

Directors' Report and Financial Statements

T&L Sugars Ltd

For the year ended 25 September 2011

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Directors' report

The directors present their report and the audited financial statements of the Company for the year ended 25 September 2011

Principal activities

The principal activities of the Company during the year were the refining, marketing and distribution of sugar and other related products

Business review

The results for the year are as follows

The loss for the year was €37,425 (2010 €1 loss)

The result for the financial year has been transferred to reserves

No dividends were paid or proposed during the year (2010 nil)

The Company faced a difficult business environment with limited access to raw sugar. In order not to incur prohibitive import duties, any raw cane or white sugar imported for consumption within the EU must be sourced from a defined list of developing countries with preferential access to the EU sugar market. Due to reduced crop yields in a number of countries, increased competition for raw sugar as a result of a sugar deficit in the EU and rising world sugar prices, the Company had to reduce the refinery's throughput compared to previous years.

Under the ownership of Tate & Lyle PLC, the sugars business faced a severe supply deficit in the second half of 2010 and imported significant quantities of sugar from non-preferential sources under the Inward Processing Relief (IPR) regime and used such sugar to supply EU customers resulting in an abnormally high IPR balance. Under the new ownership of T&L Sugars Ltd, the magnitude of the IPR balance taken over from Tate & Lyle PLC, combined with the lack of available supply of preferential sugar, meant that the Company was left to settle the re-export obligation at a considerable loss. The losses suffered to settle the IPR balance that existed at 30 September 2010 are estimated at approximately €34,000.

The Company has also incurred losses in relation to the futures positions which it took over from Tate & Lyle PLC. The Company paid the estimated value of these futures positions to Tate & Lyle PLC. It appears that the futures positions were not matched by equivalent physical positions so that they compounded, rather than hedged, the risk to the sugars business. These losses are estimated at approximately €12,500.

As noted below, claims in respect of these losses have been notified to Tate & Lyle PLC.

In order to strengthen operations and improve its gross margin, the Company has increased its sales focus on the added-value sectors such as retail, foodservice and speciality products. The Company benefits from a very well-known portfolio of brand names in its domestic markets and has also engaged in the development of new products to extend the product-range on offer.

Post balance sheet events and future developments

The Company has notified Tate & Lyle PLC of various claims it believes it has under the Agreement to acquire their sugar business as described in Note 2 to the accompanying financial statements. The claims relate to various issues including futures positions transferred at closing, the IPR balance, and the condition of the biomass boilers. The Acquisition reported in Note 2 of the attached financial statements was based on amounts as if no claims existed. The Company is unable to predict the ultimate outcome of these claims and has not recorded any gains related to them in the accounts for the period ended 25 September 2011.

Principal risks and uncertainties

The business operates in an environment of increased price volatility and uncertain access to preferential sugar. Access to preferential sugar is largely outside the Group's influence as the principal decisions affecting cane sugar access to the EU market are decided by the EU Commission.

Directors' report (continued)

The Company does not agree with certain actions taken by the Commission and considers that the Commission's actions have contributed significantly to the deficit in preferential sugar supply and, from the Company's perspective, these have led to an increase in the price of raw sugar. For example, the Commission has introduced a tender system to allow more raw cane sugar into the EU. Sugar refineries are required to bid for a duty for this cane sugar, while the Commission has allowed beet producers to convert some of their over-quota production into quota-sugar without charging a duty. The Company does not believe this constitutes fair and equal treatment between beet sugar producers and cane sugars refiners and has commenced proceedings against the Commission regarding its administration of the EU Sugar Regime.

The existing Sugar Regime is in effect through 2015. For post-2015, the Commission has proposed the elimination of national sugar beet quotas without a corresponding elimination of duties for raw cane sugar. The post-2015 Sugar Regime is currently under discussion in the European Parliament. The terms of the final regime cannot be predicted at this time, but could have a significant impact on the Group's business.

Price risk management

As a result of the price mechanism in the EU, whereby no futures market exists to hedge against sugar price movements, most of the Company's purchases and sales are made at fixed prices one or more years ahead. This causes significant risk in case of non-delivery of the sugar. The recent large increase in prices has also led to certain suppliers demanding a re-negotiation of contracts already agreed with the Company. The Company is closely managing these risks and operates a sophisticated crop forecasting system in conjunction with most of its large suppliers.

Derivatives are used to hedge movements in the futures prices of the commodities in those domestic and international markets where the Company can price the sugar against a world sugar market exchange (either the London No. 5 or the New York No. 11 contracts).

Financial risk management and financial instruments

The Company's financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, are outlined in note 19.

Directors

The directors who held office from formation of the Company and up to signing of the financial statements are listed below:

Mr A Tabernilla (Appointed Director & Company Secretary on 19th July 2010, Resigned as Company Secretary on 16th June 2011)

Mr G H Smith (Appointed 19th July 2010)

Mr I D F Bacon (Appointed 13th October 2010)

Mr N P Sheppard (Appointed 13th October 2010) – (Resigned 18th November 2011)

Mr J Widmer (Appointed 18th November 2011)

Mr P Stebbings (Company Secretary - Appointed 16th June 2011)

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any political expenditure during the period.

Employment policies

The Company operates within a comprehensive framework of employment and human resources policies, practices and regulations. From these, operating units develop their own specific procedures designed to suit their particular business environment including market sector and country of operation.

Policies and procedures for recruitment, training and career development promote equality of opportunity regardless of sex, age, marital status, disability, sexual orientation, race, religion and ethnic or national origin. The aim 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 Company.

Directors' report (continued)

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Company is committed to effective communication with employees, including information on its performance and business environment. It follows appropriate consultation procedures and has an established European Forum.

Going concern

The directors, having assessed the responses of the directors' of the Company's ultimate parent American Sugar Holdings, Inc ("ASH") to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current financing arrangements.

On the basis of their assessment of the Company's financial position, and of the enquiries made of the directors of ASH, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and so the financial statements have been prepared on a going concern basis.

