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TREATT PLC
HALF YEAR RESULTS ANNOUNCEMENT
SIX MONTHS ENDED 31 MARCH 2013

"Earnings per share increased by 40% and dividends up 8% as strategy roll-out continues"

Treatt PLC, the manufacturer and supplier of conventional, organic and fair trade ingredient solutions for the flavour, fragrance and consumer goods industries announces today its half year results for the six months ended 31 March 2013.

HIGHLIGHTS of our half year:

- New strategy showing early signs of success
- Revenues for the six months were £33.6 million (H1 2012: £36.0 million)
- EBITDA up by 25% to £3.0m (H1 2012: £2.4m)
- Profit before tax rose by 29% to £2.0m (H1 2012: £1.6m)
- Earnings per share increased by 40% to 14.1 pence (H1 2012: 10.1 pence)
- Interim dividend raised by 8% to 5.5p (2012 interim dividend: 5.1p)

Commenting on the results, Group CEO Daemmon Reeve said:
"It has been an exciting and busy six months for the business, and these results are a reflection that this effort and focus is translating into profits. We could not do this without the great team we have across all our operations. Treatt is well positioned to take advantage of the many opportunities ahead of us."

Enquiries:	Tel: 01284 714820
Daemmon Reeve	Chief Executive Officer
Richard Hope	Finance Director

CHAIRMAN'S STATEMENT

I am pleased to report that the Group has had an encouraging first half of its financial year, with EBITDA up by 25% to £3.0m (2012: £2.4m) and profit before tax increasing by 29% to £2.0m (2012: £1.6m). This has resulted in earnings per share rising by 40% to 14.1 pence per share (2012: 10.1 pence per share).

The Board has consequently declared an increase in the interim dividend of 8% to 5.5 pence per share (2012: 5.1 pence per share) which will be payable on 18 October 2013 to all shareholders on the register at close of business on 13 September 2013.

The first half year has seen the Group's new strategic focus under the leadership of Daemmon Reeve bearing fruit. The strategy focuses the Group's efforts, resources and capital on achieving a leading position as an ingredient solutions provider to the flavour, fragrance and consumer goods industries with a particular emphasis on the beverage market. This both builds on our core strengths and relationships and also provides a focus for managing the Group's resources and activities going forward. These results show the initial impact of some of the measures taken, most notably:

- Re-alignment of resources across the Group to support our sales efforts, especially to multi-national companies;
- The establishment of a global Group sales structure;
- A heavy investment in R&D and new product development, especially in the value added sectors of our markets; and
- Tight control of costs.

The Group has manufacturing bases in the UK, US and Kenya and volumes in the first six months of the year are up by 33% with plant utilisation at high levels. Sales of tea and citrus ingredients are performing particularly well and the new strategy is enabling the Group to win new business with large multi-national consumer goods corporations across a wide range of new and existing ingredient solutions, with a very clear emphasis on quality and customer service. In addition, revenue derived from the Earthoil branded range of organic and fair trade cosmetic ingredients continues to grow at a steady pace.

As we transition the product mix increasingly towards added-value manufactured ingredients, gross margins have improved by 3% and at the same time cost control has also played its part in reporting improved results with overheads down by 9% compared with the same period last year.

Just as pleasing has been the level of employee engagement across the Group and I am extremely grateful to all Treatt employees across the globe for the efforts they are making to deliver the Group's new strategic objectives. Treatt has a very positive 'can do' culture and as a result we are able to exceed customer expectations and so my sincere thanks go to everyone for their hard work and dedication.

Prospects
The Group is building up a good level of momentum in Q3 with strong sales and order books up significantly on a year ago with the increased focus on multi-national companies continuing to feed through. The second half of the year is also expected to benefit from both a continual improvement in margins as well as from further cost saving initiatives coming to fruition. Consequently whilst it is still relatively early in H2, the Board remains confident that results for the full year will meet its expectations.

