

Directors' Report and Financial Statements T&L Sugars Ltd

At and for the periods ended 30 September 2012 and 25 September 2011



Company no 07318607

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T&L Sugars Ltd

Directors' Report and Financial Statements At and For the Periods Ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

The directors present their report and the audited financial statements of the Company for the 53 week period ended 30 September 2012. The comparative figures represent the period from 27 September 2010 to 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 profit for the 2012 fiscal period was €4,222 compared to a loss for 2011 of (€37,425).

The result for the financial year has been transferred to reserves.

No dividends were paid or proposed during either year.

The Company operates in a challenging environment, with an EU Sugar Regime that favours beet sugar producers and makes it difficult to acquire the raw cane sugar required for its business at prices which allow it to fairly compete with beet sugar processors. Quantities of raw cane sugar available for importation, refining and marketing within the EU are restricted and a duty system is in place which increases the cost of raw cane sugar above the cost that would otherwise be available in world sugar markets.

The Company continues to leverage its brands to grow revenue and enhance its margins.

Cost control has been a key focus for the Company. During the period the Thames refinery moved to a five-day working schedule and the provider of bulk distribution services was changed in order to reduce costs while at the same time increasing the service level to customers.

To help assure an adequate supply of raw sugar for the Company at competitive prices, a Global Sugars Group was formed within the Company that provides raw sugar procurement services not only to the Company, but also to other entities of the American Sugar Holdings, Inc. ("ASR Group" or "ASH").

Despite the challenging environment in fiscal 2012, the Company has earned a modest profit relative to its invested capital. The Company believes that it has taken the right steps to ensure the long term viability of its business so that it can serve its clients with a wide range of high quality refined cane sugars, syrups and related speciality products.

Post balance sheet events and future developments

In October 2012 the Company's immediate parent European Sugar Holdings S à r l ("ESH" or "ESH Group") acquired approximately 80% of Belize Sugar Industries Limited ("BSI"), a cane sugar farming and milling operation in Central America.

Principal risks and uncertainties

The business operates in an environment of uncertain access to preferential sugar at competitive prices. A group of some of the least-developed nations and states in African, Caribbean and Pacific countries has preferential access to the EU sugar market. This preferential access is given by allowing the importation of sugar without duty. The tariff to import from countries that have no preferential agreement with the EU is usually €339 (\$445) a ton. The Company does not agree with certain actions taken by the European Commission to regulate the sugar market and considers that the Commission's actions have contributed significantly to the difficulty in obtaining preferential sugar supply at competitive prices vis-à-vis the EU beet industry. As a result, the Company's Thames refinery operated at around 60% of its capacity. The Commission has introduced a tender system to allow additional cane sugar into the EU. Sugar refiners and other importers are required to competitively bid on the amount of duty they are willing to pay for this cane sugar. In contrast the Commission has allowed beet sugar producers to convert some of their over-quota production into quota-sugar at a significantly reduced and fixed levy which is below the duty charged for additional

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cane sugar imports. The Company does not believe this constitutes fair and equal treatment between beet sugar producers and cane sugar refiners and is engaged in legal actions against the Commission regarding its administration of the EU Sugar Regime.

The existing Sugar Regime is in effect until 30 September 2015. Post this date the Commission has proposed the elimination of national sugar beet quotas without a corresponding proposal to allow for the free importation of raw sugar. The post-2015 Sugar Regime is currently under discussion between various European political institutions. The Company is actively engaged in liaising with various stakeholders in order to achieve a fairer treatment for cane refiners.

Price risk management

No futures market exists in the EU to hedge movements in the preferential sugar price. As such, the Company's purchases and sales are made at fixed prices one or more years ahead. This can create business risk in the case of non-delivery of the sugar. The large increase in prices in 2011 led to certain suppliers demanding a re-negotiation of contracts already agreed. The Company is closely managing these risks and operates a sophisticated supply forecasting system for raw sugar supplies through the Global Sugars Group.

Derivatives are used to hedge movements in the prices of the commodities in those markets where sales and raw sugar purchases can be priced against traded futures markets (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 18.

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

Mr G H Smith

Mr I D F Bacon

Mr N P Sheppard (Resigned 18th November 2011)

Mr J Widmer (Appointed 18th November 2011)

Mr P Stebbings (Company Secretary)

Political and charitable contributions

The Company did not make any political or charitable donations or incur 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 gender, 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.

