6 November 2014

TATE & LYLE PLC
STATEMENT OF HALF YEAR RESULTS
For the six months to 30 September 2014

£m unless stated otherwise	Six months to 30 September (Unaudited) 2014	2013 (restated)	% change	% change in constant currency[4]
Adjusted results				
Adjusted sales[1]	**1 380**	1 737	(21)%	(13)%
Adjusted operating profit[2]	**117**	187	(37)%	(31)%
Adjusted profit before tax[3]	**104**	173	(40)%	(34)%
Adjusted diluted earnings per share[3]	**17.3p**	29.9p	(42)%	(36)%
Statutory results[5]				
Sales	**1 200**	1 516	(21)%	(14)%
Operating profit	**68**	139	(51)%	(46)%
Profit before tax	**79**	150	(47)%	(44)%
Profit for the period	**68**	130	(47)%	(42)%
Diluted earnings per share	**14.6p**	27.6p	(47)%	(42)%
Net debt[6]	**383**	353		
Dividend per share	**8.2p**	7.8p	+ 5.1%	

Javed Ahmed, Chief Executive, said:

"As we announced on 23 September, the Group's performance in the first half has been significantly held back by operational and supply chain disruption and an increasingly competitive market for SPLENDA® Sucralose. Notwithstanding these factors, the fundamentals of our business are robust with particularly strong growth in the emerging markets for our Speciality Food Ingredients business excluding SPLENDA® Sucralose, a high quality innovation pipeline and a resilient, cash generative Bulk Ingredients business. We are firmly focused on taking the necessary steps to work through the issues we face and improve the Group's performance."

Key points

- Group adjusted profit before tax 34% lower in constant currency at £104m (2013 – £173m):
  - Operational and supply chain disruption costs of £31m
  - The effect of price erosion for SPLENDA® Sucralose of £18m
- Group reported sales 21% lower at £1,200m (2013 – £1,516m) largely due to:
  - Pass through of lower corn prices and price erosion for SPLENDA® Sucralose
  - Adverse impact of the strength of sterling against the US dollar and other currencies
- Speciality Food Ingredients adjusted operating profit 37% lower in constant currency at £66m (2013 – £112m)
- Bulk Ingredients adjusted operating profit 10% lower in constant currency at £76m (2013 – £92m)
- 5.1% increase in interim dividend to 8.2p (2013 – 7.8p)
- Appointment of Joan Braca as President, Speciality Food Ingredients

Outlook

Our outlook for the full year to 31 March 2015 remains unchanged from our trading statement on 23 September 2014. For the second half, we expect Speciality Food Ingredients excluding SPLENDA® Sucralose and Bulk Ingredients to continue to perform solidly, but this will be more than offset by a softer performance in SPLENDA® Sucralose and additional supply chain costs. This, together with the first half performance, leads us to expect Group adjusted profit before tax[7] for the full year to be in the range of £230 million to £245 million.

As usual, performance in the final quarter of the financial year will be influenced by the outcome of the calendar year pricing round, and also assumes normal weather patterns.

1 Including proportionate consolidation of sales of joint ventures of £180 million (2013 - £221 million).
2 Including proportionate consolidation of operating profit of joint ventures of £36 million (2013 - £37 million) and before an exceptional charge of £9 million (2013 - £6 million) and amortisation of acquired intangible assets of £4 million (2013 - £5 million)
3 Before proportionate consolidation of tax charge of joint ventures of £8 million (2013 - £8 million), and adjusted for the exceptional charge, amortisation of acquired intangible assets in adjusted operating profit in (2) above and retirement benefit interest and, for adjusted diluted earnings per share, the tax effect of these items.
4 Changes in constant currency are calculated by retranslating comparative period results at current period exchange rates.
5 Prior period restated for the adoption of IFRS 11 'Joint Arrangements'
6 Net debt includes share of net cash in joint ventures, comparative information stated is for 31 March 2014
7 Based on forecast foreign exchange rates of GBP:USD £1/$1.69. Profit before tax adjusted for full year effect of the adjustments described in (3) above.

Cautionary statement

This Statement of Half 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.

A copy of this Statement of Half Year Results for the six months ended 30 September 2014 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, 1 Kingsway, London WC2B 6AT.

SPLENDA® is a trademark of McNeil Nutritionals, LLC.

Webcast and Conference Call Details

A presentation of the results by Chief Executive, Javed Ahmed and Chief Financial Officer, Nick Hampton will be audio webcast live at 10.00 (UKT) on Thursday 6 November 2014. To view and/or listen to a live audio-cast of the presentation, visit http://view-w.tv/p/797-1031-15045/en. Please note that remote listeners will not be able to ask questions during the Q&A session.

A webcast replay of the presentation will be available within two hours of the end of the live broadcast on the link above.

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

Dial in details:
UK dial in number: +44 (0)20 3003 2666
US dial in number: +1 212 999 6659
Password: Tate & Lyle

14 day conference call replay:
UK replay number: +44 (0)20 8196 1998
US replay number: +1 866 583 1035
Replay Access code: 4028758

For more information contact Tate & Lyle PLC:

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STATEMENT OF HALF YEAR RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2014

The results for the six months ended 30 September 2014 have been adjusted to include the proportionate consolidation of joint ventures and exclude exceptional items, net retirement benefit interest and amortisation of acquired intangible assets. The Group's statutory results are presented in accordance with International Financial Reporting Standards as adopted by the European Union. Except where specifically stated to the contrary, this commentary relates only to the adjusted results. A reconciliation of statutory and adjusted information is included in Note 15.

Overview

The Group's results for the first half of the year were significantly held back by operational and supply chain disruption and an increasingly competitive market for SPLENDA® Sucralose. Adjusted sales of £1,380 million (2013 – £1,737 million) were 21% lower (13% in constant currency). Adjusted operating profit of £117 million (2013 – £187 million) was 37% lower (31% in constant currency) with adjusted profit before tax of £104 million (2013 – £173 million) 40% lower (34% in constant currency). On a statutory basis, profit before tax decreased by £71 million to £79 million (2013 – £150 million).

Net debt at 30 September 2014 increased by £30 million to £383 million (31 March 2014 – £353 million), driven by the payment of the final dividend of £92 million and lower earnings. The average four quarter cash conversion cycle for the period ended 30 September 2014 increased by 2 days to 41 days (31 March 2014 – 39 days), resulting primarily from higher receivables, but partially offset by higher payables, following the deployment of our upgraded IS/IT platform in North America.

Key challenges in the first half

i) Operational and supply chain disruption

The unusually prolonged and severe winter in the US caused operational difficulties in our US plants and led us to enter the 2015 financial year with much lower inventories than usual. Then, in the first quarter of the financial year, following an industrial accident, our SPLENDA® Sucralose facility in Singapore had to take an extended shutdown. These events materially disrupted our supply chain as we had to manage a combination of operational challenges in our plant network, low absolute levels of inventory, and misalignments between customer demand and inventory location (particularly in the emerging markets). To ensure we could service our customers' requirements, we incurred significant incremental costs in areas such as air freight, buying-in additional product from the market and having to make some sub-optimal production runs. Some sales were also lost due to product unavailability. The total cost of the operational and supply chain disruption in the first half was £31 million (this includes the £3 million of Singapore costs communicated in our July Interim Management Statement). As stated on 23 September, we anticipate further supply chain related costs of around £10 million in the second half of the financial year.

The process of re-building inventories and bringing our global supply chain back into balance is underway. We have initiated a comprehensive end-to-end review of our global supply chain, led by Nick Hampton, Chief Financial Officer. This review will evaluate all aspects of our demand, supply and planning processes, and will ensure they fully reflect our future needs as we continue our transition into a more speciality focused and geographically diverse business. We expect to reach our preliminary findings in the early part of next year.

ii) SPLENDA® Sucralose

Operating profit from SPLENDA® Sucralose in the first half was significantly lower than the comparative period. This decrease was caused by a combination of supply constraints following the extended shutdown of the Singapore facility, and price erosion which impacted profit by £18 million in the first half. For the full 2015 financial year, we expect the average level of pricing to be around 25% lower than in the prior year.

Sucralose is a highly functional and widely used ingredient, and continues to be incorporated in more new product launches than any other high intensity sweetener. However, as we said in our trading statement on 23 September 2014, the global market for sucralose continues to be extremely competitive and we are evaluating how best to maximise returns from this product.

Strategic progress

The strength of Tate & Lyle's business derives from four main areas: (1) the attractiveness of our global markets; (2) the strong platform for growth in Speciality Food Ingredients we have built over the past four years; (3) a more resilient, cash generative Bulk Ingredients business; and (4) strong financial discipline.

