

TREATT PLC
Annual Report and
Financial Statements

2013



A world of
difference

in the world of ingredient solutions,
we're at the core of product innovation

TREATT IS A WORLD-LEADING INNOVATIVE INGREDIENT SOLUTIONS PROVIDER FOR THE FLAVOUR, FRAGRANCE AND CONSUMER GOODS INDUSTRIES

Treatt places great emphasis on investing resources into developing first-hand knowledge and relationships with growers and suppliers to ensure a sustainable, fair and rewarding future for all its stakeholders; investors, customers, growers and staff – across the globe.

The Group has manufacturing sites on three continents with sales offices in the UK, USA, France and China. Our manufacturing sites are certified to the Global Food Safety Initiative (GFSI) approved standard, which serves as a testament of our commitment to quality and safety, and allows Treatt to supply across the globe.

By developing innovative solutions for multi-national customers and providing unparalleled customer service, Treatt continues to create outstanding value for both its customers and its shareholders.



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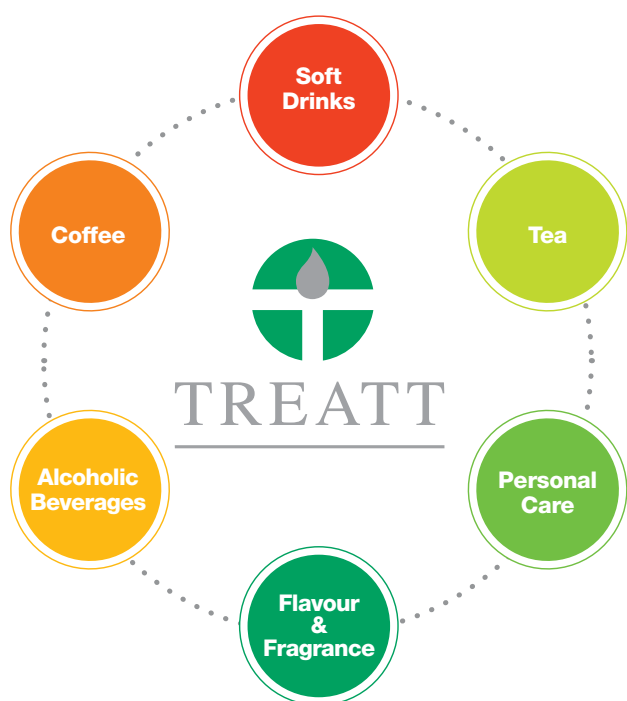
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Group Strategy

Treatt's strategy consists of delivering profitable and sustainable growth by means of a focused sales approach and market-driven new product development. This strategy is underpinned by continued innovation, added-value manufacturing and by driving efficiency improvements across the Group.

Treatt takes pride in its positive culture, which creates the environment for employee engagement, key to the successful delivery of its strategy. Through proactive share save schemes in the UK and the US, employees are able to build shareholdings in the business, which is encouraged by the Board.



125⁺ years experience

300⁺ employees

9m⁺ kg shipped pa

INNOVATION

Product development and a vibrant product portfolio are market and customer driven.

INVESTMENT

Treatt will invest to maintain its competitive advantage and equip the business with the technology, capacity and skill set required to meet our strategic objectives.

GROWTH

Treatt's strategic targets will be achieved through a global focused sales approach, control of overheads, and unlocking operational efficiency.

ADDING VALUE

Treatt provides ingredient solutions that address customer and market needs, such as authentic and unique flavour profiles, cost-effective and stable fragrance specialties and ingredients that naturally impart sweetness without calories.

TREATT PRODUCTS

- Citrus oils
- Spice and herb oils
- Treattarome® natural distillates from the named food
- Functional ingredients
- Natural isolates
- Organic and ethical trade ingredients
- Natural cosmetic ingredients
- Fragrance ingredients

Treatt What we do

ESSENTIAL OILS



Treatt's essential oils are derived from a variety of origins and are distilled and blended in various qualities for food, flavour, fragrance and cosmetic applications.

CITRUS



Treatt has always been known for the quality of its citrus products and now produces various ranges including Citrust™, Citreatt®, and the new unique TreattZest™ concentrated citrus oils.

TREATTAROME®



Treattaromes are a range of 100% natural 'From the Named Food' water soluble, clear essences, suitable for numerous applications from beverages to ice creams and savoury sauces.

A WORLD OF DIFFERENCE

Innovative ingredient solutions

Our in-depth knowledge of flavour and fragrance ingredients allows us to provide direct access to unique ingredient solutions which customers would not usually find elsewhere.

This allows our customers to create signature products using Treatt's specialties, which can set their product apart from the competition.



BEHIND THE SCENES

Scan here to watch 'behind the scenes' videos of how Treattaromes are produced, or visit

www.treatt.com/products/treattarome

Pineapple



Honey



Banana



Cucumber



Kiwi



Tea



Coffee



Watermelon



WELLNESS



Treatt's Wellness range of products are non-caloric, 100% natural essences that impart desirable flavour and mouthfeel, while smoothing out the sweetness profile and undesirable lingering characteristics associated with Stevia and other sweeteners.

AROMA INGREDIENTS



Treatt offers an extensive selection of aroma ingredients which deliver an authentic aromatic profile to a variety of flavours and fragrances.

ORGANIC ESSENTIAL OILS



Treatt's diverse product range includes organically-certified and Fair Trade ingredients for the flavour, fragrance and cosmetics industries.

VEGETABLE OILS



Treatt, through its cosmetic ingredients division, Earthoil, also specialises in conventional, organic and fair trade cold pressed vegetable seed oils. A variety of vegetable, fruit and tree seeds are pressed to produce quality oils in our Kenyan facility.

FAIR TRADE PRINCIPLES

Earthoil in Kenya

Earthoil, the cosmetics ingredients division of Treatt, is committed to Fair Trade principles through its Fair for Life certification.



Here in Kenya, farmers are being taught about composting, good agricultural practices, organic and Fair Trade requirements.



Treatt Highlights

Treatt is continually launching new products to provide solutions to customer and market needs. More and more consumers are seeking low calorie, better-for-you beverages to improve their overall health and wellness.

Eager to tap into this buoyant market, drinks manufacturers across the globe are looking for innovative solutions to enable them to produce healthier beverages, while addressing the challenges associated with natural sweeteners such as Stevia. As a solution, Treatt has created TreattSweet™, a natural flavour ingredient that makes sweet flavours taste better.

World coffee consumption continues to grow, thanks in part to new markets such as China, but also due to new varieties of coffee drinks such as iced coffee becoming more mainstream. To help manufacturers create good-tasting coffee beverages, Treatt has developed some exciting natural ingredients which impart the authentic coffee flavour that consumers are looking for.

With alcoholic beverages an increasing focus for Treatt, an innovative natural distillate, Cascade Hop Treattarome®, was developed to enable brewers to adjust the aroma of hop whilst avoiding the cost and bitterness associated with additional hopping.

Treatt will continue to use its expertise to develop other innovative solutions, based on market and consumer demand.



The Directors visiting Treatt's plant in Lakeland, Florida

FINANCIAL HIGHLIGHTS

OPERATING PROFIT

Operating profit increased by 23.3%

+23.3%

RETURN ON CAPITAL EMPLOYED

ROCE grew from 14.4% to 19.4%

19.4%

NET CASH FLOW

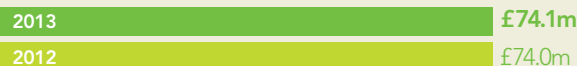
Net cash inflow of £4.7m

£4.7m



REVENUE

£74.1m



ADJUSTED PROFIT BEFORE TAX

£6.2m



ADJUSTED EARNINGS PER SHARE

43.2p



DIVIDENDS PER SHARE*

18.5p



NET ASSETS PER SHARE

£2.62



* The dividend per share shown relates to the interim dividend declared and final dividend proposed, both of which are paid after the year end and, under IFRS, accounted for in the subsequent financial year.

Group Five Year Trading Record

	2009 £'000	2010 £'000	2011 £'000	2012 £'000	2013 £'000
INCOME STATEMENT					
Revenue	56,313	63,298	74,518	74,009	74,097
EBITDA (pre-exceptionals)	5,012	6,032	8,032	6,891	8,278
Operating profit	3,893	4,904	6,864	5,628	6,938
Adjusted profit before taxation	3,501	4,503	6,372	5,060	6,227
Growth in adjusted profit before taxation	14.3%	28.6%	41.5%	(20.6%)	23.1%
Exceptional items	—	(2,432)	—	(598)	(1,093)
Profit before taxation	3,501	2,071	6,372	4,462	5,134
Taxation	(1,013)	(1,417)	(2,017)	(1,390)	(1,655)
Non-controlling interest	(3)	(1)	(7)	—	—
Profit for the year attributable to owners of the Parent Company	2,485	653	4,348	3,072	3,479
BALANCE SHEET					
Goodwill	4,272	1,051	1,192	1,080	1,075
Other intangible assets	290	250	742	718	684
Property, plant and equipment	9,847	10,250	10,120	11,543	11,718
Deferred tax asset/(liability)	245	(19)	(261)	(594)	(723)
Non-current trade and other receivables	586	586	586	586	586
Current assets	28,687	34,311	35,847	38,053	38,340
Current liabilities	(15,954)	(14,292)	(12,592)	(17,345)	(12,484)
Non-current trade and other payables	(789)	—	(135)	(23)	(23)
Non-current bank loans	(1,773)	(7,348)	(7,606)	(5,469)	(8,889)
Post-employment benefits	(2,000)	(1,596)	(803)	(838)	(1,589)
Non-current derivative financial instruments	—	—	(864)	(1,033)	(577)
Redeemable loan notes (net)	(675)	(675)	(675)	(675)	(675)
Total equity	22,736	22,518	25,551	26,003	27,443
CASH FLOW					
Cash generated from operations	10,675	2,361	8,312	1,482	9,250
Taxation paid	(755)	(1,312)	(1,998)	(1,279)	(649)
Net interest paid	(541)	(387)	(527)	(618)	(714)
Dividends paid	(1,138)	(1,222)	(1,330)	(1,490)	(1,585)
Additions to non-current assets net of proceeds	(1,005)	(1,571)	(1,540)	(2,787)	(1,578)
Acquisition/disposal of interests in joint ventures or subsidiaries	—	(38)	(14)	—	(9)
Net (purchase)/sale of own shares by share trust	65	87	100	(306)	91
Other	(407)	(5)	(16)	43	(151)
Movement in net debt	6,894	(2,087)	2,987	(4,955)	4,655
Total net debt	(8,894)	(10,981)	(7,994)	(12,949)	(8,294)
RATIOS					
Net operating margin ¹	6.9%	7.7%	9.2%	7.6%	9.4%
Return on capital employed ²	12.3%	14.6%	20.5%	14.4%	19.4%
Average net debt to EBITDA ³	2.46	1.65	1.18	1.52	1.28
Adjusted basic earnings per share	24.5p	30.3p	42.5p	34.4p	43.2p
Growth in adjusted basic earnings per share	25.9%	23.6%	40.5%	(19.1%)	25.6%
Dividend per share ⁴	12.0p	13.0p	14.5p	15.5p	18.5p
Dividend cover (adjusted to exclude exceptionals) ⁴	2.03	2.32	2.92	2.22	2.33
Net assets per share	217.0p	214.9p	243.8p	248.0p	262.0p

Notes on calculations:

1 Operating profit divided by revenue

2 Operating profit divided by total equity plus net debt

3 Average of net debt at start and end of financial year divided by EBITDA

4 The dividend per share shown relates to the interim dividend declared and final dividend proposed, both of which are paid after the year end and, under IFRS, accounted for in the subsequent financial year.

Chairman's Statement

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 are given in note 27.

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.

“Adjusted earnings per share increased by 26% and dividends per share by 19%”



Tim Jones
Chairman

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 solid 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 is 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

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:



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.

“Our new strategy is the central core to our success”



Daemnon Reeve
Chief Executive Officer

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.

Chief Executive Officer's Report

continued

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 Treataromes might be used in combination with natural sweeteners. Our team found that a certain mixture of our Treatarome® 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.

DAEMON REEVE

Chief Executive Officer

KEY POINTS

New strategy with greater focus, clarity and cost control, aimed at accelerating underlying revenue growth

Retention of meaningful existing business and maximising prospects for growth

Creating an environment for effective innovation

Enhanced customer value for improved profitability

Financial Review

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 8.

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 11) 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 market-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).

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



Richard Hope
Finance Director

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.

Financial Review

continued

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

“The steady improvement in Earthoil's results is also very pleasing to report”

Directors' Report

FINANCIAL STATEMENTS

The Directors present their report and the audited financial statements for the Group for the year ended 30 September 2013.

RESULTS AND DIVIDENDS

The results of the Group for the year are set out on page 38. Profit before tax for the year excluding exceptional items was £6,227,000 (2012: £5,060,000).

The Directors recommend a final dividend of 13.0p (2012: 10.4p) per ordinary share.

This, when taken with the interim dividend of 5.5p (2012: 5.1p) per share paid on 18 October 2013, gives a total dividend of 18.5p (2012: 15.5p) per share for the year ended 30 September 2013.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 18 to 22 forms part of this Directors' Report.

DIRECTORS

The Directors of the Parent Company are shown on page 87.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

Rules about the appointment and replacement of Directors are set out in the Parent Company's Articles of Association. Further details are provided in the Corporate Governance Statement on page 19.

Details of the Executive Directors' contracts and notice periods are given in the Directors' Remuneration Report on page 29. The Executive Directors' contracts are terminable by the Group giving the required notice period of one year for the CEO and Finance Director, and two years for the HR Director who retires at the conclusion of the AGM in February 2014.

In accordance with the Parent Company's Articles of Association and as reported in the Corporate Governance Statement on page 19, in recognition of Provision B.7.1 of the UK Corporate Governance Code David Johnston retires by rotation and Jeff Iliffe retires, having been appointed during the year. Anita Haines is retiring from the Board as Human Resources Director but is standing for re-election as a Non-executive Director. All three Directors, being eligible, offer themselves for re-election. The Nomination Committee confirms that the individuals' performances continue to be effective and to demonstrate commitment to the role, including commitment of time for Board and Committee meetings and any other duties.

DIRECTORS' INTERESTS IN SHARES

The interests of Directors in shares of the Parent Company are shown in the Directors' Remuneration Report on page 33.

SUBSTANTIAL SHAREHOLDERS

In accordance with Rule 5 of the Disclosure and Transparency Rules of the Financial Services Authority, the Parent Company has been notified of the following holdings of 3% or more of the voting rights at 5 December 2013 (the latest practicable reporting date prior to publication of this document).

	Number	%
Schroder Investment Management	1,703,269	16.59
Discretionary Unit Fund Managers	1,580,000	15.39
Henderson Volantis Capital	841,859	8.20
Milton Capital Partners	522,500	5.09
James Sharp Stockbrokers	345,711	3.37
Barclayshare Stockbrokers	322,048	3.14

CONFLICTS OF INTEREST

No Director had an interest in any contract of significance during the year. The Group has procedures in place for managing conflicts of interests. If a Director becomes aware that they, or a connected party, have an interest in an existing or proposed transaction with the Group, they should notify the Company Secretary as soon as possible and before the next meeting. Directors have a continuing obligation to update any changes to conflicts and the Board formally reviews them annually.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Group maintains Directors' and Officers' liability insurance which is reviewed annually. The insurance covers the directors and officers of the Parent Company and its subsidiaries against the costs of defending themselves in civil proceedings taken against them in their capacity as a director or officer of a Group company and in respect of damages or civil fines or penalties resulting from the unsuccessful defence of any proceedings.

RESEARCH AND DEVELOPMENT

Product innovation and research and development are a critical part of the Group's strategy and business model as outlined in the strategic report on pages 16 to 17. The main research and development activity undertaken by the Group is in the area of new product development. The Group utilises its strong technical capabilities to develop innovative products that provide solutions for customers, particularly in the food and beverage area. In this way it seeks to make itself indispensable to a key group of major global multi-national companies. In the opinion of the Directors, continuity of investment in this area is essential for the maintenance of the Group's market position and for future growth.

FINANCIAL INSTRUMENTS

Information on the Group's financial risk management objectives and policies and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 28 of the financial statements.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement, CEO's Report and Financial Review on pages 6 to 10.

In determining whether the Group and Parent Company's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The review also included the financial position of the Group, its cash flows, and borrowing facilities. The key factors considered by the Directors were:

- the implications of the challenging economic environment and future uncertainties on the Group revenues and profits by undertaking forecasts and projections on a regular basis;
- the impact of the competitive environment within which the Group's businesses operate;
- the potential actions that could be taken in the event that revenues are worse than expected, to ensure that operating profit and cash flows are protected; and
- the Group's access to overdraft facilities and committed bank facilities to meet day-to-day working capital requirements. During the period all the Group's banking facilities which were due for renewal have been renewed on either existing or improved terms. The Group also has in place a ten year fixed interest rate swap for \$9m in order to protect (hedge) the Group against possible future increases in interest rates.

Directors' Report

continued

As at the date of this report, the Directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

HEALTH AND SAFETY

The Group's on-going investment in health and safety continued during the financial year and forms an integral part of the Group's strategy, remaining at the forefront of all of our operations. Particular emphasis is placed upon continuous improvement by way of a comprehensive Safety Management System designed to monitor and measure top line policies and procedures and a range of key indicators are maintained and reported at every Board meeting.

A top to bottom culture of safety awareness and responsibility is actively promoted and a training programme of accredited safety management and awareness courses is in place across the workforce to help underpin the efforts of the health and safety professionals already employed within the Group.

Employee health and well-being is monitored and dedicated and bespoke support is provided where necessary.

ENVIRONMENT

The Group is committed to good environmental practice. It places importance on the impact of its operations on the environment and on ensuring that it operates and adopts responsible practices. Group performance and risk reviews are undertaken and monitored on a regular basis and reported to the Board.

ENVIRONMENTAL PERFORMANCE AND STRATEGY

The Group has for a long time managed energy, fuel and waste disposal costs with the aim of lessening the Group's environmental impact whilst reducing cost and improving efficiencies. In accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Group is now required to report its greenhouse gas emissions. The release of greenhouse gases, notably carbon dioxide generated by burning fossil fuels, is understood to have an impact on global temperatures, weather patterns and weather severity, which can directly and indirectly affect the Group's business. As a supplier of natural ingredients, adverse weather events can have an effect on crop yields resulting in higher commodity prices and limited supply. Examples of this have been seen in 2013 with a large freeze in Northern Argentina causing reduced yields of lemon oil and in 2004/5 when the Florida hurricanes caused significant reductions in crops of orange and grapefruit.

ENVIRONMENTAL IMPROVEMENTS IN 2013

The Group continuously evaluates ways of reducing its impact on the environment and during the year has implemented a number of improvements at each of its subsidiaries:

R C Treatt

- new refrigerant systems installed, which provide lower carbon emissions;
- the introduction of variable speed drives on main thermal oil heaters, improving energy consumption;
- the introduction of adaptive controls on main process chillers;
- cessation of the use of Hexane, reducing carbon emissions;
- re-use of aqueous/methanol waste by the waste contractor through input in an anaerobic bio-digester.

Treatt USA

- energy efficient LED lights with motion sensors installed in large cold and freezer boxes;
- use of well water in place of treated city water for water pump seals;
- recycling the well water rather than sending it to the city water sewage treatment;
- installation of dust collection filters for tea leaf processing to protect workers and the environment.

Earthoil

- installation of a grease trap to remove grease from water discharged into the sewage system;
- use of large capacity tanks to export oil to some customers rather than smaller drums.

GREENHOUSE GAS EMISSIONS

The Group has adopted a greenhouse gas reporting policy and a management system based on the ISO 14064-1:2006 methodology, which has been used to calculate the Group's Scope 1 and 2 emissions in 2013 for activities within the operational control of the Group. It is not currently intended to report Scope 3 emissions.

In measuring the Group's greenhouse gas emissions, the sales offices in the UK, France and China, in which a maximum of two staff are employed, have been excluded on the grounds of materiality on the basis that emissions from utility consumption, which is included in the rent, are estimated to be less than a materiality threshold of 5% of overall Group emissions. Additionally, since the Earthoil India operation closed in January 2013 and the subsidiary primarily consisted of an office, its emissions are also considered to be immaterial. Whilst the majority of the data has been accurately recorded from invoice information, since the timing of the implementation of the legislation has only recently been announced, some opening data for the year has not been recorded and estimates have been made on a pro-rated basis, an example being vehicle mileage.

As this is the first occasion on which the Group has reported its greenhouse gas emissions, there is no comparable data in respect of prior years.

	2013
Scope 1 – Direct CO ₂ emissions (tonnes CO ₂ e)	1,428
Scope 2 – Indirect CO ₂ emissions (tonnes CO ₂ e)	2,617
Total tonnes CO ₂ e emissions	4,045
gCO ₂ e emissions per Kg of product shipped	408

Data included in this table has been independently verified by Carbon Credentials Energy Services Ltd and is covered by an assurance report. GHG emissions have been calculated using the appropriate 2013 DEFRA conversion factors.

WASTE

Approximately 90% of Treatt USA's refuse goes into one container which is picked up by a recycle company and separated into different recycle types. The remaining 10% composed of restroom and canteen refuse is collected by the local authority as required by law.

At R C Treatt certain employees throughout the business are appointed as waste champions with additional responsibility for the reduction and efficient use of waste streams in their areas. All waste streams in the UK continue to work towards a zero land fill waste strategy. In addition, R C Treatt's waste oil with a calorific value is sent for use as biomass, thereby further reducing the Company's carbon footprint and eliminating disposal costs.

Earthoil Kenya utilises macadamia nut husks as a biomass fuel source, burning an average of 22,000kgs per month to produce heat for its distillation plant. As well as providing efficiencies in fuel costs and reducing waste from the facility, the use of this biomass has a net zero climate impact.

WATER

The Group has decided to record water consumption data whilst recording its greenhouse gas emissions in order to gain a greater understanding of its environmental impact. The largest consumer of water in the Group is Treatt USA, which uses large quantities in its manufacturing processes and the cleaning of its specialist equipment. Due to its high consumption, Treatt USA recently replaced its closed loop cooling water circuit with direct cooling from deep well water on all still condensers. This well water is then recycled back into the aquifer via a second deep well. The system provides significant local environmental benefits as well as reduced energy usage.

