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TREATT PLC
FINAL RESULTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

Treatt plc (the 'Group'), the manufacturer and supplier of conventional, organic and fair trade ingredients for the flavour, fragrance and consumer goods industries, announces today its results for the year ended 30 September 2013.

HIGHLIGHTS for the year:

- Group revenue steady at £74.1 million (2012: £74.0 million)
- Group operating profit increased by 23% to £6.9 million (2012: £5.6 million)
- Adjusted EBITDA* up 20% to £8.3 million (2012: £6.9 million)
- Adjusted profit before tax* increased by 23% to £6.2 million (2012: £5.1 million)
- Dividend increased 19% to 18.5p per share (2012: 15.5p)
- Adjusted basic earnings per share* up 26% to 43.2p (2012: 34.4p)
- Net assets per share increased to £2.62 (2012: £2.48)

Commenting on the results, Group CEO Daemmon Reeve said:
"These figures show clear improvements in Treatt's performance as a result of the new strategy of focusing on core markets and value-added products. Early signs for the current year are encouraging but there remains a lot to do; driving growth, bearing down on costs and creating efficiencies across the business."

* excluding exceptional items – see note 4

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CHAIRMAN'S STATEMENT

"Adjusted earnings per share increased by 26% and dividends per share by 19%"

Results
The performance of the Group, in a year of significant change, has been very encouraging and it is pleasing to report that results for the last year were better than had been originally forecast. Pre-exceptional profits for the financial year increased by 23% to £6.2m (2012: £5.1m) and adjusted* basic earnings per share grew by 26% to 43.2p (2012: 34.4p). Revenue, which can fluctuate due to changes in product mix and movements in raw material prices, was steady at £74.1m (2012: £74.0m). Adjusted* earnings before interest, tax, depreciation and amortisation increased by 20% to £8.3m (2012: £6.9m). Operating profit margins rose in the year from 7.6% to 9.4% leading to operating profits rising by 23% to £6.9m (2012: £5.6m).

Cash flows of the Group can vary from one year to the next because of movements in raw material prices and the strategic purchasing decisions made by our very experienced procurement team. 2013 saw a very encouraging net cash inflow of £4.7m, reducing net debt by more than a third to £8.3m (2012: £12.9m), resulting in a modest average net debt to EBITDA ratio of 1.3 times (2012: 1.5 times).

The exceptional items totalling £1.1m reported in these results relate to corporate finance and other related one-off costs (£0.5m) and the legal and professional costs in relation to the on-going earnout dispute in relation to the acquisition of the Earthoil Group (£0.6m). Further details concerning the contingent liability in respect of this dispute is given in note 8.

Dividends
The Board is proposing a net final dividend of 13.0p (2012: 10.4p), increasing the total dividend for the year by 19% to 18.5p (2012: 15.5p) per share. If approved by shareholders at the forthcoming AGM, the final dividend will be payable on 4 April 2014 to all shareholders on the register at close of business on 28 February 2014. Shareholders who wish to participate in the dividend re-investment plan for this and future dividends should elect to do so by 10 March 2014.

Board Changes
Following ten years as a Non-executive Director, we bade farewell to Peter Thorburn this year. Peter's contribution to the Board over a decade of major change for the Group has been immense and as a UK national resident in Florida, he has been particularly closely associated with the success of Treatt USA over the last few years. I would very much like to place on record our thanks to Peter for everything he has done for Treatt and to wish him and his family well for the future.

I was delighted to welcome Jeff Iliffe to the Board as a Non-executive Director during the year. Jeff is the Chief Financial Officer of Abcam plc and brings with him a wealth of financial and City experience which will, I have no doubt, be of great benefit to the Board.

Corporate Governance
In addition to Jeff Iliffe's appointment as Audit Committee Chairman, it has been a very busy year for other aspects of corporate governance as well.