Despite the challenges we have experienced in the first half, we are confident in our strategic direction and in our ability to grow our Speciality Food Ingredients business steadily over time. The $42 billion global market for speciality food ingredients continues to grow at around 4-5% annually, and has attractive economics. This growth is underpinned by long term, structural global consumer trends such as: consumer demand for convenience food and growth in packaged food particularly in the emerging markets; a focus on health and wellness in light of the rising incidence of obesity and diabetes worldwide; and an increasing preference for natural, 'cleaner label' foods.

When we established our strategic direction in May 2010, we chose to focus our resources and investment on three foundational platforms – texturants, sweeteners and health and wellness – where we had the capability to provide high value solutions for our customers to address these global consumer trends. We focused on these three platforms due to the competitive advantage we derived from a unique combination of: deep relevant scientific and technical knowledge; a portfolio of very high quality products with market leading positions; an efficient and scale manufacturing asset base; and long-standing customer relationships with some of the largest global and regional food companies.

Over the last four years we have built on these strong foundations through investments in our innovation capabilities, in establishing a meaningful presence and creating solid infrastructure in the emerging markets, and significantly strengthening our customer facing and go-to-market capabilities. In the first half of the 2015 financial year, we continued to take steps to build our business in line with our strategic focus, and to create further opportunities for long term growth.

On 1 August 2014, we completed the acquisition of Winway Biotechnology Nantong Co., Ltd, a leading producer of polydextrose dietary fibre based in Nantong, China. This acquisition provides an excellent platform to accelerate the growth of our fibres business in Asia Pacific. We will be investing in the Nantong facility over the next two years to expand capacity and enhance its speciality fibre product offering. Nantong becomes our third polydextrose facility globally, in addition to existing lines in the Netherlands and the US. We continue to actively explore further acquisition and partnership opportunities to extend our speciality food ingredients business in line with our strategy.

In August, we also successfully implemented our global IS/IT platform in our North American business and in Singapore. This follows the deployment of this platform across our European business in May. We are now focused on fully embedding the new processes and systems, and on driving the benefits from the enhanced capabilities now available to better understand and serve our customers, and the greater transparency and insight into our operations.

We have continued to invest in developing a high quality and robust innovation pipeline. A good example of our innovation expertise was the launch on 30 September of our new CLARIA® line of functional clean-label starches. CLARIA® starches provide food manufacturers with functionality similar to modified food starches but with the benefits of a cleaner colour and a cleaner taste, and a 'clean label' (i.e. they label simply as 'starch'). CLARIA® is just one line in a portfolio of high value products we have been building over the past few years through a combination of in-house innovation, Open Innovation and acquisition, specifically designed to meet our customers' need for more label-friendly solutions. Our other ingredients in the 'clean label' space include SODA-LO® Salt Microspheres, TASTEVA® Stevia Sweetener, PUREFRUIT™ Monk Fruit Extract, PROMITOR® Soluble Gluco Fibre and PromOat® Beta Glucan, all of which are growing strongly. We expect to add more label-friendly and wellness ingredients to our portfolio over time, and expect to launch more new products in the next 12 months.

Bulk Ingredients is a more resilient, cash generative business, benefiting from large and mature markets (e.g. sweeteners, industrial starches), efficient manufacturing assets, and long-standing customer relationships. While Bulk Ingredients has successfully managed the commodities volatility inherent in its business over the past few years, we continue to look at ways we can dampen volatility and further reduce our exposure to regulated markets.

Executive management appointment

Joan Braca was appointed as President, Speciality Food Ingredients with effect from 1 November 2014. Joan joined Tate & Lyle in January 2013 as Senior Vice President & General Manager, Asia Pacific, Speciality Food Ingredients, and has been responsible for our materially increased presence and significant growth in that region. Prior to joining Tate & Lyle, Joan spent nearly 20 years in the speciality chemicals industry mainly with Rohm and Haas Company (part of the Dow Chemical Company since 2009). Joan has joined the Group's Executive Committee and reports directly to Javed Ahmed, Chief Executive.

Board changes

On 29 October 2014 it was announced that Paul Forman has been appointed as a Non-Executive Director and a member of the Audit, Remuneration and Nominations Committees with effect from 1 January 2015. Paul is Group Chief Executive of Coats plc, a leading industrial thread and consumer textile crafts business. Prior to joining Coats in 2009, he was Group Chief Executive of Low & Bonar PLC, a global performance materials group, and was previously Managing Director at Unipart International, a leading European automotive aftermarket supplier. Paul also served as a non-executive director at Brammer PLC from 2006 to 2010.

It was also announced that Liz Airey, currently Chairman of the Audit Committee, will become Senior Independent Director and Anne Minto will assume the chairmanship of the Remuneration Committee with effect from 1 January 2015, after Robert Walker steps down from the Board following the completion of his term of appointment on 31 December 2014. Douglas Hurt will succeed Liz Airey as Chairman of the Audit Committee with effect from 1 March 2015 and will also replace her as a member of the Corporate Responsibility Committee from that date.

Key performance indicators

Our Key Performance Indicators (KPIs) are as follows:

KPI	**Measure**	**First Half 2014**	First Half 2013	Change[2]
Growth in SFI sales	Adjusted sales	**£446m**	£519m	(7)%
Profitability	Adjusted operating profit	**£117m**	£187m	(31)%
Working capital efficiency	Cash conversion cycle[3]	**41 days**	39 days[1]	Lengthened by 2 days
Financial strength	Net debt/EBITDA[4]	**0.9x**	0.8x	
Financial strength	Interest cover[4]	**10.6x**	10.9x	

Safety

The Corporate Responsibility KPIs relating to safety are measured annually and therefore are not included in the half year results. In June, one of our employees died in a tractor accident at one of our Bulk Ingredients' sites in the US. In addition, in May another of the contractors involved in the previously reported accident at our Singapore facility in April passed away from his injuries. As stated in the 2014 Annual Report, we are taking significant steps to strengthen our safety programme and these efforts are being overseen by the Corporate Responsibility Committee.

1 The comparative measure for the cash conversion cycle is for the four quarters ended 31 March 2014.
2 Adjusted sales and adjusted operating profit growth are shown in constant currency.
3 Defined as controllable working capital divided by quarterly adjusted sales, multiplied by number of days in quarter on a four quarter rolling basis (a reduction in the number of days represents an improvement).
4 These ratios have been calculated under the Group's bank covenant definitions.

DIVISIONAL OPERATING PERFORMANCE

Speciality Food Ingredients

	Six months to 30 September		Change	
	2014 **£m**	2013 £m	**Reported**	**Constant currency**
Adjusted sales	**446**	519	(14)%	(7)%
Adjusted operating profit	**66**	112	(41)%	(37)%
Adjusted margin	**14.8%**	21.5%	- 6.7ppts	- 6.9ppts

Within Speciality Food Ingredients, volumes increased by 2%, while constrained by the impact of supply chain disruption, with strong growth in emerging markets. We estimate supply disruption impacted volume growth by around 4 percentage points. Excluding SPLENDA® Sucralose, Speciality Food Ingredients continues to perform well supported by strong demand, with constrained volume higher by 2%. Adjusted sales decreased by 14% (7% in constant currency) to £446 million (2013 – £519 million) reflecting the pass through of lower corn prices and lower prices for SPLENDA® Sucralose as well as supply constraints.

Adjusted operating profit decreased by 41% (37% in constant currency) reflecting the impacts arising from the operational and supply chain disruption and the impact of lower SPLENDA® Sucralose pricing of £18 million. Adjusted operating profit for Speciality Food Ingredients excluding SPLENDA® Sucralose now represents over 90% of the divisional profit. The effect of exchange translation was to decrease adjusted sales by £40 million and adjusted operating profit by £8 million compared with the first half last year.

The Speciality Food Ingredients division comprises three broad product categories: starch-based speciality ingredients; high intensity sweeteners; and Food Systems.

Starch-based speciality ingredients

In starch-based speciality ingredients, adjusted sales decreased by 13% (7% in constant currency) to £272 million (2013 – £314 million). Constrained volumes increased by 1% with strong growth in emerging markets. The rate of sales decline reflects the impact of passing through the significant reduction in corn prices following a better 2013/14 corn harvest, although unit margins were slightly higher.

We continued to invest in growth including the acquisition of Winway Biotechnology Nantong Co., Ltd. a leading polydextrose dietary fibre business in China, which was completed in August, and the launch in September of our new CLARIA® line of functional clean-label starches.

