INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TATE & LYLE PLC

Report on the Group financial statements

Our opinion

In our opinion the Group financial statements of Tate & Lyle PLC and its subsidiaries (collectively 'the Group'), defined below:

- give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of the Group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

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

What we have audited

The Group financial statements, which are prepared by Tate & Lyle PLC, comprise:

- the consolidated statement of financial position as at 31 March 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and IFRSs as adopted by the European Union.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Annual Report 2014 ('the Annual Report'), rather than in the notes to the Group financial statements. These are cross-referenced from the Group financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Group financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Overview of our audit approach

Materiality

We set certain thresholds for materiality. These helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Group financial statements as a whole to be £15 million, which represents approximately 5% profit before tax from continuing operations.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £1 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of our audit

The Group is primarily structured across two divisions being Speciality Food Ingredients and Bulk Ingredients with a central support function. The Group financial statements are a consolidation of the Group's reporting units, spread across the two divisions, which comprise the Group's operating businesses and centralised functions covering 35 countries.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

Accordingly, we identified six reporting units which, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics. In addition, specific audit procedures on certain balances and transactions were performed at a further nine reporting units. The procedures described above provided coverage of 78% of the Group's sales and 70% of the Group's profit before tax from continuing operations.

This, together with additional procedures at a Group level, including the audit of individual transactions that were material to the Group in operating businesses not subject to an audit of their complete financial information or where specific audit procedures were not undertaken by component auditors, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Areas of particular audit focus

In preparing the financial statements, the Directors made a number of subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We primarily focused our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

In our audit, we tested and examined information, using sampling and other auditing techniques, to the extent we considered necessary to provide a reasonable basis for us to draw conclusions. We obtained audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

We considered the following areas to be those that required particular focus in the current year. This is not a complete list of all risks or areas of focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on page 48.

Area of focus	How the scope of our audit addressed the area of focus
Commodity risk The Group uses corn and other commodity contracts to manage and economically hedge its corn book within the US. The US corn book, comprising the commodity contracts, inventory and purchase and sales contracts for corn and co-products, are marked to fair value at the end of each reporting period. The valuation at each reporting period has a substantial impact on the reported results of the US business and the Group. Furthermore, the valuation can require a high level of judgement. Refer to Notes 3, 19 and 20 to the Group financial statements.	We obtained an understanding of the risks associated with the valuation and pricing methodology used at the year end and compared it to the underlying accounting policy. We confirmed the open commodity positions with brokerage houses and re-performed market price valuations for contracts on a sample basis to test the accuracy of the valuation. We tested manual adjustments that were made to the valuations to check the rationale on which they were based. In instances where commodities are not readily traded on an open market, we performed trend analyses against similar market traded commodities.
Direct tax provisions The Directors are required to exercise significant judgement when determining the appropriate amount to provide in respect of potential direct tax exposures relating to challenges by the tax authorities on cross border arrangements and transfer pricing in various countries. Refer to Notes 3, 11 and 29 to the Group financial statements. We focused on this area because of the inherent judgements required in estimating the amount of provision required. Changes in assumptions can materially affect the levels of provisions recorded in the financial statements.	We obtained a detailed understanding of the Group's tax strategy and assessed key technical tax issues and risks related to business and legislative developments. We recalculated management's valuations of direct tax provisions and determined whether the calculations were in line with the Group's methodology and principles and whether they had been applied consistently with previous years. We challenged the key underlying assumptions, having due regard for on-going correspondence between Group entities and local tax authorities.
Retirement benefit obligation liabilities The Group operates material defined benefit pension plans, giving rise to pension plan liabilities in the UK and the US. The Group also operates a significant retirement medical scheme in the US. We focused on this area because of the magnitude of the defined benefit pension plan liability and the retirement medical scheme in the context of the overall statement of financial position. Levels of judgement and technical expertise are required in choosing appropriate assumptions to measure the plans and scheme liabilities. Changes in key assumptions can have a material impact on the calculation of the liabilities. Refer to Notes 3 and 30 to the Group financial statements.	We obtained an understanding of the assumptions used by the Group's actuaries and management in calculating the retirement benefit obligations for the defined benefit pension plans in the UK and the US, and the retirement medical scheme in the US. Having formed that understanding we challenged the key actuarial assumptions (including pension increases, salary increases, inflation, discount rates and mortality), by comparing these to benchmark ranges based on market conditions and expectations at 31 March 2014 and comparison across the wider pensions industry. We also confirmed whether the methods used by management to determine key assumptions had been consistently applied year-on-year and evaluated the rationale for any changes in approach. We tested the reconciliation of the opening to closing liability for accuracy taking into account the movements in key assumptions over the year and any changes made to benefits provided within the schemes. We compared membership census data used in the actuarial models to the payroll data held by the Group to determine that the data used in the actuarial calculations was complete and represented only genuine members.
Fraud in revenue recognition Auditing Standards (ISAs (UK & Ireland)) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve the planned results. The Group's focus on revenue and profit targets as a key performance indicator creates incentive for revenue to be recorded in the incorrect period. Therefore, we focused on whether transactions have been recorded in the period in which the Group becomes entitled to record revenue.	We challenged the appropriateness of management's revenue recognition policies, particularly regarding the appropriate recording of sales around the year end date. We performed a combination of testing of the financial controls around revenue recognition and testing of revenue recorded during the year, and testing of sales transactions and credit notes around the year-end date to determine whether the criteria for recording revenue had been met. We tested revenue recorded through manual adjustments to determine whether those manual entries corresponded to revenue transactions that had occurred in the period and met the Group's revenue recognition policies.
Risk of management override of internal controls Auditing Standards (ISAs (UK & Ireland)) require that we consider this.	We tested key reconciliations and manual journal entries. We also considered whether there was evidence of bias by management in the significant accounting estimates and judgements relevant to the financial statements. Furthermore, we assessed the overall control environment of the Group, including the arrangements for staff to 'whistle-blow' inappropriate actions, and interviewed senior management and the Group's internal audit function. We incorporated a number of unpredictable audit procedures into our work, including the audit of certain immaterial balances.

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Going Concern
Under the Listing Rules we are required to review the Directors' statement, set out on page 28, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Group financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the Group financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Opinions on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Other matters on which we are required to report by exception
Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Corporate Governance Statement
Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Parent Company's compliance with nine provisions of the UK Corporate Governance Code ('the Code'). We have nothing to report having performed our review.

On page 73 of the Annual Report, as required by the Code Provision C.1.1, the Directors state that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy. On page 48, as required by C.3.8 of the Code, the Audit Committee has set out the significant issues that it considered in relation to the Group financial statements, and how they were addressed. Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- the statement given by the Directors is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit; or
- the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We have no exceptions to report arising from this responsibility.

Other information in the Annual Report
Under ISAs (UK & Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Group financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- is otherwise misleading.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit
Our responsibilities and those of the Directors
As explained more fully in the Directors' Statement of Responsibilities set out on page 73, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Other matter
We have reported separately on the Parent Company financial statements of Tate & Lyle PLC for the year ended 31 March 2014 and on the information in the Directors' Remuneration Report that is described as having been audited.

John Waters (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London

28 May 2014

Notes:

(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.