Tim Jones
Chairman
10 May 2013

TREATT PLC
UNAUDITED HALF YEAR RESULTS
For the six months ended 31 March 2013

CONDENSED GROUP INCOME STATEMENT

	Notes	Six months ended		Year ended
		31 March 2013 (Unaudited) £'000	31 March 2012 (Unaudited) £'000	30 September 2012 (Audited) £'000
Revenue	5	**33,572**	36,026	74,009
Cost of sales		**(25,967)**	(28,835)	(57,319)
Gross profit		**7,605**	7,191	16,690
Administrative expenses		**(5,056)**	(5,536)	(11,320)
Operating profit before foreign exchange (loss)/gain		**2,549**	1,655	5,370
Foreign exchange (loss)/gain		**(197)**	171	258
Operating profit after foreign exchange (loss)/gain		**2,352**	1,826	5,628
Loss on disposal of subsidiary		**(24)**	-	-
Finance revenue		**43**	60	108
Finance costs		**(363)**	(330)	(676)
Profit before taxation and exceptional item		**2,008**	1,556	5,060
Exceptional item		**-**	-	(598)
Profit before taxation		**2,008**	1,556	4,462
Taxation	6	**(566)**	(523)	(1,390)
Profit for the period attributable to owners of the Parent Company		**1,442**	1,033	3,072
Earnings per share				
- Basic before exceptional item	7	**14.1p**	10.1p	34.4p
- Basic after exceptional item	7	**14.1p**	10.1p	30.0p
- Diluted after exceptional item	7	**14.1p**	10.1p	29.9p

All amounts relate to continuing operations
The notes on pages 10 to 12 form part of this half year results announcement

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 March 2013 (Unaudited) £'000	Six months ended 31 March 2012 (Unaudited) £'000	Year ended 30 September 2012 (Audited) £'000
Profit for the period	**1,442**	1,033	3,072
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences on foreign currency net investments	**681**	(187)	(339)
Current taxation on foreign currency translation differences	**4**	3	9
Deferred taxation on foreign currency translation differences	**-**	(7)	(12)
Fair value movement on cash flow hedge	**84**	81	(169)
Deferred taxation on fair value movement	**(29)**	(27)	30
	740	(137)	(481)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension scheme	**(594)**	(1,260)	(478)
Deferred tax on actuarial loss	**131**	290	110
	(463)	(970)	(368)
Other comprehensive income/(expense) for the period	**277**	(1,107)	(849)
Total comprehensive income/(expense) for the period attributable to owners of the Parent Company	**1,719**	(74)	2,223

The notes on pages 10 to 12 form part of this half year results announcement

CONDENSED 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 equity £'000**
1 October 2011	1,048	2,757	(485)	(864)	974	22,121	**25,551**
Net profit for the period	-	-	-	-	-	1,033	**1,033**
Exchange differences net of tax	-	-	-	-	(187)	(4)	**(191)**
Fair value movement on cash flow hedge	-	-	-	81	-	(27)	**54**
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(970)	**(970)**
Total comprehensive (expense)/income	-	-	-	81	(187)	32	**(74)**
Transactions with owners:							
Dividends	-	-	-	-	-	(1,490)	**(1,490)**
Share-based payments	-	-	-	-	-	12	**12**
Movement in own shares in share trust	-	-	(385)	-	-	-	**(385)**
Gain on release of shares in share trust	-	-	-	-	-	1	**1**
1 April 2012	1,048	2,757	(870)	(783)	787	20,676	**23,615**
Net profit for the period	-	-	-	-	-	2,039	**2,039**
Exchange differences net of tax	-	-	-	-	(152)	1	**(151)**
Fair value movement on cash flow hedge	-	-	-	(250)	-	57	**(193)**
Actuarial gain on defined benefit pension scheme net of tax	-	-	-	-	-	602	**602**
Total comprehensive (expense)/income	-	-	-	(250)	(152)	2,699	**2,297**
Transactions with owners:							
Share-based payments	-	-	-	-	-	13	**13**
Movement in own shares in share trust	-	-	134	-	-	-	**134**
Loss on release of shares in share trust	-	-	-	-	-	(56)	**(56)**
1 October 2012	1,048	2,757	(736)	(1,033)	635	23,332	**26,003**
Net profit for the period	-	-	-	-	-	1,442	**1,442**
Exchange differences net of tax	-	-	-	-	681	4	**685**
Fair value movement on cash flow hedge	-	-	-	84	-	(29)	**55**
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(463)	**(463)**
Total comprehensive income	-	-	-	84	681	954	**1,719**
Transactions with owners:							
Dividends	-	-	-	-	-	(1,585)	**(1,585)**
Share-based payments	-	-	-	-	-	11	**11**
31 March 2013	**1,048**	**2,757**	**(736)**	**(949)**	**1,316**	**22,712**	**26,148**