High intensity sweeteners

The market for no-calorie, high intensity sweeteners continues to grow driven by the focus on healthier lifestyles and calorie reduction due to the rising incidence of obesity and diabetes globally. Within the high intensity sweetener category, which includes SPLENDA® Sucralose, PUREFRUIT™ Monk Fruit Extract and TASTEVA® Stevia Sweetener, volume growth of 2% was impacted by the increasingly dynamic global market for sucralose. PUREFRUIT™ and TASTEVA® volumes grew strongly. Adjusted sales decreased by 22% (15% in constant currency) to £82 million (2013 – £106 million) as a result of lower selling prices for SPLENDA® Sucralose. As a result, profits in this category were substantially lower than the comparative period.

Food Systems

In Food Systems, our global blending business, volumes were 9% ahead with growth particularly strong in the emerging markets. Adjusted sales decreased by 8% to £92 million (2013 – £99 million) mainly reflecting a strengthening of sterling. On a constant currency basis, adjusted sales increased by 1% with margin expansion and strong profit growth. This business is now benefitting from the decision taken two years ago to refocus it on higher margin blends and to increase its presence in the emerging markets.

Bulk Ingredients

	Six months to 30 September		Change	
	2014 **£m**	2013 £m	**Reported**	**Constant currency**
Adjusted sales	**934**	1,218	(23)%	(16)%
Adjusted operating profit	**76**	92	(18)%	(10)%
Adjusted margin	**8.1%**	7.5%	0.6ppts	0.6ppts

Within Bulk Ingredients, adjusted sales decreased by 23% (16% in constant currency) to £934 million (2013 – £1,218 million) with volumes 1% lower than the comparative period. Adjusted operating profit was 18% lower (10% in constant currency) at £76 million (2013 – £92 million) driven primarily by the impact of operational and supply chain disruption costs, partially offset by improved ethanol margins. The comparative period benefited from a one-off gain of £3 million from the on-sale of Orsan China. The effect of exchange translation was to decrease adjusted sales by £102 million and adjusted operating profit by £8 million.

Towards the end of the first half, corn prices in the US fell on the expectation of another very strong crop, with the USDA projecting a 4% increase in US production over the prior year and an increase in the stocks-to-use ratio to 15.2% (from 9.1% last year). Corn prices in Europe followed a similar pattern.

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

Sweeteners

Adjusted sales decreased by 29% (22% in constant currency) to £431 million (2013 - £604 million).

In the Americas, bulk corn sweetener volumes grew by 1%. Adjusted sales decreased by 30% (24% in constant currency), reflecting the pass through of significantly lower corn costs, and unit margins were modestly lower. Together with additional operational and supply chain costs, this led to adjusted operating profit being lower than the comparative period.

In Europe, whilst bulk corn sweetener volumes were 1% higher, adjusted sales decreased by 19% (12% in constant currency) largely reflecting the decline in European sugar prices over that time period. The impact of lower selling prices was mostly offset by lower corn prices.

Industrial starches, acidulants and ethanol

Adjusted sales decreased by 16% (8% in constant currency) to £281 million (2013 - £333 million).

For industrial starch, in the US overall volumes were broadly in line with the comparative period. Although the pass through of lower corn prices reduced adjusted sales, we were able to secure slightly higher unit margins, resulting in an increase in adjusted operating profit. In Europe, overall volumes were stable but lower prices, due to a more competitive market, put pressure on margins and reduced profits.

In US ethanol, which represents a small part of our business, more favourable market conditions resulted in increased margins compared to a year ago. Profits in our Acidulants business were broadly in line with the comparative period despite some operational and supply chain disruption. Our Bio-PDO™ joint venture increased profits slightly as a result of lower corn costs.

Co-products

Co-products adjusted sales decreased by 21% (13% in constant currency) to £222 million (2013 - £281 million) reflecting lower co-product prices on flat volumes and, accordingly, reduced the division’s operating profit.

FINANCIAL PERFORMANCE

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 for the year ended 31 March 2014, other than the adoption, with effect from 1 April 2014, of new or revised accounting standards, as set out below:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 (Revised 2011) Separate Financial Statements
- Amendments to IAS 28 (Revised 2011) Investments in Associates and Joint Ventures

The adoption of these standards and interpretations has not had a material effect on the results or financial position of the Group. However, the adoption of IFRS 11 (while not affecting the Group's earnings or net assets) has impacted a number of the individual line items disclosed in the Group's financial statements. Previously, the Group had accounted for its interest in joint ventures on a proportionate consolidation basis, whereby the Group's share of the income and expenses, assets and liabilities and cash flows of joint ventures was combined on a line-by-line basis with those of Tate & Lyle PLC and its subsidiaries. IFRS 11 prohibits the use of proportionate consolidation and requires that joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, the Group's share of the after tax profits and losses of the joint ventures are shown on a single line of the consolidated income statement, its share of their net assets are shown on one line of the consolidated statement of financial position and the consolidated statement of cash flows reflects cash flows between the Group and the joint ventures within cash flows from investing activities. The Group has restated comparative financial information where appropriate.

The Group has elected to present segment and adjusted financial information on a proportionate consolidation basis, as this reflects the management of its joint ventures on an integrated basis with the Group's subsidiaries and the basis upon which management information is reported to the Chief Operating Decision Maker. Accordingly, performance measures such as adjusted sales, adjusted operating profit, adjusted profit before tax and adjusted diluted earnings per share are unaffected by IFRS 11.

Overview of Group financial performance

Adjusted sales decreased by 21% (13% in constant currency) to £1,380 million (2013 – £1,737 million). Adjusted operating profit was 37% lower (31% in constant currency) at £117 million (2013 – £187 million) with adjusted profit before tax down 40% (34% in constant currency) at £104 million (2013 – £173 million). On a statutory basis, profit before tax decreased by £71 million to £79 million (2013 – £150 million).

Central costs

Central costs, which include head office, treasury and reinsurance activities, were higher at £25 million (2013 – £17 million) mainly driven by captive insurance costs relating to the impact of the Singapore extended shutdown, an accelerated write down arising from the refinancing of the Group's US$800 million revolving credit facility on favourable terms, and professional fees mostly associated with agreeing the funding plan for the main UK pension scheme.

Adjusted net finance expense

Adjusted net finance expense, which excludes net retirement benefit interest, was broadly in line with the comparative period at £13 million (2013 – £14 million).

Exceptional items

During the period to 30 September 2014 an exceptional charge of £9 million (2013 – £6 million charge) was recognised, relating to business transformation costs, specifically the implementation of the common global IS/IT platform.

The tax impact on continuing operations of exceptional items was a £2 million credit (2013 – £1 million credit).

Taxation

We indicated in our preliminary results announcement in May that, for the year ending 31 March 2015, changes in the geographic mix of profits were expected to lead to an effective tax rate of a little over 20%. The effective tax rate on adjusted profit for the six month ended 30 September 2014 was 22.0% (six months to 30 September 2013 – 18.7%). Our expectation is that the effective tax rate for the full year will be broadly consistent with the rate for the first half (year to 31 March 2014 – 18.5%).

Earnings per share

Adjusted diluted earnings per share on continuing operations decreased by 42% (36% in constant currency) to 17.3p (2013 – 29.9p). Statutory diluted earnings per share on continuing operations decreased by 47% (42% in constant currency) to 14.6p (2013 – 27.6p).

Adjusted cash flow

Adjusted free cash flow (including proportionately consolidated share of cash flows of joint ventures and associates) of £81 million was £158 million lower than the comparative period (six months to 30 September 2013 – £239 million) largely driven by a lower adjusted working capital inflow of £42 million (six months to 30 September 2013 – inflow of £114 million) and lower adjusted earnings.

Adjusted capital expenditure of £79 million (2013 – £64 million) was 1.5 times the adjusted depreciation and amortisation charge (excluding amortisation of intangible assets acquired through business combinations) of £53 million and included £10 million of expenditure on the implementation of the global IS/IT system. We expect our full year capital expenditure will be approximately £180 million. The majority of the incremental capital investment of £100 million announced in May 2014 will be invested as follows: £20 million is being invested to expand capacity of the Oat beta glucan plant in Sweden which, by the 2016 calendar year, will result in capacity being ten times greater than when we acquired the business in 2013; £55 million being invested to add new dryers and finishing capacity in our corn plants in the US and Europe; and, £10 million will be invested behind new products which we expect to launch in the near future.

The net decrease in adjusted cash and cash equivalents for the period was £12 million (2013 – net increase of £91 million), and on a reported basis it was a net decrease of £28 million (2013 – net increase of £104 million). The net increase in our share of cash and cash equivalents of joint ventures was £16 million (2013 – net increase of £13 million).

