76535

TATE & LYLE PLC is a **global** sugar, cereal sweetener and starch processing group. The Group is a **world leader** in its chosen field. TATE & LYLE is committed to the growth of the business and the enhancement of shareholder value through constant improvements in **processing** methods, product and market **innovation**, and geographical expansion by acquisition and investment. The Group extends its interests through an international network of subsidiaries, **partnerships** and affiliations.

Contents

Around the world

Europe and the Middle East

- The Amylum Group, in which Tate & Lyle has a 63.3% share holding, is a starch and cereal sweetener group, headquartered in Belgium. Using maize and wheat it manufactures in 12 European countries and also produces glutamate in France through its Orsan subsidiary.
- Tate & Lyle Sugars is a major supplier of sugar to Britain's retail and industrial markets and an exporter to other European countries.
- In Portugal, Alcântara supplies more than half the domestic sugar market.
- Odessa Sugar Company operates a cane sugar refinery in Odessa in Ukraine, 60% owned by Tate & Lyle. The Group has a 15% interest in a cane refinery in Jeddah, Saudi Arabia.
- Tate & Lyle has interests in beet sugar businesses in the Czech Republic, Hungary, Slovakia and Spain.
- The UM Group is based in London and operates in 11 European countries.

Africa

- Tate & Lyle has a 50.9% stake in Zambia Sugar, Zambia's only producer, comprising a large cane mill and estate.
- ZSR Corporation, in which Tate & Lyle has a 50.1% stake, is Zimbabwe's sole sugar refiner, and has a one-third interest in a packing station in Botswana.
- The UM Group has operations in Kenya, Mauritius, Mozambique and South Africa. Booker Tate, a joint venture, has management contracts in Kenya, Tanzania, Swaziland, Zambia and Uganda.

North America

- Staley is one of the largest corn wet millers in the US, with annual revenues of over US$1 billion.
- Domino Sugar is the largest US cane sugar refiner, with the leading domestic sugar brand.
- Western Sugar is a sugar beet processor with six plants in the High Plains states.
- Redpath Sugars refines sugar for Canada's food industry and consumers.
- PM Ag Products supplies commercial livestock nutrition products.
- Occidente, in which Tate & Lyle has a 49% holding, owns three Mexican cane mills. The Tate & Lyle Group has a 45% interest in Almex, based at Guadalajara, a leading Mexican corn wet miller.
- The UM Group has operations in Barbados, Canada, Guyana, Trinidad and the US.
- Booker Tate has management contracts in Barbados, Guyana, Jamaica, St Kitts and Belize.

Asia

- In Guangxi Province, China, Tate & Lyle has a 43% interest in two cane mills, and a 9% interest in four others.
- In Guangzhou Province, China, Orsan, the Amylum group's glutamate business, acquired a 51% interest in a large glutamate factory in December 1995.
- In Thailand, Tate & Lyle has interests in a cane miller and a tapioca starch producer.
- The UM Group has a molasses trading subsidiary in the Philippines. Booker Tate has a sugar management contract in Papua New Guinea.
- In Vietnam, a project to construct a new sugar mill and estate is in progress.

Australia

- Bundaberg Sugar based in Brisbane, Queensland, is the largest cane grower and the third-largest cane miller in Australia. It operates six mills, processing six million tonnes of sugar cane annually.
- Bundaberg also refines sugar, distributes molasses, manufactures and sells cane milling equipment and owns 50% of the Bundaberg Rum brand and distillery.

Products

Sugar A wide range of sugar products for table top and industrial use in foodstuffs and beverages is produced mainly for local consumption. Raw cane sugar is refined at plants in five continents. The Group owns or part-owns factories producing white sugar from sugar beet in North America and Europe. The Group trades in sugar and supplies equipment to the sugar industry.

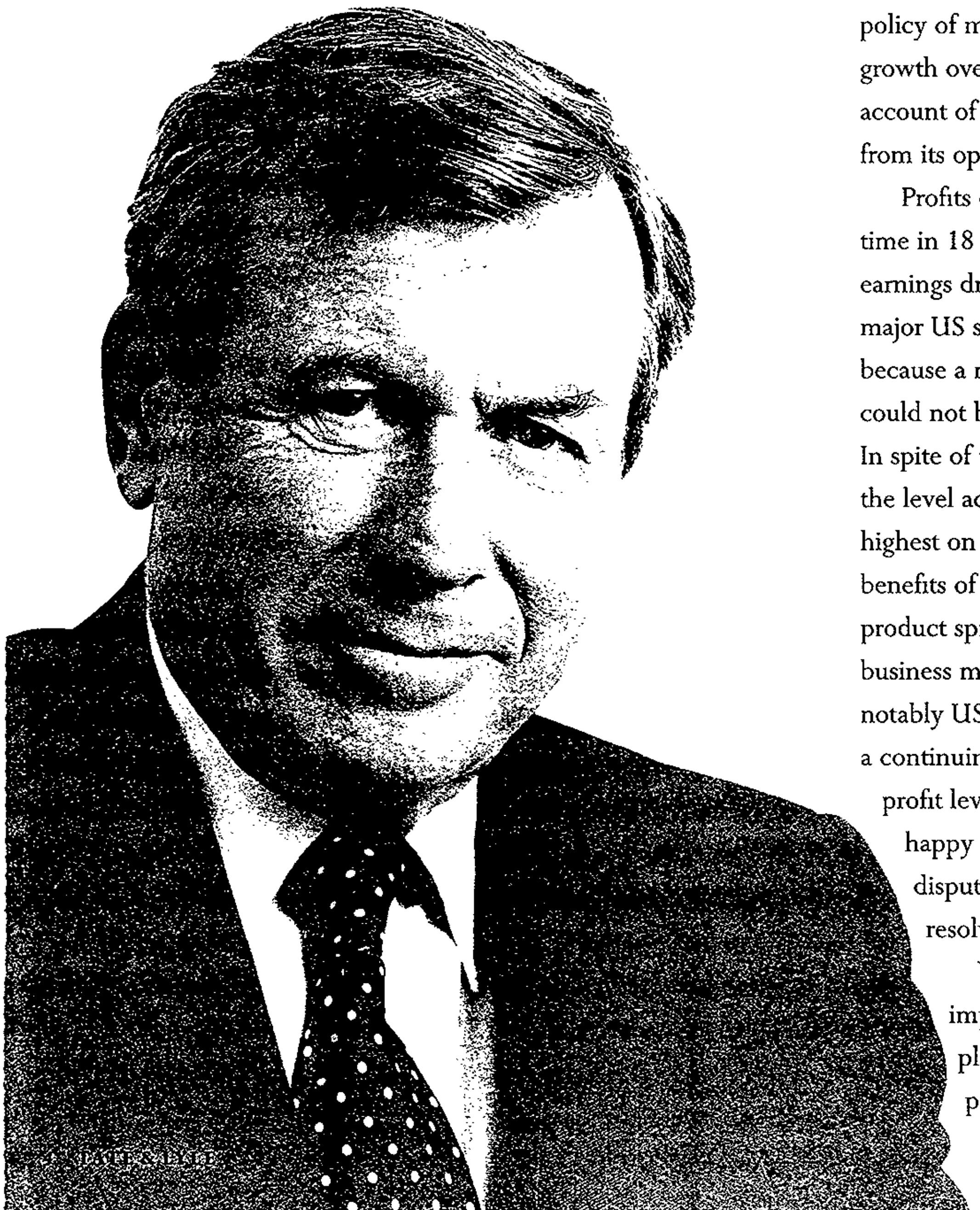
Cereal Sweeteners Maize ("corn" in the US) and wheat are converted into glucose, starch and products such as maltodextrin, dextrose, fructose, glucose, high fructose corn syrup and potable alcohol. These products are used in the brewing and soft drinks industry, baking and confectionery, fermentation and pharmaceuticals.

Starch 'Speciality' and 'performance' starches are processed mainly from wheat and maize. Speciality starches are widely used in foodstuffs, for example as fat replacers, whereas performance starches have a wide range of uses in the paper, packaging and building industries. Starch can also be used through fermentation processes to produce ethanol, amino acids and glutamate.

Animal feed and bulk storage The Group takes every opportunity to add value to the by-products of its main businesses. Molasses, a by-product of the sugar industry, and corn gluten feed and meal, by-products of corn wet milling, are staples for the animal feed industry. United Molasses, PM Ag Products (in North America) and Bundaberg Molasses (in Australia) are major suppliers of solid and liquid animal feed supplements. Bulk storage of molasses, grains and other products is also an important part of the Group's business.

From the Chairman, Sir Neil Shaw

Tate & Lyle's profit before tax was £276.3 million, a reduction of 11% from the previous year. Fully diluted earnings per share fell by 11% from 42.9p to 38.2p. Your Board has recommended a final dividend of 11.7p, bringing the total for the year to 17.0p, an increase of 6%, to be paid on 4 February 1997 to shareholders registered on 17 December 1996.



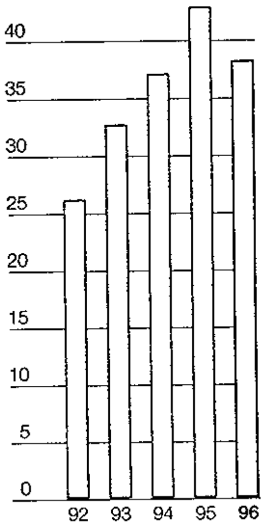
This is the sixteenth consecutive year of dividend increases which have averaged 12% per annum over that time. The proposed increase continues the Group policy of matching dividends to earnings growth over the longer term and takes account of the Group's strong cash flow from its operations, and future prospects.

Profits declined for only the second time in 18 years. This resulted from an earnings drop of over 50% at Staley, our major US sweetener and starch producer, because a record increase in maize costs could not be passed on to the market. In spite of this, Group profits reached the level achieved in 1994 – the second highest on record – demonstrating the benefits of the Group's geographic and product spread. Other parts of the business made good progress, most notably US cane sugar operations, where a continuing recovery from earlier low profit levels is underway. I am also happy to report that the industrial dispute at Staley's Decatur plant was resolved in December 1995.

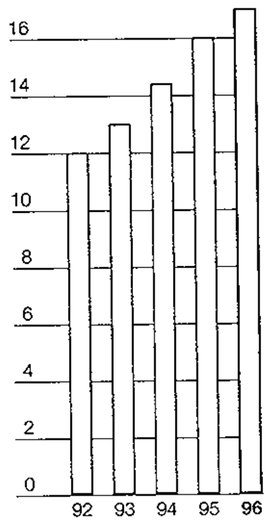
We continued to invest to improve earnings in existing plants. The major ongoing project is the construction of

Financial Highlights	1996 £m	1995 £m
Turnover	**5 160.2**	4 451.6
Profit before interest	**333.6**	365.0
Profit before taxation	**276.3**	311.1
Dividend per share	**17.0p**	16.0p
Fully diluted earnings per share	**38.2p**	42.9p

Fully Diluted Earnings per Share
pence



Dividends per Share
pence



the new wheat starch plant in northern France, announced last year. Altogether total Group expenditure on new plant and buildings was £313 million.

The Group embarked in the early 1990s on a global expansion strategy. Continuing this strategy, £34 million was invested both in acquiring interests in new businesses and in increasing existing stakes. New investments were made in Vietnam, Thailand and the Czech Republic and investments in India and Morocco were announced.

I am very pleased to announce that Mr Larry Pillard, formerly Chief Operating Officer and Group Managing Director, has been appointed Chief Executive of Tate & Lyle PLC with immediate effect. Mr Pillard's expertise in developing and operating manufacturing facilities as well as the commercialisation of new products will greatly benefit the Group's strategy as it develops its global businesses.

It is with great sadness that I record the death of Mr Pierre Callebaut on 12 September. He had been a member of the Board since 1988. Tate & Lyle and the Amylum Group, where he was Chairman, have been partners for more than 20 years. He had, during his lifetime, built Amylum into one of the leading starch and sweetener groups in Europe. He is succeeded by Mrs Carole Piwnica, his daughter, who is now Chairman of Amylum, and who joined the Board as a non-executive director on 2 October. Mrs Piwnica has a legal background, and brings to the Board wide experience of the Amylum Group, of which she has been an executive director since 1991.

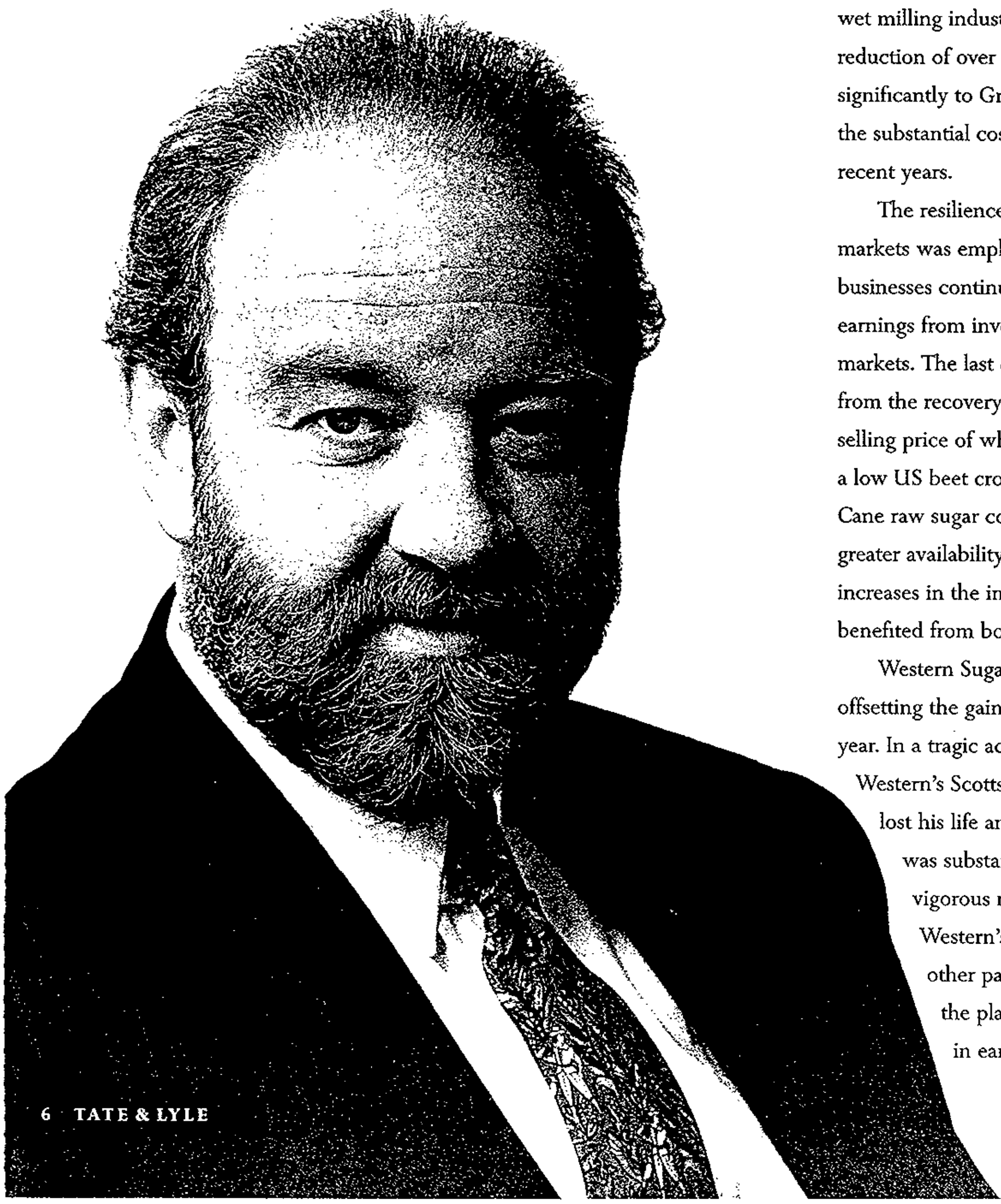
On 2 April Mr Allen Yurko, Managing Director and Chief Executive Officer of Siebe plc, was appointed to the Board as a non-executive director. I am delighted to welcome Mr Yurko to the Board. His wide experience at senior levels in a highly competitive international business will be of great benefit to Tate & Lyle.

The Group's employees have responded to the challenges of the year with initiative and determination, and we thank those employees and their families for their support.

The investments we are making in expanding international markets, together with the significant improvements we have undertaken in our existing plants will, we are sure, contribute to our continuing long-term growth.

Sir Neil Shaw
Chairman
26 November 1996

From Larry Pillard, Chief Executive
In a challenging year for Tate & Lyle, profit before interest declined 9% to £333.6 million. Turnover rose by 16% to £5,160 million.



Profits were impacted by a downturn at Staley, our US corn wet milling business. Unprecedented raw material costs resulted as corn prices doubled following a low US corn crop. This coincided with new high-fructose corn syrup capacity being introduced and the higher raw material costs could not be passed on to customers, affecting the entire US corn wet milling industry. Even after this earnings reduction of over 50%, Staley still contributed significantly to Group profits, as a result of the substantial cost reduction initiatives of recent years.

The resilience of the Group in developed markets was emphasised with other Group businesses continuing to progress and enhanced earnings from investments in new international markets. The last quarter of the year benefited from the recovery in the US sugar market. The selling price of white sugar increased following a low US beet crop which reduced supplies. Cane raw sugar costs declined following the greater availability of cane raw sugar due to increases in the import quota. Margins benefited from both movements.

Western Sugar's beet supply was reduced, offsetting the gain from higher prices in the year. In a tragic accidental explosion at Western's Scottsbluff factory one employee lost his life and others were injured. There was substantial damage to the plant but vigorous reconstruction efforts by Western's employees, with help from other parts of the Group, meant that the plant was ready to process beet in early October only two months after the explosion and in time for the 1996 beet crop. Financial losses were insured, in part with the Group's own insurance subsidiary.

There was continued strong performance in Europe, with increased security of supply to Tate & Lyle Sugars from the new EU Sugar Regime and continued progress at Amylum, our European cereal sweetener and starch business.

The Group has invested £151 million in interests in emerging markets since 1990, including £22 million in 1996. Those interests performed well, contributing £17 million (1995 – £4 million) to profit before interest.

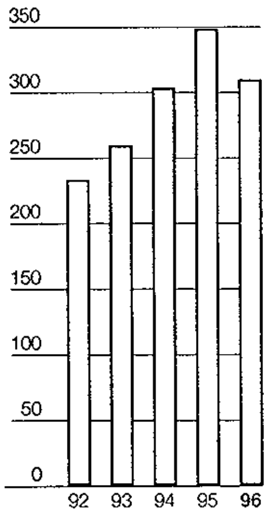
The Group invested significantly in plant and equipment, spending £313 million in the year. Amylum's new wheat starch plant at Nesle, France, was the largest single project, but there was also expenditure at Staley on starch processes at Decatur and Sagamore, feedhouse replacement, dextrose expansion and refinery improvements at Decatur, and, at Tate & Lyle Sugars' London refinery, on new pans, white sugar handling and specialities. Western's strategic cost improvement project was virtually completed in the year, Domino installed a new purification process in the Baltimore refinery and Redpath increased capacity significantly.

I am pleased to welcome Mr Loren Luppes, who joined the Group in March as my replacement as President and Chief Executive Officer of Staley. Mr Luppes most recently held the position of President and Chief Executive Officer of Southern Minnesota Sugar Co-operative. Prior to that he held a wide variety of positions with Cargill, particularly in corn wet milling, over more than twenty years.

In my first year I have been impressed by the enthusiasm, knowledge and energy of employees across the Group. We are fortunate to participate in an ever-changing industry. While we have a long history, the dramatic growth in population and general improvement in global living standards provide tremendous opportunities for the future. With continued focus on serving our customers, both old and new, in more innovative and efficient ways, and with dedicated commitment to being a low cost producer the Group can look forward to continued growth and prosperity.

Larry G Pillard
Chief Executive
26 November 1996

Operating Profit
£million



Tate & Lyle in Europe

Group businesses in the European Union reported another year of good performance but high raw material costs impacted Amylum's results. The Group is investing heavily in new plant, most particularly in Amylum's new wheat starch plant in northern France. Outside the EU the Group continues to invest in beet sugar industries and to improve its existing sugar businesses.

Tate & Lyle Sugars maintained its record of profits growth, mainly through further reduction in the cost base.

The UK sugar market benefited from the recovery in the food manufacturing sector. The more buoyant economy allowed modest margin improvements across the board and sterling remained stable within the EU price mechanism. Export markets remained relatively profitable during the year, with good levels of white sugar premiums.

The UK television advertising campaign featuring Gary Rhodes continues and a fourth television commercial has been produced for the coming year. This campaign is enhancing the positive brand image of "Tate & Lyle".

Under the new EU Sugar Regime which came into effect in July 1995 supply to Tate & Lyle Sugars was increased by 15,000 tonnes per annum.

Thames Refinery processed over one million tonnes in the year, achieving several record weekly outputs, a consistently good performance.

The investment necessary to achieve a reliable, low-cost refinery was reflected in a record £31 million of capital expenditure in the year. The new milling plant is virtually complete and undergoing performance trials. The fifth crystallisation section is being installed, together with a third bulk conditioning silo. Preparation at Thames for the closure of the small refinery in Greenock in 1997 is on time and within budget. Work continues in the recovery house to increase extraction efficiency.

Alcântara Earnings from sugar in Portugal continued to improve. New 1kg packets were launched and a range of traditional speciality sugars introduced. Investment in new equipment for automation and filtration helped to increase productivity further.

Following the GATT negotiations Alcântara was able to secure raw sugar from an increased number of suppliers under a new regime.

European Sugar Investments In Slovakia, **Juhocukor** continued to increase its market share and achieved good results. Improved beet supply in autumn 1996 will enable the company to increase slicing capacity, which is targeted to reach 6,000 tonnes per day within two years. A new 30,000 tonne silo will be commissioned shortly, doubling bulk sugar storage capacity at the factory.

Kaba production was reduced by drought in eastern Hungary. Nevertheless, the company made a profit. It is anticipated that a sugar regime will be enforced soon in Hungary and the government has announced that it will sell its remaining stake in Kaba. The Group has certain pre-emption rights.

Nemcice and **Brodek**, in the Czech Republic, are now managed by Eastern Sugar, the joint venture with Générale Sucrière, a leading French sugar producer, and after technical fine-tuning the two factories will in 1996 carry out their largest campaign ever. Following the 1996 crop there will be an oversupply of sugar in the country.

Azucarera in Spain performed well and exceeded its production quota.

Amylum Profit performance at Amylum after adding back the exceptional re-organisation costs in 1995 did not reach the record levels achieved in that year.

Within the European Union the average market prices of maize and wheat, the raw materials used by Amylum, traded at high premiums above intervention price representing an increase of 20% on 1995. Protein prices were lower, including the price of vital wheat gluten which was £100 per tonne lower. In spite of an increase in co-product prices, net maize costs increased and were not fully reflected in selling prices. Industry volume was affected by lower demand for sweeteners caused by poor climatic conditions and by reduced starch demand from the paper industry.

In Central and Eastern Europe margins were affected by higher world grain prices but volumes increased by 20% reflecting the latent demand for sweeteners by the major international customers.

Amylum invested substantially to improve its business. As part of the plan to use an increasing proportion of wheat, Amylum's UK plant converted to wheat and the construction of Europe's largest starch plant at Nesle, France, continued on time and within budget. The plant, which will be capable of processing one million tonnes per annum, will start commissioning in 1997. As a consequence of this project the transfer of starches from Belgium to the Dutch plant commenced and alterations and improvements were implemented at Amylum plants in Spain and Italy. Capital expenditure is planned to continue at a high level in 1997.

Payments were made to complete last year's acquisitions of the starch plant in Turkey and the glutamate business in Guangzhou, China.

In September, Amylum announced plans to investigate a combined heat and power plant at Aalst, Belgium, in joint venture with the local electricity and power company.

UM Group expanded its world-wide operations with further investments. Profits continued to grow in most sectors.

Molasses For most of the year molasses prices have been extremely firm mainly due to buoyant demand in the Far East. A branch office was opened in Korea. A substantial exportable surplus in India has subsequently put prices under pressure.

Engineering Universal Milling Technology (UMT) has experienced difficult trading conditions in Europe.

Sugar Trading Tate & Lyle International continues to expand its operations, but encountered challenging conditions in Russia.

Bulk Storage Investment in additional bulk storage capacity expanded UM Group's operations. UM Canada increased capacity for vegetable oil storage at its Hamilton, Ontario, site. Premier Molasses, in Ireland, invested in new molasses storage and bulk liquid storage in Cork. Tankage capacity was expanded in Cape Town, South Africa; Mombasa, Kenya; and at Hull in the UK. The new plant for the storage and blending of lubrication oils at Hull, completed last year, performed well.

Speciality Feeds Rumenco and FSL

Bells are the leading suppliers in the UK of specialised feed supplements. The division had a good year. In August Rumenco acquired Preference Products, in Ireland, which manufactures a range of minerals, magnesium liquids, poured blocks and silage preservatives.

Central Sugar This new division was formed to look after Tate & Lyle's activities in Ukraine and other former Soviet Union countries, and the Middle East.

The Group's subsidiary **Odessa Sugar Company** owns and operates a 250,000 tonne capacity sugar refinery based in Odessa in Ukraine. The refinery supplies high quality sugar, primarily for industrial customers, which is not available from other suppliers in the former CIS countries in significant quantities.

Difficult trading conditions caused by a sharply declining sugar price in Russia, an important market for the Odessa refinery, were aggravated by a very high local energy cost for most of the year. Operation of the refinery became uneconomic and it was closed for five months. Successful re-negotiation of the energy costs in the summer enabled the refinery to operate on a more competitive basis thereafter.

The **United Sugar Company**, in which the Group has a 15% stake, is building a 500,000 tonne cane refinery in Jeddah. The refinery is nearing completion and is expected to start melting sugar next spring. Booker Tate will be involved in the operation of the refinery in the early years through a management contract, and Tate & Lyle International will play an active role in supplying raw sugar.

Tate & Lyle in North America

The high cost of maize combined with newly-increased capacity in the industry, not yet absorbed by demand growth, to reduce margins in corn wet milling severely. Recovery in the North American sugar market following recent legislation and a lower beet crop partly offset the setback in cereal sweeteners and starches.

Staley Record high corn costs in 1996 reduced margins and offset gains made in recent years through manufacturing operation improvements and cost reduction efforts. Staley continued to strengthen its position through investment, operational improvements and the pursuit of new technologies in areas such as fermentation.

In late December 1995, a 30-month labour dispute at the Decatur plant ended. Members of the UPIU Local 7837, the union branch involved, voted to accept the company proposal, and individually elected either to return to work or to accept enhanced severance payments or retirement packages. 146 union members elected to return to work, with replacement workers filling the remaining positions. The transition was smooth and production at the Decatur plant continues at record levels with fewer workers in the plant. Ratification of the new 45-month contract provided excellent wages and benefits for Decatur plant employees, all of whom continue to be represented by the union. The new contract allows the Company to operate the Decatur plant more efficiently so that it can compete effectively with other corn wet milling operations.

In April, Staley announced an agreement, not yet completed, to purchase 20% of Bharat Starch, the third largest starch company in India, which produces corn syrup, modified starch, refined corn oil and sorbitol at plants in Yamunanagar and Pondicherry. The company is also close to completing a 20,000 tonne citric acid plant at Baroda.

Plans for an expansion of polydextrose production at the Decatur plant are underway, increasing the capacity from 2,250 tonnes to a potential 45,000 tonnes per year. Staley research and manufacturing groups have made significant breakthroughs in the cost of producing polydextrose, and have developed a much improved third generation product that will be marketed under the STA-LITE® III brand name. Primary markets for polydextrose are frozen dairy desserts, salad dressings, candy and confections, and baked products.

Expansion at the Sagamore and Lafayette South, Indiana, corn wet mills was completed during the year, increasing high fructose corn syrup capacity by 450,000 tonnes per year and modified starch capacity by 140,000 tonnes per year.

Investment in Staley plants continues, chiefly at Decatur on starch processes, feedhouse replacement, dextrose expansion and refinery improvements, and also on the starch process at Sagamore.

At Almex, the joint venture corn wet milling business based at Guadalajara, high fructose corn syrup was produced in Mexico for the first time. Losses were incurred due to the high price of imported maize and commissioning costs.

Employee involvement in Staley's safety programme continued to be excellent, and contributed to safety goals being met. This year's Flagship Award was shared between the potato starch manufacturing plants in Murtaugh, Idaho and Houlton, Maine, in recognition of achieving the best safety record of all Staley sites during 1995.

Staley celebrated its 90th anniversary during the year, and looks forward to continuing the tradition of leadership set in the first 90 years of business into the next century.

Domino Sugar benefited from improved capacity utilisation as volume increased following the acquisition of Supreme Sugar in 1995, the shortage of beet sugar after a low 1995 beet crop, and a strong export market.

The reduction in beet sugar availability also caused selling prices to increase and, in addition, the cost of raw sugar declined as the US Department of Agriculture improved the administration of the import quota. More stability in the raw sugar market is expected as the Department has adopted a new method of setting the quota based on the stock-to-use ratio.

A new carbonatation (purification) process was installed in the Baltimore, Maryland, refinery in an ongoing investment programme.

Domino began a major project to replace and expand management information systems. This project will result in significant cost savings and improved customer service.

Western Sugar Unfavourable growing conditions resulted in the smallest crop in Western Sugar's history. Nevertheless, strict cost reduction activities resulted in a reasonable performance and also positioned the company to be a low cost producer for the foreseeable future. Tragedy struck in July when an accidental explosion at the Scottsbluff factory resulted in a fatality, several injuries to employees and caused substantial damage to the plant. After vigorous reconstruction efforts the plant was in production for the autumn campaign and will be entirely rebuilt by the summer of 1997.

Redpath Sugars Results from Redpath Sugars in Canada were considerably improved. Work on the refinery expansion announced in December 1995 is progressing well with completion expected early in 1997. Sales volume was up by 25% as a result, following a sales growth strategy designed to capture additional volume and to grow nationally. Forward sales bookings have been made which will ensure a further 25% volume growth for 1997.

Redpath benefited from the resolution of the dumping case, restricting low-priced imports from the US.

In September, Redpath purchased R W Patten Distributors, a major producer of dry blends for export to the US.

Occidente Occidente's three mills in Mexico produced 285,000 tonnes of refined sugar during the 1995/96 crop, a 7% increase, following a 12% increase in the preceding year. Occidente's production represented 7% of Mexico's total sugar production of 4.4 million tonnes and 15% of refined production. Sugar production in Mexico exceeded domestic consumption for the second consecutive year leading to exports of over 500,000 tonnes. Occidente's 24,000 tonnes of exports were marketed with the assistance of other Tate & Lyle companies.

Margins improved in Mexico, producing good results for Occidente in its first full year with the Group. The Mexican peso dropped only 19% over the year against the US$, mainly in October and November 1995, compared with a 27% rate of inflation during the same period.

PM Ag Products completed an eleventh consecutive year of earnings growth, with newer activities contributing strongly to performance. Sales of mixed grain feeds to commercial dairies were good, led by O H Kruse Grain & Milling, acquired in1995. Kruse serves the central and southern California dairy market with mixed grain and commodity feeds.

The Liquids Division enjoyed its best year, with strong sales to beef feedlots. Sales of liquid products to other feed manufacturers were also strong. Molasses and related feed ingredients competed effectively against high-priced grain products.

Sales of Sweetlix blocks were impaired by drought during 1996, which left pastures unsuitable for Sweetlix products. A new, full-line block plant was completed in Fort Worth, Texas, improving service to the country's largest cattle market.

Vigortone's sales of vitamin mineral supplements for on-farm feed production were also impacted by external conditions. A poor harvest combined with strong demand for feed grains raised grain prices to new record highs. Grain storage on farms was quickly exhausted. Pig farmers, one of Vigortone's primary markets, were forced to purchase feed at compound mills because of the lack of grain, instead of employing Vigortone's premix. Vigortone completed construction of a new premix plant in Texas, designed to serve dairy and beef markets in the southwestern states.

Tate & Lyle International Division

An increase in cane crushed in Australia and good volume growth in sugar in a number of markets helped to underpin the Group's continuing expansion into new markets.

Bundaberg Sugar A 10% increase in cane tonnage crushed and higher sugar production at Bundaberg's six mills offset the impact of lower world raw sugar prices. Harvesting of the 1996 season cane crop has been assisted by dry conditions and is well advanced, benefiting 1996 profits but reducing the proportion of the 1996 crop crushed in the 1997 financial year.

A proposal to construct a new mill west of Cairns in north Queensland is progressing well. This would be the first new mill constructed in Queensland in more than 70 years. Local growers have applied for 11,000 hectares of land to be assigned to the new mill.

White sugar sales increased 30% over the last year. The heavily over-supplied domestic market remains very competitive and the increase is largely attributable to export sales.

The animal feed industry in Australia has experienced heavy competition in export markets and molasses sales have been constrained.

Bundaberg Foundry and Bundaberg Rum Foundry-engineered products remain in demand from sugar industries in Australia and the Far East. However forward inquiries are reducing with lower world sugar prices.

Rum sales continued to grow reflecting the successful marketing of new products under the "Bundaberg" brand, the leading Australian spirit brand.

Zambia Sugar, bought in 1995, outperformed initial expectations and contributed significant profits. The record 1995 crop, 150,500 tonnes, was sold as white sugar to domestic and local export markets and, for the first time, a cargo of raw sugar was sent to Europe under the Special Preferential arrangements of the European Union.

Recent investment is reflected in the increased 1996 crop, estimated at 165,000 tonnes. Continued investment is planned, with a target of over 200,000 tonnes by the year 2000. Yields of cane per hectare have improved by 15% over four years.

ZSR Corporation A delay to the start of the local milling season led to the import of 27,000 tonnes of raw sugar at extra cost. Consequently, the selling price in Zimbabwe increased significantly, resulting in a 4% decline in consumption. This was more than offset by strong performance in regional export markets.

A new paper-packaging machine was commissioned at Bulawayo Refinery in August. Consumers are now offered a choice of either plastic or paper packets.

The Harare Refinery modernisation programme is scheduled to be completed by December 1996. At a cost of Z$160 million (£11 million) the programme increases ZSR's production capacity from 140,000 to 200,000 tonnes annually.

Once again, the Botswana joint venture packaging and distribution company performed beyond expectation.

Asian Cane Sugar Trading conditions in Guangxi, China, where **Tate & Lyle Swire** controls two cane mills, were difficult and the business made losses.

Government-controlled raw material costs and an oversupply caused by imports squeezed sugar industry margins. Prices fell by 25% from their peak a year earlier whilst cane costs rose by over 50%. Margins are now improving as market prices rise and the Government acts to control sugar imports.

Tate & Lyle's minority investment in **East Asia Properties** which controls four sugar factories in the same province of Guangxi fared better, having the benefits of economies of scale. Guangxi Province is targeted as the main producer of sugar in the People's Republic of China, with output planned to increase to three million tonnes by the year 2000. This will be achieved only if industry economics improve. Factories in both investment groupings continue to be expanded.

A joint venture, **Nghe An Tate & Lyle**, was formed to build a cane mill in Nghe An province, Vietnam, to produce 83,000 tonnes of sugar annually. Tate & Lyle's co-investors are its Thai partners, the Mitr Phol Group, the Vietnam Fund and the local, government-owned Nghe An Sugar Company. Vietnam has a large sugar deficit and sugar is identified as one of the key growth economies of the region. The factory is scheduled for completion in 1998.

In Thailand Tate & Lyle increased its stake in the **UFIC Group**, majority owned by Mitr Phol, from 15.4% to 20.4%. Tate & Lyle was one of the original investors in this project, which now consists of two sugar factories and one particle board factory. The combined annual output of sugar is 400,000 tonnes, with plans to expand further.

Tate & Lyle Process Technology Business activity increased in all product sectors. Technical services were provided to the Group's new operations in China, Mexico and Ukraine. A UK-based instrumentation company was acquired and a new Mexican office was opened. Sales to former Soviet Union countries increased.

Booker Tate maintained its profit performance despite suffering from extreme weather conditions in the Caribbean and from mechanical faults with new equipment at Mumias in Kenya. To offset these disappointments: Swaziland is now recovering from its long drought and replanting should ensure a good crop in 1996/97; Barbados has made great strides and the sugar industry there will make a profit for the first time for many years; and the Belize sugar industry achieved record output.

Tate & Lyle's Other Businesses

Speciality Sweeteners In Canada, sales of sucralose as an ingredient increased and the retail product under its SPLENDA brand name consolidated its position as the leading low-calorie granular sweetener. First sales of sucralose were achieved in Russia and Romania. Approval for the sweetener was granted in China, Argentina, Brazil and several countries in the Middle East. Investment in low cost manufacturing technology has continued with excellent results. Work continues on the regulatory process in the US, Europe and the emerging markets of the Far East.

Tate & Lyle Reinsurance The Group's Bermuda captive reinsurance company carries the first US$10 million of annual aggregated Group property and business interruption risk. Because of the explosion at Scottsbluff this limit was reached in 1996, with the Group's outside insurers bearing the balance of the claim.

Despite this exceptional event, underwriting profit in other areas combined with good investment performance produced a satisfactory profit and the company continues to write profitable third party insurance within strictly controlled exposure limits.

Tate & Lyle in the Community

This year, the Corporate Affairs Committee of the Board decided to focus the Company's educational support on literacy in the UK. There has been increasing evidence that achieving standards of literacy from an early age is one of the most significant contributors towards later success in educational attainment. This has also been the experience of the Company in its work with local schools in the inner city areas where our main operations are sited.

Consequently, we have become a contributor to the National Literacy Trust, set up in October 1993 to enhance literacy standards in the UK. The Company is sponsoring the Trust's recently announced initiative 'Reading is Fundamental', launched in June, to improve literacy amongst children and adults, and based on the successful RIF Programme which has been running in the United States for 30 years. The project aims to provide books for young people at no cost to them or their families, and encourages parents to become involved with their children's reading. Sports personalities have added their support to the programme, and projects will be run by schools, community centres, libraries and sports clubs.

In parallel with this, the Company is supporting a reading project in the London Borough of Newham, where educational attainment, though improving, is still held back by standards of literacy. We are working in conjunction with the Local Education Authority and the Education Business Partnership.
A co-ordinator has been appointed, and a programme set up in ten primary schools in the Borough, which will continue over a period of years so that the success of various initiatives

can be tracked into secondary schools and the most effective ways of improving literacy can be identified. The Company is also a corporate sponsor of the Royal Society of Arts 'Campaign for Learning' whose aim is to encourage a culture of learning in the UK.

Also in the education field, the scholarships at Cambridge University, jointly funded by the Foreign & Commonwealth Office, Tate & Lyle and the Cambridge Commonwealth Trust, have been extended for a further seven years to cover scholarships offered to students from other selected developing countries. The first scholarships under this new scheme were awarded in October 1996 to scholars from Philippines, Hungary and Ukraine, while the Commonwealth Scholarships were awarded to candidates from Jamaica, Trinidad and Zimbabwe. The previous programme has run successfully for 12 years, bringing 88 scholars from African, Caribbean and Pacific countries to Cambridge.

This year was the 75th anniversary of the creation of Tate & Lyle PLC from the companies originally set up by Henry Tate and Abram Lyle. It was commemorated by a gift from the Company of £75,000 to the Royal British Legion, whose 75th birthday also fell in 1996, in order to help them launch their 'LegionLine', which offers telephone advice to the 16 million members and dependents linked to the Legion. This has got off to an excellent start, after its launch by Gary Rhodes in May.

The Company has agreed to give a significant donation toward the Appeal by the Royal Botanic Gardens, Kew for their Millennium Seed Bank. As a company firmly rooted in the agricultural business, we recognise the importance of ensuring the conservation of the world's plant seed species, and are pleased to be working with such an eminent internationally recognised institution as Kew.

Community activities continue in all our operating units abroad. For example, in Zimbabwe, the Gold Star scholarship scheme introduced in 1990 has to date enabled 43 children of employees to stay at school to 'A' level equivalent, and of these, seven have gone on to graduate. There are similar scholarship schemes run at plants in North America through the National Merit Programme.

Kaba, in Hungary, have given support to a state run orphanage, whilst Bundaberg sponsored a youth football team on a tour of Europe. In Vietnam, where we have recently entered into a joint venture, we helped the local authorities following a major flood.

During the year, the Group spent £1.6 million in total on community and charitable activities, of which £0.8 million was spent in the UK.

Our **Business**

Our **People**

Our **Future**

Tate & Lyle is focused on its core business of sweeteners and starches. With a wide geographic and product spread, with strong positions in established markets, with key investments in new markets, with a commitment to continued manufacturing process improvements and with its network of local partnerships, the Group is well positioned to capitalise on the growth potential of its global industry.

Europe – Sugar
France, Portugal and the UK are the three European Union countries with cane raw refining industries. Tate & Lyle subsidiaries in the UK and Portugal each supply about half the market in their respective countries.

Europe – Starch and Cereal Sweeteners
The Amylum group is the second largest in Europe. Both in cereal sweeteners and in starches, Amylum has a significant share of the European Union market. Through continued integration of production and marketing, Amylum has made the transition from a collection of national businesses to a pan-European supplier.

Turnover by Market

UK 16%

Other Europe 24%

USA 36%

Rest of the World 24%

markets

In all its markets the Group aims to establish a **strong** market position, so that **economies of scale** can drive down the cost of production and improve **customer service**.

Africa
The Group's established businesses in Zimbabwe and Zambia each dominate their national white sugar market, competing only with imports and brown sugars.

North America – Sugar
With cane refiners Domino in the US and Redpath in Canada, beet sugar producer Western in the US and cane miller and refiner Occidente in Mexico the Group supplies 18% of the North American market. Domino is the leading US consumer brand. The Group will also benefit from increasing opportunities for co-operation among the businesses as the NAFTA progresses.

North America – Cereal Sweeteners and Starches
Staley is one of the three largest corn wet millers in the US, with over 20% of the market. Staley's focus on innovation in partnership with customers, and on customer service, helps to underpin this market position.

Our
Business

New markets

As industries are **privatised** in post-communist countries, as import **barriers are reduced** under the influence of GATT and of regional trading blocs and as, most importantly, consumers in rapidly-growing countries become able to **afford more food**, new markets open up.

The Group has **footholds** in many such markets and is actively seeking others.

Europe

Central and eastern Europe provide opportunities to improve the management of previously state-run enterprises, and to benefit from increased liberalisation. The Group has sugar, cereal sweetener and starch interests in Hungary and Slovakia; sugar interests in Czech Republic and Ukraine; and cereal sweetener and starch interests in Bulgaria and Turkey.

North America

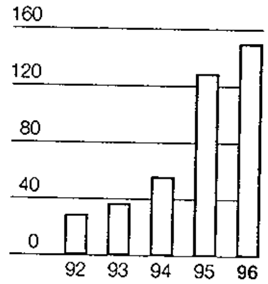
The Group's established Mexican sugar and starch interests provide a platform for further expansion.

Africa

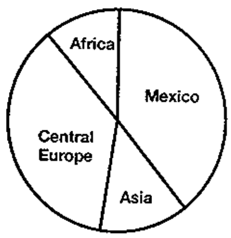
From the established base in Zimbabwe, new opportunities in Kenya, Namibia, Botswana and other countries are actively pursued. The Zambia sugar business, acquired in July 1995, is being vigorously developed.

Asia

Sugar businesses are being developed in China, Vietnam and Thailand; starch businesses in India, and Thailand; and glutamate businesses in China and Vietnam.



Investment in Developing Markets since 1990
£m – Cumulative



Investment since 1990 – £151m

Mexico £59m

Asia £20m

Central Europe £55m

Africa £17m

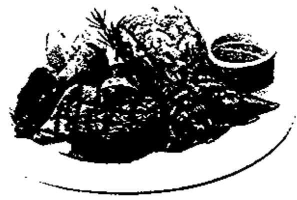
Geographic & p

The Group's geographic spread, **across five continents**, is complemented by the diverse spread of products illustrated below. This illustrates both

High Fructose Corn Syrup
The main sweetener used in non-diet soft drinks in the US is high fructose corn syrup.

United States of America
Domino's granulated sugar, believed to be the biggest selling grocery item (in units) in the US.

Glutamate
This effective food flavouring is used in a variety of foods world wide.

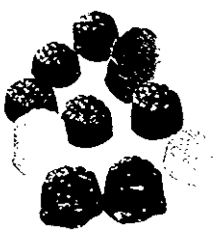


Mexico
A new sugar bag from Occidente, to supply the rapidly-expanding grocery market.

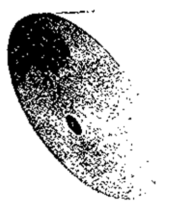
Golden Syrup
The familiar Lyle's Golden Syrup tin, which dominates the retail syrup market in the UK, and is sold all over the world.