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Going concern

The directors, having assessed the Company's financial position, results of operations and future business prospects believe that the Company will continue as a going concern and meet its financial and trade obligations in the due course of its operations

On the basis of this assessment, and the commitment of the ASR Group to its European operations, the directors believe that the Company will continue in operational existence for the foreseeable future and so the financial statements have been prepared on a going concern basis

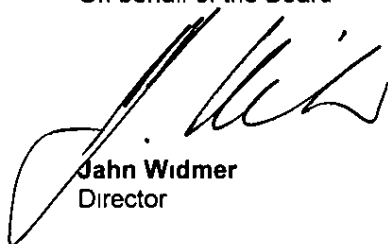
Disclosure of information to auditor

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 auditor is 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 is aware of that information

Auditor

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

On behalf of the Board



Jahn Widmer
Director

T&L Sugars Limited
Factory Road, Silvertown,
London E16 2EW

27th June 2013

T&L Sugars Ltd

Statement of Directors' Responsibilities in respect of the Directors' Report and Financial Statements At and For the Periods Ended 30 September 2012 and 25 September 2011

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 Limited

We have audited the financial statements of T&L Sugars Ltd for the period ended 30th September 2012 set out on pages 6 to 35. 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeprivate.

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 30th September 2012 and of its result 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

27th June 2013

T&L Sugars Ltd

Income Statement Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

		<u>2012</u>	<u>2011*</u>
	<i>Note</i>		
Revenues		€ 649,590	€ 524,070
Less:			
Cost of sales		584,562	497,130
Selling, general and administrative expenses	6	43,578	44,242
Depreciation and amortisation		7,905	6,445
Impairment of intangible assets	9	-	11,355
(Gain)/loss on commodity futures		<u>(106)</u>	<u>6,291</u>
Income/(loss) from operations		13,651	(41,393)
Other income/(expense)			
Finance income	5	11,934	2,472
Finance expenses	5	<u>(18,828)</u>	<u>(10,198)</u>
Profit/(loss) before tax		6,757	(49,119)
Tax (expense)/benefit	7	<u>(2,535)</u>	<u>11,694</u>
Net profit/(loss)		€ 4,222	€ (37,425)

The notes on pages 11 to 35 form part of the financial statements

*2011 accounts have been represented in these financial statements see (note 1)

T&L Sugars Ltd

Statement of Comprehensive Income Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

		<u>2012</u>	<u>2011</u>
Net profit/(loss) for the period	Note	€ 4,222	€ (37,425)
Other comprehensive income (OCI)			
Fair value of cash flow hedges transferred to the OCI		(3,005)	2,186
Fair value of cash flow hedges transferred to the income statement		363	(1,521)
Fair value of interest rate swaps transferred to the OCI		(457)	(684)
Currency translation differences		173	28
Tax on items taken directly to OCI	10	91	171
Total adjustments		<u>(2,835)</u>	<u>180</u>
Total comprehensive income/(loss) for the period		<u>€ 1,387</u>	<u>€ (37,245)</u>

The notes on pages 11 to 35 form part of the financial statements

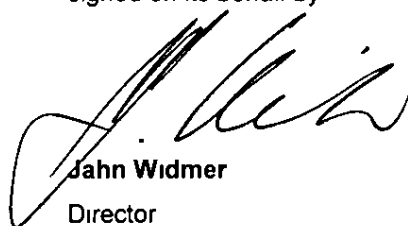
T&L Sugars Ltd

Statement of Financial Position As at 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

<u>Assets</u>		<u>2012</u>	<u>2011</u>
	<i>Note</i>		
Non - current assets			
Property, plant and equipment	8	€ 104,807	€ 110,432
Intangible assets	9	2,899	3,020
Deferred tax assets	10	11,147	13,976
Investment in subsidiaries	11	1,000	1,000
Total		119,853	128,428
Current assets			
Inventories	12	101,964	78,023
Trade and other receivables	13	61,217	49,282
Other financial assets	17	16,164	15,062
Cash and cash equivalents		7,025	20,050
		186,370	162,417
Total assets		€ 306,223	€ 290,845
<u>Liabilities and Shareholder Equity</u>			
Current liabilities			
Trade and other payables	14	€ 94,995	€ 113,224
Loans and borrowings	15	45,000	22,812
Other financial liabilities	17	25,098	8,596
		165,093	144,632
Non - current liabilities			
Loans and borrowings	15	82,848	89,390
Deferred tax liabilities	10	-	385
Other financial liabilities	17	1,141	684
		83,989	90,459
Total liabilities		249,082	235,091
Equity			
Share capital	16	-	-
Share premium		93,000	93,000
Reserves		(2,655)	180
Retained earnings		(33,204)	(37,426)
Total		57,141	55,754
Total liabilities and shareholder equity		€ 306,223	€ 290,845

The notes on pages 11 to 35 form part of the financial statements

These financial statements were approved by the board of directors on 27th June 2013 and were signed on its behalf by


Jahn Widmer
Director

T&L Sugars Ltd

Statement of Changes in Equity Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