The notes on pages 10 to 12 form part of this half year results announcement

CONDENSED GROUP BALANCE SHEET

	As at 31 March 2013 (Unaudited) £'000	As at 31 March 2012 (Unaudited) £'000	As at 30 September 2012 (Audited) £'000
ASSETS			
Non-current assets			
Goodwill	**1,075**	1,192	1,080
Other intangible assets	**763**	765	718
Property, plant and equipment	**12,044**	11,213	11,543
Deferred tax assets	**354**	447	286
Trade and other receivables	**586**	586	586
	14,822	14,203	14,213
Current assets			
Inventories	**24,884**	19,961	22,915
Trade and other receivables	**14,028**	14,246	13,959
Current tax assets	**3**	8	252
Cash and cash equivalents	**448**	3,572	927
	39,363	37,787	38,053
Total assets	**54,185**	51,990	52,266
LIABILITIES			
Current liabilities			
Borrowings	**(10,851)**	(6,601)	(8,407)
Trade and other payables	**(7,155)**	(9,374)	(8,938)
Current tax liabilities	**(173)**	(110)	-
	(18,179)	(16,085)	(17,345)
Net current assets	**21,184**	21,702	20,708
Non-current liabilities			
Deferred tax liabilities	**(939)**	(520)	(880)
Borrowings	**(5,926)**	(8,272)	(5,469)
Trade and other payables	**(23)**	(135)	(23)
Post-employment benefits	**(1,346)**	(1,905)	(838)
Derivative financial instruments	**(949)**	(783)	(1,033)
Redeemable loan notes payable	**(675)**	(675)	(675)
	(9,858)	(12,290)	(8,918)
Total liabilities	**(28,037)**	(28,375)	(26,263)
Net assets	**26,148**	23,615	26,003

CONDENSED GROUP BALANCE SHEET (continued)

	As at 31 March 2013 (Unaudited) £'000	As at 31 March 2012 (Unaudited) £'000	As at 30 September 2012 (Audited) £'000
EQUITY			
Share capital	**1,048**	1,048	1,048
Share premium account	**2,757**	2,757	2,757
Own shares in share trust	**(736)**	(870)	(736)
Hedging reserve	**(949)**	(783)	(1,033)
Foreign exchange reserve	**1,316**	787	635
Retained earnings	**22,712**	20,676	23,332
Total equity attributable to owners of the Parent Company	**26,148**	23,615	26,003

