



**Treatt PLC - TET**  
Update on Earthoil earn-out dispute  
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TREATT PLC

("Treatt" or "the Company")

### **Update on Earthoil Earn-out Dispute**

It was announced on 6 December 2012 that the sellers of the Earthoil Group ('Sellers'), which was acquired by Treatt in April 2008, had filed a claim against the Company in the Chancery Division of the High Court. The claim relates to various matters in respect of the Earn-out, being the deferred consideration payable to the Sellers in respect of the acquisition of the Earthoil Group.

Following rulings by the High Court and Court of Appeal on issues of contractual interpretation, it was announced on 11 February 2015 that the matter was being referred to Expert Determination for resolution of the substantive claim, being the quantum of the Earn-out.

That Expert Determination process has now concluded and the value of the Earn-out has been put at £970,648. Whilst we are pleased that the expert has awarded significantly less than the Sellers claimed, having taken legal and professional advice throughout, including Counsel's opinion, the Board is extremely disappointed with this outcome. The Earn-out is subject to deductions of £250,000 in respect of a cash advance made on completion of the purchase in April 2008 and £318,000 in respect of a settled claim under the warranties provided by the Sellers in April 2008.

It was also determined that a contribution of £11,730 be made towards the Sellers' fees for the Expert Determination process, which are to be split 45%:55% in their favour. This leaves a balancing payment of £414,378 due, which will be made to the Sellers in due course.

Whilst this resolves the majority of the claim issued by the Sellers, there remain some outstanding issues, which are to be determined by the Court. The Sellers outstanding claims, the value of which is £693,888, relate to alleged breaches of contract, which are strenuously denied. Consequently, final resolution of this matter and judgment in respect of the costs of this litigation, is unlikely to be before 2017.

Speaking today Daemmon Reeve, CEO said "This outcome is extremely disappointing. We have received consistent legal advice throughout this process in respect of our position. Nonetheless,

this issue has been hanging over the company for some years and this is a significant step to putting this matter behind us and moving on."

Earthoil was acquired in 2008 and is now a business of appreciating value. Profits have grown consistently from a loss-making position in 2008 to a pre-tax profit of almost £1m in the year to September 2015.

#### Contact details

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