Splenda
Sucralose is sold in this 'spoon-replacer' packet, on sale in Canada.

Confectionery
Sugar is the main ingredient of a wide range of confectionery products. Corn sweetener is also an important ingredient.



Paper Manufacturer
Starches act as a binder or finishing agent for paper.



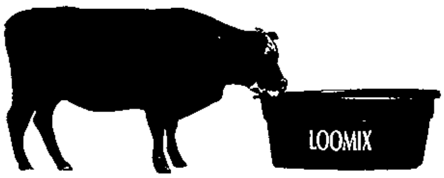
Australia
Bundaberg's granulated sugar packet relaunched in 1993.

roduct spread

products sold **direct to the public** by our businesses, and also some of the end-products of our main **industrial customers**.

Hungary
Another recently-launched packet sugar, this time from Kaba, our beet factory in Hungary.

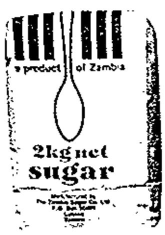
Animal Feeds Supplements
PM Ag Products animal feed business sells liquid nutritional supplements to US farmers under the 'Loomix' label.



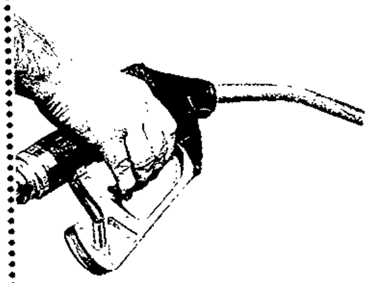
UK
Tate & Lyle's familiar caster sugar packet, indispensable to home baking.

Fat-replacer
Starch-based fat replacers are used in lower-calorie salad dressings.

Zambia
Zambia sugar packet sales are increasing as production increases to meet good demand.



Ethanol
Starch slurry is fermented into ethanol, a 'green' alternative to petrol.



Corn gluten feed
A valuable by-product of the US corn wet milling industry, used for animal feed.

Bundaberg Rum
The best-selling domestically-produced spirit in Australia expanded its leading position under Group part-ownership.

China
Sugar produced from cane, in Guangxi province, in the south of China.

Partnerships

Mexico
Our investment in three cane mills is in joint venture with the Saenz group, who bring with them much experience of the Mexican sugar market.

Zambia and Zimbabwe
In both these countries we are co-investors with regional and international investors, since each company's shares are traded on the local stock exchanges.

Ukraine
We are investing, in conjunction with the local management, in upgrading a cane refinery in Odessa.

For a venture in a new market to be successful, establishing partnerships with **local people** and with **the government** is essential. Partnerships with other multi-nationals may also spread the risk and bring in particular **expertise**.

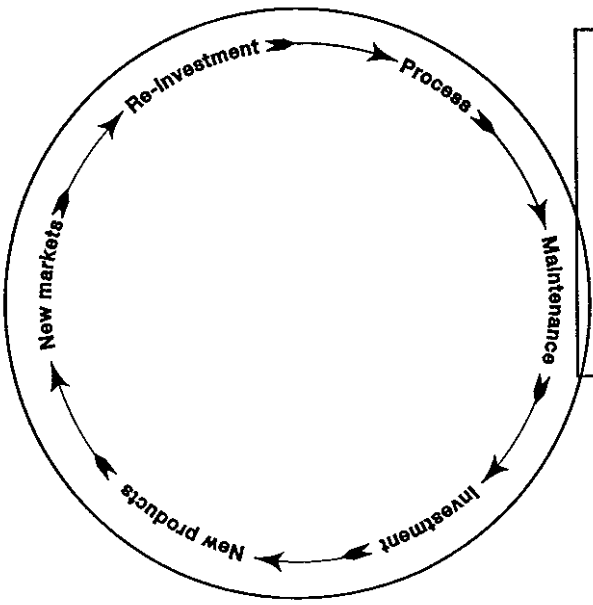
Hungary and Slovakia
We are developing these sugar businesses in conjunction with Générale Sucrière who supply European beet expertise and help to spread the risk. In starch the Amylum Group invests in partnership with local and other investors.

China
The cane mills are run in conjunction with local government units, who retain a substantial stake, and we are co-investors with Swire Pacific, who have extensive experience of trading in China.

Continued **prosperity** depends on continued reductions in the cost of our processes. This is achieved by **reinvesting profits** in new plant, by **continued attention** to operating methods and by concentrating activities in larger plants to capture **scale economies.**

Our
Future

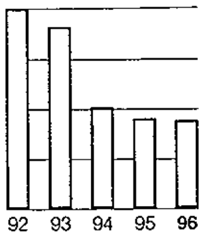
Process improvements



Nesle
The new wheat starch plant being constructed at Nesle in France, next to Orsan's existing glutamate factory, will be able to process 1 million tonnes and will concentrate some of the production from Amylum's many European plants, away from the city centre constraints of the older plants.

Brooklyn, Baltimore and Chalmette, Domino's three large factories, refine cane sugar, and have the largest annual capacity in the US.

Large efficient continuous modern plants

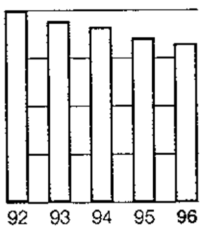


Labour costs per bushel at Decatur. 1992 = 100.

Decatur
Staley's biggest plant in Decatur, Illinois, is being upgraded, with substantial investments in new equipment. Well-situated in relation to markets and corn supply, the plant has been an important source of starch products since 1906.

These photographs show activities of Tate & Lyle companies around the world, including bulk storage, molasses distribution, cane harvesting, warehousing, laboratory work, starch processing, food testing, sugar refining, process control and corn wet milling.

Thames Refinery
Tate & Lyle Sugars' major London factory at Silvertown in the East End of London is believed to be the world's biggest refinery in terms of output. Operating continuously, the factory produces over a million tonnes of sugar in a year. This will rise by a further 130,000 tonnes when the small Scottish refinery at Greenock closes in 1997.



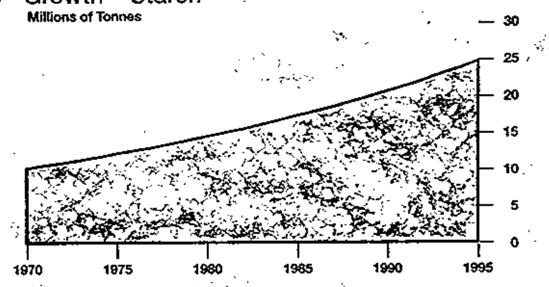
Labour costs per tonne at Thames Refinery. 1992 = 100.

Skilled motivated flexible people.

Nutritive Sweeteners

The nutritive sweetener market is satisfied mainly by sugar, but also by sweeteners made from cereals, chiefly maize (corn in the US) and wheat.

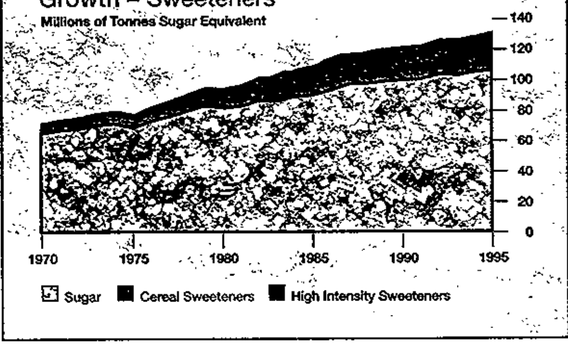
Tate & Lyle has less than 10% of this world market, which is growing at 2% annually. Europe and North America account for just 21% of global demand.



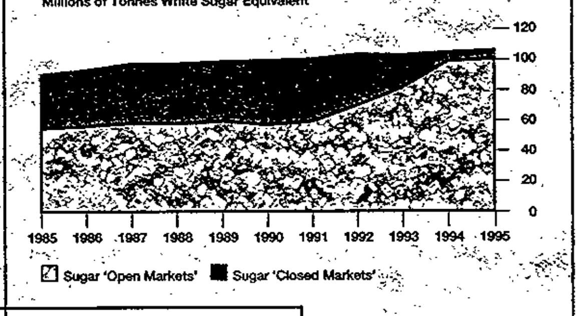
Growth – Starch
Millions of Tonnes

Our
Future

Growth
of sugar, sweeteners and starches



Growth – Sweeteners
Millions of Tonnes Sugar Equivalent



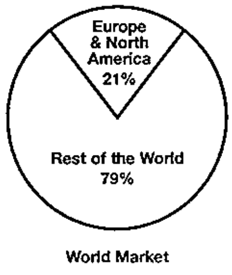
The market opens up
Millions of Tonnes White Sugar Equivalent

Starch

Annual growth rates for this versatile food ingredient, extracted chiefly from cereals but also from potatoes, are 3% across the developed markets of Europe and North America and 5% outside this area. Starch also has valuable non-food uses.

...Staple foods for the human race

Demographics



World Nutritive Sweeteners 1996

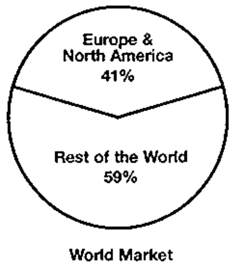
Growth Rates:

Europe & North America 1%

Rest of the World 2%

Tate & Lyle's share is less than 10%

The Group's core businesses are in **growing markets.** Globally the market for nutritive sweeteners including sugar is **growing by 2%** annually. Growth in starch and sweeteners demand is more rapid in areas of rapid **population and economic growth**. In sugar, an increase in the world market equal in size to the whole UK market is created every year.



World Starch 1996

Estimated Growth Rates:

Europe & North America 3%

Rest of the World 5%

Tate & Lyle's share is less than 5%

Board of Directors


Sir Neil Shaw


Paul Lewis


Larry Pillard


Simon Gifford


Paul Mirsky


Stuart Strathdee


John Walker

Executive Directors

Sir Neil Shaw (age 67) Chairman has over 40 years' experience in sugar and sweetener businesses. He has held a wide variety of management positions in the Group, including that of Chief Executive Officer, Redpath Industries. He joined the Board of Tate & Lyle in 1975, becoming Group Managing Director in 1980 and Chairman in March 1986. He is a director of United Biscuits (Holdings) PLC and of the Canadian Imperial Bank of Commerce, and Chairman of the Foundation & Friends of the Royal Botanic Gardens, Kew.

P S Lewis (age 59)#≈ Deputy Chairman joined the Group in 1988 as Group Finance Director. He was appointed Deputy Chairman in 1993. He is a Chartered Accountant with extensive international professional and business experience in Europe and the US. He is also a member of the Listing Policy Committee of the London Stock Exchange and a non-executive director of Dairy Crest Limited and T&N plc.

L G Pillard (age 49) Chief Executive joined the Group in 1992 as Chief Executive Officer of A E Staley. He has extensive technical and managerial experience over 25 years in the corn wet milling industry in both the US and Europe. He was appointed to the Tate & Lyle Board in February 1994, became Chief Operating Officer and Group Managing Director in January 1996 and was appointed to his current position in November 1996.

S Gifford (age 50) Group Finance Director qualified as a chartered accountant in 1969. He joined Tate & Lyle in that year and has gained wide experience in financial and general management roles. He was Managing Director of the Foreign Investment Division from 1987 and in 1993 was appointed Company Secretary with responsibility for investor relations. He was appointed to the Tate & Lyle Board in January 1996.

P J Mirsky (age 50) Managing Director, Americas Sugar Division has over 23 years' experience in the Group. He has served in a variety of management positions in North America and the UK and prior to his appointment to the Tate & Lyle Board in 1993 was Chief Executive of the Europe, Africa & Pacific Sugar Division.

S Strathdee (age 45) Managing Director, International Division joined the Group in 1977. He has served in a variety of management positions including Group Treasurer, Managing Director of Tate & Lyle International and Managing Director of United Molasses. He was appointed to the Tate & Lyle Board in November 1994.

J H W Walker (age 52) Managing Director, European Division joined the Group in 1966. He has held a range of executive positions including Managing Director of United Molasses and Managing Director of Tate & Lyle Sugars. He was appointed to the Tate & Lyle Board in 1993.

Details of Directors' options, emoluments and interests in the Company's shares are on pages 37, 38, 52 and 62 respectively.

Non-Executive Directors

Sir Brian Hayes (age 67)*†≈ joined the Board in 1989. He was formerly Permanent Secretary at the Department of Trade and Industry and prior to that Permanent Secretary at the Ministry of Agriculture, Fisheries and Food. He is a director of Guardian Royal Exchange Plc.

K G G Hopkins (age 51)*† joined the Board in November 1994. A PhD in Chemistry, he worked for Unilever before joining Croda International Plc, the speciality chemical company, in 1976. He was appointed Group Chief Executive of Croda in 1987.

C Piwnica (age 38) qualified as a lawyer and practised corporate law at both the New York and Paris bars. She has held various management positions in the Amylum Group. Appointed to the Amylum Board in 1991, she became Vice-Chairman in 1994 and Chairman in October 1996, when she joined the Board of Tate & Lyle. She is also Chairman and Managing Director of CIP, a Luxembourg investment company and a director of several other international companies.

Lady Prior (age 66)#≈ joined the Board of the Company in 1985. She has a number of public interests in the field of education and in charitable organisations.

Sir Saxon Tate (age 64)*† served in executive positions throughout the Group from 1952 to 1981 when he became Chief Executive of the Northern Ireland Development Board. From 1985 to 1991 he was Chairman of the London Commodity Exchange. He was appointed to the Board of Tate & Lyle in 1957.

J F Taylor (age 61)†# was appointed Chairman of Booker plc in 1993 having previously served as Chief Executive. He brings many years' experience in international food businesses to the Board of Tate & Lyle which he joined in 1988. He is a director of The Equitable Life Assurance Society and MEPC PLC and Chairman of Ellis & Everard plc.

Lord Walker (age 64)*≈ has considerable business experience and a wide knowledge of international agriculture and food businesses. He served as a UK Cabinet Minister as head of five departments between 1970 and 1990 when he joined the Tate & Lyle Board. He is Chairman of Cornhill Insurance PLC and Thornton Group and a director of Kleinwort Benson Group plc and LIFFE.

L R Wilson (age 56)*† is Chairman and Chief Executive Officer of BCE Inc, Canada's largest telecommunications company. He joined the Board of Tate & Lyle in 1984 and until 1989 had responsibility for the Group's North American operations. He is Chairman of Bell Canada and a director of Northern Telecom Ltd and Chrysler Corporation.

A M Yurko (age 45)†# is Managing Director & Chief Executive Officer of Siebe plc. He obtained wide management experience in the US before joining Siebe in 1989, being appointed a director of Siebe in 1991. He joined the Tate & Lyle Board in April 1996.

P M E Callebaut had long experience in the cereal sweetener and starch industries. He was Chairman of the Amylum Group and joined the Tate & Lyle Board in 1988. He was a Director of Staley prior to its acquisition by Tate & Lyle and was a director of several other international companies. He died in September 1996.

* *Remuneration and Appointments Committee*
† *Audit Committee*
\# *Pension Fund Committee*
≈ *Corporate Affairs Committee*

Directors' Report

Principal activities of the Group The activities of Tate & Lyle PLC and its subsidiary and associated undertakings (the "Group") are principally:

- processing carbohydrates to provide a range of sweetener and starch products
- animal feed and bulk storage.

Business Review The Chairman's Statement, the Chief Executive's Review, the Report on Operations and the Financial Review on pages 4 to 16 and 39 to 41 inclusive report on the activities during the year and likely future developments.

Acquisitions, disposals and changes in investments Acquisitions, disposals and changes in investments are referred to in the Report on Operations on pages 8 to 16 and in the Financial Review on pages 39 to 41.

The changes in fixed assets are shown in notes 11 and 12 on pages 54 to 56 and further details are provided in the Report on Operations and the Financial Review.

The Group spent £23.6 million on research and development in the year.

Share Capital The Company issued 41,363,423 ordinary shares during the year of which 39,774,220 shares were issued on the conversion of preference shares, 618,050 as share alternative dividends and 971,153 on the exercise of employee share options. The total value of ordinary shares issued at the issue price for cash or as share alternative dividends was £5.4 million.

Details of substantial interests in Tate & Lyle are given on page 71. Apart from these holdings, the directors have not been notified of any material interest of 3% or more or any non-material interest exceeding 10% of the issued voting capital of the Company.

The Company has not acquired any of its shares during the year.

Dividends A final dividend of 11.7p (1995 – 11.0p) per ordinary share amounting to £51.3 million is being recommended making a total for the year of 17.0p (1995 – 16.0p).

Directors Members of the Board of Directors are listed on pages 30 to 31. Dr R M Powers retired from the Board on 25 January 1996 and Mr P M E Callebaut served as a Director until 12 September 1996, the date of his death.

At the Annual General Meeting Dr K G G Hopkins, Lady Prior, Mr S Strathdee and Lord Walker are retiring by rotation and, being eligible, offer themselves for re-election under Article 84. Mr A M Yurko, who became a director on 2 April, 1996, and Mrs C Piwnica who became a director on 2 October, 1996, will offer themselves for re-election.

Mr S Strathdee is employed under a service contract detailed in the Remuneration and Appointments Committee Report on pages 35 to 38. The other directors retiring do not have service contracts.

Corporate Governance The Company has complied with the Code of Best Practice published in December 1992 by the Committee on the Financial Aspects of Corporate Governance – "the Code". The London Stock Exchange "Listing Rules" contain provisions concerning Directors' Remuneration and Going Concern which extend paragraphs 3.1 to 3.3 and 4.6 of the Code. The Company has also complied with these provisions and, throughout the accounting period, with Section A of the Best Practice Provisions now annexed to the "Listing Rules".

The Board of Directors meets regularly and comprises a majority of non-executive directors. The executive directors have service contracts, details of which are included in the Remuneration & Appointments Committee Report.

The Executive Management Committee oversees the activities of the Company and includes as members the executive directors, the President of Staley and the Company Secretary.

The Board has delegated authority to certain Board Committees:

The Remuneration and Appointments Committee report is on pages 35 to 38.

The Audit Committee comprises non-executive directors. It receives reports from the external auditors, reviews the interim and annual financial statements and receives regular reports from the internal audit department. Additionally the committee reviews the operation and effectiveness of the Company's internal financial procedures.

Other Board Committees include the Banking Committee, the Pension Fund Committee and the Corporate Affairs Committee.

Internal Control The Board of Directors is responsible for internal financial control, supported by the Group Finance Director and the finance directors of the operating units. The Board has reviewed the effectiveness of the Group's system of financial control during the year. The system of controls can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has a clearly defined organisation structure under which individual responsibilities are written down and monitored. Businesses operate under mandatory written procedures to provide an appropriate control environment. The Group Operating Policies set out the commitment to competence, integrity and good ethical values.

The Board has the primary responsibility for identifying business risks, through committees where appropriate and assisted by senior executives. Risks are controlled by quantifying and reporting exposures, and focusing internal audit effort on the most sensitive areas.

The Company operates a comprehensive annual planning and financial reporting system comparing results with plan and the previous year on a monthly basis. Revised forecasts for the year are produced quarterly. Reports include a monthly cash flow statement projected for 15 months.

The Company has defined procedures for authorisation of capital expenditure and investment, granting of guarantees, trading and hedging of currencies and commodities, and use of treasury products.

The Group Finance Director undertakes quarterly reviews of the major operating units. The internal audit department supports the Board in maintaining procedures through a programme of regular reviews which focus on key aspects of the business. The Board has delegated authority to the Banking Committee and the board of Tate & Lyle International Finance PLC, the treasury company (which includes employees from other units), to assist in the execution of the prescribed procedures.

Policy on The Payment of Creditors It is the Company's policy to follow the CBI Prompt Payers' Code in the financial year to 27 September 1997. Copies of this Code are available from the Confederation of British Industry, Centre Point, New Oxford Street, London. The policy requires the Company to agree the terms of payment with its suppliers, to ensure those suppliers are aware of those terms and to abide by those terms.

Directors' Interests At no time during the year has any director had any material interest in a contract with the Company, being a contract of significance in relation to the Company's business. A statement of directors' interests in shares of the Company is set out on page 62.

Employment The Group employs 25,270 people. 9,470 are employed in Africa, 5,970 in North America and 2,860 in the UK.

Group companies operate within a framework of personnel policies appropriate to their own market sector. Policies and procedures to promote equality of opportunity regardless of sex, marital status, religion, colour, race, ethnic or national origin, or disability have been developed. The aim of these policies, covering recruitment, training, career development and promotion opportunities, is to encourage a culture in which all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group.

The Company is part of the Opportunity 2000 campaign, but the Company's ultimate goal is to make every employee responsible for equal opportunities.

The Company reached agreement to establish a European Forum through which to communicate with employees across Europe. The first meeting is scheduled for 4 December 1996.

Training Training has concentrated on multi-skilling to encourage more flexibility in working practices. International management courses have been reshaped and create valuable opportunities for the cross-fertilisation of ideas from many countries.

Community An account of Tate & Lyle's contribution to the community appears on pages 15 and 16. Charitable donations of £792,944 were made during the year in the UK. The Board continues to believe that political parties should be state funded, and not have to rely on their historical sources for income. As this structure does not currently prevail, the Company continues to support all three major parties and made political donations during the year of £15,000 to the Conservative Party, £7,500 to the Labour Party and £2,500 to the Liberal Democrats.

Environment The Board has reviewed the Group's policy on the environment, which is:

"Operating Units should conduct their operations in recognition of the Group's responsibilities towards the natural environment within which we live and work, and will comply with relevant laws, regulations and consents."

New operational and reporting procedures have been issued, to be followed by all operating units. The environmental report to the Board showed a lesser incidence of receipt of compliance orders and minor violations during the year, and the Board do not consider any to be material.

Employee Share Option Schemes Offers made under the executive share option schemes, together with offers made under the UK savings related share option scheme resulted in the grant of 1,172 options to buy 1,657,740 shares. 67% of eligible UK employees hold share options. More information about options granted under the schemes is given on page 62.

Pensions The Group provides pension and other retirement benefits for its employees in the UK and overseas. These benefits are secured by funds set aside and held separately from Group funds, except where tax laws and other relevant legislation make pre-funding financially inappropriate. Entry qualifications, benefit structures, administration and the periods between formal actuarial valuations vary from scheme to scheme but each scheme operates in accordance with good local practice.

Under the direction of the Pension Fund Committee these schemes are subject to continuous review which has confirmed that the schemes' benefit structures, security and control procedures are satisfactory. The review also provides information to ensure effective control of the Group's pension liabilities.

Annual General Meeting Thursday 30 January 1997 The Notice convening The Annual General Meeting at the Barbican Hall is set out on page 72. In addition to the ordinary business, shareholder consent will be sought for two items of special business which are explained in a letter to shareholders to be dated 19 December 1996. These items of special business are the approval of amendments to the Company's UK Savings Related Share Option Scheme and the renewal of the Board's authority to allot shares.

Auditors The Auditors, Coopers & Lybrand, have expressed their willingness to continue to act and a resolution for their reappointment will be submitted to the Annual General Meeting.

By order of the Board
John R Hunter,
Secretary
26 November 1996

Report of the Remuneration and Appointments Committee

The Remuneration and Appointments Committee, chaired by L R Wilson, determines the pay and benefits of Tate & Lyle's executive directors and senior executives. The Committee consists exclusively of non-executive directors and is responsible for recommendations on Board appointments, approval of senior executive appointments and corporate governance issues.

Remuneration Policy for Executive Directors and Senior Executives The remuneration policy provides for a competitive compensation package which reflects the Company's performance against financial objectives, rewards above average performance and is designed to attract, retain and motivate high-calibre executives. The remuneration package is commensurate with other international businesses of similar size particularly those in the food processing industry.

Remuneration arrangements in different countries are tailored to local competitive requirements. In determining levels of remuneration, the Committee draws on external market survey data from independent consultants.

The remuneration package consists of short-term rewards (base salary, benefits and annual bonus) and long-term rewards (share options and pension benefits). Only base salary is pensionable for directors in UK Plans; in US Plans, as is common practice, directors' bonuses are pensionable. In determining its remuneration policy, the Committee has given full consideration to Section B of the Best Practice Provisions annexed to the London Stock Exchange Listing Rules.

Base Salary and Benefits Base salary reflects job responsibilities, their market value and the sustained level of individual performance. The Company sets base salaries around the median relative to comparator companies. The Company also provides private health cover and in the UK a company car or car allowance.

Annual Bonus The Group operates an Executive Incentive Bonus Scheme for 220 executive directors and senior executives internationally. The philosophy behind the scheme, introduced more than sixteen years ago, is that base salary is the reward for the job and bonus is earned according to the level of the business performance achieved. For Tate & Lyle PLC executives, objectives determined by the Committee are set annually in terms of earnings per share and profit before tax. For executive directors with operating unit responsibilities, measurable objectives related to the performance of the operating unit are also determined by the Committee. Where an executive director has both Tate & Lyle PLC and operating unit responsibilities, bonus is based on performance against both of these responsibilities.

Maximum bonuses payable are capped and are around the median for similar companies in similar industries in the country concerned. The Chairman's bonus is discretionary and is determined by the Committee. Other executive directors of the Company can earn bonuses of up to 50% of salary. A maximum bonus payment would only be made if exceptional financial performance were achieved. Bonuses were earned by three of the executive directors in 1996 and averaged 14% of their salary.

Share Schemes The Company has UK and International Share Option Schemes for senior executives. A Savings Related Share Option Scheme is open to all eligible employees in the UK. The Executive Share Option Schemes commenced in 1982 and new schemes were approved by shareholders in 1992. Option grants are based on individual performance and are phased over a number of years. The exercise of executive share options granted after November 1995 is subject to the Group achieving an increase in fully-diluted earnings per share of 6% more than the increase in the UK Retail Price Index during any period of three consecutive financial years over the life of the grant.

Service Contracts All executive directors have service contracts terminable by the Company on not more than two years' notice (prior to 1993 notice periods were normally three years) and by the individual directors on up to six months' notice.

These notice periods take into account the international nature of Tate & Lyle's business and the need to remain competitive. The Chairman and L G Pillard each has two service contracts with the Group. The Chairman's contracts are for a two year fixed term expiring on 30 June 1998 and are terminable by the Chairman on six months' notice. P S Lewis's service contract terminates at his normal retirement date of 30 November 1996, but will be extended on a part-time basis until the AGM on 3 February 1998.

The Committee considers individually any case of early termination of a service contract.

The unexpired term of the service contract for Mr S Strathdee, the executive director proposed for re-election at the forthcoming AGM, is 24 months.

The non-executive directors proposed for re-election do not hold service contracts in this capacity.

Non-Executive Directorships The Committee believes that the Company can benefit from its executive directors holding a non-executive appointment and also believes that this represents a valuable opportunity in terms of personal and professional development. Such appointments are subject to the approval of the Board and it is the Company's practice that fees derived from such appointments may be retained by the executive director concerned.

Non-Executive Directors' Remuneration

Fees for non-executive directors' duties are determined by the Board with regard to market norms within the restrictions contained in the Articles of Association. No pension rights accrue to non-executive directors nor are they eligible to receive grants of share options in respect of their services to the company in this capacity.

Pension Statement – Policy and Benefit Levels Pension and life assurance benefits provided for executive directors reflect practice in the country and business sector in which they perform their principal duties. These benefits are provided through tax-approved schemes and form part of the general arrangements in which senior managers participate. In certain circumstances where individuals are transferred from their home country to another Group location but are likely to retire in the home country, pension benefits may continue to be provided on a home country basis. Where the promised level of benefits cannot be provided through the appropriate tax-approved scheme, the excess pension liabilities are accrued in the accounts and will be paid by the Group.

Chairman Sir Neil Shaw is in receipt of a pension established by the Group's Canadian subsidiary, Redpath. On his death there is provision for the payment of a pension to his widow. The pension payable to Sir Neil, and the widow's pension, are increased annually at the rate of 5%. Contributions are being made to fund the deficit identified when his pension commenced in 1992. No additional pension benefits have accrued to Sir Neil in the year. He also has the benefit of a life assurance arrangement which provides a lump sum on his death in service.

Executive Directors in the UK For executive directors who are members of the Company's UK pension arrangements the aim is to provide a pension at age 60 equal to two-thirds of base salary, reduced where service to age 60 is less than twenty years. The benefit also includes a widow's pension payable on a director's death and a lump sum on death in service. Once in payment to a director or his widow, the pension is increased each year in line with retail price inflation up to a maximum of 5%, with a minimum of 3%.

The limitation under UK tax law on the level of final remuneration used in the calculation of pension benefits (known as the earnings cap) does not apply to the current executive directors, because of their length of service with the Group.

Executive Directors in the US For executive directors who are members of the US pension arrangements the aim is to provide a pension from age 65 based on the level of benefit normally provided for senior executives in the pensions plans of which these directors are members. These benefits are based on total compensation, including bonus, and after thirty years service would normally equate to between 45% and 55% of base salary. There is no provision for these pensions to be increased when in payment. These directors are also provided with lump sum death in service benefits.

There are limitations on retirement benefits provision under US tax regulations. Compensation for these limitations, with the exception of those which apply to the tax-approved retirement savings plans, is through unfunded arrangements.

Summaries of the individual executive directors' pension arrangements are available for inspection at the registered office of the Company during normal business hours and on the date of the Annual General Meeting at the Barbican Hall from 11.15am until the close of the meeting.

L R Wilson,

Chairman of Remuneration and Appointments Committee

26 November 1996

The members of the Remuneration and Appointments Committee are noted on page 31.

Notes to Remuneration and Appointments Committee Report

1. Directors' Options The market price of the ordinary shares at close of business on 27 September 1996 was 470.5p and the range during the 1996 financial year was 437p to 498p. The Register of Directors' Interests, which is open to inspection, contains full details of directors' shareholdings and options to subscribe. No non-executive directors held options at 28 September 1996.

Option Holdings	Options Held 1996 Number	Options Held 1996 Weighted Average Option Price – p	Date Exercisable Earliest	Date Exercisable Latest	Options Exercisable 1996 Number	Options Exercisable 1996 Weighted Average Option Price – p
S Gifford	118 170	357.7	05.12.91	30.01.06	68 500	300.8
P S Lewis	114 800	393.6	03.02.95	28.11.04	73 800	398.1
P J Mirsky	215 000	401.8	08.05.92	04.12.05	110 000	384.1
L G Pillard	229 551	428.2	30.11.95	30.01.06	40 000	390.0
Sir Neil Shaw	355 600	243.2	05.12.91	03.12.00	350 000	242.1
S Strathdee	135 465	412.1	03.02.95	04.12.05	55 000	396.9
J H W Walker	156 023	384.5	08.05.93	04.12.05	90 000	369.2

Movement in Option Holdings	Share Options 1995	Options Granted	Options Exercised	Exercise Price	Market price at date of exercise	Share Options 1996
S Gifford	98 995[1]	20 000	825	218	468	118 170
P S Lewis	114 800	–	–	–	–	114 800
P J Mirsky	195 000	40 000	20 000	244	479	215 000
L G Pillard	145 000	84 551	–	–	–	229 551
Sir Neil Shaw	355 600	–	–	–	–	355 600
S Strathdee	95 465	40 000	–	–	–	135 465
J H W Walker	141 675	17 820	3 472	216	484	156 023

[1] At date of appointment, 01.01.96.

The Directors' option holdings include options issued at a 15% discount in 1992 and 1993. These will be exercisable from 1997 subject to the satisfaction of performance criteria. All option prices are below 470.5p except for options over 20,000 shares held by S Gifford and 40,000 shares held by L G Pillard for which the option price is 473p.

2. Directors' Emoluments Emoluments of Tate & Lyle PLC directors, contained within staff costs, were:

	Salary (inc fees) £000	**Benefits £000**	**Annual Bonus £000**	**1996 Total £000**	1995 Total £000	**1996 Pension Contributions £000**	1995 Pension Contributions £000
Chairman							
Sir Neil Shaw	300	34	–	334	516	369	720
Executive Directors							
S Gifford	131[1]	5[1]	–	136[1]	–	12[1]	–
P S Lewis	265	11	–	276	373	186	26
P J Mirsky[2]	285	21	45	351	364	66	88
L G Pillard	340	13	–	353	395	128	51
S Strathdee	147	7	21	175	182[1]	14	12[1]
J H W Walker	177	10	18	205	262	16	17
Non-Executive Directors							
P M E Callebaut[2]	45	–	–	45	45	–	–
Sir Brian Hayes	20	–	–	20	20	–	–
K G G Hopkins	20	–	–	20	17[1]	–	–
R M Powers[2]	26[1]	–	–	26[1]	77	–	–
Lady Prior	20	–	–	20	20	–	–
Sir Saxon Tate	20	1	–	21	21	–	–
J F Taylor	20	–	–	20	20	–	–
Lord Walker	20	–	–	20	20	–	–
L R Wilson	20	–	–	20	20	–	–
A Yurko	10[1]	–	–	10[1]	–	–	–
Total	1 866	102	84	2 052	2 352	791	914

[1] Part year

[2] Overseas directors

Payments to pension funds, and provisions for unfunded liabilities charged to the profit and loss account, on behalf of directors are shown in the final two columns. Guidance is awaited on reporting the value of pension entitlements from The London Stock Exchange.

In 1996, L G Pillard received £136,300 as reimbursement of relocation expenses, not included above.

P S Lewis will draw his pension from 1 December 1996. His pension entitlement exceeds the limit laid down by the Inland Revenue regarding the maximum pension which can be paid to him from a tax-approved pension scheme. The excess, equivalent to a pension of £11,232 per annum, is a liability of the Company. £161,294 was provided against this liability in 1996 and is included in the table above.

A former director, Lord Jellicoe, received fees and benefits of £28,348 in 1996 in respect of services provided during 1996.

Financial Review

Profit and Earnings per Share Profit before interest from North American cereal sweeteners and starches declined by an unprecedented 50% following a steep rise in maize costs which could not be passed on to the market. Improvements in profits from our sugar businesses, both established and recently acquired, partly offset this reduction. The cost to our re-insurance subsidiary and to Western Sugar of the explosion at the Scottsbluff plant totalled £10.2 million. North American results benefited from a £5.9 million profit on the disposal of a strategic stake in American Maize. Group profit before interest fell by £31.4 million to £333.6 million.

Increased borrowings caused the net interest charge to rise by £3.4 million. The stronger US$ and other exchange rate movements benefited profit before tax by £4.7 million. Fully diluted earnings per share fell by 11% to 38.2p.

Turnover Restatement Sales of sugar futures on commodity exchanges not directly hedging physical purchases have previously been included in Group turnover, within the 'Other businesses and activities' sector. In 1996 following what has become normal accounting practice, these sales, which are undertaken primarily as indirect hedges of physical purchases, have not been included in turnover and prior years have been restated reducing 1995 turnover by £261.9 million.

Cash Flow and Debt Management Operating activities generated a cash flow of £366.8 million in the year (1995 – £438.3 million) of which £142.4 million (1995 – £110.3 million) was paid to providers of finance as dividends and interest. Taxation paid was £101.2 million (1995 – £90.1 million).

Plant replacement, improvement and expansion expenditure and further investments totalled £334.1 million. Disposals of fixed assets and investments generated cash of £22.3 million. The funding requirement totalled £188.6 million (1995 – £40.4 million).

During the year we acquired interests in a glutamate factory in China and began a Vietnamese sugar milling project. We invested further in our interests in starch in Mexico and Turkey and sugar in Thailand and the Czech Republic.

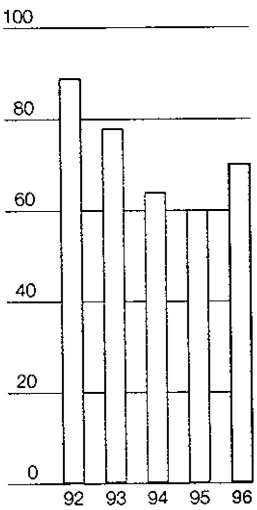
The major capital projects undertaken were: at Amylum, continued construction of the new wheat starch plant at Nesle, France, with associated changes at the plants in Belgium, Holland, Spain and the UK; at Staley, the improvement of starch facilities at Decatur and Sagamore, dextrose expansion, the replacement of the feedhouse and refinery refurbishment, all at Decatur and Krystar expansion at Lafayette; sugar handling and new speciality sugar plant at Tate & Lyle Sugars' refinery in London; and the refinery expansion at Redpath in Toronto. Over 40% of capital expenditure related to expansion.

The Group's investment programme was achieved by an increase in Group net debt to £834.1 million (1995 – £630.4 million) which caused a rise in the debt to equity ratio to 70% at the year end (1995 – 59%). Interest cover (the ratio of profit before interest to the net of interest payable less receivable) fell over the year to 5.8 (1995 – 6.8) reflecting the rise in net debt and the earnings decline.

Funding During the year the Group repaid US$165 million of long-term debt to US private investors, by raising debt of a longer maturity from its relationship banks at a lower margin. Coupled with a US$150 million Eurobond issue and a further US$100 million of long-term bank loans, this allowed the increased demand for US dollar funding to be met at a lower margin with an extended maturity.

In May the Group announced the repayment of the £190.5 million 5¾% Guaranteed Bonds issued by the Group to finance the acquisition of Bundaberg, causing the associated equity warrants to lapse unexercised. The bonds were refinanced with fixed-rate subordinated debt of £163.8 million of the same maturity. Cancellation of the warrants led to a gain of £29.6 million which is shown in the Statement of Recognised Gains and Losses. The repayment of the Guaranteed Bonds was made with a redemption premium of £23.3 million. After amortising the premium

Gearing
per cent
Net borrowings as a percentage of net assets. Net assets equal shareholders' funds plus the minority shareholders' interests.



Financial Review

over the life of the replacement debt, the refinancing reduces the Group cumulative interest charge to March 2001, the due date of the bonds, by £15.5 million.

At the year end the Group held cash and cash equivalent current asset investments of £251.0 million (1995 – £282.0 million) and had undrawn committed multicurrency facilities of £142.2 million (1995 – £140.8 million). These resources are maintained to meet the projected maximum cash outflow from debt repayment and seasonal working capital needs foreseen until the end of the next calendar year. Although peak seasonal net debt rose to £955.3 million in April 1996 (April 1995 – £772.0 million), the standby facilities were not used. The maturity profile of the Group's debt was lengthened slightly, to give maturities of two to five years for 52% and more than five years for 13%[1]. Group policy is to ensure that no more than 30% of gross debt matures within twelve months and at least 50% has a maturity of at least two and a half years.

Part of the US dollar cash flow from operations was sold to meet the sterling outflow in taxation and dividends. Group net debt composition fell from 75% in dollars (US dollars and related Canadian and Australian dollars) at the start of the year to 68% at the year end.

Going Concern After making enquiries, the directors have a reasonable expectation that the company has 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 accounts.

Interest Rates A slight fall in rates in 1996 contributed to a reduction in net interest costs to a rate of 6.8% (1995 – 7.7%), measured against average net debt.

The fixed and in-the-money capped/floored proportion of Group net debt[2] at the year end was 43.8% and the average maturity of fixed rate gross borrowings was 4.2 years. Out-of-the-money caps covered another 7.2% of net debt. The Group's policy is to keep fixed or in-the-money capped debt between 30% and 75% of total Group net debt.

With the exception of funds raised by the Amylum Group, and some small overseas units, all Group company borrowings are guaranteed by Tate & Lyle PLC. These guarantees contain common financial covenants of an interest cover ratio of not less than 3 to 1 and a balance sheet gearing of not more than 200%. Group Treasury monitors compliance against all financial obligations and it is Group policy to manage the consolidated balance sheet so as to operate at all times well inside the covenanted restrictions. A 1% rise in average interest rates for the year ending September 1997 from market levels seen in September 1996 would increase the net Group interest charge by £5.3 million.

Foreign Currency The Group's foreign currency exposure management policy requires subsidiaries to hedge transactional currency exposures back into the currency in which their results are measured. Foreign exchange contracts are used to hedge selected future sales and purchases. Gains and losses on these contracts are deferred until recognition of the anticipated sale or purchase, which is normally within one year.

On translation exposures, the accounting policy is to translate the profit and loss account using average exchange rates and the balance sheet at year-end rates.

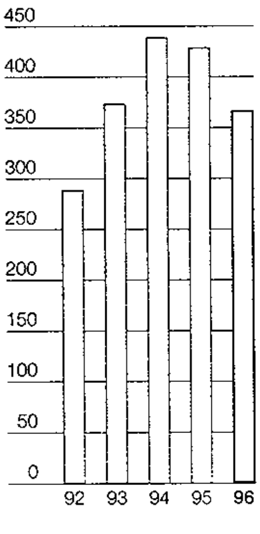
Net assets are held in a number of currencies which give rise to balance sheet currency translational exposures. These exposures are managed by selecting the currencies in which the Group borrows and by currency swaps which change both the interest cost of debt and the translational exposure. The objectives are to maintain a low cost of debt coupled with a balanced portfolio of net assets by currency which retains some potential for currency-related appreciation while partially hedging against currency depreciation.[3]

The Group's present policy to achieve this objective is that net assets in sterling should not fall below 10%, net assets in US dollars, Canadian dollars and Australian dollars combined should not exceed 60%, net assets in EU currencies excluding sterling should not exceed 30% and those in other currencies should not exceed 20%.

The weighted average exchange rate used to translate US dollar profits was US$1.55 (1995 – $1.58),

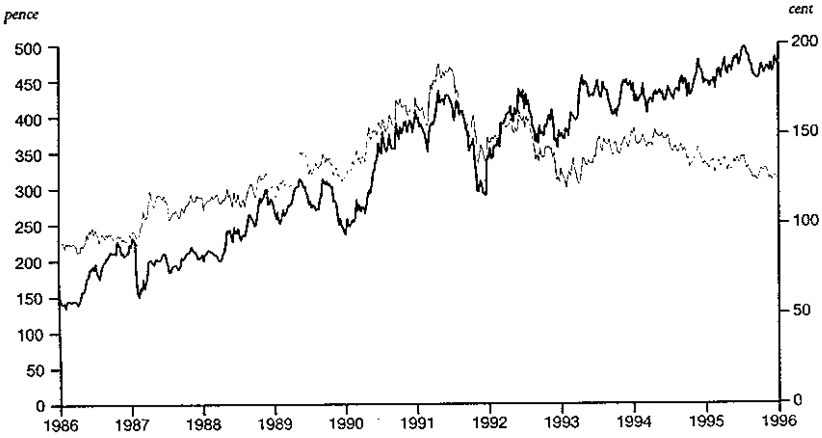
Cashflow from Operating Activities
£ million

Cash generated in the year that is available for paying interest, tax and dividends, and for investing in fixed assets.



[1] Note 18 on page 58 gives the maturity profile of the Group's debt and standby facilities.
[2] The currency and interest rate exposure of borrowings are given in note 32 on page 65.
[3] Net asset currency exposures are shown in note 33 on page 66.

Share Price and Price Relative



Relative to FT All Share Index ■ Share Price ▩ Price relative

compared with the year-end rate of US$1.56 (1995 – $1.58). Average exchange rates for EU currencies were generally stronger than last year reflecting sterling's mid-year weakness. Compared with last year's average rates there was a £4.7 million translation gain (1995 – £2.1 million loss) in profit before tax. At the previous year-end rates the Group net debt would have been £2.0 million higher. A £12.6 million translation gain was recorded in the Group's foreign currency net assets (1995 – £10.0 million gain).

Derivatives The Group uses derivatives to reduce funding costs, to diversify sources of funding, to alter interest-rate exposures arising from mismatches between assets and liabilities or to achieve greater certainty of future cost. Interest-rate swaps allow the Group to borrow long-term funds at fixed or floating rates and then to change the borrowing contract to obtain the most advantageous interest-rate exposure for the Group. Cross-currency interest-rate swaps allow borrowings to be made in foreign currencies, gaining access to additional sources of finance while limiting foreign exchange risk.

The main types of instrument used for interest-rate management are bankers' acceptances and loans and deposits, interest-rate swaps, interest-rate options (caps and floors) and forward rate agreements. In currency exposure management the instruments used are spot and forward purchases and sales, cross-currency interest-rate swaps and currency loans and deposits. There is also a limited use of futures contracts to manage interest-rate and foreign-currency exposures.

Control of Treasury Group financing, including debt, interest costs and foreign exchange matters, is directed (with the exception of certain matters controlled by and relating to the Amylum Group) by the Group Treasury company, Tate & Lyle International Finance PLC, whose operations are controlled by its Board and whose primary objective is to provide a professional advisory and execution service as the Group's in-house bank. The Treasury company is chaired by the Group Finance Director, and operates within written policies established by the Board of Tate & Lyle PLC. The controls for the Treasury company were last reviewed and approved by the Board at its October 1996 meeting.

