

# Interim Results Presentation

**PLEASE** turn off mobile  
phones and blackberries

# Interim Results Presentation

Iain Ferguson, Chief Executive

31 October 2007

Good morning and thank you for joining us today for Tate & Lyle's interim results presentation.

## Agenda

Key Results and Overview	Iain Ferguson
Financials	John Nicholas
Operating review	Iain Ferguson
Conclusion and Outlook	Iain Ferguson

I am going to give a brief overview of what has turned out to be a rather difficult year to date. I will also update you on a number of the structural changes we have made during this year of transition.

John will talk you through the detailed financial results and then I will run through some of our key operational factors and comment on the outlook for the remainder of the financial year.

I am sure you have all seen the press release up on the screens this morning, but here is a quick recap.

## Key Results

### Six months to 30 September 2007

Continuing business*		vs six months to 30 September 2006	
Profit Before Tax <sup>1</sup>	£120m	Down 14%	} Constant currency
Margin <sup>1</sup>	8.5%	Down 1.7 % points	
Core Value-Added Food Ingredient Operating Profit	£45m	Up 18%	
Diluted EPS <sup>1</sup>	15.8p	Down 23%	
Dividend	6.5p	Up 0.3p, 5%	

\*Continuing business excludes Redpath, Eastern Sugar, TALFIE (disposed plants)  
<sup>1</sup> Before exceptional items and amortisation of acquired intangibles

4

We will talk about continuing businesses unless specifically stated to the contrary and also discuss movements over the prior year in constant currency terms so you can see the underlying performance of our business. The discontinued businesses are Redpath, the "TALFIE Disposed Plants" which are the five European starch plants whose sale we have just completed, and Eastern Sugar.

Profit before tax, exceptional items and amortisation for the continuing businesses was £120m, down 14% in constant currency. The single biggest factor with an £18m adverse movement year-on-year was in international Sugar Trading where a loss this half year compared with a strong performance in the comparative period.

If we include the £10m translation effect of the weaker US dollar, which also went against us, profit before tax was lower by £29m or 19%.

The overall margin on sales decreased 1.7 percentage points to 8.5%.

Our operating profit from our core value added food ingredients increased 18% to £45m.

Diluted earnings per share using actual exchange rates fell 23% to 15.8p.

Notwithstanding the difficult first half, the Board has again increased the interim dividend, this time by 5% to 6.5p per share, reflecting continued confidence in the business and the Group's strategy.

In summary, a somewhat disappointing start to the year despite progress in growing our contribution from the value added food ingredient portfolio.

## Key Factors Six months to 30 September 2007

### Ingredients, Americas

- Strong performance in US value-added food ingredients – profit up 17%
- Normalisation of US ethanol prices and margins
- Weaker HFCS volume offset by price increases
- GMO corn gluten feed dispute

### Ingredients, Europe

- Increasing European cereal prices

### Sugars

- Difficult EU sugar market conditions continue
- Sugar trading loss

### Group

- Increased tax rate
- Weaker US\$

5

Food and Industrial Ingredients, Americas is the largest profit contributor to the value added food ingredient sector where profit increased by 17% over the same period last year.

While we are experiencing quite acceptable returns from ethanol, there was no repeat of the "supra-normal" prices achieved a year ago.

The decline in consumption of nutritive carbonated soft drinks in the US is reflected in lower HFCS volumes, and we are taking our share of this reduction. However, the corn wet-milling industry fundamentals remain strong and sweetener price increases have off-set the reduced volume when we look at the results in constant currency.

The dispute between Europe and the US which has caused a number of delays to the approval of certain GMO strains within US-sourced corn gluten feed has caused our US corn gluten feed price not to rise in line with higher corn costs.

We believe this had also caused the actual prices realised to be lower than the published benchmarks used in some customer contracts during the first half of this financial year. Prices are today rather firmer because of stronger demand in the Americas. However the 2007 harvest of US corn contains new GMO strains that will also require EU approval before exports can be made.

EU cereal prices soared after the poor summer in Europe coupled with low stocks globally. While this confirmed the logic behind the sale of the five TALFIE starch plants, the impact in the first half was off-set by a good pricing round from 2007. However, the higher corn prices will affect the retained part of the business in the second half. I will return to this later.

The EU sugar market remains in oversupply as the Regime reforms, to date, have not seen the surrender of sufficient quota, making pricing very competitive.

As I have already mentioned, in international Sugar Trading we made a loss of £5m this half year compared with a £15m profit last half year. After £2m adverse on exchange translation, the movement between the two periods was £18m in constant currency. I will explain the role trading plays in our sugar business later on.

John will discuss the details of the loss and our subsequent actions and also the tax rate for the continuing businesses. I appreciate these last two factors, in particular, came as a surprise in our September trading update. We have learnt a number of lessons from this, which we are implementing as we go forward. We have also taken a number of actions to improve internal efficiency.

As I already mentioned, the translation impact, primarily from the weaker US dollar, on profit before tax is £10m. The strength or weakness of the US dollar has an increasingly significant impact on our performance as close to 80% of the continuing businesses report their earnings in dollars.

## We are in a year of transition

### Reducing exposure to commodities

#### Redpath

Sale completed in April 2007



£8m profit in FY2007  
 £131m consideration

#### Occidente

Agreement reached for sale of 49% shareholding



£6m profit in FY2007 (Tate & Lyle's share)  
 £46m consideration

### Reducing exposure to regulated markets

#### European starches

Sale of 5 starch plants in Western Europe in September 2007



£38m profit in FY2007  
 £209m consideration

#### Eastern Sugar

Surrender of 280k tonnes of sugar beet quota



£10m profit in 2007 (Tate & Lyle's share)  
 £51m cash receivable in two tranches FY2009

Before I hand you over to John, I would like to spend a few minutes on the further significant steps we have taken to reduce the impact of our exposure to volatile commodity markets and regulated regimes.

We have completed the disposal of Redpath in Canada for a headline price of £131m, and agreed the sale of our 49% stake in Occidente, our sugar producer in Mexico for £46m. We have also completed the disposal of the five Ingredients, Europe starch plants for £209m. Eastern Sugar has ceased production and we will receive £51m from the Restructuring Fund in the financial year ending March 2009.

