



Half Year Report & Condensed Financial Statements

Six months ended 31 March 2015



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TREATT PLC

HALF YEAR RESULTS

SIX MONTHS ENDED 31 MARCH 2015

Adjusted profit before tax up 5% and adjusted EPS up 9% as the Group continues to meet expectations

Treatt Plc, the manufacturer and supplier of ingredient solutions for the flavour, fragrance and FMCG industries, announces today its half year results for the six months ended 31 March 2015.

HIGHLIGHTS of our half year:

- Revenues for the six months up 12% to £41.4 million (H1 2014: £37.1 million)
- Operating profit increased by 5% to £3.3m (H1 2014: £3.1m)
- Adjusted EBITDA¹ up 4% to £4.0m (H1 2014: £3.8m)
- Adjusted profit before tax¹ rose by 5% to £2.9m (H1 2014: £2.8m)
- Adjusted basic earnings per share¹ increased by 9% to 4.21p (H1 2014: 3.87p)
- Interim dividend per share raised by 3% to 1.28p (2014 interim dividend: 1.24p)

Commenting on the results, Group CEO Daemmon Reeve said:

“Our strategy continues to gain momentum. The performance and effort of our enabled and motivated teams across the Group is impressive. We are securing and delivering on opportunities which are making a real difference to the business and this provides me with great optimism for the future.”

Notes:

¹ Adjusted to exclude exceptional items – see note 7

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CHAIRMAN'S STATEMENT

I am pleased to be reporting a solid set of results for the first six months of the current financial year and the progress made in the business in order to meet our long term strategic objectives. Adjusted¹ EBITDA has improved by 4% to £4.0m (2014: £3.8m) with adjusted¹ profit before tax increasing by 5% to £2.9m (2014: £2.8m). Adjusted¹ earnings per share have increased by 9% to 4.21 pence per share (2014: 3.87 pence per share).

The Board has declared an increase in the interim dividend of 3% to 1.28 pence per share (2014: 1.24 pence per share) which represents approximately one third of the previous year's total dividend in line with the Board's policy. Naturally, the total dividend for the year will continue to be guided by the overarching policy of maintaining a dividend cover of between 2-2.5X on a rolling three year basis. The interim dividend will be payable on 16 October 2015 to all shareholders on the register at close of business on 11 September 2015.

The first half of the financial year saw revenue grow by an encouraging 12% to £41.4m (2014: £37.1m) with a consequent increase in gross profit of 9% to £9.1m (2014: £8.4m). Margins in the first six months of the financial year have, as anticipated, been impacted by adverse raw material price movements in relation to some longer term fixed price contracts.

There has been a small increase in net debt of £0.3m (2014: £3.1m increase) as the Group generated free cash inflow of £0.9m (2014: outflow £2.2m) in the period. The Group would expect to report an increase in net debt at this time of year, as inventory is built up to support the seasonally stronger sales in the second half. However, a number of strategic business developments have resulted in improvements in the underlying cash performance of the business.

There are hedging instruments in place to protect the Group from the full impact of foreign exchange rate volatility, particularly in respect of the US Dollar and Euro. Overall, this resulted in a short term FX loss, included within administrative expenses, of £0.4m which we expect to be offset by corresponding FX gains or margin improvements in H2.

The Group's strategy is to focus on delivering added-value ingredient solutions across key market segments in the flavour, fragrance, cosmetics, and in particular, the beverage sectors. We are making particularly good progress in the beverage sector which itself breaks down into a number of important segments for Treatt, including the fast growing craft beer market. The beverage market continues to innovate and brings opportunities to develop new products in these areas, especially the wellness and natural areas as demand grows for lower calorie and health-conscious products. We believe our experience in operating in these markets is a critical factor in our success but another is the close commercial and technical relationships we develop with key, targeted customers to deliver the difference they seek. In the first half of the year, we have achieved a number of new business wins leveraging our expertise in these areas.

Shareholders who attended January's AGM will have seen the new product development centre, including new sensory, applications and brewing capabilities, which we opened earlier this year at our UK site in Bury St. Edmunds. Building collaborative commercial and technical platforms such as this provides the environment that our customers expect and enhances our opportunities to achieve long-term success.