Group interest-rate and currency exposures are concentrated in appropriate holding companies through market-related transactions with Group subsidiaries. These positions are managed by the Treasury company within authorised limits.

Taxation The Group taxation charge of £70.1 million was 25.4% of pre-tax profits (1995 – 27.2%). The reduction in the overall rate of tax compared with 1995 reflects the fall in profits in the US in relation to those of lower-taxed regions of Group activity.

Dividend The Board is recommending a final dividend of 11.7p per share making a total for the year of 17.0p, an increase of 1.0p or 6.3% on last year. We will again be giving ordinary shareholders an opportunity to accept new ordinary shares in place of their cash dividend. The compound growth rate of the dividend over the last five years has been 8.7%. Dividend cover is acceptable at 2.4 times.

S. Gifford. S. Gifford

Simon Gifford,
Group Finance Director
26 November 1996

Ten Year Review

Share Information	1987	1988	1989	1990	1991	1992	1993	1994	1995	**1996**
Pence per 25p ordinary share										
Closing share price	223.0	200.75	266.0	237.0	396.0	342.0	380.0	434.0	449.0	**470.5**
Earnings – basic	25.1	24.0	30.9	46.8	38.9	29.3	38.0	43.9	49.7	**40.5**
– basic, excluding exceptional items	18.9	24.0	30.9	34.4	38.9	29.3	38.0	43.9	54.1	**40.5**
Earnings – fully diluted	23.4	22.0	26.4	38.0	33.0	26.2	32.7	37.1	42.9	**38.2**
– fully diluted, excluding exceptional items	17.9	22.0	26.4	29.1	33.0	26.2	32.7	37.1	46.3	**38.2**
Dividend payments	6.5	7.375	9.0	10.0	11.2	12.0	13.0	14.4	16.0	**17.0**
% Growth in share price – average annual compound rate since 1986	50.4%	16.4%	21.5%	12.4%	21.7%	14.9%	14.4%	14.4%	13.1%	**12.2%**
Growth relative to All-Share Index – basis 1986 = 100	–3.5%	11.8%	18.8%	28.7%	64.5%	45.4%	32.8%	49.2%	35.3%	**26.4%**
Closing market capitalisation £million	658	909	1 138	1 011	1 697	1 507	1 687	1 933	2 021	**2 127**
Including convertible redeemable preference shares £million	–	230	288	247	377	293	327	372	238	**65**

Business Ratios	1987	1988	1989	1990	1991	1992	1993	1994	1995	**1996**
Interest cover Profit before interest divided by net interest charge	20.3	7.2	3.8	5.3	5.6	5.0	5.7	7.8	6.8	**5.8**
Gearing Net borrowing as a percentage of net assets	9%	112%	176%	74%	81%	89%	78%	64%	59%	**70%**
Net margin Profit before interest as a percentage of turnover	7.2%	6.9%	8.4%	10.4%	9.2%	7.6%	7.6%	7.8%	8.2%	**6.5%**
Return on net operating assets Profit before interest as a percentage of average net operating assets	24.1%	20.7%	22.8%	28.0%	24.0%	17.4%	18.5%	20.5%	21.8%	**17.3%**
Dividend cover – times Earnings per share divided by dividends per share	3.9	3.3	3.4	4.7	3.5	2.4	2.9	3.0	3.1	**2.4**

Ten Year Review

Employment of Capital	1987 £ million	1988 £ million	1989 £ million	1990 £ million	1991 £ million	1992 £ million	1993 £ million	1994 £ million	1995 £ million	**1996 £ million**
Fixed assets	325.5	889.0	1 061.3	936.5	1 159.7	1 250.1	1 351.3	1 420.7	1 591.7	**1 805.1**
Working capital	150.1	167.6	218.3	94.7	144.0	168.9	142.6	143.5	187.4	**266.3**
Net operating assets	475.6	1 056.6	1 279.6	1 031.2	1 303.7	1 419.0	1 493.9	1 564.2	1 779.1	**2 071.4**
Net borrowings	(37.2)	(520.7)	(770.5)	(403.2)	(552.7)	(641.9)	(626.6)	(581.0)	(630.4)	**(834.1)**
Net liabilities for dividends and tax	(46.8)	(72.5)	(71.7)	(86.4)	(65.1)	(56.5)	(59.7)	(73.3)	(74.6)	**(49.8)**
Total net assets	391.6	463.4	437.4	541.6	685.9	720.6	807.6	909.9	1 074.1	**1 187.5**

Capital Employed

Called up share capital	72.3	99.9	109.1	109.8	112.4	114.9	115.4	115.8	116.5	**115.8**
Reserves	269.1	263.7	273.8	361.7	492.0	515.0	594.7	670.5	792.9	**882.0**
	341.4	363.6	382.9	471.5	604.4	629.9	710.1	786.3	909.4	**997.8**
Minority interests	50.2	99.8	54.5	70.1	81.5	90.7	97.5	123.6	164.7	**189.7**
	391.6	463.4	437.4	541.6	685.9	720.6	807.6	909.9	1 074.1	**1 187.5**

Profit summary

Turnover[1]	1 605.0	2 013.6	3 176.2	3 117.0	3 054.0	3 135.3	3 538.6	4 016.9	4 451.6	**5 160.2**
Operating profit before exceptional items	89.7	128.0	257.4	268.5	276.8	233.1	259.3	303.0	373.6	**309.1**
Exceptional items	18.1	–	–	51.0	–	–	–	–	(25.5)	**–**
Operating profit	107.8	128.0	257.4	319.5	276.8	233.1	259.3	303.0	348.1	**309.1**
Share of profits of associated undertakings	8.0	10.2	9.4	3.9	3.7	4.3	10.3	10.8	16.9	**24.5**
Profit before interest	115.8	138.2	266.8	323.4	280.5	237.4	269.6	313.8	365.0	**333.6**
Net interest	(5.7)	(19.3)	(70.2)	(61.3)	(49.7)	(47.9)	(47.1)	(40.0)	(53.9)	**(57.3)**
Profit before taxation	110.1	118.9	196.6	262.1	230.8	189.5	222.5	273.8	311.1	**276.3**
Taxation	(29.0)	(35.7)	(63.7)	(72.8)	(64.8)	(49.8)	(55.0)	(73.7)	(84.5)	**(70.1)**
Profit after taxation	81.1	83.2	132.9	189.3	166.0	139.7	167.5	200.1	226.6	**206.2**
Minority interests	(11.2)	(13.6)	(21.9)	(23.5)	(22.3)	(23.6)	(18.3)	(29.0)	(28.3)	**(32.2)**
Profit for the period	69.9	69.6	111.0	165.8	143.7	116.1	149.2	171.1	198.3	**174.0**
Dividends	18.3	24.2	44.0	48.3	53.9	56.8	60.3	65.5	72.9	**77.9**
Retained profit	51.6	45.4	67.0	117.5	89.8	59.3	88.9	105.6	125.4	**96.1**

[1] Restated – see note 1 on page 50.

Directors' Responsibilities

The directors have a specific responsibility for reporting to shareholders and for the assets of the Group. The directors are required to present for each period financial statements which comply with the provisions of the Companies Act 1985 in respect of the state of affairs of the Group as at the end of the accounting period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies, framed by reference to reasonable and prudent judgements and estimates, have to be used and applied consistently. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The directors are responsible for the Group's system of internal financial control, for ensuring that arrangements are made for the maintenance of adequate accounting records, for safeguarding the assets of the Group, and for ensuring that steps are taken with a view to preventing and detecting fraud and other irregularities.

Corporate Governance

Our auditors have confirmed that, in their opinion, with respect to the directors' statements on internal financial control and on going concern on pages 33 and 40, the directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with information of which they are aware from their audit work on the financial statements, and that the directors' other statements on pages 32 and 33 appropriately reflect the company's compliance with the other aspects of the Cadbury Code specified for their review by Listing Rule 12.43(j). They were not required to perform the additional work necessary to, and do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, nor the ability of the Group to continue in operational existence.

Auditors' Report to the Members of Tate & Lyle Public Limited Company

We have audited the financial statements on pages 45 to 69.

Respective responsibilities of directors and auditors As described above, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 28 September 1996 and of the profit, total recognised gains and cash flows of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
1 Embankment Place, London WC2N 6NN
26 November 1996

Financial Contents

Group Profit and Loss Account

For the 52 weeks to 28 September 1996

Profit and Loss Account	Notes	1996 £ million	1995[1] £ million
Turnover		5 160.2	4 451.6[2]
Less share of turnover of associated undertakings		281.2	203.9
Net turnover		4 879.0	4 247.7[2]
Operating profit before exceptional items		309.1	373.6
Exceptional items	3	–	25.5
Operating profit	2	309.1	348.1
Share of profits of associated undertakings		24.5	16.9
Profit before interest		333.6	365.0
Interest receivable and similar income		32.5	24.4
Interest payable and similar charges	5	89.8	78.3
Profit before taxation		276.3	311.1
Taxation	6	70.1	84.5
Profit after taxation		206.2	226.6
Minority interests – equity		32.2	28.3
Profit for the period		174.0	198.3
Dividends paid and proposed	7	77.9	72.9
of which – on equity shares		*74.5*	*63.3*
– on non-equity shares		*3.4*	*9.6*
Retained profit		96.1	125.4

Earnings per Share	Notes	1996	1995
Basic	8	40.5p	49.7p
Fully diluted	8	38.2p	42.9p

[1] 1995 was a 53 week period.

[2] Restated – see note 1 on page 50.

The results of acquisitions and discontinued operations are not material to the results of the Group.

Historical cost profits and losses are not materially different from those shown above.

Balance Sheets

At 28 September 1996

Employment of Capital	Notes	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Fixed assets					
Tangible assets	11	1 623.2	1 429.0	3.8	3.6
Investments	12	181.9	162.7	2 091.0	1 654.8
		1 805.1	1 591.7	2 094.8	1 658.4
Current assets					
Stocks	13	456.7	437.2	–	–
Debtors – due within one year	14	552.2	492.9	120.0	6.1
– due after more than one year	14	109.5	86.0	14.3	11.5
Investments	15	329.0	306.6	–	–
Cash at banks and in hand		115.9	67.8	–	0.1
		1 563.3	1 390.5	134.3	17.7
Creditors – due within one year					
Borrowings	16	(351.1)	(244.8)	(1 476.5)	(933.6)
Other	17	(646.8)	(672.4)	(67.5)	(70.9)
Net current assets/(liabilities)		565.4	473.3	(1 409.7)	(986.8)
Total assets less current liabilities		2 370.5	2 065.0	685.1	671.6
Creditors – due after more than one year					
Borrowings, including convertible debt	18	(927.9)	(760.0)	(1.7)	(1.7)
Other	17	(14.1)	(10.4)	–	–
Provisions for liabilities and charges	19	(241.0)	(220.5)	(1.6)	(0.9)
Total net assets		1 187.5	1 074.1	681.8	669.0

Capital Employed	Notes	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Capital and reserves					
Called up share capital	23	115.8	116.5	115.8	116.5
Share premium account	24	362.6	356.5	362.6	356.5
Revaluation reserve	24	39.8	41.5	–	–
Other reserves	24	37.4	58.2	–	29.6
Profit and loss account	24	442.2	336.7	203.4	166.4
Shareholders' funds	25	997.8	909.4	681.8	669.0
of which – equity shareholders' funds		*964.5*	*788.1*	*648.5*	*547.7*
– non-equity shareholders' funds		*33.3*	*121.3*	*33.3*	*121.3*
Minority interests – equity		189.7	164.7	–	–
		1 187.5	1 074.1	681.8	669.0

The financial statements were approved by the Board at a meeting on 26 November 1996.

Sir Neil Shaw
S Gifford
} DIRECTORS

Registered No. 76535

Statement of Cash Flows

For the 52 weeks to 28 September 1996

	Notes	1996 £ million	1996 £ million	1995[1] £ million	1995[1] £ million
Net cash inflow from operating activities	27		366.8		438.3
Returns on investment and servicing of finance					
Interest paid		(101.6)		(67.8)	
Interest received		28.1		19.5	
Interest element of finance leases		(0.2)		(0.2)	
Dividends received from associated undertakings		11.5		11.3	
Dividends paid – parent company		(69.6)		(62.1)	
– minority interests in subsidiary undertakings		(10.6)		(11.0)	
			(142.4)		(110.3)
Taxation paid			(101.2)		(90.1)
Investing activities					
Purchase of tangible fixed assets		(296.0)		(216.6)	
Sale of tangible fixed assets		8.9		35.3	
Purchase of fixed asset investments		(5.2)		(5.6)	
Sale of fixed asset investments		13.4		12.6	
(Increase)/reduction in short-term investments		(106.9)		13.0	
Purchase of businesses and subsidiaries (net of cash acquired)[2]		(9.7)		(69.0)	
Sale of businesses		–		12.9	
Purchase of interests in associated undertakings		(22.6)		(46.9)	
Net cash outflow from investing activities			(418.1)		(264.3)
Net cash outflow before financing			(294.9)		(26.4)
Financing					
Issue of shares		(2.6)		(3.6)	
Repayment of borrowings		325.0		204.1	
New borrowings[2]		(506.9)		(229.7)	
Reduction/(increase) in short-term borrowings		16.0		(51.3)	
Capital element of finance lease payments		0.9		0.4	
Net cash inflow from financing	30		(167.6)		(80.1)
(Reduction)/increase in cash and cash equivalents	29		(127.3)		53.7
			(294.9)[3]		(26.4)[3]

[1] 1995 was a 53 week period.

[2] In addition, £0.6 million of borrowings were assumed as part of the acquisition of subsidiaries in 1996 (1995 – £1.0 million).

[3] This amount is reconciled to the change in net borrowings in note 31.

Segmental Analysis

For the 52 weeks to 28 September 1996

Net Operating Assets and Profit Before Interest	1996 Net operating assets £ million	1995 Net operating assets £ million	1996 Profit before interest £ million	1995[1] Profit before interest £ million
Sweeteners and starches				
– North America	896.4	826.6	116.2	170.9
– Europe	727.0	587.7	152.5	144.3[2]
– Rest of the world	264.1	220.7	31.5	25.1
	1 887.5	1 635.0	300.2	340.3
Animal feed and bulk storage	167.8	148.3	36.8	35.4
Other businesses and activities	16.1	(4.2)	(3.4)	(10.7)[2]
	2 071.4	1 779.1	333.6	365.0
Unallocated liabilities (dividend and tax)	(49.8)	(74.6)		
Net borrowings	(834.1)	(630.4)		
Total net assets	1 187.5	1 074.1		

Turnover and Employees	1996 Turnover £ million	1995[1] Turnover £ million	1996 Employees	1995 Employees
Sweeteners and starches				
– North America	1 861.3	1 663.4	4 884	5 337
– Europe	1 582.8	1 471.3	4 673	4 020
– Rest of the world	795.1	623.2	11 724	4 927
	4 239.2	3 757.9	21 281	14 284
Animal feed and bulk storage	802.9	580.0	2 369	2 250
Other businesses and activities	118.1	113.7[3]	1 479	1 209
	5 160.2	4 451.6[3]	25 129	17 743

[1] 1995 was a 53 week period.

[2] 1995 profit before interest in the 'Sweeteners and starches – Europe' segment has been reduced by £12.6 million and in the 'Other businesses and activities' segment by £12.9 million, in respect of exceptional costs, which are described in note 3.

[3] Restated, see note 1 on page 50.

The above table shows only third party turnover. Inter segment turnover totalled £27.0 million (1995 – £22.9 million).

An average exchange rate of $1.55 has been used to translate the profits of US subsidiary companies (1995 – $1.58) and BFr46.9 to translate the profits of Belgian subsidiary companies (1995 – BFr47.7).

The period-end exchange rates used to translate the balance sheet were $1.56 (1995 – $1.58) and BFr49.1 (1995 – BFr46.3).

Employee numbers are based on average monthly figures and exclude employees within associated undertakings.

Other Statements

Statement of Recognised Gains and Losses	1996 £ million	1995[1] £ million
Profit for the period	174.0	198.3
Lapse of warrants[2]	29.6	–
Currency difference on foreign currency net investments	(3.5)	4.8
Total recognised gains for the period	200.1	203.1

The movement on Group reserves is shown in note 24.

Reconciliation of Movements in Shareholders' Funds	1996 £ million	1995[1] £ million
Total recognised gains and losses for the year	200.1	203.1
Dividends	(77.9)	(72.9)
Issue of shares	5.4	23.1
Goodwill written off on acquisition	(9.6)	(30.2)
Lapse of warrants[2]	(29.6)	–
Net increase in shareholders' funds	88.4	123.1
At 30 September 1995	909.4	786.3
At 28 September 1996	997.8	909.4

[1] 1995 was a 53 week period.

[2] As described in note 23 warrants for ordinary shares lapsed during the year. The original proceeds from the issue of warrants of £29.6 million have been transferred from non-distributable reserves to retained profits. The lapse of the warrants represents a transfer of value from the warrant holders to existing shareholders. In accordance with FRS4, this is shown as a recognised gain, although total shareholders' funds are unchanged.

1 Accounting Policies

Basis of accounting

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards.

Sales of sugar futures on commodity exchanges not directly hedging physical purchases have previously been included in Group turnover, within the 'other businesses and activities' sector. In 1996 following what has become normal accounting practice, these sales, which are undertaken primarily as indirect hedges of physical purchases, have not been included in turnover and prior years have been restated reducing 1995 turnover by £261.9 million.

A new accounting standard, FRS8 ('Related party disclosures'), has been adopted for the first time in these accounts.

Basis of consolidation

The accounts of all subsidiary undertakings are consolidated from the date of their acquisition up to the date of sale. At acquisition, fair values are attributed to the assets and liabilities of the company acquired. Any excess of consideration given over these fair values is transferred to the profit and loss reserve.

As permitted by Section 230 of the Companies Act 1985, a profit and loss account is not presented for Tate & Lyle PLC.

Associated undertakings and joint ventures are accounted for by the equity method from the date of their acquisition up to the date of sale. A fair value is attributed to the investment acquired and any excess of consideration given over this fair value is transferred to the profit and loss reserve.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the last day of the financial period (the closing rate) except when covered by an open foreign exchange contract in which case the rate of exchange specified in the contract is used.

The profits of overseas companies are translated at the average of daily rates and the difference when compared to that arising from the use of closing rates is dealt with through distributable reserves.

Differences on exchange arising from the translation of the opening balance sheets of overseas companies at year-end rates, and on foreign currency borrowings used to finance long-term foreign equity investments, are taken direct to reserves. Other profits and losses on exchange are credited or charged to operating profit.

Turnover

Turnover comprises the amount receivable in the ordinary course of business, net of value added and sales taxes, for goods and services provided.

Stock

Stock is valued at the lower of direct cost together with attributable overheads and net realisable value.

Hedging of commodity transactions

Certain commodities are purchased or sold on futures markets in order to fix the price of the underlying raw material or product. The profit or loss on such futures contracts is matched to the cost of the raw material or sales proceeds for the product concerned.

Depreciation

The depreciation charge is calculated so as to allocate the cost or revalued amount of tangible fixed assets systematically over their remaining useful economic lives. These asset lives are reviewed regularly.
The following asset lives are used:

Freehold land	:	No depreciation
Freehold buildings	:	20 to 50 years
Leasehold property	:	Period of the lease
Plant and machinery	:	3 to 28 years

1 Accounting Policies (continued)

Leased assets

Tangible fixed assets held under finance leases are capitalised and depreciated in accordance with the Group's depreciation policy. Operating lease charges are charged to profit as incurred.

Research and development

All expenditure on research and development is charged to profit as incurred.

Post-retirement benefits

The Group operates a number of defined benefit pension schemes and, in North America, some post-retirement healthcare and life assurance schemes. The expected cost of post-retirement benefits is charged to the profit and loss account, on the advice of actuaries, so as to accrue the cost over the service lives of employees on the basis of a constant percentage of earnings. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme.

Deferred taxation

Deferred taxation is recognised at the anticipated tax rate using the liability method on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise. Deferred tax on post-retirement benefits is recognised in full.

Financial instruments

The finance costs of debt instruments are charged to profit and loss account over the term of the debt at a constant rate on the carrying amount. Such costs include the costs of issue and any discount to face value arising on issue, or any premium payable on maturity.

Cash equivalents

Cash equivalents are highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

2 Operating Profit

	1996 £ million	1995 £ million
The following have been charged or credited in arriving at operating profit:		
Raw materials and consumables	3 364.4	2 714.5[1]
Other external charges	277.4	273.5[1]
Staff costs *(Note 4)*	421.0	404.6
Depreciation of tangible fixed assets	125.4	135.2
Amortisation of government grants	(0.6)	(2.0)
Operating lease rentals and other hire charges – Plant and machinery	27.6	23.9
– Other	7.8	8.1
Auditors' fees and expenses – Audit	1.7	1.6
– Non-audit (UK only)	0.2	0.2
Exchange losses/(gains)	(1.0)	(1.6)
Profit on sale of tangible fixed assets	(0.8)	(13.9)
Income from fixed asset investments	(3.0)	(2.3)
Profit on sale of fixed asset investments	(6.2)	(5.5)
Provisions against fixed asset investments	(0.5)	(0.3)
Profit on sale of business and associated undertaking	–	(2.6)
Other operating charges[2]	375.1	380.3
Other operating income	(18.6)	(14.1)
	4 569.9	3 899.6

The Group spent £23.6 million (1995 – £29.0 million) on research and development during the year.

[1] Restated – see note 1 on page 50.

[2] Other operating charges in 1995 include £25.5 million exceptional items (see note 3).

3 Exceptional Items

	1996 £ million	1995 £ million
Amylum reorganisation costs	–	12.6
Accelerated write-down of prepayment for the first sucralose production facility	–	12.9
	–	25.5
Taxation	–	(4.3)
Minority interest (relating to reorganisation costs)	–	(4.6)
	–	16.6

4 Staff Costs

	1996	1995
Wages and salaries	350.4	332.4
Social security costs	42.0	41.0
Pension costs	17.9	20.5
Other post-retirement benefits	10.7	10.7
	421.0	404.6

Emoluments of directors of Tate & Lyle PLC, contained within staff costs are summarised below.

	1996 £ thousand	1995 £ thousand
Fees	138	138
Salaries including benefits in kind	1 966	1 576
Bonuses	84	638
Pension fund contributions	791	914
	2 979	3 266

Five directors waived their fees of £14,000 each (1995 – five directors waived £14,000 each). One director waived part-year fees of £10,000.

The remuneration of the Chairman, and the highest paid director, was as follows:

	Chairman 1996 £ thousand	Chairman 1995 £ thousand	Highest paid director 1996 £ thousand
Salary	334	316	489
Bonus	–	200	–
	334	516	489

The chairman was the highest paid director in 1995.

Further analysis of directors' remuneration is given in the Remuneration and Appointment Committee's report on pages 37 and 38.

5 Interest Payable and Similar Charges

	1996 £ million	1995 £ million
On bank loans and overdrafts	44.8	39.5
On all other loans	48.2	42.2
	93.0	81.7
Interest capitalised as part of tangible fixed asset additions	(3.2)	(3.4)
	89.8	78.3

Interest costs include aggregate finance charges in respect of leases amounting to £0.2 million (1995 – £0.1 million).

6 Taxation

	1996 £ million	1995 £ million
UK taxation		
On profit of the Company and subsidiaries for the period:		
UK corporation tax at 33% (1995 – 33%)	46.0	36.5
Double taxation relief	(11.2)	(3.7)
	34.8	32.8
Deferred taxation	(2.1)	(8.0)
On Group share of profits of associated undertakings	1.0	0.8
Adjustments to previous years – corporation tax	(0.1)	(0.1)
– deferred taxation	0.1	0.1
	33.7	25.6
Overseas taxation		
Corporate taxation	27.6	64.6
Deferred taxation	5.2	(8.0)
On Group share of profits of associated undertakings	8.1	4.8
Adjustments to previous years – corporate taxation	1.4	(1.1)
– deferred taxation	(5.9)	(1.4)
	36.4	58.9
Group taxation charge	70.1	84.5

7 Dividends Paid and Proposed

Dividends on non-equity shares – 6½% cumulative preference shares	0.1	0.1
– 7.25p convertible cumulative redeemable preference shares of 12.5p each	3.3	9.5
	3.4	9.6
Dividends on equity shares – ordinary shares	74.5	63.3
	77.9	72.9

The total ordinary dividend is 17.0p made up as follows:
- Interim dividend paid 16 July 1996 – 5.3p (1995 – 5.0p)
- Final dividend proposed payable 4 February 1997 – 11.7p (1995 – 11.0p) amounting to £51.3 million (1995 – £43.7 million).

8 Earnings per Share

The basic earnings per share are calculated by dividing profit after taxation less minority interests and preference dividend, of £170.6 million (1995 – £188.7 million), by the weighted average number of ordinary shares in issue during the period, 421,194,456 (1995 – 379,506,655).

The fully diluted earnings per share are calculated on the basis of the following assumptions:

(a) that the outstanding options over 8,935,382 shares had been exercised and that the funds so generated would give rise to net earnings of £1.8 million;

(b) that the issued share capital had been increased by 30,350,130 ordinary shares on conversion of the convertible cumulative redeemable preference shares.

9 Turnover by Geographical Market

United Kingdom	837.3	851.7[1]
Other European countries	1 213.0	985.9
USA	1 882.4	1 610.3[1]
Rest of the world	1 227.5	1 003.7
	5 160.2	4 451.6[1]

[1] Restated – see note 1 on page 50.

10 Profit Before Interest by Geographical Base

	1996 £ million	1995 £ million
United Kingdom	83.3	73.8
Other European countries	80.3	71.4
USA	114.1	176.4
Rest of the world	55.9	43.4
	333.6	365.0

11 Tangible Fixed Assets

	Total £ million	Land and buildings £ million	Plant and machinery £ million	Assets in course of construction £ million
Gross book value				
At 30 September 1995	2 226.3	559.5	1 551.5	115.3
Differences on exchange	(5.7)	1.9	(4.1)	(3.5)
Businesses acquired	13.2	6.1	6.8	0.3
Additions	313.3	14.7	78.9	219.7
Transfers on completion	–	11.5	104.2	(115.7)
Disposals	(59.2)	(7.0)	(51.6)	(0.6)
At 28 September 1996	**2 487.9**	**586.7**	**1 685.7**	**215.5**
Depreciation				
At 30 September 1995	797.3	102.6	694.7	–
Differences on exchange	(6.9)	(0.4)	(6.5)	–
Charge for period	125.4	17.2	108.2	–
Disposals	(51.1)	(5.2)	(45.9)	–
At 28 September 1996	**864.7**	**114.2**	**750.5**	**–**
Net book value				
At 28 September 1996	**1 623.2**	**472.5**	**935.2**	**215.5**
At 30 September 1995	1 429.0	456.9	856.8	115.3
Analysis of gross book value				
Cost	2 353.2	475.2	1 662.5	215.5
1976 valuation	4.7	–	4.7	–
1977 valuation	13.4	0.5	12.9	–
1985 valuation	10.9	5.3	5.6	–
1988 valuation	0.8	0.8	–	–
1989 valuation	68.1	68.1	–	–
1993 valuation	36.8	36.8	–	–
At 28 September 1996	**2 487.9**	**586.7**	**1 685.7**	**215.5**

Original cost of fixed assets	Land and buildings £ million	Plant and machinery £ million
Cost (or earliest ascribed value)	534.2	1 681.1
Related depreciation	(105.9)	(745.9)
At 28 September 1996	**428.3**	**935.2**

Assets in course of construction are held at cost.

11 Tangible Fixed Assets (continued)

	Total £ million	Freehold Land £ million	Freehold Buildings £ million	Leasehold Long £ million	Leasehold Short £ million	Bulk liquid storage £ million
Analysis of land and buildings						
Gross book value	586.7	92.4	399.0	30.5	20.5	44.3
Depreciation	(114.2)	–	(87.6)	(5.7)	(0.3)	(20.6)
Net book value						
At 28 September 1996	**472.5**	**92.4**	**311.4**	**24.8**	**20.2**	**23.7**
At 30 September 1995	456.9	89.8	303.5	20.5	19.5	23.6

Leased assets

Included in the tangible fixed assets are the following capitalised values and related accumulated depreciation for assets being acquired under finance leases:

	Land and buildings £ million	Plant and machinery £ million
Capitalised value	1.4	23.4
Depreciation	(0.8)	(11.4)
Net book value at 28 September 1996	**0.6**	**12.0**

Tate & Lyle PLC	Total £ million	Land and buildings £ million	Plant and machinery £ million
Cost	6.8	2.4	4.4
Depreciation	(3.0)	(0.2)	(2.8)
Net book value at 28 September 1996	**3.8**	**2.2**	**1.6**
At 30 September 1995	3.6	2.2	1.4

Expenditure in the period amounted to £0.7 million and depreciation charged was £0.5 million. The net book value of disposals was £nil million.

12 Fixed Asset Investments

	1996 £ million	1995 £ million
Group		
Associated undertakings – unlisted	**138.4**	111.2
Other fixed asset investments:		
Listed – at cost[1]	**15.8**	24.1
Unlisted – at cost less amounts provided of £1.2 million (1995 – £1.8 million)[2]	**9.7**	10.7
Loans	**18.0**	16.7
Total	**181.9**	162.7

[1] Market value £25.4 million (1995 – £31.3 million)

[2] Directors' valuation £10.3 million (1995 – £11.2 million).

Tate & Lyle PLC		
Shares in Group undertakings at cost or earliest ascribed value	**1 302.4**	1 301.4
Revaluation additions	**7.2**	7.2
	1 309.6	1 308.6
Loans to Group undertakings less amounts provided of £9.3 million (1995 – £9.3 million)	**776.8**	339.0
Shares in associated undertakings at cost less acquisition goodwill of £4.8 million written off (1995 – £4.8 million)	**4.5**	4.5
Other	**0.1**	2.7
	2 091.0	1 654.8

12 Fixed Asset Investments (continued)

	Associated undertakings £ million	Other investments £ million	Loans £ million	1996 Group £ million	1996 Tate & Lyle PLC £ million
Movement in book value					
At 30 September 1995	111.2	34.8	16.7	162.7	1 654.8
Differences on exchange	(0.7)	(0.8)	(0.7)	(2.2)	(5.0)
Additions	22.0	3.2	2.0	27.2	3.6
Goodwill written off	(2.4)	–	–	(2.4)	–
Disposals	–	(7.2)	–	(7.2)	(5.4)
Reclassification	2.7	(5.0)	–	(2.3)	–
Increase in loans to Group undertakings	–	–	–	–	443.0
Retained profits of associated undertakings	5.6	–	–	5.6	–
Movement in provisions	–	0.5	–	0.5	–
At 28 September 1996	138.4	25.5	18.0	181.9	2 091.0

13 Stocks

	1996 Group £ million	1995 Group £ million
Raw materials, consumables and in-process stocks	243.0	243.5
Contract work in progress	6.4	4.9
Finished goods and goods held for resale	189.1	169.7
New crop expenditure	18.2	19.1
	456.7	437.2

Contract work in progress is stated after deduction of progress payments received and receivable of £0.1 million (1995 – £0.2 million).

14 Debtors

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Due within one year				
UK taxation	–	–	24.8	–
Overseas taxation	13.5	0.5	–	–
Trade debtors	416.9	407.8	–	–
Owed by subsidiary undertakings	–	–	2.6	2.0
Owed by associated undertakings	10.1	11.2	–	0.1
Other debtors	50.0	36.7	0.7	0.8
Prepayments and accrued income	61.7	36.7	91.9	3.2
	552.2	492.9	120.0	6.1
Due after one year				
Deferred taxation	57.0	53.6	13.6	11.5
Owed by associated undertakings	0.2	0.2	–	–
Other debtors	32.3	32.2	0.7	–
Prepayments and accrued income	20.0	–	–	–
	109.5	86.0	14.3	11.5

15 Current Asset Investments	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Listed on overseas exchanges	76.2	72.4	–	–
Unlisted investments	6.7	1.7	–	–
Loans, short term deposits and fixed interest securities	246.1	232.5	–	–
	329.0	306.6	–	–

£nil million (1995 – £6.6 million) of fixed interest securities have been pledged as security for loans to associated undertakings.

16 Creditors – borrowings				
Due within one year				
Current portion of long term creditors	87.8	68.6	–	–
Other bank loans and overdrafts – secured	28.7	0.4	–	–
– unsecured	200.2	166.2	2.0	0.8
Short term loans – secured	–	0.6	–	–
– unsecured	34.4	9.0	–	–
Owed to subsidiary undertakings	–	–	1 474.5	932.8
	351.1	244.8	1 476.5	933.6

Lenders of secured loans have a charge over certain tangible fixed assets.

17 Creditors – other				
Due within one year				
Trade creditors	303.7	332.8	–	–
Accruals and deferred income	156.2	164.7	2.0	2.7
Owed to subsidiary undertakings	–	–	11.3	18.2
Payments received on account	1.9	2.6	–	–
Other creditors	56.5	35.2	0.9	0.4
Social security	15.2	15.0	1.2	1.3
Owed to associated undertakings	6.1	6.1	–	–
	539.6	556.4	15.4	22.6
Overseas taxation	15.8	31.9	–	–
UK taxation	34.6	34.2	–	1.7
Proposed dividends				
– holders of Tate & Lyle PLC shares	52.1	46.6	52.1	46.6
– minority interests in subsidiary undertakings	4.7	3.3	–	–
	107.2	116.0	52.1	48.3
	646.8	672.4	67.5	70.9
Due after more than one year				
Accruals and deferred income	5.7	4.8	–	–
Other	8.4	5.6	–	–
	14.1	10.4	–	–

18 Borrowings – due after more than one year

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Debentures, loans and overdrafts				
Industrial revenue bonds 1996/2005 (US$32,420,000)[1]	20.7	21.1	–	–
6.43% notes 1997 (US$50,000,000)	–	31.6	–	–
8% Guaranteed Bonds 1999 (£100,000,000)	99.7	99.6	–	–
7.96% notes 1999 (US$50,000,000)	–	31.6	–	–
7.02% notes 1999 (US$65,000,000)	–	41.1	–	–
6.545% Partially Guaranteed Secured Bonds 2000 (US$500,000,000)	73.9	85.6	–	–
Variable convertible bonds 2000 (FFr350,000,000)	45.6	45.0	–	–
5¾% Guaranteed Bonds 2001 (£190,500,000)	–	135.4	–	–
6⅞% Guaranteed Bonds 2001 (US$150,000,000)	95.4	–	–	–
Other variable unsecured loans	27.3	28.2	–	–
Other fixed unsecured loans	15.0	15.7	1.7	1.7
Obligations under finance leases	4.6	0.3	–	–
	382.2	535.2	1.7	1.7
Bank loans and overdrafts				
Variable unsecured 1998 (US$50,000,000)	32.0	31.6	–	–
Variable unsecured 1999 (US$51,500,000)	32.9	–	–	–
Variable unsecured 2002 (US$75,000,000)	48.0	47.4	–	–
Variable unsecured 2002 (US$50,000,000)	32.0	–	–	–
Variable unsecured other	318.9	203.5	–	–
7.863% unsecured 2001 (£163,756,230)	163.8	–	–	–
Fixed unsecured other	5.9	10.9	–	–
	633.5	293.4	–	–
Owed to subsidiary undertakings	–	–	–	–
Less portion of borrowings due within one year	(87.8)	(68.6)	–	–
	927.9	760.0	1.7	1.7

[1] $23.7 million held at variable interest rates, the balance is held at fixed interest rates from 5.88% to 13.0%.

Maturity of borrowings				
One to two years	94.2	91.9	–	–
Two to five years	663.4	457.3	–	–
Over five years	170.3	210.8	1.7	1.7
	927.9	760.0	1.7	1.7

£197.4 million of borrowings falling due after more than one year are repayable by instalments.

£170.3 million of borrowings maturing after five years are repayable other than by instalments.

Unsecured bank loans of £46.0 million (1995 – £39.0 million) maturing within one year are shown as £10.0 million (1995 – £nil million) maturing in one to two years and £36.0 million (1995 – £39.0 million) maturing in two to five years, consistent with committed facilities for these borrowings.

The Group has further undrawn committed multicurrency facilities of £142.2 million, which expire as follows:

	1996 £ million
Within one year	–
One to two years	22.4
Two to five years	111.9
Over five years	7.9
	142.2

18 Borrowings – due after more than one year (continued)

Tate & Lyle PLC has guaranteed all payments to be made in respect of the 8% Bonds and of the 6⅞% Bonds unconditionally. The rights of the bondholders against Tate & Lyle PLC on a winding-up would be equivalent to those of all other unsecured and unsubordinated creditors.

The US$500 million 6.545% Bonds, which were issued by a US subsidiary undertaking, are secured by a bank letter of credit which will satisfy the principal amount of the bonds at maturity (or, on acceleration, its present value). The annual coupons on the bonds (or, on acceleration, their present value) are guaranteed by Tate & Lyle PLC which has also purchased the bondholders' rights to recover from the subsidiary the amount secured by the letter of credit. Therefore at the level of the US subsidiary undertaking the bonds are fully recourse, however, by virtue of the foregoing arrangements, the liability of the Group is limited to £73.9 million (representing the net present value of the coupons payable over the life of the bonds). The rights of the bondholders against Tate & Lyle PLC on a winding up would be equivalent to those of all other unsecured and unsubordinated creditors.

The FFr350 million variable convertible bonds were issued by Orsan SA, a subsidiary in which Amylum Belgium NV has an 80.4% interest. Unless the options referred to below are exercised, the bonds will be redeemed in April 2000 for FFr381.5 million. At the option of the bondholders, each bond is convertible into 4 shares of Orsan in April 2000. Arrangements are in place to ensure that there will be no dilution of the Group's interest in Orsan.

During the year the £190.5 million 5¾% Guaranteed Bonds were redeemed for £163.8 million and replaced by borrowings with substantially the same terms. The premium on redemption of £23.3 million is being amortised over the life of the replacement debt and is treated as a payment of interest in the statement of cash flows. The £163.8 million 7.863% unsecured borrowings due 2001, which replace the Guaranteed Bonds, were fully drawn by a UK subsidiary undertaking and are guaranteed on a subordinated basis by Tate & Lyle PLC.

Debentures, loans and overdrafts of £2.5 million at 28 September 1996 are secured against certain tangible fixed assets. Finance lease obligations are secured against the assets concerned.

19 Provisions for Liabilities and Charges	Total £ million	Deferred taxation £ million	Insurance funds £ million	Pensions £ million	Other post-retirement benefits £ million	Other £ million
Group						
At 30 September 1995	220.5	12.7	31.4	27.0	110.7	38.7
Differences on exchange	(0.8)	(0.1)	0.3	(0.9)	1.1	(1.2)
Utilised in period	(18.4)	1.5	(0.1)	(6.5)	(8.4)	(4.9)
Profit and loss account	39.0	(1.7)	4.1	13.6	10.8	12.2
Advance Corporation Tax	0.7	0.7	–	–	–	–
At 28 September 1996	**241.0**	**13.1**	**35.7**	**33.2**	**114.2**	**44.8**

Of the provisions set up on the acquisitions of subsidiary companies, £1.4 million has been utilised in the year. £nil million has been released to the profit and loss account. Depending on their nature, acquisition provisions are classified as creditors (note 17) or as provisions for liabilities and charges.

An additional £0.7 million was charged to the profit and loss account of Tate & Lyle PLC during the year increasing the pension provision from £0.9 million to £1.6 million.

19 Provisions for Liabilities and Charges (continued)

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Analysis of Deferred Taxation				
Assets recognised				
UK – other timing differences	(9.1)	(6.4)	(0.6)	(0.4)
– Advance Corporation Tax recoverable	(13.2)	(11.5)	(13.0)	(11.1)
Overseas – post-retirement benefits	(44.0)	(43.8)	–	–
– other timing differences	(17.5)	(22.2)	–	–
	(83.8)	(83.9)	(13.6)	(11.5)
Assets included as debtors in note 14	57.0	53.6	13.6	11.5
	(26.8)	(30.3)	–	–
Liabilities provided				
UK – capital allowances	8.0	7.4	–	–
Overseas – on fixed assets	19.9	27.4	–	–
– other timing differences	12.0	8.2	–	–
Deferred taxation liabilities provided	13.1	12.7	–	–
Potential Assets				
UK – other timing differences	(9.6)	(8.4)	(0.6)	(0.5)
– Advance Corporation Tax recoverable	(13.2)	(11.5)	(13.0)	(11.1)
Overseas – post-retirement benefits	(44.0)	(43.8)	–	–
– other timing differences	(60.0)	(80.7)	–	–
Potential Liabilities				
UK – capital allowances	40.4	37.6	–	–
Overseas – on fixed assets	192.1	189.8	–	–
– other timing differences	12.0	8.2	–	–
Potential full deferred taxation provision	117.7	91.2	(13.6)	(11.6)

Deferred tax on earnings to be retained overseas is not provided except to the extent that there is an intention to remit them in the foreseeable future.

20 Post-retirement Benefits

The Group operates a number of pension schemes of the defined benefit type throughout the world. The assets of the schemes are held in separate trustee-administered funds. The schemes are funded in line with local practice and contributions are assessed in accordance with the advice of the local actuary in each case.

The schemes operated by the Group are subject to actuarial valuation at regular intervals using consistent assumptions appropriate to conditions prevailing in the relevant country.

The main scheme is the Tate & Lyle Group Pension Scheme with benefits related to service and final salary. A valuation was made as at 31 March 1995 by a qualified actuary using the projected unit method. The principal actuarial assumptions made were that, over the long term, the return on future investments will be 8.94% per annum; remuneration will increase at 6.33% per annum and the rates of retail price inflation and dividend growth will be 4.50% per annum. Provision was made for the pension increases provided under the rules of the Scheme. The valuation disclosed a surplus which the actuary advised is sufficient to support the continued suspension of contributions until the results of the next actuarial valuation, due to be made as at 31 March 1997, are available.

In aggregate at the date of the most recent actuarial valuation, the market value of assets of the schemes in surplus was £710.3 million and of those schemes in deficit was £48.3 million. The actuarial value of the assets was sufficient to cover 108% and 81% respectively of the benefits accrued to members, after allowing for future salary increases.

The Group's subsidiaries in the United States provide healthcare and life assurance benefits to their employees. The arrangements are unfunded. Valuations are conducted annually by a qualified actuary using the projected unit method. The principal actuarial assumptions were that medical inflation will increase by 10% in 1996 reducing ultimately to 6%; a discount rate of 8% was used.

21 Contingent Liabilities

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Guarantees of loans and overdrafts of subsidiaries, former subsidiaries and associates[1]	7.7	1.9	848.1	695.8
Trade guarantees	13.5	20.9	–	–

[1] £7.7 million has been advanced (1995 – £1.9 million); Tate & Lyle PLC £848.1 million (1995 – £695.8 million).

Other trade guarantees have been given in the normal course of business by the Group and by Tate & Lyle PLC at both 28 September 1996 and 30 September 1995. These are excluded from the figures given above and are in respect of Customs and Excise and Intervention Board for Agricultural Produce bonds, ECGD recourse agreements, letters of credit and tender and performance bonds.

There are a number of legal claims or potential claims arising in the ordinary course of business against the group, the outcome of which cannot at present be foreseen. The company is vigorously contesting these claims and, in the opinion of the directors, after taking legal advice, no significant liability will arise.

22 Financial Commitments

(a) Operating leases

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Annual commitments in respect of plant and machinery operating leases which expire:				
– within one year	2.9	1.8	–	–
– between two and five years	11.7	13.7	–	–
– over five years	9.7	6.8	–	–
	24.3	22.3	–	–
Annual commitments in respect of land and buildings operating leases which expire:				
– within one year	0.3	0.2	–	–
– between two and five years	0.4	0.6	–	–
– over five years	4.7	4.7	1.5	1.4
	5.4	5.5	1.5	1.4

(b) Contracts for capital expenditure

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Expenditure contracted for but not provided for in the financial statements is estimated at	48.8	45.6	–	–

23 Share Capital

	1996 £ million	1995 £ million
Authorised share capital of Tate & Lyle PLC		
2,394,000 6½% Cumulative preference shares of £1 each	2.4	2.4
683,057,915 Ordinary shares of 25p each	170.8	150.8
214,732,170 7.25p (net) dividend convertible cumulative redeemable preference shares of 12.5p each	26.8	26.8
	200.0	180.0
Allotted and fully paid		
2,394,000 6½% Cumulative preference shares of £1 each (1995 – 2,394,000)	2.4	2.4
438,357,264 Ordinary shares of 25p each (1995 – 396,993,841)	109.6	99.2
30,886,926 7.25p (net) dividend convertible cumulative redeemable preference shares of 12.5p each (1995 – 118,890,778)	3.8	14.9
	115.8	116.5

23 Share Capital (continued)

Details of shares allotted during the year are given in the Directors' Report.

