

3 June 2004

PRELIMINARY ANNOUNCEMENT OF RESULTS

For the year ended 31 March 2004

PRELIMINARY RESULTS TO 31 MARCH	2004	2003
	Audited	Audited
Total sales	£3,167m	£3,167m
Profit before tax, exceptional items and goodwill amortisation ¹	£227m	£228m
Profit before taxation	£224m	£187m
Diluted earnings per share before exceptional items and goodwill amortisation	33.9p	33.0p
Diluted earnings per share	32.6p	27.7p
Dividend per share	18.8p	18.3p

¹ Before exceptional credits of £5 million (2003 – charges of £33 million) and goodwill amortisation of £8 million (2003 – £8 million)

- **Profit before tax, exceptional items and goodwill amortisation reduced by 0.4%, and at constant exchange rates increased by 2.2%**
- **Diluted earnings per share increased by 2.7% to 33.9p (before exceptional items and goodwill amortisation)**
- **15% target for return on net operating assets met**
- **Net debt reduced by £83 million to £388 million**
- **Proposed total dividend increased by 2.7% to 18.8p per share**

“The overall result for this year is satisfactory, helped by a strong US business performance in local currency terms. In achieving this outturn we have overcome adverse exchange rate movements and substantially higher net raw material costs for wheat and corn in Europe in the latter part of the year. These cost increases were not fully recovered in the 2004 annual sales pricing round and therefore, as we indicated in January 2004, the 2005 financial year remains challenging for the Group.

The Group has made good progress in reducing costs, focusing the business and cutting debt. The balance sheet is stronger than it has been for several years. We are seeing increasing success from our value added growth strategy and the management team is harnessing our strengths in research and development and customer solutions to build leadership positions in our chosen markets. The recent announcement of the realignment of the sucralose business and the new joint venture with DuPont to produce Bio-3G from renewable resources are important steps towards achieving this goal.”

Sir David Lees

Chairman

Copies of the Annual Report for year ended 31 March 2004 will be available to shareholders shortly, and will be obtainable from The Company Secretary, Tate & Lyle PLC, Sugar Quay, Lower Thames Street, London EC3R 6DQ.

Chairman's Statement

Overview

In the year to 31 March 2004, the Group performed satisfactorily to produce a profit before tax, exceptional items and goodwill amortisation essentially unchanged from the prior year and up 2.2% at constant exchange rates. This was against a background of significantly higher raw material prices in the second half-year, which particularly impacted Amylum, our European cereal sweetener and starch business. The Group achieved for the first time since 1996 its target of a 15% return on net operating assets. The balance sheet continues to strengthen and net debt, which to an extent benefited from exchange translation, reduced further to £388 million, its lowest level for at least ten years.

Results

Profit before tax, exceptional items and goodwill amortisation was £227 million (2003 – £228 million) with a stronger performance from Staley, including improvements in citric acid operations, and from Eastern Sugar, both of which were experiencing difficulties in the prior year. These were offset by weaker performances at Amylum and Redpath. Profit before tax after exceptional items and goodwill amortisation was £224 million (2003 – £187 million).

Diluted earnings per share before exceptional items and goodwill amortisation for the year to 31 March 2004 were 33.9p (2003 – 33.0p) and after exceptional items and goodwill amortisation were 32.6p (2003 – 27.7p). Net debt at 31 March 2004 was £388 million (2003 – £471 million). Interest cover improved further to 9.3 times (2003 – 7.6 times).

Dividend

The Board remains committed to a progressive dividend policy. It therefore proposes a total dividend for the year of 18.8p which is covered 1.8 times by earnings before exceptional items and goodwill amortisation. This is an increase of 0.5p (2.7%) over the prior year. The proposed final dividend of 13.2p will be due and payable on 4 August 2004 to all shareholders on the register at 9 July 2004.

Directors

Iain Ferguson joined the Board as Chief Executive on 1 May 2003. Stanley Musesengwa joined the Board as an Executive Director on 2 April 2003 and was appointed Chief Operating Officer on 1 May 2003.

With effect from 1 December 2003, Richard Delbridge, who joined the Board of Tate & Lyle in September 2000, was appointed as Senior Independent Non-Executive Director and David Fish and Evert Henkes were appointed as Non-Executive Directors. Their extensive commercial knowledge and experience will further strengthen the Board.

Mary Jo Jacobi, who became a Non-Executive Director of Tate & Lyle in October 1999, has decided not to stand for re-election at the Annual General Meeting on 29 July 2004. Keith Hopkins will also be retiring at the end of the Annual General Meeting having served on the Board for nine years. The Board would like to thank Mary Jo and Keith for their commitment and wise counsel which has been of considerable value to the Group.

Corporate Social Responsibility

We have a long record as a good corporate citizen and are committed to a policy of continuous improvement in applying sound safety, environmental and social standards in our dealings with all of our stakeholders. The Annual Report sets out our policies and performance. It is pleasing to report that the Group Safety Index has improved by 14% to its lowest level since measurement began five years ago although there is no room for complacency whilst accidents occur. In March 2004, the Group was awarded the Gold Award for its 'Working with Newham' community initiative at the Food and Drink Federation Community Partnership Awards. The Group again successfully met the criteria for entry to FTSE4Good, the UK corporate social responsibility index.

Corporate Governance

Tate & Lyle has been at the forefront of good corporate governance practice for many years. Following the publication of the revised Combined Code in July 2003 the Board undertook a detailed review of its governance practices and, following the implementation of a number of relatively minor changes, Tate & Lyle is now substantially compliant with the new Code. Details of how the new Code is being or will be applied are contained in the Annual Report.

Strategy

Our strategy in recent years has been three pronged: to strengthen the financial base of the Group through improved focus; to continue as a high quality low cost producer; and to grow the value added and consumer branded product components of our business. We are financially better placed than we have been for some time to invest for growth and we shall do so mindful of the need to concentrate on our core competences.

Outlook

The overall result for this year is satisfactory, helped by a strong US business performance in local currency terms. In achieving this outturn we have overcome adverse exchange rate movements and substantially higher net raw material costs for wheat and corn in Europe in the latter part of the year. These cost increases were not fully recovered in the 2004 annual sales pricing round and therefore, as we indicated in January 2004, the 2005 financial year remains challenging for the Group.

The Group has made good progress in reducing costs, focusing the business and cutting debt. The balance sheet is stronger than it has been for several years. We are seeing increasing success from our value added growth strategy and the management team is harnessing our strengths in research and development and customer solutions to build leadership positions in our chosen markets. The recent announcement of the realignment of the sucralose business and the new joint venture with DuPont to produce Bio-3G from renewable resources are important steps towards achieving this goal.

Sir David Lees
Chairman

Chief Executive's Review

Group Performance

The 2004 financial year saw a satisfactory performance overall in a challenging environment, despite the effects of exchange rate translation and rising raw material costs in the second half of the year. Group profit before tax, exceptional items and goodwill amortisation of £227 million was similar to the prior year (2003 – £228 million). Group profit before tax after exceptional items and goodwill amortisation was £224 million (2003 – £187 million).

Net debt has reduced to £388 million at 31 March 2004 from £471 million at 31 March 2003. The net debt to EBITDA (earnings before exceptional items and before interest, tax, depreciation and goodwill amortisation) multiple has improved from 1.4 times to 1.2 times and gearing (net borrowings as a percentage of net assets) has reduced from 45% to 38%.

Group Targets

The Group set itself a number of targets and has made further progress against most of these in the year to 31 March 2004.

