TATE & LYLE

Building a platform for long-term growth

Annual Report 2012

A good performance over the past year

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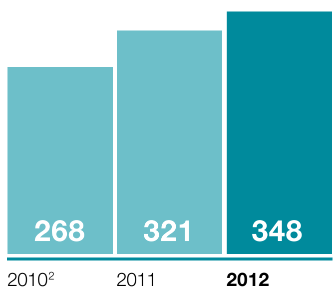
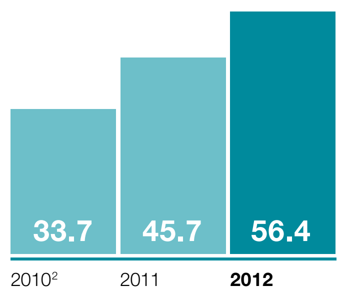
Shareholder information

*These sections make up the Directors' Report. This part of the annual report sets out the information on the Group's principal activities, together with a review of the development and performance of the Group, including financial performance, in accordance with Section 417 of the Companies Act 2006.

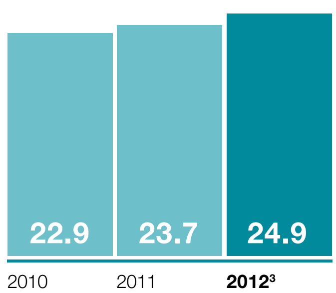
Adjusted operating profit[1]
£m



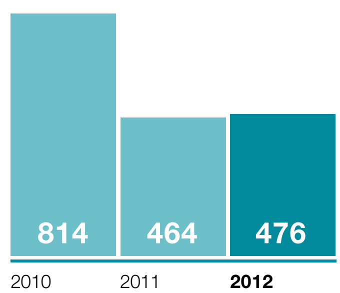
Adjusted diluted earnings per share[1] pence



Dividend per share
pence



Net debt
£m



Statutory results	2012	2011
Operating profit	**£404m**	£303m
Profit before tax	**£379m**	£245m
Profit for the year (on total operations)	**£309m**	£167m
Diluted earnings per share (on total operations)	**64.3p**	34.7p

Notes
1 Continuing operations; before exceptional items and amortisation of intangible assets acquired through business combinations.
2 The results for the year ended 31 March 2010 have been restated to reflect the reclassification of the Sugars segment as discontinued operations.
3 This includes the proposed final dividend.

Adjusted operating profit, adjusted profit before tax and adjusted earnings per share
Unless stated otherwise, adjusted operating profit, adjusted profit before tax and adjusted earnings per share in this annual report and accounts exclude discontinued operations and are before exceptional items and amortisation of intangible assets acquired through business combinations.

Trademarks

Definitions/cautionary statement
Please read the statements on the inside back cover.

A leading global provider of ingredients and solutions

About us: Tate & Lyle is a global provider of ingredients and solutions to the food, beverage and other industries.

Through our production facilities across the world, we turn raw materials into distinctive, high quality ingredients for our customers. Our ingredients and solutions add taste, texture, nutrition and functionality to products used or consumed by millions of people every day.

Building a platform for future growth: Our vision is to become the leading global provider of speciality food ingredients and solutions. Over the last two years we have been taking a number of steps necessary to realise this vision through our 'Focus, Fix, Grow' business transformation programme. The 'Focus' phase is largely complete, following the exit from Sugars. The 'Fix' element, which is about getting the right enabling platform in place, is well underway and we have achieved a number of important milestones over the last year.

And finally the 'Grow', which is about investing our capital in the right areas, creating a best in class innovation platform and significantly enhancing the way we interact with customers.

Our Strategy and Business Transformation Programme: **pg.6**

Getting more from your report

Read more
Look out for this icon which refers you to the subject in more detail.

This report is available on our Annual Report 2012 microsite.
www.tateandlyle.com/annualreport2012

Find out more about Tate & Lyle
For more information about us, visit our regularly updated website, www.tateandlyle.com.

A global business dedicated to serving our customers from over 30 locations worldwide

Sales

£3,088m

2011 – £2,720m

Adjusted profit before tax

£323m

2011 – £263m

Net debt

£476m

2011 – £464m

Employees worldwide

4,383

Key locations

34

Key locations: Speciality Food Ingredients

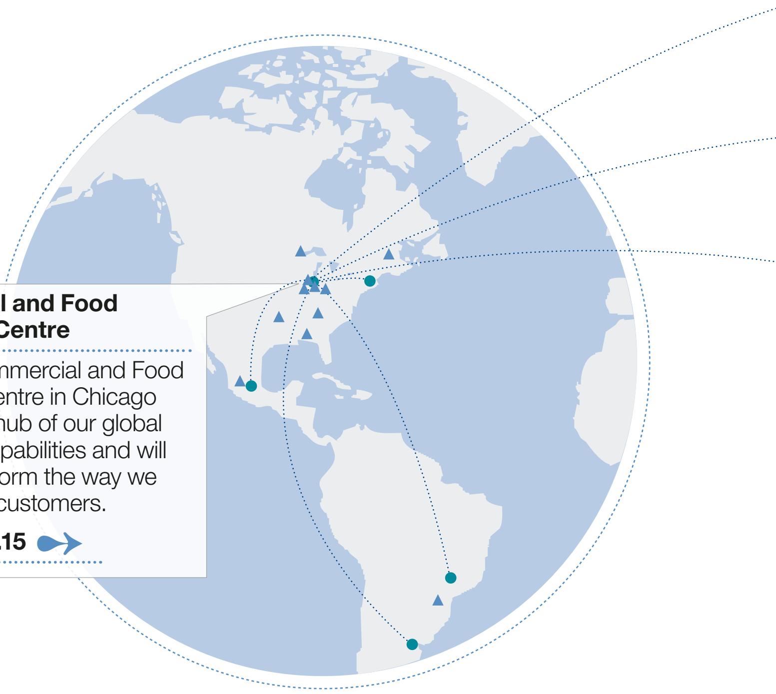
USA:
- Chicago, Illinois ●
- Houlton, Maine ▲
- Lafayette, Indiana ▲
- McIntosh, Alabama ▲
- Princeton, New Jersey ●
- Sycamore, Illinois ▲●
- Van Buren, Arkansas ▲

Latin America:
- Buenos Aires, Argentina ●
- Mexico City, Mexico ●
- São Paulo, Brazil ●

Key locations: Bulk Ingredients

USA:
- Dayton, Ohio ▲
- Decatur, Illinois ▲
- Duluth, Minnesota ▲
- Lafayette, Indiana ▲
- Loudon, Tennessee ▲

Latin America:
- Guadalajara, Mexico[1] ▲
- Santa Rosa, Brazil ▲

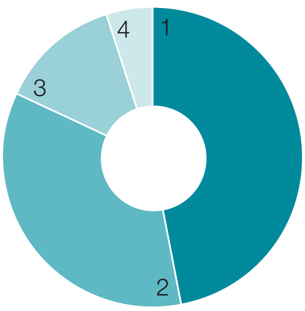


Commercial and Food Innovation Centre

Our new Commercial and Food Innovation Centre in Chicago will form the hub of our global innovation capabilities and will help to transform the way we interact with customers.

Read more: **pg.15**

Employees by geography



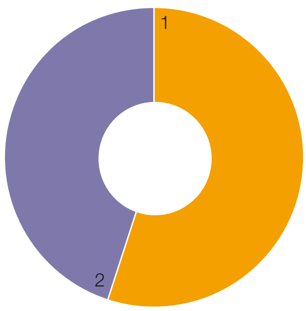
1 North America
47%

2 Europe, Middle East & Africa
35%

3 Latin America
13%

4 Asia Pacific
5%

Operating profit %



1 Speciality Food Ingredients
55%

2 Bulk Ingredients
45%

Tate & Lyle operates through two global business units:

Speciality Food Ingredients

Bulk Ingredients

These two business units are supported by our Innovation and Commercial Development group and our global Shared Service Centre in Poland.

We have operations in over 30 countries including our manufacturing facilities where we make our ingredients, and our global network of satellite applications laboratories allowing us to collaborate with customers wherever they are located and to leverage our new global innovation hub, the Commercial and Food Innovation Centre in Chicago.

Europe:
- Bergamo, Italy ●
- Koog, The Netherlands ▲
- Lille, France ●
- Lübeck, Germany ▲●
- Mold, UK ▲●
- Noto, Italy ▲
- Ossona, Italy ▲

Middle East & Africa:
- Kya Sand, South Africa ▲●

Asia Pacific:
- Brisbane, Australia ▲●
- Jurong Island, Singapore ▲
- Shanghai, China ●

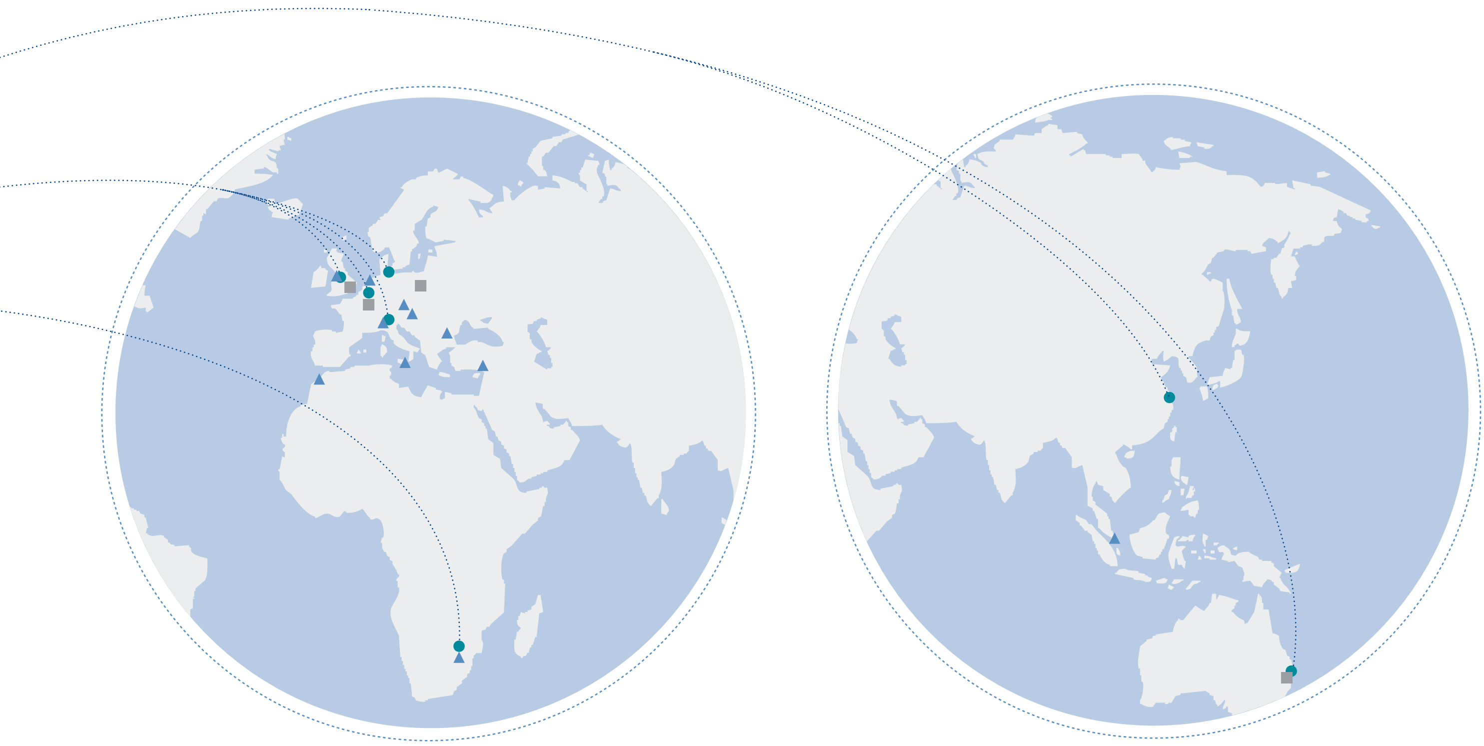
Key
- ▲ Manufacturing Facilities
- ● Applications/Technical Services Facilities
- ■ Key Central/ICD Locations

Europe:
- Adana, Turkey[1] ▲
- Boleraz, Slovakia[1] ▲
- Razgrad, Bulgaria[1] ▲
- Szabadegyhaza, Hungary[1] ▲

Middle East & Africa:
- Casablanca, Morocco ▲

1 joint venture

Key Central/ICD Locations:
- Chicago, Illinois ■
- Lille, France ■
- Łódź, Poland ■
- London, UK ■



How the Group developed its global footprint during the year

Global Shared Service Centre opens in Łódź, Poland

Production restarts at SPLENDA® Sucralose facility in McIntosh, Alabama, USA

New global Commercial and Food Innovation Centre opens in Chicago, USA

New Applications and Technical services facilities open in São Paulo, Brazil and Mexico City, Mexico

Turning raw materials into distinctive, high quality ingredients and solutions for our customers

Through our facilities throughout the world we:

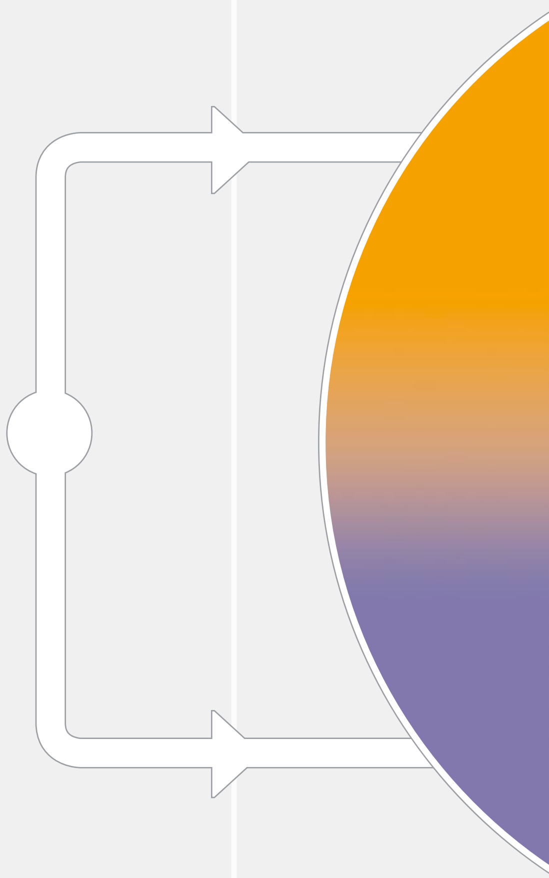
- Use our innovation capabilities to develop and enhance new and existing products
- Leverage our technical and applications expertise to provide a full end-to-end service for our customers

More online:
Bring our business model to life online at www.tateandlyle.com/annualreport2012

Sources

All our ingredients are produced from crops, predominantly corn. Ensuring we have a reliable source of corn for our plants is essential. This involves developing long-term, mutually beneficial relationships with growers, farmers and other commercial partners to secure supply; understanding commodity markets; and hedging costs where feasible. Supply chain ethics are important to us. We apply clear standards, both operational and ethical, to our suppliers, and work with them to help them meet our compliance needs. This is essential if we are to meet our customers' requirements for traceability, quality and ethical standards throughout the supply chain.

Raw materials



Operations

We operate through two global business units – Bulk Ingredients and Speciality Food Ingredients. Each division has its own manufacturing and commercial operations to provide the necessary focus and expertise for customers in their two different end markets.

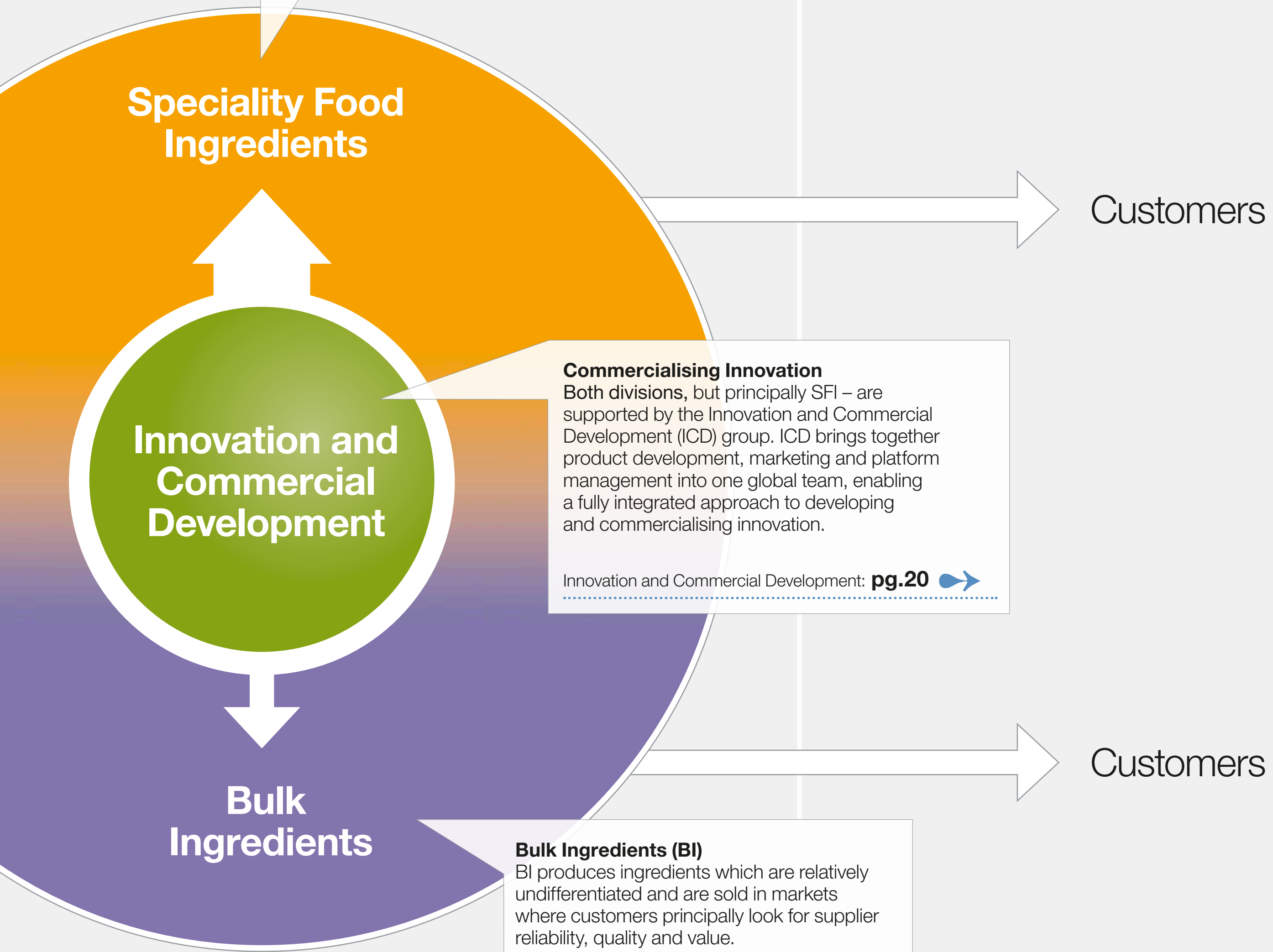
Customers

Food and beverage is our most significant market comprising over 70% of Group sales. Other markets we sell into include industrial, animal feed, and pharmaceutical and personal care.

Customer understanding drives all that we do. We use market research to understand the consumer (our customer's customer), the markets we operate in and our customers' needs. We use this insight to drive our own product development, to differentiate ourselves from our competitors and, importantly, to give our customers an advantage by working with us. For large customers, we provide technical and applications support. For smaller customers, we are often their 'outsourced' R&D team.

Speciality Food Ingredients (SFI)
SFI produces distinctive, high-value ingredients which are sold in markets where customers look for technical and innovation capability, insight and flexibility. SFI also has a food systems or blending business which sources ingredients and uses them along with our own to develop bespoke combinations of ingredients primarily for small- to medium-sized customers.

Speciality Food Ingredients: **pg.16**



Commercialising Innovation
Both divisions, but principally SFI – are supported by the Innovation and Commercial Development (ICD) group. ICD brings together product development, marketing and platform management into one global team, enabling a fully integrated approach to developing and commercialising innovation.

Innovation and Commercial Development: **pg.20**

Bulk Ingredients (BI)
BI produces ingredients which are relatively undifferentiated and are sold in markets where customers principally look for supplier reliability, quality and value.

Bulk Ingredients: **pg.18**

How we are delivering on our strategy

A strategy for long-term growth

Our vision is to become the leading global provider of speciality food ingredients and solutions. Our strategy is to deliver this vision through:

- A disciplined focus on growing our Speciality Food Ingredients business through:
  - Deeper customer understanding, continuous innovation and agility
  - Stronger positions in high growth markets
- Driving our Bulk Ingredients business for sustained cash generation to fuel this growth

In May 2010, following a detailed review of the entire business, we started a journey to realise our vision through our Focus, Fix, Grow business transformation programme.

2010

Focus

The Focus phase, which is largely complete, is about concentrating our resources and investment in areas that will support our objective of delivering long-term sustainable growth.

Why speciality food ingredients?

The global speciality food ingredients market is growing at 4% to 5% annually, underpinned by strong underlying consumer trends like health & wellness and convenience.

A fragmented market, it gives us opportunities to grow both organically and via acquisition. Despite some strong competitive global market positions, we have a relatively limited presence in a significant proportion of the market, namely emerging markets and the market for small and medium-sized (SMEs) and private label companies, providing opportunities to grow.

What have we moved away from?

Tate & Lyle has a long and proud history of sugar refining and the decision to sell our EU sugar refining business in July 2010 was not one we took lightly.

However, it had for some years ceased to be a core part of the business and we concluded that it was in the best interests of both Tate & Lyle and the sugar operation that it be owned by a company for which cane sugar refining was the main focus.

In November 2010 we sold our Molasses business and we are in the process of disposing of our Vietnamese sugar operations.

Fix

We are over halfway through this phase, which is all about making changes to ensure that we have the right operating model, the right operating capabilities and the right people.

Operating model

In June 2010 we moved to a new streamlined operating model: two global business units, Bulk Ingredients and Speciality Food Ingredients, supported by the new Innovation and Commercial Development group. Now firmly embedded, this model is more efficient, simpler and allows us to get much closer to our customers and the markets in which we operate.

Our business model: **pg.4**

Operating capabilities

In January 2011 we launched two projects to transform our operational capabilities: implementing a common set of business processes supported by a single global IS/IT platform; and setting up a global Shared Service Centre to manage our support functions.

Our shared service centre, based in Łódź, Poland, started operations in September 2011. By the end of the year ending 31 March 2013, when fully operational, it will be a multi-lingual facility supporting our businesses worldwide. The new global IS/IT platform, which we will commence rolling out in summer 2012, will greatly improve the way we operate. It will allow us to gather and interpret information much more quickly and be more responsive as a result.

People

To make the most of our operational model and capabilities, we need the right people working in the right way and to develop a high performance culture. In 2010 we overhauled our performance management system and remuneration arrangements; today we have one global management bonus plan and one global sales incentive plan, both directly linked to our key performance indicators. We have made key hires in customer-facing areas to boost our skills, while developing those with potential internally by providing the right assignments and relevant training.

Global Shared Service Centre opens for business

Our new centre in Łódź, Poland opened in September 2011. It is already helping to support a common way of working across the business.

Grow

Our primary objective is to create a platform which is capable of delivering sustainable long-term growth and we have identified three core areas to achieve this:

Customer engagement

We opened our new global Commercial and Food Innovation Centre in Chicago in March 2012, giving us leading-edge customer-focused facilities. Along with state-of-the-art R&D laboratories, it has pilot plant, sensory and analytic testing facilities, a demonstration kitchen, and global video streaming capabilities.

Read more: **pg.15**

Innovation

In 2010, we created the Innovation and Commercial Development (ICD) group which houses R&D, product management and marketing, providing us with a fully integrated approach to developing and commercialising innovations. Within ICD, we also have an open innovation team focused on looking externally for new products and technologies that fit our strategy. The move to Chicago and the creation of the new Commercial and Food Innovation Centre has allowed us to attract people in ICD from a wider and more diverse pool of talent.

New markets

To build our presence in emerging markets, we have strengthened our sales and technical teams in Asia and Latin America. We have also recruited dedicated resources to focus on the private label and SME segments.

Commercial and Food Innovation Centre: a key part of our platform for long-term growth

In March 2012, we opened our new innovation centre in Chicago, USA which will form the hub of our global innovation network.

Measuring our success against our strategy

View this online:
www.tateandlyle.com/annualreport2012

Performance

We focus on a number of financial performance measures to ensure that our strategy successfully delivers increased value for our shareholders.

Chief Executive's Review: **pg.12**

What we measure

Sales of speciality food ingredients.

Adjusted operating profit.

Return on capital employed: adjusted profit before interest, tax and exceptional items divided by adjusted average net operating assets for continuing operations.

Cash conversion cycle: controllable working capital divided by quarterly sales, multiplied by the number of days in the quarter.

Financial strength

We look at measures of financial strength to ensure that we maintain the financial flexibility to grow the business whilst maintaining investment credit ratings.

Group Financial Results: **pg.21**

What we measure

Net debt to EBITDA multiple[1]: the number of times the Group's net borrowing exceeds its trading cash flow. EBITDA is earnings before exceptional items, interest, tax, depreciation and amortisation.

Interest cover[1]: the number of times the profit of the Group exceeds interest payments made to service its debt.

Corporate responsibility

It is important that we act responsibly and consider carefully the impact our activities have on all stakeholders including employees, customers and the communities in which we operate.

Corporate Responsibility: **pg.30**

Environmental Sustainability: We use a range of key performance indicators to measure our sustainability performance and drive continuous improvement: our latest sustainability performance is presented in the Corporate Responsibility section on pages 30 to 35.

What we measure

Recordable incident rate: the number of injuries per 200,000 hours that require more than first aid, for employees and contractors.

Lost-time accident rate: the number of injuries that resulted in lost work days or restricted work activities per 200,000 hours, for employees and contractors.

1 Net debt, EBITDA and interest as defined in our banking covenants.

The Board has chosen a number of key performance indicators to measure the Group's progress. The table sets out these indicators, explaining how they relate to our strategic priorities, and how we performed against them this year.

Why we measure it	How we performed 2012	2011	Change
To ensure we are successful in growing the division which is the key area of strategic focus for the business.	**£887m**	£805m	**+12%** (constant currency)
To track the underlying performance of the business and to ensure sales growth translates into increased profits.	**£348m**	£321m	**+11%** (constant currency)
To ensure that we continue to generate a strong rate of return on the assets that we employ and that we have a disciplined approach to capital investment.	**21.6%**	20.6%	**+100bps[2]**
To track how efficient we are in turning increased sales into cash and to ensure that working capital is managed effectively.	**36 days**	34 days	**Lengthened by 2 days**

Why we measure it	How we performed 2012	2011
To ensure that we have the appropriate level of financial gearing and that we generate sufficient profits to service our debt. These measures are a key focus for banks and providers of both debt and equity capital.	**1.1x**	1.1x
	11.1x	6.9x

Why we measure it	How we performed[3] 2011	2010	Change
The safety of our employees and contractors is of paramount importance. Ensuring safe and healthy conditions at all our locations is essential to our operation as a successful business.	**0.85**	0.95	**Improved by 10%**
	0.41	0.59	**Improved by 30%**

2 Basis points (one hundred basis points equates to one percentage point).
3 Unlike our other KPIs, we report safety performance by calendar year because we are required to do so for other regulatory reporting purposes. Due to an injury in 2010 that did not result in lost time until 2011, we have amended the 2010 recordable incident rate shown above to 0.95 (from 0.93 as previously reported) and the 2010 lost time accident rate to 0.59 (from 0.58 as previously reported).

We are making steady progress towards our objective of delivering sustainable value for our shareholders

Sir Peter Gershon
Chairman

Overview

Tate & Lyle has continued to make progress during the year, delivering a good financial and operational performance and achieving a number of important milestones on our business transformation programme.

Having refocused the Group through the exit from Sugars during the last financial year, we have delivered against the objectives we set on two major initiatives approved by the Board last year.

In March 2012, the Board attended the opening of our global Commercial and Food Innovation Centre in Chicago, USA, a facility that is designed to transform our product development capability and the way we interact with our customers. In September 2011, our new global Shared Service Centre in Łódź, Poland became operational and since then has taken on responsibility for processing financial transactions for our European and US businesses.

I am also pleased to report that in March 2012 we successfully restarted production at our SPLENDA® Sucralose facility in McIntosh, Alabama, a project that was delivered ahead of schedule. Key to this success was the return of over 75% of the former operators and technicians whom I am delighted to welcome back to Tate & Lyle. As well as demonstrating the importance we place on successful project execution, this project is a good example of the new capital asset management disciplines put in place across the Group in 2010.

Safety

We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees and contractors. During the year, we implemented a number of improvements to our safety processes based on recommendations from the third party audit conducted last year.

While the Board is pleased to report an improvement in the overall safety performance, with a reduction in both the recordable incident rate and lost-time accident rate during the year, we continue to look at ways to further improve safety standards of all those who work at our sites.

Board composition and diversity

We were very sad to announce the death of Dr Barry Zoumas in August 2011, a non-executive director of the Company and Chairman of the Company's Research Advisory Group. Barry had served on the Board since 2005 and made an invaluable contribution to the Board and the Group and I know I speak for the whole Board when I say he is sorely missed.

On 1 April 2012, we welcomed Dr Ajai Puri to the Board as a non-executive director, Chairman of the Company's Research Advisory Group and a member of the Corporate Responsibility, Remuneration and Nominations Committees. Ajai's detailed technical knowledge and business experience within the speciality food and beverage industry will be of significant benefit to the Group.

Restart of the McIntosh, Alabama facility

In March 2012, we restarted production ahead of schedule at our SPLENDA® Sucralose facility in McIntosh, Alabama. This marked the culmination of an important growth project to expand SPLENDA® Sucralose capacity to meet rising global customer demand – the first project to follow our new capital asset management process introduced two years ago.

Not only did the plant restart early, but it did so with a good safety record by both employees and contractors, which is a testament not only to the ongoing commitment by Tate & Lyle to provide a safe and secure working environment for everyone at our sites, but also to excellent project planning and execution. The restarting of McIntosh was helped enormously by the return of more than 75% of our former operators and technicians, many with more than ten years' experience working in sucralose production at our site. We are delighted to welcome them back to Tate & Lyle.

Speciality Food Ingredients: **pg.16**

We believe that each member of the Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Subject to that principle we believe that the Board's perspective and approach can be greatly enhanced through gender, age and cultural diversity and it is our policy to consider overall Board balance and diversity when appointing new directors.

Corporate responsibility and risk management

During the year we further strengthened our internal control arrangements and reporting of environmental, social and governance matters. We did this through the operation of the Board's Corporate Responsibility Committee, the work of our Group Operational Efficiency and Sustainability function and the diligent work of our quality, environmental and engineering employees across the business.

Our environmental management improved in calendar year 2011. We made a step-change in improving our performance in the externally-assessed Carbon Disclosure Project, as a result of our increased understanding of and actions on company-specific risks and opportunities related to climate change.

Financial performance

Turning to financial performance: profit before tax, exceptional items and amortisation of acquired intangible assets of £323 million represented growth of 23% (26% in constant currency) on the previous year, with Speciality Food Ingredients and Bulk Ingredients delivering an increase of 4% and 10% in adjusted operating profit respectively. Adjusted diluted earnings per share increased by 23% (25% in constant currency) to 56.4p.

> We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees and contractors.

Net debt at the year-end stood at £476 million, marginally higher than at the end of the prior year (2011 – £464 million). The rise in net debt reflects an increase in working capital following our decision to secure corn supplies in the US against a backdrop of continuing tight market conditions; investment in our business transformation programme; and payments made into our main pension schemes including £45 million in respect of the UK scheme following the conclusion of the triennial valuation.

Dividend

The Board recognises the importance of the dividend to shareholders and follows a progressive dividend policy with the aim of growing the dividend over time taking into account the long-term earnings prospects of the business.

The Board is recommending a 5.3% increase in the final dividend to 17.8p (2011 – 16.9p) making a full year dividend of 24.9p (2011 – 23.7p) per share, a 5.1% increase on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 3 August 2012 to all shareholders on the Register of Members at 29 June 2012. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Finally, I would like to thank all our employees who have worked immensely hard during a period of great change to deliver this year's good results.

Sir Peter Gershon
Chairman

30 May 2012

We delivered a good performance while working hard to build a platform for long-term growth

Javed Ahmed
Chief Executive

Tate & Lyle performed well with steady growth across a number of our markets supported by exceptionally strong returns from co-products in the first half. This was a year of working hard to achieve our business transformation milestones while at the same time delivering profitable growth. During the year we opened our new global Commercial and Food Innovation Centre in Chicago which will help us to transform the way we interact with customers and represents a key component of the foundations for long-term growth. We also restarted production at our SPLENDA® Sucralose facility in the US further reinforcing our position as the leading global provider of sucralose.

Sales for the year were £3,088 million (2011 – £2,720 million), an increase of 14% (16% in constant currency) on the prior year. The effect of exchange translation was to reduce sales by £55 million. In Speciality Food Ingredients, sales increased by 10% (12% in constant currency) to £887 million (2011 – £805 million) with sales volumes up by 4%. Within Bulk Ingredients, sales increased by 15% (18% in constant currency) to £2,201 million (2011 – £1,915 million).

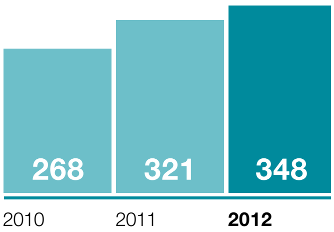
Adjusted operating profit increased by 8% (11% in constant currency) to £348 million (2011 – £321 million). The effect of exchange translation was to reduce adjusted operating profit by £8 million. In Speciality Food Ingredients, adjusted operating profit increased by 4% (5% in constant currency) to £214 million (2011 – £206 million) with good sales growth partly offset by higher input costs. In Bulk Ingredients, adjusted operating profit increased by 10% (13% in constant currency) to £172 million (2011 – £157 million), driven by an improved performance from industrial starches in Europe and exceptionally strong returns from co-products including an additional £19 million of income during the first half. Central costs which include head office, treasury and reinsurance activities, decreased by £4 million to £38 million (2011 – £42 million).

Net finance expense decreased from £58 million to £25 million following the repayment of our $300 million bond in June 2011, a credit within interest relating to post-retirement benefit plans and the charge taken in the prior year in relation to the unwinding of cash flow hedges. Adjusted profit before tax was up 23% (26% in constant currency) to £323 million (2011 – £263 million) reflecting the growth in operating profits and the reduction in the net finance expense. The effect of exchange translation was to reduce adjusted profit before tax by £7 million. The effective tax rate reduced to 17.1% (2011 – 18.5%) and, after taking account of shares issued as scrip dividends in the prior year, adjusted diluted earnings per share increased by 23% (25% in constant currency) to 56.4p.

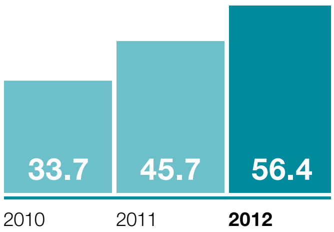
Exceptional items within continuing operations generated a net gain of £68 million on a pre-tax basis largely as a result of the reversal of impairment charges and provisions in relation to the restart of the McIntosh facility, offset by an exceptional charge of £15 million in respect of business transformation costs.

A year of good performance

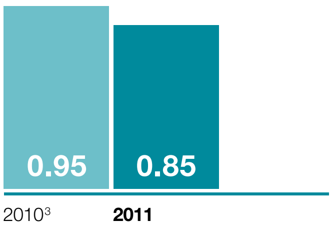
Adjusted operating profit[1]
£m



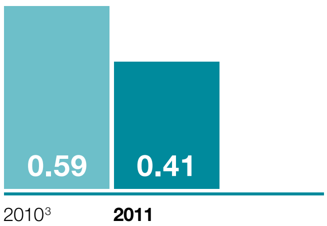
Adjusted diluted earnings per share[1] pence



Recordable incident rate[2]



Lost-time accident rate[2]



1 Continuing operations: before exceptional items and amortisation of intangible assets acquired through business combinations.
2 Unlike our other KPIs, we report safety performance by calendar year.
3 Restated – see page 9 for full details.

Key performance indicators: **pg.8 and 9**

On a statutory basis, profit before tax from continuing operations increased by 55% to £379 million (2011 – £245 million) and profit for the year from total operations, including a profit of £2 million from discontinued operations, increased by 85% to £309 million (2011 – £167 million).

Balance sheet

Net debt of £476 million at 31 March 2012 was £12 million higher than at the end of the prior year driven by higher levels of working capital in the business, investment in our business transformation programme and the restart of our SPLENDA® Sucralose facility in McIntosh.

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 2012, the net debt to EBITDA ratio was 1.1 times (2011 – 1.1 times), against our maximum threshold of two times. Interest cover on total operations at 31 March 2012 was 11.1 times (2011 – 6.9 times), again ahead of our minimum threshold of five times. Both metrics were comfortably within our banking covenants.

Having delivered a significant improvement last year, our average quarterly cash conversion cycle lengthened by two days from 34 days to 36 days driven by the increase in working capital, including our decision to maintain full corn silos against a backdrop of tight market conditions. At the end of the year, we acquired a grain elevator facility in Overmyer, Indiana, to further reinforce our corn supply chain.

Our new Commercial and Food Innovation Centre will transform the way we interact with customers.

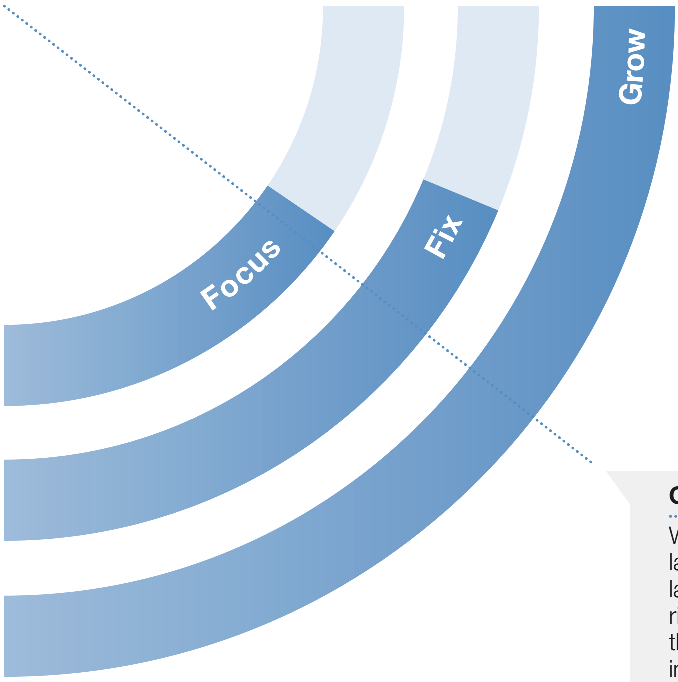
Return on capital employed increased from 20.6% to 21.6% reflecting the growth in profits with the average level of operating assets increasing by £59 million to £1,554 million as a result of the restart of the McIntosh facility and investment in our business transformation programme during the year.

Safety

We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees, contractors and visitors. During calendar year 2011, we improved our safety performance with a reduction in the recordable incident and lost time accident rates of 10% and 30% respectively, reflecting the work we have done across the organisation to implement the recommendations from last year's independent audit. Whilst we are pleased with this performance, we still have more work to do including continuing to improve the safety of contractors who work at our sites.

Key performance indicators (KPIs)

Our KPIs for the year ended 31 March 2012 are detailed on pages 8 and 9.



On the journey to growth:

With the 'focus' phase largely complete, over the last year we've been working hard on the 'fix' and laying the foundations for the 'grow' – getting the right operating capabilities and ensuring we have the right people in the right roles; and investing in innovation, new customers and markets.

Developing a platform for long-term growth

In March 2012, we reached a significant milestone with the opening of our new global Commercial and Food Innovation Centre in Chicago. The centre, which is the global headquarters of our Innovation and Commercial Development (ICD) group, features state-of-the-art laboratories, a demonstration kitchen, sensory testing, and analytical and pilot plant facilities. The new centre will help us to transform the way we interact with our customers and enable much closer customer collaboration. It will also form the hub of our global innovation network, connecting our satellite applications and technical services laboratories across the world.

Within ICD, we continued to build the innovation pipeline across our core categories of speciality sweeteners, texturants and health & wellness, with the total number of projects in the pipeline doubling during the year.

Additionally, our open innovation team continues to look for new processes and technologies and to develop partnerships with universities and research institutes. In October 2011, we signed an agreement with Eminate Ltd, a subsidiary of The University of Nottingham, UK, for its novel salt reduction technology known as SODA-LO® and we expect to launch a range of products later this year.

In March 2012, we restarted production at our SPLENDA® Sucralose facility in McIntosh, Alabama further reinforcing our position as the leading global provider of sucralose. The restart of production at McIntosh, which took place ahead of schedule, was assisted by the return of more than 75 per cent of our former operators and technicians, many with more than ten years of experience working on sucralose production. This was the first major project to be governed by our new capital management disciplines instituted two years ago.

The costs incurred in restarting McIntosh included £12 million of capital expenditure and £1 million of operating expenses. The restart of production at McIntosh will be broadly cash neutral in year ending 31 March 2013 but after a depreciation charge of £8 million will reduce profits. As the volumes produced and contribution margin increases at McIntosh over the next few years, we expect to see good operational leverage benefits.

We continue to invest in higher growth markets and have made further progress during the year growing our Asian and Latin American businesses. As well as expanding the size of our teams in these regions we have also broadened our skills through the recruitment of additional technical and applications resources. This organisational strengthening has had a direct impact in helping to secure new business in both regions. As well as attracting the right people, we also invested in our innovation and customer-facing infrastructure in emerging markets through the opening of our new applications and technical services laboratories in São Paulo and Mexico City during the year. These laboratories link directly into our new Commercial and Food Innovation Centre in Chicago enabling us to globalise our innovation capabilities and allowing customers to interface with the new centre wherever they are located.

In terms of developing new customer channels, we have made progress during the year in the private label category, establishing direct relationships with a number of retailers. We continue to see the private label and small and medium-sized (SME) categories as providing good opportunities for growth.

In January 2011, we started two major initiatives to strengthen our operational capabilities: the move to global support services through a shared service centre; and the development of a common set of global business processes supported by a single global IS/IT platform. In September 2011, our new global Shared Service Centre in Łódź, Poland became operational. The centre is currently responsible for processing financial transactions for both our European and US businesses. When fully operational at the end of year ending 31 March 2013, it will be a multilingual facility employing approximately 200 people. The move to global shared services will help to support a common way of working across the business and deliver efficiency gains by eliminating the duplication of resources and is already delivering some cost benefits. Our new global IS/IT system is currently in the test stage with a phased roll-out across the business due to commence in the summer of 2012. The new system will significantly enhance our analytical capabilities, improve our

Commercial and Food Innovation Centre opens in Chicago, USA

In March 2012 we opened our new global Commercial and Food Innovation Centre in Chicago. The new Centre provides a full range of state-of-the-art facilities including bespoke laboratories for each of our research, applications and technical services teams; a full suite of sensory and culinary services; and a pilot plant facility with enhanced prototype-making capabilities. It will also be a key enabler in transforming the way we collaborate with our customers.

The Centre is focused on providing customers with the highest quality of service. A key part of that service is being able to interact with customers in areas that are increasingly important to them.

For example, many of our larger customers have their own in-house chef or culinary function which tends to be a key incubator for new product ideas or recipes. In our new facility we have created a modern Culinary Center with our own dedicated in-house chefs who are already interacting with their peers at our customers.

Speciality Food Ingredients: **pg.16**

decision making, speed and effectiveness and enable us to be more responsive to the needs of our customers.

We continued to strengthen, refresh and diversify the talent within the business and to fill key skills gaps in a number of areas, in particular, within our customer-facing, product management and innovation areas, with 17% of all employees having joined the Group in the last year. Within ICD, the profile of our people has changed considerably over the last two years with an increase in both qualification levels and the breadth of international experience.

We are starting to see the benefits of our new global sales incentive plan being embedded within the organisation in terms of encouraging the right behaviours and reinforcing a customer-focused and performance-driven culture.

Whilst our priority is to build a platform capable of delivering sustainable long-term organic growth, we will also look to accelerate that growth through acquisitions either within the base business or in adjacent categories.

Costs

During the year, £45 million of cash costs were incurred on our business transformation projects taking the total expenditure to £61 million over the last two years.

The total cost associated with the development of the new Commercial and Food Innovation Centre is expected to be £32 million, although the balance between capital and exceptional expense will be more weighted to capital than originally envisaged. During the year, we incurred £25 million of expenditure on the implementation of our global Shared Service Centre in Łódź and our common IS/IT platform, taking the total amount of expenditure incurred to date on these two projects to £35 million.

We expect the final costs of our business transformation projects to be around £10-15 million higher than the original estimate of £94 million as a result of some scope changes and timeline extensions in the phased rollout of our global IS/IT platform. As for the Commercial and Food Innovation Centre, the balance between capital and exceptional expense is expected to be more weighted to capital than originally estimated.

The investment we have made in our business transformation programme will result in a step change in fixed costs, including depreciation and amortisation, of £11 million during the year ending 31 March 2013.

Conclusion

We have made good progress delivering against the objectives we set at the start of the year as we continue to transform the business. In the coming year, we expect to complete the implementation of our principal initiatives to strengthen our operational capabilities with the transfer of our remaining businesses over to shared services and the roll-out of the new global IS/IT system. While we still have more work to do to build a strong platform capable of delivering sustainable long-term growth, we remain on track to deliver this objective.

Group outlook for year to 31 March 2013

In Speciality Food Ingredients we expect to achieve good sales growth, although operating margins in this division are expected to be slightly lower reflecting the additional fixed costs associated with the restart of McIntosh and its share of the investment in the business transformation programme.

In Bulk Ingredients, we anticipate improved bulk sweetener margins in both Europe and the US to broadly offset our expectation of more normal co-product returns and the impact of softer market conditions in industrial starches in Europe and ethanol in the US.

Overall, taking into account the current level of economic uncertainty and despite a step change in fixed costs associated with the investment necessary to transform the business, we expect to make progress during this financial year.