As we reported in March 2015, the Board has been actively considering a number of options with regard to our UK plant which no longer meets the medium to long term needs of the business. We believe that the best option for the future growth of the business will come in the form of a full site re-location within the Bury St. Edmunds area with new modern and efficient manufacturing and technical facilities. This will enable a material increase in our value-added capabilities through greater investment in innovation and R&D capabilities, lower cost production, and reduced inefficiencies and maintenance costs. Above all, this will enable us to partner on a much greater scale with global FMCG customers to deliver the innovative solutions they require.

Whilst plans are still being finalised, current indications are that the move is likely to cost in the region of £15m to £20m net of disposal proceeds, but will enable us to deliver greater returns for shareholders. As previously stated, we will consult with key stakeholders to ensure their support as these plans come together.

Prospects

The third quarter of the financial year has started steadily and with order books up on the prior year, the Board remains confident at this early stage of the second half that the Group will meet its expectations for the year ending 30 September 2015. Over the remainder of the year, we will continue to develop and evolve our strategy in order to build a stronger, more profitable business for the long term.

TIM JONES

Chairman

18 May 2015

Notes:

¹ Adjusted to exclude exceptional items – see note 7

TREATT PLC
HALF YEAR FINANCIAL STATEMENTS
CONDENSED GROUP INCOME STATEMENT
for the six months ended 31 March 2015

	Notes	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Revenue	6	41,408	37,106	79,189
Cost of sales		(32,266)	(28,691)	(61,218)
Gross profit		9,142	8,415	17,971
Administrative expenses		(5,837)	(5,268)	(10,343)
Operating profit		3,305	3,147	7,628
Finance revenue		1	1	1
Finance costs		(369)	(352)	(725)
Profit before taxation and exceptional items		2,937	2,796	6,904
Exceptional items	7	(98)	(236)	(1,402)
Profit before taxation		2,839	2,560	5,502
Taxation	8	(769)	(809)	(1,553)
Profit for the period attributable to owners of the Parent Company		2,070	1,751	3,949
Earnings per share				
Basic	9	4.02p	3.41p	7.69p
Diluted	9	4.00p	3.39p	7.66p
Adjusted basic	9	4.21p	3.87p	9.95p
Adjusted diluted	9	4.19p	3.85p	9.91p

All amounts relate to continuing operations

The notes on pages 12 to 13 form part of these condensed half year financial statements

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 31 March 2015

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Profit for the period attributable to owners of the Parent Company	2,070	1,751	3,949
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments	1,275	(367)	20
Current tax on foreign currency translation differences	(8)	3	(11)
Fair value movement on cash flow hedges	(364)	(16)	16
Deferred tax on fair value movement	73	(2)	(8)
	976	(382)	17
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension scheme	(1,371)	(112)	(1,170)
Current tax credit on actuarial loss	21	25	51
Deferred tax credit on actuarial loss	254	-	188
	(1,096)	(87)	(931)
Other comprehensive expense for the period	(120)	(469)	(914)
Total comprehensive income for the period attributable to owners of the Parent Company	1,950	1,282	3,035

The notes on pages 12 to 13 form part of these condensed half year financial statements

