuing operations | **260** | 307 | | |
| Profit for the year from discontinued operations | **18** | 2 | | |
| Profit for the year | **278** | 309 | | |
| | | | | |
| **Earnings per share – continuing operations** | | | | |
| Basic | **56.0p** | 65.9p | | |
| Diluted | **54.9p** | 64.6p | | |
| | | | | |
| **Adjusted earnings per share – continuing operations** | | | | |
| Basic | **58.2p** | 55.8p | | |
| Diluted | **57.0p** | 54.7p | 4% | 5% |
| | | | | |
| **Dividends per share** | | | | |
| Interim paid | **7.4p** | 7.1p | 4.2% | |
| Final proposed | **18.8p** | 17.8p | 5.6% | |
| | **26.2p** | 24.9p | 5.2% | |
| | | | | |
| **Net debt** | | | | |
| At 31 March | **479** | 476 | | |

Sales from continuing operations of £3,256 million (2012 – £3,088 million) were 5% higher than the prior year (6% in constant currency). Sales in Speciality Food Ingredients increased by 7% (8% in constant currency) to £947 million (2012 – £887 million), with sales volumes increasing by 4%. Sales in Bulk Ingredients grew by 5% (6% in constant currency) to £2,309 million (2012 – £2,201 million) with volumes 2% lower.

Adjusted operating profit increased by 3% (4% in constant currency) to £358 million (2012 – £348 million). In Speciality Food Ingredients, adjusted operating profit was broadly in line with the prior year at £213 million (2012 – £214 million) and in Bulk Ingredients adjusted operating profit increased by 6% (7% in constant currency) to £182 million (2012 – £172 million).

Adjusted net finance expense (excluding post-retirement benefit interest) decreased from £30 million to £29 million largely driven by the repayment of our £100 million bond at its maturity in June 2012 which was funded from cash reserves.

Adjusted profit before tax increased by 4% (4% in constant currency) to £329 million (2012 – £318 million) with adjusted diluted earnings per share increasing by 4% (5% in constant currency) to 57.0p (2012 – 54.7p).

On a statutory basis, profit before tax from continuing operations decreased by 18% to £309 million (2012 – £379 million) and profit for the year from total operations was down 10% at £278 million (2012 – £309 million) with the comparative period benefiting from a net exceptional credit of £68 million largely related to our decision to restart production at our SPLENDA Sucralose® facility in McIntosh, Alabama.

As announced in May 2012 we now exclude post-retirement benefit interest from the presentation of our adjusted earnings. All comparatives have been restated accordingly.

## Central costs

Central costs, which include head office, treasury and reinsurance activities, decreased by £1 million to £37 million mainly as a result of the settlement of claims by our captive insurer.

### Energy costs

Energy costs were slightly lower than the prior year at £170 million (2012 – £171 million) as a result of lower consumption, following the sale of our share in Sucromiles SA, the former citric-acid joint venture in Colombia, partially offset by increased costs due to changes in energy mix. We have covered approximately 70% of our estimated energy needs for year ending 31 March 2014, albeit at higher prices than in the year ended 31 March 2013 which we will look to mitigate through further efficiencies.

**Exceptional items from continuing operations**

| | Year to 31 March | |
|---|---|---|
| | **2013** | 2012 |
| | **£m** | £m |
| Gain on disposal of joint venture – Sucromiles | 8 | – |
| Business transformation costs | (20) | (15) |
| Reversal of fixed asset impairments – McIntosh and Decatur assets | – | 60 |
| Reversal of provision – McIntosh | – | 23 |
| Exceptional (loss)/gain | (12) | 68 |

Exceptional items within continuing operations generated a net loss of £12 million on a pre-tax basis. On 1 August 2012, the Group completed the disposal of our share in Sucromiles SA, the former citric acid joint venture in Colombia, to our former joint venture partner, Organizacion Ardila Lulle, resulting in a gain on disposal of £8 million.

An exceptional charge of £20 million was recognised in relation to business transformation costs with £18 million in relation to the implementation of a common global IS/IT platform and global Shared Service Centre and £2 million in relation to the new Commercial and Food Innovation Centre in Chicago.

The tax impact on continuing operations' net exceptional items is a credit of £5 million.

Exceptional items from continuing operations in the prior year comprised a net exceptional credit of £68 million related to our decision to restart production at our SPLENDA® Sucralose facility in McIntosh, Alabama (£76 million credit) and the reversal of previously impaired assets in Decatur, Illinois (£7 million credit), partially offset by business transformation costs (£15 million). The tax impact of net exceptional items from continuing operations was a £31 million charge and the Group also recognised an exceptional tax credit of £10 million for the recognition of a deferred tax asset in respect of US foreign tax credits associated with the disposal of the partially constructed and mothballed corn wet mill facility in Fort Dodge, Iowa.

**Net finance expense**

As announced in May 2012, when calculating adjusted earnings we now exclude the impact of post-retirement benefit plans from net finance expense to provide a more stable measure of the underlying performance of the business. After excluding this impact, net finance expense from continuing operations decreased to £29 million (2012 – £30 million) with a reduction in underlying net interest expense largely driven by the repayment of our £100 million bond in June 2012.

For the year ending 31 March 2014, the Group will adopt the revised IAS19 accounting standard on employee benefits. We will continue to exclude the impact of post-retirement benefit plans from net interest expense in calculating adjusted earnings. The standard also requires administration costs for post-retirement schemes to be expensed through the profit and loss account. These are approximately £2 million and adoption of the revised standard will reduce both reported and adjusted operating profit by this amount. A proforma income statement in Appendix 2 shows the impact of adopting the revised standard.

**Taxation**

Our tax rate is sensitive to the geographic mix of profits and reflects a combination of higher rates in certain jurisdictions such as the US, nil effective rates in Singapore (due to pioneer status which we were granted in 2003 to reflect our investment in innovative technology) and the UK, and rates that lie somewhere in between for example, in certain Eastern European countries.

Our UK earnings are now relatively small following the sale of our sugars and molasses businesses with less than 1% of total group sales (£23 million) being derived from our UK operations and which are offset by our corporate costs, primarily the interest we pay on our borrowings. As a result, we pay no corporation tax in the UK.

The effective tax rate on adjusted profit reduced to 17.9% (2012 – 18.2%) with an increase in the underlying tax rate of around 150 basis points – driven by changes in the geographic mix of profits – being more than offset by the settlement of outstanding tax issues in certain jurisdictions outside the UK. As a result of these non-recurring tax benefits in financial year 2013, and our expectation of further changes in the geographic mix of profits, we anticipate the effective tax rate will be somewhat higher in financial year 2014 than this underlying tax rate.

**Discontinued operations and legacy issues**

Discontinued operations comprise our former Sugars division, principally the EU Sugars business which we sold in September 2010, Molasses which we sold in December 2010, our Vietnamese sugar interests which we sold in June 2012 and legacy contracts and investments of our former International Sugar Trading business.

Sales from discontinued operations for the year decreased to £10 million from £72 million as a result of the disposal of the Vietnamese sugar interests and the continued run-off of activities in the former International Sugar Trading business. The operating profit from our discontinued operations totalled £18 million, after exceptional gains of £26 million (2012 – £11 million).

The exceptional gains for the year relate to the disposal of our Vietnamese sugar operations (£21 million) and the disposal of land and buildings relating to the former Molasses business (£5 million). The impact of taxation on our discontinued operations was £nil which compares to a £15 million exceptional tax charge in the prior year in respect of outstanding tax matters associated with our former starch facilities in Europe. The profit from discontinued operations after taxation for the year was £18 million (2012 – £2 million).

American Sugar Refining (ASR) has issued proceedings setting out a number of claims it believes it has under the Agreement dated 30 September 2010 relating to the sale and purchase of Tate & Lyle's EU Sugar refining business, totalling around £40 million. The subject matter of these claims is closely related to the issues considered by the independent accounting expert in his decision notified to the parties in May 2012 which strongly supported Tate & Lyle's position, as reported in our full year results last year.