Javed Ahmed
Chief Executive

30 May 2012

Speciality Food Ingredients develops, produces and markets distinctive, high-quality ingredients for food and beverage customers across the world. By leveraging our manufacturing facilities, innovative technology and formulation expertise, we help them create more cost-effective, better tasting products for consumers.

Speciality Food Ingredients works closely with our Innovation and Commercial Development team (see page 20) to develop a pipeline of new products.

	Year ending 31 March		Change	
	2012 £m	2011 £m	Reported	Constant currency
Sales	**887**	805	+10%	+12%
Adjusted operating profit	**214**	206	+4%	+5%
Margin	**24.1%**	25.6%	-150bps	-150 bps

Sales

£887m

2011 – £805m

Adjusted operating profit

£214m

+4%

Market conditions and trends

While the food industry remains relatively resilient, it is not immune to fluctuations in the wider economy and, during the second half, the deterioration in the macroeconomic environment in Europe led to weaker demand within some food ingredient categories. Against this backdrop, the global market for speciality food ingredients continues to benefit from a number of key trends.

First, the increasing focus by consumers and governments on healthier lifestyles, and the rising prevalence of diabetes and obesity in both developed and developing markets is driving food and beverage companies to develop healthier alternatives and increasing demand for ingredients in the health and wellness space.

Second, volatile and high sugar prices and significant increases in the price of certain other raw materials have led to an increased focus by customers on cost reduction and a rise in the number of cost-optimisation projects.

Finally, continued rapid urbanisation, coupled with rising levels of disposable income in developing markets, are increasing the penetration of packaged and convenience foods particularly in Asia and Latin America.

Financial performance

Within Speciality Food Ingredients, volumes grew by 4% and sales increased by 10% (12% in constant currency) to £887 million (2011 – £805 million) with the level of sales growth partly reflecting the pass through of higher input costs. Volume growth in the second half was less than the first half due primarily to lower volumes in Europe. The effect of exchange translation was to decrease sales by £11 million.

Adjusted operating profit increased by 4% (5% in constant currency) to £214 million (2011 – £206 million). While absolute operating unit margins were slightly ahead of the prior year, percentage operating margins reduced by 1.5 percentage points to 24.1% (2011 – 25.6%) after the pass through of higher input costs. The effect of exchange translation was to decrease adjusted operating profit by £3 million.

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

Starch-based speciality ingredients

In starch-based speciality ingredients, sales increased by 14% (17% in constant currency) to £494 million (2011 – £434 million) with volumes up 4%. Despite higher corn and other input costs which were partly offset by the division's share of additional co-product returns, we were able to maintain most of the five percentage point margin gains made during the prior year enabling us to deliver good growth in operating profit within this category.

In food starches, solid volume growth in the US and good growth in Latin America was offset by softer volumes in Europe driven primarily by lower demand for packaged foods. The continuing high price of potato starches and the change in the potato regime this year provided opportunities to expand volumes of higher-margin food starches in the snacks sector and we continued to work with customers wishing to substitute potato starch with our corn-based starches. In Latin America, where the demand for convenience and packaged foods continues to grow, the addition of dedicated sales and technical resources helped us to secure new customers and additional volumes within this category.

Key locations

Americas
Buenos Aires, Argentina
Chicago, Illinois, USA
Houlton, Maine, USA
Lafayette, Indiana, USA
McIntosh, Alabama, USA
Mexico City, Mexico
Princeton, New Jersey, USA
São Paulo, Brazil
Sycamore, Illinois, USA
Van Buren, Arkansas, USA

EMEA
Bergamo, Italy
Koog, The Netherlands
Kya Sand, South Africa
Lille, France
Lübeck, Germany
Mold, UK
Noto, Italy
Ossona, Italy

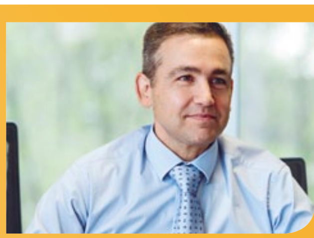
Asia Pacific
Brisbane, Australia
Jurong Island, Singapore
Shanghai, China

Customers

- Large, multi-national food and beverage manufacturers
- Small and medium-sized food and beverage manufacturers
- Private label food and beverage manufacturers

Products

- Starch-based speciality ingredients:
  - Speciality starches including fat-replacers and stabilisers
  - Speciality sweeteners including crystalline fructose
  - Soluble corn fibres including STA-LITE® Polydextrose and PROMITOR™ Soluble Corn Fiber
- High-intensity sweeteners:
  - SPLENDA® Sucralose
  - PUREFRUIT™
- Food systems:
  - Food stabiliser systems
  - Functional ingredient blends



Olivier Rigaud
President

Speciality corn sweeteners continued to benefit from higher sales volumes in the US and emerging markets on the back of continuing volatile and high sugar prices. In addition to helping our customers reduce input costs by reducing sugar content, our products provide important functional benefits such as improved shelf-stability and mouth feel.

During the year we saw continued growth in our fibres range with volumes in Europe benefiting from the favourable opinion granted by the European Food Safety Authority (EFSA) on polydextrose at the beginning of the year. Building on the success we have had in the US and Latin America with our PROMITOR™ dietary fibre product line, in October 2011 we announced the expansion of our fibres offering in Europe, with the launch of PROMITOR™ Soluble Gluco Fibre. In China, as a result of adding sales people with specific expertise in the dairy sector, we secured additional fibre volume.

High-intensity sweeteners
Within high-intensity sweeteners, which comprises SPLENDA® Sucralose and our zero-calorie, fruit-based sweetener PUREFRUIT™, volumes grew by 13% and sales were up by 6% (8% in constant currency) to £197 million (2011 – £185 million). SPLENDA® Sucralose volumes grew by 12% and, as expected, the rate of price decline was lower as the impact of long-term, volume-incentive customer contracts continued to reduce.

SPLENDA® Sucralose volumes grew by 12%.

We continued to see strong growth in demand for SPLENDA® Sucralose driven by the continuation of two key trends. First, the increased prevalence of diabetes and obesity which is driving demand for products with reduced sugar and fewer calories and second, the continuing high and volatile price of sugar is leading customers to look for more cost-effective alternatives. In both cases, we are able to leverage our applications and technical expertise to help customers maintain the functionality and taste profile of their products and optimise the cost in use of their ingredients.

On the back of the continuing growth in demand for SPLENDA® Sucralose, in March 2012 we restarted production at our facility in McIntosh, Alabama, further consolidating our position as the leading global provider of sucralose. Our investment in sucralose manufacturing technology means that our two unique large-scale, continuous-production SPLENDA® Sucralose facilities in the US and Singapore will allow us to continue to offer our customers the highest standards of quality, traceability and reliability in the industry.

During the year, we made good progress developing the demand pipeline for our zero-calorie, fruit-based sweetener, PUREFRUIT™ and started working with a number of customers in qualifying and testing the product. The focus over the coming year will be to continue to build the pipeline and to support customers on new product launches containing PUREFRUIT™.

Food systems
Sales from food systems increased by 5% (3% in constant currency) to £196 million (2011 – £186 million) with volumes up by 1%.

The year has seen significant increases in the price of certain raw materials, in particular guar and gelatin. Whilst we have had some success mitigating the impact of higher input costs, through the use of more cost-efficient corn-based substitutes and shortening the length of customer contracts, operating margins and profits for this category were somewhat lower than the prior year.

In the year, we made progress broadening the coverage of our food systems business by moving more into bakery. We also started to gain traction with our range of gluten-free products.

In June 2011, the former owner of G.C. Hahn & Co, which makes up the majority of our food systems operations in Europe, exercised their option to sell their remaining 5% shareholding for a total cost of €8 million (£7 million) resulting in Tate & Lyle owning 100% of the company.

Group outlook for the year ending 31 March 2013: **pg.15**

Bulk Ingredients manufactures and markets a range of products including nutritive sweeteners, industrial starches, ethanol, acidulants and animal feed, for food and beverage, industrial and agricultural customers around the world.

Bulk Ingredients also partners with an increasing number of bio-based materials companies seeking expertise in the commercialisation of green chemistry fermentation. One such partnership is our joint venture with DuPont which manufactures Bio-PDO™ a bio-based ingredient used in the textile and plastics industries.

	Year ending 31 March		Change	
	2012 £m	2011 £m	Reported	Constant currency
Sales	**2,201**	1,915	+15%	+18%
Adjusted operating profit	**172**	157	+10%	+13%
Margin	**7.8%**	8.2%	-40 bps	-30 bps

Sales

£2,201m

2011 – £1,915m

Adjusted operating profit

£172m

+10%

Market conditions and trends

Sugar is the key competitor of many of our bulk corn sweeteners. Despite world sugar prices falling from their peak in July 2011, they remained high by historical standards as a result of rising global demand against a backdrop of ongoing tight supply. US sugar prices also remained very high against which corn sugars remained very competitive. In Europe, which continues to be in structural deficit, sugar supply remained tight due to insufficient imports and low levels of inventory resulting in an increase in prices during the second half.

While US domestic demand for nutritive sweeteners declined, an increase in exports helped to offset this decline with Mexico continuing to represent the major export destination where US corn sugar continues to substitute more expensive local cane sugar. In Europe, the selling price of isoglucose (corn sugar), which is closely correlated with the sugar price, increased during the second half.

Although demand for industrial starches in the US remained above the levels seen during the downturn in 2008/09, overall demand was lower than the prior year. In Europe, the shortage of potato starch on the back of the poor 2010 harvest increased demand for corn starches benefiting industrial starch margins overall. After a better potato harvest in 2011 and due to increased uncertainty about the macroeconomic situation in Europe, market conditions started to soften during the final quarter.

US ethanol prices rose during the first half and continued largely to track the corn price until the end of the third quarter when prices fell sharply ahead of the expiry of the blenders' tax credit at the end of December 2011. Since then, prices have remained depressed as a result of an overhang in supply and an overall fall in the demand for gasoline. As a result, ethanol margins in the fourth quarter reduced to levels well below those achieved in the 2011 calendar year. Despite signs that excess capacity is starting to come out of the market, the environment over the next few months is expected to remain challenging.

US corn prices continued to rise in the first half peaking in June 2011 reflecting concerns about the quantity of the new crop following adverse weather conditions during the spring and early summer. While corn prices fell towards the end of the first half, prices remained high for the rest of the year due to the ongoing tight supply situation with the stocks to use ratio falling to 6.8%, well below the historical average. The price of corn in the EU largely tracked the US corn price during the year. The latest planting intentions reported by the USDA, indicate that planted corn acreage will increase to the highest level since 1937, driven by high corn prices.

Against a backdrop of high corn prices, a severe drought in Texas and renewed access to export markets, demand for animal feed was exceptionally strong during the first half with prices reaching record levels. In the second half, market conditions normalised as corn prices decreased, and demand for animal feed reduced as a result of a relatively mild winter.

Financial performance

In Bulk Ingredients, sales increased by 15% (18% in constant currency) to £2,201 million (2011 – £1,915 million[1]) with volumes down by 2% as we continued to divert grind to speciality food ingredients. The effect of exchange translation was to decrease sales by £44 million.

Adjusted operating profit increased by 10% (13% in constant currency) to £172 million (2011 – £157 million) driven by an improved performance in European industrial starches and exceptionally strong returns from co-products in the first half. The effect of exchange translation was to decrease adjusted operating profit by £5 million.

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

Sweeteners

In the Americas, sales of bulk corn sweeteners increased by 13% (16% in constant currency) to £876 million (2011 – £775 million[1]) as a result of higher corn prices, with volumes 2% lower than the prior year. As anticipated at the time of the 2011

Key locations

Americas
Dayton, Ohio, USA
Decatur, Illinois, USA
Duluth, Minnesota, USA
Guadalajara, Mexico[1]
Lafayette, Indiana, USA
Loudon, Tennessee, USA
Santa Rosa, Brazil

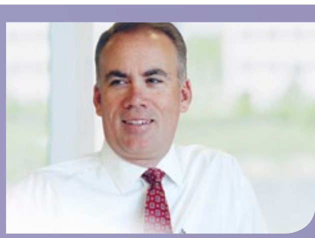
EMEA
Adana, Turkey[1]
Boleraz, Slovakia[1]
Casablanca, Morocco
Razgrad, Bulgaria[1]
Szabadegyháza
(Hungrana plant), Hungary[1]

Customers

- Large, multi-national food and beverage manufacturers
- Paper and board producers
- Fuel and gasoline suppliers
- Textile manufacturers
- Animal feed compounders

Products

- Liquid sweeteners including corn sugar, dextrose and glucose
- Industrial starches
- Citric acid
- Bio-fuels
- Animal feed including corn gluten feed and corn gluten meal



Matt Wineinger
President

[1] Joint venture

calendar year sweetener pricing round, corn sugar unit margins were broadly in line with the comparative period and while we experienced firm US domestic demand and robust demand from Mexico, profits for the full year in this category were slightly lower than the prior year due to the slightly lower volumes and softer margins in other sweeteners.

In Europe, sales of bulk corn sweeteners increased by 15% (11% in constant currency) to £141 million (2011 – £123 million[1]) with volumes in line with the prior year. While margins during the first half were lower as a result of higher corn prices (for which hedging options within the EU are more limited), they recovered during the second half on the back of an increase in sugar prices, which provides the reference price for isoglucose in the EU, with full year profits ahead of the comparative period.

Operating profits from Almex, our Mexican joint venture, were up on the comparative period reflecting higher volumes and improved margins.

Following the unionisation of the Eaststarch joint venture plant in Turkey, a strike commenced in March 2012 which is ongoing and we have taken measures to mitigate the impact on our customers in the short-term. Most of the products in Turkey are bulk sweeteners, however the plant also makes some starch-based speciality food ingredients.

Industrial starches, acidulants and ethanol

Sales of industrial starches, acidulants and ethanol increased by 6% (10% in constant currency) to £677 million (2011 – £641 million[1]).

In industrial starches, volumes were 5% lower as we continued to switch a proportion of corn grind to speciality food ingredients. In the US, where we are able to contract for longer periods than in Europe, while volumes were slightly lower than the comparative period, prices were higher reflecting the renewal of contracts struck at the time of the 2008 credit crisis. As a result, we were able to achieve higher margins and deliver a better performance for the year overall.

In Europe, the shortage of alternative starches as a result of poor harvests during the prior year increased demand for corn starches and led to a firmer pricing environment and an improved performance for the year. During the final quarter, we saw a slight softening in market conditions reflecting the more uncertain macro-economic environment and, with typical contract lengths in Europe being shorter than in the US, we remain cautious about the outlook.

In US ethanol, which represents a small part of our business, while we achieved improved cash margins during the first half we saw a substantial reduction in margins in the second half on the back of the significant fall in ethanol prices in December. While ethanol prices have stabilised recently, with inventory levels remaining high we expect the market for ethanol to remain soft in the near term and we have scaled back production volumes to the extent possible.

After a softer first half, the performance of our citric acid business improved, with profits for the full year in line with the prior year. In April 2012 we sold our share of the Sucromiles citric acid joint venture to our long term partner and will now focus on the sale and distribution of product to our customers. In the financial year ended 31 March 2012 our share of the joint venture contributed £2 million to Group operating profit.

Having broken-even last year and despite achieving higher volumes, our Bio-PDO™ joint venture made a small loss as a result of higher input costs.

We made good progress on the two initiatives we announced last year with Amyris to produce farnesene and with Genomatica to produce Bio-BDO™, both at our pilot plant facilities in Decatur, Illinois. While the contribution made by these initiatives remains small, they provide a good opportunity to diversify our corn grind to reduce volatility over the longer term.

Co-products

Sales of co-products increased by 35% (37% in constant currency) to £507 million (2011 – £376 million[1]).

During the first half, we generated an additional £19 million of income from co-products as a result of a combination of factors. Firstly, high corn prices and strong demand meant co-product prices remained very firm throughout the period. Secondly, prices for animal feed in the US were further strengthened by the impact of the severe drought in Texas and renewed access to European markets. Finally, the tight demand/supply situation led to some changes in our customers' buying behaviour, with what is traditionally a short-term market seeing customers wanting to secure volumes several months in advance allowing us to fix longer-term sales at favourable pricing. While the additional income generated from co-products in the second half was marginally positive, overall the markets for co-products returned to more normal levels.

Since over 80% of our US corn grind is utilised to produce bulk ingredients, the majority of this impact is recorded within this division. During the period, sales of European co-products also rose on the back of the continuing high corn prices.

1 During the year we refined our product categories within Bulk Ingredients to, amongst other things, allocate revenue related to sales to certain of our joint ventures, previously included in industrial starches, acidulants and ethanol to the relevant categories, and to include the results of only feed, meal and oil within co-products. Prior period results have been restated on a comparable basis.

Group outlook for the year ending 31 March 2013: **pg.15**

Innovation and Commercial Development

The role of the Innovation and Commercial Development group is to identify and develop new business opportunities and to create and commercialise innovative speciality food ingredients and technologies, thereby providing long-term growth for Tate & Lyle.

Karl Kramer
President

Remit

The Innovation and Commercial Development (ICD) group was established on 1 June 2010 as a key enabler of Tate & Lyle's growth strategy.

ICD brings together three areas – new product development, global marketing, and platform management – into one global team, to provide an integrated approach toward developing and commercialising innovative new products and technologies.

While ICD supports both of Tate & Lyle's global business units, it concentrates particularly on growing the Speciality Food Ingredients unit. As a result, ICD's resources are predominantly focused on three broad areas within the global speciality food ingredients market – sweeteners, texturants and health & wellness.

Within ICD, there is a dedicated open innovation team which seeks to develop partnerships with universities, research institutions and start-ups specialising in food science and novel ingredients, with whom we collaborate to bring their new technologies or products to market. For example, over the past year we executed an exclusive worldwide license agreement for a clean label salt reduction technology with a subsidiary of The University of Nottingham, and secured rights from the Verenium Corporation for the exclusive use of one of its proprietary enzyme products in the development of novel food ingredients.

Innovation Centres and Laboratories

During the year, the ICD group has been actively involved in designing, building and staffing the new Commercial and Food Innovation Centre in Chicago, USA. This Centre opened March 2012 and now serves as the global headquarters for ICD.

The new Commercial and Food Innovation Centre includes state-of-the-art focus group facilities which will allow us to gather insights on a global basis more quickly and easily than before.

This new centre features state-of-the art laboratories, a sensory testing and evaluation facility, a commercial scale culinary kitchen for customer demonstrations, and analytical and pilot plant facilities all of which provide ICD with world-class facility designed to foster close working relationships with our customers. In this centre we develop solutions to meet customers' functional, formulation and nutritional needs within short development cycles.

The move to Chicago and the creation of the new Commercial and Food Innovation Centre has allowed us to recruit staff in ICD from a wider and more diverse pool of talent with the number of our scientists with a Ph.D increasing by 21% in the past 18 months and increasing the number of staff with an international education by 11 percentage points in the same period.

In addition to the new centre in Chicago, ICD also maintains a research centre in Lille, France. These two centres are supported by a global network of smaller regional applications laboratories (in countries such as China, Germany, Argentina, Australia, Brazil, Mexico and South Africa) where our local applications specialists collaborate with our customers to develop products from a written brief to a finished prototype at high speed, while ensuring the final product reflects local tastes.

Pilot plants

ICD also operates the Group's pilot plant facilities, both laboratory scale and within our manufacturing facilities. Scaling up and testing formulations and ideas at our pilot plants allows us to assess the flexibility of new processes, new products and new technology, ensuring we get them right before investing in commercial-scale processes.

Market Research

We continue to leverage market research to deliver actionable insights that drive our business. These insights originate from a variety of sources including our customers, influencers in the food and nutrition industry, as well as the end consumer. The new Commercial and Food Innovation Centre in Chicago includes state-of-the-art focus group facilities which will allow us to gather insights on a global basis more quickly and easily than before, providing us with the data necessary to offer tailor-made solutions for our customers that we know will work in local markets.

Group Financial Results

Sales were up 16%[1] at £3.1 billion, while adjusted operating profit was up 11%[1], with a 5%[1] increase in profits from our Speciality Food Ingredients division, our focus for growth.

Tim Lodge
Chief Financial Officer

[1] Constant currency change.

Sales

£3,088m
2011 – £2,720m

Adjusted profit before tax

£323m
2011 – £263m

Adjusted earnings per share

56.4p
2011 – 45.7p

Summary financial performance

Sales of £3,088 million (2011 – £2,720 million) from continuing operations were 14% higher than the prior year (16% in constant currency). Sales in Speciality Food Ingredients increased by 10% (12% in constant currency) from £805 million to £887 million, with sales volumes increasing by 4%. Sales in Bulk Ingredients grew by 15% (18% in constant currency) to £2,201 million (2011 – £1,915 million).

Adjusted operating profit increased by 8% over the prior year (11% in constant currency) to £348 million (2011 – £321 million). In Speciality Food Ingredients adjusted operating profit increased by 4% (5% in constant currency) to £214 million (2011 – £206 million) and in Bulk Ingredients, by 10% (13% in constant currency) to £172 million (2011 – £157 million).

Net finance expense decreased from £58 million to £25 million following the repayment of our US$300 million bond in June 2011, a £5 million credit (2011 – £4 million charge) within interest relating to post-retirement benefit plans and the charge taken in the prior year in relation to the unwinding of cash flow hedges.

Adjusted profit before tax increased by 23% (26% in constant currency) to £323 million (2011 – £263 million). The effective rate of tax on adjusted profit from continuing operations reduced to 17.1% (2011 – 18.5%) driven by changes in the geographical origin of profits.

On a statutory basis, profit before tax from continuing operations increased by 55% to £379 million (2011 – £245 million) and profit for the year from total operations was up by 85% at £309 million (2011 – £167 million).

Summary of financial results

Year to 31 March	2012 £m	2011 £m	Change reported %	Change Constant currency %
Continuing operations				
Sales	**3 088**	2 720	+14%	+16%
Adjusted operating profit	**348**	321	+8%	+11%
Net finance expense	**(25)**	(58)		
Adjusted profit before tax	**323**	263	+23%	+26%
Exceptional items	**68**	(5)		
Amortisation of intangible assets acquired through business combinations	**(12)**	(13)		
Profit before tax	**379**	245		
Income tax expense	**(72)**	(49)		
Profit for the year from continuing operations	**307**	196		
Profit/(loss) for the year from discontinued operations	**2**	(29)		
Profit for the year	**309**	167		
Earnings per share – continuing operations				
Basic	**65.9p**	42.6p		
Diluted	**64.6p**	41.9p		
Adjusted earnings per share – continuing operations				
Basic	**57.5p**	46.5p		
Diluted	**56.4p**	45.7p	+23%	+25%
Dividends per share				
Interim paid	**7.1p**	6.8p	+4.4%	
Final proposed	**17.8p**	16.9p	+5.3%	
	24.9p	23.7p	5.1%	
Net debt				
At 31 March	**476**	464		

Basis of preparation

Adjusted performance

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

- results of discontinued operations, including gains and losses on disposal (Note 12 and Note 37);
- exceptional items from continuing operations (Note 7); and
- amortisation of intangible assets acquired through business combinations (Note 15).

This adjusted information is used internally for analysing the performance of the business. A reconciliation of reported and adjusted information is included in Note 43. From the financial year ending 31 March 2013 we will also exclude the post-retirement benefit interest result from adjusted measures.

Impact of changes in exchange rates

Our reported financial performance was adversely impacted this year by exchange rate translation, in particular due to the weakening of the average US dollar exchange rate against sterling which has reduced profits. The average and closing exchange rates used to translate reported results were as follows:

	Average rates		Closing rates	
	2012	2011	**2012**	2011
US dollar:sterling	**1.60**	1.55	**1.60**	1.60
Euro:sterling	**1.15**	1.19	**1.20**	1.13

Central costs

Central costs, which include head office, treasury and reinsurance activities, decreased by £4 million to £38 million. The prior year included one-off costs of £6 million relating to the review of the Group's activities, while the current year includes costs of £2 million associated with the relocation of the Head Office.

Adjusted profit before tax increased by 23% to £323 million.

Energy costs

Energy costs for the year of £171 million were broadly in line with the prior year (2011 – £170 million) at actual rates though there has been a slight increase in energy costs year on year at constant currency. This was mainly due to price increases, partially offset by lower consumption and favourable input mix. We have covered approximately 70% of our estimated energy needs for year ending 31 March 2013, and while contracts have been secured at higher prices than in the year ended 31 March 2012, we will look to mitigate this partially through further efficiencies.

Exceptional items from continuing operations

	Year ended 31 March	
	2012 £m	2011 £m
Reversal of fixed asset impairments – McIntosh and Decatur assets	**60**	–
Reversal of provision – McIntosh	**23**	–
Business transformation costs	**(15)**	(15)
Gain on disposal, net of pre-disposal costs – Fort Dodge	**–**	10
Exceptional gain/(loss)	**68**	(5)

Exceptional items within continuing operations generated a net gain of £68 million on a pre-tax basis. In May 2011, the Group made the decision to restart production at the mothballed SPLENDA® Sucralose facility in McIntosh, Alabama, resulting in the reversal of £53 million of the impairment charge previously recognised. In addition, £23 million of provisions in respect of obligations relating to the mothballed facility were no longer required and these have also been reversed.

As announced in the prior year, the Group signed an agreement with Amyris Inc to manufacture farnesene using assets that had previously been impaired at our Decatur, Illinois plant. Commercial viability of the new process was proven during the financial year, resulting in a £7 million reversal of the write-down recognised previously.

An exceptional charge of £15 million was recognised in relation to business transformation costs: £9 million in relation to the implementation of a common global IS/IT platform and global Shared Service Centre, £5 million in relation to the relocation of employees and restructuring associated with the new Commercial Food and Innovation Centre in Chicago, and £1 million of further restructuring costs relating to the Food Systems business.

The tax impact on continuing operations' net exceptional items is a charge of £31 million. In addition, there has been an exceptional tax credit of £10 million which represents the recognition of a deferred tax asset in respect of foreign tax credits recognised in association with the disposal of the ethanol facility in Fort Dodge, Iowa.

Exceptional items from continuing operations in the prior year comprised a £15 million charge relating to business transformation costs and a net exceptional gain of £10 million in respect of the sale of the ethanol facility at Fort Dodge, Iowa. The tax impact on continuing operations' net exceptional items was a £10 million charge and the Group also recognised an exceptional tax credit of £8 million in respect of unrealised profit in inventory following the restructuring of the business organisation.

Net finance expense

Net finance expense from continuing operations decreased significantly from £58 million to £25 million. Our underlying interest charge was £17 million lower mainly driven by the repayment of our US$300 million bond at its maturity in June 2011 and lower average net debt. The credit within interest relating to post-retirement benefit plans was £5 million which compares with a charge of £4 million in the prior year.

A further £7 million reduction is attributable to the charge we incurred in the prior year in relation to the unwinding of cash flow hedges. This accounting impact will unwind completely in the first half of the year ending 31 March 2013.

From the financial year ending 31 March 2013 onwards, it is our intention to exclude from adjusted earnings the impact of post-retirement benefit plans on the calculation of net finance expense to provide a more accurate measure of the underlying performance of the business. Excluding the impact of post-retirement benefit plans in both periods, we expect net interest expense in the year ending 31 March 2013 to be broadly in line with the year ended 31 March 2012.

Taxation

The taxation charge from continuing operations before exceptional items and amortisation of acquired intangible assets was £55 million (2011 – £49 million) as a result of higher pre-tax adjusted profit. The effective rate of tax on adjusted profit decreased to 17.1% (2011 – 18.5%) driven by the geographic mix of profits, in particular, reduced losses in the UK as a result of the lower net finance expense.

The underlying effective tax rate for the year ending 31 March 2013 is expected to be higher than this year's effective tax rate assuming that the geographical mix of profits is in line with our expectations. In addition, stripping out the impact of post-retirement benefit plans from the net finance expense will add approximately one percentage point to the effective tax rate on adjusted profit.

Discontinued operations and legacy issues

Discontinued operations comprise our former Sugars division, principally the EU Sugars business which we sold in September 2010, Molasses which we sold in December 2010, legacy contracts and investments from our International Sugar Trading business and our Vietnamese sugar interests, which are held for sale.

Sales from discontinued operations for the year decreased to £72 million from £590 million as a result of the sale of EU Sugars and Molasses in the prior year. The operating profit from our discontinued operations totalled £16 million, after exceptional gains of £11 million (2011 – loss of £45 million, after a net exceptional loss of £43 million).

The exceptional gain for the year of £11 million relates to the disposal of our minority sugar holdings in Egypt and Saudi Arabia relating to the former International Sugar Trading business.

Taxation on our discontinued operations was a £15 million charge (2011 – £16 million credit) reflecting an increase in the exceptional tax charge in respect of outstanding tax matters associated with our former starch facilities in Europe, which are in the process of litigation. The profit from discontinued operations after taxation for the year was £2 million (2011 – loss of £29 million).

Sale of EU Sugars – update on process to agree post completion statements

In May 2011, we announced that the process to agree post completion statements on the sale of EU Sugars to ASR was ongoing and that items totalling £54 million were outstanding and were expected to be submitted for adjudication by an independent expert. Those items related to the impact of major turbulence in the supply of raw sugar to the EU during the period prior to closing which resulted in an increase in certain rolling re-export commitments of the business arising under the EU Sugar Regime. The expert's decision, notified to the parties on 8 May 2012, strongly supported Tate & Lyle's position and as a result, substantially all of the working capital adjustments proposed by ASR were reversed, and the loss on disposal remains unchanged at £55 million.

Separately, ASR has set out a number of claims it believes it has under certain other provisions of the Sale and Purchase Agreement. These claims have not been fully quantified, but in large part also 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. The claims notified by ASR, and the validity of the notification itself, are under review by our legal advisers.

Whitefox Technologies

The dispute with Whitefox Technologies, a supplier of certain equipment and technology intended for use in the Group's ethanol production facilities in 2007 which the Group believes was not fit for purpose has been listed for a three-week jury trial in the Supreme Court of the State of New York in June 2012. Tate & Lyle is seeking damages from Whitefox of approximately US$20 million and Whitefox is claiming damages exceeding €100 million for breach of contract, damage to certain equipment and other losses. While we are confident in the merits of our legal position, given that this is a jury trial, the outcome is uncertain.

Earnings per share

Adjusted diluted earnings per share from continuing operations were 56.4p (2011 – 45.7p), an increase of 23% (25% in constant currency) as a result of higher operating profits, lower net finance expense and the reduction in the effective tax rate. On the same basis, basic earnings per share were higher by 24% (26% in constant currency) at 57.5p (2011 – 46.5p).

Adjusted earnings per share

56.4p

+25%[1]

Dividend

24.9p

+5.1%

Net debt

£476m

2011 – £464m

Free cashflow

£79m

1 constant currency

Total basic earnings per share increased by 86% to 65.5p (2011 – 35.3p) with the current year reflecting the improved operating performance and exceptional gains relating to the restart of McIntosh.

Dividend

The Board is recommending a 5.3% increase in the final dividend to 17.8p (2011 – 16.9p) making a full year dividend of 24.9p (2011 – 23.7p) per share, up 5.1% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 3 August 2012 to all shareholders on the Register of Members at 29 June 2012. In addition to the cash dividend option, shareholders will continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Assets

Gross assets of £2,906 million at 31 March 2012 were £145 million lower than the prior year principally as a result of the repayment of our US$300m bond in June 2011 from our cash reserves. Net assets increased by £85 million to £1,058 million driven by the profits generated in the year partially offset by actuarial losses on our post-retirement schemes, dividend payments and foreign exchange losses on the translation of overseas subsidiaries.

Post-retirement benefits

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

In June 2011, the triennial valuation of the main UK pension scheme as at 31 March 2010 was concluded with a funding deficit of £88 million. Following the sale of the main UK sugar and molasses assets in the year ended 31 March 2011, we made a contribution of £45 million into the scheme during the year. The balance of the deficit will be paid at an annual rate of £12 million starting from the year ending 31 March 2013.

The net deficit on our post-retirement obligations at 31 March 2012 of £140 million was broadly in line with the prior year (2011 – £139 million), with higher cash contributions offset by an increase in liabilities as a result of lower discount rates used to value our obligations.

Net debt

Net debt increased by £12 million to £476 million (2011 – £464 million). Free cash flow of £79 million from continuing businesses was more than offset by dividend payments of £112 million, the repurchase of £19 million of ordinary shares to satisfy the Group's share option schemes and a £7 million outflow for the purchase of the remaining 5% interest in G.C. Hahn & Co. Operating cash flows from discontinued operations provided an inflow of £25 million while the disposal proceeds from the sale of the Group's minority holdings in Egypt and Saudi Arabia were £18 million.

During the year, net debt peaked at £507 million in January 2012. The average net debt was £454 million, a reduction of £207 million from £661 million in the prior year.

In June 2012 at its maturity, we will repay our 6.5% £100 million Guaranteed Notes from our cash resources.

Cash flow

Operating cash flow from continuing operations was £233 million, a decrease of £92 million compared with the prior year primarily due to increases in working capital of £121 million (2011 – £41 million). The increase in working capital included outflows of £49 million from higher inventories; £40 million from margin calls and derivatives, mostly reflecting the decrease in the corn price during the year; and an outflow from provisions of £12 million primarily relating to the costs associated with our original decision to mothball the McIntosh facility. The cash flow impact of payments made into the Group's main pension schemes amounted to £80 million (2011 – £46 million), including a lump-sum payment of £45 million into the UK scheme following the conclusion of the triennial valuation. We also incurred £16 million of exceptional costs relating to our business transformation projects.

	Year ended 31 March	
	2012 £m	2011 £m
Adjusted operating profit from continuing operations	**348**	321
Depreciation/amortisation	**91**	96
Working capital before pensions and exceptional cash items	**(121)**	(41)
Net retirement benefit obligations	**(80)**	(46)
Cash expenditure on exceptional items	**(16)**	(14)
Share-based payments	**11**	9
Operating cash flow	**233**	325
Capital expenditure	**(130)**	(70)
Operating cash flow less capital expenditure	**103**	255
Net interest and tax paid	**(24)**	(77)
Free cashflow	**79**	178

Capital expenditure of £130 million, including a £28 million investment in intangible assets, was 1.4 times the depreciation and amortisation charge of £91 million. Capital expenditure was £60 million higher than in the prior year driven by our business transformation projects in particular, the development of our new Commercial and Food Innovation Centre and global IS/IT system and the restart of the McIntosh facility. We expect the ratio of capital expenditure to depreciation in the year ending 31 March 2013 to be broadly in line with that of 2012.

Net interest paid decreased by £6 million to £40 million principally as a result of the repayment of the US$300 million bond (£185 million) in June 2011.

Net income tax receipts were £16 million largely driven by a one-off US tax receipt of £24 million in relation to the recovery of tax as a result of the sale of the mothballed facility at Fort Dodge, Iowa.

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and capital expenditure) at £79 million was £99 million lower than the prior year principally as a result of the increases in working capital and contributions made into the Group's main pension schemes.

In June 2011, the former owner of G.C. Hahn & Co, which makes up the majority of our food systems operations in Europe, exercised its option to sell its remaining 5% shareholding to Tate & Lyle for a total cost of £7 million.

During the year we spent £19 million on the repurchase of ordinary shares to satisfy share option schemes and in June 2011, the Group repaid at maturity its US$300 million bond (£185 million). Parent company cash dividends paid were £112 million, £42 million higher than the prior year following the replacement of the scrip dividend option with the Dividend Reinvestment Plan (DRIP).

Financial risk factors

Our key financial risk factors are market risks, such as foreign exchange, transaction and translation exposures, and credit and liquidity risks. Please refer to Note 21 of the financial statements for a discussion of these risk factors.

Off balance sheet arrangements

In the ordinary course of business, to manage our operations and financing, we enter into certain performance guarantees and commitments for capital and other expenditure.

The aggregate amount of indemnities and other performance guarantees, on which no material loss has arisen, including those related to joint ventures and associates, was £1 million at 31 March 2012 (2011 – £1 million).

We aim to optimise financing costs in respect of all financing transactions. Where it is economically beneficial, we choose to lease rather than purchase assets. Leases of property, plant and equipment where the lessor assumes substantially all the risks and rewards of ownership are treated as operating leases, with annual rentals charged to the income statement over the term of the lease. Commitments under operating leases to pay rentals in future years totalled £205 million (2011 – £173 million) and related primarily to railcar leases in the USA. Rental charges for the year ended 31 March 2012 in respect of continuing operations were £22 million (2011 – £23 million).

Use and fair value of financial instruments

In the normal course of business we use both derivative and non-derivative financial instruments. The fair value of Group net borrowings at the year end was £518 million against a book value of £476 million (2011 – fair value £504 million; book value £464 million).

Additional Financial Information

Derivative financial instruments used to manage the interest rate and currency of borrowings had a fair value of £24 million asset (2011 – £4 million liability). The main types of instrument used are interest rate swaps, interest rate options (caps or floors) and cross-currency interest rate swaps. The fair value of other derivative financial instruments hedging future currency and commodity transactions was £1 million liability (2011 – £3 million asset). When managing currency exposure, we use spot and forward purchases and sales, and options.

The fair value of other derivative financial instruments accounted for as held for trading was £1 million asset (2011 – £2 million asset).

Fair value estimation

The fair value of derivative financial instruments is based on the market price of comparable instruments at the balance sheet date if they are publicly traded. The fair value of the forward currency contracts was determined based on market forward exchange rates at the balance sheet date. The fair values of short-term deposits, receivables, payables, loans and overdrafts with a maturity of less than one year are assumed to approximate their book values. The fair values of bonds, bank and other loans, including finance lease liabilities due in more than one year, are estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments, adjusted for the fair valuation effects of currency and interest rate risk exposures, where those instruments form part of related hedging relationship agreements, financial and commodity forward contracts and options, and commodity futures. The values of certain items of merchandisable agricultural commodities that are included in inventories are based on market prices.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this Business review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the same sections. In addition, Note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As set out in the sections and note referenced above, the market conditions of the areas in which the Group operates have been affected, and are likely to continue to be affected, by large movements in input prices. However, with some 75% of revenues from food and beverage ingredients, the Group has a measure of resilience (although not immunity) to economic challenges. In addition, the Group has access to considerable financial resources through its facilities as described in Note 21 to the financial statements. In making their assessment of the going concern basis, the directors have reviewed the maturities of these facilities, the headroom available from them and the Group's ability to meet the covenant requirements of certain of them. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tate & Lyle is exposed to a number of risks which might have a material adverse effect on our reputation, operations and financial performance

The Board of directors has overall responsibility for the Group's system of risk management and internal control. The schedule of matters reserved to the Board ensures that the directors control, among other matters, all significant strategic, financial and organisational issues.

Approach

The Group's enterprise-wide risk management and reporting process helps management to identify, assess, prioritise and mitigate risk. The process involves an ongoing programme of workshops, facilitated by the risk management function, held around the Group. The risks identified are collated and reported through functional and divisional levels to the Group Executive Committee. This culminates in the identification of the Group's key business, financial, operational and compliance risks with associated action plans and controls to mitigate them where possible (and to the extent deemed appropriate taking account of costs and benefits). The output is then reviewed by the Board. Responsibility for managing each key risk and the associated mitigating controls is allocated to an individual executive within each division. As part of the process, senior executive management formally confirms that these key risks are being managed appropriately within their operations and that controls have been examined and are effective. The confirmations and any exceptions are discussed at the Audit Committee and Corporate Responsibility Committee once a year.

During the year ended 31 March 2012, the Board of directors and the Group Executive Committee undertook an exercise to consider the nature and extent of the Group's risk appetite. The results of this exercise are used as part of the Group's strategic planning activities, and in considering ongoing mitigating actions.

The Group's risk management process continues to follow the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk framework. The COSO framework provides a process to manage the risk of failure to achieve business objectives and assurance against material loss or misstatement.

Key risks

Key risks and uncertainties identified as part of the risk management process undertaken during the year, together with some of the mitigating actions that we are taking, are set out below. It is not possible to identify or anticipate every risk that may affect the Group. Our overall success as a global business depends, in part, upon our ability to succeed in different economic, social and political environments and to manage and to mitigate these risks.

Risk	Impact and description	Examples of mitigating actions
Failure to act safely and to maintain the safe and continuous operation of our facilities	The safety of our employees, contractors, suppliers, and the communities in which we operate is paramount. We must operate within local laws, regulations, rules and ordinances relating to health, safety and the environment, including emissions. The operation of plants involves many risks, including failure or sub-standard performance of critical equipment; improper installation or operation of equipment; failure of a critical supplier; industrial action; and natural disasters. If these risks cause a temporary or permanent stoppage in production, this could have a material adverse effect on the Group.	• Board annual review of Group safety/environmental performance/policies • Central global function, Group Operational Efficiency and Sustainability, outside business unit control, sets and monitors standards • Health and safety policies and procedures at all facilities with dedicated staff to ensure policies are embedded and measured • Annual review of policies and performance by the Corporate Responsibility Committee • Environmental management systems at production facilities • Internal global compliance audits on safety and environment performed • Business continuity capabilities in place to enable supply, as quickly as practicable, of product to customers from alternative sources in the event of a natural disaster or major equipment or plant failure backed by appropriate insurance coverage against business interruption • Periodic review of critical supply or supplier dependencies in principal manufacturing operations.
Failure to grow in Speciality Food Ingredients	The Group's strategy is to become the leading global provider of speciality food ingredients and solutions. Failure to deliver on this strategy over the longer term would impact the Group's credibility and reputation.	• Non-core businesses have been sold in order that the Group's resources and investment growth capital are focused on speciality food ingredients • Three platforms have been established in Innovation and Commercial Development – sweeteners, texturants and health and wellness – to drive new product development and innovation in speciality food ingredients • New global Commercial and Food Innovation Centre opened in Chicago to promote closer collaboration with speciality food ingredient customers and to link with the global network of applications and technical services laboratories • Investments are being made to increase the Group's sales and technical resources in emerging markets • Internal capabilities have been enhanced to help promote growth through acquisition • Open Innovation team actively involved in scouting for breakthrough technologies and opportunities across industries and universities • Programmes in place to recruit new staff and develop existing staff to upgrade skill sets particularly in customer-facing areas and innovation.

Risk	Impact and description	Examples of mitigating actions
Failure to identify important consumer trends and innovate could impact the business's ability to grow	Falling behind the curve on emerging dietary trends and/or an inability to innovate could impact the delivery of the Group's strategy. This would impact its performance and reputation.	• Innovation and Commercial Development team works closely with customers and advisors to identify emerging trends • Consumer-facing research to ensure we are aware of consumers' needs and expectations • Global key account managers in place for major customers • New Commercial and Food Innovation Centre in Chicago enables scientists, marketing, sales and technical experts to collaborate more closely with customers and to link with the global network of applications and technical services laboratories • Recruitment and training policies in place to strengthen and upgrade staff skill sets.
Failure to maintain the quality of our products and high standards of customer service	The safety of consumers of our products is critical. Poor quality or sub-standard products or poor customer service could have a negative impact on our reputation and relationships with customers.	• Central global function, Group Operational Efficiency and Sustainability, manages Group-wide quality process and procedures • Product safety and quality policies and procedures in place to prevent contamination • Policies and procedures reviewed annually by the Corporate Responsibility Committee • Dedicated staff at all locations to ensure policies are embedded and measured • Third-party audits completed • Internal global compliance audits on food safety undertaken • Recall simulation exercises undertaken.
Failure to attract, develop and retain key personnel	Performance, knowledge and skills of employees are central to success. We must attract, integrate and retain the talent required to fulfil our ambitions and deliver the Group's strategy. Inability to retain key knowledge and adequately plan for succession could have a negative impact on Company performance.	• Remuneration policies designed to attract, retain and reward employees with ability and experience to execute Group strategy • Talent strategy to provide opportunities for employees to develop careers • Single global performance appraisal process and system in place.
Non-compliance with legislation and regulation	The Group operates in diverse markets and therefore is exposed to a wide range of legal and regulatory frameworks. We must understand and comply with all applicable legislation. Any breach could have a financial impact and damage our reputation.	• Changes in law and regulation in such areas as health and safety, environment, quality, food and corporate governance are regularly monitored and reviewed • Legal teams maintain compliance policies in areas such as antitrust, and anti-corruption laws; and provide ongoing training to employees • External consultants provide quarterly reports on regulatory change.
Fluctuations in prices, offtake and availability of raw materials, energy, freight and other operating inputs	Margins may be affected by fluctuations in crop prices due to factors such as harvest and weather conditions, crop disease, crop yields, alternative crops and co-product values. In some cases, due to the basis for pricing in sales contracts, or due to competitive markets, we may not be able to pass on to customers the full amount of raw material price increases or higher energy, freight or other operating costs.	• Strategic relationships with suppliers and trading companies • Multiple-source supply agreements for key ingredient supplies • Balanced portfolio of supply and tolling contracts in operation with customers to manage balance of raw material prices and product sales prices and volume risks • Raw material and energy purchasing policies to provide security of supply • Derivatives used where possible to hedge exposure to movements in future prices of commodities.
Failure to protect intellectual property	Our commercial success depends, in part, on obtaining and maintaining all kinds of protection including patents for certain products and technology.	• Group legal department, supported by expert patent lawyers, monitors all patents • Group Intellectual Property (IP) committee in place, chaired by the President of Innovation and Commercial Development, to oversee the Group's IP management • Dedicated Director of IP in place • Organised and secure process for identifying and recording innovations, trade secrets and potential patentable ideas.

