9 December 2014

TREATT PLC
FINAL RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER 2014

Treatt plc (the 'Group'), the manufacturer and supplier of ingredient solutions for the flavour, fragrance and consumer goods industries, announces today its results for the year ended 30 September 2014.

HIGHLIGHTS for the year:

- Group revenue increased by 7% to £79.2 million (2013: £74.1 million)
- Group operating profit increased by 10% to £7.6 million (2013: £6.9 million)
- Adjusted EBITDA[1] up 9% to £9.0 million (2013: £8.3 million)
- Adjusted profit before tax[1] increased by 11% to £6.9 million (2013: £6.2 million)
- Dividend increased 4% to 3.84p per share (2013[2]: 3.70p)
- Adjusted basic earnings per share[1] up 15% to 9.95p (2013[2]: 8.64p)
- Net assets per share increased to £0.55 (2013[2]: £0.52)

Commenting on the results, Group CEO Daemmon Reeve said:

"It is pleasing to see the Group's strategy is delivering consistent growth for our shareholders. Our strategy is still in the early stages of delivering a re-shaped business; there is much to do but I am encouraged by the progress so far."

[1] excluding exceptional items – see note 4
[2] restated following 5 for 1 sub-division of shares

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CHAIRMAN'S STATEMENT

"Profits up 11% to £6.9m – a new record; Adjusted EPS up 15%"

Results

Welcome to Treatt's 2014 annual report. It is gratifying to record a further year of progress for the Group with revenue up by 6.9% to £79.2m and adjusted profit before taxation up by 10.9% to £6.9m. This double digit profit growth reflects the success of our core strategy of growing sales whilst keeping control of our costs. I am also pleased to report adjusted basic earnings per share of 9.95p (15.2% growth in the year).

Cash flow has been a challenge for the Group in a year when many of our key raw materials have increased in price. As a result, the Group is reporting a net cash outflow of £1.3m with net debt increasing from £8.3m to £9.6m. However, the net debt to adjusted EBITDA ratio has improved to just under 1x – the third year in a row this ratio has declined reflecting the increasing financial robustness of the Group. Given the raw material price increases, we have focused on driving material reductions in our aged inventory across the Group as a whole. The £4.4m increase in inventory is really a function of recent price increases and the Group taking strategic positions on specific products. However, as we grow the relative size of our value-added product portfolio, the impact of fluctuating raw material prices is becoming less significant over time.

The £1.4m exceptional charge for the year is made up of legal fees in connection with the ongoing earnout dispute in relation to the acquisition of the Earthoil Group (£0.3m) and a strategic decision to end a long-standing agency arrangement (£1.1m). Whilst the Earthoil dispute sadly continues, the agency termination referred to will enable the Group to compete more effectively in certain key markets, with a shorter route to market being of great significance in reshaping our business.

Investments have been made during the year in people, processes and product development with notable progress made across all three. A root and branch review has streamlined our processes to improve the speed of delivery to our customers whilst reducing operating costs. Investment in product development has centred on added-value products boosting our confidence in future growth.

Employee and shareholder engagement

In my opening paragraph I highlighted record revenue and profits and I look forward to reporting future growth in years to come. It will be our people whose task it is to deliver the goals we strive for and, as ever, they are our greatest strategic asset. We believe it is important that the interests of all our stakeholders – including shareholders as well as employees – are aligned so that delivering our current and future success drives and sustains the future long- term growth for the Group.

All eligible employees in the Treatt Group will therefore receive a number of free shares in December 2014 and continue to be encouraged to participate in saving schemes across the Group in order to build further share ownership amongst employees. During the year a resolution approved by shareholders on 16 May 2014 enabled the share capital of the Company to be sub-divided on a five for one ratio. We believe the lower cost of each share is attractive to individual investors across the stakeholder communities.

I would like to take this opportunity to thank our employees across the Group for their hard work and dedication and look forward to many more years of reporting success with them.

Dividends

The Board is proposing a final net dividend of 2.6p (2013 2.6p) increasing the total dividend for the year to 3.84p (a 3.8% increase). If approved by shareholders at the forthcoming AGM, the final dividend will be payable on 3 April 2015 to all shareholders on the register at close of business on 27 February 2015. Shareholders who wish to participate in the dividend re-investment plan for this and future dividends should elect to do so by 9 March 2015.