After the period end, we settled the commercial dispute with Whitefox Technologies Limited which was the subject of proceedings in New York last year. The terms of the settlement are confidential, but the companies are pleased that this matter has now been resolved in a positive way for all involved.

**Earnings per share**

Adjusted diluted earnings per share from continuing operations were 57.0p (2012 – 54.7p), an increase of 4% (5% in constant currency) as a result of higher operating profits, marginally lower net finance expense and the reduction in the effective tax rate. On the same basis, adjusted basic earnings per share increased by 4% (5% in constant currency) to 58.2p (2012 – 55.8p).

Total basic earnings per share decreased by 9% to 59.7p (2012 – 65.5p) with the prior year benefiting from net exceptional gains driven by the restart of our SPLENDA® Sucralose facility in McIntosh, Alabama.

**Dividend**

The Board is recommending a 5.6% increase in the final dividend to 18.8p (2012 – 17.8p) making a full year dividend of 26.2p (2012 – 24.9p) per share, up 5.2% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 2 August 2013 to all shareholders on the Register of Members on 28 June 2013. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

## Assets

Gross assets of £2,787 million at 31 March 2013 were £119 million lower than the prior year principally as a result of the disposal of assets that were held for sale, including our former Vietnamese sugar and Colombian citric acid businesses. Net assets decreased by £22 million to £1,036 million with profits generated in the year and foreign exchange gains on the translation of overseas subsidiaries being more than offset by actuarial losses on our post-retirement schemes and dividend payments.

## Post-retirement benefits

We maintain pension plans for our employees in a number of countries. Some of these arrangements are defined benefit pension schemes and, although we have now closed the main UK scheme and US salaried scheme to future accrual, certain obligations remain. In the US, we also provide medical and life assurance benefits as part of the retirement package.

In December 2012, the Trustee of the main UK pension scheme agreed a £347 million partial pensioner buy-in of approximately 43% of total pensioner liabilities with Legal & General plc which effectively hedges these liabilities in full.

The net deficit of our post-retirement obligations at 31 March 2013 of £265 million increased by £125 million from the prior year (2012 – £140 million). The increase in obligations was a result of lower discount rates used to value our obligations and the accounting impact on plan assets of the pensioner buy-in, partly offset by cash contributions made to the schemes.

## Net debt

Net debt was marginally higher than the prior year at £479 million (2012 – £476 million). Free cash flow from continuing businesses of £110 million together with disposal proceeds from the sale of businesses (£51 million) were partially offset by dividend payments of £117 million and the repurchase of £23 million of ordinary shares to satisfy the Group's share option schemes. There was an adverse exchange rate impact on net debt of £43 million principally as a result of the strengthening of the US dollar exchange rate against sterling.

In June 2012, at maturity, we repaid our 6.5% £100 million Guaranteed Notes from cash resources. During the year, net debt peaked at £526 million in February 2013. The average net debt was £433 million, a reduction of £21 million from £454 million in the prior year.

## Cash flow

Operating cash flow from continuing operations was £297 million (2012 – £233 million). An outflow within working capital of £107 million included higher inventory levels in the US due to higher corn prices and aflatoxin, and the requirement for additional sucralose inventory following the restart of production at our McIntosh, Alabama facility.

The cash flow impact of payments made into the Group’s main pension schemes amounted to £44 million (2012 – £80 million) with the prior year including a one-off contribution of £45 million into the main UK pension scheme following the conclusion in June 2011 of the triennial valuation as at 31 March 2010.

| | Year to 31 March | |
|---|---|---|
| | **2013** | 2012 |
| | **£m** | £m |
| Adjusted operating profit from continuing operations | **358** | 348 |
| Depreciation/amortisation | **98** | 91 |
| Working capital before retirement benefits and exceptional cash items | **(107)** | (121) |
| Net retirement benefit obligations | **(44)** | (80) |
| Cash expenditure on exceptional items | **(21)** | (16) |
| Share based payments | **13** | 11 |
| Operating cash flow | **297** | 233 |
| Capital expenditure | **(134)** | (130) |
| Operating cash flow less capital expenditure | **163** | 103 |
| Net interest and tax paid | **(53)** | (24) |
| Free cash flow | **110** | 79 |

Capital expenditure of £134 million, including a £42 million investment in intangible assets, was 1.4 times the depreciation and amortisation charge of £98 million and, as in the prior year, reflects expenditure on our business transformation initiatives and in particular, the implementation of the global IS/IT system. We expect the ratio of capital expenditure to depreciation/amortisation in the year ending 31 March 2014 to be higher than that of 2013.

Net interest paid decreased by £5 million to £35 million principally as a result of the repayment of the £100 million bond in June 2012.

Net income tax payments were £18 million (2012 – £16 million inflow), with the prior year including a one-off US tax receipt of £24 million in relation to the recovery of tax as a result of the sale of the mothballed facility at Fort Dodge, Iowa.

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and capital expenditure) at £110 million was £31 million higher than the prior year principally as a result of lower contributions to the main UK pension scheme and lower working capital outflows partially offset by higher tax payments.

During the year we spent £23 million on the repurchase of ordinary shares to satisfy share option schemes. Parent company cash dividends paid were £117 million, £5 million higher than the prior year.

## CONSOLIDATED INCOME STATEMENT

| | Notes | **Year to 31 March 2013 £m** | Year to 31 March 2012 £m |
|---|---|---|---|
| **Continuing operations** | | | |
| Sales | 3 | **3 256** | 3 088 |
| Operating profit | 3 | **336** | 404 |
| Finance income | 5 | **3** | 8 |
| Finance expense | 5 | **(30)** | (33) |
| Profit before tax | | **309** | 379 |
| Income tax expense | 6 | **(49)** | (72) |
| Profit for the year from continuing operations | | **260** | 307 |
| Profit for the year from discontinued operations | 9 | **18** | 2 |
| Profit for the year | | **278** | 309 |
| **Profit for the year attributable to:** | | | |
| – Owners of the Company | | **277** | 305 |
| – Non-controlling interests | | **1** | 4 |
| Profit for the year | | **278** | 309 |
| **Earnings per share attributable to the owners of the Company from continuing and discontinued operations** | 7 | **Pence** | pence |
| – Basic | | **59.7** | 65.5 |
| – Diluted | | **58.5** | 64.3 |
| **Earnings per share attributable to the owners of the Company from continuing operations** | 7 | | |
| – Basic | | **56.0** | 65.9 |
| – Diluted | | **54.9** | 64.6 |

| **Analysis of adjusted profit before tax from continuing operations** | | **£m** | £m |
|---|---|---|---|
| Profit before tax | | **309** | 379 |
| Adjustments for: | | | |
| Exceptional items | 4 | **12** | (68) |
| Amortisation of intangible assets acquired through business combinations | | **10** | 12 |
| Post-retirement benefit interest | 5 | **(2)** | (5) |
| Adjusted profit before tax, exceptional items, amortisation of intangible assets acquired through business combinations and post-retirement benefit interest | | **329** | 318 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year to 31 March 2013 £m | Year to 31 March 2012 £m |
|---|---|---|
| **Profit for the year** | **278** | 309 |
| | | |
| Actuarial losses in post-employment benefit plans | **(153)** | (87) |
| Deferred tax relating to actuarial losses in post-employment benefit plans | **(3)** | 33 |
| Net fair value losses on cash flow hedges | **(3)** | (2) |
| Cash flow hedges reclassified and reported in the income statement during the year | **4** | (3) |
| Valuation loss on available-for-sale financial assets | **(1)** | (1) |
| Net exchange differences | **27** | (30) |
| Items recycled to the income statement on disposal | **(14)** | (11) |
| Deferred tax relating to the other above components | **(6)** | (6) |
| Other comprehensive expense for the year, net of tax | **(149)** | (107) |
| Total comprehensive income for the year | **129** | 202 |
| | | |
| Total comprehensive income relating to continuing operations | **117** | 211 |
| Total comprehensive income relating to discontinued operations | **12** | (9) |
| | **129** | 202 |
| | | |
| **Attributable to:** | | |
| – Owners of the Company | **127** | 198 |
| – Non-controlling interests | **2** | 4 |
| | **129** | 202 |
| | | |
| **Dividends per share:** | **Pence** | Pence |
| – Interim paid | **7.4** | 7.1 |
| – Final proposed | **18.8** | 17.8 |
| | **26.2** | 24.9 |