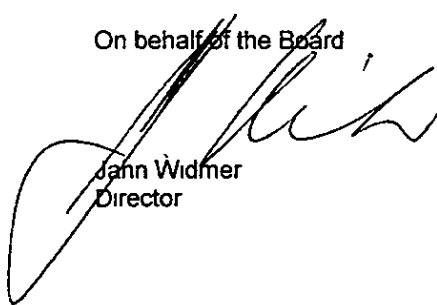
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board



John Widmer
Director

Thames Refinery
Factory Road, Silvertown, London

29th June 2012

Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and accounting estimates that are reasonable and prudent,
- State whether they have been prepared in accordance with IFRSs as adopted by the European Union, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of T&L Sugars Ltd

We have audited the financial statements of T&L Sugars Ltd for the year ended 25th September 2011 set out on pages 6 to 36. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- Give a true and fair view of the state of the company's affairs as at 25th September 2011 and of its loss for the year then ended,
- Have been properly prepared in accordance with IFRSs as adopted by the EU, and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- The financial statements are not in agreement with the accounting records and returns, or
- Certain disclosures of directors' remuneration specified by law are not made, or
- We have not received all the information and explanations we require for our audit.

Richard Ackland

Partner

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

E14 5GL

29th June 2012

Income Statement

For the period ended

**25 September
2011**

26 September
2010

Note

Revenue		524,070	-
Cost of sales		(482,175)	-
Gross profit		41,895	-
Operating expenses	7	(71,813)	(1)
Amortisation and impairment of intangible assets	10	(11,475)	-
Operating loss		(41,393)	(1)
Finance income	6	7,098	
Finance expenses	6	(14,824)	-
Loss before tax		(49,119)	(1)
Taxation	8	11,694	-
Loss for the year		(37,425)	(1)

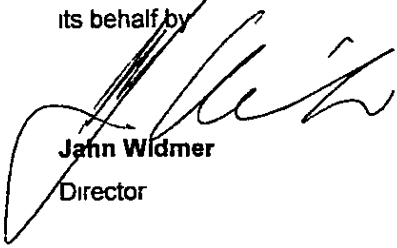
Statement of Comprehensive Income

<i>For the period ended</i>		25 September 2011	26 September 2010
	<i>Note</i>		
Loss for the period		(37,425)	(1)
Other comprehensive income			
Fair Value of FX forwards transferred to OCI		2,186	-
Fair Value of FX forwards transferred to the income statement		(1,521)	-
Fair value of interest rate swap transferred to OCI	18	(647)	-
Fair value of interest rate swap transferred to the income statement	18	(37)	-
Currency translation differences		28	-
Tax on items taken directly to OCI	12	171	-
Total other comprehensive income for the period		180	-
Total comprehensive income for the period		(37,245)	(1)

Statement of Financial Position

		At 25 September 2011	At 26 September 2010
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	9	110,432	-
Intangible assets	10	3,020	-
Investments in subsidiaries	11	1,000	1,000
Deferred tax assets	12	13,976	-
		<u>128,428</u>	<u>1,000</u>
Current assets			
Inventories	13	78,023	-
Trade and other receivables	14	49,282	93,000
Other financial assets	18	15,062	-
Cash and cash equivalents		20,050	925
		<u>162,417</u>	<u>93,925</u>
Total assets		<u>290,845</u>	<u>94,925</u>
Current liabilities			
Trade and other payables	16	113,224	1,926
Loans & borrowings	15	22,812	-
Other financial liabilities	18	8,596	-
		<u>144,632</u>	<u>1,926</u>
Non-current liabilities			
Loans & borrowings	15	89,390	-
Deferred tax liabilities	12	385	-
Other financial liabilities	18	684	-
		<u>90,459</u>	<u>-</u>
Total liabilities		<u>235,091</u>	<u>1,926</u>
Net assets		<u>55,754</u>	<u>92,999</u>
Equity			
Share capital	17	-	-
Share premium		93,000	93,000
Reserves		180	-
Retained earnings		(37,426)	(1)
Total equity		<u>55,754</u>	<u>92,999</u>

These financial statements were approved by the board of directors on 29th June 2012 and were signed on its behalf by


 Jahn Widmer

Director

Statement of Changes in Equity

	Share capital	Share premium	Hedging reserve	Translation reserve	Retained earnings	Total
Balance at 26 September 2010	-	93,000	-	-	(1)	92,999
Total comprehensive income for the year						
Loss	-	-	-	-	(37,425)	(37,425)
Other comprehensive income						
Fair value of change to FX forwards transferred to OCI	-	-	2,186	-	-	2,186
Fair value of change to FX forwards transferred to the income statement	-	-	(1,521)	-	-	(1,521)
Fair value of interest rate swap transferred to OCI	-	-	(647)			(647)
Fair value of interest rate swap transferred to the income statement			(37)		-	(37)
Currency translation differences	-	-	-	28	-	28
Tax on items taken directly to OCI	-	-	171		-	171
Total other comprehensive Income	-	-	152	28	-	180
Total comprehensive income for the period	-	93,000	152	28	(37,425)	(37,245)
Balance at 25 September 2011	-	93,000	152	28	(37,426)	55,754

Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of foreign currency operations

Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred

Statement of Cash Flows

<i>For the period ended</i>		25 September 2011	26 September 2010
	<i>Note</i>		
Cash flows from operating activities			
Loss for the period		(37,425)	(1)
Adjustments for			
Depreciation, amortisation and impairment		17,800	-
Net finance costs	6	7,726	-
Taxation	8	(11,694)	-
Increase in inventories		(13,750)	-
Decrease in trade and other receivables		114,516	-
Increase in trade and other payables		16,434	926
Cash generated from operating activities		93,607	925
Interest paid		(6,686)	-
Net cash inflow from operating activities		86,921	-
Cash flows from investing activities			
Interest received		910	-
Acquisition of a business, net of cash of €805		(171,867)	-
Acquisition of property, plant, and equipment	9	(9,041)	-
Net cash outflow from investing activities		(179,998)	-
Cash flows from financing activities			
Proceeds from new loans	15	112,202	-
Net cash inflow from financing activities		112,202	-
Net increase in cash and cash equivalents		19,125	925
Cash and cash equivalents at beginning of period		925	-
Cash and cash equivalents at end of period		20,050	925

Notes to the financial statements

1. Accounting policies

T&L Sugars Ltd (the "Company") is incorporated and domiciled in the UK. The Company's registered office and principal place of business is Thames Refinery, Factory Road, Silvertown, London, E16 2EW.

