

**TREATT PLC**  
**HALF YEAR RESULTS ANNOUNCEMENT**  
**SIX MONTHS ENDED 31 MARCH 2014**

**Adjusted earnings per share increased by 37% as the Group continues to make progress towards long-term objectives**

Treatt PLC, the manufacturer and supplier of ingredient solutions for the flavour, fragrance and consumer goods industries announces today its half year results for the six months ended 31 March 2014.

**HIGHLIGHTS of our half year:**

- Revenues for the six months up 11% to £37.1 million (H1 2013: £33.6 million)
- Adjusted EBITDA<sup>1</sup> up 27% to £3.8m (H1 2013: £3.0m)
- Adjusted profit before tax<sup>1</sup> rose by 39% to £2.8m (H1 2013: £2.0m)
- Adjusted basic earnings per share<sup>1</sup> increased by 37% to 3.87p (H1 2013 restated<sup>2</sup>: 2.82p)
- Interim dividend raised by 13% to 1.24p (2013 interim dividend restated<sup>2</sup>: 1.10p)

Commenting on the results, Group CEO Daemmon Reeve said:

*“We continue to focus our efforts on long term success. Our strategy is gaining good traction and, coupled with the effort and focus of our teams across the globe, the results are both translating into profits today and laying the groundwork for opportunities tomorrow.”*

<sup>1</sup> excluding exceptional items – see note 6

<sup>2</sup> restated following five for one sub-division of share capital – see note 9

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## CHAIRMAN'S STATEMENT

I am pleased to report that the Group has made a solid start to the year, reporting first half adjusted<sup>1</sup> EBITDA up by 27% to £3.8m (2013: £3.0m) and adjusted<sup>1</sup> profit before tax increasing by 39% to £2.8m (2013: £2.0m). This has resulted in adjusted<sup>1</sup> earnings per share rising by 37% to 3.87 pence per share (2013 restated<sup>2</sup>: 2.82 pence per share).

There was an increase in net debt of £3.1m in the period (2013: £3.4m increase) which is accounted for by an increase in inventory values across the Group, partly as a result of higher prices for a number of key raw materials such as orange, lemon and lime oil, and also to support the increased order book. It is usual for there to be a material cash outflow in the first half of the year and we remain comfortably within our borrowing facilities.

The Board has consequently declared an increase in the interim dividend of 13% to 1.24 pence per share (2013 restated<sup>2</sup>: 1.10 pence per share), being approximately one third of last year's total dividend. The interim dividend will be payable on 17 October 2014 to all shareholders on the register at close of business on 12 September 2014.

Whilst this is the second year in succession during which first half profits have grown materially year on year, it is important to emphasise that the Group's profits remain seasonally biased towards the second half. The more important aspect of the first half has been the continuing focus of the Group on building stronger and deeper foundations for long term success. This is being delivered through the on-going focus on product innovation, added-value manufacture and by partnering with those customers with whom we can develop significant, long-lasting relationships. Earthoil, the Group's personal care division which specialises in organic and fair trade ingredients, has also continued to perform well.

As we adapt our business to execute the Group's long term strategic objectives, we are doing so whilst retaining and building on the core competencies which have served our business well for many years. We have a long history of global procurement of our raw materials, which helps us to manage the impact of unseasonal weather patterns on crop yields. Over the first half of the year, for example, lemon crops in Argentina have been severely affected by unseasonal droughts and frosts. The Group is also placing greater emphasis on new product development and technologies than it has done before. This has already resulted in encouraging new business wins, especially in our US markets where, for example, we are innovating to support the trend for vegetable-based and calorie-reduced beverages. These, together with other initiatives, will support the Group in one of its primary aims of moving up the value chain.

Our people who work across the globe take a strong pride in servicing our customers' needs and are ever mindful of how important this is for the Group in order to achieve long term sustainable growth in profits. It is they who make Treatt successful and I would just like to say thank you to our colleagues wherever they may be based in the world for their hard work and commitment over the last six months.

### Prospects

The third quarter of the financial year has started steadily. With order books up on 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 2014, whilst at the same time continuing to build the foundations for success over the decade to come.