Our average four quarter cash conversion cycle for the period ended 30 September 2014 increased by 2 days to 41 days (31 March 2014 – 39 days), resulting primarily from higher receivables, partially offset by higher payables following the deployment of our upgraded IS/IT platform in North America.

Net debt and financing profile

Net debt at 30 September 2014 increased by £30 million to £383 million (31 March 2014 – £353 million). The effect of exchange translation (including share of exchange translation on joint ventures net cash) was to increase net debt by £11 million. The ratio of net debt to EBITDA was 0.9 times, comfortably within our internal threshold of 2.0 times.

Balance sheet

The Group's gross assets increased by £60 million to £2,528 million at 30 September 2014 from £2,468 million at 31 March 2014, principally as a result of an increase in trade receivables and profits from the equity accounted joint ventures partially offset by the seasonal reduction in corn inventories. Net assets decreased by £5 million to £1,045 million (31 March 2014 – £1,050 million) with profit after tax for the period and a favourable remeasurement of post retirement plans offset by payment of the final dividend for the 2014 financial year.

Post-retirement benefit plans

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

The net deficit on our retirement benefit plans decreased by £31 million to £189 million (31 March 2014 - £220 million). The decrease in the net deficit was driven mainly by the UK Group scheme, where returns on the asset portfolio more than offset the increased liability arising from the reduction in the discount rate.

The funding arrangements in connection with the 31 March 2013 actuarial valuation for the Tate & Lyle Group Pension Scheme (the 'Scheme'), the Group's main defined benefit plan, were agreed with the Scheme Trustee on 20 October 2014. These arrangements provide an integrated funding and investment strategy for the Scheme, designed to maintain contribution stability, whilst leaving scope to take advantage of future de-risking opportunities as they arise. The planned contributions, together with the expected investment returns over the period, have been targeted to achieve full funding on a gilts basis by 30 September 2026.

Under these new arrangements core funding contributions to the Scheme will be made at the level of £12 million per year. In addition, a new secured funding account was established on 20 October, with a charge in favour of the Scheme Trustee, to which supplemental contributions of £6 million per year will be made during the first six years. The assets in the secured funding account will be paid into the Scheme in the event of various triggers which have been agreed with the Trustee. These include triggers linked to underperformance of the Scheme's investments, deterioration in the strength of Tate & Lyle PLC's financial covenant, pension contribution breaches and events of default on the Company's borrowings or insolvency proceedings. Those assets may also, with agreement of the Trustee, be used to meet the cost of future de-risking opportunities. The first two annual payments amounting to £12 million were credited to the secured funding account upon its establishment in October 2014 and will be shown as a cash outflow in the second half of the 2015 financial year.

Dividend

The Board has approved an interim dividend of 8.2p, an increase of 5.1% on the prior year (2013 – 7.8p) in line with our progressive dividend policy. This will be paid on 2 January 2015 to shareholders on the register on 21 November 2014. In addition to the cash dividend option, shareholders continue to be offered a Dividend Reinvestment Plan (DRIP) alternative.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial information of the Group.

Risks and uncertainties

The Group has been affected by specific risks in its global supply chain and in relation to price erosion of SPLENDA® Sucralose. These issues, together with the actions being taken to mitigate them, are discussed on page 3. In addition to these, pages 29 to 31 in the Tate & Lyle Annual Report 2014, a copy of which is available on the Company's website at www.tateandlyle.com, provide detail of the principal risks and uncertainties affecting the business activities of the Group. In the view of the Board these risks collectively reflect the risks in respect of the remaining six months of the year. As noted elsewhere, the Group is in the process of conducting a comprehensive end-to-end review of its supply chain and planning processes to mitigate some of the risks which impacted the Group in the first half of the year.

The risks highlighted in the Annual Report are failure to: act safely and to maintain the safe and continuous operation of our facilities; grow in speciality food ingredients; innovate and commercialise new products; maintain the quality of our products and high standards of customer service; develop and retain key personnel; comply with legislation and regulation; mitigate fluctuations in prices and availability of raw materials, energy, freight and other operating inputs; implement the Group's programme to transform its operational capabilities; counter negative perceptions of the Group's products; manage the balance sheet, particularly during periods of economic uncertainty and failure to maintain an effective system of internal financial controls.

Impact of changes in exchange rates

In comparison with the prior period, the Group's reported financial performance has been adversely impacted by exchange rate translation, driven by a weakening of the average US dollar and Euro exchange rate against sterling. The movement in period-end exchange rates, particularly the stronger US dollar, led to an increase in net debt as a result of the translation of accounts recorded in foreign exchange. The principal average and closing exchange rates used to translate reported results were as follows:

Average foreign exchange rates		**Six months to 30 September 2014**	Six months to 30 September 2013	Year to 31 March 2014
US dollar	£1 = $	**1.68**	1.54	1.59
Euro	£1 = €	**1.24**	1.18	1.19

Period end foreign exchange rates		**30 September 2014**	30 September 2013	31 March 2014
US dollar	£1 = $	**1.62**	1.62	1.67
Euro	£1 = €	**1.28**	1.19	1.21

Statement of Directors' responsibilities

The Directors confirm that this condensed set of consolidated financial information has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure Rules and Transparency Rules of the Financial Conduct Authority, paragraphs DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of consolidated financial information;
- a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last Annual Report.

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

The Directors of Tate & Lyle PLC are listed in the Tate & Lyle Annual Report for the year ended 31 March 2014. The following changes to the Board occurred in the period:

- Nick Hampton joined the Board on 1 September 2014; and
- Tim Lodge ceased to be a Director of the Company on 31 August 2014.

For and on behalf of the Board of Directors:

Javed Ahmed	Nick Hampton
Chief Executive	Chief Financial Officer

5 November 2014

Independent review report to Tate & Lyle PLC

<u>Report on the condensed set of consolidated financial information</u>

Our conclusion

We have reviewed the condensed set of consolidated financial information, defined below, in the Statement of Half Year Results of Tate & Lyle PLC for the six months ended 30 September 2014. Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed set of consolidated financial information, which is prepared by Tate & Lyle PLC, comprises:

- the consolidated statement of financial position as at 30 September 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the related notes to the condensed set of consolidated financial information.

As disclosed in Note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of Tate & Lyle PLC is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed set of consolidated financial information included in the Statement of Half Year Results has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of a condensed set of consolidated financial information involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Statement of Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial information.

<u>Responsibilities for the condensed set of consolidated financial information and the review</u>

Our responsibilities and those of the Directors

The Statement of Half Year Results, including the condensed set of consolidated financial information, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Statement of Half Year Results in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to Tate & Lyle PLC a conclusion on the condensed set of consolidated financial information in the Statement of Half Year Results based on our review. This report, including the conclusion, has been prepared for and only for Tate & Lyle PLC for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
5 November 2014
London

<u>Notes:</u>

a) The maintenance and integrity of the Tate & Lyle website (www.tateandlyle.com) is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 (restated*) £m	Year to 31 March 2014 (restated*) £m
Continuing operations				
Sales	2	**1 200**	1 516	2 754
Operating profit	2	**68**	139	251
Finance income	2,4	**–**	1	2
Finance expense	2,4	**(17)**	(19)	(37)
Share of profit after tax of joint ventures and associates		**28**	29	61
Profit before tax	2	**79**	150	277
Income tax expense	5	**(11)**	(20)	(32)
Profit for the period from continuing operations		**68**	130	245
Profit for the period from discontinued operations		**–**	–	28
Profit for the period		**68**	130	273
Profit for the period attributable to:				
– Owners of the Company		**68**	130	273
– Non-controlling interests		**–**	–	–
Profit for the period		**68**	130	273

Earnings per share		**Pence**	Pence	Pence
Continuing operations:	6			
– Basic		**14.7p**	28.0p	52.8p
– Diluted		**14.6p**	27.6p	52.1p
Total operations:	6			
– Basic		**14.7p**	28.0p	58.8p
– Diluted		**14.6p**	27.6p	58.0p

Analysis of adjusted profit before tax from continuing operations		**£m**	£m	£m
Profit before tax		**79**	150	277
Adjusted for:				
Exceptional items	3	**9**	6	14
Amortisation of acquired intangible assets		**4**	5	10
Net retirement benefit interest	4	**4**	4	8
Share of tax of joint ventures and associates	5	**8**	8	13
Adjusted profit before tax		**104**	173	322