# TATE & LYLE PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | **31 March 2013 £m** | 31 March 2012 £m |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill and other intangible assets | | **356** | 325 |
| Property, plant and equipment | | **958** | 922 |
| Investments in associates | | **6** | 5 |
| Available-for-sale financial assets | | **27** | 23 |
| Derivative financial instruments | | **54** | 57 |
| Deferred tax assets | | **8** | 37 |
| Trade and other receivables | | **3** | 2 |
| Retirement benefit surplus | | **12** | 146 |
| | | **1 424** | 1 517 |
| **Current assets** | | | |
| Inventories | | **510** | 450 |
| Trade and other receivables | | **383** | 332 |
| Current tax assets | | **4** | 3 |
| Derivative financial instruments | | **86** | 80 |
| Cash and cash equivalents | 12 | **379** | 424 |
| | | **1 362** | 1 289 |
| Assets held for sale | 10 | **1** | 100 |
| | | **1 363** | 1 389 |
| **TOTAL ASSETS** | | **2 787** | 2 906 |
| | | | |
| **SHAREHOLDERS' EQUITY** | | | |
| **Capital and reserves attributable to the owners of the Company** | | | |
| Share capital | | **117** | 117 |
| Share premium | | **406** | 406 |
| Capital redemption reserve | | **8** | 8 |
| Other reserves | | **139** | 128 |
| Retained earnings | | **366** | 374 |
| | | **1 036** | 1 033 |
| Non-controlling interests | | **–** | 25 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **1 036** | 1 058 |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Trade and other payables | | **3** | 4 |
| Borrowings | 12 | **821** | 805 |
| Derivative financial instruments | | **21** | 19 |
| Deferred tax liabilities | | **24** | 25 |
| Retirement benefit deficit | | **277** | 286 |
| Provisions for other liabilities and charges | | **15** | 18 |
| | | **1 161** | 1 157 |
| **Current liabilities** | | | |
| Trade and other payables | | **382** | 382 |
| Current tax liabilities | | **53** | 49 |
| Borrowings and bank overdrafts | 12 | **75** | 141 |
| Derivative financial instruments | | **60** | 94 |
| Provisions for other liabilities and charges | | **20** | 10 |
| | | **590** | 676 |
| Liabilities held for sale | 10 | **–** | 15 |
| | | **590** | 691 |
| **TOTAL LIABILITIES** | | **1 751** | 1 848 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **2 787** | 2 906 |

# TATE & LYLE PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | **Year to 31 March 2013 £m** | Year to 31 March 2012 £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax from continuing operations | | **309** | 379 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | **91** | 85 |
| Exceptional items, net of cash flow impact | | **(9)** | (84) |
| Amortisation of intangible assets | | **17** | 18 |
| Share-based payments | | **13** | 11 |
| Finance income | 5 | **(3)** | (8) |
| Finance expense | 5 | **30** | 33 |
| Changes in working capital | | **(107)** | (121) |
| Changes in net retirement benefit obligations | | **(44)** | (80) |
| Cash generated from continuing operations | | **297** | 233 |
| Interest paid | | **(36)** | (43) |
| Income tax (paid)/received | | **(18)** | 16 |
| Cash generated from discontinued operations | 9 | **8** | 25 |
| Net cash generated from operating activities | | **251** | 231 |
| **Cash flows from investing activities** | | | |
| Proceeds on disposal of property, plant and equipment | | **3** | 2 |
| Interest received | | **1** | 3 |
| Purchase of available-for-sale financial assets | | **(4)** | (6) |
| Disposal of available-for-sale financial assets | | **–** | 18 |
| Acquisitions of businesses, net of cash acquired | 11 | **–** | (7) |
| Disposal of joint ventures, net of cash disposed | 11 | **15** | – |
| Disposal of businesses, net of cash disposed | 11 | **36** | 1 |
| Purchase of property, plant and equipment | | **(92)** | (102) |
| Purchase of intangible assets and other non-current assets | | **(42)** | (28) |
| Net cash generated from investing activities in discontinued operations | 9 | **–** | 2 |
| Net cash used in investing activities | | **(83)** | (117) |
| **Cash flows from financing activities** | | | |
| Proceeds from issuance of ordinary and treasury shares | | **1** | 3 |
| Purchase of ordinary shares | | **(23)** | (19) |
| Cash inflow from additional borrowings | | **24** | 8 |
| Cash outflow from repayment of capital element of finance leases | | **(2)** | (5) |
| Cash outflow from repayment of borrowings | | **(117)** | (188) |
| Dividends paid to the owners of the Company | | **(117)** | (112) |
| Dividends paid to non-controlling interests | | **(2)** | – |
| Net cash used in financing activities in discontinued operations | 9 | **–** | (2) |
| Net cash used in financing activities | | **(236)** | (315) |
| **Net decrease in cash and cash equivalents** | 12 | **(68)** | (201) |
| **Cash and cash equivalents** | | | |
| Balance at beginning of year | | **446** | 654 |
| Effect of changes in foreign exchange rates | | **1** | (7) |
| Net decrease in cash and cash equivalents | | **(68)** | (201) |
| **Balance at end of year** | | **379** | 446 |
| Less: Assets held for sale | 10 | **–** | 22 |
| **Balance as presented in the consolidated statement of financial position** | 12 | **379** | 424 |

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Share capital and share premium £m | Capital redemption reserve £m | Other reserves £m | Retained earnings £m | Attributable to the owners of the Company £m | Non-controlling interests £m | Total equity £m |
|---|---|---|---|---|---|---|---|
| Balance at 1 April 2011 | 523 | 8 | 175 | 244 | 950 | 23 | 973 |
| Other comprehensive expense for the year | – | – | (47) | (60) | (107) | – | (107) |
| Profit for the year | – | – | – | 305 | 305 | 4 | 309 |
| Total comprehensive (expense)/income for the year | – | – | (47) | 245 | 198 | 4 | 202 |
| Share-based payments charge, including tax | – | – | – | 13 | 13 | – | 13 |
| Proceeds from shares issued | – | – | – | 3 | 3 | – | 3 |
| Share repurchase | – | – | – | (19) | (19) | – | (19) |
| Dividends paid | – | – | – | (112) | (112) | (2) | (114) |
| Balance at 31 March 2012 | 523 | 8 | 128 | 374 | 1 033 | 25 | 1 058 |
| Other comprehensive income/(expense) for the year | **–** | **–** | **11** | **(161)** | **(150)** | **1** | **(149)** |
| Profit for the year | **–** | **–** | **–** | **277** | **277** | **1** | **278** |
| Total comprehensive income for the year | **–** | **–** | **11** | **116** | **127** | **2** | **129** |
| Share-based payments charge, including tax | **–** | **–** | **–** | **15** | **15** | **–** | **15** |
| Proceeds from shares issued | **–** | **–** | **–** | **1** | **1** | **–** | **1** |
| Share repurchase | **–** | **–** | **–** | **(23)** | **(23)** | **–** | **(23)** |
| Dividends paid | **–** | **–** | **–** | **(117)** | **(117)** | **(2)** | **(119)** |
| Non-controlling interests disposed | **–** | **–** | **–** | **–** | **–** | **(25)** | **(25)** |
| **Balance at 31 March 2013** | **523** | **8** | **139** | **366** | **1 036** | **–** | **1 036** |

# NOTES TO THE FINANCIAL INFORMATION

For the Year to 31 March 2013

## 1. Basis of preparation

The full year results for the year to 31 March 2013 have been extracted from audited consolidated financial statements which have not yet been delivered to the Registrar of Companies. The financial information in this announcement does not constitute the Group's Annual Report and financial statements. The auditors have reported on the Group's financial statements for the year to 31 March 2013. The report was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

## 2. Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed set of consolidated financial information are consistent with those of the Group's Annual Report and Accounts for the year ended 31 March 2012, other than the adoption, with effect from 1 April 2012, of new or revised accounting standards, as set out below.