Basis of preparation

The company is exempt under Companies Act 2006 s400 from preparing consolidated group accounts. The company and its subsidiaries are included in the consolidated accounts of its parent company, European Sugar Holdings S à r l, incorporated in Luxembourg.

The Company financial statements are for the year ended 25 September 2011 with comparative financial information for the period ended 26 September 2010. The Company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs") and the Companies Act 2006.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening balance sheet at 27 September 2010 for the purposes of the transition to adopted IFRSs.

Transition to adopted IFRSs

The 2010 financial statements were prepared under UK GAAP. The Company is preparing its 2011 financial statements in accordance with adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 25.

Measurement convention

The financial statements are been prepared on the historical cost basis with the exception of some financial instruments which are carried at fair value.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. In addition, note 19 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Company has adequate financial resources together with long term contracts with a number of customers and suppliers across different industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Foreign currency translation

The financial statements are presented in Euros, which is the Company's functional and presentational currency. Transactions in foreign currencies are translated to the Company's functional currency at the monthly average of daily foreign exchange rates during the month of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Notes to the financial statements (continued)

Classification of financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below

All income and expenses relating to financial assets, except for trade receivables, that are recognised in profit or loss are presented within 'finance expenses' or 'finance income' and 'operating expenses' unless designated in an effective hedge relationship in which case it will offset any volatility on account of the hedged item. Impairment in relation to trade receivables is presented within 'other expenses'

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance income'

Financial assets and financial liabilities are measured subsequently as described below

Non-derivative financial instruments

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and, for the purposes of the cash flow statement only, bank overdrafts are considered to be borrowings in nature

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and trade and most other receivables are classified as loans and receivables

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry, region of counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment of trade receivables is presented within 'other expenses'

Trade payables

Non-current and current trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method

Notes to the financial statements (continued)

Borrowing and borrowing costs

Borrowing costs directly arising from the purchase, construction or production of an asset are capitalised as part of the cost of that asset. Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Fees paid on the establishment of a loan facility are recognised as prepayments. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Derivative Financial instruments and hedging

Derivatives are financial assets or financial liabilities classified as held for trading and recorded at fair value through profit and loss except for those designated in a hedge relationship.

All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at fair value through profit or loss.

Refer to note 18 and 19 for more details regarding the Company's use of derivatives.

Cash flow hedging instruments

Hedges of firm commitments and highly probable forecast transactions, including forecast intra-group transactions that are expected to affect profit or loss, are designated as cash flow hedges. To the extent that movements in the fair values, based on market valuation, of these instruments effectively offset the underlying risk being hedged they are recognised in the hedging reserve in equity until the period during which the hedged forecast transaction affects profit or loss. At that point the cumulative gain or loss is recognised in the profit and loss account, offsetting the value of the hedged transaction.

The Company employs interest rate swaps and foreign currency forward contracts to hedge the interest rate risk associated with its floating rate borrowings and foreign currency risk in relation to highly probable forecasted sales and purchases, respectively.

Commodity futures

The Company trades in commodity futures to economically hedge the price risk associated with its forecasted sales and purchases of sugar. These future contracts are classified as held for trading and are measured at fair value, with any movement in fair value recorded in the income statement.

Purchase contracts

Raw sugar purchase contracts, which are undertaken for the purposes of supporting underlying operations of the refinery, are occasionally not processed within the refinery and are sold to third parties with an aim to earn profit on price fluctuations. As these purchase contracts fail to meet IAS 39 'Own use exemption' they are classified as held for trading and measured at fair value through income statement, based on market valuation techniques.

Property, plant and equipment

Property, plant and equipment are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Deemed cost is the fair value of the fixed assets when acquired on 30 September 2010.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Freehold Land	No depreciation
Freehold buildings	30 years
Plant and machinery	3 – 15 years

Notes to the financial statements (continued)

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date

Business combinations

All business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the company. The company measures goodwill at the acquisition date as

- The fair value of the consideration transferred, plus
- The recognised amount of any non-controlling interests in the acquiree, plus
- The fair value of the existing equity interest in the acquiree, less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Intangible assets and goodwill

Intangible assets-indefinite useful lives

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested annually for impairment at the balance sheet date.

Intangible assets-finite useful lives

Customer relationships assets

Customer relationship assets are stated at deemed cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset from the date they are available for use. The useful economic life of customer relationship assets are 5 years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of labour and overheads based on normal operating capacity.

Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes to the financial statements (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Revenue recognition

Revenue comprises revenue from the sale of goods and the rendering of services.

Revenue is measured at the fair value of consideration received or receivable and represents amounts obtained through trading activities, net of value added tax. The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales or service transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Sale of goods

Sale of goods comprises the sale of sugar, and is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

Interest income

Interest income and expenses are recorded on an accrual basis using the effective interest method.

Leased assets

Finance Lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Taxation

The tax expense recognised in profit or loss represents the sum of the current tax and deferred tax not recognised in the Statement of Recognised Income and Expense.

Notes to the financial statements (continued)

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, provided that they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in the Statement of Recognised Income and Expense (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in the Statement of Other Comprehensive Income or equity, respectively.