Risk	Impact and description	Examples of mitigating actions
Competitors may achieve significant advantage through technological step change or higher service levels	Competitors could introduce a major technological step change, such as significantly improving the efficiency of a production process and lowering costs (and thereby commoditising products); or introduce a new product with better functionality which in turn could lead to a decline in our sales and/or profitability. We must ensure we exceed or at least match competitors' service and quality performance.	• Teams within the Global Business Units produce innovations in product development, applications, manufacturing technology and customer services • Global key account managers in place for major customers • Open Innovation team actively involved in scouting for breakthrough technologies and opportunities across industries and universities • Improved customer relationship management capabilities as part of the programme to implement a common global IS/IT platform and global support services.
Failure to implement the Group's programme to transform its operational capabilities	The Group has committed to a programme to transform its operational capabilities, primarily by implementing a common global IS/IT platform and global support services. If this programme is not implemented as planned, this would have an adverse impact on the Group's ability to achieve its strategy.	• Dedicated resources allocated to the project • Programme subject to both internal and external audit and review • Formal steering committee (executive management) and Board/Audit Committee review of project progress against agreed milestones and timelines.
Failure to counter negative perceptions of the Group's products	We must be fully prepared to counter unexpected/ unfounded negative publicity about our products.	• Innovation and Commercial Development and regulatory experts substantiate relevant product claims • Media relations department monitors Group press coverage and has action plans to deal with any negative publicity • Participation in trade organisations and industry-wide initiatives to promote and protect our products.
Failure to manage the balance sheet, particularly during periods of economic uncertainty, and deliver key projects	We must manage our finances within strictly controlled parameters, particularly when external financial conditions are uncertain and highly changeable. The change programme currently being undertaken by the Group consists of a number of projects which, if not delivered successfully, could impact the Group's performance and reputation.	• Capital expenditure procedures to control and monitor allocation and spend • All new investments are evaluated against clear strategic and financial criteria with greater scrutinity and clear execution milestones for approved investments • Significant projects approved and monitored by the Board • Dedicated resources allocated to major or key projects • External resources and expertise used where required or as appropriate • Exposure to liquidity risk is managed by ensuring access is maintained to a wide range of funding sources, and effective management of our cash resources • Net debt and working capital levels monitored constantly and reported monthly to the Board.
Failure to maintain an effective system of internal financial controls	Without effective internal financial controls, we could be exposed to financial irregularities and losses from acts which could have a significant impact on the ability of the business to operate. We must safeguard business assets and ensure accuracy and reliability of records and financial reporting.	• Policies ensure that key tasks are segregated to safeguard assets • Detailed internal finance and capital expenditure manuals set out procedure • Full balance-sheet reconciliation process • Group financial performance monitored with monthly Board reports and regular forecasting • Chief Executive and Chief Financial Officer undertake detailed quarterly business and financial reviews • Annual review of effectiveness of internal controls • Internal audit function provides assurance.

Our sustainability journey

At Tate & Lyle we manufacture ingredients for some of the best-known food and beverage companies in the world. We seek to do so in a responsible and sustainable way.

We see our Company's performance in financial, operational, social and environmental terms. They are all interdependent and all contribute to the creation of long-term shareholder value.

Improving our CR management

Achievements in the year to 31 March 2012 included:

- Our Board Corporate Responsibility (CR) Committee continued to strengthen its oversight of how environmental, social and governance (ESG) matters and risks are managed, following its establishment during the previous year. Information on the Committee's activities is provided on page 46.
- Our Group Operational Efficiency and Sustainability (GOES) function became embedded across our business following its first full year of operation. For example, our regional environmental colleagues in Europe and the USA became part of GOES in December 2011.

Improving our CR performance

We are pleased to report improved safety performance this year, and advances in our management of people, community involvement and the environment. We have worked hard to implement the control arrangements and targets that will deliver over both the short- and long-term. Examples include: our standardised safe systems of work; our annual Global Compliance Audit programme to confirm the implementation of our safety, food safety, quality and environmental standards; and, the development and roll-out of new environmental targets.

Improving our CR reporting

During the last twelve months we have:

- Further strengthened our internal reporting arrangements for safety, environmental and social data.
- Engaged external consultants URS to undertake verification of the aggregation and calculation of Group environmental performance data contained in this report, and of the internal reporting arrangements used to obtain it. In addition, our internal audit function has carried out a review of the CR information and data presented here.
- Undertaken stakeholder engagement on our CR reporting with customers, investors and employees. At www.tateandlyle.com and in our next annual report we shall complete our move to a stakeholder-orientated reporting model by also reporting marketplace matters – such as responsible supply chain management and customer sustainability engagement.

Safety

We have no higher priority than safety and are committed to providing safe and healthy working conditions for our employees, contractors and visitors. We are pleased to report an improvement in safety performance during the year. Although our safety performance compares favourably to external benchmarks we nevertheless seek to achieve continuous improvement.

Overview of the year

Our safety performance improved in calendar year 2011 with our recordable incident rate decreasing by 10% and our lost-time accident rate decreasing by 30% versus 2010. We are now operating at around one lost workday accident per million hours worked. However, the safety performance of contractors working at our facilities remains below that of our own employees and is therefore an area we are focussing on.

Safety improvement projects and activities

During the year we restructured our management of safety to ensure that it remains the first priority across our business. Specific initiatives included:

- Improving our overall safety management system and focus. For example, we established an Executive Safety Steering Committee chaired by our Chief Executive which regularly reviews our safety performance and improvement programmes. Our senior executives are personally involved in day-to-day safety management and undertake Executive Safety Audits globally.
- We made good progress with our Group Safety Improvement Plan which was devised in 2010. We have individual safety plans for all plants.
- We reviewed, revised and reissued standardised and global safe systems of work for specific activities such as working at height. We provided training on these new procedures at a two-day meeting of our global Plant Managers and Safety Managers in November 2011.

More online:
Read more about our approach to corporate responsibility at www.tateandlyle.com

- We held our annual Global Safety Week with high levels of participation seen across the business. Employees and their families demonstrated a strong commitment to achieving a 'Safe Start' and a 'Safe Finish' to every working day through safety poster competitions and at plant open days.

Results for the year

We currently measure and report against two key performance indicators for safety:

Recordable incident rate

- employees, improved by 20%
- contractors, improved by 4%
- **overall, improved by 10%**

Lost-time accident rate

- employees, improved by 37%
- contractors, improved by 24%
- **overall, improved by 30%**

For 1 January 2012 onwards, to bring us into line with international OSHA (Occupational Safety & Health Administration) standards, we will report lost workday case rate in place of lost-time accident rate.

External benchmarking

To put our safety performance in perspective and because many of our employees are located in the USA we monitor US industry averages. In 2011 our safety performance was better than the average achieved by companies across both our own and other industry sectors in the US.

Outlook

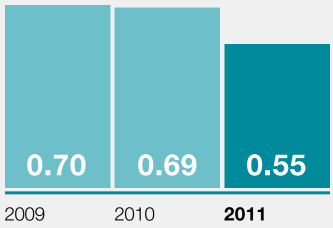
We are encouraged by the progress made in 2011, in terms of the improvements in our safety management and control arrangements and the results achieved. However, we still have much to do to achieve our ultimate goal of zero accidents and the safety performance of contractors is something we will continue to focus on in the year ahead.

Safety performance

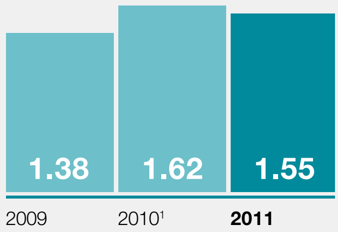
Recordable incident rate

Number of injuries requiring treatment beyond first aid per 200,000 hours

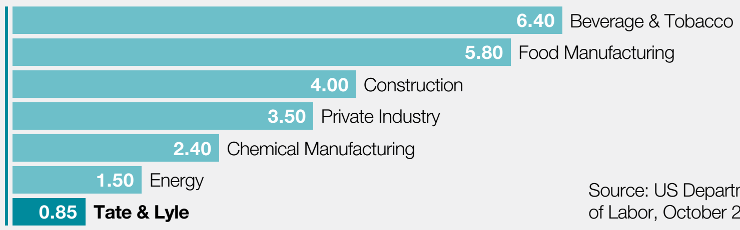
Employees



Contractors



Industry sector averages 2010 and Tate & Lyle overall 2011

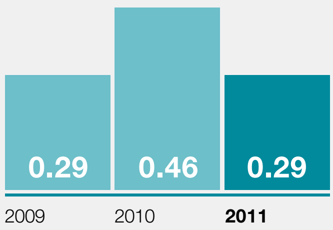


Source: US Department of Labor, October 2011

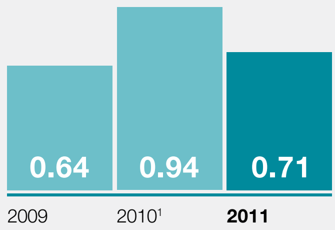
Lost-time accident rate

Number of injuries that resulted in lost work days or restricted work activities per 200,000 hours

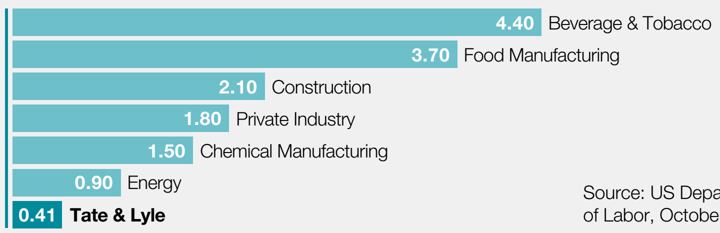
Employees



Contractors



Industry sector averages 2010 and Tate & Lyle overall 2011



Source: US Department of Labor, October 2011

1 Due to a 2010 injury that did not result in lost time until 2011, we have amended the 2010 contractors recordable incident rate from 1.56 (as previously reported) to 1.62 and lost-time accident rate from 0.89 (as previously reported) to 0.94.

Our people

Our aim is good, ethical employment practices and standards across all our operations, in line with our Business Code of Conduct (see www.tateandlyle.com). Our approach is to attract, retain and motivate the right people – aligned around the right values.

Employee profile

At 31 March 2012, Tate & Lyle employed 4,383 people (2011: 4,111). The increased number of employees versus 2011 is attributable to the restart of our McIntosh, Alabama, SPLENDA® Sucralose manufacturing facility and the establishment of our Global Shared Services centre in Łódź, Poland. These figures exclude employees from discontinued operations and our Vietnam Sugars business which is currently being sold.

Employee engagement

We believe that engaged employees are happier and deliver better results, and that good internal communication facilitates the awareness and achievement of common goals. We have recently launched a Company-wide employee engagement programme, underpinned by an employee survey. We have also implemented an updated global induction programme for new employees.

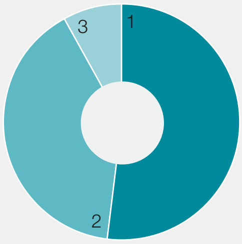
We engage with and support our employees in a number of ways, facilitated by Company-wide communication using means which range from our internal intranet, through our quarterly Worldwide magazine which is distributed in ten languages, to face-to-face dialogue.

Our values define what we stand for and how we behave with our customers, suppliers, investors, the communities we operate in and with each other.

We have clear structures for incentivising and rewarding employees, including a performance-related Group bonus plan and a sales incentive scheme consistent across all locations. Our remuneration policy for directors is explained on page 49.

Employees by business unit

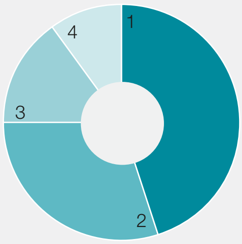
31 March 2012



1	**Bulk Ingredients**	52%
2	**Speciality Food Ingredients**	40%
3	**Central Functions**	8%

Employees by geography

31 March 2012



1	**North America**	47%
2	**Europe, Middle East and Africa**	35%
3	**Latin America**	13%
4	**Asia Pacific**	5%

Our values

Diversity and inclusion

We believe in equal opportunities regardless of gender, sexual orientation, age, marital status, disability, race, religion or other beliefs and ethnic or national origin. The Group remains committed to the fair treatment of people with disabilities regarding applications, training, promotion and career development. An employee who becomes disabled would, where appropriate, be offered retraining.

Our policies, practices and regulations for recruitment, training and career development promote equality of opportunity.

Our aim is a culture in which all employees have the opportunity to develop fully according to their individual abilities and the needs of the Group. In addition, we aim to attract a diverse workforce that reflects the communities in which we operate. To support this a Diversity and Inclusion Council was set up last year. The Council's focus to date has been on creating awareness, establishing metrics and the development of recruitment guidelines to enhance diversity. We have seen some positive early signs in this area and are committed to making further improvements over the next few years.

Gender diversity

Global employees

	31 March 2012	31 March 2011
Female	**24%**	23%
Male	**76%**	77%

We have more than 50 nationalities in our workforce currently.

Health and well-being

We work with healthcare partners to provide information, advice and support to employees on health matters and we share best practice across the Company.

Outlook

Our evolution into a truly global business demands a truly diverse workforce and this will continue to be an important part of our recruitment and retention policies. Employee engagement, good internal communication and the application of our values are key, underlying themes.

Community

We have a strong history of community involvement and during financial year 2012 we have continued to support communities local to our operations. Meanwhile, we have also been reviewing our work of recent years to redefine our objectives and programme going forward.

Overview of the year

In the year ended 31 March 2012 charitable donations were £308,000 (2011: £346,000). The year-on-year decrease was a key item in the review of our community involvement programme. In the year to 31 March 2013 we will make a significant increase in our financial commitment to community work.

During the year we supported a wide range of initiatives and organisations assisting our local communities, including:

Europe

Bulgaria: providing support to local schools.

Germany: local educational institutions and health and well-being charities.

Hungary: supporting the local primary school.

Italy: local health and education organisations.

Netherlands: health, education and well-being activities, particularly for children.

UK: support to local and national health and well-being charities.

USA

Chicago: community food bank and the local park district.

Decatur: agricultural shows; local arts funding organisations; and, a wide range of education, youth and community works including Decatur Family YMCA, youth programmes of the Decatur Park District, and the Associated Colleges of Illinios.

Lafayette: United Way of Lafayette; Purdue Foundation; education foundations.

Loudon: United Way of Loudon County; Loudon Education Foundation.

McIntosh: United Way of Southwest Alabama.

Tate & Lyle in the Community

For Tate & Lyle community involvement is about having a positive and lasting relationship with the community: changing things for the better in the areas of education, well-being and environment.

Our community programme has three broad objectives going forward:

Education: To develop young peoples' knowledge and understanding of science, technology, engineering and mathematics ('STEM' subjects); and, their preparedness for a career in a STEM-based discipline, either academically or vocationally.

Well-being: To provide practical assistance in the area of well-being: from health issues – through nutrition – to general welfare, such as our supporting food banks.

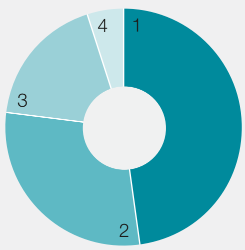
Environment: To promote environmental sustainability and good environmental management: addressing issues of climate change, water resource management and conservation.

Asia Pacific

Australia: children's health and well-being.

Community spend by allocation

year to 31 March 2012



1	**Education**	47%
2	**Health**	30%
3	**Environment**	17%
4	**Arts**	6%

Outlook

During the year we have undertaken a review of our community involvement objectives and programme. We have looked at our community work of recent years – talking to colleagues who have been involved in it across the business from the United States, through Europe, to Asia – and asking how we can do more to help our communities around the world. We have also taken some expert, external advice on this matter.

The result is that going forward we shall be implementing a revitalised community involvement programme – Tate & Lyle in the Community – building on our work to date and focussing on specific objectives in the areas of education, well-being and environment. We will:

- achieve a wider geographical reach across our global business;
- develop international as well as local community programmes; and
- make a larger financial commitment to this important area.

Tate & Lyle recognises that being a responsible corporate citizen includes having a strong and forward-looking community involvement programme.

Environment

We seek to operate in a way that is as environmentally sustainable as practical, while working continuously to reduce our environmental impact.

Our approach

By using resources such as energy and water more efficiently, and reducing waste, we can also achieve reductions in operational costs. Improving the Company's environmental sustainability, therefore, is not only good for the environment but can also be beneficial financially.

Tate & Lyle's environmental policy and standards apply to all our activities globally, and we aim to integrate environmental considerations into all major decisions.

We expect all of our facilities to meet their environmental permits at all times. On the rare occasion that a site exceeds any of its operating limits we take immediate action to correct the issue and prevent a recurrence. We have an annual internal audit programme to confirm compliance with our environmental management standards. We also have a programme of external environmental compliance audits to ensure that regulatory requirements are met.

Within our own operations (and joint ventures) we focus on those aspects of our activities that have the greatest potential impact on the environment. These are: energy use and consequent carbon footprint; water use; and waste.

Beyond our own operations – across our products' complete life cycle – we focus our attention on our raw material supply chain, the transportation of our products to our customers, and our products' packaging.

Results for the year

In calendar year 2011, versus 2010:

- **Energy use was flat overall, reducing slightly by 0.3% per tonne of production,** due to a sustained focus on running manufacturing operations across the Company in a smooth and efficient manner.
- **Primary carbon footprint from energy use was flat overall, reducing slightly by 0.2% per tonne of production,** in line with the slight energy efficiency improvement noted above.
- **Water use reduced by 2% per tonne of production,** due to good process and water use management with smooth, non-interrupted production runs across the business. About 0.5% of this reduction is due to the replacement of a well water meter at Lafayette Sagamore, USA.
- **Waste to landfill increased by 9% per tonne of production,** due to: winter conditions in the first quarter of 2011 affecting aerobic bio-solids digestion at Lafayette Sagamore, such that this material had to be sent to landfill; and, increased production volumes at several facilities leading to temporarily increased waste levels until we had optimised the processes affected. In 2012, the utilisation of new external waste recovery facilities in the USA, which use anaerobic digestion to produce energy from waste, is one of the initiatives we are taking to drive reductions in waste to landfill.

We are undertaking projects to improve our environmental performance.

Outlook

During the last year we have established new targets for environmental performance and embedded these into the personal objectives of individuals across the Company from the top down. We recognise that by restarting our McIntosh, Alabama SPLENDA® Sucralose facility and installing new air emissions control equipment at several locations our challenge to reduce energy use and waste will increase. Our new environmental targets will help us address this.

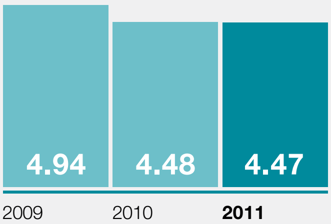
We also aim to:

– improve further our understanding of the carbon and water footprint of our products across their complete lifecycle; and,
– work more closely with our customers on reducing our joint environmental impact and with our suppliers on sustainable agriculture within our raw material supply chain.

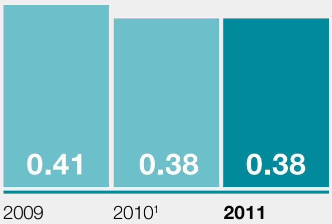
The commissioning of a biomass-fired boiler at our joint venture manufacturing facility in Hungary in calendar year 2012 is one of the projects being undertaken to further improve environmental performance.

Environmental performance

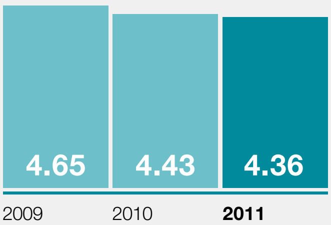
Energy use
GJ per tonne production



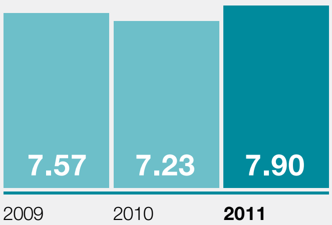
Primary carbon footprint
Tonnes CO_2 per tonne production



Water use
Cubic meters per tonne production



Waste to landfill
Tonnes per '000 tonnes production



1 Due to the continuous improvement of our internal reporting procedures and processes we have amended the primary carbon footprint number for 2010 shown above to 0.38 (from 0.37 as reported previously).

Corporate Responsibility reporting notes

- We report safety performance for Tate & Lyle owned and joint venture manufacturing facilities, and for Tate & Lyle offices and research and development facilities, globally, for the period 1 January to 31 December 2011.
- We report environmental performance for Tate & Lyle owned and joint venture manufacturing facilities globally for the annual period 1 January to 31 December 2011.
- We report safety and environmental performance by calendar year because we are required to do so for regulatory purposes.
- Our internal audit function has carried out a review of the corporate responsibility (CR) information and data presented in this Annual Report.

Environmental sustainability targets

Following a programme of engagement with key stakeholder groups – including customers, investors and employees, last year we adopted the following mid-term environmental sustainability targets for end of calendar year 2016:

CO_2 emissions target*
12.5% reduction, per tonne production, baseline year 2008
2011 Status: 10% reduction

Packaging reduction target
Implement packaging reduction programmes with customers comprising ≥ 50% of Sales (£)
2011 Status: pilot programmes initiated

Transport efficiency target
Implement transport efficiency programmes with customers comprising ≥ 50% of Sales (£)
2011 Status: pilot programmes initiated

Sustainable agriculture target
Implement sustainable sourcing programmes for our top-20 raw materials by volume and any sustainability risk materials
2011 Status: pilot programmes initiated

Going forward, we shall develop additional environmental sustainability targets, including for waste.

* We recognise that restarting our McIntosh, Alabama SPLENDA® Sucralose manufacturing facility and installing new air emissions control equipment at several locations will make it more challenging to improve our energy use and waste performance in the short-term.

Introducing your Board of Directors

Sir Peter Gershon Chairman and Chairman of the Nominations and Corporate Responsibility Committees

Joined the Board as an independent Non-Executive Director and Chairman Designate in February 2009. Appointed Chairman in July 2009. Aged 65.

Skills and Experience
Sir Peter has broad business experience gained in large and complex international organisations and held various leadership roles in the UK private and public sector. He was formerly Chairman of Premier Farnell plc; Chief Executive of the Office of Government Commerce; and Managing Director of Marconi Electronic Systems.

Other Directorships
- Chairman of National Grid plc
- Member of the UK Defence Academy Advisory Board
- Member of HM Government Efficiency Board

Javed Ahmed Chief Executive

Joined the Board as Chief Executive in October 2009. Aged 52.

Skills and Experience
Javed has extensive international experience from a wide variety of senior commercial and management roles. He started his career with Procter & Gamble and then spent five years with Bain & Co. before joining Benckiser (later Reckitt Benckiser plc) in 1992 where he gained significant experience of international consumer goods markets and held positions including Senior Vice President, Northern Europe; President, North America; Executive Vice President, North America, Australia and New Zealand; and Executive Vice President, Europe.

Other Directorships
None

Tim Lodge Chief Financial Officer

Joined the Board in December 2008 as Group Finance Director. Aged 47.

Skills and Experience
Tim joined the Group in 1988 and has held a number of senior operational and financial roles, both in the UK and internationally, including Managing Director of Zambia Sugar; Group Financial Controller; Finance Director of the Food & Industrial Ingredients, Europe division; and Director of Investor Relations. He is a Fellow of the Chartered Institute of Management Accountants.

Other Directorships
None

Liz Airey Non-Executive Director and Chairman of the Audit Committee

Joined the Board in January 2007. Aged 53.

Skills and Experience
Liz was an investment banker and has extensive financial experience in the UK and internationally. She was formerly Finance Director of Monument Oil and Gas plc.

Other Directorships
- Chairman of the Unilever UK Pension Fund
- Senior Independent Director of Jupiter Fund Management PLC
- Non-executive director of Dunedin Enterprise Investment Trust PLC

William Camp Non-Executive Director

Joined the Board in May 2010. Aged 63.

Skills and Experience
Bill worked for 22 years for Archer Daniels Midland Company, before retiring in 2007, and held a variety of management positions including Executive Vice President, Asia Strategy; Executive Vice President, Processing; and Senior Vice President, Global Oil Seeds, Cocoa and Wheat Milling.

Other Directorships
- Non-executive director of Chiquita Brands International Inc
- Non-executive director of BioAmber Inc
- Senior Advisor, Naxos Capital

Evert Henkes Non-Executive Director and Chairman of the Remuneration Committee

Joined the Board in December 2003. Aged 68.

Skills and Experience
Most of Evert's career was with Shell where he held a number of senior management positions in Europe and Asia Pacific culminating in Chief Executive of Shell Chemicals from 1998 until his retirement in 2003.

Other Directorships
- Non-executive director of Air Products and Chemicals Inc
- Non-executive director of SembCorp Industries Ltd
- Non-executive director of TNK-BP

More online:
Read full biographies of the Board of Directors and our Group Executive Committee at www.tateandlyle.com

Douglas Hurt Non-Executive Director

Joined the Board in March 2010. Aged 55.

Skills and Experience
Douglas is a Chartered Accountant. He held a number of financial and operational roles, including US and European senior management positions, at GlaxoSmithKline before joining IMI plc as Finance Director in 2006.

Other Directorships
- Finance Director of IMI plc

Dr Ajai Puri Non-Executive Director

Joined the Board in April 2012. Chairman of the Research Advisory Group. Aged 58.

Skills and Experience
Ajai has a PhD in Food Science from the University of Maryland, USA and a MBA from Rollins College, Florida, USA. He was President – Research, Development and Product Integrity and a member of the Executive Board of Koninklijke Numico N.V. from 2003 to 2007. From 1981 to 2003, Ajai held various management positions with The Coca-Cola Company, culminating in Senior Vice President Technical, The Minute Maid Company.

Other Directorships
- Member of the supervisory board of Nutreco N.V.
- Non-executive director of Barry Callebaut AG
- Non-executive director of Britannia Industries Limited

Robert Walker Senior Independent Director

Joined the Board in January 2006. Aged 67.

Skills and Experience
Robert spent over 30 years with Procter & Gamble, McKinsey and finally, PepsiCo, where he was responsible for the company's beverage operations in Europe, Middle East and Africa.

Other Directorships
- Chairman of Travis Perkins plc
- Chairman of Enterprise Inns plc
- Chairman of Americana International Holdings Limited

Robert Gibber Executive Vice President, Company Secretary and General Counsel

Appointed General Counsel in 1997 and Company Secretary in 2001. Aged 49.

Skills and Experience
A solicitor, Robert joined Tate & Lyle in 1990 as a commercial lawyer. He previously worked for City law firms Wilde Sapte and Herbert Oppenheimer. Robert graduated from Wadham College, Oxford in Oriental Studies (Chinese) in 1984.

Other Directorships
None

Our Governance structure
Certain responsibilities are delegated to four Board Committees, details of which are given on pages 44 to 49.

The current membership of the Board Committees are as follows:

Audit Committee
Liz Airey, Chairman
Evert Henkes
Douglas Hurt

Remuneration Committee
Evert Henkes, Chairman
William Camp
Sir Peter Gershon
Dr Ajai Puri
Robert Walker

Nominations Committee
Sir Peter Gershon, Chairman
Javed Ahmed
Liz Airey
William Camp
Evert Henkes
Douglas Hurt
Dr Ajai Puri
Robert Walker

Corporate Responsibility Committee
Sir Peter Gershon, Chairman
Liz Airey
William Camp
Dr Ajai Puri

Our Group Executive Committee
The Group Executive Committee oversees the development and execution of the Group's strategy, and has overall responsibility for achieving business results.

Javed Ahmed
Chief Executive

Tim Lodge
Chief Financial Officer

Robert Gibber
Executive Vice President, Company Secretary and General Counsel

Rob Luijten
Executive Vice President, Human Resources

Karl Kramer
President, Innovation and Commercial Development

Olivier Rigaud
President, Speciality Food Ingredients

Matt Wineinger
President, Bulk Ingredients

Statement from the Chairman

Dear Shareholder

As a Board, we are always mindful of the duties we owe to the Company's shareholders and key stakeholders to ensure the Company has the right people, systems and processes in place to manage risk and deliver the Group's agreed strategy. As Tate & Lyle's business transformation programme continues to progress, this is even more important. As Chairman, I am responsible for ensuring that the Board operates effectively with well-informed directors asking the right questions and setting the right tone from the top.

This Corporate Governance Statement describes our approach to governance and highlights a number of the actions we have taken during the year including the following:

Board composition and diversity

Following the untimely death of Dr Barry Zoumas in August 2011, Dr Ajai Puri was appointed to the Board as an additional non-executive director and Chairman of the Research Advisory Group with effect from 1 April 2012. We also undertook a review of the needs of the Board in light of the Group's agreed strategy and length of tenure of our current directors. The findings of that review are helping inform future changes in the Board.

Following on from the recommendations of the 2011 Board effectiveness review, we developed a strategy for Board diversity and carefully considered the proposals contained within Lord Davies's report on Women on Boards. We believe that each member of our Board must be able to demonstrate the skills, experience and knowledge required to contribute to the effectiveness of the Board. Subject to that overriding principle, we believe that the Board's perspective and approach can be greatly enhanced through gender, age and cultural diversity and it is our policy to consider overall Board balance and diversity when appointing new directors.

Areas of focus

A summary of the key areas addressed by the Board during the year is on pages 39 to 40. During the year ending 31 March 2013, the Board expects to place particular focus on the following:

- safety;
- the performance of the Speciality Food Ingredients business unit, including its business and market opportunities;
- the Innovation and Commercial Development group;
- other strategic initiatives, including merger and acquisition opportunities;
- the performance of the Commercial and Food Innovation Centre and single global IS/IT platform (once implemented); and
- the transition of the Research Advisory Group to the chairmanship of Dr Ajai Puri.

Board effectiveness review

The 2011 review was conducted by an external facilitator and the Board agreed that I would lead the 2012 review. This year, we also sought input from senior executives who are regular attendees at Board and/or Committee meetings and details of recommendations and actions are on page 41.

Developments in corporate governance

We continued to monitor the changes to the corporate governance landscape and have responded to a number of the UK government's consultations during the year. We also held a dedicated training session on UK and European governance and I expect that this will be an area for continued focus in 2012/13.

Chairmanship

On 1 January 2012 I took on the chairmanship of National Grid plc after joining its board as Deputy Chairman in August 2011. As agreed with the Tate & Lyle Board when I obtained its consent to take up that chairmanship, I stepped down from my other company directorships at that time because I was cognisant that the time commitments of the new role were similar to those at Tate & Lyle. Further information on this is on page 40.

Sir Peter Gershon
Chairman

30 May 2012

More online:
Read more about governance at www.tateandlyle.com

UK Corporate Governance Code

The FRC published the UK Corporate Governance Code (the Code) in May 2010. The Code, which has replaced the Combined Code on Corporate Governance, is available on the Financial Reporting Council's website, www.frc.org.uk. As a UK company with a premium listing on the London Stock Exchange, we are required to state how we have applied the principles contained in the Code and to disclose whether we have complied with the provisions of the Code during the year. Throughout the period from 1 April 2011 to 31 March 2012 the Company has been in full compliance with the Code.

This report, which is structured to reflect the main headings of the Code, together with the Directors' Remuneration Report and the disclosures contained in the Risks section on pages 27 to 29, provide details of how the Company applies the principles and complies with the provisions of the Code.

Leadership

The role of the Board

The Board is collectively responsible for promoting the success of the Company and for providing entrepreneurial leadership within a framework of prudent and effective controls that enable risk to be assessed and managed. It sets the Company's objectives, ensures that the Company has the necessary financial resources and people to meet them, and reviews management performance. The Board also sets the Company's values and standards and ensures that its obligations to shareholders and others are met.

There is a schedule of matters reserved to the Board for decision. Other responsibilities are delegated to Board Committees, details of which are given on pages 44 to 49. The directors' responsibilities for the preparation of financial statements are explained in the Directors' Statement of Responsibilities on page 62. Their statement on going concern is on page 26.

Matters reserved to the Board

The schedule of matters reserved to the Board for decision includes approval of:

- Group strategy;
- annual budget and operating plans;
- major capital expenditure, acquisitions or divestments;
- dividends;
- full-year and half-year results and interim management statements;
- Board and Company Secretary appointments;
- senior management structure and responsibilities;
- treasury policies;
- directors' conflicts of interest; and
- systems of internal control and risk management.

Board meetings

The core activities of the Board are undertaken in scheduled meetings of the Board and its Committees, the timing of which is linked to key events in the Company's corporate calendar. Ad hoc meetings are also arranged to consider matters requiring review and decision outside the scheduled meetings. Six scheduled Board meetings were held during the year ended 31 March 2012; one of the Board meetings was held at the global Commercial and Food Innovation Centre Chicago, USA. The Board also met offsite for one day to focus on strategy.

In the few instances where a director is unable to attend a meeting, his or her comments on the briefing papers are given in advance to the relevant Chairman.

The rolling programme of items for discussion by the Board, which has been in operation for a number of years, is reviewed at each Board meeting and updated to reflect topical matters. It was agreed to overhaul this programme as part of the 2012 Board effectiveness review, details of which are on page 41.

Directors' attendance at Board meetings

Directors as at 31 March 2012	Number of meetings	Number of meetings attended
Sir Peter Gershon	6	6
Javed Ahmed	6	6
Tim Lodge	6	6
Liz Airey	6	5
William Camp	6	5
Evert Henkes	6	6
Douglas Hurt	6	6
Robert Walker	6	6
Former directors		
Dr Barry Zoumas[1]	2	2

1 Died on 14 August 2011.

Dr Ajai Puri joined the Board on 1 April 2012 and is therefore excluded from the above analysis.

All substantive agenda items have comprehensive briefing papers circulated five working days before the meeting. Directors' access to information was enhanced during the year with the implementation of an electronic Board portal which enables all directors to access Board and Committee papers as soon as they are issued and this also supports the Group's environmental goals.

Meetings are structured to facilitate open discussion, and all directors participate in discussing strategy, trading, safety, financial performance and risk management. Members of executive management attend Board meetings and make presentations regularly.

During the year, the Chairman continued to hold a short discussion with the non-executive directors collectively both immediately before and after each scheduled Board meeting.

Summary of the Board's work during the year

During the year, the Board considered all matters within its remit, focusing in particular on the following:

- safety;
- reviewing the operations and effectiveness of the Speciality Food Ingredients and Bulk Ingredients business units and the Innovation and Commercial Development group;

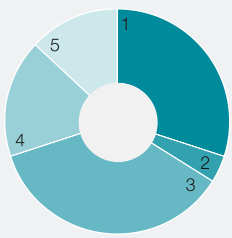
- monitoring the implementation of transformational investments, in particular the project to create one global IS/IT platform, the global Shared Service Centre in Łódź, Poland and the Commercial and Food Innovation Centre in Chicago, USA;
- approving the project to restart the mothballed facility in McIntosh, Alabama, USA and monitoring progress;
- continuing to oversee talent management and recruitment activities; and
- through the above, overseeing the ongoing transformation of the Group's culture and business.

Areas of particular focus for the Board in the 2013 financial year are on page 38.

Board allocation of time

The chart below shows the approximate time the Board has spent discussing agenda items during the year, separated into broad categories.

Board allocation of time



1	**Strategy**	30%
2	**Capital expenditure**	4%
3	**Finance/Risk**	36%
4	**Operations**	17%
5	**Governance**	13%

Division of Responsibilities

The roles of the Chairman and Chief Executive are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman is responsible for the leadership and workings of the Board and ensuring its effectiveness, while the Chief Executive is responsible for running the business and implementing strategy and policy.

Effectiveness

Board composition

At the date of this report, the Board comprises nine directors: the Chairman, who has no executive responsibilities; two executive directors; and six non-executive directors. The names and biographies of the directors are on pages 36 and 37.

Dr Barry Zoumas died on 14 August 2011 and Dr Ajai Puri was appointed a non-executive director with effect from 1 April 2012. Further information on the selection process is contained within the Nominations Committee report on page 47.

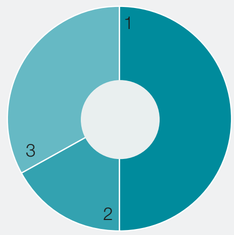
Independence

With the exception of the Chairman, who is presumed under the Code not to be independent, the Board considers all the non-executive directors to be independent. The Senior Independent Director, Robert Walker, is available to shareholders if they have any issues or concerns, and leads the annual review of the Chairman's performance.

The non-executive directors have a wide range of skills and knowledge and combine broad business and commercial experience with independent and objective judgement. The terms and conditions of appointment of the non-executive directors can be inspected at the Company's registered office and will be available for inspection at the Annual General Meeting (AGM).

Each director has been through a formal performance review process as part of the Board effectiveness review. In line with the Code, Evert Henkes and Robert Walker, who have served for over six years, have been subject to a rigorous review.

Tenure of non-executive directors



1	**0 to 3 years**	3 directors
2	**4 to 6 years**	1 director
3	**7 to 9 years**	2 directors

Time commitment

All Directors have disclosed any significant external commitments to the Board and confirmed they have sufficient time to discharge their duties. The other significant commitments of the Chairman, Sir Peter Gershon, are set out on page 36.

During the year, the Chairman was appointed as Chairman of National Grid plc and prior to that appointment, he confirmed to the Board that to ensure he had sufficient time to devote to both the Company and National Grid, he would be giving up his other company directorships before assuming the chairmanship of National Grid. The Board reviewed his time commitments and was satisfied that his new position would not restrict him from effectively carrying out his duties as Chairman of Tate & Lyle PLC. The Senior Independent Director has confirmed that the directors review this on a regular basis and are satisfied that the Chairman continues to devote the necessary time to the Company.

Board support

All directors have access to the advice and services of the Company Secretary, Robert Gibber, who is also the General Counsel and a member of the Group Executive Committee. The Company Secretary and the Deputy Company Secretary are responsible for ensuring that Board processes are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. There is also a formal procedure whereby, in the

During the year, the Chairman and non-executive directors visited over 25% of the Group's key locations.

furtherance of their duties, directors can obtain independent professional advice, if necessary, at the Company's expense.

Information, induction and professional development

The Chairman, assisted by the Company Secretary, is responsible for ensuring that the directors receive accurate, timely and clear information on all relevant matters.

On appointment to the Board, new directors receive background reading about the Group and details of Board procedures and other governance related matters. A comprehensive tailored induction programme has been put in place for Dr Ajai Puri, based on previous induction programmes. The programme, which is ongoing, includes site visits to the Group's operations in Europe and the USA and meetings with senior management across the Group.

Directors receive ongoing training and updates on relevant issues as appropriate, taking into account their individual qualifications and experience. Bespoke training sessions were held during the year. These included a session on evolving corporate governance trends.

The Company Secretary helps directors undertake any other professional development they consider necessary to assist them in carrying out their duties. Visits to external events or organisations are also arranged for the Board to help non-executive directors in particular to gain a deeper insight into the Group's operating environment. During the year, in addition to the Board's visit to the Commercial and Food Innovation Centre, Chicago, USA, the Chairman and the non-executive directors visited a total of nine of the Group's sites in Europe, the US and the Far East as part of their independent site visit programme. These visits provide directors with the opportunity to interact with local management and gain in-depth knowledge about the challenges being faced by the Group's operations across the world.

Performance evaluation

A review of the Board's effectiveness is undertaken each year. The progress made since the 2011 evaluation is summarised below:

2011 Board effectiveness review:

Recommendations	Update on actions
In light of the changes to the Company's strategic focus, future Board composition should be subject to a detailed review during 2011.	Following a review led by the Chairman, the Board has agreed a medium-term plan for the composition of the Board.
A Board diversity strategy should be developed.	The Board's diversity strategy was agreed and implemented in 2011. Further details are on page 38.
Personal development plans should be developed for each of the non-executive directors and the Chairman.	Each non-executive director has a personal development plan which is regularly discussed with the Chairman.
It would be useful for the Board to have a series of 'deep dive' sessions every year.	Deep dive sessions have been held to focus on key issues including talent management and post-acquisition integration.

Having undertaken an externally-facilitated review in 2011, the Board agreed that the 2012 Board effectiveness review would be facilitated by the Chairman. As part of the process, the Chairman held one-to-one meetings with each director and the Company Secretary, and the Deputy Company Secretary gathered feedback from senior management who attend Board and/or Committee meetings via a tailored questionnaire. The main themes and observations on the Board's effectiveness were summarised in a report to the Board. It concluded that the Board continued to operate in an effective manner but made a number of recommendations for improvements including those recommendations summarised on the right. Progress on agreed actions is being monitored by the Company Secretary and will be reported in the Annual Report 2013.

2012 Board effectiveness review:

Recommendations	Agreed Actions
Understanding and knowledge of the speciality food ingredients market to be strengthened.	More time has been allocated to the consideration of the speciality food ingredients markets in Board meetings and Board training sessions.
Nominations Committee to increase its focus on succession planning.	Increased emphasis will be given to succession planning for future Nominations Committee meetings.
Opportunities for senior line managers' involvement in the CR Committee to be identified and implemented.	A wider range of senior managers will be invited to attend all or part of the CR Committee's meetings, based on the items under discussion.
Arrangements for updating the Board where there is an interval of more than two months between Board meetings should be enhanced.	Interim updates will be provided to the Board via the Board portal following an agreed schedule.
The rolling Board agenda should be overhauled to better reflect the Group's agreed strategy and focus.	The rolling agenda has been overhauled with increased emphasis on strategic issues.

With regard to the performance of individual directors, the review concluded that all directors continue to make an effective contribution to the Board's work, are well prepared and informed about issues they need to consider, and that their commitment remains strong. Individual feedback was also provided to each director.

The Board effectiveness review included a review of the Audit, Corporate Responsibility, Nominations and Remuneration Committees and each Committee also undertook an evaluation of its own work and effectiveness during the year. The results of the reviews were discussed by the Board which concluded that each Committee operated effectively throughout the year.

During the year, the non-executive directors met without the Chairman, under the chairmanship of the Senior Independent Director, to appraise the Chairman's performance (the Senior Independent Director having first sought the views of the executive directors). In addition, the Chairman held a private meeting with the non-executive directors to appraise the Chief Executive's performance.

Re-election

The Board has agreed that all Directors shall seek re-election on an annual basis.

Directors' conflicts of interest

As permitted under the Companies Act 2006, the Company's Articles of Association allow directors to authorise conflicts of interest and the Board has a policy and procedures for managing and, where appropriate, authorising, actual or potential conflicts of interest. Under those procedures, directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The Board is required to review directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the Board prior to their appointment.

Accountability

Internal control

The Board has overall responsibility for the Group's system of internal control, which is designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication and to comply with the Turnbull Committee guidance. The schedule of matters reserved to the Board ensures that the directors control, among other matters, all significant strategic, financial and organisational issues.

Responsibilities

The Board delegates to executive management the responsibility for designing, operating and monitoring both the system and the maintenance of effective internal control. Procedures are in place for identifying, evaluating and managing any significant risks that face the Group. These procedures are designed to manage rather than eliminate risk, and can provide only reasonable and not absolute assurance against material errors, losses, fraud or breaches of laws or regulations. Mandatory written policies and procedural manuals exist for all businesses, compliance with which is reviewed by the Board annually. These internal control procedures provide that all major projects require technical, financial and Board approval, while all capital expenditure within each project requires senior management approval at appropriate stages. Adherence to internal control procedures is ensured by a regular reporting system that details both technical progress of projects and the Group's financial affairs. All material joint ventures follow either the Group's formal systems of internal control, or internal control procedures that are considered by the Group to be adequate, and their internal control procedures are subject to review by the Group's internal audit function.

Risk assessment and evaluation form an integral part of the annual planning process. Each business unit documents its strategic objectives and the significant risks in achieving them. The units report regularly on progress towards fulfilment, whilst the key risks are reviewed regularly by the Board. There is a comprehensive budgeting and planning system for all items of expenditure with an annual budget approved by the Board. Results are reported against budget on a monthly basis, with significant variances investigated and the Chief Executive and Chief Financial Officer undertake regular financial and operational reviews of the business units. Given the significant business transformation activity, in addition to regular progress reports, the Board also receives reports from external specialists retained to review key elements of the transformation programme. Revised forecasts for the financial year and financial projections for future years are prepared on a regular basis.

Financial reporting

The Company has in place internal control and risk management systems in relation to the Company's financial reporting process and the Group's process for preparation of consolidated accounts. They include policies and procedures which provide:

- that transactions and disposals of assets are accurately and fairly reflected;
- reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with International Financial Reporting Standards;
- assurance that representatives of the businesses have certified that their reported information provides a true and fair view of the state of the financial affairs of the business and its results for the period; and
- that reported data has been reviewed and reconciled.

More online:
Read key announcements, financial reports and other information at www.tateandlyle.com

Monitoring effectiveness

The Board receives reports from the Chief Executive, Chief Financial Officer, business unit presidents and other senior executives to enable it to assess on an ongoing basis the effectiveness of the systems of internal control and risk management. The Audit Committee periodically reviews the effectiveness of the system of internal control through reports from the internal audit function. The Corporate Responsibility Committee reviews effectiveness of the controls within its remit. The internal audit function follows a planned programme of reviews that are aligned to the risks existing in the Group's businesses and reports accordingly. It has the authority to review any relevant aspect of the business and a duty to report on any material weaknesses.

2012 review of effectiveness

The Board, with the assistance of the Audit Committee and Corporate Responsibility Committee, conducted an assessment of the effectiveness of the systems of risk management and internal control during the financial year and up to the date of this annual report. The review, which covered financial, operational and compliance controls and was co-ordinated by the internal audit function, included a Group-wide certification that appropriate internal controls were in place to facilitate the Board's review of effectiveness.

The internal audit function monitored and selectively checked the results of this exercise, ensuring that the representations made were consistent with the results of its work during the year. Where weaknesses have been identified, remedial action plans were also reported. The results of this exercise were summarised for the Audit Committee, Corporate Responsibility Committee and the Board.

This assessment is carried out every year. In the event that any significant losses were to be incurred during any particular year as a result of a failure of controls, a detailed analysis would be provided to the Audit Committee, Corporate Responsibility Committee (if appropriate), and the Board.

The Board confirms that no significant weaknesses were identified in relation to the review conducted during the year and accordingly no remedial action is required.

Further information on risk is on pages 27 to 29.

Remuneration

The Board has delegated to the Remuneration Committee responsibility for agreeing the remuneration policy for the Chairman, Chief Executive, Chief Financial Officer and senior executives. The Directors' Remuneration Report on pages 48 to 59 contains full details of the role and activities of the Remuneration Committee.

Relations With Shareholders

Shareholder communications

The Chief Executive, Chief Financial Officer and Group VP Investor Relations maintain a regular programme of visits and presentations to major institutional shareholders both in the UK and overseas. During the year, the Chairman undertook separate visits to major institutional shareholders and the Senior Independent Director also met with a number of institutional shareholders. Feedback on interaction with major shareholders is provided to all directors.

The Investor Relations department provides the Board with a report on any meetings with major institutional shareholders at each scheduled Board meeting. All directors receive copies of analysts' reports on the Company and the Board receives regular briefings from the Company's external advisers on investors' perceptions of Tate & Lyle and its investor relations activities. The non-executive directors are encouraged to attend the full-year and half-year results presentations.

The Company aims to present a balanced and clear assessment in all its public reports as well as in those to regulators. Key announcements, financial reports and other information about the Group can be found on the Company's website at www.tateandlyle.com.

Annual General Meeting (AGM)

The 2012 AGM will be held at The Honourable Artillery Company in London, on Thursday 26 July 2012 at 11.00 am. Full details are set out in the Notice of Meeting.

