27 May 2011

TATE & LYLE PLC
ANNOUNCEMENT OF FULL YEAR RESULTS
For the year ended 31 March 2011

Continuing operations[1] £m unless stated otherwise	2011	2010	Change (reported)	Change (constant currency)[4]
Sales	**2 720**	2 533	+ 7%	+ 5%
Adjusted results[2]				
Adjusted operating profit	**321**	268	+ 20%	+ 17%
Adjusted profit before tax	**263**	196	+ 34%	+ 32%
Adjusted diluted earnings per share	**45.7p**	33.7p	+ 36%	+ 34%
Statutory results				
Operating profit/(loss)	**303**	(44)		
Profit/(loss) before tax	**245**	(116)		
Profit for the period (on total operations)	**167**	19		
Diluted earnings per share (on total operations)	**34.7p**	3.3p		
Cash flow and net debt				
Free cash flow[3]	**190**	414		
Net debt	**464**	814		
Dividend per share	**23.7p**	22.9p	+ 3.5%	

Javed Ahmed, Chief Executive, said:
"Tate & Lyle performed well in the year achieving steady growth across a number of our markets. In Speciality Food Ingredients, we delivered strong profit growth driven by increased sales volumes across the product portfolio, improved product mix and lower sucralose manufacturing costs. In Bulk Ingredients, we experienced good volume growth from sweeteners and very strong returns from co-products due to high corn prices. The Board is proposing an increase in the final dividend reflecting its confidence in the business."

Financial performance
- Adjusted operating profit up 20% at £321 million (17% in constant currency)
- Adjusted operating profit from Speciality Food Ingredients up 26% (25% in constant currency)
- Adjusted operating profit from Bulk Ingredients up 15% (11% in constant currency)
- Adjusted diluted earnings per share up 36% at 45.7p (34% in constant currency)
- Net debt down by £350 million (43%) to £464 million (40% before exchange translation)
- Increase of 5% proposed for the final dividend to 16.9p, making a total dividend of 23.7p (2010 – 22.9p)

Strategic update
- 'Focus, Fix, Grow' programme remains on track:
  - Disposal of EU Sugar Refining, Molasses and Fort Dodge facility and conditional sale of Vietnam Sugar
  - Global Commercial and Food Innovation Centre in Chicago on track to be operational in early 2012
  - New global Shared Service Centre being established in Lodz, Poland; to be operational by end of 2011
- SPLENDA® Sucralose facility in McIntosh, Alabama to restart production in first half of financial year 2013

Outlook
In Speciality Food Ingredients, we expect the current steady demand patterns to continue and anticipate a year of good sales growth. The lower sucralose manufacturing costs are now reflected in the performance of this division and, accordingly, the level of profit growth in the coming financial year is expected to be more modest than the strong result achieved in financial year 2011. In Bulk Ingredients, we expect sweetener margins to remain flat calendar year on year with volumes slightly down as we diversify some grind to Speciality Food Ingredients. Elsewhere, industrial starches are expected to perform better, particularly in Europe, but not sufficiently to offset more normal co-product returns. Given the Group's strong cash generation and reduction in net debt, interest costs are expected to decrease.

Overall, with a more focused business, a stronger balance sheet and a continuation of the steps we are taking to focus, fix and grow our business, we expect to deliver another year of profitable growth.

1 Excluding the results of the Sugars division in both periods except where noted otherwise.
2 Before exceptional costs of £5 million (2010 – £298 million) and amortisation of acquired intangible assets of £13 million (2010 – £14 million).
3 Free cash flow is operating cash flows from continuing operations after working capital, interest, taxation and capital expenditure.
4 Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.

Cautionary statement

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

A copy of this Announcement of Full Year Results for the year ended 31 March 2011 can be found on our website at www.tateandlyle.com. A hard copy of this statement is also available from The Company Secretary, Tate & Lyle PLC, Sugar Quay, Lower Thames Street, London EC3R 6DQ.

SPLENDA® is a trademark of McNeil Nutritionals, LLC.

Webcast and teleconference

A presentation of the results by Chief Executive, Javed Ahmed and Chief Financial Officer, Tim Lodge will be audio webcast live at 10.00 (UKT) today. To view and/or listen to a live audiocast of the presentation, visit http://www.media-server.com/m/em/28mcx8pj/r/1. Please note that remote listeners will not be able to ask questions during the Q&A session. A webcast replay of the presentation will be available within two hours of the end of the live broadcast for six months, on the link above.

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

Dial in details:
UK dial in number: +44 (0)20 7806 1957
US dial in number: +1 212 444 0413
Access code: 8441160#

7 day conference call replay:
UK replay number: +44 (0)20 7111 1244
US replay number: +1 347 366 9565
Replay Access code: 8441160#

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CHIEF EXECUTIVE'S REVIEW

Results for the continuing operations are adjusted to exclude exceptional items and amortisation of acquired intangible assets. Except where specifically stated to the contrary, this commentary relates only to the adjusted results for the continuing operations. A reconciliation of statutory and adjusted information is included at Note 16.

Overview of Group's financial performance

Tate & Lyle performed well in the year achieving steady volume growth across a number of our markets, very strong returns from co-products and lower sucralose manufacturing costs.

Sales for the year were £2,720 million (2010 – £2,533 million), an increase of 7% (5% in constant currency) on the prior year. In Speciality Food Ingredients, sales increased by 2% (2% in constant currency) to £805 million (2010 – £788 million) with sales volumes up by 7%. The rate of sales growth was impacted by reduced selling prices for SPLENDA® Sucralose reflecting our strategy of securing long-term volume incentive contracts with our customers. Within Bulk Ingredients, sales increased by 10% (7% in constant currency) to £1,915 million (2010 – £1,745 million).

Adjusted operating profit increased by 20% (17% in constant currency) to £321 million (2010 – £268 million). In Speciality Food Ingredients, adjusted operating profit increased by 26% (25% in constant currency) to £206 million (2010 – £163 million), driven by increased sales volumes, operational leverage, improved product mix and lower SPLENDA® Sucralose manufacturing costs. The effect of exchange translation was to increase adjusted operating profit by £2 million. In Bulk Ingredients, adjusted operating profit increased by 15% (11% in constant currency) to £157 million (2010 – £136 million), driven by volume growth, very strong returns from co-products and an improved performance from ethanol offset by lower margins in sweeteners and industrial starches. Higher corn prices, particularly in the second half of the year, resulted in an additional £16 million of co-product returns compared to the prior year. The effect of exchange translation was to increase adjusted operating profit by £5 million.

Central costs, which include head office, treasury and reinsurance activities, increased by £11 million to £42 million reflecting the costs associated with strengthening the Group's senior management team, costs associated with our financing portfolio and one-off costs of £6 million in the first half relating to the review of the Group's activities.

The net finance expense from continuing operations decreased from £72 million to £58 million principally as a result of lower pension interest expense. Adjusted profit before tax was up 34% (32% in constant currency) to £263 million (2010 – £196 million) reflecting the strong operating performance and reduction in net interest charge.

Adjusted diluted earnings per share increased by 36% (34% in constant currency) to 45.7p benefiting from improved operating performance and a lower effective tax rate of 18.5% (2010 – 20.8%).

Exceptional items on continuing and discontinued operations totalled a charge of £48 million (2010 – £276 million). Within continuing operations there was a net £10 million gain on the sale of the Fort Dodge facility and £15 million of costs associated with the business transformation programme. Within discontinued operations a loss of £55 million was booked on the disposal of the EU Sugar Refining Operations (EU Sugars), which remains subject to closing adjustments and adjudication as discussed below, and a gain of £12 million on the disposal of Molasses.

Balance sheet

We continue to focus on managing our working capital closely resulting in our average quarterly cash conversion cycle falling from 45 days to 34 days.

The key performance indicators (KPIs) of our financial strength, the ratio of net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) and interest cover, remain well within our internal targets. At 31 March 2011, the net debt to EBITDA ratio was 1.1 times (2010 – 1.8 times), against our target of 2.0 times. Interest cover on total operations at 31 March 2011 was 6.9 times (2010 – 5.8 times), again ahead of our minimum target of 5.0 times.

The Group's balance sheet was strengthened significantly during the year. Net debt reduced by 43% to £464 million at 31 March 2011 (31 March 2010 – £814 million). This improvement in net debt, which builds upon the considerable reduction achieved in the prior year, was driven by the disposals of the EU Sugars, Molasses and Fort Dodge, resulting in a net cash inflow of £316 million, and the underlying cash generated by the business.

Return on Capital Employed increased from 13.6% to 20.6% as a result of increased profits, a reduction in operating assets reflecting the writedown of Fort Dodge, the reduced average levels of working capital within the business and exchange rate effects.

Dividend

The Board is recommending a 5% increase in the final dividend to 16.9p (2010 – 16.1p) making a full year dividend of 23.7p (2010 – 22.9p) per share, up 3.5% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 5 August 2011 to all shareholders on the Register of Members at 1 July 2011. In addition to the cash dividend option, shareholders will also be offered a Dividend Reinvestment Plan (DRIP) alternative. The DRIP replaces the scrip alternative that was previously available to shareholders.

Safety

We have no higher priority than safety and are committed to providing safe and healthy working conditions for all our employees, contractors and visitors. Whilst we are pleased that the safety performance at most of our locations improved in the 2010 calendar year, and that our safety performance continues to compare favourably against the industry, the Group's overall safety performance (as detailed in the KPI table below) deteriorated in 2010. Having set ourselves very high standards, we take any reduction in performance very seriously. A detailed plan has been put in place to drive an improvement in safety performance which our global safety teams, employees and contractors are working hard to embed across the Group.

Key Performance Indicators (KPIs)

In May 2010, we announced that we would report a set of KPIs to measure our performance. For the year ended 31 March 2011 these are as follows:

KPI	Measure	Year to 31 March		Change
		2011	2010	
Growth in SFI sales	Sales	**£805m**	£788m	+ 2%
Profitability	Adjusted operating profit	**£321m**	£268m	+ 17%
Working capital efficiency	Cash conversion cycle†	**34 days**	45 days	+ 11 days
Financial strength	Net debt/EBITDA*	**1.1x**	1.8x	
	Interest cover*	**6.9x**	5.8x	
Return on assets	ROCE	**20.6%**	13.6%	+ 700bps
Corporate Responsibility**	Safety – Recordable incident rate	**0.93**	0.89	- 5%
	Safety – Lost time accident rate	**0.58**	0.39	- 49%

†Calculated as the average cash conversion cycle at the end of each of the four quarter ends to show the underlying progress throughout the year

*Calculated under banking covenant definitions

**We are establishing an index for environmental sustainability which we will report on as a key performance indicator moving forward

Focus, Fix, Grow: Update

As we set out in May 2010, Tate & Lyle's strategy is to grow our Speciality Food Ingredients business supported by cash generated from Bulk Ingredients. To deliver on this strategy, and to reinvigorate Tate & Lyle, we have taken a number of steps during the year to 'focus, fix and grow' the business.