Share Capital

Share capital represents the nominal value of shares that have been issued. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Key sources of accounting estimates and judgements

In order to prepare these financial statements in accordance with the accounting policies, management has used estimates and judgments to establish the amounts at which certain items are recorded. Critical accounting estimates and judgments are those that have the greatest impact on the financial statements and require the most difficult, subjective and complex judgments about matters that are inherently uncertain. Estimates are based on factors including historical experience and expectations of future events that management believe to be reasonable. However, given the judgmental nature of such estimates, actual results could be different from the assumptions used. The critical accounting estimates and judgments are set out below.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdiction in which the Company operates is also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Notes to the financial statements (continued)

Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Fair value of financial instruments – refer to note 18

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Revisions to IFRS not applicable in 2011

Standards and interpretations issued by the IASB are only applicable to the Group if endorsed by the EU. If endorsed, the following will be applicable from 2015:

IFRS 9, Financial Instruments will simplify the classification of financial assets for measurement purposes, but is not at this time anticipated to have a significant impact on the consolidated financial statements.

The Group does not consider that any other standards, amendments or interpretations issued by the IASB but not yet applicable, will have a significant impact on the results or consolidated financial statements.

Notes to the financial statements (continued)

2. Acquisition

On 30 September, 2010, the Company acquired the UK sugar operations of Tate & Lyle PLC via a trade and asset acquisition. The acquisition provided an opportunity for ASH (the ultimate parent) to purchase cane sugar refining assets in a large developed market with a product mix similar to the US market and acquire or license strong brands. The operation acquired by the company includes a refinery in London, England. Cash payable at closing was €178,353.

The following table summarises the final allocation of purchase price based upon the fair value of the assets acquired and liabilities assumed as a result of the acquisition.

Assets acquired

Property, plant and equipment	107,716
Intangible assets	542
Inventories	64,274
Deferred tax assets	1,726
Trade and other receivables	70,798
Cash and cash equivalent	805
Total assets acquired	245,861

Liabilities assumed

Trade and other payables	56,141
Interest bearing loans and borrowings	25,585
Total liabilities acquired	81,726

Net identifiable assets and liabilities

	164,135
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Consideration

Initial cash price paid	172,672
Cash yet to be paid	5,681

Total consideration

	178,353
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Goodwill on acquisition

	14,218
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Goodwill includes the value assessed on the workforce.

An estimated fair value of €30,000 has been ascribed to undisclosed liabilities transferred at closing to the Company which related to the need for the Company to provide "domestic" EU sugar to world sugar export customers. Domestic EU sugar was in short supply at and following closing. The Company assumed sales obligations and related contracts at closing to provide refined sugar to counterparties (after closing) for fixed prices that were substantially less than the cost at closing of obtaining the domestic EU sugar required to fulfil these sales obligations. These obligations were not recorded as liabilities by the vendor. These amounts have been excluded from the purchase price allocation above and recorded in the income statement, the

Notes to the financial statements (continued)

Company is seeking compensation for these undisclosed liabilities from the vendor. Any recoveries will be recorded to income.

Acquisition related costs

The ultimate parent (ASH) incurred acquisition related costs of €6,746 related to legal, tax, accounting, and investment banking services. These costs have been included in the parent's income statement.

Acquired receivables

The fair value of acquired receivables was €70,798. The gross contractual amounts receivable were €72,543 and, at the acquisition date, €1,745 of contractual cash flows were not expected to be received.

3. Auditors' remuneration

Included in the income statement are the following:

	Period ended 25 September 2011	Period ended 26 September 2010
Audit of these financial statements	115	-
Total auditors' remuneration	115	-

Amounts receivable by the Company's auditors and their associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, European Sugar Holdings S à r l.

4. Employee headcount, costs and benefits

The average numbers of employees during the year were as follows:

	Period ended 25 September 2011	Period ended 26 September 2010
	Number	Number
Operations	398	-
Sales, general and administration	144	-
Total employees	542	-

The aggregate payroll costs of these employees were as follows:

	Period ended 25 September 2011	Period ended 26 September 2010
Wages and salaries	25,539	-
Social security costs	2,556	-
Pension costs	709	-
Total employees' costs	28,804	-

Notes to the financial statements (continued)

Employee benefits

The Company operates a number of defined contribution pension plans. Pension contributions are passed on to a 3rd Party and not held within the Company.

The total expense relating to these plans in the current year was €709 (2010: €nil).

5. Directors' remuneration

	Period ended 25 September 2011	Period ended 26 September 2010
Directors' emoluments	592	-
Company contributions to money purchase pension plans	82	-
Other benefits	29	-
Total directors' remuneration	703	-

The aggregate of emoluments of the highest paid director was €418 (2010: €nil), and company pension contributions of €75 (2010: €nil) were made to a money purchase scheme on his behalf.

6. Finance income and expense

	Period ended 25 September 2011	Period ended 26 September 2010
<i>Finance income</i>		
Interest income on cash deposits	910	-
Ineffectiveness on foreign currency cash flow hedges	1,562	-
Fair value gain on foreign currency derivatives not designated in a hedge relationship	4,626	-
Total finance income	7,098	-

	Period ended 25 September 2011	Period ended 26 September 2010
<i>Finance expense</i>		
Interest payable on borrowings	(6,686)	-
Revaluation on monetary assets and liabilities	(3,041)	-
Bank charges	(189)	-
Other	(6)	-
Fair value loss on foreign currency contracts not designated in hedge relationship and hedge ineffectiveness	(4,902)	-
Total finance expense	(14,824)	-

Interest payable on borrowings includes €4,825 of interest payable to parent company.

