29 May 2014

TATE & LYLE PLC
ANNOUNCEMENT OF FULL YEAR RESULTS
For the year ended 31 March 2014

Continuing operations[1] **£m unless stated otherwise**	**2014**	2013 restated[2]	Change	Change (constant currency)[6]
Sales	**3 147**	3 256	- 3%	- 3%
Adjusted results				
Adjusted operating profit[3]	**349**	356	- 2%	- 1%
Adjusted profit before tax[4]	**322**	327	- 2%	0%
Adjusted diluted earnings per share[4]	**55.7p**	56.6p	- 2%	0%
Statutory results				
Operating profit	**325**	334		
Profit before tax	**290**	301		
Profit for the year (on total operations)	**273**	273		
Diluted earnings per share (on total operations)	**58.0p**	57.4p		
Cash flow and net debt				
Free cash flow[5]	**227**	110		
Net debt	**353**	479		
Dividend per share	**27.6p**	26.2p	+5.3%	

Javed Ahmed, Chief Executive, said:
"During the year, we continued to make steady progress in executing our strategy. The delivery of solid profit growth in starch-based speciality ingredients and Food Systems, along with another year of strong growth in emerging markets, was offset by the impact of the cold spring in the US last year followed by the recent severe and prolonged winter, and an increasingly competitive market for SPLENDA® Sucralose. While we will continue to face sucralose pricing headwinds in the current year, our strong innovation pipeline, robust balance sheet and continued growth in emerging markets means we are well placed to deliver growth over the longer term."

Highlights

- Speciality Food Ingredients sales up 4% (up 4% in constant currency) at £983 million with adjusted operating profit in line with the prior year (up 1% in constant currency) at £213 million:
  - Continued strong growth in Asia and Latin America
  - Acquisition of Biovelop, and in China, the formation of Tate & Lyle Howbetter and agreement to acquire Winway Biotechnology
- Bulk Ingredients adjusted operating profit 5% lower (4% lower in constant currency) at £172 million due to soft beverage season and unusually cold and prolonged winter in the US
- Adjusted profit before tax 2% lower (flat in constant currency) at £322 million
- Balance sheet remains strong with reduction in net debt of £126 million to £353 million (2013 – £479 million)
- Final dividend of 19.8p proposed making a total dividend of 27.6p (2013 – 26.2p) up 5.3% on prior year
- Successful deployment of upgraded IS/IT platform across Europe with US and Singapore on track for the summer
- Board approval of capital investment of £100 million over the next two years in Speciality Food Ingredients to expand capacity for existing and pipeline products

Outlook

In Speciality Food Ingredients, we expect to deliver volume growth across all major product categories but a lower profit contribution from SPLENDA® Sucralose is expected to offset a good performance elsewhere in the division. Profits in this division are expected to be more evenly weighted between the first and second halves than the previous financial year.

In Bulk Ingredients, we now anticipate a slower start in the US in our first quarter associated with the prolonged and severe winter, combined with lower European sugar prices in our second half, to outweigh a better performance across other product categories.

Overall, and before the impact of currency movements[7], while we expect the Group's performance for the full year to be slightly lower than the comparative period, we are well placed to deliver growth in the longer term.

[1] Excluding the results of discontinued operations in both periods unless otherwise stated.
[2] Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits' (see Note 16 to the accompanying financial information).
[3] Before net exceptional charge of £14 million (2013 – £12 million) and amortisation of acquired intangible assets of £10 million (2013 – £10 million).
[4] Before net exceptional charge of £14 million (2013 – £12 million), amortisation of acquired intangible assets of £10 million (2013 – £10 million) and net retirement benefit interest expense of £8 million (2013 – £4 million) and, for adjusted diluted earnings per share, the tax effect of these items.
[5] Free cash flow is operating cash flow, based on adjusted operating profit from continuing operations, after working capital, interest, taxation and capital expenditure.
[6] Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.
[7] The estimated annual movement in operating profit and profit before tax caused by a one cent movement in the US dollar is £1.7 million and £1.6 million respectively.

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 2014 can be found on our website at www.tateandlyle.com. A hard copy 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 (BST) today. To view and/or listen to a live audio-cast of the presentation, please visit: http://view-w.tv/p/797-1031-14363/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: 3776853

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CHIEF EXECUTIVE'S REVIEW

Results for the continuing operations are adjusted to exclude exceptional items, net retirement benefit interest and amortisation of acquired intangible assets. 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 in Note 15.

Key performance indicators

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

KPI	Measure	Year to 31 March		Change[1]
		2014	2013[2]	
Growth in SFI sales	Sales	**£983m**	£947m	+ 4%
Profitability	Adjusted operating profit	**£349m**	£356m	- 1%
Working capital efficiency	Cash conversion cycle[3]	**39 days**	42 days	Improved by 3 days
Financial strength	Net debt/EBITDA[4]	**0.8x**	1.0x	
	Interest cover[4]	**11.6x**	11.1x	
Return on assets	Return on capital employed	**19.2%**	19.7%	- 50 bps
Corporate Responsibility[5]	Safety – Recordable incident rate	**0.58**	0.85	
	Safety – Lost work case rate	**0.13**	0.26	

[1] Sales and operating profit growth shown in constant currency
[2] Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits'
[3] 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)
[4] Calculated under banking covenant definitions
[5] Measured on a calendar year basis

Full year performance

During the year, we continued to make steady progress in executing our strategy. The delivery of profit growth in starch-based speciality ingredients and Food Systems, along with another year of strong growth in emerging markets, was offset by the impact of the cold spring in the US last year followed by the recent severe and prolonged winter, and an increasingly competitive market for SPLENDA® Sucralose.

Sales for the year were £3,147 million (2013 – £3,256 million), 3% lower than the prior year (3% in constant currency) with sales in Speciality Food Ingredients up 4% (4% in constant currency) to £983 million (2013 – £947 million) and 6% lower in Bulk Ingredients (6% in constant currency) at £2,164 million. Adjusted operating profit was 2% lower (1% in constant currency) at £349 million (2013 – £356 million) with adjusted operating profit in Speciality Food Ingredients in line with the prior year at £213 million (up 1% in constant currency) and 5% lower (4% in constant currency) in Bulk Ingredients at £172 million (2013 – £182 million). Adjusted profit before tax was 2% lower (flat in constant currency), at £322 million (2013 – £327 million), and adjusted diluted earnings per share were 2% lower (flat in constant currency) at 55.7p (2013 – 56.6p).

Financial management and balance sheet

Our average quarterly cash conversion cycle improved by three days to 39 days (2013 – 42 days) largely driven by a decrease in working capital due to lower finished goods inventories and lower corn prices.

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 thresholds. At 31 March 2014, the net debt to EBITDA ratio was 0.8 times (2013 – 1.0 times), against our internal threshold of 2.0 times and interest cover on total operations was 11.6 times (2013 – 11.1 times), again comfortably ahead of our minimum threshold of 5.0 times.

Net debt of £353 million at 31 March 2014 was lower than at the end of last year (2013 – £479 million), reflecting the reduction in working capital and a decrease in the value of dollar denominated debt as a result of the weakening of the US dollar against sterling.

We continue to generate a good level of return on our assets with return on capital employed of 19.2% (2013 – 19.7%).

Dividend

In line with our progressive dividend policy, the Board is recommending a 5.3% increase in the final dividend to 19.8p (2013 – 18.8p) making a full year dividend of 27.6p (2013 – 26.2p) per share, up 5.3% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 1 August 2014 to all shareholders on the Register of Members at 27 June 2014. In addition to the cash dividend option, shareholders will also be offered a dividend reinvestment plan (DRIP) alternative.

Safety

While we saw a reduction in our recordable incident and lost work case rates in calendar year 2013, our safety performance has been overshadowed by fatalities at three of our sites over the last twelve months. As a result of these tragic accidents, we are reviewing all our safety protocols and procedures, not limited to the specific areas related to these accidents. We are determined to continue to improve our safety programme in the years ahead so as to keep all those that work at or visit our sites safe at all times.

Strategy and business update

Growth in Speciality Food Ingredients

Since May 2010, we have made steady progress executing our strategy and growing Speciality Food Ingredients, having delivered average annual volume growth of 5% and compound annual operating profit growth of 7% during that period. Excluding SPLENDA® Sucralose, where an increasingly competitive environment held back growth of the division as a whole, we have delivered a strong performance across the rest of Speciality Food Ingredients, with compound annual profit growth of 12% during the same four-year period.

This growth has been achieved by rigorously following through on the key priorities we set out in May 2010, when we outlined a path to grow our Speciality Food Ingredients division by: diversifying our business geographically through building our presence in faster growing, emerging markets and hence reducing our reliance on developed markets; broadening our product portfolio through the development of a world-class innovation capability; and forming stronger relationships with our customers through much greater collaboration with them.

Over the past year we have made further progress in each of these areas.

Entering new markets

We delivered another strong performance in Asia Pacific and Latin America with double-digit volume growth during the period, as we continued to leverage the strength of our brand, our ingredients portfolio and our applications expertise in these regions. Our successful expansion into the emerging markets, which now represent 19% of Speciality Food Ingredients sales, is a result of the investments we have made in building strong local teams and infrastructure, which have been key enablers in forming direct and higher quality relationships with regional food and beverage customers.

During the year, we opened an applications and technical service laboratory in Singapore (the new hub of our Asia Pacific operations), and established a sales office in Japan.

We have also strengthened our presence through acquisition. In October 2013, we acquired a 51% equity interest in Jiangsu Howbetter Food Co., Ltd, a leading Food Systems business in China. By combining Tate & Lyle's global blending capabilities and extensive recipe expertise with Howbetter's strong local expertise and infrastructure, Tate & Lyle Howbetter provides us with an excellent platform from which to accelerate the growth of our Food Systems business in China.

In March 2014, we announced the signing of an agreement to acquire Winway Biotechnology (Winway), a leading producer of polydextrose fibre in China. Winway will provide us with our third global polydextrose facility complementing our existing facilities in the Netherlands and the US. The acquisition, which is subject to government approval (expected in the next few months), will allow us to further accelerate the growth of our speciality fibres business in Asia Pacific and to expand our health and wellness offering globally.

Innovation

Our Innovation and Commercial Development group (ICD) launched five new products during the year including PULPIZ® Pulp Extender, a speciality food starch that replaces tomato pulp in a range of applications. ICD also continued to play a key role in the commercialisation of our recently launched ingredients, particularly our salt reduction ingredient SODA-LO® Salt Microspheres and our stevia-based, no-calorie, natural sweetener TASTEVA® Stevia Sweetener. During the year, a number of customers launched products incorporating these ingredients and we continued to work closely with customers on formulation, product prototyping and testing to convert the increasing number of customer projects in the pipeline into sales.