New rules apply to companies reporting on financial years ending on or after 30 September 2013 – which means that Treatt is one of the companies now needing, at very short notice, to deal with new procedures on remuneration policy, gender diversity, greenhouse gas reporting and the strategic report. In consequence, this year's Annual Report contains a significant amount of new and additional information.

The Remuneration Committee consulted major shareholders on its remuneration policy and, together with a new Long Term Incentive Plan, will be putting these proposals before shareholders at the forthcoming AGM in February 2014.

A full and comprehensive risk review has also been undertaken, reviewed and approved by the Board.

Shareholder Relations
Following the decision of the Bovill family to dispose of their shareholding earlier this year, I would like to formally recognise and thank Hugo Bovill and his family for their dedication and stewardship of Treatt over the years. Treatt has a proud heritage, which will be built upon as the business continues to grow.

I am also, therefore, delighted to welcome some new names to Treatt's share register and I look forward to updating all shareholders regularly on the on-going progress being made by the Group.

Review of the year
I mentioned in my report last year that the Board was carrying out a thorough review of the business. CEO Daemmon Reeve developed a new strategic plan which met with the Board's approval and which was rolled out to all colleagues through a series of workshops in January 2013. Daemmon discusses the new strategy in detail in his report.

Turning now to the performance of the business over the last twelve months, we were anticipating a year of steady growth and it is clear that the new strategy gained traction very quickly. Although Q1 was, as ever, a seasonally quiet period for the Group, from the turn of the year business has been pleasing with both the Treatt and Earthoil branded businesses performing well. Sales revenues remained unchanged but a combination of improved margins and stringent overhead control has delivered the 23% growth in adjusted pre-tax profits being reported.

Treatt's strong technical and procurement experience with raw material ingredients is enabling the business to both transition up the value chain and margins to grow, notwithstanding top line sales value being impacted by lower average costs of key raw materials. At the same time, overall costs have been reduced; with the centralising of the Group finance function delivering a particularly noteworthy saving.

The steady improvement in Earthoil's results is also very pleasing to report, with profits almost doubling compared with the year before. Its innovative range of cosmetic ingredient solutions, and increasing interest in fair trade activities, puts Earthoil in a good position to deliver material profits in years to come.

People
It is always extremely important, but particularly this year with all the changes which have taken place over the last eighteen months, that I publicly express the sincere thanks of the Board to all Treatt and Earthoil colleagues for their hard work and contribution to the success of Treatt.

Prospects
The Group has made a good start to the new financial year. With further progress on strategy implementation, continuing focus on key markets including the alcoholic and non-alcoholic beverage sectors, and on-going development of exciting, new and innovative products, the Board are confident that the Group will again show good progress in the coming year.

TIM JONES
Chairman
6 December 2013

*** Excluding exceptional items

CHIEF EXECUTIVE OFFICER'S REPORT

"Our new strategy is the central core to our success"

Overview

Treatt has had a good year with profit before exceptionals up by 23%, adjusted earnings per share 26% higher and net debt 36% lower than a year ago, and I would like to begin by thanking my colleagues throughout the Group for their endeavours and engagement which has enabled us to report such a pleasing set of figures. Our new strategy, which has been clearly communicated throughout the Treatt organisation, has been the central core to our success; colleagues are very clear about what Treatt is and the values we stand for. With greater focus, clarity and cost control as central pillars to our strategy it has enabled Treatt to begin the necessary path of preparing our business for the next stage of our growth as an innovative ingredient solution provider. The year has been exciting as well as challenging and I have been delighted to see so many colleagues flourishing and contributing to the business in a wide variety of ways. Creating the environment for colleagues to succeed is very motivating for me personally and our work on this continues.

Strategy

As our strategy further beds in to Treatt and we look to the future, we are building a sound platform to progress from.

Through greater focus and meaningful engagement with customers who can bring Treatt long term sustainable value we will create opportunities of consequence with products that excite customers and make them want to engage with us.

