Treatt PLC - TET
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TREATT PLC
FINAL RESULTS
YEAR ENDED 30 SEPTEMBER 2015

Adjusted profit before tax up 15% and adjusted EPS up 20% 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 results for the year ended 30 September 2015.

HIGHLIGHTS of our year:

- Revenues for the year up 9% to £85.9 million (2014: £79.2 million)
- Operating profit increased by 14% to £8.7m (2014: £7.6m)
- Adjusted EBITDA* up 12% to £10.1m (2014: £9.0m)
- Adjusted profit before tax* increased by 15% to £8.0m (2014: £6.9m)
- Adjusted basic earnings per share* increased by 20% to 11.94p (2014: 9.95p)
- Total Dividend per share increased by 5% to 4.04p (2014: 3.84p)

Commenting on the results, Group CEO Daemmon Reeve said:
"Our strategy continues to bear fruit and gives us confidence that the business is increasingly well placed to capitalise on the opportunities ahead of us. This progress has only been possible because of the energy and creativity of our people who are working ever more closely together across the business to meet our customers' needs. We will continue to manage and invest in the business ensuring that we build a business to deliver for our customers today and tomorrow."

Notes:
* All adjusted measures exclude exceptional items – see note 7

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CHAIRMAN'S STATEMENT

"A year of encouraging growth, with adjusted profits up 15%"

Results

I am delighted to introduce this year's results with news of another year of increased profits for the Group. Group revenue is up by 9% to £85.9m (2014: 79.2m) and adjusted* profit before taxation has grown by 15% to £8.0m (2014: £6.9m). At 11.94p, adjusted basic earnings per share have improved 20%.

It is gratifying to see that the cash performance of the Group has continued to improve with net debt falling to a nine year low of £6.1m (2014: £9.6m). Consequently, the average net debt to adjusted EBITDA ratio, which compares net debt to the cash generation of the business, has fallen for the fourth consecutive year to 0.78 times (2014: 0.99 times).

The positive performance for the year was spread across the Group, with growth in both our core flavour & fragrance sector, as well as strong growth in the beverage market. In addition our Earthoil brand delivered encouraging growth in the personal care market.

Dividends

The Board is proposing a final dividend of 2.76p (2014: 2.60p) increasing the total dividend for the year to 4.04p (a 5.2% increase). This equates to a rolling three year dividend cover of 2.29 times. If approved by shareholders at the forthcoming AGM, the final dividend will be payable on 8 April 2016 to all shareholders on the register at close of business on 4 March 2016. Shareholders who wish to participate in the dividend re-investment plan for this and future dividends should elect to do so by 14 March 2016.

Strategic overview

Through the implementation and development of the Group's strategy we are becoming ever better placed to take advantage of significant market opportunities. To be able to continue to report growth in Treatt's performance, as I have done these past few years, it is important that we make focused investments in strategic assets to ensure that we can deliver sustainable growth for all of our stakeholders.

Our most important strategic asset is our people. From the buzz and excitement in R&D, to the dedication to deliver exceptional service in sales and operations, there is, at the heart of our business, a vibrant and unique culture which drives our success. The investments we make in training and developing our staff have grown over the last few years, and we continue to concentrate on attracting, investing in and retaining the very best people in the industry.

As an innovative, technically-led, customer-focused manufacturing business we have laid the foundations for future growth. Careful investment must be made to help ensure our strategic targets are met and, in making it, we are mindful that the need to generate growth and profits in the short term must be balanced with the need to invest for longer term growth.

The highly competitive global environment will challenge our customers, as well as us, and it is crucial that Treatt operates from a flexible, efficient, cost effective and integrated manufacturing base. We must be prepared not only to meet today's demands but also for those that we know tomorrow will bring. Treatt operates in markets that are becoming ever more fast-paced, complex and increasingly controlled by regulation. The Group is ready, and well-placed, to invest both in new premises in the UK as well as on-going improvements to the US infrastructure as and when required.

UK Site Relocation

The Group has outgrown its current manufacturing facilities and must invest to ensure it remains a manufacturer fit for the present and the future. As previously announced, we intend to relocate our UK facilities as soon as we can. With an estimated cost of £15m - £20m, net of disposing of the existing site, shareholders will be keen to know the exact timelines and funding proposals for the relocation. We have identified a possible site but, as this is part of a major strategic business development within the area, we have not yet been able to enter into formal negotiations to buy the land. In the meantime we continue to monitor and consider alternative sites as and when they become available. In consequence, the precise timing of our move is not yet known.

Corporate Governance

There have been no changes to the Board over the last year - though the composition and performance of the Board and its committees is kept under regular review. Our aim is to ensure that we have a Board with the right mix of skills, knowledge and culture to lead the strategic direction of the business in the years to come.

We pay special attention to managing risk. Our risk management is regularly reviewed and takes into account current market conditions and the Group's activities. Significant risks, which are identified by their size of impact and probability of occurrence, are detailed on the Group risk register, which is regularly reviewed by the Board.

Prospects

The new financial year has started steadily, with some encouraging signs that our first quarter will be, as expected, a better first quarter than the disappointing start we had last year. We are seeing some growth beginning to feed through from our newer innovation and opportunity pipelines as we continue to focus our strategy on innovative ingredient solutions for global FMCG customers, particularly in the beverage sector. Earthoil has started the new financial year well and we hope for a greater contribution from this business over the coming year.

Thank you

Finally, and most importantly, I want to close by thanking all Treatt colleagues, wherever they may be based. I am forever bowled over by your energy and sheer dedication. We have a fantastic team, and it is through your hard work and endeavours that I am able to report again on another successful year for Treatt. Thank you!