## We are in a year of transition

### Managerial changes

#### **Delayering and refocusing**

New structure will help promote greater transparency and accountability for our business

### Value added bolt-on acquisition

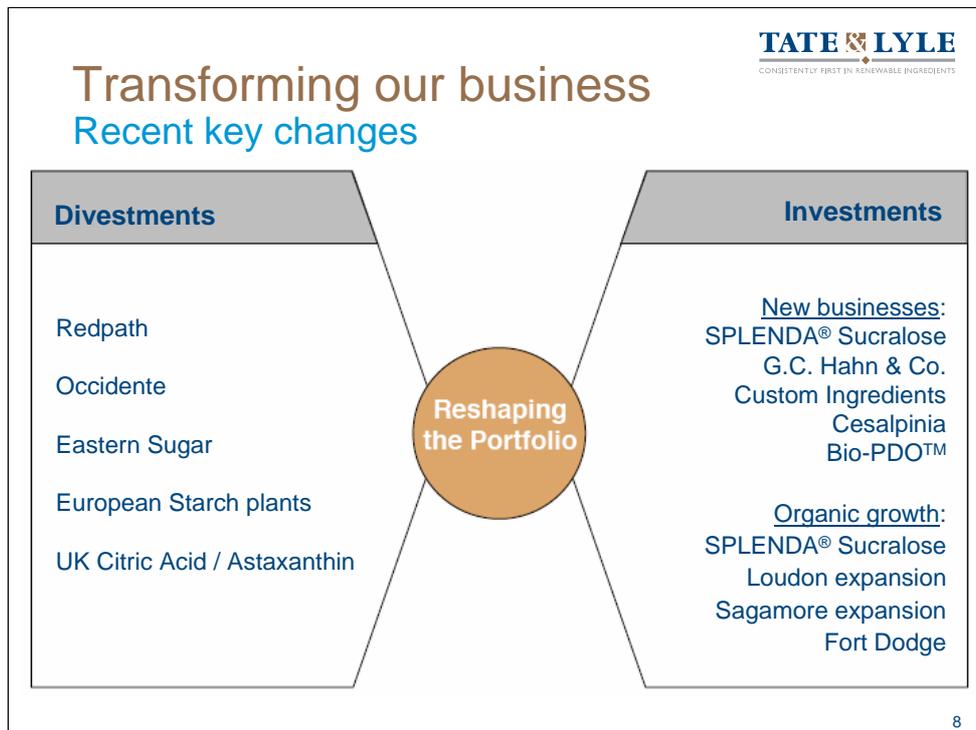
#### **G.C. Hahn & Co.**

80% investment in European leader in dairy stabiliser systems completed in June 2007 for £79m



I have introduced some management changes that better match the needs of our restructured business. I have divided the business into four distinct groups. There will be two operating groups, Americas – comprising the Food & Industrial Ingredients, Americas in its current form – and International, which will comprise our remaining businesses and operations. Within International, responsibility for our sugar businesses will be brought under one management team. There will be two support groups: R&D and Corporate. R&D and innovation management are critical drivers for the future of the organisation and will report directly to me. I believe this new structure promotes greater transparency and accountability by de-layering the organisation and shortening lines of communication.

We completed our acquisition of G.C. Hahn, increasing our value added offering.



I would like to reflect on how we have been re-shaping our portfolio. With the exception of UK Citric Acid, which was also affected by changes to the EU Sugar Regime, and astaxanthin, I have talked already about the divestments on the left side of this slide.

On the right side I show recent investments. These are through two routes. The first is investments in new businesses - SPLENDA® Sucralose a few years back, but also in the three blending and ingredient solutions companies and into the field of bio-materials though Bio-PDO™. The second route is through organic growth in sucralose, US starch value added ingredients and ethanol. Now I will hand you over to John.

# Interim Results Presentation

John Nicholas, Group Finance Director

31 October 2007

Good Morning

## Agenda

Key Results and Overview	Iain Ferguson
<b>Financials</b>	John Nicholas
Operating review	Iain Ferguson
Conclusion and Outlook	Iain Ferguson

Most of my presentation today will focus on our continuing business, but I thought I should start with the total results for the Group.

## Financial Performance

### Six Months to September

#### Total business

£m	2007	2006
Sales	2,006	2,039
Adjusted operating profit*	185	193
Operating margin	9.2%	9.5%
Profit before tax*	163	173
Diluted earnings per share*	23.1p	24.3p
Operating cash flow	217	251
Net debt	840	771

\* Before exceptional items and amortisation of acquired intangibles

11

As expected, our profits are lower than last year, due primarily to a combination of disposals, exchange translation, and a particularly disappointing performance on sugar trading.

Operating cash flow of £217m includes the receipt in full of £72m transitional aid for our European sugar business. This, and the Redpath sale proceeds of £131m, helped to reduce net debt to £840m. The initial proceeds of £197m from the sale of the five TALFIIE starch plants were received on 1 October, so are recorded as a receivable in these half year accounts.

## Income Statement

### Six Months to September

#### Continuing business #

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£m	2007 (£1=\$2.00)	2006 (£1=\$1.85)	At reported rates	At constant currency
<b>Continuing operations:</b>				
<b>Sales</b>	1,662	1,645	+1%	+8%
<b>Adjusted operating profit*</b>	142	168	(15)%	(10)%
Net finance costs	(22)	(19)	(16)%	(22)%
<b>Adjusted profit before tax*</b>	120	149	(19)%	(14)%
Exceptional items	(30)	-		
Intangible asset amortisation	(6)	(4)		
<b>Profit before tax</b>	84	145	(42)%	
Tax	(41)	(47)	13%	
<b>Profit from continuing operations</b>	43	98	(56)%	
<b>Diluted earnings per share from continuing operations*</b>	15.8p	20.4p	(23)%	

\* Before exceptional items and amortisation of acquired intangible assets  
# Excluding Redpath, Eastern Sugar and TALFIE (disposed plants)

12

Turning to our continuing operations, adjusted PBT of £120m was £29m lower than the prior year. £10m of this is due to exchange translation. As a rule of thumb you can assume that each one cent change of the exchange rate currently impacts our results by about £1.2m.

I should remind you that the average exchange rate for the whole of last year was \$1.89. If a rate of \$2.04 to the pound prevails for the second half we will have an average for the year of about \$2.02. So 13 cents at £1.2m would drive a £16m impact on full year results, £10m in the first half and £6m in the second half.

Net Finance costs are higher than last year, I indicated last May that our interest costs would increase by about £11m this year due to completing capex projects, and expensing, rather than capitalising, associated interest costs going forward. Our projects at Loudon and Sagamore are slightly delayed so the impact on interest from capex projects this year will be lower at about £8m.

Once these projects are complete, expensing previously capitalised interest costs will add about another £8m to interest next year and the finalisation of Fort Dodge will similarly add about another £5m of interest in 2009/10.

Our forecast tax rate for the year on continuing operations is 34.4% and I expect a substantial saving from this next year. I'll come back to tax later.

I'll cover exceptional items on the next slide but before I leave this one...diluted earnings per share for continuing operations was 15.8 pence.

So to exceptional items.

## Exceptional items

### Six Months to September

£m	Total	Discont'd#	Continuing
Disposal of Redpath	59	59	-
Disposal of TALFIIE	(29)	1	(30)
<b>Exceptional Items</b>	<b>30</b>	<b>60</b>	<b>(30)</b>

# Discontinued operations represent Redpath, Eastern Sugar and TALFIIE (disposed plants)

13

We've now incorporated the accounting for the sale of Redpath and the TALFIIE disposal.

The closing adjustments on the Redpath disposal have been concluded with the result that the gain was £59m, slightly higher than we previously indicated. On TALFIIE there are still some matters to be agreed with Tereos. The social plan for the restructuring has now been agreed with the Works Council, at a significantly higher cost than we previously factored in. As a consequence, the net loss will be higher than previously estimated at £29m.

