TREATT PLC
INTERIM RESULTS ANNOUNCEMENT
SIX MONTHS ENDED 31 MARCH 2007

Treatt PLC, the manufacturer and supplier of conventional, organic and ethically-traded ingredients for the flavour, fragrance and cosmetic industries announces today its interim results for the six months ended 31 March 2007.

SUMMARY

- Group revenue up by 11% to £19,230,000 (2006: £17,322,000)
- Weak US$ reduces gross profit by almost £0.5m
- EBITDA decreased by 4% to £2,073,000 (2006: £2,164,000)
- Profit before tax for the period down by 11% to £1,439,000 (2006: £1,621,000)
- Sales & gross profits in Q2 significantly higher than Q1
- Interim dividend raised by 3% to 3.5p (2006: 3.4p)
- Acquired 50% of Earthoil, supplier of organic and ethically-traded essential and vegetable oils, for £2.6m

Edward Dawnay, Chairman commented:

"After a slow start to the financial year, the Group recovered strongly in the second quarter with sales up by 40% over Q1 and contribution increasing by 50%. The Group's UK subsidiary has continued to perform well, whilst in the US there has been continued investment in new product innovation and development. The acquisition of 50% of Earthoil is an exciting development for the Group which is expected to open up significant new opportunities for growth."

CHAIRMAN'S STATEMENT

"Group revenue has increased year on year by 11%"

The Group had a satisfactory result for the six months to 31 March 2007, with Group revenue growing by 11% to £19,230,000 (2006: £17,322,000). As expected, gross margins were lower and this resulted in EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) decreasing by 4% to £2,073,000 (2006: £2,164,000) and profit before tax falling by 11% to £1,439,000 (2006: £1,621,000). Earnings per share have consequently reduced to 9.8 pence per share (2006: 11.1 pence per share). Overall, the Group suffered from a weaker US Dollar which reduced gross profit by almost £0.5m, which was partly offset by the Group's hedging policy.

The Board has declared an increase in the interim dividend of 2.9% to 3.5 pence per share (2006: 3.4 pence per share) which will be payable on 8 October 2007 to all shareholders on the register at close of business on 31 August 2007.

The financial year started slowly for the Group, with the first quarter sales and margins being significantly weaker than expected. However, the second quarter has been very strong in terms of revenue together with some improvement in margins. Sales of aroma chemicals and Treattarome™ natural distillates have continued to perform well. During the period orange oil prices remained stable, well above their long term historical average, whilst other flavour and fragrance raw material prices have increased as energy costs remain high. The impact of continued consolidation among the top flavour and fragrance companies has yet to be seen.

R.C. Treatt, the Group's UK operating subsidiary, had a good first six months with sales growing by 16%, despite the weaker US Dollar exerting significant downward pressure on margins. Within this period, the contrast between the first and second quarters could not have been more marked, with sales and contribution in quarter two being 50% up on quarter one. Indeed January and March were successively record months for the UK company.

Treatt USA had a disappointing first half, although turnover grew by 6.5% in US Dollar terms. With lower margins across a broad range of products, profits are down on last year. As expected, overheads increased compared to the same period last year, which reflects the impact of last year's investment in Treatt USA's infrastructure in order to provide the platform for continued growth. Following the substantial product innovation and development of the last two years, including exciting products such our range of tea Treattaromes™, we do believe that sales and margins in the US will improve significantly over the next twelve months.

Acquisition of 50% of Earthoil

We were delighted to announce at the end of February that we had acquired 50% of Earthoil Plantations Limited, based in the UK, and 50% of Earthoil Kenya Pty EPZ Limited (together known as 'Earthoil') which is based in a tax-free zone just outside Nairobi. Earthoil manufactures and supplies organically-certified and ethically-traded essential oils and vegetable oils, mainly for the cosmetics industry. The organic market represents a new area for Treatt with high growth potential. The total consideration for the acquisition was £2.6 million, being satisfied by a mix of cash, loan notes and ordinary Treatt shares. Additionally, Treatt has the option to acquire the remaining 50% of the issued share capital of Earthoil from 2012. Full details of this transaction can be found on our web site.

Cash flow

During the period there was a net cash outflow for the Group of £6,448,000. Of this, £2.7m related to the cost of acquiring Earthoil (together with associated loan notes), and £1m was in relation to the previously announced special pension contribution. Inventory levels also continued to increase during the period by £1.5m as part of the Group's strategic commitment to ensure it is able to meet future customer demand. Although debtors have increased by £1.7m, this is a short term outflow which is expected to reverse in the second half.

Prospects

The remainder of this financial year is likely to see margins remain under pressure with sales continuing to exceed last year's levels. Although the second half has started a little slowly, this has now picked up and Group order books are currently 20% higher than a year ago. As in previous years, however, the Board believe it is too early to be certain that full year profits will meet current market expectation of £3.3m.