* Restated for the adoption of IFRS 11 ‘Joint Arrangements’ (see note 1).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Six months to 30 September 2014	Six months to 30 September 2013 (restated*)	Year to 31 March 2014 (restated*)
	£m	£m	£m
Profit for the period	**68**	130	273
Other comprehensive (expense)/income			
Items that have been/may be reclassified to profit or loss:			
Fair value losses on cash flow hedges	**–**	–	(2)
Fair value gains on cash flow hedges transferred to the income statement	**(1)**	(1)	–
Fair value gains on net investment hedges	**–**	–	50
Loss on currency translation of foreign operations	**–**	(45)	(107)
Share of other comprehensive expense of joint ventures and associates	**(8)**	(13)	(22)
	(9)	(59)	(81)
Items that will not be reclassified to profit or loss:			
Re-measurement of retirement benefit plans			
- Actual return higher/(lower) than interest on plan assets	**52**	(72)	(29)
- Net actuarial (loss)/gain	**(28)**	70	19
Tax income/(expense) relating to the above items	**1**	(16)	(22)
	25	(18)	(32)
Total other comprehensive income/(expense)	**16**	(77)	(113)
Total comprehensive income	**84**	53	160
Analysed by:			
- Continuing operations	**84**	53	132
- Discontinued operations	**–**	–	28
Total comprehensive income	**84**	53	160
Attributable to:			
- Owners of the Company	**84**	53	160
- Non-controlling interests	**–**	–	–
Total comprehensive income	**84**	53	160

* Restated for the adoption of IFRS 11 ‘Joint Arrangements’ (see note 1).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Notes	**30 September 2014 £m**	30 September 2013 (restated*) £m	31 March 2014 (restated*) £m
ASSETS				
Non-current assets				
Goodwill and other intangible assets		**318**	287	307
Property, plant and equipment		**756**	759	732
Investments in joint ventures		**328**	331	308
Investments in associates		**4**	4	4
Available-for-sale financial assets		**29**	28	28
Derivative financial instruments		**25**	38	23
Deferred tax assets		**5**	1	4
Trade and other receivables		**1**	1	–
		1 466	1 449	1 406
Current assets				
Inventories		**252**	269	372
Trade and other receivables		**375**	281	265
Current tax assets		**1**	3	1
Derivative financial instruments		**109**	100	78
Other financial assets		**2**	–	–
Cash and cash equivalents	8	**323**	393	346
		1 062	1 046	1 062
TOTAL ASSETS		**2 528**	2 495	2 468
EQUITY				
Capital and reserves				
Share capital		**117**	117	117
Share premium		**406**	406	406
Capital redemption reserve		**8**	8	8
Other reserves		**49**	80	58
Retained earnings		**464**	376	460
Equity attributable to Owners of the Company		**1 044**	987	1 049
Non-controlling interests		**1**	–	1
TOTAL EQUITY		**1 045**	987	1 050
LIABILITIES				
Non-current liabilities				
Trade and other payables		**2**	–	2
Borrowings	8	**440**	766	437
Derivative financial instruments		**6**	11	2
Deferred tax liabilities		**51**	45	42
Retirement benefit deficit		**189**	232	220
Provisions for other liabilities and charges		**8**	9	9
		696	1 063	712
Current liabilities				
Trade and other payables		**323**	283	283
Current tax liabilities		**30**	54	38
Borrowings and bank overdrafts	8	**356**	37	323
Derivative financial instruments		**63**	51	49
Provisions for other liabilities and charges		**15**	20	13
		787	445	706
TOTAL LIABILITIES		**1 483**	1 508	1 418
TOTAL EQUITY AND LIABILITIES		**2 528**	2 495	2 468

* Restated for the adoption of IFRS 11 ‘Joint Arrangements’ (see note 1).

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Notes	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 (restated*) £m	Year to 31 March 2014 (restated*) £m
Cash flows from operating activities				
Profit before tax from continuing operations		**79**	150	277
Adjustments for:				
Depreciation of property, plant and equipment		**41**	42	83
Amortisation of intangible assets		**10**	8	20
Share-based payments		**3**	5	8
Other non-cash items		**–**	–	(6)
Finance income	2,4	**–**	(1)	(2)
Finance expense	2,4	**17**	19	37
Share of profit after tax of joint ventures and associates		**(28)**	(29)	(61)
Changes in working capital		**42**	100	15
Changes in net retirement benefit obligations		**(16)**	(23)	(43)
Cash generated from continuing operations		**148**	271	328
Interest paid		**(13)**	(15)	(33)
Net income tax paid		**(11)**	(5)	(9)
Cash used in discontinued operations		**–**	(1)	–
Net cash generated from operating activities		**124**	250	286
Cash flows from investing activities				
Purchase of property, plant and equipment		**(51)**	(36)	(102)
Purchase of intangible assets		**(22)**	(23)	(45)
Proceeds on disposal of property, plant and equipment		**–**	–	33
Acquisition of businesses, net of cash acquired		**(8)**	(12)	(15)
Disposal of businesses, net of cash disposed		**–**	3	3
Purchase of available-for-sale financial assets		**(1)**	(2)	(4)
Disposal of available-for-sale financial assets		**–**	1	2
Interest received		**–**	1	2
Dividends received from joint ventures and associates		**–**	60	105
Net cash used in investing activities		**(82)**	(8)	(21)
Cash flows from financing activities				
Purchase of own shares		**–**	(16)	(29)
Cash inflow from additional borrowings		**23**	7	8
Cash outflow from repayment of borrowings		**–**	(40)	(50)
Repayment of capital element of finance leases		**(1)**	(1)	(2)
Dividends paid to the owners of the Company	7	**(92)**	(88)	(124)
Net cash used in financing activities		**(70)**	(138)	(197)
Net (decrease)/increase in cash and cash equivalents	8	**(28)**	104	68
Cash and cash equivalents:				
Balance at beginning of period		**346**	305	305
Net (decrease)/increase in cash and cash equivalents		**(28)**	104	68
Currency translation differences		**5**	(16)	(27)
Balance at end of period	8	**323**	393	346

* Restated for the adoption of IFRS 11 ‘Joint Arrangements’ (see note 1).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share capital & share premium £m	Capital redemption reserve £m	Other reserves £m	Retained earnings £m	Attributable to the owners of the Company £m	Non-controlling interests £m	Total equity £m
At 31 March 2014	523	8	58	460	1 049	1	1 050
Six months to 30 September 2014:							
Profit for the period	–	–	–	68	68	–	68
Other comprehensive (expense)/income	–	–	(9)	25	16	–	16
Total comprehensive (expense)/income	–	–	(9)	93	84	–	84
Share-based payments, net of tax	–	–	–	3	3	–	3
Dividends paid	–	–	–	(92)	(92)	–	(92)
At 30 September 2014	**523**	**8**	**49**	**464**	**1 044**	**1**	**1 045**
At 31 March 2013	523	8	139	366	1 036	–	1 036
Year to 31 March 2014:							
Profit for the year	–	–	–	273	273	–	273
Other comprehensive expense	–	–	(81)	(32)	(113)	–	(113)
Total comprehensive (expense)/income	–	–	(81)	241	160	–	160
Share-based payments, net of tax	–	–	–	8	8	–	8
Purchase of own shares	–	–	–	(29)	(29)	–	(29)
Non-controlling interest (NCI) in subsidiaries acquired	–	–	–	–	–	1	1
Initial recognition of put option on NCI	–	–	–	(2)	(2)	–	(2)
Dividends paid	–	–	–	(124)	(124)	–	(124)
At 31 March 2014	**523**	**8**	**58**	**460**	**1 049**	**1**	**1 050**
At 31 March 2013	523	8	139	366	1 036	–	1 036
Six months to 30 September 2013:							
Profit for the period	–	–	–	130	130	–	130
Other comprehensive expense	–	–	(59)	(18)	(77)	–	(77)
Total comprehensive (expense)/income	–	–	(59)	112	53	–	53
Share-based payments, net of tax	–	–	–	2	2	–	2
Purchase of own shares	–	–	–	(16)	(16)	–	(16)
Dividends paid	–	–	–	(88)	(88)	–	(88)
At 30 September 2013	**523**	**8**	**80**	**376**	**987**	**–**	**987**

Dividends on ordinary shares:	**Six months to 30 September 2014 Pence**	Six months to 30 September 2013 Pence	Year to 31 March 2014 Pence
Per ordinary share			
- Proposed in respect of the period	**8.2**	7.8	19.8
- Paid in the period	**19.8**	18.8	26.6

1. Presentation of half year financial information

General information

The principal activity of Tate & Lyle PLC and its subsidiary and associated undertakings together with its joint ventures is the global provision of ingredients and solutions to the food, beverage and other industries.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 1 Kingsway, London WC2B 6AT. The Company has its primary listing on the London Stock Exchange.