	<u>Share capital</u>	<u>Share premium</u>	<u>Hedging reserve</u>	<u>Translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at 26 September 2010	€ -	€ 93,000	€ -	€ -	€ (1)	€ 92,999
Comprehensive income						
Net loss	-	-	-	-	(37,425)	(37,425)
Fair value of cash flow hedges transferred to the OCI	-	-	2,186	-	-	2,186
Fair value of cash flow hedges transferred to the income statement	-	-	(1,521)	-	-	(1,521)
Fair value of interest rate swaps transferred to the OCI	-	-	(684)	-	-	(684)
Currency translation differences	-	-	-	28	-	28
Tax on items taken directly to OCI	-	-	171	-	-	171
Total comprehensive income	-	-	152	28	(37,425)	(37,245)
Balance at 25 September 2011	-	93,000	152	28	(37,426)	55,754
Comprehensive income:						
Net income	-	-	-	-	4,222	4,222
Fair value of cash flow hedges transferred to the OCI	-	-	(3,005)	-	-	(3,005)
Fair value of cash flow hedges transferred to the income statement	-	-	363	-	-	363
Fair value of interest rate swaps transferred to the OCI	-	-	(457)	-	-	(457)
Currency translation differences	-	-	-	173	-	173
Tax on items taken directly to OCI	-	-	91	-	-	91
Total comprehensive income	-	-	(3,008)	173	4,222	1,387
Balance at 30 September 2012	€ -	€ 93,000	€ (2,856)	€ 201	€ (33,204)	€ 57,141

The notes on pages 11 to 35 form part of the financial statements

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

T&L Sugars Ltd

Statement of Cash Flows Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

		<u>2012</u>	<u>2011</u>
	<i>Note</i>		
Cash from operations:			
Net profit/(loss)		€ 4,222	€ (37,425)
Adjustments			
Depreciation, amortisation and impairment		7,905	17,800
Loss on disposal of fixed assets		1,014	-
Bad debt expense		(1,673)	-
Net finance costs	5	6,894	7,726
Tax expense/(benefit)	7	2,535	(11,694)
Increase in inventories		(23,941)	(13,750)
(Increase)/decrease in trade and other receivables		(11,364)	114,516
(Decrease)/increase in trade and other payables		(5,048)	16,434
Cash generated from operating activities		<u>(19,456)</u>	<u>93,607</u>
Interest paid		(6,637)	(6,686)
Finance costs		425	-
Cash provided from operations		<u>(25,668)</u>	<u>86,921</u>
Cash from investing activities			
Interest received		170	910
Acquisition of a business, net of cash of €805		-	(171,867)
Acquisition of property, plant, and equipment	8	(3,173)	(9,041)
Cash used in investing activities		<u>(3,003)</u>	<u>(179,998)</u>
Cash from financing activities			
Proceeds from loans	15	15,646	112,202
Cash provided by financing activities		<u>15,646</u>	<u>112,202</u>
Net (decrease)/increase in cash and cash equivalents		<u>(13,025)</u>	<u>19,125</u>
Cash and cash equivalents at beginning of period		20,050	925
Cash and cash equivalents at end of period		<u>€ 7,025</u>	<u>€ 20,050</u>

The notes on pages 11 to 35 form part of the financial statements

T&L Sugars Ltd

Notes to the Financial Statements **Periods ended 30 September 2012 and 25 September 2011** **(amounts in thousands of Euros)**

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 a r l, incorporated in Luxembourg.

The Company financial statements are for the 53 week period ended 30 September 2012 with comparative financial information for the period ended 25 September 2011. 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.

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 18 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.

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 transaction costs, except for derivative financial instruments measured at fair value.

T&L Sugars Ltd

Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

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

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

T&L Sugars Ltd

Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

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 17 and 18 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 firm commitment or 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

Fair value hedges

Where a derivative financial instrument is designated as a fair value hedge, changes in the fair value of the underlying asset or liability attributable to the hedged risk, and gains and losses on the derivative instrument, are recognised in the income statement for the period. The Company uses foreign exchange forwards to hedge foreign currency risk associated with committed transactions

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

Some purchase contracts fail to meet IAS 39 'Own use exemption' as they relate to our sugar trading activity. 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 cost less accumulated depreciation and accumulated impairment losses. Cost represents the fair value of the fixed assets when acquired

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	15 - 30 years
Plant and machinery	3 – 15 years

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

T&L Sugars Ltd

Notes to the financial statements **Periods ended 30 September 2012 and 25 September 2011** **(amounts in thousands of Euros)**

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.

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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.

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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

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 benefit 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.

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

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 are 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.

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 17

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.

Restatement of prior year comparatives

Note 6, freight cost of €14,955 relating to supplies and deliveries have been reclassified from sales expenses to cost of sales in 2011, to better reflect the nature of the expense.

Revisions to IFRS not applicable in 2012

Standards and interpretations issued by the IASB are only applicable 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 financial statements.

The Company 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 financial statements.