The notes on pages 10 to 12 form part of this half year results announcement

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Six months ended		Year ended
	31 March	31 March	30 September
	2013	2012	2012
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	**2,008**	1,556	4,462
Adjusted for:			
Foreign exchange loss/(gain)	**358**	(150)	(258)
Depreciation of property, plant and equipment	**600**	515	1,104
Amortisation of intangible assets	**89**	76	159
Loss/(profit) on disposal of property, plant and equipment	**1**	(1)	-
Loss on disposal of subsidiary	**24**	-	-
Net interest payable	**350**	292	618
Share-based payments	**11**	12	25
Decrease in post-employment benefit obligation	**(86)**	(159)	(443)
	3,355	2,141	5,667
Changes in working capital:			
(Increase)/decrease in inventories	**(1,980)**	377	(2,578)
Increase in trade and other receivables	**(99)**	(2,392)	(2,104)
(Decrease)/increase in trade and other payables	**(1,737)**	931	497
Cash flow from operations	**(461)**	1,057	1,482
Taxation paid	**(47)**	(457)	(1,279)
Net cash from operating activities	**(508)**	600	203
Cash flow from investing activities			
Disposal of investments in subsidiaries	**(10)**	(1)	-
Purchase of property, plant and equipment	**(735)**	(1,686)	(2,651)
Purchase of intangible assets	**(134)**	(99)	(136)
Interest received	**13**	38	58
	(866)	(1,748)	(2,729)

CONDENSED GROUP STATEMENT OF CASH FLOWS (continued)

	Six months ended		Year ended
	31 March 2013 (Unaudited) £'000	31 March 2012 (Unaudited) £'000	30 September 2012 (Audited) £'000
Cash flow from financing activities			
Increase in bank loans	**680**	921	692
Amounts converted to non-current borrowings	**-**	-	3,158
Interest payable	**(363)**	(330)	(676)
Dividends paid	**(1,585)**	(1,485)	(1,490)
Net purchase of own shares by share trust	**-**	(384)	(306)
	(1,268)	(1,278)	1,378
Net decrease in cash and cash equivalents	**(2,642)**	(2,426)	(1,148)
Cash and cash equivalents at beginning of period	**(1,341)**	(178)	(178)
Effect of foreign exchange rate changes	**33**	(1)	(15)
Cash and cash equivalents at end of period	**(3,950)**	(2,605)	(1,341)
Cash and cash equivalents comprise:			
Cash and cash equivalents	**448**	3,572	927
Bank borrowings	**(4,398)**	(6,177)	(2,268)
	(3,950)	(2,605)	(1,341)

The notes on pages 10 to 12 form part of this half year results announcement

Responsibility statement

We confirm that to the best of our knowledge:

(a) the half year results announcement for the six months ended 31 March 2013 'the announcement' has been prepared in accordance with IAS 34

(b) the announcement includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year)

(c) the announcement includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Finance Director
R.A. Hope
10 May 2013

NOTES TO THE UNAUDITED HALF YEAR RESULTS ANNOUNCEMENT

1. Basis of preparation

The Group is required to prepare its half year results in accordance with accounting standards adopted for use in the European Union (International Financial Reporting Standards (IFRS)). The Group has adopted the reporting requirements of IAS 34 'Interim Financial Reporting'.

The consolidated half year results are prepared on the basis of all International Accounting Standards (IAS) and IFRS published by the International Accounting Standards Board (IASB) that are currently in issue. New interpretations may be issued by the International Financial Reporting Interpretations Committee (IFRIC) on existing standards and best practice continues to evolve. It is therefore possible that the accounting policies set out below may be updated by the time the Group prepares its full set of financial statements under IFRS for the year ending 30 September 2013.

The information relating to the six months ended 31 March 2013 and 31 March 2012 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2012 have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 of the Companies Act 2006. These half year results for the six months ended 31 March 2013 have neither been audited nor reviewed by the Group's auditors.

2. Accounting policies

These half year results have been prepared on the basis of the same accounting policies and presentation (other than segmental information – see note 5 below) set out in the Group's 30 September 2012 annual report.

3. Going concern

As at the date of this report, the Directors have a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. Since the period end all the Group's expiring banking facilities have been renewed on existing terms. Accordingly, the half year results have been prepared on the going concern basis.

4. Risks and uncertainties

The operation of a public company involves a series of risks and uncertainties across a range of strategic, commercial, operational and financial areas. The principal risks and uncertainties that could have a material impact on the Group's performance over the remaining six months of this financial year (for example, causing actual results to differ materially from expected results or from those experienced previously) are the same as those detailed on page 11 of the 2012 Annual Report and Financial Statements.