The Group's own crop growing area in Kenya uses rain water harvested in its own dam, a borehole and water pumped from a nearby river, for which it pays a small annual fee. It does not purchase any water from a water treatment company.

In recording water consumption for the Group, the sales offices in the UK, France and China and the Earthoil India operation, have been excluded on the basis that water usage is included in the rent. Whilst the majority of the data has been accurately recorded from invoice information, some opening data for the year has not been recorded and estimates on consumption have been made on a pro-rata basis.

As this is the first occasion on which the Group has reported its water consumption, there is no comparable data in respect of prior years.

2013

Total water used (m ³)	39,708
Water efficiency (litres per Kg of product shipped)	4.00

Data included in this table has been independently verified by Carbon Credentials Energy Services Ltd and is covered by an assurance report.

EMPLOYMENT POLICIES

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination. Applications for employment by disabled persons are given full and fair consideration for suitable vacancies, having regard to their particular aptitudes and abilities. Where a person becomes disabled while in the Group's employment a suitable position will be sought for that person within the Group where practical.

EMPLOYEE INVOLVEMENT

Meetings are held with employees to discuss the operations and progress of the business and employees are encouraged to become involved in the success of the Group through share option schemes (see note 24). In particular, Executive Directors make half yearly results presentations to all employees and encourage questions and dialogue on any matters pertaining to the performance or activities within the Group. In addition, the Information Exchange Committee (IEC) at R C Treatt exists in order to encourage a further exchange of ideas and information between the Company and its employees. The IEC is chaired by the Human Resources Director and the members of the Committee are all employees below management level who represent all departments and areas of the business in the UK. Board members make a point of visiting all Group affiliates and regularly carry out site visits and tours, and thereby engage in meaningful discussions with employees at all levels within the organisation. All-employee bonus schemes, based on the performance of the business, remain in place.

STRUCTURE OF SHARE CAPITAL

As at 30 September 2013, the Parent Company's share capital comprises ordinary shares with a nominal value of 10 pence each. All of the Parent Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attached to them, in addition to those conferred on their holders by law, are set out in the Articles, a copy of which can be obtained on request from the Company Secretary.

Details of the issued ordinary share capital of the Parent Company and movements during the year are set out in note 23 of the financial statements. During both the current and prior period, the Parent Company did not issue any new shares.

RESTRICTIONS ON TRANSFER OF SECURITIES

There are no restrictions on the transfer of ordinary shares or on the exercise of voting rights attached to them, except (i) where the Parent Company has exercised its right to suspend their voting rights or to prohibit their transfer following the omission of their holder or any person interested in them to provide the Parent Company with information requested by it in accordance with Part 22 of the Companies Act 2006 or (ii) where their holder is precluded from exercising voting rights by the Financial Services Authority's Listing Rules or the City Code on Takeovers and Mergers.

RIGHTS AND OBLIGATIONS OF ORDINARY SHARES

On a show of hands at a general meeting every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. Subject to the relevant statutory provisions and the Articles, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes.

ARTICLES OF ASSOCIATION

The powers of the Directors are conferred on them by UK legislation and the Articles of Association. Changes to the Articles must be approved by shareholders passing a special resolution at a general meeting.

POWERS OF THE DIRECTORS AND PURCHASE OF OWN SHARES

At the forthcoming Annual General Meeting in 2014, the Parent Company will be seeking shareholder authority for the Directors' to purchase up to 10% of the Parent Company's ordinary shares, although at present the Directors have no plans to buy back any

Directors' Report

continued

shares. It is, however, considered prudent to have the authority in place in order that the Parent Company is able to act at short notice if circumstances warrant. A resolution will also be proposed at the 2014 Annual General Meeting, to give the Directors the power to issue new shares up to an amount of 33% of the existing issued share capital, in line with the latest institutional guidelines issued by the Association of British Insurers (ABI), of which 5% of the existing issued share capital can be issued by displacing pre-emption rights. These authorities, if granted by shareholders at the Annual General Meeting, will expire at the conclusion of the Annual General Meeting in 2015. It is the Parent Company's intention to seek renewal of these authorities annually.

TREATT EMPLOYEE BENEFIT TRUST (THE 'EBT')

The EBT holds ordinary shares in the Parent Company (acquired in the market) in order to meet obligations under the Group's employee share option schemes. No shares (2012: 100,000 shares) were purchased by the EBT during the year ended 30 September 2013. The trustees have waived their voting rights and their right to receive dividends (other than 0.001 pence per share) in respect of the ordinary shares held by the trust.

ANNUAL GENERAL MEETING AND RESTRICTIONS ON VOTING DEADLINES

The Annual General Meeting of the Parent Company will be held at Treatt plc, Northern Way, Bury St Edmunds, Suffolk, IP32 6NL on 24 February 2014. The Notice of Meeting and explanatory notes are given on pages 74 to 85. The notice of any general meeting will specify the deadline for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at a general meeting. The number of proxy votes for, against or withheld in respect of each resolution are announced and published on the Treatt website after the meeting.

AUDITORS

Baker Tilly UK Audit LLP has indicated its willingness to continue in office. On the recommendation of the Audit Committee, resolutions are to be proposed at the Annual General Meeting for the re-appointment of Baker Tilly UK Audit LLP as auditors of the Parent Company and its subsidiaries, and to authorise the Board to fix their remuneration. The remuneration of the auditors for the year ended 30 September 2013 is fully disclosed in note 5 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report, the Strategic Report, the Directors' Remuneration Report, the Corporate Governance Statement and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. The Directors are required under the listing rules of the Financial Services Authority to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Parent Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law, and IFRS adopted by the EU, to present fairly the financial position of the Group and the Parent Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Parent Company and of the profit of the Group for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, whose names and functions are listed in the Directors' Report, confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the EU give a true and fair view of the assets, liabilities, financial position and profit of the Group and Parent Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report contained in the annual report includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

This report was approved by the Board on 6 December 2013.

ANITA STEER
Secretary

EXECUTIVE DIRECTORS



DAEMONN REEVE ①
Chief Executive Officer

Daemmon Reeve has extensive industry experience and knowledge, having been employed at R C Treatt & Co Limited, the Group's UK operating subsidiary, from 1991 to 2010. During this time he gained widespread experience in technical, operational, sales and purchasing disciplines. Daemmon was appointed CEO of Treatt USA in July 2010 and Group CEO in August 2012.



ANITA HAINES
Human Resources Director

Anita Haines joined R C Treatt & Co Limited in January 1988 as Company Secretary and was appointed Human Resources (HR) Manager in September 2000. She was appointed HR Director of the Group in October 2002. Anita will be retiring as Human Resources Director with effect from 24 February 2014 and will be seeking re-election as a Non-executive Director.



RICHARD HOPE
Finance Director

Richard Hope was appointed Finance Director in May 2003. He qualified as a Chartered Accountant in 1990 at PricewaterhouseCoopers and was appointed a Fellow of the Institute of Chartered Accountants in England and Wales in 2010. Richard has held senior finance positions in value-added manufacturing businesses for almost twenty years having previously worked as Head of Finance at Hampshire Cosmetics Limited from 1996 until 2003.

- ① Nomination Committee
- ② Remuneration Committee
- ③ Audit Committee

NON-EXECUTIVE DIRECTORS



TIM JONES ① Chair ② ③

Tim Jones is Non-Executive Chairman of Treatt, having joined the Board in February 2012, and is CEO and Secretary of Allia. He is also Non-Executive Director and Trustee of SkillsBridge, a community support organisation. Tim's 35-year career spans financial services, SME start-ups and social entrepreneurship. He has worked across the US, Middle East and Europe, with posts including Head of Marketing at Royal Insurance and European Managing Director at Direct Marketing Corporation. He is a Fellow of the Royal Society for the Arts, an Associate of the Chartered Insurance Institute, an Associate Fellow at Saïd Business School and Entrepreneur-in-Residence at the Centre for Entrepreneurial Learning.



JEFF ILIFFE ① ② ③ Chair

Jeff Iliffe joined the Board in February 2013 and is Chief Financial Officer and Director of Cambridge-based Abcam Plc, an AIM listed global leader in the supply of high quality protein research tools. He has extensive experience of the City, industry and internet-based business. Jeff was a corporate financier at Panmure Gordon & Co. between 1989 and 1996, during which time he advised Treatt, and has held a number of financial positions at companies including Enviros Group Limited and Plethora Solutions plc, an AIM listed company. Prior to joining Abcam in 2007, he was Chief Financial Officer at the eCommerce company St Minver Ltd.



DAVID JOHNSTON ① ② ③

Dr. David Johnston was appointed to the Board in May 2011. David has a PhD in Biochemistry and has worked for Firmenich, one of the leading global flavour and fragrance companies for over 13 years in a variety of roles, most recently as Vice President of Innovation and Design. David was also a member of the flavour executive team at Firmenich and held the position of Vice President of the European Flavour Association. David is currently part owner of Natural Taste Consulting.



IAN NEIL ① ② Chair ③*

Ian Neil was appointed to the Board in December 2009. He was with International Flavors and Fragrances for 25 years in a variety of international management roles, including Vice President Europe, Africa and Middle East ("EAME") Flavors. Ian is currently the UK Director of Perfotec BV, a Laser Micro Perforation provider for the fresh produce packaging industry.

* Senior Independent Director

Strategic Report

OVERVIEW

The Group is required to produce a strategic report complying with the requirements of The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 ('the Regulations').

An overview of the Group's strategy and business model is set out on page 1, and together with the Chairman's Statement, CEO's Report and Financial Review, on pages 6 to 10 form part of this Group Strategic Report. This incorporates a review of the Group's activities, its business performance and developments during the year as well as an indication of likely future developments.

The Board approved a new Group strategy in December 2012 and this was presented to all employees in the UK and US by the CEO during January 2013. Underpinning the strategy outlined on page 1, is a clear focus on delivering long-term and consistent growth in profitability by focusing on those customers and products which can bring Treatt long term sustainable value.

Our business model is designed to bridge the gap between the raw material and providing the quality ingredient solutions which our customers want. In doing so, we are increasingly leveraging our position as a key supplier to major global multi-national corporations. Key to the success of our business model is our experience and knowledge of the ingredients we handle, and our focus on product innovation.

KEY PERFORMANCE INDICATORS (KPIs)¹

KPIs have been set at Group level, having been devised to allow the Board and shareholders to monitor the Group as a whole, as well as the operating businesses within the Group. The Group has financial KPIs which it monitors on a regular basis at Board level and, where relevant, at operational executive management meetings as follows:

	2013	2012	2011	2010	2009
Growth in adjusted profit before tax	23.1%	(20.6%)	41.5%	28.6%	14.3%
Growth in adjusted basic earnings per share	25.6%	(19.1%)	40.5%	23.6%	25.9%
Net operating margin	9.4%	7.6%	9.2%	7.7%	6.9%
Return on capital employed ²	19.4%	14.4%	20.5%	14.6%	12.3%
Average net debt to EBITDA	1.28	1.52	1.18	1.65	2.46

¹ All KPIs are calculated excluding exceptional items

² Return is defined as operating profit. Capital employed is defined as net assets plus net debt. Further explanation of the calculations is given on page 5.

In addition, the Board monitors a number of non-financial key performance indicators relating to health and safety and employee well-being as follows:

	2013	2012
Number of reportable accidents across the Group	3	4
Average number of sick days per employee	3.45	4.03

We are clear about what we do and this is outlined on page 2. In serving the flavour, fragrance and consumer goods industries, we place a particular emphasis on the beverage market where many of our innovative ingredient solutions are used.

In order to deliver long-term sustainable profit growth, there are four key pillars to our strategy which support a focused sales approach:

- **QUALITY** – we have an excellent reputation for delivering quality products but we are not complacent. We invest continuously in our quality control and assurance processes to ensure that our customers receive quality products, right first time.
- **COST CONTROL** – we continually bear down on costs and improve the efficiency of our business in order to deliver the best possible returns for shareholders. Where we can, we manage our costs globally in order to maximise our efficiency.
- **POSITIVE CULTURE** – we strongly believe that a happy, well-motivated workforce is a more successful one. As part of strategy implementation, we have moved to 'One Treatt' and operate the business on a progressively global platform. A business is only as good as its people – we attract and promote the most talented people to drive our business forward and foster a culture of responsibility, accountability and openness.
- **HEALTH & SAFETY** – this is the number one priority in the business. Without a safe business the Group cannot exist. We continuously train and re-train our staff to ensure that we operate best health and safety practices throughout the organisation.

RISKS AND UNCERTAINTIES

The Group has provided in the Chairman's Statement, CEO Report, Financial Review and the notes to the financial statements details of various risks and uncertainties it faces, which include:

- foreign exchange risk, particularly with regard to the US Dollar, as many of the Group's raw materials are considered to be dollar-denominated commodities;
- credit risk in ensuring payments from customers are received in full and on a timely basis;
- legislative and regulatory risk as new requirements are being imposed on business and the industries with which the Group are involved, for example the European REACH (Registration, Evaluation, Authorisation and restriction of CHemicals) legislation;
- movements in commodity and essential oil prices often caused by unpredictable weather patterns or other sudden changes in supply or demand, for example the impact of the 2004 Florida hurricanes on grapefruit oil prices, the 2008 movement in lemon oil prices, and the sharp rise and fall in orange oil prices between 2010 and 2012.

The Group has taken appropriate steps to manage and control these risks, which include:

- the implementation of a foreign exchange risk management policy as explained in the Financial Review;
- agreeing appropriate payment terms with customers including, where necessary, payment in advance or by securing payment through bank letters of credit;
- taking a pro-active and leading role in ensuring the Group's systems and procedures are adapted to ensure compliance with new or changing legislative or regulatory requirements;
- ensuring that Group purchases of raw materials are based upon a well-researched understanding of the risks involved and ensuring that appropriate inventory balances are held in order to meet future demand, whilst not holding excessive levels which may expose the Group to unnecessary levels of risk.

Group risk is regularly reviewed at Board level to ensure that risk management is being implemented and monitored effectively.

The Group regularly reviews its commercial insurance programme and maintains an appropriate and adequate portfolio of insurance policies in line with the nature, size and complexity of the business.

The Group also continues to have in place a 'Business Continuity' team whose on-going responsibility is to assess the issues which the Group would face should it experience a major and unforeseen disaster and to put in place a clear action plan as to how the Group would continue to operate successfully in such an event.

DIVERSITY

Appointments within the Group are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made irrespective of personal characteristics such as race, disability, gender, sexual orientation, religion or age.

As a manufacturing Group, few women apply for positions within the production areas. However, women are well represented in other areas of the business and account for 29% of both the Group workforce and Group senior management positions, as at 30 September 2013.

Position	Male	Female	Total
Group Director	6	1	7
Senior Manager	27	11	38
Other Employees	186	78	264
Total Employees	219	90	309

SOCIAL, COMMUNITY AND HUMAN RIGHTS ISSUES

The Group endeavours to impact positively on the communities in which it operates. Earthoil in particular is committed to purchasing oils directly from source at a fair and sustainable price and works closely with growers in under-developed countries through Fair for Life – Social and Fair Trade certification.

Long term and trusted support and co-operation has also been a driver for positive change which has led to Earthoil's Kenyan Organic Oil Farmers Association (KOOFA) increasing from its initial 90 members to now well over 500 producers. In addition, Community funds provide further benefits to the farmers and their families, such as scholarships, and a project is currently underway to build a social hall for community activities.

Ethical concerns and human rights issues have always played an important role in Treatt's company philosophy and the Group's ethical and social accountability statement details the standards of behaviour which Treatt regards as acceptable. Provision of a safe, clean working environment, free from discrimination, coercion and the use of child or forced labour is a basic right of all employees, which Treatt expects of its business partners as a minimum standard. The Group is often audited by its customers to assess compliance with minimum acceptable standards, including ethical and human rights considerations.

This strategic report was approved by the Board on 6 December 2013.

ANITA STEER

Secretary

Corporate Governance Statement

“ At Treatt there is a commitment to high standards of corporate governance throughout the Group and this is reflected in our governance principles, policies and practices. We believe that effective governance, not only in the boardroom but right across the business, ultimately produces a better business and supports long-term performance. ”

TIM JONES

Chairman

COMPLIANCE WITH THE UK CORPORATE GOVERNANCE CODE

The Board confirms that throughout the year ended 30 September 2013 the Group has complied with the provisions set out in the UK Corporate Governance Code¹, except for clause D1.5 in that one Executive Director (who has announced their intention to retire as an Executive Director) has a service contract which provides for two years notice. This non-compliance will no longer apply from February 2014. In addition, and as explained in the Directors' Remuneration Report, the Board does not fully comply with D2.2, in that the remuneration of Group senior managers is determined by the Executive Directors as the Remuneration Committee believe that they are best placed to make this decision. However, remuneration proposals in respect of senior managers are reviewed by the Remuneration Committee. The bonuses of all senior managers in the Group are approved by the Remuneration Committee.

The Board is accountable to the Parent Company's shareholders for good governance and the statement set out below describes how the principles identified in the UK Corporate Governance Code are applied by the Group.

The Directors consider the annual report and financial statements, taken as a whole to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The terms of reference of all the Committees can be found on the Treatt website at www.treatt.com.

LEADERSHIP

Details of the Directors who served during the year, the positions they hold, and the Committees of which they are members are shown on page 15. The Board consists of four Non-executive Directors, of which Tim Jones is chairman, and three Executive Directors, of which Daemmon Reeve is Chief Executive Officer. Anita Haines will retire as an Executive Director at the conclusion of the Annual General Meeting and is standing for re-election as a Non-executive Director.

There is a clear division of responsibility between the Chief Executive Officer, who is required to develop and lead business strategies and processes to enable the Group's business to meet the requirements of its shareholders, and the Chairman who is responsible for leadership of the Board and ensuring that appropriate conditions are created to enable the Board to be effective in providing entrepreneurial leadership to the company. The key functions of the Chairman are

to conduct board meetings, meetings of shareholders and to ensure that all Directors are properly briefed in order to take a full and constructive part in Board discussions. The Chairman has regular contact with the Non-executive Directors without the presence of the Executive Directors. Concerns relating to the executive management of the Group or the performance of the other Non-executive Directors may be raised with the Senior Independent Director, who is Ian Neil.

The Board meets at least five times each year and more frequently where business needs require, with attendance in person or by video conference required at each meeting. In addition regular contact is maintained by email and telephone with written updates provided in respect of on-going issues, enabling regular input from all Board members. On a bi-annual basis a Board meeting is held at the Group's US subsidiary, Treatt USA, to enable closer interaction of the Non-executive Directors with the senior management and staff.

Day to day management of the Group is delegated to the Executive Directors. However the Board has a schedule of matters reserved to it for decision and the requirement for Board approval on these matters is communicated widely throughout the senior management of the Group. These matters, which are reviewed periodically, include material capital commitments, commencing or settling major litigation, business acquisitions and disposals, appointments to subsidiary company boards and dividend policy.

To enable the Board to function effectively and Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of board meetings, this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters. Board meetings are of sufficient duration to enable debate and discussion ensuring adequate analysis of issues during the decision making process. Further opportunity for more informal and extended discussion is provided at Board lunches which take place after every Board meeting and also provide the Board with an opportunity to meet members of staff, who are invited to attend.

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Group's expense. This is in addition to the access which every Director has to the Company Secretary. The Secretary is charged by the Board with ensuring that Board procedures are followed and that there are good information flows within the Board and its Committees and between senior management and Non-executive Directors.

¹ A copy of the UK Corporate Governance Code can be obtained from www.frc.org.uk

EFFECTIVENESS

The Directors believe that the Board, having been refreshed in 2011, 2012 and 2013, has an appropriate balance of skills and experience with financial, technical, industry specific and general business disciplines being represented. The structure of the Board ensures that no one Director is dominant in the decision-making process and that open debate and discussion is encouraged. There is a suitable balance between the number of Executive and Non-executive Directors.

The importance of a diverse board, including gender diversity which has been the subject of recent debate in respect of board composition, is recognised and supported by the Directors of Treatt plc. The Board is conscious of the benefits of diversity in the boardroom and within management positions within the Group. Our policy is to recruit the best possible candidate for each individual role having regard to qualifications, experience and personality, without prejudice to a candidate's characteristics.

The Board considers that all the Non-executive Directors are independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement. In accordance with the UK Corporate Governance Code, in the event of her re-election as a Non-executive Director in February 2014, Anita Haines will not be regarded as independent as defined by the code, having just retired as an Executive Director. None of the Non-executive Directors have a significant interest in the shares of Treatt plc and all receive a fixed fee for their services. However, in exceptional circumstances, where significant additional time commitment is required, a Non-executive Director may, if approved by the Board or Remuneration Committee as required, be paid an additional fee. The Board is satisfied that the Chairman's other commitments do not detract from the extent or the quality of the time which he is able to devote to the Group.

NOMINATION COMMITTEE

Members of the Nomination Committee throughout the year are shown on page 87. The Nomination Committee's principal remit is to consider the appointment or retirement of Directors, to review proposed nominations, and make recommendations thereon to the Board.

Appointments to the Board of both Executive and Non-executive Directors are considered by the Nomination Committee, which consults with Executive Directors and ensures that a wide range of candidates are considered. The Committee considers the skills mix of the serving Directors to identify potential gaps or areas where increased strength is required. In accordance with Treatt's Board Diversity Policy and having recognised the benefit of having an appropriate level of diversity on the Board to support the achievement of its strategic objectives, the Committee also considers the benefits of all aspects of diversity, including but not limited to, race, disability, gender, sexual orientation, religion, belief, age and culture. The recommendations of the Nomination Committee are ultimately made to the full Board which considers them before any appointment is made.

During the year Jeff Illiffe was appointed as a Non-executive Director. It had been recognised that following the change of Chairman in 2012, financial skills and city experience were under-represented on the Board amongst the Non-executive Directors and a Non-executive

Director with those skills was sought to bridge the gap. Although the role was not openly advertised, a number of applications were received and considered. Jeff Illiffe, who had previously worked with Treatt when he was at Panmure Gordon & Co. between 1989 and 1996, attended a series of interviews with the Nomination Committee and subsequently the Executive Directors. Following satisfactory completion of this process, the appointment was approved by the full Board.