Edward Dawnay
Chairman
18 May 2007

TREATT PLC
UNAUDITED INTERIM STATEMENT
For the six months ended 31 March 2007

GROUP INCOME STATEMENT

	Notes	Six months ended 31 March 2007 (Unaudited) £'000	Six months ended 31 March 2006 (Unaudited) £'000	Year ended 30 September 2006 (Audited) £'000
Revenue	3	**19,230**	17,322	35,411
Cost of sales		**(14,186)**	(12,178)	(25,292)
Gross profit		**5,044**	5,144	10,119
Administrative expenses		**(3,394)**	(3,405)	(6,621)
Share of results of joint ventures		**(23)**	-	-
Operating profit		**1,627**	1,739	3,498
Finance revenue		**41**	99	243
Finance costs		**(229)**	(217)	(453)
Profit before taxation		**1,439**	1,621	3,288
Taxation	4	**(454)**	(508)	(956)
Profit for the period attributable to equity shareholders		**985**	1,113	2,332
Earnings per share				
- Basic	5a	**9.8p**	11.1p	23.3p
- Diluted	5b	**9.7p**	11.1p	23.2p

All amounts relate to continuing operations

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six months ended **31 March 2007** **(Unaudited)** **£'000**	Six months ended 31 March 2006 (Unaudited) £'000	Year ended 30 September 2006 (Audited) £'000
Profit for the period	**985**	1,113	2,332
Currency translation differences on foreign currency net investments	**(267)**	99	(293)
Actuarial loss on defined benefit pension scheme	**-**	-	(389)
Deferred tax on actuarial loss	**-**	-	117
Total recognised net income for the period	**718**	1,212	1,767

GROUP BALANCE SHEET

	As at 31 March 2007 (Unaudited) £'000	As at 31 March 2006 (Unaudited) £'000	As at 30 September 2006 (Audited) £'000
ASSETS			
Non-current assets			
Property, plant and equipment	**8,418**	8,700	8,484
Intangible assets	**493**	640	581
Deferred tax	**168**	521	457
Interests in joint ventures	**2,644**	-	-
Redeemable loan notes receivable	**1,350**	-	-
	13,073	9,861	9,522
Current assets			
Inventories	**15,501**	12,727	13,958
Trade and other receivables	**8,041**	6,448	6,389
Cash and cash equivalents	**-**	110	-
	23,542	19,285	20,347
LIABILITIES			
Current liabilities			
Bank loans and overdrafts	**(9,151)**	(2,251)	(2,710)
Trade and other payables	**(4,512)**	(3,505)	(3,790)
Corporation tax payable	**(28)**	(420)	(211)
	(13,691)	(6,176)	(6,711)
Net current assets	**9,851**	13,109	13,636
Non-current liabilities			
Bank loans	**(1,835)**	(2,222)	(1,927)
Post-employment benefits	**(1,960)**	(3,254)	(3,090)
Redeemable loan notes payable	**(675)**	-	-
	(4,470)	(5,476)	(5,017)
Net assets	**18,454**	17,494	18,141

GROUP BALANCE SHEET (continued)

	As at 31 March 2007 (Unaudited) £'000	As at 31 March 2006 (Unaudited) £'000	As at 30 September 2006 (Audited) £'000
SHAREHOLDERS' EQUITY			
Called up share capital	**1,048**	1,029	1,029
Share premium account	**2,757**	2,143	2,143
Own shares in share trust	**(544)**	(625)	(546)
Employee share option reserve	**46**	25	34
Foreign exchange reserve	**(1,259)**	(600)	(992)
Profit and loss account	**16,406**	15,522	16,473
Shareholders' equity	**18,454**	17,494	18,141

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Six months ended **31 March 2007** **(Unaudited)** **£'000**	Six months ended 31 March 2006 (Unaudited) £'000	Year ended 30 September 2006 (Audited) £'000
Total recognised net income for the period		**718**	1,212	1,767
Dividends	6	**(1,053)**	(949)	(949)
Share-based payments		**12**	11	23
Increase in share capital		**633**	-	-
Movement in own shares in share trust		**2**	-	79
Gain on release of shares in share trust		**1**	-	1
Increase in shareholders' equity		**313**	274	921
Shareholders' equity at 1 October		**18,141**	17,220	17,220
Shareholders' equity at 31 March		**18,454**	17,494	18,141