'One Treatt' Strategy for Growth

Our strategy is clear - to grow Group profitability and margins in the flavour, fragrance and consumer goods markets through:

- Focused sales approach
- Increasing group margins
- Concentrated product range
- Excellent quality and service
- Well motivated and experienced workforce
- Market-driven new product development
- Cost control

In addition to growth, a company-wide culture of cost control is an important aspect of our strategy and has encompassed everything from energy savings to process improvements, from reduction in global freight costs to savings on departmental consumables.

Sales Prospects

A key aspect of growing sales is retention of existing customers. With acute focus on the overall value to the Group, our sales team is incentivised to both retain as well as grow our business. By focussing on those accounts where meaningful opportunities are evident we increase our prospects, and aligning our technical resources with those opportunities maximises our chances of success - and as part of this we are currently working on a number of exciting opportunities with major beverage companies.

Raw Material Risk Management

The volatility of raw material prices, and their availability, continues to present challenges for the Group but the proven experience, expertise and innovation of our global procurement team has enabled Treatt to mitigate the extremes of these impacts. Empowerment of our team to move nimbly and authoritatively in markets also provides Treatt with an important competitive advantage.

Our most significant raw material, orange oil, has seen prices reaching highs of more than double the previous forty year peak and a far greater level of volatility in the last three years than had been the case previously. The potential, therefore, exists for revenues on - most notably - some lower margin aspects of our citrus ingredients business, to have an effect on the top line performance of the Group, as longstanding Treatt followers will be aware. Consequently, in the short term the leadership team have a greater focus on contribution margin, as opposed to solely focusing purely on sales, as a better indicator of the success of our strategy.

The Treatt Brand

To ensure clarity for our customers we are marketing our business as Treatt. The Treatt brand is trusted by our global customer base as being synonymous with exceptional quality and outstanding service. Whilst the legal entities of R C Treatt and Treatt USA remain, the focus and the branding of the business will continue to be built around one Treatt. This is reflected in our new website and can also be seen at the trade exhibitions we attend around the globe. A single branding message ensures clarity for our customers and supports our strategy of operating as one holistic Treatt business. It also enables us to globalise key departments in order to maximise synergies and strengthen our customer offering. Due to its unique offering as a supplier of specialist cosmetic ingredient solutions, the Earthoil brand will continue to flourish as a separate, distinct, and highly valued, brand in its own right.

Aligning Our Organisation

Our procurement, sales, IT and finance departments are now truly global and the resultant benefits in the form of cost savings and the synergistic effect of teams working with clarity of direction and greater alignment are tangible. The fully integrated global sales structure enables greater focus on multi-national flavour, fragrance and FMCG customers. Our marketing will increasingly be focused, which has proven to be very effective this year with increasing press coverage in our targeted markets. Further improvements in the organisational focus and structure of the Group will be taking place in 2014.

We have made good progress in developing positive cultural change and enhancing team spirit within the business, and this work, central to our strategy, will continue.

Innovation

It is vital that our colleagues feel empowered, fulfilled and motivated in their roles within the Group and we are taking further steps to create an environment where cutting edge innovation is both fostered and thrives. A significant aspect of this is that teams are working closer than ever across the Group and, with this much improved communication, new product development and innovation is being market-driven to create more innovative products with greater market potential. Members of our technical team are increasingly visiting customers with our sales staff to provide essential technical support. Engaging with counterparts in key accounts to get first-hand feedback from customers on our new innovations enables rapid fine tuning to meet customer needs.

To illustrate using just one example of our innovation efforts, we have developed a range of products targeted towards wellness applications. The arrival of Stevia and other natural non-nutritive sweeteners in the marketplace stimulated us to take another look at how our Treattaromes might be used in combination with natural sweeteners. Our team found that a certain mixture of our Treattarome essences provided sweet flavour notes and taste experience, and importantly masked the lingering Stevia taste with mellow softness. As we looked further into the different products in which Stevia is used, we perceived a need for products that were more closely tailored to the needs of the application, carbonated soft drinks needing a different profile to still applications for example and other specialised versions were developed to broaden the scope of our product offerings.