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 March 2015

	Share capital £'000	Share premium £'000	Own shares in share trusts £'000	Hedging reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	Total equity £'000
1 October 2013	1,048	2,757	(622)	(487)	455	24,292	27,443
<i>Net profit for the period</i>	-	-	-	-	-	1,751	1,751
<i>Exchange differences net of tax</i>	-	-	-	-	(367)	3	(364)
<i>Fair value movement on cash flow hedges net of tax</i>	-	-	-	(16)	-	(2)	(18)
<i>Actuarial loss on defined benefit pension scheme net of tax</i>	-	-	-	-	-	(87)	(87)
Total comprehensive income	-	-	-	(16)	(367)	1,665	1,282
<i>Transactions with owners:</i>							
<i>Dividends</i>	-	-	-	-	-	(565)	(565)
<i>Share-based payments</i>	-	-	-	-	-	15	15
1 April 2014	1,048	2,757	(622)	(503)	88	25,407	28,175
<i>Net profit for the period</i>	-	-	-	-	-	2,198	2,198
<i>Exchange differences net of tax</i>	-	-	-	-	387	(3)	384
<i>Fair value movement on cash flow hedges net of tax</i>	-	-	-	32	-	2	34
<i>Actuarial loss on defined benefit pension scheme net of tax</i>	-	-	-	-	-	(1,083)	(1,083)
<i>Transfer between reserves</i>	-	-	-	102	(173)	71	-
<i>Taxation relating to items above</i>	-	-	-	(8)	(11)	239	220
Total comprehensive income	-	-	-	126	203	1,424	1,753
<i>Transactions with owners:</i>							
<i>Dividends</i>	-	-	-	-	-	(1,334)	(1,334)
<i>Share-based payments</i>	-	-	-	-	-	32	32
<i>Movement in own shares in share trust</i>	-	-	73	-	-	-	73
<i>Gain on release of shares in share trust</i>	-	-	-	-	-	18	18
<i>Taxation relating to items recognised directly in equity</i>	-	-	-	-	-	43	43
1 October 2014	1,048	2,757	(549)	(377)	291	25,590	28,760
<i>Net profit for the period</i>	-	-	-	-	-	2,070	2,070
<i>Exchange differences</i>	-	-	-	-	1,275	-	1,275
<i>Fair value movement on cash flow hedges</i>	-	-	-	(364)	-	-	(364)
<i>Actuarial loss on defined benefit pension scheme</i>	-	-	-	-	-	(1,371)	(1,371)
<i>Taxation relating to items above</i>	-	-	-	73	(8)	275	340
Total comprehensive income	-	-	-	(291)	1,267	974	1,950
<i>Transactions with owners:</i>							
<i>Dividends</i>	-	-	-	-	-	(1,978)	(1,978)
<i>Share-based payments</i>	-	-	-	-	-	103	103
<i>Movement in own shares in share trusts</i>	-	-	2	-	-	-	2
<i>Gain on release of shares in share trusts</i>	-	-	-	-	-	29	29
<i>Issue of share capital</i>	2	-	-	-	-	-	2
<i>Taxation relating to items recognised directly in equity</i>	-	-	-	-	-	11	11
31 March 2015	1,050	2,757	(547)	(668)	1,558	24,729	28,879

The notes on pages 12 to 13 form part of these condensed half year financial statements

CONDENSED GROUP BALANCE SHEET

as at 31 March 2015

	As at 31 March 2015 (unaudited) £'000	As at 31 March 2014 (unaudited) £'000	As at 30 September 2014 (audited) £'000
ASSETS			
Non-current assets			
Goodwill	1,075	1,075	1,075
Other intangible assets	684	627	726
Property, plant and equipment	11,257	11,302	10,994
Deferred tax assets	792	313	396
Trade and other receivables	-	586	586
	13,808	13,903	13,777
Current assets			
Inventories	26,371	27,127	28,020
Trade and other receivables	18,830	16,234	14,509
Current tax assets	14	20	340
Derivative financial instruments	-	-	92
Cash and bank balances	3,254	531	629
	48,469	43,912	43,590
Total assets	62,277	57,815	57,367
LIABILITIES			
Current liabilities			
Borrowings	(3,389)	(4,634)	(2,356)
Provisions	(450)	(49)	(920)
Trade and other payables	(12,466)	(13,028)	(12,053)
Current tax liabilities	(798)	(920)	(676)
Derivative financial instruments	(240)	-	-
Redeemable loan notes payable	(675)	-	-
	(18,018)	(18,631)	(16,005)
Net current assets	30,451	25,281	27,585
Non-current liabilities			
Borrowings	(9,779)	(7,262)	(7,857)
Trade and other payables	-	(23)	(23)
Post-employment benefits	(3,797)	(1,588)	(2,529)
Deferred tax liabilities	(1,108)	(958)	(1,007)
Derivative financial instruments	(696)	(503)	(511)
Redeemable loan notes payable	-	(675)	(675)
	(15,380)	(11,009)	(12,602)
Total liabilities	(33,398)	(29,640)	(28,607)
Net assets	28,879	28,175	28,760