Board changes

During the year, Anita Haines retired as HR Director after twenty-six years of dedicated service to the Group. Anita has been an enormous influence in helping to transition the Group from a private business in the 1980s, through flotation, to the successful Plc of today and we cannot thank her enough for everything she has done over so many years. I was delighted, therefore, when Anita agreed to stay on the Board as a Non-executive Director so that we can all continue to benefit from her wise counsel and intimate knowledge of Treatt.

Corporate Governance

During the course of the year the Board and its committees have addressed the corporate governance requirements arising from the changes in the regulations including increased disclosures on matters affecting audit and remuneration.

The composition and performance of the Board and its committees is kept under regular review to ensure that we are possessed not only of the relevant skills and experience but also of the culture, values and ethics appropriate for the long-term success of the Group.

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 reviewed by the Board.

Prospects

The first quarter of the financial year is traditionally our least busy time of the year and this autumn is no exception. Although order books are up on a year ago, it is of course too early in the financial year to be certain of the eventual outcome. However, the Group's strategic progress is encouraging, with its increased focus on value-added and innovative ingredient solutions, particularly in the beverage sector. The Board remain confident that the Group will make further progress against its long term strategic objectives over the coming year.

TIM JONES
Chairman
8 December 2014

CHIEF EXECUTIVE OFFICER'S REPORT

"Our strategy is providing the solid foundations for the growth and success of Treatt"

Business overview

Building on solid foundations, enhancing the cultural environment for our talented colleagues and working within the framework of shared values and with a coherent strategy, has enabled Treatt to produce a set of results which are gratifying and represent a record performance in our 128 year history. All three Treatt businesses reported solid performances and it is encouraging that these successful financial results were spread throughout the Group. However, we remain on a journey in our business and there is much more work to do as we continue to transition Treatt forward.

Financial performance

When we embarked on our new strategy in late 2012/early 2013, we set ourselves some clear financial goals. Uppermost of those was to deliver consistent, sustainable growth in profit. Too often in the past, Treatt has announced one good set of results which was then followed by a disappointing year. Therefore, for me, one of the most pleasing aspects of the past year's financial performance was that we did as we promised – with profits increasing on a consistent basis and in line with expectations, up by 11% to just short of £7m. Indeed, profits are now double what they were five years ago.

Earthoil, our niche personal care division which sells ethically sourced, mainly organic, vegetable oils and essential oils, continues to go from strength to strength, with four years of consecutive profit growth, 2013/14 being its best ever for pre-tax profit. There has been new investment to increase capacity in Kenya, and a strengthening of sales personnel in the UK.

Product development

We continue to innovate, working in alignment with our strategic customers, seizing opportunities for growth and increasing the efficiency of our business processes.

Our strategy for growth is delivering for Treatt. It is our employees' expertise, engagement and dedication to excellence through our values and execution of our strategy that has resulted in positive progress, which in turn gives us optimism for the future.

Focusing on those customers and ingredient solutions which can bring us sustainable value, and maintaining effective cost controls, continue to be a powerful combination at the core of our strategy. Controlling costs at Treatt balances our cost base today with appropriate investment for the future. Areas such as staff training and development, sales and R&D are being given additional investment to drive our strategy forward with our company-wide culture ensuring that potential savings are realised and wastage is minimised.

Product innovation, particularly in the beverage space, continues dynamically and this is providing opportunities for Treatt. This innovation is increasingly global in nature. More traditionally conservative markets such as Japan and South America are following the trend forged by North America and parts of Western Europe. Treatt is well placed to meet its customer needs across the globe. Sugar reduction remains a hot topic in this field and Treatt's ingredient solutions in this arena provide some important technical solutions to customer requirements. Tea distillates for iced tea products and vegetable essences designed to impart freshness to vegetable juice based functional drinks have shown good growth this year.