Upon appointment, Directors are provided with access to an appropriate external training course and to advice from the Group's solicitors in respect of their role and duties as a public company director. Where they have significant relevant experience for the role, training may be felt to be unnecessary. In addition, all new Directors receive an induction to acquaint them with the Group. This takes the form of site tours, meetings with other Board members and senior management and the provision of an induction pack, which contains general information about the Group, its structure and key personnel, together with copies of relevant policies and procedures, financial information and briefings on Directors' responsibilities and corporate governance.

The Nomination Committee is also responsible for the annual evaluation of the Board, its committees and its Directors. During the year an evaluation of the Board, its committees and each individual Director is carried out internally, with the assistance of the Company Secretary, as the Board believes it has the appropriate resources and experience to undertake the reviews. The Board and committee reviews are conducted under the supervision of the appropriate Chairman. The Board evaluation process involved completion, by each Board member, of a comprehensive anonymous questionnaire designed to evaluate each of the essential components of an effective board. The results, which were benchmarked against the previous year's evaluation, demonstrated that performance is effective overall. These results were reported to the Committee and action points agreed to further improve performance.

The performance of individual Directors is evaluated by the Chairman, in conjunction with the Chief Executive Officer in the case of other Executive Directors. The Chairman is evaluated by the Chief Executive Officer and Senior Independent Director. The process includes individual performance meetings, at which past performance is discussed and evaluated and future objectives established. In the event that training and development needs are identified during the evaluation process, suitable resources or training are provided. During the course of the year, the Board has undertaken training on corporate governance provided by an external trainer, specialising in board support.

Any Director appointed during the year is required, under the provisions of the Articles of Association, to retire and seek election by shareholders at the next Annual General Meeting. The Articles also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting provided always that all directors must be subject to re-election at intervals of no more than three years. Any Non-executive Director having been in post for nine years or more, is subject to annual re-election. The Directors required to retire are those in office longest since their previous re-election.

Corporate Governance Statement

continued

AUDIT COMMITTEE

ROLE AND RESPONSIBILITIES

The main responsibilities of the Audit Committee (“the Committee”) are:

- to monitor the integrity of the annual report of the Group and to review and report to the Board on significant financial reporting issues and judgements which it contains, having regard to matters communicated to it by the auditor;
- to review the content of the annual report and advise the Board on whether, taken as a whole, it presents a balanced assessment of the Group’s position and provides the information necessary for shareholders to assess the Group’s performance, business model and strategy;
- to oversee the relationship with the auditor, including making recommendations to the Board on their appointment, remuneration and terms of engagement. The Committee also monitors their independence and objectivity, and sets the policy for non-audit work;
- to make recommendations to the Board on the requirement for an internal audit function; and
- to ensure that procedures are in place whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee has arrangements in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

ACTIVITIES SINCE THE LAST REPORT

- the composition of the Committee was reviewed and on appointment to the Board in February 2013 Jeff Iliffe was invited to join as Chairman. Jeff is deemed by the Board to have significant, recent and relevant financial experience. He is a Chartered Accountant with over 20 years experience in the financing and management of companies, both in the City and in industry;
- a review of the Committee’s terms of reference was undertaken and revisions made to reflect the current responsibilities of the Committee;
- a review of the requirement for an internal audit function was undertaken. Given the structure of the Group, and the level of control exercised by the management team, the establishment of a formal internal audit function was not considered to be necessary at present. As the Group develops, the need for such a function will be kept under review;
- the Committee met with the auditor to agree the scope of audit work to be undertaken and agree the audit fee;
- a review of the auditor’s performance was undertaken, to ensure that they remain objective and independent, and to assess the effectiveness of the audit;
- the Group’s annual report for 2013 was reviewed to ensure that taken as a whole, it was fair, balanced and understandable. This included consideration of a report from the auditor on their audit and review of the financial statements; and
- the policy for the engagement of the external auditor for non-audit related services was reviewed together with an assessment of its implementation during the year.

FINANCIAL REPORTING

Amongst the matters considered by the Committee were the key accounting issues, matters and judgement in relation to the Group’s 2013 annual report and financial statements relating to:

- the presentation of the financial statements and in particular the treatment of exceptional items in respect of legal and professional fees relating to the Earthoil contract dispute, and advisory fees and

other costs incurred to support the Group in discussions with the Bovill family shareholders and related matters;

- the treatment of the contingent consideration included within the investment of the Earthoil Group;
- the level of provisions made against the carrying value of inventories; and
- the estimation of taxable profits in the jurisdictions in which the Group operates to support the current tax liability.

After due challenge and debate the Committee was content that the assumptions made and judgements applied in these areas, which where possible are supported by external advice or other corroborative evidence, are reasonable and therefore agreed with management recommendations.

The Committee also reviewed compliance with the additional disclosure requirements recently introduced for companies reporting on financial years ending on or after 30 September 2013, which the Group is reporting on for the first time. This included changes to the reporting on Directors’ remuneration and the introduction of the remuneration policy, the new strategic report and reports on greenhouse gas emissions and gender diversity.

MEMBERSHIP AND MEETINGS

Members of the Audit Committee throughout the year are shown on page 87. The Committee has met twice since the approval of the 2012 financial statements. The auditor attended these meetings other than when their appointment or performance was being reviewed. The Chief Executive Officer, Finance Director and other senior finance staff attend as and when appropriate. The Committee has discussions at least once a year with the auditor without management being present. Furthermore the Committee Chairman meets informally with, and has access to, the Finance Director to discuss matters considered relevant to the Committee’s duties.

EXTERNAL AUDITOR

The Committee has oversight of the relationship with the external auditor and is responsible for monitoring the auditor’s independence, objectivity and compliance with professional and regulatory requirements. The incumbent auditors, Baker Tilly UK Audit LLP, were invited to submit a full audit tender in 2009 and were reappointed, on an annual rolling contract but with a long-term agreement on fees, on the basis of their proposal. During the year the Committee has monitored Baker Tilly’s effectiveness and performance and were satisfied that Baker Tilly were providing the audit services agreed. The Committee has therefore recommended to the Board that Baker Tilly be reappointed in 2014.

The level of non-audit fees and their effect on the auditor’s independence or objectivity is also considered on a regular basis. The split between audit and non-audit fees for the year under review appears in note 5. Non-audit fees are generally paid mainly in respect of tax compliance services and advice on share schemes. The Group has a policy to ensure that the provision of such services does not impair their independence or objectivity and when considering the use of the auditor to undertake non-audit assignments, management give consideration at all times to the provisions of the FRC Guidance on Audit Committees with regard to the preservation of independence.

REMUNERATION COMMITTEE

The Remuneration Committee's primary responsibility is to determine the remuneration of the Executive Directors of the Group ensuring that there is a sufficient balance between the levels of ordinary remuneration and performance-related elements designed to promote the Group's long term success.

Full details of the Directors' remuneration and a statement of the Group's remuneration policy are set out in the Directors' Remuneration Report appearing on pages 23 to 35. Members of the Remuneration Committee throughout the year are shown on page 87. The Chief

Executive Officer attends meetings of the Remuneration Committee to discuss the performance of the other Executive Directors and make proposals as necessary, but is not present when his own position is being discussed.

Each Executive Director abstains from any discussion or voting at full Board meetings on Remuneration Committee recommendations where the recommendations have a direct bearing on their own remuneration package. The details of each Executive Director's individual package are fixed by the Committee in line with the policy adopted by the full Board.

ACCOUNTABILITY

The Board is responsible for reviewing and approving the annual report and financial statements, the half year results and other financial statements made to ensure they present a balanced assessment of the Group's position. Drafts of all financial releases are provided to the Board in a timely manner and Directors' feedback is discussed and incorporated where appropriate, prior to publication.

ATTENDANCE AT MEETINGS

The members of the Board during the year and its Committees, together with their attendance, are shown below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Number of meetings held in year	6	2	3	5
Daemmon Reeve Chief Executive Officer	6	N/A	3	N/A
Anita Haines Human Resources Director	6	N/A	N/A	N/A
Richard Hope Finance Director	6	N/A	N/A	N/A
Tim Jones Non-executive Director and Chairman	6 Chairman	2	3 Chairman	5
Jeff Iliffe Non-executive Director from 25 February 2013	5	1 Chairman	2	4
David Johnston Non-executive Director	6	2	3	5
Ian Neil Senior Independent Non-executive Director	6	2 Chairman (1)	3	5 Chairman
Peter Thorburn Non-executive Director until 25 February 2013	1	1	1	1

As permitted by the Parent Company's Articles of Association, Directors may participate in the minuted decisions via telephone or video communication where it is impractical for them to attend in person.

Corporate Governance Statement

continued

FINANCIAL AND INTERNAL CONTROL

The Board confirms that a process for the on-going identification, evaluation and management of significant risks faced by the Group has been in place throughout the year and to the date of approval of this report, which complies with the guidance 'Internal Control: Guidance to Directors' ("the Turnbull guidance"). The process is subject to regular review by the Board and there were no significant internal control issues identified during the year.

The Directors are responsible for the Group's system of internal control, the effectiveness of which is reviewed by them annually. This covers all controls including those in relation to financial reporting processes (including the preparation of consolidated accounts). In addition to monitoring reports received via the Executive Directors they consider the risks faced by the Group, whether the control systems are appropriate and consult with internal and external experts on environmental, insurance, legal and health and safety compliance. However, such a system can only provide reasonable but not absolute assurance against material misstatement or loss. The key procedures that the Directors have established to provide effective internal controls are as follows:

FINANCIAL REPORTING

A detailed formal budgeting process for all Group businesses culminates in an annual Group budget which is approved by the Board. Results for the Group and its main constituent businesses are reported monthly against the budget to the Board and revised forecasts for the year are prepared through the year. The Group uses a standardised consolidation system for the preparation of the Group's monthly management accounts, half year and annual consolidated financial statements, which is subject to review by senior management throughout the consolidation process.

The Board monitors the integrity of all financial announcements released by the Group, ensuring that, among other things, appropriate accounting standards and policies are applied consistently, that all material information is presented and that the disclosures are accurate.

FINANCIAL AND ACCOUNTING PRINCIPLES

Financial controls and accounting policies are set by the Board so as to meet appropriate levels of effective financial control. Compliance with these policies and controls is reviewed where necessary by external auditors.

INFORMATION TECHNOLOGY

The Group operates on a common centrally managed computer platform. This provides common reporting and control systems and the ability to manage and interrogate businesses remotely. However, there are associated risks with having the entire group IT systems on a common platform, such as IT security, access rights and business continuity. These risks are mitigated by an on-going focus on IT security through a process of continuous investment in IT facilities.

CAPITAL INVESTMENT

The Group has clearly defined guidelines for capital expenditure. These include annual budgets, appraisal and review procedures, and levels of authority. Post-investment appraisals are performed for major investments.

RISK ASSESSMENT AND INFORMATION

Operational management in conjunction with the Executive Directors, who report regularly to the Board, are responsible for identification and evaluation of significant risks applicable to their area of business and the design and operation of suitable internal controls. Details of the principal risks associated with the Group's activities are given in the Strategic Report on page 17.

RELATIONS WITH SHAREHOLDERS

The Group places a great deal of importance on communication with its shareholders. The Parent Company mails to all shareholders its full annual report and financial statements. This information, together with the quarterly interim management statements, half yearly statements and other financial announcements, is also available on the Group's website and, upon request, to other parties who have an interest in the Group's performance.

There is regular dialogue with individual institutional and other major shareholders as well as presentations after the half and full year results. The views of major shareholders are communicated and discussed at Board meetings and Non-executive Directors may request meetings with major shareholders should they wish to do so and vice versa. All shareholders have the opportunity to put questions at the Parent Company's Annual General Meeting.

This report was approved by the Board on 6 December 2013.

ANITA STEER

Secretary

Directors' Remuneration Report

ANNUAL STATEMENT

INTRODUCTION

As Chairman of the Remuneration Committee, I am pleased to present our report on Directors' remuneration.

This report has been prepared in accordance with the new legislation relating to the reporting of Directors' remuneration and complies with the Companies Act 2006 ('the Act') and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the 'Regulations'), as amended. The report also meets the relevant requirements of the Listing Rules of the Financial Conduct Authority and describes how the Board has applied the Principles of the UK Corporate Governance Code relating to Directors' remuneration. In accordance with the Act, the Remuneration Report is now divided into two sections, a Remuneration Policy Report, which describes our approach to remuneration, and an Implementation Report, which details the remuneration paid to the Directors during the financial year under review. The Remuneration Policy Report and the Implementation Report will be put to binding and advisory votes respectively at the AGM of the Parent Company on 24 February 2014.

2013 PERFORMANCE

As detailed elsewhere in this report, the Group performed well in 2013, meeting upwardly revised expectations for adjusted pre-tax profit and earnings per share. The Group's new strategic plan, although only approved in late 2012, showed some early signs of success, contributing towards the year's result. The base salaries of Anita Haines and Daemmon Reeve were increased with effect from 1 October 2013 by 1% and 2.7% respectively, in line with the increases received by staff generally. The base salary of Richard Hope was increased by 8% following the identification of a misalignment with benchmarking data relative to other Fledgling Index companies.

REMUNERATION POLICY

The aim of our remuneration policy is to attract and retain appropriately skilled and experienced Directors with the ability to deliver the Group's strategic objectives and obtain good returns for shareholders in accordance with the Group's values. This may be achieved through an appropriate combination of salary, benefits and performance-related longer term incentives, which align the interests of Directors with shareholders. Following consultation with the Group's major shareholders, a share retention policy has been adopted by the Board which imposes a shareholding requirement of 200% of salary on the Chief Executive Officer and 150% of salary on the Finance Director.

The Committee believes that this policy is aligned with our business strategy outlined elsewhere in this report. The Committee is also satisfied that within the remuneration policy, and particularly in respect of the setting of performance targets, there is a sufficient balance between encouraging entrepreneurial behaviour without encouraging excessive risk-taking.

In a departure from provision D2.2 of the UK Corporate Governance Code, the remuneration of Group senior management is determined by the Executive Directors since the Board believes that the Executive Directors are best placed to make this decision. However, remuneration proposals in respect of senior managers are reviewed and monitored by the Committee to ensure consistency and proportionality. The bonuses of all senior managers in the Group are approved by the Committee.

DECISIONS MADE DURING THE YEAR

In line with its terms of reference, the following key matters were considered by the Committee during the year:

- approval of the 2012 Directors' Remuneration Report;
- agreement of the bonuses payable for the 2012 financial year;
- grant of share options to directors under the Treatt 2005 Approved and Unapproved Share Option Schemes and the setting of performance conditions;
- review of the remuneration policy and the remuneration arrangements for the Executive Directors and Chairman;
- review of salary levels for the Executive Directors and agreement of salary increases for the 2014 financial year;
- to propose a Long Term Incentive Plan to shareholders at the 2014 AGM which will operate in place of the existing Treatt 2005 Approved and Unapproved Share Option Schemes; and
- to propose an all-employee Share Incentive Plan to shareholders at the 2014 AGM.

During the year all elements of the packages of the Executive Directors were reviewed and no significant changes have been made, although greater emphasis will be placed on share-based incentives going forward with new plans, as detailed above, being proposed to shareholders.

I hope that shareholders will support the resolutions on Directors remuneration and the new share schemes and I will be available at the AGM to answer any questions you may have.

IAN NEIL

Chairman
Remuneration Committee

Members of the Committee are shown on page 87 and for full biographies of the Committee members see page 15. The terms of reference of the Committee can be found on the Treatt website at www.treatt.com.

POLICY SECTION

REMUNERATION POLICY REPORT

The Committee's policy is to ensure that remuneration structures are simple, transparent and proportional to the size and complexity of the business whilst ensuring that Executive Directors are fairly rewarded for the role they undertake. The main principles of the remuneration policy are:

- salaries should be competitive but not excessive when compared to similar companies;
- remuneration packages should align the interests of Directors with shareholders by using stretching performance metrics that provide a strong link to the creation of shareholder value;
- there should be appropriate balance between fixed and performance-related pay to ensure delivery of results over the short, medium and longer term;
- performance metrics should not encourage a culture of excessive risk taking;
- Directors should invest in and retain shares in Treatt.

The Committee reviews its policy annually to determine whether it remains effective and aligned to the Group strategy. As a result of this review greater emphasis will be placed on longer-term share-based incentives to more closely align the interests of Directors with shareholders and provide stretching longer term targets to encourage strong performance.

The current intention is that the framework of this remuneration policy will apply for future years.

Directors' Remuneration Report

continued

EXECUTIVE DIRECTORS' REMUNERATION

The following table sets out a summary of each element of the Executive Directors' remuneration, how it operates, the maximum opportunity available, applicable performance metrics and changes to remuneration for the 2014 financial year:

Element – Purpose and link to strategy	Operation	Maximum Opportunity	Performance Metrics	Changes for 2014 financial year
<p>Base salary Help recruit and retain high calibre Executive Directors</p> <p>To provide a competitive salary relative to the size of the Group</p> <p>Reflects individual experience and the role</p>	<p>Reviewed annually by the Committee with changes taking effect from 1 October unless a change in responsibility requires an interim review</p> <p>Influenced by personal performance and by the increase in salaries of other Group employees</p> <p>Normally benchmarked at intervals of 3 years against similar companies and targeted broadly at the median level</p> <p>Discretion may be exercised for the purpose of retention</p>	<p>Excluding a review required by a change in role or responsibility, to align with benchmarking, or in exceptional circumstances, the annual increase should not exceed the average salary increase of employees within the Group</p>	<p>Individual and company performance are considered</p>	<p>No changes have been made to the salary review process.</p> <p>Base salary increase for Richard Hope addresses the misalignment with benchmarking. Other base salary increases are consistent with increases of Group employees</p> <p>The car and fuel allowances of Daemmon Reeve and Richard Hope have been rolled into salary to provide a simpler remuneration structure</p>
<p>Benefits Help recruit and retain high calibre Executive Directors</p>	<p>Entitlement to the following benefits on the same terms as employees in the country in which Director is resident:</p> <p>Private Healthcare - except that Daemmon Reeve also receives Family Cover in the UK; Life Assurance; Permanent Health Insurance – except that Daemmon Reeve receives enhanced long term disability cover; All-employee Share Schemes</p> <p>Any new benefits introduced to staff generally shall be provided to Directors on equal or comparable terms</p> <p>Discretion may be exercised to provide appropriate benefits that might become payable as a result of a new business requirement, such as a need for a Director to relocate</p>	<p>Except as otherwise stated these are on the same terms as the benefits received by other employees in the country in which the Director is resident</p>	<p>Not applicable</p>	<p>None</p>

Element – Purpose and link to strategy	Operation	Maximum Opportunity	Performance Metrics	Changes for 2014 financial year
<p>Annual Bonus (Note 1) Provides an element of at risk pay, which incentivises the achievement of good annual financial results</p> <p>Aligns Directors' interests with shareholders</p>	<p>The rules of the Executive Directors Bonus Scheme and the performance targets are reviewed every three years</p> <p>A bonus pool is calculated by reference to the achievement of performance targets for the financial year and each Director is entitled to a set percentage of the pool, subject to the maximum opportunity</p> <p>Bonuses are subject to determination by the Committee after year end and are paid in cash in December</p> <p>Discretion may be exercised in respect of the treatment of exceptional items which may have the effect of increasing or decreasing the bonus pool</p>	100% of salary	<p>The bonus pool is based on an amount by which adjusted pre-tax profit exceeds a minimum level</p> <p>The bonus pool ranges from 3% of pre-tax profit above the threshold level rising incrementally to a maximum of 16% for performance exceeding the threshold by a specified margin</p>	<p>For 2014 bonuses the Committee's discretion has been extended to include the ability to reduce bonus where circumstances have created a sufficiently significant impact on the reputation of the Group to justify, in the view of the Committee, the operation of this discretion</p> <p>The bonus pool is being re-calibrated, and will range from 1.5% to 9% of profits in excess of a minimum level</p> <p>Daemmon Reeve will be eligible to receive 60% of the pool, and Richard Hope 40%</p>
<p>Share Options (Note 2) Incentivises Directors to achieve returns for shareholders over a longer time frame</p> <p>Aligns Directors' interests with shareholders</p>	<p>The Group has one Approved and one Unapproved Share Option Scheme which were approved by shareholders in February 2005. Grants of options are considered annually after year end. The quantum of awards are reviewed to ensure that they are in line with market rates</p> <p>Awards must be made at market price with vesting dependent on the achievement of performance conditions over a period determined by the Committee, which shall be a minimum of 3 years</p> <p>Discretion may be exercised in respect of the performance criteria by replacing the current measure with a similarly appropriate measure or combination of measures</p> <p>The Committee may also exercise the specific discretions contained within the rules of the scheme, as approved by shareholders</p>	100% of salary based on market value of shares at date of grant	<p>Performance is measured over three years. The vesting of the options shall be subject to growth in adjusted basic EPS exceeding a minimum level during the period from date of grant to date of vesting</p> <p>20% vests at threshold rising incrementally to 100% for performance exceeding the threshold by a specified margin</p> <p>Options lapse if performance criteria are not met at the end of the three year performance period</p>	None

Directors' Remuneration Report

continued

Element – Purpose and link to strategy	Operation	Maximum Opportunity	Performance Metrics	Changes for 2014 financial year
<p>Long Term Incentive Plan (Note 2) Incentivises Directors to achieve returns for shareholders over a longer time frame</p> <p>Aligns Directors interests with shareholders</p>	<p>The Board has proposed an LTIP which will be put before shareholders at the AGM in February 2014</p> <p>The Committee will consider awards of shares under the LTIP annually and will review the quantum of awards to ensure that they are in line with market rates</p> <p>Awards will be made at nil cost with vesting dependent on the achievement of performance conditions over a period determined by the Committee, which shall be a minimum of 3 years</p> <p>Discretion may be exercised in respect of the performance criteria by replacing the current measure with a similarly appropriate measure or combination of measures</p> <p>The Committee may also exercise the specific discretions contained within the rules of the scheme, as approved by shareholders</p>	<p>100% of salary based on market value of shares at date of grant</p>	<p>The vesting of the awards shall be subject to growth in adjusted basic EPS exceeding a minimum level during the period from date of grant to date of vesting</p> <p>20% vests at threshold rising incrementally to 100% for performance exceeding the threshold by a specified margin</p> <p>Awards lapse if performance criteria are not met at the end of the three year performance period</p>	<p>If approved, 2014 will be the first year in which this scheme will operate</p>
<p>Share Retention Policy</p>	<p>Holding requirements: CEO – 200% of basic salary FD – 150% of basic salary</p> <p>Directors are required to retain shares acquired under share-based incentive awards until the holding requirements are met, save that they are permitted to sell sufficient shares to pay any exercise price and all applicable taxes due in respect of that award</p>	<p>Not applicable</p>	<p>Not applicable</p>	<p>This policy is effective from 6 December 2013</p>
<p>Pension Help recruit and retain high calibre Executive Directors and to provide a competitive package relative to the size of the Group</p>	<p>Entitlement to receive employer contributions into a defined contribution pension scheme on the same terms as employees in the country in which the Director is resident</p> <p>Daemnon Reeve also receives a contribution into a Supplemental Executive Retirement Plan (SERP)</p>	<p>UK employees - 9% base salary contribution or 15% where previously a member of the defined benefit pension scheme (no personal contribution required in either case)</p> <p>US employees – up to 6% base salary contribution, which matches personal contribution</p> <p>SERP - 4% base salary contribution (no personal contribution required)</p>	<p>Not applicable</p>	<p>None</p>

Element – Purpose and link to strategy	Operation	Maximum Opportunity	Performance Metrics	Changes for 2014 financial year
Recruitment of Executive Directors Enable recruitment of high calibre Executive Directors able to contribute to the success of the Group	Salary will be set to reflect skills and experience of incoming Director and market rate for the role to be undertaken Existing benefits and incentives of the Group to be used with participation on the same basis as existing Directors Payment of relocation expenses where relevant In the event of an internal promotion any commitments made prior to promotion may continue to be honoured when they would otherwise be inconsistent with this policy Discretion may be exercised in exceptional circumstances and existing entitlements with current employer, such as bonus and share schemes, may be bought out on a like for like basis and subject to performance conditions	Recruitment awards are subject to the maximum value of any outstanding awards forgone by the recruit	Based on existing Treatt performance conditions	Not applicable
Clawback To ensure Executive Directors do not benefit from errors or misconduct	Provisions are to be included in performance-related remuneration to enable clawback of remuneration which has been overpaid due to material misstatement of the Group's accounts, errors made in calculation or a Director's misconduct	Not applicable	Not applicable	These provisions will be included in respect of 2014 and onwards

Notes

- 1 The performance targets were set by the Remuneration Committee and are reviewed annually to ensure that they continue to incentivise strong financial performance. The Committee continues to believe that this performance measure offers a balance between the needs of shareholders, in providing good profitability and providing a measure of performance over which the Executive Directors have direct influence. The Committee considers that the level of performance required is appropriately stretching.