Tim Jones  
Chairman  
19 May 2014

<sup>1</sup> excluding exceptional items – see note 6

<sup>2</sup> restated following five for one sub-division of share capital – see note 9

**TREATT PLC**  
**UNAUDITED HALF YEAR RESULTS**  
**For the six months ended 31 March 2014**

**CONDENSED GROUP INCOME STATEMENT**

		Six months ended	Year ended
		31 March	31 March
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	£'000	£'000
		31 March	30 September
		2014	2013
		(Unaudited)	(Audited)
		£'000	£'000
<b>Revenue</b>	5	<b>37,106</b>	74,097
Cost of sales		<b>(28,691)</b>	(56,510)
<b>Gross profit</b>		<b>8,415</b>	17,587
Administrative expenses		<b>(5,268)</b>	(10,649)
<b>Operating profit</b>		<b>3,147</b>	6,938
Loss on disposal of subsidiaries		-	(60)
Finance revenue		<b>1</b>	85
Finance costs		<b>(352)</b>	(736)
<b>Profit before taxation and exceptional items</b>		<b>2,796</b>	6,227
Exceptional items	6	<b>(236)</b>	(1,093)
<b>Profit before taxation</b>		<b>2,560</b>	5,134
Taxation	7	<b>(809)</b>	(1,655)
<b>Profit for the period attributable to owners of the Parent Company</b>		<b>1,751</b>	3,479
<b>Earnings per share</b>			
Basic	8	<b>3.41p</b>	6.80p <sup>1</sup>
Diluted	8	<b>3.39p</b>	6.77p <sup>1</sup>
Adjusted basic	8	<b>3.87p</b>	8.64p <sup>1</sup>
Adjusted diluted	8	<b>3.85p</b>	8.60p <sup>1</sup>

All amounts relate to continuing operations  
The notes on pages 10 to 14 form part of this half year results announcement

<sup>1</sup> restated following five for one sub-division of share capital – see note 9

## CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended <b>31 March</b> <b>2014</b> <b>(Unaudited)</b> <b>£'000</b>	31 March 2013 (Unaudited) £'000	Year ended 30 September 2013 (Audited) £'000
<b>Profit for the period</b>	<b>1,751</b>	1,442	3,479
<b>Other comprehensive income/(expense):</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences on foreign currency net investments	<b>(367)</b>	681	(180)
Current tax on foreign currency translation differences	<b>3</b>	4	30
Fair value movement on cash flow hedge	<b>(16)</b>	84	546
Deferred tax on fair value movement	<b>(2)</b>	(29)	(135)
	<hr/> <b>(382)</b> <hr/>	<hr/> 740 <hr/>	<hr/> 261 <hr/>
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Actuarial loss on defined benefit pension scheme	<b>(112)</b>	(594)	(1,058)
Current tax credit on actuarial loss	<b>25</b>	-	72
Deferred tax credit on actuarial loss	<b>-</b>	131	158
	<hr/> <b>(87)</b> <hr/>	<hr/> (463) <hr/>	<hr/> (828) <hr/>
<b>Other comprehensive (expense)/income for the period</b>	<hr/> <b>(469)</b> <hr/>	<hr/> 277 <hr/>	<hr/> (567) <hr/>
<b>Total comprehensive income for the period attributable to owners of the Parent Company</b>	<hr/> <b>1,282</b> <hr/>	<hr/> 1,719 <hr/>	<hr/> 2,912 <hr/>