Deepening our relationships with key global accounts has also opened doors at affiliates in other corners of the world. This has enabled us to demonstrate our value proposition to new teams and work on new opportunities. Becoming a more significant partner at these key accounts is a fundamental part of our strategy. Our global sales team has been strengthened in the year and with increased focus and attention in markets such as China and other parts of Asia, we believe we will see longer term benefits for the Group.

Our beer ingredient solution team is founded on a passion for beer across a wide range of interests; as enthusiastic experimental brewers, growers of hops, as brewing technicians and not least as consumers. Our chemists, technicians, commercial teams and taste panels involved in the team speak the language of brewing and brewers, on a deeper level than merely understanding the process and where Treatt could add value. This passion and expertise has enabled Treatt to engage and gain a footing in this area, with innovation taking place in a growing market, presenting valuable opportunities. Providing the environment for idea incubation to thrive, and consequently solutions to be executed, unencumbered by excessive bureaucracy has been a key element to the fledgling success in this segment. Giving staff the space to develop solutions and run with their ideas has been an exciting development in our culture of empowerment - delighting customers has been the result.

Work is actively underway in areas of product engineering, reducing the time and cost to make some of our higher volume and also higher value ingredient solutions. Our teams are working hand in glove across the business to cut away at inefficient processes or find alternative sources for key materials. We are optimistic that the benefit of these projects will result in margin improvements across our business on a sustainable basis. Much of this work is centred on our existing product offering and the benefits are contributing to our business today.

Chemical sales through our partner, Endeavour Specialty Chemicals, continue to be strong with double digit growth year on year. This added-value manufacture is an important growth driver for Treatt.

A culture of safety

Health and safety is of paramount importance to Treatt. We have implemented a behavioural safety programme to embed the Treatt safety culture and have intensified pro-active inspections by the workforce and management. Our tenet of health and safety being a collective responsibility has brought us many benefits and true engagement from our teams, leading to increased awareness and ownership of safety.

The community

The communities in which we operate around the world are very important to us and we are increasingly engaging with them. We have close ties with local charities and this year made some of our facilities available for the launch of a Male Family Carers Awareness and Support campaign. Through our staff information exchange committees we are introducing 'community spirit leave' so that our employees can provide voluntary support and services to a charity within the working day.

Treatt has raised its local profile significantly and we have been proud to receive prestigious business awards recognising this contribution, as well as being named a national champion in the

European Business Awards. We are privileged to be a stakeholder in our head office town of Bury St Edmunds, Suffolk and we are active participants in local Chamber of Commerce events with the aim of giving back to our local community partners.

THE FUTURE

Partnership with customers

In the last year we have welcomed customers and potential customers alike to work with our innovation teams in our technical facilities. This close association with customers is a prime example of how our strategy to focus on key accounts is bearing fruit. Final modifications to our ingredient solutions are then made with their direct input, speeding up the sales cycle and providing technical engagement with the customer who can then tailor the solution they require to their application. This process builds customer confidence in Treatt's capabilities, creating the opportunity for further projects in the future.

Our marketing efforts continue to be appreciated by customers, and our Market Intelligence report, where we provide critical information to assist our customers in making key strategic sourcing decisions, receives significant plaudits from target customers. This drives their understanding of Treatt's capability and insight, and in turn provides our salesforce with a useful tool to engage with customers. Flavour trend data, commissioned by Treatt, is enabling our customer base to view us as a much more proactive organisation by helping them anticipate what consumers will want not just now, but critically, next.

Potential UK site re-development or re-location

In order to successfully grow our UK-based business in the most efficient and profitable manner, the leadership team, Executive Directors and the Board have been reviewing a number of options in recent years. Having been based at our current site in Bury St Edmunds, Suffolk for over forty years, we need to either carry out a comprehensive re-development of our existing site or locate to new premises within the area.

Our objective is to create a UK-based business which meets the needs of our customers and will deliver our strategic objectives in a sustainable manner for many decades to come. This in turn means that we need a site which meets the highest modern standards in terms of technical and R&D capabilities, operational efficiency, environmental standards, and above all to provide a great place for our people to drive the entrepreneurial success of this business.