The bonuses of staff and senior management are restricted to between 12% and 75% of base salary depending on seniority, role and market conditions.

- 2 Performance targets are set by the Committee at the date of grant of the options to ensure that they are appropriately stretching. The Committee considers adjusted basic EPS to be a complete and appropriate measure of performance, capturing revenue growth and operating margin. EPS targets are aligned with the Board's strategy.

If the LTIP is approved by shareholders in February 2014 it will replace the Approved and Unapproved Share Option Schemes and no further grants will be made under these schemes after February 2014. Renewal of the Approved and Unapproved Share Option Schemes will not be sought once they expire in February 2015. The LTIP permits the grant of nil cost options which, subject to remaining an employee and the satisfaction of performance criteria, provide the participants with the benefit of the full market value of the shares.

Awards under the Approved and Unapproved Schemes and the proposed LTIP may be made to Senior Executives who have significant influence over the Group's ability to meet its strategic targets with such awards being subject to the achievement of performance conditions set by the Committee at the date of grant.

Directors' Remuneration Report

continued

NON-EXECUTIVE DIRECTORS' REMUNERATION

Element – Purpose and link to strategy	Operation	Maximum Opportunity	Changes for 2013/2014
Fees To recruit high calibre Non-executive Directors To reward additional responsibility by virtue of position as Chairman of the Board or Chairman of a Committee	Subject to an aggregate limit within the Articles of Association, for which the Board has proposed an increase which will be put before shareholders at the AGM in February 2014 Reviewed annually with changes taking effect from 1 October The Chairman's fees are reviewed by the Committee and the other Non-executives' fees are reviewed by the Board (excluding the Non-executives) Influenced by the increase in salaries of other Group employees and by personal performance Benchmarked against similar companies and targeted broadly at the median level Additional fees may be paid in respect of increased responsibility or time commitment required by the role or in respect of invoiced consultancy fees, where relevant	Excluding a review required by a change in role or responsibility or to align with benchmarking the annual increase should not exceed the average increase of employees within the Group	Fee increase for Tim Jones takes account of an increase in the time commitment required for the role and addresses the misalignment with benchmarking Fee increases for the other Non-executive directors are consistent with increases of group employees, except that a small additional fee has been awarded in respect of the position of Chairman of the Audit and Remuneration Committees

Where exceptional circumstances arise, the Committee shall have discretion to approve payments not specifically referred to above where the Committee, acting in good faith and taking into account the needs of the wider business, considers it reasonable and appropriate to do so.

ILLUSTRATION OF REMUNERATION POLICY

The graphs below provide estimates of the potential future reward for each of the Executive Directors based on their current roles, the remuneration policy outlined on pages 23 to 30 and base salaries as at 1 October 2013. Although Daemmon Reeve is paid in US Dollars, the figures below are in Pounds Sterling at an exchange rate of £1=\$1.56, being the average rate over the preceding twelve months.

As the illustrations are forward-looking, Anita Haines is not included as an Executive Director as she will be stepping down from her position at the AGM on 24 February 2014 and will be standing for re-election as a Non-executive Director.

REMUNERATION POLICY ILLUSTRATION



Only those share options which potentially vest in 2014 have been included and have been calculated as the difference in market value at 30 September 2013, being £6.025 and the option price. Following the consolidation of car and fuel allowances into salaries, Richard Hope's benefits total less than £1,000 per annum and are not shown.

COMPARISON OF REMUNERATION POLICY

This policy sets out the remuneration structure applicable to Directors of the Group. Salary levels and incentive arrangements applicable to other Group employees are determined by reference to local employment conditions for comparative roles.

Budgeted salary increases for Group employees are taken into consideration when determining increases for the Executive Directors.

Employees are provided with a competitive benefits package including healthcare, life assurance and pension. Recent replacement of the defined benefit scheme in the UK has applied equally to all employees, including Directors. Consistent with Directors, employees are eligible to participate in an annual bonus scheme with conditions linked to the performance of their operating subsidiary and the Group overall. Employee share ownership is encouraged across the Group and participation, particularly in the UK, is strong. If approved, the introduction of a Share Incentive Plan in the UK is designed to further encourage employee share ownership. Eligible employees, including Executive Directors, are able to participate in the all-employee share schemes on equal terms. Executive Directors and key employees with the greatest potential to influence achievement of the Group's strategic objectives are provided with share options or Long Term Incentives (if approved by shareholders) designed to encourage strong Group performance.

The Group does not consult with employees in respect of the Executive Directors remuneration policy. However, the Committee receives regular updates on salary and bonus levels across the Group and is aware of how the remuneration of Directors compares to employees.

In addition, when setting remuneration levels for the Executive Directors the Committee takes account of the levels of remuneration received by executive directors of similar companies that are selected on the grounds of:

- size in terms of turnover, profits and number of people employed;
- a ranking within the FTSE Fledgling Index or FTSE Small Cap Index;
- the diversity and complexity of the business;
- the geographical spread of its business; and
- market segment.

Whilst remuneration consultants have not been engaged, regular benchmarking is undertaken against companies within the FTSE Fledgling and Small Cap Indexes using salary reports and surveys of established remuneration consultants.

DIRECTORS' CONTRACTS

EXECUTIVE DIRECTORS

The Committee reviews the contractual terms of new and existing Executive Directors to ensure that they reflect best practice and are designed to attract and retain suitable candidates. The Committee considers that a rolling contract terminable on twelve months' notice by either party is appropriate. The notice period of Anita Haines, which she is currently serving and expires at the 2014 AGM, is historic and is no longer regarded as appropriate by the Committee.

Summary of Director's service contracts as at 30 September 2013:

	Date of contract	Notice period
Daemmon Reeve	30 October 2012	12 months
Richard Hope	12 May 2003*	12 months
Anita Haines	24 December 2002	2 years

* Richard Hope signed a new contract on 1 October 2013 which is consistent with the new remuneration policy.

Summary of the key elements of Directors' service contracts:

Provision	Summary
Notice period	12 months by either party Exception — Anita Haines
Termination payment	Daemmon Reeve — Payment in lieu of notice clause providing for base salary and benefits payable during notice period Richard Hope — No provision for payment in lieu of notice
Salary	Reviewed annually with effect from 1 October each year
Benefits	Private healthcare, life assurance, permanent health insurance or other disability cover, pension Participation in discretionary incentive arrangements determined by the Committee

Directors' Remuneration Report

continued

The Directors' contracts are available for inspection at the Company's registered office during normal business hours.

Future contracts are to provide for remuneration obligations comparable to those set out above taking into consideration role and responsibility, except in exceptional circumstances where additional incentive is required in order to secure the services of an outstanding candidate.

NON-EXECUTIVE DIRECTORS

All Non-executive Directors are subject to the same terms and conditions of appointment which provide for the payment of fees for their services in connection with Board and Board Committee meetings. In their Non-executive capacities they do not qualify for participation in any of the Group's bonus, share option or other incentive schemes, and they are not eligible for pension scheme membership.

The terms and conditions of appointment of Non-executive Directors are available for inspection at the Company's registered office during normal business hours.

PAYMENTS FOR LOSS OF OFFICE

In accordance with the UK Corporate Governance Code notice periods shall not exceed a maximum of twelve months.

In normal circumstances it is expected that termination payments for Executive Directors should not exceed current salary and benefits for the notice period. When determining termination payments in the event of early termination, the Committee will take into account a variety of factors including length of service, personal and company performance, the Director's obligation to mitigate his loss, statutory compensation to which a Director may be entitled and legal fees and other payments which may be payable under a Settlement Agreement.

A Director who has been given notice by the Company for any reason other than on the grounds of injury, disability, redundancy or change of control shall only be eligible to a payment under the bonus scheme at the discretion of the Committee, which will take into account the circumstances leading to the notice.

Directors have no entitlement to performance-related share-based incentives, the unvested portion of which will generally lapse following termination of employment. However, in certain circumstances, such as injury, disability or redundancy, share options, which shall be pro-rated by reference to the amount of the performance period completed and subject to performance conditions, may be exercised within six months of termination. Where termination is for any other reason, share options may only be exercised at the discretion of, and to the extent permitted by the Committee, acting fairly and reasonably.

PAYMENTS TO A FORMER DIRECTOR

The compensation for loss of office agreed with Hugo Bovill, the former Group Managing Director, comprised on-going elements which the Company is contractually obligated to continue to pay. The value of these on-going elements was accrued in the figure for compensation for loss of office disclosed in the 2012 annual report and financial statements.

The Company agreed to a fixed sum to provide future private medical insurance for Mr Bovill and his children. The annual premiums paid by the Company in respect of this cover will be deducted from the fixed sum until the residual amount is insufficient to cover the annual premium, whereupon the Company's obligations will cease.

Additionally, due to the length of Mr Bovill's tenure, the Company agreed to a small fixed sum to provide outplacement advice, which is payable upon invoice.

EXTERNAL APPOINTMENTS

Whilst neither of the Executive Directors currently serve as Non-executive Directors on the boards of other companies, it is recognised that such appointments would provide an opportunity to gain broader experience outside of Treatt which would benefit the Group. In the event that the Directors are offered such positions and providing that they are not likely to lead to a conflict of interest or significant constraints on time, Executive Directors may, with the prior approval of the Board, accept Non-executive appointments and retain the fees received.

SHAREHOLDER VIEWS

The Remuneration Committee has engaged pro-actively with the Group's major shareholders in respect of the details of this policy and welcomed feedback received from them. The Committee will also consult with major shareholders prior to any material changes to the remuneration policy.

This Remuneration Policy, if approved at the 2014 Annual General Meeting, shall be effective immediately.

IMPLEMENTATION REPORT

The following section of this report provides details of the implementation of the policy for the year ended 30 September 2013.

DIRECTORS' REMUNERATION (AUDITED)

The tables below report a single figure for total remuneration for each individual Executive and Non-executive Director respectively.

Executive Directors:	Daemmon Reeve		Richard Hope		Anita Haines	
	2013	2012*	2013	2012	2013	2012
Salary	201	66	142	138	121	119
Taxable Benefits (Note 1)	14	4	21	21	20	20
Annual Bonus (Note 2)	171	54	118	78	118	78
Share Options vesting in the financial year	4	3	5	3	5	3
Pension	16	—	14	12	26	30
	405	127	300	252	290	250

* Remuneration shown for Daemmon Reeve in the prior year relates only to the period of five months following his appointment to the Board in May 2012.

Non-executive Directors:	Fees	
	2013	2012
Tim Jones	42	18*
Jeff Iliffe (From 25 February 2013)	20	—
David Johnston	29	29
Ian Neil	29	29
Peter Thorburn (Until 25 February 2013)	15	31
	135	107

* Remuneration shown for Tim Jones in the prior year relates only to the period of seven months following his appointment to the Board in February 2012.

Note 1: Taxable benefits provided to Executive Directors include a car allowance, fuel and private medical insurance. As explained in the remuneration policy report, with effect from 1 October 2013, car allowances and re-imbursment of fuel expenses will be incorporated into basic salaries for all Directors other than those retiring during the year.

Note 2: Details relating to the annual bonus are as follows:

The annual bonus for Executive Directors is calculated based upon the amount by which profit before tax and exceptional items (at the discretion of the Remuneration Committee) exceeds a minimum level of 10% of adjusted net assets, with the actual result for the year being a return on adjusted net assets of 24.5%. Net assets are adjusted to exclude any movement in the pension liability which is considered to be outside the control of the Executive Directors. The annual bonus is capped at a maximum of 100% of annual basic salary. The annual bonus, as a percentage of the maximum achievable, was as follows:

	2013	2012
Daemmon Reeve	85%	50%
Richard Hope	83%	56%
Anita Haines	97%	66%

The proportion of fixed and variable pay, exclusive of pension, benefits and share options, is shown below for the Executive Directors:

	Basic Salary		Annual Bonus	
	2013	2012	2013	2012
Daemmon Reeve	54%	55%	46%	45%
Richard Hope	55%	64%	45%	36%
Anita Haines	51%	60%	49%	40%

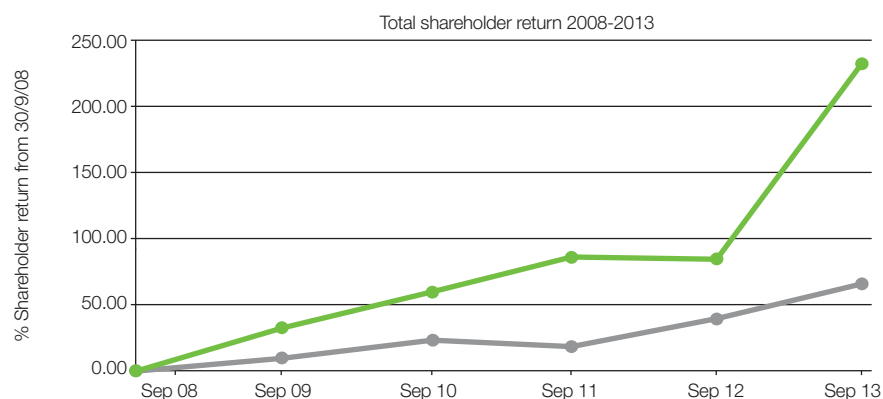
Directors' Remuneration Report

continued

PERFORMANCE GRAPH

This performance graph shows Treatt Plc's performance, measured by total shareholder return, compared with the performance of the FTSE All Share Index, also measured by total shareholder return, which has been selected by the Board as being the most appropriate measure against which to benchmark its performance.

- Treatt Plc
- FTSE All Share



CEO REMUNERATION

The following table provides historical data on remuneration in respect of the Director(s) performing the role of Chief Executive Office for each of the years covered by the performance graph:

	2013	2012 ²	2011	2010	2009
Total remuneration (£'000)	405	274	447	281	307
Annual bonus as % of maximum ¹	85%	11% ³	104%	47%	30%
Share options vesting as % of maximum ⁴	100%	100%	100%	100%	100%

¹ Prior to 2012 there was no cap on the payment of annual bonuses to Executive Directors, therefore the percentage of annual salary is shown by way of comparative.

² The CEO Remuneration for 2012 is the combined remuneration paid to the current and previous CEO for the periods when they held that post.

³ The 2012 annual bonus only related to two months of the financial year.

⁴ All share options vested in full as they were all-employee share options which were not subject to performance conditions.

The percentage change in remuneration of the Director undertaking the role of CEO, compared to employees as a whole was as follows:

	Salaries	Bonus
CEO	6.0% ¹	32% ²
Employees ³	4.5%	74%

¹ The percentage increase in CEO salary compares the 2013 salary of the current CEO to the combined 2012 salaries of the current and previous CEO for the periods when they held that post.

² The percentage increase in bonus, compares the 2013 bonus of the current CEO with the annualised equivalent bonus earned by the current CEO in 2012 in his capacity as CEO.

³ The employees used for comparison are those UK and US employees who, for the salary comparison, were employed for the whole of the 2013 financial year, and for bonuses, for the whole of both the 2012 and 2013 financial years.

RELATIVE IMPORTANCE OF SPEND ON PAY

Wages and salaries are the most significant overhead cost in the Group. The following table sets out, in a manner prescribed by the regulations, the relative importance of employee remuneration, as compared to distributions to shareholders and other significant uses of profit, the most significant of which, taxation, has therefore been selected:

	2013	2012	Movement
Total remuneration ¹	10,837	9,852	+10%
Dividends ²	1,585	1,490	+6%
Current tax ³	1,496	901	+66%

¹ Total remuneration includes wages, salaries and pension costs as disclosed in note 6.

² Dividends paid in the financial year as disclosed in note 10.

³ Current tax payable in respect of the financial year as disclosed in note 9.

DIRECTORS' INTERESTS (AUDITED)

The Directors who held office at 30 September 2013 had the following interests in the shares of the Parent Company:

	Shares Held Outright or Vested		Unvested Share Options with Performance Conditions		Unvested All-Employee Share Options	
	2013	2012	2013	2012	2013	2012
Executive Directors						
Daemmon Reeve	14,944	8,897	15,639	—	635	1,088
Richard Hope	27,769	10,971	2,564	—	2,650	3,359
Anita Haines	10,136	8,839	—	—	—	1,297
Non-executive Directors						
Tim Jones	12,499	10,751	—	—	—	—

There have been no changes between 1 October 2013 and 5 December 2013, the latest date practicable to obtain the information prior to publication of this document, other than an additional 236 shares received by Richard Hope under a dividend reinvestment plan.

The table below shows the value of Executive Directors' interests in shares as at 30 September 2013 as a percentage of their base salary:

	Value of Shares Held Outright or Vested		Base Salary ¹		Value of Interest as % of Base Salary	
	2013 £'000	2012 £'000	2013 £'000	2012 ² £'000	2013 %	2012 %
Daemmon Reeve	90	31	201	158	45%	19%
Richard Hope	167	38	142	138	118%	27%
Anita Haines	61	30	121	119	50%	26%

1 Base salary is the average basic gross pay for the corresponding year.

2 The comparative salary for Daemmon Reeve is for the whole of the 2012 financial year and not from the date of his appointment to the Board.

SHARE OPTION SCHEMES (AUDITED)

The following share options were granted to Executive Directors during the financial year:

	Scheme	Basis	Date of Grant	Share Price at Date of Grant	Face Value £'000	Min Performance Award	Performance End Date
Daemmon Reeve	ESPP 2013 (1)	All-staff	15 Jul 13	£6.00	4	N/A	N/A
	ISO 2013 (2)	Individual	14 Dec 12	£3.95	62	20%	30/9/17
Richard Hope	SAYE 2013 (3)	All-staff	15 Jul 13	£6.00	4	N/A	N/A
	ASO 2013 (4)	Individual	14 Dec 12	£3.95	10	20%	30/9/15

1 ESPP (Employee Stock Purchase Plan) share options are offered to US employees (subject to tax exempt limits) at a discount of 15% of the share price at date of grant and are exercisable after one year.

2 ISO (Incentive Stock Options) are granted at the share price at date of grant, subject to performance conditions.

3 SAYE (Save As You Earn) share options are offered to UK employees (subject to tax exempt limits) at a discount of 20% of the average share price for the three days preceding the date of grant and are exercisable after three years.

4 ASO (Approved Share Options) are granted at the average share price for the three days preceding the date of grant, subject to performance conditions.

The performance conditions for ISO and ASO options are as follows:

Average annual growth in adjusted basic earnings per share during the period from date of grant to date of vesting. The option shall vest on the following sliding scale: 20% where average annual growth equals or exceeds 6%; 40% where average annual growth equals or exceeds 7%; 60% where average annual growth equals or exceeds 8%; 80% where average annual growth equals or exceeds 9%; and 100% where average annual growth equals or exceeds 10%.