Notes to the financial statements (continued)

7. Operating expenses

	Period ended 25 September 2011	Period ended 26 September 2010
Sales expenses	16,906	-
General administrative expenses	42,291	-
Depreciation	6,325	-
Loss on commodity futures	6,291	-
Total operating expenses	71,813	-

8. Taxation

Income tax recognised in the income statement

	Period ended 25 September 2011	Period ended 26 September 2010
Deferred tax credit recognised in the current year	11,694	-
Total tax credit recognised in the current year	11,694	-

Income tax recognised directly in equity

	Period ended 25 September 2011	Period ended 26 September 2010
Current tax credit recognised in the current year	-	-
Deferred tax credit recognised in the current year	171	-
Total tax credit recognised in the current year	171	-

Notes to the financial statements (continued)

Reconciliation of Effective Tax Rate

The relationship between the expected tax charge based on the standard corporation tax rate of 27% (2010 28%) and the reported tax credit in the income statement can be explained as follows

	Period ended 25 September 2011	Period ended 26 September 2010
Loss before tax from continuing operations	(49,119)	-
Income tax credit using the UK corporation tax rate of 27% (2010 28%)	13,262	-
Change in future tax rates	(1,074)	-
Group relief surrendered for no payment	(214)	-
Non-deductible expenses	(280)	-
Total tax credit	11,694	-

The 2012 UK Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the Company's future current tax charge accordingly and further reduce the deferred tax asset at 25 September 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by €544.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

Notes to the financial statements (continued)

9. Property, plant and equipment

	Freehold land and buildings	Plant and machinery	Assets under construction	Total
Net book value at 26 September 2010	-	-	-	-
<i>Gross carrying amount</i>				
Balance at 26 September 2010	-	-	-	-
Acquired assets	31,330	64,966	11,420	107,716
Additions	-	23	9,018	9,041
Transfers	-	9,173	(9,173)	-
Disposals	-	(4)	-	(4)
Balance at 25 September 2011	31,330	74,158	11,265	116,753
<i>Depreciation</i>				
Balance at 26 September 2010	-	-	-	-
Disposals	-	4	-	4
Charge for the year	(584)	(4,305)	(1,436)	(6,325)
Balance at 25 September 2011	(584)	(4,301)	(1,436)	(6,321)
Net book value at 25 September 2011	30,746	69,857	9,829	110,432

All depreciation charges are included within operating expenses

Leased plant and machinery

The Company leases production equipment under a number of finance leases. At 25 September 2011 the net carrying amount of leased plant and machinery was €1,782 (2010: €nil). The leased equipment secures lease obligations (refer to note 15).

Notes to the financial statements (continued)

10. Intangible assets

	Goodwill	Customer Relationships	Total
Net book value at 26 September 2010	-	-	
<i>Gross carrying amount</i>			
Balance at 26 September 2010	-	-	
Acquired through business combinations	14,218	542	14,760
Additions	-	-	
Exchange difference	(265)	-	(265)
Balance at 25 September 2011	13,953	542	14,495
<i>Amortisation and impairment</i>			
Balance at 26 September 2010	-	-	
Impairment charge	(11,355)	-	(11,355)
Amortisation charge for the year	-	(120)	(120)
Balance at 25 September 2011	(11,355)	(120)	(11,475)
Net book value at 25 September 2011	2,598	422	3,020

All amortisation charges are recognised within operating expenses in the income statement

Impairment charge

An impairment loss of €11,355 was calculated in relation to the goodwill asset during the year and was recognised in the income statement

The directors noted that since acquisition the European market has substantially deteriorated and believes that European Commission has been acting in a way that is seriously detrimental to cane refiners and customers in favour of beet producers. The Company is currently lobbying the European Commission for fairer treatment of cane refiners but it is uncertain whether that will be successful.

Impairment testing

The UK sugar refining operation and the Portuguese sugar refining operation purchased from Tate & Lyle PLC by the Company are deemed to be two separate cash generating units. The goodwill asset on acquisition and at 25 September 2011 is attributable to the two CGUs as shown below

**At 25 September
2011**

Period on which management approved forecasts are based

5 years

Growth rate applied beyond approved forecast period

0%

Pre-tax discount rate

11%

Estimated cash flows are based on the most recent forecasts prepared by management, which are consistent with past experience and external sources of information on market conditions

Notes to the financial statements (continued)

The directors believe that it is not appropriate to apply a growth rate to the future cash flows of the company. The European market is mature. Due to the constraints of the preferential sugar market the profitability of the Company is driven by the supply side rather than the demand side. The pre-tax cash flow projections have been discounted at 11%, based on the Company's weighted average cost of capital.

Sensitivity analysis

Impairment testing is dependent on assumptions deemed appropriate by management, in particular the estimated cash flows and the discount rate applied to those cash flows are key assumptions.

An increase or decrease in the annual cash flows of €1,000 would lead to a movement in the value in use calculation by an increase of €9,000 or a decrease of €9,000 respectively.

An increase or decrease of one percentage point in the discount rate would lead to a movement in the value in use calculation by an increase of €12,300 or a decrease of €14,800 respectively.

11. Investment in subsidiaries

The company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership	
			At 25 September 2011	At 26 September 2010
T&L Process Technology Ltd	UK	Ordinary	100%	100%

12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities at 25 September 2011 are attributable to the following:

	Assets	Liabilities	Net
Property, plant and equipment	3,067	-	3,067
Tax value of loss carry-forward	10,520	-	10,520
Financial assets and liabilities	171	(280)	(109)
Other short term timing differences	218	(105)	113
Total deferred tax assets and liabilities	13,976	(385)	13,591

The deferred tax asset in respect of the loss carried forward at the end of the accounting period is recognised in full based upon the company's expectation that there will be sufficient future taxable profits against which this loss can be utilised.

There were no deferred tax assets or liabilities at 26 September 2010.