TIM JONES
Chairman
7 December 2015

Notes:
* All adjusted measures exclude exceptional items, details of which are given in note 7

CHIEF EXECUTIVE OFFICER'S REPORT

"We are delivering on our objectives creating a sustainable growth in profits whilst investing in our business for the future"

2015 has been a year of continued progress. Treatt operates in a competitive and dynamic market which brings challenges as well as opportunities, and against that background it is pleasing to report our third successive year of increased, and indeed, record levels of profit. Our adjusted profit before tax this year of just under £8m is a significant achievement by colleagues throughout the Treatt business and I take this opportunity to pay tribute to their performance and considerable effort in delivering on our objective of sustainable growth. Our success this year has not been easily achieved; notable new business wins have been hard won, retention of key business has often been challenging and yet the determination of our team to deliver on our objectives has never wavered.

I am privileged to see at first hand the boundless creativity of colleagues throughout the business, and their passion to succeed is the energy which translates into results. My belief in our culture is reinforced every day through our colleagues' behaviours. The levels of engagement I witness are often inspiring and hugely motivational for me. As always, it is our people who make the difference which delivers success, and I thank all of our colleagues across the Treatt Group for their significant efforts for the business.

Delivering on our strategy

We have a well-defined strategy at Treatt which we have revised and updated in the year to reflect the progress and future aspiration of our journey which began in 2012. Our transformation continues and our direction is clear. Focusing on those customers who can provide sustainable value and concurrently keeping our cost base under appropriate control have been the two fundamental strands to our success and are embedded in our approach. Our goal to achieve a level of intimacy with our strategic and target customers has delivered some interesting new wins in the year and we expect that momentum to continue next year. Selling ingredient solutions to consumer goods companies, most typically in the beverage market, is often a technical-led communication, and the increasing expertise we have within the business is proving to be a true competitive advantage as our customers recognise our ability to meet demanding briefs with innovative solutions.

Pleasingly, these peer relationships between technical counterparts can lead to customer visits to Treatt's facilities where customers collaborate with our technical teams by working alongside them to make that final refinement to an ingredient solution. This can in turn lead to Treatt being involved in experimental concepts, driving ever closer relationships with the customer and speeding up the sales cycle. Our new applications centre in the UK, opened last year, is making a difference in these efforts and gives a clear signpost to the direction that the company needs to take if it is to continue to grow.

The two most notable new wins in the year came from divisions of customers where we had leveraged existing relationships to open new doors. Both of these wins were in beverage, one sugar reduction solution and one iced tea solution. Both of these wins took a high degree of technical input from Treatt's various expert teams. Growing with customers is a key element of our strategy, and deep relationships formed over years of proven added-value are important for obtaining further opportunities. As the consumer goods product life cycle shortens and we see a trend for more seasonal or limited edition products, flavoured solutions may well become shorter term wins. We do see, however, that this trend offers Treatt an enormous opportunity as we become our customers' partner of choice for innovative ingredient solutions.

Investing in our future

Effectively selling sophisticated ingredient solutions to progressive consumer goods companies requires a physical environment which is both functional and is also an attractive environment for customers to return to - one which reflects our abilities to add value to their businesses. In order to capitalise on the opportunities we see in the market and further develop our strategy, the success of which is beginning to come through, there are a number of investments in the next few years which we believe will enhance the business for the long term.

Our current UK site has met our needs since 1971 but is no longer suitable for meeting the future requirements of our customers who seek innovative, technical-led, solutions. We have adapted our UK site over the years, improving our facilities where we can to make them as appropriate as possible; but this gets more difficult as time goes on as the surroundings we have today are simply no longer optimal for our needs.

As our business continues to evolve in this added-value direction, we can expect more collaboration with customers and it is critical that our facilities invite a feeling of confidence in our processes and, importantly, demonstrate the depth and sharpness of our technical abilities – which is reflected in the excellent science occurring at Treatt for the benefit of our customer. We have had a good insight into the future with the recent opening of our beverage applications centre in the UK.

The new facility will also bring levels of engagement across the business to even higher levels as our colleagues will be in one purpose-built facility as opposed to the many discrete units of Treatt in the UK today. There is no question that the levels of communication, collaboration and integration will provide the essential energy to drive our business forward to greater success, providing durability in value for the long term. Above all, our customers will be left with an enhanced feeling about Treatt and our capabilities as our product mix transitions to increasing added-value business. Our cost base will improve significantly too, as the new site will drive away inefficiencies which currently exist, and improve our competitive position.

As such, the Board has, as previously announced, committed in principle to investing in relocating to a newly built facility, remaining in the Bury St Edmunds area, with current estimated costs (net of disposal proceeds for our current site) of between £15m - £20m. It is important to remember that this is not just a bricks and mortar project. This is a business development project aimed at taking Treatt to the next stage in its development. Our new facility will enable us to excite our customers, improve efficiency and, we believe, accelerate our growth.

Indeed, not all of this investment is in land and buildings but in fact includes a significant investment in new plant and machinery, as well as technical capabilities – in other words bringing forward capital investment which we would need to do in any event in order to continue delivering upon our strategic objectives.

We are ready to progress this move as fast as is practically possible, but the release of land on our preferred site is currently in the hands of local developers and authorities as it part of a major new business development project in the east of England.

This is a hugely exciting opportunity for Treatt which we believe will act as a catalyst for growth and provide an added-value platform for all of our stakeholders, ensuring continued success for the long term.

We are also planning to continue our investment in the US by enhancing our technical facilities there. This will involve expenditure of around $2m over the next twelve months to provide a technical centre to encompass the strategic expansion of our R&D capability. The technical centre will house our brewing and application suite, designed to enhance the customer experience and provide elements of visual commonality between the proposed UK relocated Treatt and the US facility, thereby giving strategic global customers a common impression of Treatt.