Directors' Remuneration Report

continued

The share options of the Directors in office during the year are as set out below:

	Exercise Dates	Exercise Price	At 1 Oct 2012	Granted During the Year	Exercised During the Year	Expired During the Year	At 30 Sep 2013
Daemmon Reeve	Jul 2013	284p	1,088	—	(1,088)	—	—
	Jul 2014	501p	—	635	—	—	635
	Dec 2017 – Dec 2022	395p	—	15,639	—	—	15,639
			1,088	16,274	(1,088)	—	16,274
Richard Hope	Sep 2013 – Feb 2014	222p	1,297	—	(1,297)	—	—
	Sep 2014 – Feb 2015	340p	849	—	—	—	849
	Sep 2015 – Feb 2016	267p	1,213	—	—	—	1,213
	Sep 2016 – Feb 2017	489p	—	588	—	—	588
	Dec 2015 – Dec 2022	390p	—	2,564	—	—	2,564
			3,359	3,152	(1,297)	—	5,214
Anita Haines	Sep 2013 – Feb 2014	222p	1,297	—	(1,297)	—	—

The aggregate amount of gains made by the Directors on the exercise of share options in the year was £14,000 (2012: £13,000).

There have been no further changes in the interests of the Directors to subscribe for or acquire shares between 1 October 2013 and 5 December 2013, the latest date practicable to obtain the information prior to publication of this document.

The market price of the shares at 30 September 2013 was £6.025 and the range during the financial year was £3.425 to £6.325. All market price figures are derived from the Daily Official List of the London Stock Exchange.

PENSIONS (AUDITED)

Certain Executive Directors are deferred members of the R C Treatt & Co Limited Pension & Assurance Scheme following its closure to future accruals on 31 December 2012. The plan was a non-contributory, H.M. Revenue & Customs approved, defined benefit occupational pension scheme. Its main features are:

- a normal pension age of 65 but early retirement may be permitted from age 55;
- a pension at normal pension age of two thirds of final pensionable salary, subject to completion of 20 years' service;
- life assurance cover of four times basic annual salary;
- spouse's pension on death.

Pensionable salary is the member's basic salary, excluding all bonuses. From 1 October 2004, pensionable salary was restricted to the lower of actual salary and salary as at 1 January 2004 as adjusted for the cumulative increase in inflation until retirement.

The pension entitlement of these Directors is as follows:

	Normal Retirement Date	Increase in Accrued Pension During Year (Excluding Inflation)		Transfer Value in Respect of Increase (Excluding Inflation)		Accrued Total Pension at	
		2013 £	2012 £	2013 £	2012 £	2013 £	2012 £
Daemmon Reeve	24 Sep 2036	65	—	385	5,457	20,178	19,680
Anita Haines	6 Nov 2017	593	1,499	8,309	21,637	43,816	42,293

The transfer values have been calculated on the basis of actuarial advice in accordance with Regulation 7B(2) of the Occupational Pension Schemes (Transfer Values) Regulations 1996. Further details of the scheme are included in note 25.

In addition, contributions to defined money purchase pension plans were made as follows:

	2013 £'000	2012 £'000
Daemmon Reeve*	15	—
Richard Hope	14	12
Anita Haines*	14	—

* Following the closure of the defined benefit scheme, with effect from 1 January 2013 Daemmon Reeve and Anita Haines were in receipt of contributions towards money purchase pension plans as shown.

STATEMENT OF VOTING

At the Annual General Meeting held on 25 February 2013, the votes cast in respect of the resolution to approve the Directors' Remuneration Report, were as follows:

For: 75.3% Against: 24.7% Votes withheld: 1,510,874

AUDIT NOTES

In accordance with Section 421 of the Companies Act 2006 and the Regulations, where indicated, certain information contained within the Implementation Section of this report has been audited. The remaining sections are not subject to audit.

This report was approved by the Board and signed on its behalf on 6 December 2013.

ANITA STEER

Secretary

Independent Auditor's Report to the Members of Treatt plc

We have audited the Group and Parent Company financial statements ("the financial statements") on pages 38 to 73. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 14, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 18 to 22 in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Conduct Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

- Under the ISAs (UK and Ireland) we are required to report to you if, in our opinion, information in the annual report is:
 - materially inconsistent with the information in the audited financial statements; or
 - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
 - otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed.

- Under the Companies Act 2006 we are required to report to you if, in our opinion:
 - adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
 - the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
 - certain disclosures of Directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit; or
 - a Corporate Governance Statement has not been prepared by the Parent Company.

- Under the Listing Rules we are required to review:
 - the Directors' statement, set out on pages 11 and 12, in relation to going concern;
 - the part of the Corporate Governance Statement on page 18 relating to the Parent Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
 - certain elements of the report to shareholders by the Board on Directors' remuneration.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

We identified the following risks as being those which had the most significant impact on our audit strategy and set out below how each of these were addressed by the scope of our audit:

- the valuation of inventories and, in particular, the determination of provisions against obsolete, slow moving and defective lines and against items where expected net realisable value is lower than cost.

We reconfirmed our understanding of the basis for determining inventory provisions and the controls over this process, and considered whether these continued to be appropriate and consistently applied. We tested a sample of inventory provisions, considered their appropriateness and reviewed post year end transactions to consider whether there were further inventory lines which ought to have been provided for. We also reviewed the outcome of prior year provisions.

- the accounting for and disclosure of the claim made by the vendors of the Earthoil subsidiaries, acquired in 2008, in respect of the deferred consideration relating to their earn-out.

We reviewed the progress of the claim and considered the independent professional advice in connection with management's assessment of the Group's liability in respect of the earn-out and the disclosures relating to the contingent liability relating to this claim. We reviewed the accounting treatment and disclosures regarding the costs incurred in defending the claim and reviewed post year end transactions for omitted liabilities in this regard. We undertook specific post balance sheet enquiries to confirm that events to the date of signing the audit report were appropriately reflected and disclosed.

OUR APPLICATION OF MATERIALITY

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures and to evaluate the effects of misstatements, both individually and on the financial statements as a whole. During planning we determined a magnitude of uncorrected misstatements that we judge would be material for the financial statements as a whole (FSM). During planning FSM was calculated as £400,000, which was not changed during the course of our audit.

We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of £10,000, as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our group audit approach focused on the Parent Company and the three key trading subsidiaries, two in the UK and one in the US. The UK entities are subject to local statutory audit completed to the Group reporting timetable. The US entity is not subject to local statutory audit and has been subject to full scope audit to Group materiality. The US entity audit was undertaken by the same team as the UK statutory audits.

These audits covered 98% of Group revenue, 98% of Group profit before tax, and 99% of Group total assets.

CHARLES FRAY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk IP32 7FA

6 December 2013

Group Income Statement

for the year ended 30 September 2013

	Notes	2013 £'000	2012 £'000
Revenue	4	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	5	6,938	5,628
Loss on disposal of subsidiaries	15	(60)	—
Finance revenue	7	85	108
Finance costs	7	(736)	(676)
Profit before taxation and exceptional items		6,227	5,060
Exceptional items	8	(1,093)	(598)
Profit before taxation		5,134	4,462
Taxation	9	(1,655)	(1,390)
Profit for the period attributable to owners of the Parent Company		3,479	3,072
Earnings per share			
Basic	11	34.0p	30.0p
Diluted	11	33.9p	29.9p
Adjusted basic	11	43.2p	34.4p
Adjusted diluted	11	43.0p	34.3p

*All amounts relate to continuing operations
Notes 1 - 29 form part of these financial statements*

Group Statement of Comprehensive Income

for the year ended 30 September 2013

	Notes	2013 £'000	2012 £'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	9	30	9
Deferred tax on foreign currency translation differences	9	—	(12)
Fair value movement on cash flow hedge	28	546	(169)
Deferred tax on fair value movement	16	(135)	30
		261	(481)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on defined benefit pension scheme	25	(1,058)	(478)
Current tax credit on actuarial loss	9	72	—
Deferred tax credit on actuarial loss	16	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

Notes 1 - 29 form part of these financial statements

Group and Parent Company Statements of Changes in Equity

for the year ended 30 September 2013

Group	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
Profit for the period	—	—	—	—	—	3,072	3,072
Other comprehensive income/(expense):							
Exchange differences net of tax	—	—	—	—	(339)	(3)	(342)
Fair value movement on cash flow hedge net of tax	—	—	—	(169)	—	30	(139)
Actuarial gain 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/(expense):							
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

Notes 1 - 29 form part of these financial statements

Group and Parent Company Statements of Changes in Equity

for the year ended 30 September 2013

	Share capital £'000	Share premium £'000	Own shares in share trust £'000	Retained earnings £'000	Total equity £'000
Parent Company					
1 October 2011	1,048	2,757	(485)	1,330	4,650
Profit for the period	—	—	—	2,058	2,058
Total comprehensive income	—	—	—	2,058	2,058
Transactions with owners:					
Dividends	—	—	—	(1,490)	(1,490)
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)	1,843	4,912
Profit for the period	—	—	—	1,571	1,571
Total comprehensive income	—	—	—	1,571	1,571
Transactions with owners:					
Dividends	—	—	—	(1,585)	(1,585)
Movement in own shares in share trust	—	—	114	—	114
Capital contribution to subsidiary undertakings	—	—	—	22	22
Loss on release of shares in share trust	—	—	—	(23)	(23)
30 September 2013	1,048	2,757	(622)	1,828	5,011

Notes 1 - 29 form part of these financial statements

Group and Parent Company Balance Sheets

as at 30 September 2013

Registered Number: 1568937

	Notes	Group		Parent Company	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
ASSETS					
Non-current assets					
Goodwill	12	1,075	1,080	—	—
Other intangible assets	13	684	718	—	—
Property, plant and equipment	14	11,718	11,543	—	—
Investment in subsidiaries	15	—	—	5,238	5,216
Deferred tax assets	16	278	286	—	—
Trade and other receivables	18	586	586	586	586
Redeemable loan notes receivable	28	—	—	1,350	1,350
		14,341	14,213	7,174	7,152
Current assets					
Inventories	17	23,669	22,915	—	—
Trade and other receivables	18	13,207	13,959	454	58
Current tax assets		128	252	—	—
Derivative financial instruments	28	219	—	—	—
Cash and cash equivalents	19	1,117	927	—	—
		38,340	38,053	454	58
Total assets		52,681	52,266	7,629	7,210
LIABILITIES					
Current liabilities					
Borrowings	20	(522)	(8,407)	(1,915)	(1,566)
Provisions	21	(49)	—	—	—
Trade and other payables	22	(11,292)	(8,938)	(4)	(34)
Current tax liabilities		(621)	—	—	—
		(12,484)	(17,345)	(1,919)	(1,600)
Net current assets/(liabilities)		25,856	20,708	(1,465)	(1,542)
Non-current liabilities					
Deferred tax liabilities	16	(1,001)	(880)	—	—
Borrowings	20	(8,889)	(5,469)	—	—
Trade and other payables	22	(23)	(23)	(23)	(23)
Post-employment benefits	25	(1,589)	(838)	—	—
Derivative financial instruments	28	(577)	(1,033)	—	—
Redeemable loan notes payable	28	(675)	(675)	(675)	(675)
		(12,754)	(8,918)	(698)	(698)
Total liabilities		(25,238)	(26,263)	(2,617)	(2,298)
Net assets		27,443	26,003	5,011	4,912
EQUITY					
Share capital	23	1,048	1,048	1,048	1,048
Share premium account		2,757	2,757	2,757	2,757
Own shares in share trust		(622)	(736)	(622)	(736)
Hedging reserve		(487)	(1,033)	—	—
Foreign exchange reserve		455	635	—	—
Retained earnings		24,292	23,332	1,828	1,843
Total equity attributable to owners of the Parent Company		27,443	26,003	5,011	4,912

Notes 1 - 29 form part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 6 December 2013 and were signed on its behalf by:

Tim Jones
Chairman

Richard Hope
Finance Director

Group and Parent Company Statement of Cash Flows

for the year ended 30 September 2013

	Notes	Group		Parent Company	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash flow from operating activities					
Profit before taxation		5,134	4,462	1,560	2,033
Adjusted for:					
Foreign exchange loss		—	(258)	—	—
Depreciation of property, plant and equipment	14	1,219	1,104	—	—
Amortisation of intangible assets	13	181	159	—	—
Loss on disposal of property, plant and equipment		3	—	—	—
Loss on disposal of subsidiaries	15	60	—	—	—
Net finance costs	7	714	618	44	66
Share-based payments	24	22	25	—	—
Increase in fair value of derivatives	28	(129)	—	—	—
Decrease in post-employment benefit obligation		(307)	(443)	—	—
Operating cash flow before movements in working capital		6,897	5,667	1,604	2,099
Movements in working capital:					
Increase in inventories		(789)	(2,578)	—	—
Decrease/(increase) in trade and other receivables		876	(2,104)	(397)	173
Increase/(decrease) in trade and other payables, and provisions		2,266	497	(29)	(156)
Cash generated from operations		9,250	1,482	1,178	2,116
Taxation (paid)/received		(649)	(1,279)	11	24
Net cash from operating activities		8,601	203	1,189	2,140
Cash flow from investing activities					
Disposal of subsidiaries	15	(9)	—	—	—
Proceeds on disposal of property, plant and equipment		2	—	—	—
Purchase of property, plant and equipment	14	(1,433)	(2,651)	—	—
Purchase of intangible assets	13	(147)	(136)	—	—
Interest received	7	22	58	20	37
		(1,565)	(2,729)	20	37
Cash flow from financing activities					
(Decrease)/increase in bank loans		(2,223)	692	—	—
Amounts converted to non-current borrowings		—	3,158	—	—
Interest paid	7	(736)	(676)	(64)	(103)
Dividends paid	10	(1,585)	(1,490)	(1,585)	(1,490)
Net sale/(purchase) of own shares by share trust		91	(306)	91	(306)
		(4,453)	1,378	(1,558)	(1,899)
Net increase/(decrease) in cash and cash equivalents		2,583	(1,148)	(349)	278
Cash and cash equivalents at beginning of period		(1,341)	(178)	(1,566)	(1,844)
Effect of foreign exchange rates		(147)	(15)	—	—
Cash and cash equivalents at end of period		1,095	(1,341)	(1,915)	(1,566)
Cash and cash equivalents comprise:					
Cash and cash equivalents	19	1,117	927	—	—
Bank borrowings	20	(22)	(2,268)	(1,915)	(1,566)
		1,095	(1,341)	(1,915)	(1,566)

Notes 1 - 29 form part of these financial statements

Group Reconciliation of Net Cash Flow to Movement in Net Debt

for the year ended 30 September 2013

	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)

Notes 1 - 29 form part of these financial statements

Notes to the Financial Statements

for the year ended 30 September 2013

1. GENERAL INFORMATION

Treant plc ('the Parent Company') is a public limited company incorporated in the United Kingdom and domiciled in England and Wales. The Parent Company's shares are traded on the London Stock Exchange. The address of the registered office is included within the Parent Company Information section on page 87.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

New and amended accounting standards

The following new standards and amendments to standards, none of which have a material impact on these financial statements, are mandatory and relevant to the Group for the first time for the financial year ending 30 September 2013:

- IAS 1 Presentation of financial statements – amendments to revise presentation of other comprehensive income – published June 2011

Accounting standards in issue but not yet effective

At the date of authorisation of these financial statements the following standards and interpretations, which have not been applied in these financial statements and which are considered potentially relevant, were in issue but not yet effective:

- * Annual improvements 2009-2011 – published May 2012
- * IAS 19 Employee benefits – amendments from post-employment benefits project – published June 2011
- * IAS 27 Separate financial statements – published May 2011
- * IAS 28 Investments in associates and joint ventures – published May 2011
- * IAS 32 Financial instruments: Presentation – Offsetting of assets and liabilities – published December 2011
- * IFRS 7 Financial instruments: Disclosures – Offsetting of assets and liabilities – published December 2011
- * IFRS 9 Financial instruments: Classification and measurement of assets and liabilities – published November 2009, reissued October 2010. Reissued for deferral of effective date December 2011
- * IFRS 10 Consolidated financial statements – published May 2011 and amended June 2012 and October 2012
- * IFRS 11 Joint arrangements – published May 2011 and amended June 2012
- * IFRS 12 Disclosure of interests in other entities – published May 2011 and amended June 2012 and October 2012
- * IFRS 13 Fair value measurement – published May 2011
- * EU endorsed

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group or the Parent Company when the relevant standards and interpretations come into effect.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been used in the preparation of these financial statements are set out below.

Accounting convention

The Group is required to prepare its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the European Union. The Parent Company has also prepared its own financial statements in accordance with IFRS as adopted by the European Union. The financial statements have also been prepared under the historical cost convention (unless a fair value basis is required by IFRS) and are in accordance with the Companies Act 2006 applicable for companies reporting under IFRS.

Of the profit for the financial year, £1.6m (2012: £2.1m) has been dealt with in the accounts of the Parent Company. The Parent Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

Basis of consolidation

The Group accounts consolidate the accounts of Treant plc and all of its subsidiaries (entities controlled by the Parent Company) made up to 30 September each year. Control is achieved where the Parent Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Parent Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 11.

Presentation of financial statements

The primary statements within the financial information contained in this document have been presented in accordance with IAS 1, "Presentation of Financial Statements".

Notes to the Financial Statements

for the year ended 30 September 2013 continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries in the Parent Company balance sheet are stated at cost, less any provision for impairment.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5, "Non-current assets held for sale and discontinued operations", which are recognised and measured at fair value less costs to sell.

The accounting policy for goodwill is shown later in this note under intangible assets.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue recognition

Revenue represents amounts receivable net of trade discounts, VAT and other sales related taxes. Revenue is recognised in these financial statements when goods are physically despatched from the Group and/or Parent Company's premises or other storage depots, irrespective of the terms of trade.

Effect of changes in foreign exchange rates

Transactions in currencies other than Pounds Sterling are recorded at the rate of exchange at the date of transaction. Assets and liabilities in foreign currencies are translated into Pounds Sterling in the balance sheet at the year-end rate. The exchange rate of the US Dollar, the principal foreign currency, was \$1.62 (2012: \$1.61) at the year end.

Income and expense items of the Group's overseas subsidiaries are translated into Pounds Sterling at the average rate for the year. Their balance sheets are translated at the rate ruling at the balance sheet date.

Exchange differences which arise from the translation of the opening net assets and results of foreign subsidiaries and from translating the income statement at an average rate are taken to reserves. Under IAS 21, "The Effects of Changes in Foreign Exchange Rates", these cumulative translation differences which are recognised in the Statement of Comprehensive Income are separately accounted for within reserves and are transferred from equity to the income statement in the event of the disposal of a foreign operation. All other exchange differences are taken to the income statement.

Research and development expenditure

Expenditure on research activities is recognised as an expense and charged to the income statement in the period in which it is incurred.

Expenditure arising from any specific development is recognised as an asset only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Development expenditure meeting these conditions is amortised on a straight line basis over its useful life. Where these conditions for capitalising development expenditure have not been met, the related expenditure is recognised as an expense in the period in which it is incurred.

Leases

Rentals receivable under operating leases are recognised in the income statement as and when they fall due.

Rentals payable under operating leases, where substantially all of the benefit and risks of ownership remain with the lessor, are charged against profits on a straight-line basis over the term of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax attributable to current profits.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantially enacted by the balance sheet date. Where the Group and/or Parent Company have a net current tax asset in one legal jurisdiction and a liability in another, and consequently have no legal right of set off, then these assets and liabilities will be shown separately on the balance sheet as required by IAS 12, "Income Taxes".

Current tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the current tax is also dealt with in equity.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. As the Group is in fact in a position to control the timing of the reversal of the temporary differences arising from its investments in subsidiaries it is not required to recognise a deferred tax liability. In view of the variety of ways in which these temporary differences may reverse, and the complexity of the tax laws, it is not possible to accurately compute the temporary differences arising from such investments.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where the Group and/or Parent Company have a net deferred tax asset in one legal jurisdiction and a liability in another, and consequently have no legal right of set off, then these assets and liabilities will be shown separately on the balance sheet as required by IAS 12, "Income Taxes".

Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case deferred tax is also dealt with in equity.

Post balance sheet events and dividends

IAS 10, "Events after the Balance Sheet Date" requires that final dividends proposed after the balance sheet date should not be recognised as a liability at that balance sheet date, as the liability does not represent a present obligation as defined by IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". Consequently, final dividends are only recognised as a liability once formally approved at the Annual General Meeting and interim dividends are not recognised until paid.

Cash flow

The Statement of Cash Flows explains the movement in cash and cash equivalents and short term borrowings.

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation.

Depreciation is provided on all property, plant and equipment, except freehold and long leasehold land, using the straight-line basis to write off the cost of the asset, less estimated residual value, as follows:

- Plant and machinery: 4-10 years
- Buildings: 50 years

Notes to the Financial Statements

for the year ended 30 September 2013 continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Other intangible assets

Amortisation (which is included within administrative expenses) is provided on all intangible assets, other than goodwill, using the straight-line basis to write off the cost of the asset, less estimated residual value, as follows:

- Software licenses: 4 years
- Lease premium: 85 years

Goodwill

Goodwill arising on consolidation represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually in relation to the cash generating unit it represents. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of property, plant and equipment and intangible assets

Provision will be made should any impairment in the value of properties or other non-current assets occur.

The need for any non-current asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on raw material costs plus attributable overheads.

Net realisable value is based on estimated selling price less further costs expected to be incurred through to disposal. Provision is made for obsolete, slow-moving and defective items.

Onerous contracts

Provisions for onerous contracts are recognised when the expected benefits from a contract are lower than the unavoidable costs of meeting the contract's obligations.

Financial instruments

Financial assets and financial liabilities are recognised on the Group and/or Parent Company's balance sheet when the Group and/or Parent Company have become a party to the contractual provisions of the instrument.

Financial assets

Financial assets held by the Group are either classified as held for trading or are accounted for as trade receivables, loans, other receivables and cash and cash equivalents at amortised cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Trade and other receivables

Trade and other receivables are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

Loans receivable

All loans receivable are initially recognised at fair value. After initial recognition, interest-bearing loans are measured at amortised cost less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the loan's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the loan at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group or Parent Company after deducting all of its liabilities.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received, net of issue costs. After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. All borrowing costs are recognised in the income statement in the period in which they are incurred.