1) Focus

We have disposed of a number of businesses and assets to ensure that our resources are focused on delivering our strategy and maximising returns to shareholders. During the year we sold EU Sugars, Molasses, Fort Dodge and, after the year-end, we announced the conditional sale of our Vietnam sugar interests. As a result of these disposals, Tate & Lyle is a more focused, less complex business with a reduced exposure to commodity markets.

2) Fix

The new operating model implemented on 1 June 2010 based on two global business units, Speciality Food Ingredients and Bulk Ingredients, supported by a global unit dedicated to driving growth, Innovation and Commercial Development, and shared support services is being embedded. This new operating model is simple and transparent and provides an efficient platform for future growth, both organically and through bolt-on acquisition. We have also taken steps to strengthen the customer-facing areas of our business - for example, the commercial organisations of the speciality and bulk businesses have been separated and are now fully focused on serving their different end markets.

In May 2010, we announced two major two-year initiatives to transform our operational capabilities – firstly, to implement a common global IS/IT platform and secondly, to provide global support services through the use of shared service centres. After a detailed and thorough planning process, both initiatives were launched on 1 January 2011 and are making good progress. Following an evaluation of a number of different locations, the decision was made to locate our global Shared Service Centre in Lodz, Poland. The new Centre is expected to be operational by the end of 2011 with the various services to be provided migrated to the new Centre in a phased process over a 12 to 15 month period. The new IS/IT platform will also be implemented via a phased process starting in the first half of 2012.

Building a high-performance culture is a key part of the 'fix' phase. To help achieve this, during the year we put in place a new global performance management system, a new global sales incentive system and established common global metrics in areas such as working capital, customer service and quality. Ensuring we have the right skills and talent in the business is also very important. We are developing our high potential employees by providing them with more training and opportunities to learn, particularly with international assignments, and are also recruiting new staff both to fill skills gaps and to refresh our talent base.

The new process for capital investment planning and implementation has now been fully embedded within the organisation. All new investments are now evaluated against clear strategic and financial criteria with greater scrutiny and clear execution milestones for approved investments.

3) Grow

The Innovation and Commercial Development (ICD) group, which was formed on 1 June 2010, has made good progress during the year working closely with customers on product development and innovation initiatives. ICD is responsible for the innovation pipeline and, during the year, the processes used by ICD to manage and review the pipeline, and the way it launches new products, were completely overhauled. During the year we launched RESISTAMYL™ 140, a bakery cream starch in Europe and PROMITOR™ Soluble Corn Fiber 85 in the US and Latin America. We also recently announced a five-year strategic partnership agreement with BioVittoria Ltd for the exclusive global marketing and distribution rights for BioVittoria's monk fruit extract, marketed under the PUREFRUIT™ brand name. PUREFRUIT™ is the only fruit-based calorie-free sweetening ingredient available today and is a good addition to our sweetener and wellness portfolios.

To enhance how we engage with our customers, and improve our access to them, in October 2010 we announced that we would be establishing a new Commercial and Food Innovation Centre in Chicago, Illinois. The Centre, which is due to be operational in early 2012, will be the global headquarters of ICD and will feature laboratories, a demonstration kitchen, sensory testing, analytical and pilot plant facilities.

The underlying global consumer trends of health and wellness and convenience continue to underpin long-term growth in the Speciality Food Ingredients market. Customer demand for both new and existing products that meet consumers' needs in these key areas remains strong, particularly for products that can help address rising levels of diabetes and obesity in the developed and, increasingly, the developing world. Cost optimisation in the face of high and volatile commodity (e.g. sugar) prices is also driving demand. In light of the strong pipeline of demand for SPLENDA® Sucralose both from existing and new customers, and having carried out a comprehensive review of the available options, we have decided to restart sucralose production at our mothballed facility in McIntosh, Alabama. The restart of production, which we expect to take place during the first half of financial year 2013, reinforces our commitment to the sucralose business, provides further resilience in our supply chain and further strengthens our position as the leading global manufacturer and supplier of sucralose.

We are also looking to build our business and capabilities in two areas where we see long-term growth – new customer segments and emerging markets. Dedicated resources have now been put in place in Europe and the US to serve small and medium enterprise (SMEs) and private label customers. In emerging markets, we have changed our senior management team in Asia Pacific to provide fresh impetus to our efforts in that region. We are also building new application laboratories in Mexico and Brazil to add to our global network, and have strengthened our sales teams in both Latin America and China.

In our Bulk Ingredients division, we are looking at ways to diversify our business by leveraging our fermentation expertise and facilities to partner with businesses in the bio-based materials industry. In November 2010, we signed an agreement with Amyris under which Tate & Lyle will produce farnesene at its facilities in Decatur, Illinois with the end product being distributed by Amyris. Then in March 2011, we signed an agreement with Genomatica under which we will dedicate a demonstration-scale production facility in Decatur for exclusive use by Genomatica for the scale-up of the Bio-BDO process.

4) <u>Costs</u>

The total costs associated with the delivery of the new Commercial and Food Innovation Centre are expected to be £37 million and the common IS/IT platform and global support services to be £57 million. Of the total amount of £94 million, £40 million is expected to be treated as exceptional costs within the income statement and £54 million as capital expenditure. During the financial year 2011, £6 million of capital and £10 million of exceptional costs were incurred and we anticipate around £65 million of expenditure in relation to these projects during the year ending 31 March 2012. The remaining expenditure relating to IS/IT and global shared services will be incurred in the year ending 31 March 2013. We expect the investment made in the common IS/IT and global support services to pay back over a period of three years.

5) <u>Risk management</u>

We have embedded a framework of risk management into the various programmes undertaking the initiatives to focus, fix and grow the business, to address the execution risk associated with them. This framework has been supplemented by internal and external risk and assurance activities over the life of the programmes.

6) Conclusion

We have taken a number of important steps during the year to deliver on our commitment to focus, fix and grow the business. The focus phase is now largely complete and the fix phase is progressing well, although, there is still more work to do. Whilst the grow phase is beginning to yield some small but tangible benefits it is still early days. Our objective remains to build a platform on which we can deliver steady and sustainable long term growth and value for shareholders. We remain on track to deliver on this objective.

Javed Ahmed
Chief Executive

GROUP FINANCIAL RESULTS

Basis of preparation

Adjusted performance

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

- results of discontinued operations, including gains and losses on disposal (Note 9 and Note 11);
- exceptional items from continuing operations (Note 4); and
- amortisation of intangibles acquired through business combinations.

This adjusted information is used internally for analysing the performance of the business. A reconciliation of reported and adjusted information is included in Note 16.

Impact of changes in exchange rates

Our reported financial performance has been positively impacted this year by exchange rate translation, in particular due to the strengthening of the average US dollar exchange rate against sterling. The movement in exchange rates had led to increased profits and a reduction in net debt as a result of the translation of accounts recorded in foreign exchange. The average and closing exchange rates used to translate reported results were as follows:

	Average rates		Closing rates	
	2011	2010	**2011**	2010
US dollar:sterling	**1.55**	1.61	**1.60**	1.52
Euro:sterling	**1.19**	1.13	**1.13**	1.12

Segmental analysis

Following the change of the organisational structure announced in May 2010, the Group restructured its internal organisation into four distinct segments: Speciality Food Ingredients, Bulk Ingredients, Sugars and central costs. Sugars was subsequently classified as discontinued following the announcement on 1 July 2010 of the disposal of EU Sugars and the launch of processes to sell the remaining businesses within the Sugars division. Comparative information has been reclassified accordingly.

Summary of financial results

	Year to 31 March 2011 £m	Year to 31 March 2010 £m	Change reported %	Change constant currency %
Continuing operations				
Sales	**2,720**	2,533	+ 7%	+ 5%
Adjusted operating profit	**321**	268	+ 20%	+ 17%
Net finance expense	**(58)**	(72)		
Adjusted profit before tax	**263**	196	+ 34%	+ 32%
Exceptional items	**(5)**	(298)		
Amortisation of acquired intangibles	**(13)**	(14)		
Profit/(loss) before tax	**245**	(116)		
Income tax (expense)/credit	**(49)**	95		
Profit/(loss) for the year from continuing operations	**196**	(21)		
(Loss)/profit for the year from discontinued operations	**(29)**	40		
Profit for the year	**167**	19		
Earnings/(loss) per share – continuing operations				
Basic	**42.6p**	(4.7)p		
Diluted	**41.9p**	(4.7)p		
Adjusted earnings per share from continuing operations				
Basic	**46.5p**	33.9p	+ 37%	+ 36%
Diluted	**45.7p**	33.7p	+ 36%	+ 34%
Dividends per share				
Interim paid	**6.8p**	6.8p	–	
Final proposed	**16.9p**	16.1p	+ 5%	
	23.7p	22.9p	+ 3.5%	
Net debt				
At 31 March	**464**	814	+ 43%	

SUMMARY OF GROUP PERFORMANCE

Sales of £2,720 million (2010 – £2,533 million) from continuing operations were 7% higher than the prior year (5% in constant currency). Sales in Speciality Food Ingredients increased by 2% (2% in constant currency) from £788 million to £805 million with sales volume increasing 7% year on year. The rate of sales growth was impacted by reduced selling prices for sucralose reflecting our strategy of securing long-term volume incentive contracts with our customers. Sales in Bulk Ingredients grew by 10% (7% in constant currency) to £1,915 million (2010 – £1,745 million).

Adjusted operating profit increased by 20% over the prior year (17% in constant currency) to £321 million (2010 – £268 million). Adjusted operating profits in Speciality Food Ingredients increased by 26% (25% in constant currency) to £206 million (2010 – £163 million) driven by increased volumes, operational leverage, improved product mix and lower manufacturing costs for sucralose. In Bulk Ingredients, adjusted operating profit grew by 15% (11% in constant currency) to £157 million (2010 – £136 million) driven by increased volumes, very strong returns from co-products on the back of the high corn price and an improved performance from ethanol, despite lower margins in sweeteners and industrial starches.