GROUP CASH FLOW STATEMENT

	Six months ended		Year ended
	31 March	31 March	30 September
	2007	2006	2006
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	**1,439**	1,621	3,288
Adjusted for:			
Foreign exchange (gain)/loss	**(188)**	64	(210)
Depreciation of property, plant and equipment	**357**	425	685
Amortisation of intangible assets	**89**	-	182
Loss on disposal of property, plant and equipment	**3**	-	52
Loss on disposal of intangible assets	**-**	-	2
Net interest payable	**218**	120	235
Share-based payments	**12**	11	23
Share of results of joint ventures	**23**	-	-
(Decrease)/increase in post-employment benefit obligation excluding special pension contribution	**(95)**	15	(73)
	1,858	2,256	4,184
Special post-employment benefit contribution	**(1,035)**	-	(465)
Changes in working capital:			
Increase in inventories	**(1,543)**	(1,332)	(2,563)
Increase in trade and other receivables	**(1,652)**	(730)	(671)
Increase/(decrease) in trade and other payables	**722**	(429)	(144)
Cash generated from operations	**(1,650)**	(235)	341
Taxation paid	**(348)**	(677)	(1,153)
Net cash outflow from operating activities	**(1,998)**	(912)	(812)
Cash flow from investing activities			
Acquisition of investments in joint ventures	**(1,359)**	-	-
Purchase of property, plant and equipment	**(472)**	(310)	(775)
Purchase of intangible assets	**-**	-	(41)
Purchase of redeemable loan notes	**(1,350)**	-	-
Interest receivable	**5**	97	218
	(3,176)	(213)	(598)

TREATT PLC

GROUP CASH FLOW STATEMENT (continued)

	Six months ended		Year ended
	31 March	31 March	30 September
	2007	2006	2006
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flow from financing activities			
Repayment of bank loans	**-**	-	(137)
Interest payable	**(223)**	(217)	(453)
Dividends paid	**(1,053)**	(949)	(949)
Net acquisition of own shares by share trust	**2**	-	79
	(1,274)	(1,166)	(1,460)
Net decrease in cash and cash equivalents	**(6,448)**	(2,291)	(2,870)
Cash and cash equivalents at beginning of period	**(2,573)**	297	297
Cash and cash equivalents at end of period	**(9,021)**	(1,994)	(2,573)
Cash and cash equivalents comprise:			
Cash and cash equivalents	**-**	110	-
Bank overdrafts	**(9,021)**	(2,104)	(2,573)
	(9,021)	(1,994)	(2,573)

NOTES TO THE UNAUDITED INTERIM STATEMENT

(1) Basis of preparation

The Group is required to prepare its annual consolidated financial statements in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)). The Group has not adopted the reporting requirements of IAS 34 'Interim Financial Reporting'.

The consolidated interim 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 2007.

The information relating to the six months ended 31 March 2007 and 31 March 2006 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2006 have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. These interim financial statements for the six months ended 31 March 2007 have neither been audited nor reviewed by the Group's auditors.

(2) Accounting Policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's 30 September 2006 annual report other than the following:

Interests in joint ventures

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method of accounting. Under the equity method, the investment in a jointly controlled entity is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the jointly controlled entity, less distributions received and less any impairment in value of the investment. The Group income statement reflects the Group's share of the results after tax of the jointly controlled entity. The Group statement of recognised income and expense reflects the Group's share of any income and expense recognised by the jointly controlled entity outside profit and loss.

(3) Turnover by destination	Six months ended		Year ended
	31 March 2007	31 March 2006	30 September 2006
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
United Kingdom	**3,412**	3,118	6,460
Rest of Europe	**6,018**	4,998	10,542
The Americas	**5,160**	5,420	10,142
Rest of the World	**4,640**	3,786	8,267
	19,230	17,322	35,411

NOTES TO THE INTERIM STATEMENT (continued)

(4) Taxation

Taxation has been provided at 30.0% (2006: 31.3%) which is the effective group rate currently anticipated for the financial year ending 30 September 2007.

(5) Earnings per share

(a) Basic earnings per share for the six months ended 31 March 2007 are based on the weighted average number of shares in issue and ranking for dividend in the period of 10,045,298 (2006: 9,991,890) and earnings of £985,000 (2006: £1,113,000) being the profit after taxation.

(b) Diluted earnings per share for the six months ended 31 March 2007 are based on the weighted average number of shares in issue in the period, adjusted for the effects of all dilutive potential ordinary shares of 10,109,421 (2006: 10,041,628) and the same earnings as above.

(6) Dividends

	Six months ended		Year ended
	31 March 2007	31 March 2006	30 September 2006
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Equity dividends on ordinary shares:			
Interim dividend for year ended 30 September 2005 - 3.1p	**-**	310	310
Final dividend for year ended 30 September 2005 - 6.4p	**-**	639	639
Interim dividend for year ended 30 September 2006 - 3.4p	**341**	-	-
Final dividend for year ended 30 September 2006 - 7.1p	**712**	-	-
	1,053	949	949

The declared interim dividend for the year ended 30 September 2007 of 3.5p was approved by the Board on 18 May 2007 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2007. The dividend will be paid on 8 October 2007 to those shareholders on the register at 31 August 2007 and will, therefore, be accounted for in the results for the year ended 30 September 2008.