Discontinued operations includes activity relating to businesses that were part of the former Sugars segment.

The following standards are effective for the Group's accounting period beginning on 1 April 2012 and where relevant have been adopted in this financial information. They have not had a material impact on the results or financial position of the Group:

- Amendment to IFRS 7 Financial instruments: Transfers of financial assets
- Amendment to IFRS 1 First time adoption on hyperinflation and fixed dates
- Amendment to IAS 12,'Income taxes' on deferred tax

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2012 and have not been early adopted:

- Amendments to IAS 19 Employee benefits (effective 1 January 2013)
- Amendments to IAS 1 Presentation of financial statements – other comprehensive income (effective 1 July 2012)
- Amendments to IAS 32 Financial instruments presentation (effective 1 January 2014)
- Amendment to IFRS 7 Financial instruments: Disclosures on offsetting (effective 1 January 2013)
- Annual Improvements 2011 (effective 1 January 2013)
- IFRS 9 Financial instruments (effective 1 January 2013)
- IFRS 10 Consolidated financial statements (endorsed 1 January 2014)
- IFRS 11 Joint arrangements (endorsed 1 January 2014)
- IFRS 12 Disclosure of interest in other entities (endorsed 1 January 2014)
- IFRS 13 Fair Value measurement (effective 1 January 2013)

With the exception of Amendments to IAS 19 Employee Benefits and IFRS 11 Joint Arrangements, the adoption of the above standards, amendments and interpretations is not expected to have a material impact on the Group's result for the year or equity. The change to IAS 19 modifies the basis on which the financing charge is calculated by applying the discount rate to the net defined benefit obligation and requires the recognition of scheme administration costs within operating profit. For the year ended 31 March 2013, the new requirements would have increased net finance costs recognised outside adjusted earnings by £6 million and reduce operating profit by £2 million. Under its current accounting policies the Group recognises actuarial gains and losses directly in other comprehensive income, as required by the new standard.

In May 2011, the IASB issued IFRS 11 Joint Arrangements which is effective for accounting periods beginning on or after 1 January 2014 following endorsement by the European Union. While the Group's net result and net assets will remain unchanged, the presentation of the Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flow will change significantly as IFRS 11 does not allow proportional consolidation of joint ventures, which is the Group's current accounting policy, as allowed under IAS 31. Under IFRS 11, joint ventures will be accounted for using the equity method which, all other factors remaining the same, will reduce Group sales, operating profit, total assets, and total liabilities. Operating segment presentation will remain unchanged reflecting the use of proportional consolidation of joint ventures for internal reporting to the Group's Chief Operating Decision Maker.

### 3. Segment information

The Group operates two divisions within continuing operations: Speciality Food Ingredients and Bulk Ingredients. These divisions meet the definition of an operating segment under IFRS 8. Central costs, which include head office, treasury and reinsurance activities, do not meet the operating segment definition under IFRS 8 but have been disclosed as a reportable segment in the tables below to be consistent with internal management reporting.

In the current year, there has been a change to internal management reporting which eliminates intersegment sales.

Discontinued operations comprise businesses that formed part of the former Sugars segment (Note 9).

The segment results for the year to 31 March 2013 are as follows:

| | Continuing operations | | | | | |
|---|---|---|---|---|---|---|
| | Speciality Food Ingredients £m | Bulk Ingredients £m | Central costs £m | Total £m | Discontinued operations (Note 9) £m | Total operations £m |
| **Sales** | | | | | | |
| Total sales | **947** | **2 309** | **–** | **3 256** | **10** | **3 266** |
| Inter-segment sales | **–** | **–** | **–** | **–** | **–** | **–** |
| **External sales (a)** | **947** | **2 309** | **–** | **3 256** | **10** | **3 266** |
| **Operating profit/(loss)** | | | | | | |
| Before exceptional items and amortisation of intangible assets acquired through business combinations | **213** | **182** | **(37)** | **358** | **(8)** | **350** |
| Exceptional items (Note 4) | **(3)** | **8** | **(17)** | **(12)** | **26** | **14** |
| Amortisation of intangible assets acquired through business combinations | **(10)** | **–** | **–** | **(10)** | **–** | **(10)** |
| **Operating profit/(loss)** | **200** | **190** | **(54)** | **336** | **18** | **354** |
| Finance income before post-retirement benefit interest | | | | **1** | **–** | **1** |
| Finance expense | | | | **(30)** | **–** | **(30)** |
| Net post-retirement benefit interest credit | | | | **2** | **–** | **2** |
| **Profit before tax** | | | | **309** | **18** | **327** |
| **Adjusted operating margin** | **22.5%** | **7.9%** | **–** | **11.0%** | | |
| **Operating margin** | **21.1%** | **8.2%** | **–** | **10.3%** | | |

(a) There were no customers that contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2013.

### 3. Segment information (continued)

The segment results for the year to 31 March 2012 are as follows:

| | Continuing operations | | | | | |
|---|---|---|---|---|---|---|
| | Speciality Food Ingredients £m | Bulk Ingredients £m | Central costs £m | Total £m | Discontinued operations (Note 9) £m | Total operations £m |
| **Sales** | | | | | | |
| Total sales | 992 | 2 277 | – | 3 269 | 72 | 3 341 |
| Inter-segment sales | (105) | (76) | – | (181) | – | (181) |
| External sales (b) | 887 | 2 201 | – | 3 088 | 72 | 3 160 |
| **Operating profit/(loss)** | | | | | | |
| Before exceptional items and amortisation of intangible assets acquired through business combinations | 214 | 172 | (38) | 348 | 5 | 353 |
| Exceptional items (Note 4) | 70 | 7 | (9) | 68 | 11 | 79 |
| Amortisation of intangible assets acquired through business combinations | (12) | – | – | (12) | – | (12) |
| **Operating profit/(loss)** | 272 | 179 | (47) | 404 | 16 | 420 |
| Net finance income before post-retirement benefit interest | | | | 3 | 2 | 5 |
| Finance expense | | | | (33) | (1) | (34) |
| Net post-retirement benefit interest credit | | | | 5 | – | 5 |
| **Profit before tax** | | | | 379 | 17 | 396 |
| **Adjusted operating margin** | 24.1% | 7.8% | – | 11.3% | | |
| **Operating margin** | 30.7% | 8.1% | – | 13.1% | | |

(b) There were no customers that contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2012.

### 4. Exceptional items

Exceptional items are as follows:

| | **Year to 31 March 2013 £m** | Year to 31 March 2012 £m |
|---|---|---|
| **Continuing operations** | | |
| Gain on disposal of joint venture – Sucromiles (a) | **8** | – |
| Business transformation costs (b) | **(20)** | (15) |
| Reversal of property, plant and equipment impairments – McIntosh and Decatur assets (c) | **–** | 60 |
| Reversal of provision – McIntosh (c) | **–** | 23 |
| | **(12)** | 68 |
| **Discontinued operations** | | |
| Gain on disposal of business – Vietnam Sugar (d) | **21** | – |
| Gain on disposal – Molasses (e) | **5** | – |
| Gain on disposal of minority holdings – International Sugar Trading (f) | **–** | 11 |
| | **26** | 11 |

**Continuing operations**

(a) On 1 August 2012, the Group completed the disposal of its share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, to its former joint venture partner, Organizacion Ardila Lulle. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, a gain on disposal of £8 million was recorded and is reported in the Bulk Ingredients segment. Further details are set out in Note 11.