Central costs, which include head office, treasury and reinsurance activities, increased by £11 million to £42 million reflecting the costs associated with strengthening the Group's senior management team, costs associated with our financing portfolio and one-off costs of £6 million in the first half relating to the review of the Group’s activities.

Amortisation of intangibles acquired through business combinations was £13 million (2010 – £14 million).

Exceptional items from continuing and discontinued operations totalled a charge of £48 million (2010 – £276 million). Within continuing operations there was a net £10 million gain on the sale of the Fort Dodge facility and £15 million of costs associated with the business transformation programme. Within discontinued operations a loss of £55 million was booked on the disposal of EU Sugars, which remains subject to closing adjustments and adjudication as discussed below, partially offset by a gain of £12 million on the disposal of Molasses.

The net finance expense from continuing operations decreased from £72 million to £58 million principally as a result of lower pension interest expense. We were not able to benefit fully in the year from the decrease in average net debt due to the predominantly fixed nature of our gross borrowings. However, the net interest charge is expected to be lower in the 2012 financial year as a result of lower levels of average net debt, the repayment of our US$300 million 6.125% bond in June 2011 and a positive impact from pension interest.

Adjusted profit before tax increased by 34% (32% in constant currency) to £263 million (2010 – £196 million). On a statutory basis, profit before tax was £245 million compared to a loss of £116 million in the prior year. The effective rate of tax on adjusted profit from continuing operations was 18.5% (2010 – 20.8%). The decrease was due mainly to changes in the geographical origin of profits and also the resolution of some historical tax issues.

Discontinued operations comprise EU Sugars, Molasses, International Sugar Trading, and the sugar operations in Vietnam and Israel. The operating loss from discontinued operations was £45 million after exceptional losses of £43 million (2010 – profit of £50 million, after exceptional gains of £22 million). On 20 April 2011, we announced the conditional sale of our Vietnam sugar interests. Any profit on disposal will be recognised as and when the sale completes. The loss from discontinued operations after taxation for the year was £29 million (2010 – profit of £40 million).

Total basic earnings per share was 35.3p (2010 – 3.3p) and total diluted earnings per share was 34.7p (2010 – 3.3p). Adjusted diluted earnings per share from continuing operations was 45.7p (2010 – 33.7p) and on the same basis basic earnings per share was 46.5p (2010 – 33.9p).

Speciality Food Ingredients

	Year to 31 March		Change	
	2011 **£m**	2010 £m	**Reported**	**Constant currency**
Sales	**805**	788	+ 2%	+ 2%
Adjusted operating profit	**206**	163	+ 26%	+ 25%
Margin	**25.6%**	20.7%	+ 490bps	+ 480bps

Market conditions

In food starches, increased demand for starch derivatives and the poor availability in Europe of potato-based starches due to the poor harvest, has tightened European industry capacity resulting in increased demand for corn-based starches and a firming of starch margins overall. A short supply of tapioca based starches in Asia resulted in an increase in corn-based modified food starch sales in the region. In the US and Europe the continuing, albeit gradual, recovery from the recession has seen a strengthening demand for modified food starch in the convenience food industry with innovation in snacks leading the recovery.

Continuing high and volatile sugar prices have had a positive impact on demand for starch-based speciality and high intensity sweeteners. Increased regulation in some markets, notably Latin America where some countries are now mandating stricter labelling of sugar levels in foods or restricting the use of competing sweeteners, further contribute to this trend.

Rising levels of obesity and diabetes in both the developed and emerging markets as well as the high and volatile price of sugar continue to support the market for high-intensity sweeteners (“HIS”). Sucralose again increased its value share of the HIS market, increasing from 27% to 28%. SPLENDA® Sucralose’s share of the global market for sucralose remains approximately 90%.

The increased focus on healthier lifestyles is also driving demand in the Health and Wellness space and we have seen robust growth in this area driven by new product launches during the year. In addition, the favourable opinions granted by the European Food Safety Authority (EFSA) for polydextrose and sucralose in April 2011 are expected to increase the focus on these ingredients as key contributors to healthy diets.

Within Food Systems, a key driver of growth continues to be the need for customers to develop and formulate more cost effective solutions against a backdrop of high commodities prices.

Financial performance

Sales volumes increased by 7% with volume growth across all value added product categories. Sales increased by 2% (2% in constant currency) to £805 million (2010 – £788 million). Adjusted operating profit increased by 26% (25% in constant currency) to £206 million (2010 – £163 million). The increase in operating profit and margin was driven by higher volumes, operational leverage, improved product mix and lower sucralose manufacturing costs. The effect of exchange translation was to increase adjusted operating profit by £2 million.

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

Starch-based speciality ingredients

In starch-based speciality ingredients sales increased by 4% (2% in constant currency) to £434 million (2010 – £418 million). Margins increased by five percentage points and our aim is to hold on to most of these margin gains during financial year 2012. The benefits of operational leverage derived from selling additional volumes of higher margin products with only a relatively small uplift in our fixed cost base was the key driver of the profitability growth of this product segment.

In modified food starches, sales volume increases were driven by increased demand across all regions. Steady growth in developing markets, especially the Asia-Pacific region, was driven by the demand for more convenience and manufactured foods. During the year we launched RESISTAMYL™ 140, a bakery cream starch, in Europe and the initial sales response has been encouraging.

Speciality corn sweeteners benefited from higher sales volumes in Europe, the US and developing markets, particularly Latin America on the back of high and volatile sugar prices.

The successful launch of our high-fibre, low-sugar and low-calorie prebiotic fibre - PROMITOR™ Soluble Corn Fiber 85 - in the US and Latin America has driven growth in our Health and Wellness platform which we expect will continue to benefit from the consumer trend towards healthier lifestyles. During the year we also commissioned the first polydextrose fibre manufacturing operation in Europe, providing our European customers with a shorter supply chain and a broader product range. We are very pleased with the customer reaction to our fibre product range. As high value products, their growth has improved product mix leading to an improvement in margin.

Whilst sales to developing markets increased strongly across this product category during the year, they are building from a low base and thus the contribution to operating profit remains modest.

High intensity sweeteners

Within high intensity sweeteners, we saw good sales volume growth during the year. As expected, average selling prices were lower than the comparative period, reflecting our strategy of securing long-term sucralose contracts with volume incentive arrangements. As a result, sales by value decreased by 1% (3% in constant currency) to £185 million (2010 – £187 million). Looking forward, we expect the decline we have seen in selling prices for SPLENDA® Sucralose to moderate towards the end of this financial year as contracts renew. A reduction in SPLENDA® Sucralose manufacturing costs was an important driver of increased profitability in this product segment and Speciality Food Ingredients overall.

We have seen continuing strong growth in demand for SPLENDA® Sucralose. This growth has come not only from more mature markets such as Europe and the US but also emerging markets, particularly Asia and Latin America where, as in developed markets, obesity and diabetes is becoming more prevalent. These markets provide an excellent opportunity to expand our footprint where the taste preferences of consumers for beverages and other products are less well established and where the heat stability of SPLENDA® Sucralose make it well suited to less well developed supply chains. In addition, we have also seen increased demand for SPLENDA® Sucralose from customers looking to use more cost-efficient alternatives in an environment of volatile and high priced sugar.

We expect these long-term structural drivers to sustain the growth levels achieved over the last few years, supported by a strong pipeline of demand for SPLENDA® Sucralose both from existing and new customers. This means that we will need further capacity to meet future demand and as a result we are going to re-start production of SPLENDA® Sucralose at McIntosh, Alabama during the first half of the year ending 31 March 2013. The decision to restart production at McIntosh, which was taken following a comprehensive review of alternative options, reinforces our commitment to the sucralose business, provides further resilience in our supply chain and further strengthens our position as the leading global manufacturer and supplier of sucralose.

In restarting McIntosh, we will incur approximately £3 million of additional costs which will reduce profit in the year to 31 March 2012 and the loss for the plant will be around twice that amount the following year as fixed costs increase. The increase in fixed costs includes the impact of additional depreciation as the plant is brought back into operation. We plan to operate the two plants in such a way as to minimise the additional fixed costs incurred and expect to achieve good levels of operational leverage as volumes increase.

In May 2009, following the significant increase in manufacturing yields achieved during the 2009 financial year, we announced the mothballing of the McIntosh facility and that production of all SPLENDA® Sucralose would take place at our Singapore facility. At that time, we recognised an impairment of £97 million and took a provision of £55 million to cover the cash costs associated with mothballing McIntosh, in anticipation of cash payback over three years. In restarting McIntosh we expect to reverse approximately £50 million of this impairment this financial year, adjusting the original amount by the notional depreciation over the last two years and for some equipment which needs to be replaced. We expect to incur a further £13 million of capital expenditure this financial year to bring the plant back into operation and will employ more working capital once we restart production. We have achieved the annual savings from the mothballing as anticipated but expect to be able to release approximately £20 million of the original £55 million provision this financial year once we re-commission the facility. This saving more than covers the cash costs of the re-start.

Food Systems

During the year, sales from Food Systems increased by 2% (3% in constant currency) to £186 million (2010 – £183 million) impacted by weaker second half volume on the back of tougher trading conditions in some markets, notably Russia. Volume growth of 4% was driven by increases in Asia Pacific, the US and South Africa. We continue to leverage our product formulation expertise to provide cost effective solutions for our customers against a backdrop of high and rising prices in raw materials.

Speciality Food Ingredients Outlook

In Speciality Food Ingredients, we anticipate the current steady demand patterns to continue and a year of good sales growth. The lower sucralose manufacturing costs are now reflected in the performance of this division and, accordingly, the level of profit growth in the coming financial year is expected to be more modest than the strong result achieved in financial year 2011.

Bulk Ingredients

	Year to 31 March		Change	
	2011 **£m**	2010 £m	**Reported**	**Constant currency**
Sales	**1,915**	1,745	+ 10%	+ 7%
Adjusted operating profit	**157**	136	+ 15%	+ 11%
Margin	**8.2%**	7.8%	+ 40bps	+ 30bps

Market conditions

Whilst US domestic demand for nutritive sweeteners in the 2011 financial year continued its gradual long-term downward trend, strong seasonal demand and increased exports of corn sweeteners to Mexico offset this impact. Higher Mexican demand was driven by high domestic sugar prices in the Mexican market, and a relative recovery of the Mexican peso against the US dollar which accelerated the substitution of cane sugar with corn sugar.