The rate of dividend of the 6½% cumulative preference shares is 4.55% plus the associated tax credit. On a return of capital on a winding-up, the holders of 6½% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for, the election of directors, their remuneration, any agreement between the directors and the Company, or the alteration of the Articles of Association dealing with any of such matters.

The convertible preference shares may be converted into fully paid ordinary shares of 25p each on 28 February in any of the years 1997 to 2008 on the basis of 11.299 ordinary shares for every 25 convertible preference shares. The Company will be entitled at any time after 1 September 2008, and will be obliged on 28 February 2013, to redeem at £1 per share any convertible preference shares then in issue. On a return of capital on a winding-up, the holders of convertible preference shares are entitled to £1 per share, after payment of all amounts due to the holders of 6½% cumulative preference shares, but in priority to holders of ordinary shares. No voting rights attach to these shares unless the dividend on the shares is six months in arrears, or a resolution is proposed affecting the rights of this class of shareholders.

In 1991 the Company issued 37,200 warrants to acquire shares. The £29.6 million proceeds were credited to a non-distributable reserve. Each warrant entitled the holder to subscribe for 866 shares. On 9 May 1996 a subsidiary company gave notice of redemption of £190.5 million 5¾% Guaranteed Bonds due 2001. In accordance with the terms of the warrants, this caused the subscription term of the warrants to expire on 3 June. None of the warrants were exercised, and the original proceeds have been transferred to retained profits.

At 28 September 1996, options had been granted and were still outstanding under the Company's share option schemes. These options are exercisable for a total of 8,935,382 ordinary shares in periods between now and 2006 at prices ranging from 159.5p to 473p per share. The number of shares issuable and the subscription prices have been adjusted in accordance with the rules of each scheme to take account of the rights issue made in May 1988 and the share split in January 1989. During the year, options for 860,450 shares were granted under the executive share option schemes and for 797,290 shares under the SAYE share option scheme.

	Ordinary Shares		Preference Shares[1]	
	1996	1995	**1996**	1995
Directors' interests				
S Gifford	**28 388**	26 588[2]	–	–[2]
Sir Brian Hayes	**1 232**	1 189	–	–
Dr K G G Hopkins	**1 571**	1 517	–	–
P S Lewis	**7 639**	7 369	–	–
P J Mirsky	**5 468**	3 324	–	–
L G Pillard	**5 243**	5 058	–	–
Lady Prior	**6 575**	6 211	–	300
Sir Neil Shaw	**30 714**	29 625	–	–
S Strathdee	**6 879**	6 635	–	–
Sir Saxon Tate	**116 195**	109 519	–	15 186
J F Taylor	**6 042**	5 895	–	–
Lord Walker	**10 000**	10 000	–	–
J H W Walker	**10 030**	5 935	–	800
L R Wilson	**102 036**	102 036	–	–
A M Yurko	**2 000**	–[2]	–	–[2]

[1] 7.25p (net) dividend convertible cumulative redeemable preference shares.
[2] Holding at date of appointment.

Included in the interests of Sir Saxon Tate are holdings totalling 15,682 ordinary shares which are classed as trustee interests. All other directors' interests are beneficially held. At the date of her appointment, C Piwnica held no shares in the Company. There were no changes in directors' interests in the period from 28 September 1996 to 26 November 1996. The Register of Directors' Interests, which is open to inspection, contains full details of directors' shareholdings and options to subscribe.

24 Reserves	Share premium £million	Revaluation reserve £million	Profit and loss £million	Other reserves £million	Total £million
Group					
At 30 September 1995	356.5	41.5	336.7	58.2	792.9
Differences on exchange[1]	–	(0.2)	(3.4)	0.1	(3.5)
Issue of shares	6.1	–	–	–	6.1
Retained profit	–	–	96.1	–	96.1
Goodwill written off	–	–	(9.6)	–	(9.6)
Lapse of warrants	–	–	29.6	(29.6)	–
Other transfers	–	(1.5)	(7.2)	8.7	–
At 28 September 1996	362.6	39.8	442.2	37.4	882.0
Company					
At 30 September 1995	356.5	–	166.4	29.6	552.5
Issue of shares	6.1	–	–	–	6.1
Retained profit	–	–	7.4	–	7.4
Lapse of warrants	–	–	29.6	(29.6)	–
At 28 September 1996	362.6	–	203.4	–	566.0

[1] Differences on exchange include a £1.8 million gain in respect of differences arising on the retranslation of foreign currency borrowings used to hedge equity investments in foreign enterprises.

The profit dealt with in Tate & Lyle PLC was £85.3 million.

The amount of depreciation provided in the period on the book value of tangible fixed assets which represents revaluation surpluses has been transferred from revaluation reserve to profit and loss account.

The revaluation reserve arises as a consequence of carrying certain tangible fixed assets of subsidiaries in the balance sheet at valuations determined in years up to 1993.

Other reserves are non-distributable and include statutory reserves of overseas subsidiaries amounting to £37.8 million (1995 – £28.4 million). Cumulative post-acquisition retained losses of associated undertakings amounted to £7.6 million (1995 – losses of £18.4 million). Cumulative goodwill written off to the profit and loss reserve amounted to £572.7 million (1995 – £563.1 million).

25 Shareholders' funds	1996 £million	1995 £million
Non-equity interests		
– 6½% cumulative preference shares	2.4	2.4
– 7.25p convertible cumulative redeemable preference shares of 12.5p each	30.9	118.9
	33.3	121.3
Equity interests	964.5	788.1
Shareholders' funds	997.8	909.4

26 Change in Working Capital	1996 Group £million	1995 Group £million
Increase in stocks *(Note 13)*	19.5	77.3
Increase in debtors *(Note 14)*	46.3	33.7
Increase/(reduction) in debtors due after more than one year *(Note 14)*	20.1	(4.8)
Reduction/(increase) in creditors *(Note 17)*	13.1	(22.9)
(Increase) in provisions for liabilities and charges *(Note 19)*	(20.1)	(39.4)
Movement over period	78.9	43.9
Differences on exchange	(4.7)	(4.6)
Acquisitions and disposals during period	(1.0)	(32.4)
Other	(13.0)	15.8
	60.2	22.7

Working capital includes provisions and excludes taxation, dividends and items affecting total Group borrowings. Other movements represent the elimination of balances within debtors and creditors attributable to interest, tangible fixed assets and fixed asset investments.

27 Net Cash Inflow from Operating Activities

	1996 £ million	1995 £ million
Operating profit	**309.1**	348.1
Depreciation of tangible fixed assets	**125.4**	135.2
Change in working capital *(Note 26)*	**(60.2)**	(22.7)
Profit on sale of tangible fixed assets, fixed asset investments and businesses *(Note 2)*	**(7.0)**	(22.0)
Other	**(0.5)**	(0.3)
	366.8	438.3

28 Analysis of cash, cash equivalents, investments and borrowings

	1996 Cash and cash equivalents £ million	1996 Investments, borrowings and finance leases £ million	1995 Cash and cash equivalents £ million	1995 Investments, borrowings and finance leases £ million
Cash at banks and in hand	**115.9**	**–**	67.8	–
Current asset investments *(Note 15)*	**135.1**	**193.9**	214.2	92.4
	251.0	**193.9**	282.0	92.4
Borrowings due within one year *(Note 16)*	**(223.4)**	**(127.7)**	(120.7)	(124.1)
Borrowings due after more than one year *(Note 18)*	**–**	**(927.9)**	–	(760.0)
	(223.4)	**(1 055.6)**	(120.7)	(884.1)
	27.6	**(861.7)**	161.3	(791.7)
Net borrowings		**(834.1)**		(630.4)

29 Analysis of changes in cash and cash equivalents during the year

	1996 £ million	1995 £ million
Balance at 30 September 1995	**161.3**	98.4
Differences on exchange	**(6.4)**	9.2
Net cash (outflow)/inflow	**(127.3)**	53.7
Balance at 28 September 1996	**27.6**	161.3

30 Analysis of changes in financing during the year

	1996 Share Capital and premium £ million	1996 Borrowings and finance leases £ million	1995 Share Capital and premium £ million	1995 Borrowings and finance leases £ million
Balance at 30 September 1995	**473.0**	**884.1**	449.9	783.2
Differences on exchange	**–**	**(6.9)**	–	16.6
Share alternative dividend	**2.8**	**–**	4.0	–
Acquisition of subsidiaries	**–**	**0.6**	15.5	1.0
Cash inflows from financing	**2.6**	**165.0**	3.6	76.5
Other	**–**	**12.8**	–	6.8
Balance at 28 September 1996	**478.4**	**1 055.6**	473.0	884.1

31 Cash Flow/Net Debt Reconciliation

	1996 £ million	1995 £ million
Net cash outflow before financing	**(294.9)**	(26.4)
Increase/(reduction) in short term investments	**106.9**	(13.0)
	(188.0)	(39.4)
Raised on issue of share capital	**2.6**	3.6
Changes in debt not involving cash flow:		
– Assumed on acquisition of subsidiaries	**(0.6)**	(1.0)
– Exchange movements	**(4.9)**	(5.8)
– Amortisation of bond discount	**(7.5)**	(6.7)
– New finance leases	**(5.3)**	(0.1)
Increase in net borrowings	**(203.7)**	(49.4)
Net borrowings at start of year	**(630.4)**	(581.0)
Net borrowings at end of year	**(834.1)**	(630.4)

32 Currency and Interest Rate Exposure of Borrowings

After taking into account the various interest rate and currency swaps entered into by the Group, the currency and interest rate exposure of the borrowings of the Group as at 28 September 1996 was:

	Total net borrowings £ million	Fixed rate net borrowings £ million	Fixed rate gross borrowings £ million	Average interest rate (%) of fixed rate gross borrowings	Average years to maturity of fixed rate gross borrowings
Sterling	150.9	126.2	126.2	11.1%	4.4
United States Dollars	478.6	191.1	221.0	6.6%	4.2
Canadian Dollars	70.5	37.5	37.5	5.9%	2.8
Australian Dollars	16.1	–	–	–	–
Exchange Rate Mechanism currencies	123.5	(10.2)	7.4	4.5%	4.1
Others	(5.5)	–	–	–	–
Total/average	834.1	344.6	392.1	7.9%	4.2

The analysis of average interest rates and years to maturity is on fixed rate gross borrowings and after adjustments for interest rate swaps. The interest rate exposure is further protected by interest rate caps on £10 million at 10% until June 1998, US$50 million at 6.72% until July 1999 and US$28.5 million at 6.65% until December 1999. The Group also has a BFr1 000 million collar at 6.03% floor/7% cap expiring in December 1999 and a FFr 400 million collar at 4.91% floor/6% cap commencing in January 1997 for two years.

The average sterling interest rate of 11.1% reduces to 7.2% if the amortisation of the premium on redemption of the Guaranteed Bonds referred to in note 18 is excluded.

The Group has also entered into two flexible chooser caps which give the right to fix two six-month settings over a two-year period. The first is for FFr 200 million at 6% and runs for two years from October 1996 and the second is for FFr 300 million at 6% and runs for two years from January 1997.

Subsequent to the year end the Group entered into a US$200 million interest rate cap at 9.5% until October 2000 and a US$150 million interest rate cap at 9.5% until November 2000.

33 Currency Analysis of Net Assets

After taking into account the various borrowings and currency swaps entered into by the Group, the percentage of net assets by currency of the Group, which totalled £1 187.5 million as at 28 September 1996 (1995 – £1 074.1 million), were:

	1996 %	1995 %
Pounds Sterling	11	11
United States Dollars	41	36
Canadian Dollars	–	4
Australian Dollars	11	12
EU currencies excluding Sterling	20	24
Others	17	13
Total	100	100

34 Changes in Group Interests

The principal changes in Group interests during the year, all of which were accounted for as acquisitions, were:

- on 7 December 1995 Odessa Sugar Company was formed. The Group acquired a 60% interest in return for an agreement to contribute US$15 million over two years.
- in October 1995 Orsan Guangzhou Gourmet Powder Company Limited was formed. Orsan SA (a subsidiary in which the Group has a 50.9% effective interest) contributed FFr76.4 million in return for a 51% interest.
  (Neither of these acquisitions result in cash leaving the Group and accordingly no consideration appears in the table below.)
- on 15 September 1996 R W Patten was purchased for C$8.0 million, plus contingent consideration estimated at C$2.0 million.

The effect of these and other acquisitions was as follows:

	Subsidiaries £ million	Investment in associated undertakings £ million	1996 Total £ million
Net assets acquired			
Tangible fixed assets	13.2	–	13.2
Fixed asset investments	–	20.2	20.2
Working capital	1.0	–	1.0
Minority interests	(14.6)	–	(14.6)
	(0.4)	20.2	19.8
Consideration			
Cash paid	4.4	22.0	26.4
Deferred consideration	–	0.6	0.6
Contingent consideration	0.9	–	0.9
Net borrowings of subsidiaries acquired (including cash and cash equivalents)	1.5	–	1.5
	6.8	22.6	29.4
Goodwill arising on consolidation	7.2	2.4	9.6

There were no material adjustments to book values recorded.

35 Post Balance Sheet Events

There are no material post balance sheet events.

Main Subsidiaries and Investments

at 28 September 1996

Subsidiaries based in the UK	Type of business	Proportion of share capital held %
Amylum UK Limited[2,3]	*Cereal sweeteners & starches*	(63.3) 66.7
Greenwich Distillers Limited	*Alcohol distillation*	(63.3) 100
The Molasses Trading Company Limited	*Holding company*	100
Tate & Lyle Holdings Limited[1,2]	*Holding company*	100
Tate & Lyle Industries Limited[1]	*See below*	100
Tate & Lyle International Finance PLC[1]	*In-house banking*	100
Tate & Lyle Investments Limited[1]	*Holding company*	100
Tate & Lyle Investments (USA) Limited	*Holding company*	100
United Molasses (Ireland) Ltd	*Molasses*	50

[1] Direct subsidiaries of Tate & Lyle PLC.

[2] Tate & Lyle PLC holds directly 78.5% of Tate & Lyle Holdings Limited and 33⅓% of Amylum UK Limited.

[3] Tunnel Refineries Limited changed its name to Amylum UK Limited on 28 October 1996.

Main Operating Units of Tate & Lyle Industries Limited	
Speciality Sweeteners	*High intensity sweeteners*
Tate & Lyle Process Technology	*Sugar technology*
Tate & Lyle Sugars	*Sugar refining*
UM Group, comprising:	
Charles E Ford	*Animal feeds*
FSL Bells	*Animal feeds*
Kentships	*Shipping agents*
Micronized Food Products	*Animal feeds*
Rumenco	*Animal feeds*
Tate & Lyle International	*Sugar trading*
United Molasses	*Molasses*
United Storage	*Bulk liquid storage*
Universal Milling Technology	*Feed mill engineering*

Subsidiaries operating overseas		Type of business	Proportion of share capital held %
Australia	Babinda Sugar Limited	*Raw sugar manufacture*	100
	Bingera Sugar Pty Ltd	*Raw sugar manufacture*	100
	Bundaberg Foundry Engineers Ltd	*Sugar mill engineering*	100
	Bundaberg Molasses Ltd	*Molasses*	100
	Bundaberg Sugar Ltd	*Raw sugar manufacture*	100
	Millaquin Sugar Pty Ltd	*Raw sugar manufacture & sugar refining*	100
	Moreton Sugar Ltd	*Raw sugar manufacture*	100
	Tate & Lyle Holdings (Australia) Pty Ltd	*Holding company*	100
	Tate & Lyle Investments (Australia) Pty Limited	*Holding company*	100
Barbados	Caribbean Antilles Molasses Company Limited	*Molasses*	100
Belgium	Amylum Belgium NV	*Cereal sweeteners & starches*	(63.3) 66.7
	Tameco NV	*Molasses*	100
Bermuda	Tate & Lyle Management & Finance Limited	*Management & finance*	100
	Tate & Lyle Reinsurance Limited	*Reinsurance*	100
Brazil	Tate & Lyle do Brasil Serviços e Participações Ltda	*Sugar trading*	100
Canada	Redpath Industries Limited	*Sugar refining*	100
China	Guangxi Luwu Euro Asia Sugar Company Limited	*Cane sugar manufacture*	(43.5) 65
	Guangxi Napeng Euro Asia Sugar Company Limited	*Cane sugar manufacture*	(43.5) 65
	Orsan Guangzhou Gourmet Powder Company Limited	*Glutamate producer*	(26.0) 51
Denmark	Nordisk Melasse A/S	*Molasses*	100

Main Subsidiaries and Investments

at 28 September 1996

Subsidiaries operating overseas (continued)		Type of business	Proportion of share capital held %
France	Amylum Aquitaine	*Cereal sweeteners & starches*	(63.3) 100
	Amylum France SAS	*Cereal sweeteners & starches*	(63.3) 100
	Orsan SA	*Glutamate producer*	(50.9) 80.4
	Société Européenne des Mélasses SA	*Molasses*	50
	UMT SA	*Feed mill engineering*	100
Germany	Hansa Melasse – Handelsgesellschaft mbH	*Molasses*	100
	Universal Milling Technology GmbH	*Feed mill engineering*	100
Greece	Amylum Hellas S.A. (formerly Biamyl SA)	*Cereal sweeteners & starches*	(62.4) 98.6
Guyana	Caribbean Molasses Company Incorporated	*Molasses*	100
Hong Kong	Tate & Lyle Swire Limited	*Holding company*	67
Italy	Melassa Italiana SpA	*Molasses*	100
Kenya	East African Storage Company Limited	*Storage & distribution*	100
Mauritius	The Mauritius Molasses Company Limited	*Molasses*	66.7
Mexico	Tate & Lyle Mexico SA de CV	*Holding company*	100
Mozambique	Companhia Exportadora de Melaços	*Molasses*	100
Netherlands	Amylum Nederland BV (formerly Zetmeelbedrijven de Bijenkorf BV)	*Cereal sweeteners & starches*	(63.3) 100
	Nederlandsche Melasse Handel Maatschappij BV	*Molasses*	100
	Tate & Lyle Holland BV	*Holding company*	100
	UMT Boxtel BV	*Feed mill engineering*	100
	UMT Deurne BV	*Feed mill engineering*	100
Norway	Tate & Lyle Norge A/S	*Sugar distribution*	100
Portugal	Alcântara Sociedade de Empreendimentos Açucareiros, SA	*Sugar refining*	100
	Tate & Lyle (Portugal) Importaçao e Exportaçao Ltda	*Molasses*	100
South Africa	The Pure Cane Molasses Company (Durban) (Pty) Ltd	*Molasses*	100
Spain	Amylum Ibérica S.A. (formerly Campo Ebro Industrial SA)	*Cereal sweeteners & starches*	(61.4) 97
	United Molasses (España) SA	*Molasses*	100
Sweden	Nordisk Melass AB	*Molasses*	100
Trinidad	Caribbean Bulk Storage and Trading Company Ltd	*Molasses*	100
Ukraine	Odessa Sugar Company	*Sugar refining*	60
USA	A E Staley Manufacturing Company	*Cereal sweeteners & starches*	(90.0) 100
	Domino Sugar Corporation	*Sugar refining*	100
	PM Ag Products Inc	*Animal feeds & molasses*	100
	Staley Grain Inc	*Cereal sweeteners & starches*	(90.0) 100
	Staley Holdings Inc	*Holding company*	(90.0) 92.7
	Tate & Lyle Finance, Inc	*In-house banking*	100
	Tate & Lyle Inc	*Holding company*	100
	Tate & Lyle North American Finance Company, LLC	*Holding company*	100
	Technostaal Schouten Inc	*Feed mill engineering*	100
	TLI Holding Inc	*In-house banking*	100
	United Molasses Inc	*Molasses*	100
	The Western Sugar Company	*Sugar beet processing*	100
Vietnam	Nghe An Tate & Lyle Sugar Company Limited	*Raw sugar manufacture*	(42.0) 70
Zambia	Zambia Sugar PLC	*Raw sugar manufacture*	50.9
Zimbabwe	ZSR Corporation Ltd	*Sugar refining*	50.1

Particulars of other subsidiaries and associated undertakings which are either not material or are dormant will be included in the forthcoming Annual Return.

The percentage of equity attributable to Tate & Lyle PLC is shown in brackets where it is different from the proportion of shares held by Tate & Lyle PLC, its subsidiaries and associates.

There are shareholders' agreements made in September 1988 involving Amylum Belgium NV, CIP (the other shareholder in Amylum Belgium NV and Amylum UK Limited) and Tate & Lyle. These agreements provide for CIP and Amylum Belgium NV to sell, at their options, their minority stakes in Staley, Amylum UK and Amylum Belgium NV to Tate & Lyle. They also provide for them to buy, again at their options, a further 16.67% of Amylum Belgium NV and Amylum UK in which case Tate & Lyle has the option to buy the minority stake in Staley. In all cases the exercise price is fair market value. All of the options will expire together on or after 7 September 2003.

Associated Undertakings		Type of business		Proportion of ordinary share capital held %
Australia	Bundaberg Distilling Company Pty Limited	*Alcohol distillation*		50
	Bundaberg Rum Company	*Alcohol marketing*		50
Botswana	Sugarmark (Pty) Limited	*Sugar distribution*	(16.7)	33.3
Bulgaria	Amylum Bulgaria AD[1] (formerly Tzaramyl AD)	*Cereal sweeteners & starches*	(27.2)	86
Czech Republic	Něměice nad Hanou as[2]	*Sugar beet processing*	(31.4)	62.8
France	Eurolysine SA	*Lysine*	(12.7)	25
Hungary	Hungrana kft[1]	*Cereal sweeteners & starches*	(15.8)	50
	Kabai Cukorgyár Rt[2]	*Sugar beet processing*	(17.3)	34.6
Ireland	Premier Molasses Company Ltd	*Molasses*		50
Italy	Sedamyl SpA	*Cereal sweeteners & starches*	(31.6)	50
Mexico	Almidones Mexicanos SA	*Cereal sweeteners & starches*	(45.0)	50
	Grupo Industrial Azucarero de Occidente SA de CV	*Raw sugar manufacture*		49
Netherlands	Eastern Sugar BV	*Holding company*		50
	Eaststarch CV	*Holding company*	(31.6)	50
Slovakia	Amylum Slovakia spol sro[1]	*Cereal sweeteners & starches*	(31.6)	100
	Juhocukor as[2]	*Sugar beet processing*	(38.2)	76.3
Spain	Compania de Melazas SA	*Molasses*		50
Thailand	Tapioca Development Corporation	*Starch production*	(25.0)	33.3
	United Farmer & Industry Company Limited	*Raw sugar manufacture*		20.4
Turkey	Amylum Nisasta[1]	*Cereal sweeteners & starches*	(22.2)	70
United Kingdom	Agricultural Bulk Services (Bristol) Ltd	*Bulk storage*		50
	Booker Tate Limited	*Agribusiness*		50
	Fletcher Smith Limited	*Agribusiness*		35
USA	Midwest PMS	*Speciality feeds*		50
	Mountain Lake Manufacturing	*Cereal sweeteners & starches*	(45.0)	50

The share capital held is of ordinary shares, except for Bundaberg Rum Company, Mountain Lake Manufacturing and Midwest PMS, which are unincorporated partnerships.

[1] Share capital held by Eaststarch CV.

[2] Share capital held by Eastern Sugar BV.

Shareholder Information

Financial Calendar

Results

1997 Annual General Meeting	30 January 1997
Results for the first six months announced	7 May 1997
Results for full year announced	26 November 1997
1998 Annual General Meeting	3 February 1998

Dividends on Ordinary Shares

1996 final dividend (if approved) paid	4 February 1997
1997 interim dividend declared	7 May 1997
Ordinary shares go ex-dividend	19 May 1997
1997 interim dividend paid	15 July 1997
Proposed 1997 final dividend announced	26 November 1997
Ordinary shares go ex-dividend	8 December 1997
1997 final dividend (if approved) paid	6 February 1998

Preference Shares

6½% cumulative preference shares (Now 4.55% plus tax credit)	Dividends paid 31 March and 30 September
7.25p (net) dividend convertible cumulative redeemable preference shares	Dividends paid 30 November and 31 May

General Information

Share Alternative Scheme

During 1996 the Company offered a share alternative dividend option for the ordinary shares in respect of the dividends paid in February 1996 and July 1996.

The cash equivalent values per new share for tax purposes were as follows:

Final dividend 1995 *(paid 6 February 1996)*	440.0p
Interim dividend 1996 *(paid 16 July 1996)*	461.1p

Details of these share alternative dividends were described in the letters sent to shareholders dated 29 December 1995 and 7 June 1996. Copies of the letters may be requested from the Company Secretary.

Reclaiming Income Tax on Dividends by UK shareholders

Dividends are paid net of tax which is deducted at the rate of 20%. The deduction is shown on the dividend tax voucher as 'Tax Credit'. If your total income is less than your tax allowance you can claim back all the tax from the Inland Revenue. For 1996-97 all UK resident individuals and certain non-UK residents have a tax allowance of at least £3,765. If your income is more than your allowance, only the amount in excess of the allowance is liable to tax. If you think you can make a claim, ask your local Tax Office for leaflet IR110. The address is in the telephone book under 'Inland Revenue'.

Capital Gains Tax

The market values on 6 April 1965 for the purposes of capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary shares of £1 each	*156.25p*
Equivalent value per ordinary share of 25p	*39.06p*
6½% cumulative preference shares (Now 4.55% plus tax credit)	*90.0p*

The market values on 31 March 1982 for the purposes of indexation in relation to capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary shares of £1 each	*201.00p*
Equivalent value per ordinary share of 25p	*50.25p*
6½% cumulative preference shares (Now 4.55% plus tax credit)	*43.50p*

Tate & Lyle American Depositary Shares ("ADSs")

Tate & Lyle ADSs are traded in the United States on the NASD OTC Bulletin Board under the code TATYY. One ADS represents four ordinary shares. Shareholder enquiries may be directed to **Citibank NA, attention: ADR Shareholder Services, 111 Wall Street, New York NY, 10043. Telephone 800 422 2066.**

Corporate Personal Equity Plans (PEPs)

Tate & Lyle General PEPs and Tate & Lyle Single Company PEPs are open to existing and prospective shareholders in Tate & Lyle. Further information concerning Tate & Lyle PEPs is available from the Plan Manager, **Bradford & Bingley (PEPs) Limited, PO Box 1, Taunton Street, Shipley, West Yorkshire BD18 3YR. Telephone 01274 555700.**

Low Cost Share Dealing Service

Hoare Govett Corporate Finance Limited has established a share dealing service which enables investors to buy or sell certificated shareholdings in Tate & Lyle PLC in a simple, economic manner. Basic commission is 1% with a minimum charge of £10. Transactions are executed and settled by Pershing Securities Limited. Details can be obtained from **Hoare Govett Corporate Finance Limited, 4 Broadgate, London EC2M 7LE. Telephone 0171 601 0101.**

Registrar and Transfer Office

Lloyds Bank Plc, Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DA. Telephone 01903 833072. Correspondence should be marked for the attention of the Registrar, Tate & Lyle PLC.

Dividend Mandates

If you wish dividends to be paid directly into a bank or building society account please contact the Registrar at the above address for a dividend mandate form.

Annual Report Further copies of the Annual Report can be obtained from the Company Secretary.

Company Secretary and Registered Office

John R Hunter, Sugar Quay, Lower Thames Street, London EC3R 6DQ. Telephone 0171 626 6525.

Analysis of Ordinary Shareholders	No. of holdings	%	Total shares thousands	%
At 28 September 1996, by size of holding				
Up to 500 shares of 25p each	5 519	20.4	1 448	0.3
501 – 1 000	6 779	25.0	5 176	1.2
1 001 – 1 500	4 571	16.9	5 691	1.3
1 501 – 2 000	2 656	9.8	4 707	1.1
2 001 – 5 000	5 135	18.9	15 714	3.6
5 001 – 10 000	1 138	4.2	7 774	1.8
10 001 – 200 000	1 019	3.8	48 532	11.1
200 001 – 500 000	125	0.5	40 986	9.3
Above 500 000	141	0.5	308 329	70.3
	27 083	100.0	438 357	100.0

Substantial Interests in Share Capital

The following notifications of significant shareholders' interests had been received by 26 November 1996 under the provisions of the Companies Act 1985.

	Number of shares	% of ordinary issued share capital notified
Material interests		
Archer-Daniels Midland Company	29 767 173	6.8
Norwich Union Life Insurance Society	14 554 652	3.3
Non-material interests		
Mercury Asset Management plc	48 350 664	11.0

Share price information

The latest share price information is available on Teletext and also the Cityline service operated by the Financial Times. Calls are charged at 45p per minute cheap rate and at 50p per minute at all other times.

Notice of Annual General Meeting

Notice is hereby given that the ninety-fourth Annual General Meeting of Tate & Lyle Public Limited Company will be held at the Barbican Hall, Barbican Centre, London EC2Y 8DS on Thursday 30 January 1997 at eleven-thirty a.m. for the following purposes:

Ordinary Business

1 To receive the Company's financial statements for the period ended 28 September 1996 together with the reports of the Directors and Auditors thereon and to declare a final dividend on the Ordinary shares of the Company.

2 To re-elect Dr K G G Hopkins, a Director retiring under Article 84.

3 To re-elect Lady Prior, a Director retiring under Article 84.

4 To re-elect Mr S Strathdee, a Director retiring under Article 84.

5 To re-elect Lord Walker, a Director retiring under Article 84.

6 To re-elect Mr A M Yurko, a Director retiring under Article 90.

7 To re-elect Mrs C Piwnica, a Director retiring under Article 90.

8 To re-appoint Coopers & Lybrand as Auditors and to authorise the Directors to set their remuneration.

Special Business

To consider and, if thought fit, pass the following resolution which will be proposed as an Ordinary resolution:

9 To approve the amendments to the Rules of the 1992 Savings Related Share Option Scheme ("SAYE Scheme") contained in the revised Rules of the SAYE Scheme submitted to the Meeting and signed for the purposes of identification by the Chairman, subject to the formal approval of the Board of Inland Revenue and to such modification of those amendments or of the said Rules as the Directors may consider necessary (or as may be consequential thereon) to obtain such approval.

To consider and, if thought fit, pass the following resolution which will be proposed as a Special resolution:–

10 To renew the authority and power conferred on the Directors by Article 11 of the Company's Articles of Association for the period ending on the date of the Annual General Meeting in 1998 or on 30 April 1998, whichever is the earlier, and that for such period:

(a) the Section 80 amount shall be £36,529,772; and

(b) the Section 89 amount shall be £5,479,465.

Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed. Completion and return of the proxy will not preclude a member from attending and voting in person.

By Order of the Board
John R Hunter, SECRETARY
Sugar Quay, Lower Thames Street, London EC3R 6DQ
19 December 1996

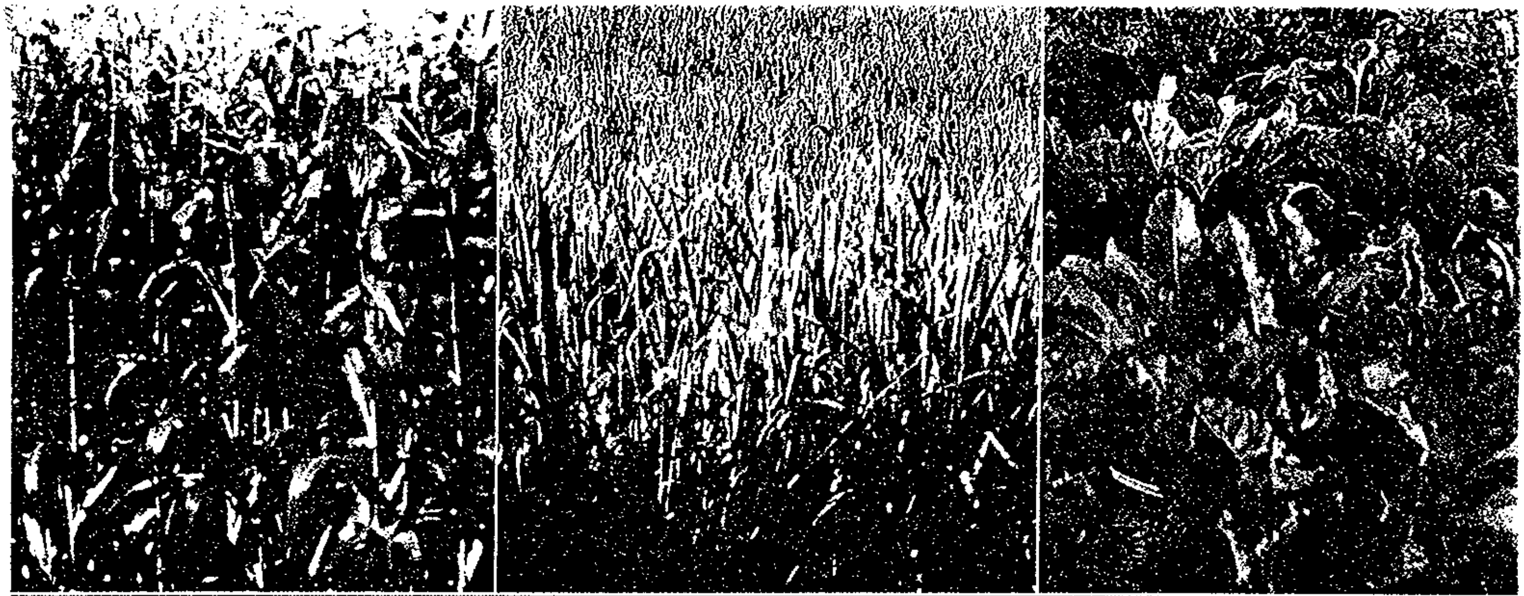
Copies of Directors' service contracts (other than contracts expiring or determinable within one year by the Company without payment of compensation) are available for inspection at the registered office of the Company during normal business hours and on the date of the Annual General Meeting when they will be available at the Barbican Hall from 11.15 a.m. until the close of the meeting.

Key Management

	Executive Responsible
Staley	**L E Luppes**
Americas Sugar Division	**P J Mirsky**
Domino Sugar	E Makin
Western Sugar	T F Chandler
Redpath Sugars	A A Ferrier
Occidente	A Saenz
P M Ag Products	M A Reed
European Division	**J H W Walker**
Tate & Lyle Sugars	C Rutherford
Alcântara	M Vidal
UM Group	T Holderness-Roddam
Central Sugar	S J Mitchell
International Division	**S Strathdee**
Bundaberg Sugar	G E Mitchell
African Sugar	S H Musesengwa
Booker Tate	B Newton
Other	
Speciality Sweeteners	J Hatt
European Sugar Investments	C Laur
Group Executives	
Director, Human Resources	R W Bide
Executive, Chairman's Office	R F Booth
Treasurer	D R Creed
Company Secretary	J R Hunter
Financial Controller	J H Metcalf
Director, Corporate Affairs	D A Tate
Strategic Planner	S Tedbury

The paper used in this annual report uses pulp from fully sustainable forests, is acid free and contains 20% Post Consumer Fibre.

Designed and produced by Pauffley PRL, London
Printed by Wace Corporate Print



A world leader in sweeteners and starches

TATE & LYLE

Annual Report 1996

TATE & LYLE PLC is a **global** sugar, cereal sweetener and starch processing group. The Group is a **world leader** in its chosen field. TATE & LYLE is committed to the growth of the business and the enhancement of shareholder value through constant improvements in **processing** methods, product and market **innovation**, and geographical expansion by acquisition and investment. The Group extends its interests through an international network of subsidiaries, **partnerships** and affiliations.

Around the world

Europe and the Middle East

- The Amylum Group, in which Tate & Lyle has a 63.3% share holding, is a starch and cereal sweetener group, headquartered in Belgium. Using maize and wheat it manufactures in 12 European countries and also produces glutamate in France through its Orsan subsidiary.
- Tate & Lyle Sugars is a major supplier of sugar to Britain's retail and industrial markets and an exporter to other European countries.
- In Portugal, Alcântara supplies more than half the domestic sugar market.
- Odessa Sugar Company operates a cane sugar refinery in Odessa in Ukraine, 60% owned by Tate & Lyle. The Group has a 15% interest in a cane refinery in Jeddah, Saudi Arabia.
- Tate & Lyle has interests in beet sugar businesses in the Czech Republic, Hungary, Slovakia and Spain.
- The UM Group is based in London and operates in 11 European countries.

Africa

- Tate & Lyle has a 50.9% stake in Zambia Sugar, Zambia's only producer, comprising a large cane mill and estate.
- ZSR Corporation, in which Tate & Lyle has a 50.1% stake, is Zimbabwe's sole sugar refiner, and has a one-third interest in a packing station in Botswana.
- The UM Group has operations in Kenya, Mauritius, Mozambique and South Africa. Booker Tate, a joint venture, has management contracts in Kenya, Tanzania, Swaziland, Zambia and Uganda.

North America

- Staley is one of the largest corn wet millers in the US, with annual revenues of over US$1 billion.
- Domino Sugar is the largest US cane sugar refiner, with the leading domestic sugar brand.
- Western Sugar is a sugar beet processor with six plants in the High Plains states.
- Redpath Sugars refines sugar for Canada's food industry and consumers.
- PM Ag Products supplies commercial livestock nutrition products.
- Occidente, in which Tate & Lyle has a 49% holding, owns three Mexican cane mills. The Tate & Lyle Group has a 45% interest in Almex, based at Guadalajara, a leading Mexican corn wet miller.
- The UM Group has operations in Barbados, Canada, Guyana, Trinidad and the US.
- Booker Tate has management contracts in Barbados, Guyana, Jamaica, St Kitts and Belize.

Asia

- In Guangxi Province, China, Tate & Lyle has a 43% interest in two cane mills, and a 9% interest in four others.
- In Guangzhou Province, China, Orsan, the Amylum group's glutamate business, acquired a 51% interest in a large glutamate factory in December 1995.
- In Thailand, Tate & Lyle has interests in a cane miller and a tapioca starch producer.
- The UM Group has a molasses trading subsidiary in the Philippines. Booker Tate has a sugar management contract in Papua New Guinea.
- In Vietnam, a project to construct a new sugar mill and estate is in progress.

Australia

- Bundaberg Sugar based in Brisbane, Queensland, is the largest cane grower and the third-largest cane miller in Australia. It operates six mills, processing six million tonnes of sugar cane annually.
- Bundaberg also refines sugar, distributes molasses, manufactures and sells cane milling equipment and owns 50% of the Bundaberg Rum brand and distillery.

Products

Sugar. A wide range of sugar products for table top and industrial use in foodstuffs and beverages is produced mainly for local consumption. Raw cane sugar is refined at plants in five continents. The Group owns or part-owns factories producing white sugar from sugar beet in North America and Europe. The Group trades in sugar and supplies equipment to the sugar industry.

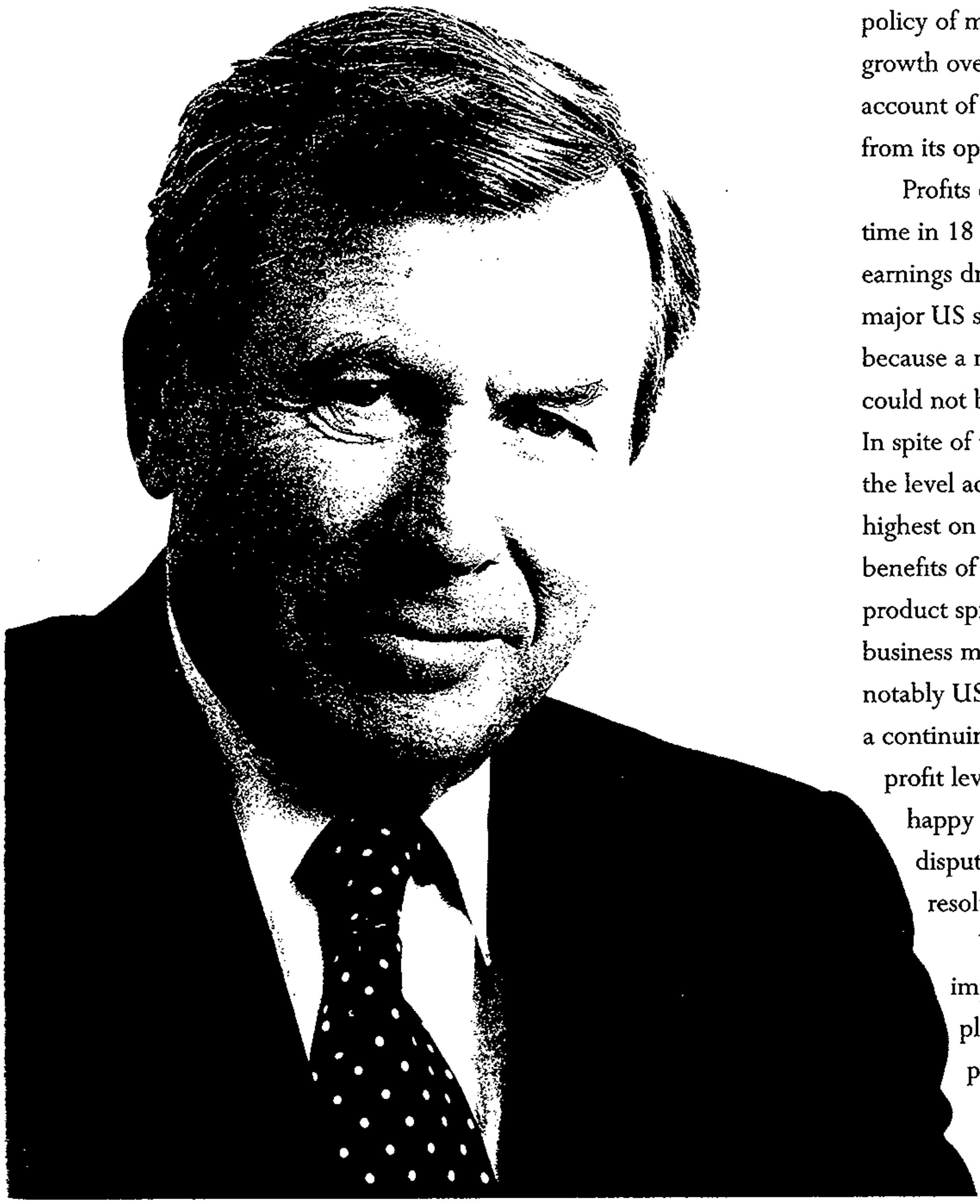
Cereal Sweeteners. Maize ("corn" in the US) and wheat are converted into glucose, starch and products such as maltodextrin, dextrose, fructose, glucose, high fructose corn syrup and potable alcohol. These products are used in the brewing and soft drinks industry, baking and confectionery, fermentation and pharmaceuticals.

Starch. 'Speciality' and 'performance' starches are processed mainly from wheat and maize. Speciality starches are widely used in foodstuffs, for example as fat replacers, whereas performance starches have a wide range of uses in the paper, packaging and building industries. Starch can also be used through fermentation processes to produce ethanol, amino acids and glutamate.

Animal feed and bulk storage. The Group takes every opportunity to add value to the by-products of its main businesses. Molasses, a by-product of the sugar industry, and corn gluten feed and meal, by-products of corn wet milling, are staples for the animal feed industry. United Molasses, PM Ag Products (in North America) and Bundaberg Molasses (in Australia) are major suppliers of solid and liquid animal feed supplements. Bulk storage of molasses, grains and other products is also an important part of the Group's business.

From the Chairman, Sir Neil Shaw

Tate & Lyle's profit before tax was £276.3 million, a reduction of 11% from the previous year. Fully diluted earnings per share fell by 11% from 42.9p to 38.2p. Your Board has recommended a final dividend of 11.7p, bringing the total for the year to 17.0p, an increase of 6%, to be paid on 4 February 1997 to shareholders registered on 17 December 1996.



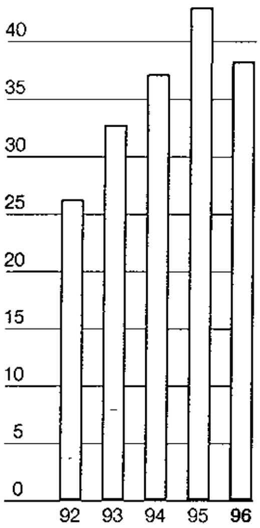
This is the sixteenth consecutive year of dividend increases which have averaged 12% per annum over that time. The proposed increase continues the Group policy of matching dividends to earnings growth over the longer term and takes account of the Group's strong cash flow from its operations, and future prospects.