We believe that the Far East, and China in particular, are significant growth opportunities for Treatt. Despite mixed messages about its growth prospects, the latest data on China indicates that it will continue to be a significant force in global economic growth, and those companies in the right sectors will stand to benefit. For example, Chinese 'Millenials', those born in the 1980s and 1990s, are now 16-35 years old and entering their prime consumption years. This generation now makes up 31% of China's total population, representing 415 million consumers — more than the working population of the US and Western Europe combined. It is this generation that will drive new product consumption, development, and innovation within China going forward.

Treatt's ability to capitalise on this potential growth and future demand for our products in the Far East will be enhanced by continuing to invest in our technical capabilities and services in China where we are moving to larger premises before the end of December 2015. This will enable us to establish an application and sample lab, the cost of which will not be material. This will enable us to provide samples to customers in a timely way and also to have technical application capabilities on the ground to support customers effectively in what is a very competitive market.

Our Earthoil personal care business increased capacity this year with the addition of a new seed press for vegetable oils for cosmetic applications. Productivity and optimisation will see additional benefits coming through in the financial year ending 30 September 2016. Through the provision of the fair trade premium we are helping to improve the lives of the local communities, and have received a letter of thanks from one of the beneficiaries in Kenya.

Product development

Successes with our sugar reduction portfolio have again been evident this year and high value innovation continues on this persistent need in the beverage industry. Whilst reducing sugar in beverages may seem straightforward, maintaining the flavour and taste experience of sugar without calories is a challenge. Treatt has brought valuable and technical solutions to our customers in this regard. Our opportunity pipeline continues to grow and turning those opportunities into realised business will be an important objective for the team in the coming year.

As more flavoured beers are launched in the global market, our work with breweries to increase their chances of success in this ever-popular sector continues to gain momentum. Our ability to innovate in both flavour and functionality makes us an increasingly attractive partner to our customers.

Our efforts in product and process engineering have delivered some good financial returns in the year and the full year impact from this work will be evident in the coming year. This work involves multi-disciplinary teams around the business and can take many forms such as efficiency gains by removing unnecessary steps in a process, gains from increasing yields or partnering with suppliers to perform adjustments to their processes which can increase value.

The performance of our partner, Endeavour Speciality Chemicals, together with our own efforts to utilize speciality high impact chemicals, where legislation permits, to provide powerful nuances to our product offering is showing good progress.

Tea is increasingly being used as an ingredient in many beverages, including alcoholic drinks, and its perception as a healthy option makes it an attractive target market for Treatt. The Ready-To-Drink tea market in the US is anticipated to continue to grow at a CAGR of 6% through to 2018. To take advantage of this expanding market, Treatt has introduced some new innovative tea products this year. One of our product innovators has recently qualified as a Certified Tea Sommelier to give us a competitive edge with customers and a greater understanding and knowledge of tea. Our innovation work has also allowed us to successfully expand our footprint at a number of beverage customers.

Some of the key new ingredients developed by Treatt will be offered to strategic accounts on a much more exclusive and targeted approach than before, to enhance the customer relationship by bringing something exclusive and special, whilst ensuring that value is captured.

We also continue to deliver growth opportunities with a bias towards natural and authentic ingredients, utilising our existing product portfolio as well as the know-how and skillset for product development we have built up over many years. We have recently been developing low cost, high impact, price stable oil-based flavour solutions which will allow us to further penetrate high-growth and more cost-conscious markets in South East Asia, Latin America and Central Africa. We are determined to build upon the foundations we have created and take this part of our business forward to the next stage of growth and opportunity.

This year we have strengthened our marketing team who are working closely with every part of the business as well as having increasing touch points with customers, including social media, in order to better engage with our customer base. Being able to show our customers that we are forward-thinking by giving them an understanding of what will be the new flavour trends over the horizon has led to some notable opportunities in the year.

Our culture

Treatt has a people-centric culture which encourages passion, enthusiasm and energy. Investment in training and development has never been higher and the return on that investment has never been more apparent. Our training strategy is designed to ensure that we have the necessary skills aligned to business needs as well as offering opportunities for development and we will continue to invest in colleagues across the Group. At the risk of repeating myself, it is the output of our engaged teams which is driving the success at Treatt. To enhance our success, and in line with our strategy, we will be further investing in talent, in the form of additional budgeted headcount. We are trying to inspire an interest in science as a career in the younger generation, as well as promoting Treatt as an employer of choice, engaging with this young audience at local science fairs and at the Suffolk Skills Show, the biggest careers show in Suffolk. In the US, we are honoured to have been selected as one of CareerSource Polk's Best Places to Work last year, being recognised as being the most innovative for motivation and retention of employees, as well as for having the best training and development initiatives. A good stream of work experience students and summer placements, as well as intern opportunities, is providing one such avenue for Treatt's potential workforce.

A team of 32 employees in the UK took part in Mucky Races, a 5km run featuring obstacles, mud and water. It proved to be a fantastic team building exercise and entry into further races is planned!

We are also engaging more with our local communities through the provision of volunteers to help in the community, and the sponsorship of local initiatives.

Our information exchange committees in both the UK and the US continue to be a valuable resource for management in terms of ideas and suggestions about improvements in the business. The committees have an active influence which enhances engagement levels.

The years ahead

As you will imagine, my focus is very much on delivery and the challenges ahead and I take huge encouragement from our success over the last few years, our investment plans for the future and the drive, initiative and implementation of ideas I see across the business. Great people working in a positive culture augurs well for continued progress for the business.