We continue to explore a number of options from re-developing the existing site to a brand new facility on a 'greenfield' site. The potential cost of such a move is likely to be considerable, but we believe that the long-term benefits to the business will be significant. We also recognise that, if we chose to do nothing, we would still need to spend a significant sum on infrastructure maintenance and investment in our current site anyway over the next year or two in order to meet both the regulatory and growth needs of the business.

Aligning our organisation

During the year we added Quality Control and Human Resources to the list of departments now operating on a structured, global platform. This has enabled standardised training and development of staff with increased coherence and capability. Further development towards alignment across the Group will occur in the current year, with key areas such as improving cross-communication, idea sharing and resource allocation being optimised. To support our investment and the development of our staff, we have appreciably increased our training budget to equip our teams with the necessary skills to provide the best possible performance for the Group. This not only drives efficiencies within the business but also augments our service standards to our customers.

It is our employees who make the ultimate difference to Treatt. Investment in an engaged and motivated team who are working to deliver success every day for Treatt is not only central to achieving our goals but vital for our prosperity. The work on our cultural transformation will continue. We measure what our people say about working at Treatt through anonymous staff engagement surveys which gauge our performance and indicate where we must work to improve. We are now rolling these surveys out to the USA but recent results from the UK show that employees are well aware of company values, voting “very high” for clarity of vision, customer focus, quality and teamwork, which were all marked above the comparator group. It was also encouraging to read that motivation was marked “very high”. We fell short on community projects, in which we scored just below the comparator group, but we are now addressing this with our “community spirit leave” and encouraging our staff to take part in charitable fundraising, which is helping make Treatt a fun place to work as well as building a unified Treatt team.

At Treatt we not only want our staff to enjoy working for us, but to help drive the business forward. Constant engagement with our colleagues throughout the Group ensures that we get the best out of our teams, and thereby deliver the best possible success for Treatt.

On behalf of the Board, I thank and congratulate all of our employees for their engagement, performance and dedication.

DAEMMON REEVE
Chief Executive Officer
8 December 2014

FINANCIAL REVIEW

“Operating margins increased to 9.6% and the ratio of net debt to EBITDA fell below 1x - a solid achievement on both fronts”

Income Statement

The Group’s revenue can fluctuate due to changes in product mix and movements in raw material prices. Following three years of relatively little movement, revenue for the year grew by 6.9% to £79.2m (2013: £74.1m) as a consequence of an increase in sales of value-added products, in line with Group strategy. With operating margins increasing slightly from 9.4% to 9.6%, this resulted in a 9.9% increase in pre-exceptional operating profit to £7.6m (2013: £6.9m).

Exceptional costs in the year of £1.4m were incurred in connection with the strategic decision to terminate a long-standing agency arrangement and the continuing legal costs relating to the Earthoil earnout dispute. The agency termination costs (£1.1m) will enable the route to market to be shortened, and in the process remove a significant layer of costs in a key geographical market for the Group. Excluding these costs, earnings before interest, tax, depreciation and amortisation for the year increased by 9.0% to £9.0m (2013: £8.3m). Profit before tax after exceptional items rose by 7.2% to £5.5m (2013: £5.1m). Further information on the exceptional items is given in note 4.

The proposed total dividend per share for the year has been increased by 3.8% to 3.84p per share, resulting in a dividend cover of 2.6 times pre-exceptional earnings for the year and a rolling three year cover after exceptionals of 2.0 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 60% over the last five years. Although, therefore, the rolling cover is at the bottom end of this range, this was caused by the agency termination costs, without which the dividend cover would be comfortably within policy. Basic earnings per share (adjusted to exclude exceptional items – see note 7) for the year increased by 15.2% to 9.95p (2013 restated: 8.64p*). The calculation of earnings per share excludes those shares which are held by the Treatt Employee Benefit Trust (EBT) since they do not rank for dividend, and is based upon profit after tax.

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 but ended the year where it started with a closing balance sheet rate of £1=$1.62 (2013: $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 loss of £0.3m in 2014 compared to a gain of £0.1m in 2013. There was an immaterial currency loss of £0.02m (2013: loss of £0.18m) in the ‘Statement of Comprehensive Income’ in relation to the Group’s investment in overseas subsidiaries, principally in respect of Treatt USA.