- Our minimum target for interest cover has been exceeded with cover at 9.3 times.
- We have met our interim target for the overall Group Return on Net Operating Assets (RONOA) to be at least 15%. We achieved 15.1%, up from 14.2% in the year to 31 March 2003. Our secondary target remains for RONOA to reach 20%.
- We have grown the contribution of value added and consumer branded products as a percentage of Group profit before interest, exceptional items and goodwill amortisation to 54%, exceeding our target of 50%.
- We have successfully completed the delivery of benefits from the Amylum integration programme with gross benefits this financial year achieving our target of £50 million.
- All businesses have been set a target on both economic and environmental grounds to reduce energy consumption on a per unit basis by 3% per year. Overall, in the 2003 calendar year, the Group narrowly failed to achieve the target, with an actual reduction of 2.3%.

Performance of Main Businesses

Staley performed better than expected. Food ingredients and industrial starches improved from higher volumes and increased gross margins. The contribution from value added products reached the highest level yet recorded. Sweetener margins were flat. Ethanol margins were higher than in the previous year. Partially offsetting these gains, costs were higher and the weak dollar reduced earnings on translation.

During the 2004 pricing round and subsequently, corn prices have been volatile and have generally increased. In the 2004 calendar year we succeeded in recovering the increase in net corn costs but, if current prices persist, we will require a significant uplift in 2005 selling prices to maintain margins, despite the mitigating impact of better by-product prices.

Decisive management action has seen the citric acid product line return to profit. The closure of our Mexican plant and the conversion of part of our UK plant to astaxanthin together with competitors' actions on capacity resulted in a better balance of supply and demand. As a consequence we achieved selling price increases in our 2004 contracts.

Higher raw material prices and increased processing costs at Amylum, caused by the high protein content of the wheat, in the second half-year offset the good performance in the first half. Sweetener volumes increased and growth in the value added product range was achieved, but starch volumes were flat. As a result of a drought in the summer of 2003, both wheat and corn prices peaked in December 2003 with increases of over 40%. Amylum was unable to recover all of this cost increase from customers in the 2004 calendar pricing round and therefore gross margins in the 2005 financial year will be lower. This was exacerbated by weaker prices for the by-product, vital wheat gluten.

The results from Amylum are below the Group's average and our return on investment in this division is unacceptable for the long term. We are undertaking a review of all aspects of Amylum's activities. Preliminary findings show that the current operations of the business are fundamentally viable but that opportunities exist for selective investment to optimise production and improve returns. A leading position in sweeteners provides an excellent platform from which to grow value added products.

Eaststarch, Amylum's joint venture operations in Central and Eastern Europe, also saw raw material prices increase due to the drought. Overall results were lower than the strong performance of 2003.

The three-year Amylum integration programme achieved the target of £50 million annual benefits and costs, at a total of £30 million, were well below the £50 million indicated at the start of the programme.

Profits in our European Union (EU) sugar operations were better than the prior year and these businesses again provided strong cash flow. There has been no news or greater clarity on progress on the renewal of the sugar regime (due on 1 July 2006) since the announcement of our interim results in November 2003. Our expectation remains that structural change is likely to be spread over a long time frame: evolution rather than revolution.

Redpath in Canada performed well albeit, as expected, below 2003 which was an exceptional year.

Performance of Other Businesses

Eastern Sugar, our European sugar beet business, continued to be impacted by the collapse of the sugar regime in the Czech Republic and remained loss making, although at a lower level than in the prior year.

No resolution has been achieved in the North American Free Trade Agreement dispute on access for high fructose corn syrup (HFCS) into Mexico and the Mexican tax on drinks containing HFCS remains in place. As a consequence, our starch business, Almex, made a lower profit than in the comparative period, whilst our sugar operation, Occidente, achieved increased profits as a result of better selling prices.

Nghe An Tate & Lyle, our cane sugar factory in Vietnam, operated well with higher volumes more than offsetting weaker selling prices. As expected, profits from sugar trading have reduced following the strong performance in 2003.

The contribution from sucralose was higher than had been expected as a result of the realignment of the sucralose business with McNeil Nutritionals (a division of McNeil-PPC, Inc., a Johnson & Johnson company) completed in April 2004 and detailed below. The 2004 results include a total of £9 million (US\$15 million) in respect of licence fees. This is because recognition of the final instalment of £3 million (US\$5 million) has been brought forward from the 2005 year. In the year to 31 March 2005 the results for the sucralose business will be reported in the Americas segment.

Sucralose Realignment

Growing the contribution from value added and consumer branded products is a key element of our strategy and the sucralose ingredients business will be a major contributor. Sucralose is an exciting growth opportunity, ideally placed to meet consumer demand for reduced calorie options in many categories including soft drinks, dairy and confectionery.

The total cash cost including capitalised expenses on the sucralose realignment of US\$137 million (£74 million) remains subject to working capital adjustments. Payment occurred after the March 2004 year-end. The pro forma profit before tax for the year to December 2003 was US\$33 million (£17 million) but we expect, as previously announced, significant one-off costs in the first year of operation. Even after these costs, we expect the return on this investment to exceed the Group's cost of capital in the year to March 2005.

We look forward to offering this impressive product alongside our existing range of food ingredients and sweeteners, improving the depth of our product coverage and positioning us uniquely to meet our ingredient customers' growing formulation needs.

Safety

Tate & Lyle is committed to providing safe and healthy conditions for its employees and visitors. Our target is continuous improvement to reduce recordable injury and lost time accident rates to zero in every plant.

We measure and report our safety performance in calendar years and, for 2003, 70% of reporting locations improved or equalled their 2002 safety performance. The Group Safety Index decreased by 14% (to its lowest level since we began recording) and the Recordable Injury Rate (injury requiring treatment beyond first aid) decreased by 7%.

Whilst these trends are encouraging, I am sorry to report that a fatal accident involving a contractor occurred at our Thames refinery in the UK on 2 March 2004 (and is not included in the above statistics which are for the calendar year 2003). This is a stark reminder to us all that, even in the most safety conscious environment, serious incidents can still occur and safety remains a daily concern.

Obesity and Health

The obesity and health issue is of major concern to us all. Tate & Lyle is committed to working together with our partners across the food chain to ensure that people have the knowledge, information and the range of foods they need to make choices that maintain a healthy lifestyle. If we ignore or shirk this challenge we will lose the trust of our consumers.

Tate & Lyle is participating in a range of initiatives to address these issues at an employee, community and industry level. In addition, we already have many products that are helping broaden the range of foods our customers offer. These include not just sucralose, a no calorie sweetener, but, for example, a range of fat replacing ingredients that are helping our customers provide their customers with new choices.

Community Involvement

Tate & Lyle's long-running community programme involves partnering with other organisations to deliver on a shared objective: to help establish strong, safe and healthy communities by investing time and resources into focused projects that directly address local needs. For example, in 2003, over two thousand primary school children took part in a safety scheme at our Thames refinery, run in conjunction with the Metropolitan Police.

Many of these partnerships have been successfully operating for a number of years and continue to gain enthusiastic support from employees. Besides being good corporate behaviour, this programme also improves relationships with our employees, both by enhancing their own local community and by making Tate & Lyle a company for which they are proud to work.

The community involvement policy is reviewed annually by the Board. The programmes are managed locally.

Conclusion

In my first full year with the Group I have been encouraged to find a significant range of opportunities available to our business and in our industry generally. I have also been impressed with the technical ability of our employees and their enthusiasm to accelerate the drive for efficiency and growth. The recent sucralose realignment and the new joint venture with DuPont clearly illustrate the opportunities that are open to us to extend the value added component of our business and create value for shareholders.