Revisions to IFRS applicable in 2012

There are a number of new amended standards and interpretations that are not effective for the year ended 30 September 2012. None of these are expected to have a material effect on the financial statements of the company.

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

2. Auditors' Remuneration

Included in the income statement are the following

	<u>2012</u>	<u>2011</u>
Audit of financial statements	€ 118	€ 115
Other services relating to taxation	20	-
All other services	<u>123</u>	<u>-</u>
Total auditors' remuneration	<u>€ 261</u>	<u>€ 115</u>

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

3. Employee headcount, cost and benefits

The average numbers of employees during the year were as follows

	<u>2012</u>	<u>2011</u>
Operations	361	339
Sales, general and administration	<u>141</u>	<u>143</u>
Total employees	<u>502</u>	<u>482</u>

The aggregate payroll costs of these employees were as follows

	<u>2012</u>	<u>2011</u>
Wages and salaries	€ 26,172	€ 25,539
Social security costs	3,081	2,556
Pension costs	<u>1,744</u>	<u>1,701</u>
Total employees' costs	<u>€ 30,997</u>	<u>€ 29,796</u>

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 €1,744 (2011: €1,701).

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

4. Directors' remuneration

	<u>2012</u>	<u>2011</u>
Director's emoluments	€ 614	€ 592
Company contributions to money purchase pension plans	109	82
Other benefits	85	29
Total directors' remuneration	€ 808	€ 703

The aggregate emoluments of the highest paid director are €252 in 2012 and €418 in 2011. Company pension contributions of €51 in 2012 and €75 in 2011 were made to a money purchase scheme on behalf of this director.

5. Finance income and expenditure

Finance income and expenses consist of the following during 2012 and 2011

	<u>2012</u>	<u>2011</u>
Finance income		
Interest income on cash deposits	€ 170	€ 910
Net Ineffectiveness on foreign currency cash flow hedges	2,846	1,562
Revaluation on monetary assets and liabilities	8,918	-
Total finance income	€ 11,934	€ 2,472
	<u>2012</u>	<u>2011</u>
Finance expense		
Interest payable on borrowings	€ 6,637	€ 6,686
Revaluation on monetary assets and liabilities	-	3,041
Bank charges	312	189
Other	113	6
Net fair value loss on foreign currency contracts not designated in hedge relationship and hedge ineffectiveness	11,766	276
Total finance expense	€ 18,828	€ 10,198

Interest payable on borrowings includes €190 (2011: €nil) of interest payable to the company's parent.

6. Selling, general and administrative expenses

	<u>2012</u>	<u>2011</u>
Sales expenses	€ 3,362	€ 1,951
General and administrative expenses	40,216	42,291
Selling, general and administrative expenses	€ 43,578	€ 44,242

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

7. Taxes

Tax recognised in the income statement is

	<u>2012</u>	<u>2011</u>
Deferred tax (charge)/credit recognised in the period	€ (2,535)	€ 11,694
Total deferred tax (charge)/credit recognised in the period	€ (2,535)	€ 11,694

Tax recognised directly in equity

	<u>2012</u>	<u>2011</u>
Deferred tax credit recognised in the period	€ 91	€ 171
Total tax credit recognised in the period	€ 91	€ 171

Reconciliation of effective tax rate

The relationship between the expected tax charge based on the standard corporation tax rate of 25% (2011 27%) and the reported tax credit in the income statement can be explained as follows

Profit/(loss) before tax from continuing operations	€ 6,757	€ (49,119)
Income tax (charge)/credit using the UK corporation tax rate of 25% (2011 27%)	€ (1,689)	€ 13,262
Change in future tax rates	(947)	(1,074)
Group relief received/(surrendered) for no payment	113	(214)
Non-deductible expenses	(98)	(280)
Prior period adjustments	86	-
Total tax (charge)/credit	€ (2,535)	€ 11,694

A reduction in the standard rate of corporation tax to 21% (effective from 1 April 2014) was announced on 5 December 2012. This will reduce the Company's future tax charge accordingly and further reduce the deferred tax asset at 30 September 2012 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date) by €969.

A further reduction to the standard rate of corporation tax to 20% (effective from 1 April 2015) was announced in March 2013.