US corn yields for the 2010 harvest were low compared with recent experience. The fall in production is expected to reduce stocks to their lowest level since 1996 and the forecast stocks-to-use ratio for the end of the current crop year is the lowest on record. The latest planting intentions, reported by the USDA, indicate that planted corn would increase to the second highest level on record, driven by high corn prices. The European corn price has followed similar trends to the US market.

In the European sweetener market world sugar prices rose above the EU preferential rate thereby discouraging traditional suppliers of cane sugar, some of whom also experienced harvest difficulties, from supplying to Europe. This supply restriction was compounded by lower beet sugar yields from the harsh winter resulting in higher sugar prices. The selling price of isoglucose (corn sugar), which is closely correlated to the sugar price, rose towards the end of the financial year but not at the same rate as corn prices, resulting in a squeeze on margins.

Although demand for industrial starches in the US recovered modestly, it still remains significantly below the levels experienced before the economic downturn. The demand for industrial starches in Europe also improved with demand for corn starches receiving an additional boost on the back of the poor potato harvest. In US ethanol, whilst cash margins have increased, levels of profitability within the industry remain low overall.

Co-product prices were supported by fundamental demand and improved through the year on the back of higher corn and competing commodity prices. The market for US corn gluten feed was boosted by the reopening of European markets to EU-approved genetically modified varieties and by China's increased imports of competing feed products. Demand for corn gluten meal, primarily for pet food, remained firm and exports to Latin America were stronger as aquaculture companies continued to increase production. In addition, demand for corn oil remained strong.

Financial performance

Sales increased by 10% (7% in constant currency) to £1,915 million (2010 – £1,745 million). Adjusted operating profit increased by 15% to £157 million (11% in constant currency) driven by strong levels of co-product income and an improved performance from our ethanol business, despite lower margins in sweeteners and industrial starches. The effect of exchange translation was to increase operating profit by £5 million.

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

Sweeteners

In the Americas, bulk corn sweetener volumes increased by 14% and sales by 3% (decreased by 1% in constant currency) to £734 million (2010 – £715 million). As anticipated at the time of the announcement of our contracting round in January 2010, corn sugar (HFCS) unit margins were somewhat below the comparative period after taking into account lower input costs. Whilst we experienced firm demand patterns for Corn Sugar 55 and 42 in Mexico and strong US domestic demand as good weather provided an uplift in seasonal demand, the higher volumes did not offset the lower margins which had resulted from the 2010 calendar year pricing round and profits for the full year were below the comparative period.

In Europe, sales of bulk corn sweeteners increased by 10% (14% in constant currency) to £123 million (2010 – £112 million). Volumes increased by 11% year on year reflecting the increased capacity from our Slovakian expansion and increased quotas. Unit margins were lower, particularly in the second half, on the back of higher corn costs which increased at a faster rate than the price of sugar, which effectively determines the price for isoglucose (corn sugar) in the EU.

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

Industrial starches, acidulants and ethanol

Sales of Industrial starches, acidulants and ethanol increased by 13% (10% in constant currency) to £709 million (2010 – £629 million).

Industrial starch volumes grew by 8%. Whilst we have seen a modest recovery in market conditions margins continued to be under pressure in the US where the market remains very competitive. The performance for the year was below the prior year as the increased volumes were more than offset by lower unit margins. In Europe, tighter supply side conditions as a result of the poor starch potato harvest resulted in improved margins towards the end of the year.

Whilst we experienced improved positive cash margins in US ethanol, this product continued to generate a loss at the operating level. At the end of the period, we completed the sale of our Fort Dodge facility for cash consideration of £36 million resulting in an exceptional credit for the full year of £10 million (2010 – impairment of £217 million). The disposal reduces our exposure to what remains a volatile and highly commoditised industry.

Whilst citric acid sales increased within our acidulants business, profits were lower than the prior year as a result of higher input costs. As in the prior year, the Bio-PDO™ joint venture broke even in the 2011 financial year.

Co-products

Sales of co-products increased by 21% (19% in constant currency) to £349 million (2010 – £289 million).

The impact of rising US corn prices throughout the year resulted in additional profits of £16 million from co-products compared with the prior year. Since over 80% of our corn grind is utilised to produce Bulk Ingredients, the majority of this impact is recorded within this segment. In anticipation of potential supply tightness in the run up to the new harvest, we plan to hold our silos full to the beginning of the harvest year. With the larger volumes in inventory combined with the higher price of corn, we increased the amount of working capital tied up in US corn inventories by approximately £126 million at 31 March 2011. European corn prices also rose increasing co-product sales. However, hedging options are more limited than in the US so that higher corn prices had a modest negative impact on profitability in the second half.

Bulk Ingredients Outlook

In Bulk Ingredients, we expect sweetener margins to remain flat calendar year on year with volumes slightly down as we diversify some grind to Speciality Food Ingredients. Elsewhere, industrial starches are expected to perform better, particularly in Europe, but not sufficiently to offset more normal co-product returns.

Central costs

Central costs, which include head office, treasury and reinsurance activities, increased by £11 million to £42 million reflecting the costs associated with strengthening the Group's senior management team, costs associated with our financing portfolio and one-off costs of £6 million in the first half relating to the review of the Group's activities. The effect of exchange translation was to increase central costs by £1 million.

Energy costs

Energy costs for the year were £170 million (2010 – £178 million), a decrease of 4% (7% in constant currency). The improvement of £12 million in constant currency was due principally to lower prices (£22 million) and efficiency improvements (£9 million), partly offset by higher volumes (£14 million) and an unfavourable input mix (£5 million). We have covered the cost of almost 70% of our estimated energy needs for the 2012 financial year, and while contracts have been secured at higher prices than in the 2011 financial year we will look to mitigate some of the upward pressure through efficiencies.

Exceptional items from continuing operations

	Year to 31 March	
	2011	2010
	£m	£m
Business transformation costs	**(15)**	(3)
Gain on disposal of assets net of pre-disposal costs – Fort Dodge	**10**	–
Impairment charges – Fort Dodge	**–**	(217)
UK Group Pension Scheme changes	**–**	5
Closure costs	**–**	(55)
Write-down of assets	**–**	(28)
Exceptional items	**(5)**	(298)

Exceptional items within our continuing operations during the year totalled a net charge of £5 million on a pre-tax basis. We recognised an exceptional gain of £10 million relating to the Fort Dodge, Iowa facility which was sold on 30 March 2011. The facility was impaired in the previous financial year. We have incurred an exceptional charge of £15 million in relation to business transformation costs, principally restructuring associated with the new Commercial and Food Innovation Centre in Chicago and the implementation of a common global IS/IT platform and global support services.

The tax impact on continuing net exceptional items is a charge of £10 million. In addition, an exceptional tax credit of £8 million has been recognised in respect of unrealised profit on inventory following the restructuring of our business. This credit has no impact on cash paid or received.

Exceptional items from continuing operations in the 2010 financial year comprised a £3 million charge relating to business transformation costs in Speciality Food Ingredients, an impairment charge of £217 million relating to the decision to mothball our Fort Dodge facility, a £55 million charge relating to our decision to mothball the sucralose manufacturing facility in McIntosh, Alabama, and the write off of £28 million of research and development assets from which we no longer expect to receive a commercial benefit. We also recognised a £5 million exceptional gain in relation to changes to the UK Group Pension Scheme. The exceptional tax credit on continuing operations was £117 million, primarily due to the deferred tax asset related to the impairment of the Fort Dodge facility. An exceptional tax credit of £15 million was also recognised in respect of the release of various tax provisions.

Net finance expense

The net finance expense from continuing operations decreased from £72 million to £58 million, principally as a result of lower pension interest expense. We were not able to benefit fully from the decrease in average net debt due to the fixed nature of our gross borrowings.

However, the net interest charge is expected to be significantly lower in the 2012 financial year as a result of lower levels of average net debt, a reduction of our average effective interest rate principally as a result of the repayment of our US$300 million bond in June 2011, and a change from a £4 million pension interest expense in the year ended 31 March 2011 to an anticipated pension interest credit of £5 million in the year ending 31 March 2012.

Taxation

The taxation charge from continuing operations before exceptional items and amortisation of acquired intangible assets was £49 million (2010 – £41 million) as a result of higher pre-tax adjusted profit. The effective rate of tax on adjusted profit decreased to 18.5% (2010 – 20.8%) as a result of the geographic mix of profits and also the resolution of some historical tax issues.

The effective tax rate for the 2012 financial year is expected to remain broadly in line with this year's effective tax rate assuming the geographic mix of profits is in line with our expectations.

Discontinued operations

Discontinued operations comprise our former Sugars Division, principally our former EU Sugars business which we sold in September 2010, our former Molasses business which we sold in December 2010, our former International Sugar Trading business, and our Vietnam and Israeli sugar interests which are reported as assets held for sale. On 20 April 2011 we announced we had entered into a conditional agreement to sell our Vietnam business.

Sales from discontinued operations for the year decreased to £590 million from £1,074 million as a result of the sale of EU Sugars and Molasses part way through the year. The operating loss from our discontinued operations totalled £45 million, after exceptional losses of £43 million (2010 – profit of £50 million, after exceptional profits of £22 million).

The exceptional pre-tax loss for the year of £43 million comprises the £55 million loss on disposal of EU Sugars booked during the year partially offset by the £12 million profit on the disposal of Molasses. Taxation on our discontinued operations was a £16 million credit (2010 – £11 million charge) after reflecting an exceptional tax credit of £19 million (2010 – £5 million charge). The loss from discontinued operations after taxation for the year was £29 million (2010 – profit £40 million). The final loss on disposal of EU Sugars is subject to closing adjustments arising from the agreement of post completion statements. The process to reach such agreement is ongoing, and items totalling £54 million remain outstanding and are expected to be submitted for adjudication to an independent expert. These items relate to the impact of major turbulence in the supply of raw sugar to the EU during the period prior to closing which resulted in an increase in certain rolling re-export commitments of the business arising under the EU Sugar Regime. The Group believes that its position is fully supported and as such will be robustly defended. No provision in respect of outstanding items has been recorded.

Earnings per share

Adjusted diluted earnings per share from continuing operations was 45.7p (2010 – 33.7p), an increase of 36% (34% in constant currency) as a result of higher operating profits, lower finance costs and the reduction in the effective tax rate. On the same basis, basic earnings per share was higher by 37% (36% in constant currency) at 46.5p (2010 – 33.9p).

Total basic earnings per share at 35.3p was higher than the prior year as the 2010 basic earnings per share of 3.3p was impacted by significant exceptional costs.