The notes on pages 10 to 14 form part of this half year results announcement

**CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY**

	Share capital	Share premium	Own shares in share trust	Hedging reserve	Foreign exchange reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>1 October 2012</b>	<b>1,048</b>	<b>2,757</b>	<b>(736)</b>	<b>(1,033)</b>	<b>635</b>	<b>23,332</b>	<b>26,003</b>
<i>Net profit for the period</i>	-	-	-	-	-	1,442	<b>1,442</b>
<i>Exchange differences net of tax</i>	-	-	-	-	681	4	<b>685</b>
<i>Fair value movement on cash flow hedge net of tax</i>	-	-	-	84	-	(29)	<b>55</b>
<i>Actuarial loss on defined benefit pension scheme net of tax</i>	-	-	-	-	-	(463)	<b>(463)</b>
<b>Total comprehensive income</b>	-	-	-	<b>84</b>	<b>681</b>	<b>954</b>	<b>1,719</b>
<i>Transactions with owners:</i>							
<i>Dividends</i>	-	-	-	-	-	(1,585)	<b>(1,585)</b>
<i>Share-based payments</i>	-	-	-	-	-	11	<b>11</b>
<b>1 April 2013</b>	<b>1,048</b>	<b>2,757</b>	<b>(736)</b>	<b>(949)</b>	<b>1,316</b>	<b>22,712</b>	<b>26,148</b>
<i>Net profit for the period</i>	-	-	-	-	-	2,037	<b>2,037</b>
<i>Exchange differences net of tax</i>	-	-	-	-	(861)	26	<b>(835)</b>
<i>Fair value movement on cash flow hedge net of tax</i>	-	-	-	462	-	(106)	<b>356</b>
<i>Actuarial loss on defined benefit pension scheme net of tax</i>	-	-	-	-	-	(365)	<b>(365)</b>
<b>Total comprehensive income</b>	-	-	-	<b>462</b>	<b>(861)</b>	<b>1,592</b>	<b>1,193</b>
<i>Transactions with owners:</i>							
<i>Share-based payments</i>	-	-	-	-	-	11	<b>11</b>
<i>Movement in own shares in share trust</i>	-	-	114	-	-	-	<b>114</b>
<i>Loss on release of shares in share trust</i>	-	-	-	-	-	(23)	<b>(23)</b>
<b>1 October 2013</b>	<b>1,048</b>	<b>2,757</b>	<b>(622)</b>	<b>(487)</b>	<b>455</b>	<b>24,292</b>	<b>27,443</b>
<i>Net profit for the period</i>	-	-	-	-	-	1,751	<b>1,751</b>
<i>Exchange differences net of tax</i>	-	-	-	-	(367)	3	<b>(364)</b>
<i>Fair value movement on cash flow hedge net of tax</i>	-	-	-	(16)	-	(2)	<b>(18)</b>
<i>Actuarial loss on defined benefit pension scheme net of tax</i>	-	-	-	-	-	(87)	<b>(87)</b>
<b>Total comprehensive income</b>	-	-	-	<b>(16)</b>	<b>(367)</b>	<b>1,665</b>	<b>1,282</b>
<i>Transactions with owners:</i>							
<i>Dividends</i>	-	-	-	-	-	(565)	<b>(565)</b>
<i>Share-based payments</i>	-	-	-	-	-	15	<b>15</b>
<b>31 March 2014</b>	<b>1,048</b>	<b>2,757</b>	<b>(622)</b>	<b>(503)</b>	<b>88</b>	<b>25,407</b>	<b>28,175</b>