Our innovation pipeline remains strong with a total of 35 products at various stages of development including ten in the final stages, some of which we plan to launch over the next 12-18 months. The pipeline is well balanced with a number of line extensions, next generation and breakthrough projects across our sweeteners, texturants, health and wellness and bulk ingredients platforms.

Our global marketing team is an integral part of the innovation and commercialisation process. In addition to developing clear value propositions and positioning for our ingredients, this team is also developing consumer-focused strategies for specific applications in the beverage, 'clean label', convenience and dairy categories.

At the start of the year, we acquired Biovelop, an early-stage manufacturer of oat beta glucan which added a 'clean label', speciality fibre with strong EFSA[1] health claims to our existing corn-based fibre-portfolio. During the year, high levels of customer interest in PromOat® Beta Glucan has helped to build a strong pipeline. Work to expand capacity at our plant in Kimstad, Sweden has begun and we expect this will come on line in the current financial year.

[1] EFSA – European Food Safety Authority

Focus on the customer
As reported at our half-year results, we have made significant progress in increasing customer collaboration by leveraging our global Commercial and Food Innovation Centre in Chicago and our enhanced network of applications laboratories around the world. During the year, we commissioned an independent analysis to understand better our customers' views of our developing innovation capabilities. This showed a marked improvement in the way we are perceived by those customers who interact with us at our Innovation Centre in Chicago, with around two-thirds of those stating that we were 'exceeding their expectations'. This has not only led to us developing stronger customer relationships but also to winning new business with both existing and new customers.

SPLENDA® Sucralose

As announced in February 2014, the competitive environment for sucralose intensified during the final quarter, driven by an increase in capacity in China and a significant overhang of unsold Chinese sucralose. Against this backdrop, we renewed a number of customer contracts for SPLENDA® Sucralose, including some on a multi-year basis, and as a result we experienced an increase in the rate of price decline in SPLENDA® Sucralose in the final quarter. As previously announced, with these contracts in place and based on current market dynamics, we expect average prices in the 2015 financial year to be around 15% lower than the 2014 financial year.

Notwithstanding the competitive market environment and the headwind of lower prices, we continue to see good long-term volume growth opportunities in the global market for sucralose driven by a number of factors:

- Given rising rates of obesity and diabetes globally, increased consumer focus on health and wellness is continuing to drive food and beverage manufacturers to reduce or replace sugar content in their products. The imposition of taxes by governments on food and beverage products with high levels of sugar or calories is also creating opportunities and increasing demand for sucralose;

- Sucralose continues to be the high intensity sweetener of choice because the combination of its superior taste profile and heat stability that enable it to be incorporated in a wide range of food, beverage and other applications. This provides an opportunity for sucralose to continue to replace other high intensity sweeteners that have already been incorporated into low calorie products in the market as well as replacing sugar. In calendar year 2013, 6,373[2] new products were launched globally incorporating sucralose, a 54% increase over the prior year (2012 – 4,142 launches) compared with 3,633[2] for aspartame (up 4% on 2012) and 2,860[2] for stevia (up 56% on 2012) where we also have a strong offering through TASTEVA®. As a result, sucralose's value share of the global high intensity sweetener market continues to grow, standing at 35% for calendar year 2013;

- We also see good growth potential in the tabletop market where we now have full freedom to operate worldwide.

While we expect the global market for sucralose to remain competitive, our priority remains to increase volumes by both growing and taking a greater share of the global market for sucralose, by leveraging our unparalleled applications and formulations expertise and providing our customers with the highest standards of quality, traceability and reliability in the industry. Specifically, our focus over the next year will be to continue to renew existing customer contracts, aggressively pursue new business opportunities globally (including those relating to the substitution of other artificial high intensity sweeteners given the increasing price competitiveness of SPLENDA® Sucralose) and drive further cost savings and efficiencies through our two large-scale continuous production facilities in the US and Singapore.

[2] Source: Innova Market Insights

Investing in a platform for long-term growth

In order to support continued growth in the Speciality Food Ingredients division, the Board has approved, in line with our disciplined capital process, capital investment of £100 million over the next two years. This investment will be used to expand capacity at our speciality plants in Europe and the US and our recently acquired oat beta glucan business, support the growth in new products expected to be launched in the next 12-18 months and deliver cost reduction initiatives. As a result, we expect the ratio of capital expenditure to depreciation to increase in the next financial year to approach 2.0 times, with an average payback on these projects of 3.5 years.

Earlier this month, we successfully deployed the upgraded global IS/IT system across our European operations and we remain on track to implement the system in the US and Singapore by the end of the summer. While we expect the total investment in the IS/IT platform and global Shared Service Centre to be towards the top of the £120-135 million range we disclosed in May 2013, we are starting to see the benefits from this investment, in particular within procurement and shared services, and continue to target a three year cash payback from completion of the implementation.

During the year, we incurred £46 million of costs on the rollout of the common IS/IT platform, taking the total costs to 31 March 2014 on the global Shared Service Centre and IS/IT platform to £124 million, of which £77 million was capital expenditure. As a result of bringing the IS/IT system into operation across the business, we expect our depreciation and amortisation charge to increase by £5 million in financial year 2015 and a further £4 million the year after.

Conclusion

The transformation of Tate & Lyle remains firmly on track and our strategy of becoming a leading global provider of speciality food ingredients will continue to create long-term value for our shareholders.

Excluding SPLENDA® Sucralose, Speciality Food Ingredients has grown strongly over the last four years and well ahead of the wider market, underpinned by the good progress we have made in emerging markets, innovation and working more closely with our customers.

While we are operating in an intensely competitive, dynamic market for sucralose, we continue to see good volume growth opportunities and are well placed to secure this growth.

Following the implementations of our global IS/IT platform over the summer, we will have completed virtually all the business transformation initiatives we set out to deliver four years ago.

We have strengthened our financial position, which provides us with the resources to invest in the business and the flexibility to make acquisitions where we see high quality opportunities to accelerate organic growth.

Since 2010, we have built a more robust, more global and higher-quality business that is capable of generating sustained growth over the long term. I would like to thank all of our employees across Tate & Lyle for their continued hard work and dedication over the last year and look forward to working alongside them in continuing to deliver our objectives over the next financial year and beyond.

Speciality Food Ingredients

	Year ended 31 March		Change	
	2014 **£m**	2013 £m	**Reported**	**Constant currency**
Sales	**983**	947	+ 4%	+ 4%
Adjusted operating profit	**213**	213	0%	+ 1%
Adjusted operating margin	**21.7%**	22.5%	- 80bps	- 70bps

Market conditions and trends

The global market for speciality food ingredients, and particularly those areas of the market where we operate, continues to benefit from a number of strong underlying consumer trends: health and wellness, convenience and 'clean label'.

Consumers are increasingly aware of the link between diet and health. The rising incidence of diabetes and obesity in both developed and developing markets is driving consumers, manufacturers and governments to focus on 'healthier' products. In addition to products which address calorie and weight management, consumers are also increasingly seeking solutions for heart health, including lower sodium products, and digestive health, including fibre-enhanced products. The number of global product launches containing fibres or making a low sodium claim increased by 47%[3] and 37%[3] respectively in calendar year 2013, with growth across both developed and developing markets.

Changes in consumer lifestyles continue to increase the demand for packaged and convenience foods, for consumption both at home and 'on the go'. Product launches with a 'convenient' claim increased globally by 25%[3] in calendar year 2013 and, whilst demand continues to grow in developed markets, increasing levels of urbanisation are driving demand for convenience products in developing markets as well. Demand for convenience is a key driver for speciality ingredients that provide added functionality such as stability, texture and extended shelf-life.

Food and beverage manufacturers are launching more 'clean-label' products in response to increasing consumer demand for more natural products across a broad range of categories. Global 'clean label' product launches increased by 27%[3] in calendar year 2013, responding to increasing consumer awareness of food processing, origination of finished and unfinished goods, and ingredient labelling.

Against the backdrop of continuing tough macroeconomic conditions in many countries and tighter household budgets, coupled with high raw materials prices, cost-optimisation continues to be a theme with food and beverage customers looking at ways to reduce costs and provide more value-based alternatives for consumers without compromising on taste.

Financial performance

Within Speciality Food Ingredients, volumes grew by 4% and sales increased by 4% (also up 4% in constant currency) to £983 million (2013 – £947 million) with good volume growth in Asia, Europe and Latin America, held back by a softer performance in the US where volumes were slightly lower than the comparative period. Adjusted operating profit was in line with the prior year (up 1% in constant currency) at £213 million (2013 – £213 million) as a result of lower selling prices for SPLENDA® Sucralose and a lower contribution from the US. This result includes the majority of the £6 million one-off gain from the purchase, sale and leaseback of our building in Hoffman Estates, US, and £7 million

[3] Source: Innova Market Insights

representing the final annual payment received from McNeil Nutritionals as part of the realignment of the sucralose business back in 2004. Operating margins reduced by 80 basis points to 21.7% (2013 – 22.5%). The effect of currency translation was to decrease adjusted operating profit by £2 million.

This division comprises three broad product categories: starch-based speciality ingredients, high intensity sweeteners and Food Systems.

Starch-based speciality ingredients

Sales increased by 7% (7% in constant currency) to £595 million (2013 – £559 million) with volume growth of 5%. While percentage operating margins were slightly lower, operating profit was ahead of the prior year. While we expect to deliver another year of good volume growth in financial year 2015, the level of sales value growth is expected to be lower as a result of the significant reduction in corn prices.

In food starches, we saw volume growth across all regions with particularly strong growth in Latin America and Europe. In Europe, our strong innovation capability and new products, such as CREAMIZ™ and PULPIZ® Pulp Extender, helped us maintain a healthy leadership position in speciality starches in the region, particularly within the convenience food and dairy categories.

In speciality corn sweeteners, we saw growth across all regions outside the US including very strong growth as in the previous year in Latin America, where we continued to expand our business in the beverage and dairy categories. Our success in this region over the past few years is a good example of how we are steadily broadening the geographic mix of the business and reducing our reliance on developed markets.

Our fibres range continues to benefit from the strong consumer interest in health and wellness, and we saw volume growth across all regions during the period, with particularly strong growth once again in Asia. The planned acquisition of Winway will provide us with an excellent platform from which to accelerate the growth of our specialty fibres business not only in China but across Asia as a whole.