The Group has the inherent strengths of being efficient, low cost, cash generative and safety conscious. We also have issues to address, such as those we face in Amylum this year, but have both the commitment and the resources to tackle and resolve them, as we have demonstrated in our citric acid business. We have already indicated that the 2005 financial year will be challenging for Amylum. Given a return to normal weather and harvest patterns, this should only have a short term impact on our overall growth objectives.

I am certain that we have a sound platform from which to build a prosperous future.

Iain Ferguson
Chief Executive

Operating and Financial Review

Summary of Financial Results

Total sales of £3,167 million were in line with last year. Exchange rate translation and discontinued businesses reduced sales by £172 million.

Profit before interest, tax, exceptional items and goodwill amortisation reduced by 1% from £254 million to £251 million, due mainly to the exchange impact of the weaker US dollar. Profit before interest and tax after net exceptional items of £nil million (2003 – charge of £33 million) and the goodwill amortisation charge of £8 million (2003 – £8 million) was £243 million, compared with £213 million in the year to 31 March 2003.

Interest costs, before exceptional credits of £5 million (2003 – £nil), reduced from £26 million to £24 million. Interest cover improved from 7.6 times to 9.3 times.

Profit before tax, exceptional items and goodwill amortisation was £227 million, £1 million below prior year profit of £228 million, which included £11 million of unusual income, (£3 million operating profit and £8 million interest income). Profit before tax, exceptional items and goodwill amortisation at constant exchange rates increased by 2.2%, after adjusting for the £6 million adverse impact of exchange translation. Profit before tax, after exceptional items and goodwill amortisation, was £224 million compared with £187 million in the year to 31 March 2003.

Diluted earnings per share before exceptional items and goodwill amortisation for the year to 31 March 2004 were 33.9p (2003 – 33.0p). Diluted earnings per share after exceptional items and goodwill amortisation were 32.6p (2003 – 27.7p).

The Board is recommending a 0.4p per share increase in the final dividend to bring the total dividend for the year to 18.8p per share. The proposed dividend is covered 1.8 times by earnings before exceptional items and goodwill amortisation, in line with the previous year. Earnings after exceptional items and goodwill amortisation covered the dividend 1.7 times (2003 – 1.5 times).

Net debt reduced by £83 million from £471 million to £388 million, with £49 million of this reduction being due to exchange translation.

Exceptional Items and Goodwill Amortisation

Exceptional items totalled a net credit of £5 million. £11 million of this credit relates to a refund of duty, of which £5 million is included within interest. A number of items offset each other in respect of the US sugar companies, Domino Sugar and Western Sugar, which were sold in prior years. Relating to Domino, we received a final earn-out under the deferred consideration agreement and early repayment of the loan note which was in excess of book value. These items were offset by movements on provisions and payments for claims under clauses in the sale agreement. We also received a scheduled repayment of principal relating to the Western loan note.

We recorded a £3 million charge in respect of the closure of the Mexican citric acid business. The anticipated closure of a small molasses business resulted in a provision for loss on termination. This item, together with the loss on disposal of other businesses, resulted in a charge of £3 million.

Amortisation of capitalised goodwill totalled £8 million in the year (2003 – £8 million).

Segmental Analysis of Profit before Interest

The following paragraphs refer to profit before interest, tax and exceptional items but after the amortisation of capitalised goodwill. Exchange rate translation reduced Group profit before interest by £7 million.

Sweeteners & Starches – Americas: continuing activities

Profit before exceptional items and interest fell by £8 million to £127 million. Exchange rate translation reduced profits by £9 million.

Staley

Staley's cereal sweetener and starch business continued to provide good growth against a backdrop of challenging market conditions. The contribution from all major product lines was in line with or above the prior year. Growth was, once again, led by sales of higher value added food ingredients. Significantly higher corn prices were more than offset by improved by-product sales and an overall increase in selling prices.

Food ingredients benefited from recent market trends and from our increasing focus on providing product development solutions to our customers. Industrial products generated strong results despite the US paper market declining by almost 2%. Sales of industrial starches in the speciality markets increased in the year. Results for food ingredients and industrial products were also enhanced by further development of global export sales initiatives with Amylum.

The US sweetener market continues to reflect increased consumption of bottled water, as well as diet soft drinks, at the expense of nutritively-sweetened carbonated beverages. Improved pricing enabled sweetener gross margins to remain steady. The contribution from ethanol was higher as a result of increased selling prices, which reflected higher gasoline prices. Demand for ethanol continues to increase due to the banning of methyl tertiary butyl ether (MTBE) in several states.

Manufacturing operations achieved improved production throughput, but cost efficiencies were hindered by increased natural gas prices and higher maintenance expense. The impact of higher energy prices continued to be mitigated through our Group-wide conservation programme.

Our bio-gum semi-works facility remains on schedule for commissioning in July 2004. A new agglomerated dextrose plant was commissioned in Decatur, Illinois, during March 2004. The DuPont Tate & Lyle BioProducts LLP joint venture has been formed to produce Bio-3G from renewable sources, such as corn, from a new plant due to be commissioned in the first half of calendar year 2006.

At Almex, our joint venture in Mexico, high fructose corn syrup (HFCS) volumes fell compared to 2003, as the tax on beverages containing HFCS remains in place. Profits were below the prior year. Manufacturing efficiencies were realised, more than offsetting higher natural gas prices. Access into Mexico for US HFCS under the North American Free Trade Agreement remains unresolved between the Mexican and US governments.

The global citric acid market achieved a better supply-demand balance during the year. Increased market demand, and industry rationalisation by ourselves and competitors during fiscal 2004, coupled with significantly higher raw material prices in China, combined to reverse the historic decline in citric acid selling prices. This progress, along with continued cost reduction improvements, produced results for the citric acid businesses above both the prior year and internal expectations. We expect further progress in profit to be made in the year to 31 March 2005.

Our joint venture facility to produce Aquasta™, a natural source of astaxanthin which acts as a nutrient and pigment for farm-raised fish, is being commissioned. Market acceptance of Aquasta™ has been excellent with contracted volumes exceeding expectations.

North American Sugar

Redpath, in Canada, performed in line with our expectations, albeit significantly below the exceptional level of last year. Higher world freight rates and increased energy prices reduced profits, although these impacts were partially mitigated by higher sales volumes. The reduction in the world price of raw sugar resulted in a stockholding loss of £2 million compared with a £2 million gain in the previous year. In August 2003, the Toronto refinery moved to continuous operation, resulting in a significant increase in annual capacity.

Our blending and packaging operation in Niagara performed strongly, with selling prices and volumes up compared to last year.

Occidente, our joint venture cane sugar business in Mexico, enjoyed a year of record production from the campaign that ended in June 2003, as technical performance of all three mills continued to improve. The tax on beverages containing HFCS helped to drive average selling prices significantly above last year, although volumes were marginally lower. The prospects for the coming year remain good.

Sweeteners & Starches – Europe

Profit before exceptional items and interest increased by 4%, from £107 million to £111 million. Exchange rate translation increased profits by £4 million.

Amylum

Amylum, our European cereal sweetener and starch business, reported lower profits chiefly due, in the latter part of the year, to higher raw material costs and processing costs caused by the high protein content of the wheat. The dry growing season and exceptionally hot summer in Europe reduced European Union (EU) wheat production by 13% and EU maize production by 26%. Cereal prices increased sharply in the summer and again later in the year when anticipated demand from China put further pressure on world stock levels.