Shareholders who attend the AGM have the opportunity to put questions to the Board on matters relating to the Group's operations and performance. All resolutions are decided by means of a poll and the votes received in respect of each resolution, together with the level of abstentions, are notified to the London Stock Exchange and published on the Company's website. Shareholders are offered the choice of receiving shareholder documentation, including the annual report, electronically or in paper format as well as the choice of submitting proxy votes either electronically or by post.

Audit Committee

Dear Shareholder

I am pleased to present the Audit Committee's report on our activities during the year.

We restructured our agenda this year to give us more time to conduct detailed reviews of key topics, in addition to the usual matters we consider, such as approving the financial results for the full year, half year and the interim management statements and reviewing applicable accounting policies and going concern assumptions. The topics we reviewed included the protection of confidential information, governance of Group pensions, commodities risk management and the first phase of the transfer of activities into our global Shared Service Centre in Łódź, Poland.

The Committee felt this change was a good one, as we know from feedback from the Board and Committee effectiveness reviews, and so we will continue with it. Topics for the year ahead include accounting control standards, risk management and more detailed reviews of Group functions.

In March 2012, the Board visited our new Commercial and Food Innovation Centre in Chicago, USA. This provided us with a useful opportunity to meet with both the local audit team and local finance managers. We have also adjusted our agenda so that divisional finance leaders will now meet with us more regularly.

Liz Airey
Chairman of the Audit Committee

The Audit Committee comprises three non-executive directors, and oversees the Group's financial reporting and internal controls and provides a formal reporting link with the external auditors. Its terms of reference, which are reviewed annually by the Board, are available on the Company's website, www.tateandlyle.com.

The Committee met six times during the year. Membership of the Committee and attendance during the year were as follows:

Directors as at 31 March 2012	Number of meetings	Number of meetings attended
Liz Airey (Chairman of the Committee)	6	6
Evert Henkes	6	5
Douglas Hurt	6	6

All the Committee members have extensive management experience in large international organisations. It is a requirement of the Code that at least one Committee member has recent and relevant financial experience. Liz Airey was an investment banker and former finance director of Monument Oil and Gas plc and Douglas Hurt is Finance Director at IMI plc, and both meet this requirement.

The Chief Financial Officer, VP – Group Audit and Assurance, Group VP – Finance and Control and representatives of the external auditors are normally invited to attend each meeting of the Committee. The Chairman of the Board and Chief Executive also attend meetings of the Committee by invitation.

The minutes of each meeting are circulated to the Board. The VP – Group Audit and Assurance and the external auditors have direct access to, and meet regularly with, the Chairman of the Committee outside formal Committee meetings.

The Committee maintains a formal calendar of items for consideration at each meeting and within the annual audit cycle to ensure that its work is in line with the requirements of the Code.

Main responsibilities of the Audit Committee

The main responsibilities of the Committee include:

- overseeing the Group's financial reporting process and monitoring the integrity of the financial statements and formal announcements relating to the Group's financial performance;
- reviewing significant financial reporting issues and accounting policies and disclosures in financial reports;
- reviewing the effectiveness of the Group's internal control procedures and risk management systems;
- reviewing the effectiveness of the internal audit function;
- overseeing the Group's relationship with the external auditors;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process; and
- making recommendations to the Board on the appointment or reappointment of the Group's external auditors.

Independence of the external auditors

The Group's external auditors are PricewaterhouseCoopers LLP (PwC) and the Committee operates a policy to safeguard the objectivity and independence of the external auditors. This policy sets out certain disclosure requirements by the external auditors to the Committee; restrictions on the employment of the external auditors' former employees; partner rotation; and procedures for the approval of non-audit related services provided by the external auditors. During the year, the Committee reviewed the processes that the external auditors have in place to safeguard their independence and received a letter from them confirming that, in their opinion, they remained independent.

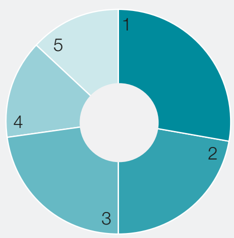
The Audit Committee restructured its agenda this year to devote more time to detailed reviews of key topics.

The Committee closely monitors the level of audit and non-audit related services they provide to the Group. Non-audit related services are normally limited to assignments that are closely related to the annual audit or where the work is of such a nature that a detailed understanding of the Group is necessary. A policy for the engagement of the external auditors to supply non-audit related services has been implemented to formalise these arrangements which requires Audit Committee approval for certain categories of work and fee levels. A breakdown of the fees paid to the external auditors in respect of audit and non-audit related work is included in Note 8 of the financial statements. Having undertaken a review of the non-audit related services provided during the year (the majority of which related to work performed on the Group's common IS/IT platform), it was assessed that PwC were best placed to perform these additional services in view of their knowledge of the business, the time constraints in completing the work and the likely cost. The Committee is satisfied that these services did not prejudice the external auditors' independence.

Work undertaken during the year

The chart below shows the approximate time the Committee has spent discussing agenda items during the year, separated into broad categories.

Work undertaken during the year



1	**Financial Reporting**	28%
2	**External Auditors**	22%
3	**Group Audit & Assurance**	23%
4	**Detailed Reviews of Key Topics**	14%
5	**Other**	13%

In addition to the activities outlined in the statement from the Chairman of the Committee, during the year and up to the date of this annual report, the work undertaken by the Committee included:

External audit

- reviewing the effectiveness of the external audit process, the external auditors' strategy and plan for the half-year review and full-year audit, and the qualifications, expertise, resources and independence of the external auditors;
- agreeing the terms of engagement and fees of the external auditors for the audit;
- reviewing the policy on auditor independence and the basis of the provision of non-audit related services by the external auditors;
- meeting with representatives of the external auditors in the USA (while on a scheduled site visit); and
- undertaking a review of the effectiveness of the external auditors.

Risk management framework and internal audit

- receiving and considering regular reports from the VP – Group Audit and Assurance on the Group's risk management system, findings from reviews of internal financial controls, and the remit, organisation, annual plan and resources of the internal audit function;
- reviewing the strength of the internal controls framework and considering the annual review of internal controls on behalf of the Board;
- reviewing the Group Assurance map; and
- reviewing the controls being put in place as part of the business transformation programme.

Audit Committee Effectiveness

- undertaking an effectiveness review which concluded that the Committee was considered to be operating effectively, while identifying some process changes.

Review of the effectiveness of the external auditors

- conducting an internal review of the external auditors in the year (having undertaken an external review in the year ended 31 March 2010), which concluded that the external audit process was operating effectively and PwC continued to provide a good service to Tate & Lyle. The Committee agreed that there was no need to undertake a tender for the audit at present;
- reviewing the fees paid to other audit firms for services during the year ended 31 March 2012 and noting that there were no contractual obligations that would restrict the Committee's choice of external auditors should it decide that any change was appropriate; and
- recommending to the Board that PwC continue to act as auditors to the Group. PwC have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the AGM.

Review of the effectiveness of the internal audit function

- undertaking a review of the effectiveness of the internal audit function. The review concluded that the internal audit function continued to strengthen and was making a significant contribution to the internal governance of the Group. It was agreed that additional internal resource would be required to ensure that the function continues to meet the Group's evolving needs and further opportunities to improve communication, processes and practices were identified and are being implemented.

Corporate Responsibility Committee

Dear Shareholder

I am pleased to present the Corporate Responsibility (CR) Committee's report on our activities during the year.

Following its establishment in 2010, the Committee continued to embed itself into the governance framework during the year. The Board and Committee effectiveness reviews indicated that the Committee functioned effectively during the year and noted some areas for improvement, principally relating to internal communication. We are putting in place an action plan to address them.

Given the high priority we place on safety, overseeing the Group's safety performance is a main focus for the Committee. We reviewed performance regularly during the year, monitoring progress on the actions arising from the 2010 external review. Whilst overall performance has improved, the safety performance of contractors remains below that of our employees and is therefore a key area of focus for both management and the Committee.

Another key area of focus for us during the year was the Group's impact on the environment and we received regular reports from the newly-appointed VP – Sustainability. We agreed environmental performance targets and the Group's medium-term environmental sustainability priorities and action plan, and reviewed the Group's policies and processes on environmental improvement projects.

Sir Peter Gershon
Chairman of the CR Committee

The CR Committee comprises the Chairman of the Company and non-executive directors. Its terms of reference are available on the Company's website, www.tateandlyle.com.

The Committee met four times during the year. Membership of the Committee and their attendance during the year were as follows:

Directors as at 31 March 2012	Number of meetings	Number of meetings attended
Sir Peter Gershon (Chairman of the Committee)	4	4
Liz Airey	4	4
William Camp	4	3
Former directors		
Dr Barry Zoumas[1]	1	1

1 Died on 14 August 2011.

Dr Ajai Puri joined the Board on 1 April 2012 and is a member of the CR Committee. As he did not serve during the year under review, he is excluded from the above analysis.

The Committee has a formal calendar of items for consideration at each meeting and meets at least four times each year. The minutes of each meeting are circulated to the Board. The Chief Executive, Executive VP – Human Resources, VP – Group Audit and Assurance, VP – Sustainability and other senior managers (as invited by the Committee) usually attend meetings.

Main responsibilities of the CR Committee

The main responsibilities of the Committee include:

- monitoring the Group's approach to corporate responsibility and ensuring it aligns with Group strategy;
- reviewing the effectiveness of the Group's policies and procedures relating to a safe environment;
- approving, or recommending to the Board for approval, CR policies;
- reviewing the implementation of appropriate environmental policies;
- monitoring the effectiveness of workplace policies concerning employee relations, equal opportunities, travel, entertainment and conflicts of interest;
- reviewing whistleblowing arrangements; and
- satisfying itself that the Group has appropriate policies, systems and controls in place in respect of the risks falling within the Committee's remit.

Work undertaken during the year

During the year and up to the date of this annual report, the work undertaken by the CR Committee included:

Safety
- reviewing the Group's safety performance, including actions being taken to address contractor safety performance; and
- receiving regular updates on the implementation of the actions arising from the 2010 external safety review.

Product safety
- receiving an update on the operation of the Group's quality assurance processes.

Diversity and inclusion
- reviewing the progress of diversity and inclusion initiatives within the Group.

Environment
- agreeing environmental performance targets and reviewing the Group's performance;
- reviewing the approach to environmental improvement projects; and
- agreeing the Group's medium-term environmental sustainability priorities and action.

Business practices
- approving Group-wide policies including a Code of Business Ethics and the policy on engagement of agents;
- agreeing the scope and resources for a new community involvement programme to be launched in 2012; and
- undertaking an annual review of the Group's whistleblowing arrangements.

Terms of Reference and CR Committee effectiveness
- updating its terms of reference to reflect evolving practice. The Board approved the updated terms of reference; and
- undertaking an effectiveness review.

Further information on the work of the Committee and the Group's approach to corporate responsibility reporting is contained in the Corporate Responsibility report on pages 30 to 35.

Nominations Committee

Dear Shareholder

I am pleased to present the Nominations Committee's report on our activities during the year.

The Committee focused on two key areas during the year, namely non-executive director recruitment and the Board diversity policy, as well as the usual matters we review, such as Board composition, succession planning and the performance of members of the Executive Committee.

Early in the financial year, we began the process to select an additional non-executive director with food science expertise. Following a structured search process, details of which are outlined below, the Committee recommended that Dr Ajai Puri be appointed as both non-executive director and Chairman of the Research Advisory Group. He joined the Board with effect from 1 April 2012.

We also addressed a key action arising from 2011 Board effectiveness review, namely developing a strategy on Board diversity, which was subsequently approved by the Board. As part of this process, the Committee, and the Board as whole, discussed the Davies Report on Women on Boards – details of the Board's approach to Board composition and diversity are on page 38.

The Board and Committee effectiveness reviews indicated that the Committee continued to function effectively during the year, and identified some areas to focus on in the coming year, in particular succession planning.

Sir Peter Gershon
Chairman of the Nominations Committee

The Nominations Committee comprises the Chairman of the Company, the Chief Executive and all of the non-executive directors. Its terms of reference, which are reviewed annually, are available on the Company's website, www.tateandlyle.com.

The Committee met five times during the year. Membership of the Committee and their attendance during the year were as follows:

Directors as at 31 March 2012	Number of meetings	Number of meetings attended
Sir Peter Gershon	5	5
Javed Ahmed	5	5
Liz Airey	5	4
William Camp	5	4
Evert Henkes	5	5
Douglas Hurt	5	5
Robert Walker	5	5
Former directors		
Dr Barry Zoumas[1]	1	1

1 Died on 14 August 2011.

Dr Ajai Puri joined the Board on 1 April 2012 and is a member of the Nominations Committee. As he did not serve during the year under review, he is excluded from the above analysis.

The Committee has a formal calendar of items for consideration at each meeting and meets at least twice a year.

Main responsibilities of the Nominations Committee

The main responsibilities of the Committee include:

- reviewing the size and composition of the Board, including succession planning, and the leadership needs of the Group generally;
- recommending candidates for appointment as executive and non-executive directors and as Company Secretary, taking into account the balance of the Board and the required blend of skills and experience, bearing in mind the need for diversity;
- making recommendations on the processes for the appointment of the Chairman of the Board; and
- reviewing annually the performance of each member of the Group Executive Committee and reporting on that review to the Remuneration Committee.

Work undertaken during the year

During the year and up to the date of this annual report, the work undertaken by the Nominations Committee included:

Board composition

- reviewing the successional needs of the Board throughout the year. As part of its ongoing review of Board composition, the Committee had already commenced a selection process for an additional non-executive director with food science expertise prior to the untimely death of Dr Barry Zoumas in August 2011, following which the scope of the role was revised to include chairmanship of the Research Advisory Group. External search consultants, who in line with the Board's stated policy, are signatories to the Executive Search Firms Voluntary Code of Conduct, were retained to assist in the search. A diverse candidate list was presented and following a detailed selection process, the Committee recommended that Dr Ajai Puri be appointed as an additional non-executive director and Chairman of the Research Advisory Group. The recommendation was approved by the Board and Dr Ajai Puri joined the Board with effect from 1 April 2012.

Board Diversity

- developing a strategy on Board diversity which was subsequently approved by the Board; and
- considering the recommendations of the Davies Report on Women on Boards and the needs of the Tate & Lyle Board and preparing a formal statement on the Board's approach to Board composition and diversity, which was subsequently agreed by the Board and published on the Company's website.

Performance evaluation

- undertaking a performance evaluation of each of the members of the Group Executive Committee and reporting its conclusions to the Remuneration Committee.

Nominations Committee effectiveness

- undertaking a review of effectiveness which concluded that the Committee was considered to be operating effectively while identifying a number of areas for focus, including succession planning.

Directors' Remuneration Report

Dear Shareholder

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2012.

Our approach to remuneration remains a key part of the Company's business strategy, driving cultural change towards a focus on performance and growth, to deliver enhanced value for shareholders. Significant share price out-performance over the last three years demonstrates the success to date of our strategic direction.

At the same time, you will see from our report that the Remuneration Committee has been mindful of the broader context that is relevant in determining executive director remuneration in a number of respects:

- Senior executive salary awards have been determined in the context of our broader workforce and, as a matter of principle, increases in director salaries have been no greater than the average levels awarded to other UK employees.
- Our results demonstrate strong financial performance in the year ended 31 March 2012. At the same time, actual bonus payments are lower than they were last year. This is a direct consequence of our implementation of a robust incentive framework with balanced KPIs and genuinely stretching targets.
- Our Total Shareholder Return (TSR) performance ranked at the 81st percentile against our FTSE peer group over the three-year period to 31 March 2012. Awards under the Performance Share Plan made in 2009 and which are measured at 31 March 2012 are due to vest at close to maximum, reflecting a combination of strong market and financial performance.
- We remain committed to maintaining the quality of our reporting, which we know is valued by our investors from feedback we receive on our Annual Report.

The Performance Share Plan (PSP) was developed in close consultation with shareholders during 2010 and 2011, however, the plan itself will expire when it reaches the end of its ten-year life. Accordingly, we are seeking shareholder approval at this General Meeting to adopt a follow-on plan on consistent terms. We consulted with our largest shareholders as part of this process, and this has confirmed continued strong support for our approach.

Evert Henkes
Chairman of the Remuneration Committee

This report has been prepared in accordance with the requirements of the Companies Act 2006 (the Act) and Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations), the Listing Rules of the UK Listing Authority and the UK Corporate Governance Code. PricewaterhouseCoopers LLP has audited such content as required by the Act (the tabular information on pages 57 to 59). A resolution to approve this report will be proposed at the AGM on 26 July 2012.

Remuneration Committee

The Remuneration Committee (the Committee) comprises independent non-executive directors and the Chairman of the Board. The Committee met four times during the year. Membership of the Committee and their attendance during the year were as follows:

Directors as at 31 March 2012	Number of meetings	Number of meetings attended
Evert Henkes (Chairman of the Committee)	4	4
Sir Peter Gershon	4	4
William Camp	4	3
Robert Walker	4	4

Dr Ajai Puri joined the Board on 1 April 2012 and is a member of the Remuneration Committee. As he did not serve during the year under review, he is excluded from the above analysis.

The Chief Executive, Executive Vice President Human Resources, Global Compensation & Benefits Director and Executive Vice President Company Secretary and General Counsel, who acts as Secretary to the Committee, are normally invited to attend meetings to assist the Committee, although none is present or involved when his or her own remuneration is discussed.

Main responsibilities of the Remuneration Committee

The Committee's main responsibilities include:

- setting the remuneration of the executive directors, the remuneration of the Company Chairman (in consultation with the Chief Executive) and the remuneration, including bonus, base salary, long-term incentives, benefits and terms of employment, including those upon which their service may be terminated, of other members of senior management in accordance with the policy determined by the Committee and agreed with the Board;
- assessing the competitiveness and appropriateness of executive remuneration, taking into account data from independent consultants;
- setting performance targets for senior executives under the annual bonus plan and awards under the long-term incentive plan and reviewing performance against these targets; and
- reviewing the broader operation of the annual bonus and long-term incentive plan, including participation and overall award levels.

The Committee usually meets before each Board meeting, and has a formal calendar of items for consideration. The minutes of each meeting are circulated to those non-executive directors who are not members of the Committee.

The Committee's full terms of reference are available at www.tateandlyle.com.

The Committee reviews its effectiveness, as well as its terms of reference, on an annual basis. The 2012 review concluded that the Committee had fulfilled its role and responsibilities against its terms of reference appropriately.

Committee advisors
The Committee retained New Bridge Street (NBS) to act as principal independent advisor to the Committee during the year. NBS is a signatory to the Remuneration Consultant's Code of Conduct.

In addition to market remuneration data provided by NBS and by Towers Watson, the Committee receives total shareholder return data and general market data from Kepler Associates. Linklaters provides general legal advice on remuneration matters. Towers Watson assists with pension accounting for the Company and acts as actuaries to the UK-based Tate & Lyle Group Pension Scheme. During the year ended 31 March 2012, NBS, Towers Watson and Kepler Associates provided no other services to the Group. Linklaters provides legal advice to the Group on a range of matters.

Remuneration strategy and policy

The remuneration strategy and policy described here was established following review, and extensive consultation with major shareholders, in 2010. This strategy and policy is purposefully aligned to the Company's business strategy, placing greater emphasis on driving Company performance and growth, and delivering value for shareholders.

Strategy
The Company's remuneration strategy is to provide remuneration packages that attract, retain and motivate high-calibre individuals to deliver superior operational performance and outstanding financial results, in a manner that aligns with the Group's core values and Business Code of Conduct and fosters sustainable, profitable growth. To do so, packages must:

- be aligned to shareholders' interests;
- be sufficiently competitive;
- encourage a focus on long-term, sustained performance and risk management;
- be fair and transparent; and
- be consistent across the Group.

Policy
To achieve the strategy, the policy for the remuneration of executive directors and senior executives includes:

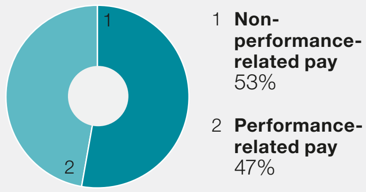
- setting base salary around the market median;
- rewarding stretching, superior performance with upper quartile levels of reward;
- providing an appropriate balance between reward in the short and the long term, and between reward that is fixed and variable; and
- providing a competitive, balanced package of benefits.

It is the intention to retain the policy referred to above in the forthcoming year.

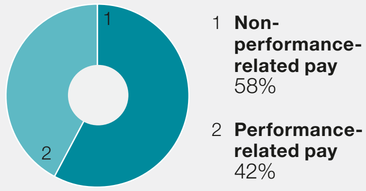
Remuneration arrangements for executive directors

Balance between fixed and performance-related components
The relative proportions of fixed and performance-related remuneration for the Chief Executive and the Chief Financial Officer are shown on the right. These are valued at both target and stretch performance levels, including base salary and pension, annual bonus and the award value of the long-term incentives.

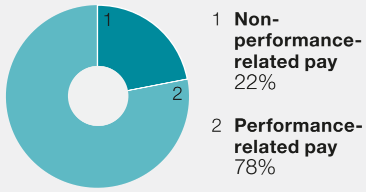
Target performance
Chief Executive



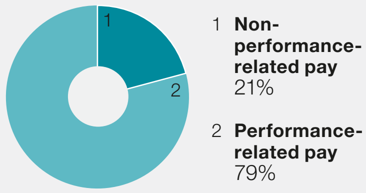
Chief Financial Officer



Stretch performance
Chief Executive



Chief Financial Officer



Overview of remuneration arrangements and policy objectives

The current remuneration package for executive directors consists of base salary, annual bonus, long-term incentives, and retirement and other benefits as described below:

Component	Objective	Summary
Base salary	Reflects market value of the individual, their skills and experience and performance.	• Base salary reviews take into account pay increase levels for employees below the executive level, and the impact on pension and other consequences of increases. • Positioned around the median of the relevant market (primarily the 50th to 130th largest UK-listed companies), and taking account of personal performance.
Annual bonus	Rewards the achievement of the annual performance objectives of the Company.	• Three performance metrics apply: profit growth is given the greatest weighting, alongside sales growth and cash conversion. • Targets for each metric are set at the start of each financial year, taking account of the business strategy, performance in previous years, market expectations and the prevailing economic climate. • A minimum profit hurdle applies before any bonus is payable against any of the metrics; for the maximum bonus to be payable, performance in all three metrics is required to be outstanding. • Maximum cash bonus is 100% of salary. Any annual bonus above 100% of base salary is delivered in Tate & Lyle PLC shares which are deferred for two years. Maximum cash and share bonus is 175% of salary. • 'Claw back' provisions apply.
Long-term incentives	Rewards sustained performance, and helps retain talent.	• Performance shares that vest after three years, subject to demanding performance requirements. • Two performance metrics apply: earnings per share growth and percentage return on capital employed. • The Committee has flexibility to make awards up to 300% of base salary if appropriate to ensure market competitiveness and taking account of Company performance. • Only 15% of the award vests at threshold performance. Outstanding performance is required for 100% vesting.
Share ownership policy	Ensures alignment with shareholders.	• The Chief Executive and the Chief Financial Officer have target holdings of four and three times base salary respectively. • Share ownership requirements extend to other Executive Committee members and, from 2011, to a broader group of executives in senior leadership roles.
Pension	Provides competitive pension, with low risk to the Company.	• Defined contribution in nature. Only base salary is pensionable. • The Chief Executive has a cash allowance of 35% of base salary. • The Chief Financial Officer has a cash allowance of 25% of base salary (with effect from 6 April 2011).
Other benefits	Provides competitive benefits.	• These include car benefit (or car allowance), health insurance, group income protection and, where appropriate, life cover.

Consideration of employment conditions within the Company

The Committee takes into account the general pay and employment conditions of other employees of the Company when determining executive directors' remuneration for the relevant financial year. This includes considering the levels of base salary increase for employees below executive level when reviewing executive base salaries, and ensuring that the same principles apply in setting performance targets for executives' incentives as for other employees of the Group.

Base salary

The Chief Executive's base salary was increased by 3.0% with effect from 1 April 2012. The Chief Financial Officer's base salary was increased by 3.0% with effect from 1 April 2012. This compared with average levels for other UK-based employees, who were awarded a base salary increase generally of between 3% and 4%.

Executive directors' base salaries are shown in the table below.

	As at 1 April	
Executive Directors	**2012 £**	2011 £
Javed Ahmed	**721 000**	700 000
Tim Lodge	**405 820**	394 000

Annual bonus scheme

Three performance factors determine the annual bonus. These are shown in the table below:

Performance factor	Definition	Rationale
PBTEA	Profit before tax, exceptional items and amortisation.	Measures the underlying profits generated by the business and whether management is converting growth into profits effectively.
Net sales less cost of raw materials	Gross sales net of associated selling costs, less the costs of raw materials used in production.	Measures whether management is growing the business. Growth is taken after cost of raw materials to better reflect value added.
Cash conversion cycle	The number of days between disbursement of cash and collection of cash, taking account of inventory, payables and receivables. Based on the average of the four quarter-end numbers.	Measures whether the business is managing its working capital and converting profit into cash effectively.

Limited adjustments to these metrics are permitted on an exceptional basis, reviewed and approved by the Committee to ensure that the results are a true reflection of the actual performance. Performance is assessed on the Group's continuing operations and on the basis of constant exchange rates.

The bonus structure described here has applied for the year ended 31 March 2012, and is proposed to be retained for the year ahead.

How the bonus is determined

For each performance factor there is a corresponding multiplier, which varies between threshold, target and stretch levels of performance.

Before any bonus is payable, a minimum level of profit has to be achieved, regardless of performance against other metrics. To achieve the maximum payout, performance against all three factors must be at or above the stretch level.

Target bonus (% of base salary)
Chief Executive (75%)
Chief Financial Officer (50%)

X

PBTEA performance multiplier
Step 1

X

Net sales less cost of raw materials performance multiplier
Step 2

X

Cash conversion cycle performance multiplier
Step 3

=

Bonus achieved as % of base salary

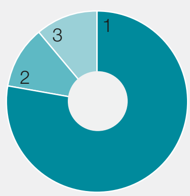
Relative weighting of bonus metrics

The multipliers for the PBTEA factor are more heavily geared than for the other two factors, reflecting the fact that PBTEA is the most important of the three metrics. The multipliers are agreed by the Committee when targets are set at the start of the year and the relative weightings reflect the importance of each of the metrics in the context of the progress made against the long-term strategy.

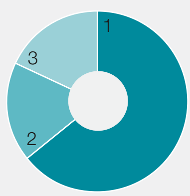
The following charts illustrate the relative weighting associated with each metric at threshold, target and stretch levels of performance:

Threshold

Target



Stretch



1 **Profit**
2 **Net sales growth**
3 **Cash conversion**

Bonus outcomes for the year ended 31 March 2012

The table below shows, for each metric, the performance required to achieve maximum bonus and the actual 2012 outcome relative to prior year performance. The corresponding bonus outcome is noted. All numbers are shown at constant exchange rates.

	As at 31 March 2012			
Performance factor	Performance required to achieve maximum bonus	**Actual 2012 performance outcome**	Performance result	Commentary
PBTEA	+22.0%	**+27.6%**	Above stretch performance level	Growth in PBTEA was driven by: (1) a solid operational performance with steady growth within Speciality Food Ingredients and Bulk Ingredients supported by an exceptionally strong performance from co-products in the first half of the year; and (2) a reduction in the net interest charge.
Net sales less cost of raw materials	+13.1%	**+15.7%**	Above stretch performance level	Good sales growth in both divisions was driven by: in Speciality Food Ingredients, volume growth of 4% and the pass through of higher input costs; in Bulk Ingredients, the pass through of higher corn costs and improved pricing in industrial starches and isoglucose in Europe.
Cash conversion cycle	'improve' 7.5%	**'worsen' 9.4%**	Threshold not achieved	The lengthening of the cash conversion cycle was attributable to an increase in working capital including our decision to maintain full corn silos against a backdrop of continuing tight market conditions.

On the basis of these performance outcomes, an annual bonus was awarded by the Committee of 102% of base salary for the Chief Financial Officer and 102% of base salary for the Chief Executive.

Any bonus amount up to 100% of base salary is paid in cash. Any excess above 100% of base salary is delivered in the form of deferred shares, with the right to receive a dividend equivalent between award and release. The shares are released after two years subject to the executive remaining in service with the Company.

Both the cash and share elements are subject to 'claw-back', which means they may be recouped in whole or in part, at the discretion of the Committee in the exceptional event that results were found to have been misstated or if an executive commits gross misconduct.

Long-term incentive arrangements

Performance-based long-term incentive plans (LTIPs) closely align executive directors' and senior executives' interests with those of shareholders, and are therefore an important component of the overall package.

During the year ended 31 March 2012, the Company made awards under the Tate & Lyle 2003 Performance Share Plan (PSP).

Performance Share Plan (PSP)

Shareholder approval for replacement plan

Following detailed consultation with major shareholders in 2010, specific amendments to the 2003 Performance Share Plan were formally approved by shareholders at the 2010 AGM, to align the long-term incentive framework with the business strategy.

The 2003 Performance Share Plan will expire shortly when it reaches the end of its ten-year life. Accordingly, shareholder approval is sought at the AGM to renew the arrangement. The terms of the ongoing PSP are consistent with the current long-term incentive arrangements, save for the proposed introduction of a claw-back provision. Further details are provided in the Notice of Meeting.

2009 PSP award

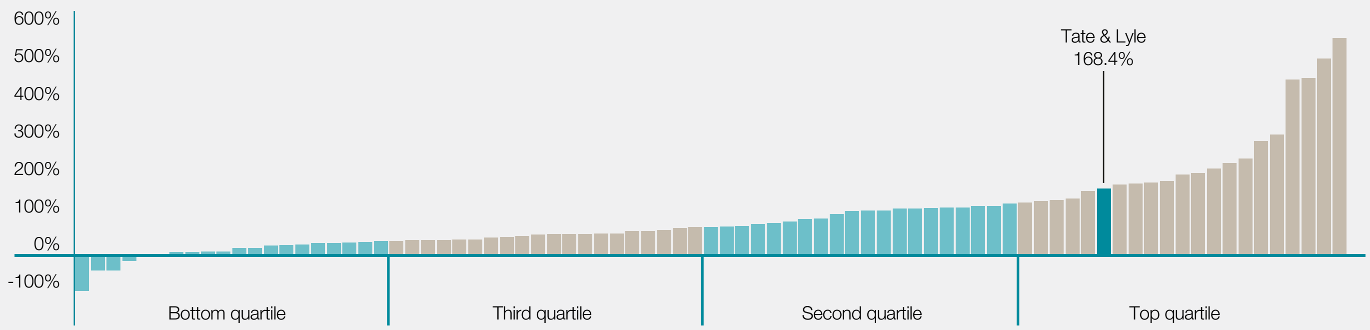
PSP awards made in 2009 were dependent on relative TSR against a comparator group and Earnings Per Share (EPS) compound annual growth targets, with each condition applicable to half of the award. The comparator group for the TSR condition is formed from the largest 50 to 130 FTSE listed companies at the beginning of the performance period.

Performance condition	Proportion of total award	Performance outcome	Level of vesting for this element of the award	Combined vesting outcome
Relative TSR	50%	81st percentile	100%	Based on the combination of TSR and EPS performance over the period, 99.6% of the PSP award made in 2009 may be released.
EPS growth	50%	14.9% growth p.a.	99.1%	

The Committee considers that the level of vesting as a result of these performance outcomes is justified in the context of the underlying financial performance of Tate & Lyle over the performance period.

For the 2009 PSP cycle, Tate & Lyle's TSR ranked at the 81st percentile.

TSR performance over 2009 PSP cycle vs FTSE listed companies ranked 50th – 130th at the start of the performance period.



Source: Kepler Associates

Maximum award level

Following shareholder approval of the changes to the PSP at the 2010 AGM, the Committee has the flexibility to make awards to the executive directors and other senior executives of up to 300% of base salary where necessary to ensure market competitiveness, and taking account of Company performance.

Awards made in 2011

During 2011, the Committee consulted with major shareholders regarding the full implementation of the policy approved by shareholders at the AGM in 2010. Following this consultation with shareholders, awards to executive directors in 2011 were made at 300% of salary.

Performance conditions – 2011 awards

The release of awards depends on the Group's performance during the three-year performance period beginning on 1 April in the year of the award. For the 2011 awards, the performance conditions comprised two elements, consistent with the principles established following review and consultation with shareholders in 2010:

a) Adjusted diluted Earnings Per Share (EPS) (50% of total award)
Performance is measured by comparing the compound annual growth rate (CAGR) of the Company's adjusted diluted EPS from continuing operations over the three-year performance period against predetermined targets. The Committee selected this metric as it is a key determinant of shareholder value creation.

b) Adjusted Return On Capital Employed (ROCE) (50% of total award)
Performance is measured by the adjusted ROCE on continuing operations achieved at the end of the three-year performance period against the predetermined targets. The Committee selected this metric as it is a good indicator of the effectiveness of strategic investment decisions and of the quality of earnings generated.

Importantly the ROCE outcome would be adjusted downward in the event of any asset impairment, by adding this back into capital employed, this is to encourage a prudent investment strategy. For this reason, in the event of there being an impairment of assets during the performance period, the ROCE outcome for PSP purposes can be significantly lower than the unadjusted ROCE number reported in the Company's accounts, and elsewhere in the Annual Report.

Shares awarded under the PSP in 2011 vest in accordance with the following schedule:

Percentage of award vesting	CAGR of adjusted diluted EPS during the performance period (50% of award)	Adjusted ROCE at end of performance period (50% of award)
0%	Below 6%	Below 13.4%
15%[1]	6%	13.4%
On a straight line between 15% and 100%[1]	Between 6% and 15%	Between 13.4% and 16.4%
100%	15% or more	At 16.4% or above

[1] In accordance with the special arrangements that were put in place to facilitate the Chief Executive's appointment, 25% of his 2011 award will vest at threshold performance; 15% will apply to future awards.

Before any shares are released, the Committee must also be satisfied that the level of vesting determined by performance against these targets is justified by the underlying financial performance of the Company.

Potential impact of M&A activity
In the context of M&A or other corporate activity, any potential impact on the schemes will be specifically considered by the Committee. In these circumstances, the Committee retains the authority to vary performance targets or the vesting outcome to ensure that outcomes are equitable from both a participant and a shareholder value perspective.

Change of control and voting
All of the Company's share plans contain provisions relating to a change of control. Outstanding awards would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time, and in proportion to the time served during the performance period.

Executive share ownership policy
The Chief Executive has a shareholding target of four times base salary, which he has already met. The Chief Financial Officer has a target shareholding of three times base salary, to be achieved by July 2015.

Other Executive Committee members are subject to the share ownership policy, with target holdings at three times salary. From 2011, this policy extends to a broader group of executives who have senior leadership roles within the Company. The shareholding target for this group is equal to one times base salary.

The Committee monitors progress against the share ownership guidelines annually.

Sharesave Plan 2011
The Plan is open to all employees in the UK, including executive directors. No performance conditions are attached to options granted under the Scheme since it is an all-employee scheme, and the value of individual grants is capped. Options granted to participants are normally set at a discount of up to 20% to the market value of the shares at the time of the grant.

Dilution
To satisfy options granted under the Sharesave Scheme 2001 and Sharesave Plan 2011, the Company issues new shares. To satisfy outstanding awards under the 2000 Executive Share Option Scheme, PSP and legacy Deferred Bonus Share Plan (DBSP) matching shares, the Company uses either treasury shares or shares that have been purchased by the Trustees of the Tate & Lyle Employee Benefit Trust. The Company will use shares that have been purchased by the Employee Benefit Trust to satisfy awards made to Javed Ahmed and any awards to be made under the Group Bonus Plan.

In the ten-year period to 31 March 2012, awards made under the executive schemes represented 1.30% of the Company's issued ordinary share capital, leaving available dilution headroom of 3.70%. Awards made under all share schemes represented 1.58% of the Company's issued ordinary share capital leaving available dilution headroom of 8.42%.

Pensions
The Group's largest pension scheme is the UK-based Tate & Lyle Group Pension Scheme (Group Scheme), a defined benefit arrangement. The Company closed the Group Scheme to new entrants from 1 April 2002, and, since then, new employees have been offered defined contribution type pension provision through a Company Stakeholder Plan. The Group Scheme closed to future final salary pension accrual from 6 April 2011 and the employee members have been offered membership of the existing Stakeholder plan.

Javed Ahmed is not a member of the Group Scheme for pension purposes and accordingly has accrued no pension benefits under it. He is paid a cash allowance calculated as 35% of base salary, from which he can make his own retirement savings arrangements although this may include the Company Stakeholder Plan. He has been provided with life assurance cover and has also participated in the Group Income Protection Scheme, which applies to all UK employees who are not otherwise covered for ill-health benefits under the Group Scheme.

Tim Lodge was a member of the Group Scheme until its closure and accrued pension at a rate of approximately 1/38th of pensionable earnings (basic salary only) for each year of service, subject to an employee contribution of 3% of pensionable salary. The benefit accrued includes a widow's pension payable on his death and a lump sum on death in service. As a deferred member, and once in payment, this part of his pension (and any subsequent widow's pension) will be subject to annual increases in line with price inflation up to a maximum of 5%, with a minimum of 3%. From 6 April 2011, Tim Lodge is paid a cash allowance calculated as 25% of base salary, from which he can make his own retirement savings arrangements although this may include the Company Stakeholder Plan.

Details of amounts paid in lieu of pensions to Javed Ahmed, and to Tim Lodge from 6 April 2011 are included in the table on page 57, under pension allowance.

Service contracts of executive directors

The policy in determining service contracts is to take account of market practice, and to ensure that provisions in relation to termination notice periods or payments are not excessive. The following table summarises the key provisions of the executive directors' service contracts.

Provision	Javed Ahmed – Chief Executive	Tim Lodge – Chief Financial Officer
Notice period		
• By the director	6 months	6 months
• By the Company	12 months	12 months
Termination payment	The Company has the option to pay in lieu of notice the base salary and pension allowance that would have been payable during the notice period.	The Company has the option to pay in lieu of notice the salary, pension allowance and other contractual benefits arising during the notice period. The Company has the contractual right to phase the payments and to reduce them if the executive mitigates his loss.
Holiday	30 days	30 days
Restrictive covenants	For the period of 12 months (less any garden leave period) following termination of employment.	For the period of 12 months (less any garden leave period) following termination of employment.
Contract commencement date	1 October 2009	4 December 2008

Executive directors' external appointments

The Board believes that the Company can benefit from executive directors holding external non-executive directorships at the appropriate time. Such appointments are subject to approval by the Board and are normally restricted to one position for each executive director. Fees may be retained by the executive director concerned. Neither of the executive directors currently holds an external non-executive directorship.

Chairman's fees

The Committee reviews the Chairman's fees each year and the Chairman does not participate in discussions or decisions relating to his own remuneration.

Following the most recent review of fees, the Remuneration Committee approved an increase of 3% in the Chairman's fees to £291,750 effective 1 April 2012. From 1 April 2012, the separate cash allowance payable to the Chairman will be consolidated into the base fee.

Non-executive directors' fees

Non-executive directors' fees, reviewed annually by the Board, are set at a level to retain individuals with the necessary experience and ability to make a substantial contribution to the Group. Fees paid are commensurate with those paid by other UK-listed companies. In addition to the basic fee for each non-executive director and the Senior Independent Director, supplements are paid to the Chairmen of the Audit and Remuneration Committees to reflect the extra responsibilities attached to these positions. A supplement is also paid to Dr Ajai Puri for chairing the Tate & Lyle Research Advisory Group.

The non-executive directors do not participate in the Group's incentive or pension schemes, nor do they receive other benefits. The non-executive directors do not have service contracts or notice periods, but, under the terms of their appointment, they are usually expected to serve on the Board for between three and nine years, with a review of their terms of appointment every three years, subject to their re-election by shareholders. Non-executive directors have no right to compensation on the early termination of their appointment.

Taking account of the current market position, and the time commitment required of the non-executive directors, the executive directors and the Chairman agreed that an adjustment to increase non-executive directors' fees by 3% would be made with effect from 1 April 2012. The fees are shown in the following table.

	Basic fees (per annum)	
	At 1 April 2012 £	At 1 April 2011 £
Non-executive director	**59 750**	58 000
Senior Independent Director	**66 600**	64 650

	Supplemental fees (per annum)	
	At 1 April 2012 £	At 1 April 2011 £
Chairman of Audit Committee	**15 850**	15 375
Chairman of Remuneration Committee	**10 550**	10 250
Chairman of Research Advisory Group	**22 150**	21 525

Executive directors' total remuneration package for the year ended 31 March 2012

The following tables show the remuneration package of the executive directors for the year ended 31 March 2012, and illustrate the potential value in different performance scenarios.

Javed Ahmed (Chief Executive)

Javed Ahmed's actual remuneration for the year (shown in the right hand column in the table below) includes the value from special incentive arrangements agreed at the time of his appointment to compensate for LTI awards foregone as a result of leaving his former employer, whilst establishing a close alignment with Company performance and shareholders' interests (as described on page 96 of the 2009 Annual Report). The footnotes below the table explain how performance conditions applied to these awards. Given the Group's EPS and TSR performance to 31 March 2012, these awards are due to vest at close to maximum. The value of share awards vested in the year as shown in the table also reflects significant share price appreciation (see opposite).

Element/value (£000s)	Below threshold	At threshold	Mid-range	At stretch	Actual earned/ vested[1]
Base salary	700	700	700	700	700
Annual bonus (cash and deferred shares)[2]	–	0	525	1 225	714
		(0% of salary)	(75% of salary)	(175% of salary)	
LTI – face value of 2011 grant	–	525	1 313	2 100	–
(vesting based on performance to March 2014)		(25% vesting)	(62.5% vesting)	(100% vesting)	
LTI awards vesting for performance to 31 March 2012					
– Long-term Incentive Award A (2009 award on appointment)	–	–	–	–	4 630
Pension allowance	245	245	245	245	245
Other benefits	19	19	19	19	19
Total value	**964**	**1 489**	**2 801**	**4 289**	**6 308**
Compensatory awards on appointment:					
– Compensatory Award A (vested 1 October 2011)					2 957
– Compensatory Award C (vesting after 31 March 2012)					2 523
Total value including compensatory awards					**11 788**

Tim Lodge (Chief Financial Officer)

	Below threshold	At threshold	Mid-range	At stretch	Actual earned/ vested[1]
Base salary	394	394	394	394	394
Annual bonus (cash and deferred shares)[2]	0	0	197	690	402
		(0% of salary)	(50% of salary)	(175% of salary)	
LTI – face value of 2011 grant	0	177	680	1 182	–
(vesting based on performance to March 2014)		(15% vesting)	(57.5% vesting)	(100% vesting)	
LTI awards vesting for performance to 31 March 2012	–	–	–	–	1 071
Pension allowance	99	99	99	99	99
Other benefits	14	14	14	14	14
Total value	**507**	**684**	**1 383**	**2 378**	**1 980**

1 Actual earned / vested includes (i) annual bonus earned in respect of 2011/12; and (ii) LTI awards which vest subject to performance up to and including the financial year ending 31 March 2012, which are valued using the closing share price on 31 March 2012.

For Javed Ahmed:
Two awards that vest in the period to 31 March 2012 relate to special incentive arrangements agreed at the time of his appointment to compensate for awards foregone as a result of leaving his former employer. As set out in the 2009 Annual Report, these awards comprise:

(i) £1,750,000 worth of shares to be delivered on 1 October 2011 (the second anniversary of Javed Ahmed's joining date) ('Compensatory Award A');

(ii) £1,125,000 worth of shares subject to the performance conditions applicable to 2008 PSP awards (this award vested and was disclosed in last year's Directors' Remuneration Report); and

(iii) £1,500,000 worth of shares subject to the performance conditions applicable to 2009 PSP awards ('Compensatory Award C').

Additionally, he received a Long-Term Incentive award of shares ('Long Term Incentive Award A') with a value of £2,025,000 (being three times salary on appointment), subject to the performance conditions applicable to 2009 PSP Awards.

The two awards which are subject to the same performance conditions as the 2009 PSP awards ('Long Term Incentive Award A' and 'Compensatory Award C') will vest at close to maximum based on EPS and TSR performance that has been achieved to 31 March 2012 (as discussed on page 52).

The value of these awards at 31 March 2012 as shown in the table reflects significant share price appreciation over the performance period.

For Tim Lodge:
The LTI award shown here is the 2009 PSP award, which are due to vest at close to maximum by reference to the EPS and TSR requirements for full vesting (as discussed on page 52). The face value of this award at the date of grant was £449,000, with the final value of £1,071,000 reflecting share price appreciation over the performance period.

2 The portion of the annual bonus that exceeds 100% of base salary is deferred into Tate & Lyle PLC shares for two years and subject to service conditions.

Tate & Lyle share price

The value attributed to share awards shown as actual earned/vested during the year to executive directors in the table on page 56 reflects considerable share price growth to 31 March 2012. Over the three-year performance measurement period which applies to 2009 PSP grants, Tate & Lyle's share price increased by 171%, generating £2.1bn in value for shareholders.

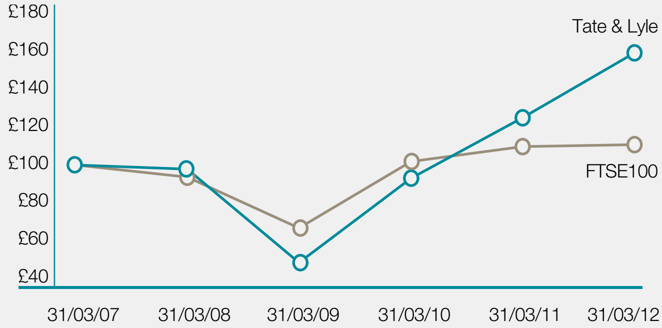
Tate & Lyle share price (pence)

Source: Bloomberg

Total shareholder return performance

The graph below, as required under the Regulations, illustrates the cumulative TSR performance of Tate & Lyle against the FTSE 100 Index over the past five years. The FTSE 100 Index is considered to be an appropriate benchmark for this purpose as it is a broad equity market index with constituents comparable in size to Tate & Lyle. The graph shows the TSR for the FTSE 100 Index and Tate & Lyle in the five years from 31 March 2007.

Value of £100 invested in Tate & Lyle and the FTSE 100 on 31 March 2007



Source: Bloomberg

Information subject to Audit

Directors' emoluments (audited)

The following table shows the directors' emoluments for the year ended 31 March 2012.