High intensity sweeteners

Sales in this category, which comprises SPLENDA® Sucralose and our no-calorie, natural sweeteners, were in line with the comparative period (up 1% in constant currency) at £198 million (2013 – £198 million), with volumes 5% higher.

In SPLENDA® Sucralose, the renewal of a number of large customer contracts during the final quarter, including some on a multi-year basis, against the backdrop of an intensely competitive market environment, resulted in an increase in the rate of price decline in SPLENDA® Sucralose during the final quarter with the reduction in price for the full year outweighing volume growth.

Demand for no-calorie natural sweeteners continues to grow with 2,860 product launches during calendar year 2013 incorporating stevia, an increase of 56% on the prior year. Against this backdrop, we continued to see good volume growth in our natural no-calorie sweeteners, particularly our stevia-based, natural-source sweetener TASTEVA®, with a number of customer product launches during the year. While we continue to see good opportunities for further growth and a strong pipeline for our natural no-calorie sweeteners, the overall contribution to this product category remains relatively small.

Food Systems

Sales were in line with last year (down 1% in constant currency) at £190 million (2013 – £190 million), with volumes 6% lower, reflecting our decision to focus on higher margin blends, which more than offset good volume growth in developing markets. Despite the lower volumes, we delivered good operating profit growth driven by improved product mix, tight cost control and lower prices for some raw materials.

Our recently opened technical and commercial facility in Roggenhorst, Germany is helping us work more closely with customers and strengthen our pipeline of new products.

The creation of Tate & Lyle Howbetter provides us with a solid platform from which to expand our Food Systems business in China and more broadly across the region. As well as bringing new customers, its high quality local blending capabilities are helping to strengthen our offering to existing customers. It also enables us to leverage additional knowhow and expertise across our network of Food Systems businesses globally.

Bulk Ingredients

	Year ended 31 March		Change	
	2014	2013	**Reported**	**Constant currency**
	£m	£m		
Sales	**2,164**	2,309	- 6%	- 6%
Adjusted operating profit	**172**	182	- 5%	- 4%
Adjusted operating margin	**7.9%**	7.9%	0bps	+10bps

Market conditions

A good corn harvest in the US with production increasing by around 30% compared with the previous year and a recovery in the stocks-to-use ratio to more normal levels, resulted in a significant reduction in corn prices in the summer. However, during the last quarter of the financial year, corn prices increased steadily, driven by rising demand from US ethanol and exports. The latest production estimate from the USDA[4] for the 2014/15 harvest is broadly in line with the prior year at 13.9 billion bushels.

The unusually cold spring in the US in 2013, constrained demand for carbonated soft drinks, a key end market for bulk liquid corn sweeteners. In the three-month period to the end of June 2013, US carbonated soft drinks sales volume declined by 6.3%[5] against the comparative period, with sales volume over the whole year 3% lower. In addition to softer domestic demand, lower Mexican sugar prices resulted in a 24%[6] reduction in exports of US HFCS to Mexico. The protracted severe cold winter weather in the US also created operational and supply chain challenges across the industry, particularly during the quarter ended 31 March 2014.

World sugar prices, which provide a reference price for some of our products, continued to decline steadily during 2013 as supply was increased following consecutive years of surplus. However, towards the end of the financial year, prices stabilised reflecting ongoing weather risks and the potential impact of these on the Brazilian crop. In Europe, sugar prices started to decline in the second half of the financial year, reflecting an increase in stock levels following the steps taken by the European Union in the 2012/13 sugar year to increase imports, and lower consumer demand due to the cold spring.

The paper industry, which provides a major source of demand for industrial starches in the US, saw a reduction in operating rates during the 2013 calendar year as a result of lower demand. In Europe, additional starch capacity reduced industrial starch prices, putting pressure on margins.

Conditions in the US ethanol industry improved steadily during the year, following a boost from the large corn crop which drove production costs down and made US ethanol a more cost competitive fuel. Increased demand, which tightened ethanol inventories, combined with logistical difficulties impacting the supply side in the second half of the financial year caused by the severe cold weather, also helped improve ethanol pricing fundamentals.

A combination of tight supplies, reflecting the limited availability of good quality corn in the lead up to the new harvest last year and increased demand, kept prices high for corn gluten feed particularly during the second half of the financial year. Conversely, corn oil prices were lower as a result of the increased supply of corn distillers' oil from the dry mill ethanol industry.

[4] USDA is the US Department of Agriculture
[5] Source: IRI Infoscan Reviews, Total U.S. Multi-Outlet + Convenience (FDM, WMT, Dollar, Club, Convenience Stores)
[6] Source: US Census Bureau, HTS Export data

Financial performance

Bulk Ingredients volumes decreased by 1% and sales were 6% lower (6% lower in constant currency) at £2,164 million (2013 – £2,309 million) largely due to the pass through of lower corn prices. Adjusted operating profit was 5% lower (4% lower in constant currency) at £172 million (2013 – £182 million) as a result of the soft US beverage season, which reduced demand for liquid corn sweeteners, lower returns from co-products and, in the final quarter, the impact of the protracted severe cold winter in the US. This result includes a one-off gain of £3.5 million in the first half from the on-sale of Orsan China (a monosodium glutamate producer in which Tate & Lyle previously held a stake and which was sold in 2009). The effect of currency translation was to decrease adjusted operating profit by £2 million.

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

<u>Sweeteners</u>

In the Americas, bulk corn sweetener volumes decreased by 2% largely as a result of lower HFCS volumes caused by the cold spring which reduced demand for carbonated soft drinks during the second quarter. Sales decreased by 6% (down 6% in constant currency) to £889 million (2013 – £942 million) as a result of the lower volumes and the reduction in corn prices following the large corn crop. Despite lower volumes, profits were ahead of the comparative period as a result of the modest increase in HFCS unit margins secured in the 2013 calendar year contracting round.

Operating profits from Almex, our Mexican joint venture, were lower than the comparative period reflecting reduced volumes and lower margins as a result of greater competition from Mexican sugar.

In Europe, sales of bulk corn sweeteners increased by 1% (flat in constant currency) to £148 million (2013 – £146 million), with volumes 1% higher than the prior year. We saw the benefit of higher unit margins throughout the year, driven in the first half by sugar prices (which provide the reference price for isoglucose (HFCS) in the EU) staying high for longer than expected and, in the second half, lower raw material costs following a good corn crop. As a result, overall profits for the full year were ahead of the comparative period.

<u>Industrial starches, acidulants and ethanol</u>

Sales decreased by 5% (3% in constant currency) to £635 million (2013 – £667 million).

In industrial starches, volumes were 2% higher. In the US, where we contract for longer periods than in Europe, profit was ahead of the prior year as a result of firmer pricing and slightly higher volumes. In Europe, lower prices, reflecting the pass through of lower corn costs and increased competition, put pressure on margins and reduced profits compared with last year. 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 improvement in market conditions, particularly during the second half, resulted in a better performance and a reduction in operating losses.

Profit in our citric acid business was lower than the prior year, with reduced volumes more than offsetting lower raw material costs. Our Bio-PDO® joint venture delivered an improved performance during the period as a result of slightly higher volumes and lower corn costs.

<u>Co-products</u>

Sales of co-products decreased by 11% (down 11% in constant currency) to £492 million (2013 – £554 million). Overall returns from co-products were £7 million lower than our expectations at the start of the year, driven by corn gluten feed and corn oil which more than offset higher returns from corn gluten meal. Since over 80% of our US corn grind is utilised to produce Bulk Ingredients, the majority of this impact is recorded within this product category.

Outlook

In Speciality Food Ingredients, we expect to deliver volume growth across all major product categories, but a lower contribution from SPLENDA® Sucralose is expected to offset a good performance elsewhere in the division. Profits in this division are expected to be more evenly weighted between the first and second halves than the previous financial year.

In Bulk Ingredients, we now anticipate a slower start in the US in our first quarter, associated with the prolonged and severe winter, combined with lower European sugar prices in our second half, to outweigh a better performance across other product categories.

Overall, and before the impact of currency movements[7], while we expect the Group's performance for the full year to be slightly lower than the comparative period, we are well placed to deliver growth in the longer term.

[7] The estimated annual movement in operating profit and profit before tax caused by a one cent movement in the US dollar is £1.7 million and £1.6 million respectively

Basis of preparation

At the beginning of the year, the Group adopted IAS19 (Revised 2011) 'Employee Benefits' which introduced a change to the way the Group accounts for defined benefit pension plans. The change 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. Comparative information for 2013 has been restated on a consistent basis and an explanation and analysis of the effect of the changes is presented in Note 16 to the accompanying financial information.

For the year ended 31 March 2014, the new requirements increased statutory net finance costs by £8 million (31 March 2013 – £6 million) and reduced operating profit by £2 million (31 March 2013 – £2 million).

With the exception of the changes arising from the adoption of IAS19 (Revised 2011) the Group's principal accounting policies are unchanged compared with the year ended 31 March 2013.

Adjusted performance measures

We report adjusted performance measures because they provide both management and investors with valuable additional information on the performance of the business. The following items are excluded from these adjusted measures:

- exceptional items (Note 4)
- amortisation of intangible assets acquired through business combinations
- net retirement benefit interest (Note 5)
- tax on the adjusting items
- results of discontinued operations (Note 7)

This adjusted information is used internally for analysing the performance of the business. A reconciliation of reported and adjusted information is included in Note 15.