DAEMMON REEVE
Chief Executive Officer
7 December 2015

FINANCIAL REVIEW

"Adjusted earnings per share increased by 20% and free cash flow of £6.2m – solid foundations for future growth"

Financial overview		**2015**	
Revenue	**£85.9m**		**+8.5%**
Profit before tax*	**£8.0m**		**+15%**
Dividend	**4.04p**		**+5.2%**
Earnings per share*	**11.94p**		**+20.0%**

Compound 10 year growth per annum	
Revenue	**10.2% pa**
Profit before tax*	**8.8% pa**
Earnings per share*	**9.9% pa**
EBITDA*	**8.4% pa**

Key performance indicators	**2015**	**2014**
Net operating margin*	**10.1%**	9.6%
Return on capital employed*	**22.1%**	19.9%
Average net debt to EBITDA*	**0.78x**	0.99x

* All measures are adjusted to exclude exceptional items.

Income Statement

Revenue and profit

Revenue for the year grew by 8.5% to £85.9m (2014: £79.2m). This growth was widespread across the business, with sales to FMCG companies being a key driver in the year. Revenue was also positively impacted by historically high market prices for certain key ingredients, particularly lemon and lime oil, the effect of which is expected to ease off over the coming year. The continued delivery of our strategy has meant that over the last five years Group revenue has grown by 36%.

An important long term KPI for the Group is net operating margin which increased to over 10% for the first time in ten years as the strategic benefit of growing revenue whilst maintaining a tight control of costs has begun to show through. This resulted in a 14% increase in pre-exceptional operating profit to £8.7m (2014: £7.6m). Alongside net operating margin, return on capital employed of 22.1% exceeded the 20% mark for the first time in a decade as the growth in profitability has been built on a well-controlled capital base.

Exceptional costs in the year of £0.2m (2014: £1.4m) related to the continuing legal costs concerning the Earthoil earnout dispute. Although not material in the year, these costs have been accounted for as an exceptional item in order to maintain consistent treatment with prior years. Excluding these costs, earnings before interest, tax, depreciation and amortisation for the year increased by 12% to £10.1m (2014: £9.0m). Profit before tax after exceptional items rose by 41% to £7.8m (2014: £5.5m). Further information on the exceptional items is given in note 7.

Dividends and Earnings per share

The proposed final dividend of 2.76p per share (2014: 2.60p) increases the total dividend per share for the year by 5.2% to 4.04p, resulting in a dividend cover of 2.9 times pre-exceptional earnings for the year and a rolling three year cover after exceptionals of 2.3 times. The Board's policy is to maintain dividend growth on a consistent basis at between 2.0 and 2.5 times three year rolling cover, with this year's dividend representing an increase of 55% over the last five years. The rolling cover is therefore comfortably in the middle of the policy range. Basic earnings per share (adjusted to exclude exceptional items – see note 7 to the financial statements) for the year increased by 20% to 11.94p (2014: 9.95p). The calculation of earnings per share excludes those shares which are held by the Treatt Employee Benefit Trust (EBT) and Treatt SIP Trust (SIP) since they do not rank for dividend, and is based upon profit after tax.

Foreign exchange gains and losses
Whilst the Group's functional currency is the British Pound ('Sterling') as explained below, the amount of business which is transacted in other currencies creates foreign exchange risk, particularly the US Dollar and to a more limited extent with the Euro. During the year the US Dollar fluctuated considerably and ended the year 7% stronger against GBP at £1=$1.51 (2014: £1 = $1.62). As explained further in this report under 'Treasury Policies', the Group hedges its foreign exchange risk at R C Treatt by holding and managing US Dollar borrowings and taking out forward currency contracts and options. This can result in timing differences in the short term, giving rise to re-translation gains or losses in the income statement. This has resulted in a small trading loss of £0.3m in 2015 (2014: £0.3m loss) and a gain on foreign exchange contracts of £0.2m (2014: £0.4m gain). As part of the Group's hedge accounting, a foreign exchange loss of £0.2m was taken to reserves (2014: £Nil).

There was a more substantial currency gain of £0.8m (2014: £Nil) in the 'Statement of Comprehensive Income' in relation to the Group's investment in overseas subsidiaries, principally in respect of Treatt USA.

Finance costs
The Group's net finance costs for the year increased by 2.2% to £0.74m (2014: £0.73m) as a result of an increase in the pension finance costs. Although debt levels have fallen considerably, this has not fed through to lower charges since a significant proportion of the Group's finance costs are fixed through an interest rate swap (see below), and the carrying cost of unutilised facilities now represents a far greater proportion of the overall cost. On a pre-exceptional cost basis, interest cover for the year increased to 11.7 times (2014: 10.5 times).

As part of the Group's risk management, in 2011 R C Treatt fixed $9m of US Dollar borrowings at 5.68% for ten years by way of an interest rate swap. This swap has been designated as a 'hedge' in accordance with IFRS and consequently any movements in the mark-to-market of the swap are taken directly to equity. At the balance sheet date, the fair value liability, net of deferred tax, of the swap was £0.6m (2014: £0.4m).

Group Tax Charge
The current tax charge of £1.9m (2014: £1.7m) represents an effective rate (based on profit before tax and exceptional items) of 24.2% (2014: 24.7%). After providing for deferred tax, the overall tax charge has increased by £0.2m to £1.8m (2014: £1.6m); an overall effective tax rate (after exceptional items) of 23% (2014: 28%), reflecting the impact of the continuing reduction in UK tax rates and a different profit mix between tax jurisdictions. There were no significant adjustments required to the previous year's tax estimates. With corporation tax rates continuing to fall in the UK until they reach an expected 18%, the Group's overall effective rate of tax is expected to fall for the next two years.

Balance Sheet
Group shareholders' funds grew by £4.4m (2014: £1.3m) in the year to £33.2m (2014: £28.8m), with net assets per share increasing by 15% to 63p (2014: 55p). Over the last five years, net assets per share have grown by 47%. Net current assets now represent 95% (2014: 96%) of shareholders' funds. The Board has chosen not to avail itself of the option under IFRS to revalue land and buildings annually and, therefore, all the Group's land and buildings are held at historical cost, net of depreciation, in the balance sheet. It should be noted that net assets have been reduced by £0.4m (2014: £0.5m) as a result of shares held by

the EBT and SIP, due to the accounting requirements for employee trusts. This impact will be reversed when these shares are used to satisfy employee share option schemes.