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Periods ended 30 September 2012 and 25 September 2011
(amounts in thousands of Euros)

8. Property, plant and equipment

Property, plant and equipment consists of the following

	<u>Freehold land and buildings</u>	<u>Plant and machinery</u>	<u>Assets under construction</u>	<u>Total</u>
<u>Gross carrying amount</u>				
Balance at 26 September 2010	€ -	€ -	€ -	€ -
Acquired through business combinations	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
Additions	-	-	3,173	3,173
Transfers	-	7,547	(7,547)	-
Disposals	-	(840)	(280)	(1,120)
Balance at 30 September 2012	31,330	80,865	6,611	118,806
<u>Depreciation</u>				
Balance at 26 September 2010	-	-	-	-
Disposals	-	4	-	4
Charge for the year	(584)	(5,741)	-	(6,325)
Balance at 25 September 2011	(584)	(5,737)	-	(6,321)
Transfers	-	-	-	-
Disposals	-	106	-	106
Charge for the year	(584)	(7,200)	-	(7,784)
Balance at 30 September 2012	(1,168)	(12,831)	-	(13,999)
Net book value at 26 September 2010	-	-	-	-
Net book value at 25 September 2011	30,746	68,421	11,265	110,432
Net book value at 30 September 2012	€ 30,162	€ 68,034	€ 6,611	€ 104,807

All depreciation charges are included within the income statement

Leased plant and machinery

The Company leases production equipment under a number of finance leases. At 30 September 2011 the net carrying amount of leased plant and machinery was €1,782. There was no leased equipment carried on the balance sheet at 30 September 2012.

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

9. Intangible assets

Intangible assets and the related amortisation expenses and impairment charges for 2012 and 2011 are as follows

	<u>Goodwill</u>	<u>Customer Relationships</u>	<u>Total</u>
Balance at 26 September 2010	€ -	€ -	€ -
Acquired through business combinations	14,218	542	14,760
Impairment charge	(11,355)	-	(11,355)
Amortisation charge for the year	-	(120)	(120)
Exchange difference	(265)	-	(265)
Balance at 25 September 2011	2,598	422	3,020
Amortisation charge for the year	-	(121)	(121)
Balance at 30 September 2012	€ 2,598	€ 301	€ 2,899
Gross carrying amounts at:			
2011	€ 13,953	€ 542	€ 14,495
2012	13,953	542	14,495
Accumulated amortisation:			
2011	-	(120)	(120)
2012	-	(241)	(241)
Accumulated impairments:			
2011	(11,355)	-	(11,355)
2012	(11,355)	-	(11,355)
Accumulated exchange differences.			
2011	(265)	-	(265)
2012	(265)	-	(265)

Impairment testing

The goodwill asset at 25 September 2011 and 30 September 2012 is attributable to the cash generating unit (CGU) as shown below

	At 30 September 2012	At 25 September 2011
Period on which management approved forecasts are based	5 years	5 years
Growth rate applied beyond approved forecast period	0%	0%
Pre-tax discount rate	12%	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. 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. The pre-tax cash flow projections have been discounted at 12% in 2012 and 11% in 2011, based on the Company's weighted average cost of capital. The year on year movement is largely due to the change in the effective tax rate of 23.1% in 2012 and 14.7% in 2011.

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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 corresponding movement in the value in use calculation of €4,700 in 2012 and €9,000 in 2011. An increase of one percentage point in the discount rate would lead to an increase in the value in use calculation of €11,600 in 2012 and €12,300 in 2011 and a decrease of one percentage point in the discount rate would lead to a decrease in the value in use calculation of €13,700 in 2012 and €14,800 in 2011. In 2012, a decrease in the annual cash flows of more than €14,000 or an increase of ten percentage points in the discount rate would result in an impairment of the goodwill.

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities at 30 September 2012 are attributable to the following

	<u>Assets</u>		<u>Liabilities</u>		<u>Net</u>
Property, plant and equipment	€	2,915	€	-	€ 2,915
Tax value of loss carry-forward		7,593		-	7,593
Financial assets and liabilities		708		-	708
Other short-term timing differences		-		(69)	(69)
Total deferred tax assets and liabilities	€	11,216	€	(69)	€ 11,147

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.

Movement in deferred tax during the year

	<u>At 25 September 2011</u>		<u>Recognised in income</u>	<u>Recognised directly in equity</u>	<u>At 30 September 2012</u>	
Property, plant and equipment	€	3,067	€ (152)	€ -	€	2,915
Tax value of loss carry-forward		10,520	(2,927)	-		7,593
Financial assets and liabilities		(109)	726	91		708
Other short term timing differences		113	(182)	-		(69)
	€	13,591	€ (2,535)	€ 91	€	11,147

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

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11. Investment in subsidiaries

The company has the following investments in subsidiaries

	<u>Country of Incorporation</u>	<u>Class of shares held</u>	<u>Ownership</u>	
			<u>2012</u>	<u>2011</u>
T&L Process Technology Ltd	UK	Ordinary	100%	100%

12. Inventories

Inventories consist of the following at the end of 2012 and 2011

	<u>2012</u>	<u>2011</u>
Raw sugar and consumables	€ 70,885	€ 54,466
Work in progress	6,118	2,269
Finished goods	<u>24,961</u>	<u>21,288</u>
Total inventories	€ 101,964	€ 78,023

The write-down of inventories to net realisable value amounted to €nil (2011 €580) and is recognised in cost of sales