CONDENSED GROUP BALANCE SHEET (continued)
as at 31 March 2015

	As at 31 March 2015 (unaudited) £'000	As at 31 March 2014 (unaudited) £'000	As at 30 September 2014 (audited) £'000
EQUITY			
Share capital	1,050	1,048	1,048
Share premium account	2,757	2,757	2,757
Own shares in share trusts	(547)	(622)	(549)
Hedging reserve	(668)	(503)	(377)
Foreign exchange reserve	1,558	88	291
Retained earnings	24,729	25,407	25,590
Total equity attributable to owners of the Parent Company	28,879	28,175	28,760

The notes on pages 12 to 13 form part of these condensed half year financial statements

CONDENSED GROUP STATEMENT OF CASH FLOWS

for the six months ended 31 March 2015

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Cash flow from operating activities			
Profit before taxation	2,839	2,560	5,502
Adjusted for:			
Depreciation of property, plant and equipment	614	614	1,222
Amortisation of intangible assets	93	84	172
Loss on disposal of property, plant and equipment	47	7	17
Gain on disposal of intangible assets	-	-	(2)
Net finance costs	368	351	724
Share-based payments	100	15	46
Decrease in fair value of derivatives	115	129	115
Decrease in post-employment benefit obligations	(102)	(113)	(230)
Operating cash flow before movements in working capital	4,074	3,647	7,566
Movements in working capital:			
Decrease/(increase) in inventories	2,578	(3,728)	(4,322)
Increase in trade and other receivables	(3,311)	(3,141)	(1,331)
(Decrease)/increase in trade and other payables, and provisions	(1,721)	1,844	1,615
Cash generated from operations	1,620	(1,378)	3,528
Taxation paid	(343)	(420)	(1,552)
Net cash from operating activities	1,277	(1,798)	1,976
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment	-	-	4
Purchase of property, plant and equipment	(376)	(385)	(538)
Purchase of intangible assets	(49)	(28)	(212)
Interest received	1	1	1
	(424)	(412)	(745)

CONDENSED GROUP STATEMENT OF CASH FLOWS (continued)
for the six months ended 31 March 2015

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Cash flow from financing activities			
Increase/(decrease) in bank loans	354	(363)	215
Interest paid	(369)	(352)	(725)
Dividends paid	(638)	(565)	(1,899)
Net purchase of own shares by share trusts	33	-	91
	(620)	(1,280)	(2,318)
Net increase/(decrease) in cash and cash equivalents	233	(3,490)	(1,087)
Effect of foreign exchange rates	8	(15)	13
Movement in cash and cash equivalents in the period	241	(3,505)	(1,074)
Cash and cash equivalents at beginning of period	21	1,095	1,095
Cash and cash equivalents at end of period	262	(2,410)	21
Cash and cash equivalents comprise:			
Cash and bank balances	3,254	531	629
Bank borrowings	(2,992)	(2,941)	(608)
	262	(2,410)	21

The notes on pages 12 to 13 form part of these condensed half year financial statements

CONDENSED GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT for the six months ended 31 March 2015

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Movement in cash and cash equivalents in the period	241	(3,505)	(1,074)
Increase in bank loans	(354)	363	(215)
Cash outflow from changes in net debt in the period	(113)	(3,142)	(1,289)
Effect of foreign exchange rates	(217)	71	(1)
Movement in net debt in the period	(330)	(3,071)	(1,290)
Net debt at beginning of period	(9,584)	(8,294)	(8,294)
Net debt at end of period	(9,914)	(11,365)	(9,584)

The notes on pages 12 to 13 form part of these condensed half year financial statements

Responsibility statement

We confirm that to the best of our knowledge:

- (a) the condensed set of financial statements for the six months ended 31 March 2015 has been prepared in accordance with IAS 34
- (b) the half year report and condensed financial statements includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year)
- (c) the half year report and condensed financial statements includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

RICHARD HOPE

Finance Director
18 May 2015

NOTES TO THE UNAUDITED HALF YEAR FINANCIAL STATEMENTS

1. Basis of preparation

The Group is required to prepare its condensed half year financial statements in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)). The Group has adopted the reporting requirements of IAS 34 'Interim Financial Reporting'.

The consolidated condensed half year financial statements are prepared on the basis of all International Accounting Standards (IAS) and IFRS published by the International Accounting Standards Board (IASB) that are currently in issue. New interpretations may be issued by the International Financial Reporting Interpretations Committee (IFRIC) on existing standards and best practice continues to evolve. It is therefore possible that the accounting policies set out below may be updated by the time the Group prepares its full set of financial statements under IFRS for the year ending 30 September 2015.