Cash Flow

The Group has continued to improve its cash performance and in the year net debt fell by £3.4m to £6.2m (2014: £9.6m) with a corresponding reduction in the level of gearing from 33% to 19%. The Group has a mix of secured and unsecured borrowing facilities totalling £20.7m, of which £8.5m expire in one year or less. The Group's borrowing facilities are held with HSBC, Bank of America and Lloyds Banking Group with the majority of facilities now held on three to five year terms with expiry dates staggered to fall in different years. The Group continues to enjoy positive relationships with its banks and expects all facilities to be renewed when they fall due.

Although there was an increase in cash tied up in working capital for the year of £1.5m this was largely due to a stronger end to the financial year, as compared to the previous year. Overall, the rate of increase in working capital was slower than the growth in revenue, as improvements in inventory turn led to a reduction in inventory levels year on year. The level of inventory, which is highly significant in cash terms, arises because as an ingredients specialist, Treatt takes many annual, and in some cases longer-term, contracts with customers as well as servicing the immediate spot needs of its diverse customer base. The success of the business has been built upon managing geographic, political and climatic risk of supply for our customers by judicious purchasing and inventory management to ensure continuity of supply and availability. Therefore it is part of the Group's business model to hold significant levels of inventory, although typically less than 5% is on average more than a year old.

The level of capital expenditure in the year remained at the lower end of our expectations with a total spend of £1.0m compared to £0.8m in 2014. There were no major projects in the year, whilst capital expenditure in the UK tended to be related to on-going routine renewal and maintenance whilst plans progress towards the proposed relocation.

Treatt Employee Benefit Trust and Treatt SIP Trust

As announced previously, during the year the Group set up an HMRC-approved Share Incentive Plan (SIP) for its UK employees, and as far as practicable, offered a similar scheme to its US staff. All UK staff with a year's service were awarded £500 of 'Free Shares' as part of the Group's employee incentive and engagement programme as the Board are firmly of the view that increased employee share ownership is an important tool for driving positive employee engagement in the business. A similar scheme for US staff, who were awarded $800 of Restricted Stock Units, was also put in place. These shares are forfeited by employees who leave within three years from the date of grant.

Under the SIP UK employees could also purchase £1,800 of Treatt shares out of gross income at no cost to the company.

During the year, 90,000 shares were issued to the SIP at par (2 pence per share). The SIP currently holds 88,000 shares (2014: Nil), of which 12,000 are beneficially owned by the company. It is anticipated that going forward the obligations under the SIP will be satisfied through the issue of further shares.

In addition, the Group continued its annual programme of offering share option saving schemes to staff in the UK and USA. Under US tax legislation, staff at Treatt USA are able to exercise options annually, whilst the UK schemes provide for three-year savings plans.

Following approval of the Long Term Incentive Plans at the 2014 Annual General Meeting, Executive Directors and certain key employees were granted 538,000 nil cost share options which will vest after three years on a sliding scale, subject to performance conditions. In total, options were granted over 783,000 (2014: 468,000) shares during the year, whilst 220,000 (2014: 127,000) were exercised from options awarded in prior years which have now vested.

The Employee Benefit Trust (EBT) currently holds 736,000 shares (2014: 956,000) acquired in the market in order to satisfy future option schemes. It is anticipated that going forward, all-employee savings-related share schemes will continue to be satisfied by shares held within the EBT, but that when necessary further shares will be issued to the EBT by increasing the share capital of the Parent Company.

Final Salary Pension Scheme

The three-year actuarial review of the R C Treatt final salary pension scheme was carried out during the year as at 1 January 2015, the result of which was that the scheme had an actuarial surplus of £314,000. Consequently, the company was able to agree with the trustees that with effect from 1 October 2015 it did not need to make any further contributions to the scheme. It was further agreed that if the annual actuarial funding updates, before the next full actuarial review in 2018, reveal that the funding level has fallen to below 95% of the scheme liabilities, then the company will voluntarily resume contributions.

As required by The Pension Regulator, the actuarial review was updated on a consistent basis as at 30 September 2015 which revealed that the actuarial surplus had increased to £561,000.

Despite this, the IAS 19, “Employee Benefits” pension liability in the balance sheet, net of deferred tax, increased in the year from £2.0m to £2.4m. This is the largest gap between the actuarial and accounting positions since the introduction of IFRS in 2005. The principal cause of this difference is that IAS 19 requires that investment returns must reflect a 100% corporate bond return of 4%, whereas the actuarial calculations are based on the actual investment strategy for which a return of 5.2% was assumed.

The scheme has not been subject to any further accruals since 31 December 2012 and instead members of the final salary pension scheme were offered membership of the company’s defined contribution pension plan with effect from 1 January 2013. This means that the defined benefit scheme has now been de-risked as far as it is practicable and reasonable to do so.

Financial Risk Management

The Group operates conservative treasury policies to ensure that no unnecessary risks are taken with the Group's assets.

No investments other than cash and other short-term deposits are currently permitted. Where appropriate these balances are held in foreign currencies, but only as part of the Group’s overall hedging activity as explained below.

The nature of Treatt’s activities is such that the Group could be affected by movements in certain exchange rates, principally between Sterling and the US Dollar, but other currencies such as the Euro can have a material effect as well. This risk manifests itself in a number of ways.

Firstly, the value of the foreign currency net assets of Treatt USA and the overseas Earthoil companies can fluctuate with Sterling. Currently these are not hedged as the risks are considered insufficient to justify the cost of putting the hedge in place.