Notes to the financial statements (continued)

Movement in deferred tax during the year

	At 26 September 2010	Transferred in on acquisition	Recognised in income	Recognised directly in equity	At 25 September 2011
Property, plant and equipment	-	1,636	1,431	-	3,067
Tax value of loss carry-forward	-	-	10,520	-	10,520
Financial assets and liabilities	-	-	(280)	171	(109)
Other short term timing differences	-	90	23	-	113
		1,726	11,694	171	13,591

There are no unrecognised deferred tax assets or liabilities in the company

13. Inventories

	At 25 September 2011	At 26 September 2010
Raw sugar and consumables	54,466	-
Work in progress	2,269	-
Finished goods	21,288	-
Total inventories	78,023	-

The write-down of inventories to net realisable value amounted to €580 (2010 *€nil*) and is recognised in cost of sales

14. Trade and other receivables

	At 25 September 2011	At 26 September 2010
Trade receivables	42,440	-
Amounts due from related parties	-	93,000
Prepayments	5,454	-
VAT recoverable	1,388	-
Total trade and other receivables	49,282	93,000

All trade and other receivables are expected to be recovered within 12 months
€10,000 of debtors has been securitised, and is disclosed in note 15 as A/R securitization loan

Notes to the financial statements (continued)

15. Loans and borrowings

	At 25 September 2011	At 26 September 2010
<i>Non-current liabilities</i>		
Loan from the Parent	87,608	-
Finance lease liabilities	1,782	-
Total non-current liabilities	89,390	-
<i>Current liabilities</i>		
Swingline revolving credit facility	7,812	-
A/R securitization loan	15,000	-
Total current liabilities	22,812	-

Credit facilities and arrangements

Loan from the Parent

Upon acquisition European Sugar Holding Limited provided €110,000 loan facility at the higher of 5% or 1 month Euribor. The facility will mature on 30 September 2015.

T&L Sugars Ltd has an undrawn multicurrency facility of €100,000 which matures in 2015. This facility is at a floating rate based on the higher of EUROBOR +1% or 5%, and incurs commitment fees at market rates prevailing when the facility was arranged. The facility was initially used to finance the purchase of net assets on acquisition and may only be withdrawn in the event of specified events of default. The carrying amount of the loan approximates to the fair value.

The Company has drawn down on another multicurrency facility (Swingline), €7,812. The maximum available borrowing on this facility is €25,000. As at 25th September 2011 the quarterly rate was 2.62% on EUR drawn currency.

The Securitised loan is based on a value of €34,000 of debtors and Rabobank has the first charge on the debtors. A/R securitization loan borrowings facility operates between a minimum of €10,000 up to a maximum of €34,000 at a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall at all times be equal to the highest (rounded upwards, if necessary, to the next higher 1/16th of 1%) of (i) the Prime Rate at such time, (ii) the Federal Funds Rate at such time plus 1/2 of 1.0% and (iii) the Eurocurrency Rate for any Tranche denominated in U.S. Dollars with a one-month Tranche Period commencing at such time plus an agreed-upon spread. As at 25 September 2011, the carrying amount of trade receivables collateralised was €10,000.

Short term loans and overdrafts

The fair value of short term loans and overdrafts approximates to the carrying amount, due to the short term nature of these facilities.

Notes to the financial statements (continued)

Finance Lease commitments

Amounts payable under finance lease commitments are as follows

	Min Lease Payments	Present Value of minimum lease payments
Within 1 year	495	494
Between 1 and 5 years	866	828
After 5 years	501	460
	1,862	1,782
Less future finance charges	(80)	-
Present Value of minimum lease payments	1,782	1,782

Finance lease agreements allow for renewal at the end of the lease term at the option of the Company. Lease liabilities are effectively secured as the rights of the leased asset revert to the lessor in the event of default.

16. Trade and other payables

	At 25 September 2011	At 26 September 2010
Trade payables	17,733	1,926
Amounts due to related parties	42,055	-
Accrued expenses	41,382	-
Other payables	12,054	-
Total trade and other payables	113,224	1,926

17. Share capital

	At 25 September 2011	At 26 September 2010
Allotted, called up and fully paid share capital		
200 ordinary shares of £1 each	-	-
Total Share Capital	-	-

The holders of ordinary shares are entitled to one vote per share at meetings of the Company.
No dividends were recognised during the current year or the prior period.

Notes to the financial statements (continued)

18. Financial Instruments

Analysis to reconcile classes of financial instruments into assets and liabilities

	September 2011	September 2011	September 2010	September 2010
	Assets	Liabilities	Assets	Liabilities
<i>Current derivative financial instruments</i>				
Forward foreign exchange contracts – cash flow hedges	4,011	(1,401)	-	-
Forward foreign exchange contracts – not in hedge relationship	5,352	(2,710)	-	-
Commodity futures - not in hedge relationship	3,848	-	-	-
Foreign exchange on priced contracts	-	(637)	-	-
Commodity purchase contracts	1,851	(3,848)	-	-
<i>Other non-current derivative financial instruments</i>				
Interest rate swaps – cash flow hedge	-	(684)	-	-
Total financial instruments	15,062	(9,280)	-	-

Analysis to reconcile classes of financial instruments to categories of financial instruments (shown as net)

25 September 2011

	Loans and receivables	FVTPL	Derivatives designated in effective hedge relationship	Financial liabilities at amortised cost	Total carrying value
Trade and Other receivables	49,282	-	-	-	49,282
Cash and cash equivalent	20,050	-	-	-	20,050
Interest rate swap	-	-	(684)	-	(684)
Forward foreign exchange contracts – cash flow hedges	-	-	2,610	-	2,610
Forward foreign exchange contracts – not in hedge relationship	-	2,642	-	-	2,642
Commodity futures - not in hedge relationship	-	3,848	-	-	3,848
Foreign exchange on priced contracts	-	(637)	-	-	(488)
Commodity purchase contracts	-	(1,997)	-	-	(1,997)
Borrowings	-	-	-	(112,202)	(112,202)
Trade and other payables	-	-	-	(113,224)	(113,224)
Total	69,332	3,856	1,926	(225,426)	(150,163)

Trade receivables presented above include €5,454 of prepayments

The notional value of the future is 302 lots of London 5 white sugar and 1,515 lots of New York 11 raw sugar

Notes to the financial statements (continued)