Enhancing Customer Value

We have engaged with our customers at all levels to determine how Treatt's products can enhance customer value. If we delight customers they return and, importantly, turn to us when they have new requirements. Building trust to build business has been a key element of our success; our strategy enables our teams to build and firm relationships for the long term.

Treatt USA and R C Treatt/Earthoil have built on last year's success and continue to enjoy British Retail Consortium 'A' grade status, with fewer and fewer areas for improvement identified.

R C Treatt

Much work has taken place in the UK to modernise business practices to derive efficiency and improve productivity. This work continues into the current fiscal year. Management and their teams taking ownership of business improvement processes has been particularly effective and the level of cross-departmental collaboration is high. Focus on key areas of the business such as added-value specialty manufactured chemicals has delivered pleasing results at accounts which provide sustainable value for the business. Lower performing products have been de-listed from our offering to enable greater focus on those products which bring more sustainable value to our business and this work continues. Engagement with the strategy has been and continues to be very high.

A review of Treatt's UK site has been under consideration by the Directors for some time. The Board and operations management are working closely to ensure that we make the right investment decisions at the right time for the future of our business in order to ensure we have a fit for purpose UK manufacturing facility to improve efficiency across the business and drive value for our shareholders for the long term. This review currently remains a work in progress and no decisions have yet been made.

Treatt USA

Treatt USA had a year of consolidation with an anticipated tougher year in key orange oil markets. Over-stocking of ingredients at some accounts and underperforming beverages at others led to lower than anticipated sales of specialty non-orange product ranges, negatively affecting profitability. However, optimism levels remain healthy in the business, with relationships with key accounts being in good shape. Good progress is also being made with some potential key accounts which are receiving much attention in the business. The sales opportunity pipeline looks promising and this should translate into meaningful opportunities for the business in the next year or two.

Earthoil

I am pleased to report that Earthoil, the Group's niche cosmetic ingredients business, had a record year and its third successive year of profitability. Again, the strategy guided the meaningful progress made with a greater focus on those customers who can bring sustainable business receiving increased focus and technical support. Important wins at new material accounts also enabled the business to perform well. In February we appointed our new Director of African Operations, Leopold Kerama, who is driving further efficiency improvements in our Kenyan manufacturing facilities as we develop our business.

Sustainability

I was privileged to visit our Earthoil facility in Kenya in August to witness first hand not only the excellent work being done by our teams but also the responsibility it shows towards the local community by assisting the farmers to organise themselves into a society (the Kenya Organic Oil Farmers Association) so that they are properly represented and able to carry out communal projects. Through Fair for Life certification, we pay a Fair Trade premium for the products we purchase into a community fund to be used for projects as decided by the farmers and workers themselves. So far, this has funded scholarships for seven children from poor families to attend secondary school and there are plans afoot to build a social hall where farmers and workers can carry out educational and social activities.

Outlook

Whilst the macro-economic situation is still fragile in many corners of the globe, we remain optimistic that the re-alignment and refreshment of our business through our strategy, coupled with healthy levels of consumer goods innovation, most notably in the beverage sector, will enable Treatt to continue on its path of progress with excitement and renewed determination. Challenges remain and we will not be complacent in this regard, but we look forward with confidence as a business. Importantly, we have an excellent team; empowered, motivated and equipped to deliver the results.

Daemmon Reeve
Chief Executive Officer

FINANCIAL REVIEW

"Operating margins increased from 7.6% to 9.4% whilst costs were kept under tight control"

Income Statement

The Group's revenue can fluctuate due to changes in product mix and movements in raw material prices. Consequently whilst revenue for the year remained unchanged at £74.1m (2012: £74.0m), gross margins (being a greater driver of bottom line growth) rose from 22.6% to 23.7%. This, together with tight control of costs, resulted in a healthy 23% increase in pre-exceptional operating profit of £1.3m to £6.9m (2012: £5.6m).