The process of separating the Central Functions currently provided from Aalst should be completed by early in 2008.

## Key Financial Indicators Six Months to September

		2007	2006
Effective tax rate § (%)	– Total operations	29.4	30.1
	– Continuing operations	34.4	31.5
RONOA (%)		17.8	21.0
Net Debt / EBITDA §		1.7x	1.6x

§ Before exceptional items and total amortisation

14

This next slide shows our key financial indicators and I'd like to deal with the tax rate here.

I said at the prelims meeting in May that I thought we could do better on tax, as this has been a relatively low priority area for Tate & Lyle in the past. To that end I have merged our US and European tax departments, and have brought in new management and new advisors.

We've developed an internal financing plan which, subject to expected regulatory approval, will deliver substantial, real, ongoing savings to the Group. At the AGM in July, we said that our tax management work was making good progress and that we expected some modest benefit in the current financial year and substantial savings next year and beyond. That was, and remains, the case.

Where we went wrong was in not also identifying at that time, that the planned disposal of part of TALFIIE (with its associated tax losses) would leave the underlying tax rate of the continuing T&L business at about 34% compared with about 30% for the Group including TALFIIE. It would have been difficult to have given accurate guidance on this matter in July, as disposal discussions had only just concluded, but I should have flagged the issue – an error which I very much regret.

## Effective Tax Rate Six Months to September

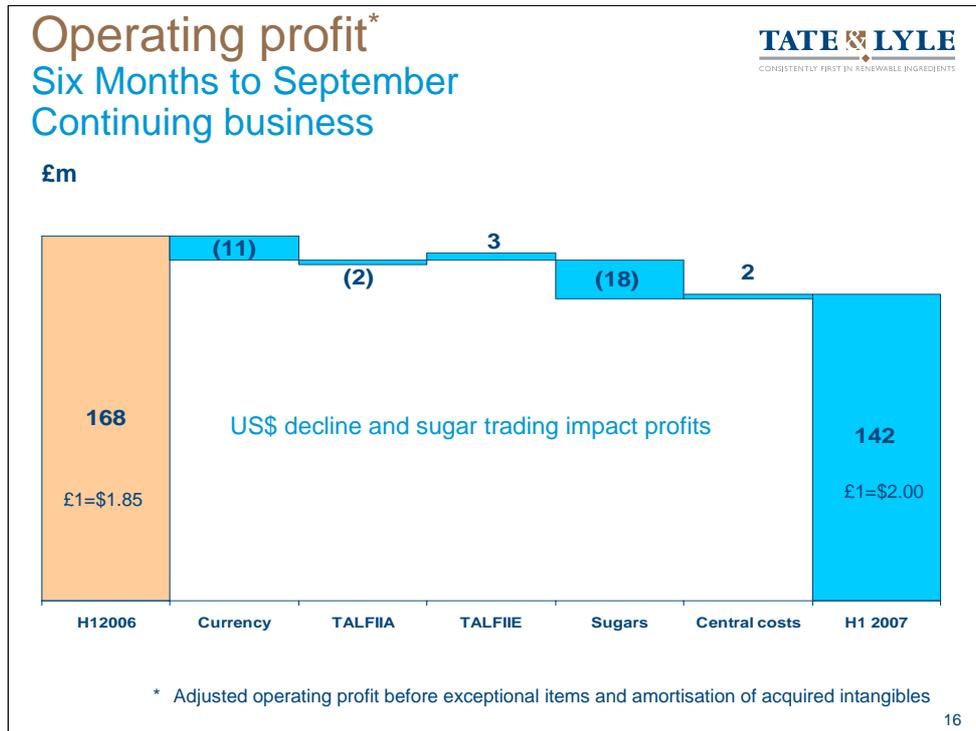
£m	2007			2006		
	Continuing	Discont'd	Total	Continuing	Discont'd	Total
Profit before tax	84	103	187	145	24	169
Tax	(41)	(7)	(48)	(47)	(5)	(52)
<b>Reported tax rate</b>	<b>48.8%</b>	<b>6.8%</b>	<b>25.7%</b>	<b>32.4%</b>	<b>20.8%</b>	<b>30.8%</b>
Adjusted profit before tax*	120	43	163	149	24	173
Adjusted tax *	(41)	(7)	(48)	(47)	(5)	(52)
<b>Adjusted tax rate</b>	<b>34.4%</b>	<b>16.3%</b>	<b>29.4%</b>	<b>31.5%</b>	<b>20.8%</b>	<b>30.1%</b>

\* Before the impact of exceptional items and amortisation of acquired intangibles

15

This slide shows the tax rate on the continuing, discontinued and total businesses. Before the adjustment for exceptional items and amortisation, the comparison of reported tax rates is distorted. After the adjustment you can see the effective tax rates, if you look at the bottom right hand corner of each year in the "total" column and the "adjusted tax rate" row. You can see that the effective tax rate in both this and last first half was around 30%. The continuing businesses' effective rate on this basis is 34.4% as a higher proportion of the continuing businesses' earnings are now in the US where tax rates are some of the highest in the Group. The year on year change in sugar trading earnings, which carry a low tax rate, increases the proportion of higher tax, US earnings compared with the previous half year. You can see the earnings of discontinued businesses, where taxable profits were covered by historic tax losses, have a lower rate.

So where does that leave us? Our tax management work is still expected to deliver substantial savings. Whilst we are confident of regulatory clearance, there is a small chance of a one-off tax cost in implementation. Subject to this, we anticipate that our tax rate for the next financial year will be in the high twenty percent range. Exactly where the tax rate will come out will depend on the geographic mix of our profits. I'll update you again at the full year.



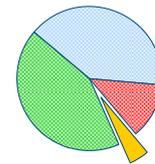
I thought it might be helpful to provide an operating profit bridge to illustrate the principal changes year on year. I'll talk about the divisions in a moment. As you can see, the major factors behind the reduction in operating profits were the exchange rate and the downturn in sugars. Central costs are £2m lower due to a favourable £4m settlement on an insurance claim, partly offset by some one-off project costs. We are working hard on our central costs following recent changes to the Group and have a project team established. We'll update you on this work at the year end.

Now to the divisions, first Sucralose.

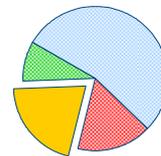
## Sucralose Six Months to September

£m	2007	2006	At reported rates	At constant currency
Sales	70	73	-4%	+4%
Profit before interest*	32	34	-6%	0%
Margin*	45.7%	46.6%	-90pts	

4% Sales



21% PBI\*



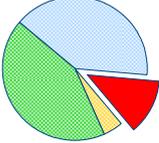
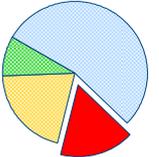
- Successful Singapore plant start up
- Higher depreciation costs of £13m in this financial year
- Average sales prices increased
- Customers' excess inventory

\* Before exceptional items and amortisation of acquired intangible assets 17

Commissioning of the Singapore plant has gone very well and we now have granulated product available for customers. Starting up the plant as you know has increased our depreciation costs by about £13m this year but we have largely offset that by higher average sales prices and some cost reductions. We do know that a few customers continue to hold excess inventory so growth rates will be depressed as this is worked off. Overall we had a solid first half and our expectations for the year are unchanged – any profit growth is likely to be modest.