The notes on pages 10 to 14 form part of this half year results announcement

**CONDENSED GROUP BALANCE SHEET**

	As at 31 March 2014 (Unaudited) £'000	As at 31 March 2013 (Unaudited) £'000	As at 30 September 2013 (Audited) £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1,075	1,075	1,075
Other intangible assets	627	763	684
Property, plant and equipment	11,302	12,044	11,718
Deferred tax assets	313	354	278
Trade and other receivables	586	586	586
	<hr/>	<hr/>	<hr/>
	<b>13,903</b>	<b>14,822</b>	<b>14,341</b>
<b>Current assets</b>			
Inventories	27,127	24,884	23,669
Trade and other receivables	16,234	14,028	13,207
Current tax assets	20	3	128
Derivative financial instruments	-	-	219
Cash and cash equivalents	531	448	1,117
	<hr/>	<hr/>	<hr/>
	<b>43,912</b>	<b>39,363</b>	<b>38,340</b>
<b>Total assets</b>	<hr/> <b>57,815</b> <hr/>	<hr/> <b>54,185</b> <hr/>	<hr/> <b>52,681</b> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	(4,634)	(10,851)	(522)
Provisions	(49)	-	(49)
Trade and other payables	(13,028)	(7,155)	(11,292)
Current tax liabilities	(920)	(173)	(621)
	<hr/>	<hr/>	<hr/>
	<b>(18,631)</b>	<b>(18,179)</b>	<b>(12,484)</b>
<b>Net current assets</b>	<hr/> <b>25,281</b> <hr/>	<hr/> <b>21,184</b> <hr/>	<hr/> <b>25,856</b> <hr/>
<b>Non-current liabilities</b>			
Deferred tax liabilities	(958)	(939)	(1,001)
Borrowings	(7,262)	(5,926)	(8,889)
Trade and other payables	(23)	(23)	(23)
Post-employment benefits	(1,588)	(1,346)	(1,589)
Derivative financial instruments	(503)	(949)	(577)
Redeemable loan notes payable	(675)	(675)	(675)
	<hr/>	<hr/>	<hr/>
	<b>(11,009)</b>	<b>(9,858)</b>	<b>(12,754)</b>
<b>Total liabilities</b>	<hr/> <b>(29,640)</b> <hr/>	<hr/> <b>(28,037)</b> <hr/>	<hr/> <b>(25,238)</b> <hr/>
<b>Net assets</b>	<hr/> <b>28,175</b> <hr/>	<hr/> <b>26,148</b> <hr/>	<hr/> <b>27,443</b> <hr/>

**CONDENSED GROUP BALANCE SHEET (continued)**

	<b>As at 31 March 2014 (Unaudited) £'000</b>	As at 31 March 2013 (Unaudited) £'000	As at 30 September 2013 (Audited) £'000
<b>EQUITY</b>			
Share capital	<b>1,048</b>	1,048	1,048
Share premium account	<b>2,757</b>	2,757	2,757
Own shares in share trust	<b>(622)</b>	(736)	(622)
Hedging reserve	<b>(503)</b>	(949)	(487)
Foreign exchange reserve	<b>88</b>	1,316	455
Retained earnings	<b>25,407</b>	22,712	24,292
<b>Total equity attributable to owners of the Parent Company</b>	<b>28,175</b>	26,148	27,443

The notes on pages 10 to 14 form part of this half year results announcement

## CONDENSED GROUP STATEMENT OF CASH FLOWS

	Six months ended	Year ended
	31 March	30 September
	2014	2013
	(Unaudited)	(Unaudited)
	£'000	£'000
		(Audited)
		£'000
<b>Cash flow from operating activities</b>		
Profit before taxation	2,560	2,008
Adjusted for:		5,134
Foreign exchange loss	-	358
Depreciation of property, plant and equipment	614	600
Amortisation of intangible assets	84	89
Loss on disposal of property, plant and equipment	7	1
Loss on disposal of subsidiaries	-	24
Net finance costs	351	350
Share-based payments	15	11
Decrease/(increase) in fair value of derivatives	129	-
Decrease in post-employment benefit obligation	(113)	(86)
	<b>3,647</b>	3,355
<b>Operating cash flow before movements in working capital</b>		6,897
Changes in working capital:		
Increase in inventories	(3,728)	(1,980)
(Increase)/decrease in trade and other receivables	(3,141)	(99)
Increase/(decrease) in trade and other payables, and provisions	1,844	(1,737)
	<b>(1,378)</b>	(461)
<b>Cash generated from operations</b>		9,250
Taxation paid	(420)	(47)
	<b>(1,798)</b>	(508)
<b>Net cash from operating activities</b>		8,601
<b>Cash flow from investing activities</b>		
Disposal of subsidiaries	-	(10)
Proceeds on disposal of property, plant and equipment	-	-
Purchase of property, plant and equipment	(385)	(735)
Purchase of intangible assets	(28)	(134)
Interest received	1	13
	<b>(412)</b>	(866)
	<b>(412)</b>	(1,565)