Dividend

The Board is recommending a 5% increase in the final dividend to 16.9p (2010 – 16.1p) making a full year dividend of 23.7p (2010 – 22.9p) per share, up 3.5% on the prior year. Subject to shareholder approval, the proposed final dividend will be due and payable on 5 August 2011 to all shareholders on the Register of Members at 1 July 2011. In addition to the cash dividend option, shareholders will also be offered a Dividend Reinvestment Plan (DRIP) alternative. The DRIP replaces the scrip alternative that was previously available to shareholders.

Assets

Gross assets at 31 March 2011 were £3,051 million, £237 million lower than the previous year principally as a result of the disposal of EU Sugars and Molasses. Net assets increased by £119 million to £973 million driven by the profits generated in the year and actuarial gains relating to our post retirement plans partially offset by dividend payments and foreign exchange losses on the translation of overseas subsidiaries.

Post-retirement benefits

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

The net deficit on our post retirement obligations reduced by £118 million to £139 million at 31 March 2011 from £257 million in the prior year principally as a result of increasing asset valuations and cash contributions during the year. The UK pension obligations relating to EU Sugars and Molasses remained with the Group.

Net debt

Net debt fell by £350 million to £464 million (2010 – £814 million) driven by free cash flow of £190 million from the continuing businesses and £316 million relating to the sale of EU Sugars, Molasses and Fort Dodge. These inflows were partially offset by cash utilised by the discontinued businesses amounting to £105 million, principally the repayment of letters of credit ahead of disposal, and dividend payments of £70 million. In addition, the Group's debt is primarily denominated in US dollars and euros to match the underlying currencies of the operational cash flows and net assets and, therefore, as sterling has strengthened against the US dollar and the euro, net debt reported in sterling has reduced by £27 million.

During the year, net debt peaked at £836 million in May 2010. The average net debt was £661 million, a reduction of £359 million from £1,020 million in the prior year.

Cash flow

	Year to 31 March	
	2011	2010
	£m	£m
Adjusted operating profit from continuing businesses	**321**	268
Depreciation/amortisation	**96**	105
Working capital	**(101)**	186
Share-based payments	**9**	4
Operating cash flow	**325**	563
Capital expenditure	**(58)**	(60)
Operating cash flow less capital expenditure	**267**	503
Net interest and tax paid	**(77)**	(89)
Free cash flow	**190**	414

Operating cash flow from continuing operations was £325 million, a decrease of £238 million compared with the prior year primarily due to increases in working capital of £101 million (2010 – reduction of £186 million) as we took the decision to increase US inventories (£126 million) in the second half of the year. This action was taken in response to the anticipated tight supply situation running up to the next corn harvest. We also made further progress to reduce working capital tied up in payables and receivables.

Net interest paid decreased by £13 million to £46 million principally as a result of a decrease in interest paid on our bank and other borrowings.

Income tax paid was £31 million.

Capital expenditure of £58 million was 64% of the depreciation charge, reflecting the transition to our new Group capital allocation process. Including the investments we will be making in growth and business transformation and the additional capital investment required to restart production at the McIntosh facility, we expect capital expenditure to be up to 1.4 times depreciation in the 2012 financial year.

Free cash inflow (representing cash generated from continuing operations after working capital, interest, taxation and capital expenditure) was £190 million, £224 million lower than the prior year principally as a result of the increases in working capital discussed earlier.

Cash outflow related to discontinued operations was £105 million compared with an inflow of £97 million in the prior year due to the timing of working capital flows ahead of the disposal of EU Sugars and Molasses. Net disposal proceeds from the sale of EU Sugars and Molasses were £280 million.

Equity dividends paid were £70 million, £33 million lower than the previous year due to the high take up of the scrip dividend.

CONSOLIDATED INCOME STATEMENT

	Notes	**Year to 31 March 2011 £m**	Year to 31 March 2010 £m
Continuing operations			
Sales	3	**2 720**	2 533
Operating profit/(loss)	3	**303**	(44)
Finance income	5	**3**	2
Finance expense	5	**(61)**	(74)
Profit/(loss) before tax		**245**	(116)
Income tax (expense)/credit	6	**(49)**	95
Profit/(loss) for the year from continuing operations		**196**	(21)
(Loss)/profit for the year from discontinued operations	9	**(29)**	40
Profit for the year		**167**	19
Profit for the year attributable to:			
– Equity holders of the Company		**163**	15
– Non-controlling interests		**4**	4
		167	19
Earnings per share attributable to the equity holders of the Company from continuing and discontinued operations	7	**pence**	pence
– Basic		**35.3**	3.3
– Diluted		**34.7**	3.3
Earnings/(loss) per share attributable to the equity holders of the Company from continuing operations	7		
– Basic		**42.6**	(4.7)
– Diluted		**41.9**	(4.7)
Dividends per share	8		
– Interim paid		**6.8**	6.8
– Final proposed		**16.9**	16.1
		23.7	22.9

Analysis of adjusted profit before tax from continuing operations		**£m**	£m
Profit/(loss) before tax		**245**	(116)
Add back:			
Exceptional items	4	**5**	298
Amortisation of acquired intangible assets		**13**	14
Adjusted profit before tax, exceptional items and amortisation of acquired intangible assets		**263**	196

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 31 March 2011 £m	Year to 31 March 2010 £m
Profit for the year	**167**	19
Actuarial gains/(losses) in post employment benefit plans	**58**	(104)
Net fair value gains on cash flow hedges	**9**	13
Cash flow hedges reclassified and reported in the income statement during the year	**9**	11
Valuation gain/(losses) on available-for-sale financial assets	**1**	(10)
Net exchange differences	**(37)**	(10)
Items recycled to the income statement on disposal	**(23)**	–
Deferred tax relating to the above components	**–**	25
Other comprehensive income/(expense) for the year, net of tax	**17**	(75)
Total comprehensive income/(expense) for the year	**184**	(56)
Attributable to:		
Equity holders of the Company	**181**	(59)
Non-controlling interests	**3**	3
	184	(56)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 March 2011 £m**	31 March 2010 £m
ASSETS			
Non-current assets			
Goodwill and other intangible assets		**320**	340
Property, plant and equipment		**855**	1 208
Investments in associates		**5**	7
Available-for-sale financial assets		**19**	14
Derivative financial instruments		**48**	49
Deferred tax assets		**74**	143
Trade and other receivables		**1**	2
Retirement benefit surplus		**103**	16
		1 425	1 779
Current assets			
Inventories		**454**	409
Trade and other receivables		**291**	424
Current tax assets		**25**	4
Derivative financial instruments		**135**	150
Cash and cash equivalents	12	**654**	504
		1 559	1 491
Assets held for sale	10	**67**	18
		1 626	1 509
TOTAL ASSETS		**3 051**	3 288
SHAREHOLDERS' EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**117**	115
Share premium		**406**	405
Capital redemption reserve		**8**	8
Other reserves		**175**	220
Retained earnings		**244**	79
		950	827
Non-controlling interests		**23**	27
TOTAL SHAREHOLDERS' EQUITY		**973**	854
LIABILITIES			
Non-current liabilities			
Trade and other payables		**1**	1
Borrowings	12	**887**	1 119
Derivative financial instruments		**56**	67
Deferred tax liabilities		**30**	59
Retirement benefit deficit		**242**	273
Provisions for other liabilities and charges		**21**	37
		1 237	1 556
Current liabilities			
Trade and other payables		**406**	485
Current tax liabilities		**33**	52
Borrowings and bank overdrafts	12	**227**	190
Derivative financial instruments		**126**	125
Provisions for other liabilities and charges		**44**	26
		836	878
Liabilities held for sale	10	**5**	–
		841	878
TOTAL LIABILITIES		**2 078**	2 434
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3 051**	3 288

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year to 31 March 2011 £m	Year to 31 March 2010 £m
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		**245**	(116)
Adjustments for:			
Depreciation of property, plant and equipment		**91**	99
Exceptional items	4	**5**	298
Amortisation of intangible assets		**18**	20
Share-based payments		**9**	4
Finance income	5	**(3)**	(2)
Finance expense	5	**61**	74
Change in working capital		**(101)**	186
Cash generated from continuing operations		**325**	563
Interest paid		**(49)**	(61)
Income tax paid		**(31)**	(30)
Cash (used in)/generated from discontinued operations	9	**(100)**	115
Net cash generated from operating activities		**145**	587
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		**37**	–
Interest received		**3**	2
Purchase of available-for-sale financial assets		**(5)**	(3)
Acquisitions of subsidiaries, net of cash acquired		**–**	(21)
Disposal of businesses, net of cash disposed		**280**	(26)
Purchase of property, plant and equipment		**(58)**	(60)
Purchase of intangible assets and other non-current assets		**(12)**	(5)
Net cash used in investing activities in discontinued operations	9	**(5)**	(18)
Net cash generated from/(used in) investing activities		**240**	(131)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**2**	2
Purchase of ordinary shares		**–**	(6)
Cash inflow from additional borrowings		**–**	198
Cash outflow from repayment of borrowings		**(129)**	(417)
Cash outflow from repayment of capital element of finance leases		**(2)**	(3)
Dividends paid to the Company's equity holders		**(70)**	(103)
Net cash used in financing activities in discontinued operations	9	**(18)**	(47)
Net cash used in financing activities		**(217)**	(376)
Net increase in cash and cash equivalents	12	**168**	80
Cash and cash equivalents			
Balance at beginning of year		**504**	434
Effect of changes in foreign exchange rates		**(18)**	(10)
Net increase in cash and cash equivalents		**168**	80
Balance at end of year	12	**654**	504

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital and share premium	Capital redemption reserve	Other reserves	Retained earnings	Attributable to the equity holders of the Company	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2009	519	8	219	241	987	26	1 013
Other comprehensive income/(expense) for the year	–	–	1	(75)	(74)	(1)	(75)
Profit for the year	–	–	–	15	15	4	19
Share-based payments charge, including tax	–	–	–	6	6	–	6
Share purchase	–	–	–	(6)	(6)	–	(6)
Proceeds from shares issued	1	–	–	1	2	–	2
Dividends paid	–	–	–	(105)	(105)	(2)	(107)
Scrip issue of shares for scrip dividend	–	–	–	2	2	–	2
Balance at 31 March 2010	520	8	220	79	827	27	854
Other comprehensive (expense)/income for the year	**–**	**–**	**(45)**	**63**	**18**	**(1)**	**17**
Profit for the year	**–**	**–**	**–**	**163**	**163**	**4**	**167**
Share-based payments charge, including tax	**–**	**–**	**–**	**10**	**10**	**–**	**10**
Proceeds from shares issued	**1**	**–**	**–**	**1**	**2**	**–**	**2**
Dividends paid	**–**	**–**	**–**	**(105)**	**(105)**	**(2)**	**(107)**
Scrip issue of shares for scrip dividend	**2**	**–**	**–**	**33**	**35**	**–**	**35**
Non-controlling interests disposed	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**
Balance at 31 March 2011	**523**	**8**	**175**	**244**	**950**	**23**	**973**

NOTES TO THE FINANCIAL INFORMATION
For the Year to 31 March 2011

1. Basis of preparation

The full year results for the year to 31 March 2011 have been extracted from audited consolidated financial statements which have not yet been delivered to the Registrar of Companies. The financial information in this announcement does not constitute the Group's Annual Report and financial statements. The auditors have reported on the Group's financial statements for the year to 31 March 2011. The report was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

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

2. Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the condensed set of consolidated financial information are consistent with those of the Group's Annual Report and Accounts 2010, other than the adoption, with effect from 1 April 2010, of new or revised accounting standards, as set out below.