Exceptional costs in the year of £1.1m were incurred in connection with shareholder-related matters and professional fees relating to the Earthoil earnout dispute. Excluding these costs, earnings before interest, tax, depreciation and amortisation for the year increased by 20% to £8.3m (2012: £6.9m). Profit before tax after exceptional items of £1.1m rose by 15% to £5.1m (2012: £4.5m). Further information on the exceptional items is given in note 4.

The proposed total dividend for the year has been increased by 19.4% to 18.5p per share, resulting in a dividend cover of 2.4 times pre-exceptional earnings for the year and a rolling three year cover after exceptionals of 2.2 times. The Board's policy is to maintain dividend growth on a consistent basis at between 2 and 2.5 times three year rolling cover with this year's dividend representing an increase of 65% over the last five years. Basic earnings per share (adjusted to exclude exceptionals – see note 7) for the year increased by 26% to 43.2p (2012: 34.4p). 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 with the US Dollar and to a more limited extent with the Euro. During the year the US Dollar fluctuated considerably but ended the year almost where it started with a closing balance sheet rate of $1.62 (2012: $1.61). 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. 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 very small gain of £0.1m in 2013 compared to a gain of £0.3m in 2012. There was a currency loss of £0.2m (2012: loss of £0.3m) 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 15% to £0.7m (2012: £0.6m) as a result of higher levels of debt in H1, before cash flows then improved sharply in H2. As a consequence of the improvement in profitability, interest cover for the year improved to 10.6 times (2012: 9.9 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 £0.5m (2012: £0.8m). Interest cover for the year improved to 10.6 times (2012: 9.9 times).

Group Tax Charge
The current tax charge of £1.5m (2012: £0.9m) represents an effective tax rate (based on profit before tax and exceptional items) of 26.5% (2012: 20.8%), the previous year having benefitted from significant accelerated capital allowances in the US. The overall tax charge has increased by £0.3m to £1.7m (2012: £1.4m), resulting in an overall effective tax rate which was almost unchanged at 32% (2012: 31%). There were no significant adjustments required to the previous year's tax estimates. With the current and deferred rates of tax continuing to fall in the UK until they reach an expected 20%, the Group's overall effective tax rates are expected to fall for the next two years.

Balance Sheet
Group shareholders' funds grew by £1.4m (2012: £0.4m) in the year to £27.4m (2012: £26.0m), with net assets per share increasing by 5.6% to £2.62 (2012: £2.48). Over the last five years, net assets per share have grown by 27%. Net current assets now represent 94% (2012: 80%) 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 £0.6m (2012: £0.7m) 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 2013 Group net debt fell by £4.7m to £8.3m (2012: £12.9m) with a corresponding reduction in the level of gearing from 50% to 30%. The Group has a mix of secured and unsecured borrowing facilities totalling £19.9m, of which only £2.8m 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. The reduction in cash tied up in working capital for the year was £2.4m largely due to an increase in trade creditors. Inventory levels for the Group increased by 3% to £23.7m (2012: £22.9m). 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 only 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 £1.4m compared to £2.7m in 2012. This was fairly evenly spread between the UK and US, being focused primarily on added-value investment in manufacturing processes to create improved capabilities and efficiencies, together with on-going investment in technical facilities to enhance the Group's R&D capabilities, together with continuous development of the IT platforms and infrastructure.

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, 22,000 (2012: Nil) full market value options were granted to Directors and senior management. As part of these programmes, including the full market value options, options were granted over a total of 52,000 (2012: 52,000) shares during the year, whilst 40,000 (2012: 47,000) were exercised. The Employee Benefit Trust (EBT) currently holds 217,000 shares (2012: 256,000) 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.

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 £0.6m to £1.3m. The principal cause of this increase was the assumption of a higher rate of inflation in the future, both in respect of CPI and RPI, which increased gross liabilities by £1.9m.

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 as well. Consequently, during the year forward currency contracts have been entered into which hedge part of R C Treatt's foreign exchange risk. These contracts 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.