The Group’s net finance costs for the year increased by 11.2% to £0.72m (2013: £0.65m) as a result of higher levels of debt in H1, before cash flows then improved in H2. Although finance costs did increase, as a consequence of the improvement in profitability, on a pre-exceptional cost basis, interest cover for the year fell slightly to 10.5 times (2013: 10.7 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 £0.4m (2013: £0.5m).

Group Tax Charge

The current tax charge of £1.5m (2013: £1.5m) represents an effective rate (based on profit before tax and exceptional items) of 24.7% (2013: 26.5%), reflecting the continuing reduction in UK corporation tax rates. After providing for deferred tax, the overall tax charge has decreased by £0.1m to £1.6m (2013: £1.7m); an overall effective tax rate of 28% (2013: 32%). 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 20%, the Group's overall effective rate of tax is expected to fall for the next two years.

Balance Sheet

Group shareholders' funds grew by £1.3m (2013: £1.4m) in the year to £28.8m (2013: £27.4m), with net assets per share increasing by 5.8% to 55p (2013 restated: 52p*). Over the last five years, net assets per share have grown by 27%. Net current assets now represent 96% (2013: 94%) 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 £0.5m (2013: £0.6m) as a result of shares held by the EBT, 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

In 2014 Group net debt increased by £1.3m to £9.6m (2013: £8.3m) with a corresponding increase in the level of gearing from 30% to 33%. The Group has a mix of secured and unsecured borrowing facilities totalling £20.3m, of which £10.2m 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 without difficulty when they fall due.

There was a material increase in cash tied up in working capital for the year of £4.0m due to an overall increase in inventory levels of £4.4m, being an increase of 18%. There were particular factors in the year relating to higher citrus oil prices which had a material impact on the value of inventories held by the Group. In any event, this 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 was at the lower end of expectations with a total spend of £0.8m compared to £1.6m in 2013. There were no major projects in the year, whilst capex in the UK tended to be related to on-going routine renewal and maintenance whilst the potential site re-development or relocation options continue to be explored.

Treatt Employee Benefit Trust

During the year 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. In addition, 59,000 (2013 restated: 110,000*) market value options were granted to Directors and senior management. Following approval at the 2014 Annual General Meeting, certain key employees were granted 175,000 nil cost share options which will vest after three years on a sliding scale, subject to performance conditions. In total, options were granted over 468,000 (2013 restated: 261,000*) shares during the year, whilst 127,000 (2013 restated: 199,000*) were exercised.

The Employee Benefit Trust (EBT) currently holds 956,000 shares (2013 restated: 1,085,000*) acquired in the market in order to satisfy future option schemes without causing shareholder dilution. Furthermore, by holding shares in the EBT for some time before they are required to satisfy the exercise of options, it is expected that the current programme of employee share option schemes will be self-financing as the proceeds from share options which vest are expected to exceed the original cost of the shares acquired. 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 in January 2012, the result of which was that the company agreed to maintain contributions at their current levels in order to eliminate the actuarial deficit by 2019. Despite this, the IAS 19, “Employee Benefits” pension liability, net of deferred tax, increased in the year from £1.3m to £2.0m. The principal cause of this increase was the use of a lower discount rate to value the future liabilities of the scheme.

Following consultation with members, it was agreed that the scheme would not be subject to any further accruals after 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. As a consequence, a curtailment gain of £0.2m was recognised in last year’s financial statements. 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 indeed 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 will protect the Group against the worst of any short-term swings in currencies.

As we enter the new financial year, we will continue our focus on balancing the generation of good returns for our shareholders, with investing against strict criteria in order to ensure the long-term success of the Group.