	Salary and fees £000	Pension and other allowances[1] £000	Benefits[2] £000	Annual bonus – cash £000	Annual bonus – deferred[3] £000	**Total year to 31 March 2012 £000**	Total year to 31 March 2011 £000
Chairman							
Sir Peter Gershon	283	15	–	–	–	**298**	290
Executive directors							
Javed Ahmed	700	362	4	700	14	**1 780**	2 039
Tim Lodge	394	112	1	394	8	**909**	1 066
Non-executive directors							
Liz Airey	73	–	–	–	–	**73**	65
William Camp	58	–	–	–	–	**58**	45
Evert Henkes	68	–	–	–	–	**68**	59
Douglas Hurt	58	–	–	–	–	**58**	49
Robert Walker	65	–	–	–	–	**65**	54
Former directors							
Dr Barry Zoumas[4]	29	–	–	–	–	**29**	71
Directors who retired before 31 March 2011[5]	170	–	–	–	–	**170**	–
Total	**1 898**	**489**	**5**	**1 094**	**22**	**3 508**	**3 755**

1 Other allowances include car allowance which in the case of Javed Ahmed is £15,000, with a further £100,657 representing payments in lieu of dividends on an award of shares as disclosed in the share awards table on page 58.

2 Benefits for the executive directors include health insurance.

3 Deferred into Tate & Lyle PLC shares for two years and subject to service conditions.

4 Dr Barry Zoumas ceased to be a director on 14 August 2011.

5 Under the agreements signed at the time that Iain Ferguson stood down as Chief Executive and a director, he received a payment during the year ending 31 March 2012 relating to PSP shares foregone, as explained in the Annual Report 2010.

Share awards (audited)

The following table sets out the current position of share-based awards made to executive directors:

	As at 1 April 2011 (number)	Awards granted during year (number)	Awards vested during year (number)	Awards lapsed during year[10] (number)	As at 31 March 2012 (number)	Market price on date awards granted (pence)	Market price on date awards vested (pence)	Vesting date
Javed Ahmed								
Share-incentive arrangements on recruitment:								
Compensatory Award A[2]	419 403	–	419 403	–	419 403	444.90	632.50	01/10/11
Compensatory Award B[3, 7, 12]	269 616	–	219 467	50 149	–	444.90	611.00	24/05/11
Compensatory Award C[4, 7]	359 488	–	–	–	359 488	444.90	–	After 31/03/12
Long-term incentive Award A[4, 7]	659 609	–	–	–	659 609	444.90	–	After 31/03/12
Long-term incentive Award B[5, 7]	473 042	–	–	–	473 042	440.20	–	After 31/03/13
Long-term incentive Award C[1, 6, 7]	–	378 337	–	–	378 337	590.50	–	After 31/03/14
Tim Lodge								
Performance Share Plan[7]:								
2008	32 050	–	–	5 962	26 088	394.25	611.00	24/05/11
2009	152 687	–	–	–	152 687	294.25	–	After 31/03/12
2010	223 381	–	–	–	223 381	440.20	–	After 31/03/13
2011[1]	–	212 950	–	–	212 950	590.50	–	After 31/03/14
Tate & Lyle Deferred Bonus Share Plan 2005								
2008[8, 12]	6 790	–	5 948	842	–	401.00	611.00	24/05/11
Deferred shares from annual bonus[9]:								
2010 bonus year	–	51 683	–	–	51 683	611.00	–	24/05/13

1 The performance conditions for awards made under the PSP in 2011 are adjusted diluted EPS, against which 50% of the award will be measured, and adjusted ROCE, for the remaining 50% of the award.

2 This award to compensate Javed Ahmed for certain long-term incentives given up by him as a consequence of leaving his former employer is not subject to performance conditions. The shares were available for exercise from 1 October 2011, being the second anniversary of Javed Ahmed joining the Company and will remain exercisable until 30 September 2017. Pending delivery, he receives a payment in lieu of dividend on these shares which will be subject to the deduction of tax. In the event of a change of control, the shares will be delivered immediately.

3 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2008[11].

4 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2009.

5 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2010.

6 This award is subject to the same performance condition as that which applies to awards made under the PSP in 2011.

7 The three-year performance period for all awards begins on the first day of the financial year in which the award is granted.

8 2008 was the last year in which awards were made under the DBSP prior to suspension of the arrangement. Performance conditions were the same as those applying to the 2008 PSP.[11] The vesting was determined based on TSR during the three-year performance period against companies positioned 50 to 130 of the FTSE index at the start of the performance period such that one matching share is awarded for each lodged share for median performance increasing on a pro-rata basis to two match shares for upper quartile performance. TSR performance resulted in 88% of the maximum matching shares available under the award vesting.

9 Deferred shares granted under the annual bonus scheme (as described on page 52). The full value of this award has been previously disclosed in the emoluments table in the relevant bonus year. (For example, deferred shares relating to the year ended 31 March 2011 performance are included in the emoluments table for the year ended 31 March 2011 and contained within the Annual Report 2011, with the share allocation made during the year ended 31 March 2012 and disclosed in the table above).

10 On 24 May 2011, a proportion of the awards lapsed because the performance conditions applicable to PSP awards made in 2008 were not met in full[11].

11 The vesting of 2008 PSP awards was based on Tate & Lyle's TSR performance over the period 1 April 2008 to 31 March 2011 relative to the FTSE comparator group of companies (being the companies ranked 50 to 130 in the FTSE rankings at the beginning of the performance period).

12 These awards were exercised during the year when the market share price was 648.0p.

All-employee schemes (audited)
Details of the directors who were in office for any part of the financial year, and hold or held options to subscribe for ordinary shares of the Company are set out below.

Savings-related share options are options granted under the HMRC-approved Sharesave Scheme. Options are not subject to performance conditions and are normally exercisable during the six-month period following the end of the relevant (three- or five-year) contract

	As at 1 April 2011 (number)	Options granted during year (number)	Options exercised during year (number)	Options lapsed during year (number)	As at 31 March 2012 (number)	Exercise price (pence)	Exercise period
Javed Ahmed Savings-related options 2009	3 720	–	–	–	3 720	418.00	01/03/15 to 31/08/15
Tim Lodge Savings-related options 2007	4 253	–	–	–	4 253	395.00	01/03/13 to 31/08/13

The market price of the Company's ordinary shares at the close of business on 31 March 2012 was 705.0p, and the range during the year to 31 March 2012 was 544.5p to 720.5p.

Directors pension provision (audited)
As a deferred member, Mr Lodge's total accrued pension from the Group Scheme at the end of the year amounted to £181,000 per annum (which is unchanged since the prior year-end). The transfer value of the accrued pension at the end of the year amounted to £3,345,000 compared to £2,759,000 at the start of the year representing an increase of £586,000. These amounts are calculated in accordance with actuarial assumptions applicable at each reporting date. There was no increase in accrued pension benefit during the year.

Directors' interests (audited)
The interests held by each person who was a director at the end of the financial year in the ordinary shares of 25 pence each in the Company are shown below. All of the interests set out in the table are beneficially held and no director had interests in any class of shares other than ordinary shares. The table also summarises the interests in shares held through the Company's various share plans.

	Ordinary shares		LTI[1]		Options[2]	
	As at 1 April 2011 (number)	As at 31 March 2012 (number)	As at 1 April 2011 (number)	As at 31 March 2012 (number)	As at 1 April 2011 (number)	As at 31 March 2012 (number)
Chairman						
Sir Peter Gershon	58 975	67 736	–	–	–	–
Executive directors						
Javed Ahmed	611 252	914 860	2 181 158[3]	2 289 879[3]	3 720	3 720
Tim Lodge	43 763	51 723	414 908	666 789	4 253	4 253
Non-executive directors[4]						
Liz Airey	16 000	16 000	–	–	–	–
William Camp	–	800	–	–	–	–
Evert Henkes	1 065	1 108	–	–	–	–
Douglas Hurt	5 000	10 000	–	–	–	–
Robert Walker	10 935	11 382	–	–	–	–

1 Includes shares awarded under the PSP, DBSP and the special incentive arrangements agreed at the time of Javed Ahmed's appointment which are subject to performance conditions.

2 Granted under the Sharesave Scheme.

3 Includes shares which are not subject to performance conditions (see page 58 for details).

4 Dr Ajai Puri joined the Board on 1 April 2012.

There were no changes in directors' interests in the period from 1 April 2012 to 30 May 2012.

On behalf of the Board

Evert Henkes
Chairman of the Remuneration Committee

30 May 2012

Other Statutory and Governance Information

Principal activities of the Group
The principal activities of Tate & Lyle PLC and its subsidiary and associated undertakings together with its joint ventures are developing, manufacturing and marketing food and industrial ingredients made from renewable resources.

Results and dividend
A review of the results are shown on the inside front cover and through to page 35. An interim dividend of 7.1p per ordinary share was paid on 6 January 2012. The directors recommend a final dividend of 17.8p per ordinary share to be paid on 3 August 2012 to shareholders on the register on 29 June 2012, subject to approval at the 2012 Annual General Meeting (AGM). The total dividend for the year is 24.9p per ordinary share (2011 – 23.7p).

Articles of Association
The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of directors and the conduct of the Board and general meetings. Copies are available on request and are displayed on the Company's website at www.tateandlyle.com.

In accordance with the Articles of Association, directors can be appointed or removed by the Board or by shareholders in general meeting. Amendments to the Articles of Association have to be approved by at least 75% of those voting in person or by proxy at a general meeting of the Company. Subject to UK company law and the Articles of Association, the directors may exercise all the powers of the Company, and may delegate authorities to committees, and day-to-day management and decision making to individual executive directors. Details of the Board Committees can be found on pages 44 to 49.

Shareholders' rights
Holders of ordinary shares have the rights accorded to them under UK company law, including the rights to receive the Company's annual report and accounts, attend and speak at general meetings, appoint proxies and exercise voting rights.

Holders of preference shares have limited voting rights and may not vote on: the disposal of surplus profits after the dividend on the preference shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters. Further details regarding the rights and obligations attached to share classes are contained in the Articles of Association, available on www.tateandlyle.com.

Restrictions on holding shares
There are no restrictions on the transfer of shares and prior approval is not required from the Company nor from other holders for such a transfer. No limitations are placed on the holding of shares and no share class carries special rights of control of the Company. There are no restrictions on voting rights other than those outlined above on preference shares.

The Company is not aware of any agreements between shareholders that may restrict the transfer or exercise of voting rights.

Re-election of directors
The Company's Articles of Association require all directors to seek re-election by shareholders at least once every three years. In addition, any directors appointed by the Board must stand for re-election at the first AGM following his or her appointment. Any non-executive directors who have served for more than nine years are subject to annual re-election.

The UK Corporate Governance Code provides that all directors should seek re-election on an annual basis and accordingly, all directors will seek re-election at the forthcoming AGM. The directors standing for re-election, with the exception of Javed Ahmed and Tim Lodge, do not have service contracts.

At no time during the year has any director had any material interest in a contract with the Group, being a contract of significance in relation to the Group's business. A statement of directors' interests in Company shares is on page 59.

Directors' indemnities and insurance cover
As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by the Companies Act 2006, against claims from third parties in respect of certain liabilities arising out of, or in connection with, the execution of their powers, duties and responsibilities as directors of the Company or any of its subsidiaries. The directors are also indemnified against the cost of defending a criminal prosecution or a claim by the Company, its subsidiaries or a regulator provided that where the defence is unsuccessful the director must repay those defence costs. These indemnities are qualifying indemnity provisions for the purposes of Sections 232 to 234 of the Companies Act 2006 and copies are available for inspection at the registered office of the Company during business hours on any weekday except public holidays.

The Company also maintains directors' and officers' liability insurance cover, the level of which is reviewed annually.

Share capital
As at 31 March 2012, the Company had nominal issued ordinary and preference share capital of £119 million comprising £117 million in ordinary shares, including £1 million in treasury shares, and £2 million in preference shares.

To satisfy obligations under employee share plans, the Company issued 49,179 ordinary shares during the year and reissued 379,952 ordinary shares from treasury. The Company did not issue any shares during the period from 1 April 2012 to 30 May 2012. Further information about share capital is in Note 24. Information about options granted under the Company's employee share schemes is in Note 26.

The Company was given authority at the 2011 AGM to make market purchases of up to 46,794,189 of its own ordinary shares. The Company purchased 2,750,000 of its own ordinary shares during the year ended 31 March 2012. This authority will expire at the 2012 AGM and approval will be sought from shareholders for a similar authority to be given for a further year.

Substantial shareholdings

As at 30 May 2012, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the Financial Services Authority of the following holdings of voting rights in its shares:

	Number of shares[1]	% held[1]
INVESCO Limited	60 378 331	12.96
Schroders plc	24 024 911	5.16
AXA S.A.	22 890 148	4.98
Artemis	23 207 193	4.97
Lloyds Banking Group plc	22 854 608	4.89
Kames Capital (formerly Global AEGON Asset Management Group)	18 569 241	3.99
Lehman Brothers International (Europe)	18 122 510	3.95
Legal & General Group plc	18 062 288	3.93
Barclays Global Investors	17 568 133	3.59

1 As at the date in the nofication to the Company.

Change of control

The Company has a committed bank facility of US$800 million, which matures in 2016. Under the terms of this facility, the banks can give notice to Tate & Lyle to prepay outstanding amounts and cancel the commitments where there is a change of control of the Company. The Company is the guarantor of a £200 million bond issue by its subsidiary, Tate & Lyle International Finance PLC dated 25 November 2009, which is repayable in 2019. Under the terms of the bond issue, noteholders have the option to request an early repayment where there is a change of control of the Company.

All of the Company's share schemes contain provisions relating to a change of control. Further information is on page 54.

Essential contracts and other arrangements

In light of the scope and diversity of the Group's activities, there are no contracts or arrangements considered to be essential to the operation of the business or the Group as a whole.

Research and development

The Group spent £29 million (2011 – £25 million) on research and development during the year.

Donations

Worldwide charitable donations during the year totalled £308,000 (2011 – £346,000), of which £6,000 (2011 – £19,000) was donated in the UK. More details of the Group's community involvement can be found on page 33.

Again this year, in line with the Group's policy, no political donations were made in the European Union (EU). Outside the EU, the Group's US business made contributions during the year totalling US$8,300 (£5,000) (2011 – US$27,000; £17,000) to state and national political party committees and to the campaign committees of state candidates affiliated to the major parties. US$11,000, (£7,000) (2011 – US$17,000; £11,000) was also contributed by the Tate & Lyle Political Action Committee (PAC). The PAC is funded entirely by US employees. Employee contributions are entirely voluntary and no pressure is placed on US employees to participate. No funds are provided to the PAC by Tate & Lyle but under US law, an employee-funded PAC must bear the name of the employing company.

Payment to suppliers

Tate & Lyle PLC is a holding company and had no amounts owing to trade creditors at 31 March 2012. The Group's creditor days outstanding at 31 March 2012 were 53 days (2011 – 48 days), based on the ratio of Group trade creditors at the end of the year to the amounts invoiced during the year by trade creditors.

Post balance sheet event

On 20 April 2012, the Group reached an agreement to sell its 50% share in Sucromiles SA, its Colombian citric acid joint venture, to Organización Ardila Lülle, for total cash consideration of £20 million. The sale is conditional upon Colombian competition authority approval and is expected to complete during the first half of the 2013 financial year.

Directors' Statement of Responsibilities

The directors are responsible for preparing the Annual Report, the Director's Remuneration Report and the Group and the Parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the Parent company financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by EU and with regard to the Parent company financial statements applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Parent company financial statements respectively; and
- prepare the Group and Parent company financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of the Company and the Group and disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed on pages 36 to 37, confirms that, to the best of his or her knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, and the Parent company financial statements in accordance with UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent; and
- the business review contained in the directors' report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principle risks and uncertainties that it faces.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors' report from the inside front cover to page 62 of this Annual Report was approved by the directors on 30 May 2012.

On behalf of the Board

Robert Gibber
Company Secretary

30 May 2012

Independent Auditors' Report to the Members of Tate & Lyle PLC

We have audited the Group financial statements of Tate & Lyle PLC for the year ended 31 March 2012 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in shareholders' equity and the related Notes to the consolidated financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' statement of responsibilities set out on page 62, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 2012 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

– give a true and fair view of the state of the Group's affairs as at 31 March 2012 and of its profit and cash flows for the year then ended;
– have been properly prepared in accordance with IFRSs as adopted by the European Union; and
– have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

– certain disclosures of Directors' remuneration specified by law are not made; or
– we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

– the Directors' statement, set out on page 26, in relation to going concern;
– the part of the Corporate governance statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
– certain elements of the report to shareholders by the Board on Directors' remuneration.

Other matter

We have reported separately at page 115 on the Parent company financial statements of Tate & Lyle PLC for the year ended 31 March 2012 and on the information in the Directors' remuneration report that is described as having been audited.

Paul Cragg (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 May 2012

Note:
(a) the maintenance and integrity of the Tate & Lyle PLC website, and any other electronic media used to present the financial statements, is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website or any other electronic media.
(b) legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

	Notes	2012 £m	2011 £m
		Year to 31 March	
Continuing operations			
Sales	4, 5	**3 088**	2 720
Operating profit	4, 6	**404**	303
Finance income	10	**8**	3
Finance expense	10	**(33)**	(61)
Profit before tax		**379**	245
Income tax expense	11	**(72)**	(49)
Profit for the year from continuing operations		**307**	196
Profit/(loss) for the year from discontinued operations	12	**2**	(29)
Profit for the year		**309**	167
Profit for the year attributable to:			
– owners of the Company		**305**	163
– non-controlling interests		**4**	4
		309	167

	Notes	pence	pence
Earnings per share attributable to the owners of the Company from continuing and discontinued operations:	13		
– basic		**65.5**	35.3
– diluted		**64.3**	34.7
Earnings per share attributable to the owners of the Company from continuing operations:	13		
– basic		**65.9**	42.6
– diluted		**64.6**	41.9

Analysis of adjusted profit before tax from continuing operations	Notes	£m	£m
Profit before tax		**379**	245
Adjust for:			
– exceptional items	7	**(68)**	5
– amortisation of intangible assets acquired through business combinations	15	**12**	13
Adjusted profit before tax, exceptional items and amortisation of intangible assets acquired through business combinations		**323**	263

The notes on pages 69 to 114 form part of these Group financial statements.

Consolidated Statement of Comprehensive Income

	Notes	2012 £m	2011 £m
		Year to 31 March	
Profit for the year		**309**	167
Actuarial (losses)/gains in post-employment benefit plans	30	**(87)**	58
Net fair value (losses)/gains on cash flow hedges		**(2)**	9
Cash flow hedges reclassified and reported in the income statement during the year		**(3)**	9
Valuation (losses)/gains on available-for-sale financial assets	18	**(1)**	1
Net exchange differences		**(30)**	(37)
Items recycled to the income statement on disposal	37	**(11)**	(23)
Deferred tax relating to the above components	11	**27**	–
Other comprehensive (expense)/income for the year, net of tax		**(107)**	17
Total comprehensive income for the year		**202**	184
Total continuing operations		**211**	236
Total discontinued operations		**(9)**	(52)
		202	184
Attributable to:			
– owners of the Company		**198**	181
– non-controlling interests		**4**	3
		202	184

		pence	pence
Dividends per share:	14		
– interim paid		**7.1**	6.8
– final proposed		**17.8**	16.9
		24.9	23.7

The notes on pages 69 to 114 form part of these Group financial statements.

Consolidated Statement of Financial Position

	Notes	Year to 31 March 2012 £m	2011 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets	15	**325**	320
Property, plant and equipment	16	**922**	855
Investments in associates	17	**5**	5
Available-for-sale financial assets	18	**23**	19
Derivative financial instruments	20	**57**	48
Deferred tax assets	29	**37**	74
Trade and other receivables	23	**2**	1
Retirement benefit surplus	30	**146**	103
		1 517	1 425
Current assets			
Inventories	22	**450**	454
Trade and other receivables	23	**332**	291
Current tax assets		**3**	25
Derivative financial instruments	20	**80**	135
Cash and cash equivalents	33	**424**	654
		1 289	1 559
Assets held for sale	38	**100**	67
		1 389	1 626
TOTAL ASSETS		**2 906**	3 051
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	24	**117**	117
Share premium	24	**406**	406
Capital redemption reserve		**8**	8
Other reserves	25	**128**	175
Retained earnings		**374**	244
Total shareholders' funds		**1 033**	950
Non-controlling interests		**25**	23
TOTAL EQUITY		**1 058**	973
LIABILITIES			
Non-current liabilities			
Trade and other payables	27	**4**	1
Borrowings	28	**805**	887
Derivative financial instruments	20	**19**	56
Deferred tax liabilities	29	**25**	30
Retirement benefit deficit	30	**286**	242
Provisions for other liabilities and charges	31	**18**	21
		1 157	1 237
Current liabilities			
Trade and other payables	27	**382**	406
Current tax liabilities		**49**	33
Borrowings and bank overdrafts	28	**141**	227
Derivative financial instruments	20	**94**	126
Provisions for other liabilities and charges	31	**10**	44
		676	836
Liabilities held for sale	38	**15**	5
		691	841
TOTAL LIABILITIES		**1 848**	2 078
TOTAL EQUITY AND LIABILITIES		**2 906**	3 051

The Group financial statements were approved by the Board of Directors on 30 May 2012 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

The notes on pages 69 to 114 form part of these Group financial statements

Consolidated Statement of Cash Flows

	Notes	Year to 31 March 2012 £m	2011 £m
Cash flows from operating activities			
Profit before tax from continuing operations		**379**	245
Adjustments for:			
– depreciation of property, plant and equipment	6	**85**	91
– exceptional items, net of cash flow impact		**(84)**	(9)
– amortisation of intangible assets	6	**18**	18
– share-based payments charge	9	**11**	9
– finance income	10	**(8)**	(3)
– finance expense	10	**33**	61
Change in working capital	32	**(121)**	(41)
Change in net retirement benefit obligations		**(80)**	(46)
Cash generated from continuing operations		**233**	325
Interest paid		**(43)**	(49)
Income tax received/(paid)		**16**	(31)
Cash generated from/(used in) discontinued operations	12	**25**	(100)
Net cash generated from operating activities		**231**	145
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		**2**	37
Interest received		**3**	3
Purchase of available-for-sale financial assets	18	**(6)**	(5)
Disposal of available-for-sale financial assets	18	**18**	–
Acquisitions of subsidiaries, net of cash acquired	37	**(7)**	–
Disposal of businesses, net of cash disposed	37	**1**	280
Purchase of property, plant and equipment		**(102)**	(58)
Purchase of intangible assets and other non-current assets		**(28)**	(12)
Net cash generated from/(used) in investing activities in discontinued operations	12	**2**	(5)
Net cash (used in)/generated from investing activities		**(117)**	240
Cash flows from financing activities			
Proceeds from issuance of ordinary and treasury shares		**3**	2
Repurchase of ordinary shares		**(19)**	–
Cash outflow from repayment of borrowings		**(188)**	(136)
Cash inflow from additional borrowings		**8**	7
Cash outflow from repayment of capital element of finance leases		**(5)**	(2)
Dividends paid to the Company's owners	14	**(112)**	(70)
Net cash used in financing activities in discontinued operations	12	**(2)**	(18)
Net cash used in financing activities		**(315)**	(217)
Net (decrease)/increase in cash and cash equivalents	34	**(201)**	168
Cash and cash equivalents			
Balance at beginning of year		**654**	504
Effect of changes in foreign exchange rates		**(7)**	(18)
Net (decrease)/increase in cash and cash equivalents		**(201)**	168
Balance at end of year	33	**446**	654
As presented in the consolidated statement of financial position			
Cash and cash equivalents		**424**	654
Assets held for sale	38	**22**	–
Balance at end of year	33	**446**	654

The notes on pages 69 to 114 form part of these Group financial statements.

Consolidated Statement of Changes in Shareholders' Equity

	Share capital and share premium (Note 24) £m	Capital redemption reserve £m	Other reserves (Note 25) £m	Retained earnings £m	Attributable to the owners of the Company £m	Non-controlling interests £m	Total equity £m
Balance at 31 March 2010	520	8	220	79	827	27	854
Other comprehensive (expense)/income for the year	–	–	(45)	63	18	(1)	17
Profit for the year	–	–	–	163	163	4	167
Share-based payments charge, including tax	–	–	–	10	10	–	10
Proceeds from shares issued	1	–	–	1	2	–	2
Dividends paid	–	–	–	(105)	(105)	(2)	(107)
Scrip issue of shares for dividend	2	–	–	33	35	–	35
Non-controlling interests disposed	–	–	–	–	–	(5)	(5)
Balance at 31 March 2011	**523**	**8**	**175**	**244**	**950**	**23**	**973**
Other comprehensive expense for the year	–	–	(47)	(60)	(107)	–	(107)
Profit for the year	–	–	–	305	305	4	309
Share-based payments charge, including tax	–	–	–	13	13	–	13
Share repurchase	–	–	–	(19)	(19)	–	(19)
Proceeds from shares issued	–	–	–	3	3	–	3
Dividends paid	–	–	–	(112)	(112)	(2)	(114)
Balance at 31 March 2012	**523**	**8**	**128**	**374**	**1 033**	**25**	**1 058**

Retained earnings at 31 March 2012 include a deduction for own shares held by the ESOP trust of £5 million (2011 – £11 million). All but 0.01 pence per share of the dividends arising on these shares have been waived by the trust.

The notes on pages 69 to 114 form part of these Group financial statements.

1 Presentation of financial statements

General information

As set out on page 60, the principal activity of Tate & Lyle PLC is the global provision of ingredients and solutions to the food, beverage and other industries. It operates from more than 30 production facilities around the world.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The Company has its primary listing on the London Stock Exchange.

Basis of preparation

These consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRSs) adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with the Listing Rules of the UK Financial Services Authority and the Companies Act 2006, as applicable to companies reporting under IFRS.

These consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 and under the historical cost convention modified to include revaluation of certain financial instruments and commodities, share options and pension assets and liabilities.

These consolidated financial statements are presented in pounds sterling, which is the functional currency of the Parent and the presentational currency of the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity and areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The Group operates two divisions within continuing operations: Speciality Food Ingredients and Bulk Ingredients. These divisions meet the definition of an operating segment under IFRS 8. Central costs, which include head office, treasury and reinsurance activities, do not meet the operating segment definition under IFRS 8 but have been disclosed as a reportable segment in Note 4 to be consistent with internal management reporting.

Following the disposal of the EU Sugar Refining operations ('EU Sugars') to American Sugar Holding, the sale of Molasses to W&R Barnett Ltd and the announcement of the conditional sale of Vietnam Sugar, the Sugars segment was reclassified as discontinued operations in the comparative period. In the current year, the assets and liabilities of Vietnam Sugar and the legacy sugar trading contracts have been included within assets and liabilities held for sale. Sugar operations in Israel ceased in the year.

Use of adjusted measures

Tate & Lyle presents adjusted profit before tax and adjusted earnings per share information. These measures are used by Tate & Lyle for internal performance analysis and incentive compensation arrangements for employees. The terms 'adjusted' and 'exceptional items' are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measurements of profit. The term 'adjusted' refers to the relevant measure being reported, excluding exceptional items and the amortisation of intangible assets arising on acquisition of businesses. Exceptional items are explained in Note 7. A reconciliation of statutory to adjusted information is provided in Note 43.

New IFRS standards and interpretations adopted

From 1 April 2011 the Group has adopted the following new and amended IFRSs and IFRIC interpretations:

- IAS 24 (revised) Related party disclosure
- Amendment to IFRS 1 First time adoption on financial instrument disclosure
- Amendment to IFRS 3 (revised) Business combinations
- Amendment to IFRS 7 Financial instruments: Disclosures on Fair Value hierarchy
- Amendment to IAS 1 Presentation of financial statements
- Amendment to IAS 27 Consolidated and separate financial statements
- Amendment to IAS 34 Interim financial reporting
- Amendment to IFRIC 14 Pre-payment of a minimum funding requirement
- IFRIC 19 Extinguishing financial liabilities with equity instruments.

The adoption of these revised standards has not had a material impact on the Group's profit for the year and equity.

New IFRS standards and interpretations not adopted

The following standards, amendments and interpretations are not yet effective and have not been adopted early by the Group:

- IFRS 10 Consolidated financial statements
- IFRS 12 Disclosure of interest in other entities
- Amendments to IAS 19 Employee benefits
- Amendments to IAS 1 Presentation of financial statements – other comprehensive income
- Amendments to IAS 32 Financial instruments presentation
- Amendment to IFRS 7 Financial instruments: Disclosures on offsetting
- IFRS 9 Financial instruments
- IFRS 13 Fair Value measurement

The adoption of these standards, amendments and interpretations is not expected to have a material impact on the Group's result for the year or equity other than the amendment to IAS 19. This changes the basis on which the financing charge is calculated by applying the discount rate to the net defined benefit obligation. For the year ended 31 March 2012, calculating the finance charge in accordance with the new requirements would have increased finance costs by £11 million (2011 – £9 million). Under its current accounting policies the Group recognises actuarial gains and losses directly in other comprehensive income, as required by the new standard. The adoptions of the other standards may affect disclosures in the Group's financial statements.

In May 2011, the IASB issued IFRS 11 Joint Arrangements which, subject to EU endorsement, is effective for accounting periods beginning on or after 1 January 2013. While the net result and net assets will remain unchanged, the presentation of the Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flow will change significantly as IFRS 11 prohibits proportionate consolidation of joint ventures which is the Group's current accounting policy, as allowed under IAS 31. Under IFRS 11, joint ventures will be equity accounted. Operating segment results will remain unchanged and continue to proportionately consolidate joint ventures reflecting internal reporting to the Group's Chief Operating Decision Maker.

The parent company, Tate & Lyle PLC, has not adopted IFRS as its statutory reporting basis. Audited financial statements for the parent company, prepared in accordance with UK GAAP, are set out on pages 115 to 121.

2 Group accounting policies

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights and taking into account the existence of potential voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The recognised identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the non-controlling interest's proportion of the fair values of the identifiable assets, liabilities and contingent liabilities recognised. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All inter-company transactions and balances between Group entities are eliminated on consolidation.

2 Group accounting policies (continued)

(b) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures

An entity is regarded as a joint venture if the Group has joint control over its operating and financial policies. The Group's interests in jointly controlled entities are accounted for by proportionate consolidation, whereby the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows are combined on a line-by-line basis with similar items in the Group's financial statements. Where necessary, adjustments are made to the financial statements of joint ventures to bring the accounting policies used into line with those used by the Group. The Group recognises the portion of gains or losses on the sale of assets to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an external entity. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets, or an impairment loss, the loss is recognised immediately.

(d) Associates

An entity is regarded as an associate if the Group has significant influence, but not control, over its operating and financial policies. Significant influence generally exists where the Group holds more than 20% and less than 50% of the shareholders' voting rights. Associates are accounted for under the equity method whereby the Group's income statement includes its share of their profits and losses and the Group's statement of financial position includes its share of their net assets. Where necessary, adjustments are made to the financial statements of associates to bring the accounting policies used into line with those used by the Group. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated on the same basis unless the transaction provides evidence of an impairment of the asset transferred. The Group's share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income.

Foreign currency translation

(a) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in pounds sterling, which is the functional currency of the Parent and the presentational currency of the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges, qualifying equasi-equity balances or qualifying net investment hedges.

(c) Group entities

From 1 April 2004, the results and financial position of all the Group's entities that have a functional currency different from the presentational currency are translated into the presentation currency as follows:

(i) assets and liabilities, including goodwill and fair value adjustments for each statement of financial position presented, are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each income statement (including components of comprehensive income) are translated at weighted average exchange rates as a reasonable approximation to the rates prevailing on the transaction dates; and

(iii) all resulting exchange differences are recognised as a separate component of equity.

Prior to 1 April 2004, exchange differences were recognised in retained earnings.

On consolidation, exchange differences arising from borrowings and other currency instruments designated as hedges of such investments, are taken to equity.

When a foreign operation is sold, such exchange differences that have accumulated since 1 April 2004 are recognised in the income statement as part of the gain or loss on sale. These exchange differences comprise the exchange differences on all amounts deemed to be part of the net investment in the foreign operation, which are recycled to the income statement when a disposal occurs.

Property, plant and equipment

Land and buildings mainly comprise manufacturing sites and administrative facilities.

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All repairs and maintenance expenditures are charged to the income statement during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amount of each asset to its residual value over its useful economic life as follows:

Freehold land:	No depreciation
Freehold buildings:	20 to 50 years
Leasehold property:	Period of the lease
Bulk liquid storage tanks:	12 to 20 years
Plant and machinery:	3 to 28 years

The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

Leased assets

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance leases are capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding leasing commitments, net of finance charges, are included in liabilities.

Leasing payments are analysed between capital and interest components so that the interest element is charged to the income statement over the period of the lease at a constant periodic rate of interest on the remaining balance of the liability outstanding.

Depreciation on assets held under finance leases is charged to the income statement, and depreciated over the shorter of the lease term and its useful life.

All other leases are treated as operating leases with annual rentals charged to the income statement, net of any incentives granted to the lessee, over the term of the lease with incentives recognised over the period of the lease at a constant periodic rate.

Intangible assets

(a) Goodwill

Goodwill is calculated as the difference between the fair value of the consideration exchanged in a business combination, excluding directly attributable acquisition costs, and the net fair values of the identifiable assets and liabilities acquired and is capitalised if positive. Where the acquired interest in the net fair value of the identifiable assets and liabilities

2 Group accounting policies (continued)

exceeds the cost of the business combination, the excess is recognised immediately in the income statement. Goodwill is tested for impairment annually and whenever there is an indication of impairment and is carried at cost less accumulated impairment losses.

Gains and losses on the disposal of a business component include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Patents and other intellectual property

Patents and other intellectual property are shown at historical cost less accumulated amortisation and impairment losses. Where the assets are acquired as part of a business combination, historical cost is based on their fair values as at the date of the combination. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from 3 to 15 years.

(c) Other acquired intangible assets

Other acquired intangible assets are intangible assets arising on consolidation of acquired businesses and include brands, recipes, customer relationships and supplier networks. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from 3 to 15 years.

(d) Other intangible assets

Other intangible assets mainly include certain development expenditure and software costs. Costs incurred on development projects (relating to the development design and testing of new or improved products) are recognised as intangible assets when the IAS 38 recognition criteria are met. Capitalised development costs are amortised from the commencement of the commercial production of the product on a straight-line basis over the period of its expected benefit. Research and other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Amortisation of the assets is recognised on a straight-line basis over the period of their expected benefit which ranges from 3 to 7 years.

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested at least annually for impairment. No intangible assets other than goodwill have an indefinite life. In addition, assets in the course of construction are not depreciated and are subject to annual impairment review where there is an indication of impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Non-financial assets other than goodwill that suffered an impairment in previous periods are reviewed for possible reversal of the impairment at each reporting date. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets other than goodwill are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Goodwill is allocated to units expected to benefit from the synergies of the business combinations. Further details are given in Note 3.

Financial instruments

(a) Available-for-sale financial assets

Equity instruments held by the Group and designated as available-for-sale are carried at fair value, with movements in fair value recognised directly in equity. Where fair value cannot be reliably measured, the assets are approximated at cost. Cumulative fair value gains or losses on an asset are recycled through the income statement when the asset is disposed or impaired. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. Impairments are recognised in the income statement.

(b) Loans and receivables

Non-current and current receivables and loans granted are recognised initially at fair value and thereafter carried at amortised cost less provisions for impairment. Movements in carrying value are recognised in the income statement.

(c) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Where borrowings are designated as hedged items under fair value hedges, they are subsequently remeasured for fair value changes in respect of the hedged risk with such changes recognised in the income statement. Otherwise, borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

(d) Derivatives held for trading

Commodity instruments acquired for trading purposes are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Movements in fair value are recognised in the income statement.

(e) Commodity and treasury hedging instruments

Under IAS 39, hedging relationships are categorised by type and must meet strict criteria to qualify for hedge accounting.

(i) Cash flow hedges
Hedges of firm commitments and highly probable forecast transactions, including forecast intra-group transactions that are expected to affect consolidated profit or loss, are designated as cash flow hedges. To the extent that movements in the fair values of these instruments effectively offset the underlying risk being hedged they are recognised in other comprehensive income until the period during which the hedged forecast transaction affects profit or loss, at which point the cumulative gain or loss is recognised in operating profit, offsetting the value of the hedged transaction.

(ii) Fair value hedges
Hedges against the movement in fair value of recognised assets and liabilities are designated as fair value hedges. To the extent that movements in the fair values of these instruments effectively offset the underlying risk being hedged, they are recognised in net finance expense by offset against the hedged transaction.

(iii) Hedges of net investments
Hedges of a net investment in a foreign operation are designated as net investment hedges. To the extent that movements in the fair values of these instruments effectively offset the underlying risk being hedged, they are recognised in the translation reserve until the period during which a foreign operation is disposed of or partially disposed of, at which point the cumulative gain or loss is recognised in profit or loss, offsetting the cumulative difference recognised on the translation of the net investment.

Hedge accounting is discontinued at the point when the hedging relationship no longer qualifies for hedge accounting. In the case of cash flow hedging relationships, the cumulative movement in the fair value of the hedging instrument previously recognised in equity up to that point is retained there until the forecast transaction affects profit or loss, unless the hedged transaction is no longer expected to occur, in which case the cumulative movement in fair value is transferred to profit or loss immediately. Movements in the fair value of hedging instruments where the relationship fails to meet the IAS 39 hedge accounting criteria or where the movement represents the ineffective portion of a qualifying hedging relationship are recognised in the income statement immediately as other income and expense or net finance expense, as appropriate.

2 Group accounting policies (continued)

(f) Embedded derivatives

Where an embedded derivative is not closely related to the host contract and where the host contract itself is not already recognised at fair value, movements in the fair value of the embedded derivative are separated from the associated transaction and, except where the embedded derivative is designated as a cash flow hedging instrument, recognised in the income statement.

(g) Fair values

Fair values are based on market values where they are available. For unlisted securities the Group establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other similar instruments and discounted cash flow analysis.

Where no market prices are available, the fair value of financial liabilities is calculated with reference to discounted expected future cash flows.

Inventories

Inventories are stated at the lower of cost and net realisable value with the exception of certain items of merchandisable agricultural commodities which are stated at market value, in line with regional industry accounting practices.

Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the 'first in – first out' or weighted average cost methods, appropriate to the materials and production processes involved. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'operating costs' in the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and, for the purposes of the cash flow statement only, bank overdrafts where the legal right of offset exists.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital and holds that share either directly as treasury shares or indirectly within an ESOP trust, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's owners until the shares are cancelled, reissued or disposed. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners. These shares are used to satisfy share options and long term share incentive plans granted to employees under the Group's share option schemes. The trustee of the ESOP trust purchases the Company's shares on the open market using loans made by the Company or other loans guaranteed by the Company.

Trade payables

Non-current and current trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment.

Provisions

Provisions for liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably measured. If the effect is material, provisions are measured using expected future cash flows discounted at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The impact of unwinding any discount is taken to finance expense.

Provisions are not recognised for future operating losses. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Income taxes

The charge for current tax is based on the results for the year as adjusted for items which are non-taxable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences (except as noted below) and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using the enacted or substantively enacted rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

(a) Sales of goods and services

Sales comprise the amount receivable in the ordinary course of business, net of value added and sales taxes, for goods and services provided. Sales are recognised at the point or points at which the Group has performed its obligations in connection with the contractual terms of the sales agreement primarily at the point of delivering to the customer, and in exchange obtains the right to consideration.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

Employee benefits

(a) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies, or trustee payments to insurance companies or through trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

2 Group accounting policies (continued)

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions once these contributions have been paid.

The amounts recognised in the statement of financial position in respect of defined benefit pension plans are the net deficit or the net surplus being the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for actuarial gains or losses charged or credited to equity and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Any gains or losses from settlement or curtailment are recognised in the income statement when the curtailment or settlement occurs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited immediately through the consolidated statement of comprehensive income.

Where the actuarial valuation of a scheme demonstrates that the scheme is in surplus, the recognised asset is limited to that for which the Group expects to benefit in future by refunds or a reduction in contribution.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations

Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited immediately to the consolidated statement of comprehensive income. These obligations are valued annually by independent qualified actuaries.

(c) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, for options granted with non-market vesting conditions, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Borrowing costs

Borrowing costs directly arising from the purchase, construction or production of an asset are capitalised as part of the cost of that asset. During the year £1 million of borrowing costs have been capitalised (2011: £nil) at a rate of 3.7% (2011: 5.0%).

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 disclosure 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. See Note 7 for further details.

Government grants

A government grant is recognised when there is reasonable assurance that any conditions attached to the grant will be satisfied and the grants will be received. A government grant is recognised at its fair value and is accounted for as a deduction against the cost concerned or within other income over the periods necessary to match the grants with the related costs that they are intended to compensate.

Dividend distribution

Final dividend distributions to the Company's owners are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. Where a scrip alternative is offered and taken, the distribution is effected through an issue of bonus shares.

Segment reporting

IFRS 8 Operating Segments requires that entities identify and report the financial performance of these operating segments. Segment information is reported for those components for which separate financial information is available and which management uses internally for allocating resources and assessing performance. In addition to receiving information relating to the operating performance of the business, principally sales and adjusted operating performance, the Chief Operating Decision Maker, which is determined to be the Board, receives information on the segmental net working capital in order to assess the performance of the segments.

Discontinued operations and assets held for sale

Business components that represent separate major lines of business or geographical areas of operations are recognised as discontinued if the operations have been disposed of, or meet the criteria to be classified as held for sale under IFRS 5.

Assets and disposal groups are classified as held for sale if their carrying amount will be principally recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, expected to be completed within one year and the asset (or disposal group) is available for immediate sale in its present condition. Operations held for sale are held at the lower of their carrying amount on the date they are classified as held for sale and fair value less costs to sell.

3 Critical accounting estimates and judgements

In order to prepare these consolidated financial statements in accordance with the accounting policies set out in Note 2, management has used estimates and judgements to establish the amounts at which certain items are recorded. Critical accounting estimates and judgements are those that have the greatest impact on the financial statements and require the most difficult, subjective and complex judgements about matters that are inherently uncertain. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgemental nature of such estimates, actual results could be different from the assumptions used. The critical accounting estimates and judgements are set out below.

3 Critical accounting estimates and judgements (continued)

Impairment of assets

Asset impairments have the potential to significantly impact operating profit. In order to determine whether impairments are required the Group estimates the recoverable amount of the asset. This calculation is usually based on projecting future cash flows over a five-year period and using a terminal value to incorporate expectations of growth thereafter. A discount factor is applied to obtain a current value ('value in use'). The 'fair value less costs to sell' of an asset is used if this results in an amount in excess of 'value in use'.

Estimated future cash flows for impairment calculations are based on management's expectations of future volumes and margins based on plans and best estimates of the productivity of the assets in their current condition. Future cash flows therefore exclude benefits from major expansion projects requiring future capital expenditure where that expenditure has not been approved at the statement of financial position date.

Future cash flows are discounted using a discount rate based on the Group's weighted average cost of capital, adjusted if appropriate for circumstances specific to the asset being tested. The weighted average cost of capital is impacted by estimates of interest rates, equity returns and market and country-related risks. The Group's weighted average cost of capital is reviewed on an annual basis.

If the cash flow or discount rate assumptions were to change because of market conditions, the level of impairment could be different and could result in the asset impairment being increased or reversed, in part or in full, at a future date. Goodwill impairment is never reversed.

Further details are set out in Notes 15 and 16.

Retirement benefits

Among the range of retirement benefits provided in businesses around the Group are a number of defined benefit pension plans and an unfunded healthcare benefit scheme in the US. The amounts recorded in the financial statements for both of these types of arrangement are based on a number of assumptions, changes to which could have a material impact on the reported amounts.

Any net deficit or surplus arising on defined benefit plans and the liability under the healthcare plan is shown in the statement of financial position. The amount recorded is the difference between plan assets and liabilities at the statement of financial position date. The group only recognises a surplus to the extent it has an unconditional right to a refund or a reduction in future contributions. Plan assets are based on market value at that date. Plan liabilities, including healthcare liabilities, are based on actuarial estimates of the present value of future pension or other benefits that will be payable to members. The most sensitive assumptions involved in calculating the expected liabilities are mortality rates and the discount rate used to calculate the present value. If the mortality rates assumption changed, a one year increase to longevity at age 65 would increase the liability by £57 million. The main financial assumption is the real discount rate, being the excess of the discount rate over the rate of inflation. If this assumption decreased by 1%, the gross plan liabilities would increase by approximately £220 million.

The income statement generally comprises a regular charge to operating profit for open defined benefit plans, which represents the service cost of providing the benefit for the year, and a finance result, which represents the net of expected income from plan assets and an interest charge on plan liabilities. These calculations are based on expected outcomes at the start of the financial year. The income statement is most sensitive to changes in expected returns from plan assets and the discount rate used to calculate the interest charge on plan liabilities. A 1% increase in the assumption of the discount rate would increase the net finance expense by approximately £1.6 million.

Full details of these assumptions, which are based on advice from the Group's actuaries, are set out in Note 30.

Provisions

The Group recognises a provision where a legal or constructive obligation exists at the statement of financial position date and a reliable estimate can be made of the likely outcome. Where appropriate, future cash outflows that are expected to arise over a number of years are discounted to a present value using a relevant discount rate.

At the statement of financial position date, provisions included amounts for insurance claims payable by the Group's reinsurance company, legal matters, employee termination and other restructuring costs.

Although provisions are reviewed on a regular basis and adjusted for management's best current estimates, the judgemental nature of these items means that future amounts settled may be different from those provided.

Further details are set out in Note 31.

Taxation

The Group operates in a large number of tax jurisdictions around the world. Tax regulations generally are complex and in some jurisdictions agreeing tax liabilities with local tax authorities can take several years. Consequently, at the statement of financial position date, tax liabilities and assets are based on management's best estimate of the future amounts that will be settled. While the Group aims to ensure that the estimates recorded are accurate, the actual amounts could be different from those expected.

Deferred tax assets mainly arise from asset impairments and retirement benefit obligations that the Group expects to recover at some time in the future and by their nature the amounts recorded are therefore dependent on management's judgement about future events.

Further details are set out in Notes 11 and 29.