(b) The Group has recognised an exceptional charge of £20 million (2012 – £15 million) in relation to business transformation costs. The Group incurred £18 million (2012 – £9 million) of costs that did not meet the capitalisation criteria associated with the implementation of a common global IS/IT platform and Global Shared Services Centre, and £2 million (2012 – £5 million) in relation to the relocation of employees and restructuring associated with the new Commercial and Food Innovation Centre in Chicago, Illinois. In the prior year, a further £1 million of closure and other restructuring costs were incurred in relation to the Food Systems business. These costs are reported in the Speciality Food Ingredients segment (£3 million; 2012 – £6 million) and within Central costs (£17 million; 2012 – £9 million).

(c) In the prior year, the Group took the decision to re-open the mothballed facility in McIntosh, Alabama and restart the production of sucralose, which resulted in the reversal of £53 million of the impairment charge previously recognised against property, plant and equipment. In addition, £23 million of the provision in respect of obligations relating to the mothballed facility was no longer required and was also reversed. These exceptional items were reported within the Speciality Food Ingredients segment.

In addition, in November 2010 the Group signed an agreement with Amyris, Inc. to manufacture Trans-beta-Farnesene using assets located at the Decatur, Illinois plant that were previously redundant. In the prior year, commercial viability of that production process was proven resulting in a £7 million reversal of a write down previously recognised against property, plant and equipment. This exceptional item was reported within the Bulk Ingredients segment.

The tax impact on continuing net exceptional items is a £5 million credit (2012 – £31 million charge). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future. In addition in the prior year, there was an exceptional tax credit of £10 million which represented the recognition of a deferred tax asset in respect of foreign tax credits in respect of the disposal of the ethanol facility in Fort Dodge, Iowa.

**4. Exceptional items (continued)**

**Discontinued operations**

(d) On 29 June 2012, the Group completed the sale of Vietnam Sugar to TH Milk Food Stock Company. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, a gain on disposal of £21 million was recorded. Further details are set out in Note 11.

(e) On 20 March 2013, the Group completed sale of the land and buildings relating to the former Molasses business, with a gain recognised on disposal of £5 million. Further details are set out in Note 11.

(f) In the prior year the Group completed the sale of its minority holdings in Egypt and Saudi Arabia relating to the former International Sugar Trading business. After recycling revaluation gains to the income statement, the Group recorded an exceptional gain of £11 million.

The tax impact on discontinued net exceptional items is £nil in the current financial year (2012 – £nil). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future.

In the prior year, the Group recognised an exceptional tax charge of £15 million in respect of outstanding tax matters associated with the starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation. These facilities were disposed of by the Group in the year ended 31 March 2008.

## NOTES TO THE FINANCIAL INFORMATION
For the Year to 31 March 2013 (continued)

### 5. Finance income and finance expense

| Continuing operations | **Year to 31 March 2013 £m** | Year to 31 March 2012 £m |
|---|---|---|
| **Finance income** | | |
| Interest receivable | **1** | 3 |
| Net finance income arising on defined benefit retirement schemes: | | |
| – expected return on plan assets | **71** | 78 |
| – interest cost | **(69)** | (73) |
| Total finance income | **3** | 8 |
| **Finance expense** | | |
| Interest payable on bank and other borrowings | **(28)** | (31) |
| Finance lease charges | **(2)** | (1) |
| Fair value gains/(losses) on interest-related derivative instruments: | | |
| – interest rate swaps – fair value hedges | **–** | 20 |
| – derivatives not designated as hedges | **(1)** | (3) |
| Fair value adjustment of borrowings attributable to interest rate risk | **1** | (18) |
| Total finance expense | **(30)** | (33) |
| Net finance expense | **(27)** | (25) |

| **Reconciliation to adjusted net finance expense** | Note | **£m** | £m |
|---|---|---|---|
| Net finance expense | | **(27)** | (25) |
| Net post-retirement benefit interest credit | | **(2)** | (5) |
| Adjusted net finance expense | 17 | **(29)** | (30) |

Finance expense is shown net of borrowing costs capitalised within intangible assets of £2 million (2012 – £1 million capitalised within property, plant and equipment) at a capitalisation rate of 3.8% (2012 – 3.7%).

Interest payable on other borrowings includes £0.2 million (2012 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

**Discontinued operations**

Included within the profit for the year in relation to discontinued operations (Note 9) is net finance income of £nil (2012 – £1 million).

## 6. Income tax expense

| Continuing operations | **Year to 31 March 2013 £m** | Year to 31 March 2012 £m |
|---|---|---|
| Current tax: | | |
| In respect of the current year | | |
| – UK | **–** | – |
| – Overseas | **23** | 7 |
| Adjustments in respect of previous years | **–** | – |
| | **23** | 7 |
| Deferred tax charge | **30** | 73 |
| Adjustments in respect of previous years | **(4)** | 2 |
| Exceptional tax credit | **–** | (10) |
| Income tax expense | **49** | 72 |

The income tax charge relating to continuing operations for the year to 31 March 2013 is £49 million (2012 – £72 million) and includes a credit of £5 million in respect of pre-tax exceptional items (2012 – £31 million charge).

The effective tax rate for the year, calculated on the basis of the total income tax charge relating to continuing operations as a proportion of profit before tax, is 15.8% (2012 – 19.0%). This compares with the standard rate of corporation tax in the UK of 24% (2012 – 26%). The effective tax rate relating to continuing operations on profit before exceptional items, amortisation of intangibles assets acquired through business combinations, post-retirement benefit interest and exceptional tax items is 17.9% (2012 – 18.2%).

Included within deferred tax is a credit of £4 million (2012 – £2 million charge) principally relating to the settlement of prior year tax obligations in a number of jurisdictions.

In the prior year the exceptional tax credit of £10 million represents the recognition of a deferred tax asset in respect of foreign tax credits recognised in association with the disposal of Fort Dodge.

The standard rate of corporation tax in the United Kingdom has reduced from 24% to 23% from 1 April 2013.

**Discontinued operations**

The income tax charge in respect of discontinued operations (Note 9) in the year to 31 March 2013 is £nil million (2012 – £15 million charge). The comparative period comprised of a £15 million exceptional charge increasing the provisions relating to outstanding tax matters associated with the starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation. These facilities were disposed of by the Group in the year ended 31 March 2008.

## 7. Earnings per share

### Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held in the Employee Share Ownership Trust or in Treasury.

| | **Year to 31 March 2013** | | | Year to 31 March 2012 | | |
|---|---|---|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** | Continuing operations | Discontinued operations | Total |
| Profit/(loss) attributable to owners of the Company (£ million) | **260** | **17** | **277** | 307 | (2) | 305 |
| Weighted average number of ordinary shares in issue (millions) | **464.2** | **464.2** | **464.2** | 465.7 | 465.7 | 465.7 |
| Basic earnings/(loss) per share | **56.0p** | **3.7p** | **59.7p** | 65.9p | (0.4)p | 65.5p |

### Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potential dilutive ordinary shares. Potential dilutive ordinary shares arise from share options and the Group's long term share incentive plans. For non-performance related share plans, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. For performance related share plans, a calculation is performed to determine the satisfaction or otherwise, of the performance conditions at the end of the reporting period, and the number of shares which would be issued based on the status at the end of the reporting period.

| | **Year to 31 March 2013** | | | Year to 31 March 2012 | | |
|---|---|---|---|---|---|---|
| | **Continuing operations** | **Discontinued operations** | **Total** | Continuing operations | Discontinued operations | Total |
| Profit/(loss) attributable to owners of the Company (£ million) | **260** | **17** | **277** | 307 | (2) | 305 |
| Weighted average number of diluted shares (millions) | **473.5** | **473.5** | **473.5** | 474.9 | 474.9 | 474.9 |
| Diluted earnings/(loss) per share | **54.9p** | **3.6p** | **58.5p** | 64.6p | (0.3)p | 64.3p |

The adjustment for the dilutive effect of share options at 31 March 2013 was 9.3 million shares (2012 – 9.2 million).