Following a change in the organisational structure the segments disclosed under the provisions of IFRS 8 Operating Segments have been changed to Speciality Food Ingredients, Bulk Ingredients, Sugars and Central costs. The comparative segmental information for the year ended 31 March 2010 has been reclassified.

Following the disposal of the EU Sugar Refining operations ("EU Sugars") to American Sugar Refining, Inc, the sale of Molasses to W&R Barnett Ltd and the announcement of the proposed sale of Vietnam Sugar and commitment to sell the Israel operations, the Sugars segment has been reclassified as discontinued operations in the current and comparative periods. In the current year, the assets and liabilities of Vietnam Sugar and the sugar operations in Israel have been included within assets and liabilities held for sale.

The following new standards are effective for the Group's accounting period beginning on 1 April 2010 and where relevant have been adopted in this financial information. They have not had a material impact on the results or financial position of the Group:

- IFRS 1 (revised) *First time adoption*
- IFRIC 17 *Distribution of Non-cash Assets to Owners*
- Amendment to IAS 27 (revised) *Consolidated and Separate Financial Statements*
- IFRS 3 (revised) Business Combinations
- IFRS 2 *Share-based Payment* – group cash-settled share-based payment transactions
- Amendment to IAS 32 *Financial Instruments:* Presentation on classification of rights issues
- Amendment to IAS 39 *Financial Instruments:* Recognition and Measurement – eligible hedged items
- IFRIC 18 *Transfer of Assets from Customers*
- IFRIC 16 *Hedges of a net investment in a foreign operation*

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

3. Segment information

Following the change in the organisational structure announced in May 2010, the Group restructured its internal organisation into four distinct segments: Speciality Food Ingredients, Bulk Ingredients, Sugars and Central costs. Sugars was subsequently classified as discontinued. Management reporting has been realigned with this reorganisation and, as a result, the segment information set out below reflects this change. Comparative information for the year ended 31 March 2010 has been reclassified.

Central costs, which include head office, treasury and reinsurance activities, do not meet the operating segment definition under IFRS 8 but have been disclosed as a reportable segment in the tables below to be consistent with internal management reporting.

Discontinued operations comprise previously disclosed International Sugar Trading and Eastern Sugar together with the Sugars division (Note 9).

The segment results for the year to 31 March 2011 were as follows:

	Continuing operations					
	Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m	Discontinued operations (Note 9) £m	Total from continuing and discontinued operations £m
Sales						
Total sales	916	1 987	–	2 903	590	3 493
Inter-segment sales	(111)	(72)	–	(183)	–	(183)
External sales (note a)	805	1 915	–	2 720	590	3 310
Operating profit/(loss)						
Before exceptional items and amortisation of acquired intangible assets	206	157	(42)	321	(2)	319
Exceptional items (Note 4)	(7)	9	(7)	(5)	(43)	(48)
Amortisation of acquired intangible assets	(13)	–	–	(13)	–	(13)
Operating profit/(loss)	186	166	(49)	303	(45)	258
Net finance expense				(58)	–	(58)
Profit/(loss) before tax				245	(45)	200
Adjusted operating margin	25.6%	8.2%	–	11.8%	(0.3%)	9.6%
Operating margin	23.1%	8.7%	–	11.1%	(7.6%)	7.8%

(a) There were no customers that contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2011.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

3. Segment information (continued)

The segment results for the year to 31 March 2010 are as follows:

	Continuing operations					
	Speciality Food Ingredients £m	Bulk Ingredients £m	Central costs £m	Total £m	Discontinued operations (Note 9) £m	Total from continuing and discontinued operations £m
Sales						
Total sales	869	1 772	–	2 641	1 074	3 715
Inter-segment sales	(81)	(27)	–	(108)	–	(108)
External sales (note a)	788	1 745	–	2 533	1 074	3 607
Operating profit/(loss)						
Before exceptional items and amortisation of acquired intangible assets	163	136	(31)	268	28	296
Exceptional items (Note 4)	(66)	(237)	5	(298)	22	(276)
Amortisation of acquired intangible assets	(14)	–	–	(14)	–	(14)
Operating profit/(loss)	83	(101)	(26)	(44)	50	6
Net finance (expense)/income				(72)	1	(71)
(Loss)/profit before tax				(116)	51	(65)
Adjusted operating margin	20.7%	7.8%	–	10.6%	2.6%	8.2%
Operating margin	10.5%	(5.8%)	–	(1.7%)	4.7%	0.2%

(a) Two external customers contributed more than 10% of the Group's external sales from continuing operations for the year ended 31 March 2010. The combined external sales for these customers were £553 million which have been recorded across all the reportable segments, excluding central costs.

4. Exceptional items

Exceptional items are as follows:

	Year to 31 March 2011 £m	Year to 31 March 2010 £m
Continuing operations		
Gain on disposal, net of pre-disposal costs – Fort Dodge (note a)	**10**	–
Impairment charges – Fort Dodge (note b)	**–**	(217)
Business transformation costs (note c)	**(15)**	(3)
Closure and restructuring costs (note d)	**–**	(55)
UK Group Pension Scheme changes (note e)	**–**	5
Write-down of assets (note f)	**–**	(28)
	(5)	(298)
Discontinued operations		
Loss on disposal – EU Sugars (note g)	**(55)**	–
Gain on disposal – Molasses (note h)	**12**	–
UK Group Pension Scheme changes (note e)	**–**	37
Impairment charges (note b)	**–**	(15)
	(43)	22

The comparative figures for 2010 have been restated to reflect the disposal of EU Sugars and Molasses, which are presented as discontinued operations in both years.

(a) The Group has recorded a net exceptional gain of £10 million in respect of the mothballed ethanol facility at Fort Dodge, Iowa. On 30 March 2011 the facility was sold for cash consideration of £36 million resulting in a gain on disposal of £15 million. An exceptional charge of £25 million had previously been booked early in the year in respect of onerous contracts relating to future obligations of the plant. As a result of the disposal, £20 million of the resultant provision was no longer required and was reversed. This exceptional gain is reported in the Bulk Ingredients segment.

(b) In the year ended 31 March 2010, following a detailed analysis of end markets, in light of costs of around £70 million to complete and commission the plant in Fort Dodge, Iowa, and factoring in the risks associated with future returns from operating the plant, the Group concluded that the plant was highly unlikely to be completed or commissioned in the foreseeable future. As a result, the facility was mothballed and an impairment charge of £217 million recognised. Of the £217 million charge, £209 million related to assets previously held in assets under construction and £8 million related to prepayments. This exceptional item was reported in the Bulk Ingredients segment.

In the year ended 31 March 2010, the Group recognised an impairment charge of £15 million at its sugar refining business in Israel comprising a full write-down of the property, plant and equipment (£11 million) and an inventory impairment (£4 million). This impairment charge reflected anticipated future decline in the commercial prospects of Israel which is now reported within discontinued operations.

(c) The Group has recognised an exceptional charge of £15 million in relation to business transformation costs. The Group incurred £6 million of charges in relation to the implementation of a common global IS/IT platform, £4 million in relation to the relocation of employees and restructuring associated with the new Commercial and Food Innovation Centre in Chicago, Illinois, and £5 million (2010 – £3 million) of closure and other restructuring costs relating to the Food Systems business. These costs are reported in the Bulk Ingredients (£1 million), Speciality Food Ingredients (£7 million) and the Central costs (£7 million) segments.

(d) In the year ended 31 March 2010, the Group recognised an exceptional charge in relation to the decision to mothball the sucralose manufacturing facility in McIntosh, Alabama. The charge totalled £55 million and covered costs connected with redundancy, clean-up activities and ongoing fixed costs, and included provision for costs to final closure. The exceptional item was reported in the Speciality Food Ingredients segment.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

4. Exceptional items (continued)

(e) In the year ended 31 March 2010, the Group recognised an exceptional gain of £42 million in relation to changes announced to the Group Pension Scheme in the United Kingdom. Of the total gain, £32 million related to negative past service costs following the removal of the discretionary early retirement benefit from November 2009 and £10 million related to a curtailment gain as a result of the closure of the scheme to future benefit accrual for employee members from 6 April 2011. This exceptional item related to the Central costs segment (£5 million) and Sugars (£37 million) segments.

(f) In the year ended 31 March 2010, following a review of its portfolio of research and development projects, the Group wrote off £28 million in relation to assets from which it does not expect to receive a commercial benefit. Of the £28 million, £20 million had previously been reported within property, plant and equipment, £6 million within intangible assets and £2 million within prepayments. These assets related to operations reported in both the Bulk Ingredients (£20 million) and Specialty Food Ingredients (£8 million) segments.

(g) The Group recorded a loss of £55 million in relation to the disposal of EU Sugars. Further details are set out in Note 11.

(h) The Group recorded a gain of £12 million in relation to the disposal of Molasses. Further details are set out in Note 11.

The tax impact on continuing net exceptional items is £10 million charge (2010 – £117 million credit). The tax impact on the discontinued net exceptional items is a £19 million credit (2010 – £5 million credit). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future. In addition, there has been an exceptional tax credit of £8 million in respect of the recognition of a deferred tax asset on unrealised profit in inventory following the restructuring of the business organisation.