Impact of changes in exchange rates

In comparison to the prior year, the Group's reported financial performance was adversely affected by currency translation. A weakening of the average US dollar exchange rate against sterling was only partially offset by the strengthening of other currencies, which has slightly reduced profits. The movement in period-end exchange rates, particularly the weaker US dollar, led to a reduction 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**	
	2014	2013	**2014**	2013
US dollar : sterling	1.59	1.57	1.67	1.52
Euro : sterling	1.19	1.24	1.21	1.18

Summary of financial results

Year to 31 March	2014 £m	2013 Restated* £m	Change (reported) %	Change (constant currency) %
Continuing operations				
Sales	**3 147**	3 256	- 3%	- 3%
Adjusted operating profit	**349**	356	- 2%	- 1%
Adjusted net finance expense	**(27)**	(29)		
Adjusted profit before tax	**322**	327	- 2%	0%
Exceptional items	**(14)**	(12)		
Amortisation of acquired intangible assets	**(10)**	(10)		
Net retirement benefit interest	**(8)**	(4)		
Profit before tax	**290**	301	- 4%	- 2%
Income tax expense	**(45)**	(46)		
Profit for the year from continuing operations	**245**	255	- 4%	- 2%
Profit for the year from discontinued operations	**28**	18		
Profit for the year	**273**	273	0%	2%
Earnings per share – continuing operations				
Basic	**52.8p**	54.9p		
Diluted	**52.1p**	53.8p	- 3%	- 2%
Adjusted earnings per share – continuing operations				
Basic	**56.5p**	57.7p		
Diluted	**55.7p**	56.6p	- 2%	0%
Dividends per share				
Interim paid	**7.8p**	7.4p	5.4%	
Final proposed	**19.8p**	18.8p	5.3%	
	27.6p	26.2p	5.3%	
Net debt				
At 31 March	**353**	479		

* Restated for the adoption of IAS 19 (Revised 2011) ‘Employee Benefits’

Sales from continuing operations of £3,147 million (2013 – £3,256 million) were 3% lower than the prior year (3% in constant currency). Sales in Speciality Food Ingredients increased by 4% (4% in constant currency) to £983 million (2013 – £947 million), with sales volumes increasing by 4%. Sales in Bulk Ingredients decreased by 6% (6% in constant currency) to £2,164 million (2013 – £2,309 million), with volumes 1% lower.

Adjusted operating profit decreased by 2% (1% in constant currency) to £349 million (2013 – £356 million). In Speciality Food Ingredients, adjusted operating profit was in line (up 1% in constant currency) with the prior year at £213 million (2013 – £213 million). Bulk Ingredients adjusted operating profit decreased by 5% (4% in constant currency) to £172 million (2013 – £182 million).

Adjusted net finance expense (excluding net retirement benefit interest) decreased from £29 million to £27 million, largely driven by the repayment of our £100 million bond in June 2012 and lower interest rates on our floating rate debt.

Both adjusted profit before tax and adjusted diluted earnings per share decreased by 2% (flat in constant currency) to £322 million (2013 – £327 million) and 55.7p (2013 – 56.6p) respectively.

On a statutory basis, profit before tax from continuing operations decreased by 4% (down 2% in constant currency) to £290 million (2013 – £301 million) and profit for the year from total operations was in line at £273 million (2013 – £273 million), with the current period benefiting from an exceptional income tax credit of £28 million following the favourable resolution of outstanding tax matters in Spain.

Central costs

Central costs, which include head office, treasury and reinsurance activities, decreased by £3 million to £36 million, largely as a result of lower staff-related costs.

Energy costs

Energy costs were higher than the prior year at £177 million (2013 – £170 million), as a result of the increased price of energy used in many regions, in particular the US, which more than offset positive variances relating to efficiency and input mix. We have covered approximately 66% of our estimated energy needs for financial year 2015, albeit at higher prices than in financial year 2014 which we will look to mitigate through further efficiencies.

Exceptional items from continuing operations

	Year to 31 March	
	2014	2013
	£m	£m
Business transformation costs	(14)	(20)
Gain on disposal of joint venture – Sucromiles	–	8
Net exceptional charge	(14)	(12)

During the year ended 31 March 2014, an exceptional charge of £14 million was recognised in continuing operations, relating to business transformation costs, specifically the implementation of the common global IS/IT platform. This compares to a net exceptional charge in the comparative year of £12 million, with £20 million of business transformation costs partially offset by a credit of £8 million from the disposal of our share in Sucromiles SA, our former Colombian citric-acid joint venture.

The tax impact of net exceptional items within continuing operations was a £9 million credit (2013 – £5 million credit).

Net finance expense

After excluding net retirement benefit interest, net finance expense from continuing operations decreased to £27 million (2013 – £29 million) with a reduction in underlying net interest expense driven by the repayment of our £100 million bond in June 2012 and lower interest rates on our floating rate debt.

Taxation

Our tax policy is to manage our obligations in compliance with all relevant tax laws, disclosure requirements and regulations. We seek to ensure that our approach to tax and the tax payments we make in all territories in which we have operations are fully consistent with local requirements, taking into account available tax incentives and allowances, and are aligned with the Group's wider business strategy.

We seek to develop good, open working relationships with tax authorities and to engage with them proactively, recognising that tax legislation can be complex and may be subject to differing interpretations. In instances where this might arise, we seek to engage with the relevant tax authorities in open discussion of any such differences as early as possible to remove uncertainty and obtain resolution.

Tate & Lyle's tax strategy and the management of tax risk is primarily the responsibility of the Chief Financial Officer and the Vice President, Group Tax and is reviewed by the Board and the Audit Committee to ensure responsible tax practices are maintained across the Group's businesses.

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 2008 to reflect our investment in innovative technology) and the UK, and rates that lie somewhere in between for example, in certain East European countries.

Our UK earnings are now relatively small following the sale of our sugars and molasses businesses. Less than 1% of total group sales (2014 – £22 million) are derived from our UK operations 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. We do, however, pay and collect other taxes in the UK, including payroll taxes, VAT and business rates. Our total tax contribution to the UK Exchequer was in excess of £21 million during the year ended 31 March 2014.

The effective tax rate on adjusted profit of 18.5% (2013 – 18.0%) includes tax credits in relation to prior year adjustments in the US. As a result of these tax benefits in financial year 2014, and our expectation of further changes in the geographic mix of profits, we anticipate the effective tax rate will be higher in financial year 2015 at a little over 20%.

Discontinued operations and legacy issues

During the year, the Group recognised a profit from discontinued operations of £28 million which wholly comprised a non-cash exceptional income tax credit arising from the favourable resolution of outstanding tax matters associated with the starch facilities which formed part of the Group's former Food & Industrial Ingredients, Europe segment.

During the prior year, the Group recognised a profit of £18 million from discontinued operations which comprised: an exceptional gain of £26 million on the completion of the sale of its Vietnam Sugar operations, its remaining Israel Sugar assets and other assets, all of which related to the Group's former Sugars segment; partially offset by an operating loss of £8 million that was incurred by these businesses.

Earnings per share

Adjusted diluted earnings per share from continuing operations at 55.7p (2013 – 56.6p) were 2% lower (flat in constant currency). Adjusted basic earnings per share from continuing operations decreased by 2% (down 1% in constant currency) to 56.5p. Total basic earnings per share were flat at 58.8p (2013 – 58.6p) with the discontinued operations result reflecting the one-off benefit from the aforementioned £28 million exceptional tax credit.

Dividend

The Board is recommending a 5.3% increase in the final dividend to 19.8p (2013 – 18.8p) making a full year dividend of 27.6p (2013 – 26.2p) per share, up 5.3% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 1 August 2014 to all shareholders on the Register of Members on 27 June 2014. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Assets

Gross assets of £2,527 million at 31 March 2014 were £260 million lower than the prior year principally driven by a weakening of the US dollar which reduced the sterling value of assets and a reduction in working capital. Net assets increased by £14 million to £1,050 million with profits generated in the year being largely offset by dividend payments, foreign exchange losses on the translation of overseas subsidiaries, the post-tax effect of retirement benefits and share repurchases.

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 benefits as part of the retirement package.

During the year, we took further steps to reduce our pension risk. In September, the trustees of the Amylum UK Pension Scheme agreed a buy-in of the liabilities of the scheme. In addition, the assets and liabilities of the defined benefit pension plan in the Netherlands were transferred to a new collective defined contribution plan and the defined benefit plan was closed to future accrual. This transfer was treated as a settlement on which the Group recognised a gain of £4 million.

The net deficit on our retirement benefit plans decreased by £45 million to £220 million (2013 – £265 million). The net deficit on the Group's pension plans decreased by £19 million to £166 million (2013 – £185 million), with an increase in the underlying deficit more than offset by employer's contributions of £43 million and favourable currency movements. The liabilities associated with unfunded retirement medical plans in the US decreased by £26 million to £54 million (2013 – £80 million), principally due to a favourable claims experience, an increase in the applicable discount rate and favourable currency movements.

Net debt

Net debt was lower than the prior year at £353 million (2013 – £479 million). Free cash flow from continuing businesses of £227 million was partially offset by dividend payments of £124 million and the repurchase of £29 million of ordinary shares to satisfy the Group's share option schemes. There was a favourable exchange rate impact on net debt of £35 million principally as a result of the weakening of the US dollar against sterling. The Group's $500 million 5% bond matures in November 2014 and has therefore been reclassified from non-current to current borrowings.

During the year, net debt peaked at £497 million in April 2013. The average net debt was £372 million, a reduction of £61 million from £433 million in the prior year.

Cash flow

Operating cash flow from continuing operations was £440 million (2013 – £297 million). An inflow within working capital of £38 million was mainly driven by lower finished goods inventories and lower corn prices in the US. The cash flow impact of the Group's retirement benefit plans amounted to £43 million (2013 – £42 million).

	Year to 31 March	
	2014	2013
	£m	£m
Adjusted operating profit from continuing operations	**349**	356
Depreciation/amortisation	**108**	98
Share based payments	**8**	13
Other non-cash items	**(6)**	–
Working capital before retirement benefits and exceptional cash items	**38**	(107)
Net retirement benefit obligations	**(43)**	(42)
Cash expenditure on exceptional items	**(14)**	(21)
Operating cash flow	**440**	297
Capital expenditure	**(159)**	(134)
Operating cash flow less capital expenditure	**281**	163
Net interest and tax paid	**(54)**	(53)
Free cash flow	**227**	110

Capital expenditure of £159 million, including a £45 million investment in intangible assets, was 1.5 times the depreciation and amortisation charge of £108 million and, as in the prior year, includes 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 financial year 2015 to approach 2.0 times reflecting an additional £100 million of capital investment over the next two years in our Speciality Food Ingredients division.

Net interest paid decreased by £4 million to £31 million principally as a result of the repayment of our £100 million bond in June 2012 and lower interest rates on our floating rate debt. Net income tax payments were £23 million (2013 – £18 million).

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and capital expenditure) at £227 million was £117 million higher than the prior year largely as a result of the working capital inflow of £38 million during the period (2013 – outflow of £107 million).