The wheat crop also had an exceptionally high protein content. This is extracted and sold as the most valuable by-product in the form of vital wheat gluten, and the revenue from by-products has an important impact on the net raw material cost. Vital wheat gluten is used primarily as a protein supplement by bakers. Prices for protein supplements trended lower in the second half of the year with demand from EU bakers reduced because of the higher protein content in their flour. Export volumes to the US benefited from higher demand because of dietary trends, although export selling prices were reduced by the weak US dollar.

Despite significant selling price increases, Amylum was unable to absorb the additional raw material cost in full during the 2004 annual calendar pricing round. Raw material prices have reduced from their peak, but until the outcome of current harvests is known, there remains uncertainty over cereal pricing for the second half of the year to 31 March 2005. We continue to expect lower gross margins in 2005. Sweetener volumes improved and overall starch volumes were flat, although there was good growth in the value added range. Export sales were under pressure from the strong euro in many markets.

Orsan France, the monosodium glutamate (MSG) producer that was sold on 31 July 2003, made a loss of £1 million on sales of £13 million in the period up to disposal. Capital expenditure of £3 million was required to separate the starch factory from the MSG operations which had previously been integrated.

The Eaststarch joint ventures in Central and Eastern Europe contributed less profit than the prior year. Sales prices and volumes were broadly in line with the comparative period, although all businesses suffered higher raw material prices because of the lower maize harvest in Europe. The weaker US dollar reduced the value of exports and encouraged imports. Slovakia and Hungary, where two of the businesses are located, joined the EU in the first wave of accession in May 2004. A capital project to produce higher-margin maltodextrins in Slovakia was successfully commissioned. The alcohol joint venture in France benefited from a major increase in capacity, although it also suffered from new crop higher raw material costs.

Benefits from the integration programme at Amylum and other Group operations achieved the target of £50 million annual savings at the end of the three-year project. The £30 million cost of achieving these savings compared with the original target for total costs not to exceed £50 million.

Tate & Lyle European Cane Sugar

The UK and Portuguese sugar businesses generated profits slightly above the prior year. The UK operations benefited from the impact of the stronger euro. Lower direct labour costs in the year were partially offset by an increase in expense for the main UK pension scheme following an actuarial valuation at 31 March 2003. IT costs were lower than the prior year which included costs associated with the termination of an outsourcing contract.

Capital expenditure was below depreciation with the businesses contributing strong cash flow to the Group.

Lyle's Golden Syrup celebrates its 100th year in 2004, and an increasing focus on franchising and export opportunities led to our highest ever syrup sales during the year.

Proposals to replace the current EU sugar regime in 2006 are no nearer clarification.

Eastern Sugar

The Eastern Sugar Group, our European beet sugar joint venture, operates in Hungary, Slovakia and the Czech Republic, which all acceded to the EU on 1 May 2004. While the Group reported operating losses in the year, the losses were significantly below the prior year.

The Czech Republic business continued to sustain operating losses throughout the year. The Czech constitutional court ruled in November 2002 that the sugar market regulation was not valid and this led to a price war and a collapse in domestic selling prices. Despite the government introducing a new regulation during 2003, stability was not re-established during the year. The profitability of this business is expected to be restored once the domestic market aligns with the EU sugar regime.

The Slovakian business generated higher profits than last year due to firm pricing during 2004. Profits in Hungary were lower due to the impact of increased imports on the domestic selling price.

Sweeteners & Starches – Rest of the World

Profit before exceptional items and interest decreased by £3 million to £8 million. Exchange rate translation reduced profits by £1 million.

The profits from sugar trading were somewhat below the exceptionally strong profits recognised in 2003. Lower margins in Brazil returned profits to more normal levels. Profits on sales from Thailand were higher as a result of a shortage of Thai raw sugar which increased margins.

Asian Sugar Businesses

Nghe An Tate & Lyle, the Group's cane sugar business in Vietnam, confirmed its position as the country's number one sugar producer with a record output of 140,000 tonnes in fiscal 2004. This is 46% above the previous year's record and represents 11% of total Vietnamese sugar production.

A domestic sugar surplus in the previous season depressed sales prices until the end of calendar year 2003 but the market regained equilibrium in early 2004. Consequently, sugar prices have increased and prospects for the coming year remain healthy.

Animal Feed and Bulk Storage: continuing activities

Profits before exceptional items and interest on continuing activities increased by £2 million to £6 million. Exchange translation reduced profit by £1 million.

Strong demand in European animal feeds markets, coupled with operational improvements in the supply chain, led to higher margins in this segment. A focus on international industrial markets also saw volumes increase during the year. Higher EU tariffs and increased world freight rates depressed profits within the molasses trading business.

Other Businesses and Activities

Net costs in this segment, which includes head office activities, reduced by £1 million. Exchange translation had no impact on profits.

Tate & Lyle Sucralose

The worldwide growth in sales of sucralose, the no calorie sweetener made from sugar, continued in the year. More than 3,500 products are now sweetened with sucralose and growth prospects remain strong.

Following the completion of an amendment to the Sweeteners Directive, sucralose is now approved for use throughout the EU. Member countries are currently in the process of amending their national legislation to harmonise with the Directive and this will be completed by January 2005.

Under the Global Alliance Agreement with McNeil Nutritionals (a division of McNeil-PPC, Inc., a Johnson & Johnson company), in place throughout the year, a £9 million (US\$15 million) licence fee was recognised in 2004, compared with £6 million (US\$10 million) in the comparative period. The 2004 fee included the last tranche of £3 million (US\$5 million) originally expected to be recognised in fiscal 2005.

Following the strategic realignment of its agreements with McNeil Nutritionals, completed in April 2004, Tate & Lyle is now responsible for the worldwide ingredient sales of SPLENDA[®] Sucralose* to food and beverage manufacturers. McNeil Nutritionals continues to market SPLENDA[®] No Calorie Sweetener to consumers. At its sucralose manufacturing plant in Alabama, USA, Tate & Lyle is the sole manufacturer of sucralose globally and is the exclusive supplier of sucralose to McNeil Nutritionals.

Tate & Lyle Sucralose is now well positioned to maximise the global growth of the sucralose ingredient business. The integration of this business is proceeding as planned.

** SPLENDA[®] is a trademark of McNeil-PPC, Inc.*

Tate & Lyle Reinsurance

The Group's Bermuda-based captive reinsurance company built on the return to profitability in 2003 with a small increase in underwriting profits. The profit for the year under review derived primarily from the retention of risks attributable to Group businesses. The company continues the process of running-off existing third party liabilities, of which approximately half have now been commuted or settled. A small underwriting profit was reported in the year from these third party activities.

The Group continues to believe it can minimise the effect of higher insurance costs as well as provide price and coverage stability to Group businesses by retaining risk and premium in its own reinsurance company.

Discontinued Activities

There were no activities classified as discontinued during the year. In the comparative period, Western Sugar contributed a profit of £1 million prior to its disposal in April 2002, while the US and Canadian molasses and third party liquid storage businesses made a loss of £2 million prior to their disposal in March 2003.

Interest, Tax and Dividend

Interest

The net Group interest charge before exceptional items was £24 million compared with £26 million in the year to 31 March 2003. Interest income included £6 million from the loan notes issued to the purchasers of Domino and Western.

The average net debt of Tate & Lyle PLC and its subsidiaries was £451 million, a reduction of £79 million on £530 million in the previous year. The interest rate for subsidiaries in the year when measured against average net debt was 5.1% (2003 – 5.5%). Interest cover

based on profit before interest, tax, exceptional items and goodwill amortisation of Tate & Lyle PLC and its subsidiaries improved from 7.6 times to 9.3 times.

Profit before Tax

Profit before tax but after exceptional items and goodwill amortisation was £224 million, compared with £187 million in the prior year. Exchange rate movements reduced profit before tax by £6 million.