Profits declined for only the second time in 18 years. This resulted from an earnings drop of over 50% at Staley, our major US sweetener and starch producer, because a record increase in maize costs could not be passed on to the market. In spite of this, Group profits reached the level achieved in 1994 – the second highest on record – demonstrating the benefits of the Group's geographic and product spread. Other parts of the business made good progress, most notably US cane sugar operations, where a continuing recovery from earlier low profit levels is underway. I am also happy to report that the industrial dispute at Staley's Decatur plant was resolved in December 1995.

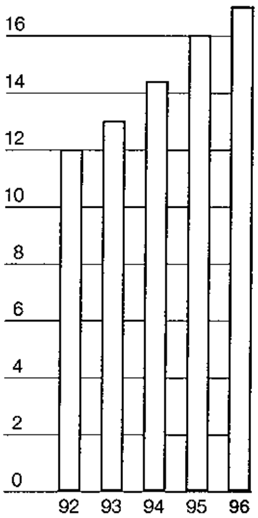
We continued to invest to improve earnings in existing plants. The major ongoing project is the construction of

Financial Highlights	1996 £m	1995 £m
Turnover	**5 160.2**	4 451.6
Profit before interest	**333.6**	365.0
Profit before taxation	**276.3**	311.1
Dividend per share	**17.0p**	16.0p
Fully diluted earnings per share	**38.2p**	42.9p

Fully Diluted Earnings per Share
pence



Dividends per Share
pence



the new wheat starch plant in northern France, announced last year. Altogether total Group expenditure on new plant and buildings was £313 million.

The Group embarked in the early 1990s on a global expansion strategy. Continuing this strategy, £34 million was invested both in acquiring interests in new businesses and in increasing existing stakes. New investments were made in Vietnam, Thailand and the Czech Republic and investments in India and Morocco were announced.

I am very pleased to announce that Mr Larry Pillard, formerly Chief Operating Officer and Group Managing Director, has been appointed Chief Executive of Tate & Lyle PLC with immediate effect. Mr Pillard's expertise in developing and operating manufacturing facilities as well as the commercialisation of new products will greatly benefit the Group's strategy as it develops its global businesses.

It is with great sadness that I record the death of Mr Pierre Callebaut on 12 September. He had been a member of the Board since 1988. Tate & Lyle and the Amylum Group, where he was Chairman, have been partners for more than 20 years. He had, during his lifetime, built Amylum into one of the leading starch and sweetener groups in Europe. He is succeeded by Mrs Carole Piwnica, his daughter, who is now Chairman of Amylum, and who joined the Board as a non-executive director on 2 October. Mrs Piwnica has a legal background, and brings to the Board wide experience of the Amylum Group, of which she has been an executive director since 1991.

On 2 April Mr Allen Yurko, Managing Director and Chief Executive Officer of Siebe plc, was appointed to the Board as a non-executive director. I am delighted to welcome Mr Yurko to the Board. His wide experience at senior levels in a highly competitive international business will be of great benefit to Tate & Lyle.

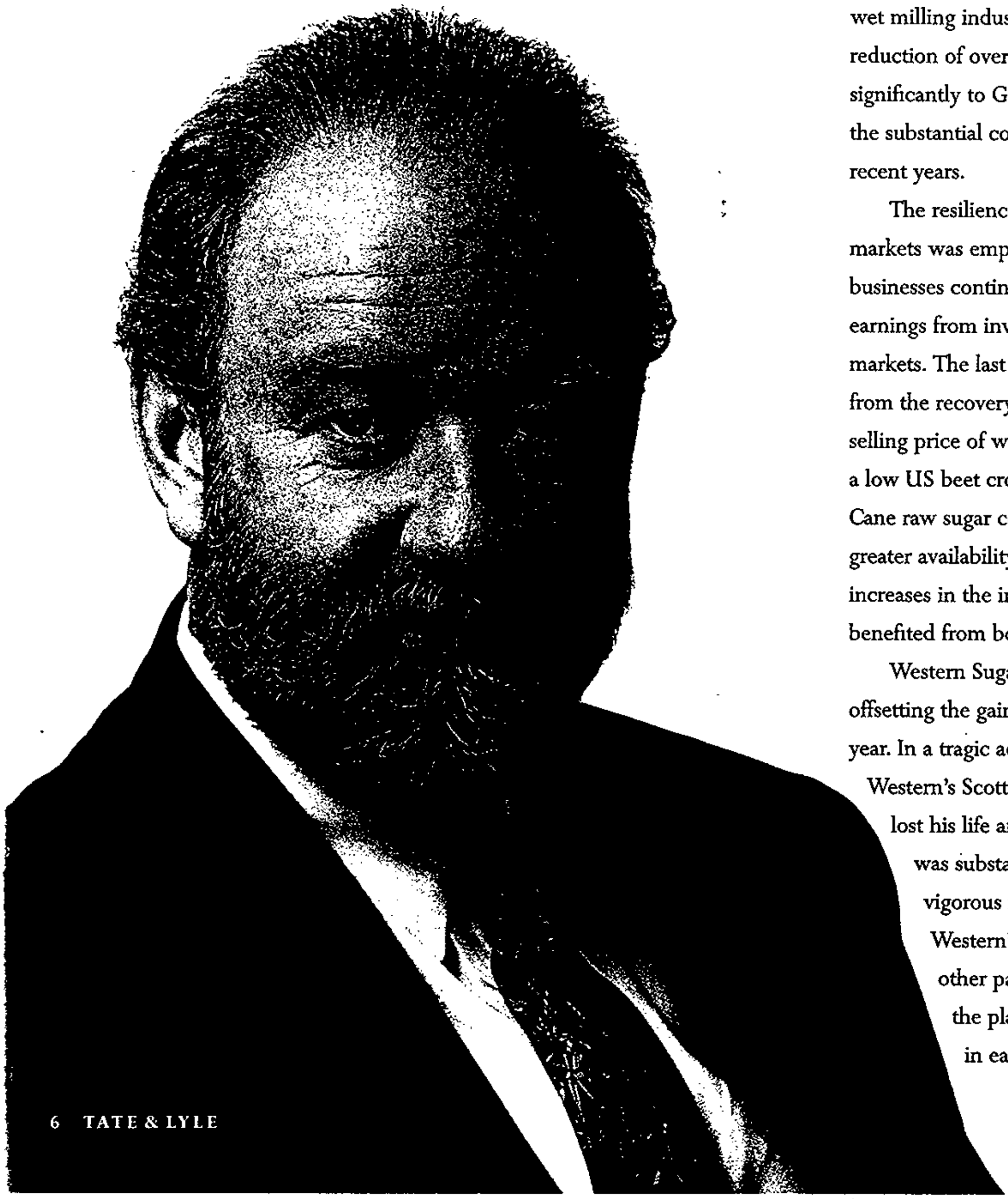
The Group's employees have responded to the challenges of the year with initiative and determination, and we thank those employees and their families for their support.

The investments we are making in expanding international markets, together with the significant improvements we have undertaken in our existing plants will, we are sure, contribute to our continuing long-term growth.

Sir Neil Shaw
Chairman
26 November 1996

From Larry Pillard, Chief Executive

In a challenging year for Tate & Lyle, profit before interest declined 9% to £333.6 million. Turnover rose by 16% to £5,160 million.



Profits were impacted by a downturn at Staley, our US corn wet milling business. Unprecedented raw material costs resulted as corn prices doubled following a low US corn crop. This coincided with new high-fructose corn syrup capacity being introduced and the higher raw material costs could not be passed on to customers, affecting the entire US corn wet milling industry. Even after this earnings reduction of over 50%, Staley still contributed significantly to Group profits, as a result of the substantial cost reduction initiatives of recent years.

The resilience of the Group in developed markets was emphasised with other Group businesses continuing to progress and enhanced earnings from investments in new international markets. The last quarter of the year benefited from the recovery in the US sugar market. The selling price of white sugar increased following a low US beet crop which reduced supplies. Cane raw sugar costs declined following the greater availability of cane raw sugar due to increases in the import quota. Margins benefited from both movements.

Western Sugar's beet supply was reduced, offsetting the gain from higher prices in the year. In a tragic accidental explosion at Western's Scottsbluff factory one employee lost his life and others were injured. There was substantial damage to the plant but vigorous reconstruction efforts by Western's employees, with help from other parts of the Group, meant that the plant was ready to process beet in early October only two months

Tate & Lyle in Europe

Group businesses in the European Union reported another year of good performance but high raw material costs impacted Amylum's results. The Group is investing heavily in new plant, most particularly in Amylum's new wheat starch plant in northern France. Outside the EU the Group continues to invest in beet sugar industries and to improve its existing sugar businesses.

Tate & Lyle Sugars maintained its record of profits growth, mainly through further reduction in the cost base.

The UK sugar market benefited from the recovery in the food manufacturing sector. The more buoyant economy allowed modest margin improvements across the board and sterling remained stable within the EU price mechanism. Export markets remained relatively profitable during the year, with good levels of white sugar premiums.

The UK television advertising campaign featuring Gary Rhodes continues and a fourth television commercial has been produced for the coming year. This campaign is enhancing the positive brand image of "Tate & Lyle".

Under the new EU Sugar Regime which came into effect in July 1995 supply to Tate & Lyle Sugars was increased by 15,000 tonnes per annum.

Thames Refinery processed over one million tonnes in the year, achieving several record weekly outputs, a consistently good performance.

The investment necessary to achieve a reliable, low-cost refinery was reflected in a record £31 million of capital expenditure in the year. The new milling plant is virtually complete and undergoing performance trials. The fifth crystallisation section is being installed, together with a third bulk conditioning silo. Preparation at Thames for the closure of the small refinery in Greenock in 1997 is on time and within budget. Work continues in the recovery house to increase extraction efficiency.

Alcântara Earnings from sugar in Portugal continued to improve. New 1kg packets were launched and a range of traditional speciality sugars introduced. Investment in new equipment for automation and filtration helped to increase productivity further.

Following the GATT negotiations Alcântara was able to secure raw sugar from an increased number of suppliers under a new regime.

European Sugar Investments In Slovakia, **Juhocukor** continued to increase its market share and achieved good results. Improved beet supply in autumn 1996 will enable the company to increase slicing capacity, which is targeted to reach 6,000 tonnes per day within two years. A new 30,000 tonne silo will be commissioned shortly, doubling bulk sugar storage capacity at the factory.

Kaba production was reduced by drought in eastern Hungary. Nevertheless, the company made a profit. It is anticipated that a sugar regime will be enforced soon in Hungary and the government has announced that it will sell its remaining stake in Kaba. The Group has certain pre-emption rights.

Nemcice and **Brodek**, in the Czech Republic, are now managed by Eastern Sugar, after the explosion and in time for the 1996 beet crop. Financial losses were insured, in part with the Group's own insurance subsidiary.

There was continued strong performance in Europe, with increased security of supply to Tate & Lyle Sugars from the new EU Sugar Regime and continued progress at Amylum, our European cereal sweetener and starch business.

The Group has invested £151 million in interests in emerging markets since 1990, including £22 million in 1996. Those interests performed well, contributing £17 million (1995 – £4 million) to profit before interest.

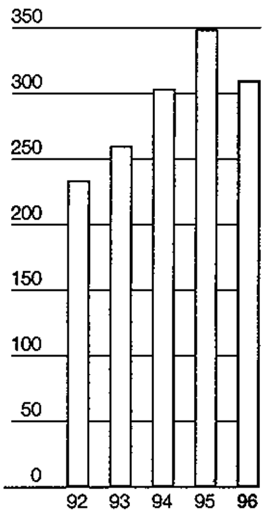
The Group invested significantly in plant and equipment, spending £313 million in the year. Amylum's new wheat starch plant at Nesle, France, was the largest single project, but there was also expenditure at Staley on starch processes at Decatur and Sagamore, feedhouse replacement, dextrose expansion and refinery improvements at Decatur, and, at Tate & Lyle Sugars' London refinery, on new pans, white sugar handling and specialities. Western's strategic cost improvement project was virtually completed in the year, Domino installed a new purification process in the Baltimore refinery and Redpath increased capacity significantly.

I am pleased to welcome Mr Loren Luppes, who joined the Group in March as my replacement as President and Chief Executive Officer of Staley. Mr Luppes most recently held the position of President and Chief Executive Officer of Southern Minnesota Sugar Co-operative. Prior to that he held a wide variety of positions with Cargill, particularly in corn wet milling, over more than twenty years.

In my first year I have been impressed by the enthusiasm, knowledge and energy of employees across the Group. We are fortunate to participate in an ever-changing industry. While we have a long history, the dramatic growth in population and general improvement in global living standards provide tremendous opportunities for the future. With continued focus on serving our customers, both old and new, in more innovative and efficient ways, and with dedicated commitment to being a low cost producer the Group can look forward to continued growth and prosperity.

Larry G Pillard
Chief Executive
26 November 1996

Operating Profit
£million



the joint venture with Générale Sucrière, a leading French sugar producer, and after technical fine-tuning the two factories will in 1996 carry out their largest campaign ever. Following the 1996 crop there will be an oversupply of sugar in the country.

Azucarera in Spain performed well and exceeded its production quota.

Amylum Profit performance at Amylum after adding back the exceptional re-organisation costs in 1995 did not reach the record levels achieved in that year.

Within the European Union the average market prices of maize and wheat, the raw materials used by Amylum, traded at high premiums above intervention price representing an increase of 20% on 1995. Protein prices were lower, including the price of vital wheat gluten which was £100 per tonne lower. In spite of an increase in co-product prices, net maize costs increased and were not fully reflected in selling prices. Industry volume was affected by lower demand for sweeteners caused by poor climatic conditions and by reduced starch demand from the paper industry.

In Central and Eastern Europe margins were affected by higher world grain prices but volumes increased by 20% reflecting the latent demand for sweeteners by the major international customers.

Amylum invested substantially to improve its business. As part of the plan to use an increasing proportion of wheat, Amylum's UK plant converted to wheat and the construction of Europe's largest starch plant at Nesle, France, continued on time and within budget. The plant, which will be capable of processing one million tonnes per annum, will start commissioning in 1997. As a consequence of this project the transfer of starches from Belgium to the Dutch plant commenced and alterations and improvements were implemented at Amylum plants in Spain and Italy. Capital expenditure is planned to continue at a high level in 1997.

Payments were made to complete last year's acquisitions of the starch plant in Turkey and the glutamate business in Guangzhou, China.

In September, Amylum announced plans to investigate a combined heat and power plant at Aalst, Belgium, in joint venture with the local electricity and power company.

UM Group expanded its world-wide operations with further investments. Profits continued to grow in most sectors.

Molasses For most of the year molasses prices have been extremely firm mainly due to buoyant demand in the Far East. A branch office was opened in Korea. A substantial exportable surplus in India has subsequently put prices under pressure.

Engineering Universal Milling Technology (UMT) has experienced difficult trading conditions in Europe.

Sugar Trading Tate & Lyle International continues to expand its operations, but encountered challenging conditions in Russia.

Bulk Storage Investment in additional bulk storage capacity expanded UM Group's operations. UM Canada increased capacity for vegetable oil storage at its Hamilton, Ontario, site. Premier Molasses, in Ireland, invested in new molasses storage and bulk liquid storage in Cork. Tankage capacity was expanded in Cape Town, South Africa; Mombasa, Kenya; and at Hull in the UK. The new plant for the storage and blending of lubrication oils at Hull, completed last year, performed well.

Speciality Feeds Rumenco and FSL

Bells are the leading suppliers in the UK of specialised feed supplements. The division had a good year. In August Rumenco acquired Preference Products, in Ireland, which manufactures a range of minerals, magnesium liquids, poured blocks and silage preservatives.

Central Sugar This new division was formed to look after Tate & Lyle's activities in Ukraine and other former Soviet Union countries, and the Middle East.

The Group's subsidiary **Odessa Sugar Company** owns and operates a 250,000 tonne capacity sugar refinery based in Odessa in Ukraine. The refinery supplies high quality sugar, primarily for industrial customers, which is not available from other suppliers in the former CIS countries in significant quantities.

Difficult trading conditions caused by a sharply declining sugar price in Russia, an important market for the Odessa refinery, were aggravated by a very high local energy cost for most of the year. Operation of the refinery became uneconomic and it was closed for five months. Successful re-negotiation of the energy costs in the summer enabled the refinery to operate on a more competitive basis thereafter.

The **United Sugar Company**, in which the Group has a 15% stake, is building a 500,000 tonne cane refinery in Jeddah. The refinery is nearing completion and is expected to start melting sugar next spring. Booker Tate will be involved in the operation of the refinery in the early years through a management contract, and Tate & Lyle International will play an active role in supplying raw sugar.

Tate & Lyle in North America

The high cost of maize combined with newly-increased capacity in the industry, not yet absorbed by demand growth, to reduce margins in corn wet milling severely. Recovery in the North American sugar market following recent legislation and a lower beet crop partly offset the setback in cereal sweeteners and starches.

Staley Record high corn costs in 1996 reduced margins and offset gains made in recent years through manufacturing operation improvements and cost reduction efforts. Staley continued to strengthen its position through investment, operational improvements and the pursuit of new technologies in areas such as fermentation.

In late December 1995, a 30-month labour dispute at the Decatur plant ended. Members of the UPIU Local 7837, the union branch involved, voted to accept the company proposal, and individually elected either to return to work or to accept enhanced severance payments or retirement packages. 146 union members elected to return to work, with replacement workers filling the remaining positions. The transition was smooth and production at the Decatur plant continues at record levels with fewer workers in the plant. Ratification of the new 45-month contract provided excellent wages and benefits for Decatur plant employees, all of whom continue to be represented by the union. The new contract allows the Company to operate the Decatur plant more efficiently so that it can compete effectively with other corn wet milling operations.

In April, Staley announced an agreement, not yet completed, to purchase 20% of Bharat Starch, the third largest starch company in India, which produces corn syrup, modified starch, refined corn oil and sorbitol at plants in Yamunanagar and Pondicherry. The company is also close to completing a 20,000 tonne citric acid plant at Baroda.

Plans for an expansion of polydextrose production at the Decatur plant are underway, increasing the capacity from 2,250 tonnes to a potential 45,000 tonnes per year. Staley research and manufacturing groups have made significant breakthroughs in the cost of producing polydextrose, and have developed a much improved third generation product that will be marketed under the STA-LITE® III brand name. Primary markets for polydextrose are frozen dairy desserts, salad dressings, candy and confections, and baked products.

Expansion at the Sagamore and Lafayette South, Indiana, corn wet mills was completed during the year, increasing high fructose corn syrup capacity by 450,000 tonnes per year and modified starch capacity by 140,000 tonnes per year.

Investment in Staley plants continues, chiefly at Decatur on starch processes, feedhouse replacement, dextrose expansion and refinery improvements, and also on the starch process at Sagamore.

At Almex, the joint venture corn wet milling business based at Guadalajara, high fructose corn syrup was produced in Mexico for the first time. Losses were incurred due to the high price of imported maize and commissioning costs.

Employee involvement in Staley's safety programme continued to be excellent, and contributed to safety goals being met. This year's Flagship Award was shared between the potato starch manufacturing plants in Murtaugh, Idaho and Houlton, Maine, in recognition of achieving the best safety record of all Staley sites during 1995.

Staley celebrated its 90th anniversary during the year, and looks forward to continuing the tradition of leadership set in the first 90 years of business into the next century.

Domino Sugar benefited from improved capacity utilisation as volume increased following the acquisition of Supreme Sugar in 1995, the shortage of beet sugar after a low 1995 beet crop, and a strong export market.

The reduction in beet sugar availability also caused selling prices to increase and, in addition, the cost of raw sugar declined as the US Department of Agriculture improved the administration of the import quota. More stability in the raw sugar market is expected as the Department has adopted a new method of setting the quota based on the stock-to-use ratio.

A new carbonatation (purification) process was installed in the Baltimore, Maryland, refinery in an ongoing investment programme.

Domino began a major project to replace and expand management information systems. This project will result in significant cost savings and improved customer service.

Western Sugar Unfavourable growing conditions resulted in the smallest crop in Western Sugar's history. Nevertheless, strict cost reduction activities resulted in a reasonable performance and also positioned the company to be a low cost producer for the foreseeable future. Tragedy struck in July when an accidental explosion at the Scottsbluff factory resulted in a fatality, several injuries to employees and caused substantial damage to the plant. After vigorous reconstruction efforts the plant was in production for the autumn campaign and will be entirely rebuilt by the summer of 1997.

Redpath Sugars Results from Redpath Sugars in Canada were considerably improved. Work on the refinery expansion announced in December 1995 is progressing well with completion expected early in 1997. Sales volume was up by 25% as a result, following a sales growth strategy designed to capture additional volume and to grow nationally. Forward sales bookings have been made which will ensure a further 25% volume growth for 1997.

Redpath benefited from the resolution of the dumping case, restricting low-priced imports from the US.

In September, Redpath purchased R W Patten Distributors, a major producer of dry blends for export to the US.

Occidente Occidente's three mills in Mexico produced 285,000 tonnes of refined sugar during the 1995/96 crop, a 7% increase, following a 12% increase in the preceding year. Occidente's production represented 7% of Mexico's total sugar production of 4.4 million tonnes and 15% of refined production. Sugar production in Mexico exceeded domestic consumption for the second consecutive year leading to exports of over 500,000 tonnes. Occidente's 24,000 tonnes of exports were marketed with the assistance of other Tate & Lyle companies.

Margins improved in Mexico, producing good results for Occidente in its first full year with the Group. The Mexican peso dropped only 19% over the year against the US$, mainly in October and November 1995, compared with a 27% rate of inflation during the same period.

PM Ag Products completed an eleventh consecutive year of earnings growth, with newer activities contributing strongly to performance. Sales of mixed grain feeds to commercial dairies were good, led by O H Kruse Grain & Milling, acquired in1995. Kruse serves the central and southern California dairy market with mixed grain and commodity feeds.

The Liquids Division enjoyed its best year, with strong sales to beef feedlots. Sales of liquid products to other feed manufacturers were also strong. Molasses and related feed ingredients competed effectively against high-priced grain products.

Sales of Sweetlix blocks were impaired by drought during 1996, which left pastures unsuitable for Sweetlix products. A new, full-line block plant was completed in Fort Worth, Texas, improving service to the country's largest cattle market.

Vigortone's sales of vitamin mineral supplements for on-farm feed production were also impacted by external conditions. A poor harvest combined with strong demand for feed grains raised grain prices to new record highs. Grain storage on farms was quickly exhausted. Pig farmers, one of Vigortone's primary markets, were forced to purchase feed at compound mills because of the lack of grain, instead of employing Vigortone's premix. Vigortone completed construction of a new premix plant in Texas, designed to serve dairy and beef markets in the southwestern states.

Tate & Lyle International Division

An increase in cane crushed in Australia and good volume growth in sugar in a number of markets helped to underpin the Group's continuing expansion into new markets.

Bundaberg Sugar A 10% increase in cane tonnage crushed and higher sugar production at Bundaberg's six mills offset the impact of lower world raw sugar prices. Harvesting of the 1996 season cane crop has been assisted by dry conditions and is well advanced, benefiting 1996 profits but reducing the proportion of the 1996 crop crushed in the 1997 financial year.

A proposal to construct a new mill west of Cairns in north Queensland is progressing well. This would be the first new mill constructed in Queensland in more than 70 years. Local growers have applied for 11,000 hectares of land to be assigned to the new mill.

White sugar sales increased 30% over the last year. The heavily over-supplied domestic market remains very competitive and the increase is largely attributable to export sales.

The animal feed industry in Australia has experienced heavy competition in export markets and molasses sales have been constrained.

Bundaberg Foundry and Bundaberg Rum Foundry-engineered products remain in demand from sugar industries in Australia and the Far East. However forward inquiries are reducing with lower world sugar prices.

Rum sales continued to grow reflecting the successful marketing of new products under the "Bundaberg" brand, the leading Australian spirit brand.

Zambia Sugar, bought in 1995, outperformed initial expectations and contributed significant profits. The record 1995 crop, 150,500 tonnes, was sold as white sugar to domestic and local export markets and, for the first time, a cargo of raw sugar was sent to Europe under the Special Preferential arrangements of the European Union.

Recent investment is reflected in the increased 1996 crop, estimated at 165,000 tonnes. Continued investment is planned, with a target of over 200,000 tonnes by the year 2000. Yields of cane per hectare have improved by 15% over four years.

ZSR Corporation A delay to the start of the local milling season led to the import of 27,000 tonnes of raw sugar at extra cost. Consequently, the selling price in Zimbabwe increased significantly, resulting in a 4% decline in consumption. This was more than offset by strong performance in regional export markets.

A new paper-packaging machine was commissioned at Bulawayo Refinery in August. Consumers are now offered a choice of either plastic or paper packets.

The Harare Refinery modernisation programme is scheduled to be completed by December 1996. At a cost of Z$160 million (£11 million) the programme increases ZSR's production capacity from 140,000 to 200,000 tonnes annually.

Once again, the Botswana joint venture packaging and distribution company performed beyond expectation.

Asian Cane Sugar Trading conditions in Guangxi, China, where **Tate & Lyle Swire** controls two cane mills, were difficult and the business made losses.

Government-controlled raw material costs and an oversupply caused by imports squeezed sugar industry margins. Prices fell by 25% from their peak a year earlier whilst cane costs rose by over 50%. Margins are now improving as market prices rise and the Government acts to control sugar imports.

Tate & Lyle's minority investment in **East Asia Properties** which controls four sugar factories in the same province of Guangxi fared better, having the benefits of economies of scale. Guangxi Province is targeted as the main producer of sugar in the People's Republic of China, with output planned to increase to three million tonnes by the year 2000. This will be achieved only if industry economics improve. Factories in both investment groupings continue to be expanded.

A joint venture, **Nghe An Tate & Lyle**, was formed to build a cane mill in Nghe An province, Vietnam, to produce 83,000 tonnes of sugar annually. Tate & Lyle's co-investors are its Thai partners, the Mitr Phol Group, the Vietnam Fund and the local, government-owned Nghe An Sugar Company. Vietnam has a large sugar deficit and sugar is identified as one of the key growth economies of the region. The factory is scheduled for completion in 1998.

In Thailand Tate & Lyle increased its stake in the **UFIC Group**, majority owned by Mitr Phol, from 15.4% to 20.4%. Tate & Lyle was one of the original investors in this project, which now consists of two sugar factories and one particle board factory. The combined annual output of sugar is 400,000 tonnes, with plans to expand further.

Tate & Lyle Process Technology Business activity increased in all product sectors. Technical services were provided to the Group's new operations in China, Mexico and Ukraine. A UK-based instrumentation company was acquired and a new Mexican office was opened. Sales to former Soviet Union countries increased.

Booker Tate maintained its profit performance despite suffering from extreme weather conditions in the Caribbean and from mechanical faults with new equipment at Mumias in Kenya. To offset these disappointments: Swaziland is now recovering from its long drought and replanting should ensure a good crop in 1996/97; Barbados has made great strides and the sugar industry there will make a profit for the first time for many years; and the Belize sugar industry achieved record output.

Tate & Lyle's Other Businesses

Speciality Sweeteners In Canada, sales of sucralose as an ingredient increased and the retail product under its SPLENDA brand name consolidated its position as the leading low-calorie granular sweetener. First sales of sucralose were achieved in Russia and Romania. Approval for the sweetener was granted in China, Argentina, Brazil and several countries in the Middle East. Investment in low cost manufacturing technology has continued with excellent results. Work continues on the regulatory process in the US, Europe and the emerging markets of the Far East.

Tate & Lyle Reinsurance The Group's Bermuda captive reinsurance company carries the first US$10 million of annual aggregated Group property and business interruption risk. Because of the explosion at Scottsbluff this limit was reached in 1996, with the Group's outside insurers bearing the balance of the claim.

Despite this exceptional event, underwriting profit in other areas combined with good investment performance produced a satisfactory profit and the company continues to write profitable third party insurance within strictly controlled exposure limits.

Tate & Lyle in the Community

This year, the Corporate Affairs Committee of the Board decided to focus the Company's educational support on literacy in the UK. There has been increasing evidence that achieving standards of literacy from an early age is one of the most significant contributors towards later success in educational attainment. This has also been the experience of the Company in its work with local schools in the inner city areas where our main operations are sited.

Consequently, we have become a contributor to the National Literacy Trust, set up in October 1993 to enhance literacy standards in the UK. The Company is sponsoring the Trust's recently announced initiative 'Reading is Fundamental', launched in June, to improve literacy amongst children and adults, and based on the successful RIF Programme which has been running in the United States for 30 years. The project aims to provide books for young people at no cost to them or their families, and encourages parents to become involved with their children's reading. Sports personalities have added their support to the programme, and projects will be run by schools, community centres, libraries and sports clubs.

In parallel with this, the Company is supporting a reading project in the London Borough of Newham, where educational attainment, though improving, is still held back by standards of literacy. We are working in conjunction with the Local Education Authority and the Education Business Partnership. A co-ordinator has been appointed, and a programme set up in ten primary schools in the Borough, which will continue over a period of years so that the success of various initiatives can be tracked into secondary schools and the most effective ways of improving literacy can be identified. The Company is also a corporate sponsor of the Royal Society of Arts 'Campaign for Learning' whose aim is to encourage a culture of learning in the UK.

Also in the education field, the scholarships at Cambridge University, jointly funded by the Foreign & Commonwealth Office, Tate & Lyle and the Cambridge Commonwealth Trust, have been extended for a further seven years to cover scholarships offered to students from other selected developing countries. The first scholarships under this new scheme were awarded in October 1996 to scholars from Philippines, Hungary and Ukraine, while the Commonwealth Scholarships were awarded to candidates from Jamaica, Trinidad and Zimbabwe. The previous programme has run successfully for 12 years, bringing 88 scholars from African, Caribbean and Pacific countries to Cambridge.

This year was the 75th anniversary of the creation of Tate & Lyle PLC from the companies originally set up by Henry Tate and Abram Lyle. It was commemorated by a gift from the Company of £75,000 to the Royal British Legion, whose 75th birthday also fell in 1996, in order to help them launch their 'LegionLine', which offers telephone advice to the 16 million members and dependents linked to the Legion. This has got off to an excellent start, after its launch by Gary Rhodes in May.

The Company has agreed to give a significant donation toward the Appeal by the Royal Botanic Gardens, Kew for their Millennium Seed Bank. As a company firmly rooted in the agricultural business, we recognise the importance of ensuring the conservation of the world's plant seed species, and are pleased to be working with such an eminent internationally recognised institution as Kew.

Community activities continue in all our operating units abroad. For example, in Zimbabwe, the Gold Star scholarship scheme introduced in 1990 has to date enabled 43 children of employees to stay at school to 'A' level equivalent, and of these, seven have gone on to graduate. There are similar scholarship schemes run at plants in North America through the National Merit Programme.

Kaba, in Hungary, have given support to a state run orphanage, whilst Bundaberg sponsored a youth football team on a tour of Europe. In Vietnam, where we have recently entered into a joint venture, we helped the local authorities following a major flood.

During the year, the Group spent £1.6 million in total on community and charitable activities, of which £0.8 million was spent in the UK.

Our
Business

Our
People

Our
Future

Tate & Lyle is focused on its core business of sweeteners and starches. With a wide geographic and product spread, with strong positions in established markets, with key investments in new markets, with a commitment to continued manufacturing process improvements and with its network of local partnerships, the Group is well positioned to capitalise on the growth potential of its global industry.

Europe – Sugar

France, Portugal and the UK are the three European Union countries with cane raw refining industries. Tate & Lyle subsidiaries in the UK and Portugal each supply about half the market in their respective countries.

Europe – Starch and Cereal Sweeteners

The Amylum group is the second largest in Europe. Both in cereal sweeteners and in starches, Amylum has a significant share of the European Union market. Through continued integration of production and marketing, Amylum has made the transition from a collection of national businesses to a pan-European supplier.

Turnover by Market

UK 16%

Other Europe 24%

USA 36%

Rest of the World 24%

Our Business

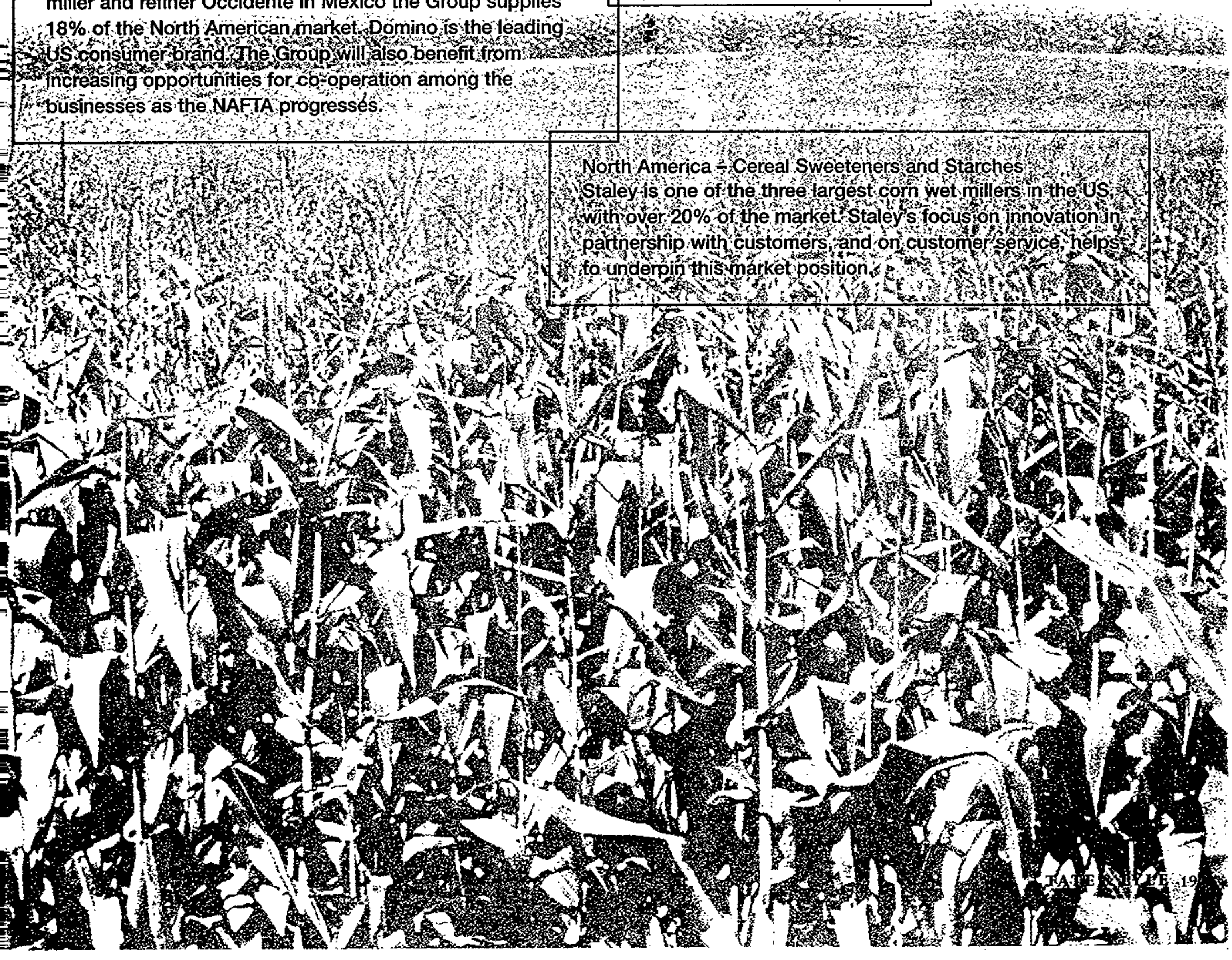
Established markets

In all its markets the Group aims to establish a **strong** market position, so that **economies of scale** can drive down the cost of production and improve **customer service**.

Africa
The Group's established businesses in Zimbabwe and Zambia each dominate their national white sugar market, competing only with imports and brown sugars.

North America – Sugar
With cane refiners Domino in the US and Redpath in Canada, beet sugar producer Western in the US and cane miller and refiner Occidente in Mexico the Group supplies 18% of the North American market. Domino is the leading US consumer brand. The Group will also benefit from increasing opportunities for co-operation among the businesses as the NAFTA progresses.

North America – Cereal Sweeteners and Starches
Staley is one of the three largest corn wet millers in the US, with over 20% of the market. Staley's focus on innovation in partnership with customers, and on customer service, helps to underpin this market position.



Our Business

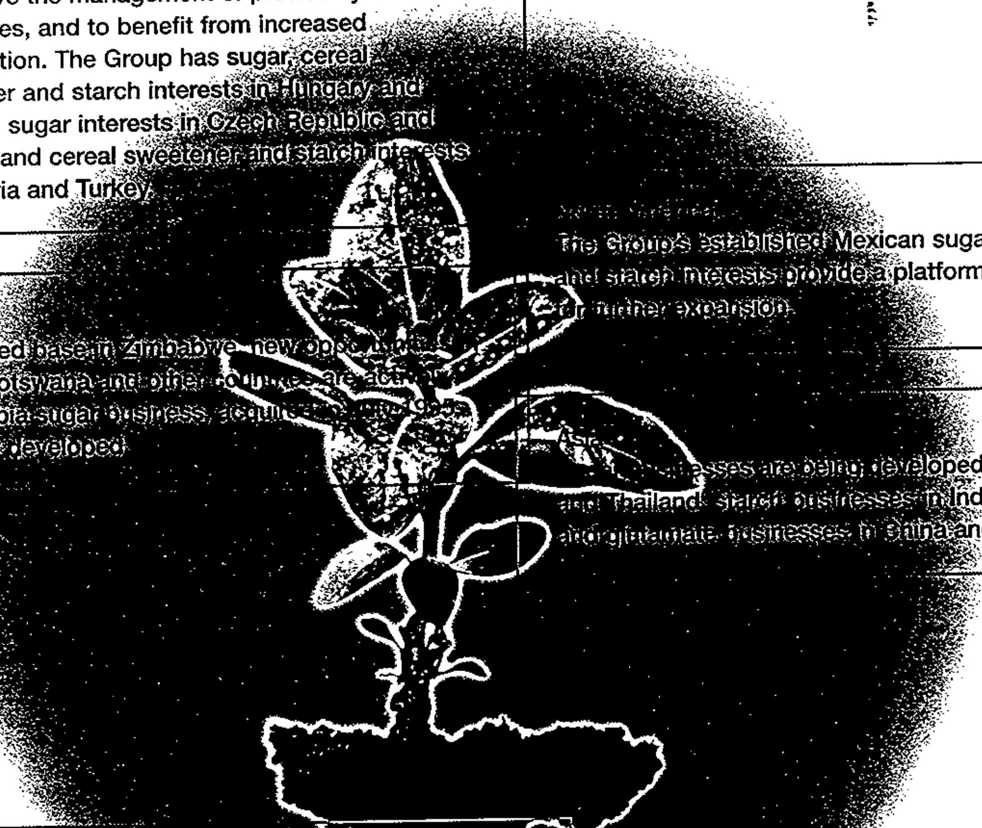
New markets

As industries are privatised in post-communist countries, as import barriers are reduced under the influence of GATT and of regional trading blocs and as, most importantly, consumers in rapidly-growing countries become able to afford more food, new markets open up.

The Group has footholds in many such markets and is actively seeking others.

Europe

Central and eastern Europe provide opportunities to improve the management of previously state-run enterprises, and to benefit from increased liberalisation. The Group has sugar, cereal sweetener and starch interests in Hungary and Slovakia; sugar interests in Czech Republic and Ukraine; and cereal sweetener and starch interests in Bulgaria and Turkey.



[illegible]

The Group's established Mexican sugar and starch interests provide a platform for further expansion.

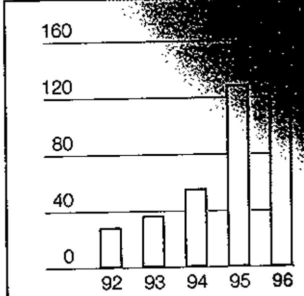
Africa

From the established base in Zimbabwe, new opp[illegible] Kenya, Namibia, Botswana and other countries are acti[illegible] pursued. The Zambia sugar business, acquire[illegible] is being vigorously developed.

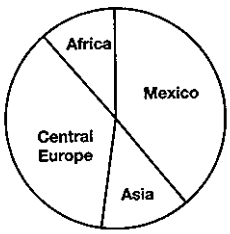
Asia

[illegible]esses are being developed in China, Vietnam and Thailand; starch businesses in India, and Thailand; and glutamate businesses in China and Vietnam.

£m – Cumulative



Investment since 1990 – £151m



Mexico £59m

Asia £20m

Central Europe £55m

Africa £17m

Geographic & product spread

The Group's geographic spread, **across five continents**, is complemented by the diverse spread of products illustrated below. This illustrates both products sold **direct to the public** by our businesses, and also some of the end-products of our main **industrial customers**.

High Fructose Corn Syrup
The main sweetener used in non-diet soft drinks in the US is high fructose corn syrup.

United States of America
Domino's granulated sugar, believed to be the biggest selling grocery item (in units) in the US.

Glutamate
This effective food flavouring is used in a variety of foods world wide.

Mexico
A new sugar bag from Occidente, to supply the rapidly-expanding grocery market.

Golden Syrup
The familiar Lyle's Golden Syrup tin, which dominates the retail syrup market in the UK, and is sold all over the world.

Splenda
Sucralose is sold in this 'spoon-replacer' packet, on sale in Canada.

Confectionery
Sugar is the main ingredient of a wide range of confectionery products. Corn sweetener is also an important ingredient.

Paper Manufacturer
Starches act as a binder or finishing agent for paper.

Australia
Bundaberg's granulated sugar packet relaunched in 1993.

Hungary
Another recently-launched packet sugar, this time from Kaba, our beet factory in Hungary.

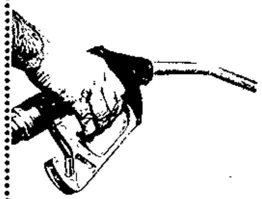
Animal Feeds Supplements
PM Ag Products animal feed business sells liquid nutritional supplements to US farmers under the 'Loomix' label.

UK
Tate & Lyle's familiar caster sugar packet, indispensable to home baking.

Fat-replacer
Starch-based fat replacers are used in lower-calorie salad dressings.

Zambia
Zambia sugar packet sales are increasing as production increases to meet good demand.

Ethanol
Starch slurry is fermented into ethanol, a 'green' alternative to petrol.

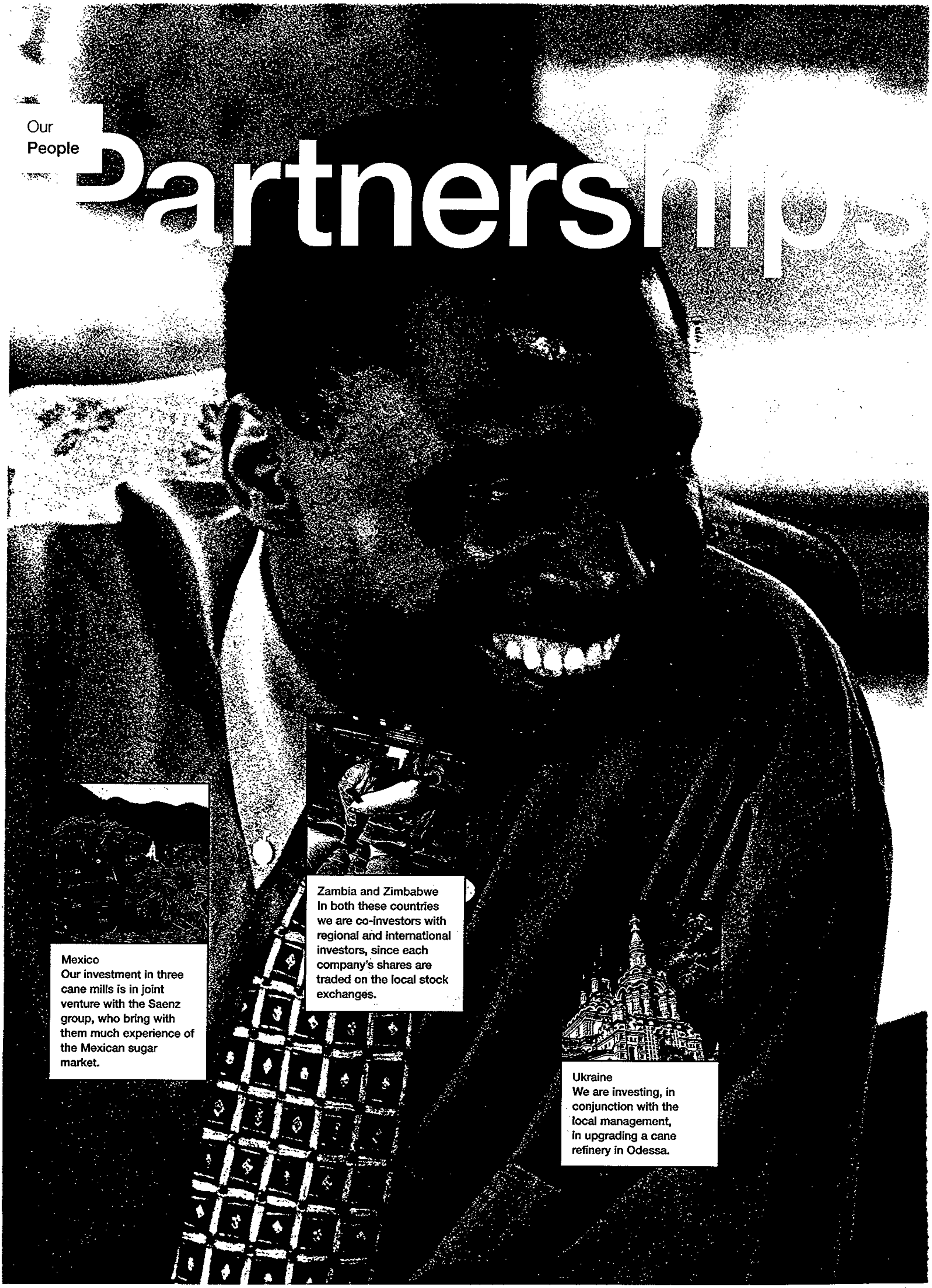


Corn gluten feed
A valuable by-product of the US corn wet milling industry, used for animal feed.