There was an exceptional tax credit of £15 million in the year ended 31 March 2010 in respect of the release of various tax provisions following settlement of outstanding issues around the Group.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

5. Finance income and finance expense

Continuing	**Year to 31 March 2011 £m**	Year to 31 March 2010 £m
Finance income		
Interest receivable	**3**	2
Total finance income	**3**	2
Finance expense		
Interest payable on bank and other borrowings	**(45)**	(54)
Net finance expense arising on post employment benefit plans:		
– interest cost	**(76)**	(76)
– expected return on plan assets	**72**	57
Finance lease charges	**(1)**	(1)
Unwinding of discounts in provisions	**(2)**	–
Fair value gains/(losses) on interest-related derivative instruments:		
– interest rate swaps – fair value hedges	**7**	(2)
– derivatives not designated as hedges	**(3)**	(1)
Fair value adjustment of borrowings attributable to interest rate risk	**(7)**	3
Recycle of cash flow hedge reserve in respect of borrowings repaid	**(6)**	–
Total finance expense	**(61)**	(74)
Net finance expense	**(58)**	(72)

Finance expense is shown net of borrowing costs capitalised into the cost of assets of £nil (2010 – £2 million at a capitalisation rate of 5.0%).

Interest payable on other borrowings includes £0.2 million (2010 – £0.2 million) of dividends in respect of the Group's 6.5% cumulative preference shares.

Discontinued
Included within the loss for the year in relation to discontinued operations (Note 9) is net finance income of £nil (2010 – £1 million).

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

6. Income tax expense

Continuing	**Year to 31 March 2011 £m**	Year to 31 March 2010 £m
Current tax:		
In respect of the current year		
– UK	**–**	1
– Overseas	**3**	33
Adjustments in respect of previous years	**(10)**	(2)
Exceptional tax credit	**–**	(15)
	(7)	17
Deferred tax:		
Deferred tax charge/(credit)	**64**	(112)
Exceptional tax credit	**(8)**	–
Income tax expense/(credit)	**49**	(95)

The income tax charge relating to continuing operations in the year to 31 March 2011 of £49 million (2010 – credit of £95 million) includes a charge of £10 million in respect of pre-tax exceptional items (2010 – £117 million credit).

Included within current tax is a £10 million credit (2010 – £2 million) principally relating to the settlement of prior year tax obligations in a number of jurisdictions.

The exceptional tax credit of £8 million represents the recognition of a deferred tax asset on unrealised profit in inventory following the restructuring of the Group. £15 million in 2010 represented releases of various tax provisions following settlement of outstanding issues around the Group.

The effective tax rate for the year, calculated on the basis of the total income tax charge relating to continuing operations as a proportion of profit before tax, is 19.7% (2010 – income tax credit on loss before tax of 81.9%). This compares with the standard rate of corporation tax in the United Kingdom of 28% (2010 – 28%).

The standard rate of corporation tax in the United Kingdom will reduce from 28% to 26% from 1 April 2011.

Discontinued

The income tax credit in respect of discontinued operations (Note 9) in the year to 31 March 2011 is £16 million (2010 – £11 million expense).

7. Earnings per share

Basic

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

	Year to 31 March 2011			Year to 31 March 2010		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to equity holders of the Company (£million)	**196**	**(33)**	**163**	(21)	36	15
Weighted average number of ordinary shares in issue (millions)	**461.5**	**461.5**	**461.5**	457.0	457.0	457.0
Basic earnings/(loss) per share	**42.6p**	**(7.3)p**	**35.3p**	(4.7)p	8.0p	3.3p

Diluted

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

	Year to 31 March 2011			Year to 31 March 2010		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to equity holders of the Company (£million)	**196**	**(33)**	**163**	(21)	36	15
Weighted average number of diluted shares in issue (millions)	**468.8**	**468.8**	**468.8**	457.0	457.0	457.0
Diluted earnings/(loss) per share	**41.9p**	**(7.2)p**	**34.7p**	(4.7)p	8.0p	3.3p

The adjustment for the dilutive effect of share options at 31 March 2011 was 7.3 million shares (2010 – nil).

Adjusted earnings per share

Adjusted earnings per share is stated excluding exceptional items and amortisation of acquired intangible assets as follows:

Continuing operations	**Year to 31 March 2011**	Year to 31 March 2010
Profit/(loss) attributable to equity holders of the Company (£million)	**196**	(21)
Adjustments for (£million):		
– exceptional items	**5**	298
– amortisation of acquired intangible assets	**13**	14
– tax effect of the above adjustments	**8**	(121)
– exceptional tax credit	**(8)**	(15)
Adjusted profit (£million)	**214**	155
Adjusted basic earnings per share from continuing operations	**46.5p**	33.9p
Adjusted diluted earnings per share from continuing operations	**45.7p**	33.7p

For the purposes of the adjusted diluted earnings per share from continuing operations for the year ended 31 March 2010, the adjustment for the dilutive effect of share options was 2.3 million.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

8. Dividends

	Year to 31 March 2011	Year to 31 March 2010
Dividends paid on ordinary equity shares (£million):		
– final paid relating to prior year	**74**	74
− interim paid relating to current year	**31**	31
Total dividend paid (£million)	**105**	105
Satisfied by:		
– cash (£million)	**70**	103
– scrip dividends (£million) (note a)	**35**	2
Total	**105**	105
The total ordinary dividend is 23.7p (2010 − 22.9p) made up as follows:		
− interim dividend paid	**6.8p**	6.8p
− final dividend proposed (note b)	**16.9p**	16.1p
Total	**23.7p**	22.9p

(a) During the year, shareholders were given the option to receive the final dividend relating to the prior year and the interim dividend relating to the current year in the form of a scrip issue. On 30 July 2010 and 7 January 2011, the Group issued 5,716,625 shares and 1,601,272 shares respectively for scrip at a nominal value per share of 25p and a cash equivalent value of £35 million.

(b) The final dividend proposed for the year of £79 million (2010 – £74 million), based on the number of shares outstanding as at 31 March 2011 has not been recognised as a liability and will be paid, subject to approval by shareholders at the Company's Annual General Meeting, on 5 August 2011 to shareholders who are on the Register of Members on 1 July 2011.

9. Discontinued operations

On 1 July 2010, the Group announced its intention to sell all the businesses within the Sugars segment. Accordingly, the results of these Sugar businesses are presented as discontinued operations for the year ended 31 March 2011 and 31 March 2010. On 30 September 2010, the Group completed the disposal of EU Sugars to American Sugar Refining, Inc. On 3 December 2010, the Group completed the disposal of Molasses to W&R Barnett Ltd. On 20 April 2011, the Group announced that it had entered into a conditional contract to dispose of Vietnam Sugar to TH Milk Food Joint Stock Company for cash consideration of approximately £33 million together with the Group's proportionate share of cash and working capital. The results of Israel and Vietnam Sugar are presented within the Other category for both periods.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

9. Discontinued operations (continued)

	Year to 31 March 2011				
	EU Sugars £m	**Molasses £m**	**International Sugar Trading £m**	**Other £m**	**Total £m**
Sales	**330**	**141**	**18**	**101**	**590**
Operating (loss)/profit before exceptional items	**(2)**	**7**	**(11)**	**4**	**(2)**
Exceptional items (note 4)	**(55)**	**12**	**–**	**–**	**(43)**
Operating (loss)/profit	**(57)**	**19**	**(11)**	**4**	**(45)**
Finance income	**–**	**–**	**–**	**1**	**1**
Finance expense	**–**	**–**	**(1)**	**–**	**(1)**
(Loss)/profit before tax	**(57)**	**19**	**(12)**	**5**	**(45)**
Income tax credit /(expense)	**22**	**(1)**	**–**	**(5)**	**16**
(Loss)/profit for the year	**(35)**	**18**	**(12)**	**–**	**(29)**
Non-controlling interests	**–**	**(1)**	**–**	**(3)**	**(4)**
(Loss)/profit attributable to equity holders of the Company	**(35)**	**17**	**(12)**	**(3)**	**(33)**

	Year to 31 March 2010				
	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
Sales	689	228	101	56	1 074
Operating profit/(loss) before exceptional items	14	14	(3)	3	28
Exceptional items	37	–	–	(15)	22
Operating profit/(loss)	51	14	(3)	(12)	50
Finance income	2	1	–	–	3
Finance expense	–	–	(2)	–	(2)
Profit/(loss) before tax	53	15	(5)	(12)	51
Income tax (expense)/credit	(12)	(2)	–	3	(11)
Profit/(loss) for the year	41	13	(5)	(9)	40
Non-controlling interests	–	(1)	–	(3)	(4)
Profit/(loss) attributable to equity holders of the Company	41	12	(5)	(12)	36

9. Discontinued operations (continued)

Net cash flows from discontinued operations are as follows:

	Year to 31 March 2011				
	EU Sugars £m	**Molasses £m**	**International Sugar Trading £m**	**Other £m**	**Total £m**
Net cash (used in)/generated from operating activities	**(85)**	**(11)**	**(17)**	**13**	**(100)**
Net cash (used in)/generated from investing activities	**(5)**	**(1)**	**–**	**1**	**(5)**
Net cash used in financing activities	**(16)**	**(1)**	**–**	**(1)**	**(18)**

	Year to 31 March 2010				
	EU Sugars £m	Molasses £m	International Sugar Trading £m	Other £m	Total £m
Net cash generated from/(used in) operating activities	110	28	(25)	2	115
Net cash (used in)/generated from investing activities	(17)	(2)	–	1	(18)
Net cash used in financing activities	(45)	(1)	–	(1)	(47)

Sale of EU Sugars

The sale of EU Sugars to American Sugar Refining Inc. completed on 30 September 2010. The consideration after working capital adjustments was £227 million, subject to closing adjustments arising from the agreement of post completion statements. The process to reach such agreement is ongoing and items totalling £54 million remain outstanding and are expected to be submitted for adjudication to an independent expert. These items relate to the impact of major turbulence in the supply of raw sugar to the EU during the period prior to closing which resulted in an increase in certain rolling re-export commitments of the business arising under the EU Sugar Regime. The Group believes that its position is fully supported and as such will be robustly defended. No provision in respect of outstanding items has been recorded.

10. Assets and liabilities classified as held for sale

On 20 April 2011, the Group have entered into a conditional contract to dispose of Vietnam Sugar to TH Milk Food Joint Stock Company. The Group is committed to the disposal of its other remaining businesses within the legacy Sugars division, principally Tate & Lyle Gadot Manufacturing and Tate & Lyle Israel Limited. These businesses have been disclosed as discontinued operations (Note 9) and the assets and liabilities as at 31 March 2011 are shown in the table below.