Secondly, with R C Treatt exporting throughout the world, fluctuations in Sterling’s value can affect both the gross margin and operating costs. Sales are principally made in three currencies in addition to Sterling, with the US Dollar being the most significant. Even if a sale is made in Sterling, its price may be set by reference to its US Dollar denominated raw material price and therefore has an impact on the Sterling gross margin. Raw materials are also mainly purchased in US Dollars and therefore US Dollar bank accounts are operated, through which US Dollar denominated sales and purchases flow. Hence it is Sterling’s relative strength against the US Dollar that is of prime importance.

As well as affecting the cash value of sales, US Dollar exchange movements can also have a significant effect on the replacement cost of stocks, which affects future profitability and competitiveness.

The Group therefore has a policy of maintaining the majority of cash balances, including the main Group overdraft facilities, in US Dollars and, to a lesser extent in Euros, as this is the most cost effective means of providing a natural hedge against movements in exchange rates. Where it is more cost effective to do so, the Group will enter into forward currency contracts and options as well. Consequently, during the year forward currency contracts and options have been entered into which hedge part of R C Treatt's foreign exchange risk. These contracts and options have been designated as formal 'hedge' arrangements, with movements in mark-to-market valuations initially taken to equity and re-cycled to the income statement to match with the appropriately hedged currency receipts. Currency accounts are also run for the other main currencies to which R C Treatt is exposed. This policy is expected to protect the Group against the worst of any short-term swings in currencies.

Summary
As we move into the next phase of the Group's strategy, we can reflect on a successful year both in terms of sales growth and profitability, but equally importantly in terms of cash performance. As we look ahead to the new financial year, which has got off to a solid start, the Group is well-placed to make the long-term strategic investments which are needed in order to meet its strategic objective of growing its profitability on a long term, sustainable, basis.

RICHARD HOPE
Finance Director
7 December 2015

TREATT PLC

PRELIMINARY STATEMENT

GROUP INCOME STATEMENT

for the year ended 30 September 2015

	Notes	2015 £'000	2014 £'000
Revenue	6	**85,934**	79,189
Cost of sales		**(66,955)**	(61,218)
Gross profit		**18,979**	17,971
Administrative expenses		**(10,289)**	(10,343)
Operating profit		**8,690**	7,628
Net finance costs		**(740)**	(724)
Profit before taxation and exceptional items		**7,950**	6,904
Exceptional items	7	**(174)**	(1,402)
Profit before taxation		**7,776**	5,502
Taxation	8	**(1,786)**	(1,553)
Profit for the period attributable to owners of the Parent Company		**5,990**	3,949
Earnings per share			
Basic	9	**11.64p**	7.69p
Diluted	9	**11.55p**	7.66p
Adjusted basic	9	**11.94p**	9.95p
Adjusted diluted	9	**11.85p**	9.91p

All amounts relate to continuing operations

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2015

	2015	2014
	£'000	£'000
Profit for the period attributable to owners of the Parent Company	**5,990**	3,949
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency net investments	**830**	20
Current tax on foreign currency translation differences	**(2)**	(11)
Fair value movement on cash flow hedges	**(404)**	16
Deferred tax on fair value movement	**81**	(8)
	505	17
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit pension scheme	**(638)**	(1,170)
Current tax credit on actuarial loss	**43**	51
Deferred tax credit on actuarial loss	**86**	188
	(509)	(931)
Other comprehensive expense for the period	**(4)**	(914)
Total comprehensive income for the period attributable to owners of the Parent Company	**5,986**	3,035

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 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**
Net profit for the period	-	-	-	-	-	3,949	**3,949**
Other comprehensive income:							
Exchange differences	-	-	-	-	20	-	**20**
Fair value movement on cash flow hedges	-	-	-	16	-	-	**16**
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	(1,170)	**(1,170)**
Transfer between reserves	-	-	-	102	(173)	71	**-**
Taxation relating to items above	-	-	-	(8)	(11)	239	**220**
Total comprehensive income	-	-	-	110	(164)	3,089	**3,035**
Transactions with owners:							
Dividends	-	-	-	-	-	(1,899)	**(1,899)**
Share-based payments	-	-	-	-	-	47	**47**
Movement in own shares in share trust	-	-	73	-	-	-	**73**
Gain on release of shares in share trust	-	-	-	-	-	18	**18**
Taxation relating to items recognised directly in equity	-	-	-	-	-	43	**43**
1 October 2014	1,048	2,757	(549)	(377)	291	25,590	**28,760**
Net profit for the period	-	-	-	-	-	5,990	**5,990**
Exchange differences	-	-	-	-	830	-	**830**
Fair value movement on cash flow hedges	-	-	-	(404)	-	-	**(404)**
Actuarial loss on defined benefit pension scheme	-	-	-	-	-	(638)	**(638)**
Taxation relating to items above	-	-	-	81	(2)	129	**208**
Total comprehensive income	-	-	-	(323)	828	5,481	**5,986**
Transactions with owners:							
Dividends	-	-	-	-	-	(1,978)	**(1,978)**
Share-based payments	-	-	-	-	-	201	**201**
Movement in own shares in share trusts	-	-	128	-	-	-	**128**
Gain on release of shares in share trusts	-	-	-	-	-	52	**52**
Issue of share capital	2	-	(2)	-	-	-	**-**
Taxation relating to items recognised directly in equity	-	-	-	-	-	36	**36**
30 September 2015	**1,050**	**2,757**	**(423)**	**(700)**	**1,119**	**29,382**	33,185