## Food & Industrial Ingredients, Europe TATE & LYLE Six Months to September Continuing business

£m	2007	2006	At reported rates	At constant currency	
Sales	208	157	+32%	+37%	13% Sales 
Profit before interest*	26	23	+13%	+13%	17% PBI* 
Margin*	12.5%	14.6%	-210pts		

- EU sugar regime controls sweetener prices
- Corn prices increased dramatically
- 2008 pricing round uncertain
- GC Hahn profit contribution £1m

\* Before exceptional items and amortisation of acquired intangible assets 19

The other business affected by the Sugar Regime is Ingredients Europe.

The results shown on this slide are the continuing business of Eaststarch, the Koog speciality starch plant in the Netherlands, together with our bolt-on acquisitions, Cesalpina and Hahn.

Taking Eaststarch and Koog together, profits were slightly ahead of last year at £23m. Approximately two thirds of what we produce is sweeteners where sales prices are controlled by the Sugar Regime. The remaining third is a combination of industrial starches and value added food ingredients. You probably all know that cereal costs have increased by about 50% in just four months and Iain will talk more about this later. We buy approximately 2m tonnes of corn each year. But we only own a part share of these businesses so you should work on a £10 per tonne price change affecting our cost base by about £8m.

We do buy corn for future delivery where we can, but in a period of rising prices it's not surprising that farmers delay selling for as long as they can, and that's what has happened. Clearly what we need to do, is recover as much of the higher raw material costs as we can, by higher sales prices for industrial and value added starches – where prices are not influenced by the Sugar Regime.

However, the market is highly competitive, and it's too early to predict the outcome of the 2008 pricing round, so at this stage we're expecting only modest profits for this business in the second half compared to the £17m we achieved for the division in the second half of last year.

The bolt-on acquisitions have done well, contributing profits of £3m of which £1m was a first time contribution from Hahn.

We're pleased with the Hahn business and believe it is a good addition to Tate & Lyle.

## Food & Industrial Ingredients, Americas Six Months to September

**TATE & LYLE**  
CONSISTENTLY FIRST IN RENEWABLE INGREDIENTS

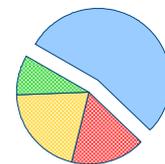
£m	2007	2006	At reported rates	At constant currency
Sales	671	615	+9%	+18%
Profit before interest*	84	93	-10%	-2%
Margin*	12.5%	15.1%	-260pts	

- Ethanol profit decline
- HFCS volumes / pricing
- Corn gluten feed
- Astaxanthin loss of £5m (including closure costs)
- Value added +11% (excluding Astaxanthin)

40% Sales



53% PBI\*



\* Before exceptional items and amortisation of acquired intangible assets 20

The last division is Ingredients, Americas.

Overall as you can see, profits were broadly flat in local currency but that masks some ups and downs.

We flagged last May that we expected ethanol profits to be lower and they were, about £6m lower in constant currency, in line with our expectations. HFCS prices and margins benefited from the pricing round last year, and were favourable, but some of this advance was offset by lower volumes. You know that the CSD market is in long term decline at 2-3% p.a. That was compounded by a poor summer in the US and volume declines for the industry ran at about 4%. Overall, HFCS is still a good business for us that should contribute increased profits this year.

I know some of our comments on corn gluten feed may have been confusing, so I'll try to explain. An increasing number of our customers choose to contract with us on a toll processing basis.

That means that they take responsibility for procuring the corn but we take responsibility for processing costs and selling by products.

What has happened, is that both corn and by product prices have increased over last year but...there has been a surplus of corn gluten feed in the US due to the constraint on exports to Europe, so prices did not rise in line with corn costs as can usually be expected, and have also failed to reach the benchmarks we expected when we negotiated the toll contracts. Hence the lower levels of profit. To put this in context in a typical year we would expect to sell 1.5m tonnes of corn gluten feed, and for the three months that the market was depressed, we estimate the impact on price was between \$10 and \$15 per tonne, so in total around \$5m.

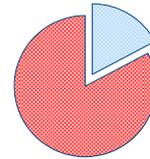
You are aware that we have recorded £5m of losses and closure costs for Astaxanthin.

The good news is value added ingredients. The capacity expansion at Sagamore is now in production and we've seen value added profits overall grow by 11%, winning share in a growing market. I have stripped astaxanthin out from both periods as otherwise the closure costs would distort this comparison.

## Discontinued operations Six Months to September

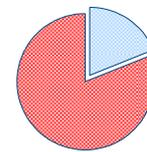
£m	2007	2006	
Sales	344	394	-13%
Profit before interest*	43	25	+72%
Margin*	12.5%	6.3%	+620pts

17% Total Sales



- Redpath
- Eastern Sugar
- TALFIE (disposed plants)

22% Total PBI\*



\* Before exceptional items and amortisation of acquired intangible assets 21

A brief word about discontinued operations for completeness, here are the first half results. The sugar businesses in Canada and Eastern Europe contributed slightly lower profits than last year, but the wheat starch plants of TALFIE had an exceptional first half. The team managed to negotiate good price increases at the turn of the year and had sourced much of the wheat raw material with contracts for future delivery. We're relieved to have completed the sale when we did, as the prospects for the second half are very poor indeed.

## Disposals

### Six Months to September

£m	2007		2007
	Redpath	TALFIE	Occidente Pro forma
<b>Headline Proceeds:</b>	131	209	46
- Adjustments*	8	5	-
<b>Reported proceeds (net of costs)</b>	<b>139</b>	<b>214</b>	<b>46</b>
Profit/(loss) on disposal before tax included in:			
- Operating profit	-	(30)	-
- Discontinued operations	59	1	10
<b>Total pre tax profit/(loss)</b>	<b>59</b>	<b>(29)</b>	<b>10</b>
<b>Tax</b>	-	-	(6)
<b>Total profit/(loss) on disposal after tax</b>	<b>59</b>	<b>(29)</b>	<b>4</b>

\* Adjustments comprise expected cash adjustments to consideration based on disposal balance sheets

22

Here is a summary of the disposal transactions. I've added a proforma of the Occidente disposal we'll report in the second half.

**Product Analysis – Operating profit**  
**Six Months to September**  
 Continuing operations (at actual 2007 rates)

**TATE & LYLE**  
 CONSISTENTLY FIRST IN RENEWABLE INGREDIENTS  
 UNAUDITED FIGURES

Operating Profit £m	2007			2006		
	Primary	Value added	Total	Primary	Value added	Total
Sugars - Products	11	3	14	13	3	16
- Trading	0	-	0	16	-	16
Ingredients - Food	46	45	91	44	38	82
- Industrial	21	(2)	19	23	4	27
Global Sucralose	-	32	32	-	32	32
<b>Total</b>	<b>78</b>	<b>78</b>	<b>156</b>	<b>96</b>	<b>77</b>	<b>173</b>
<b>Exchange</b>			-			11
<b>Central Costs</b>			(14)			(16)
<b>Group Total</b>			<b>142</b>			<b>168</b>

\* Profit before interest, exceptional items and amortisation of acquired intangible assets

23

Last May I introduced a new product sales and profit analysis. This slide shows the first half profits for this year and last at constant exchange rates, the sales figures and actual exchange rate data are included as appendices.