Richard Hope
Finance Director

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013
GROUP INCOME STATEMENT

	Notes	**2013**	2012
		£'000	£'000
Revenue	3	**74,097**	74,009
Cost of sales		**(56,510)**	(57,319)
Gross profit		**17,587**	16,690
Administrative expenses		**(10,649)**	(11,062)
Operating profit		**6,938**	5,628
Loss on disposal of subsidiaries		**(60)**	-
Finance revenue		**85**	108
Finance costs		**(736)**	(676)
Profit before taxation and exceptional item		**6,227**	5,060
Exceptional items	4	**(1,093)**	(598)
Profit before taxation		**5,134**	4,462
Taxation	5	**(1,655)**	(1,390)
Profit for the period attributable to owners of the Parent Company		**3,479**	3,072
Earnings per share			
Basic	7	**34.0p**	30.0p
Diluted	7	**33.9p**	29.9p
Adjusted basic	7	**43.2p**	34.4p
Adjusted diluted	7	**43.0p**	34.3p

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

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013
GROUP STATEMENT OF COMPREHENSIVE INCOME

	2013	2012
	£'000	£'000
Profit for the period attributable to owners of the Parent Company	**3,479**	3,072
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences on foreign currency net investment	**(180)**	(339)
Current tax on foreign currency translation differences	**30**	9
Deferred tax on foreign currency translation differences	**-**	(12)
Fair value movement on cash flow hedges	**546**	(169)
Deferred tax on fair value movement	**(135)**	30
	261	(481)
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit pension scheme	**(1,058)**	(478)
Current tax credit on actuarial loss	**72**	-
Deferred tax credit on actuarial loss	**158**	110
	(828)	(368)
Other comprehensive expense for the period	**(567)**	(849)
Total comprehensive income for the period attributable to owners of the Parent Company	**2,912**	2,223

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

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013
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 2011	1,048	2,757	(485)	(864)	974	22,121	**25,551**
Profit for the period	-	-	-	-	-	3,072	**3,072**
Other comprehensive income:							
Exchange differences net of tax	-	-	-	-	(339)	(3)	(342)
Fair value movement on cash flow hedge net of tax	-	-	-	(169)	-	30	(139)
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(368)	(368)
Total comprehensive income	-	-	-	(169)	(339)	2,731	**2,223**
Transactions with owners:							
Dividends	-	-	-	-	-	(1,490)	**(1,490)**
Share-based payments	-	-	-	-	-	25	**25**
Movement in own shares in share trust	-	-	(251)	-	-	-	**(251)**
Loss on release of shares in share trust	-	-	-	-	-	(55)	**(55)**
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)**
30 September 2013	**1,048**	**2,757**	**(622)**	**(487)**	**455**	**24,292**	**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 2013
GROUP BALANCE SHEET

	2013	2012
	£'000	£'000
ASSETS		
Non-current assets		
Goodwill	**1,075**	1,080
Other intangible assets	**684**	718
Property, plant and equipment	**11,718**	11,543
Deferred tax assets	**278**	286
Trade and other receivables	**586**	586
	14,341	14,213
Current assets		
Inventories	**23,669**	22,915
Trade and other receivables	**13,207**	13,959
Current tax assets	**128**	252
Derivative financial instruments	**219**	-
Cash and cash equivalents	**1,117**	927
	38,340	38,053
Total assets	**52,681**	52,266
LIABILITIES		
Current liabilities		
Borrowings	**(522)**	(8,407)
Provisions	**(49)**	-
Trade and other payables	**(11,292)**	(8,938)
Current tax liabilities	**(621)**	-
	(12,484)	(17,345)
Net current assets	**25,856**	20,708
Non-current liabilities		
Deferred tax liabilities	**(1,001)**	(880)
Borrowings	**(8,889)**	(5,469)
Trade and other payables	**(23)**	(23)
Post-employment benefits	**(1,589)**	(838)
Derivative financial instruments	**(577)**	(1,033)
Redeemable loan notes payable	**(675)**	(675)
	(12,754)	(8,918)
Total liabilities	**(25,238)**	(26,263)
Net assets	**27,443**	26,003
EQUITY		
Share capital	**1,048**	1,048
Share premium account	**2,757**	2,757
Own shares in share trust	**(622)**	(736)
Hedging reserve	**(487)**	(1,033)
Foreign exchange reserve	**455**	635
Retained earnings	**24,292**	23,332
Total equity attributable to owners of the Parent Company	**27,443**	26,003