RICHARD HOPE
Finance Director
8 December 2014

* Restated following 5 for 1 sub-division of shares

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
GROUP INCOME STATEMENT

	Notes	**2014**	2013
		£'000	£'000
Revenue	3	**79,189**	74,097
Cost of sales		**(61,218)**	(56,510)
Gross profit		**17,971**	17,587
Administrative expenses		**(10,343)**	(10,649)
Operating profit		**7,628**	6,938
Loss on disposal of subsidiaries		**-**	(60)
Finance revenue		**1**	85
Finance costs		**(725)**	(736)
Profit before taxation and exceptional item		**6,904**	6,227
Exceptional items	4	**(1,402)**	(1,093)
Profit before taxation		**5,502**	5,134
Taxation	5	**(1,553)**	(1,655)
Profit for the period attributable to owners of the Parent Company		**3,949**	3,479
Earnings per share			
Basic	7	**7.69p**	6.80p*
Diluted	7	**7.66p**	6.77p*
Adjusted basic	7	**9.95p**	8.64p*
Adjusted diluted	7	**9.91p**	8.60p*

All amounts relate to continuing operations
The notes on pages 18 to 19 form part of this preliminary statement

*Restated following 5 for 1 sub-division of shares

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
GROUP STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	£'000	£'000
Profit for the period attributable to owners of the Parent Company	**3,949**	3,479
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency net investment	**20**	(180)
Current tax on foreign currency translation differences	**(11)**	30
Fair value movement on cash flow hedges	**16**	546
Deferred tax on fair value movement	**(8)**	(135)
	17	261
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit pension scheme	**(1,170)**	(1,058)
Current tax credit on actuarial loss	**51**	72
Deferred tax credit on actuarial loss	**188**	158
	(931)	(828)
Other comprehensive expense for the period	**(914)**	(567)
Total comprehensive income for the period attributable to owners of the Parent Company	**3,035**	2,912

The notes on pages 18 to 19 form part of this preliminary statement

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Own shares in share trust £'000	Hedging reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	**Total £'000**
1 October 2012	1,048	2,757	(736)	(1,033)	635	23,332	**26,003**
Profit for the period	-	-	-	-	-	3,479	**3,479**
Other comprehensive income:							
Exchange differences net of tax	-	-	-	-	(180)	30	**(150)**
Fair value movement on cash flow hedge net of tax	-	-	-	546	-	(135)	**411**
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(828)	**(828)**
Total comprehensive income	-	-	-	546	(180)	2,546	**2,912**
Transactions with owners:							
Dividends	-	-	-	-	-	(1,585)	**(1,585)**
Share-based payments	-	-	-	-	-	22	**22**
Movement in own shares in share trust	-	-	114	-	-	-	**114**
Loss on release of shares in share trust	-	-	-	-	-	(23)	**(23)**
1 October 2013	1,048	2,757	(622)	(487)	455	24,292	**27,443**
Profit for the period	-	-	-	-	-	3,949	**3,949**
Other comprehensive income:							
Exchange differences	-	-	-	-	20	-	**20**
Fair value movement on cash flow hedge	-	-	-	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**
30 September 2014	**1,048**	**2,757**	**(549)**	**(377)**	**291**	**25,590**	**28,760**

The notes on pages 18 to 19 form part of this preliminary statement

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
GROUP BALANCE SHEET

	2014	2013
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	**1,075**	1,075
Other intangible assets	**726**	684
Property, plant and equipment	**10,994**	11,718
Deferred tax assets	**396**	278
Trade and other receivables	**586**	586
	13,777	14,341
Current assets		
Inventories	**28,020**	23,669
Trade and other receivables	**14,509**	13,207
Current tax assets	**340**	128
Derivative financial instruments	**92**	219
Cash and bank balances	**629**	1,117
	43,590	38,340
Total assets	**57,367**	52,681
LIABILITIES		
Current liabilities		
Borrowings	**(2,356)**	(522)
Provisions	**(920)**	(49)
Trade and other payables	**(12,053)**	(11,292)
Current tax liabilities	**(676)**	(621)
	(16,005)	(12,484)
Net current assets	**27,585**	25,856
Non-current liabilities		
Deferred tax liabilities	**(1,007)**	(1,001)
Borrowings	**(7,857)**	(8,889)
Trade and other payables	**(23)**	(23)
Post-employment benefits	**(2,529)**	(1,589)
Derivative financial instruments	**(511)**	(577)
Redeemable loan notes payable	**(675)**	(675)
	(12,602)	(12,754)
Total liabilities	**(28,607)**	(25,238)
Net assets	**28,760**	27,443
EQUITY		
Share capital	**1,048**	1,048
Share premium account	**2,757**	2,757
Own shares in share trust	**(549)**	(622)
Hedging reserve	**(377)**	(487)
Foreign exchange reserve	**291**	455
Retained earnings	**25,590**	24,292
Total equity attributable to owners of the Parent Company	**28,760**	27,443