Let me draw your attention to a few points. You can see the profits from sugar and molasses trading was nil, that's £16m lower than last year, due to a combination of the sugar trading loss mitigated by a strong molasses trading performance.

Profits from value added food of £45m are 18% higher than last year's comparator. Iain will talk more about this later. Industrial Ingredients' primary profits of £21m are 9% lower than last year due to the reduced ethanol profits but offset to some extent by higher profits from paper starches. And finally, industrial ingredients value added profits reflect the losses and closure costs of astaxanthin and higher Bio-PDO™ losses.

<b>Cash Flow</b>		<b>TATE &amp; LYLE</b> <small>CONSISTENTLY FIRST IN RENEWABLE INGREDIENTS</small>	
<b>Six Months to September</b>		<b>2007</b>	<b>2006</b>
<b>£m</b>		<b>(£1=\$2.00)</b>	<b>(£1=\$1.85)</b>
Operating Profit*		<b>142</b>	168
Depreciation / Amortisation		<b>50</b>	41
Working Capital		<b>71</b>	70
Net interest		<b>(25)</b>	(12)
Share based payments		<b>2</b>	3
Tax		<b>(32)</b>	(36)
Capex		<b>(135)</b>	(134)
<b>Free Cash Flow/(Outflow) (continuing ops) #</b>		<b>73</b>	<b>100</b>
Net disposals/(acquisitions)		<b>63</b>	-
Dividends		<b>(74)</b>	(68)
Share buyback		<b>(49)</b>	-
Issue of own shares		<b>7</b>	12
Other (including exchange)		<b>13</b>	18
Discontinued operations		<b>27</b>	33
<b>Movement in Net Debt</b>		<b>60</b>	<b>95</b>

\* Before exceptional items and amortisation of acquired intangible assets  
# Including net debt divested on disposal

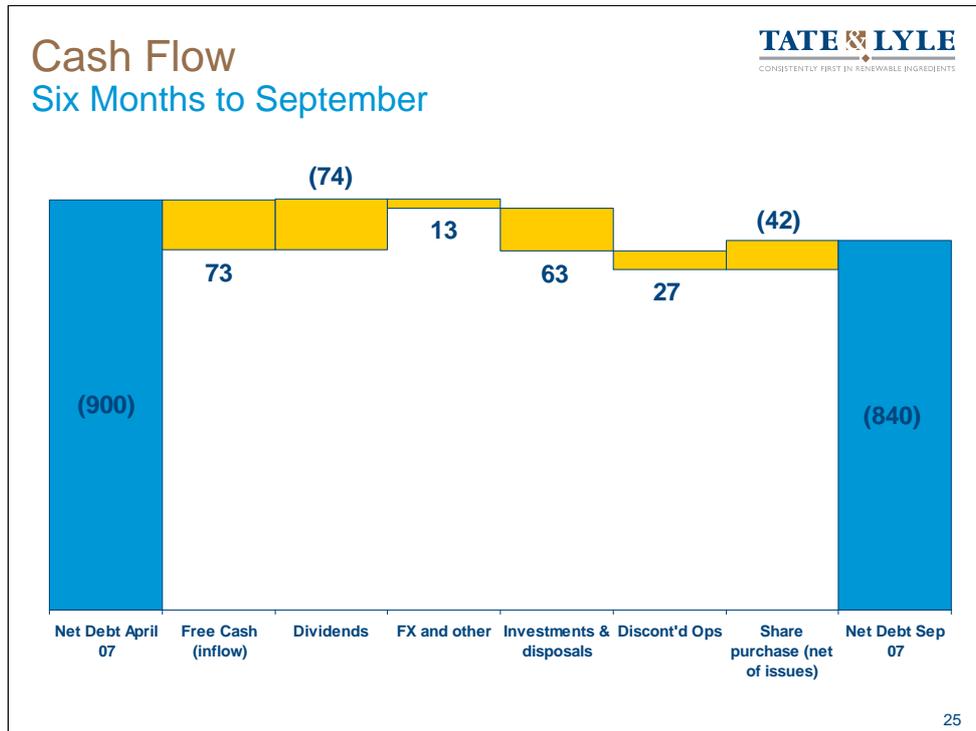
24

I'd like to turn to cash flow next. The working capital reduction principally relates to the receipt of transitional aid. We have one further aid receipt due, that relating to Eastern Sugar. That balance of £51m is due to be paid next year.

Capex of £135m is in line with our announced plans and I still expect capex for the full year to be around £300m or about 2.5 times depreciation. Next year I expect capex to reduce to about £200m or 1.6 times depreciation.

Net disposal receipts relate to Redpath Canada, partly offset by the acquisition cost of GC Hahn. The proceeds of both the TALFIIE and Occidente sales will be recorded in the second half.

And finally we've spent £49m to date on the share repurchase programme. Now we're out of the closed period, we plan to resume the buy back straight away.



The next slide shows those same cash flow numbers as a bridge between opening and closing net debt. In total our net debt fell by £60m from last year end to £840m.

## Balance Sheet

£m	As at 30 Sep 2007	As at 31 Mar 2007
Property, Plant & Equipment	1,123	1,217
Intangible Assets	298	232
Other Net Assets	477	385
Net Assets Held for Sale	-	61
	<b>1,898</b>	<b>1,895</b>
Net Debt	840	900
Shareholders' Funds	1,058	995
	<b>1,898</b>	<b>1,895</b>

26

And finally the Balance Sheet, not much to report on here except to say we received the initial TALFIE proceeds of £197m on 1 October and we expect the remainder once the completion accounts are finalised.

# Interim Results Presentation

Iain Ferguson, Chief Executive

31 October 2007

Well enough of me talking. I'll hand you back to Iain.