Taxation

The Group taxation charge was £69 million (2003 – £57 million). The effective rate of tax, on profit before exceptional items and goodwill amortisation, was 29.0% (2003 – 30.7%).

Dividend

A final dividend of 13.2p will be recommended as an ordinary dividend to be paid on 4 August 2004 to shareholders on the register on 9 July 2004. This represents an increase of 0.4p per share. An increased interim dividend of 5.6p (2003 – 5.5p) was paid on 13 January 2004. Earnings before exceptional items and goodwill amortisation covered the proposed total dividend 1.8 times.

Disposals

We received £63 million proceeds from the disposal of businesses and assets during the year to 31 March 2004, compared with £60 million in the previous year.

We completed the sale of Orsan France, the MSG business, at the end of July. Having recognised an anticipated loss on disposal of £12 million last year, there was no further adjustment in the year under review. The sale of Domino, the US cane sugar refiner, was completed in November 2001. Under the terms of an earn-out clause in the sale agreement, we received deferred proceeds. A payment was made in order to settle a claim from the buyer under the representations and warranties given by Group in the disposal agreement. These netted to proceeds of £39 million.

We also received an accelerated payment in full settlement of the Domino loan notes issued as part of the consideration and a scheduled repayment of loan note principal in the year from the purchasers of Western. These, together with proceeds from the disposal of minor investments, totalled £22 million.

Proceeds from the sale of other tangible fixed assets totalled £2 million.

Retirement Benefits

The charge for retirement benefits, calculated under SSAP24, was £30 million, an increase of £6 million over the prior year. The charge for the US schemes was £5 million higher than the previous year. The charge for the main UK scheme increased by £1 million following the actuarial valuation at 31 March 2003. This valuation identified a deficit of £13 million under SSAP24. We are funding this deficit and future costs of the scheme over five years. During the year, regular cash contributions of £8 million were supplemented by additional contributions of £9 million.

SSAP24 spreads pension surpluses and deficits over the service lives of employees. Under SSAP24 the net pension asset of £9 million at 31 March 2003 increased by £2 million to a net asset of £11 million, and the US healthcare provision reduced by £17 million to £101 million.

Under FRS17 the current service cost charged against profit each year is calculated using corporate bond yields, and any change in yields generates volatility in the pensions charge. The use of market values in the balance sheet is likely to give rise to volatile changes in the amounts reported as pension assets and liabilities.

If the accounts had been prepared under FRS17, the net position for all Group defined benefit pension schemes at 31 March 2004 would have been a deficit of £150 million. This is £46 million lower than the deficit of £196 million that would have been recorded under FRS17 at 31 March 2003, and an improvement of £44 million from the deficit of £194 million at 30 September 2003. The potential US healthcare liability would have reduced from £104 million at 31 March 2003 and £101 million at 30 September 2003 to £81 million at 31 March 2004.

After taking account of deferred tax, the Group's net assets at 31 March 2004 would have reduced by £98 million from £1,016 million under SSAP24 to £918 million if the financial statements had been prepared under FRS17.

Profit before interest would have increased by £10 million, compared with a £5 million increase in the previous year, and the net interest charge would have increased by £10 million, compared with a £4 million increase in the previous year.

The total charge to profit under FRS17 would have been £30 million, in line with the charge under SSAP24.

International Financial Reporting Standards

In line with EU regulations, the Group will adopt international financial reporting standards (IFRS) as the basis upon which it will report its financial statements in the year ending 31 March 2006.

The Group is currently executing a detailed implementation project designed to effect an orderly transition from UK accounting standards. This project involves: identifying and implementing changes to reporting processes and systems; reviewing accounting policies to ensure compliance with IFRS; and presenting financial information in a manner consistent with the detailed disclosure requirements of IFRS. This project is progressing satisfactorily.

Following the first phase of the implementation project, the most significant areas of difference between current UK GAAP and current international standards for the Group have been identified, as detailed below.

Financial Instruments

The international standards, IAS32 and IAS39, set out strict criteria for achieving hedge accounting in the area of financial instruments. Failure to achieve hedge accounting for a significant proportion of Group's foreign exchange, interest rate management and commodity hedging activities could lead to increased volatility of both earnings and net assets.

Business Combinations

On acquisitions completed after 26 September 1998, the Group has capitalised goodwill and is currently amortising this to the profit and loss account over its useful economic life. The new international standard, IFRS3, does not permit the amortisation of goodwill, but requires it to be tested annually for impairment.

Retirement Benefits

The Group currently accounts for retirement benefits in accordance with SSAP24, which requires that the expected cost of providing defined benefit pension and post retirement healthcare schemes be charged to the profit and loss account so as to accrue the cost over the service lives of employees on the basis of a constant percentage of earnings. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme.

The Group has adopted the transitional disclosure requirements of FRS17 "Retirement Benefits", which was introduced in November 2000 to replace SSAP24. FRS17 differs from SSAP24 principally with regard to the choice of assumptions and in that differences between the market value of assets and liabilities of the retirement benefit schemes are recognised immediately in the balance sheet, whereas they are recognised on a smoothed basis through the profit and loss account under SSAP24.

The current international retirement benefits standard, IAS19, requires past service cost and interest cost to be recognised in the profit and loss account on a similar basis to FRS17. However, actuarial gains and losses that are recognised immediately in the Statement of Total Recognised Gains and Losses (STRGL) under FRS17 are instead recognised in the profit and loss account under IAS19, usually over the average remaining service lives of employees. The decision, announced by the IASB in December 2003, to allow companies the option of immediately recognising actuarial gains and losses through annual adjustments to equity will align accounting treatment more closely to the requirements of FRS17. The impact of accounting for the Group's retirement benefit schemes in accordance with FRS17 is set out in the notes to the financial statements contained in the Annual Report.

Adoption of IAS19 is expected to impact both the profile of expense recognised in the profit and loss account in respect of retirement benefits, and reported net assets in the Group balance sheet.

Deferred Tax

The international standard relating to deferred tax, IAS12, uses a fundamentally different basis for calculating deferred tax. IAS12 also prohibits discounting of deferred tax, currently performed by the Group as permitted by FRS19. This is expected to impact both the profile of taxation expense recognised in the profit and loss account, and reported net assets of the Group.

Share-based Payments

The international standard, IFRS2, requires companies to measure the fair value of share-based compensation schemes and expense over the life of the scheme. This is expected to reduce reported earnings.

Intangible Assets

IAS38 requires the capitalisation of certain expenditure relating to development costs, which the Group currently expenses as incurred. This is expected to lead to an increase in equity on initial adoption due to an increase in capitalised costs. On an on-going basis, impact on earnings is expected to be modest.

Cash Flow and Balance Sheet

Cash Flow and Debt

Operating cash flow totalled £289 million compared with £323 million in the previous year. There was an operating working capital outflow of £31 million (2003 – £6 million outflow). Contributions to the Group's pension funds, both regular and supplementary, reduced from £61 million in the previous year to £34 million. A net £115 million (2003 – £97 million) was paid to providers of finance as dividends and interest. Net taxation paid increased from £7 million, which included a number of refunds, to £74 million, reflecting higher payments in the UK and North America.

Plant replacement, improvement and expansion expenditure of £118 million was above depreciation of £106 million. Investment expenditure was £26 million, being primarily an investment of £15 million in the astaxanthin joint venture and an injection of funds into the Tate & Lyle Employee Benefit Trust which purchases shares to satisfy options granted under the Executive Share Option Scheme. Disposals of fixed assets and businesses generated cash of £63 million. Exchange translation, and other non-cash movements, reduced net debt by £64 million.