Basis of preparation

This condensed set of consolidated financial information for the six months ended 30 September 2014 has been prepared on a going concern basis in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 *Interim Financial Reporting* as adopted by the European Union. The condensed set of consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

Having reviewed the Group's latest projected results, cash flows, liquidity position and borrowing facilities, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future. Accordingly, it is appropriate to continue to adopt the going concern basis in preparing the condensed set of consolidated financial information.

In the current year there were no results classified within discontinued operations. The prior year discontinued activity relates to the Group's former Food & Industrial Ingredients, Europe segment, and the former Sugars segment.

The condensed set of consolidated financial information is unaudited, but has been reviewed by the external auditors. The condensed set of consolidated financial information in the Statement of Half Year Results does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's published consolidated financial statements for the year ended 31 March 2014 were approved by the Board of Directors on 28 May 2014 and filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain an emphasis of matter paragraph or a statement under Section 498 (2) or (3) of the Companies Act 2006. The condensed set of consolidated financial information for the six months ended 30 September 2014 on pages 14 to 32 was approved by the Board of Directors on 5 November 2014.

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 for the year ended 31 March 2014, other than the adoption, with effect from 1 April 2014, of new or revised accounting standards, as set out below:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 (Revised 2011) Separate Financial Statements
- Amendments to IAS 28 (Revised 2011) Investments in Associates and Joint Ventures

The adoption of these standards and interpretations has not had a material effect on the results or financial position of the Group. However, the adoption of IFRS 11 (while not affecting the Group's earnings or net assets) has impacted a number of the individual line items disclosed in the Group's financial statements. Previously, the Group had accounted for its interest in joint ventures on a proportionate consolidation basis, whereby the Group's share of the income and expenses, assets and liabilities and cash flows of joint ventures was combined on a line-by-line basis with those of Tate & Lyle PLC and its subsidiaries. IFRS 11 prohibits the use of proportionate consolidation and requires that joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, the Group's share of the after tax profits and losses of the joint ventures are shown on a single line of the consolidated income statement, its share of their net assets are shown on one line of the consolidated statement of financial position and the consolidated statement of cash flows reflects cash flows between the Group and the joint ventures within cash flows from investing activities. Trading balances with joint ventures and associates are included within current payables or receivables. Accordingly, the Group has restated comparative financial information where appropriate.

The Group has presented segment and adjusted financial information on a proportionate consolidation basis, as this reflects the management of its joint ventures on an integrated basis with the Group's subsidiaries and the basis upon which management information is reported to the Chief Operating Decision Maker. Accordingly, performance measures such as adjusted sales, adjusted operating profit, adjusted profit before tax and adjusted diluted earnings per share are unaffected by IFRS 11.

1. Presentation of half year financial information (continued)

Changes in accounting policy and disclosures (continued)

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2014 and have not been adopted early:

- IFRS 9 Financial instruments (expected to be effective 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts with Customers (expected to be effective 1 January 2017)
- Amendment to IFRS 11 Accounting for Acquisitions of Interest in Joint Operations (effective 1 January 2016)
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (effective 1 January 2016)
- Amendments to IAS 16 Agriculture: Bearer Plants (effective 1 January 2016)
- Amendments to IAS 27 Equity Method in Separate Financial Statements (effective 1 January 2016)

Use of adjusted measures

Tate & Lyle presents adjusted sales, operating profit, profit before tax and earnings per share information. These measures are used by Tate & Lyle for internal performance analysis and incentive compensation arrangements for employees. The terms ‘adjusted’ and ‘exceptional items’ are not defined terms under IFRS and may therefore not be comparable with similarly titled measures reported by other companies. They are not intended to be a substitute for, or superior to, IFRS measurements of profit. The term ‘adjusted’ refers to the relevant measure being reported excluding exceptional items, post-retirement benefit interest and amortisation of intangible assets acquired through business combinations. Adjusted measures are also presented using proportionate consolidation reflecting the Group’s management of its joint ventures on an integrated basis with its subsidiaries. Reconciliation to reported information is provided in Note 15.

Seasonality

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

2. Segment information

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

The Board uses adjusted operating profit as the measure of the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the periods presented, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of acquired intangible assets and exceptional items. The Group has presented segment and adjusted financial information on a proportionate consolidation basis, as this reflects the management of its joint ventures on an integrated basis with the Group's subsidiaries.

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

(a) Segment sales	Notes	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 (restated*) £m	Year to 31 March 2014 (restated*) £m
External sales				
Speciality Food Ingredients		**446**	519	983
Bulk Ingredients		**934**	1 218	2 164
Adjusted sales		**1 380**	1 737	3 147
Elimination of proportionate consolidation		**(180)**	(221)	(393)
Sales		**1 200**	1 516	2 754

(b) Segment results	Notes	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 (restated*) £m	Year to 31 March 2014 (restated*) £m
Adjusted operating profit				
Speciality Food Ingredients		**66**	112	213
Bulk Ingredients		**76**	92	172
Central		**(25)**	(17)	(36)
Adjusted operating profit		**117**	187	349
Elimination of proportionate consolidation		**(36)**	(37)	(74)
		81	150	275
Adjusting items:				
– Exceptional items	3	**(9)**	(6)	(14)
– Amortisation of acquired intangible assets		**(4)**	(5)	(10)
Operating profit		**68**	139	251
Finance income	4	**–**	1	2
Finance expense	4	**(17)**	(19)	(37)
Share of profit after tax of joint ventures and associates		**28**	29	61
Profit before tax		**79**	150	277

* Restated for the adoption of IFRS 11 'Joint Arrangements' (see note 1).

2. Segment information (continued)

(b) Segment results (continued)

	Six months to 30 September 2014 Percentage	Six months to 30 September 2013 Percentage	Year to 31 March 2014 Percentage
Adjusted operating margin			
Speciality Food Ingredients	**14.8%**	21.5%	21.7%
Bulk Ingredients	**8.1%**	7.5%	7.9%
Central	**n/a**	n/a	n/a
Total	**8.5%**	10.8%	11.1%

(c) Segment assets / (liabilities)

		30 September 2014	
	Assets £m	**Liabilities £m**	**Net £m**
Net working capital			
Speciality Food Ingredients	**285**	**(111)**	**174**
Bulk Ingredients	**395**	**(212)**	**183**
Central	**41**	**(35)**	**6**
Total working capital	**721**	**(358)**	**363**
Elimination of proportionate consolidation	**(93)**	**33**	**(60)**
Group working capital	**628**	**(325)**	**303**
Other assets/(liabilities)	**1 900**	**(1 158)**	**742**
Group assets/(liabilities)	**2 528**	**(1 483)**	**1 045**

		31 March 2014 (restated*)	
	Assets £m	Liabilities £m	Net £m
Net working capital			
Speciality Food Ingredients	242	(94)	148
Bulk Ingredients	447	(181)	266
Central	44	(42)	2
Total working capital	733	(317)	416
Elimination of proportionate consolidation	(96)	32	(64)
Group working capital	637	(285)	352
Other assets/(liabilities)	1 831	(1 133)	698
Group assets/(liabilities)	2 468	(1 418)	1 050

		30 September 2013 (restated*)	
	Assets £m	Liabilities £m	Net £m
Net working capital			
Speciality Food Ingredients	278	(101)	177
Bulk Ingredients	343	(178)	165
Central	40	(40)	–
Total working capital	661	(319)	342
Elimination of proportionate consolidation	(110)	36	(74)
Group working capital	551	(283)	268
Other assets/(liabilities)	1 944	(1 225)	719
Group assets/(liabilities)	2 495	(1 508)	987

* Restated for the adoption of IFRS 11 'Joint Arrangements' (see note 1).

3. Exceptional items

	Six months to 30 September 2014 £m	Six months to 30 September 2013 £m	Year to 31 March 2014 £m
Continuing operations			
Business transformation costs	**(9)**	(6)	(14)
	(9)	(6)	(14)

During the year, the Group incurred further business transformation costs on the implementation of a common global IS/IT platform of which £9 million (six months to 30 September 2013 – £6 million; year to 31 March 2014 – £14 million) which did not meet the criteria to be capitalised. These costs are classified within Central costs in each of the above disclosed periods.

The tax impact on exceptional items is a £2 million credit (six months to 30 September 2013 – £1 million credit; year to 31 March 2014 – £9 million credit). Tax credits on exceptional costs are only recognised to the extent that losses incurred will result in tax recoverable in the future.