13. Trade and other receivables

Trade and other receivables consist of the following at the end of 2012 and 2011

	<u>2012</u>	<u>2011</u>
Trade receivables	€ 42,725	€ 42,440
Amounts due from related parties	3,500	-
Prepayments	10,265	5,454
VAT recoverable	<u>4,727</u>	<u>1,388</u>
Total trade and other receivables	€ 61,217	€ 49,282

All trade and other receivables are expected to be recovered within 12 months
€45,000 of trade receivables have been securitised, as disclosed in note 15, in regards to the Accounts receivable securitization loan

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14. Trade and other payables

Trade and other payables consist of the following at the end of 2012 and 2011

	<u>2012</u>	<u>2011</u>
Trade payables	€ 8,970	€ 17,733
Amounts due to related parties	50,683	42,055
Accrued expenses	32,522	41,382
Other payables	2,820	12,054
Total trade and other payables	€ 94,995	€ 113,224

15. Loans and borrowings

Loans and borrowings consist of the following at the end of 2012 and 2011

	<u>2012</u>	<u>2011</u>
Included in current liabilities		
Swingline revolving credit facility	€ -	€ 7,812
A/R securitization loan	45,000	15,000
Total	€ 45,000	€ 22,812
Included in non-current liabilities		
Loan from the Parent	€ 82,848	€ 87,608
Finance lease liabilities	-	1,782
Total loans and borrowings	€ 82,848	€ 89,390

Credit facilities and arrangements

Loan from the Parent

Since the date of acquisition ESH provided a €110,000 loan facility at the higher of 5% or 1 month Euribor. The facility will mature on 30 September 2015. The carrying amount of the loan approximates to the fair value.

Multi-currency facility

The company has an undrawn multicurrency facility of €50,000 which matures in 2015. This facility is at a floating rate based on the higher of Euribor plus a negotiated spread, 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.

Accounts receivable securitization

The accounts receivable securitization loan is based on accounts receivable up to an amount of €49,000. The lender has the first lien on the receivables securitized. The securitization facility operates between a minimum of €10,000 up to a maximum of €49,000 at a fluctuating interest rate per annum based on either (i) the Prime Rate, (ii) the U.S. Federal Funds Rate plus a negotiated spread, or (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 30 September 2012, the amount of trade receivables collateralised was €45,000 compared to €15,000 at the end of 2011.

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Carrying value of loans and borrowings

The fair value of loans and borrowings, except the company's interest rate swaps as discussed in Note 17, approximates to the carrying amount, due to the short term pricing mechanisms of the interest rate of the related debt

16. Share capital

Share capital consists of the following at the end of 2012 and 2011

	<u>2012</u>	<u>2011</u>
Allotted, called up and fully paid share capital		
200 ordinary shares of £1 each	€ -	€ -
Total Share Capital	<u>€ -</u>	<u>€ -</u>

The holders of ordinary shares are entitled to one vote per share at meetings of the Company No dividends were declared during 2012 or 2011

17. Financial Instruments

Analysis to reconcile classes of financial instruments into assets and liabilities is as follows

	<u>2012</u>		<u>2011</u>	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
Current derivative financial instruments				
Forward foreign exchange contracts – cash flow hedges	€ 2,019	€ (2,741)	€ 4,011	€ (1,401)
Forward foreign exchange contracts – not in hedge relationship	4,993	(7,022)	5,352	(2,710)
Commodity futures - not in hedge relationship	8,698	(4,823)	3,848	-
Foreign exchange on priced contracts	-	(900)	-	(637)
Commodity purchase contracts	132	(2,092)	1,851	(3,848)
Commodity sales contracts	322	(7,520)	-	-
Other non-current derivative financial instruments				
Interest rate swaps – cash flow hedge	-	(1,141)	-	(684)
Total financial instruments	<u>€ 16,164</u>	<u>€ (26,239)</u>	<u>€ 15,062</u>	<u>€ (9,280)</u>

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Analysis to reconcile classes of financial instruments to categories of financial instruments (shown as net) at the end of 2012 and 2011

30 September 2012

	<u>Loans and receivables</u>	<u>Fair value through profit and loss</u>	<u>Derivatives designated in effective hedge relationship</u>	<u>Financial liabilities at amortised cost</u>	<u>Total carrying value</u>
Trade and Other receivables	€ 61,217	€ -	€ -	€ -	€ 61,217
Cash and cash equivalent	7,025	-	-	-	7,025
Interest rate swap	-	-	(1,141)	-	(1,141)
Forward foreign exchange contracts – cash flow hedges	-	-	(722)	-	(722)
Forward foreign exchange contracts – not in hedge relationship	-	(2,029)	-	-	(2,029)
Foreign exchange on priced contracts	-	(900)	-	-	(900)
Commodity futures - not in hedge relationship	-	3,875	-	-	3,875
Commodity purchase contracts	-	(1,960)	-	-	(1,960)
Commodity sales contracts	-	(7,198)	-	-	(7,198)
Borrowings	-	-	-	(127,848)	(127,848)
Trade and other payables	-	-	-	(94,995)	(94,995)
Total	€ 68,242	€ (8,212)	€ (1,863)	€(222,843)	€ (164,676)