The notes on pages 18 to 19 form part of this preliminary statement

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
GROUP STATEMENT OF CASH FLOWS

	2014	2013
	£'000	£'000
Cash flow from operating activities		
Profit before taxation	**5,502**	5,134
Adjusted for:		
Depreciation of property, plant and equipment	**1,222**	1,219
Amortisation of intangible assets	**172**	181
Loss on disposal of property, plant and equipment	**17**	3
Gain on disposal of intangible assets	**(2)**	-
Loss on disposal of subsidiaries	**-**	60
Net finance costs	**724**	714
Share-based payments	**46**	22
Decrease/(Increase) in fair value of derivatives	**115**	(129)
Decrease in post-employment benefit obligation	**(230)**	(307)
Operating cash flow before movements in working capital	**7,566**	6,897
Movements in working capital:		
Increase in inventories	**(4,322)**	(789)
(Increase)/decrease in trade and other receivables	**(1,331)**	876
Increase in trade and other payables, and provisions	**1,615**	2,266
Cash generated from operations	**3,528**	9,250
Taxation paid	**(1,552)**	(649)
Net cash from operating activities	**1,976**	8,601
Cash flow from investing activities		
Disposal of subsidiaries	**-**	(9)
Proceeds on disposal of property, plant and equipment	**4**	2
Purchase of property, plant and equipment	**(538)**	(1,433)
Purchase of intangible assets	**(212)**	(147)
Interest received	**1**	22
	(745)	(1,565)
Cash flow from financing activities		
Increase/(decrease) in bank loans	**215**	(2,223)
Interest paid	**(725)**	(736)
Dividends paid	**(1,899)**	(1,585)
Net sale of own shares by share trust	**91**	91
	(2,318)	(4,453)
Net increase/(decrease) in cash and cash equivalents	**(1,087)**	2,583
Cash and cash equivalents at beginning of period	**1,095**	(1,341)
Effect of foreign exchange rates	**13**	(147)
Cash and cash equivalents at end of period	**21**	1,095
Cash and cash equivalents comprise:		
Cash and cash equivalents	**629**	1,117
Bank borrowings	**(608)**	(22)
	21	1,095

The notes on pages 18 to 19 form part of this preliminary statement

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014 £'000	2013 £'000
(Decrease) /increase in cash and cash equivalents	**(1,074)**	2,436
(Increase)/decrease in bank loans	**(215)**	2,223
Cash (outflow)/inflow from change in net debt in the period	**(1,289)**	4,659
Effect of foreign exchange rates	**(1)**	(4)
Movement in net debt in the period	**(1,290)**	4,655
Net debt at start of the period	**(8,294)**	(12,949)
Net debt at end of the period	**(9,584)**	(8,294)

The notes on pages 18 to 19 form part of this preliminary statement

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
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 2014 and 2013 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 2013 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 September 2014 have been audited and approved, but have not yet been filed.

The Group’s audited financial statements for the year ended 30 September 2014 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 8 December 2014.

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 2013.

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 which had a material effect on this preliminary statement.

3. 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 now operates one global business segment engaging 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, 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:

	2014	2013
	£’000	£’000
Revenue by destination		
United Kingdom	**9,975**	10,016
Rest of Europe	**21,566**	19,837
The Americas	**29,638**	26,661
Rest of the World	**18,010**	17,583
	79,189	74,097

4. Exceptional items

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

	2014 £'000	2013 £'000
Legal and professional fees	**292**	634
Corporate finance advisory and other costs	**-**	459
Agency termination	**1,110**	-
	1,402	1,093
Less: tax effect of exceptional items	**(244)**	(108)
	1,158	985

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 relate to statutory compensation due upon giving contractual notice in respect of the strategic termination of a longstanding agency arrangement.