**CONDENSED GROUP STATEMENT OF CASH FLOWS (continued)**

	Six months ended <b>31 March</b> <b>2014</b> <b>(Unaudited)</b> <b>£'000</b>	31 March 2013 (Unaudited) £'000	Year ended 30 September 2013 (Audited) £'000
<b>Cash flow from financing activities</b>			
(Decrease)/increase in bank loans	<b>(363)</b>	680	(2,223)
Interest paid	<b>(352)</b>	(363)	(736)
Dividends paid	<b>(565)</b>	(1,585)	(1,585)
Net purchase of own shares by share trust	-	-	91
	<b>(1,280)</b>	(1,268)	(4,453)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,490)</b>	(2,642)	2,583
Cash and cash equivalents at beginning of period	<b>1,095</b>	(1,341)	(1,341)
Effect of foreign exchange rates	<b>(15)</b>	33	(147)
<b>Cash and cash equivalents at end of period</b>	<b>(2,410)</b>	(3,950)	1,095
<b>Cash and cash equivalents comprise:</b>			
Cash and cash equivalents	<b>531</b>	448	1,117
Bank borrowings	<b>(2,941)</b>	(4,398)	(22)
	<b>(2,410)</b>	(3,950)	1,095

The notes on pages 10 to 14 form part of this half year results announcement

**Responsibility statement**

We confirm that to the best of our knowledge:

- (a) the half year results announcement for the six months ended 31 March 2014 'the announcement' has been prepared in accordance with IAS 34
- (b) the announcement 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 announcement 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

Finance Director  
Richard Hope  
19 May 2014

## NOTES TO THE UNAUDITED HALF YEAR RESULTS ANNOUNCEMENT

### 1. Basis of preparation

The Group is required to prepare its half year results 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 half year results 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 2014.

The information relating to the six months ended 31 March 2014 and 31 March 2013 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2013 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 half year results for the six months ended 31 March 2014 have neither been audited nor formally reviewed by the Group's auditors.

### 2. Accounting policies

These half year results have been prepared on the basis of the same accounting policies and presentation set out in the Group's 30 September 2013 annual report, other than for the adoption of IAS 19 (Revised) 'Employee Benefits'.

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 2014, including IAS 19 (Revised), which have had a material effect on these half year results.

### 3. 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 half year results have been prepared on the going concern basis.

### 4. 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 page 17 of the 2013 Annual Report and Financial Statements.

## NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

### 5. Segmental information

#### (a) 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 consumer goods markets with manufacturing sites in the UK, US and Kenya. Many of the Group's activities, including sales, purchasing, manufacturing, technical, IT and finance are now being managed globally on a Group basis.

#### (b) Geographical segments

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

	Six months ended		Year ended
	<b>31 March</b>	31 March	30 September
	<b>2014</b>	2013	2013
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>£'000</b>	£'000	£'000
United Kingdom	<b>4,744</b>	5,130	10,016
Rest of Europe	<b>10,928</b>	8,763	19,837
The Americas	<b>13,136</b>	11,548	26,661
Rest of the World	<b>8,298</b>	8,131	17,583
	<b>37,106</b>	33,572	74,097

### 6. Exceptional items

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

	Six months ended		Year ended
	<b>31 March</b>	31 March	30 September
	<b>2014</b>	2013	2013
	<b>(Unaudited)</b>	(Unaudited)	(Audited)
	<b>£'000</b>	£'000	£'000
Legal and professional fees	<b>236</b>	-	634
Corporate finance advisory and other costs	-	-	459
	<b>236</b>	-	1,093

The exceptional items in the year all relate to non-recurring items. The legal and professional fees relate to the Earthoil earnout contract dispute.

### 7. Taxation

Taxation has been provided on pre-exceptional profits at 28.9% (six months ended 31 March 2013: 28.2%) which is the effective group rate currently anticipated for the financial year ending 30 September 2014.

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)



8. 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).