The notional value of the forward contract is €138,316

The notional value of the interest rate swap is €10,000

26 September 2010

	Loans and receivables	FVTPL	Derivatives designated in effective hedge relationship	Financial liabilities at amortised cost	Total carrying value
Trade and Other receivables	93,000	-	-		93,000
Cash and cash equivalent	925	-	-		925
Interest rate swap	-	-	-	-	-
Forward foreign exchange contracts – cash flow hedges	-	-	-	-	-
Forward foreign exchange contracts – not in hedge relationship	-	-	-	-	-
Commodity futures - not in hedge relationship	-	-	-	-	-
Foreign exchange on priced contracts	-	-	-	-	-
Commodity purchase contracts	-	-	-	-	-
Loans & borrowings	-	-	-	-	-
Trade and other payables	-	-	-	(1,926)	(1,926)
Total	93,925	-	-	(1,926)	(91,999)

Derivative financial instruments	Level 2	Total
Forward foreign exchange contracts – cash flow hedges	2,610	2,610
Forward foreign exchange contracts – not in hedge relationship	2,642	2,642
Commodity futures - not in hedge relationship	3,848	3,848
Derivative assets at fair value	9,100	9,100
Interest rate swap	(684)	(684)
Commodity purchase contracts	(1,997)	(1,997)
Derivative liabilities at fair value	(2,681)	(2,681)

The table above analyses financial instruments measured at fair value, into fair value hierarchy based on the valuation technique used to determine fair value. All instruments are classified as Level 2, as they are based on inputs, other than quoted prices, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments approximates to their carrying amount.

Notes to the financial statements (continued)

Cash Flow Hedge

The Group employs forward foreign exchange contracts and interest rate swaps to hedge cash flow risk associated with forecast transactions

The cash flows associated with the foreign currency forward are expected to impact the profit or loss within the next 18 months and the cash flows associated with the interest rate swap are expected to impact the profit or loss over the next 7 years

19. Management of financial risk

The key financial risks faced by the Company are credit risk, liquidity risk, and market risks, which include interest rate, foreign exchange, and certain commodity price risks. The Board regularly reviews these risks.

Most of the Company's financing, interest rate and foreign exchange risk are managed through the treasury function. The Board approves policies and procedures setting out permissible funding and hedging instruments, and a system of authorities for the approval of transactions and exposures within the limits approved by the Board. Interest rate and currency exposures are concentrated in the treasury function. These positions are managed by treasury within its authorised limits.

Commodity price risks are managed through the divisional commodity trading function. This function is controlled by divisional management who are responsible for ratifying general strategy and overseeing performance on a monthly basis. Commodity price contracts are categorised as being held either for trading or for economically hedging price exposures.

The derivative financial instruments approved by the Board of the Company to manage financial risks include interest rate swaps, forward rate agreements, commodity forward contracts and commodity futures.

Credit risk management

Counterparty credit risk arises from the placing of deposits and entering into derivative financial instrument contracts with banks and financial institutions, as well as credit exposures inherent within the Company's outstanding receivables. The Company manages credit risk in relation to these deposits and derivatives by entering into financial instrument contracts only with highly credit-rated authorised counterparties which are reviewed and approved annually by the Board.

Most customers are wholesale customers, the Company runs a credit control department to manage credit risk by assessing the financial health of new customers using credit agencies, and extend credit accordingly. The credit policy is evaluated on a regular basis.

The maximum exposure to credit risk is as follows

	At 25 September 2011	At 26 September 2010
Trade and other receivables	42,440	-
Bank balances	20,050	925
Forward foreign exchange contracts – cash flow hedges	4,011	-
Forward foreign exchange contracts – not in hedge relationship	5,352	-
Commodity futures - not in hedge relationship	3,848	-
Commodity purchase contracts	1,851	-
Total exposure to credit risk	77,552	925

Notes to the financial statements (continued)

The ageing of trade receivables (net of allowances) at the balance sheet date was as follows

	At 25 September 2011	At 26 September 2010
Not due past	37,489	-
Past due 0-28 days	4,065	-
More than 28 days	886	-
Total trade receivables	42,440	-

The movement in the allowance for the impairment in the respect of trade receivables during the year was as follows

	At 25 September 2011	At 26 September 2010
Balance at beginning of period	-	-
Impairment loss recognised	2,641	-
Balance at end of period	2,641	-

Liquidity risk management

The Company manages its exposure to liquidity risk and ensures maximum flexibility in meeting changing business needs, by maintaining access to a wide range of funding sources, including borrowings from European Sugar Holdings Limited and bank borrowings. The Company ensures that it has sufficient undrawn committed bank facilities to provide liquidity back-up to cover its funding requirements for the foreseeable future.

Compliance against all financial obligations is monitored by ASH on behalf of the Company. It is ASH Group policy to manage the statement of financial position so as to operate well within covenanted restrictions. In both the current and comparative reporting period, ASH Group complied with its financial covenants at all measurement points.

Notes to the financial statements (continued)

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments, based on earliest possible maturity date of the underlying liability, and excluding the effect of netting agreements

	Total	1 year or less	1 to < 2 years	2 to < 5 years	5 years or greater
<i>Non-derivative financial liabilities</i>					
ESH Intercompany Loan (non-current)	(105,208)	(4,400)	(4,400)	(4,400)	(92,008)
Finance Lease liabilities	(1,862)	(495)	(337)	(529)	(501)
Swingline revolving credit facility	(7,812)	(7,812)	-	-	-
Amounts due to related parties	(42,271)	(42,271)	-	-	-
Trade Payables	(17,733)	(17,733)	-	-	-
A/R securitization loan	(15,000)	(15,000)	-	-	-
	(189,886)	(87,711)	(4,737)	(4,929)	(92,509)
<i>Derivative financial liabilities</i>					
Interest rate swaps	(684)	(228)	(228)	(228)	-
Forward foreign exchange contracts					
- Outflow	(162,260)	(153,445)	(8,815)	-	-
- Inflow	98,199	90,483	7,716	-	-
Physicals	(3,848)	(3,848)	-	-	-
Total financial liabilities	(258,479)	(154,749)	(6,064)	(5,157)	(92,509)

Market Risks

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risks arising from commercial transactions (transaction exposure). The foreign currency exposure primarily arises from USD and GBP denominated trade receivables and trade payables, foreign currency forward contracts, commodity futures, and commodity purchase contracts.