Trade payables

Trade payables are not interest-bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Parent Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group's activities expose it to both the financial risks of changes in foreign currency exchange rates and interest rates. From time to time the Group uses foreign exchange forward contracts and interest rate swap contracts to hedge some of these exposures. The Group does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Group's policies approved by the board. Further information on currency and interest rate management is provided in note 28, "Financial Instruments". Changes in the fair value of derivative financial instruments that are designated and effective as cash flow hedging instruments are recognised directly in equity. The ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had been previously recognised in equity are included in the initial measurement of the asset or liability. For transactions that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedging transaction is no longer expected to occur, the net cumulative gain or loss that was recognised in equity is recognised immediately in profit or loss for the period.

Pension costs

One of the Group's UK subsidiaries, R C Treatt & Co Limited, operates a defined benefit scheme through an independently administered pension scheme.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out every three years and updated at each balance sheet date. The post-employment benefits obligation recognised in the balance sheet represents the present value of the defined benefit pension obligations adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the scheme.

In accordance with IAS 19, "Employee Benefits", the asset or liability in the defined benefit pension scheme is recognised as an asset or liability of the Group under non-current assets or liabilities under the heading "Post-employment benefits". The deferred tax in respect of "Post-employment benefits" is netted against other deferred tax assets and liabilities relating to the same jurisdiction (see Taxation accounting policy) and included in the deferred taxation asset or liability shown under non-current assets or liabilities.

The service cost and expected return on assets, net of interest on scheme liabilities, are reflected in the income statement for the period, in place of the actual cash contribution made. All experience gains or losses on the assets and liabilities of the scheme, together with the effect of changes in assumptions are reflected as a gain or loss in the Statement of Comprehensive Income.

The Group also operates a number of defined contribution pension schemes. The contributions for these schemes are charged to the income statement in the year in which they become payable.

Share options and the employee benefit trust

Shares held by the "Treatt Employee Benefit Trust" for the purpose of fulfilling obligations in respect of various employee share plans are deducted from equity in the Group and Parent Company balance sheets. The treatment in the Parent Company balance sheet reflects the substance of the entity's control of the trust.

Notes to the Financial Statements

for the year ended 30 September 2013 continued

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

IFRS 2, "Share-based Payments", requires that an expense for equity instruments granted be recognised in the financial statements based on their fair value at the date of grant. The Group has adopted the Black-Scholes model for the purposes of computing fair value of options under IFRS. The fair value excludes the effect of non market-based vesting conditions. This expense, which is in relation to share option schemes for staff in the UK and USA, is recognised on a straight-line basis over the vesting period of the scheme, based on the Group's estimate of the number of equity instruments that will eventually vest.

At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the employee share option reserve.

Savings-related share options granted to employees are treated as cancelled when employees cease to contribute to the scheme. Cancelled options are accounted for as an acceleration of vesting. The unrecognised grant date fair value is recognised in profit or loss in the year that the options are cancelled.

Where the Parent Company grants options over its shares to employees in subsidiaries, it recognises this as a capital contribution equivalent to the share-based payment charge recognised in the Group Income Statement. In the financial statements of the Parent Company, this capital contribution is recognised as an increase in the cost of investment in subsidiaries, with the corresponding credit being recognised directly in equity.

Details of share-based payments are disclosed in note 24.

Critical accounting estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Group has evaluated the estimates and assumptions that have been made in relation to the carrying amounts of assets and liabilities in these financial statements.

The key accounting judgements and sources of estimation uncertainty with a significant risk of causing a material adjustment to assets and liabilities in the next 12 months include the following:

Critical accounting estimates and assumptions

Pensions – movements in equity markets, interest rates and life expectancy could materially affect the level of surpluses and deficits in the defined benefit pension scheme. The key assumptions used to value pension assets and liabilities are set out in note 25 'Pension schemes';

Useful economic life and residual value estimates – the Group reviews the useful economic lives and residual values attributed to assets on an on-going basis to ensure they are appropriate. Changes in economic lives or residual values could impact the carrying value and charges to the income statement in future periods;

Provisions – using information available at the balance sheet date, the Directors make judgements based on experience on the level of provision required. Further information received after the balance sheet date may impact the level of provision required;

Share-based payments – in accordance with IFRS 2 "Share-based payments", share options and other share awards are measured at fair value at the date of grant. The fair value determined is then expensed in the income statement on a straight line basis over the vesting period, with a corresponding increase in equity. The fair value of the options is measured using the Black-Scholes option pricing model. The valuation of these share-based payments requires several judgements to be made in respect of the number of options that are expected to be exercised. Details of the assumptions made in respect of each of the share-based payment schemes are disclosed in note 24 'Share-based payments'. Changes in these assumptions could lead to changes in the income statement expense in future periods;

Goodwill – determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Goodwill can also include an estimate of deferred consideration payable using assumptions which are consistent with those used to determine the carrying value of goodwill. Future changes in performance or disposals could also impact the value of goodwill. Details of the assumptions made in respect of goodwill and deferred consideration are disclosed in note 12. These estimates could change materially in future years in line with actual and expected future performance;

Taxation – the Group operates in a number of tax jurisdictions and estimation is required of taxable profit in order to determine the Group's current tax liability. There are transactions and calculations for which the ultimate tax determination can be uncertain. The Group periodically evaluates situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate based on amounts expected to be paid to the tax authorities.

Critical accounting judgements

Deferred tax assets - deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of the nature and purpose of each reserve within equity

Share premium account - the share premium account represents amounts received in excess of the nominal value of shares on issue of new shares.

Own shares in share trust - own shares in share trust relate to shares held in the Treatt Employee Benefit Trust (the 'EBT'). The shares held in the EBT are all held to meet options to be exercised by employees. The number of shares held by the EBT, together with the net acquisition costs, are shown in the Statement of Changes in Equity. Dividends on these shares have been waived except for 0.001p per share. The market value of the shares held by the EBT at 30 September 2013 was £1,304,000 (2012: £884,000).

Hedging reserve - the hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Foreign exchange reserve - the foreign exchange reserve records exchange differences arising from the translation of the financial statements of overseas subsidiaries.

Retained earnings - retained earnings comprises the Group's annual profits and losses, actuarial gains and losses on the defined benefit pension scheme and dividend payments, combined with the employee share option reserve which represents the equity component of share based payment arrangements.

4. SEGMENTAL INFORMATION

Group

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, irrespective of the origin of the goods or services:

Revenue by destination	2013 £'000	2012 £'000
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

All Group revenue is in respect of the sale of goods, other than property rental income of £16,000 (2012: £16,000). No customer represented more than 10% of Group revenue.

Non-current assets by geographical location, excluding deferred tax assets, were as follows:

	2013 £'000	2012 £'000
United Kingdom	7,622	7,749
United States	6,139	5,869
Rest of the World	302	309
	14,063	13,927

Notes to the Financial Statements

for the year ended 30 September 2013 continued

5. OPERATING PROFIT is stated after charging/(crediting)

Group	2013 £'000	2012 £'000
Depreciation of property, plant & equipment	1,219	1,104
Amortisation of intangible assets (included in administrative expenses)	181	159
Loss on disposal of property, plant & equipment	3	—
Research and development costs	657	512
Operating leases		
– plant & machinery	17	32
– land & buildings	75	49
Net exchange gain on trading activities	(56)	(258)
Rent receivable	(16)	(16)
Cost of inventories recognised as expense	46,548	48,337
Shipping costs	1,569	1,677
IT & telephony costs	565	540
Insurance costs	457	444
Energy & utility costs	543	501

The analysis of auditor's remuneration is as follows:

Fees payable to the Parent Company's auditors and their associates for the audit of:

– the Parent Company and Group accounts	28	27
– the Group's subsidiaries pursuant to legislation	57	55

Total audit fees	85	82
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Fees payable to the Parent Company's auditors and their associates for other services to the Group:

– tax compliance services	11	12
– tax advisory services	—	1
– corporate finance services (included in exceptional items)	34	—
– (over)/under accrual from prior years and disbursements	(4)	5

Total non-audit fees	41	18
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6. EMPLOYEES

Group

Number of employees

During the year the average number of staff employed by the Group, including Directors, was as follows:

	2013 Number	2012 Number
Technical and production	182	151
Administration and sales	122	134
	304	285

Employment costs

The followings costs were incurred in respect of the above:

	2013 £'000	2012 £'000
Wages and salaries	10,127	9,223
Social security costs	992	877
Pension costs (see note 25)	710	629
Share-based payments (see note 24)	22	25
	11,851	10,754

Directors

The information on Directors' emoluments and share options set out on pages 31 to 35 form part of these financial statements.

7. NET FINANCE COSTS

Group		2013 £'000	2012 £'000
<i>Finance revenue</i>	– bank interest received	22	58
	– pension finance income (see note 25)	63	50
		85	108
<i>Finance costs</i>	– bank overdraft interest paid	(555)	(517)
	– other bank finance costs	(56)	(46)
	– loan interest paid	(115)	(103)
	– loan note interest paid	(10)	(10)
		(736)	(676)

8. EXCEPTIONAL ITEMS

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

Group		2013 £'000	2012 £'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.

9. TAXATION

Group		2013 £'000	2012 £'000
Analysis of tax charge in income statement:			
Current tax:			
UK corporation tax on profits for the period		953	206
Adjustments to UK tax in respect of previous periods		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 temporary 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 (see note 16)		159	489
Tax on profit on ordinary activities		1,655	1,390
Analysis of tax credit/(charge) in other comprehensive income:			
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 other comprehensive income		125	137

Notes to the Financial Statements

for the year ended 30 September 2013 continued

9. TAXATION (continued)

Factors affecting tax charge for the year:

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the UK of 23.5% (2012: 25%). The differences are explained below:

	2013 £'000	2012 £'000
Profit before tax multiplied by standard rate of UK corporation tax at 23.5% (2012: 25%)	1,206	1,116
Effects of:		
Expenses not deductible in determining taxable profit and other items	300	92
Difference in tax rates on overseas earnings	188	231
Adjustments to tax charge in respect of prior years	(39)	(49)
Total tax charge for the year	1,655	1,390

The main rate of UK corporation tax was reduced from 24% to 23% with effect from 1 April 2013. The Group's effective UK corporation tax rate for the year was therefore 23.5% (2012: 25%) The adjustments in respect of prior years relate to the finalisation of previous year's tax computations.

In March 2013, the UK Government published the Finance Bill 2013 that included proposals to reduce further the main rate of UK corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. The Finance Bill 2013 was substantively enacted in 2 July 2013. The reduction to 21% has been reflected in these financial statements and the further reduction to 20% will affect the Group's tax expense for the 2014 financial year onwards.

10. DIVIDENDS

Parent Company and Group	Dividend per share for years ended 30 September			2013 £'000	2012 £'000
	2013 ² Pence	2012 ¹ Pence	2011 ¹ Pence		
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.

11. 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 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

11. EARNINGS PER SHARE (continued)

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 No ('000)	2012 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

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 8)	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

12. GOODWILL

Group	Goodwill £'000
Cost	
1 October 2011	3,624
Decrease in estimated deferred consideration	(112)
1 October 2012	3,512
Disposal of cash generating unit	(5)
30 September 2013	3,507
Accumulated impairment losses	
1 October 2011	2,432
1 October 2012	2,432
30 September 2013	2,432
Carrying amount	
30 September 2013	1,075
30 September 2012	1,080

Notes to the Financial Statements

for the year ended 30 September 2013 continued

12. GOODWILL (continued)

In March 2007 the Parent Company acquired 50% of Earthoil Plantations Limited and Earthoil Kenya EPZ Pty Limited (collectively known as 'Earthoil') and in the financial year ending 30 September 2008 the remaining 50% of Earthoil was acquired. The consideration for the second 50% is entirely based upon an earnout formula in relation to the profits of Earthoil in the calendar years 2010 and 2011. Deferred consideration of £23,000 (2012: £23,000) has been included in goodwill in relation to the earnout notice which has been issued but not yet settled as it is the subject of an on-going dispute (see note 27).

The goodwill arising on the acquisition of Earthoil is attributable to the anticipated profitability of Earthoil's products in new and rapidly growing existing markets and the anticipated future operating synergies from the combination.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of goodwill arising on the acquisition of Earthoil is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, revenue, overhead growth rates and perpetuity growth rate. Management estimates discount rates using pre-tax rates that reflect market assessments of the time value of money and the risks specific to Earthoil. As at the year ended 30 September 2013, the impairment review has concluded that the value in use of Earthoil now significantly exceeds its carrying value. In performing this impairment review, the Group has prepared cash flow forecasts derived from the most recent financial budgets approved by the Board, and then estimates revenue growth for the following four years at 6.25% (2012: 6.25%) per annum, with overheads assumed to increase at 5% (2012: 5%) per annum. Thereafter, a growth rate for pre-tax profit of 2% (2012: 2%) per annum is assumed into perpetuity. A rate of 12.5% (2012: 12.5%) has been used to discount the forecast cash flows. The key assumptions are based on past experience adjusted for expected changes in future conditions.

Based upon this impairment review the recoverable amount of Earthoil exceeds its carrying amount by £10.2m (2012: £6.0m). The recoverable amount is most sensitive to changes in the discount rate and sales growth. A 1% change in the discount rate would affect the recoverable amount by £1m and a 1% change in sales growth would also change the recoverable amount by £1m.

13. OTHER INTANGIBLE ASSETS

Group	Lease premium £'000	Software licences £'000	Total £'000
Cost			
1 October 2011	343	629	972
Exchange adjustment	—	(1)	(1)
Additions	—	136	136
1 October 2012	343	764	1,107
Additions	—	147	147
Disposals	—	(73)	(73)
30 September 2013	343	838	1,181
Amortisation			
1 October 2011	5	225	230
Charge for period	4	155	159
1 October 2012	9	380	389
Charge for period	4	177	181
Disposals	—	(73)	(73)
30 September 2013	13	484	497
Net book value			
30 September 2013	330	354	684
30 September 2012	334	384	718

Intangible assets with a net book value of £4,000 (2012: £2,000) have been pledged as security in relation to the Industrial Development Loan detailed in note 20.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land & Buildings £'000	Plant & Machinery £'000	Total £'000
Cost			
1 October 2011	6,379	8,989	15,368
Exchange adjustment	(120)	(118)	(238)
Additions	—	2,651	2,651
Disposals	—	(10)	(10)
1 October 2012	6,259	11,512	17,771
Exchange adjustment	(10)	(50)	(60)
Additions	12	1,421	1,433
Disposals	—	(443)	(443)
Disposal of subsidiary	—	(7)	(7)
30 September 2013	6,261	12,433	18,694
Depreciation			
1 October 2011	710	4,538	5,248
Exchange adjustment	(23)	(91)	(114)
Charge for period	139	965	1,104
Disposals	—	(10)	(10)
1 October 2012	826	5,402	6,228
Exchange adjustment	(4)	(26)	(30)
Charge for period	136	1,083	1,219
Disposals	—	(439)	(439)
Disposal of subsidiary	—	(2)	(2)
30 September 2013	958	6,018	6,976
Net book value			
30 September 2013	5,303	6,415	11,718
30 September 2012	5,433	6,110	11,543

Analysis of land & buildings

Net book value	2013 £'000	2012 £'000
Freehold	4,548	4,662
Long Leasehold	755	771
	5,303	5,433

Included in plant and machinery are assets in the course of construction totalling £516,000 (2012: £354,000).

Property, plant and equipment with a net book value of £5.8m (2012: £5.5m) has been pledged as security in relation to the Industrial Development Loan and Equipment Financing Loan detailed in note 20.

Capital commitments	2013 £'000	2012 £'000
Contracted but not provided for	134	304

Notes to the Financial Statements

for the year ended 30 September 2013 continued

15. INVESTMENTS IN SUBSIDIARIES

Parent Company	Total £'000
Cost	
1 October 2011	5,328
Decrease in estimated deferred consideration	(112)
1 October 2012	5,216
Capital contribution to subsidiaries	22
30 September 2013	5,238

Parent Company	2013 £'000	2012 £'000
Subsidiary:		
R C Treatt & Co Limited – at cost 50,000 ordinary shares of £1 each, fully paid	2,318	2,299
Treatt USA Inc – at cost 2,975,000 common stock of US\$1 each, fully paid	1,845	1,842
Earthoil Plantations Limited 4,051,000 ordinary shares of 50p each, fully paid	923	923
Earthoil Kenya Pty Limited 2,500 'A' ordinary shares of KES20 each, fully paid 2,500 'B' ordinary shares of KES20 each, fully paid	152	152
	5,238	5,216

Subsidiary	Country	Holding	Principal activity
R C Treatt & Co Limited	England	100%	Supply of flavour and fragrance ingredients
Treatt USA Inc	USA	100%	Supply of flavour and fragrance ingredients
Earthoil Plantations Limited	England	100%	Supply of natural cosmetic ingredients
Earthoil Kenya EPZ Pty Limited	Kenya	100%	Supply of organic & fair trade vegetable oils
Earthoil Extracts Limited	Kenya	100%	Supply of organic & fair trade essential oils

Group

The loss on disposal of subsidiaries relates to Earthoil India Private Limited that ceased to trade as at 31 December 2012 and resulted in a loss of £60,000. Due to the immaterial amounts involved no further disclosures have been made.

16. DEFERRED TAXATION

Group	2013 £'000	2012 £'000
UK deferred tax asset	278	286
Overseas deferred tax liability	(1,001)	(880)
Net deferred tax liability	(723)	(594)

A reconciliation of the net deferred liability is shown below:

Group	UK Deferred Tax				Overseas Deferred Tax		Total £'000
	Post- employment benefits £'000	Fixed assets £'000	Cash flow hedge £'000	Other temporary differences £'000	Fixed assets £'000	Other temporary differences £'000	
1 October 2011	193	(260)	207	131	(631)	99	(261)
Exchange differences (Charge)/credit to income statement	—	—	—	—	32	(4)	28
(Charge)/credit to equity	(111)	65	1	(68)	(401)	25	(489)
	110	—	30	(12)	—	—	128
1 October 2012	192	(195)	238	51	(1,000)	120	(594)
Exchange differences (Charge)/credit to income statement	—	—	—	—	7	—	7
Credit/(charge) to other comprehensive income	(17)	29	(27)	(16)	(111)	(17)	(159)
	158	—	(135)	—	—	—	23
30 September 2013	333	(166)	76	35	(1,104)	103	(723)

At the balance sheet date, Earthoil Plantations Limited had unused tax losses of £Nil (2012: £224,000) available for offset against its future profits and R C Treatt & Co Limited had a deferred tax asset in relation to its pension liability. R C Treatt & Co Limited has a specific plan in place to reverse the deficit and so this deferred tax asset has also been recognised.

The deferred tax rate applied to UK companies within the Group is 21% (2012: 23%) as legislation has been substantively enacted which reduces the main rate of UK corporation tax from 23% for the 2013/14 tax year to 21% in 2014/15. A further reduction to 20% for the 2015/16 tax year has also been substantively enacted and will be reflected in the 2014 financial statements.

17. INVENTORIES

Group	2013 £'000	2012 £'000
Raw materials	11,736	11,887
Work in progress and intermediate products	8,135	5,631
Finished goods	3,798	5,397
	23,669	22,915

Inventory with a carrying value of £8.1m (2012: £8.2m) has been pledged as security in relation to the Industrial Development Loan detailed in note 20.

Notes to the Financial Statements

for the year ended 30 September 2013 continued

18. TRADE AND OTHER RECEIVABLES

Current	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade receivables	11,448	12,368	—	—
Amounts owed by subsidiaries	—	—	454	45
Other receivables	931	851	—	13
Prepayments	828	740	—	—
	13,207	13,959	454	58

Non-current	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Other receivables	586	586	586	586

The Group's credit risk is primarily attributable to its trade receivables. Before accepting any new customer, the Group uses a range of information, including credit reports, industry data and other publicly or privately available information in order to assess the potential customer's credit quality and defines credit limits by customer, and where appropriate will only accept orders on the basis of cash in advance, or if secured through a bank letter of credit. Processes are in place to manage trade receivables and overdue debt and to ensure that appropriate action is taken to resolve issues on a timely basis. Credit control operating procedures are in place to review all new customers. Existing customers are reviewed as management become aware of any specific changes in circumstances. The average credit period taken for trade receivables is 59 days (2012: 57 days). An impairment review has been undertaken at the balance sheet date to assess whether the carrying amount of financial assets is deemed recoverable. The primary credit risk relates to customers which have amounts due outside of their credit period. A provision for impairment is made when there is objective evidence of impairment which is usually indicated by a delay in the expected cash flows or non-payment from customers. The amounts presented in the balance sheet are net of amounts that are individually determined to be impaired of £0.2m (2012: £0.1m), estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Group's top five customers represent 25% (2012: 23%) of the Group's turnover. These customers have favourable credit ratings and consequently reduce the credit risk of the Group's overall trade receivables. The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. The Group holds no collateral against these receivables at the balance sheet date.

The ageing profile of trade receivables which are past their due date but not impaired is as follows:

Group	Number of days past the due date		
	1-30 £'000	31-60 £'000	Over 60 £'000
2013	1,842	489	187
2012	1,471	780	285

The ageing profile of impaired trade receivables is as follows:

Group	Current £'000	Number of days past the due date		
		1-30 £'000	31-60 £'000	Over 60 £'000
2013	95	17	1	51
2012	35	6	4	104

18. TRADE AND OTHER RECEIVABLES (continued)

At 30 September 2013 £3.2m (2012: £3.1m) of trade receivables were denominated in Sterling, £6.9m (2012: £8m) in US Dollars and £1.5m (2012: £1.2m) in Euros. The currency risk in respect of trade receivables is managed in conjunction with the other currency risks faced by the Group as part of its overall hedging strategy. For further details see note 28 and the Financial review on pages 69 to 72.

Trade receivables with a carrying value of £2.6m (2012: £2.8m) have been pledged as security in relation to the Industrial Development Loan detailed in note 20.

There is no credit risk associated with non-current other receivables of £0.6m (2012: £0.6m) as these amounts are contractually fully recoverable against loan notes payable of £0.7m (2012: £0.7m) when they fall due, and are recoverable at an earlier date if deferred consideration in respect of Earthoil becomes payable.

19. CASH AND CASH EQUIVALENTS

Group

Cash and cash equivalents of £1,117,000 (2012: £927,000) comprise cash held by the Group and short term deposits with an original maturity of one month or less. The carrying amount of these assets approximates to their fair value.