4 Segment information

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

Discontinued operations comprise the former Sugars segment together with International Sugar Trading (Note 12).

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

		Continuing operations					
	Note	Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m	Discontinued operations (Note 12) £m	Total from continuing and discontinued operations £m
Sales							
Total sales		992	2 277	–	3 269	72	3 341
Inter-segment sales		(105)	(76)	–	(181)	–	(181)
External sales (Note a)		887	2 201	–	3 088	72	3 160
Operating profit/(loss)							
Before exceptional items and amortisation of intangible assets acquired through business combinations		214	172	(38)	348	5	353
Exceptional items	7	70	7	(9)	68	11	79
Amortisation of intangible assets acquired through business combinations	15	(12)	–	–	(12)	–	(12)
Operating profit/(loss)		272	179	(47)	404	16	420
Net finance (expense)/income					(25)	1	(24)
Profit before tax					379	17	396
Segment assets (Note b)		258	513	13	784	40	824
Unallocated assets:							
– non-current assets							1 515
– current assets							567
Total assets							2 906
Segment liabilities (Note b)		(117)	(222)	(47)	(386)	(9)	(395)
Unallocated liabilities:							
– non-current liabilities							(1 153)
– current liabilities							(300)
Total liabilities							(1 848)
Other segment information							
Net working capital		141	291	(34)	398	31	429
Capital investments (Note c)		70	52	30	152	1	153
Depreciation	16	30	53	2	85	2	87
Amortisation of intangible assets	15	18	–	–	18	–	18
Share-based payments	9	3	2	6	11	–	11

(a) There were no customers that contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2012. Sales between segments are carried out at arm's length.

(b) Segment assets and liabilities comprises controllable working capital (trade and other receivables, inventories and trade and other payables), as reported to the Chief Operating Decision Maker. All other assets and liabilities are reported within segment information as unallocated as these are not reported to the Chief Operating Decision Maker at segment level.

(c) Capital investments comprise capital expenditure on property, plant and equipment, intangible assets and investments. These items include amounts arising on acquisition of businesses.

4 Segment information (continued)

The segment results for the year to 31 March 2011 are as follows:

	Notes	Continuing operations Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m	Discontinued operations (Note 12) £m	Total from continuing and discontinued operations £m
Sales							
Total sales		916	1 987	–	2 903	590	3 493
Inter-segment sales		(111)	(72)	–	(183)	–	(183)
External sales (Note a)		805	1 915	–	2 720	590	3 310
Operating profit/(loss)							
Before exceptional items and amortisation of intangible assets acquired through business combinations		206	157	(42)	321	(2)	319
Exceptional items	7	(7)	9	(7)	(5)	(43)	(48)
Amortisation of intangible assets acquired through business combinations	15	(13)	–	–	(13)	–	(13)
Operating profit/(loss)		186	166	(49)	303	(45)	258
Net finance expense					(58)	–	(58)
Profit/(loss) before tax					245	(45)	200
Segment assets (Note b)		207	511	13	731	40	771
Unallocated assets:							
– non-current assets							1 424
– current assets							856
Total assets							3 051
Segment liabilities (Note b)		(106)	(237)	(61)	(404)	(8)	(412)
Unallocated liabilities:							
– non-current liabilities							(1 236)
– current liabilities							(430)
Total liabilities							(2 078)
Other segment information							
Net working capital		101	274	(48)	327	32	359
Capital investments (Note c)		26	34	16	76	8	84
Depreciation	16	34	55	2	91	9	100
Amortisation of intangible assets	15	18	–	–	18	–	18
Impairment charges of property, plant and equipment		2	–	–	2	4	6
Share-based payments	9	–	1	8	9	–	9

(a) There were no customers that contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2011. Sales between segments are carried out at arm's length.

(b) Segment assets and liabilities comprises controllable working capital (trade and other receivables, inventories and trade and other payables), as reported to the Chief Operating Decision Maker. All other assets and liabilities are reported within segment information as unallocated as these are not reported to the Chief Operating Decision Maker at segment level.

(c) Capital investments comprise capital expenditure on property, plant and equipment, intangible assets and investments. These items include amounts arising on acquisition of businesses.

The United Kingdom is the home country of the parent. Sales (from continuing operations) and non-current assets, other than financial instruments, deferred tax assets and retirement benefit assets in the principal territories are as follows:

	External sales by destination Year to 31 March		External sales by origin Year to 31 March		Location of non-current assets Year to 31 March	
	2012 £m	2011 £m	**2012 £m**	2011 £m	**2012 £m**	2011 £m
United Kingdom	**64**	65	**18**	16	**39**	38
United States	**1 849**	1 746	**2 216**	1 948	**767**	660
Other European countries	**526**	432	**512**	451	**302**	327
Rest of world	**649**	477	**342**	305	**146**	156
Total	**3 088**	2 720	**3 088**	2 720	**1 254**	1 181

5 Sales from continuing operations

Analysis of sales by category:

	Notes	Year to 31 March 2012 £m	2011 £m
Sales of goods (excluding share of sales of joint ventures)		**2 617**	2 317
Share of sales of joint ventures	17	**471**	403
Total		**3 088**	2 720

6 Operating profit

Continuing operations

Analysis by nature:

	Notes	2012 £m	2012 £m	2011 £m	2011 £m
External sales			**3 088**		2 720
Staff costs	9		**250**		247
– of which relate to cost of sales		**121**		115	
Inventories:					
– cost of inventories recognised as an expense (included in cost of sales)			**1 952**		1 606
– fair value loss on derivatives held for trading			**–**		8
Depreciation of property, plant and equipment:					
– owned assets	16		**84**		90
– of which relate to cost of sales		**81**		86	
– leased assets (included in cost of sales)	16		**1**		1
Exceptional items	7		**(68)**		5
Amortisation of intangible assets:					
– intangible assets arising through business combinations	15		**12**		13
– other intangible assets	15		**6**		5
Operating lease rentals:					
– plant and machinery			**22**		23
Research and development expenditure			**29**		25
Impairment of trade receivables	23		**1**		1
Impairment of inventories	22		**1**		–
Impairment of property, plant and equipment			**–**		2
Loss on disposal of property, plant and equipment			**1**		1
Other operating and selling expenses			**393**		390
Total			**2 684**		2 417
Operating profit from continuing operations			**404**		303

Discontinued operations

Analysis by nature:

	Notes	2012 £m	2012 £m	2011 £m	2011 £m
External sales			**72**		590
Staff costs	9		**2**		28
– of which relate to cost of sales		**1**		15	
Inventories:					
– cost of inventories recognised as an expense (included in cost of sales)			**60**		479
Depreciation of property, plant and equipment:					
– owned assets	16		**2**		9
– of which relate to cost of sales		**2**		8	
Exceptional items	7		**(11)**		43
Impairment of property, plant and equipment			**–**		4
Other operating and selling expenses			**3**		72
Total			**56**		635
Operating profit/(loss) from discontinued operations			**16**		(45)

7 Exceptional items

Exceptional items are as follows:

	Year to 31 March 2012 £m	2011 £m
Continuing operations		
Reversal of fixed asset impairment – McIntosh & Decatur assets (Note a)	**60**	–
Reversal of provision – McIntosh (Note a)	**23**	–
Business transformation costs (Note b)	**(15)**	(15)
Gain on disposal, net of pre-disposal costs – Fort Dodge (Note c)	**–**	10
Total	**68**	(5)
Discontinued operations		
Gain on disposal of minority holdings – International Sugar Trading (Note d)	**11**	–
Loss on disposal – EU Sugars (Note e)	**–**	(55)
Gain on disposal – Molasses (Note f)	**–**	12
Total	**11**	(43)

Continuing operations

(a) On 26 May 2011, the Group took the decision to re-open the mothballed facility in McIntosh, Alabama and restart the production of sucralose. This decision has resulted in the reversal of £53 million of impairment charge previously recognised against property, plant and equipment. In addition, £23 million of the provision in respect of obligations relating to the mothballed facility was no longer required and has also been reversed. These exceptional items are reported within the Speciality Food Ingredients segment.

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

(b) The Group has recognised an exceptional charge of £15 million in relation to business transformation costs. The Group incurred £9 million (2011 – £6 million) of charges in relation to costs which did not meet the capitalisation criteria for the implementation of a common global IS/IT platform and Global Shared Service Centre, £5 million (2011 – £4 million) in relation to the relocation of employees and restructuring associated with the new Commercial and Food Innovation Centre in Chicago, Illinois, and £1 million (2011 – £5 million) of restructuring costs relating to the Food Systems business. These costs are reported in the Speciality Food Ingredients segment (£6 million, 2011 – £7 million) and within Central costs (£9 million, 2011 – £7 million). In addition, in the prior year there was a charge of £1 million recognised within the Bulk Ingredients segment.

(c) In the prior year, the Group recorded a net exceptional gain of £10 million in respect of the sale of the previously impaired ethanol facility at Fort Dodge, Iowa. This exceptional item was reported in the Bulk Ingredients segment.

The tax impact on net exceptional items is a £31 million charge (2011 – £10 million). In addition, there has been an exceptional tax credit of £10 million which represents the recognition of a deferred tax asset in respect of foreign tax credits recognised in association with the disposal of the ethanol facility in Fort Dodge, Iowa.

In the year ended 31 March 2011, the Group recognised an exceptional tax credit of £8 million within continuing operations which represented the recognition of a deferred tax asset on unrealised profit in inventory following the restructuring of the Group.

Discontinued operations

(d) On 12 October 2011, the Group completed the sale of its minority holdings in Egypt and Saudi Arabia relating to the former International Sugar Trading business and received £18 million in cash consideration. After recycling revaluation gains to the Income Statement, the Group has recorded an exceptional gain of £11 million.

(e) In the prior year, the Group recorded a loss of £55 million in relation to the disposal of EU Sugars. Further details are set out in Note 37.

(f) In the prior year, the Group recorded a gain of £12 million in relation to the disposal of Molasses businesses. Further details are set out in Note 37.

The tax impact on net exceptional items is £nil in the current financial year (2011 – £19 million credit). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future.

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

8 Auditors' remuneration

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors as detailed below:

	Year to 31 March 2012 £m	2011 £m
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**0.6**	0.6
Fees payable to the Company's auditors and its associates for other services:		
– the audit of the Company's subsidiaries, pursuant to legislation	**1.2**	1.1
Total audit fees	**1.8**	1.7
Other services pursuant to legislation	**0.1**	0.1
Other services relating to taxation	**–**	0.1
All other services	**0.5**	0.8
Total	**2.4**	2.7

In addition to the above, fees totalling £0.1 million (2011 – £0.1 million) were paid to the Company's auditors in respect of the audit of Group pension schemes.

Within 'All other services', £0.3 million (2011: £nil) of fees paid to the auditors were audit related services in respect of work performed on the Group's common IS/IT platform. Furthermore, included within fees payable to the Company's auditors and its associates is £nil (2011 – £0.1 million) and within all other services £nil (2011 – £0.6 million, relating to discontinued operations including the costs of vendor due diligence in respect of the disposal of Molasses).

9 Staff costs

Staff costs for the Group during the year were as follows:

	Notes	Year to 31 March 2012 Continuing operations £m	Year to 31 March 2012 Discontinued operations £m	Year to 31 March 2011 Continuing operations £m	Year to 31 March 2011 Discontinued operations £m
Wages and salaries		**204**	**2**	206	26
Social security costs		**24**	**–**	19	1
Other pension costs:					
– defined benefit schemes	30	**4**	**–**	8	1
– defined contribution schemes		**4**	**–**	2	–
– retirement healthcare benefits	30	**3**	**–**	3	–
Share-based payments	26	**11**	**–**	9	–
Total		**250**	**2**	247	28

The average monthly number of people employed by the Group, excluding associates' employees and including a proportionate share of people employed by joint ventures, is set out below. As required by the Companies Act 2006, this includes part-time employees:

By business segment	Year to 31 March 2012	2011
Speciality Food Ingredients	**1 693**	1 631
Bulk Ingredients	**2 247**	2 382
Central	**346**	293
Total	**4 286**	4 306

In addition, the average number of people employed relating to discontinued operations was 276 (2011 – 854).

The number of people employed by the Group at 31 March 2012 was 4,636 (2011 – 4,416). Included in these numbers are 253 (2011 – 305) employees relating to discontinued operations.

Central includes shared service employees who perform activities for the whole Group, including the Speciality Food Ingredients and Bulk Ingredients segments.

Key management compensation

	Year to 31 March 2012 £m	2011 £m
Salaries and short-term employee benefits	**7**	7
Post-employment benefits	**1**	1
Share-based payments	**6**	5
Total	**14**	13

Key management is represented by the Group Executive Committee and the Company's directors. Remuneration details of the Company's directors are given in the directors' remuneration report on pages 48 to 59. Members of the Group Executive Committee are given on page 37.

The aggregate emoluments of directors in respect of qualifying services to the Company were £3 million (2011 – £4 million).

As required by the Companies Act 2006, the aggregate gains made for the Directors on the exercise of share options were £1 million (2011 – £nil).

10 Finance income and finance expense

Continuing operations	Notes	Year to 31 March 2012 £m	2011 £m
Finance income			
Interest receivable		**3**	3
Net finance income arising on defined benefit retirement schemes:			
– expected return on plan assets	30	**78**	–
– interest cost	30	**(73)**	–
Total finance income		**8**	3
Finance expense			
Interest payable on bank and other borrowings		**(31)**	(45)
Net finance expense arising on defined benefit retirement schemes:			
– interest cost	30	**–**	(76)
– expected return on plan assets	30	**–**	72
Finance lease charges		**(1)**	(1)
Unwinding of discounts in provisions	31	**–**	(2)
Fair value gains/(losses) on interest-related derivative financial instruments:			
– interest rate swaps – fair value hedges		**20**	7
– derivatives not designated as hedges		**(3)**	(3)
Fair value adjustment of borrowings attributable to interest rate risk		**(18)**	(7)
Recycle of cash flow hedge reserve in respect of borrowings repaid		**–**	(6)
Total finance expense		**(33)**	(61)
Net finance expense		**(25)**	(58)

Finance expense is shown net of borrowing costs capitalised within property, plant and equipment (Note 16) of £1 million (2011 – £nil) at a capitalisation rate of 3.7% (2011 – 5.0%).

Interest payable on other borrowings includes £0.2 million (2011 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

Discontinued operations
Included within the profit for the year in relation to discontinued operations (Note 12) is net finance income of £1 million (2011 – £nil).

11 Income tax expense

Analysis of charge for the year

Continuing operations	Notes	Year to 31 March 2012 £m	2011 £m
Current tax:			
In respect of the current year			
– UK		**–**	–
– overseas		**7**	3
Adjustments in respect of previous years		**–**	(10)
		7	(7)
Deferred tax:	29		
Deferred tax charge		**73**	64
Adjustments in respect of previous years		**2**	–
Exceptional tax credit		**(10)**	(8)
Income tax expense		**72**	49

The income tax charge relating to continuing operations for the year to 31 March 2012 is £72 million (2011 – £49 million) and includes a charge of £31 million in respect of pre-tax exceptional items (2011 – £10 million).

The effective tax rate for the year, calculated on the basis of the total income tax charge relating to continuing operations as a proportion of profit before tax, is 19.0% (2011 – income tax charge on profit before tax of 19.7%). This compares with the standard rate of corporation tax in the UK of 26% (2011 – 28%). The effective tax rate relating to continuing operations on profit before exceptional items, amortisation and exceptional tax items is 17.1% (2011 – 18.5%).

Included within deferred tax is a £2 million charge (2011 – £nil) principally relating to prior year adjustments to the tax base of fixed assets in a number of jurisdictions. Included within current tax in the prior year is a £10 million credit principally relating to the settlement of prior year tax obligations in a number of jurisdictions.

The exceptional tax credit of £10 million represents the recognition of a deferred tax asset in respect of foreign tax credits recognised in association with the disposal of Fort Dodge. The £8 million credit in the comparative year represented the recognition of a deferred tax asset on unrealised profit in inventory following the restructuring of the Group.

The standard rate of corporation tax in the United Kingdom has reduced from 26% to 24% from 1 April 2012.

11 Income tax expense (continued)

The tax on the company's profit before tax differs from the standard rate of corporation tax in the United Kingdom as follows:

	Year to 31 March 2012 £m	2011 £m
Profit before tax	**379**	245
Corporation tax charge thereon at 26% (2011 – 28%)	**99**	69
Adjusted for the effects of:		
– exceptional tax credit	**(10)**	(8)
– items not deductible for tax purposes	**3**	7
– losses not recognised	**4**	15
– adjustments to tax in respect of previous years	**2**	(10)
– different tax rates applied on overseas earnings	**(26)**	(24)
Total	**72**	49

Discontinued operations

The income tax charge in respect of discontinued operations (Note 12) in the year to 31 March 2012 is £15 million (2011 – £16 million credit). This comprises a £15 million exceptional charge increasing the provisions relating to outstanding tax matters associated with starch facilities that formed part of the former Food & Industrial Ingredients, Europe segment, which are in the process of litigation. These facilities were disposed of by the Group in the year ended 31 March 2008.

Tax charge relating to components of other comprehensive income

	Notes	Year to 31 March 2012 £m	2011 £m
Retirement benefit obligations		**33**	(19)
Cash flow hedges		**–**	(5)
Tax losses		**(6)**	22
Other		**–**	2
Tax credit relating to components of other comprehensive income		**27**	–
Deferred tax	29	**27**	–

Tax losses have been recognised to offset against the retirement tax liability on the UK retirement benefit obligation surplus.

Tax on items recognised directly in equity

	Year to 31 March 2012 £m	2011 £m
Deferred tax credit on share-based payments	**(2)**	(1)
Total	**(2)**	(1)

12 Discontinued operations

In the prior year, the Group announced its intention to sell all the business within the former Sugars segment.

In September 2010, the Group completed the disposal of EU Sugars to American Sugar Holdings and in December 2010, the Group completed the disposal of Molasses to W&R Barnett Ltd. In April 2011, the Group entered into a conditional agreement to sell its majority share of Vietnam Sugar to TH Milk Food Joint Stock Company for approximately £33 million, together with the Group's proportionate share of cash and working capital. The Group's sugar business in Israel also ceased trading during the current financial year. The results of these former Sugars and the previously disclosed International Sugar Trading business are presented as discontinued operations for the year ended 31 March 2012 and 31 March 2011. The results of Vietnam Sugar and Israel are presented within the Other category for both periods. Other also includes £15 million of exceptional income tax expense (Note 11) in respect of outstanding tax matters associated with the starch facilities that formed part of the former food and Industrial Ingredients, Europe segment, which are in the process of litigation.

Year to 31 March 2012

	Notes	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
Sales		–	–	26	46	72
Operating (loss)/profit before exceptional items		–	–	(2)	7	5
Exceptional items	7	–	–	11	–	11
Operating profit		–	–	9	7	16
Finance income		–	–	–	2	2
Finance expense		–	–	(1)	–	(1)
Profit before tax		–	–	8	9	17
Income tax expense		–	–	–	(15)	(15)
Profit/(loss) for the year		–	–	8	(6)	2
Non-controlling interests		–	–	–	(4)	(4)
Profit/(loss) attributable to owners of the Company		–	–	8	(10)	(2)

12 Discontinued operations (continued)

	Notes	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
						Year to 31 March 2011
Sales		330	141	18	101	590
Operating (loss)/profit before exceptional items		(2)	7	(11)	4	(2)
Exceptional items	7	(55)	12	–	–	(43)
Operating (loss)/profit		(57)	19	(11)	4	(45)
Finance income		–	–	–	1	1
Finance expense		–	–	(1)	–	(1)
(Loss)/profit before tax		(57)	19	(12)	5	(45)
Income tax credit/(expense)		22	(1)	–	(5)	16
(Loss)/profit for the year		(35)	18	(12)	–	(29)
Non-controlling interests		–	(1)	–	(3)	(4)
(Loss)/profit attributable to owners of the Company		(35)	17	(12)	(3)	(33)

Net cash flows from discontinued operations are as follows:

	EU Sugars £m	**Molasses £m**	**International Sugar Trading £m**	**Other £m**	**Total £m**
					Year to 31 March 2012
Net cash generated from operating activities	**–**	**–**	**10**	**15**	**25**
Net cash generated from investing activities	**–**	**–**	**–**	**2**	**2**
Net cash used in financing activities	**–**	**–**	**–**	**(2)**	**(2)**

	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
					Year to 31 March 2011
Net cash (used in)/generated from operating activities	(85)	(11)	(17)	13	(100)
Net cash (used in)/generated from investing activities	(5)	(1)	–	1	(5)
Net cash used in financing activities	(16)	(1)	–	(1)	(18)

13 Earnings per share

Basic

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

	Year to 31 March 2012			Year to 31 March 2011		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to owners of the Company (£million)	**307**	**(2)**	**305**	196	(33)	163
Weighted average number of ordinary shares in issue (millions)	**465.7**	**465.7**	**465.7**	461.5	461.5	461.5
Basic earnings/(loss) per share	**65.9p**	**(0.4)p**	**65.5p**	42.6p	(7.3)p	35.3p

Diluted

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

	Year to 31 March 2012			Year to 31 March 2011		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to owners of the Company (£million)	**307**	**(2)**	**305**	196	(33)	163
Weighted average number of ordinary shares (millions)	**474.9**	**474.9**	**474.9**	468.8	468.8	468.8
Diluted earnings/(loss) per share	**64.6p**	**(0.3)p**	**64.3p**	41.9p	(7.2)p	34.7p

The adjustment for the dilutive effect of share options at 31 March 2012 was 9.2 million shares (2011 – 7.3 million).

13 Earnings per share (continued)

Adjusted earnings per share

Adjusted earnings per share is stated excluding exceptional items and amortisation of intangible assets acquired through business combinations as follows:

		Year to 31 March	
Continuing operations	Notes	**2012 £m**	2011 £m
Profit attributable to owners of the Company (£million)		**307**	196
Adjustments (£million):			
– exceptional items	7	**(68)**	5
– amortisation of intangible assets acquired through business combinations	15	**12**	13
– tax effect of the above adjustments		**27**	8
– exceptional tax credit	11	**(10)**	(8)
Adjusted profit (£million)		**268**	214
Adjusted basic earnings per share from continuing operations		**57.5p**	46.5p
Adjusted diluted earnings per share from continuing operations		**56.4p**	45.7p

14 Dividends

	Year to 31 March	
	2012 £m	2011 £m
Dividends paid on ordinary equity shares (£million):		
– final paid relating to prior year	**79**	74
– interim paid relating to current year	**33**	31
Total dividend paid	**112**	105
Satisfied by:		
– cash (£million)	**112**	70
– scrip dividend (£million) (Note a)	**–**	35
Total	**112**	105
The total ordinary dividend is 24.9p (2011 – 23.7p) made up as follows:		
– interim dividend paid	**7.1p**	6.8p
– final dividend proposed (Note b)	**17.8p**	16.9p
Total	**24.9p**	23.7p

(a) In the prior year, shareholders were given the option to receive dividends in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a cash equivalent value of £35 million. Further detail is disclosed in Note 24.

(b) The final dividend proposed for the year of £83 million (2011 – £79 million), based on the number of shares outstanding as at 31 March 2012 has not been recognised as a liability and will be settled on 3 August 2012, to shareholders who are on the Register of Members on 29 June 2012, subject to approval by shareholders at the Company's Annual General Meeting on 26 July 2012.

15 Goodwill and other intangible assets

	Goodwill £m	Patents £m	Other acquired intangible assets £m	Total acquired intangibles £m	Other intangible assets £m	Total £m
Cost						
At 1 April 2011	222	33	121	376	40	416
Additions at cost	–	–	–	–	30	30
Exchange	(5)	–	(5)	(10)	–	(10)
At 31 March 2012	**217**	**33**	**116**	**366**	**70**	**436**
Accumulated amortisation and impairments						
At 1 April 2011	–	25	49	74	22	96
Amortisation charge	–	2	10	12	6	18
Exchange	–	–	(2)	(2)	(1)	(3)
At 31 March 2012	**–**	**27**	**57**	**84**	**27**	**111**
Net book value at 31 March 2012	**217**	**6**	**59**	**282**	**43**	**325**
Cost						
At 1 April 2010	230	33	127	390	32	422
Additions at cost	–	–	–	–	12	12
Transfer to assets held for sale	–	–	(2)	(2)	–	(2)
Disposals and write-offs	(2)	–	–	(2)	(3)	(5)
Exchange	(6)	–	(4)	(10)	(1)	(11)
At 31 March 2011	222	33	121	376	40	416
Accumulated amortisation and impairments						
At 1 April 2010	–	23	40	63	19	82
Amortisation charge	–	2	11	13	5	18
Disposals and write-offs	–	–	–	–	(2)	(2)
Exchange	–	–	(2)	(2)	–	(2)
At 31 March 2011	–	25	49	74	22	96
Net book value at 31 March 2011	222	8	72	302	18	320

Goodwill

The carrying amounts of goodwill by segment are as follows:

	Year to 31 March 2012 £m	2011 £m
Speciality Food Ingredients (Note a)	**76**	80
Bulk Ingredients	**1**	1
Allocated by geography:		
– United States (Note b)	**57**	57
– Europe (Note c)	**83**	84
Total	**217**	222

Goodwill is tested for impairment annually and whenever there is an indication of impairment. Although cash flows have been identified for certain individual plants for the purposes of assessing the recoverable amounts, the non-food systems business is principally managed as a network in the United States and Europe, with a large amount of interdependency between plants with plants servicing both the Speciality Food Ingredients and Bulk Ingredients segments.

As a result, except as noted, it is not possible to allocate goodwill to either the Bulk Ingredients or the Speciality Food Ingredients segments. Therefore, goodwill is tested for impairment on a geographical basis except where goodwill can be allocated to an identifiable separate CGU. Unless otherwise stated, impairment reviews are carried out in accordance with the methodology set out in Notes 2 and 3 using cash flows based on the latest Board approved management projections with management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and are based on the Group's WACC adjusted to reflect specific risks relating to the relevant operating segments. The weighted average growth rates used are consistent with the forecasts included in industry reports. The terminal value is based on the long term growth rate for the relevant geographical markets and is approximately 2% or lower per year.

(a) Goodwill within the Speciality Food Ingredients segment includes £45 million (2011 – £48 million) relating to the acquisition of G.C. Hahn & Co. in June 2007, £17 million (2011 – £18 million) relating to the acquisition of the Cesalpinia Foods group in December 2005 and £12 million (2011 – £12 million) relating to the acquisition of Continental Custom Ingredients in January 2006 which are all within the Food Systems division. These businesses have been tested for impairment using a pre-tax discount rate of 10.4% (2011 – 11%) with cash flow projections based on the 5 year business plan. A 2% growth was assumed in perpetuity based on the long term national average growth rates for the geographic markets these businesses operate in. Management has concluded that no impairment is required.

The remaining goodwill relates to a number of smaller acquisitions, each of which has been tested for impairment using management projections for five years, pre-tax discount rates of 10.4% (2011 – 11%), and a 2% growth assumed in perpetuity based on long-term national average growth rate for these markets. Significant headroom exists and management has concluded that no impairment is required.

15 Goodwill and other intangible assets (continued)

(b) Goodwill relating to the United States includes £57 million (2011 – £57 million) relating to the Staley acquisition in 1988, which is treated as one CGU for impairment testing purposes. Cash flows used were based on the latest approved plans for five years discounted using a pre-tax rate of 10.4% (2011 – 11%). A 2% growth was assumed in perpetuity based on long-term national average growth rate for this geographic market. Significant headroom exists and management has concluded that no impairment is required.

(c) Goodwill relating to Europe includes £83 million (2011 – £84 million) relating to the acquisition in 2000 of the minority of 34% of shares of the former Amylum business. Although cash flows have been identified for certain individual plants for the purposes of assessing the recoverable amounts of property, plant and equipment (as described in Note 16) the business is treated as one CGU for goodwill impairment testing purposes. The goodwill in the former Amylum business has been tested for impairment using a pre-tax discount rate of 10.4% (2011 – 11%). Cash flow projections for five years was used. A 2% growth was assumed in perpetuity based on long term national average growth rate for these markets. Significant headroom exists and management has concluded that no impairment is required.

Management considers that no reasonably possible change in any of the assumptions would cause the recoverable amount of goodwill attached to the above CGUs to fall below their carrying value.

Other intangible assets

Included in other intangible assets are £18 million (2011 – £2 million) of assets under construction in relation to the implementation of a common global IS/IT platform.

16 Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Assets in the course of construction £m	Total £m
Cost				
At 1 April 2011	433	1 893	78	2 404
Additions at cost	2	24	90	116
Transfers on completion	21	64	(85)	–
Transfer to assets held for sale	(2)	(15)	(1)	(18)
Disposals and write-offs	(3)	(10)	–	(13)
Exchange	(7)	(24)	–	(31)
At 31 March 2012	**444**	**1 932**	**82**	**2 458**
Accumulated depreciation and impairments				
At 1 April 2011	221	1 328	–	1 549
Depreciation charge	10	77	–	87
Transfer to assets held for sale	(1)	(13)	–	(14)
Reversal of impairment losses	(18)	(42)	–	(60)
Disposals and write-offs	(1)	(9)	–	(10)
Exchange	(2)	(14)	–	(16)
At 31 March 2012	**209**	**1 327**	**–**	**1 536**
Net book value at 31 March 2012	**235**	**605**	**82**	**922**
Cost				
At 1 April 2010	578	2 349	345	3 272
Additions at cost	3	11	53	67
Transfers on completion	3	50	(53)	–
Transfer to assets held for sale	(11)	(57)	–	(68)
Disposals and write-offs	(3)	(12)	(211)	(226)
Businesses sold	(114)	(346)	(39)	(499)
Exchange	(23)	(102)	(17)	(142)
At 31 March 2011	433	1 893	78	2 404
Accumulated depreciation and impairments				
At 1 April 2010	292	1 564	208	2 064
Depreciation charge	14	86	–	100
Transfer to assets held for sale	(4)	(42)	–	(46)
Impairment losses and write-downs	3	1	4	8
Disposals and write-offs	–	(12)	(195)	(207)
Businesses sold	(72)	(206)	(4)	(282)
Exchange	(12)	(63)	(13)	(88)
At 31 March 2011	221	1 328	–	1 549
Net book value at 31 March 2011	212	565	78	855

Additions to property, plant and equipment includes capitalised borrowing costs of £1 million (2011 – £nil).

Impairment losses

It is the Group's policy to test assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, or that an impairment loss recognised in a previous period no longer exists or has decreased.

16 Property, plant and equipment (continued)

Impairment reviews

2012

The Group carried out an impairment review in respect of all CGUs at 31 March 2012. The recoverable amount was based on value in use, calculated based on estimated future cash flows using management's internal forecasts of future margins for the next five years. The pre-tax discount rate used was between 10.4% and 12.4% (2011 – 11%) and a 2% growth rate assumed in perpetuity, where appropriate. Taking all factors into account management concluded that no impairments were required. During the year the Group reversed previously recognised impairments on its sucralose manufacturing facility in McIntosh, Alabama (£53 million) and £7 million relating to the previously redundant plant at its Decatur facility. See Note 7 for further details.

In respect of the Dayton plant which had been previously impaired, the recoverable amount was based on value in use, calculated based on estimated future cash flows using management's internal forecasts of future margins for the next five years and applying a terminal value. A pre-tax discount rate of 12.4% was used to take into account the risk associated with the regulatory and competitive environment in which it operates. Taking all factors into account management concluded that no further impairment or reversal of previous impairments was required.

2011

The Group's European businesses are a major supplier of sweeteners which operates in competition to sugar throughout the Continent. Following the disposal of five European starch plants in October 2007, the Group carried out an impairment review in respect of the remaining CGUs at 31 March 2011. The recoverable amount was based on value in use, calculated based on estimated future cash flows using management's internal forecasts of future margins for the next five years. The pre-tax discount rate used was 11% and a zero growth rate assumed in perpetuity. Taking all factors into account management concluded that no further impairment or reversal of previous impairments was required.

During the year, the Group carried out an impairment review in respect of its Dayton plant which manufactures citric acid in light of changes to the regulatory and competitive environment in which it operates. The recoverable amount was based on value in use, calculated based on estimated future cash flows using management's internal forecasts of future margins for the next five years and applying a terminal value. The pre-tax discount rate used was 11%. Taking all factors into account management concluded that no further impairment or reversal of previous impairments was required.

Leased assets

Included in property, plant and equipment is plant and machinery held under finance leases with a net book value of £20 million (2011 – £11 million).

17 Investments in associates and joint ventures

Associates	Notes	£m
At 1 April 2010		7
Disposal of businesses	37	(2)
At 31 March 2011 and 2012		**5**

The Group's associates, which are accounted for under the equity method, are listed in Note 42.

During the prior year, the Group disposed of its investment in Eridania Tate & Lyle SpA for £3 million proceeds. The carrying value was £2 million at the date of disposal (Note 37).

The amounts equity accounted in the Group income statement and statement of financial position are summarised below:

	Year to 31 March	
Income statement	**2012 £m**	2011 £m
Sales	**5**	4
Expenses	**(5)**	(4)
Profit before and after tax	**–**	–

	Year to 31 March	
Statement of financial position	**2012 £m**	2011 £m
Assets	**10**	10
Liabilities	**(5)**	(5)
Net assets	**5**	5

Joint ventures

The Group's joint ventures are proportionately consolidated and the continuing businesses are listed in Note 42. The amounts proportionately consolidated in the Group income statement and statement of financial position are summarised below:

		Year to 31 March 2012		Year to 31 March 2011	
	Notes	**Continuing operations £m**	**Discontinued operations £m**	Continuing operations £m	Discontinued operations £m
Sales	5	**471**	**–**	403	3
Other expense		**(401)**	**(1)**	(344)	(7)
Profit/(loss) before tax		**70**	**(1)**	59	(4)
Income tax expense		**(13)**	**–**	(14)	–
Profit/(loss) for the year		**57**	**(1)**	45	(4)

17 Investments in associates and joint ventures (continued)

Statement of financial position	31 March 2012 £m	31 March 2011 £m
Assets		
Non-current assets	**170**	175
Cash and cash equivalents	**102**	74
Other current assets	**159**	158
	431	407
Liabilities		
Non-current borrowings	**7**	7
Other non-current liabilities	**17**	23
Current borrowings	**7**	11
Other current liabilities	**74**	69
	105	110
Net assets	**326**	297

There are guarantees in respect of banking facilities of a joint venture totalling £10 million (2011 – £10 million).

18 Available-for-sale financial assets

	£m
At 31 March 2010	32
Additions	5
Disposal	(1)
Fair value gain	1
Exchange	(1)
At 31 March 2011	36
Additions	6
Disposal	(18)
Fair value loss	(1)
Exchange	1
At 31 March 2012	**24**

Presented in the statement of financial position as follows:

	Notes	31 March 2012 £m	31 March 2011 £m
Non-current available-for-sale financial assets		**23**	19
Current assets held for sale	38	**1**	17
Total		**24**	36

Available-for-sale financial assets primarily comprise £24 million (2011 – £36 million) of unlisted securities. The fair values of non-current available-for-sale financial assets are approximated at cost where fair value cannot be reliably measured. The fair values of current assets held for sale are based on management's valuation of expected proceeds based on a signed share sale agreement.

The carrying value of the available-for-sale financial assets are denominated in the following currencies:

	31 March 2012 £m	31 March 2011 £m
US dollar (Note a)	**14**	12
Saudi riyal (Note b)	**–**	14
Sterling	**8**	8
Euro	**2**	2
Total	**24**	36

(a) US dollar includes £1 million (2011 – £3 million) of assets classified as held for sale in current assets.

(b) Saudi riyal includes £nil (2011 – £14 million) of assets classified as held for sale in current assets.

19 Financial instruments by category

Set out below is a comparison by category of carrying values and fair values of all of the Group's financial assets and financial liabilities as at 31 March 2012 and 31 March 2011.

							31 March 2012
	Notes	**Amortised cost £m**	**Derivatives and other items in a hedging relationship £m**	**Held for trading £m**	**Available-for-sale £m**	**Total carrying value £m**	**Fair value £m**
Available-for-sale financial assets	18	**–**	**–**	**–**	**23**	**23**	**23**
Trade and other receivables	23	**323**	**–**	**–**	**–**	**323**	**323**
Cash and cash equivalents	33	**424**	**–**	**–**	**–**	**424**	**424**
Derivative financial instruments – assets	20	**–**	**60**	**77**	**–**	**137**	**137**
Borrowings	28	**(549)**	**(397)**	**–**	**–**	**(946)**	**(988)**
Derivative financial instruments – liabilities	20	**–**	**(17)**	**(96)**	**–**	**(113)**	**(113)**
Trade and other payables	27	**(378)**	**–**	**–**	**–**	**(378)**	**(378)**
Total		**(180)**	**(354)**	**(19)**	**23**	**(530)**	**(572)**

							31 March 2011
	Notes	Amortised cost £m	Derivatives and other items in a hedging relationship £m	Held for trading £m	Available-for-sale £m	Total carrying value £m	Fair value £m
Available-for-sale financial assets	18	–	–	–	19	19	19
Trade and other receivables	23	274	–	–	–	274	274
Cash and cash equivalents	33	654	–	–	–	654	654
Derivative financial instruments – assets	20	–	42	141	–	183	183
Borrowings	28	(736)	(378)	–	–	(1 114)	(1 154)
Derivative financial instruments – liabilities	20	–	(55)	(127)	–	(182)	(182)
Trade and other payables	27	(400)	–	–	–	(400)	(400)
Total		(208)	(391)	14	19	(566)	(606)

Trade and other receivables presented above excludes £11 million (2011 – £18 million) relating to prepayments.

Trade and other payables presented above excludes £8 million (2011 – £7 million) relating to social security.

Included in borrowings are other items in a hedging relationship which are held at amortised cost with a fair value adjustment applied, as they are in a fair value hedge.

Fair value hierarchy
Set out below is how the Group's financial instruments measured at fair value, fit within the following fair value hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
- inputs for the asset or liability that are not based on observable market data (level 3).

The following tables illustrate the Group's financial assets and liabilities measured at fair value at 31 March 2012 and 31 March 2011:

					31 March 2012
	Notes	**Level 1 £m**	**Level 2 £m**	**Level 3 £m**	**Total £m**
Assets at fair value					
Available-for-sale financial assets	18	**–**	**–**	**23**	**23**
Derivative financial instruments:					
– currency swaps	20	**–**	**16**	**–**	**16**
– interest rate swaps	20	**–**	**61**	**–**	**61**
– forward foreign exchange contracts	20	**–**	**2**	**–**	**2**
– commodity pricing contracts	20	**23**	**13**	**22**	**58**
Assets at fair value		**23**	**92**	**45**	**160**
Liabilities at fair value					
Derivative financial instruments:					
– currency swaps	20	**–**	**(40)**	**–**	**(40)**
– interest rate swaps	20	**–**	**(13)**	**–**	**(13)**
– forward foreign exchange contracts	20	**–**	**(1)**	**–**	**(1)**
– commodity pricing contracts	20	**(34)**	**(3)**	**(22)**	**(59)**
Borrowings	28	**–**	**(397)**	**–**	**(397)**
Liabilities at fair value		**(34)**	**(454)**	**(22)**	**(510)**

19 Financial instruments by category (continued)

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	31 March 2011 Total £m
Assets at fair value					
Available-for-sale financial assets	18	–	–	19	19
Derivative financial instruments:					
– currency swaps	20	–	16	–	16
– interest rate swaps	20	–	40	–	40
– forward foreign exchange contracts	20	–	10	–	10
– commodity pricing contracts	20	53	50	14	117
Assets at fair value		53	116	33	202
Liabilities at fair value					
Derivative financial instruments:					
– currency swaps	20	–	(46)	–	(46)
– interest rate swaps	20	–	(14)	–	(14)
– forward foreign exchange contracts	20	–	(10)	–	(10)
– commodity pricing contracts	20	(21)	(77)	(14)	(112)
Borrowings	28	–	(378)	–	(378)
Liabilities at fair value		(21)	(525)	(14)	(560)

Level 1 financial instruments
The fair value of financial instruments traded in active markets (commodity futures) is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 financial instruments
The fair values of financial instruments that are not traded in an active market (interest rate swaps, cross currency swaps, commodity pricing contracts and forward foreign exchange contracts) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

The fair value of interest rate swaps, currency swaps and forward foreign exchange contracts is calculated as the present value of the future cash flows based on observable inputs drawn from interest yield curves sourced from a reputable third party source.

The amount shown within level 2 for borrowings only includes those borrowings which are designated as hedged items in fair value hedges with respect to interest rate risk and whose carrying amount is adjusted for the gain or loss on the hedged item attributable to the hedged risk.

Level 3 financial instruments
The fair value of financial instruments is based on unobservable inputs that are supported by little or no market activity at the statement of financial position date. These inputs generally reflect the entity's own assumptions about how a market participant would reasonably be expected to determine the price of a financial instrument.

For commodity pricing contracts, in evaluating the significance of fair value inputs, the Group generally classifies assets or liabilities as level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs represent more than 10% of the fair value of the observable inputs of the assets or liabilities.

Available-for-sale financial assets which are analysed at level 3 primarily represent investments in unlisted securities. The fair values of the unlisted securities are principally approximated at cost. Values are adjusted for permanent impairments and fair value movements as disclosed in Note 18.

For financial instruments in level 3, the Group does not consider that changes to inputs to reasonable alternatives would have a material impact on the income statement or equity.

The following table reconciles the movement in the Group's financial instruments classified in level 3 of the fair value hierarchy:

	Commodity Pricing Contracts – assets £m	Commodity pricing contract – liabilities £m	Available-for-sale assets £m	Total £m
At 1 April 2010	10	(3)	14	21
Total gains or losses:				
– in operating profit	14	(14)	–	–
– in other comprehensive income	–	–	1	1
Purchases	–	–	5	5
Settlements	(10)	3	(1)	(8)
At 31 March 2011	14	(14)	19	19
Total gains or losses:				
– in operating profit	**22**	**(22)**	**–**	**–**
– in other comprehensive income	**–**	**–**	**(1)**	**(1)**
Purchases	**–**	**–**	**6**	**6**
Settlements	**(14)**	**14**	**(1)**	**(1)**
At 31 March 2012	**22**	**(22)**	**23**	**23**

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20 Derivative financial instruments

	31 March 2012 Assets £m	31 March 2012 Liabilities £m	31 March 2011 Assets £m	31 March 2011 Liabilities £m
Non-current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps:				
– net investment hedges	**2**	**(8)**	–	(43)
– held for trading	**–**	**–**	12	(1)
Interest rate swaps:				
– fair value hedges	**44**	**–**	24	–
– held for trading	**11**	**(11)**	10	(11)
	57	**(19)**	46	(55)
Current derivative financial instruments used to manage the Group's net debt profile				
Currency swaps:				
– accrued interest	**4**	**(2)**	4	(2)
– held for trading	**10**	**(30)**	–	–
Interest rate swaps – accrued interest	**6**	**(2)**	6	(3)
	20	**(34)**	10	(5)
Total derivative financial instruments used to manage the Group's net debt profile	**77**	**(53)**	56	(60)
Other non-current derivative financial instruments				
Forward foreign exchange contracts – cash flow hedges	**–**	**–**	1	(1)
Commodity pricing contracts – cash flow hedges	**–**	**–**	1	–
	–	**–**	2	(1)
Other current derivative financial instruments				
Forward foreign exchange contracts:				
– cash flow hedges	**2**	**(1)**	9	(9)
Commodity pricing contracts:				
– cash flow hedges	**2**	**(4)**	3	(1)
– held for trading	**56**	**(55)**	113	(111)
	60	**(60)**	125	(121)
Total other derivative financial instruments	**60**	**(60)**	127	(122)
Total derivative financial instruments	**137**	**(113)**	183	(182)
Presented in the statement of financial position as follows:				
Non-current derivative financial instruments	**57**	**(19)**	48	(56)
Current derivative financial instruments	**80**	**(94)**	135	(126)
	137	**(113)**	183	(182)

The ineffective portion recognised in operating profit that arises from cash flow hedges amounts to £nil (2011 – £nil).

The ineffective portion recognised in operating profit that arises from net investment hedges amounts to £nil (2011 – £nil).

The ineffective portion recognised in net finance expense that arises from fair value hedges amounts to a £2 million gain (2011 – £nil).

Cash flow hedges
The Group employs forward foreign exchange contracts and commodity pricing contracts to hedge cash flow risk associated with forecast transactions. The notional principal amounts of the outstanding forward foreign exchange contracts are as follows:

	31 March 2012 £m	31 March 2011 £m
Euro	**5**	6
US dollar	**(36)**	(33)
Sterling	**1**	1
Singapore dollar	**32**	30
Other	**(2)**	(3)

Gains and losses recognised in the hedging reserve in equity (Note 25) on forward foreign exchange and commodity pricing contracts as of 31 March 2012 will be released to the income statement at various dates up to 12 months from the statement of financial position date.

20 Derivative financial instruments (continued)

Fair value hedges

The Group employs interest rate swap contracts to hedge interest rate risks associated with its borrowings. The notional principal amounts of the outstanding interest rate swap contracts applied in fair value hedging relationships as of 31 March 2012 were £353 million (2011 – £353 million).

Net investment hedges

The Group employs currency swap contracts to hedge the currency risk associated with its net investments in subsidiaries located primarily in the USA and Europe. The notional principal amounts of the outstanding currency swap contracts applied in net investment hedging relationships as of 31 March 2012 were £152 million (31 March 2011 – £290 million). Within net investment hedging gains, a fair value gain of £4 million (2011 – £7 million gain) on translation of the currency swap contracts to pounds sterling at the statement of financial position date was recognised in the translation reserve in shareholders' equity (Note 25).

In addition, at 31 March 2012, of the Group's borrowings, a total of £369 million (2011 – £351 million) is designated as hedges of the net investments in overseas subsidiaries.

Debt-related derivatives held for trading

The notional amounts of the outstanding currency swap contracts not designated within hedge relationships as at 31 March 2012 were £321 million (2011 – £192 million).

Some of the Group's interest rate swap contracts hedge the Group's exposure to interest rate risk, but do not qualify for hedge accounting. The notional amounts of the outstanding interest rate swap contracts not designated within hedge relationships as of 31 March 2012 were £219 million (2011 – £218 million).

Trading contracts

Commodity pricing contracts held for trading relate to the Group's commodity trading activities which are undertaken for the purposes of supporting underlying operations.