During the year we spent £29 million on the repurchase of ordinary shares to satisfy share option schemes. Parent company cash dividends paid were £124 million, £7 million higher than the prior year.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	**Year ended 31 March 2014 £m**	Restated* Year ended 31 March 2013 £m
Continuing operations			
Sales	3	**3 147**	3 256
Operating profit	3	**325**	334
Finance income	5	**2**	1
Finance expense	5	**(37)**	(34)
Profit before tax		**290**	301
Income tax expense	6	**(45)**	(46)
Profit for the year from continuing operations		**245**	255
Profit for the year from discontinued operations	7	**28**	18
Profit for the year		**273**	273

Profit for the year attributable to:			
– Owners of the Company		**273**	272
– Non-controlling interests		**–**	1
Profit for the year		**273**	273

Earnings per share		**Pence**	Pence
Continuing operations:	8		
– Basic		**52.8p**	54.9p
– Diluted		**52.1p**	53.8p
Continuing and discontinued operations:	8		
– Basic		**58.8p**	58.6p
– Diluted		**58.0p**	57.4p

Analysis of adjusted profit before tax from continuing operations		**£m**	£m
Profit before tax		**290**	301
Adjusted for:			
Exceptional items	4	**14**	12
Amortisation of acquired intangible assets		**10**	10
Net retirement benefit interest	5,11	**8**	4
Adjusted profit before tax		**322**	327

*Restated for the adoption of IAS 19 (Revised 2011) ‘Employee Benefits’ (see Note 16)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2014 £m	Restated* Year ended 31 March 2013 £m
Profit for the year	**273**	273
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss		
Fair value loss on cash flow hedges	**(1)**	(3)
Fair value loss on cash flow hedges transferred to profit or loss	**–**	4
Fair value loss on available-for-sale financial assets	**–**	(1)
(Loss)/gain on currency translation of foreign operations	**(130)**	57
Fair value gain/(loss) on net investment hedges	**50**	(30)
Currency translation gain transferred to profit or loss on disposal of foreign operations	**–**	(14)
Tax expense relating to the above items	**–**	(6)
	(81)	7
Items that will not be reclassified to profit or loss		
Retirement benefit plans:		
– Actual return lower than interest on plan assets	**(29)**	(13)
– Net actuarial gain/(loss)	**19**	(132)
Tax expense relating to the above items	**(22)**	(6)
	(32)	(151)
Total other comprehensive expense	**(113)**	(144)
Total comprehensive income	**160**	129
Analysed by:		
– Continuing operations	**132**	117
– Discontinued operations	**28**	12
Total comprehensive income	**160**	129
Attributable to:		
– Owners of the Company	**160**	127
– Non-controlling interests	**–**	2
Total comprehensive income	**160**	129

*See Note 16

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 31 March 2014 £m**	At 31 March 2013 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets		**389**	356
Property, plant and equipment		**865**	958
Investments in associates		**6**	6
Available-for-sale financial assets		**28**	27
Derivative financial instruments		**23**	54
Deferred tax assets		**7**	8
Trade and other receivables		**1**	3
Retirement benefit surplus	11	**–**	12
		1 319	1 424
Current assets			
Inventories		**418**	510
Trade and other receivables		**314**	383
Current tax assets		**1**	4
Derivative financial instruments		**79**	86
Cash and cash equivalents	10	**396**	379
		1 208	1 362
Assets held for sale		**–**	1
		1 208	1 363
TOTAL ASSETS		**2 527**	2 787
EQUITY			
Capital and reserves			
Share capital		**117**	117
Share premium		**406**	406
Capital redemption reserve		**8**	8
Other reserves		**58**	139
Retained earnings		**460**	366
Equity attributable to owners of the Company		**1 049**	1 036
Non-controlling interests		**1**	–
TOTAL EQUITY		**1 050**	1 036
LIABILITIES			
Non-current liabilities			
Trade and other payables		**2**	3
Borrowings	10	**439**	821
Derivative financial instruments		**2**	21
Deferred tax liabilities		**45**	24
Retirement benefit deficits	11	**220**	277
Provisions for other liabilities and charges		**10**	15
		718	1 161
Current liabilities			
Trade and other payables		**315**	382
Current tax liabilities		**40**	53
Borrowings and bank overdrafts	10	**339**	75
Derivative financial instruments		**50**	60
Provisions for other liabilities and charges		**15**	20
		759	590
TOTAL LIABILITIES		**1 477**	1 751
TOTAL EQUITY AND LIABILITIES		**2 527**	2 787

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 March 2014 £m	Restated* Year ended 31 March 2013 £m
Cash flows from operating activities			
Profit before tax from continuing operations		**290**	301
Adjustments for:			
– Depreciation of property, plant and equipment		**97**	91
– Exceptional items, net of cash flow impact		**–**	(9)
– Amortisation of intangible assets		**21**	17
– Share-based payments		**8**	13
– Other non-cash items		**(6)**	–
– Finance income	5	**(2)**	(1)
– Finance expense	5	**37**	34
Changes in working capital		**38**	(107)
Changes in net retirement benefit obligations		**(43)**	(42)
Cash generated from continuing operations		**440**	297
Interest paid		**(33)**	(36)
Income tax paid		**(23)**	(18)
Net cash generated from operating activities in discontinued operations		**–**	8
Net cash generated from operating activities		**384**	251
Cash flows from investing activities			
Purchase of intangible assets		**(45)**	(42)
Purchase of property, plant and equipment		**(114)**	(92)
Proceeds on disposal of property, plant and equipment		**34**	3
Acquisitions of businesses, net of cash acquired		**(15)**	–
Disposal of businesses, net of cash disposed		**3**	36
Disposal of joint ventures, net of cash disposed		**–**	15
Purchase of available-for-sale financial assets		**(4)**	(4)
Disposal of available-for-sale financial assets		**2**	–
Interest received		**2**	1
Net cash used in investing activities		**(137)**	(83)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**–**	1
Purchase of own shares		**(29)**	(23)
Cash inflow from additional borrowings		**4**	24
Cash outflow from repayment of borrowings		**(46)**	(117)
Repayment of capital element of finance leases		**(2)**	(2)
Dividends paid to owners of the Company		**(124)**	(117)
Dividends paid to non-controlling interests		**–**	(2)
Net cash used in financing activities		**(197)**	(236)
Net increase/(decrease) in cash and cash equivalents	10	**50**	(68)
Cash and cash equivalents			
Balance at beginning of year		**379**	446
Net increase/(decrease) in cash and cash equivalents		**50**	(68)
Currency translation differences		**(33)**	1
Balance at end of year	10	**396**	379

*See Note 16

A reconciliation of the movement in cash and cash equivalents to the movement in net debt is presented in Note 10.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital and share premium	Capital redemption reserve	Other reserves	Retained earnings	Attributable to the owners of the Company	Non-controlling interests (NCI)	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 April 2012	523	8	128	374	1 033	25	1 058
Year ended 31 March 2013 – Restated*							
Profit for the year	–	–	–	272	272	1	273
Other comprehensive income/(expense)	–	–	11	(156)	(145)	1	(144)
Total comprehensive income	–	–	11	116	127	2	129
Share-based payments (includes tax credit of £2 million)	–	–	–	15	15	–	15
Purchase of own shares	–	–	–	(23)	(23)	–	(23)
Proceeds from shares issued	–	–	–	1	1	–	1
NCI in subsidiaries sold	–	–	–	–	–	(25)	(25)
Dividends paid (Note 9)	–	–	–	(117)	(117)	(2)	(119)
At 31 March 2013	523	8	139	366	1 036	–	1 036
Year ended 31 March 2014							
Profit for the year	**–**	**–**	**–**	**273**	**273**	**–**	**273**
Other comprehensive expense	**–**	**–**	**(81)**	**(32)**	**(113)**	**–**	**(113)**
Total comprehensive (expense)/income	**–**	**–**	**(81)**	**241**	**160**	**–**	**160**
Share-based payments	**–**	**–**	**–**	**8**	**8**	**–**	**8**
Purchase of own shares	**–**	**–**	**–**	**(29)**	**(29)**	**–**	**(29)**
NCI in subsidiaries acquired	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Initial recognition of put option on NCI	**–**	**–**	**–**	**(2)**	**(2)**	**–**	**(2)**
Dividends paid (Note 9)	**–**	**–**	**–**	**(124)**	**(124)**	**–**	**(124)**
At 31 March 2014	**523**	**8**	**58**	**460**	**1 049**	**1**	**1 050**

*See Note 16

Dividends on ordinary shares in respect of the financial year

	Year ended 31 March 2014 Pence	Year ended 31 March 2013 Pence
Per ordinary share		
– Interim paid	**7.8p**	7.4p
– Final proposed	**19.8p**	18.8p
	27.6p	26.2p

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2014

1. Background

The financial information on pages 21 to 40 is derived from the Group's consolidated financial statements for the year ended 31 March 2014, which were approved by the Board of Directors on 28 May 2014.

The financial information does not constitute statutory accounts within the meaning of sections 434(3) and 435(3) of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of International Financial Reporting Standards (IFRS).

The Company's auditors, PricewaterhouseCoopers LLP, have given an unqualified report on the consolidated financial statements for the year ended 31 March 2014, which did not include reference to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 of the Companies Act 2006.

The consolidated financial statements will be filed with the Registrar of Companies, subject to their approval by the Company's shareholders at the Company's Annual General Meeting on 24 July 2014.

2. Basis of preparation

Basis of accounting

The Group's consolidated financial statements for the year ended 31 March 2014 have been prepared on the going concern basis in accordance with IFRS adopted for use in the European Union and those parts of the Companies Act 2006 that are applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of available-for-sale financial assets, derivative financial instruments, assets classified as held for sale and assets held by defined benefit pension plans.

Principal accounting policies

At the beginning of the year, the Group adopted a number of new or revised accounting standards that are outlined below. With the exception of the changes arising from the adoption of IAS 19 (Revised 2011) 'Employee Benefits', the Group's principal accounting policies are unchanged compared with the year ended 31 March 2013.

IAS 19 (Revised 2011) 'Employee Benefits'

IAS 19 (Revised 2011) caused the Group to change the way it accounts for defined benefit pension and other retirement benefit plans. It had no impact on the Group's closing financial position but it changed the allocation of movements in the deficits or surpluses on the plans within and between profit or loss and other comprehensive income. Comparative amounts for 2013 have been restated on a consistent basis. An explanation and analysis of the effect of IAS 19 (Revised 2011) on the Group's results for the year and the prior year is presented in Note 16.

IFRS 13 Fair Value Measurement

IFRS 13 established a single source of guidance for measuring fair value and introduced consistent disclosures about fair value measurements. From the Group's perspective, IFRS 13 is relevant to the measurement of available-for-sale financial assets, derivative financial instruments, assets classified as held for sale and assets held by defined benefit pension plans, and in relation to impairment testing and in accounting for business combinations. IFRS 13 was adopted prospectively from 1 April 2013 so there was no change in any fair values determined in previous periods.