Bundaberg Rum
The best-selling domestically-produced spirit in Australia expanded its leading position under Group part-ownership.

China
Sugar produced from cane, in Guangxi province, in the south of China.

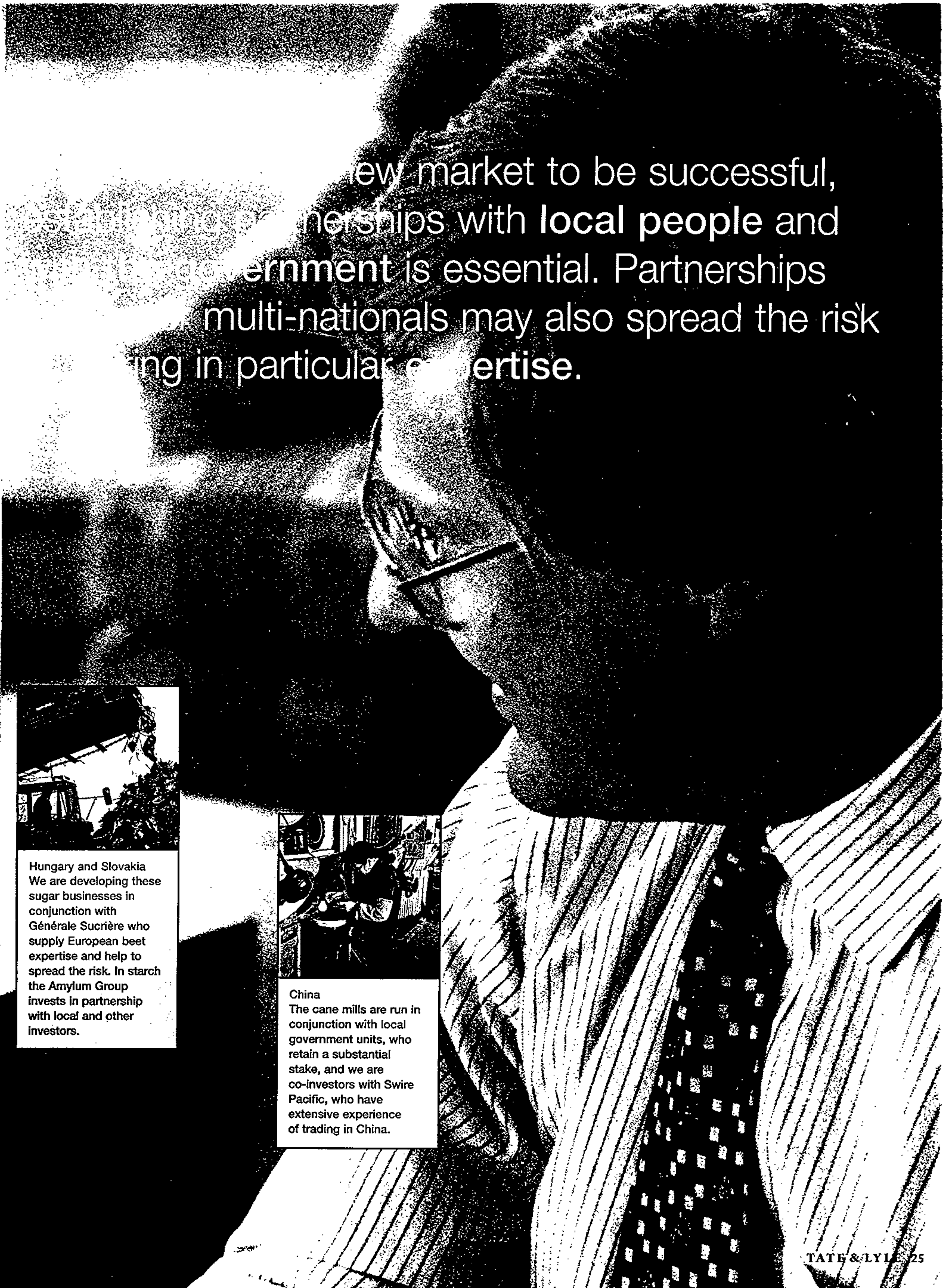
Partnerships



Mexico
Our investment in three cane mills is in joint venture with the Saenz group, who bring with them much experience of the Mexican sugar market.

Zambia and Zimbabwe
In both these countries we are co-investors with regional and international investors, since each company's shares are traded on the local stock exchanges.

Ukraine
We are investing, in conjunction with the local management, in upgrading a cane refinery in Odessa.

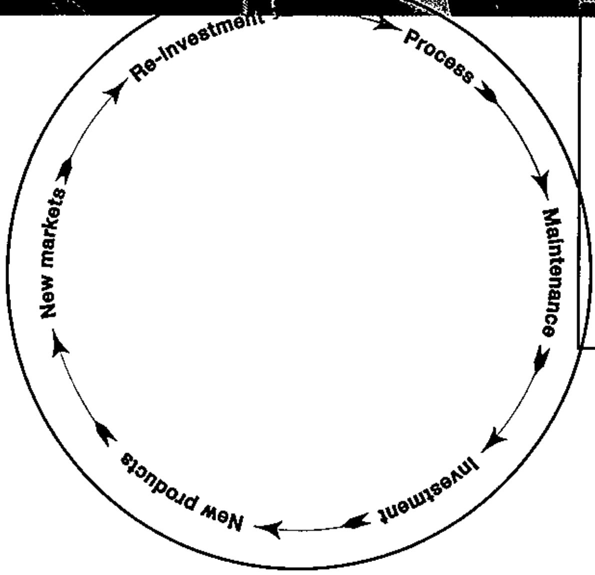


...ew market to be successful, ...nerships with local people and ...ernment is essential. Partnerships ... multi-nationals may also spread the risk ...ing in particular ...ertise.

Hungary and Slovakia
We are developing these sugar businesses in conjunction with Générale Sucrière who supply European beet expertise and help to spread the risk. In starch the Amylum Group invests in partnership with local and other investors.

China
The cane mills are run in conjunction with local government units, who retain a substantial stake, and we are co-investors with Swire Pacific, who have extensive experience of trading in China.

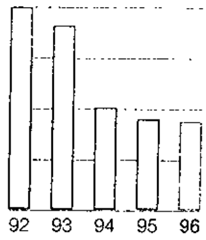
Continued **prosperity** depends on continued reductions in the cost of our processes. This is achieved by **reinvesting profits** in new plant, by **continued attention** to operating methods and by concentrating activities in larger plants to capture **scale economies.**



Nesle
The new wheat starch plant being constructed at Nesle in France, next to Orsan's existing glutamate factory, will be able to process 1 million tonnes and will concentrate some of the production from Amylum's many European plants, away from the city centre constraints of the older plants.

Brooklyn, Baltimore and Chalmette, Domino's three large factories, refine cane sugar, and have the largest annual capacity in the US.

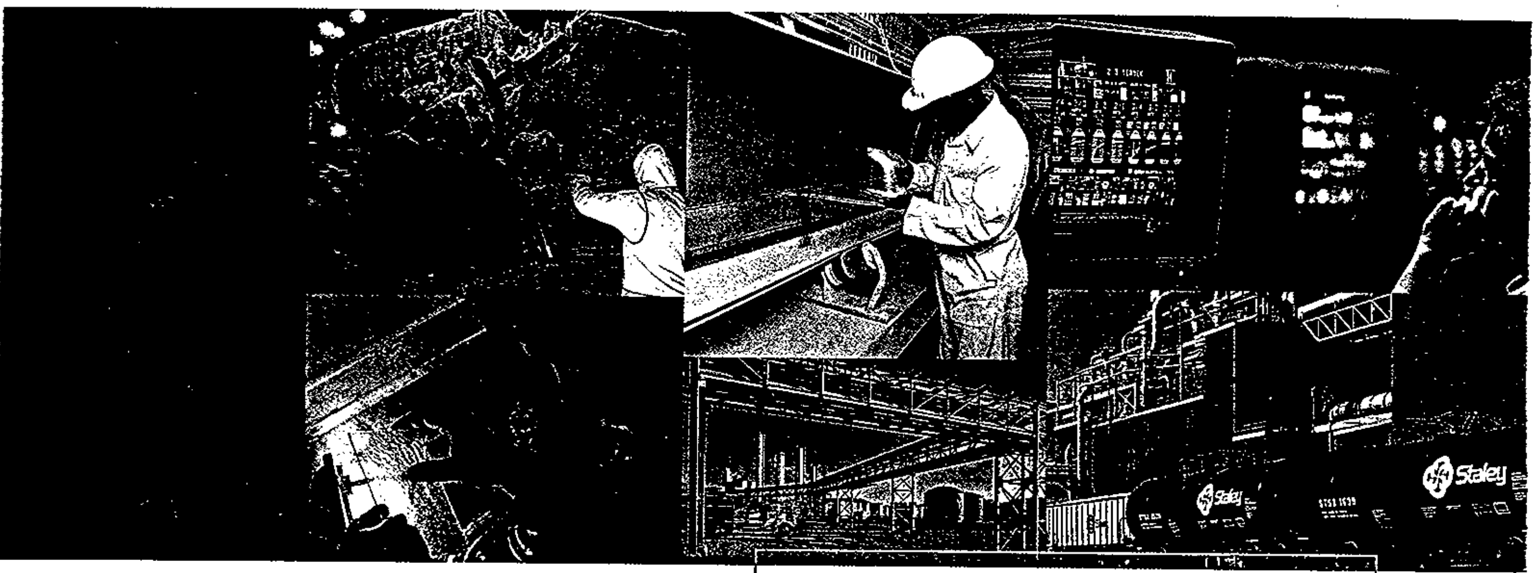
Large efficient continuous modern plants.



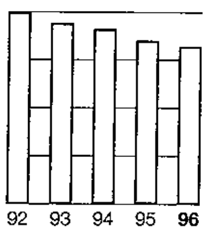
Labour costs per bushel at Decatur. 1992 = 100.

Decatur
Staley's biggest plant in Decatur, Illinois, is being upgraded, with substantial investments in new equipment. Well-situated in relation to markets and corn supply, the plant has been an important source of starch products since 1906.

These photographs show activities of Tate & Lyle companies around the world, including bulk storage, molasses distribution, cane harvesting, warehousing, laboratory work, starch processing, food testing, sugar refining, process control and corn wet milling.



Thames Refinery
Tate & Lyle Sugars' major London factory at Silvertown in the East End of London is believed to be the world's biggest refinery in terms of output. Operating continuously, the factory produces over a million tonnes of sugar in a year. This will rise by a further 130,000 tonnes when the small Scottish refinery at Greenock closes in 1997.



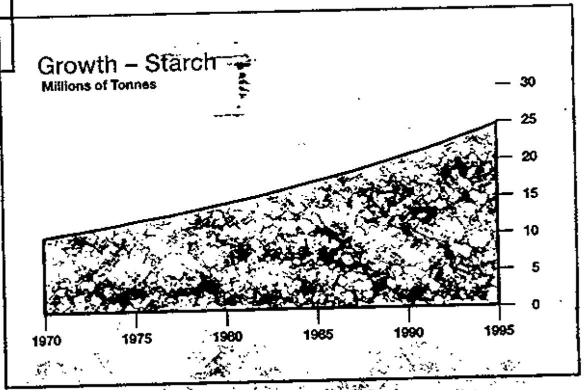
Labour costs per tonne at Thames Refinery. 1992 = 100.

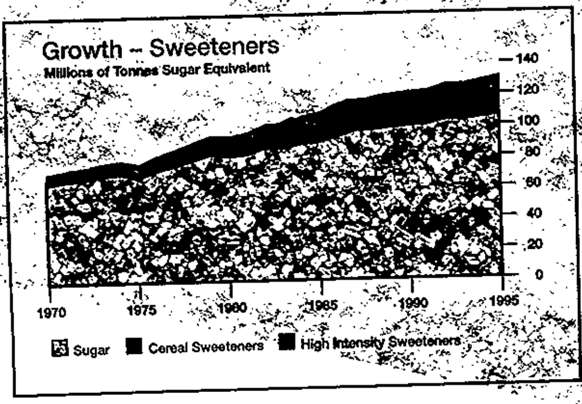
Skilled motivated flexible people.

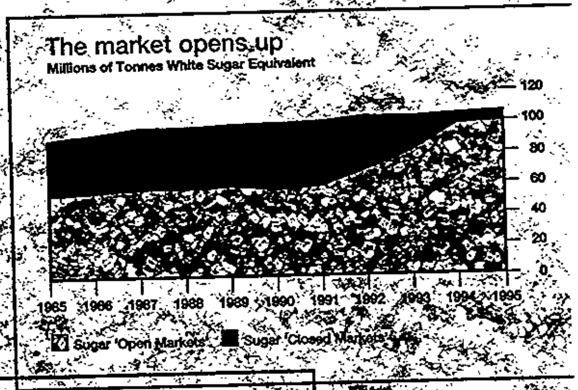
Our
Future

Growth
of sugar, sweeteners and starches

Nutritive Sweeteners
The nutritive sweetener market is satisfied mainly by sugar, but also by sweeteners made from cereals, chiefly maize (corn in the US) and wheat.
Tate & Lyle has less than 10% of this world market, which is growing at 2% annually. Europe and North America account for just 21% of global demand.



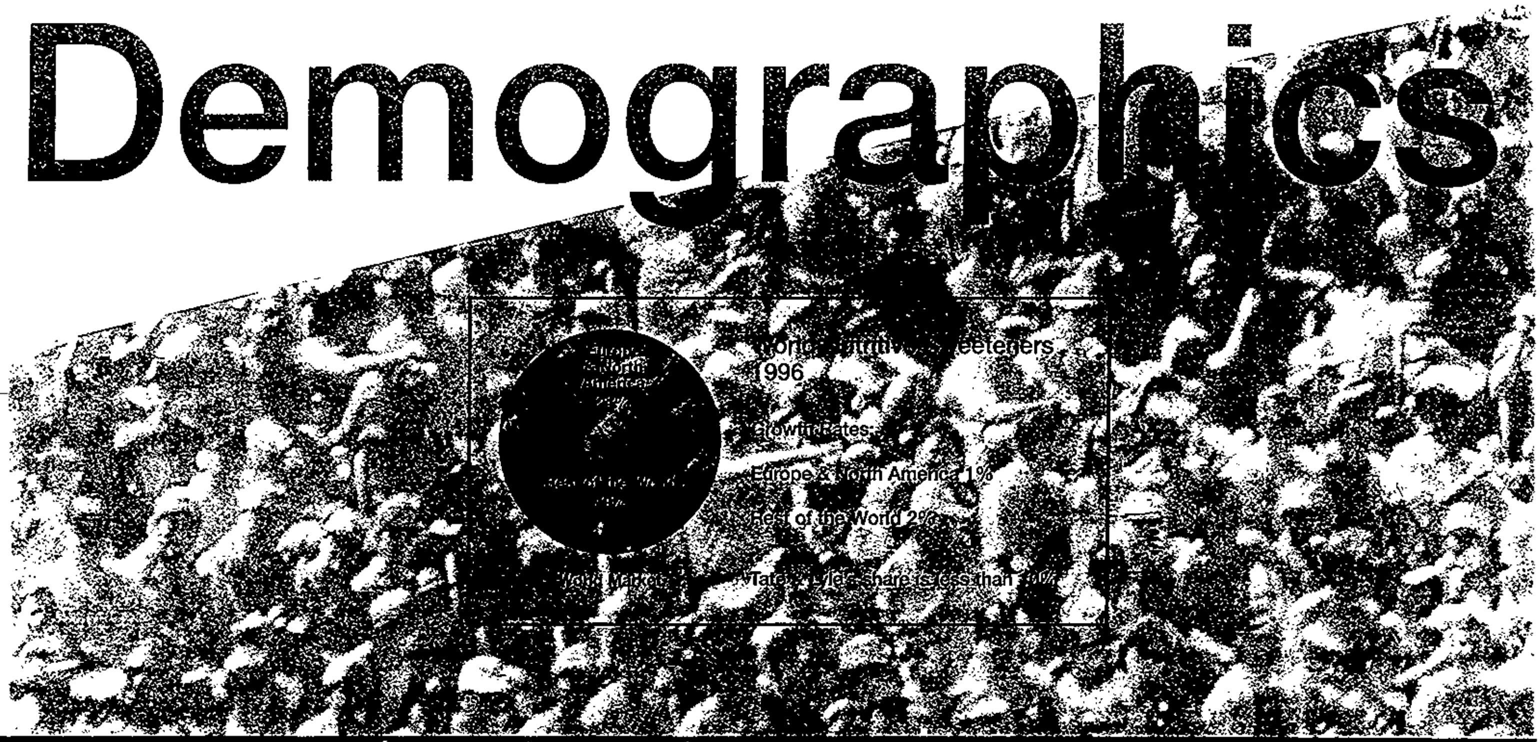




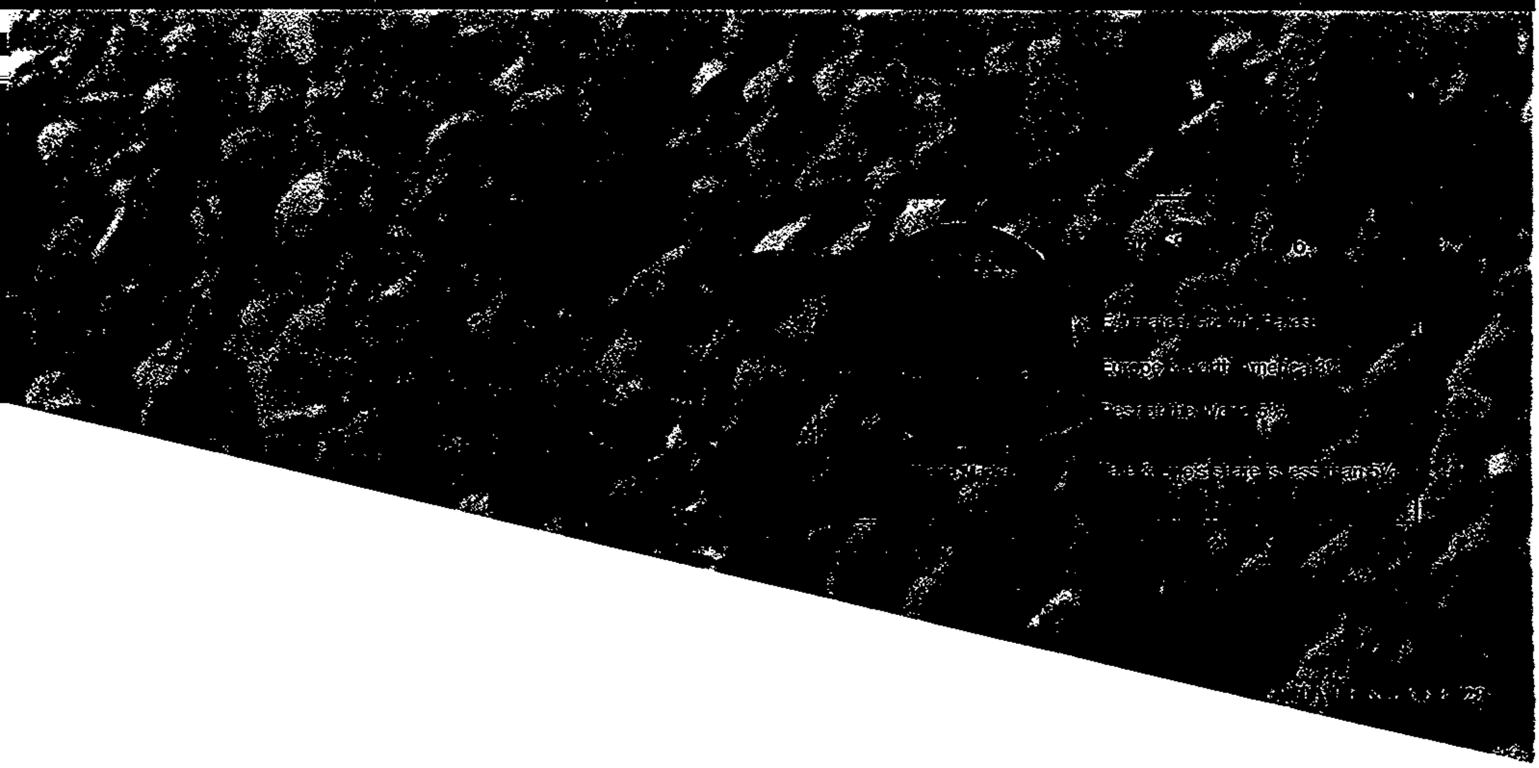
Starch
Annual growth rates for this versatile food ingredient, extracted chiefly from cereals but also from potatoes, are 3% across the developed markets of Europe and North America and 5% outside this area. Starch also has valuable non-food uses.

...Staple foods for the human race

Demographics



The Group's core businesses are in **growing markets.** Globally the market for nutritive sweeteners including sugar is **growing by 2%** annually. Growth in [illegible] and sweeteners [illegible] more rapid in [illegible] of rapid **population and economic growth.** In sugar, [illegible] increase in the world market equal in size to [illegible] market is created every year.



Sir Neil Shaw

Paul Lewis

Larry Pillard

Simon Gifford

Paul Mirsky

Stuart Strathdee

John Walker

Executive Directors

Sir Neil Shaw (age 67) Chairman has over 40 years' experience in sugar and sweetener businesses. He has held a wide variety of management positions in the Group, including that of Chief Executive Officer, Redpath Industries. He joined the Board of Tate & Lyle in 1975, becoming Group Managing Director in 1980 and Chairman in March 1986. He is a director of United Biscuits (Holdings) PLC and of the Canadian Imperial Bank of Commerce, and Chairman of the Foundation & Friends of the Royal Botanic Gardens, Kew.

P S Lewis (age 59) Deputy Chairman joined the Group in 1988 as Group Finance Director. He was appointed Deputy Chairman in 1993. He is a Chartered Accountant with extensive international professional and business experience in Europe and the US. He is also a member of the Listing Policy Committee of the London Stock Exchange and a non-executive director of Dairy Crest Limited and T&N plc.

L G Pillard (age 49) Chief Executive joined the Group in 1992 as Chief Executive Officer of A E Staley. He has extensive technical and managerial experience over 25 years in the corn wet milling industry in both the US and Europe. He was appointed to the Tate & Lyle Board in February 1994, became Chief Operating Officer and Group Managing Director in January 1996 and was appointed to his current position in November 1996.

S Gifford (age 50) Group Finance Director qualified as a chartered accountant in 1969. He joined Tate & Lyle in that year and has gained wide experience in financial and general management roles. He was Managing Director of the Foreign Investment Division from 1987 and in 1993 was appointed Company Secretary with responsibility for investor relations. He was appointed to the Tate & Lyle Board in January 1996.

P J Mirsky (age 50) Managing Director, Americas Sugar Division has over 23 years' experience in the Group. He has served in a variety of management positions in North America and the UK and prior to his appointment to the Tate & Lyle Board in 1993 was Chief Executive of the Europe, Africa & Pacific Sugar Division.

S Strathdee (age 45) Managing Director, International Division joined the Group in 1977. He has served in a variety of management positions including Group Treasurer, Managing Director of Tate & Lyle International and Managing Director of United Molasses. He was appointed to the Tate & Lyle Board in November 1994.

J H W Walker (age 52) Managing Director, European Division joined the Group in 1966. He has held a range of executive positions including Managing Director of United Molasses and Managing Director of Tate & Lyle Sugars. He was appointed to the Tate & Lyle Board in 1993.

Details of Directors' options, emoluments and interests in the Company's shares are on pages 37, 38, 52 and 62 respectively.

Non-Executive Directors

Sir Brian Hayes (age 67) joined the Board in 1989. He was formerly Permanent Secretary at the Department of Trade and Industry and prior to that Permanent Secretary at the Ministry of Agriculture, Fisheries and Food. He is a director of Guardian Royal Exchange Plc.

K G G Hopkins (age 51) joined the Board in November 1994. A PhD in Chemistry, he worked for Unilever before joining Croda International Plc, the speciality chemical company, in 1976. He was appointed Group Chief Executive of Croda in 1987.

C Piwnica (age 38) qualified as a lawyer and practised corporate law at both the New York and Paris bars. She has held various management positions in the Amylum Group. Appointed to the Amylum Board in 1991, she became Vice-Chairman in 1994 and Chairman in October 1996, when she joined the Board of Tate & Lyle. She is also Chairman and Managing Director of CIP, a Luxembourg investment company and a director of several other international companies.

Lady Prior (age 66)#≈ joined the Board of the Company in 1985. She has a number of public interests in the field of education and in charitable organisations.

Sir Saxon Tate (age 64)*† served in executive positions throughout the Group from 1952 to 1981 when he became Chief Executive of the Northern Ireland Development Board. From 1985 to 1991 he was Chairman of the London Commodity Exchange. He was appointed to the Board of Tate & Lyle in 1957.

J F Taylor (age 61)†# was appointed Chairman of Booker plc in 1993 having previously served as Chief Executive. He brings many years' experience in international food businesses to the Board of Tate & Lyle which he joined in 1988. He is a director of The Equitable Life Assurance Society and MEPC PLC and Chairman of Ellis & Everard plc.

Lord Walker (age 64) has considerable business experience and a wide knowledge of international agriculture and food businesses. He served as a UK Cabinet Minister as head of five departments between 1970 and 1990 when he joined the Tate & Lyle Board. He is Chairman of Cornhill Insurance PLC and Thornton Group and a director of Kleinwort Benson Group plc and LIFFE.

L R Wilson (age 56)≈ is Chairman and Chief Executive Officer of BCE Inc, Canada's largest telecommunications company. He joined the Board of Tate & Lyle in 1984 and until 1989 had responsibility for the Group's North American operations. He is Chairman of Bell Canada and a director of Northern Telecom Ltd and Chrysler Corporation.

A M Yurko (age 45)*≈ is Managing Director & Chief Executive Officer of Siebe plc. He obtained wide management experience in the US before joining Siebe in 1989, being appointed a director of Siebe in 1991. He joined the Tate & Lyle Board in April 1996.

P M E Callebaut had long experience in the cereal sweetener and starch industries. He was Chairman of the Amylum Group and joined the Tate & Lyle Board in 1988. He was a Director of Staley prior to its acquisition by Tate & Lyle and was a director of several other international companies. He died in September 1996.

* *Remuneration and Appointments Committee*

† *Audit Committee*

\# *Pension Fund Committee*

≈ *Corporate Affairs Committee*

Principal activities of the Group The activities of Tate & Lyle PLC and its subsidiary and associated undertakings (the "Group") are principally:

- processing carbohydrates to provide a range of sweetener and starch products
- animal feed and bulk storage.

Business Review The Chairman's Statement, the Chief Executive's Review, the Report on Operations and the Financial Review on pages 4 to 16 and 39 to 41 inclusive report on the activities during the year and likely future developments.

Acquisitions, disposals and changes in investments Acquisitions, disposals and changes in investments are referred to in the Report on Operations on pages 8 to 16 and in the Financial Review on pages 39 to 41.

The changes in fixed assets are shown in notes 11 and 12 on pages 54 to 56 and further details are provided in the Report on Operations and the Financial Review.

The Group spent £23.6 million on research and development in the year.

Share Capital The Company issued 41,363,423 ordinary shares during the year of which 39,774,220 shares were issued on the conversion of preference shares, 618,050 as share alternative dividends and 971,153 on the exercise of employee share options. The total value of ordinary shares issued at the issue price for cash or as share alternative dividends was £5.4 million.

Details of substantial interests in Tate & Lyle are given on page 71. Apart from these holdings, the directors have not been notified of any material interest of 3% or more or any non-material interest exceeding 10% of the issued voting capital of the Company.

The Company has not acquired any of its shares during the year.

Dividends A final dividend of 11.7p (1995 – 11.0p) per ordinary share amounting to £51.3 million is being recommended making a total for the year of 17.0p (1995 – 16.0p).

Directors Members of the Board of Directors are listed on pages 30 to 31. Dr R M Powers retired from the Board on 25 January 1996 and Mr P M E Callebaut served as a Director until 12 September 1996, the date of his death.

At the Annual General Meeting Dr K G G Hopkins, Lady Prior, Mr S Strathdee and Lord Walker are retiring by rotation and, being eligible, offer themselves for re-election under Article 84. Mr A M Yurko, who became a director on 2 April, 1996, and Mrs C Piwnica who became a director on 2 October, 1996, will offer themselves for re-election.

Mr S Strathdee is employed under a service contract detailed in the Remuneration and Appointments Committee Report on pages 35 to 38. The other directors retiring do not have service contracts.

Corporate Governance The Company has complied with the Code of Best Practice published in December 1992 by the Committee on the Financial Aspects of Corporate Governance – "the Code". The London Stock Exchange "Listing Rules" contain provisions concerning Directors' Remuneration and Going Concern which extend paragraphs 3.1 to 3.3 and 4.6 of the Code. The Company has also complied with these provisions and, throughout the accounting period, with Section A of the Best Practice Provisions now annexed to the "Listing Rules".

The Board of Directors meets regularly and comprises a majority of non-executive directors. The executive directors have service contracts, details of which are included in the Remuneration & Appointments Committee Report.

The Executive Management Committee oversees the activities of the Company and includes as members the executive directors, the President of Staley and the Company Secretary.

The Board has delegated authority to certain Board Committees:

The Remuneration and Appointments Committee report is on pages 35 to 38.

The Audit Committee comprises non-executive directors. It receives reports from the external auditors, reviews the interim and annual financial statements and receives regular reports from the internal audit department. Additionally the committee reviews the operation and effectiveness of the Company's internal financial procedures.

Other Board Committees include the Banking Committee, the Pension Fund Committee and the Corporate Affairs Committee.

Internal Control The Board of Directors is responsible for internal financial control, supported by the Group Finance Director and the finance directors of the operating units. The Board has reviewed the effectiveness of the Group's system of financial control during the year. The system of controls can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has a clearly defined organisation structure under which individual responsibilities are written down and monitored. Businesses operate under mandatory written procedures to provide an appropriate control environment. The Group Operating Policies set out the commitment to competence, integrity and good ethical values.

The Board has the primary responsibility for identifying business risks, through committees where appropriate and assisted by senior executives. Risks are controlled by quantifying and reporting exposures, and focusing internal audit effort on the most sensitive areas.

The Company operates a comprehensive annual planning and financial reporting system comparing results with plan and the previous year on a monthly basis. Revised forecasts for the year are produced quarterly. Reports include a monthly cash flow statement projected for 15 months.

The Company has defined procedures for authorisation of capital expenditure and investment, granting of guarantees, trading and hedging of currencies and commodities, and use of treasury products.

The Group Finance Director undertakes quarterly reviews of the major operating units. The internal audit department supports the Board in maintaining procedures through a programme of regular reviews which focus on key aspects of the business. The Board has delegated authority to the Banking Committee and the board of Tate & Lyle International Finance PLC, the treasury company (which includes employees from other units), to assist in the execution of the prescribed procedures.

Policy on The Payment of Creditors It is the Company's policy to follow the CBI Prompt Payers' Code in the financial year to 27 September 1997. Copies of this Code are available from the Confederation of British Industry, Centre Point, New Oxford Street, London. The policy requires the Company to agree the terms of payment with its suppliers, to ensure those suppliers are aware of those terms and to abide by those terms.

Directors' Interests At no time during the year has any director had any material interest in a contract with the Company, being a contract of significance in relation to the Company's business. A statement of directors' interests in shares of the Company is set out on page 62.

Employment The Group employs 25,270 people. 9,470 are employed in Africa, 5,970 in North America and 2,860 in the UK.

Group companies operate within a framework of personnel policies appropriate to their own market sector. Policies and procedures to promote equality of opportunity regardless of sex, marital status, religion, colour, race, ethnic or national origin, or disability have been developed. The aim of these policies, covering recruitment, training, career development and promotion opportunities, is to encourage a culture in which all employees have the opportunity to develop as fully as possible in accordance with their individual abilities and the needs of the Group.

The Company is part of the Opportunity 2000 campaign, but the Company's ultimate goal is to make every employee responsible for equal opportunities.

The Company reached agreement to establish a European Forum through which to communicate with employees across Europe. The first meeting is scheduled for 4 December 1996.

Training Training has concentrated on multi-skilling to encourage more flexibility in working practices. International management courses have been reshaped and create valuable opportunities for the cross-fertilisation of ideas from many countries.

Community An account of Tate & Lyle's contribution to the community appears on pages 15 and 16. Charitable donations of £792,944 were made during the year in the UK. The Board continues to believe that political parties should be state funded, and not have to rely on their historical sources for income. As this structure does not currently prevail, the Company continues to support all three major parties and made political donations during the year of £15,000 to the Conservative Party, £7,500 to the Labour Party and £2,500 to the Liberal Democrats.

Environment The Board has reviewed the Group's policy on the environment, which is:

"Operating Units should conduct their operations in recognition of the Group's responsibilities towards the natural environment within which we live and work, and will comply with relevant laws, regulations and consents."

New operational and reporting procedures have been issued, to be followed by all operating units. The environmental report to the Board showed a lesser incidence of receipt of compliance orders and minor violations during the year, and the Board do not consider any to be material.

Employee Share Option Schemes Offers made under the executive share option schemes, together with offers made under the UK savings related share option scheme resulted in the grant of 1,172 options to buy 1,657,740 shares. 67% of eligible UK employees hold share options. More information about options granted under the schemes is given on page 62.

Pensions The Group provides pension and other retirement benefits for its employees in the UK and overseas. These benefits are secured by funds set aside and held separately from Group funds, except where tax laws and other relevant legislation make pre-funding financially inappropriate. Entry qualifications, benefit structures, administration and the periods between formal actuarial valuations vary from scheme to scheme but each scheme operates in accordance with good local practice.

Under the direction of the Pension Fund Committee these schemes are subject to continuous review which has confirmed that the schemes' benefit structures, security and control procedures are satisfactory. The review also provides information to ensure effective control of the Group's pension liabilities.

Annual General Meeting Thursday 30 January 1997 The Notice convening The Annual General Meeting at the Barbican Hall is set out on page 72. In addition to the ordinary business, shareholder consent will be sought for two items of special business which are explained in a letter to shareholders to be dated 19 December 1996. These items of special business are the approval of amendments to the Company's UK Savings Related Share Option Scheme and the renewal of the Board's authority to allot shares.

Auditors The Auditors, Coopers & Lybrand, have expressed their willingness to continue to act and a resolution for their reappointment will be submitted to the Annual General Meeting.

By order of the Board
John R Hunter,
Secretary
26 November 1996

The Remuneration and Appointments Committee, chaired by L R Wilson, determines the pay and benefits of Tate & Lyle's executive directors and senior executives. The Committee consists exclusively of non-executive directors and is responsible for recommendations on Board appointments, approval of senior executive appointments and corporate governance issues.

Remuneration Policy for Executive Directors and Senior Executives The remuneration policy provides for a competitive compensation package which reflects the Company's performance against financial objectives, rewards above average performance and is designed to attract, retain and motivate high-calibre executives. The remuneration package is commensurate with other international businesses of similar size particularly those in the food processing industry.

Remuneration arrangements in different countries are tailored to local competitive requirements. In determining levels of remuneration, the Committee draws on external market survey data from independent consultants.

The remuneration package consists of short-term rewards (base salary, benefits and annual bonus) and long-term rewards (share options and pension benefits). Only base salary is pensionable for directors in UK Plans; in US Plans, as is common practice, directors' bonuses are pensionable. In determining its remuneration policy, the Committee has given full consideration to Section B of the Best Practice Provisions annexed to the London Stock Exchange Listing Rules.

Base Salary and Benefits Base salary reflects job responsibilities, their market value and the sustained level of individual performance. The Company sets base salaries around the median relative to comparator companies. The Company also provides private health cover and in the UK a company car or car allowance.

Annual Bonus The Group operates an Executive Incentive Bonus Scheme for 220 executive directors and senior executives internationally. The philosophy behind the scheme, introduced more than sixteen years ago, is that base salary is the reward for the job and bonus is earned according to the level of the business performance achieved. For Tate & Lyle PLC executives, objectives determined by the Committee are set annually in terms of earnings per share and profit before tax. For executive directors with operating unit responsibilities, measurable objectives related to the performance of the operating unit are also determined by the Committee. Where an executive director has both Tate & Lyle PLC and operating unit responsibilities, bonus is based on performance against both of these responsibilities.

Maximum bonuses payable are capped and are around the median for similar companies in similar industries in the country concerned. The Chairman's bonus is discretionary and is determined by the Committee. Other executive directors of the Company can earn bonuses of up to 50% of salary. A maximum bonus payment would only be made if exceptional financial performance were achieved. Bonuses were earned by three of the executive directors in 1996 and averaged 14% of their salary.

Share Schemes The Company has UK and International Share Option Schemes for senior executives. A Savings Related Share Option Scheme is open to all eligible employees in the UK. The Executive Share Option Schemes commenced in 1982 and new schemes were approved by shareholders in 1992. Option grants are based on individual performance and are phased over a number of years. The exercise of executive share options granted after November 1995 is subject to the Group achieving an increase in fully-diluted earnings per share of 6% more than the increase in the UK Retail Price Index during any period of three consecutive financial years over the life of the grant.

Service Contracts All executive directors have service contracts terminable by the Company on not more than two years' notice (prior to 1993 notice periods were normally three years) and by the individual directors on up to six months' notice.

These notice periods take into account the international nature of Tate & Lyle's business and the need to remain competitive. The Chairman and L G Pillard each has two service contracts with the Group. The Chairman's contracts are for a two year fixed term expiring on 30 June 1998 and are terminable by the Chairman on six months' notice. P S Lewis's service contract terminates at his normal retirement date of 30 November 1996, but will be extended on a part-time basis until the AGM on 3 February 1998.

The Committee considers individually any case of early termination of a service contract.

The unexpired term of the service contract for Mr S Strathdee, the executive director proposed for re-election at the forthcoming AGM, is 24 months.

The non-executive directors proposed for re-election do not hold service contracts in this capacity.

Non-Executive Directorships The Committee believes that the Company can benefit from its executive directors holding a non-executive appointment and also believes that this represents a valuable opportunity in terms of personal and professional development. Such appointments are subject to the approval of the Board and it is the Company's practice that fees derived from such appointments may be retained by the executive director concerned.

Non-Executive Directors' Remuneration

Fees for non-executive directors' duties are determined by the Board with regard to market norms within the restrictions contained in the Articles of Association. No pension rights accrue to non-executive directors nor are they eligible to receive grants of share options in respect of their services to the company in this capacity.

Pension Statement – Policy and Benefit Levels Pension and life assurance benefits provided for executive directors reflect practice in the country and business sector in which they perform their principal duties. These benefits are provided through tax-approved schemes and form part of the general arrangements in which senior managers participate. In certain circumstances where individuals are transferred from their home country to another Group location but are likely to retire in the home country, pension benefits may continue to be provided on a home country basis. Where the promised level of benefits cannot be provided through the appropriate tax-approved scheme, the excess pension liabilities are accrued in the accounts and will be paid by the Group.

Chairman Sir Neil Shaw is in receipt of a pension established by the Group's Canadian subsidiary, Redpath. On his death there is provision for the payment of a pension to his widow. The pension payable to Sir Neil, and the widow's pension, are increased annually at the rate of 5%. Contributions are being made to fund the deficit identified when his pension commenced in 1992. No additional pension benefits have accrued to Sir Neil in the year. He also has the benefit of a life assurance arrangement which provides a lump sum on his death in service.

Executive Directors in the UK For executive directors who are members of the Company's UK pension arrangements the aim is to provide a pension at age 60 equal to two-thirds of base salary, reduced where service to age 60 is less than twenty years. The benefit also includes a widow's pension payable on a director's death and a lump sum on death in service. Once in payment to a director or his widow, the pension is increased each year in line with retail price inflation up to a maximum of 5%, with a minimum of 3%.

The limitation under UK tax law on the level of final remuneration used in the calculation of pension benefits (known as the earnings cap) does not apply to the current executive directors, because of their length of service with the Group.

Executive Directors in the US For executive directors who are members of the US pension arrangements the aim is to provide a pension from age 65 based on the level of benefit normally provided for senior executives in the pensions plans of which these directors are members. These benefits are based on total compensation, including bonus, and after thirty years service would normally equate to between 45% and 55% of base salary. There is no provision for these pensions to be increased when in payment. These directors are also provided with lump sum death in service benefits.

There are limitations on retirement benefits provision under US tax regulations. Compensation for these limitations, with the exception of those which apply to the tax-approved retirement savings plans, is through unfunded arrangements.

Summaries of the individual executive directors' pension arrangements are available for inspection at the registered office of the Company during normal business hours and on the date of the Annual General Meeting at the Barbican Hall from 11.15am until the close of the meeting.

The members of the Remuneration and Appointments Committee are noted on page 31.

L R Wilson,

Chairman of Remuneration and Appointments Committee

26 November 1996

Notes to Remuneration and Appointments Committee Report

1. Directors' Options The market price of the ordinary shares at close of business on 27 September 1996 was 470.5p and the range during the 1996 financial year was 437p to 498p. The Register of Directors' Interests, which is open to inspection, contains full details of directors' shareholdings and options to subscribe. No non-executive directors held options at 28 September 1996.

Option Holdings	Options Held 1996 Number	Options Held 1996 Weighted Average Option Price – p	Date Exercisable Earliest	Date Exercisable Latest	Options Exercisable 1996 Number	Options Exercisable 1996 Weighted Average Option Price – p
S Gifford	**118 170**	**357.7**	**05.12.91**	**30.01.06**	**68 500**	**300.8**
P S Lewis	**114 800**	**393.6**	**03.02.95**	**28.11.04**	**73 800**	**398.1**
P J Mirsky	**215 000**	**401.8**	**08.05.92**	**04.12.05**	**110 000**	**384.1**
L G Pillard	**229 551**	**428.2**	**30.11.95**	**30.01.06**	**40 000**	**390.0**
Sir Neil Shaw	**355 600**	**243.2**	**05.12.91**	**03.12.00**	**350 000**	**242.1**
S Strathdee	**135 465**	**412.1**	**03.02.95**	**04.12.05**	**55 000**	**396.9**
J H W Walker	**156 023**	**384.5**	**08.05.93**	**04.12.05**	**90 000**	**369.2**

Movement in Option Holdings	Share Options 1995	Options Granted	Options Exercised	Exercise Price	Market price at date of exercise	Share Options 1996
S Gifford	98 995[1]	20 000	825	218	468	**118 170**
P S Lewis	114 800	–	–	–	–	**114 800**
P J Mirsky	195 000	40 000	20 000	244	479	**215 000**
L G Pillard	145 000	84 551	–	–	–	**229 551**
Sir Neil Shaw	355 600	–	–	–	–	**355 600**
S Strathdee	95 465	40 000	–	–	–	**135 465**
J H W Walker	141 675	17 820	3 472	216	484	**156 023**

[1] At date of appointment, 01.01.96.

The Directors' option holdings include options issued at a 15% discount in 1992 and 1993. These will be exercisable from 1997 subject to the satisfaction of performance criteria. All option prices are below 470.5p except for options over 20,000 shares held by S Gifford and 40,000 shares held by L G Pillard for which the option price is 473p.