GROUP BALANCE SHEET

as at 30 September 2015

	2015	2014
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	**1,075**	1,075
Other intangible assets	**661**	726
Property, plant and equipment	**10,998**	10,994
Deferred tax assets	**647**	396
Trade and other receivables	**-**	586
	13,381	13,777
Current assets		
Inventories	**25,799**	28,020
Trade and other receivables	**17,635**	14,509
Current tax assets	**134**	340
Derivative financial instruments	**-**	92
Cash and bank balances	**1,477**	629
	45,045	43,590
Total assets	**58,426**	57,367
LIABILITIES		
Current liabilities		
Borrowings	**(567)**	(2,356)
Provisions	**(239)**	(920)
Trade and other payables	**(10,885)**	(12,053)
Current tax liabilities	**(810)**	(676)
Derivative financial instruments	**(305)**	-
Redeemable loan notes payable	**(675)**	-
	(13,481)	(16,005)
Net current assets	**31,564**	27,585
Non-current liabilities		
Borrowings	**(7,065)**	(7,857)
Trade and other payables	**-**	(23)
Post-employment benefits	**(2,959)**	(2,529)
Deferred tax liabilities	**(1,037)**	(1,007)
Derivative financial instruments	**(699)**	(511)
Redeemable loan notes payable	**-**	(675)
	(11,760)	(12,602)
Total liabilities	**(25,241)**	(28,607)
Net assets	**33,185**	28,760

GROUP BALANCE SHEET (continued)

as at 30 September 2015

	2015	2014
	£'000	£'000
EQUITY		
Share capital	**1,050**	1,048
Share premium account	**2,757**	2,757
Own shares in share trusts	**(423)**	(549)
Hedging reserve	**(700)**	(377)
Foreign exchange reserve	**1,119**	291
Retained earnings	**29,382**	25,590
Total equity attributable to owners of the Parent Company	**33,185**	28,760

GROUP STATEMENT OF CASH FLOWS
for the year ended 30 September 2015

	2015	2014
	£'000	£'000
Cash flow from operating activities		
Profit before taxation	**7,776**	5,502
Adjusted for:		
Depreciation of property, plant and equipment	**1,244**	1,222
Amortisation of intangible assets	**175**	172
Loss on disposal of property, plant and equipment	**46**	17
Gain on disposal of intangible assets	**-**	(2)
Net finance costs	**740**	724
Share-based payments	**198**	46
Decrease in fair value of derivatives	**143**	115
Decrease in post-employment benefit obligations	**(208)**	(230)
Operating cash flow before movements in working capital	**10,114**	7,566
Movements in working capital:		
Decrease/(increase) in inventories	**2,907**	(4,322)
(Increase)/decrease in trade and other receivables	**(2,282)**	(1,331)
(Decrease)/increase in trade and other payables, and provisions	**(2,072)**	1,615
Cash generated from operations	**8,667**	3,528
Taxation paid	**(1,469)**	(1,552)
Net cash from operating activities	**7,198**	1,976
Cash flow from investing activities		
Proceeds on disposal of property, plant and equipment	**5**	4
Purchase of property, plant and equipment	**(924)**	(538)
Purchase of intangible assets	**(108)**	(212)
Interest received	**1**	1
	(1,026)	(745)

GROUP STATEMENT OF CASH FLOWS (continued)
for the year ended 30 September 2015

	2015	2014
	£'000	£'000
Cash flow from financing activities		
(Decrease)/increase in bank loans	**(2,145)**	215
Interest paid	**(741)**	(725)
Dividends paid	**(1,978)**	(1,899)
Net purchase of own shares by share trusts	**180**	91
	(4,684)	(2,318)
Net increase/(decrease) in cash and cash equivalents	**1,488**	(1,087)
Effect of foreign exchange rates	**(33)**	13
Movement in cash and cash equivalents in the period	**1,455**	(1,074)
Cash and cash equivalents at beginning of period	**21**	1,095
Cash and cash equivalents at end of period	**1,476**	21
Cash and cash equivalents comprise:		
Cash and bank balances	**1,477**	629
Bank borrowings	**(1)**	(608)
	1,476	21

GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
for the year ended 30 September 2015

	2015	2014
	£'000	£'000
Movement in cash and cash equivalents in the period	**1,455**	(1,074)
Repayment/(increase) in bank loans	**2,145**	(215)
Cash outflow from changes in net debt in the period	**3,600**	(1,289)
Effect of foreign exchange rates	**(171)**	(1)
Movement in net debt in the period	**3,429**	(1,290)
Net debt at beginning of period	**(9,584)**	(8,294)
Net debt at end of period	**(6,155)**	(9,584)

NOTES TO THE PRELIMINARY STATEMENT

1. Basis of preparation

In accordance with Section 435 of the Companies Act 2006, the Group confirms that the financial information for the years ended 30 September 2015 and 2014 are derived from the Group's audited financial statements and that these are not statutory accounts and, as such, do not contain all information required to be disclosed in the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). The statutory accounts for the year ended 30 September 2014 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 September 2015 have been audited and approved, but have not yet been filed.

The Group's audited financial statements for the year ended 30 September 2015 received an unqualified audit opinion and the auditor's report contained no statement under section 498(2) or 498(3) of the Companies Act 2006.

The financial information contained within this preliminary statement was approved and authorised for issue by the Board on 7 December 2015.

2. Accounting policies

These financial statements have been prepared in accordance with the accounting policies set out in the full financial statements for the year ending 30 September 2014.

There were no new standards and amendments to standards which are mandatory and relevant to the Group for the first time for the financial year ending 30 September 2015 which had a material effect on this preliminary statement.

3. Accounting estimates

The preparation of the preliminary statement 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 this preliminary statement, 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. During the year all the Group's expiring banking facilities have been renewed on existing or improved terms. Accordingly, this preliminary statement has 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 next twelve months (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.