Transaction exposure

The Company's policy requires the hedge of transactional currency exposures against the functional currency once the transaction is committed or highly probable, mainly through the use of forward foreign exchange contracts.

The amounts deferred in equity from derivative financial instruments designated as cash flow hedges are released to the income statement and offset against the movement in underlying transactions only when the forecast transactions affect the income statement.

Sensitivity analysis

A 10% strengthening of the USD and GBP against the Euro at 25th September 2011 would have resulted in a debit to the cash flow hedge reserve of approximately €261 (2010: €nil) and a loss of €201 (2010: €nil) in the

Notes to the financial statements (continued)

income statement, and a 10% weakening in the respective currencies against the Euro, would have had an equal but opposite effect to the amounts, on the basis that all other variables remain constant

Interest rate risk management

The Company has an exposure to interest rate risk, arising principally from changes in US dollar, interest rates. This risk is managed by fixing portions of debt using interest rate derivatives to achieve a target level of fixed/floating rate net debt, which aims to optimise net finance expense and reduce volatility in reported earnings.

The Company considers a 100 basis point change in interest rates a reasonably possible change except where rates are less than 100 basis points. In these instances it is assumed that the interest rates increase by 100 basis points and decrease to zero for the purpose of performing the sensitivity analysis. The impact is calculated with reference to the gross debt and cash held as at 25th September 2011 assuming that other variables remain unchanged.

If interest rates increase by 100 basis points, Company profit before tax will decrease by approximately €821 (2010: €nil) and impact on the cash flow hedge reserve would be a credit of approximately €531 (2010: €nil).

At the reporting date the interest rate profile for the Company's interest-bearing financial instrument was as follows:

	At 25 September 2011	At 26 September 2010
<i>Fixed rate instruments</i>		
Assets	-	-
Liabilities – interest rate swap	(684)	-
Total fixed rate instruments	(684)	-
	At 25 September 2011	At 26 September 2010
<i>Variable rate instruments</i>		
Assets – cash	20,050	925
Liabilities – borrowings	(112,202)	-
Total variable rate instruments	(92,152)	925

Price risk management

T&L Sugars Ltd participates in the sugar market, and is exposed to movements in the future prices of commodities in those domestic and international markets where the Company buys and sells sugar for production. Commodity futures and forwards are used where available to hedge the costs of raw materials for un-priced and prospective contracts not covered by forward product sales. In most cases, these hedging contracts mature within one year and are either traded on recognised exchanges or over the counter.

All the Company's commodity pricing contracts are held for trading and changes in mark-to-market values of these contracts are taken directly into the income statement.

If the price of sugar was to increase by 10% it would have resulted in a fair value gain of approximately €384, and reduction of 10% in price of sugar would have an equal but opposite impact to the income statement.

Notes to the financial statements (continued)

Capital risk management

The key purpose of the Company's capital risk management process is to ensure the capital structure supports the on-going operations of the business such that the Company continues as a going concern. In order to achieve this, the Company adopts a flexible capital structure to ensure a low, and ultimately sustainable, cost of capital. This ensures the Company can continue to make careful risk appraised investments to support the long term viability of the business.

The Company's capital structure is continually monitored and adapted to align with a fast changing macro-economic and business environment. Refer to note 15 for further details on loans and borrowings.

20. Operating leases

Non-cancellable operating lease rentals are payable as follows

	At 25 September 2011	At 26 September 2010
Not later than one year	709	-
Later than one year and no later than five years	900	-
Later than five years	-	-
Total non-cancellable operating lease rentals	1,609	-

The Company leases properties, vehicles, plant and equipment under non-cancellable operating lease agreements. During the year €374 (2010: €nil) was recognised as an expense in the income statement in respect of operating leases.

21. Capital commitments

At 25 September 2011 the Company was committed to property, plant and equipment purchases of €5,943 (2010: €nil).

22. Related Party Disclosures

The Company has related party relationships with its subsidiaries, parent company and other group companies and with key management being its directors. No related party relationships with close family members of the Company's key management existed in the current or comparative year.

The following sales and expenses were made to and incurred from group companies during the year and all such transactions were made on an arm's length basis.

	Sales to	Expenses incurred from	Receivables outstanding	Payables outstanding
Parent	-	2,927	-	(87,608)
Subsidiaries	155	837	-	-
Other group companies	55,242	122	-	(42,055)
Total	55,397	3,886	-	(129,663)

Notes to the financial statements (continued)

There was no related party income or expense during the period to 26 September 2010. At 26 September 2010 €93,000 was receivable from the parent company and €1,000 was payable to a subsidiary.

23. Ultimate Parent

The Company is a subsidiary undertaking of European Sugar Holdings S à r l, incorporated in Luxembourg, and its ultimate parent company is ASH incorporated in the United States.

The largest group in which the results of the Company are consolidated is that headed by ASH. The smallest group in which they are consolidated is that headed by European Sugar Holdings S à r l.

The consolidated financial statements of ASH are not available to the public. The consolidated financial statements of European Sugar Holdings S à r l are available to the public and can be obtained from 75 Parc d'Activites Capellen, L-3808 Capellen, Luxembourg.

24. Subsequent events

The Company has notified Tate & Lyle PLC of various claims it believes it has under the Agreement to acquire their sugar business as described in Note 2 to the accompanying financial statements. The claims relate to various issues including futures positions transferred at closing, the IPR balance, and the condition of the biomass boilers. The Acquisition reported in Note 2 of the attached financial statements was based on amounts as if no claims existed. The Company is unable to predict the ultimate outcome of these claims and has not recorded any gains related to them in the accounts for the period ended 25 September 2011.

25. Explanation of transition to adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 25 September 2011, the comparative information presented in these financial statements for the year ended 26 September 2010 and in the preparation of an opening IFRS balance sheet at 27th September 2010.

In preparing its opening IFRS balance sheet as at 27th September 2010, the Company has not adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) as there were no differences in the accounting treatment to the prior period.