The Group's net borrowings fell from £471 million to £388 million.

The ratio of net borrowings to earnings before exceptional items and before interest, tax, depreciation and goodwill amortisation (EBITDA) improved from 1.4 times to 1.2 times and the gearing ratio reduced to 38% at 31 March 2004 (2003 – 45%). During the year net debt peaked at £498 million in April 2003 (April 2002 during the year ended 31 March 2003 – £605 million).

Funding and Liquidity Management

The Group funds its operations through a mixture of retained earnings and borrowing facilities, including capital markets and bank borrowings.

In order to ensure maximum flexibility in meeting changing business needs the Group seeks to maintain access to a wide range of funding sources. Capital markets borrowings include the €300 million 5.75% bond maturing in 2006, the €150 million Floating Rate Note maturing in 2007 and the £200 million 6.5% bond maturing in 2012. At 31 March 2004 the Group's long term credit ratings from Moody's and Standard and Poor's were Baa2 and BBB respectively.

The Group ensures that it has sufficient undrawn committed bank facilities to provide liquidity back-up for its US commercial paper and other short term money market borrowing for the foreseeable future. The Group has committed bank facilities of US\$510 million which mature in 2008 with a core of highly rated banks. These facilities are unsecured and contain common financial covenants for Tate & Lyle PLC and its subsidiary companies that the interest cover ratio should not be less than 2.5 times and the ratio of net debt to EBITDA should not be greater than four times. The Group monitors compliance against all its financial obligations and it is Group policy to manage the consolidated balance sheet so as to operate well within covenanted restrictions at all times.

The majority of the Group's borrowings are raised through the Group treasury company and are then on-lent to the business units on an arms-length basis.

The Group manages its exposure to liquidity risk by ensuring a diversity of funding sources and debt maturities. Group policy is to ensure that, after subtracting the total of undrawn committed facilities, no more than 30% of gross debt matures within 12 months and at least 50% has a maturity of more than two and a half years. At the end of the year, after subtracting total undrawn committed facilities, there was no debt maturing within 12 months and all debt had a maturity of two and a half years or more (2003 – 0% and 100%). The average maturity of the Group's gross debt was 4.9 years (2003 – 5.4 years).

At the year-end the Group held cash and current asset investments of £154 million (2003 – £172 million) and had undrawn committed facilities of £277 million (2003 – £348 million). These resources are maintained to provide liquidity back-up and to meet the projected maximum cash outflow from debt repayment and seasonal working capital needs foreseen for at least a year into the future at any one time.

Funding not Treated as Debt

In respect of all financing transactions, the Group seeks to optimise its financing costs. The following items are not included in net debt under UK accounting conventions.

At Amylum, the Group receives cash from selling amounts receivable from customers. The facility allows the sale of up to US\$85 million (£46 million) of receivables, and was fully utilised at both 31 March 2004 and 31 March 2003. Where financially beneficial, operating leases are undertaken in preference to purchasing assets. Commitments under operating leases to pay rentals in future years totalled £180 million (2003 – £209 million) and related primarily to railcar leases in the USA.

Net debt of joint ventures and associates totalling £66 million at 31 March 2004 (2003 – £60 million) is not consolidated in the Group balance sheet. After counter indemnities, £22 million of this debt was subject to recourse to the Group. Tate & Lyle's share of net debt of joint ventures and associates totalled £32 million.

Contingent Liabilities

The US class action claim against Staley and others concerning alleged price fixing between 1988 and 1995 referred to in the notes to last year's accounts has now been set down for trial in September 2004. Staley remains convinced that it was not involved in the alleged wrong-doing, but continues to seek a negotiated resolution of the claim so as to avoid facing the cost and uncertainty of a US jury trial. The full contingent liabilities note to be included in this year's Annual Report is reproduced as Note 9 in this announcement.

Post Balance Sheet Event

In April 2004, the Group completed the realignment of its sucralose activities with McNeil Nutritionals (a division of McNeil-PPC, Inc., a Johnson & Johnson company), achieved through the separation of that business into its constituent Ingredient and Tabletop parts. The Group acquired the sucralose ingredients business and manufacturing assets from McNeil Nutritionals for a total cash cost (including capitalised expenses) of US\$137 million (£74 million), subject to working capital adjustments. The net book value of the assets acquired by Tate & Lyle at 28 December 2003 was US\$181 million (£95 million) and the unaudited pro-forma profit before tax generated by those assets in the year ended on that date was US\$33 million (£17 million). Significant one-off costs to integrate the ingredients business are expected in the first year of operation.

Simon Gifford
Group Finance Director

TATE & LYLE

GROUP PROFIT AND LOSS ACCOUNT

	Year to 31 March 2004			Year to 31 March 2003 £ million
	Before exceptional items £ million	Exceptional items £ million	Total £ million	
Group sales	2 874	–	2 874	2 849
Share of sales of joint ventures and associates	293	–	293	318
Total sales (Note 2)	3 167	–	3 167	3 167
Group operating profit				
Before goodwill amortisation and operating exceptional items	214	–	214	219
Goodwill amortisation	(8)	–	(8)	(8)
Operating exceptional items – impairment of assets	–	–	–	(39)
Group operating profit	206	–	206	172
Share of operating profits of joint ventures and associates (Note 4)	37	6	43	35
Total operating profit	243	6	249	207
Non-operating exceptional items (Note 4):				
Write-downs on planned sales of businesses	–	–	–	(12)
(Loss)/profit on sale or termination of businesses	–	(6)	(6)	19
Loss on sale of fixed assets	–	–	–	(1)
Profit before interest	243	–	243	213
Interest receivable and similar income	27	–	27	31
Interest payable and similar charges	(50)	–	(50)	(60)
Share of net interest (payable)/receivable of joint ventures and associates (Note 4)	(1)	5	4	3
Profit before taxation (Note 3)	219	5	224	187
Taxation			(69)	(57)
Profit after taxation			155	130
Minority interests – equity			(1)	2
Profit for the year			154	132
Dividends paid and proposed			(88)	(86)
Retained profit for the year			66	46
Earnings per share (Note 5)				
Basic			32.7p	27.8p
Diluted			32.6p	27.7p

Before goodwill amortisation and exceptional items

Profit before taxation	227	228
Diluted earnings per share (Note 5)	33.9p	33.0p

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SUMMARISED GROUP BALANCE SHEET

	As at 31 March 2004 £ million	As at 31 March 2003 £ million
Fixed assets		
Intangible assets	136	154
Tangible assets	1 062	1 176
Investments	254	235
	<u>1 452</u>	<u>1 565</u>
Current assets		
Stocks	273	310
Debtors	337	398
Investments and cash at bank and in hand (Note 6)	154	172
	<u>764</u>	<u>880</u>
Creditors – due within one year		
Borrowings (Note 6)	(30)	(100)
Other	(407)	(493)
Net current assets	<u>327</u>	<u>287</u>
Total assets less current liabilities	1 779	1 852
Creditors – due after more than one year		
Borrowings (Note 6)	(512)	(543)
Other	(5)	(4)
Provisions for liabilities and charges	<u>(246)</u>	<u>(261)</u>
Total net assets	<u>1 016</u>	<u>1 044</u>
Capital and reserves		
Called up share capital	123	123
Share premium account and other reserves	501	487
Profit and loss account	365	402
Shareholders' funds	989	1 012
Minority interests	27	32
	<u>1 016</u>	<u>1 044</u>

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STATEMENT OF GROUP CASH FLOWS