	Six months ended		Year ended
	31 March	31 March	30 September
	2014	2013	2013
	(Unaudited)	(Unaudited)	(Audited)
Earnings (£'000)	1,751	1,442	3,479
Weighted average number of ordinary shares in issue (No: '000)	51,323	51,125 <sup>1</sup>	51,142 <sup>1</sup>
<b>Basic earnings per share (pence)</b>	<b>3.41p</b>	<b>2.82p<sup>1</sup></b>	<b>6.80p<sup>1</sup></b>

**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 ended		Year ended
	31 March	31 March	30 September
	2014	2013	2013
	(Unaudited)	Restated <sup>1</sup>	Restated <sup>1</sup>
	No ('000)	No ('000)	No ('000)
Weighted average number of shares	52,405	52,405	52,405
Weighted average number of shares held in the EBT	(1,082)	(1,281)	(1,263)
Weighted average number of shares used for calculating basic EPS	51,323	51,124	51,142
Executive share option schemes	39	-	9
Savings-related share options	233	126	223
Weighted average number of shares used for calculating diluted EPS	51,595	51,250	51,374
<b>Diluted earnings per share (pence)</b>	<b>3.39p</b>	<b>2.81p</b>	<b>6.77p</b>

**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 ended		Year ended
	31 March	31 March	30 September
	2014	2013	2013
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Earnings for calculating basic and diluted earnings per share	1,751	1,442	3,479
Adjusted for:			
Exceptional items (see note 6)	236	-	1,093
Taxation thereon	-	-	(155)
Earnings for calculating adjusted earnings per share	1,987	1,442	4,417
<b>Adjusted basic earnings per share (pence)</b>	<b>3.87p</b>	<b>2.82p<sup>1</sup></b>	<b>8.64p<sup>1</sup></b>
<b>Adjusted diluted earnings per share (pence)</b>	<b>3.85p</b>	<b>2.81p<sup>1</sup></b>	<b>8.60p<sup>1</sup></b>

<sup>1</sup> restated following five for one sub-division of share capital – see note 9

9. Dividends

	Dividend per share for six months ended 31 March			2014	2013
	2014 <sup>2</sup> Pence	2013 <sup>1</sup> Pence Restated <sup>3</sup>	2012 <sup>1</sup> Pence Restated <sup>3</sup>		
<b>Equity dividends on ordinary shares:</b>					
Interim dividend	1.24p	1.10p	1.02p	565	521
Final dividend	N/A	2.60p	2.08p	-	1,064
	N/A	3.70p	3.10p	565	1,585

<sup>1</sup> Accounted for in the subsequent year in accordance with IFRS.

<sup>2</sup> The declared interim dividend for the year ended 30 September 2014 of 6.2 pence was approved by the Board on 16 May 2014 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2014. The dividend will be paid on 17 October 2014 to those shareholders on the register at 12 September 2014 and will, therefore, be accounted for in the results for the year ended 30 September 2015.

<sup>3</sup> Following a resolution approved by shareholders on 16 May 2014, the share capital of the Company has been subdivided on a five for one ratio (i.e. five new 2 pence ordinary shares replacing each existing 10 pence ordinary share) and accordingly, the above numbers have been restated on the basis of the new share capital.

10. Contingent liabilities

As disclosed in note 27 of the 2013 annual report and accounts, 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 the determination of some preliminary issues in hearings held in November 2013 and February 2014, certain points of law are to be determined by the Court of Appeal towards the end of 2014. Thereafter, hearing of the substantive matters, in respect of the quantum of the claim, will continue. The costs of resolving the dispute currently total £883,000, of which the current year's costs of £236,000 have been included in exceptional items. The total eventual legal and professional fees of the dispute are currently unknown, but are likely to exceed £1m.

## 11. Related party transactions

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

	<b>31 March 2014 (Unaudited)</b>	31 March 2013 (Unaudited)	30 September 2013 (Audited)
<i>Interest received on loan notes from:</i>			
Earthoil Plantations Limited	<b>7</b>	7	14
Earthoil Kenya PTY EPZ Limited	<b>3</b>	3	6
<i>Dividends received from:</i>			
R.C.Treatt & Co Limited	<b>563</b>	520	948
Treatt USA Inc	-	654	654
<i>Redeemable loan notes receivable:</i>			
Earthoil Plantations Limited	<b>950</b>	950	950
Earthoil Kenya PTY EPZ Limited	<b>400</b>	400	400
<i>Amounts owed to/(by) parent undertaking:</i>			
Earthoil Plantations Limited	<b>1,009</b>	127	157
R.C.Treatt & Co Limited	<b>(997)</b>	(524)	297

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.