## Agenda

Key Results and Overview	Iain Ferguson
Financials	John Nicholas
Operating review	Iain Ferguson
Conclusion and Outlook	Iain Ferguson

Thank you John. I will now run through the operational review and discuss the outlook for the rest of the year. First, Sucralose:

## SPLENDA® Sucralose

### Successful commissioning of Singapore plant



- Proved capacity of both Singapore and expanded Alabama
- Better rate of ramp-up than planned
- Customer inventory levels yet to stabilise in two plant environment.
- Now able to flex production over both plants to optimise efficiency

29

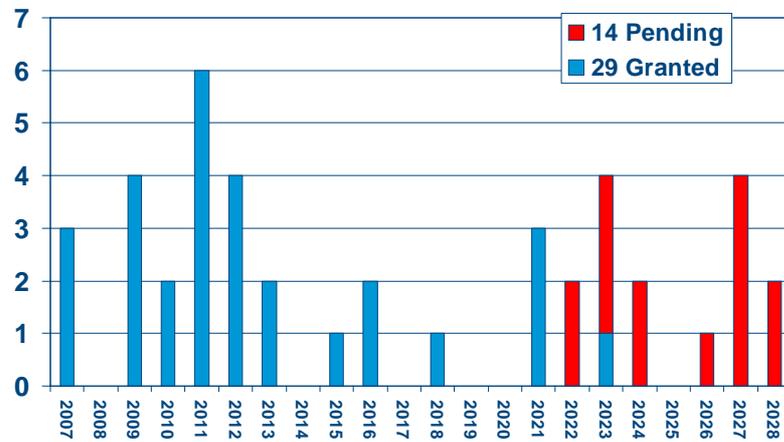
We have tested and proved the capacities in the new Singapore plant and the expansion in Alabama. We have achieved the ramp-up to full capacity sooner than expected. While we understand that some of our customers are still holding security stocks, we do believe that they will de-stock now that we have two manufacturing facilities. Having proved the capacities we will now be able to flex production over both plants to optimise efficiency while managing inventory at appropriate levels.

I know that you would like to know more detail about the level of ramp-up over time. I do not have an update from when we spoke at the last prelims, but we continue to work hard on developing sales. We gave a full update in May and will do this again alongside the presentation of the current financial year's preliminary results.



Returning to our strategy for growing of the sucralose business. We continue to work on the four routes to growth – through new geographies, through new product lines where SPLENDA® Sucralose has superior properties over other high intensity sweeteners, through substitution of other high intensity sweeteners in existing product ranges, and through partial replacement of nutritive sweeteners. Here are some recent examples of product launches. We have seen some growth in the first half year over the comparative period and we have experienced a modest increase in the average price. There was some encouraging growth in sales in Latin America, Europe and in the Asia-Pacific region. With the two plants now fully operational we will work closely with our key customers to maximise returns. As I said the last time we met, we should expect our average selling price to fall over time as we widen our customer base to include customers who will use less of the unique characteristics of SPLENDA®, such as heat stability, and they will therefore pay less.

## SPLENDA® Sucralose Patent and litigation update



- Patent estate remains robust – we continue to invest for the future
- International Trade Commission litigation – trial date scheduled for February 2008, final decision expected October 2008

31

Our patent estate remains robust and we continue to invest for the future at the same level as we did last year.

The sucralose patent estate now consists of 29 patents that have been granted, while 14 are pending. The legal action we took in March of this year, at the US International Trade Commission ("ITC"), to protect our intellectual property from those we believe are infringing certain patents, has a trial date set for February next year, with a final decision expected in October. We have an existing legal action pending in the US Federal District Court. Four of the defendants in the District Court proceedings have settled, and the case continues against the others, but is stayed until the ITC matter concludes. In the ITC, the named respondents total 27 and include those accused of infringement in the District Court action. Seven ITC respondents have been held in default and so cannot further contest the claim.

## Sugars

Solid future built on low cost base



- Difficult EU sugar market conditions continue
- Cane sugar refining remains a strong economic model
- Investing in efficiency – cranes, bio-mass boiler
- Role of sugar trading

32

Moving to our European refining businesses, the market remains difficult. We continue to believe that cane sugar refining has the right economic model and are confident it has a solid future within an evolving industry. We are investing in efficiency as John has discussed.

I said I would return to where we get the benefits from the international Sugar Trading operation, which is important to us because, through these trading activities, we also build and maintain relationships with potential suppliers of raw materials to our refineries as well as with possible partners in marketing activities.

Our recently announced minority investment in a new raw sugar mill in the People's Democratic Republic of Lao comes on the back of our relationship with the majority investor, a major player in the region, with whom we have worked for many years. Our Eridania Tate & Lyle marketing joint venture in Italy also came through our international sugar trading contacts.

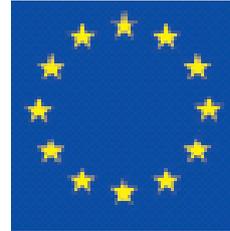
As John has already indicated, we're examining what we need to do to ensure more stable results from sugar trading in the future.

We believe that our European sugar operation is a good business within an evolving industry and we are increasingly positive for the future once the EU Sugar Regime reforms are fully implemented in 2010. Once greater stability has been achieved, and we don't expect that before the end of the reform period, we anticipate consolidation in the EU sugar industry and we expect that Tate & Lyle will be a part of this. We are now taking the necessary steps to ensure our sugar business is optimally structured to take advantage of the opportunities that may lie ahead.

## Sugars

### Latest announcements on reform of EU Sugar Regime welcomed

- We welcome the announcement by the Commission on 26 September regarding agreement on measures to repair and strengthen reform of the EU sugar regime
- Commission aiming for further 3.8m tonnes of quota to be surrendered.
- Changes have little direct effect on sugar refineries which are not part of the restructuring fund
- We believe in the long term a balanced and stable market is good for the whole industry

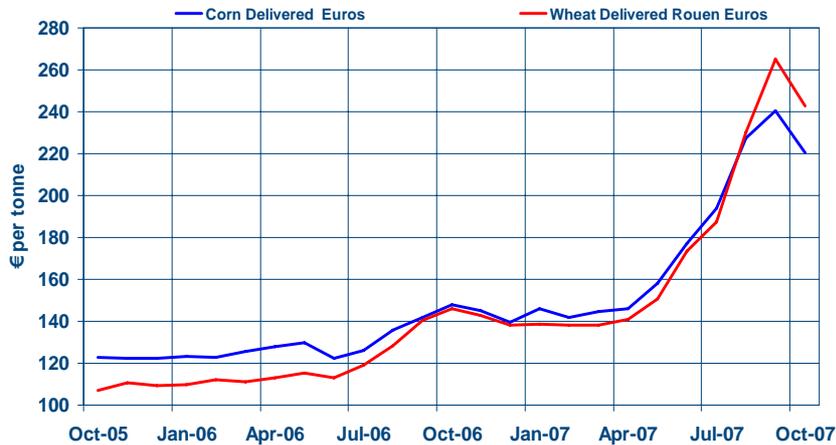


Turning to the reforms of the EU Sugar Regime, we welcome the Commission's recent announcement on the agreement to repair and strengthen the reforms. They are aiming for a further 3.8m tonnes of quota to be surrendered. They hope to achieve this by reverting to the higher surrender values, adding incentives for farmers and limiting the amounts of the surrender value that national governments can divert from quotaholders to other stakeholders. They also target ultimate quota cuts without compensation on to member states who have not reduced quota. We should note that the changes have had little direct effect on cane refineries, which are not part of the Restructuring Fund, but we believe a balanced and stable market is good for the whole industry.

## Food & Industrial Ingredients, Europe European Grain Prices

**TATE & LYLE**  
CONSISTENTLY FIRST IN RENEWABLE INGREDIENTS

Spot Prices 24 months to Mid-October 2007



- Expect no significant reduction before exceptional world crops of non-GMO corn and wheat

Data: HGCA  
34

Moving on to Food and Industrial Ingredients, Europe - cereal prices in the EU have soared in recent months, following poor harvests in Europe and Australia and because of low world stocks, but driven also by strong demand for use in biofuels. Ingredients, Europe was able to pass on these price increases and more during contracts made at the beginning of the year and produced a good first half performance, despite raw material costs beginning to squeeze margins at the end of the period.