	Year to 31 March 2004 £ million	Year to 31 March 2003 £ million
Operating profit	206	172
Depreciation of tangible fixed assets	106	110
Operating exceptional items - impairment of assets	–	39
Amortisation of goodwill	8	8
Change in working capital	(31)	(6)
Net cash inflow from operating activities	289	323
Dividends from joint ventures and associates	8	10
Returns on investment and servicing of finance		
Interest paid	(58)	(51)
Interest received	23	30
Dividends paid to minority interests in subsidiary undertakings	(1)	(2)
	(36)	(23)
Taxation paid	(74)	(7)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(118)	(75)
Sale of tangible fixed assets	2	1
Purchase of fixed asset investments	(11)	(15)
Sale of fixed asset investments	22	4
	(105)	(85)
Acquisitions and disposals		
Sale of subsidiaries	39	55
Acquisition of joint ventures and associates	(15)	–
	24	55
Equity dividends paid	(87)	(84)
Net cash inflow before financing and management of liquid resources	<u>19</u>	<u>189</u>
<p>Net cash inflows from exceptional items were £63 million (2003 – £56 million) comprising: sale of tangible fixed assets of £2 million (2003 – £1 million); sale of fixed asset investments of £22 million (2003 – £nil); and sale of subsidiaries of £39 million (2003 – £55 million).</p>		
Reconciliation of cash flow to net debt		
Net cash inflow before financing and management of liquid resources	19	189
Issue of shares	2	–
Changes in debt not involving cash flow:		
– Exchange movements	49	(19)
– Redemption/(amortisation) of bond discount	13	(2)
Reduction in net debt	83	168
Net debt at start of year	(471)	(639)
Net debt at end of year (Note 6)	(388)	(471)

TATE & LYLE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Year to 31 March 2004 £ million	Year to 31 March 2003 £ million
Profit for the year		
– Group	125	116
– Joint ventures and associates	29	16
	<u>154</u>	<u>132</u>
Exchange difference on foreign currency net investments	(63)	(66)
Taxation on exchange difference on foreign currency net investments	(28)	(21)
Total recognised gains and losses for the year	<u>63</u>	<u>45</u>

GROUP RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year to 31 March 2004 £ million	Year to 31 March 2003 £ million
Opening shareholders' funds	1 012	1 043
Movements during the year		
Total recognised gains and losses for the year	63	45
Dividends	(88)	(86)
Issues of shares to satisfy options exercised	2	1
Goodwill on disposals transferred to the profit and loss account	–	9
	<u>(23)</u>	<u>(31)</u>
Closing shareholders' funds	<u>989</u>	<u>1 012</u>

TATE & LYLE PLC

NOTES TO STATEMENTS

For the year to 31 March 2004

1. Basis of preparation

(a) Audited information

The financial information contained in this announcement is derived from the Group's financial statements for the year ended 31 March 2004 and does not constitute full accounts within the meaning of section 240 of the Companies Act 1985 (as amended). The Group's financial statements, on which the Company's auditors, PricewaterhouseCoopers LLP, have given an unqualified report which does not contain a statement under section 237(2) or (3) of the Companies Act 1985, will be filed with the Registrar of Companies following the Company's Annual General Meeting on 29 July 2004, subject to their adoption by shareholders.

(b) Accounting policies

The Group's accounting policies are unchanged compared with the year ended 31 March 2003.

(c) Discontinued activities

There were no activities classified as discontinued during the year. In the comparative period, Western Sugar contributed a profit of £1 million prior to its disposal in April 2002, while the US and Canadian molasses and third party liquid storage businesses made a loss of £2 million prior to their disposal in March 2003.

TATE & LYLE

NOTES TO STATEMENTS (continued)

For the year to 31 March 2004

2. Segmental analysis of sales

Year to 31 March 2004	Total £ million
Sweeteners and starches	
– Americas	1 219
– Europe	1 336
– Rest of the world	412
	2 967
Animal feed and bulk storage	195
Other businesses and activities	5
	3 167

There were no activities classified as discontinued in the year to 31 March 2004.

Year to 31 March 2003	Continuing activities £ million	Discontinued activities £ million	Total £ million
Sweeteners and starches			
– Americas	1 137	10	1 147
– Europe	1 331	–	1 331
– Rest of the world	354	–	354
	2 822	10	2 832
Animal feed and bulk storage	227	81	308
Other businesses and activities	27	–	27
	3 076	91	3 167

Included in the analysis of total sales are the following amounts relating to joint ventures and associates. In the year under review and the comparative year, all sales in joint ventures and associates arose from continuing activities.

Joint ventures and associates	Year to 31 March 2004 £ million	Year to 31 March 2003 £ million
Sweeteners and starches		
– Americas	123	145
– Europe	163	167
– Rest of the world	4	2
	290	314
Animal feed and bulk storage	3	4
Other businesses and activities	–	–
	293	318

TATE & LYLE PLC

NOTES TO STATEMENTS (continued)

For the year to 31 March 2004

3. Analysis of profit before taxation

Year to 31 March 2004	Before exceptional items £ million	Exceptional items £ million	After exceptional items £ million
Sweeteners and starches			
– Americas	127	2	129
– Europe	111	–	111
– Rest of the world	8	–	8
	246	2	248
Animal feed and bulk storage	6	(2)	4
Other businesses and activities	(9)	–	(9)
	243	–	243
Net interest expense	(24)	5	(19)
Profit before taxation	219	5	224

Included within exceptional items above is an operating credit of £6 million and an interest credit of £5 million, relating to a refund of duty. This item is disclosed within Sweeteners and starches – Americas. The other items are non-operating and are described in the Operating and Financial Review.

Year to 31 March 2003	Continuing activities £ million	Discontinued activities £ million	Before exceptional items £ million	Exceptional items £ million	After exceptional items £ million
Sweeteners and starches					
– Americas	135	1	136	(25)	111
– Europe	107	–	107	(12)	95
– Rest of the world	11	–	11	4	15
	253	1	254	(33)	221
Animal feed and bulk storage	4	(2)	2	1	3
Other businesses and activities	(10)	–	(10)	(1)	(11)
	247	(1)	246	(33)	213
Net interest expense			(26)	–	(26)
Profit before taxation			220	(33)	187

Included within exceptional items above is an operating exceptional charge of £39 million, taken primarily to write down the assets of the US and Mexican citric acid businesses to their recoverable values. The operating exceptional item is disclosed within Sweeteners and starches – Americas (£38 million) and Other businesses and activities (£1 million).

The figures in the two tables above include the amortisation of capitalised goodwill charged to the ongoing activities of the sweeteners and starches businesses as follows: Americas £4 million (2003 – £4 million); Europe £4 million (2003 – £4 million).

TATE & LYLE

NOTES TO STATEMENTS (continued)

For the year to 31 March 2004

4. Exceptional items

Year to 31 March 2004	Profit/(loss) before tax £ million	Tax £ million	Minority Interests £ million	Profit/(loss) for the year £ million
Operating exceptional – duty refund	6	(2)	–	4
Loss on sale or termination of businesses	(6)	–	1	(5)
Interest exceptional – duty refund	5	(2)	–	3
	<u>5</u>	<u>(4)</u>	<u>1</u>	<u>2</u>

Year to 31 March 2003	Profit/(loss) before goodwill and tax £ million	Goodwill reinstated £ million	Profit/(loss) before tax £ million	Tax £ million	Minority Interests £ million	Profit/(loss) for the year £ million
Operating exceptional items – impairment of assets	(39)	–	(39)	13	3	(23)
Write-downs on planned sales of businesses	(3)	(9)	(12)	–	–	(12)
Profit on sale of businesses	19	–	19	–	–	19
Loss on sale of fixed assets	(1)	–	(1)	–	–	(1)
	<u>(24)</u>	<u>(9)</u>	<u>(33)</u>	<u>13</u>	<u>3</u>	<u>(17)</u>

Net cash inflows of £63 million (2003 – £56 million) were received in respect of exceptional items.