During the year to 31 March 2014, the Group recognised an exceptional tax credit of £28 million in discontinued operations following the favourable resolution of outstanding tax matters associated with the starch facilities which formed part of the Group's former Food and Industrial Ingredients, Europe segment.

4. Finance income and finance expense

Continuing operations	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 (restated*) £m	Year to 31 March 2014 (restated*) £m
Finance income			
Interest receivable	**–**	1	2
Total finance income	**–**	1	2
Finance expense			
Interest payable on bank and other borrowings	**(12)**	(14)	(28)
Fair value hedges:			
– fair value loss on interest rate derivatives	**(4)**	(13)	(20)
– fair value adjustment of hedged borrowings	**4**	13	20
Finance lease interest	**(1)**	(1)	(1)
Net retirement benefit interest	**(4)**	(4)	(8)
Total finance expense	**(17)**	(19)	(37)
Net finance expense	**(17)**	(18)	(35)

Reconciliation to adjusted net finance expense	**£m**	£m	£m
Net finance expense	**(17)**	(18)	(35)
Net retirement benefit interest	**4**	4	8
Adjusted net finance expense	**(13)**	(14)	(27)

Finance expense is shown net of borrowing costs of £1 million (six months to 30 September 2013 – £1 million; year to 31 March 2014 – £2 million) capitalised into the cost of assets.

* Restated for the adoption of IFRS 11 ‘Joint Arrangements’ (see note 1)

5. Income tax expense

Continuing operations	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 (restated*) £m	Year to 31 March 2014 (restated*) £m
Current tax:			
In respect of the current period			
– UK	**–**	–	–
– Overseas	**3**	8	27
	3	8	27
Deferred tax charge	**8**	15	10
Adjustments in respect of previous years	**–**	(3)	(5)
Income tax expense	**11**	20	32

Reconciliation to adjusted income tax expense	**£m**	£m	£m
Income tax expense	**11**	20	32
Tax on exceptional items, amortisation of acquired intangibles and net retirement benefit interest	**4**	4	15
Share of tax of joint ventures and associates	**8**	8	13
Adjusted income tax expense	**23**	32	60

Continuing operations

The effective tax rate on adjusted profit before tax (see note 15) is 22.0% (six months to 30 September 2013 – 18.7%; year to 31 March 2014 – 18.5%).

* Restated for the adoption of IFRS 11 'Joint Arrangements' (see note 1)

6. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company or in the Employee Benefit Trust to satisfy awards made under the Group's share-based incentive plans.

	Six months to 30 September 2014			Six months to 30 September 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£m)	**68**	**–**	**68**	130	–	130
Weighted average number of ordinary shares in issue (millions)	**464.4**	**464.4**	**464.4**	464.3	464.3	464.3
Basic earnings per share	**14.7p**	**–**	**14.7p**	28.0p	–	28.0p

	Year to 31 March 2014		
	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£m)	245	28	273
Weighted average number of ordinary shares in issue (millions)	464.1	464.1	464.1
Basic earnings per share	52.8p	6.0p	58.8p

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares arise from awards made under the Group's share-based incentive plans. Where the vesting of these awards is contingent on satisfying a service or performance condition, the number of potentially dilutive ordinary shares is calculated based on the status of the condition at the end of the period. Potentially dilutive shares are actually dilutive only when the average market price of the Company's ordinary shares during the period exceeds their exercise price (options) or issue price (other awards). The greater any such excess, the greater the dilutive effect. The average market price of the Company's ordinary shares during the six months to 30 September 2014 was 673p (six months to 30 September 2013 – 829p). The dilutive effect of share-based incentives was 4.1 million shares (30 September 2013 – 6.1 million shares).

	Six months to 30 September 2014			Six months to 30 September 2013		
	Continuing operations	**Discontinued operations**	**Total**	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£m)	**68**	**–**	**68**	130	–	130
Weighted average number of diluted shares (millions)	**468.5**	**468.5**	**468.5**	470.4	470.4	470.4
Diluted earnings per share	**14.6p**	**–**	**14.6p**	27.6p	–	27.6p

	Year to 31 March 2014		
	Continuing operations	Discontinued operations	Total
Profit attributable to owners of the Company (£m)	245	28	273
Weighted average number of diluted shares (millions)	470.5	470.5	470.5
Diluted earnings per share	52.1p	5.9p	58.0p

6. Earnings per share (continued)

Adjusted earnings per share

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

Continuing operations	Notes	**Six months to 30 September 2014 £m**	Six months to 30 September 2013 £m	Year to 31 March 2014 £m
Profit attributable to owners of the Company		**68**	130	245
Adjusting items:				
– exceptional items	3	**9**	6	14
– amortisation of acquired intangible assets		**4**	5	10
– net retirement benefit interest	4	**4**	4	8
– tax effect on the above adjustments	5	**(4)**	(4)	(15)
Adjusted earnings		**81**	141	262
Adjusted basic earnings per share		**17.5p**	30.3p	56.5p
Adjusted diluted earnings per share		**17.3p**	29.9p	55.7p

7. Dividends

The Directors have declared an interim dividend of 8.2p per share for the six months to 30 September 2014 (six months to 30 September 2013 – 7.8p per share), payable on 2 January 2015.

The final dividend for the year to 31 March 2014 of £92 million, representing 19.8p per share, was paid during the six months to 30 September 2014.

8. Net debt

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

	30 September 2014 £m	30 September 2013 £m	31 March 2014 £m
Non-current borrowings	**(440)**	(766)	(437)
Current borrowings and bank overdrafts	**(356)**	(37)	(323)
Debt-related derivative instruments	**30**	36	29
Cash and cash equivalents	**323**	393	346
Share of net cash in joint ventures	**60**	38	32
Net debt - including share of net cash in joint ventures	**(383)**	(336)	(353)

Derivative financial instruments presented within assets and liabilities in the statement of financial position of £65 million net asset (30 September 2013 – £76 million; 31 March 2014 – £50 million) comprise net debt-related instruments of £30 million asset (30 September 2013 – £36 million; 31 March 2014 – £29 million) and non net debt-related instruments of £35 million asset (30 September 2013 – £40 million; 31 March 2014 – £21 million).

Movements in the Group's net debt (including share of net cash in joint ventures), are as follows:

	Six months to 30 September 2014 £m	Six months to 30 September 2013 £m	Year to 31 March 2014 £m
Net debt at beginning of the period	**(353)**	(479)	(479)
(Decrease)/increase in cash and cash equivalents in the period	**(28)**	104	68
Net cash (inflow)/outflow from movement in borrowings (note a)	**(22)**	34	44
Debt in subsidiary acquired	**–**	(3)	(3)
Fair value and other movements	**(1)**	(4)	–
Currency translation differences	**(7)**	26	37
Movements in share of net cash in joint ventures	**28**	(14)	(20)
(Increase)/decrease in net debt in the period	**(30)**	143	126
Net debt at end of the period	**(383)**	(336)	(353)

(a) Net cash flow from movement in borrowings includes repayment of capital element of finance leases.

9. Capital commitments

In the six months to 30 September 2014, there were additions to intangible assets of £20 million (30 September 2013 – £22 million; 31 March 2014 – £57 million) and additions to property, plant and equipment of £49 million (30 September 2013 – £35 million; 31 March 2014 – £102 million).

Commitments at the balance sheet date were as follows:

	30 September 2014	30 September 2013 (restated*)	31 March 2014 (restated*)
	£m	£m	£m
Commitments for the purchase of intangible assets	–	–	1
Commitments for the purchase of property, plant and equipment	**41**	25	36
Total commitments	**41**	25	37

* Restated for the adoption of IFRS 11 'Joint Arrangements' (see note 1)

10. Contingent liabilities

Sale of EU Sugars
As previously announced, American Sugar Holdings (ASR) raised a number of claims totalling in the region of £40 million that it believes it has under the Share and Business Sale Agreement relating to its acquisition of the Group's EU Sugars business in September 2010. These claims in large part relate to the turbulence in the supply of raw sugar to the EU during the period prior to closing and the increase in certain rolling re-export commitments of the business. Some, but not all, of these issues were considered in the expert adjudication on the closing accounts in which, as noted in the 2012 Annual Report, the expert strongly supported Tate & Lyle's position. ASR (through its subsidiary T&L Sugars Limited) has commenced formal proceedings in respect of these claims which the Group intends to defend vigorously.