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 one global business segment engaging in the manufacture and supply of ingredient solutions for the flavour, fragrance and FMCG markets with manufacturing sites in the UK, US and Kenya. Many of the Group's activities, including sales, 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:

Revenue by destination		**2015** **£'000**	2014 £'000
United Kingdom		**10,878**	9,974
Rest of Europe	- Germany	**4,576**	4,777
	- Ireland	**7,903**	5,577
	- Other	**10,834**	11,212
The Americas	- USA	**27,447**	22,772
	- Other	**6,721**	6,866
Rest of the World	- China	**4,840**	4,804
	- Other	**12,735**	13,207
		85,934	79,189

All Group revenue is in respect of the sale of goods, other than property rental income of £17,000 (2014: £17,000). No country included within 'Other' contributes more than 5% of the Group's total revenue. The Group's largest customer, together with its affiliates and agents, represented 12.1% (2014: 8.2%) of Group revenue. There were no other customers which represented more than 10% of Group revenue.

7. Exceptional items

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

	2015 **£'000**	2014 £'000
Legal and professional fees	**174**	292
Agency termination	**-**	1,110
	174	1,402
Less: tax effect of exceptional items	**(18)**	(244)
	156	1,158

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. The agency termination costs in the prior year related to statutory compensation due upon giving contractual notice in respect of the strategic termination of a longstanding agency arrangement.

8. Taxation

	2015 £'000	2014 £'000
Analysis of tax charge for the year		
Current tax:		
UK corporation tax on profits for the period	**956**	732
Adjustments to UK tax in respect of previous period	**(11)**	(111)
Overseas corporation tax on profits for the period	**931**	909
Adjustments to overseas tax in respect of previous periods	**33**	(72)
Total current tax	**1,909**	1,458
Deferred tax:		
Origination and reversal of timing differences	**(59)**	20
Effect of reduced tax rate on opening assets and liabilities	**-**	(13)
Adjustments in respect of previous periods	**(64)**	88
Total deferred tax	**(123)**	95
Tax on profit on ordinary activities	**1,786**	1,553
Analysis of tax credit/(charge) in other comprehensive income (OCI):		
Current tax:		
Foreign currency translation differences	**(2)**	(11)
Actuarial loss on defined benefit pension scheme	**43**	51
Total current tax	**41**	40
Deferred tax:		
Cash flow hedges	**81**	(8)
Actuarial loss on defined benefit pension scheme	**86**	188
Total deferred tax	**167**	180
Total tax credit recognised in OCI	**208**	220
Analysis of tax credit/(charge) in equity:		
Current tax:		
Share-based payments	**38**	17
Deferred tax:		
Share-based payments	**(2)**	26
Total tax credit recognised in equity	**36**	43

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.

	2015	2014
Earnings (£'000)	**5,990**	3,949
Weighted average number of ordinary shares in issue (No: '000)	**51,464**	51,335
Basic earnings per share (pence)	**11.64p**	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:

	2015	2014
	No ('000)	No ('000)
Weighted average number of shares	**52,450**	52,405
Weighted average number of shares held in the EBT and SIP	**(986)**	(1,070)
Weighted average number of shares used for calculating basic EPS	**51,464**	51,335
Executive share option schemes	**262**	40
All-employee share options	**152**	177
Weighted average no. of shares used for calculating diluted EPS	**51,878**	51,552
Diluted earnings per share (pence)	**11.55p**	7.66p

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:

	2015	2014
	£'000	£'000
Earnings for calculating basic and diluted earnings per share	**5,990**	3,949
Adjusted for:		
Exceptional items (see note 7)	**174**	1,402
Taxation thereon	**(18)**	(244)
Earnings for calculating adjusted earnings per share	**6,146**	5,107
Adjusted basic earnings per share (pence)	**11.94p**	9.95p
Adjusted diluted earnings per share (pence)	**11.85p**	9.91p

10. Dividends

Equity dividends on ordinary shares:

	Dividend per share for years ended 30 September:				
	2015[2]	**2014**[1]	2013[1]	**2015**	2014
	Pence	**Pence**	Pence	**£'000**	£'000
Interim dividend	*1.28p*	***1.24p***	1.10p	**638**	565
Final dividend	*2.76p*	***2.60p***	2.60p	**1,340**	1,334
	4.04p	***3.84p***	3.70p	**1,978**	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 was 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.

11. Contingent liabilities

As previously reported, the sellers of the Earthoil Group, which was wholly acquired in April 2008, filed a claim in the Chancery Division of the High Court against the Group for £1.8m which they subsequently extended. The claim relates to various matters in respect of the earnout, 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, £1,486,000 of the substantive claim, being the quantum of the earn-out, has been referred to chartered accountants for expert determination (the 'expert'). Following the outcome of the expert determination process, which is expected in the first half of 2016, the outstanding issues in the claim (totaling a further £694,000) may be heard when the matter returns to the High Court. The costs of resolving the dispute currently total £1,113,000, of which the current year's costs of £174,000 have been included in exceptional items 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; apportionment of costs between the parties will be determined by the Court following conclusion of the entire claim.

The amount included in these financial statements as a liability in respect of the earn-out is based on the earn-out notice issued to the vendors in 2012, as subsequently supported by our submission to the expert. This is the only appropriate estimate which can be made until the outcome of the expert determination process is known and as with any litigation there can be no certainty of the eventual outcome.

12. Related party transactions

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

Transactions with subsidiaries

	2015	2014
	£'000	£'000
Interest received on loan notes from:		
Earthoil Plantations Limited	**14**	14
Earthoil Kenya PTY EPZ Limited	**6**	6
Dividends received from:		
R C Treatt & Co Limited	**3,072**	936
Treatt USA Inc	**1,021**	902

Balances with subsidiaries:

	2015	2014
	£'000	£'000
Redeemable loan notes receivable:		
Earthoil Plantations Limited	**950**	950
Earthoil Kenya PTY EPZ Limited	**400**	400
Amounts owed to/(by) parent undertaking:		
Earthoil Plantations Limited	**(61)**	45
R C Treatt & Co Limited	**116**	(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.