21 Financial risk factors

Management of financial risk

The key financial risks faced by the Group are credit risk, liquidity risk, and market risks, which include interest rate risk, foreign exchange risk and certain commodity price risks. The Board regularly reviews these risks and approves written policies covering the use of financial instruments to manage these risks and sets overall risk limits.

The Chief Financial Officer retains the overall responsibility for management of financial risk for the Group. Most of the Group's financing, interest rate and foreign exchange risk are managed through the Group treasury company, Tate & Lyle International Finance PLC, whose operations are controlled by its board. The treasury company is chaired by the Chief Financial Officer and has other board members who are independent of the treasury function. The board of Tate & Lyle International Finance PLC approves policies and procedures setting out permissible funding and hedging instruments, and a system of authorities for the approval of transactions and exposures within the limits approved by the Board of Tate & Lyle PLC.

Group interest rate and currency exposures are concentrated either in the treasury company or in appropriate holding companies through market-related transactions with Group subsidiaries. These positions are managed by the treasury company within its authorised limits.

Commodity price risks are managed through divisional commodity trading functions in the USA and Europe. These functions are controlled by divisional management who are responsible for ratifying general strategy and overseeing performance on a monthly basis. Commodity price contracts are categorised as being held either for trading or for hedging price exposures. Commodity contracts held for trading within the Group are limited, confined only to tightly controlled areas within corn pricing.

The derivative financial instruments approved by the Board of Tate & Lyle PLC to manage financial risks include swaps, both interest rate and currency, swaptions, caps, forward rate agreements, financial and commodity forward contracts and options, and commodity futures.

Market risks

Foreign exchange management

Tate & Lyle operates internationally and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure), and from recognised assets, liabilities and investments in overseas operations (translation exposure).

Transaction exposure

The Group's policy requires subsidiaries to hedge transactional currency exposures against their functional currency once the transaction is committed or highly probable, mainly through the use of forward foreign exchange contracts. The amounts deferred in equity from derivative financial instruments designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions only when the forecast transactions affect the income statement.

Translation exposure

The Group manages the foreign exchange exposure to net investments in overseas operations, particularly in the USA and Europe, by maintaining a percentage of net debt in US dollars and euro to mitigate the effect of these risks. This is achieved by borrowing principally in US dollars and euro, which provide a partial match for the Group's major foreign currency assets. The Group also manages its foreign exchange exposure to net investments in overseas operations through the use of currency swap contracts. The amount deferred in equity from derivative financial instruments designated as net investment hedges is offset against the foreign currency translation effect of the net investment in overseas operations, and is released to the income statement upon disposal of those investments.

A weakening of the US dollar and euro against sterling would result in exchange gains on net debt denominated in these currencies which would be offset against the losses on the underlying foreign currency assets. At the year end, net debt amounting to £476 million (2011 – £464 million) was held in the following currencies: net borrowings of US dollars 113% (2011 – 98%), euro nil% (2011 – 35%), net deposits of pounds sterling 8% (2011 – 28% and other currencies 5% (2011 – 5%). The Group's interest cost through the income statement is impacted by changes in the relevant exchange rates.

21 Financial risk factors (continued)

The following table illustrates only the Group's sensitivity to the fluctuation of the major currencies on its financial assets and liabilities, as defined and set out in Note 19:

	31 March 2012		31 March 2011	
	Income statement –/+£m	**Equity –/+£m**	Income statement –/+£m	Equity –/+£m
Sterling/US dollar 5% change	**–**	**27**	1	23
Sterling/euro 5% change	**–**	**3**	–	11

Interest rate management

The Group has an exposure to interest rate risk, arising principally from changes in US dollar, sterling and euro interest rates. This risk is managed by fixing or capping portions of debt using interest rate derivatives to achieve a target level of fixed/floating rate net debt, which aims to optimise net finance expense and reduce volatility in reported earnings. The Group's policy is that between 30% and 75% of Group net debt (excluding the Group's share of joint-venture net debt) is fixed or capped (excluding out-of-the-money caps) for more than one year and that no interest rates are fixed for more than 12 years. At 31 March 2012, the longest term of any fixed rate debt held by the Group was until November 2019 (2011 – November 2019). The proportion of net debt at 31 March 2012 (excluding the Group's share of joint-venture net debt) that was fixed or capped for more than one year was 56% (2011 – 85%). In the prior year, a derogation of the maximum percentage of fixed rate debt was approved by the Tate & Lyle PLC Board until 30 June 2011.

The Group considers a 100 basis point change in interest rates a reasonably possible change except where rates are less than 100 basis points. In these instances it is assumed that the interest rates increase by 100 basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the gross debt and cash held as at 31 March 2012 assuming that other variables remain unchanged.

If interest rates increase by 100 basis points, there will be no impact on the Group's profit before tax (2011 – £2 million increase). If interest rates decrease by 100 basis points, or less where applicable, Group profit before tax will increase by £1 million (2011 – £1 million decrease).

Price risk management

Tate & Lyle participates mainly in four markets: food and beverage; industrial ingredients; pharmaceutical and personal care; and animal feed. Food and beverage and industrial ingredients are the most significant. All ingredients are produced from renewable crops, predominantly corn (maize).

Tate & Lyle is exposed to movements in the future prices of commodities in those domestic and international markets where the Group buys and sells corn and energy for production. Commodity futures, forwards and options are used where available to hedge inventories and the costs of raw materials for unpriced and prospective contracts not covered by forward product sales. In most cases, these hedging contracts mature within one year and are either traded on recognised exchanges or over the counter.

The table below illustrates the sensitivity of the Group's commodity pricing contracts as at 31 March to the price movement of commodities:

	31 March 2012		31 March 2011	
	Income statement –/+£m	**Equity –/+£m**	Income statement –/+£m	Equity –/+£m
Corn 50% change	**3**	**–**	4	–

The majority of the Group's commodity pricing contracts are held for trading and changes in mark-to-market values of these contracts are taken directly into the income statement. Amounts deferred in equity from commodity pricing contracts designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions when they occur.

Credit risk management

Counterparty credit risk arises from the placing of deposits and entering into derivative financial instrument contracts with banks and financial institutions, as well as credit exposures inherent within the Group's outstanding receivables.

The Group manages credit risk by entering into financial instrument contracts only with highly credit-rated authorised counterparties which are reviewed and approved annually by the Board.

The Group has Board approved maximum counterparty exposure limits for specified banks and financial institutions based on the long-term credit ratings of Standard & Poor's and Moody's (typically single A long-term credit ratings or higher). Trading limits assigned to commercial customers are based on ratings from Dun & Bradstreet and Credit Risk Monitor. In cases where published financial ratings are not available or inconclusive, credit application, reference checking, and obtaining of customers' confidential financial information such as liquidity and turnover ratio, are required to evaluate customer's credit worthiness.

Counterparties' positions are monitored on a regular basis to ensure that they are within the approved limits and there are no significant concentrations of credit risks.

The Group considers its maximum exposure to credit risk at the balance sheet date is as follows:

		31 March
	2012 £m	2011 £m
Cash and cash equivalents	**424**	654
Trade and other receivables	**323**	274
Derivative financial instruments – assets	**137**	183
Available-for-sale financial assets	**23**	19
Held for sale assets	**51**	26

21 Financial risk factors (continued)

The Group's trade receivables are short term in nature and largely comprise amounts receivable from business customers. Concentrations of credit risk with respect to trade receivables are limited due to the Group's having a number of key quality customers and a customer base which is large, unrelated and internationally dispersed.

Liquidity risk management

The Group manages its exposure to liquidity risk and ensures maximum flexibility in meeting changing business needs, by maintaining access to a wide range of funding sources, including capital markets and bank borrowings. Capital market issues outstanding at 31 March 2012 include the £100 million 6.50% bond maturing in June 2012, the US$500 million 5.00% 144A bond maturing in November 2014, the US$250 million 6.625% 144A bond maturing in June 2016, and the £200 million 6.75% bond maturing in November 2019.

The Group ensures that it has sufficient undrawn committed bank facilities to provide liquidity back-up to cover its funding requirements for the foreseeable future. The Group has a core committed bank facility of US$800 million which matures in July 2016. This facility is unsecured and contains common financial covenants for Tate & Lyle and its subsidiary companies that the pre-exceptional and amortisation interest cover ratio should not be less than 2.5 times and the multiple of net debt to EBITDA, as defined in our financial covenants, should not be greater than 3.5 times.

The Group monitors compliance against all its financial obligations and it is Group policy to manage the consolidated statement of financial position so as to operate well within these covenanted restrictions. In both the current and comparative reporting period, the Group complied with its financial covenants at all measurement points. The majority of the Group's borrowings are raised through the Group treasury company, Tate & Lyle International Finance PLC, and are then on-lent to the business units on an arm's length basis.

Current Group policy is to ensure that, after subtracting the total of undrawn committed facilities, no more than 10% of gross debt matures within 12 months and no more than 35% has a maturity within two and a half years. At 31 March 2012, after subtracting total undrawn committed facilities, there was no debt maturing within two and a half years (2011 – none). The average maturity of the Group's gross debt was 4.9 years (2011 – 4.8 years). At the year end the Group held cash and cash equivalents of £424 million (2011 – £654 million) and had committed facilities of £500 million (2011 – £623 million) of which £500 million (2011 – £623 million) was undrawn. These resources are maintained to provide liquidity back-up and to meet the projected maximum cash outflow from debt repayment, capital expenditure and seasonal working capital needs foreseen for at least a year into the future at any one time.

The table below analyses the Group's non-derivative financial liabilities and derivative assets and liabilities based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

			31 March 2012
Liquidity analysis	**<1 year £m**	**1-5 years £m**	**> 5 years £m**
Borrowings including finance leases	**(142)**	**(491)**	**(273)**
Interest on borrowings	**(46)**	**(122)**	**(44)**
Trade and other payables	**(382)**	**(4)**	**–**
Derivative contracts:			
– receipts	**693**	**313**	**–**
– payments	**(699)**	**(282)**	**–**
Commodity contracts	**(21)**	**–**	**–**

			31 March 2011
	<1 year £m	1-5 years £m	> 5 years £m
Borrowings including finance leases	(229)	(436)	(418)
Interest on borrowings	(52)	(151)	(68)
Trade and other payables	(406)	(1)	–
Derivative contracts:			
– receipts	361	970	–
– payments	(346)	(990)	–
Commodity contracts	(5)	–	–

Included in borrowings are £2,394,000 of 6.5% cumulative preference shares. Only one year's worth of interest payable on these cumulative preference shares is included in the less than one year category above.

Interest on borrowings is calculated based on borrowings held at year end without taking into account future issues. Floating-rate interest is calculated using forward interest rates derived from interest rate yield curves as at year end.

Derivative contracts include currency swaps, forward exchange contracts and interest rate swaps. All commodity pricing contracts such as options and futures are shown separately under commodity contracts.

Commodity contracts include only net settled commodity derivative contracts and gross settled commodity purchase contracts with negative fair values. Purchase contracts outflows represent actual contractual cash flows under the purchase contracts and not their fair values. Cash outflows from the purchase contracts are offset by cash inflows received from sale contracts; however, these inflows are not included as part of this analysis.

Financial assets and liabilities denominated in currencies other than pounds sterling are converted to pounds sterling using year end exchange rates.

21 Financial risk factors (continued)

Capital risk management

The Group's primary objectives in managing its capital are to safeguard the business as a going concern; to maintain sufficient financial flexibility to undertake its investment plans; to retain as a minimum an investment grade credit rating which enables consistent access to debt capital markets; and to optimise capital structure in order to reduce the cost of capital. The Group's financial profile and level of financial risk is assessed on a regular basis in the light of changes to the economic conditions, business environment, the Group's business profile and the risk characteristics of its businesses.

Tate & Lyle has contractual relationships with Moody's and Standard and Poor's (S&P) for the provision of credit ratings, and it is the Group's policy to keep them informed of all major developments. At 31 March 2012, the long-term credit rating from Moody's was Baa3 (positive outlook) and from S&P was BBB (stable outlook). The Group is committed to maintaining investment grade credit ratings.

The Group regards its total capital as follows:

	Notes	31 March 2012 £m	31 March 2011 £m
Net debt	34	**476**	464
Total shareholders' equity		**1 058**	973
Total capital		**1 534**	1 437

The Board of Tate & Lyle PLC has set two ongoing key performance indicators (KPIs) to measure the Group's financial strength. The target levels for these financial KPIs are that the ratio of net debt/EBITDA should not exceed two times and interest cover should exceed five times. These ratios are calculated on the same basis as the external financial covenants noted above. The ratios for these KPIs for the financial years ended 31 March 2012 and 31 March 2011 are:

	31 March 2012 £m	31 March 2011 £m
Net debt/EBITDA	**1.1**	1.1
Interest cover	**11.1**	6.9

22 Inventories

	31 March 2012 £m	31 March 2011 £m
Raw materials and consumables	**256**	288
Work in progress	**23**	16
Finished goods	**171**	150
Total	**450**	454

Finished goods inventories of £4 million (2011 – £4 million) are carried at realisable value, this being lower than cost. Inventories of £175 million (2011 – £197 million) are carried at market value. During the year ended 31 March 2012, the Group recognised a net impairment charge of £1 million against inventories (2011 – £nil).

23 Trade and other receivables

	31 March 2012 £m	31 March 2011 £m
Non-current trade and other receivables		
Other receivables	**2**	1
Total	**2**	1

	31 March 2012 £m	31 March 2011 £m
Current trade and other receivables		
Trade receivables	**271**	263
Less: provision for impairment of receivables	**(7)**	(19)
Trade receivables – net	**264**	244
Prepayments and accrued income	**11**	18
Margin deposits	**36**	5
Other receivables	**21**	24
Total	**332**	291

The fair values of the non-current trade and other receivables are not materially different from their carrying values. The fair values of the current trade and other receivables are equivalent to their carrying values due to being short term in nature.

There is limited credit risk with respect to trade receivables, as the Group has a number of key quality customers and a large number of internationally dispersed customers. The carrying value of trade and other receivables, except prepayments represents the maximum credit exposure.

The carrying amount of trade and other receivables are denominated in the following currencies:

	31 March 2012 £m	31 March 2011 £m
US dollar	**205**	142
Euro	**77**	75
Sterling	**13**	19
Other	**39**	56
Total	**334**	292

Provision for impairment of receivables

	31 March 2012 £m	31 March 2011 £m
At 1 April	**(19)**	(24)
Charge for the year	**(1)**	(1)
Transfer to held for sale	**14**	–
Disposal of businesses	**–**	5
Exchange	**(1)**	1
At 31 March	**(7)**	(19)

The creation and release of provision for impaired receivables have been included in the income statement.

The Group recognised a loss of £1 million (2011 – £1 million) for impairment of its trade receivables during the year. The loss is solely from continuing operations and has been included in operating profit in the income statement (Note 6).

As at 31 March 2012, trade receivables of £35 million (2011 – £37 million) were past due but not impaired. During the year £14 million of trade receivables have been reclassified to held for sale (Note 38).

The ageing analysis of these trade receivables is as follows:

	31 March 2012 £m	31 March 2011 £m
Up to 30 days past due	**31**	26
1–3 months past due	**4**	1
Over 3 months past due	**–**	10
Total	**35**	37

24 Share capital and share premium

	Ordinary share capital £m	Share premium £m	Total £m
At 1 April 2010	115	405	520
Proceeds from issuance of ordinary shares	–	1	1
Issue of shares for scrip dividends	2	33	35
Capitalised on scrip dividends	–	(33)	(33)
At 31 March 2011 and 31 March 2012	117	406	523

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval.

Allotted, called up and fully paid equity share capital

	Year to 31 March 2012		Year to 31 March 2011	
	Shares	**£m**	Shares	£m
At 1 April	**468 111 340**	**117**	460 575 700	115
Allotted under share option schemes	**49 179**	**–**	217 743	–
Scrip dividend shares issued	**–**	**–**	7 317 897	2
At 31 March	**468 160 519**	**117**	468 111 340	117

Treasury shares and shares held in ESOP trust
As at 31 March 2012, the Group held 2,545,376 shares (2011 – 175,328 shares) in Treasury.

During the year 379,952 shares (2011 – 337,162 shares) were released from Treasury to satisfy share options exercised.

The shares held in Treasury at 31 March 2012 represented less than 0.5% (2011 – 0.1%) of the Parent company's share capital at the year end, and have a nominal value of less than £0.6 million (2011 – £0.1 million).

The Company repurchased 2,750,000 shares (2011 – nil) for £19 million (2011 – £nil) during the year representing 0.6% of the Company's called up share capital at 31 March 2012 and had a nominal value of £0.6 million.

As at 31 March 2012, the Group held 1,250,182 shares (2011 – 2,713,694 shares) in an ESOP trust at a nominal value of 25p and a market value of 705p (2011 – 577.5p).

During the year ended 31 March 2011, shareholders were given the option to receive the final dividend relating to the prior year and the interim dividend relating to that year in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a cash equivalent value of £35 million.

Analysis of ordinary shareholders

	31 March 2012			
	Number of holdings	**%**	**Total**	**%**
Up to 500 shares of 25p each	5 067	31.1	1 339 829	0.3
501 – 1 000	4 063	24.9	3 179 416	0.7
1 001 – 1 500	2 111	12.9	2 627 624	0.6
1 501 – 2 000	1 401	8.6	2 532 524	0.5
2 001 – 5 000	2 231	13.7	6 912 279	1.5
5 001 – 10 000	547	3.4	3 860 565	0.8
10 001 – 200 000	622	3.8	30 723 663	6.6
200 001 – 500 000	122	0.8	37 604 381	8.0
Above 500 000	132	0.8	379 380 238	81.0
Total	**16 296**	**100.0**	**468 160 519**	**100.0**

25 Other reserves

	Hedging reserve £m	Translation reserve £m	All other reserves (Note a) £m	Total £m
At 31 March 2010	(3)	114	109	220
Cash flow hedges:				
– fair value gains in the year	9	–	–	9
– reclassified and reported in the income statement during the year	9	–	–	9
– tax effect of the above movements	(5)	–	–	(5)
Gain on revaluation of available-for-sale financial assets	–	–	1	1
Currency translation differences:				
– net investment hedging gains in the year	–	29	–	29
Net exchange differences on consolidation	–	(65)	–	(65)
Items transferred to the income statement on disposal	(3)	(20)	–	(23)
At 31 March 2011	7	58	110	175
Cash flow hedges:				
– fair value losses in the year	(2)	–	–	(2)
– reclassified and reported in the income statement during the year	(3)	–	–	(3)
Loss on revaluation of available-for-sale financial assets	–	–	(1)	(1)
Currency translation differences:				
– net investment hedging gains in the year	–	3	–	3
Net exchange differences on consolidation	–	(33)	–	(33)
Items transferred to the income statement on disposal	–	–	(11)	(11)
At 31 March 2012	**2**	**28**	**98**	**128**

(a) All other reserves include the merger reserve, the available-for-sale fair value reserve, and the statutory reserves of certain overseas subsidiaries, all of which are non-distributable.

26 Share-based payments

During the year to 31 March 2012, various equity-settled share-based payment arrangements existed, as set out below. The grants made during the year and the prior year were as follows:

						Sharesave scheme	
Type of arrangement	Performance share plan	Executive share option scheme	Deferred bonus share plan	Group bonus plan – deferred benefit award	Duration in years		
Timing of grant	Bi-annually	(Note a)		Annually as applicable in June		Annually in June	Annually in December
Number of options/shares granted in year to 31 March 2012	2 937 428	–	–	296 710	3 5	–	26 273 7 823
Number of options/shares granted in year to 31 March 2011	3 305 524	–	–	–	3 5	– –	14 218 7 482
Fair value per share for 2012 grant (pence)	542	–	–	555	3 5	– –	126 141
Fair value per share for 2011 grant (pence)	381	–	–	–	3 5	– –	84 94
Valuation basis	Monte Carlo	Binomial Lattice	Monte Carlo	Contractual		Black-Scholes	Black-Scholes
Contractual life	10 years	10 years	3 years	2 years		3/5 years	3/5 years
Vesting conditions	(Note b)	(Note c)	(Note d)	(Note f)		(Note e)	(Note e)

(a) The last grant under this scheme was made in June 2004.

(b) For the year ended 31 March 2012, exercise of 2,937,428 shares is dependent 50% on adjusted diluted earnings per share and 50% on return on capital employed.

For the year ended 31 March 2011, exercise of 3,305,524 shares is dependent 50% on adjusted diluted earnings per share and 50% on return on capital employed.

(c) Exercise is dependent on earnings per share performance relative to inflation over a three-year period following grant. Participants are not entitled to dividends prior to the exercise of options.

26 Share-based payments (continued)

(d) Executives have previously had the opportunity to defer up to 50% of their annual cash bonus (after deduction of tax, national insurance or other social security payments) and invest the amount deferred in the Company's shares. Subject to the satisfaction of employment conditions and a performance target over the performance period as described in (b) above, participants received awards of matching shares based on the number of shares which could have been acquired from the gross bonus amount deferred by the participant. During the performance period, dividends were paid on the deferred shares but not on matching shares. This plan was suspended during the year ended 31 March 2009.

(e) Options granted in the years to 31 March 2011 and 31 March 2012 were by invitation at a 10% and 20% discount, respectively, to the market price. Options are exercisable at the end of a three-year or five-year savings contract.

(f) The deferred benefit award will be exercisable at the end of a two-year period dependent on contractual obligations.

The Group recognised total expenses before tax of £11 million (2011 – £9 million) related to equity-settled share-based payment transactions during the year.

Details of the movements for equity-settled share option schemes during the year to 31 March were as follows:

	31 March 2012		31 March 2011	
	Shares number	**Weighted average exercise price pence**	Shares number	Weighted average exercise price pence
Outstanding at 1 April	**11 211 368**	**32**	11 104 971	71
Granted	**3 268 234**	**6**	3 327 224	3
Exercised	**(1 892 643)**	**99**	(982 311)	331
Lapsed	**(1 316 686)**	**13**	(2 238 516)	53
Outstanding at 31 March	**11 270 273**	**16**	11 211 368	32

The weighted average Tate & Lyle PLC share price at the date of exercise for share options exercised during the year was 647 pence (2011 – 514 pence). At 31 March 2012 862,865 (2011 – 1,008,988) of the outstanding options were exercisable at a weighted average exercise price of 154 pence (2011 – 332 pence). A detailed breakdown of the range of exercise prices for options outstanding at 31 March is shown in the table below:

	Year to 31 March 2012			Year to 31 March 2011		
	Number outstanding at end of year	**Weighted average remaining contractual life in months**	**Weighted average exercise price pence**	Number outstanding at end of year	Weighted Average Remaining contractual life in months	Weighted average exercise price pence
At nil cost	**10 788 721**	**47.2**	**–**	10 180 236	51.1	–
£0.01 to £1.99	**–**	**–**	**–**	–	–	–
£2.00 to £3.99	**403 619**	**22.1**	**333**	956 088	31.4	339
£4.00 to £7.99	**77 933**	**37.4**	**494**	75 044	38.3	449
Total	**11 270 273**	**46.3**	**16**	11 211 368	49.3	32

The fair value of grants is measured using the valuation technique that is considered to be the most appropriate to value each class of grant. These include Binomial Lattice models, Black-Scholes calculations and Monte Carlo simulations. These valuations take into account factors such as non-transferability, exercise restrictions and behavioural considerations. Key assumptions are detailed below:

At 31 March 2012	**Performance share plan**	**Sharesave scheme December**
Expected volatility	**n/a**	**35%**
Expected life	**3 years**	**3.2/5.2 years**
Risk-free rate	**–**	**1.85%/2.65%**
Expected dividend yield	**4.0%**	**4.3%**
Forfeiture rate	**0%**	**10%**
Correlation with comparators	**n/a**	**n/a**
Volatility of comparators	**n/a**	**n/a**
Expectations of meeting performance criteria	**80%[1]**	**n/a**
Weighted average market price at date of grant (pence)	**593**	**552**

1 Relating to grants made during the year.

26 Share-based payments (continued)

At 31 March 2011	Performance share plan	Sharesave scheme December
Expected volatility	n/a	35%
Expected life	3 years	3.3/5.3 years
Risk-free rate	–	2.1%/3.0%
Expected dividend yield	5.2%	5.5%
Forfeiture rate	0%	10%
Correlation with comparators	n/a	n/a
Volatility of comparators	n/a	n/a
Expectations of meeting performance criteria	100%	n/a
Weighted average market price at date of grant (pence)	443	538

The expected volatility is based on the Company's historical volatility over the three-year period prior to each award date.

27 Trade and other payables

		31 March
	2012 £m	2011 £m
Non-current payables		
Accruals and deferred income	**4**	1
Total	**4**	1

		31 March
	2012 £m	2011 £m
Current payables		
Trade payables	**256**	245
Social security	**8**	7
Deferred consideration (Note a)	**–**	7
Accruals and deferred income	**81**	76
Margin payables	**–**	6
Other payables	**37**	65
Total	**382**	406

(a) Deferred consideration in 2011 related to the acquisition of G. C. Hahn & Co. (Note 37).

28 Borrowings

Non-current borrowings

		31 March
	2012 £m	2011 £m
Unsecured borrowings		
2,394,000 6.5% cumulative preference shares of £1 each (2011 – £2,394,000) (Note a)	**2**	2
Industrial Revenue Bonds 2016–2036 (US$92,000,000)	**57**	57
6.5% Guaranteed Notes 2012 (£100,000,000)	**–**	104
5.0% Guaranteed Notes 2014 (US$500,000,000)	**329**	328
6.625% Guaranteed Notes 2016 (US$250,000,000)	**170**	170
6.75% Guaranteed Notes 2019 (£200,000,000)	**218**	201
	776	862
Bank loans		
Variable unsecured loans (US$)	**7**	7
	7	7
Other borrowings		
Obligations under finance leases	**22**	18
	22	18
Total non-current borrowings	**805**	887

(a) On a return of capital on a winding-up, the holders of 6.5% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters.

28 Borrowings (continued)

Current borrowings

	2012 £m	31 March 2011 £m
6.125% Guaranteed Note 2011 (US$ 300,000,000)	–	187
6.5% Guaranteed Notes 2012 (£100,000,000)	101	–
Unsecured bank overdrafts	6	10
Short-term unsecured loans	32	25
Obligations under finance leases	2	5
Total current borrowings	**141**	227

Secured borrowings

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Fair values

The fair values of the Group's borrowings compared with their book values are as follows:

	31 March 2012		31 March 2011	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Non-current unsecured borrowings	776	818	862	900
Non-current bank loans	7	7	7	7
Other non-current borrowings	22	22	18	18
Other current borrowings	141	141	227	229
Total	**946**	**988**	1 114	1 154

The fair value of borrowings has been determined using either quoted market prices, broker dealer quotations or discounted cash flow analysis.

Interest rate risks and maturity of borrowings

The maturity profile of the Group's non-current borrowings is as follows:

	2012 £m	31 March 2011 £m
One to two years	9	115
Two to five years	508	338
After five years	288	434
Total non-current borrowings	**805**	887

Floating rate borrowings bear interest based on relevant national LIBOR equivalents. If the interest rates applicable to the Group's floating rate debt and cash held as at 31 March 2012 rise by an average of 1% over the year to 31 March 2013, this would increase Group profit before tax by approximately £nil (2011 – £2 million).

Taking into account the Group's interest rate and cross currency swap contracts, the effective interest rates of its borrowings are as follows:

	2012 £m	31 March 2011 £m
2,394,000 6.5% cumulative preference shares of £1 each	6.5%	6.5%
Industrial Revenue Bonds 2016–2036 (US$92,000,000)	0.4%	0.3%
6.125% Guaranteed Notes 2011 (US$300,000,000)	–	5.1%
6.5% Guaranteed Notes 2012 (£100,000,000)	3.3%	3.7%
5.0% Guaranteed Notes 2014 (US$500,000,000)	3.0%	3.1%
6.625% Guaranteed Notes 2016 (US$250,000,000)	4.3%	5.9%
6.75% Guaranteed Notes 2019 (£200,000,000)	4.9%	4.7%

Short-term loans and overdrafts

Current short-term loans mature within the next 12 months and overdrafts are repayable on demand. Both short-term loans and bank overdrafts are arranged at floating rates of interest and expose the Group to cash flow interest rate risk.

Credit facilities and arrangements

During the year ended 31 March 2012, Tate & Lyle International Finance PLC, arranged a US$800 million five-year committed multi-currency club facility with a core of highly rated banks to replace the existing US$1 billion facility that was due to expire in October 2012.

As at 31 March 2012, this committed facility remains undrawn. The facility has a value of £500 million (2011 – £623 million) and matures in July 2016. This facility incurs commitment fees at market rates prevailing when the facility was arranged. The facility may only be withdrawn in the event of specified events of default. In addition, the Group has substantial uncommitted facilities.

28 Borrowings (continued)

Finance lease commitments

Amounts payable under finance lease commitments are as follows:

	31 March 2012		31 March 2011	
	Minimum lease payments £m	**Present value of minimum lease payments £m**	Minimum lease payments £m	Present value of minimum lease payments £m
Within one year	**4**	**2**	7	5
Between one and five years	**16**	**12**	18	16
After five years	**13**	**10**	3	2
	33	**24**	28	23
Less future finance charges	**(9)**		(5)	
Present value of minimum lease payments	**24**		23	

29 Deferred tax

Deferred tax is calculated in full on temporary differences using tax rates applicable in the jurisdictions where such differences arise. Movements in deferred income tax net liabilities/(assets) in the year are as follows:

Deferred tax	£m
At 1 April 2010	(84)
Charge to the income statement	38
Charge to the statement of comprehensive income	–
Credited directly to equity	(1)
Exchange	3
At 31 March 2011	(44)
Charge to the income statement	65
Credit to the statement of comprehensive income	(27)
Credited directly to equity	(2)
Exchange	(4)
At 31 March 2012	**(12)**

Of the amounts of deferred tax charged to the income statement and other comprehensive income, a credit of £1 million (2011 – £2 million) arises from changes in tax rates. There was no impact from the imposition of new taxes.

Deferred tax assets in respect of unutilised tax losses of £349 million (2011 – £451 million) have not been recognised to the extent that they exceed taxable profits against which these assets may be recovered. The reduction in losses is the result of losses being recognised in the current year, the disallowance of previously claimed capital allowances and the adjustment to submitted tax returns. No unrelieved tax losses expired under current tax legislation in the year ended 31 March 2012.

Deferred tax assets in respect of tax losses of £10 million have been recognised in relation to the disposal of Fort Dodge (2011 – £39 million). In addition tax losses of £8 million have been recognised in the current year (2011 – £25 million) to offset the deferred tax liability arising from the UK pensions surplus.

The total deferred tax on unremitted earnings is £4 million (2011 – £6 million) of which £nil (2011 – £1 million) has been recognised. The Group has not recognised the remaining amount as it is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

The aggregate amount of temporary differences arising from unremitted profits at the statement of financial position date was approximately £4 million (2011 – £5 million).

Other deferred tax liabilities principally relate to deferred tax on acquired intangible assets.

Other deferred tax assets principally relate to deferred tax on provisions.

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities	Capital Allowances in excess of depreciation £m	Other £m	Total £m
At 1 April 2010	7	23	30
Transfers between categories	–	(3)	(3)
Charged to the income statement	84	7	91
Charged to the statement of comprehensive income	–	2	2
Exchange	(6)	–	(6)
At 31 March 2011	85	29	114
Transfers between categories	–	(3)	(3)
Charged to the income statement	32	8	40
Exchange	(2)	(1)	(3)
At 31 March 2012	**115**	**33**	**148**

29 Deferred tax (continued)

Deferred tax assets	Retirement benefit obligations £m	Share-based payments £m	Tax losses £m	Other £m	Total £m
At 1 April 2010	94	2	4	14	114
Transfers between categories	–	–	–	(3)	(3)
(Charged)/credited to the income statement	(1)	–	42	12	53
(Charged)/credited to the statement of comprehensive income	(19)	–	22	(1)	2
Credited to equity	–	1	–	–	1
Exchange	(5)	–	(4)	–	(9)
At 31 March 2011	69	3	64	22	158
Transfers between categories	–	–	–	(3)	(3)
(Charged)/credited to the income statement	(27)	1	20	(19)	(25)
Credited/(charged) to the statement of comprehensive income	33	–	(6)	–	27
Credited to equity	–	2	–	–	2
Exchange	(1)	1	–	1	1
At 31 March 2012	**74**	**7**	**78**	**1**	**160**

Deferred tax assets and liabilities are offset where there is a legally enforceable right of offset and there is an intention to settle the balances net. As a result of these offsets, the deferred tax balances are presented in the statement of financial position as follows:

		31 March
	2012 £m	2011 £m
Deferred tax liabilities	**25**	30
Deferred tax assets	**(37)**	(74)
Total	**(12)**	(44)

30 Retirement benefit obligations

(a) Plan information

The Group maintains pension plans for its operations throughout the world. Some of these arrangements are defined benefit pension schemes with retirement, disability, death and termination income benefits. The retirement income benefits are generally a function of years of employment and final salary. The Group also maintains defined contribution pension schemes and some fully insured pension schemes.

The principal schemes are funded and their assets held in separate trustee-administered funds. The schemes are funded in line with local practice and contributions are assessed in accordance with local independent actuarial advice. The schemes operated by the Group are subject to independent actuarial valuation at regular intervals using consistent assumptions appropriate to conditions prevailing in the relevant country. In the United Kingdom, the most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out as at 31 March 2010 by independent actuaries, and the results of these valuations have been finalised and a recovery plan is in place which addresses the deficit. This resulted in an additional £45 million paid into the main UK pension scheme in the year.

On 1 April 2002, the main United Kingdom scheme was closed to new members. A defined contribution pension scheme has been established to provide pension benefits to new United Kingdom employees. From 6 April 2011, the main United Kingdom Pension Scheme closed to future accruals.

The Group closed its largest US defined benefit arrangement, the Salaried Plan, to future accrual from 1 January 2011 and the remaining defined benefit arrangement, the Hourly Plan, is closed to new members. The Group's subsidiaries in the US provide unfunded retirement medical and life assurance benefits to their employees.

The Group expects to contribute approximately £45 million to its defined benefit plans in the year to 31 March 2013.

(b) Principal assumptions

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Pension benefits			
Year to 31 March 2012	**UK**	**US**	**Other**	**Medical benefits**
Inflation rate	**2.3/3.3%**	**2.5%**	**2.0%**	**2.5%**
Expected rate of salary increases	**n/a**	**3.5%**	**2.0%**	**n/a**
Expected rate of pension increases	**3.3%**	**n/a**	**0.9%**	**n/a**
Discount rate	**5.1%**	**4.4%**	**3.9%**	**4.1%**
Expected return on plan assets (total)	**6.3%**	**7.1%**	**5.4%**	**n/a**
Expected equity return on plan assets	**7.7%**	**8.0%**	**7.1%**	**n/a**

30 Retirement benefit obligations (continued)

Year to 31 March 2011	Pension benefits UK	Pension benefits US	Pension benefits Other	Medical benefits
Inflation rate	2.6/3.6%	2.5%	2.0%	2.5%
Expected rate of salary increases	4.4%	3.5%	2.0%	n/a
Expected rate of pension increases	3.4%	n/a	1.3%	n/a
Discount rate	5.5%	5.4%	5.2%	5.3%
Expected return on plan assets (total)	6.2%	7.2%	5.3%	n/a
Expected equity return on plan assets	8.4%	8.0%	6.5%	n/a

In accordance with the Scheme rules, both the Consumer Price Index (CPI) and Retail Price Index (RPI) inflation measures are used to value the Group's UK retirement benefit obligation.

Mortality assumptions – Year to 31 March 2012	**Expected longevity post age 65 UK**	**Expected longevity post age 65 US**
Male aged 65 now	**22 years**	**19 years**
Male aged 65 in 20 years' time	**25 years**	**19 years**
Female aged 65 now	**23 years**	**21 years**
Female aged 65 in 20 years' time	**25 years**	**21 years**

Mortality assumptions – Year to 31 March 2011	Expected longevity post age 65 UK	Expected longevity post age 65 US
Male aged 65 now	21 years	19 years
Male aged 65 in 20 years' time	24 years	19 years
Female aged 65 now	22 years	21 years
Female aged 65 in 20 years' time	24 years	21 years

Shorter longevity assumptions are used for members who retire on grounds of ill-health.

The expected rates of return on individual categories of plan assets are estimated by reference to indices published by the relevant exchanges. The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio. The actual rate of return on the plan assets for the year was positive 8.9% (2011 – positive 9.3%), and amounted to a gain of £112 million (2011 – £109 million gain).

Medical cost trend rates are estimated at 9.0% per annum (2011 – 9.5%), grading down to 5% by 2020. If medical cost trend rates were to increase or decrease by 1%, the effects are estimated as follows:

	31 March 2012		31 March 2011	
	Increase £m	**Decrease £m**	Increase £m	Decrease £m
Increase/(decrease) in medical benefits current service and interest cost	**1**	**(1)**	1	(1)
Increase/(decrease) in medical benefits obligation	**10**	**(8)**	9	(7)

(c) Amounts recognised in the income statement

	Pension benefits					
Year to 31 March 2012	**UK £m**	**US £m**	**Other £m**	**Total £m**	**Medical benefits £m**	**Total £m**
Current service cost charged to operating profit	**–**	**1**	**3**	**4**	**3**	**7**
Interest cost	**44**	**21**	**3**	**68**	**5**	**73**
Expected return on plan assets	**(55)**	**(20)**	**(3)**	**(78)**	**–**	**(78)**
(Credited)/charged to finance expense	**(11)**	**1**	**–**	**(10)**	**5**	**(5)**
Total	**(11)**	**2**	**3**	**(6)**	**8**	**2**

	Pension benefits					
Year to 31 March 2011	UK £m	US £m	Other £m	Total £m	Medical benefits £m	Total £m
Current service cost charged to operating profit	2	5	1	8	3	11
Past service cost	–	1	–	1	–	1
Curtailment benefit	(1)	–	–	(1)	–	(1)
Total charged to operating profit	1	6	1	8	3	11
Interest cost	47	22	2	71	5	76
Expected return on plan assets	(52)	(18)	(2)	(72)	–	(72)
(Credited)/charged to finance expense	(5)	4	–	(1)	5	4
Total	(4)	10	1	7	8	15

Current service costs are presented in staff costs (Note 9); expected return on plan assets and interest cost are presented in net finance expense (Note 10).

30 Retirement benefit obligations (continued)

(d) Amounts recognised in the statement of financial position

At 31 March 2012	**Pension benefits UK % of plan assets**	**UK £m**	**US % of plan assets**	**US £m**	**Others % of plan assets**	**Others £m**	**Total % of plan assets**	**Total £m**	**Medical benefits £m**	**Total**
Fair value of plan assets:										
– equities	**36%**	**359**	**40%**	**122**	**33%**	**18**	**37%**	**499**	**–**	**499**
– bonds	**48%**	**488**	**48%**	**144**	**47%**	**26**	**48%**	**658**	**–**	**658**
– property and other	**16%**	**158**	**12%**	**36**	**20%**	**11**	**15%**	**205**	**–**	**205**
		1 005		**302**		**55**		**1 362**	**–**	**1 362**
Present value of funded obligations		**(867)**		**(422)**		**(63)**		**(1 352)**	**–**	**(1 352)**
Present value of unfunded obligation		**–**		**(46)**		**–**		**(46)**	**(104)**	**(150)**
Net asset/(liability) recognised in the statement of financial position		**138**		**(166)**		**(8)**		**(36)**	**(104)**	**(140)**
Disclosed in the statement of financial position as:										
– retirement benefit surplus		**146**		**–**		**–**		**146**	**–**	**146**
– retirement benefit deficits		**(8)**		**(166)**		**(8)**		**(182)**	**(104)**	**(286)**

At 31 March 2011	Pension benefits UK % of plan assets	UK £m	US % of plan assets	US £m	Others % of plan assets	Others £m	Total % of plan assets	Total £m	Medical benefits £m	Total
Fair value of plan assets:										
– equities	38%	349	53%	145	35%	18	41%	512	–	512
– bonds	47%	430	30%	81	44%	23	43%	534	–	534
– property and other	15%	140	17%	48	21%	11	16%	199	–	199
		919		274		52		1 245	–	1 245
Present value of funded obligations		(823)		(366)		(55)		(1 244)	–	(1 244)
Present value of unfunded obligations		–		(42)		–		(42)	(97)	(139)
Unrecognised asset due to surplus restriction		–		–		(1)		(1)	–	(1)
Net asset/(liability) recognised in the statement of financial position		96		(134)		(4)		(42)	(97)	(139)
Disclosed in the statement of financial position as:										
– retirement benefit surplus		102		–		1		103	–	103
– retirement benefit deficits		(6)		(134)		(5)		(145)	(97)	(242)

The plan assets do not include any of the Group's financial instruments, nor any property occupied by, or other assets used by, the Group.

(e) Reconciliation of movement in plan assets and liabilities

Liabilities	Pension benefits UK £m	US £m	Other £m	Total £m	Medical benefits £m	Total £m
At 1 April 2010	872	399	57	1 328	101	1 429
Total service cost	2	5	1	8	3	11
Past service cost	–	1	–	1	–	1
Curtailment benefits	(1)	–	–	(1)	–	(1)
Interest cost	47	22	2	71	5	76
Actuarial (gain)/loss	(48)	27	–	(21)	(1)	(22)
Benefits paid	(49)	(23)	(2)	(74)	(5)	(79)
Businesses sold	–	–	(2)	(2)	–	(2)
Exchange	–	(23)	(1)	(24)	(6)	(30)
At 31 March 2011	823	408	55	1 286	97	1 383
Total service cost	–	1	3	4	3	7
Interest cost	44	21	3	68	5	73
Actuarial loss	50	61	6	117	4	121
Benefits paid	(50)	(23)	(2)	(75)	(5)	(80)
Plan participants' contributions	–	–	1	1	–	1
Exchange	–	–	(3)	(3)	–	(3)
At 31 March 2012	**867**	**468**	**63**	**1 398**	**104**	**1 502**

30 Retirement benefit obligations (continued)

Assets	Pension benefits UK £m	US £m	Other £m	Total £m	Medical benefits £m	Total £m
At 1 April 2010	877	245	50	1 172	–	1 172
Expected return on assets	52	18	2	72	–	72
Actuarial gain	21	16	–	37	–	37
Contributions paid by employer	18	32	2	52	5	57
Benefits paid	(49)	(23)	(2)	(74)	(5)	(79)
Exchange	–	(14)	–	(14)	–	(14)
Unrecognised asset due to surplus restriction	–	–	(1)	(1)	–	(1)
At 31 March 2011	919	274	51	1 244	–	1 244
Expected return on assets	55	20	3	78	–	78
Actuarial gain	33	(2)	3	34	–	34
Contributions paid by employer	48	32	2	82	5	87
Plan participants' contribution	–	–	1	1	–	1
Benefits paid	(50)	(23)	(2)	(75)	(5)	(80)
Exchange	–	1	(3)	(2)	–	(2)
At 31 March 2012	**1 005**	**302**	**55**	**1 362**	**–**	**1 362**

(f) Analysis of actuarial (gains)/losses recognised in the consolidated statement of comprehensive income

	31 March 2012 £m	2011 £m
Difference between the actual return and the expected return on plan assets	**(34)**	(37)
Experience gains arising on scheme liabilities	**–**	(12)
Changes in assumptions underlying the present value of scheme liabilities	**121**	(10)
Unrecognised asset due to surplus restriction	**–**	1
Actuarial losses/(gains) recognised in the consolidated statement of comprehensive income	**87**	(58)
Cumulative actuarial loss recognised in the consolidated statement of comprehensive income	**188**	101

Deferred tax taken directly to equity on retirement benefit obligations was £33 million credit to equity (2011 – £19 million charge to equity).

(g) History of the plans and experience adjustments

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Present value of defined benefit obligation and medical benefits	**1 502**	1 383	1 429	1 186	1 203
Fair value of plan assets	**(1 362)**	(1 244)	(1 172)	(975)	(1 112)
Net deficit	**140**	139	257	211	91
Experience adjustments on plan liabilities – (gain)/loss	**–**	(12)	–	(18)	(9)
Experience adjustments on plan assets – (gain)/loss	**(34)**	(37)	(201)	247	69

All experience adjustments are recognised directly in equity, net of related tax (see the consolidated statement of comprehensive income).

31 Provisions for other liabilities and charges

	Insurance funds £m	Restructuring and closure provisions £m	Other provisions £m	Total £m
At 1 April 2010	12	42	9	63
Charged to the income statement	5	28	16	49
Credited to the income statement	(2)	(20)	(1)	(23)
Utilised in the year	(2)	(13)	(7)	(22)
Exchange and other movements	–	(2)	–	(2)
At 31 March 2011	13	35	17	65
Charged to the income statement	2	–	4	6
Credited to the income statement	–	(23)	(4)	(27)
Utilised in the year	(4)	(7)	(4)	(15)
Exchange and other movements	–	(1)	–	(1)
At 31 March 2012	**11**	**4**	**13**	**28**

	31 March **2012** £m	2011 £m
Provisions are expected to be utilised as follows:		
– within one year	**10**	44
– after more than one year	**18**	21
Total	**28**	65

Insurance funds represent amounts provided by the Group's captive insurance subsidiary in respect of the expected level of insurance claims. These provisions are expected to be utilised within five years.

The restructuring and closure provisions credit during the year primarily relates to the decision made to re-open the mothballed facility in McIntosh, Alabama and restart the production of sucralose. This resulted in a reversal of £23 million of obligations relating to the mothballed facility which was no longer required and has been recorded as an exceptional credit. The remaining provision was utilised to cover mothball costs ahead of the restart of the plant in March. The provisions which are still held relate to other restructuring within the Group and are expected to be utilised within two years.

Other provisions primarily relate to Group legal matters and previously disposed businesses. These provisions are expected to be utilised within five years.

The charge to the income statement in relation to the unwinding of discounts was £nil (2011 – £2 million).