Trade receivables presented above include €10,265 of prepayments

The notional value of the futures is 395 lots of London 5 white sugar and 338 lots of New York 11 raw sugar, 97 lots of options raw sugar

The notional value of the forward contracts is €425,090

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

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25 September 2011

	<u>Loans and receivables</u>	<u>Fair value through profit and loss</u>	<u>Derivatives designated in effective hedge relationship</u>	<u>Financial liabilities at amortised cost</u>	<u>Total carrying value</u>
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)	-	-	(637)
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)	€ (150,312)

Trade receivables presented above include €5,454 of prepayments

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

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

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

Levels used for valuation

The tables below analyse financial instruments measured at fair value, into a fair value hierarchy based on the valuation technique used to determine fair value

Level 1 fair value is determined using observable inputs that reflect unadjusted quoted market prices for identical assets and liabilities

Level 2 fair value is determined using significant inputs that may be either observable inputs or unobservable inputs that are corroborated by market data

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Derivative financial instruments are segregated as follows at the end of 2012 and 2011 based on fair value levels of valuation

Derivative financial instruments

30 September 2012

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Derivative financial assets			
Commodity futures - not in hedge relationship	€ 3,875	€ -	€ 3,875
Derivative assets at fair value	€ 3,875	€ -	€ 3,875
Derivative financial liabilities			
Interest rate swap	€ -	€ (1,141)	€ (1,141)
Forward foreign exchange contracts – cash flow hedges	-	(722)	(722)
Forward foreign exchange contracts – not in hedge relationship	-	(2,029)	(2,029)
Foreign exchange on priced contracts	-	(900)	(900)
Commodity purchase contracts	-	(1,960)	(1,960)
Commodity sale contracts	-	(7,198)	(7,198)
Derivative liabilities at fair value	€ -	€ (13,950)	€ (13,950)

25 September 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Derivative financial assets			
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	€ 3,848	€ 5,252	€ 9,100
Derivative financial liabilities			
Interest rate swap	€ -	€ (684)	€ (684)
Foreign exchange on priced contracts	-	(637)	(637)
Commodity purchase contracts	-	(1,997)	(1,997)
Derivative liabilities at fair value	€ -	€ (3,318)	€ (3,318)

Cash flow hedge

The Company 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

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18. 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.

The majority 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 the end of 2012 and 2011

	<u>2012</u>	<u>2011</u>
Trade receivables	€ 42,725	€ 42,440
Bank balances	7,025	20,050
Forward foreign exchange contracts – cash flow hedges	2,019	4,011
Forward foreign exchange contracts – not in hedge relationship	4,993	5,352
Commodity futures - not in hedge relationship	8,698	3,848
Commodity purchase contracts	132	1,851
Commodity sales contracts	322	-
Total exposure to credit risk	€ 65,914	€ 77,552

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

	<u>2012</u>	<u>2011</u>
Not due past	€ 36,368	€ 37,489
Past due 0-28 days	3,832	4,065
More than 28 days	2,525	886
Total trade receivables	€ 42,725	€ 42,440

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

	<u>2012</u>	<u>2011</u>
Balance at beginning of period	€ 2,641	€ -
Impairment (gain)/loss recognised	<u>(1,673)</u>	<u>2,641</u>
Balance at end of period	€ 968	€ 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 affiliated companies and bank borrowings. The Company ensures that it has sufficient undrawn committed bank facilities to provide liquidity to cover its funding requirements for the foreseeable future.

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

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.

Undiscounted contractual maturities

30 September 2012

	<u>Total</u>	<u>1 year or less</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or greater</u>
Non-derivative financial liabilities					
ESH Intercompany Loan (non-current)	€ (95,274)	€ (4,142)	€ (4,142)	€ (86,990)	€ -
Trade payables	(8,970)	(8,970)	-	-	-
Amounts due to related parties	(50,683)	(50,683)	-	-	-
Accrued expenses	(32,522)	(32,522)	-	-	-
Other payables	(2,820)	(2,820)	-	-	-
A/R securitization loan	(45,000)	(45,000)	-	-	-
	(235,269)	(144,137)	(4,142)	(86,990)	-
Derivative financial liabilities					
Interest rate swaps	(1,141)	(190)	(190)	(571)	(190)
Commodity futures	(14,435)	(14,435)	-	-	-
Forward foreign exchange contracts					
- Outflow	690,417	506,835	115,890	67,692	-
- Inflow	(265,327)	(243,879)	(13,647)	(7,801)	-
	409,514	248,331	102,053	59,320	(190)
Total financial liabilities	€ 174,245	€ 104,194	€ 97,911	€ (27,670)	€ (190)