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

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013
GROUP STATEMENT OF CASH FLOWS

	2013	2012
	£'000	£'000
Cash flow from operating activities		
Profit before taxation	**5,134**	4,462
Adjusted for:		
Foreign exchange loss	**-**	(258)
Depreciation of property, plant and equipment	**1,219**	1,104
Amortisation of intangible assets	**181**	159
Loss on disposal of property, plant and equipment	**3**	-
Loss on disposal of subsidiaries	**60**	-
Net interest payable	**714**	618
Share-based payments	**22**	25
Increase in fair value of derivatives	**(129)**	-
Decrease in post-employment benefit obligation	**(307)**	(443)
Operating cash flow before movements in working capital	**6,897**	5,667
Movements in working capital:		
Increase in inventories	**(789)**	(2,578)
Decrease/(increase) in trade and other receivables	**876**	(2,104)
Increase in trade and other payables, and provisions	**2,266**	497
Cash generated from operations	**9,250**	1,482
Taxation paid	**(649)**	(1,279)
Net cash from operating activities	**8,601**	203
Cash flow from investing activities		
Disposal of subsidiaries	**(9)**	-
Proceeds on disposal of property, plant and equipment	**2**	-
Purchase of property, plant and equipment	**(1,433)**	(2,651)
Purchase of intangible assets	**(147)**	(136)
Interest received	**22**	58
	(1,565)	(2,729)
Cash flow from financing activities		
(Decrease)/increase in bank loans	**(2,223)**	692
Amounts converted to non-current borrowings	**-**	3,158
Interest paid	**(736)**	(676)
Dividends paid	**(1,585)**	(1,490)
Net sale/(purchase) of own shares by share trust	**91**	(306)
	(4,453)	1,378
Net increase/(decrease) in cash and cash equivalents	**2,583**	(1,148)
Cash and cash equivalents at beginning of period	**(1,341)**	(178)
Effect of foreign exchange rates	**(147)**	(15)
Cash and cash equivalents at end of period	**1,095**	(1,341)
Cash and cash equivalents comprise:		
Cash and cash equivalents	**1,117**	927
Bank borrowings	**(22)**	(2,268)
	1,095	(1,341)

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

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013
GROUP RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2013 £'000	2012 £'000
Increase/(decrease) in cash and cash equivalents	**2,436**	(1,163)
Decrease/(increase) in bank loans	**2,223**	(692)
Amounts converted from current borrowings	**-**	(3,158)
Cash inflow/(outflow) from change in net debt in the period	**4,659**	(5,013)
Effect of foreign exchange rates	**(4)**	58
Movement in net debt in the period	**4,655**	(4,955)
Net debt at start of the period	**(12,949)**	(7,994)
Net debt at end of the period	**(8,294)**	(12,949)

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

TREATT PLC
PRELIMINARY STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2013
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 2013 and 2012 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 2012 have been delivered to the Registrar of Companies. The statutory accounts for the year ended 30 September 2013 have been audited and approved, but have not yet been filed.

The Group's audited financial statements for the year ended 30 September 2013 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 6 December 2013.

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 2012 (other than segmental information – see note 3 below).

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 2013 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.

During the year, following the implementation of a new strategy by the Board, the Group now 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, manufacturing, technical, IT and finance, are now being managed globally on a Group basis.