IAS 1 (Revised 2011) Presentation of Financial Statements

IAS 1 (Revised 2011) had no overall impact on the amount of other comprehensive income, but requires that items of other comprehensive income that may be reclassified to profit or loss are presented separately from those that will not be reclassified to profit or loss.

Other standards

Also at the beginning of the year, the Group adopted various minor improvements to accounting standards arising from the IASB's 2009-2011 review cycle and Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities'.

Seasonality

The Group's principal exposure to seasonality is in relation to working capital. The Group's inventories are subject to seasonal fluctuations reflecting crop harvesting and purchases. Inventory levels typically increase progressively from September to November and gradually reduce in the first six months of the calendar year.

2. Basis of preparation (continued)

Use of adjusted measures

Tate & Lyle presents adjusted performance measures including adjusted operating profit, adjusted profit before tax and adjusted earnings per share that are used for internal performance analysis and incentive compensation arrangements for employees and are presented because they provide investors with valuable additional information about the performance of the business. For the periods presented, adjusted performance measures exclude, where relevant, exceptional items, the amortisation of acquired intangible assets, net retirement benefit interest and tax on those adjustments. Adjusted performance measures reported by the Group are not defined terms under IFRS and may therefore not be comparable with similarly-titled measures reported by other companies. The Directors do not regard these measures as a substitute for, or superior to, the equivalent measures presented in accordance with IFRS.

Reconciliations of the adjusted performance measures to the most directly comparable measures presented in accordance with IFRS are presented in Note 15.

Exceptional items

Exceptional items comprise items of income and expense, including tax items, that are material in amount and unlikely to recur and which merit separate disclosure in order to provide an understanding of the Group's underlying financial performance. Examples of events giving rise to the presentation of material items of income and expense as exceptional items include, but are not limited to, impairment events, significant business transformation activities, disposals of operations or significant individual assets, litigation claims by or against the Group and the restructuring of components of the Group's operations.

Discontinued operations

In the Group's financial statements, the results, assets and liabilities and cash flows of discontinued operations are presented separately from those of continuing operations. An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale; and (ii) represents a separate major line of business or geographic area of operations or will be disposed of as part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations.

Accounting standards issued but not yet adopted

A number of new or revised accounting standards have been issued that are relevant to the Group but have not yet been adopted at 31 March 2014. With the exception of IFRS 11 'Joint Arrangements', the Directors do not expect that these standards will have a material effect on the Group's results, reported cash flows or financial position. An explanation and analysis of the effect of IFRS 11 is presented in Note 17.

Standards to be adopted at the beginning of the 2015 financial year

Consolidation, joint arrangements and associates
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IAS 27 (Revised 2011) 'Separate Financial Statements'
- IAS 28 (Revised 2011) 'Investments in Associates and Joint Ventures'
- IFRS 12 'Disclosure of Interests in Other Entities'

Other standards
- Amendments to IAS 32 'Offsetting Financial Assets and Liabilities'
- Amendments to IAS 36 'Recoverable Amount Disclosures for Non-Financial Assets'
- Amendments to IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting'

Standards to be adopted in subsequent years

- Amendments to IAS 19 'Defined Benefit Plans: Employee Contributions' (subject to endorsement for use in the European Union, will be adopted on 1 April 2015)
- IFRS 9 'Financial instruments' (subject to endorsement for use in the European Union and now not expected to become mandatory before 1 April 2018)

3. Segment information

Segment information is presented on a consistent basis with the information presented to the Board for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses.

Continuing operations comprise two operating segments: Speciality Food Ingredients and Bulk Ingredients. Central, which comprises central costs including head office, treasury and reinsurance activities, does not meet the definition of an operating segment under IFRS 8 'Operating Segments' but no sub-total is shown for the Group's operating segments in the tables below so as to be consistent with the presentation of segment information to the Board.

The Board uses adjusted operating profit as the measure of the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the periods presented, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of acquired intangible assets and exceptional items.

An analysis of total assets and total liabilities by operating segment is not presented to the Board but it does receive segmental analysis of net working capital (inventories, trade and other receivables, less trade and other payables). Accordingly, the amounts presented for segment assets and segment liabilities in the tables below represent those assets and liabilities that comprise elements of net working capital.

Year ended 31 March 2014

	Continuing operations					
	Speciality Food Ingredients £m	Bulk Ingredients £m	Central £m	Total £m	Discontinued operations (Note 7) £m	Total operations £m
Segment sales						
External sales (a)	**983**	**2 164**	**–**	**3 147**	**–**	**3 147**
Segment results						
Adjusted operating profit/(loss)	**213**	**172**	**(36)**	**349**	**–**	**349**
Adjusting items:						
Exceptional items (Note 4)	**–**	**–**	**(14)**	**(14)**	**–**	**(14)**
Amortisation of acquired intangible assets	**(10)**	**–**	**–**	**(10)**	**–**	**(10)**
Operating profit/(loss)	**203**	**172**	**(50)**	**325**	**–**	**325**
Finance income				**2**	**–**	**2**
Finance expense				**(37)**	**–**	**(37)**
Profit before tax				**290**	**–**	**290**
Adjusted operating margin	**21.7%**	**7.9%**	**–**	**11.1%**		**11.1%**
Operating margin	**20.7%**	**7.9%**	**–**	**10.3%**		**10.3%**
At 31 March 2014						
Segment assets						
Working capital items	**242**	**447**	**44**	**733**	**–**	**733**
Other assets						**1 794**
Total assets						**2 527**
Segment liabilities						
Working capital items	**(94)**	**(181)**	**(42)**	**(317)**	**–**	**(317)**
Other liabilities						**(1 160)**
Total liabilities						**(1 477)**
Net working capital	**148**	**266**	**2**	**416**	**–**	**416**

(a) The Group's internal structure is such that there are no inter-segment sales.

NOTES TO THE FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2014 (continued)

3. Segment information (continued)

Restated* – Year ended 31 March 2013

	Continuing operations					
	Speciality Food Ingredients £m	Bulk Ingredients £m	Central* £m	Total* £m	Discontinued operations (Note 7) £m	Total operations* £m
Segment sales						
External sales (a)	947	2 309	–	3 256	10	3 266
Segment results						
Adjusted operating profit/(loss)	213	182	(39)	356	(8)	348
Adjusting items:						
Exceptional items (Note 4)	(3)	8	(17)	(12)	26	14
Amortisation of acquired intangible assets	(10)	–	–	(10)	–	(10)
Operating profit/(loss)	200	190	(56)	334	18	352
Finance income				1	–	1
Finance expense				(34)	–	(34)
Profit before tax				301	18	319
Adjusted operating margin	22.5%	7.9%	–	10.9%		10.7%
Operating margin	21.1%	8.2%	–	10.3%		10.8%
At 31 March 2013						
Segment assets						
Working capital items	304	566	23	893	3	896
Other assets						1 891
Total assets						2 787
Segment liabilities						
Working capital items	(115)	(223)	(46)	(384)	(1)	(385)
Other liabilities						(1 366)
Total liabilities						(1 751)
Net working capital	189	343	(23)	509	2	511

* Restated for the adoption of IAS 19 (Revised 2011) 'Employee Benefits', which increased Central costs by £2 million and increased net finance expense by £6 million (see Note 16).

(a) The Group's internal structure is such that there are no inter-segment sales.

4. Exceptional items

Exceptional items recognised in arriving at operating profit were as follows:

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Continuing operations		
Business transformation costs	**(14)**	(20)
Gain on disposal of interest in joint venture – Sucromiles	**–**	8
	(14)	(12)
Discontinued operations		
Gain on disposal of business – Vietnam Sugar	**–**	21
Gain on disposal of assets – Molasses	**–**	5
	–	26
Total exceptional (expense)/income before tax	**(14)**	14

Continuing operations

During the year, the Group incurred further business transformation costs on the implementation of a common global IS/IT platform and, in the prior year also on the implementation of the global Shared Services Centre of which £14 million (2013 - £18 million) did not meet the criteria to be capitalised. During the prior year, the Group also incurred costs of £2 million to complete the relocation of employees and restructuring associated with establishing the Commercial and Food Innovation Centre in Chicago, Illinois.

During the prior year, the Group completed the disposal of its share in Sucromiles SA, its Colombian citric acid joint venture, on which it recognised a gain of £8 million (including cumulative currency translation gains transferred from other comprehensive income).

Exceptional items are analysed by operating segment in Note 3.

Profit for the year from continuing operations includes an income tax credit of £9 million (2013 – credit of £5 million) in relation to exceptional items (see Note 6). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future.

Discontinued operations

During the year, the Group recognised an exceptional income tax credit of £28 million in discontinued operations (see Note 7).

During the prior year, the Group completed the sale of its Vietnam Sugar operations on which it recognised a gain of £21 million (including cumulative currency translation gains transferred from other comprehensive income). Also during the prior year, the Group completed the sale of land and buildings relating to the former Molasses business on which it recognised a gain of £5 million. Exceptional items recognised in the prior year had no impact on the income tax expense of discontinued operations.

5. Finance income and finance expense

	Year ended 31 March 2014 £m	Restated* Year ended 31 March 2013 £m
Finance income		
Interest receivable	**2**	1
Total finance income	**2**	1
Finance expense		
Interest payable on bank and other borrowings	**(28)**	(28)
Fair value hedges:		
– Fair value loss on interest rate derivatives	**(20)**	–
– Fair value adjustment of hedged borrowings	**20**	1
Fair value loss on derivatives not designated as hedges	**–**	(1)
Finance lease interest	**(1)**	(2)
Net retirement benefit interest (Note 11)	**(8)**	(4)
Total finance expense	**(37)**	(34)
Net finance expense	**(35)**	(33)

*See Note 16

Finance expense is shown net of borrowing costs of £2 million (2013 – £2 million) capitalised into the cost of assets at a capitalisation rate of 3.9% (2013 – 3.8%).

Finance income and finance expense relate wholly to continuing operations.

Reconciliation to adjusted net finance expense		
Net finance expense	**(35)**	(33)
Adjusted for:		
Net retirement benefit interest	**8**	4
Adjusted net finance expense	**(27)**	(29)

6. Income tax expense

Continuing operations	**Year ended 31 March 2014 £m**	Restated* Year ended 31 March 2013 £m
Current tax:		
– UK	**–**	–
– Overseas	**43**	23
	43	23
Deferred tax:		
Charge for the year	**7**	27
Adjustments in respect of previous years	**(5)**	(4)
Income tax expense	**45**	46

*See Note 16

Profit for the year from continuing operations reflected an income tax expense of £45 million (2013 – expense of £46 million), including an income tax credit of £9 million (2013 – credit of £5 million) in respect of exceptional items (see Note 4).