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

25 September 2011

	<u>Total</u>	<u>1 year or less</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or greater</u>
Non-derivative financial liabilities					
ESH Intercompany Loan (non-current)	€ (105,128)	€ (4,380)	€ (4,380)	€ (96,368)	€ -
Finance lease liabilities	(1,862)	(495)	(337)	(529)	(501)
Trade payables	(17,733)	(17,733)	-	-	-
Amounts due to related parties	(42,055)	(42,055)	-	-	-
Swingline revolving credit facility	(7,812)	(7,812)	-	-	-
A/R securitization loan	(15,000)	(15,000)	-	-	-
	(189,590)	(87,475)	(4,717)	(96,897)	(501)
Derivative financial liabilities					
Interest rate swaps	(684)	(98)	(98)	(294)	(194)
Forward foreign exchange contracts					
- Outflow	(162,260)	(153,445)	(8,815)	-	-
- Inflow	98,199	90,483	7,716	-	-
Physicals	(3,848)	(3,848)	-	-	-
	(68,593)	(66,908)	(1,197)	(294)	(194)
Total financial liabilities	€ (258,183)	€ (154,383)	€ (5,914)	€ (97,191)	€ (695)

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 is to hedge 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 5% strengthening of the USD and GBP against the Euro at the end of 2012 would have resulted in a credit to the cash flow hedge reserve of approximately €438 in 2012 and €970 in 2011 and a loss of €22,594 in 2012 and €3,183 in 2011 in the income statement. The income statement impact would be offset by equal and opposite gains on the underlying transactions. A 5% 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.

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Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

Interest rate risk management

The Company has an exposure to interest rate risk, arising principally from changes in USD 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 30 September 2012 assuming that other variables remain unchanged.

If interest rates increase by 100 basis points, Company's 2012 income before tax would increase by approximately €1,108k and the 2011 pre-tax income would have increased by 2011 €821. The impact on the cash flow hedge reserve would be a credit of approximately € 386 and €531 in 2011.

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

	<u>2012</u>	<u>2011</u>
<i>Fixed rate instruments</i>		
Assets	€ -	€ -
Liabilities – interest rate swap	(1,141)	(684)
Total fixed rate instruments	€ (1,141)	€ (684)
<i>Variable rate instruments</i>		
Assets – cash	€ 7,025	€ 20,050
Liabilities – borrowings	(127,848)	(112,202)
Total variable rate instruments	€ (120,823)	€ (92,152)

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 priced contracts. 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 €870 in 2012 and €384 in 2011. A decrease of 10% would result in approximately an equal but opposite impact to the income statement.

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.

T&L Sugars Ltd

Notes to the financial statements Periods ended 30 September 2012 and 25 September 2011 (amounts in thousands of Euros)

19. Operating leases

Non-cancellable operating lease rentals are payable as follows

	<u>2012</u>	<u>2011</u>
Not later than one year	€ 526	€ 709
Later than one year and no later than five years	-	900
Later than five years	-	-
Total non-cancellable operating lease rentals	€ 526	€ 1,609

The Company leases properties, vehicles, plant and equipment under non-cancellable operating lease agreements. During 2012 and 2011, respectively, €1,339 and €374 was recognised as an expense in the income statement in respect of operating leases.

20. Capital commitments

At 30 September 2012 the Company was committed to property, plant and equipment purchases of €2,883 in 2012 and €5,943 in 2011.

21. 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 period.

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

	<u>At and for the period ended 30 September 2012</u>			
	<u>Sales to</u>	<u>Expenses incurred from</u>	<u>Receivables outstanding</u>	<u>Payables outstanding</u>
Parent	€ -	€ (4,660)	€ -	€ (82,848)
Subsidiaries	715	(1,957)	3,164	(1,360)
Other group companies	110,995	(5,624)	336	(49,323)
Total	€ 111,710	€ (12,241)	€ 3,500	€ (133,531)

	<u>At and for the period ended 25 September 2011</u>			
	<u>Sales to</u>	<u>Expenses incurred from</u>	<u>Receivables outstanding</u>	<u>Payables outstanding</u>
Parent	€ -	€ (2,927)	€ -	€ (87,608)
Subsidiaries	155	(837)	-	-
Other group companies	55,242	(122)	-	(42,055)
Total	€ 55,397	€ (3,886)	€ -	€ (129,663)

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(amounts in thousands of Euros)

22. Ultimate Parent

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

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 a r l

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

23. Subsequent events

During the fiscal year 2013, the Parent Company ESH acquired 81.2% of the sugar operations of Belize Sugar Industries Limited via a share acquisition The acquisition provides the ESH Group with a secure source of fair-trade raw sugar cane