A detailed analysis of cash balances by currency is shown in note 28. All material cash balances are held with the Group's main banks, being Lloyds Banking Group, HSBC and Bank of America. The credit ratings of these banks are considered to be satisfactory.

20. BORROWINGS

	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Current				
US term loans	500	566	—	—
UK revolving credit facilities	—	5,573	—	—
Bank borrowings	22	2,268	1,915	1,566
	522	8,407	1,915	1,566

	Group	
	2013 £'000	2012 £'000
Non-current		
US term loans	2,096	2,311
UK revolving credit facilities	6,793	3,158
	8,889	5,469

US loans and borrowings

US term loans include an industrial development loan of £1,279,000 (2012: £1,440,000) and equipment financing loans of £1,317,000 (2012: £1,438,000).

The industrial development loan is repayable by fixed quarterly instalments over 20 years ending on 1 July 2021. The rate of interest payable has been fixed at 3.66% for ten years ending on 1 July 2021 by way of an interest rate swap which covers the full term of the loan. The fair value of this interest rate swap at the year-end was £135,000 (2012: £196,000) based on year-end exchange rates. The fair value of this swap is not included on the balance sheet or through the income statement as the amount involved is not material. Similarly, the Directors do not apply hedge accounting in respect of US borrowings due to the lack of materiality of the items involved.

The equipment financing loans of £1,026,000 (2012: £1,296,000) and £291,000 (2012: £142,000) are repayable by fixed monthly instalments over five years ending on 30 March and 31 December 2017, with fixed interest rates of 4.36% and 2.89% respectively.

The US Dollar overdraft facility ("line of credit") of \$4 million is a four year facility expiring in 2017. The US term loans and line of credit, both held by Treatt USA Inc., are secured by a fixed and floating charge over Treatt USA's current and non-current assets.

Notes to the Financial Statements

for the year ended 30 September 2013 continued

20. BORROWINGS (continued)

Other borrowings

The Group's UK overdraft facilities are unsecured. UK borrowings of \$9m are held on a three year revolving credit facility (RCF) which expires in 2016, and £1.2m on a three year RCF expiring in 2015. The rate of interest on \$9m of UK revolving credit facilities has been fixed for ten years at a rate of 5.68% through an interest rate swap. Hedge accounting has been applied to the fair value of this swap, details of which are provided in note 28.

Borrowings are repayable as follows:

	2013 £'000	2012 £'000
– in one year or less	522	8,407
– in more than one year but not more than two years	1,749	436
– in more than two years but not more than five years	6,647	4,383
– in more than five years	493	650
	9,411	13,876

Further information on Group borrowing facilities is given in notes 27 and 28, including a detailed analysis of cash balances by currency.

Borrowing facilities

At 30 September 2013, the Group had total borrowing facilities of £19.9m (2012: £20.1m) of which £6.0m (2012: £11.6m) expire in one year or less and £11.6m (2012: £7.2m) were undrawn.

21. PROVISIONS

Group	2013 £'000	2012 £'000
Onerous contract provision:		
At start of year	–	79
Utilised in year	–	(79)
Additional provision in year	49	–
Balance at end of year	49	–

Onerous contract provisions relate to losses which are or were expected to materialise in the following twelve months on fixed price contracts as a result of significant increases in certain raw material prices.

22. TRADE AND OTHER PAYABLES

Current	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Trade payables	7,434	5,275	–	–
Amounts owed to subsidiaries	–	–	–	27
Other taxes and social security costs	415	580	4	3
Accruals	3,443	3,083	–	4
	11,292	8,938	4	34

Non-current	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Other creditors and accruals	23	23	23	23

22. TRADE AND OTHER PAYABLES (continued)

Trade payables principally comprise amounts for trade purchases and on-going costs. The Directors consider that the carrying amount of trade and other payables approximates to their fair values.

At 30 September 2013 £2.2m (2012: £1.2m) of trade payables were denominated in Sterling, £4.1m (2012: £2.5m) in US Dollars and £0.9m (2012: £0.5m) in Euros. The currency risk in respect of trade payables is managed in conjunction with the other currency risks faced by the Group as part of its overall hedging strategy. For further details see note 28 and the Financial Review on pages 69 to 72.

Non-current other creditors and accruals relates to the deferred consideration payable to the vendors in relation to the acquisition of Earthoil. See note 12 for further information.

23. SHARE CAPITAL

Parent Company and Group Called up, allotted and fully paid	2013 £'000	2013 Number	2012 £'000	2012 Number
At start and end of period	1,048	10,481,034	1,048	10,481,034

The Parent Company has one class of ordinary shares, with a nominal value of 10p each, which carry no right to fixed income.

24. SHARE-BASED PAYMENTS

Group

The Group has applied the requirements of IFRS2 "Share-based payments".

The Group operates executive share option schemes for Directors and senior management within the Group in addition to issuing UK and US approved savings-related share options for employees of certain subsidiaries. Options are granted with a fixed exercise price and will lapse when an employee leaves the Group subject to certain 'good leaver' provisions.

Under the schemes listed below, options have been granted to subscribe for the following number of existing ordinary shares of 10p each in the capital of the Parent Company. All share options are expected to be settled via the transfer of shares out of the "Treatt Employee Benefit Trust".

The options outstanding at 30 September 2013 for which a share-based payment charge of £22,000 (2012: £25,000) has been made are as follows:

	Number of shares outstanding	Number exercised in year	Exercise price per share	Date option exercisable
UK Executive Options 2012	2,564	—	390.0p	Dec 2015 – Dec 2022
US Executive Options 2012	19,548	—	395.0p	Dec 2015 – Dec 2022
UK SAYE ¹ Scheme 2011	22,170	—	340.0p	Sep 2014 - Mar 2015
UK SAYE Scheme 2012	40,178	—	267.0p	Sep 2015 - Mar 2016
UK SAYE Scheme 2013	25,652	—	489.0p	Sep 2016 - Mar 2017
US ESPP ² scheme 2013	4,409	—	501.0p	July 2014

1 Save as you earn

2 Employee stock purchase plan

Notes to the Financial Statements

for the year ended 30 September 2013 continued

24. SHARE-BASED PAYMENTS (continued)

The fair value per option granted using the “Black-Scholes” model, and the assumptions used in the share-based payments calculations, are as follows:

	SAYE 2011	SAYE 2012	SAYE 2013	UK Exec 2012	US Exec 2012	US ESPP 2013
Share price at date of grant	422.5p	316.5p	617.5p	390.0p	390.0p	617.5p
Contractual life	3.5 years	3.5 years	3.5 years	10 years	10 years	1 year
Expected life	3 years	3 years	3 years	3 years	5 years	1 year
Expected volatility	21.8%	21.1%	23.6%	21.1%	21.7%	26.8%
Risk-free interest rate	1.83%	0.57%	1.30%	0.84%	0.84%	1.30%
Dividend yield	3.2%	4.7%	2.6%	4.0%	4.0%	2.6%
Expected cancellations	15.0%	10.0%	10.0%	0.0%	0.0%	10.0%
Expected forfeitures	15.0%	10.0%	10.0%	25.0%	25.0%	10.0%
Fair value per option at date of grant	76.5p	40.6p	131.8p	41.2p	42.2p	114.2p

Expected volatility was determined by calculating the historical volatility of the Group’s share price over a period equivalent to the vesting period of the respective options prior to their date of grant.

The risk-free interest rate was based on the simple average of the historical daily gilt yields quoted for five year benchmark gilts during the month in which a grant of options is made.

Details of movements in share options during the year were as follows:

	No of options	2013 Weighted average exercise price	No of options	2012 Weighted average exercise price
Outstanding at start of period	111,671	£2.69	120,283	£2.37
Granted during the period	52,173	£4.50	52,139	£2.69
Forfeited during the period	(7,722)	£2.78	(3,038)	£3.09
Exercised during the period	(39,797)	£2.30	(46,531)	£1.70
Expired during the period	—	—	(7,716)	£3.64
Cancelled during the period	(1,804)	£3.03	(3,466)	£2.50
Outstanding at end of period	114,521	£3.64	111,671	£2.69
Exercisable at end of period	—	—	—	—

Forfeiture arises when the employee is no longer entitled to participate in the savings-related share option scheme as a consequence of leaving the Group whereas cancellation arises when a participant voluntarily chooses to cease their membership of a scheme within the vesting period.

The options outstanding had a weighted average remaining contractual period of 3.7 years (2012: 2.4 years). The weighted average actual market share price on date of exercise for share options exercised during the year was 628.4 pence (2012: 342.5 pence) and the weighted average fair value of options granted during the year was 92.3 pence (2012: 39.7 pence).

25. PENSION SCHEMES

Group

The Group operates a wholly-funded defined benefit pension scheme for certain UK employees. The scheme's assets are held separately from the assets of the Group and are administered by trustees and managed professionally. From 1 October 2001 this scheme was closed to new entrants. Pensionable salary for the remaining members of the scheme is based upon the lower of their actual salary upon retirement or leaving the Group and their 2003 salary as increased by inflation. Following consultation with members, they agreed that the scheme will not be subject to any further accruals after 31 December 2012 and instead members of the final salary pension scheme were offered membership of a defined contribution pension plan with effect from 1 January 2013.

Defined contribution schemes are operated on behalf of eligible employees, the assets of which are held separately from those of the Group in independently administered funds.

The pension charge for the year principally represents contributions payable to the defined contribution schemes, together with the current service cost for the year (until 31 December 2012 as explained above) in relation to the defined benefit pension scheme, amounting to:

	2013 £'000	2012 £'000
Defined benefit scheme – current service cost	112	481
Defined contribution schemes	574	312
Curtailment gain	–	(188)
Other pension costs	24	24
	710	629

The Group accounts for pensions in accordance with IAS 19, "Employee Benefits", details of which are as follows:

The valuation used for IAS 19 disclosures in respect of the defined benefit pension scheme ("the scheme") has been based on the most recent actuarial valuation at 1 January 2012 carried out by Barnett Waddingham and updated by Mrs L Lawson, a Fellow of the Institute and Faculty of Actuaries, to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme at 30 September 2013. Scheme assets are stated at their market value as at that date.

The financial assumptions used to calculate scheme liabilities and assets under IAS 19 are:

	2013	2012
Discount rate	4.65%	4.60%
Expected return on scheme assets	6.17%	5.23%
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment – CPI max 5%	2.35%	1.60%
Rate of increase in pensions in payment – CPI max 3%	2.20%	1.55%
Rate of increase in pensions in payment – CPI max 2.5%	2.00%	1.50%
Rate of inflation (CPI)	2.35%	1.60%
Rate of inflation (RPI)	3.35%	2.60%
Mortality table	100% of S1PxA table with CMI_2011 projections with a long term average rate of improvement of 1% pa	100% of S1PxA table with CMI_2011 projections with a long term average rate of improvement of 1% pa
Life expectancy for male aged 65 now	22.1	22.0
Life expectancy for male aged 65 in 10 years' time	22.7	22.6
Commutation allowance	20%	20%

Notes to the Financial Statements

for the year ended 30 September 2013 continued

25. PENSION SCHEMES (Continued)

The expected return on individual classes of pension scheme assets are determined by reference to external indices and after taking advice from external advisers. The overall expected rate of return shown above is the weighted average of the returns allowing for anticipated balances held in each asset class according to the scheme's investment strategy. The Group expects to make on-going contributions of approximately £297,000 to its defined benefit pension scheme in 2014 (2013: £389,000).

	2013 £'000	2012 £'000
<i>Scheme assets:</i>		
Equities	8,653	9,011
Target return funds	5,213	—
Bonds	3,256	5,560
Other	49	1,027
Fair value of scheme assets	17,171	15,598
Present value of funded obligations (scheme liabilities)	(18,760)	(16,436)
Deficit in the scheme recognised in the balance sheet	(1,589)	(838)
Related deferred tax	333	192
Net pension liability	(1,256)	(646)
Changes in scheme liabilities		
Balance at start of period	(16,436)	(14,477)
Current service cost	(112)	(481)
Interest cost	(747)	(788)
Curtailement	—	188
Benefits paid	560	612
Actuarial loss	(2,025)	(1,490)
Balance at end of period	(18,760)	(16,436)
Changes in scheme assets		
Balance at start of period	15,598	13,674
Expected return on scheme assets	810	838
Employer contributions	356	686
Benefits paid	(560)	(612)
Actuarial gain	967	1,012
Balance at end of period	17,171	15,598

25. PENSION SCHEMES (Continued)

	2013 £'000	2012 £'000
Amount charged to operating profit		
Current service cost (excluding employee contributions)	(112)	(481)
Curtailment	—	188
Total operating charge	(112)	(293)
Amount credited to finance revenue		
Expected return on assets	810	838
Interest on scheme liabilities	(747)	(788)
Net finance revenue	63	50
Net expense recognised in income statement	(49)	(243)
Amount recognised in statement of comprehensive income		
Actual less expected return on assets	967	1,012
Experience gains on liabilities	—	41
Effect of change in assumptions on liabilities	(2,025)	(1,531)
Total loss recognised in statement of comprehensive income	(1,058)	(478)
Actual return on scheme assets	1,777	1,850
Statement of comprehensive income		
Actuarial gain from assets	967	1,012
Actuarial loss from liabilities	(2,025)	(1,490)
Actuarial loss recognised in statement of comprehensive income	(1,058)	(478)
Cumulative actuarial loss recognised in statement of comprehensive income	(2,343)	(1,285)
Movement in balance sheet net liability during the period		
Net liability at start of period	(838)	(803)
Current service cost	(112)	(481)
Curtailment	—	188
Cash contribution	356	686
Other finance income	63	50
Actuarial loss	(1,058)	(478)
Net liability at end of period	(1,589)	(838)

History of scheme assets, liabilities, experience gains and losses:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Scheme assets	17,171	15,598	13,674	13,737	12,427
Scheme liabilities	(18,760)	(16,436)	(14,477)	(15,333)	(14,427)
Net liability	(1,589)	(838)	(803)	(1,596)	(2,000)
Difference between expected and actual returns on scheme assets:	967	1,012	(1,099)	151	544
Experience gains/(losses) on scheme liabilities:	—	41	20	110	(190)
Total actuarial (loss)/gain:	(1,058)	(478)	599	172	(1,821)

Notes to the Financial Statements

for the year ended 30 September 2013 continued

25. PENSION SCHEMES (continued)

Approximate effect of change of assumptions on liability values at 30 September 2013:

Change:	Increases liability by: £'000
Reduce discount rate by 0.25% pa	880
Increase inflation and all related assumptions by 0.1% pa	255
Increase life expectancy by one year	540

26. COMMITMENTS UNDER OPERATING LEASES

The Group as lessee

As at 30 September 2013, the Group had total commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 £'000	2012 £'000
Within one year	28	40
Within one to two years	10	18
In two to five years	21	31
	59	89

The Group as lessor

As at 30 September 2013, the Group had contracted with tenants for the following future minimum lease payments which fall due as follows:

	2013 £'000	2012 £'000
Within one year	8	8

27. CONTINGENT LIABILITIES

Parent Company

The Parent Company has guaranteed the Industrial Development Loan and 'Line of Credit' for Treatt USA Inc. At the balance sheet date the liability covered by this guarantee amounted to US\$2,070,000 (£1,279,000) (2012: US\$2,325,000 (£1,440,000)).

The Parent Company has also guaranteed certain bank borrowings of its UK subsidiaries R C Treatt & Co. Limited and Earthoil Plantations Limited. At the year-end the liabilities covered by this guarantee amounted to £4,322,000 (2012: £9,089,000).

Parent Company and Group

As previously reported, the sellers of the Earthoil Group, which was wholly acquired in April 2008 (see note 12), 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.

28. FINANCIAL INSTRUMENTS

Parent Company and Group

Capital risk management

The Group and Parent Company manage their capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt and equity shareholders' funds. The Group is not subject to any externally imposed capital requirements. Board policy is to operate with a mix of short and medium term borrowings. In recent years the Group have converted £3.25m of committed one year borrowings and \$9m of overdraft in the UK into three year revolving credit facilities, and a \$4m line of credit facility in the US into a four year facility. None of these facilities expire in the same financial years and all bank facilities are operated independently and are therefore not syndicated. The Group's net debt position is monitored daily and reviewed by management on a weekly basis. Further details of the Group's capital management are given in the Chairman's Statement, CEO's Report and Financial Review on pages 6 to 10.

Categories of financial instruments

In the following table those financial instruments which are measured subsequent to initial recognition at fair value are required to be grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Financial assets				
Redeemable loan notes receivable from subsidiaries	—	—	1,350	1,350
Trade receivables	11,448	12,368	—	—
Cash and cash equivalents	1,117	927	—	—
Derivative financial instruments – forward currency contracts (level 2)	219	—	—	—
	12,784	13,295	1,350	1,350
Financial liabilities				
Redeemable loan notes payable	675	675	675	675
Trade payables	7,434	5,275	—	—
Bank borrowings	22	2,268	1,915	1,566
UK revolving credit facilities	6,793	8,731	—	—
US term loans	2,596	2,878	—	—
Derivative financial instruments – interest rate swap (level 2)	577	1,033	—	—
	18,097	20,860	2,590	2,241

Fair values of financial assets and liabilities

The estimated fair values of financial assets and liabilities is not considered to be significantly different from their carrying values.

Financial risk management objectives

The Group and Parent Company collate information from across the business and report to the Board on key financial risks. These risks include credit risk, liquidity risk, interest rate risk and currency risk. The Group has policies in place, which have been approved by the Board, to manage these risks. The Group does not enter into traded financial instruments as the costs involved currently outweigh the risks they seek to protect against. Speculative purchases of financial instruments are not made.

Notes to the Financial Statements

for the year ended 30 September 2013 continued

28. FINANCIAL INSTRUMENTS (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group or Parent Company. The Group's credit risk is primarily attributable to its trade receivables and details of how this risk is managed are explained in note 18. The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit rating agencies as outlined in note 19. The Directors are of the opinion that there are no significant concentrations of credit risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group and Parent Company's maximum exposure to credit risk.

The loan notes receivable by the Parent Company are made up as follows:

	2013 £'000	2012 £'000
Variable Rate Unsecured Loan Notes 2015 (A)	950	950
Variable Rate Unsecured Loan Notes 2015 (B)	400	400
	1,350	1,350

The 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. As disclosed in note 29, the loan notes are receivable by the Parent Company from two of its wholly-owned subsidiaries, comprising the Earthoil Group. Although the Earthoil Group has access to the Group's banking facilities, on a standalone basis there is technically a credit risk attaching to the loan notes. However, given that the Earthoil Group is now trading profitably and the Parent Company has control over when the loan notes are redeemed, this credit risk is not considered to be significant.

Further details of the Group's credit risk management are given in notes 18 and 19.

Liquidity risk management

Liquidity risk refers to the risk that the Group may not be able to fund the day to day running of the Group. Liquidity risk is reviewed by the Board at all Board meetings. The Group manages liquidity risk by monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group also monitors the drawdown of debt against the available banking facilities and reviews the level of reserves. Liquidity risk management ensures sufficient debt funding is available for the Group's day to day needs. Board policy is to maintain a reasonable headroom of unused committed bank facilities.

The Group has a number of debt facilities, details of which, including their terms and maturity profile, are given in note 20.

The Board also monitors the Group's banking covenants which are calculated under IFRS. There were no breaches during the year or prior period.

Interest rate risk management

The Group is exposed to interest rate risk on short to medium term borrowings primarily with three major institutions being HSBC, Lloyds Banking Group and Bank of America. The risk is managed by maintaining borrowings with several institutions across a number of currencies, principally US Dollar and Sterling. Long term financing is primarily used to finance long term capital investment.

The Group hedges a portion of its interest rate risk through an interest rate swap which has the effect of fixing the interest rate on a notional principal of US\$9 million of borrowings. The interest rate swap is for a period of ten years ending in 2020 and swaps variable 3 month US LIBOR for a fixed rate of 5.68%. The Group has complied with the requirements of IAS39, 'Financial Instruments: Recognition and Measurement' and designated this interest rate swap as a cash flow hedge. The hedge was 100% effective during the period and is expected to be going forward, and consequently the carrying value (which is the same as the fair value) of the interest rate swap has been taken to the hedging reserve, and the corresponding liability as at 30 September 2013 of £577,000 (2012: £1,033,000) is shown under non-current liabilities – 'Derivative Financial Instruments'. The fair value of the interest rate swap equates to the mark-to-market valuation of the swap provided by HSBC and represents the amount which the Group would expect to pay in order to close the swap contract at the balance sheet date. The gain for the period of £546,000 (2012: £169,000 loss) is shown in the 'Statement of Comprehensive Income'.

The derivative financial instrument for the interest rate swap described above is classified as level 2.

28. FINANCIAL INSTRUMENTS (continued)

Interest rate risk management (continued)

Interest rate risk is further diversified by having a mix of fixed and floating rate borrowings, as well as holding borrowings in a range of currencies as follows:

Group	Floating rate financial liabilities		Fixed rate financial liabilities		Total	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Financial liabilities						
Bank borrowings:						
US Dollars	6,062	6,052	2,596	8,309	8,658	14,361
Sterling*	(106)	(1,974)	—	—	(106)	(1,974)
Other*	(258)	562	—	—	(258)	562
Total Net Debt	5,698	4,640	2,596	8,309	8,294	12,949
Loan notes payable:						
Sterling	675	675	—	—	675	675
	6,373	5,315	2,596	8,309	8,969	13,624

* Bank borrowings are shown net of positive cash balances as rights of set-off exist.

The Parent Company bank borrowings were all held in Sterling.

Interest on floating rate bank deposits is based on UK base rates or currency LIBOR as applicable. Interest on bank overdrafts is charged at 1.35%-2.75% above bank base or currency LIBOR rates. The terms of the loan notes receivable are shown within this note.

Fixed rate financial liabilities comprise the Industrial Development Loan of US\$2,070,000 (2012: US\$2,325,000), equipment financing term loans of \$2,133,000 (2012: \$2,093,000) and \$9,000,000 revolving credit facility (see note 20).