The Group's effective tax rate on continuing operations, calculated on the basis of the income tax expense as a proportion of profit before tax of £290 million (2013 – £301 million), was 15.6% (2013 – 15.3%). This compares with the standard rate of corporation tax in the UK of 23% (2013 – 24%).

The Group's adjusted effective tax rate on continuing operations, calculated on the basis of the adjusted income tax expense of £60 million (2013 – £59 million) as a proportion of adjusted profit before tax of £322 million (2013 – £327 million) was 18.5% (2013 – 18.0%).

Adjustments to deferred tax in respect of prior years totalled a credit of £5 million (2013 – credit of £4 million). The amount recognised in the current year reflects non-recurring tax credits in relation to prior years in the US, following a detailed review of underlying tax information. The amount recognised in the 2013 financial year principally related to the settlement of prior year tax in a number of jurisdictions.

The standard rate of corporation tax in the United Kingdom reduced from 23% to 21% with effect from 1 April 2014 and will reduce further to 20% from 1 April 2015.

7. Discontinued operations

During the year, the Group recognised a non-cash exceptional income tax credit of £28 million following the favourable resolution of outstanding tax matters associated with the starch facilities which formed part of the Group's former Food & Industrial Ingredients, Europe segment. During the prior year, the Group completed the sale of its Vietnam Sugar operations and the disposal of land and buildings of its former Molasses business, which related to the Group's former Sugars segment, on which it recognised an exceptional gain before tax of £26 million (see Note 4).

		Year ended 31 March 2013		
	Year ended 31 March 2014 £m	Vietnam Sugar £m	Other £m	Total £m
Sales	**–**	9	1	10
Adjusted operating profit/(loss)	**–**	3	(11)	(8)
Exceptional items	**–**	21	5	26
Operating profit/(loss)	**–**	24	(6)	18
Profit/(loss) before tax	**–**	24	(6)	18
Income tax credit	**28**	–	–	–
Profit/(loss) for the year	**28**	24	(6)	18
Non-controlling interests	**–**	(1)	–	(1)
Profit/(loss) attributable to owners of the Company	**28**	23	(6)	17

8. 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 an average of 3.5 million shares (2013 – 3.5 million shares) held by the Company or the Employee Benefit Trust to satisfy awards made under the Group's share-based incentive plans.

	Year ended 31 March 2014			Restated* – Year ended 31 March 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£ million)	**245**	**28**	**273**	255	17	272
Weighted average number of ordinary shares in issue (millions)	**464.1**	**464.1**	**464.1**	464.2	464.2	464.2
Basic earnings per share	**52.8p**	**6.0p**	**58.8p**	54.9p	3.7p	58.6p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. Where the vesting of these awards is contingent on satisfying a service or performance condition, the number of potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive shares are actually dilutive only when the average market price of the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards). The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares during the year was 788p (2013 – 720p). The dilutive effect of share-based incentives was 6.4 million shares (2013 – 9.3 million shares).

	Year ended 31 March 2014			Restated* – Year ended 31 March 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£ million)	**245**	**28**	**273**	255	17	272
Weighted average number of diluted ordinary shares (millions)	**470.5**	**470.5**	**470.5**	473.5	473.5	473.5
Diluted earnings per share	**52.1p**	**5.9p**	**58.0p**	53.8p	3.6p	57.4p

Adjusted earnings per share

Adjusted earnings per share measures are calculated based on profit for the year from continuing operations attributable to owners of the Company before adjusting items as follows:

Continuing operations	**Year ended 31 March 2014 £m**	Restated* Year ended 31 March 2013 £m
Profit attributable to owners of the Company	**245**	255
Adjusting items:		
– exceptional items	**14**	12
– amortisation of acquired intangible assets	**10**	10
– net retirement benefit interest	**8**	4
– tax effect of the above adjustments	**(15)**	(13)
Adjusted earnings	**262**	268
Adjusted basic earnings per share	**56.5p**	57.7p
Adjusted diluted earnings per share	**55.7p**	56.6p

*See Note 16

9. Dividends on ordinary shares

Dividends on ordinary shares in respect of the financial year:

	Year ended 31 March 2014 Pence	Year ended 31 March 2013 Pence
Per ordinary share		
– Interim dividend paid	**7.8p**	7.4p
– Final dividend proposed	**19.8p**	18.8p
Total dividend	**27.6p**	26.2p

The Directors propose a final dividend for the financial year of 19.8p per ordinary share that, subject to approval by shareholders, will be paid on 1 August 2014 to shareholders on the Register of Members on 27 June 2014. Dividends on ordinary shares paid in the year were as follows:

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
Final dividend paid relating to the prior year	**88**	83
Interim dividend paid relating to the year	**36**	34
Total dividend paid	**124**	117

Based on the number or ordinary shares outstanding at 31 March 2014, the final dividend for the financial year is expected to amount to £92 million.

10. Net debt

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

	At 31 March 2014 £m	At 31 March 2013 £m
Non-current borrowings	**(439)**	(821)
Current borrowings and bank overdrafts	**(339)**	(75)
Debt-related derivative financial instruments	**29**	38
Cash and cash equivalents	**396**	379
Net debt	**(353)**	(479)

Debt-related derivative financial instruments represents the net fair value of currency and interest rate swaps that are used to manage the currency and interest rate profile of the Group's net debt. At 31 March 2014, the net fair value of these derivatives comprised assets of £36 million (2013 – £61 million) and liabilities of £7 million (2013 – £23 million).

Movement in net debt during the year:

	Year ended 31 March 2014 £m	Year ended 31 March 2013 £m
At 1 April	**(479)**	(476)
Increase/(decrease) in cash and cash equivalents	**50**	(68)
Cash outflow from net decrease in borrowings	**44**	95
Debt in subsidiary acquired	**(3)**	–
Fair value and other movements	**–**	13
Currency translation differences	**35**	(43)
Decrease/(increase) in net debt in the year	**126**	(3)
At 31 March	**(353)**	(479)

11. Retirement benefit obligations

At 31 March 2014, the net liability in respect of retirement benefits was £220 million (2013 - £265 million), which may be analysed as follows:

	At 31 March 2014			At 31 March 2013		
	Pensions £m	**Medical benefits £m**	**Total £m**	Pensions £m	Medical benefits £m	Total £m
Present value of the benefit obligation	**(1 471)**	**(54)**	**(1 525)**	(1 592)	(80)	(1 672)
Fair value of plan assets	**1 305**	–	**1 305**	1 407	–	1 407
Net liability	**(166)**	**(54)**	**(220)**	(185)	(80)	(265)
Presented as:						
Deficits	**(166)**	**(54)**	**(220)**	(197)	(80)	(277)
Surpluses	–	–	–	12	–	12
Net liability	**(166)**	**(54)**	**(220)**	(185)	(80)	(265)

Changes in the net liability during the year may be analysed as follows:

	Year ended 31 March 2014		
	Pensions £m	**Medical benefits £m**	**Total £m**
Net liability at 1 April 2013	**(185)**	**(80)**	**(265)**
(Increase)/decrease in the benefit obligation:			
– Service cost	**(5)**	**(2)**	**(7)**
– Plan administration costs	**(2)**	**–**	**(2)**
– Interest on benefit obligation	**(61)**	**(3)**	**(64)**
– Net actuarial (loss)/gain	**(1)**	**20**	**19**
– Employees' contributions	**(1)**	**–**	**(1)**
– Benefits paid	**77**	**4**	**81**
– Transfer on settlement	**67**	**–**	**67**
– Currency translation differences	**47**	**7**	**54**
Net decrease in the benefit obligation	**121**	**26**	**147**
Increase/(decrease) in the fair value of the plan assets:			
– Interest on plan assets	**56**	**–**	**56**
– Actual return lower than interest on plan assets	**(29)**	**–**	**(29)**
– Employer's contributions	**43**	**–**	**43**
– Employees' contributions	**1**	**–**	**1**
– Benefits paid	**(77)**	**–**	**(77)**
– Transfer on settlement	**(63)**	**–**	**(63)**
– Currency translation differences	**(33)**	**–**	**(33)**
Net decrease in the fair value of the plan assets	**(102)**	**–**	**(102)**
Net liability at 31 March 2014	**(166)**	**(54)**	**(220)**

During the year, the trustees of the Amylum UK Pension Scheme agreed a full buy-in of its benefit obligations at a cost of £82 million (which was partially funded by an additional contribution from the Group of £6 million). For accounting purposes, the benefit obligations were valued at £69 million such that there was a loss on plan assets of £13 million.

Also during the year, the assets and liabilities of the defined benefit pension plan in the Netherlands were transferred to a new collective defined contribution plan and the defined benefit plan was closed. For accounting purposes, this transfer was treated as a settlement on which the Group recognised a gain of £4 million.

12. Capital commitments

	At 31 March 2014 £m	At 31 March 2013 £m
Commitments for the purchase of intangible assets	**1**	6
Commitments for the purchase of property, plant and equipment	**39**	21
Total commitments	**40**	27

13. Contingent liabilities

Sale of EU Sugars
As previously announced, American Sugar Holdings (ASR) 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 in September 2010. 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 intends to defend vigorously.

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 31 March 2014 will have a material adverse effect on the Group's financial position.

14. Currency exchange rates

The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into pounds sterling were as follows:

	Year ended 31 March 2014 £1 =	Year ended 31 March 2013 £1 =
Average rate		
US Dollar	**1.59**	1.57
Euro	**1.19**	1.24

	At 31 March 2014 £1 =	At 31 March 2013 £1 =
Year-end rate		
US Dollar	**1.67**	1.52
Euro	**1.21**	1.18

15. Reconciliation of adjusted performance measures

For the reasons set out in Note 2, Tate & Lyle presents adjusted performance measures including adjusted operating profit, adjusted profit before tax and adjusted earnings per share. For the periods presented, these adjusted performance measures exclude, where relevant, exceptional items, the amortisation of acquired intangible assets, net retirement benefit interest, tax on those adjustments and an exceptional tax item in discontinued operations.

The following table shows the reconciliation of the adjusted performance measures to the most directly comparable measures presented in accordance with IFRS.