5. Taxation

	2014 £'000	2013 £'000
Analysis of tax charge for the year		
Current tax:		
UK corporation tax on profits for the period	**732**	953
Adjustments to UK tax in respect of previous period	**(111)**	7
Overseas corporation tax on profits for the period	**909**	581
Adjustments to overseas tax in respect of previous periods	**(72)**	(45)
Total current tax	**1,458**	1,496
Deferred tax:		
Origination and reversal of timing differences	**20**	163
Effect of reduced tax rate on opening assets and liabilities	**(27)**	(3)
Adjustments in respect of previous periods	**102**	(1)
Total deferred tax	**95**	159
Tax on profit on ordinary activities	**1,553**	1,655
Analysis of tax credit/(charge) in other comprehensive income (OCI):		
Current tax:		
Foreign currency translation differences	**(11)**	30
Actuarial loss on defined benefit pension scheme	**51**	72
Total current tax	**40**	102
Deferred tax:		
Cash flow hedges	**(8)**	(135)
Actuarial loss on defined benefit pension scheme	**188**	158
Total deferred tax	**180**	23
Total tax credit recognised in OCI	**220**	125

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2014
NOTES TO THE PRELIMINARY STATEMENT

5. Taxation (continued)

	2014	2013
	£'000	£'000
Analysis of tax credit in equity:		
Current tax:		
Share-based payments	**17**	-
Deferred tax:		
Share-based payments	**26**	-
Total tax credit recognised in equity	**43**	-

6. Dividends

	Dividend per share for year ended 30 September				
	2014[2]	**2013[1]**	2012[1]	**2014**	2013
	Pence	**Pence***	Pence*	**£'000**	£'000
Equity dividends on ordinary shares:					
Interim dividend	*1.24p*	**1.10p**	1.02p	**565**	521
Final dividend	*2.60p*	**2.60p**	2.08p	**1,334**	1,064
	3.84p	**3.70p**	3.10p	**1,899**	1,585

*Restated following 5 for 1 sub-division of shares

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

[2] The declared interim dividend for the year ended 30 September 2014 of 1.24 pence was approved by the Board on 16 May 2014 and was paid on 17 October 2014. Accordingly it has not been included as a deduction from equity at 30 September 2014. The proposed final dividend for the year ended 30 September 2014 of 2.60 pence will be voted on at the Annual General Meeting on 30 January 2015. Both dividends will therefore be accounted for in the financial statements for the year ended 30 September 2015.

7. 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).

	2014	2013*
Earnings (£'000)	**3,949**	3,479
Weighted average number of ordinary shares in issue (No: '000)	**51,335**	51,142
Basic earnings per share (pence)	**7.69p**	6.80p

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:

	2014 No ('000)	2013* No ('000)
Weighted average number of shares	**52,405**	52,405
Weighted average number of shares held in the EBT	**(1,070)**	(1,263)
Weighted average number of shares used for calculating basic EPS	**51,335**	51,142
Executive share option schemes	**40**	9
Savings-related share options	**177**	223
Weighted average number of shares used for calculating diluted EPS	**51,552**	51,374
Diluted earnings per share (pence)	**7.66p**	6.77p

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:

	2014 £'000	2013* £'000
Earnings for calculating basic and diluted earnings per share	**3,949**	3,479
Adjusted for:		
Exceptional items (see note 4)	**1,402**	1,093
Taxation thereon	**(244)**	(155)
Earnings for calculating adjusted earnings per share	**5,107**	4,417
Adjusted basic earnings per share (pence)	**9.95p**	8.64p
Adjusted diluted earnings per share (pence)	**9.91p**	8.60p

*Restated following 5 for 1 sub-division of shares

8. Contingent liabilities

As previously reported, the sellers of the Earthoil Group, which was wholly acquired in April 2008, have filed a claim in the Chancery Division of the High Court against the Parent Company for £1.8m which was subsequently extended to £2.3m. 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 the hearing of some preliminary issues in November 2013 and February 2014, determination of the substantive issues has been stayed pending hearings at the Court of Appeal on matters of legal interpretation. As with any litigation, there can be no certainty of the eventual outcome, but the Board remains of the view that no sums are due to the sellers in respect of this claim. The costs of resolving the dispute currently total £939,000, of which the current year's costs of £292,000 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.