5. Segmental information

(a) Business segments

IFRS 8 requires operating segments to be identified on the basis of internal financial information reported to the Chief Operating Decision Maker (CODM). The Group's CODM has been identified as the Board of Directors who are primarily responsible for the allocation of resources to the segments and for assessing their performance. The disclosure in the Group accounts of segmental information is consistent with the information used by the CODM in order to assess profit performance from the Group's operations.

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, purchasing, manufacturing, technical, IT and finance are now being managed globally on a Group basis.

(b) Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	Six months ended		Year ended
	31 March	31 March	30 September
	2013	2012	2012
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
United Kingdom	**5,130**	4,599	9,764
Rest of Europe	**8,763**	9,075	17,830
The Americas	**11,548**	13,578	28,792
Rest of the World	**8,131**	8,774	17,623
	33,572	36,026	74,009

6. Taxation

Taxation has been provided at 28.2% (six months ended 31 March 2012: 33.6%) which is the effective group rate currently anticipated for the financial year ending 30 September 2013.

7. Earnings per share

(a) Basic earnings per share for the six months ended 31 March 2013 are based on the weighted average number of shares in issue and ranking for dividend in the period of 10,224,726 (2012: 10,269,779) and earnings of £1,442,000 (six months ended 31 March 2012: £1,033,000) being the profit after taxation.

(b) Diluted earnings per share for the six months ended 31 March 2013 are based on the weighted average number of shares in issue in the period, adjusted for the effects of all dilutive potential ordinary shares of 10,250,065 (2012: 10,309,287) and the same earnings as above.

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

8. Dividends

	Six months ended		Year ended
	31 March 2013 (Unaudited)	31 March 2012 (Unaudited)	30 September 2012 (Audited)
	£'000	£'000	£'000
Equity dividends on ordinary shares:			
Interim dividend for year ended 30 September 2011 – 4.8p	**-**	493	493
Final dividend for year ended 30 September 2011 – 9.7p	**-**	997	997
Interim dividend for year ended 30 September 2012 – 5.1p	**521**	-	-
Final dividend for year ended 30 September 2012 – 10.4p	**1,064**	-	-
	1,585	1,490	1,490

The declared interim dividend for the year ended 30 September 2013 of 5.5p was approved by the Board on 10 May 2013 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2013. The dividend will be paid on 18 October 2013 to those shareholders on the register at 13 September 2013 and will, therefore, be accounted for in the results for the year ended 30 September 2014.

9. Contingent liabilities

As disclosed in note 27 of the 2012 annual report and accounts, the sellers of the Earthoil Group, which was acquired by the Group in April 2008, have filed a claim in the Chancery Division of the High Court against the Group for £1.8m. Since the year end this claim has been increased to £2.1m. The claim relates to various matters in respect of the earn-out, being the deferred consideration payable to the sellers in respect of the acquisition of the Earthoil Group. The Group will defend the claim vigorously as the Board considers that no sums are due to the sellers in relation to this claim.

10. Related party transactions

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

	31 March 2013 (Unaudited)	31 March 2012 (Unaudited)	30 September 2012 (Audited)
Interest received on loan notes from:			
Earthoil Plantations Limited	**7**	24	31
Earthoil Kenya PTY EPZ Limited	**3**	3	6
Dividends received from:			
R.C.Treatt & Co Limited	**520**	1,491	1,491
Treatt USA Inc	**654**	641	641
Redeemable loan notes receivable:			
Earthoil Plantations Limited	**950**	950	950
Earthoil Kenya PTY EPZ Limited	**400**	400	400
Amounts owed to/(by) parent undertaking:			
Earthoil Plantations Limited	**127**	15	45
R.C.Treatt & Co Limited	**(524)**	986	(27)

The redeemable loan notes are redeemable in full on 31 December 2015 or from 31 March 2009 on request from the issuer. Interest is receivable at 1% above UK base rate. Amounts owed to the Parent Company are unsecured and will be settled in cash.