2. Directors' Emoluments Emoluments of Tate & Lyle PLC directors, contained within staff costs, were:

	Salary (inc fees) £000	Benefits £000	Annual Bonus £000	1996 Total £000	1995 Total £000	1996 Pension Contributions £000	1995 Pension Contributions £000
Chairman							
Sir Neil Shaw	300	34	–	334	516	369	720
Executive Directors							
S Gifford	131[1]	5[1]	–	136[1]	–	12[1]	–
P S Lewis	265	11	–	276	373	186	26
P J Mirsky[2]	285	21	45	351	364	66	88
L G Pillard	340	13	–	353	395	128	51
S Strathdee	147	7	21	175	182[1]	14	12[1]
J H W Walker	177	10	18	205	262	16	17
Non-Executive Directors							
P M E Callebaut[2]	45	–	–	45	45	–	–
Sir Brian Hayes	20	–	–	20	20	–	–
K G G Hopkins	20	–	–	20	17[1]	–	–
R M Powers[2]	26[1]	–	–	26[1]	77	–	–
Lady Prior	20	–	–	20	20	–	–
Sir Saxon Tate	20	1	–	21	21	–	–
J F Taylor	20	–	–	20	20	–	–
Lord Walker	20	–	–	20	20	–	–
L R Wilson	20	–	–	20	20	–	–
A Yurko	10[1]	–	–	10[1]	–	–	–
Total	1 866	102	84	2 052	2 352	791	914

[1] Part year
[2] Overseas directors

Payments to pension funds, and provisions for unfunded liabilities charged to the profit and loss account, on behalf of directors are shown in the final two columns. Guidance is awaited on reporting the value of pension entitlements from The London Stock Exchange.

In 1996, L G Pillard received £136,300 as reimbursement of relocation expenses, not included above.

P S Lewis will draw his pension from 1 December 1996. His pension entitlement exceeds the limit laid down by the Inland Revenue regarding the maximum pension which can be paid to him from a tax-approved pension scheme. The excess, equivalent to a pension of £11,232 per annum, is a liability of the Company. £161,294 was provided against this liability in 1996 and is included in the table above.

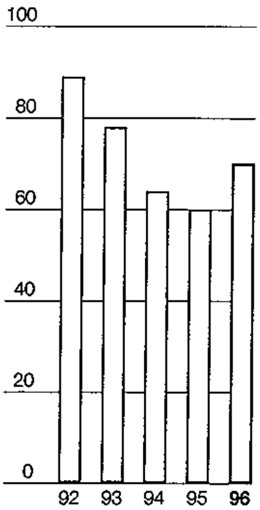
A former director, Lord Jellicoe, received fees and benefits of £28,348 in 1996 in respect of services provided during 1996.

Profit and Earnings per Share Profit before interest from North American cereal sweeteners and starches declined by an unprecedented 50% following a steep rise in maize costs which could not be passed on to the market. Improvements in profits from our sugar businesses, both established and recently acquired, partly offset this reduction. The cost to our re-insurance subsidiary and to Western Sugar of the explosion at the Scottsbluff plant totalled £10.2 million. North American results benefited from a £5.9 million profit on the disposal of a strategic stake in American Maize. Group profit before interest fell by £31.4 million to £333.6 million.

Increased borrowings caused the net interest charge to rise by £3.4 million. The stronger US$ and other exchange rate movements benefited profit before tax by £4.7 million. Fully diluted earnings per share fell by 11% to 38.2p.

Turnover Restatement Sales of sugar futures on commodity exchanges not directly hedging physical purchases have previously been included in Group turnover, within the 'Other businesses and activities' sector. In 1996 following what has become normal accounting practice, these sales, which are undertaken primarily as indirect hedges of physical purchases, have not been included in turnover and prior years have been restated reducing 1995 turnover by £261.9 million.

Gearing
per cent
Net borrowings as a percentage of net assets. Net assets equal shareholders' funds plus the minority shareholders' interests.



Cash Flow and Debt Management Operating activities generated a cash flow of £366.8 million in the year (1995 – £438.3 million) of which £142.4 million (1995 – £110.3 million) was paid to providers of finance as dividends and interest. Taxation paid was £101.2 million (1995 – £90.1 million).

Plant replacement, improvement and expansion expenditure and further investments totalled £334.1 million. Disposals of fixed assets and investments generated cash of £22.3 million. The funding requirement totalled £188.6 million (1995 – £40.4 million).

During the year we acquired interests in a glutamate factory in China and began a Vietnamese sugar milling project. We invested further in our interests in starch in Mexico and Turkey and sugar in Thailand and the Czech Republic.

The major capital projects undertaken were: at Amylum, continued construction of the new wheat starch plant at Nesle, France, with associated changes at the plants in Belgium, Holland, Spain and the UK; at Staley, the improvement of starch facilities at Decatur and Sagamore, dextrose expansion, the replacement of the feedhouse and refinery refurbishment, all at Decatur and Krystar expansion at Lafayette; sugar handling and new speciality sugar plant at Tate & Lyle Sugars' refinery in London; and the refinery expansion at Redpath in Toronto. Over 40% of capital expenditure related to expansion.

The Group's investment programme was achieved by an increase in Group net debt to £834.1 million (1995 – £630.4 million) which caused a rise in the debt to equity ratio to 70% at the year end (1995 – 59%). Interest cover (the ratio of profit before interest to the net of interest payable less receivable) fell over the year to 5.8 (1995 – 6.8) reflecting the rise in net debt and the earnings decline.

Funding During the year the Group repaid US$165 million of long-term debt to US private investors, by raising debt of a longer maturity from its relationship banks at a lower margin. Coupled with a US$150 million Eurobond issue and a further US$100 million of long-term bank loans, this allowed the increased demand for US dollar funding to be met at a lower margin with an extended maturity.

In May the Group announced the repayment of the £190.5 million 5¾% Guaranteed Bonds issued by the Group to finance the acquisition of Bundaberg, causing the associated equity warrants to lapse unexercised. The bonds were refinanced with fixed-rate subordinated debt of £163.8 million of the same maturity. Cancellation of the warrants led to a gain of £29.6 million which is shown in the Statement of Recognised Gains and Losses. The repayment of the Guaranteed Bonds was made with a redemption premium of £23.3 million. After amortising the premium over the life of the replacement debt, the refinancing reduces the Group cumulative interest charge to March 2001, the due date of the bonds, by £15.5 million.

At the year end the Group held cash and cash equivalent current asset investments of £251.0 million (1995 – £282.0 million) and had undrawn committed multicurrency facilities of £142.2 million (1995 – £140.8 million). These resources are maintained to meet the projected maximum cash outflow from debt repayment and seasonal working capital needs foreseen until the end of the next calendar year. Although peak seasonal net debt rose to £955.3 million in April 1996 (April 1995 – £772.0 million), the standby facilities were not used. The maturity profile of the Group's debt was lengthened slightly, to give maturities of two to five years for 52% and more than five years for 13%[1]. Group policy is to ensure that no more than 30% of gross debt matures within twelve months and at least 50% has a maturity of at least two and a half years.

Part of the US dollar cash flow from operations was sold to meet the sterling outflow in taxation and dividends. Group net debt composition fell from 75% in dollars (US dollars and related Canadian and Australian dollars) at the start of the year to 68% at the year end.

Going Concern After making enquiries, the directors have a reasonable expectation that the company has 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 accounts.

Interest Rates A slight fall in rates in 1996 contributed to a reduction in net interest costs to a rate of 6.8% (1995 – 7.7%), measured against average net debt.

The fixed and in-the-money capped/floored proportion of Group net debt[2] at the year end was 43.8% and the average maturity of fixed rate gross borrowings was 4.2 years. Out-of-the-money caps covered another 7.2% of net debt. The Group's policy is to keep fixed or in-the-money capped debt between 30% and 75% of total Group net debt.

With the exception of funds raised by the Amylum Group, and some small overseas units, all Group company borrowings are guaranteed by Tate & Lyle PLC. These guarantees contain common financial covenants of an interest cover ratio of not less than 3 to 1 and a balance sheet gearing of not more than 200%. Group Treasury monitors compliance against all financial obligations and it is Group policy to manage the consolidated balance sheet so as to operate at all times well inside the covenanted restrictions. A 1% rise in average interest rates for the year ending September 1997 from market levels seen in September 1996 would increase the net Group interest charge by £5.3 million.

Foreign Currency The Group's foreign currency exposure management policy requires subsidiaries to hedge transactional currency exposures back into the currency in which their results are measured. Foreign exchange contracts are used to hedge selected future sales and purchases. Gains and losses on these contracts are deferred until recognition of the anticipated sale or purchase, which is normally within one year.

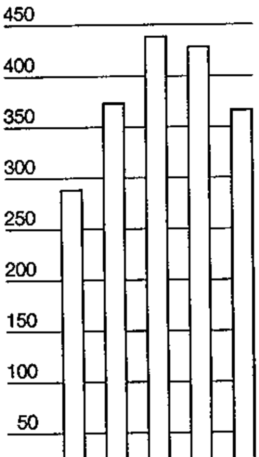
On translation exposures, the accounting policy is to translate the profit and loss account using average exchange rates and the balance sheet at year-end rates.

Net assets are held in a number of currencies which give rise to balance sheet currency translational exposures. These exposures are managed by selecting the currencies in which the Group borrows and by currency swaps which change both the interest cost of debt and the translational exposure. The objectives are to maintain a low cost of debt coupled with a balanced portfolio of net assets by currency which retains some potential for currency-related appreciation while partially hedging against currency depreciation.[3]

The Group's present policy to achieve this objective is that net assets in sterling should not fall below 10%, net assets in US dollars, Canadian dollars and Australian dollars combined should not exceed 60%, net assets in EU currencies excluding sterling should not exceed 30% and those in other currencies should not exceed 20%.

The weighted average exchange rate used to translate US dollar profits was US$1.55 (1995 – $1.58),

Cashflow from Operating Activities
£ million
Cash generated in the year that is available for paying interest, tax and dividends, and for investing in fixed assets.



[1] Note 18 on page 58 gives the maturity profile of the Group's debt and standby facilities.
[2] The currency and interest rate exposure of borrowings are given in note 32 on page 65.
[3] Net asset currency exposures are shown in note 33 on page 66.

Share Price and Price Relative

Relative to FT All Share Index ■ Share Price ▒ Price relative

compared with the year-end rate of US$1.56 (1995 – $1.58). Average exchange rates for EU currencies were generally stronger than last year reflecting sterling's mid-year weakness. Compared with last year's average rates there was a £4.7 million translation gain (1995 – £2.1 million loss) in profit before tax. At the previous year-end rates the Group net debt would have been £2.0 million higher. A £12.6 million translation gain was recorded in the Group's foreign currency net assets (1995 – £10.0 million gain).

Derivatives The Group uses derivatives to reduce funding costs, to diversify sources of funding, to alter interest-rate exposures arising from mismatches between assets and liabilities or to achieve greater certainty of future cost. Interest-rate swaps allow the Group to borrow long-term funds at fixed or floating rates and then to change the borrowing contract to obtain the most advantageous interest-rate exposure for the Group. Cross-currency interest-rate swaps allow borrowings to be made in foreign currencies, gaining access to additional sources of finance while limiting foreign exchange risk.

The main types of instrument used for interest-rate management are bankers' acceptances and loans and deposits, interest-rate swaps, interest-rate options (caps and floors) and forward rate agreements. In currency exposure management the instruments used are spot and forward purchases and sales, cross-currency interest-rate swaps and currency loans and deposits. There is also a limited use of futures contracts to manage interest-rate and foreign-currency exposures.

Control of Treasury Group financing, including debt, interest costs and foreign exchange matters, is directed (with the exception of certain matters controlled by and relating to the Amylum Group) by the Group Treasury company, Tate & Lyle International Finance PLC, whose operations are controlled by its Board and whose primary objective is to provide a professional advisory and execution service as the Group's in-house bank. The Treasury company is chaired by the Group Finance Director, and operates within written policies established by the Board of Tate & Lyle PLC. The controls for the Treasury company were last reviewed and approved by the Board at its October 1996 meeting.

Group interest-rate and currency exposures are concentrated in appropriate holding companies through market-related transactions with Group subsidiaries. These positions are managed by the Treasury company within authorised limits.

Taxation The Group taxation charge of £70.1 million was 25.4% of pre-tax profits (1995 – 27.2%). The reduction in the overall rate of tax compared with 1995 reflects the fall in profits in the US in relation to those of lower-taxed regions of Group activity.

Dividend The Board is recommending a final dividend of 11.7p per share making a total for the year of 17.0p, an increase of 1.0p or 6.3% on last year. We will again be giving ordinary shareholders an opportunity to accept new ordinary shares in place of their cash dividend. The compound growth rate of the dividend over the last five years has been 8.7%. Dividend cover is acceptable at 2.4 times.

S. Gifford.

Simon Gifford,
Group Finance Director
26 November 1996

Ten Year Review

Share Information	1987	1988	1989	1990	1991	1992	1993	1994	1995	**1996**
Pence per 25p ordinary share										
Closing share price	223.0	200.75	266.0	237.0	396.0	342.0	380.0	434.0	449.0	**470.5**
Earnings – basic	25.1	24.0	30.9	46.8	38.9	29.3	38.0	43.9	49.7	**40.5**
– basic, excluding exceptional items	18.9	24.0	30.9	34.4	38.9	29.3	38.0	43.9	54.1	**40.5**
Earnings – fully diluted	23.4	22.0	26.4	38.0	33.0	26.2	32.7	37.1	42.9	**38.2**
– fully diluted, excluding exceptional items	17.9	22.0	26.4	29.1	33.0	26.2	32.7	37.1	46.3	**38.2**
Dividend payments	6.5	7.375	9.0	10.0	11.2	12.0	13.0	14.4	16.0	**17.0**
% Growth in share price – average annual compound rate since 1986	50.4%	16.4%	21.5%	12.4%	21.7%	14.9%	14.4%	14.4%	13.1%	**12.2%**
Growth relative to All-Share Index – basis 1986 = 100	–3.5%	11.8%	18.8%	28.7%	64.5%	45.4%	32.8%	49.2%	35.3%	**26.4%**
Closing market capitalisation £million	658	909	1 138	1 011	1 697	1 507	1 687	1 933	2 021	**2 127**
Including convertible redeemable preference shares £million	–	230	288	247	377	293	327	372	238	**65**

Business Ratios										
Interest cover	20.3	7.2	3.8	5.3	5.6	5.0	5.7	7.8	6.8	**5.8**
Profit before interest divided by net interest charge										
Gearing	9%	112%	176%	74%	81%	89%	78%	64%	59%	**70%**
Net borrowing as a percentage of net assets										
Net margin	7.2%	6.9%	8.4%	10.4%	9.2%	7.6%	7.6%	7.8%	8.2%	**6.5%**
Profit before interest as a percentage of turnover										
Return on net operating assets	24.1%	20.7%	22.8%	28.0%	24.0%	17.4%	18.5%	20.5%	21.8%	**17.3%**
Profit before interest as a percentage of average net operating assets										
Dividend cover – times	3.9	3.3	3.4	4.7	3.5	2.4	2.9	3.0	3.1	**2.4**
Earnings per share divided by dividends per share										

Ten Year Review

Employment of Capital	1987 £ million	1988 £ million	1989 £ million	1990 £ million	1991 £ million	1992 £ million	1993 £ million	1994 £ million	1995 £ million	**1996 £ million**
Fixed assets	325.5	889.0	1 061.3	936.5	1 159.7	1 250.1	1 351.3	1 420.7	1 591.7	**1 805.1**
Working capital	150.1	167.6	218.3	94.7	144.0	168.9	142.6	143.5	187.4	**266.3**
Net operating assets	475.6	1 056.6	1 279.6	1 031.2	1 303.7	1 419.0	1 493.9	1 564.2	1 779.1	**2 071.4**
Net borrowings	(37.2)	(520.7)	(770.5)	(403.2)	(552.7)	(641.9)	(626.6)	(581.0)	(630.4)	**(834.1)**
Net liabilities for dividends and tax	(46.8)	(72.5)	(71.7)	(86.4)	(65.1)	(56.5)	(59.7)	(73.3)	(74.6)	**(49.8)**
Total net assets	391.6	463.4	437.4	541.6	685.9	720.6	807.6	909.9	1 074.1	**1 187.5**
Capital Employed										
Called up share capital	72.3	99.9	109.1	109.8	112.4	114.9	115.4	115.8	116.5	**115.8**
Reserves	269.1	263.7	273.8	361.7	492.0	515.0	594.7	670.5	792.9	**882.0**
	341.4	363.6	382.9	471.5	604.4	629.9	710.1	786.3	909.4	**997.8**
Minority interests	50.2	99.8	54.5	70.1	81.5	90.7	97.5	123.6	164.7	**189.7**
	391.6	463.4	437.4	541.6	685.9	720.6	807.6	909.9	1 074.1	**1 187.5**

Profit summary	1987	1988	1989	1990	1991	1992	1993	1994	1995	**1996**
Turnover[1]	1 605.0	2 013.6	3 176.2	3 117.0	3 054.0	3 135.3	3 538.6	4 016.9	4 451.6	**5 160.2**
Operating profit before exceptional items	89.7	128.0	257.4	268.5	276.8	233.1	259.3	303.0	373.6	**309.1**
Exceptional items	18.1	–	–	51.0	–	–	–	–	(25.5)	**–**
Operating profit	107.8	128.0	257.4	319.5	276.8	233.1	259.3	303.0	348.1	**309.1**
Share of profits of associated undertakings	8.0	10.2	9.4	3.9	3.7	4.3	10.3	10.8	16.9	**24.5**
Profit before interest	115.8	138.2	266.8	323.4	280.5	237.4	269.6	313.8	365.0	**333.6**
Net interest	(5.7)	(19.3)	(70.2)	(61.3)	(49.7)	(47.9)	(47.1)	(40.0)	(53.9)	**(57.3)**
Profit before taxation	110.1	118.9	196.6	262.1	230.8	189.5	222.5	273.8	311.1	**276.3**
Taxation	(29.0)	(35.7)	(63.7)	(72.8)	(64.8)	(49.8)	(55.0)	(73.7)	(84.5)	**(70.1)**
Profit after taxation	81.1	83.2	132.9	189.3	166.0	139.7	167.5	200.1	226.6	**206.2**
Minority interests	(11.2)	(13.6)	(21.9)	(23.5)	(22.3)	(23.6)	(18.3)	(29.0)	(28.3)	**(32.2)**
Profit for the period	69.9	69.6	111.0	165.8	143.7	116.1	149.2	171.1	198.3	**174.0**
Dividends	18.3	24.2	44.0	48.3	53.9	56.8	60.3	65.5	72.9	**77.9**
Retained profit	51.6	45.4	67.0	117.5	89.8	59.3	88.9	105.6	125.4	**96.1**

[1] Restated – see note 1 on page 50.

Financial Contents

Directors' Responsibilities

The directors have a specific responsibility for reporting to shareholders and for the assets of the Group. The directors are required to present for each period financial statements which comply with the provisions of the Companies Act 1985 in respect of the state of affairs of the Group as at the end of the accounting period and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies, framed by reference to reasonable and prudent judgements and estimates, have to be used and applied consistently. Applicable accounting standards have been followed and the accounts have been prepared on a going concern basis. The directors are responsible for the Group's system of internal financial control, for ensuring that arrangements are made for the maintenance of adequate accounting records, for safeguarding the assets of the Group, and for ensuring that steps are taken with a view to preventing and detecting fraud and other irregularities.

Corporate Governance

Our auditors have confirmed that, in their opinion, with respect to the directors' statements on internal financial control and on going concern on pages 33 and 40, the directors have provided the disclosures required by the Listing Rules of the London Stock Exchange and such statements are not inconsistent with information of which they are aware from their audit work on the financial statements, and that the directors' other statements on pages 32 and 33 appropriately reflect the company's compliance with the other aspects of the Cadbury Code specified for their review by Listing Rule 12.43(j). They were not required to perform the additional work necessary to, and do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, nor the ability of the Group to continue in operational existence.

Auditors' Report **to the Members of Tate & Lyle Public Limited Company**

We have audited the financial statements on pages 45 to 69.

Respective responsibilities of directors and auditors As described above, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 28 September 1996 and of the profit, total recognised gains and cash flows of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
1 Embankment Place, London WC2N 6NN
26 November 1996

Group Profit and Loss Account

For the 52 weeks to 28 September 1996

Profit and Loss Account	Notes	1996 £ million	1995[1] £ million
Turnover		5 160.2	4 451.6[2]
Less share of turnover of associated undertakings		281.2	203.9
Net turnover		4 879.0	4 247.7[2]
Operating profit before exceptional items		309.1	373.6
Exceptional items	3	–	25.5
Operating profit	2	309.1	348.1
Share of profits of associated undertakings		24.5	16.9
Profit before interest		333.6	365.0
Interest receivable and similar income		32.5	24.4
Interest payable and similar charges	5	89.8	78.3
Profit before taxation		276.3	311.1
Taxation	6	70.1	84.5
Profit after taxation		206.2	226.6
Minority interests – equity		32.2	28.3
Profit for the period		174.0	198.3
Dividends paid and proposed	7	77.9	72.9
of which – on equity shares		*74.5*	*63.3*
– on non-equity shares		*3.4*	*9.6*
Retained profit		96.1	125.4

Earnings per Share			
Basic	8	40.5p	49.7p
Fully diluted	8	38.2p	42.9p

[1] 1995 was a 53 week period.
[2] Restated – see note 1 on page 50.

The results of acquisitions and discontinued operations are not material to the results of the Group.

Historical cost profits and losses are not materially different from those shown above.

Balance Sheets

At 28 September 1996

Employment of Capital	Notes	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Fixed assets					
Tangible assets	11	1 623.2	1 429.0	3.8	3.6
Investments	12	181.9	162.7	2 091.0	1 654.8
		1 805.1	1 591.7	2 094.8	1 658.4
Current assets					
Stocks	13	456.7	437.2	–	–
Debtors – due within one year	14	552.2	492.9	120.0	6.1
– due after more than one year	14	109.5	86.0	14.3	11.5
Investments	15	329.0	306.6	–	–
Cash at banks and in hand		115.9	67.8	–	0.1
		1 563.3	1 390.5	134.3	17.7
Creditors – due within one year					
Borrowings	16	(351.1)	(244.8)	(1 476.5)	(933.6)
Other	17	(646.8)	(672.4)	(67.5)	(70.9)
Net current assets/(liabilities)		565.4	473.3	(1 409.7)	(986.8)
Total assets less current liabilities		2 370.5	2 065.0	685.1	671.6
Creditors – due after more than one year					
Borrowings, including convertible debt	18	(927.9)	(760.0)	(1.7)	(1.7)
Other	17	(14.1)	(10.4)	–	–
Provisions for liabilities and charges	19	(241.0)	(220.5)	(1.6)	(0.9)
Total net assets		1 187.5	1 074.1	681.8	669.0

Capital Employed	Notes	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Capital and reserves					
Called up share capital	23	115.8	116.5	115.8	116.5
Share premium account	24	362.6	356.5	362.6	356.5
Revaluation reserve	24	39.8	41.5	–	–
Other reserves	24	37.4	58.2	–	29.6
Profit and loss account	24	442.2	336.7	203.4	166.4
Shareholders' funds	25	997.8	909.4	681.8	669.0
of which – equity shareholders' funds		*964.5*	*788.1*	*648.5*	*547.7*
– non-equity shareholders' funds		*33.3*	*121.3*	*33.3*	*121.3*
Minority interests – equity		189.7	164.7	–	–
		1 187.5	1 074.1	681.8	669.0

The financial statements were approved by the Board at a meeting on 26 November 1996.

Sir Neil Shaw
S Gifford
} DIRECTORS

Registered No. 76535

Statement of Cash Flows

For the 52 weeks to 28 September 1996

	Notes	1996 £ million	1996 £ million	1995[1] £ million	1995[1] £ million
Net cash inflow from operating activities	27		366.8		438.3
Returns on investment and servicing of finance					
Interest paid		(101.6)		(67.8)	
Interest received		28.1		19.5	
Interest element of finance leases		(0.2)		(0.2)	
Dividends received from associated undertakings		11.5		11.3	
Dividends paid – parent company		(69.6)		(62.1)	
– minority interests in subsidiary undertakings		(10.6)		(11.0)	
			(142.4)		(110.3)
Taxation paid			(101.2)		(90.1)
Investing activities					
Purchase of tangible fixed assets		(296.0)		(216.6)	
Sale of tangible fixed assets		8.9		35.3	
Purchase of fixed asset investments		(5.2)		(5.6)	
Sale of fixed asset investments		13.4		12.6	
(Increase)/reduction in short-term investments		(106.9)		13.0	
Purchase of businesses and subsidiaries (net of cash acquired)[2]		(9.7)		(69.0)	
Sale of businesses		–		12.9	
Purchase of interests in associated undertakings		(22.6)		(46.9)	
Net cash outflow from investing activities			(418.1)		(264.3)
Net cash outflow before financing			(294.9)		(26.4)
Financing					
Issue of shares		(2.6)		(3.6)	
Repayment of borrowings		325.0		204.1	
New borrowings[2]		(506.9)		(229.7)	
Reduction/(increase) in short-term borrowings		16.0		(51.3)	
Capital element of finance lease payments		0.9		0.4	
Net cash inflow from financing	30		(167.6)		(80.1)
(Reduction)/increase in cash and cash equivalents	29		(127.3)		53.7
			(294.9)[3]		(26.4)[3]

[1] 1995 was a 53 week period.

[2] In addition, £0.6 million of borrowings were assumed as part of the acquisition of subsidiaries in 1996 (1995 – £1.0 million).

[3] This amount is reconciled to the change in net borrowings in note 31.

Segmental Analysis

For the 52 weeks to 28 September 1996

Net Operating Assets and Profit Before Interest	1996 Net operating assets £ million	1995 Net operating assets £ million	1996 Profit before interest £ million	1995[1] Profit before interest £ million
Sweeteners and starches				
– North America	896.4	826.6	116.2	170.9
– Europe	727.0	587.7	152.5	144.3[2]
– Rest of the world	264.1	220.7	31.5	25.1
	1 887.5	1 635.0	300.2	340.3
Animal feed and bulk storage	167.8	148.3	36.8	35.4
Other businesses and activities	16.1	(4.2)	(3.4)	(10.7)[2]
	2 071.4	1 779.1	333.6	365.0
Unallocated liabilities (dividend and tax)	(49.8)	(74.6)		
Net borrowings	(834.1)	(630.4)		
Total net assets	1 187.5	1 074.1		

Turnover and Employees	1996 Turnover £ million	1995[1] Turnover £ million	1996 Employees	1995 Employees
Sweeteners and starches				
– North America	1 861.3	1 663.4	4 884	5 337
– Europe	1 582.8	1 471.3	4 673	4 020
– Rest of the world	795.1	623.2	11 724	4 927
	4 239.2	3 757.9	21 281	14 284
Animal feed and bulk storage	802.9	580.0	2 369	2 250
Other businesses and activities	118.1	113.7[3]	1 479	1 209
	5 160.2	4 451.6[3]	25 129	17 743

[1] 1995 was a 53 week period.

[2] 1995 profit before interest in the 'Sweeteners and starches – Europe' segment has been reduced by £12.6 million and in the 'Other businesses and activities' segment by £12.9 million, in respect of exceptional costs, which are described in note 3.

[3] Restated, see note 1 on page 50.

The above table shows only third party turnover. Inter segment turnover totalled £27.0 million (1995 – £22.9 million).

An average exchange rate of $1.55 has been used to translate the profits of US subsidiary companies (1995 – $1.58) and BFr46.9 to translate the profits of Belgian subsidiary companies (1995 – BFr47.7).

The period-end exchange rates used to translate the balance sheet were $1.56 (1995 – $1.58) and BFr49.1 (1995 – BFr46.3).

Employee numbers are based on average monthly figures and exclude employees within associated undertakings.

Other Statements

Statement of Recognised Gains and Losses

	1996 £ million	1995[1] £ million
Profit for the period	174.0	198.3
Lapse of warrants[2]	29.6	–
Currency difference on foreign currency net investments	(3.5)	4.8
Total recognised gains for the period	200.1	203.1

The movement on Group reserves is shown in note 24.

Reconciliation of Movements in Shareholders' Funds

	1996 £ million	1995[1] £ million
Total recognised gains and losses for the year	200.1	203.1
Dividends	(77.9)	(72.9)
Issue of shares	5.4	23.1
Goodwill written off on acquisition	(9.6)	(30.2)
Lapse of warrants[2]	(29.6)	–
Net increase in shareholders' funds	88.4	123.1
At 30 September 1995	909.4	786.3
At 28 September 1996	997.8	909.4

[1] 1995 was a 53 week period.

[2] As described in note 23 warrants for ordinary shares lapsed during the year. The original proceeds from the issue of warrants of £29.6 million have been transferred from non-distributable reserves to retained profits. The lapse of the warrants represents a transfer of value from the warrant holders to existing shareholders. In accordance with FRS4, this is shown as a recognised gain, although total shareholders' funds are unchanged.

1 Accounting Policies

Basis of accounting

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, and in accordance with the Companies Act 1985 and applicable accounting standards.

Sales of sugar futures on commodity exchanges not directly hedging physical purchases have previously been included in Group turnover, within the 'other businesses and activities' sector. In 1996 following what has become normal accounting practice, these sales, which are undertaken primarily as indirect hedges of physical purchases, have not been included in turnover and prior years have been restated reducing 1995 turnover by £261.9 million.

A new accounting standard, FRS8 ('Related party disclosures'), has been adopted for the first time in these accounts.

Basis of consolidation

The accounts of all subsidiary undertakings are consolidated from the date of their acquisition up to the date of sale. At acquisition, fair values are attributed to the assets and liabilities of the company acquired. Any excess of consideration given over these fair values is transferred to the profit and loss reserve.

As permitted by Section 230 of the Companies Act 1985, a profit and loss account is not presented for Tate & Lyle PLC.

Associated undertakings and joint ventures are accounted for by the equity method from the date of their acquisition up to the date of sale. A fair value is attributed to the investment acquired and any excess of consideration given over this fair value is transferred to the profit and loss reserve.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the last day of the financial period (the closing rate) except when covered by an open foreign exchange contract in which case the rate of exchange specified in the contract is used.

The profits of overseas companies are translated at the average of daily rates and the difference when compared to that arising from the use of closing rates is dealt with through distributable reserves.

Differences on exchange arising from the translation of the opening balance sheets of overseas companies at year-end rates, and on foreign currency borrowings used to finance long-term foreign equity investments, are taken direct to reserves. Other profits and losses on exchange are credited or charged to operating profit.

Turnover

Turnover comprises the amount receivable in the ordinary course of business, net of value added and sales taxes, for goods and services provided.

Stock

Stock is valued at the lower of direct cost together with attributable overheads and net realisable value.

Hedging of commodity transactions

Certain commodities are purchased or sold on futures markets in order to fix the price of the underlying raw material or product. The profit or loss on such futures contracts is matched to the cost of the raw material or sales proceeds for the product concerned.

Depreciation

The depreciation charge is calculated so as to allocate the cost or revalued amount of tangible fixed assets systematically over their remaining useful economic lives. These asset lives are reviewed regularly. The following asset lives are used:

Freehold land	:	No depreciation
Freehold buildings	:	20 to 50 years
Leasehold property	:	Period of the lease
Plant and machinery	:	3 to 28 years

1 Accounting Policies (continued)

Leased assets

Tangible fixed assets held under finance leases are capitalised and depreciated in accordance with the Group's depreciation policy. Operating lease charges are charged to profit as incurred.

Research and development

All expenditure on research and development is charged to profit as incurred.

Post-retirement benefits

The Group operates a number of defined benefit pension schemes and, in North America, some post-retirement healthcare and life assurance schemes. The expected cost of post-retirement benefits is charged to the profit and loss account, on the advice of actuaries, so as to accrue the cost over the service lives of employees on the basis of a constant percentage of earnings. Variations from the regular cost are spread over the expected remaining service lives of current employees in the scheme.

Deferred taxation

Deferred taxation is recognised at the anticipated tax rate using the liability method on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise. Deferred tax on post-retirement benefits is recognised in full.

Financial instruments

The finance costs of debt instruments are charged to profit and loss account over the term of the debt at a constant rate on the carrying amount. Such costs include the costs of issue and any discount to face value arising on issue, or any premium payable on maturity.

Cash equivalents

Cash equivalents are highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

2 Operating Profit

	1996 £ million	1995 £ million
The following have been charged or credited in arriving at operating profit:		
Raw materials and consumables	3 364.4	2 714.5[1]
Other external charges	277.4	273.5[1]
Staff costs *(Note 4)*	421.0	404.6
Depreciation of tangible fixed assets	125.4	135.2
Amortisation of government grants	(0.6)	(2.0)
Operating lease rentals and other hire charges – Plant and machinery	27.6	23.9
– Other	7.8	8.1
Auditors' fees and expenses – Audit	1.7	1.6
– Non-audit (UK only)	0.2	0.2
Exchange losses/(gains)	(1.0)	(1.6)
Profit on sale of tangible fixed assets	(0.8)	(13.9)
Income from fixed asset investments	(3.0)	(2.3)
Profit on sale of fixed asset investments	(6.2)	(5.5)
Provisions against fixed asset investments	(0.5)	(0.3)
Profit on sale of business and associated undertaking	–	(2.6)
Other operating charges[2]	375.1	380.3
Other operating income	(18.6)	(14.1)
	4 569.9	3 899.6

The Group spent £23.6 million (1995 – £29.0 million) on research and development during the year.

[1] Restated – see note 1 on page 50.

[2] Other operating charges in 1995 include £25.5 million exceptional items (see note 3).

3 Exceptional Items

	1996 £ million	1995 £ million
Amylum reorganisation costs	–	12.6
Accelerated write-down of prepayment for the first sucralose production facility	–	12.9
	–	25.5
Taxation	–	(4.3)
Minority interest (relating to reorganisation costs)	–	(4.6)
	–	16.6

4 Staff Costs

	1996	1995
Wages and salaries	350.4	332.4
Social security costs	42.0	41.0
Pension costs	17.9	20.5
Other post-retirement benefits	10.7	10.7
	421.0	404.6

Emoluments of directors of Tate & Lyle PLC, contained within staff costs are summarised below.

	1996 £ thousand	1995 £ thousand
Fees	138	138
Salaries including benefits in kind	1 966	1 576
Bonuses	84	638
Pension fund contributions	791	914
	2 979	3 266

Five directors waived their fees of £14,000 each (1995 – five directors waived £14,000 each). One director waived part-year fees of £10,000.

The remuneration of the Chairman, and the highest paid director, was as follows:

	Chairman 1996 £ thousand	Chairman 1995 £ thousand	Highest paid director 1996 £ thousand
Salary	334	316	489
Bonus	–	200	–
	334	516	489

The chairman was the highest paid director in 1995.

Further analysis of directors' remuneration is given in the Remuneration and Appointment Committee's report on pages 37 and 38.

5 Interest Payable and Similar Charges

	1996 £ million	1995 £ million
On bank loans and overdrafts	44.8	39.5
On all other loans	48.2	42.2
	93.0	81.7
Interest capitalised as part of tangible fixed asset additions	(3.2)	(3.4)
	89.8	78.3

Interest costs include aggregate finance charges in respect of leases amounting to £0.2 million (1995 – £0.1 million).

6 Taxation

	1996 £ million	1995 £ million
UK taxation		
On profit of the Company and subsidiaries for the period:		
UK corporation tax at 33% (1995 – 33%)	**46.0**	36.5
Double taxation relief	**(11.2)**	(3.7)
	34.8	32.8
Deferred taxation	**(2.1)**	(8.0)
On Group share of profits of associated undertakings	**1.0**	0.8
Adjustments to previous years – corporation tax	**(0.1)**	(0.1)
– deferred taxation	**0.1**	0.1
	33.7	25.6
Overseas taxation		
Corporate taxation	**27.6**	64.6
Deferred taxation	**5.2**	(8.0)
On Group share of profits of associated undertakings	**8.1**	4.8
Adjustments to previous years – corporate taxation	**1.4**	(1.1)
– deferred taxation	**(5.9)**	(1.4)
	36.4	58.9
Group taxation charge	**70.1**	84.5

7 Dividends Paid and Proposed

Dividends on non-equity shares – 6½% cumulative preference shares	**0.1**	0.1
– 7.25p convertible cumulative redeemable preference shares of 12.5p each	**3.3**	9.5
	3.4	9.6
Dividends on equity shares – ordinary shares	**74.5**	63.3
	77.9	72.9

The total ordinary dividend is 17.0p made up as follows:

- Interim dividend paid 16 July 1996 – 5.3p (1995 – 5.0p)
- Final dividend proposed payable 4 February 1997 – 11.7p (1995 – 11.0p) amounting to £51.3 million (1995 – £43.7 million).

8 Earnings per Share

The basic earnings per share are calculated by dividing profit after taxation less minority interests and preference dividend, of £170.6 million (1995 – £188.7 million), by the weighted average number of ordinary shares in issue during the period, 421,194,456 (1995 – 379,506,655).

The fully diluted earnings per share are calculated on the basis of the following assumptions:

(a) that the outstanding options over 8,935,382 shares had been exercised and that the funds so generated would give rise to net earnings of £1.8 million;

(b) that the issued share capital had been increased by 30,350,130 ordinary shares on conversion of the convertible cumulative redeemable preference shares.

9 Turnover by Geographical Market

United Kingdom	**837.3**	851.7[1]
Other European countries	**1 213.0**	985.9
USA	**1 882.4**	1 610.3[1]
Rest of the world	**1 227.5**	1 003.7
	5 160.2	4 451.6[1]

[1] Restated – see note 1 on page 50.

10 Profit Before Interest by Geographical Base

	1996 £ million	1995 £ million
United Kingdom	83.3	73.8
Other European countries	80.3	71.4
USA	114.1	176.4
Rest of the world	55.9	43.4
	333.6	365.0

11 Tangible Fixed Assets

	Total £ million	Land and buildings £ million	Plant and machinery £ million	Assets in course of construction £ million
Gross book value				
At 30 September 1995	2 226.3	559.5	1 551.5	115.3
Differences on exchange	(5.7)	1.9	(4.1)	(3.5)
Businesses acquired	13.2	6.1	6.8	0.3
Additions	313.3	14.7	78.9	219.7
Transfers on completion	–	11.5	104.2	(115.7)
Disposals	(59.2)	(7.0)	(51.6)	(0.6)
At 28 September 1996	**2 487.9**	**586.7**	**1 685.7**	**215.5**
Depreciation				
At 30 September 1995	797.3	102.6	694.7	–
Differences on exchange	(6.9)	(0.4)	(6.5)	–
Charge for period	125.4	17.2	108.2	–
Disposals	(51.1)	(5.2)	(45.9)	–
At 28 September 1996	**864.7**	**114.2**	**750.5**	–
Net book value				
At 28 September 1996	**1 623.2**	**472.5**	**935.2**	**215.5**
At 30 September 1995	1 429.0	456.9	856.8	115.3
Analysis of gross book value				
Cost	2 353.2	475.2	1 662.5	215.5
1976 valuation	4.7	–	4.7	–
1977 valuation	13.4	0.5	12.9	–
1985 valuation	10.9	5.3	5.6	–
1988 valuation	0.8	0.8	–	–
1989 valuation	68.1	68.1	–	–
1993 valuation	36.8	36.8	–	–
At 28 September 1996	**2 487.9**	**586.7**	**1 685.7**	**215.5**

Original cost of fixed assets	Land and buildings £ million	Plant and machinery £ million
Cost (or earliest ascribed value)	534.2	1 681.1
Related depreciation	(105.9)	(745.9)
At 28 September 1996	**428.3**	**935.2**

Assets in course of construction are held at cost.

11 Tangible Fixed Assets (continued)

	Total £ million	Freehold Land £ million	Freehold Buildings £ million	Leasehold Long £ million	Leasehold Short £ million	Bulk liquid storage £ million
Analysis of land and buildings						
Gross book value	586.7	92.4	399.0	30.5	20.5	44.3
Depreciation	(114.2)	–	(87.6)	(5.7)	(0.3)	(20.6)
Net book value						
At 28 September 1996	**472.5**	**92.4**	**311.4**	**24.8**	**20.2**	**23.7**
At 30 September 1995	456.9	89.8	303.5	20.5	19.5	23.6

Leased assets

Included in the tangible fixed assets are the following capitalised values and related accumulated depreciation for assets being acquired under finance leases:

	Land and buildings £ million	Plant and machinery £ million
Capitalised value	1.4	23.4
Depreciation	(0.8)	(11.4)
Net book value at 28 September 1996	**0.6**	**12.0**

Tate & Lyle PLC	Total £ million	Land and buildings £ million	Plant and machinery £ million
Cost	6.8	2.4	4.4
Depreciation	(3.0)	(0.2)	(2.8)
Net book value at 28 September 1996	**3.8**	**2.2**	**1.6**
At 30 September 1995	3.6	2.2	1.4

Expenditure in the period amounted to £0.7 million and depreciation charged was £0.5 million. The net book value of disposals was £nil million.

12 Fixed Asset Investments

	1996 £ million	1995 £ million
Group		
Associated undertakings – unlisted	138.4	111.2
Other fixed asset investments:		
Listed – at cost[1]	15.8	24.1
Unlisted – at cost less amounts provided of £1.2 million (1995 – £1.8 million)[2]	9.7	10.7
Loans	18.0	16.7
Total	181.9	162.7

[1] Market value £25.4 million (1995 – £31.3 million)

[2] Directors' valuation £10.3 million (1995 – £11.2 million).

Tate & Lyle PLC		
Shares in Group undertakings at cost or earliest ascribed value	1 302.4	1 301.4
Revaluation additions	7.2	7.2
	1 309.6	1 308.6
Loans to Group undertakings less amounts provided of £9.3 million (1995 – £9.3 million)	776.8	339.0
Shares in associated undertakings at cost less acquisition goodwill of £4.8 million written off (1995 – £4.8 million)	4.5	4.5
Other	0.1	2.7
	2 091.0	1 654.8

12 Fixed Asset Investments (continued)	Associated undertakings £ million	Other investments £ million	Loans £ million	1996 Group £ million	1996 Tate & Lyle PLC £ million
Movement in book value					
At 30 September 1995	111.2	34.8	16.7	162.7	1 654.8
Differences on exchange	(0.7)	(0.8)	(0.7)	(2.2)	(5.0)
Additions	22.0	3.2	2.0	27.2	3.6
Goodwill written off	(2.4)	–	–	(2.4)	–
Disposals	–	(7.2)	–	(7.2)	(5.4)
Reclassification	2.7	(5.0)	–	(2.3)	–
Increase in loans to Group undertakings	–	–	–	–	443.0
Retained profits of associated undertakings	5.6	–	–	5.6	–
Movement in provisions	–	0.5	–	0.5	–
At 28 September 1996	138.4	25.5	18.0	181.9	2 091.0

13 Stocks	1996 Group £ million	1995 Group £ million
Raw materials, consumables and in-process stocks	243.0	243.5
Contract work in progress	6.4	4.9
Finished goods and goods held for resale	189.1	169.7
New crop expenditure	18.2	19.1
	456.7	437.2

Contract work in progress is stated after deduction of progress payments received and receivable of £0.1 million (1995 – £0.2 million).

14 Debtors	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Due within one year				
UK taxation	–	–	24.8	–
Overseas taxation	13.5	0.5	–	–
Trade debtors	416.9	407.8	–	–
Owed by subsidiary undertakings	–	–	2.6	2.0
Owed by associated undertakings	10.1	11.2	–	0.1
Other debtors	50.0	36.7	0.7	0.8
Prepayments and accrued income	61.7	36.7	91.9	3.2
	552.2	492.9	120.0	6.1
Due after one year				
Deferred taxation	57.0	53.6	13.6	11.5
Owed by associated undertakings	0.2	0.2	–	–
Other debtors	32.3	32.2	0.7	–
Prepayments and accrued income	20.0	–	–	–
	109.5	86.0	14.3	11.5

15 Current Asset Investments

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Listed on overseas exchanges	76.2	72.4	–	–
Unlisted investments	6.7	1.7	–	–
Loans, short term deposits and fixed interest securities	246.1	232.5	–	–
	329.0	306.6	–	–

£nil million (1995 – £6.6 million) of fixed interest securities have been pledged as security for loans to associated undertakings.

16 Creditors – borrowings

Due within one year				
Current portion of long term creditors	87.8	68.6	–	–
Other bank loans and overdrafts – secured	28.7	0.4	–	–
– unsecured	200.2	166.2	2.0	0.8
Short term loans – secured	–	0.6	–	–
– unsecured	34.4	9.0	–	–
Owed to subsidiary undertakings	–	–	1 474.5	932.8
	351.1	244.8	1 476.5	933.6

Lenders of secured loans have a charge over certain tangible fixed assets.