We anticipate that it will take one or two exceptional world crops of non-GMO corn and wheat before we see significant reductions in European corn prices.

## Food & Industrial Ingredients, Europe

### Transition post disposal

- High cereal costs support strategy to dispose business
- Preference was sale of whole business
- EU Sugar Regime impacts sweetener commodity pricing through a price cap
- Business now centred on low cost production and in developing markets
- Constructive dialogue with JV partner on strategy for Eaststarch
- Relocation of divisional head office to Slovakia
- Speciality starch plant in Netherlands retained – important contributor to value added



35

These high raw material costs confirm our strategy to sell this business. Our preference was to sell the division as a whole. The business we have retained is an efficient, low-cost producer centred through our Eaststarch joint venture in the Central and Eastern European developing markets. Eaststarch is primarily a commodities business, exposed both to European corn prices and where sweetener prices are capped by sugar prices which are regulated by the EU Sugar Regime.

Having completed the partial sale of the division, we have started to work with our partner on how we can maximise value for shareholders from the retained business. Again, the time needed to achieve stability following the implementation of the EU Sugar Regime is likely to influence the date of any strategic decisions.

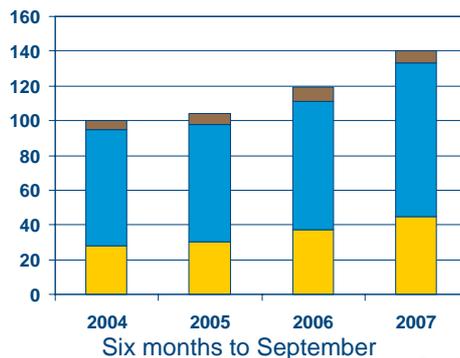
In the meantime, we are relocating the divisional centre to Slovakia. We also retain the speciality food starch plant in the Netherlands, a very important contributor to our value added activities.

## Food & Industrial Ingredients, Americas Value added continues to progress well

- Value added continues to progress well – 11% growth in first half
- Value added food ingredient growth 17% in first half
- Additional capacity available in second half

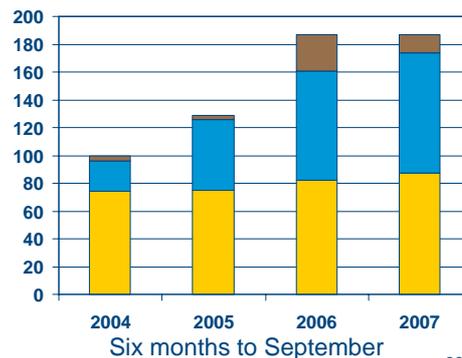
Sales\* (rebased to 100 in 2004)

■ Value added ■ Commodity ■ Ethanol



Operating profit\* (rebased to 100 in 2004)

■ Value added ■ Commodity ■ Ethanol



\* Excluding Astaxanthin

36

Turning to the Ingredients, Americas division, this chart shows the steady and solid growth in our starch value added ingredients. In order to make reasonable comparisons, I am showing you the results by half years for the last four years. They are broadly reflective of the performance in the full years, although the six months to September 2004 had a lower contribution from commodities than the full year. The bar charts reflect the gross sales and operating profit for the whole division excluding astaxanthin which we have now exited. The analysis has been prepared in constant currency. The graphs are indexed and based on the six months to September 2004 as one hundred.

Profits in the current period from our US value added ingredients, adjusted to strip out astaxanthin, have increased by 11% over the prior period. Behind these numbers is a strong growth in food ingredients, up 17%. We have additional capacity on stream and we expect to see some benefit from that in the second half.

Obviously this implies a decline in industrial, where the growth in value added starches was more than offset by the higher costs in Bio-PDO™.

You can also see the supra-normal returns for ethanol in the last financial year as well as the steady rise in commodity profits.

## Food Ingredients Structure

- Global Food Ingredients Group dissolved
- Achieved global footprint – now address markets regionally
- Chief Executive, International responsible for global key accounts
- Customers buy SPLENDA® Sucralose and core value added from one regional sales team
- R&D and consumer research remain global



37

I would like to just pause for a moment to explain my decision to dissolve the Global Food Ingredients Group - or GFIG for short. Since its establishment, GFIG has helped us make significant strides in enhancing the service we provide our customers and in marketing our range of value added and functional food ingredients. However, as we look forward, in order to simplify the internal organisation, and in recognition of the different food ingredient market environments that exist in the Americas, Europe and Asia, I have decided that it is better to address these growing markets on a regional basis.

We will retain relationships with the global key accounts through Stanley Musesengwa. Regional food ingredient sales teams will sell SPLENDA® Sucralose alongside the rest of their product portfolio. Importantly our research and development and consumer research activities will remain as a global team and will report directly to me.

## Food & Industrial Ingredients, Americas

### Commodity dynamics

- Supply/demand dynamics still sound
  - US industry front-end grind capacity remains tight at mid-90s%
- US HFCS dynamics
  - Reducing demand from CSDs
  - Mexican HFCS market – further potential?
  - Benefit from strong 2007 price increases
- Completed calendar 2008 sweetener pricing round
  - Pleasing outcome in line with expectations
- Maintaining a sound base to grow value added business



Coming back to the Ingredients, Americas division - on the commodity side of the business, where we have hedging tools and are able to lock in much of the margin, the basic industry dynamics are sound, with tight supply and demand – we believe grind capacity utilisation is in the mid 90 percents.

The nutritive carbonated soft drink market has declined, and this affects the demand for high fructose corn syrup, and our demand has dropped in line with the market. There is further potential in Mexico to offset this decline. However, we see the Mexican sugar industry dropping prices to levels where it is not obvious that customers will substitute further sugar with HFCS in the immediate future.

The 2008 calendar year sweetener pricing round was completed earlier than usual. We have been pleased by the outcome, which was in line with our expectations. It should be noted that we have significant sales under toll and multi-year contracts that were not part the 2008 pricing round activity.

Despite this, and some cost and transport inflation, we will still achieve modest margin improvements.

The commodity business in the Americas continues to provide the sound, low-cost base from which we are growing our value added business.