The information relating to the six months ended 31 March 2015 and 31 March 2014 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2014 have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 of the Companies Act 2006. These condensed half year financial statements for the six months ended 31 March 2015 have neither been audited nor formally reviewed by the Group's auditors.

2. Accounting policies

These condensed half year financial statements have been prepared on the basis of the same accounting policies and presentation set out in the Group's 30 September 2014 annual report.

There were no new standards, or amendments to standards, which are mandatory and relevant to the Group for the first time for the financial year ending 30 September 2015 which have had a material effect on these condensed half year financial statements.

3. Accounting estimates

The preparation of the condensed half year financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing these condensed half year financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at, and for the year ended, 30 September 2014.

4. Going concern

As at the date of this report, the Directors have a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. Since the period end all the Group's expiring banking facilities have been renewed on existing or improved terms. Accordingly, the condensed half year financial statements have been prepared on the going concern basis.

5. Risks and uncertainties

The operation of a public company involves a series of risks and uncertainties across a range of strategic, commercial, operational and financial areas. The principal risks and uncertainties that could have a material impact on the Group's performance over the remaining six months of this financial year (for example, causing actual results to differ materially from expected results or from those experienced previously) are the same as those detailed on pages 17-18 of the 2014 Annual Report and Financial Statements.

NOTES TO THE UNAUDITED HALF YEAR FINANCIAL STATEMENTS (continued)

6. Segmental information

Business segments

IFRS 8 requires operating segments to be identified on the basis of internal financial information reported to the Chief Operating Decision Maker (CODM). The Group's CODM has been identified as the Board of Directors who are primarily responsible for the allocation of resources to the segments and for assessing their performance. The disclosure in the Group accounts of segmental information is consistent with the information used by the CODM in order to assess profit performance from the Group's operations.

The Group operates as one global business segment. The Group is engaged in the manufacture and supply of ingredient solutions for the flavour, fragrance and FMCG industries with manufacturing sites in the UK, US and Kenya. Many of the Group's activities, including sales, purchasing, manufacturing, technical, IT and finance are managed globally on a Group basis.

Geographical segments

The following table provides an analysis of the Group's revenue by geographical market:

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
United Kingdom	5,392	4,744	9,975
Rest of Europe	11,271	10,928	21,566
The Americas	16,254	13,136	29,638
Rest of the World	8,491	8,298	18,010
	41,408	37,106	79,189

7. Exceptional items

The exceptional items referred to in the income statement can be categorised as follows:

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Legal and professional fees	98	236	292
Agency termination	-	-	1,110
	98	236	1,402

The exceptional items in the year all relate to non-recurring items. The legal and professional fees relate to the earnout dispute in relation to the acquisition of the Earthoil Group, which remains on-going.

8. Taxation

Taxation has been provided on pre-exceptional profits at 26.2% (six months ended 31 March 2014: 28.9%) which is the effective group rate currently anticipated for the financial year ending 30 September 2015.

NOTES TO THE UNAUDITED HALF YEAR FINANCIAL STATEMENTS (continued)

9. Earnings per share

Basic earnings per share

Basic earnings per share is based on the weighted average number of ordinary shares in issue and ranking for dividend during the year. The weighted average number of shares excludes shares held by the Treatt Employee Benefit Trust (EBT), together with shares held by the Treatt SIP Trust (SIP) which do not rank for dividend.

	Six months to 31 March 2015 (unaudited)	Six months to 31 March 2014 (unaudited)	Year to 30 September 2014 (audited)
Earnings (£'000)	2,070	1,751	3,949
Weighted average number of ordinary shares in issue (No: '000)	51,444	51,323	51,335
Basic earnings per share (pence)	4.02p	3.41p	7.69p

Diluted earnings per share

Diluted earnings per share is based on the weighted average number of ordinary shares in issue and ranking for dividend during the year, adjusted for the effect of all dilutive potential ordinary shares. The number of shares used to calculate earnings per share (EPS) have been derived as follows:

	Six months to 31 March 2015 (unaudited) No ('000)	Six months to 31 March 2014 (unaudited) No ('000)	Year to 30 September 2014 (audited) No ('000)
Weighted average number of shares	52,450	52,405	52,405
Weighted average number of shares held in the EBT and SIP	(1,006)	(1,082)	(1,070)
Weighted average number of shares used for calculating basic EPS	51,444	51,323	51,335
Executive share option schemes	156	39	40
All-employee share options	147	233	177
Weighted average no. of shares used for calculating diluted EPS	51,747	51,595	51,552
Diluted earnings per share (pence)	4.00p	3.39p	7.66p

NOTES TO THE UNAUDITED HALF YEAR FINANCIAL STATEMENTS (continued)

9 Earnings per share (continued)

Adjusted earnings per share

Adjusted earnings per share measures are calculated based on profits for the year attributable to owners of the Parent Company before exceptional items as follows:

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Earnings for calculating basic and diluted earnings per share	2,070	1,751	3,949
Adjusted for:			
Exceptional items (see note 7)	98	236	1,402
Taxation thereon	-	-	(244)
Earnings for calculating adjusted earnings per share	2,168	1,987	5,107
Adjusted basic earnings per share (pence)	4.21p	3.87p	9.95p
Adjusted diluted earnings per share (pence)	4.19p	3.85p	9.91p

10. Dividends

Equity dividends on ordinary shares:

	Dividend per share for years ended			Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
	2015 ² Pence	30 September: 2014 ¹ Pence	2013 ¹ Pence ³			
Interim dividend	1.28p	1.24p	1.10p	638	565	565
Final dividend	N/A	2.60p	2.60p	1,340	-	1,334
	N/A	3.84p	3.70p	1,978	565	1,899

¹ Accounted for in the subsequent year in accordance with IFRS.

² The declared interim dividend for the year ended 30 September 2015 of 1.28 pence was approved by the Board on 18 May 2015 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2015. The dividend will be paid on 16 October 2015 to those shareholders on the register at 11 September 2015 and will, therefore, be accounted for in the financial statements for the year ended 30 September 2016.

³ Following a resolution approved by shareholders on 16 May 2014, the share capital of the Company was sub-divided on a five for one ratio (i.e. five new 2 pence ordinary shares replacing each existing 10 pence ordinary share) and accordingly, where required the above numbers have been restated on the basis of the new share capital.

NOTES TO THE UNAUDITED HALF YEAR FINANCIAL STATEMENTS (continued)

11. Contingent liabilities

As disclosed in note 27 of the 2014 annual report and financial statements, the sellers of the Earthoil Group, which was acquired by the Group in April 2008, have filed a claim in the Chancery Division of the High Court against the Group for £1.8m which has subsequently been extended to £2.3m. Following rulings by the High Court and Court of Appeal on issues of contractual interpretation, two of which were found in Treatt's favour and one in favour of the sellers of the Earthoil Group, the matter has now been referred to chartered accountants for determination of the substantive claim, being the quantum of the Earn-out. The costs of resolving the dispute currently total £1,037,000, of which the current year's costs of £98,000 have been included in exceptional items (see note 7), on a consistent basis to the prior year. The total eventual legal and professional fees of the dispute are currently unknown, but are likely to exceed £1.25m.

12. Related party transactions

Treatt Plc, the Parent Company, entered into the following material transactions with related parties:

	Six months to 31 March 2015 (unaudited) £'000	Six months to 31 March 2014 (unaudited) £'000	Year to 30 September 2014 (audited) £'000
Interest received on loan notes from:			
Earthoil Plantations Limited	7	7	14
Earthoil Kenya PTY EPZ Limited	3	3	6
Dividends received from:			
R C Treatt & Co Limited	2,637	563	936
Treatt USA Inc	-	-	902
Redeemable loan notes receivable:			
Earthoil Plantations Limited	950	950	950
Earthoil Kenya PTY EPZ Limited	400	400	400
Amounts owed to/(by) parent undertaking:			
Earthoil Plantations Limited	105	1,009	45
R C Treatt & Co Limited	(149)	(997)	(13)

The redeemable loan notes are redeemable in full on 31 December 2015 or from 31 March 2009 on request from the issuer. Interest is receivable at 1% above UK base rate. Amounts owed to the Parent Company are unsecured and will be settled in cash.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements that are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated. No assurances can be given that the forward-looking statements in this announcement will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.