### Adjusted earnings per share

Adjusted earnings per share is stated excluding exceptional items, the amortisation of intangible assets acquired through business combinations and net post-retirement benefit interest as follows:

| **Continuing operations** | **Year to 31 March 2013** | Year to 31 March 2012 |
|---|---|---|
| Profit attributable to owners of the Company (£ million) | **260** | 307 |
| Adjustments for (£ million): | | |
| – exceptional items (note 4) | **12** | (68) |
| – amortisation of intangible assets acquired through business combinations | **10** | 12 |
| – net post-retirement benefit interest credit | **(2)** | (5) |
| – tax effect of the above adjustments | **(10)** | 24 |
| – exceptional tax credit | **–** | (10) |
| Adjusted profit (£ million) | **270** | 260 |
| Adjusted basic earnings per share from continuing operations | **58.2p** | 55.8p |
| Adjusted diluted earnings per share from continuing operations | **57.0p** | 54.7p |

## NOTES TO THE FINANCIAL INFORMATION
For the Year to 31 March 2013 (continued)

### 8. Dividends

| | **Year to 31 March 2013** | Year to 31 March 2012 |
|---|---|---|
| Dividends paid on ordinary equity shares (£ million): | | |
| – final paid relating to prior year | **83** | 79 |
| – interim paid relating to current year | **34** | 33 |
| Total dividend paid in cash (£ million) | **117** | 112 |
| The total ordinary dividend in respect of the current financial year is 26.2p (2012 − 24.9p) made up as follows: | | |
| – interim dividend paid | **7.4p** | 7.1p |
| – final dividend proposed (Note a) | **18.8p** | 17.8p |
| Total | **26.2p** | 24.9p |

(a) The final dividend proposed for the year of £87 million (2012 – £83 million), based on the number of shares outstanding as at 31 March 2013, has not been recognised as a liability and will be settled on 2 August 2013, to shareholders who are on the Register of Members on 28 June 2013 subject to approval by shareholders at the Company's Annual General Meeting on 24 July 2013.

### 9. Discontinued operations

The results of the former Sugars segment are presented as discontinued operations in both the current and comparative year. In the current year, the Group completed the sale of its Vietnam Sugar operations, its remaining Israel Sugar assets and other assets relating to Sugar operations which are discontinued. Further details can be found in Note 11. In the prior year, Other also includes £15 million of income tax expense in respect of outstanding tax matters associated with the starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation.

| | **Year to 31 March 2013** | | |
|---|---|---|---|
| | **Vietnam Sugar £m** | **Other £m** | **Total £m** |
| Sales | **9** | **1** | **10** |
| Operating profit/(loss) before exceptional items | **3** | **(11)** | **(8)** |
| Exceptional items (Note 4) | **21** | **5** | **26** |
| Operating profit/(loss) and profit/(loss) before tax | **24** | **(6)** | **18** |
| Income tax expense (Note 6) | **–** | **–** | **–** |
| Profit/(loss) for the year | **24** | **(6)** | **18** |
| Non-controlling interests | **(1)** | **–** | **(1)** |
| Profit/(loss) attributable to owners of the Company | **23** | **(6)** | **17** |

| | Year to 31 March 2012 | | |
|---|---|---|---|
| | Vietnam Sugar £m | Other £m | Total £m |
| Sales | 31 | 41 | 72 |
| Operating profit/(loss) before exceptional items | 7 | (2) | 5 |
| Exceptional items (Note 4) | – | 11 | 11 |
| Operating profit | 7 | 9 | 16 |
| Finance income | 2 | – | 2 |
| Finance expense | – | (1) | (1) |
| Profit before tax | 9 | 8 | 17 |
| Income tax expense (Note 6) | – | (15) | (15) |
| Profit/(loss) for the year | 9 | (7) | 2 |
| Non-controlling interests | (4) | – | (4) |
| Profit/(loss) attributable to owners of the Company | 5 | (7) | (2) |

Net cash flows from discontinued operations are as follows:

| | **Year to 31 March 2013** | | |
|---|---|---|---|
| | **Vietnam Sugar £m** | **Other £m** | **Total £m** |
| Net cash generated from operating activities | **4** | **4** | **8** |

| | Year to 31 March 2012 | | |
|---|---|---|---|
| | Vietnam Sugar £m | Other £m | Total £m |
| Net cash generated from operating activities | 10 | 15 | 25 |
| Net cash generated from investing activities | 2 | – | 2 |
| Net cash used in financing activities | (2) | – | (2) |

### 10. Assets and liabilities classified as held for sale

Assets held for sale as at 31 March 2013 and 2012 are shown in the table below. The assets held for sale at 31 March 2013 relates to the Group's investment in Mitr Lao Sugar Company.

Assets and liabilities reported as held for sale as at 31 March 2012 comprised of the Group's majority share in Vietnam Sugar, its 50% share in Sucromiles SA (Sucromiles), its Columbian citric acid joint venture, land and buildings relating to the former Molasses business, the investment in Mitr Lao Sugar Company and other assets relating to the Group's former sugar operations. All of these assets and liabilities with the exception of the investment in Mitr Lao Sugar Company were disposed during the year. Further detail relating to these disposals can be found in Note 11.

| | **31 March 2013 £m** | 31 March 2012 £m |
|---|---|---|
| **Assets** | | |
| Goodwill and other intangible assets | **–** | 2 |
| Property, plant and equipment | **–** | 22 |
| Available-for-sale financial assets | **1** | 1 |
| Inventories | **–** | 25 |
| Trade and other receivables | **–** | 15 |
| Derivative financial instruments | **–** | 13 |
| Cash and cash equivalents | **–** | 22 |
| Total assets held for sale | **1** | 100 |
| **Liabilities** | | |
| Trade and other payables | **–** | (9) |
| Current tax liabilities | **–** | (1) |
| Derivative financial instruments | **–** | (5) |
| Total liabilities held for sale | **–** | (15) |

**11. Acquisitions and disposals**

**2013**

**Continuing operations**

*Sucromiles*
On 1 August 2012, the Group completed the disposal of its share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, to its former joint venture partner, Organizacion Ardila Lulle, for consideration of £20 million. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, an exceptional gain on disposal of £8 million (note 4) was recorded within continuing operations.

**Discontinued operations**

*Vietnam Sugar*
On 29 June 2012, the Group completed the sale of Vietnam Sugar to TH Milk Food Stock Company for consideration of £45 million. After recycling foreign exchange revaluation gains previously held in reserves to the income statement, an exceptional gain on disposal of £21 million (note 4) was recorded within discontinued operations.

*Molasses*
On 20 March 2013, the Group completed the sale of land and buildings with book value of £2 million relating to the former Molasses business to W&R Barnett Ltd. Cash consideration totalling £7 million was received resulting in a gain on disposal of £5 million (note 4) recorded within discontinued operations.

*EU Sugars*
During the financial year, the Group received £2 million in respect of a working capital settlement from its disposal of the EU Sugars business to American Sugar Refining in the year ended 31 March 2011.

*Other*
During the financial year, the Group disposed of the remaining assets in the Israeli Sugar business, resulting in a profit of £2 million. This has been offset by losses from the disposal of other assets within the Group relating to Sugar operations which are discontinued (note 9).