## Food & Industrial Ingredients, Americas

### US corn prices

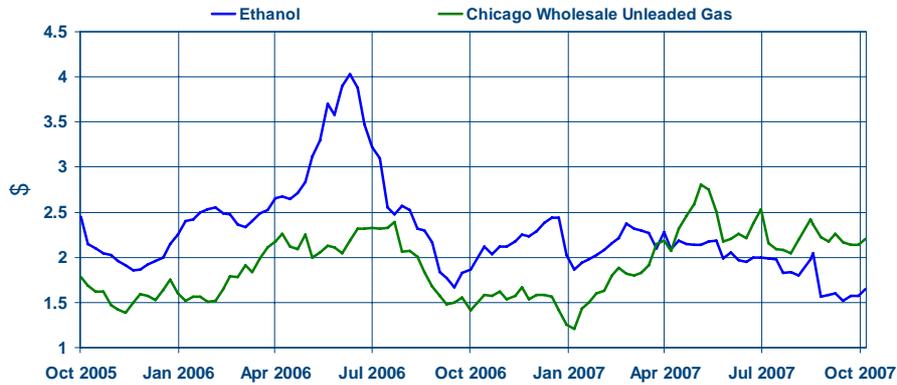


Corn prices have increased, although not to the extent that they have in Europe. Good plantings have eased some pressure but low world stocks and demand from biofuel producers are likely to keep prices higher rather than lower. Of course, we lock in corn costs at the point of making contracts with our customers.

## Food & Industrial Ingredients, Americas

### Ethanol profits still generate good returns

Spot Prices 24 months to Mid-October 2007



- Last year's "supra-normal" profits back down to more normal levels, but still good returns.
- Current economics continue to support investments in Loudon and Fort Dodge.

Source: Renewable Fuels Association

40

You can see the spike in ethanol prices last year that then fell with increased production capacity. Although reduced from the "supra-normal" levels of last year, we still get good returns from our ethanol production. Despite the recent reversal of the premium for ethanol over gas, the current economics continue to support our investments underway in Loudon and Fort Dodge.

## Food & Industrial Ingredients, Americas

### Reshaping in line with strategy

#### Organic investments

Sagamore £60m  
On stream



Expansion to increase capacity for value added food starches. Will see benefit in 2H08.

Loudon £40m  
On stream February 2008



Expansion to increase capacity for value added ingredients and ethanol. Will see benefit in 1H09.

Fort Dodge £140m  
Mechanically complete by March 2009



1st phase of new corn wet mill (for cationic starches & ethanol). Will see benefit in 1H10.

#### Partnerships

Bio-PDO™ JV  
In proving phase



Sales to several categories including textiles, de-icing fluid and personal care.

41

Let me briefly update you on our investments programme. The £60m investment in Sagamore is now on stream slightly behind plan due to permit delays and labour shortages caused by Hurricane Katrina. We will see the benefits in the second half. This will give us capacity to continue the strong growth in our core value added business. The £40m Loudon expansion into value added ingredients, substrate for the Bio-PDO™ plant and expansion in ethanol should complete before the year-end, with returns coming through the next financial year. We have introduced some scope changes for new technology which has delayed project completion from our original expectations. Our £140m investment in the Fort Dodge new corn wet mill will come on stream the year after that, in 2009.

In Bio-PDO™ we will continue to make modest losses this year. We are selling into new applications and while we are pleased with progress I should stress we are still in the phase of proving this new product in different markets.

## Agenda

Key Results and Overview	Iain Ferguson
Financials	John Nicholas
Operating review	Iain Ferguson
Conclusion and Outlook	Iain Ferguson

Moving to a conclusion.

**Value Added Strategy Remains Robust**  
 Continued progress in value-added reaffirms strategy

Value-added food ingredients	vs six months to 30 September 2006 (constant currency)	
Core	£45m	18%
SPLENDA® Sucralose operating profit	£32m	flat
<b>Total food ingredients value-added operating profit</b>	<b>£77m</b>	<b>Up 10%</b>

<sup>1</sup> Before exceptional items and amortisation of acquired intangibles

As expected, the 2008 financial year is proving to be challenging. While the trading results for the first six months are somewhat disappointing, this should not overshadow what has been achieved at the same time for the longer term success of the company.

Our performance in value added food ingredients continues to reaffirm our strategy. Sucralose and core value added profits generated £77m of our operating profit in the first half – that’s up 10% on the same period last year. We have implemented some significant structural changes to reduce exposure where we have greater volatility from commodities and also away from regulated markets. We have invested, not only in organic growth, where we have significant value added projects on stream, but also in speciality food ingredient companies such as GC Hahn.

Turning now to the outlook.....

## Outlook for year to 31 March 2008

### Sugars

- Continuing oversupply of sugar in the EU market

### Ingredients, Europe

- High European corn prices squeeze second half Ingredients, Europe margins

### Ingredients, Americas

- Further progress in core value added products
- Further US food ingredient capacity coming on stream in second half
- Improved margins in US sweetener pricing round fully in line with expectations

### SPLENDA® Sucralose

- Modest growth in SPLENDA® Sucralose as we continue to develop the business for long-term growth

### Group

- US\$/£ exchange rate

44

The continuing oversupply of sugar in the EU will keep pressure on European sugar and sweetener prices. For the retained businesses in Ingredients, Europe, higher corn prices will eat into margins to the extent that we expect only a modest profit from that business in the second half. We see further growth in US starch value added products, helped by new capacities coming on stream. We have achieved improved but modest margin gains in the 2008 calendar year US sweetener pricing round. We do not expect a large change in SPLENDA® Sucralose margins as any outcome of discussions with major customers is unlikely to impact the current year. My comments assume stability in exchange rates, especially for the US dollar in which a very significant proportion of the Group's profits are now earned.

## Outlook

- Second half outturn broadly similar to first half
- Strategy to focus on value-added leaves us well placed to create value



Taking all of the above into consideration, we believe that the second half outturn will be broadly similar to the first half year. Looking further forward, we are confident that our strategy to focus on our value added business leaves us well-placed to create value for our shareholders in the years ahead.

## Question and Answers

Please wait for the microphone and state your name and that of your organisation



John and I are now ready to take questions. As usual, please could you wait for the microphone to arrive and state your name and that of your firm before asking a question?

# Appendix

**Product Analysis – Sales**  
**Six Months to September**  
 Continuing operations (at actual 2007 rates)

Sales £m	2007			2006		
	Primary	Value added	Total	Primary	Value added	Total
Sugars - Products	306	36	342	255	36	291
- Trading	371	-	371	460	-	460
Ingredients - Food	404	210	614	318	157	475
- Industrial	199	66	265	188	56	244
Global Sucralose	-	70	70	-	67	67
<b>Total</b>	<b>1280</b>	<b>382</b>	<b>1,662</b>	<b>1,221</b>	<b>316</b>	<b>1,537</b>
<b>Exchange</b>			-			108
<b>Group Total</b>			<b>1,662</b>			<b>1,645</b>

**Product Analysis – Operating profit**  
**Six Months to September 2006**  
 Continuing operations (at 2006 reported rates)

£m	Sales			Operating Profit*		
	Primary	Value added	Total	Primary	Value added	Total
Sugars - Products	259	36	295	13	3	16
- Trading	505	-	505	18	-	18
Ingredients - Food	344	174	518	47	41	88
- Industrial	196	58	254	24	4	28
Global Sucralose	-	73	73	-	34	34
<b>Total</b>	<b>1,304</b>	<b>341</b>	<b>1,645</b>	<b>102</b>	<b>82</b>	<b>184</b>
<b>Central Costs</b>						<b>(16)</b>
<b>Group Total</b>						<b>168</b>

\* Profit before interest, exceptional items and amortisation of acquired intangible assets