	Year ended 31 March 2014			Restated* Year ended 31 March 2013		
£m unless otherwise stated	**Reported**	**Adjusting items**	**Adjusted**	Reported	Adjusting items	Adjusted
Continuing operations						
Sales	**3 147**	**–**	**3 147**	3 256	–	3 256
Operating profit	**325**	**24**	**349**	334	22	356
Net finance expense	**(35)**	**8**	**(27)**	(33)	4	(29)
Profit before tax	**290**	**32**	**322**	301	26	327
Income tax expense	**(45)**	**(15)**	**(60)**	(46)	(13)	(59)
Profit for the year	**245**	**17**	**262**	255	13	268
Basic earnings per share	**52.8p**	**3.7p**	**56.5p**	54.9p	2.8p	57.7p
Diluted earnings per share	**52.1p**	**3.6p**	**55.7p**	53.8p	2.8p	56.6p
Effective tax rate	**15.6%**		**18.5%**	15.3%		18.0%
Discontinued operations						
Sales	**–**	**–**	**–**	10	–	10
Operating profit/(loss)	**–**	**–**	**–**	18	(26)	(8)
Net finance expense	**–**	**–**	**–**	–	–	–
Profit/(loss) before tax	**–**	**–**	**–**	18	(26)	(8)
Income tax credit	**28**	**(28)**	**–**	–	–	–
Profit/(loss) for the year	**28**	**(28)**	**–**	18	(26)	(8)
Non-controlling interests	**–**	**–**	**–**	(1)	–	(1)
Profit/(loss) attributable to shareholders	**28**	**(28)**	**–**	17	(26)	(9)
Basic earnings/(loss) per share	**6.0p**	**(6.0)p**	**– p**	3.7p	(5.6)p	(1.9)p
Diluted earnings/(loss) per share	**5.9p**	**(5.9)p**	**– p**	3.6p	(5.5)p	(1.9)p
Total operations						
Sales	**3 147**	**–**	**3 147**	3 266	–	3 266
Operating profit	**325**	**24**	**349**	352	(4)	348
Net finance expense	**(35)**	**8**	**(27)**	(33)	4	(29)
Profit before tax	**290**	**32**	**322**	319	–	319
Income tax expense	**(17)**	**(43)**	**(60)**	(46)	(13)	(59)
Profit for the year	**273**	**(11)**	**262**	273	(13)	260
Non-controlling interests	**–**	**–**	**–**	(1)	–	(1)
Profit attributable to shareholders	**273**	**(11)**	**262**	272	(13)	259
Basic earnings per share	**58.8p**	**(2.3)p**	**56.5p**	58.6p	(2.8)p	55.8p
Diluted earnings per share	**58.0p**	**(2.3)p**	**55.7p**	57.4p	(2.7)p	54.7p
Effective tax rate	**5.9%**		**18.5%**	14.4%		18.5%

*See Note 16

16. Adoption of IAS 19 (Revised 2011) 'Employee Benefits'

At the beginning of the year, the Group adopted IAS 19 (Revised 2011) 'Employee Benefits' which changed the way it accounts for defined benefit pension and other retirement benefit plans. IAS 19 (Revised 2011) had no effect on the Group's financial position but it changed the allocation of movements in the net deficits or surpluses on the plans within and between the income statement and other comprehensive income.

In previous years, the Group's income statement reflected an expected return on the plan assets and an interest cost on the benefit obligation. Differences between those assumptions and the actual outcomes were included in the net actuarial gain or loss that was recognised in other comprehensive income. Under the revised standard, the Group's income statement reflects a net interest cost or credit calculated by applying the discount rate used in measuring the present value of the benefit obligation to the deficit or surplus on the plan. Essentially, therefore, in the Group's income statement the expected return on the plan assets has been replaced by an interest credit. Differences between the actual return on the plan assets and the interest credit are recognised on a separate line in other comprehensive income.

Asset management costs continue to be deducted in arriving at the actual return on plan assets. Plan administration costs that were previously deducted in arriving at the expected return on the plan assets are now charged to operating profit.

Comparative amounts for 2013 have been restated on a consistent basis. An analysis of the effect on the Group's results for 2014 and 2013 is presented below:

	Year ended 31 March 2014			Year ended 31 March 2013		
£m unless otherwise stated	Under previous policy	Effect of IAS 19R	**As reported**	As previously reported	Effect of IAS 19R	As restated
Continuing operations						
Sales	3 147	–	**3 147**	3 256	–	3 256
Operating profit	327	(2)	**325**	336	(2)	334
Finance income	2	–	**2**	3	(2)	1
Finance expense	(29)	(8)	**(37)**	(30)	(4)	(34)
Profit before tax	300	(10)	**290**	309	(8)	301
Income tax expense	(49)	4	**(45)**	(49)	3	(46)
Profit from continuing operations	251	(6)	**245**	260	(5)	255
Profit from discontinued operations	28	–	**28**	18	–	18
Profit for the year	279	(6)	**273**	278	(5)	273
Other comprehensive expense	(119)	6	**(113)**	(149)	5	(144)
Total comprehensive income	160	–	**160**	129	–	129
Continuing operations						
Basic earnings per share	54.1p	(1.3)p	**52.8p**	56.0p	(1.1)p	54.9p
Diluted earnings per share	53.4p	(1.3)p	**52.1p**	54.9p	(1.1)p	53.8p
Total operations						
Basic earnings per share	60.1p	(1.3)p	**58.8p**	59.7p	(1.1)p	58.6p
Diluted earnings per share	59.3p	(1.3)p	**58.0p**	58.5p	(1.1)p	57.4p

17. Future adoption of IFRS 11 'Joint Arrangements'

With effect from 1 April 2014, the Group adopted IFRS 11 'Joint Arrangements' which will change significantly the basis of accounting for its interests in joint ventures.

In this financial information, the Group's interests in joint ventures are accounted for by proportionate consolidation, whereby the Group's share of the income and expenses, assets and liabilities and cash flows of joint ventures are combined on a line-by-line basis with those of Tate & Lyle PLC and its subsidiaries. IFRS 11 prohibits the use of proportionate consolidation and requires that joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, the Group's share of the after tax profits and losses of the joint ventures will be shown on one line of the consolidated income statement, its share of their net assets will be shown on one line of the consolidated statement of financial position and the consolidated statement of cash flows will reflect cash flows between the Group and the joint ventures (investments in and dividends received from joint ventures) within cash flows from investing activities. While these changes will not affect the Group's earnings or its net assets, they will affect many of the individual line items presented in the Group's financial statements.

Comparative amounts for 2014 will be restated on a consistent basis in the Group's financial statements for future periods. We present below an analysis of the effect of IFRS 11 on selected line items.

	Year ended 31 March 2014			
	As currently reported £m	Elimination of proportionate consolidation £m	Adoption of equity accounting £m	As will be restated £m
Consolidated profit or loss and comprehensive income				
Continuing operations				
Sales	**3 147**	(393)	–	2 754
Operating profit	**325**	(74)	–	251
Finance income	**2**	–	–	2
Finance expense	**(37)**	–	–	(37)
Share of profit after tax of joint ventures	–	–	61	61
Profit before tax	**290**	(74)	61	277
Income tax expense	**(45)**	13	–	(32)
Profit from continuing operations	**245**	(61)	61	245
Profit from discontinued operations	**28**	–	–	28
Profit for the year	**273**	(61)	61	273
Other comprehensive expense	**(113)**	22	(22)	(113)
Total comprehensive income	**160**	(39)	39	160
Consolidated cash flows				
Net cash inflow from operating activities	**384**	(98)	–	286
Net cash outflow from investing activities	**(137)**	11	105	(21)
Net cash outflow from financing activities	**(197)**	–	–	(197)
Net cash inflow	**50**	(87)	105	68

	At 31 March 2014			
	As currently reported £m	Elimination of proportionate consolidation £m	Adoption of equity accounting £m	As will be restated £m
Consolidated assets and liabilities				
Non-current assets	**1 319**	(137)	224	1 406
Current assets	**1 208**	(146)	–	1 062
Total assets	**2 527**	(283)	224	2 468
Total equity	**1 050**	(224)	224	1 050
Non-current liabilities	**718**	(6)	–	712
Current liabilities	**759**	(53)	–	706
Total equity and liabilities	**2 527**	(283)	224	2 468

Going forward, the Group will present segment and adjusted financial information on a proportionate consolidation basis since this reflects the management of our joint ventures on an integrated basis with the Group's subsidiaries.

TATE & LYLE PLC

ADDITIONAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2014

RATIO ANALYSIS[(a)]

		Year ended 31 March 2014	Year ended 31 March 2013
Net debt to EBITDA [(b)]			
=	Net debt	**373**	461
	Pre-exceptional EBITDA	**467**	469
		= 0.8 times	= 1.0 times
Interest cover [(b)]			
=	Operating profit before exceptional items and amortisation of intangible assets	**359**	364
	Net finance expense	**31**	33
		= 11.6 times	= 11.1 times
Earnings dividend cover			
=	Adjusted basic earnings per share from continuing operations	**56.5**	57.7*
	Dividend per share	**27.6**	26.2
		= 2.0 times	= 2.2 times
Cash dividend cover [(c)]			
=	Free cash flow from continuing operations	**227**	110
	Cash dividends	**128**	122
		= 1.8 times	= 0.9 times
Return on capital employed			
=	Profit before interest, tax and exceptional items from continuing operations	**339**	346*
	Average invested operating capital of continuing operations[(d)]	**1 770**	1 751
		= 19.2%	= 19.7%
Average quarterly cash conversion[(e)]		**39 days**	42 days

		At 31 March 2014	At 31 March 2013
Gearing			
=	Net debt	**353**	479
	Total equity	**1 050**	1 036
		= 34%	= 46%

(a) All ratios are calculated based on unrounded figures.

(b) Net debt to EBITDA and interest cover are defined under the Group's banking covenants. For the purpose of these ratios, the effect of new or revised accounting standards adopted by the Group subsequent to 1 April 2012 are ignored and net debt is calculated using average currency exchange rates.

(c) Free cash flow represents cash generated from continuing operations, less net interest paid, less income tax paid, less expenditure on the purchase of property, plant and equipment and on the purchase of intangible assets. Cash dividends represent dividends on ordinary shares paid or proposed in respect of the reporting period, excluding dividends that are reinvested in shares through the DRIP scheme.

(d) Average invested operating capital represents the average at the beginning and end of the period of shareholders' equity excluding net debt, net tax assets/liabilities and net retirement benefit obligations.

(e) Average quarterly cash conversion represents controllable net working capital at the end of the quarter divided by sales in the quarter, multiplied by the number of days in the quarter and is calculated on a four-quarter rolling basis (a reduction in the number of days represents an improvement).

*Restated (see Note 16 to the consolidated financial information)