17 Creditors – other

Due within one year				
Trade creditors	303.7	332.8	–	–
Accruals and deferred income	156.2	164.7	2.0	2.7
Owed to subsidiary undertakings	–	–	11.3	18.2
Payments received on account	1.9	2.6	–	–
Other creditors	56.5	35.2	0.9	0.4
Social security	15.2	15.0	1.2	1.3
Owed to associated undertakings	6.1	6.1	–	–
	539.6	556.4	15.4	22.6
Overseas taxation	15.8	31.9	–	–
UK taxation	34.6	34.2	–	1.7
Proposed dividends				
– holders of Tate & Lyle PLC shares	52.1	46.6	52.1	46.6
– minority interests in subsidiary undertakings	4.7	3.3	–	–
	107.2	116.0	52.1	48.3
	646.8	672.4	67.5	70.9
Due after more than one year				
Accruals and deferred income	5.7	4.8	–	–
Other	8.4	5.6	–	–
	14.1	10.4	–	–

Notes to the Financial Statements

18 Borrowings – due after more than one year	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Debentures, loans and overdrafts				
Industrial revenue bonds 1996/2005 (US$32,420,000)[1]	20.7	21.1	–	–
6.43% notes 1997 (US$50,000,000)	–	31.6	–	–
8% Guaranteed Bonds 1999 (£100,000,000)	99.7	99.6	–	–
7.96% notes 1999 (US$50,000,000)	–	31.6	–	–
7.02% notes 1999 (US$65,000,000)	–	41.1	–	–
6.545% Partially Guaranteed Secured Bonds 2000 (US$500,000,000)	73.9	85.6	–	–
Variable convertible bonds 2000 (FFr350,000,000)	45.6	45.0	–	–
5¾% Guaranteed Bonds 2001 (£190,500,000)	–	135.4	–	–
6⅞% Guaranteed Bonds 2001 (US$150,000,000)	95.4	–	–	–
Other variable unsecured loans	27.3	28.2	–	–
Other fixed unsecured loans	15.0	15.7	1.7	1.7
Obligations under finance leases	4.6	0.3	–	–
	382.2	535.2	1.7	1.7
Bank loans and overdrafts				
Variable unsecured 1998 (US$50,000,000)	32.0	31.6	–	–
Variable unsecured 1999 (US$51,500,000)	32.9	–	–	–
Variable unsecured 2002 (US$75,000,000)	48.0	47.4	–	–
Variable unsecured 2002 (US$50,000,000)	32.0	–	–	–
Variable unsecured other	318.9	203.5	–	–
7.863% unsecured 2001 (£163,756,230)	163.8	–	–	–
Fixed unsecured other	5.9	10.9	–	–
	633.5	293.4	–	–
Owed to subsidiary undertakings	–	–	–	–
Less portion of borrowings due within one year	(87.8)	(68.6)	–	–
	927.9	760.0	1.7	1.7

[1] $23.7 million held at variable interest rates, the balance is held at fixed interest rates from 5.88% to 13.0%.

Maturity of borrowings				
One to two years	94.2	91.9	–	–
Two to five years	663.4	457.3	–	–
Over five years	170.3	210.8	1.7	1.7
	927.9	760.0	1.7	1.7

£197.4 million of borrowings falling due after more than one year are repayable by instalments. £170.3 million of borrowings maturing after five years are repayable other than by instalments.

Unsecured bank loans of £46.0 million (1995 – £39.0 million) maturing within one year are shown as £10.0 million (1995 – £nil million) maturing in one to two years and £36.0 million (1995 – £39.0 million) maturing in two to five years, consistent with committed facilities for these borrowings.

The Group has further undrawn committed multicurrency facilities of £142.2 million, which expire as follows:

	1996 £ million
Within one year	–
One to two years	22.4
Two to five years	111.9
Over five years	7.9
	142.2

18 Borrowings – due after more than one year (continued)

Tate & Lyle PLC has guaranteed all payments to be made in respect of the 8% Bonds and of the 6⅞% Bonds unconditionally. The rights of the bondholders against Tate & Lyle PLC on a winding-up would be equivalent to those of all other unsecured and unsubordinated creditors.

The US$500 million 6.545% Bonds, which were issued by a US subsidiary undertaking, are secured by a bank letter of credit which will satisfy the principal amount of the bonds at maturity (or, on acceleration, its present value). The annual coupons on the bonds (or, on acceleration, their present value) are guaranteed by Tate & Lyle PLC which has also purchased the bondholders' rights to recover from the subsidiary the amount secured by the letter of credit. Therefore at the level of the US subsidiary undertaking the bonds are fully recourse, however, by virtue of the foregoing arrangements, the liability of the Group is limited to £73.9 million (representing the net present value of the coupons payable over the life of the bonds). The rights of the bondholders against Tate & Lyle PLC on a winding up would be equivalent to those of all other unsecured and unsubordinated creditors.

The FFr350 million variable convertible bonds were issued by Orsan SA, a subsidiary in which Amylum Belgium NV has an 80.4% interest. Unless the options referred to below are exercised, the bonds will be redeemed in April 2000 for FFr381.5 million. At the option of the bondholders, each bond is convertible into 4 shares of Orsan in April 2000. Arrangements are in place to ensure that there will be no dilution of the Group's interest in Orsan.

During the year the £190.5 million 5¾% Guaranteed Bonds were redeemed for £163.8 million and replaced by borrowings with substantially the same terms. The premium on redemption of £23.3 million is being amortised over the life of the replacement debt and is treated as a payment of interest in the statement of cash flows. The £163.8 million 7.863% unsecured borrowings due 2001, which replace the Guaranteed Bonds, were fully drawn by a UK subsidiary undertaking and are guaranteed on a subordinated basis by Tate & Lyle PLC.

Debentures, loans and overdrafts of £2.5 million at 28 September 1996 are secured against certain tangible fixed assets. Finance lease obligations are secured against the assets concerned.

19 Provisions for Liabilities and Charges

	Total £ million	Deferred taxation £ million	Insurance funds £ million	Pensions £ million	Other post-retirement benefits £ million	Other £ million
Group						
At 30 September 1995	220.5	12.7	31.4	27.0	110.7	38.7
Differences on exchange	(0.8)	(0.1)	0.3	(0.9)	1.1	(1.2)
Utilised in period	(18.4)	1.5	(0.1)	(6.5)	(8.4)	(4.9)
Profit and loss account	39.0	(1.7)	4.1	13.6	10.8	12.2
Advance Corporation Tax	0.7	0.7	–	–	–	–
At 28 September 1996	**241.0**	**13.1**	**35.7**	**33.2**	**114.2**	**44.8**

Of the provisions set up on the acquisitions of subsidiary companies, £1.4 million has been utilised in the year. £nil million has been released to the profit and loss account. Depending on their nature, acquisition provisions are classified as creditors (note 17) or as provisions for liabilities and charges.

An additional £0.7 million was charged to the profit and loss account of Tate & Lyle PLC during the year increasing the pension provision from £0.9 million to £1.6 million.

19 Provisions for Liabilities and Charges (continued)

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Analysis of Deferred Taxation				
Assets recognised				
UK – other timing differences	**(9.1)**	(6.4)	**(0.6)**	(0.4)
– Advance Corporation Tax recoverable	**(13.2)**	(11.5)	**(13.0)**	(11.1)
Overseas post retirement benefits	**(44.0)**	(43.8)	**–**	–
other timing differences	**(17.5)**	(22.2)	**–**	–
	(83.8)	(83.9)	**(13.6)**	(11.5)
Assets included as debtors in note 14	**57.0**	53.6	**13.6**	11.5
	(26.8)	(30.3)	**–**	–
Liabilities provided				
UK – capital allowances	**8.0**	7.4	**–**	–
Overseas on fixed assets	**19.9**	27.4	**–**	–
other timing differences	**12.0**	8.2	**–**	–
Deferred taxation liabilities provided	**13.1**	12.7	**–**	–
Potential Assets				
UK – other timing differences	**(9.6)**	(8.4)	**(0.6)**	(0.5)
– Advance Corporation Tax recoverable	**(13.2)**	(11.5)	**(13.0)**	(11.1)
Overseas post retirement benefits	**(44.0)**	(43.8)	**–**	–
other timing differences	**(60.0)**	(80.7)	**–**	–
Potential Liabilities				
UK – capital allowances	**40.4**	37.6	**–**	–
Overseas on fixed assets	**192.1**	189.8	**–**	–
other timing differences	**12.0**	8.2	**–**	–
Potential full deferred taxation provision	**117.7**	91.2	**(13.6)**	(11.6)

Deferred tax on earnings to be retained overseas is not provided except to the extent that there is an intention to remit them in the foreseeable future.

20 Post-retirement Benefits

The Group operates a number of pension schemes of the defined benefit type throughout the world. The assets of the schemes are held in separate trustee-administered funds. The schemes are funded in line with local practice and contributions are assessed in accordance with the advice of the local actuary in each case.

The schemes operated by the Group are subject to actuarial valuation at regular intervals using consistent assumptions appropriate to conditions prevailing in the relevant country.

The main scheme is the Tate & Lyle Group Pension Scheme with benefits related to service and final salary. A valuation was made as at 31 March 1995 by a qualified actuary using the projected unit method. The principal actuarial assumptions made were that, over the long term, the return on future investments will be 8.94% per annum; remuneration will increase at 6.33% per annum and the rates of retail price inflation and dividend growth will be 4.50% per annum. Provision was made for the pension increases provided under the rules of the Scheme. The valuation disclosed a surplus which the actuary advised is sufficient to support the continued suspension of contributions until the results of the next actuarial valuation, due to be made as at 31 March 1997, are available.

In aggregate at the date of the most recent actuarial valuation, the market value of assets of the schemes in surplus was £710.3 million and of those schemes in deficit was £48.3 million. The actuarial value of the assets was sufficient to cover 108% and 81% respectively of the benefits accrued to members, after allowing for future salary increases.

The Group's subsidiaries in the United States provide healthcare and life assurance benefits to their employees. The arrangements are unfunded. Valuations are conducted annually by a qualified actuary using the projected unit method. The principal actuarial assumptions were that medical inflation will increase by 10% in 1996 reducing ultimately to 6%; a discount rate of 8% was used.

21 Contingent Liabilities	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Guarantees of loans and overdrafts of subsidiaries, former subsidiaries and associates[1]	7.7	1.9	848.1	695.8
Trade guarantees	13.5	20.9	–	–

[1] £7.7 million has been advanced (1995 – £1.9 million); Tate & Lyle PLC £848.1 million (1995 – £695.8 million).

Other trade guarantees have been given in the normal course of business by the Group and by Tate & Lyle PLC at both 28 September 1996 and 30 September 1995. These are excluded from the figures given above and are in respect of Customs and Excise and Intervention Board for Agricultural Produce bonds, ECGD recourse agreements, letters of credit and tender and performance bonds.

There are a number of legal claims or potential claims arising in the ordinary course of business against the group, the outcome of which cannot at present be foreseen. The company is vigorously contesting these claims and, in the opinion of the directors, after taking legal advice, no significant liability will arise.

22 Financial Commitments

(a) Operating leases

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Annual commitments in respect of plant and machinery operating leases which expire:				
– within one year	2.9	1.8	–	–
– between two and five years	11.7	13.7	–	–
– over five years	9.7	6.8	–	–
	24.3	22.3	–	–
Annual commitments in respect of land and buildings operating leases which expire:				
– within one year	0.3	0.2	–	–
– between two and five years	0.4	0.6	–	–
– over five years	4.7	4.7	1.5	1.4
	5.4	5.5	1.5	1.4

(b) Contracts for capital expenditure

	1996 Group £ million	1995 Group £ million	1996 Tate & Lyle PLC £ million	1995 Tate & Lyle PLC £ million
Expenditure contracted for but not provided for in the financial statements is estimated at	48.8	45.6	–	–

23 Share Capital	1996 £ million	1995 £ million
Authorised share capital of Tate & Lyle PLC		
2,394,000 6½% Cumulative preference shares of £1 each	2.4	2.4
683,057,915 Ordinary shares of 25p each	170.8	150.8
214,732,170 7.25p (net) dividend convertible cumulative redeemable preference shares of 12.5p each	26.8	26.8
	200.0	180.0
Allotted and fully paid		
2,394,000 6½% Cumulative preference shares of £1 each (1995 – 2,394,000)	2.4	2.4
438,357,264 Ordinary shares of 25p each (1995 – 396,993,841)	109.6	99.2
30,886,926 7.25p (net) dividend convertible cumulative redeemable preference shares of 12.5p each (1995 – 118,890,778)	3.8	14.9
	115.8	116.5

23 Share Capital (continued)

Details of shares allotted during the year are given in the Directors' Report.

The rate of dividend of the 6½% cumulative preference shares is 4.55% plus the associated tax credit. On a return of capital on a winding-up, the holders of 6½% cumulative preference shares shall be entitled to £1 per share, in preference to all other classes of shareholders. Holders of these shares are entitled to vote at meetings, except on the following matters: any question as to the disposal of the surplus profits after the dividend on these shares has been provided for, the election of directors, their remuneration, any agreement between the directors and the Company, or the alteration of the Articles of Association dealing with any of such matters.

The convertible preference shares may be converted into fully paid ordinary shares of 25p each on 28 February in any of the years 1997 to 2008 on the basis of 11.299 ordinary shares for every 25 convertible preference shares. The Company will be entitled at any time after 1 September 2008, and will be obliged on 28 February 2013, to redeem at £1 per share any convertible preference shares then in issue. On a return of capital on a winding-up, the holders of convertible preference shares are entitled to £1 per share, after payment of all amounts due to the holders of 6½% cumulative preference shares, but in priority to holders of ordinary shares. No voting rights attach to these shares unless the dividend on the shares is six months in arrears, or a resolution is proposed affecting the rights of this class of shareholders.

In 1991 the Company issued 37,200 warrants to acquire shares. The £29.6 million proceeds were credited to a non-distributable reserve. Each warrant entitled the holder to subscribe for 866 shares. On 9 May 1996 a subsidiary company gave notice of redemption of £190.5 million 5¾% Guaranteed Bonds due 2001. In accordance with the terms of the warrants, this caused the subscription term of the warrants to expire on 3 June. None of the warrants were exercised, and the original proceeds have been transferred to retained profits.

At 28 September 1996, options had been granted and were still outstanding under the Company's share option schemes. These options are exercisable for a total of 8,935,382 ordinary shares in periods between now and 2006 at prices ranging from 159.5p to 473p per share. The number of shares issuable and the subscription prices have been adjusted in accordance with the rules of each scheme to take account of the rights issue made in May 1988 and the share split in January 1989. During the year, options for 860,450 shares were granted under the executive share option schemes and for 797,290 shares under the SAYE share option scheme.

	Ordinary Shares		Preference Shares[1]	
	1996	1995	**1996**	1995
Directors' interests				
S Gifford	**28 388**	26 588[2]	–	–[2]
Sir Brian Hayes	**1 232**	1 189	–	–
Dr K G G Hopkins	**1 571**	1 517	–	–
P S Lewis	**7 639**	7 369	–	–
P J Mirsky	**5 468**	3 324	–	–
L G Pillard	**5 243**	5 058	–	–
Lady Prior	**6 575**	6 211	–	300
Sir Neil Shaw	**30 714**	29 625	–	–
S Strathdee	**6 879**	6 635	–	–
Sir Saxon Tate	**116 195**	109 519	–	15 186
J F Taylor	**6 042**	5 895	–	–
Lord Walker	**10 000**	10 000	–	–
J H W Walker	**10 030**	5 935	–	800
L R Wilson	**102 036**	102 036	–	–
A M Yurko	**2 000**	–[2]	–	–[2]

[1] 7.25p (net) dividend convertible cumulative redeemable preference shares.
[2] Holding at date of appointment.

Included in the interests of Sir Saxon Tate are holdings totalling 15,682 ordinary shares which are classed as trustee interests. All other directors' interests are beneficially held. At the date of her appointment, C Piwnica held no shares in the Company. There were no changes in directors' interests in the period from 28 September 1996 to 26 November 1996. The Register of Directors' Interests, which is open to inspection, contains full details of directors' shareholdings and options to subscribe.

24 Reserves	Share premium £ million	Revaluation reserve £ million	Profit and loss £ million	Other reserves £ million	Total £ million
Group					
At 30 September 1995	356.5	41.5	336.7	58.2	792.9
Differences on exchange[1]	–	(0.2)	(3.4)	0.1	(3.5)
Issue of shares	6.1	–	–	–	6.1
Retained profit	–	–	96.1	–	96.1
Goodwill written off	–	–	(9.6)	–	(9.6)
Lapse of warrants	–	–	29.6	(29.6)	–
Other transfers	–	(1.5)	(7.2)	8.7	–
At 28 September 1996	**362.6**	**39.8**	**442.2**	**37.4**	**882.0**
Company					
At 30 September 1995	356.5	–	166.4	29.6	552.5
Issue of shares	6.1	–	–	–	6.1
Retained profit	–	–	7.4	–	7.4
Lapse of warrants	–	–	29.6	(29.6)	–
At 28 September 1996	**362.6**	**–**	**203.4**	**–**	**566.0**

[1] Differences on exchange include a £1.8 million gain in respect of differences arising on the retranslation of foreign currency borrowings used to hedge equity investments in foreign enterprises.

The profit dealt with in Tate & Lyle PLC was £85.3 million.

The amount of depreciation provided in the period on the book value of tangible fixed assets which represents revaluation surpluses has been transferred from revaluation reserve to profit and loss account.

The revaluation reserve arises as a consequence of carrying certain tangible fixed assets of subsidiaries in the balance sheet at valuations determined in years up to 1993.

Other reserves are non-distributable and include statutory reserves of overseas subsidiaries amounting to £37.8 million (1995 – £28.4 million). Cumulative post-acquisition retained losses of associated undertakings amounted to £7.6 million (1995 – losses of £18.4 million). Cumulative goodwill written off to the profit and loss reserve amounted to £572.7 million (1995 – £563.1 million).

25 Shareholders' funds	**1996 £ million**	1995 £ million
Non-equity interests		
– 6½% cumulative preference shares	**2.4**	2.4
– 7.25p convertible cumulative redeemable preference shares of 12.5p each	**30.9**	118.9
	33.3	121.3
Equity interests	**964.5**	788.1
Shareholders' funds	**997.8**	909.4

26 Change in Working Capital	**1996 Group £ million**	1995 Group £ million
Increase in stocks *(Note 13)*	**19.5**	77.3
Increase in debtors *(Note 14)*	**46.3**	33.7
Increase/(reduction) in debtors due after more than one year *(Note 14)*	**20.1**	(4.8)
Reduction/(increase) in creditors *(Note 17)*	**13.1**	(22.9)
(Increase) in provisions for liabilities and charges *(Note 19)*	**(20.1)**	(39.4)
Movement over period	**78.9**	43.9
Differences on exchange	**(4.7)**	(4.6)
Acquisitions and disposals during period	**(1.0)**	(32.4)
Other	**(13.0)**	15.8
	60.2	22.7

Working capital includes provisions and excludes taxation, dividends and items affecting total Group borrowings. Other movements represent the elimination of balances within debtors and creditors attributable to interest, tangible fixed assets and fixed asset investments.

27 Net Cash Inflow from Operating Activities

	1996 £ million	1995 £ million
Operating profit	309.1	348.1
Depreciation of tangible fixed assets	125.4	135.2
Change in working capital *(Note 26)*	(60.2)	(22.7)
Profit on sale of tangible fixed assets, fixed asset investments and businesses *(Note 2)*	(7.0)	(22.0)
Other	(0.5)	(0.3)
	366.8	438.3

28 Analysis of cash, cash equivalents, investments and borrowings

	1996 Cash and cash equivalents £ million	1996 Investments, borrowings and finance leases £ million	1995 Cash and cash equivalents £ million	1995 Investments, borrowings and finance leases £ million
Cash at banks and in hand	115.9	–	67.8	–
Current asset investments *(Note 15)*	135.1	193.9	214.2	92.4
	251.0	193.9	282.0	92.4
Borrowings due within one year *(Note 16)*	(223.4)	(127.7)	(120.7)	(124.1)
Borrowings due after more than one year *(Note 18)*	–	(927.9)	–	(760.0)
	(223.4)	(1 055.6)	(120.7)	(884.1)
	27.6	(861.7)	161.3	(791.7)
Net borrowings		(834.1)		(630.4)

29 Analysis of changes in cash and cash equivalents during the year

	1996 £ million	1995 £ million
Balance at 30 September 1995	161.3	98.4
Differences on exchange	(6.4)	9.2
Net cash (outflow)/inflow	(127.3)	53.7
Balance at 28 September 1996	27.6	161.3

30 Analysis of changes in financing during the year

	1996 Share Capital and premium £ million	1996 Borrowings and finance leases £ million	1995 Share Capital and premium £ million	1995 Borrowings and finance leases £ million
Balance at 30 September 1995	473.0	884.1	449.9	783.2
Differences on exchange	–	(6.9)	–	16.6
Share alternative dividend	2.8	–	4.0	–
Acquisition of subsidiaries	–	0.6	15.5	1.0
Cash inflows from financing	2.6	165.0	3.6	76.5
Other	–	12.8	–	6.8
Balance at 28 September 1996	478.4	1 055.6	473.0	884.1

31 Cash Flow/Net Debt Reconciliation

	1996 £ million	1995 £ million
Net cash outflow before financing	(294.9)	(26.4)
Increase/(reduction) in short term investments	106.9	(13.0)
	(188.0)	(39.4)
Raised on issue of share capital	2.6	3.6
Changes in debt not involving cash flow:		
– Assumed on acquisition of subsidiaries	(0.6)	(1.0)
– Exchange movements	(4.9)	(5.8)
– Amortisation of bond discount	(7.5)	(6.7)
– New finance leases	(5.3)	(0.1)
Increase in net borrowings	(203.7)	(49.4)
Net borrowings at start of year	(630.4)	(581.0)
Net borrowings at end of year	(834.1)	(630.4)

32 Currency and Interest Rate Exposure of Borrowings

After taking into account the various interest rate and currency swaps entered into by the Group, the currency and interest rate exposure of the borrowings of the Group as at 28 September 1996 was:

	Total net borrowings £ million	Fixed rate net borrowings £ million	Fixed rate gross borrowings £ million	Average interest rate (%) of fixed rate gross borrowings	Average years to maturity of fixed rate gross borrowings
Sterling	150.9	126.2	126.2	11.1%	4.4
United States Dollars	478.6	191.1	221.0	6.6%	4.2
Canadian Dollars	70.5	37.5	37.5	5.9%	2.8
Australian Dollars	16.1	–	–	–	–
Exchange Rate Mechanism currencies	123.5	(10.2)	7.4	4.5%	4.1
Others	(5.5)	–	–	–	–
Total/average	834.1	344.6	392.1	7.9%	4.2

The analysis of average interest rates and years to maturity is on fixed rate gross borrowings and after adjustments for interest rate swaps. The interest rate exposure is further protected by interest rate caps on £10 million at 10% until June 1998, US$50 million at 6.72% until July 1999 and US$28.5 million at 6.65% until December 1999. The Group also has a BFr1 000 million collar at 6.03% floor/7% cap expiring in December 1999 and a FFr 400 million collar at 4.91% floor/6% cap commencing in January 1997 for two years.

The average sterling interest rate of 11.1% reduces to 7.2% if the amortisation of the premium on redemption of the Guaranteed Bonds referred to in note 18 is excluded.

The Group has also entered into two flexible chooser caps which give the right to fix two six-month settings over a two-year period. The first is for FFr 200 million at 6% and runs for two years from October 1996 and the second is for FFr 300 million at 6% and runs for two years from January 1997.

Subsequent to the year end the Group entered into a US$200 million interest rate cap at 9.5% until October 2000 and a US$150 million interest rate cap at 9.5% until November 2000.

33 Currency Analysis of Net Assets

After taking into account the various borrowings and currency swaps entered into by the Group, the percentage of net assets by currency of the Group, which totalled £1 187.5 million as at 28 September 1996 (1995 – £1 074.1 million), were:

	1996 %	1995 %
Pounds Sterling	11	11
United States Dollars	41	36
Canadian Dollars	–	4
Australian Dollars	11	12
EU currencies excluding Sterling	20	24
Others	17	13
Total	100	100

34 Changes in Group Interests

The principal changes in Group interests during the year, all of which were accounted for as acquisitions, were:

- on 7 December 1995 Odessa Sugar Company was formed. The Group acquired a 60% interest in return for an agreement to contribute US$15 million over two years.
- in October 1995 Orsan Guangzhou Gourmet Powder Company Limited was formed. Orsan SA (a subsidiary in which the Group has a 50.9% effective interest) contributed FFr76.4 million in return for a 51% interest.
  (Neither of these acquisitions result in cash leaving the Group and accordingly no consideration appears in the table below.)
- on 15 September 1996 R W Patten was purchased for C$8.0 million, plus contingent consideration estimated at C$2.0 million.

The effect of these and other acquisitions was as follows:

	Subsidiaries £ million	Investment in associated undertakings £ million	1996 Total £ million
Net assets acquired			
Tangible fixed assets	13.2	–	13.2
Fixed asset investments	–	20.2	20.2
Working capital	1.0	–	1.0
Minority interests	(14.6)	–	(14.6)
	(0.4)	20.2	19.8
Consideration			
Cash paid	4.4	22.0	26.4
Deferred consideration	–	0.6	0.6
Contingent consideration	0.9	–	0.9
Net borrowings of subsidiaries acquired (including cash and cash equivalents)	1.5	–	1.5
	6.8	22.6	29.4
Goodwill arising on consolidation	7.2	2.4	9.6

There were no material adjustments to book values recorded.

35 Post Balance Sheet Events

There are no material post balance sheet events.

Main Subsidiaries and Investments

at 28 September 1996

Subsidiaries based in the UK	Type of business	Proportion of share capital held %
Amylum UK Limited[2,3]	*Cereal sweeteners & starches*	(63.3) 66.7
Greenwich Distillers Limited	*Alcohol distillation*	(63.3) 100
The Molasses Trading Company Limited	*Holding company*	100
Tate & Lyle Holdings Limited[1,2]	*Holding company*	100
Tate & Lyle Industries Limited[1]	*See below*	100
Tate & Lyle International Finance PLC[1]	*In-house banking*	100
Tate & Lyle Investments Limited[1]	*Holding company*	100
Tate & Lyle Investments (USA) Limited	*Holding company*	100
United Molasses (Ireland) Ltd	*Molasses*	50

[1] Direct subsidiaries of Tate & Lyle PLC.

[2] Tate & Lyle PLC holds directly 78.5% of Tate & Lyle Holdings Limited and 33⅓% of Amylum UK Limited.

[3] Tunnel Refineries Limited changed its name to Amylum UK Limited on 28 October 1996.

Main Operating Units of Tate & Lyle Industries Limited	
Speciality Sweeteners	*High intensity sweeteners*
Tate & Lyle Process Technology	*Sugar technology*
Tate & Lyle Sugars	*Sugar refining*
UM Group, comprising:	
Charles E Ford	*Animal feeds*
FSL Bells	*Animal feeds*
Kentships	*Shipping agents*
Micronized Food Products	*Animal feeds*
Rumenco	*Animal feeds*
Tate & Lyle International	*Sugar trading*
United Molasses	*Molasses*
United Storage	*Bulk liquid storage*
Universal Milling Technology	*Feed mill engineering*

Subsidiaries operating overseas		Type of business	Proportion of share capital held %
Australia	Babinda Sugar Limited	*Raw sugar manufacture*	100
	Bingera Sugar Pty Ltd	*Raw sugar manufacture*	100
	Bundaberg Foundry Engineers Ltd	*Sugar mill engineering*	100
	Bundaberg Molasses Ltd	*Molasses*	100
	Bundaberg Sugar Ltd	*Raw sugar manufacture*	100
	Millaquin Sugar Pty Ltd	*Raw sugar manufacture & sugar refining*	100
	Moreton Sugar Ltd	*Raw sugar manufacture*	100
	Tate & Lyle Holdings (Australia) Pty Ltd	*Holding company*	100
	Tate & Lyle Investments (Australia) Pty Limited	*Holding company*	100
Barbados	Caribbean Antilles Molasses Company Limited	*Molasses*	100
Belgium	Amylum Belgium NV	*Cereal sweeteners & starches*	(63.3) 66.7
	Tameco NV	*Molasses*	100
Bermuda	Tate & Lyle Management & Finance Limited	*Management & finance*	100
	Tate & Lyle Reinsurance Limited	*Reinsurance*	100
Brazil	Tate & Lyle do Brasil Serviços e Participações Ltda	*Sugar trading*	100
Canada	Redpath Industries Limited	*Sugar refining*	100
China	Guangxi Luwu Euro Asia Sugar Company Limited	*Cane sugar manufacture*	(43.5) 65
	Guangxi Napeng Euro Asia Sugar Company Limited	*Cane sugar manufacture*	(43.5) 65
	Orsan Guangzhou Gourmet Powder Company Limited	*Glutamate producer*	(26.0) 51
Denmark	Nordisk Melasse A/S	*Molasses*	100

Main Subsidiaries and Investments

at 28 September 1996

Subsidiaries operating overseas (continued)

		Type of business	Proportion of share capital held %
France	Amylum Aquitaine	*Cereal sweeteners & starches*	(63.3) 100
	Amylum France SAS	*Cereal sweeteners & starches*	(63.3) 100
	Orsan SA	*Glutamate producer*	(50.9) 80.4
	Société Européenne des Mélasses SA	*Molasses*	50
	UMT SA	*Feed mill engineering*	100
Germany	Hansa Melasse – Handelsgesellschaft mbH	*Molasses*	100
	Universal Milling Technology GmbH	*Feed mill engineering*	100
Greece	Amylum Hellas S.A. (formerly Biamyl SA)	*Cereal sweeteners & starches*	(62.4) 98.6
Guyana	Caribbean Molasses Company Incorporated	*Molasses*	100
Hong Kong	Tate & Lyle Swire Limited	*Holding company*	67
Italy	Melassa Italiana SpA	*Molasses*	100
Kenya	East African Storage Company Limited	*Storage & distribution*	100
Mauritius	The Mauritius Molasses Company Limited	*Molasses*	66.7
Mexico	Tate & Lyle Mexico SA de CV	*Holding company*	100
Mozambique	Companhia Exportadora de Melaços	*Molasses*	100
Netherlands	Amylum Nederland BV (formerly Zetmeelbedrijven de Bijenkorf BV)	*Cereal sweeteners & starches*	(63.3) 100
	Nederlandsche Melasse Handel Maatschappij BV	*Molasses*	100
	Tate & Lyle Holland BV	*Holding company*	100
	UMT Boxtel BV	*Feed mill engineering*	100
	UMT Deurne BV	*Feed mill engineering*	100
Norway	Tate & Lyle Norge A/S	*Sugar distribution*	100
Portugal	Alcântara Sociedade de Empreendimentos Açucareiros, SA	*Sugar refining*	100
	Tate & Lyle (Portugal) Importaçao e Exportaçao Ltda	*Molasses*	100
South Africa	The Pure Cane Molasses Company (Durban) (Pty) Ltd	*Molasses*	100
Spain	Amylum Ibérica S.A. (formerly Campo Ebro Industrial SA)	*Cereal sweeteners & starches*	(61.4) 97
	United Molasses (España) SA	*Molasses*	100
Sweden	Nordisk Melass AB	*Molasses*	100
Trinidad	Caribbean Bulk Storage and Trading Company Ltd	*Molasses*	100
Ukraine	Odessa Sugar Company	*Sugar refining*	60
USA	A E Staley Manufacturing Company	*Cereal sweeteners & starches*	(90.0) 100
	Domino Sugar Corporation	*Sugar refining*	100
	PM Ag Products Inc	*Animal feeds & molasses*	100
	Staley Grain Inc	*Cereal sweeteners & starches*	(90.0) 100
	Staley Holdings Inc	*Holding company*	(90.0) 92.7
	Tate & Lyle Finance, Inc	*In-house banking*	100
	Tate & Lyle Inc	*Holding company*	100
	Tate & Lyle North American Finance Company, LLC	*Holding company*	100
	Technostaal Schouten Inc	*Feed mill engineering*	100
	TLI Holding Inc	*In-house banking*	100
	United Molasses Inc	*Molasses*	100
	The Western Sugar Company	*Sugar beet processing*	100
Vietnam	Nghe An Tate & Lyle Sugar Company Limited	*Raw sugar manufacture*	(42.0) 70
Zambia	Zambia Sugar PLC	*Raw sugar manufacture*	50.9
Zimbabwe	ZSR Corporation Ltd	*Sugar refining*	50.1

Particulars of other subsidiaries and associated undertakings which are either not material or are dormant will be included in the forthcoming Annual Return.

The percentage of equity attributable to Tate & Lyle PLC is shown in brackets where it is different from the proportion of shares held by Tate & Lyle PLC, its subsidiaries and associates.

There are shareholders' agreements made in September 1988 involving Amylum Belgium NV, CIP (the other shareholder in Amylum Belgium NV and Amylum UK Limited) and Tate & Lyle. These agreements provide for CIP and Amylum Belgium NV to sell, at their options, their minority stakes in Staley, Amylum UK and Amylum Belgium NV to Tate & Lyle. They also provide for them to buy, again at their options, a further 16.67% of Amylum Belgium NV and Amylum UK in which case Tate & Lyle has the option to buy the minority stake in Staley. In all cases the exercise price is fair market value. All of the options will expire together on or after 7 September 2003.

Associated Undertakings		Type of business		Proportion of ordinary share capital held %
Australia	Bundaberg Distilling Company Pty Limited	*Alcohol distillation*		50
	Bundaberg Rum Company	*Alcohol marketing*		50
Botswana	Sugarmark (Pty) Limited	*Sugar distribution*	(16.7)	33.3
Bulgaria	Amylum Bulgaria AD[1] (formerly Tzaramyl AD)	*Cereal sweeteners & starches*	(27.2)	86
Czech Republic	Němčice nad Hanou as[2]	*Sugar beet processing*	(31.4)	62.8
France	Eurolysine SA	*Lysine*	(12.7)	25
Hungary	Hungrana kft[1]	*Cereal sweeteners & starches*	(15.8)	50
	Kabai Cukorgyár Rt[2]	*Sugar beet processing*	(17.3)	34.6
Ireland	Premier Molasses Company Ltd	*Molasses*		50
Italy	Sedamyl SpA	*Cereal sweeteners & starches*	(31.6)	50
Mexico	Almidones Mexicanos SA	*Cereal sweeteners & starches*	(45.0)	50
	Grupo Industrial Azucarero de Occidente SA de CV	*Raw sugar manufacture*		49
Netherlands	Eastern Sugar BV	*Holding company*		50
	Eaststarch CV	*Holding company*	(31.6)	50
Slovakia	Amylum Slovakia spol sro[1]	*Cereal sweeteners & starches*	(31.6)	100
	Juhocukor as[2]	*Sugar beet processing*	(38.2)	76.3
Spain	Compania de Melazas SA	*Molasses*		50
Thailand	Tapioca Development Corporation	*Starch production*	(25.0)	33.3
	United Farmer & Industry Company Limited	*Raw sugar manufacture*		20.4
Turkey	Amylum Nisasta[1]	*Cereal sweeteners & starches*	(22.2)	70
United Kingdom	Agricultural Bulk Services (Bristol) Ltd	*Bulk storage*		50
	Booker Tate Limited	*Agribusiness*		50
	Fletcher Smith Limited	*Agribusiness*		35
USA	Midwest PMS	*Speciality feeds*		50
	Mountain Lake Manufacturing	*Cereal sweeteners & starches*	(45.0)	50

The share capital held is of ordinary shares, except for Bundaberg Rum Company, Mountain Lake Manufacturing and Midwest PMS, which are unincorporated partnerships.

[1] Share capital held by Eaststarch CV.

[2] Share capital held by Eastern Sugar BV.

Shareholder Information

Financial Calendar

Results

1997 Annual General Meeting	30 January 1997
Results for the first six months announced	7 May 1997
Results for full year announced	26 November 1997
1998 Annual General Meeting	3 February 1998

Dividends on Ordinary Shares

1996 final dividend (if approved) paid	4 February 1997
1997 interim dividend declared	7 May 1997
Ordinary shares go ex-dividend	19 May 1997
1997 interim dividend paid	15 July 1997
Proposed 1997 final dividend announced	26 November 1997
Ordinary shares go ex-dividend	8 December 1997
1997 final dividend (if approved) paid	6 February 1998

Preference Shares

6½% cumulative preference shares (Now 4.55% plus tax credit)	Dividends paid 31 March and 30 September
7.25p (net) dividend convertible cumulative redeemable preference shares	Dividends paid 30 November and 31 May

General Information

Share Alternative Scheme

During 1996 the Company offered a share alternative dividend option for the ordinary shares in respect of the dividends paid in February 1996 and July 1996.

The cash equivalent values per new share for tax purposes were as follows:

Final dividend 1995 *(paid 6 February 1996)*	440.0p
Interim dividend 1996 *(paid 16 July 1996)*	461.1p

Details of these share alternative dividends were described in the letters sent to shareholders dated 29 December 1995 and 7 June 1996. Copies of the letters may be requested from the Company Secretary.

Reclaiming Income Tax on Dividends by UK shareholders

Dividends are paid net of tax which is deducted at the rate of 20%. The deduction is shown on the dividend tax voucher as 'Tax Credit'. If your total income is less than your tax allowance you can claim back all the tax from the Inland Revenue. For 1996-97 all UK resident individuals and certain non-UK residents have a tax allowance of at least £3,765. If your income is more than your allowance, only the amount in excess of the allowance is liable to tax. If you think you can make a claim, ask your local Tax Office for leaflet IR110. The address is in the telephone book under 'Inland Revenue'.

Capital Gains Tax

The market values on 6 April 1965 for the purposes of capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary shares of £1 each	*156.25p*
Equivalent value per ordinary share of 25p	*39.06p*
6½% cumulative preference shares (Now 4.55% plus tax credit)	*90.0p*

The market values on 31 March 1982 for the purposes of indexation in relation to capital gains tax of Tate & Lyle PLC shares then in issue were:

Ordinary shares of £1 each	*201.00p*
Equivalent value per ordinary share of 25p	*50.25p*
6½% cumulative preference shares (Now 4.55% plus tax credit)	*43.50p*

Tate & Lyle American Depositary Shares ("ADSs")

Tate & Lyle ADSs are traded in the United States on the NASD OTC Bulletin Board under the code TATYY. One ADS represents four ordinary shares. Shareholder enquiries may be directed to **Citibank NA, attention: ADR Shareholder Services, 111 Wall Street, New York NY, 10043. Telephone 800 422 2066.**

Corporate Personal Equity Plans (PEPs)

Tate & Lyle General PEPs and Tate & Lyle Single Company PEPs are open to existing and prospective shareholders in Tate & Lyle. Further information concerning Tate & Lyle PEPs is available from the Plan Manager, **Bradford & Bingley (PEPs) Limited, PO Box 1, Taunton Street, Shipley, West Yorkshire BD18 3YR. Telephone 01274 555700.**

Low Cost Share Dealing Service

Hoare Govett Corporate Finance Limited has established a share dealing service which enables investors to buy or sell certificated shareholdings in Tate & Lyle PLC in a simple, economic manner. Basic commission is 1% with a minimum charge of £10. Transactions are executed and settled by Pershing Securities Limited. Details can be obtained from **Hoare Govett Corporate Finance Limited, 4 Broadgate, London EC2M 7LE. Telephone 0171 601 0101.**

Registrar and Transfer Office

Lloyds Bank Plc, Lloyds Bank Registrars, The Causeway, Worthing, West Sussex BN99 6DA. Telephone 01903 833072. Correspondence should be marked for the attention of the Registrar, Tate & Lyle PLC.

Dividend Mandates

If you wish dividends to be paid directly into a bank or building society account please contact the Registrar at the above address for a dividend mandate form.

Annual Report Further copies of the Annual Report can be obtained from the Company Secretary.

Company Secretary and Registered Office

John R Hunter, Sugar Quay, Lower Thames Street, London EC3R 6DQ. Telephone 0171 626 6525.

Analysis of Ordinary Shareholders	No. of holdings	%	Total shares thousands	%
At 28 September 1996, by size of holding				
Up to 500 shares of 25p each	5 519	20.4	1 448	0.3
501 – 1 000	6 779	25.0	5 176	1.2
1 001 – 1 500	4 571	16.9	5 691	1.3
1 501 – 2 000	2 656	9.8	4 707	1.1
2 001 – 5 000	5 135	18.9	15 714	3.6
5 001 – 10 000	1 138	4.2	7 774	1.8
10 001 – 200 000	1 019	3.8	48 532	11.1
200 001 – 500 000	125	0.5	40 986	9.3
Above 500 000	141	0.5	308 329	70.3
	27 083	100.0	438 357	100.0

Substantial Interests in Share Capital

The following notifications of significant shareholders' interests had been received by 26 November 1996 under the provisions of the Companies Act 1985.

	Number of shares	% of ordinary issued share capital notified
Material interests		
Archer-Daniels Midland Company	29 767 173	6.8
Norwich Union Life Insurance Society	14 554 652	3.3
Non-material interests		
Mercury Asset Management plc	48 350 664	11.0

Share price information

The latest share price information is available on Teletext and also the Cityline service operated by the Financial Times. Calls are charged at 45p per minute cheap rate and at 50p per minute at all other times.

Notice of Annual General Meeting

Notice is hereby given that the ninety-fourth Annual General Meeting of Tate & Lyle Public Limited Company will be held at the Barbican Hall, Barbican Centre, London EC2Y 8DS on Thursday 30 January 1997 at eleven-thirty a.m. for the following purposes:

Ordinary Business

1 To receive the Company's financial statements for the period ended 28 September 1996 together with the reports of the Directors and Auditors thereon and to declare a final dividend on the Ordinary shares of the Company.

2 To re-elect Dr K G G Hopkins, a Director retiring under Article 84.

3 To re-elect Lady Prior, a Director retiring under Article 84.

4 To re-elect Mr S Strathdee, a Director retiring under Article 84.

5 To re-elect Lord Walker, a Director retiring under Article 84.

6 To re-elect Mr A M Yurko, a Director retiring under Article 90.

7 To re-elect Mrs C Piwnica, a Director retiring under Article 90.

8 To re-appoint Coopers & Lybrand as Auditors and to authorise the Directors to set their remuneration.

Special Business

To consider and, if thought fit, pass the following resolution which will be proposed as an Ordinary resolution:

9 To approve the amendments to the Rules of the 1992 Savings Related Share Option Scheme ("SAYE Scheme") contained in the revised Rules of the SAYE Scheme submitted to the Meeting and signed for the purposes of identification by the Chairman, subject to the formal approval of the Board of Inland Revenue and to such modification of those amendments or of the said Rules as the Directors may consider necessary (or as may be consequential thereon) to obtain such approval.

To consider and, if thought fit, pass the following resolution which will be proposed as a Special resolution:–

10 To renew the authority and power conferred on the Directors by Article 11 of the Company's Articles of Association for the period ending on the date of the Annual General Meeting in 1998 or on 30 April 1998, whichever is the earlier, and that for such period:
(a) the Section 80 amount shall be £36,529,772; and
(b) the Section 89 amount shall be £5,479,465.

Any member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company. A form of proxy is enclosed. Completion and return of the proxy will not preclude a member from attending and voting in person.

By Order of the Board
John R Hunter, SECRETARY
Sugar Quay, Lower Thames Street, London EC3R 6DQ
19 December 1996

Copies of Directors' service contracts (other than contracts expiring or determinable within one year by the Company without payment of compensation) are available for inspection at the registered office of the Company during normal business hours and on the date of the Annual General Meeting when they will be available at the Barbican Hall from 11.15 a.m. until the close of the meeting.

Key Management

	Executive Responsible
[illegible]	[illegible]
[illegible]	[illegible]
Domino Sugar	E Makin
Western Sugar	T F Chandler
Redpath Sugars	A A Ferrier
Occidente	A Saenz
P M Ag Products	M A Reed
[illegible]	[illegible]
Tate & Lyle Sugars	C Rutherford
Alcântara	M Vidal
UM Group	T Holderness-Roddam
Central Sugar	S J Mitchell
[illegible]	[illegible]
Bundaberg Sugar	G E Mitchell
African Sugar	S H Musesengwa
Booker Tate	B Newton
[illegible]	
Speciality Sweeteners	J Hatt
European Sugar Investments	C Laur
[illegible]	
Director, Human Resources	R W Bide
Executive, Chairman's Office	R F Booth
Treasurer	D R Creed
Company Secretary	J R Hunter
Financial Controller	J H Metcalf
Director, Corporate Affairs	D A Tate
Strategic Planner	S Tedbury

The paper used in this annual report uses pulp from fully sustainable forests, is acid free and contains 20% Post Consumer Fibre.

Designed and produced by Pauffley PRL, London
Printed by Wace Corporate Print