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

	2013 **£'000**	2012 £'000
Revenue by destination		
United Kingdom	**10,016**	9,764
Rest of Europe	**19,837**	17,830
The Americas	**26,661**	28,792
Rest of the World	**17,583**	17,623
	74,097	74,009

4. Exceptional items

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

	2013	2012
	£'000	£'000
Compensation for loss of office	**-**	598
Legal and professional fees	**634**	-
Corporate finance advisory and other costs	**459**	-
	1,093	598

The exceptional items in the year all relate to non-recurring items. The legal and professional fees relate to the Earthoil earnout contract dispute. The corporate finance advisory and other costs relate to advice taken to support the Group in discussions with the Bovill family shareholders and related matters.

5. Taxation

	2013	2012
	£'000	£'000
Analysis of tax charge for the year		
Current tax:		
UK corporation tax on profits for the period	**953**	206
Adjustments to UK tax in respect of previous period	**7**	(12)
Overseas corporation tax on profits for the period	**581**	700
Adjustments to overseas tax in respect of previous periods	**(45)**	7
Total current tax	**1,496**	901
Deferred tax:		
Origination and reversal of timing differences	**163**	533
Effect of reduced tax rate on opening assets and liabilities	**(3)**	-
Adjustments in respect of previous periods	**(1)**	(44)
Total deferred tax	**159**	489
Tax on profit on ordinary activities	**1,655**	1,390
Analysis of tax credit/(charge) in other comprehensive income (OCI):		
Current tax:		
Foreign currency translation differences	**30**	9
Actuarial loss on defined benefit pension scheme	**72**	-
Deferred tax:		
Foreign currency translation differences	**-**	(12)
Cash flow hedges	**(135)**	30
Actuarial loss on defined benefit pension scheme	**158**	110
Total tax credit recognised in OCI	**125**	137

6. Dividends

	Dividend per share for year ended 30 September				
	2013[2]	**2012[1]**	2011[1]	**2013**	2012
	Pence	**Pence**	Pence	**£'000**	£'000
Equity dividends on ordinary shares:					
Interim dividend	*5.5p*	**5.1p**	4.8p	**521**	493
Final dividend	*13.0p*	**10.4p**	9.7p	**1,064**	997
	18.5p	**15.5p**	14.5p	**1,585**	1,490

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

[2] The declared interim dividend for the year ended 30 September 2013 of 5.5 pence was approved by the Board on 9 May 2013 and was paid on 18 October 2013. Accordingly it has not been included as a deduction from equity at 30 September 2013. The proposed final dividend for the year ended 30 September 2013 of 13.0 pence will be voted on at the Annual General Meeting on 24 February 2014. Both dividends will therefore be accounted for in the financial statements for the year ended 30 September 2014.

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).

	2013	2012
Earnings (£'000)	**3,479**	3,072
Weighted average number of ordinary shares in issue (No: '000)	**10,228**	10,227
Basic earnings per share (pence)	**34.0p**	30.0p

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:

	2013	2012
	No ('000)	No ('000)
Weighted average number of shares	**10,481**	10,481
Weighted average number of shares held in the EBT	**(253)**	(254)
Weighted average number of shares used for calculating basic EPS	**10,228**	10,227
Executive share option schemes	**2**	-
Savings-related share options	**45**	36
Weighted average number of shares used for calculating diluted EPS	**10,275**	10,263
Diluted earnings per share (pence)	**33.9p**	29.9p

7 Earnings per share (continued)

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:

	2013 **£'000**	2012 £'000
Earnings for calculating basic and diluted earnings per share	**3,479**	3,072
Adjusted for:		
Exceptional items (see note 4)	**1,093**	598
Taxation thereon	**(155)**	(150)
Earnings for calculating adjusted earnings per share	**4,417**	3,520
Adjusted basic earnings per share (pence)	**43.2p**	34.4p
Adjusted diluted earnings per share (pence)	**43.0p**	34.3p

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 has subsequently been 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 determination of some preliminary issues in November 2013, this matter may now proceed to be determined by an independent expert, although there are still matters to be determined by the Court and there can, therefore, be no certainty of the eventual outcome. The costs of resolving the dispute currently total £647,000, of which the current year's costs of £634,000 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.

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.