32 Change in working capital

	31 March **2012** £m	2011 £m
Increase in inventories	**(49)**	(121)
(Increase)/decrease in receivables	**(62)**	1
Increase in payables	**18**	88
Increase in derivative financial instruments (excluding debt-related derivatives)	**(16)**	(7)
Decrease in provisions for other liabilities and charges	**(12)**	(2)
Increase in working capital (continuing operations)	**(121)**	(41)

33 Cash and cash equivalents

	31 March **2012** £m	2011 £m
Cash at bank and in hand	**327**	153
Short-term bank deposits	**119**	501
Total	**446**	654

Presented in the financial statements as follows:

	31 March **2012** £m	2011 £m
Cash and cash equivalents	**424**	654
Assets held for sale	**22**	–
Total	**446**	654

The effective interest rate on short-term deposits was 1.5% (2011 – 0.4%), with an average maturity of 13 days (2011 – 12 days).

33 Cash and cash equivalents (continued)

The carrying amount of cash and cash equivalents are denominated in the following currencies:

	31 March 2012 £m	31 March 2011 £m
Euro	**215**	55
US dollar	**127**	415
Sterling	**63**	132
Other	**41**	52
Total	**446**	654

34 Net debt

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

	Notes	31 March 2012 £m	31 March 2011 £m
Non-current borrowings	28	**(805)**	(887)
Current borrowings and bank overdrafts	28	**(141)**	(227)
Debt-related derivative instruments	20	**24**	(4)
Cash and cash equivalents	33	**424**	654
Assets held for sale – cash and cash equivalents	38	**22**	–
Net debt		**(476)**	(464)

Derivative financial instruments reported in the statement of financial position of £24 million net asset comprise net debt-related instruments of £24 million asset and net non-debt-related instruments of £nil (2011 – £1 million net asset comprising net debt-related instruments of £4 million liability and net non-debt-related instruments of £5 million asset). Additional net non-debt related instruments of £8 million assets are included in assets and liabilities held for sale (Note 38).

Net debt is denominated in the following currencies:

	31 March 2012 £m	31 March 2011 £m
Euro	**(1)**	(162)
US dollar	**(535)**	(458)
Sterling	**37**	131
Other	**23**	25
Total	**(476)**	(464)

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

	31 March 2012 £m	31 March 2011 £m
At 1 April	**(464)**	(814)
(Decrease)/increase in cash and cash equivalents in the year	**(201)**	168
Cash outflow from net decrease in borrowings	**185**	147
Inception of finance lease	**(7)**	–
Debt transferred on disposal of businesses	**–**	8
Fair value and other movements	**7**	–
Exchange	**4**	27
(Increase)/decrease in net debt in the year	**(12)**	350
At 31 March	**(476)**	(464)

Included in the cash outflow from net decrease in borrowings is an amount of £nil (2011 – £16 million) that is included in net cash used in financing activities from discontinued operations.

35 Contingent liabilities

Trade guarantees

	31 March 2012 £m	2011 £m
Trade guarantees	**1**	1

Trade guarantees have been given in the normal course of business by the Group at both 31 March 2012 and 31 March 2011. These are in respect of Revenue and Customs and the Rural Payments Agency for Agricultural Produce bonds, ECGD recourse agreements, letters of credit and tender and performance bonds.

Sale of EU Sugars
In May 2011, the Group announced that the process to agree completion statements on the sale of EU Sugars to American Sugar Holdings (ASR) was ongoing and that items totalling £54 million were outstanding and were expected to be submitted for adjudication by an independent expert. Those items related to the impact of major turbulence in the supply of raw sugar to the EU during the period prior to closing which resulted in an increase in certain rolling re-export commitments of the business arising under the EU Sugar Regime. The expert's decision, notified to the parties on 8 May 2012, strongly supported the Group's position and as a result, substantially all of the working capital adjustments proposed by ASR were reversed, and there is no further adjustment to the loss on disposal previously recognised. The expert's decision is final and binding on both parties and therefore finalises the completion statements.

Separately, ASR has set out a number of claims it believes it has under certain other provisions of the Sale and Purchase Agreement. These claims have not been fully quantified, but in large part also 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. The claims notified by ASR, and the validity of the notification itself, are under review by our legal advisers.

Whitefox Technologies
Whitefox Technologies (Whitefox) supplied certain equipment and technology intended for use in certain of the Group's ethanol production facilities in 2007 which the Group believes was not fit for purpose. Tate & Lyle is seeking damages from Whitefox of approximately US$20 million. Whitefox claims damages exceeding €100 million for breach of contract, damage to certain equipment and other losses. The dispute with Whitefox has been listed for a jury trial in the Supreme Court of the State of New York in June 2012. Whilst we are confident in the merits of our legal position, given that this is a jury trial, the outcome is uncertain.

Other claims
In addition to the above, the Group is subject to claims and litigation generally arising in the ordinary course of its business, some of which are for substantial amounts. Such claims and litigation are strenuously defended, but provision is made for liabilities that are considered likely to arise on the basis of current information and legal advice and after taking into account the Group's insurance arrangements. While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that claims and litigation existing at the statement of financial position date will have a material adverse effect on the Group's financial position.

36 Commitments

Capital commitments

	31 March 2012 £m	2011 £m
Commitments for the acquisition of intangible assets	**10**	9
Commitments for the acquisition of property, plant and equipment	**21**	15
Total	**31**	24

Operating lease arrangements
Operating lease payments represent rentals payable by the Group for certain of its land, buildings, plant and equipment. Certain operating lease agreements allow for renewal at the end of the original term at the option of the Group.

At the statement of financial position date the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	31 March 2012 £m	2011 £m
Within one year	**31**	24
Later than one year and no later than five years	**79**	68
After five years	**95**	81
Total	**205**	173

37 Acquisitions and disposals

Acquisitions

G.C. Hahn & Co – 2012

During the year to 31 March 2008, the Group acquired 80% of the issued share capital of G.C. Hahn & Co. (Hahn) from Georg Hahn Familien GmbH. As the Group effectively bore all the risks and rewards for 100% of this business, a non-controlling interest was not recognised in the financial statements at the date of acquisition. The acquisition agreement allowed for the Group to acquire the remaining 20% of the issued share capital of Hahn through put and call options at various times. During the financial year, following the exercise of a put option by Georg Hahn Familien GmbH, the Group acquired the final 5% of the issued share capital of the business for a total consideration of £7 million, and has now acquired 100% of the issued share capital.

Disposals

International Sugar Trading – 2012

On 12 October 2011, the Group completed the sale of its minority holdings in sugar refineries in Egypt and Saudi Arabia relating to the former International Sugar Trading business and received £18 million in cash consideration. After recycling revaluation gains to the income statement, the Group has recorded an exceptional gain of £11 million (Note 7).

EU Sugars and Molasses – 2011

During the prior year the Group completed the disposal of its EU Sugars operations to American Sugar Holdings (ASR), Inc. The disposal comprised an asset sale of the Thames Sugar Refinery and its associated businesses in London and a share sale of Alcantara Empreendimentos SGPS, SA, Tate & Lyle Norge AS and Eridania Tate & Lyle SpA. In May 2011, the Group announced that the process to agree completion statements on the sale of EU Sugars to ASR was ongoing and that items totalling £54 million were outstanding and were expected to be submitted for adjudication by an independent expert. The expert's decision, notified to the parties on 8 May 2012, strongly supported the Group's position and as a result, substantially all of the working capital adjustments proposed by ASR were reversed, and there is no further adjustment required to the loss on disposal recognised in the prior year. The expert's decision is final and binding on both parties and therefore finalises the completion statements. The receivable outstanding at 31 March 2012 has been settled subsequent to the balance sheet date.

During the prior year the Group also completed the disposal of its Molasses business to W&R Barnett Ltd. Total consideration was £66 million. During the current year, post-completion adjustments were agreed and the Group received a cash inflow of £1 million in respect of working capital settlements.

The calculation of the result on disposal of EU Sugars and Molasses is shown below:

	EU Sugars £m	Molasses £m	Total £m
Goodwill and intangible assets	1	2	3
Property, plant and equipment	203	14	217
Investment in associates	2	–	2
Available-for-sale financial assets	1	–	1
Derivative financial instruments – assets	18	7	25
Inventories	72	35	107
Trade and other receivables	66	42	108
Trade and other payables	(53)	(33)	(86)
Derivative financial instruments – liabilities	(15)	(3)	(18)
Retirement benefit obligation	(2)	–	(2)
Cash and cash equivalents	5	5	10
Borrowings	(5)	(3)	(8)
Taxation	(1)	(2)	(3)
Total assets disposed	292	64	356
Non-controlling interests disposed	–	(5)	(5)
Net assets disposed	292	59	351
Cash received during the year to 31 March 2011	225	65	290
Cash received during the year to 31 March 2012	–	1	1
Receivable at 31 March 2012	2	–	2
Total consideration	227	66	293
Other items:			
Disposal costs	(4)	(4)	(8)
Recycling of cash flow hedge reserve	3	–	3
Exchange differences transferred from equity	11	9	20
(Loss)/gain on disposal	**(55)**	**12**	**(43)**
Cash flows:			
Cash consideration	225	66	291
Cash disposed	(5)	(5)	(10)
	220	61	281
Cash inflow during the year to 31 March 2011	220	60	280
Cash inflow during the year to 31 March 2012	–	1	1

Financial Statements

38 Assets and liabilities classified as held for sale

In April 2011, the Group entered into a conditional agreement to sell its majority share of Vietnam Sugar to TH Milk Food Joint Stock Company. The purchaser has received clearance from the Vietnam Ministry of Finance and the required licence from the Ministry of Planning and Investment but still awaits the appropriate regulatory clearances from the State Bank. The disposal is expected to complete during the first half of the 2013 financial year.

At 31 March 2012 active discussions were taking place, and on 20 April 2012, the Group reached an agreement to sell its 50% share in Sucromiles SA (Sucromiles), its Colombian citric acid joint venture, to the joint venture partner, Organización Ardila Lülle, for total cash consideration of £20 million. The sale is conditional upon Colombian competition authority approval.

The Group is committed to the disposal of its remaining businesses within the legacy Sugars division, principally the legacy contracts relating to the former International Sugar Trading business. The status of the disposal process at 31 March 2012 is such that these contracts meet the criteria to be held for sale. The disposal of the available-for-sale financial assets relating to the Group's former International Sugar Trading business completed on 12 October 2011 (Note 37). These assets were classified as held for sale as at 31 March 2011.

In addition, land and buildings relating to the former Molasses business with a net book value of £2 million are included within assets held for sale.

In the prior year, the Group's liquid sugar manufacturing business in Israel was classified as held for sale as it met the criteria to be held for sale at that time. This business ceased operations during the year.

Assets and liabilities as at 31 March 2012 reported as held for sale are shown in the table below. Cash and cash equivalents includes balances in respect of both Vietnam Sugar and Sucromiles.

	31 March	
	2012 £m	2011 £m
Assets		
Intangible assets	**2**	2
Property, plant and equipment	**22**	22
Available for sale financial assets	**1**	17
Inventories	**25**	17
Trade and other receivables	**15**	9
Derivative financial instruments	**13**	–
Cash and cash equivalents	**22**	–
Total assets held for sale	**100**	67
Liabilities		
Trade and other payables	**(9)**	(5)
Current tax liabilities	**(1)**	–
Derivative financial instruments	**(5)**	–
Total liabilities held for sale	**(15)**	(5)

39 Post balance sheet events

On 20 April 2012, the Group reached an agreement to sell its 50% share in Sucromiles SA, its Colombian citric acid joint venture, to Organización Ardila Lülle, for total cash consideration of £20 million. The sale is conditional upon Colombian competition authority approval and is expected to complete during the first half of the 2013 financial year.

40 Related party disclosures

Identity of related parties

The Group has related party relationships with its subsidiaries, joint ventures and associates, the Group's pension schemes and with key management being its directors and executive officers. No related party relationships with close family members of the Group's key management existed in the current or comparative year.

Subsidiaries, joint ventures and associates

Transactions entered into by the Company with subsidiaries and between subsidiaries as well as the resultant balances of receivables and payables are eliminated on consolidation and are not required to be disclosed. The Group's share of transactions entered into by the Company and its subsidiaries with joint ventures and between joint ventures as well as the Group's share of the resultant balances of receivables and payables are eliminated on consolidation. For transactions and balances with joint ventures, there is an element which is not eliminated on consolidation relating to the external joint venture partner which is required to be disclosed. Transactions and balances with joint ventures are as follows, there are no such transactions with associates:

	31 March	
Continuing operations	**2012 £m**	2011 £m
Sales of goods and services		
– to joint ventures	**164**	150
Purchases of goods and services		
– from joint ventures	**289**	221
Receivables		
– due from joint ventures	**23**	15
Payables		
– due to joint ventures	**21**	17
Financing		
– loans to joint ventures	**13**	18
– deposits from joint ventures	**36**	25

The Group had no material related party transactions containing unusual commercial terms.

The Group provides guarantees in respect of banking facilities of a joint venture totalling £10 million (2011 – £10 million).

Key management

Key management compensation is disclosed in Note 9.

41 Foreign exchange rates

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

	Year to 31 March	
	2012	2011
Average foreign exchange rates		
£1 = US$	**1.60**	1.55
£1 = €	**1.15**	1.19

	31 March	
	2012	2011
Year end foreign exchange rates		
£1 = US$	**1.60**	1.60
£1 = €	**1.20**	1.13

42 Main subsidiaries and investments

Subsidiaries based in the United Kingdom[1]

	Type of business	Percentage of equity attributable to Tate & Lyle PLC
G.C. Hahn & Co. Limited[2]	Blending	100
Tate & Lyle Holdings Limited[3]	Holding company	100
Tate & Lyle Industries Limited	Holding company	100
Tate & Lyle International Finance PLC[3]	In-house treasury company	100
Tate & Lyle Investments Limited[3]	Holding company	100
Tate & Lyle LLC	Holding company	100

1 Registered in England and Wales, except Tate & Lyle LLC which is registered in Delaware, USA.
2 On 21 June 2011, the Group acquired the final 5% issued share capital of the Hahn business. However, due to the structure of the acquisition agreement, the Group has borne risks and rewards of 100% of the business. Accordingly, a non-controlling interest has never been recognised since the original acquisition in the 2008 financial year.
3 Direct subsidiaries of Tate & Lyle PLC.

42 Main subsidiaries and investments (continued)

Subsidiaries operating overseas

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC
Argentina	Tate & Lyle Argentina SA	Cereal sweeteners & starches, Sucralose distribution	100
Australia	Tate & Lyle ANZ Pty Limited[2]	Sucralose distribution and blending	100
Belgium	Tate & Lyle Services Belgium NV	Holding company	100
Bermuda	Tate & Lyle Management & Finance Limited	Management & finance	100
Brazil	Tate & Lyle Brasil do SA[1]	Citric acid, Sucralose distribution	100
	G.C. Hahn & Co. Estabilizantes e Tecnologia para Alimentos Ltda.[2]	Blending	100
Chile	Tate & Lyle Chile Commercial Ltda	Cereal sweeteners & starches, Sucralose distribution	100
China	Tate & Lyle Trading (Shanghai) Limited	Sucralose distribution	100
	G.C. Hahn & Co. Food Stabilizer Business (Shanghai) Ltd.[2]	Blending	100
Croatia	G.C. Hahn & Co. d.o.o.[2]	Blending	100
Czech Republic	G.C. Hahn & Co. Stabilizacni technika s.r.o.[2]	Blending	100
France	G.C. Hahn & Cie. S.A.R.L.[2]	Blending	100
Germany	G.C. Hahn & Co. Stabilisierungstechnik GmbH[2]	Blending	100
	G.C. Hahn & Co. Cooperationsgeschaft mbH[2]	Holding company	100
Gibraltar	Tate & Lyle Insurance (Gilbraltar) Limited	Reinsurance	100
Hong Kong	Tate & Lyle Asia Limited	Sucralose distribution	100
Hungary	G.C. Hahn & Co. Stabilizalastechnikai Kft[2]	Blending	100
Italy	Tate & Lyle Italia Spa	Blending	100
Lithuania	UAB Litauen G.C. Hahn & Co.[2]	Blending	100
Mexico	Tate & Lyle Mexico S. de R.L.de C.V.	Holding company	100
Morocco	Tate & Lyle Morocco SA	Cereal sweeteners & starches	100
Netherlands	Nederlandse Glucose Industrie BV	Holding company	100
	Tate & Lyle Netherlands BV	Cereal sweeteners & starches, Sucralose distribution	100
Poland	G.C. Hahn & Co. Technika stabilizowania sp.z.o.o.[2]	Blending	100
	Tate & Lyle Global Shared Services sp.z.o.o	Holding company	100
Russia	G.C. Hahn Russia[1]	Blending	100
Singapore	Tate & Lyle Singapore Pte Ltd	High-intensity sweeteners	100
South Africa	Tate & Lyle South Africa (Pty) Limited	Blending	100
Spain	G.C. Hahn Estabilizantes y Tecnologia para Alimentos[2]	Blending	100
Ukraine	G.C. Hahn[1 2]	Blending	100
USA	Staley Holdings LLC	Holding company	100
	Tate & Lyle Custom Ingredients LLC	Blending	100
	Tate & Lyle Finance LLC	In-house banking	100
	TLHUS, Inc	Holding company	100
	Tate & Lyle Ingredients Americas, LLC	Cereal sweeteners & starches	100
	Tate & Lyle Sucralose LLC	High-intensity sweeteners	100
	TLI Holding LLC	In-house banking	100
Vietnam	Nghe An Tate & Lyle Sugar Company Limited	Cane sugar manufacture	(80.9) 60.7

1 Non-coterminous year-end.
2 On 21 June 2011, the Group acquired the final 5% issued share capital of the Hahn business. However, due to the structure of the acquisition agreement, the Group has borne risks and rewards of 100% of the business. Accordingly, a non-controlling interest has never been recognised since the original acquisition in the 2008 financial year.

42 Main subsidiaries and investments (continued)

Joint ventures

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC	
Bulgaria	Amylum Bulgaria EAD[1,2]	Cereal sweeteners & starches	(100)	50
Hungary	Hungrana Kft[1,2]	Cereal sweeteners & starches	(50)	25
Mexico	Almidones Mexicanos SA[2]	Cereal sweeteners & starches		50
Netherlands	Eaststarch CV	Holding company		50
Slovakia	Amylum Slovakia spol sro[1]	Cereal sweeteners & starches	(100)	50
Turkey	Amylum Nisasta AS[1]	Cereal sweeteners & starches	(100)	50
USA	DuPont Tate & Lyle Bio Products Company LLC	Industrial ingredients		50

1 Share capital held by Eaststarch CV.
2 Non-coterminous year-end.

Associates

Country of incorporation or registration	Company	Type of business	Percentage of equity attributable to Tate & Lyle PLC
Thailand	Tapioca Development Corporation[1]	Starch production	33.3

1 Indirect associates of Tate & Lyle PLC.

The proportion of shares held by Tate & Lyle PLC, its subsidiaries, joint ventures and associates is shown in brackets where it is different from the percentage of equity attributable to Tate & Lyle PLC.

Those entities which have non-coterminous year-ends are consolidated in the Group financial statements using management accounts for the period to 31 March.

43 Reconciliation to adjusted information

As explained in Note 1, adjusted information is presented as it provides both management and investors with valuable additional information on the performance of the business. The following items are excluded from adjusted information:

– exceptional items including profits and losses on disposals of businesses, impairments, closure and significant business transformation activities; and
– amortisation of intangible assets acquired through business combinations.

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

	Year to 31 March 2012			Year to 31 March 2011		
£m (unless otherwise stated)	**Reported**	**Exceptional/ amortisation**	**Adjusted**	Reported	Exceptional/ amortisation	Adjusted
Continuing operations						
Sales	**3 088**	**–**	**3 088**	2 720	–	2 720
Operating profit	**404**	**(56)**	**348**	303	18	321
Net finance expense	**(25)**	**–**	**(25)**	(58)	–	(58)
Profit before tax	**379**	**(56)**	**323**	245	18	263
Income tax expense	**(72)**	**17**	**(55)**	(49)	–	(49)
Profit attributable to owners of the Company	**307**	**(39)**	**268**	196	18	214
Basic earnings per share (pence)	**65.9**	**(8.4)**	**57.5**	42.6	3.9	46.5
Diluted earnings per share (pence)	**64.6**	**(8.2)**	**56.4**	41.9	3.8	45.7
Tax rate	**19.0%**		**17.1%**	19.7%		18.5%
Discontinued operations						
Sales	**72**	**–**	**72**	590	–	590
Operating profit/(loss)	**16**	**(11)**	**5**	(45)	43	(2)
Net finance income	**1**	**–**	**1**	–	–	–
Profit/(loss) before tax	**17**	**(11)**	**6**	(45)	43	(2)
Income tax (expense)/credit	**(15)**	**15**	**–**	16	(19)	(3)
Profit/(loss) after tax	**2**	**4**	**6**	(29)	24	(5)
Non-controlling interests	**(4)**	**–**	**(4)**	(4)	–	(4)
(Loss)/profit attributable to owners of the Company	**(2)**	**4**	**2**	(33)	24	(9)
Basic (loss)/earnings per share (pence)	**(0.4)**	**0.9**	**0.5**	(7.3)	5.4	(1.9)
Diluted (loss)/earnings per share (pence)	**(0.3)**	**0.8**	**0.5**	(7.2)	5.3	(1.9)
Total operations						
Sales	**3 160**	**–**	**3 160**	3 310	–	3 310
Operating profit	**420**	**(67)**	**353**	258	61	319
Net finance expense	**(24)**	**–**	**(24)**	(58)	–	(58)
Profit before tax	**396**	**(67)**	**329**	200	61	261
Income tax expense	**(87)**	**32**	**(55)**	(33)	(19)	(52)
Profit after tax	**309**	**(35)**	**274**	167	42	209
Non-controlling interests	**(4)**	**–**	**(4)**	(4)	–	(4)
Profit attributable to owners of the Company	**305**	**(35)**	**270**	163	42	205
Basic earnings per share (pence)	**65.5**	**(7.5)**	**58.0**	35.3	9.3	44.6
Diluted earnings per share (pence)	**64.3**	**(7.4)**	**56.9**	34.7	9.1	43.8
Tax rate	**21.9%**		**16.8%**	16.4%		19.7%

Independent Auditors' Report to the Members of Tate & Lyle PLC:

Parent company financial statements

We have audited the Parent company financial statements of Tate & Lyle PLC for the year ended 31 March 2012 which comprise the Parent company balance sheet and the Notes to the Parent company financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' statement of responsibilities set out on page 62, the directors are responsible for the preparation of the Parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 2012 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Parent company financial statements:

- give a true and fair view of the state of the Parent company's affairs as at 31 March 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the Parent company financial statements are prepared is consistent with the Parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Tate & Lyle PLC for the year ended 31 March 2012.

Paul Cragg (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 May 2012

Note:
(a) the maintenance and integrity of the Tate & Lyle PLC website, and any other electronic media used to present the financial statements, is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website, or any other electronic media.
(b) legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Parent Company Balance Sheet

	Notes	2012 £m	2011 £m
		Year to 31 March	
Fixed assets			
Tangible assets	2	**7**	3
Investments in subsidiary undertakings	3	**1 002**	1 184
Investment in associate	4	**1**	1
		1 010	1 188
Current assets			
Debtors:			
– amounts falling due within one year	5	**1 490**	326
		1 490	326
Creditors – amounts falling due within one year	6	**(1 441)**	(71)
Net current assets		**49**	255
Total assets less current liabilities		**1 059**	1 443
Creditors – amounts falling due after more than one year	7	**(2)**	(188)
Provisions for liabilities	9	**(1)**	(3)
Net assets		**1 056**	1 252
Capital and reserves			
Called up share capital	12	**117**	117
Share premium account	13	**406**	406
Capital redemption reserve	13	**8**	8
Profit and loss account	13	**525**	721
Total shareholders' funds		**1 056**	1 252

The Parent company financial statements were approved by the Board of directors on 30 May 2012 and signed on its behalf by:

Javed Ahmed, Tim Lodge Directors

Registered no. 76535

The notes on pages 117 to 121 form part of these Parent company financial statements.

1 Parent company accounting policies

Accounting basis
The Parent company financial statements are prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable UK accounting standards. As permitted by Section 408(2) of the Companies Act 2006, the Company's profit and loss account and statement of total recognised gains and losses are not presented in these financial statements. The loss for the year before dividends dealt with in the financial statements of the Company amounted to £79 million (2011 – profit of £44 million). This includes audit fees in relation to the audit of the Parent company of £0.1 million (2011 – £0.1 million). Accounting policies have been applied consistently, other than where new policies have been adopted. The financial statements are prepared on a going concern basis as disclosed in the Tate & Lyle PLC consolidated financial statements for the year ended 31 March 2012.

New UK standards and interpretations adopted
The following new standards, amendments and interpretations were adopted by the Company in the year. Adoption had no effect on the results, financial position of the Company or its disclosures.

- FRS 30 Heritage Assets
- Improvements to Financial Reporting Standards (2011)
- SSAP 25 Segmental Reporting
- FRS 8 Related Party Disclosures
- FRS 29 Financial Instruments: Disclosures
- UITF 47 (Abstract 17) 'Extinguishing financial liabilities with equity instruments'

New UK standards and interpretations not adopted
The following amendments to Financial Reporting Standards have been issued but have not yet been adopted by the Company:

- Improvements to Financial Reporting Standards (2012)

The adoption of these amendments is not expected to have a material impact on the Company's result for the year or equity. The adoptions may affect disclosures in the Company's financial statements.

Tangible fixed assets
Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided on a straight-line basis to write off the cost of tangible fixed assets over their estimated useful life. The tangible fixed assets comprise furniture, fixtures, fittings and computer software which are depreciated over a period of 5 to 10 years. Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable.

Investments
Unless they are financed by foreign currency borrowings and designated as a fair value hedging relationship, investments in subsidiaries and associates are shown at cost less amounts written off where there is a permanent diminution in value. Investments in shares in overseas undertakings that are financed by foreign currency borrowings and designated as a fair value hedging relationship are retranslated into pounds sterling at the exchange rate ruling at the balance sheet date and the resulting exchange gains and losses are recognised in the profit and loss account. Exchange gains and losses on the related foreign currency borrowings are also recognised in the profit and loss account in accordance with FRS 23 The Effects of Changes in Foreign Exchange Rates.

An undertaking is regarded as a subsidiary undertaking if the Company has control over its operating and financial policies.

An undertaking is regarded as an associate if the Company holds a participating interest and has significant influence, but not control, over its operating and financial policies. Significant influence generally exists where the Company holds more than 20% and less than 50% of the shareholders' voting rights.

All loans and receivables to and from subsidiary undertakings are shown at cost less amounts written off where deemed unrecoverable.

Leases
Operating lease costs are charged to profit as incurred on a straight line basis.

Research and development
All expenditure on research and development is charged to profit as incurred.

Retirement benefits
The Company contributes to the Group pension plan operated in the UK. Details of the plan are included within Note 30 of the Group financial statements. As permitted under FRS17 Retirement Benefits, the plan is accounted for as a defined contribution plan, as the Company, which is not the principal employer, cannot identify its share of the underlying assets and liabilities of the plan. The employer's contributions relate to the current service period only and are charged to the profit and loss account as they are incurred.

Deferred tax
Deferred tax is recognised on a full provision basis on timing differences between the recognition of gains and losses in the financial statements and their recognition for tax purposes that have arisen but not reversed at the balance sheet date. Deferred tax is not recognised on permanent differences or on timing differences arising on unremitted profits of overseas subsidiaries. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be sufficient future taxable profits to permit tax relief of the underlying timing differences.

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into pounds sterling at the rates of exchange ruling on the last day of the financial year (the closing rate). Profits and losses are translated into pounds sterling at the prevailing rate at the time of transaction and credited or charged to the profit and loss account.

Share-based compensation
The Company operates a number of equity-settled, share-based compensation plans. Details of the plans are included within Note 26 of the Group financial statements. The fair value of employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, earnings targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, for options granted with non-market vesting conditions, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised. The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Dividend distribution
Final dividend distributions to the Company's equity holders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, while interim dividend distributions are recognised in the period in which the dividends are declared and paid. Where a scrip alternative is offered and taken, the distribution is effected through an issue of bonus shares.

Provisions
Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1 Parent company accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital and holds that share either directly as treasury shares or indirectly within an ESOP trust, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders. These shares are used to satisfy share options granted to employees under the Group's share option schemes. The trustee purchases the Company's shares on the open market using loans made by the Company or other loans guaranteed by the Company.

2 Tangible assets

The net book value of tangible fixed assets of £7 million (2011 – £3 million) comprises furniture, fixtures, fittings and computer software. Net book value comprises cost of £9 million (2011 – £5 million) less accumulated depreciation of £2 million (2011 – £2 million).

3 Investments in subsidiary undertakings

	Shares in Subsidiary undertakings £m
Cost	
At 1 April 2011	1 552
Additions	12
Increase – share based payments	5
Disposal	(4)
Exchange	(8)
At 31 March 2012	**1 557**
Impairment	
At 1 April 2011	368
Provision for impairment	191
Exchange	(4)
At 31 March 2012	**555**
Net book value at 31 March 2011	1 184
Net book value at 31 March 2012	**1 002**

A list of the main subsidiaries is disclosed within Note 42 of the Group consolidated financial statements. The provision for impairment reflects an adjustment to the recoverable amount to the Company's investment in Tate & Lyle Ventures Ltd and Tate & Lyle Services Belgium NV upon payment of a dividend to the Company. The directors believe that the carrying value of the investments is supported by the value of their underlying net assets.

4 Investment in associate

The Company holds a 16.6% interest in Tapioca Development Corporation, a company incorporated in Thailand, for book value of £1 million (2011 – £1 million).

5 Debtors

		31 March
	2012 £m	2011 £m
Due within one year		
Amounts owed by subsidiary undertakings	**1 486**	321
Other debtors	**4**	4
Prepayments and accrued income	**–**	1
Total	**1 490**	326

The effective interest rate applicable to amounts owed by subsidiary undertakings at 31 March 2012 is 2.6% (2011 – 2.0%). Amounts owed by subsidiary undertakings are receivable on demand.

6 Creditors – amounts falling due within one year

	31 March 2012 £m	2011 £m
Amounts owed to subsidiary undertakings	**1 426**	55
Other creditors	**6**	8
Accruals and deferred income	**9**	8
Total	**1 441**	71

The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2012 is 2.9% (2011 – 6.5%). Amounts owed to subsidiary undertakings are repayable on demand.

7 Creditors – amounts falling due after more than one year

	31 March 2012 £m	2011 £m
Amounts owed to subsidiary undertakings (Note a)	**–**	186
Preference shares (Note b)	**2**	2
Total	**2**	188

(a) The effective interest rate applicable to amounts owed to subsidiary undertakings at 31 March 2011 was 6.5%.

(b) On a return of capital on a winding-up, the holders of 6.5% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for; the election of directors; their remuneration; any agreement between the directors and the Company; or the alteration of the Articles of Association dealing with any such matters.

8 Deferred tax

Deferred tax charged to profit in the year was £nil (2011 – £1 million).

9 Provisions for liabilities

	Restructuring £m
At 31 March 2011	3
Charged to the profit and loss account	1
Utilised in the year	(3)
At 31 March 2012	**1**

Provisions primarily relate to restructuring as a result of the disposal of Group businesses and are expected to be utilised within the next 12 months.

10 Contingent liabilities

	31 March 2012 £m	2011 £m
Loans and overdrafts of subsidiaries and joint ventures	**863**	1 035

Guarantees given in respect of drawn and undrawn loans and overdrafts by Tate & Lyle PLC were £2,108 million at 31 March 2012 (2011 – £2,479 million).

Other trade guarantees have been given in the normal course of business by Tate & Lyle PLC at both 31 March 2012 and 31 March 2011. These are excluded from the figures given above and are in respect of Revenue and Customs and the Rural Payments Agency for Agricultural Produce bonds, ECGD recourse agreements, letters of credit, and tender and performance bonds.

Please refer to Note 35 within the Group consolidated financial statements. Whitefox has sought to make Tate & Lyle PLC a party to the litigation by raising certain claims directly against the Company which will also be considered at the trial.

11 Financial commitments

Annual payments made by the Company in the year ended 31 March 2012 in respect of operating leases were £4 million (2011 – £3 million).

At the balance sheet date, the Company has outstanding commitments of £1 million due within the next year. These commitments are on leases expiring over more than five years.

12 Called up share capital

Allotted, called up and fully paid equity share capital

	31 March 2012		31 March 2011	
	Shares	**£m**	Shares	£m
At 1 April	**468 111 340**	**117**	460 575 700	115
Allotted under share option schemes	**49 179**	**–**	217 743	–
Scrip dividend shares issued	**–**	**–**	7 317 897	2
At 31 March	**468 160 519**	**117**	468 111 340	117

Treasury shares and shares held in ESOP trust

As at 31 March 2012, the Group held 2,545,376 shares (2011 – 175,328 shares) in Treasury.

During the year 379,952 shares (2011 – 337,162 shares) were released from Treasury to satisfy share options exercised.

During the year the Company repurchased 2,750,000 shares (2011 – nil shares) for £19 million (2011 – £nil) to satisfy share options granted to employees under the Group's share option schemes. The shares repurchased represent 0.6% of the Company's called up share capital at 31 March 2012 and had a nominal value of £0.6 million.

The shares held in Treasury at 31 March 2012 represented less than 0.5% (2011 – 0.1%) of the share capital at the year-end, and had a nominal value of less than £0.6 million (2011 – £0.1 million).

As at 31 March 2012, the Group held 1,250,182 shares (2011 – 2,713,694 shares) in an ESOP trust at a nominal value of 25p and a market value of 705.0p (2011 – 577.5p).

13 Reconciliation of movements in shareholders' funds

	Ordinary shares £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 April 2011	117	406	8	721	1 252
Loss for the financial year	–	–	–	(79)	(79)
Proceeds from shares issued	–	–	–	3	3
Share-based payments	–	–	–	11	11
Ordinary dividends paid	–	–	–	(112)	(112)
Share purchase	–	–	–	(19)	(19)
At 31 March 2012	**117**	**406**	**8**	**525**	**1 056**

	Ordinary shares £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 April 2010	115	405	8	739	1 267
Profit for the financial year	–	–	–	44	44
Proceeds from shares issued	–	1	–	1	2
Share-based payments	–	–	–	9	9
Ordinary dividends paid	–	–	–	(105)	(105)
Issue of shares for scrip dividend	2	–	–	33	35
At 31 March 2011	117	406	8	721	1 252

Ordinary shares carry the right to participate in dividends and each share entitles the holder to one vote on matters requiring shareholder approval except for ordinary shares held in an ESOP trust or Treasury shares. The amount available for the payment of dividends by the Company at 31 March 2012 was £525 million (2011 – £721 million).

During the year ended 31 March 2011, shareholders were given the option to receive the final dividend relating to the prior year and the interim dividend relating to the current year in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a total cash equivalent value of £35 million.

14 Related parties

As permitted by FRS 8 Related Party Disclosures, related party transactions with wholly owned subsidiaries of Tate & Lyle PLC are not disclosed. There were no transactions with other related parties except for the provision of guarantees in respect of banking facilities of a joint venture totalling £10 million (2011 – £10 million).

15 Profit and loss account disclosures

As permitted by Section 408(2) of the Companies Act 2006, the Company has not presented its own profit and loss account.

The Company employed 107 staff including directors (2011 – 98) and the total staff costs are shown below:

	31 March 2012 £m	2011 £m
Wages and salaries	**14**	14
Social security	**4**	2
Retirement benefits	**1**	1
Share based payments	**6**	6
Total	**25**	23

Directors' emoluments disclosures are provided in the Directors' remuneration report on pages 48 to 59 of this annual report and in Note 9 of the Group financial statements.

In addition, 5,527,046 (2011 – 5,108,263) outstanding share options attributable to employees and Directors of the Company as at 31 March 2012 are shown below:

	Year issued	Number of shares	Subscription prices (pence)	Dates normally exercisable
Sharesave Scheme – 3 year options	2008	7 761	376.00	2012
	2009	3 950	418.00	2013
	2010	13 350	488.00	2014
	2011	18 940	552.00	2015
Sharesave Scheme – 5 year options	2007	9 867	395.00	2013
	2008	3 562	376.00	2014
	2009	4 464	418.00	2015
	2010	4 989	488.00	2016
	2011	7 063	552.00	2017
Performance Share Plan	2008	144 226	–	2011–2018
	2009	673 818	–	2012–2018
	2010	997 947	–	2013–2019
	2011	975 431	–	2014–2020
Executive share option scheme	2003	7 343	374.50	2005–2012
	2003	57 144	335.75	2006–2013
	2004	164 385	325.00	2007–2014
Javed Ahmed – compensatory awards	2009	419 403	–	2011–2017
	2009	359 488	–	2012–2018
Javed Ahmed – long-term incentive awards	2009	659 609	–	2012–2018
	2010	473 042	–	2013–2019
	2011	378 337	–	2014–2020
Group Bonus Plan	2011	408	–	2013
	2011	142 519	–	2013–2018

16 Dividends

Details of the Company's dividends are set out in Note 14 of the Group financial statements.

Five-year Review Financial Years to 31 March

Share information

Pence per 25p ordinary share	2008[1]	2009[1]	2010[1]	2011[1]	**2012[1]**
Closing share price	540.0	260.5	454.2	577.5	**705.0**
Earnings per share (pence):					
– basic[2]	40.9	14.2	3.3	35.3	**65.5**
– basic, before amortisation and exceptional items[2]	41.1	37.8	38.2	44.6	**58.0**
Earnings per share (pence):					
– diluted[2]	40.4	14.1	3.3	34.7	**64.3**
– diluted, before amortisation and exceptional items[2]	40.6	37.5	38.0	43.8	**56.9**
Dividend	22.6	22.9	22.9	23.7	**24.9**
Closing market capitalisation (£ million)	2 484	1 198	2 092	2 665	**3 283**

Business ratios

Interest cover – times	7.8	6.1	5.8	6.9	**11.1**
Profit before interest, exceptional items and amortisation divided by net finance expense[2,3]					
Gearing	110%	122%	95%	48%	**45%**
Net borrowings as a percentage of total net assets[2]					
Net margin	8.7%	6.8%	8.2%	9.6%	**11.2%**
Profit before interest, exceptional items and amortisation as a percentage of sales[2]					
Return on net operating assets	15.5%	12.7%	14.1%	20.2%	**22.9%**
Profit before interest and exceptional items as a percentage of average net operating assets[2]					
Dividend cover (times)					
Basic earnings per share after exceptional items and amortisation divided by dividends per share (pence)[2]	1.8	0.6	0.1	1.5	**2.6**
Basic earnings per share before exceptional items and amortisation divided by dividends per share (pence)[2]	1.8	1.7	1.7	1.9	**2.3**

1 'Amortisation' relates to the amortisation of intangible assets acquired through business combinations.
2 These metrics have been calculated using the results of both continuing and discontinued operations.
3 Interest cover has been calculated using the same basis as set out in the Group's external bank covenants.

Results presented above are for years to 31 March and have been calculated using the Group's published interim and full-year financial statements.

	IFRS 2008[1] £m	2009[1] £m	2010[1] £m	2011 £m	**2012 £m**
Employment of capital					
Goodwill, intangible assets and property, plant and equipment	1 516	1 922	1 548	1 175	**1 247**
Other non-current assets	22	19	21	24	**28**
Working capital	667	605	302	279	**370**
Pension deficit	(91)	(211)	(257)	(139)	**(140)**
Net assets held for sale (excluding cash included in net borrowings)	–	28	18	62	**63**
Net operating assets	2 114	2 363	1 632	1 401	**1 568**
Net borrowings	(1 041)	(1 231)	(814)	(464)	**(476)**
Net (liabilities)/assets for dividends and tax	(123)	(119)	36	36	**(34)**
Total net assets	950	1 013	854	973	**1 058**
Capital employed					
Called up share capital	114	115	115	117	**117**
Reserves	820	872	712	833	**916**
	934	987	827	950	**1 033**
Non-controlling interests	16	26	27	23	**25**
	950	1 013	854	973	**1 058**
Profit summary[1]					
Sales	1 995	2 505	2 533	2 720	**3 088**
Group operating profit:					
Before exceptional items and amortisation[2]	260	286	268	321	**348**
Amortisation of intangible assets acquired through business combinations	(12)	(15)	(14)	(13)	**(12)**
Exceptional items	(59)	(110)	(298)	(5)	**68**
Group operating profit/(loss)	189	161	(44)	303	**404**
Net finance expense	(45)	(53)	(72)	(58)	**(25)**
Profit/(loss) before tax	144	108	(116)	245	**379**
Income tax (expense)/credit	(72)	(11)	95	(49)	**(72)**
Profit/(loss) after tax	72	97	(21)	196	**307**
Discontinued operations	112	(31)	40	(29)	**2**
Non-controlling interests	10	(1)	(4)	(4)	**(4)**
Profit for the year attributable to owners of the Company	194	65	15	163	**305**
Profit before tax, exceptional items and amortisation[2]	215	233	196	263	**323**
Earnings/(loss) per share attributable to the owners of the Company from continuing operations:					
– basic	17.3	21.0	(4.7)	42.6	**65.9**
– diluted	17.1	20.9	(4.7)	41.9	**64.6**

1 Profit summary for the years ended 31 March 2008 to 31 March 2010 has been restated to reflect the disposal of EU Sugars, the sale of the Molasses businesses and the intention to sell the remaining businesses in the legacy Sugars segment. These businesses, classed as discontinued operations are excluded from all years.
2 'Amortisation' relates to the amortisation of intangible assets acquired through business combinations.

Information for Investors

Dividends on ordinary shares

Two payments were made during the tax year 2011/2012 as follows:

Payment date	Dividend description	Dividend per share
5 August 2011	Final 2011	16.9p
6 January 2012	Interim 2012	7.1p

Services

Shareholding enquiries
Queries on shareholdings should be addressed to Tate & Lyle's Registrar, Equiniti.

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Tel: 0871 384 2063† (for UK calls)
+44 (0)121 415 0235 (for calls from outside the UK)

www.equiniti.com
www.shareview.co.uk

† Calls to this number are charged at 8p per minute from a BT landline. Other network provider costs may vary. Lines are open from Monday to Friday, 8:30am to 5:30pm UK time (excluding UK public holidays).

Individual Savings Account (ISA)
Tate & Lyle's ordinary shares can be held in an ISA. For information, please call the Equiniti ISA Helpline on 0871 384 2244.

Tate & Lyle's website (www.tateandlyle.com) and share price information
Tate & Lyle's website provides direct links to other Group company sites and to sites providing financial and other information relevant to the Company. The share price is available on the website with a 20-minute delay. Similar information is available on many specialist websites and in several national newspapers.

Capital gains tax

The market values on 31 March 1982 for the purposes of indexation up to April 1998 in relation to capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary shares of £1 each	201.00p
Equivalent value per ordinary share of 25p	50.25p
6½% cumulative preference shares	43.50p

Tate & Lyle American Depositary Shares (ADSs)

The Company's shares trade in the USA on the over the counter (OTC) market in the form of ADSs and these are evidenced by American Depositary Receipts (ADRs). The shares are traded on the OTCQX exchange under the ticker symbol TATYY. Each ADS is equivalent to four ordinary shares. For more information, contact the Bank of New York Mellon at:

The Bank of New York Mellon, Shareowner Services, PO Box 358516, Pittsburgh, PA 15252-8516
Tel: +1 888 269 2377 (for US calls) +1 201 680 6825 (for calls from outside the USA)

On 10 April 2007, Tate & Lyle was approved for the International PremierQX tier of International OTCQX. This provides a gateway to US securities markets for international companies that are listed on a qualified international exchange. Tate & Lyle's ADR is identified with an International PremierQX logo and investors can find current financial information and other disclosure on www.otcqx.com and www.pinksheets.com.

Financial calendar

2012 Annual General Meeting	26 July 2012
Announcement of half-year results for six months to 30 September 2012	8 Nov 2012[1]
Announcement of full-year results for the year ending 31 March 2012	30 May 2013[1]
2013 Annual General Meeting	24 July 2013[1]

1 Provisional date

Dividend on ordinary shares

	2012 final	2013 interim	2013 final
Announced	31 May 2012	8 Nov 2012[1]	30 May 2013[1]
Payment date	3 Aug 2012[2]	4 Jan 2013[1]	2 Aug 2013[2]

1 Provisional date.
2 Subject to the approval of shareholders.

Dividends on 6½% cumulative preference shares
Paid 31 March and 30 September.

Electronic communications

Shareholder documents are only sent in paper format to shareholders who have elected to receive documents in this way. This approach enables the Company to reduce printing and distribution costs and its impact on the environment.

Shareholders who have not elected to receive paper copies are sent a notification whenever shareholder documents are published, to advise them how to access the documents via the Tate & Lyle website, www.tateandlyle.com. Shareholders may also choose to receive this notification via email with a link to the relevant page on the website. Shareholders who wish to receive email notification should register online at www.shareview.co.uk, using their reference number that is either on their share certificate or other correspondence.

Non-reliance statement
This annual report and accounts has been prepared solely to provide additional information to shareholders to assess the Group's strategy and the potential of that strategy to succeed and should not be relied upon by any other party or for any other purpose.

Cautionary statement
This annual report and accounts 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 may 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 annual report and accounts should be construed as a profit forecast.

Tate & Lyle PLC
Tate & Lyle PLC is a public limited company listed on the London Stock Exchange and registered in England. This is the report and accounts for the year ended 31 March 2012. More information about Tate & Lyle can be found on our website at www.tateandlyle.com.

Basis of preparation
Unless stated otherwise, the Group's financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Amortisation
Unless stated otherwise, the use of the word 'amortisation' on pages 1 to 62 in this annual report relates to the amortisation of intangible assets acquired through business combinations.

Continuing operations
Unless stated otherwise, all comments in this annual report and accounts refer to the continuing operations adjusted to exclude exceptional items and amortisation of intangible assets acquired through business combinations. A reconciliation of reported and adjusted information is included in Note 43 on page 114.

Definitions
In this report, 'Company' means Tate & Lyle PLC; 'Tate & Lyle' or 'Group' means Tate & Lyle PLC and its subsidiary and joint-venture companies.

Environmental statement
Printed at Pureprint Group, ISO 14001. FSC® certified and CarbonNeutral®.

This report is printed on Soporset offset and all of the pulp is bleached using an elemental chlorine free process (ECF). Printed in the UK by Pureprint using its alco**free**® and pure**print**® environmental printing technology, and vegetable inks were used throughout. Pureprint is a CarbonNeutral® company.

Both manufacturing mill and the printer are registered to the Environmental Management System ISO 14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

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