Assets and liabilities as at 31 March 2011 are shown as held for sale as follows:

	31 March 2011 £m	31 March 2010 £m
Assets		
Intangible assets	**2**	–
Property, plant and equipment	**22**	–
Inventories	**17**	–
Trade and other receivables	**9**	–
Available-for-sale financial assets	**17**	18
Total assets held for sale	**67**	18
Liabilities		
Trade and other payables	**(5)**	–
Total liabilities held for sale	**(5)**	–

11. Acquisitions and disposals

Acquisitions
During the year ended 31 March 2008, the Group acquired 80% of the issued share capital of G.C. Hahn & Co. (Hahn) from Georg Hahn Familien GmbH. As the Group effectively bears all the risks and rewards for 100% of this business, no non-controlling interest is recognised in the Group's financial statements.

The acquisition agreement allowed for the Group to acquire the remaining 20% of the issued share capital of Hahn through put and call options. During the year to 31 March 2010 a put option was exercised for 15% of the issued share capital for a total consideration of £21 million which was paid by the Group on 31 March 2010. At 31 March 2011 deferred consideration of £7 million relating to the remaining 5% of the issued share capital is recognised in trade and other payables.

Disposals

EU Sugars and Molasses disposal
During the year the Group completed the disposal of EU Sugars to American Sugar Refining, Inc. The disposal comprised an asset sale of the Thames Sugar Refinery and its associated businesses in London and a share sale of Alcantara Empreendimentos SGPS, SA and Tate & Lyle Norge AS and Eridania Tate & Lyle SpA. Total consideration of £227 million remains subject to finalisation of post completion statements (Note 9).

During the year the Group also completed the disposal of Molasses to W&R Barnett Ltd. Total consideration was £66 million, subject to finalisation of post completion statements. The Group incurred £4 million of costs associated with the disposal.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

11. Acquisitions and disposals (continued)

The calculation of the result on disposal is shown below:

	31 March 2011		
	EU Sugars	**Molasses**	**Total**
	£m	**£m**	**£m**
Goodwill and intangible assets	1	2	3
Property, plant and equipment	203	14	217
Investment in associates	2	-	2
Available-for-sale financial assets	1	-	1
Derivative financial instruments – assets	18	7	25
Inventories	72	35	107
Trade and other receivables	66	42	108
Trade and other payables	(53)	(33)	(86)
Derivative financial instruments – liabilities	(15)	(3)	(18)
Retirement benefit obligation	(2)	-	(2)
Cash and cash equivalents	5	5	10
Borrowings	(5)	(3)	(8)
Taxation	(1)	(2)	(3)
Total assets disposed	292	64	356
Non controlling interests disposed	-	(5)	(5)
Net assets disposed	292	59	351
Cash received during the year	225	65	290
Receivable at 31 March 2011	2	1	3
Total consideration	227	66	293
Other items:			
Disposal costs	(4)	(4)	(8)
Recycling of cash flow hedge reserve	3	-	3
Exchange differences transferred from equity	11	9	20
(Loss)/gain on disposal	(55)	12	(43)
Cash flows:			
Cash consideration	225	65	290
Cash disposed	(5)	(5)	(10)
Cash inflow in the year	220	60	280

International Sugar Trading
In the year to 31 March 2009, the Group disposed of its International Sugar Trading business to Bunge Limited (Bunge) for total consideration, net of disposal costs of £57 million. Following agreement of completion adjustments, the Group repaid £26 million to Bunge during the year to 31 March 2010.

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

12. Net debt

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

	31 March 2011 £m	31 March 2010 £m
Non-current borrowings	**(887)**	(1 119)
Current borrowings and overdrafts	**(227)**	(190)
Debt-related derivative instruments	**(4)**	(9)
Cash and cash equivalents	**654**	504
Net debt	**(464)**	(814)

Derivative financial instruments presented within assets and liabilities in the statement of financial position of £1 million net asset comprise net debt-related instruments of £4 million liability and net non-debt-related instruments of £5 million asset (2010 – £7 million net asset comprising net debt-related instruments of £9 million liability and net non-debt-related instruments of £16 million asset).

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

	Year to 31 March 2011 £m	Year to 31 March 2010 £m
At 1 April	**(814)**	(1 231)
Increase in cash and cash equivalents in the year	**168**	80
Cash outflow from net decrease in borrowings	**147**	267
Debt transferred on disposal of businesses	**8**	–
Trade finance recognised as debt	–	(16)
Fair value and other movements	–	7
Exchange	**27**	79
Decrease in net debt in the year	**350**	417
Balance at 31 March	**(464)**	(814)

Included in the cash outflow from the net decrease in borrowings is an amount of £16 million (2010 – £45 million) that is included in net cash used in financing activities from discontinued operations.

13. Capital commitments

	31 March 2011 £m	31 March 2010 £m
Commitments for the acquisition of property, plant and equipment	**24**	8

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

14. Post balance sheet events

On 20 April 2011, the Group announced the sale on a conditional basis of Vietnam Sugar to TH Milk Food Joint Stock Company for cash consideration of £33 million in addition to the Group's share of the value of working capital and net cash to be retained in the business. The disposal is expected to be completed during the first half of the 2012 financial year.

On 26 May 2011, the Group took the decision to re-open the mothballed facility in McIntosh, Alabama and restart production of sucralose there. The Group estimates that the re-opening process will take about 12 months and that production will commence in the first half of the financial year ending 31 March 2013. Capital expenditure of around £13 million is anticipated before the plant can restart. The decision will result in the reversal of impairment of around £50 million and the release of around £20 million of the McIntosh mothball provision at current exchange rates. Both the reversal of the impairment and the release of the provision will be recognised as exceptional items in the 2012 financial year.

15. Foreign exchange rates

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

Average foreign exchange rates	**Year to 31 March 2011**	Year to 31 March 2010
£1 = US$	**1.55**	1.61
£1 = €	**1.19**	1.13

Year end foreign exchange rates	**31 March 2011**	31 March 2010
£1 = US$	**1.60**	1.52
£1 = €	**1.13**	1.12

NOTES TO FINANCIAL INFORMATION
For the Year to 31 March 2011 (continued)

16. Reconciliation to adjusted information

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

– exceptional items including profits and losses on disposals of businesses, impairments and closure and restructuring provisions; and
– amortisation of intangibles acquired through business combinations

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

	Year to 31 March 2011			Year to 31 March 2010		
	Reported £m	**Exceptional/ Amortisation £m**	**Adjusted £m**	Reported £m	Exceptional/ Amortisation £m	Adjusted £m
Continuing operations						
Sales	**2 720**	**–**	**2 720**	2 533	–	2 533
Operating profit/(loss)	**303**	**18**	**321**	(44)	312	268
Net finance expense	**(58)**	**–**	**(58)**	(72)	–	(72)
Profit/(loss) before tax	**245**	**18**	**263**	(116)	312	196
Income tax (expense)/credit	**(49)**	**–**	**(49)**	95	(136)	(41)
Non-controlling interests	**–**	**–**	**–**	–	–	–
Profit/(loss) attributable to equity holders of the Company	**196**	**18**	**214**	(21)	176	155
Basic EPS (p)	**42.6**	**3.9**	**46.5**	(4.7)	38.6	33.9
Diluted EPS (p)	**41.9**	**3.8**	**45.7**	(4.7)	38.4	33.7
Tax rate	**19.7%**		**18.5%**	81.9%		20.8%
Discontinued operations						
Sales	**590**	**–**	**590**	1 074	–	1 074
Operating (loss)/profit	**(45)**	**43**	**(2)**	50	(22)	28
Net finance income	**–**	**–**	**–**	1	–	1
(Loss)/profit before tax	**(45)**	**43**	**(2)**	51	(22)	29
Income tax credit/(expense)	**16**	**(19)**	**(3)**	(11)	5	(6)
Non-controlling interests	**(4)**	**–**	**(4)**	(4)	–	(4)
(Loss)/profit attributable to equity holders of the Company	**(33)**	**24**	**(9)**	36	(17)	19
Basic EPS (p)	**(7.3)**	**5.4**	**(1.9)**	8.0	(3.7)	4.3
Diluted EPS (p)	**(7.2)**	**5.3**	**(1.9)**	8.0	(3.7)	4.3
Total operations						
Sales	**3 310**	**–**	**3 310**	3 607	–	3 607
Operating profit	**258**	**61**	**319**	6	290	296
Net finance expense	**(58)**	**–**	**(58)**	(71)	–	(71)
Profit/(loss) before tax	**200**	**61**	**261**	(65)	290	225
Income tax (expense)/credit	**(33)**	**(19)**	**(52)**	84	(131)	(47)
Non-controlling interests	**(4)**	**–**	**(4)**	(4)	–	(4)
Profit attributable to equity holders of the Company	**163**	**42**	**205**	15	159	174
Basic EPS (p)	**35.3**	**9.3**	**44.6**	3.3	34.9	38.2
Diluted EPS (p)	**34.7**	**9.1**	**43.8**	3.3	34.7	38.0
Tax rate	**16.4%**		**19.7%**	129.2%		20.9%

ADDITIONAL INFORMATION
For the Year to 31 March 2011

1. Ratio analysis

	Year to 31 March 2011	Year to 31 March 2010
Net debt to EBITDA [(a)]		
= Net debt	**474**	780
Pre-exceptional EBITDA	**426**	425
	= 1.1 times	= 1.8 times
Interest cover [(a)]		
= Operating profit before amortisation of acquired intangibles and exceptional items	**329**	301
Net interest and finance expense	**48**	52
	= 6.9 times	= 5.8 times
Earnings dividend cover		
= Adjusted basic earnings per share from continuing operations	**46.5**	33.9
Dividend per share	**23.7**	22.9
	= 2.0 times	= 1.5 times
Cash dividend cover [(b)]		
= Free cash flow from continuing operations	**190**	414
Cash dividends paid	**70**	103
	= 2.7 times	= 4.0 times
Gearing		
= Net debt	**464**	814
Total shareholders' equity	**973**	854
	= 48%	= 95%
Return on capital employed		
= PBITE	**308**	254
Average invested operating capital [(c)]	**1 495**	1 866
	= 20.6%	= 13.6%
Average quarterly cash conversion cycle [(d)]	**34 days**	45 days

(a) These ratios have been calculated under the Group's bank covenant definitions. Net debt is calculated using average rates of exchange.
(b) Cash dividends paid reflect the impact of scrip elections.
(c) Defined as the sum of shareholders equity, net debt, net tax assets, pension liabilities, and adjusted net operating assets of discontinued operations.
(d) Defined as controllable working capital divided by quarterly sales, multiplied by number of days in quarter.