Other claims
The Group is subject to claims and litigation generally arising in the ordinary course of its business, some of which are for substantial amounts. All such actions are strenuously defended but provision is made for liabilities that are considered likely to arise on the basis of current information and legal advice and after taking into account the Group's insurance arrangements. While there is always uncertainty as to the outcome of any claim or litigation, it is not expected that claims and litigation existing at 30 September 2014 will have a material adverse effect on the Group's financial position.

11. Acquisition

On 1 August 2014, the Group completed its acquisition of the trade and assets from Winway Biotechnology Nantong Co., Ltd, a leading polydextrose producer in China. Total consideration was £8 million, of which £2 million has been deferred in escrow as security against a number of general warranties and representations detailed in the acquisition agreement. The provisionally determined fair value of net assets acquired totalled £5 million, with provisional goodwill of £3 million recognised in relation to the acquisition.

12. Related party disclosures

The Group's significant related parties are its associates and joint ventures as disclosed in the Tate & Lyle Annual Report 2014. There were no material differences in related parties or in the nature of related party transactions during the period.

13. Foreign exchange rates

The following exchange rates have been applied to translate the financial statements of the Group's principal overseas operations:

Average foreign exchange rates	**Six months to 30 September 2014**	Six months to 30 September 2013	Year to 31 March 2014
US Dollar £1 = $	**1.68**	1.54	1.59
Euro £1 = €	**1.24**	1.18	1.19

Period end foreign exchange rates	**30 September 2014**	30 September 2013	31 March 2014
US Dollar £1 = $	**1.62**	1.62	1.67
Euro £1 = €	**1.28**	1.19	1.21

14. Financial instruments

The below table shows the Group's financial assets and liabilities measured at fair value at 30 September 2014 and 31 March 2014. The fair value hierarchy categorisation, valuation techniques and inputs are consistent with those used at the year ended 31 March 2014 and disclosed in Note 19 on pages 102 to 104 of the 2014 Annual Report www.tateandlyle.com/annualreport2014:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1, directly or indirectly observable for the asset or liability (level 2); and
- Inputs for the assets or liability that are not based on observable market data (level 3).

	30 September 2014				31 March 2014 (restated*)			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets at fair value								
Available for sale financial assets	**–**	**–**	**29**	**29**	–	–	28	28
Other financial assets	**2**	**–**	**–**	**2**	–	–	–	–
Derivative financial instruments:								
– currency swaps	**–**	**6**	**–**	**6**	–	3	–	3
– interest rate swaps	**–**	**31**	**–**	**31**	–	33	–	33
– forward foreign exchange contracts	**–**	**1**	**–**	**1**	–	1	–	1
– commodity pricing contracts	**19**	**32**	**45**	**96**	9	13	42	64
Assets at fair value	**21**	**70**	**74**	**165**	9	50	70	129

	30 September 2014				31 March 2014 (restated*)			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Liabilities at fair value								
Derivative financial instruments:								
– currency swaps	**–**	**(5)**	**–**	**(5)**	–	(2)	–	(2)
– interest rate swaps	**–**	**(2)**	**–**	**(2)**	–	(5)	–	(5)
– commodity pricing contracts	**(26)**	**(21)**	**(15)**	**(62)**	(13)	(10)	(21)	(44)
Liabilities at fair value	**(26)**	**(28)**	**(15)**	**(69)**	(13)	(17)	(21)	(51)

* Restated for the adoption of IFRS 11 'Joint Arrangements' (see note 1)

For commodity pricing contracts, in evaluating the significance of fair value inputs, the Group generally classifies assets or liabilities as level 3 when their fair value is determined using unobservable inputs that individually, or when aggregated with other unobservable inputs represent more than 10% of the fair value of the observable inputs of the assets or liabilities. Available-for-sale financial assets which are analysed at level 3 primarily represent investments in unlisted securities. The fair values of the unlisted securities are principally approximated at cost where the fair value cannot be reliably measured. The following table reconciles the movement in the Group's financial instruments classified in level 3 of the fair value hierarchy:

	Commodity pricing contracts assets £m	**Commodity pricing contracts liabilities £m**	**Available-for-sale financial assets £m**	**Total £m**
At 31 March 2013	53	(21)	27	59
Total gains/(losses):				
– in operating profit	42	(21)	–	21
– in other comprehensive income	–	–	(2)	(2)
Purchases	–	–	4	4
Settlements	(53)	21	(1)	(33)
At 31 March 2014	**42**	**(21)**	**28**	**49**
Total gains/(losses):				
– in operating profit	**45**	**(15)**	**–**	**30**
Purchases	**–**	**–**	**1**	**1**
Settlements	**(42)**	**21**	**–**	**(21)**
At 30 September 2014	**45**	**(15)**	**29**	**59**

The fair value of borrowings is estimated to be £823 million (30 September 2013 – £835 million; 31 March 2014 – £794 million) and has been determined using quoted market prices or discounted cash flow analysis. The value of other assets and liabilities held at amortised cost are not materially different from their fair values.

15. Reconciliation of adjusted financial information

As described in Notes 1 and 2, Tate & Lyle present adjusted performance measures including adjusted sales, adjusted operating profit, adjusted profit before tax and adjusted earnings per share. Reported measures are also adjusted to reflect the presentation of Group financial information on a proportionate consolidation basis.

For the periods presented, these adjusted performance measures exclude, where relevant:
– exceptional items
– the amortisation of acquired intangible assets
– net retirement benefit interest, and
– tax on the above adjustments.

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

	Six months to 30 September 2014			Six months to 30 September 2013 (restated*)		
	Reported £m	**Adjusting items £m**	**Adjusted £m**	Reported £m	Adjusting items £m	Adjusted £m
Continuing and total operations						
Sales	**1 200**	**180**	**1 380**	1 516	221	1 737
Operating profit	**68**	**49**	**117**	139	48	187
Net finance expense	**(17)**	**4**	**(13)**	(18)	4	(14)
Profit after tax of joint ventures and associates	**28**	**(28)**	**–**	29	(29)	–
Profit before tax	**79**	**25**	**104**	150	23	173
Income tax expense	**(11)**	**(12)**	**(23)**	(20)	(12)	(32)
Non-controlling interests	**–**	**–**	**–**	–	–	–
Profit attributable to the Owners of the Company	**68**	**13**	**81**	130	11	141
Basic earnings per share (pence)	**14.7**	**2.8**	**17.5**	28.0	2.3	30.3
Diluted earnings per share (pence)	**14.6**	**2.7**	**17.3**	27.6	2.3	29.9
Tax rate	**13.9%**		**22.0%**	13.3%		18.7%

* Restated for the adoption of IFRS 11 'Joint Arrangements' (see note 1)

16. Post balance sheet events

The funding arrangements in connection with the 31 March 2013 actuarial valuation for the Tate & Lyle Group Pension Scheme, the Group's main defined benefit plan, were agreed with the Scheme Trustee on 20 October 2014. In addition to the annual funding payments into the scheme of £12 million a year for 10 years, the Group will make supplementary contributions of £12 million into a secured funding account and show the associated cash outflow in the second half of the financial year. These contributions will be followed by further supplementary contributions of £6 million per annum into the secured funding account over the next four years.

ADDITIONAL INFORMATION

Ratio analysis [(a)]

	As at 30 September 2014	As at 30 September 2013	Year to 31 March 2014
Net debt to EBITDA [(b)]			
= Net debt	374	351	373
Pre-exceptional EBITDA	394	463	467
	= 0.9 times	= 0.8 times	= 0.8 times
Interest cover [(b)]			
= Operating profit before amortisation of acquired intangible assets and exceptional items	286	351	359
Net interest and finance expense	27	32	31
	= 10.6 times	= 10.9 times	11.6 times
Cash dividend cover [(c)]			
= Adjusted free cash flow from continuing operations	81	239	227
Cash dividends	38	37	128
	= 2.1 times	= 6.5 times	= 1.8 times
Cash conversion cycle [(d)]			
Average quarterly cash conversion cycle	41 days	43 days	39 days
Gearing			
= Net debt	383	336	353
Total equity	1 045	987	1 050
	= 37%	= 34%	= 34%

Notes:

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

(b) Net debt to EBITDA and interest cover are defined under the Group's banking covenants. For the purpose of these ratios, the effect of new or revised accounting standards adopted by the Group subsequent to 31 March 2014 are ignored and net debt is calculated using average currency exchange rates.

(c) Adjusted free cash flow represents cash generated from continuing operations, less net interest paid, less income tax paid, less capital expenditure, all of which are calculated on a proportionately consolidated basis. Cash dividends represent dividends on ordinary shares paid or proposed in respect of the reporting period, excluding dividends that are reinvested in shares through the DRIP scheme.

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