5. Earnings per share

Basic earnings per share is calculated by dividing profit after taxation, minority interests and preference dividends of £154 million (2003 – £132 million), by the weighted average number of ordinary shares in issue during the period of 471.4 million shares (2003 – 474.3 million shares). For this purpose, the weighted average number of ordinary shares in issue excludes an average of 10.9 million shares (2003 – 7.7 million shares) held by an ESOP trust that have not vested unconditionally in the participating employees.

Diluted earnings per share take into account the dilutive effect of share options outstanding under the Company's employee share schemes.

Diluted earnings per share before the amortisation of capitalised goodwill and exceptional items is presented in order to assist in the understanding of the underlying performance of the Group's business.

	Year to 31 March 2004			Year to 31 March 2003		
	Earnings £ million	Shares millions	Earnings per share pence	Earnings £ million	Shares millions	Earnings per share pence
Basic	154	471.4	32.7	132	474.3	27.8
Dilutive effect of share options	–	1.2	(0.1)	–	2.0	(0.1)
Diluted	<u>154</u>	<u>472.6</u>	<u>32.6</u>	<u>132</u>	<u>476.3</u>	<u>27.7</u>
Goodwill amortisation	8	–	1.7	8	–	1.7
Exceptional items	(2)	–	(0.4)	17	–	3.6
Diluted before goodwill amortisation and exceptional items	<u>160</u>	<u>472.6</u>	<u>33.9</u>	<u>157</u>	<u>476.3</u>	<u>33.0</u>

TATE & LYLE

NOTES TO STATEMENTS (continued)

For the year to 31 March 2004

6. Analysis of net debt

	31 March 2004 £ million	31 March 2003 £ million
Investments and cash at bank and in hand	154	172
Borrowings due within one year	(30)	(100)
Borrowings due after more than one year	(512)	(543)
Net debt	(388)	(471)

7. Exchange rates

	Average rate		Year end rate	
	Year to 31 March 2004	Year to 31 March 2003	31 March 2004	31 March 2003
US Dollar £1 = \$	1.69	1.54	1.84	1.58
Euro £1 = €	1.44	1.56	1.49	1.45
Canadian Dollar £1 = C\$	2.29	2.40	2.42	2.33

8. Net margin analysis (profit before interest as a percentage of total sales)

	Year to 31 March 2004 All activities %	Year to 31 March 2003	
		Continuing activities %	All activities %
Before goodwill amortisation and exceptional items			
Sweeteners and starches			
– Americas	10.7	12.2	12.2
– Europe	8.6	8.3	8.3
– Rest of the world	1.9	3.1	3.1
Sweeteners and starches average	8.6	9.2	9.3
Animal feed and bulk storage	3.1	1.8	0.6
Group	7.9	8.3	8.0
After goodwill amortisation and exceptional items			
Sweeteners and starches			
– Americas	10.6		9.7
– Europe	8.3		7.1
– Rest of the world	1.9		4.2
Sweeteners and starches average	8.4		7.8
Animal feed and bulk storage	2.1		1.0
Group	7.7		6.7

TATE & LYLE PLC

NOTES TO STATEMENTS (continued)

For the year to 31 March 2004

9. Contingent liabilities

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

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

Outstanding claims include the action against, inter alia, A E Staley in the Illinois Federal District Court which arose after the grand jury investigation concerning alleged high fructose corn syrup price fixing during the period 1988 to 1995. This class action was filed in 1995 and is proceeding to a civil jury trial despite the disbanding of the grand jury in 1999 with no indictments being brought. In February 2004, Cargill, Inc. and a member of its group settled the claims against them for US\$24 million (£13 million) without admission of liability. This leaves A E Staley as one of the two remaining defendants with Archer Daniels Midland Company. The claims in the action are for US\$1.4 billion (£780 million) subject to tripling in the event of an adverse finding. A E Staley remains convinced that it was not involved in the alleged wrong-doing and, if the matter does proceed to trial, is confident that this will be borne out by the evidence. Nevertheless, A E Staley continues to seek a negotiated resolution of the claim so as to avoid facing the cost and uncertainty of a US jury trial, although there is no certainty that it will succeed in reaching a settlement, nor as to the amount of any settlement. The Company believes that the circumstances existing in this case do not permit a reliable estimate of the outcome and accordingly no provision has been made for this in the accounts.

TATE & LYLE PLC

NOTES TO STATEMENTS (continued)

For the year to 31 March 2004

10. Ratio analysis

	Year to 31 March 2004	Year to 31 March 2003
Net Borrowings to EBITDA – Tate & Lyle PLC and its subsidiaries		
<u>Net borrowings</u>	<u>388</u>	<u>471</u>
Pre-exceptional EBITDA	<u>320</u>	<u>329</u>
	= 1.2 times	= 1.4 times
 Gearing		
Gearing = <u>Net borrowings</u>	<u>388</u>	<u>471</u>
Total net assets	<u>1 016</u>	<u>1 044</u>
	= 38%	= 45%
 Interest Cover – Tate & Lyle PLC and its subsidiaries		
= <u>Operating profit before goodwill amortisation and exceptional items</u>		
Net interest payable (before exceptional items)	<u>214</u>	<u>219</u>
	<u>23</u>	<u>29</u>
	= 9.3 times	= 7.6 times
 Dividend Cover before goodwill amortisation and exceptional items		
= <u>EPS (basic)</u>		
Total ordinary dividend/share	<u>34.0</u>	<u>33.1</u>
	<u>18.8</u>	<u>18.3</u>
	= 1.8 times	= 1.8 times
 Return on Net Operating Assets		
= <u>Profit before interest, tax and exceptional items</u>		
Average net operating assets	<u>243</u>	<u>246</u>
	<u>1 609</u>	<u>1 736</u>
	=15.1%	= 14.2%
 Net operating assets are calculated as:		
Total net assets	<u>1 016</u>	<u>1 044</u>
Add back: Net borrowings	<u>388</u>	<u>471</u>
Add back unallocated liabilities – dividends and tax	<u>155</u>	<u>144</u>
Net operating assets	<u>1 559</u>	<u>1 659</u>
 Average net operating assets	 <u>1 609</u>	 <u>1 736</u>

Webcast and Conference Call

A presentation of the results by Chief Executive, Iain Ferguson and Group Finance Director, Simon Gifford will be audio webcast live at 10.00am (BST) today. To view the presentation slides and/or listen to a live audio webcast of the presentation, visit <http://cm01.vavos.net/xl?preid=64094> or http://www.tateandlyle.com/TateAndLyle/ir_investor_relations/results/default.htm Please note that remote listeners will not be able to ask questions during the Q&A session. A webcast replay of the presentation will be available for six months, at the links above.

In addition a conference call for analysts and investors will be held today at 15.00 (BST), 10.00am (Eastern).

Dial In (US): (913)981-5509 - Toll, (800)289-0730 - Toll Free

Dial In (UK): +44(0)207 784 1020 - Toll, 0800 559 3272 - Toll Free

A replay is scheduled to run from 3 June to 10 June, 2004

Replay (US): (719)457-0820 - Toll, (888)203-1112 - Toll Free (Passcode: 504622)

Replay (UK): +44(0)207 784 1024 - Toll, 0800 559 3271 - Toll Free (Passcode: 504622)