**2012**

**Continuing operations**

*G.C. Hahn & Company*
During the prior year, following the exercise of a put option by Georg Hahn Familien GmbH, the Group acquired the final 5% of the issued share capital of G.C. Hahn & Co. for a total consideration of £7 million. The Group has now acquired 100% of the issued share capital.

**Discontinued operations**

*International Sugar Trading*
During the prior year, the Group completed the sale of its minority holdings in Egypt and Saudi Arabia relating to the former International Sugar Trading business and received £18 million in cash consideration. After recycling revaluation gains previously held in reserves to the income statement, the Group recorded an exceptional gain of £11 million (note 4).

**11. Acquisitions and disposals (continued)**

The calculations of the results on disposal in the financial year, split between continuing and discontinued operations, are shown below:

| | Continuing operations £m | Discontinued operations £m | Total £m |
|---|---|---|---|
| Intangible assets | – | 2 | 2 |
| Property, plant and equipment | 3 | 20 | 23 |
| Derivative financial instruments – assets | – | 4 | 4 |
| Inventories | 9 | 10 | 19 |
| Trade and other receivables | 9 | 13 | 22 |
| Trade and other payables | (6) | (3) | (9) |
| Derivative financial instruments – liabilities | – | (4) | (4) |
| Cash and cash equivalents | 5 | 22 | 27 |
| Taxation | – | (1) | (1) |
| Total assets disposed | 20 | 63 | 83 |
| Non-controlling interests disposed | – | (25) | (25) |
| Net assets disposed | 20 | 38 | 58 |
| | | | |
| Total consideration | 20 | 61 | 81 |
| | | | |
| Other items: | | | |
| Disposal costs | – | (3) | (3) |
| Exchange differences reclassified from equity | 8 | 6 | 14 |
| Gain on disposal | 8 | 26 | 34 |
| | | | |
| Reported as: | | | |
| Exceptional gain within continuing operations (Note 4) | 8 | – | 8 |
| Operating loss within discontinued operations | – | (2) | (2) |
| Exceptional gain within discontinued operations (Note 4) | – | 26 | 26 |
| Operating gain within discontinued operations | – | 2 | 2 |
| | 8 | 26 | 34 |
| | | | |
| Cash flows: | | | |
| Cash consideration | 20 | 58 | 78 |
| Cash disposed | (5) | (22) | (27) |
| Cash inflow in the period | 15 | 36 | 51 |

### 12. Net debt

The components of the Group's net debt are as follows:

| | **31 March 2013 £m** | 31 March 2012 £m |
|---|---|---|
| Non-current borrowings | **(821)** | (805) |
| Current borrowings and bank overdrafts | **(75)** | (141) |
| Debt-related derivative instruments (note a) | **38** | 24 |
| Cash and cash equivalents | **379** | 424 |
| Assets held for sale – cash and cash equivalents | – | 22 |
| Net debt | **(479)** | (476) |

(a) Derivative financial instruments presented within assets and liabilities in the statement of financial position of £59 million (2012 - £24 million) net asset comprise net debt-related instruments of £38 million (2012 - £24 million) asset and net non-debt-related instruments of £21 million (2012 - £nil). In the prior year, additional net non–debt related instruments of £8 million assets were included in assets and liabilities held for sale (Note 10).

Movements in the Group's net debt are as follows:

| | **Year to 31 March 2013 £m** | Year to 31 March 2012 £m |
|---|---|---|
| At 1 April | **(476)** | (464) |
| Decrease in cash and cash equivalents in the year | **(68)** | (201) |
| Cash outflow from net decrease in borrowings | **95** | 185 |
| Inception of finance leases | **–** | (7) |
| Fair value and other movements | **13** | 7 |
| Exchange | **(43)** | 4 |
| Increase in net debt in the year | **(3)** | (12) |
| At 31 March | **(479)** | (476) |

### 13. Capital commitments

| | **31 March 2013 £m** | 31 March 2012 £m |
|---|---|---|
| Commitments for the acquisition of intangible assets | **6** | 10 |
| Commitments for the acquisition of property, plant and equipment | **21** | 21 |
| Total commitments | **27** | 31 |

### 14. Contingent liabilities

**Sale of EU Sugars**

As previously announced, American Sugar Holdings (ASR) has raised a number of claims totalling in the region of £40 million that it believes it has under the Share and Business Sale Agreement relating to its acquisition of the Group's EU Sugars business. These claims in large part relate to the turbulence in the supply of raw sugar to the EU during the period prior to closing and the increase in certain rolling re-export commitments of the business. Some, but not all, of these issues were considered in the expert adjudication on the closing accounts in which, as noted in the 2012 Annual Report, the expert strongly supported Tate & Lyle's position. ASR (through its subsidiary T&L Sugars Limited) has now commenced formal proceedings in respect of these claims which the Group intend to vigorously defend.

**Whitefox Technologies**

The commercial dispute with Whitefox Technologies which was the subject of proceedings in the Supreme Court of the State of New York in June 2012 has been settled, bringing this matter to a conclusion.

**Other claims**

The Group is subject to claims and litigation generally arising in the ordinary course of its business, some of which are for substantial amounts. All such actions are strenuously defended but provision is made for liabilities that are considered likely to arise on the basis of current information and legal advice and after taking into account the Group's insurance arrangements.

While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that claims and litigation existing at the statement of financial position date will have a material adverse effect on the Group's financial position.

### 15. Post balance sheet events

On 17 May 2013, the Group acquired Biovelop, an early-stage Swedish manufacturer of oat beta glucan.

### 16. Foreign exchange rates

The following exchange rates have been applied in the translation of the financial statements of foreign subsidiaries, joint ventures and associates**:**

| **Average foreign exchange rates** | **Year to 31 March 2013** | Year to 31 March 2012 |
|---|---|---|
| US Dollar – £1 = US$ | 1.57 | 1.60 |
| Euro – £1 = € | 1.24 | 1.15 |

| **Year end foreign exchange rates** | **31 March 2013** | 31 March 2012 |
|---|---|---|
| US Dollar – £1 = US$ | 1.52 | 1.60 |
| Euro – £1 = € | 1.18 | 1.20 |

## NOTES TO THE FINANCIAL INFORMATION

For the Year to 31 March 2013 (continued)

### 17. Reconciliation to adjusted information

Adjusted information is presented as it provides both management and investors with valuable additional information on the performance of the business. The following items are excluded from adjusted information:

- discontinued operations;
- exceptional items including losses on disposal of businesses, and closure and restructuring provisions;
- post-retirement benefit interest; and
- amortisation of intangible assets acquired through business combinations.

The following table shows the reconciliation of the statutory information presented in the income statement to the adjusted information:

| | **Year to 31 March 2013** | | | Year to 31 March 2012 | | |
|---|---|---|---|---|---|---|
| | **Reported £m** | **Exceptional/ adjusting items £m** | **Adjusted £m** | Reported £m | Exceptional/ adjusting items £m | Adjusted £m |
| **Continuing operations** | | | | | | |
| Sales | 3 256 | – | 3 256 | 3 088 | – | 3 088 |
| Operating profit | 336 | 22 | 358 | 404 | (56) | 348 |
| Net finance expense | (27) | (2) | (29) | (25) | (5) | (30) |
| Profit before tax | 309 | 20 | 329 | 379 | (61) | 318 |
| Income tax expense | (49) | (10) | (59) | (72) | 14 | (58) |
| Profit attributable to owners of the Company | 260 | 10 | 270 | 307 | (47) | 260 |
| Basic earnings per share (p) | 56.0 | 2.2 | 58.2 | 65.9 | (10.1) | 55.8 |
| Diluted earnings per share (p) | 54.9 | 2.1 | 57.0 | 64.6 | (9.9) | 54.7 |
| Tax rate | 15.8% | | 17.9% | 19.0% | | 18.2% |
| **Discontinued operations** | | | | | | |
| Sales | 10 | – | 10 | 72 | – | 72 |
| Operating profit/(loss) | 18 | (26) | (8) | 16 | (11) | 5 |
| Net finance income | – | – | – | 1 | – | 1 |
| Profit/(loss) before tax | 18 | (26) | (8) | 17 | (11) | 6 |
| Income tax expense | – | – | – | (15) | 15 | – |
| Profit/(loss) after tax | 18 | (26) | (8) | 2 | 4 | 6 |
| Non-controlling interests | (1) | – | (1) | (4) | – | (4) |
| Profit/(loss) attributable to owners of the Company | 17 | (26) | (9) | (2) | 4 | 2 |
| Basic earnings/(loss) per share (p) | 3.7 | (5.6) | (1.9) | (0.4) | 0.9 | 0.5 |
| Diluted earnings/(loss) per share (p) | 3.6 | (5.5) | (1.9) | (0.3) | 0.8 | 0.5 |
| **Total operations** | | | | | | |
| Sales | 3 266 | – | 3 266 | 3 160 | – | 3 160 |
| Operating profit | 354 | (4) | 350 | 420 | (67) | 353 |
| Net finance expense | (27) | (2) | (29) | (24) | (5) | (29) |
| Profit before tax | 327 | (6) | 321 | 396 | (72) | 324 |
| Income tax expense | (49) | (10) | (59) | (87) | 29 | (58) |
| Profit after tax | 278 | (16) | 262 | 309 | (43) | 266 |
| Non-controlling interests | (1) | – | (1) | (4) | – | (4) |
| Profit attributable to owners of the Company | 277 | (16) | 261 | 305 | (43) | 262 |
| Basic earnings per share (p) | 59.7 | (3.4) | 56.3 | 65.5 | (9.2) | 56.3 |
| Diluted earnings per share (p) | 58.5 | (3.4) | 55.1 | 64.3 | (9.1) | 55.2 |
| Tax rate | 14.9% | | 18.3% | 21.9% | | 17.8% |

# TATE & LYLE PLC

## ADDITIONAL INFORMATION

For the Year to 31 March 2013

### 1. Ratio analysis

| | **Year to 31 March 2013** | Year to 31 March 2012 |
|---|---|---|
| **Net debt to EBITDA** [a] | | |
| = Net debt | 461 | 481 |
| Pre-exceptional EBITDA | 469 | 450 |
| | = 1.0 times | = 1.1 times |
| **Interest cover** [a] | | |
| = Operating profit before amortisation of acquired intangibles and exceptional items | | |
| Net interest and finance expense | | |
| | 364 | 364 |
| | 33 | 33 |
| | = 11.1 times | = 11.1 times |
| **Earnings dividend cover** | | |
| = Adjusted basic earnings per share from continuing operations | 58.2 | 55.8 |
| Dividend per share | 26.2 | 24.9 |
| | = 2.2 times | = 2.2 times |
| **Cash dividend cover** [b] | | |
| = Free cash flow from continuing operations | 110 | 79 |
| Cash dividends | 121 | 116 |
| | = 0.9 times | = 0.7 times |
| **Gearing** | | |
| = Net debt | 479 | 476 |
| Total shareholders' equity | 1 036 | 1 058 |
| | = 46% | = 45% |
| **Return on capital employed** | | |
| = Profit before interest, tax and exceptional items | 348 | 335 |
| Average invested operating capital [c] | 1 751 | 1 554 |
| | = 19.8% | = 21.6% |
| **Average quarterly cash conversion cycle** [d] | 42 days | 36 days |

(a) These ratios have been calculated under the Group's bank covenant definitions and are based on unrounded figures. Net debt is calculated using average rates of exchange.
(b) Free cash flow is defined as cash generated from continuing operating activities, less interest paid, less income tax paid, less the purchase of property, plant and equipment, less the purchase of intangible and other non-current assets. Cash dividends refer to dividends paid or proposed in respect of the reporting period, excluding the impact of any scrip dividend option where available.
(c) Defined as shareholders equity excluding net debt, net tax assets/liabilities, net retirement benefit obligations and net operating assets of discontinued operations.
(d) Defined as controllable working capital divided by quarterly sales, multiplied by number of days in quarter.

# TATE & LYLE PLC

## ADDITIONAL INFORMATION
For the Year to 31 March 2013

**2. Proforma income statement impact of adopting IAS19 (revised)**

As required from the year ending 31 March 2014, the Group will apply Amendments to IAS 19 *Employee benefits* when presenting its financial results. The change to IAS 19 modifies the basis on which the retirement benefits financing charge is calculated by applying a discount rate to the net defined benefit obligation and requires the recognition of scheme administration costs within operating profit. Under its current accounting policies the Group recognises actuarial gains and losses directly in other comprehensive income.

As a result of adopting the amendment, net finance expense will increase by £8 million as a result of the change in calculation methodology. In addition, £2 million of administration costs previously recognised within net finance expense will be recognised within operating profit, with a net increase in finance expense of £6 million. The below table shows impact of applying the new standard on the Group's statutory and adjusted income statement for the year to 31 March 2013.

| | Reported £m | Impact of IAS19 (revised) £m | Reported (revised) £m | Exceptional/ adjusting items (revised) £m | Adjusted (revised) £m |
|---|---|---|---|---|---|
| **Continuing operations** | | | | | |
| Sales | 3 256 | – | 3 256 | – | 3 256 |
| Operating profit | 336 | (2) | 334 | 22 | 356 |
| Net finance expense | (27) | (6) | (33) | 4 | (29) |
| Profit before tax | 309 | (8) | 301 | 26 | 327 |
| Income tax (expense)/credit | (49) | 3 | (46) | (13) | (59) |
| Profit attributable to owners of the Company | 260 | (5) | 255 | 13 | 268 |
| Basic earnings per share (p) | 56.0 | (1.1) | 54.9 | 2.8 | 57.7 |
| Diluted earnings per share (p) | 54.9 | (1.1) | 53.8 | 2.8 | 56.6 |
| Tax rate | 15.8% | | 15.3% | | 18.0% |
| **Discontinued operations** | | | | | |
| Sales | 10 | – | 10 | – | 10 |
| Operating profit/(loss) | 18 | – | 18 | (26) | (8) |
| Net finance income | – | – | – | – | – |
| Profit/(loss) before tax | 18 | – | 18 | (26) | (8) |
| Income tax expense | – | – | – | – | – |
| Profit/(loss) after tax | 18 | – | 18 | (26) | (8) |
| Non-controlling interests | (1) | – | (1) | – | (1) |
| Profit/(loss) attributable to owners of the Company | 17 | – | 17 | (26) | (9) |
| Basic earnings/(loss) per share (p) | 3.7 | – | 3.7 | (5.6) | (1.9) |
| Diluted earnings/(loss) per share (p) | 3.6 | – | 3.6 | (5.5) | (1.9) |
| **Total operations** | | | | | |
| Sales | 3 266 | – | 3 266 | – | 3 266 |
| Operating profit | 354 | (2) | 352 | (4) | 348 |
| Net finance expense | (27) | (6) | (33) | 4 | (29) |
| Profit before tax | 327 | (8) | 319 | – | 319 |
| Income tax expense | (49) | 3 | (46) | (13) | (59) |
| Profit after tax | 278 | (5) | 273 | (13) | 260 |
| Non-controlling interests | (1) | – | (1) | – | (1) |
| Profit attributable to owners of the Company | 277 | (5) | 272 | (13) | 259 |
| Basic earnings per share (p) | 59.7 | (1.1) | 58.6 | (2.8) | 55.8 |
| Diluted earnings per share (p) | 58.5 | (1.1) | 57.4 | (2.7) | 54.7 |
| Tax rate | 14.9% | | 14.4% | | 18.5% |