The loan notes payable by the Parent Company and Group are made up as follows:

	2013 £'000	2012 £'000
Series A Variable Rate Unsecured Loan Notes 2015	475	475
Series B Variable Rate Unsecured Loan Notes 2015	200	200
	675	675

The loan notes are redeemable in full on 31 December 2015 or at an earlier date, once 50% of the corresponding loan notes receivable have been redeemed. Interest is payable at 1% above UK base rate.

Interest rate sensitivity analysis has been performed on the floating rate financial liabilities to illustrate the impact on Group profits if interest rates increased or decreased. This analysis assumes the liabilities outstanding at the period end were outstanding for the whole period. A 100 bps increase or decrease has been used, comprising management's assessment of reasonably possible changes in interest rates. If interest rates had been 100 bps higher or lower, then profit before taxation for the year ended 30 September 2013 would have decreased or increased as follows:

	Group		Parent Company	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Impact on profit before tax of 1% interest rate movement	101	146	12	9

It has been assumed that all other variables remained the same when preparing the interest rate sensitivity analysis and that floating rate short term bank borrowings in the same currency are netted against each other for the purpose of interest rate calculation.

Notes to the Financial Statements

for the year ended 30 September 2013 continued

28. FINANCIAL INSTRUMENTS (continued)

Foreign currency risk management

Foreign currency risk management occurs at a transactional level on revenues and purchases in foreign currencies and at a translational level in relation to the translation of overseas operations. The Group's main foreign exchange risk is the US Dollar. Board policy is for UK businesses to mitigate US Dollar transactional exposures by holding borrowings in US Dollars and Euros as well as by entering into forward currency contracts. Further details of the Group's foreign currency risk management can be found in the Chairman's Statement, CEO's Report and Financial Review on pages 6 to 10.

At 30 September 2013, the notional principal amount of outstanding foreign currency contracts that are held to hedge the Group's transaction exposures was £6,361,000 (2012: £Nil). For accounting purposes, the Group has designated the foreign currency contracts as cash flow hedges. At 30 September 2013, the fair value of the contracts was £219,000 (2012: £Nil). During 2013, a gain of £90,000 (2012: £Nil) was recognised in other comprehensive income in respect of these contracts and a gain of £129,000 (2012: £Nil) was reclassified from equity to profit or loss and included in operating profit.

The derivative financial instrument for the foreign currency contracts described above is classified as level 2.

The Group's currency exposure, being those exposures arising from transactions where the net currency gains and losses will be recognised in the income statement, is as follows:

Net foreign currency financial assets/(liabilities):

	US Dollar £'000	Other £'000	Total £'000
At 30 September 2013	(5,056)	1,077	(3,979)
At 30 September 2012	(2,772)	335	(2,437)

A currency sensitivity analysis has been performed on the financial assets and liabilities to sensitivity of a 10% increase/decrease in the Pounds Sterling to US Dollar exchange rate. A 10% strengthening of the US Dollar has been used, comprising management's assessment of reasonably possible changes in US Dollar exchange rates. The impact on profit for the period in the income statement would be a loss on net monetary assets or liabilities of £562,000 (2012: £308,000). In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk since it is limited to the year-end exposure and does not reflect the exposure during the year.

29. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

Group

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of individual Directors is provided in the Directors' Remuneration Report on pages 31 to 35.

	2013 £'000	2012 £'000
Salaries and other short-term employee benefits	1,070	852
Termination benefits	—	586
Employers' social security costs	111	132
Pension contributions to money purchase schemes	42	12
Share-based payments	3	2
	1,226	1,584

During the year two Directors (2012: three) were members of a defined benefit pension scheme until the scheme was closed to future accrual with effect from 31 December 2012. The aggregate accumulated total pension as at 30 September 2013 was £64,000 (2012: £157,000).

29. RELATED PARTY TRANSACTIONS (continued)

Director's Loan

In 2010, two years before his appointment to the Board, Daemmon Reeve was granted an interest free loan of \$50,000 (£31,000) by the Parent Company to assist with relocating to the US upon his appointment as CEO of Treatt USA. The loan is being repaid in equal monthly instalments. Having repaid \$16,250 (£11,683) during the year, the balance outstanding at 30 September 2013 was \$1,250 (£772).

Parent Company	2013 £'000	2012 £'000
<i>Interest received from:</i>		
Earthoil Plantations Limited	14	31
Earthoil Kenya PTY EPZ Limited	6	6
<i>Dividends received from:</i>		
R C Treatt & Co Limited	948	1,491
Treatt USA Inc	654	641
<i>Redeemable loan notes receivable:</i>		
Earthoil Plantations Limited	950	950
Earthoil Kenya PTY EPZ Limited	400	400
<i>Amounts owed to/(by) Parent Company:</i>		
Earthoil Plantations Limited	157	45
R C Treatt & Co Limited	297	(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.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE YOU ARE RECOMMENDED TO CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000.

If you have sold or transferred all of your ordinary shares in Treatt plc, you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

Notice of the Annual General Meeting which has been convened for 24 February 2014 at 10.30 am at Treatt plc, Northern Way, Bury St Edmunds, Suffolk, IP32 6NL is set out below.

To be valid, forms of proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 48 hours (excluding weekends and public holidays) before the time appointed for holding the meeting.

Notice is hereby given that the Annual General Meeting of the Shareholders of Treatt plc (the "Company") will be held at Treatt plc, Northern Way, Bury St Edmunds, Suffolk, IP32 6NL on 24 February 2014, at 10.30 am for the transaction of the following business:

Ordinary Business

1. To receive the accounts and the reports of the Directors and the Auditors for the year ended 30 September 2013.
2. To approve the Directors' Remuneration Report.
3. To approve a final dividend of 13.0p per share on the ordinary shares of the Company for the year ended 30 September 2013.
4. To re-elect Jeff Illiffe as a Director of the Company.
5. To re-elect Anita Haines as a Director of the Company.
6. To re-elect David Johnston as a Director of the Company.
7. To re-appoint Baker Tilly UK Audit LLP as Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.
8. To authorise the Directors to determine the remuneration of the Auditors of the Company.

Special Business

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 9 to 13 will be proposed as Ordinary Resolutions and Resolutions 14 and 15, will be proposed as Special Resolutions.

9. Approval of Remuneration Policy
THAT:
The Remuneration Policy be and is hereby approved.
10. Authority to allot securities
THAT:
 - (a) In accordance with Section 551 of the Companies Act 2006 (the 'Act') the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (Rights) within the terms of the restrictions and provisions following; namely:
 - (i) this authority shall (unless previously revoked, varied or renewed) expire on the earlier of the date of the next Annual General Meeting of the Company following the passing of this Resolution and 23 May 2015; and
 - (ii) this authority shall be limited to the allotment of shares and the granting of Rights up to an aggregate nominal amount of £345,850 (representing approximately 33 per cent of the existing issued share capital of the Company).
 - (b) For the purpose of sub-paragraph (a) above:
 - (i) the said power shall allow and enable the Directors to make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares and grant Rights in pursuance of such an offer or agreement as if the power conferred hereby had not expired; and
 - (ii) words and expressions defined in or for the purpose of Part 17 of the Act shall bear the same meaning herein.
11. Increase in aggregate fees to Non-executive Directors
THAT:
the maximum aggregate fees permitted to be paid to the Non-executive Directors' of the Company, pursuant to article 18.3 of the Company's articles of association, be and is hereby increased from £150,000 to £225,000.

12. Approval of Long Term Incentive Plan

THAT:

The Treatt plc Long Term Incentive Plan, the main terms of which are summarised in the explanatory notes accompanying this notice of meeting, to be constituted by the rules produced to the meeting and signed by the Chairman for the purposes of identification, be and is hereby approved and adopted for five years from the date of approval by shareholders.

13. Approval of Share Incentive Plan

THAT:

The Treatt plc Share Incentive Plan, the main terms of which are summarised in the explanatory notes accompanying this notice of meeting, to be constituted by the trust deed and rules produced to the meeting and signed by the Chairman for the purposes of identification, be and is hereby approved and adopted for ten years from the date of approval by shareholders and the Directors are hereby authorised:

- (a) to do all acts and things necessary to carry the same into effect, including the making of any changes to the trust deed and rules as may be necessary to obtain the approval of HM Revenue & Customs and/or such other approvals as the Directors may consider necessary or desirable to obtain; and
- (b) at their discretion, to adopt similar all-employee plans as they deem appropriate for the benefit of employees and Directors of the Company and its subsidiaries, on identical terms, which are located outside the United Kingdom.

14. Disapplication of pre-emption rights for up to 5% of existing share capital

THAT:

- (a) Conditionally upon the passing of Resolution 10 above and in accordance with Section 570 of the Act, the Directors be and are hereby given power to allot equity securities pursuant to the authority conferred by Resolution 10 above as if Section 561 of the said Act did not apply to any such allotment provided that:
 - (i) the power hereby granted shall be limited:
 - (aa) to the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of shares in the Company and other persons entitled to participate therein, in the proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the number of shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the Directors may feel necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body in any territory; and
 - (bb) to the allotment (otherwise than pursuant to sub-paragraph (i)(aa) of this proviso) of equity securities up to an aggregate nominal amount of £52,400 (representing approximately 5 per cent of the existing issued share capital of the Company);
 - (ii) the power hereby granted shall expire on the earlier of the date of the next Annual General Meeting of the Company following the passing of this Resolution and 23 May 2015;
- (b) (i) the said power shall allow and enable the Directors to make an offer or agreement before the expiry of the said power which would or might require securities to be allotted pursuant to the agreement as if the power conferred herein had not expired; and
- (ii) words and expressions defined in or for the purpose of Part 17 of the Act shall bear the same meaning herein.

15. Authority to purchase own shares

THAT:

The Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") provided that:

- (a) the maximum number of ordinary shares authorised to be purchased is 1,048,000 (representing approximately 10 per cent of the present issued share capital of the Company);
- (b) the minimum price (excluding stamp duty, dealing or other costs) which may be paid for an ordinary share so purchased is 10p;
- (c) the maximum price which may be paid for an ordinary share so purchased is an amount equal to 5 per cent above the average of the middle market quotations shown for an ordinary share in The London Stock Exchange Daily Official List on the five business days immediately preceding the day on which that ordinary share is purchased;
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2015, unless such authority is renewed, varied or revoked prior to such time; and
- (e) the Company may prior to the expiry of such authority make a contract to purchase ordinary shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contract.

By order of the Board

Anita Steer
Secretary

19 December 2013

Registered Office:

Northern Way
Bury St Edmunds
Suffolk
IP32 6NL

The note on voting procedures and general rights of shareholders, together with explanatory notes on the resolutions to be put to the meeting, which follow on pages 76 to 80 form part of this notice.

Notice of Annual General Meeting

continued

NOTE ON VOTING PROCEDURES AND GENERAL RIGHTS OF SHAREHOLDERS:

Only those persons entered in the Register of Members of the Company (the Register) as at 6.00pm on 20 February 2014 (the Record Date) shall be entitled to attend or vote at the AGM in respect of the number of ordinary shares in the capital of the Company registered in their names at that time. Changes to entries on the Register for certificated or uncertificated shares of the Company after the Record Date shall be disregarded in determining the rights of any person to attend or vote at the AGM. Should the AGM be adjourned to a time not more than 48 hours after the Record Date, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned AGM. Should the AGM be adjourned for a longer period, to be so entitled, members must have been entered on the Register by 6.00pm two days prior to the adjourned AGM (excluding weekends and public holidays) or, if the Company gives notice of the adjourned AGM, at the time specified in such notice.

Voting at the meeting will be conducted by poll rather than on a show of hands, which the Board believes provides a more accurate reflection of shareholder views and takes into account the number of shares held by each member. Those shareholders who are unable to attend the meeting should submit a form of proxy as detailed below. Shareholders attending the meeting may also wish to vote in advance of the meeting by submitting a form of proxy. Members who have done so will not need to vote at the meeting unless they wish to change their vote or the way in which the proxy is instructed to vote.

A member entitled to attend and vote at this meeting may appoint a proxy or proxies to attend and vote instead of him or her. The proxy need not be a member of the Company. A form of proxy is provided with this notice and instructions for use are shown on the form. Additional forms of proxy can be obtained from the Company's registrars on tel no 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30 a.m. to 5.30 p.m. Monday to Friday). Instruments appointing proxies must be lodged with the Company's registrars not less than 48 hours before the time fixed for the meeting to be effective. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.

An abstention option is provided on the form of proxy to enable you to instruct your proxy to abstain on any particular resolution, however, it should be noted that an abstention in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 24 February 2014 and any adjournment(s) of the meeting by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Please note the following:

- a) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in this notice of the Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- b) CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the AGM. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.

Pursuant to Section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

Members satisfying the thresholds in Section 338 of the Companies Act 2006 may require the Company to give, to members of the Company entitled to receive notice of the AGM, notice of a resolution which those members intend to move (and which may properly be moved) at the AGM. A resolution may properly be moved at the AGM unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the AGM includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

Members satisfying the thresholds in Section 338A of the Companies Act 2006 may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business at the AGM. A matter may properly be included in the business at the AGM unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the Company not later than 6 weeks before the date of the AGM.

In accordance with Section 311A of the Companies Act 2006, the contents of this notice of meeting details the total number of shares in respect of which members are entitled to exercise voting rights at the AGM, the total voting rights members are entitled to exercise at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.Treatt.com.

As at 19 December 2013 the Company's issued share capital consists of 10,481,034 ordinary shares, The total number of voting rights in the Company as at 19 December 2013 (the latest practicable reporting date prior to publication of this document) is 10,264,523.

A statement of Directors' share transactions and copies of their service contracts and the letters of appointment of the Non-executive Directors are available for inspection during usual business hours at the registered office of the Company from the date of this notice until the date of the Annual General Meeting (Saturdays, Sundays and public holidays excluded) and will be available at the place of the meeting for fifteen minutes prior to and during the meeting.

Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so using the following means:

Calling the Company Secretary on +44 1284 702500;
Emailing the Company Secretary on cossec@treatt.com; or
Writing to: The Company Secretary, Treatt plc, Northern Way, Bury St Edmunds, Suffolk, IP32 6NL.

Notice of Annual General Meeting

continued

EXPLANATORY NOTES

Report and Accounts (Resolution 1)

The Directors of the Company must present the accounts to the meeting.

Directors' Remuneration Report (Resolution 2)

Changes to The Companies Act 2006, implemented by the Enterprise and Regulatory Reform Act 2013, provide that a quoted company may not make a remuneration payment to a Director of the company unless the payment is consistent with the Company's Remuneration Policy, as approved by shareholders, or the payment is approved by a Shareholders' Resolution. The legislation requires two resolutions to be put to shareholders on separate sections of the Directors' Remuneration Report. The first of these is an advisory resolution on the Implementation Section of the Directors' Remuneration Report, which details the remuneration packages paid to Directors during the year ended 30 September 2013. You can find the Implementation Section of the Directors' Remuneration Report on page 31.

Declaration of a dividend (Resolution 3)

A final dividend can only be paid after the Shareholders at a general meeting have approved it. A final dividend of 13.0p per ordinary share is recommended by the Directors for payment to Shareholders who are on the register of members at the close of business on 28 February 2014. If approved, the date of payment of the final dividend will be 4 April 2014. An interim dividend of 5.5 pence per ordinary share was paid on 18 October 2013. This represents an increase of 3.0 pence per share, or 19.4 per cent, on the total 2012 dividend.

Re-election of Directors (Resolutions 4, 5 and 6)

In accordance with the Articles of Association, all Directors retire at least every three years and all newly appointed Directors retire at the first Annual General Meeting following their appointment. Furthermore, any Non-executive Director having been in post for nine years or more is subject to annual re-election.

At this meeting, Jeff Iliffe, Anita Haines and David Johnston will retire and stand for re-election as Directors. Short biographies of these Directors are given on page 15. Anita Haines will retire as an Executive Director at the conclusion of the Annual General Meeting and is standing for re-election as a Non-executive Director. Having considered the performance of and contribution made by each of the Directors standing for re-election the Board remains satisfied that the performance of each of the relevant Directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Reappointment and remuneration of auditors (Resolutions 7 and 8)

Resolutions 8 and 9 propose the reappointment of Baker Tilly UK Audit LLP as Auditors of the Company and authorise the Directors to set their remuneration.

Remuneration Policy Report (Resolution 9)

As referred to under Resolution 2 above, two resolutions are required to be put to Shareholders on separate sections of the Directors' Remuneration Report. The second of these is a binding resolution, passed by a majority, to approve the Company's Remuneration Policy. The policy, which is set out on pages 23 to 30, will apply to all payments made to Directors from the date the policy is approved by shareholders. Since the resolution is binding, it will be necessary for the Company to convene an Extraordinary General Meeting to put the resolution to Shareholders again, in the event that it is not passed at the Annual General Meeting.

Directors' authority to allot securities (Resolution 10)

Your Directors may only allot ordinary shares or grant rights over ordinary shares if authorised to do so by Shareholders. This resolution seeks to grant authority to the Directors to allot unissued share capital of the Company and grant Rights and will expire at the conclusion of the next Annual General Meeting of the Company in 2015 or, if earlier, on 23 May 2015 (the date which is 15 months after the date of passing of the resolution). There is no present intention of exercising this authority, which would give Directors authority to allot relevant securities up to an aggregate nominal value of £345,850 approximately 33 per cent of the Company's issued ordinary share capital as at 19 December 2013.

Increase in aggregate fees payable to the Non-executive Directors' (Resolution 11)

Article 18.3 provides that the ordinary remuneration of the Non-executive Directors shall not exceed £150,000 per annum in aggregate unless a higher sum is determined by ordinary resolution of the Company. The limit was last increased at the Annual General Meeting in 2009.

Although Anita Haines' resignation as an Executive Director will not affect the overall number of Directors on the Board, her appointment as a Non-executive Director will have an effect on the aggregate fees of Non-executive Directors, taking them above the current maximum. The proposed increase in the maximum aggregate fees to £225,000, will provide the Board with sufficient flexibility to ensure that the skills, expertise and diversity of the Board remain appropriate for the future and that the Board is sufficiently balanced to enable it to fulfill its obligations to Shareholders.

Shareholders should note that increasing the maximum aggregate fees for Non-executive Directors does not mean that Shareholders are approving an increase in the fees payable to each current Non-Executive Director. Increases in individual Non-executive Directors fees will be subject to the Remuneration Policy detailed under Resolution 9 above.

Approval of Long Term Incentive Plan (Resolution 12)

This resolution proposes the introduction of a Long Term Incentive Plan ('LTIP') for employees and Directors. A summary of the proposed rules of the LTIP is provided in Appendix A below. A full copy of the rules is available on the Treatt website at www.Treatt.com and will be available for inspection at the Annual General Meeting.

One of the key principles of the Remuneration Policy is to link rewards to Directors and key employees to the creation of longer term value for Shareholders. Historically, few share-based incentives have been awarded to Directors but it is recognised that this is an important aspect of remuneration and it is therefore intended that the grant of appropriate awards of share-based incentives, with stretching performance conditions, will be considered annually. The Remuneration Committee believes that the introduction of the LTIP will:

- enhance the Group's remuneration framework;
- assist in the retention and motivation of Directors and key employees who are focused on executing the business strategy;
- ensure that there is sufficient focus on driving Shareholder value by providing appropriate rewards for success;
- align the interests of participants with those of Shareholders; and
- reflect developments in corporate governance and market practice.

Approval of Share Incentive Plan (Resolution 13)

This resolution proposes the introduction of a new Share Incentive Plan ('SIP') for employees and Directors. A summary of the proposed rules of the SIP is provided in Appendix B below. A full copy of the rules and trust deed are available on the Treatt website at www.Treatt.com and will be available for inspection at the Annual General Meeting.

The Company wishes to launch the SIP, which will run alongside the existing all employee Save As You Earn Share Option Scheme, under which shares are purchased at the end of a three year savings period, in order to align the interests of all employees with those of Shareholders and further foster employee share ownership. The Directors believe that the introduction of the SIP will provide employees with an opportunity to further invest in the Company's shares.

Disapplication of pre-emption rights (Resolution 14)

Under Section 561 of the Act, if the Directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must in the first instance offer them to existing Shareholders in proportion to their holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing Shareholders. This cannot be done under the Act unless the Shareholders have first waived their pre-emption rights.

Resolution 14 asks the Shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority will be limited to the issue of shares for cash up to a maximum aggregate nominal value of £52,400 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which is equivalent to approximately 5 per cent of the Company's issued ordinary share capital as at 19 December 2013. Shareholders will note that this resolution also relates to treasury shares and will be proposed as a Special Resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas Shareholders. If given, the authority will expire at the conclusion of the next Annual General Meeting of the Company in 2015 or, if earlier, 23 May 2015 (the date which is 15 months after the date of passing of the resolution).

Authority to purchase own shares (Resolution 15)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 15 seeks the authority from Shareholders to continue to do so. The Directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of Shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares.

Notice of Annual General Meeting

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The resolution specifies the maximum number of ordinary shares that may be acquired (approximately 10 per cent of the Company's issued ordinary share capital as at 19 December 2013) and the maximum and minimum prices at which they may be bought.

The total number of options to subscribe for ordinary shares that were outstanding at 19 December 2013 (the latest practicable reporting date prior to publication of this document) was 114,521. The proportion of issued share capital that they represented at that time was 1.09 per cent and the proportion of issued share capital that they will represent if the full authority to purchase shares (existing and being sought) is used is 1.21 per cent.

Resolution 15 will be proposed as a Special Resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next Annual General Meeting of the Company in 2015 or, if earlier, 23 May 2015 (the date which is 15 months after the date of passing of the resolution).

The Directors intend to seek renewal of this power at subsequent Annual General Meetings.

APPENDIX A

SUMMARY OF PROVISIONS OF THE TREATT PLC LONG TERM INCENTIVE PLAN ("LTIP")

The Company proposes to introduce the LTIP to incentivise Directors and employees.

The LTIP is capable of making awards of share options (which are unapproved for tax purposes in the UK) and Restricted Stock Units in the US.

It is intended that the LTIP will be used to make awards of "nil cost" share options to selected employees of the Company in the UK, and Restricted Stock Units, which may at the discretion of the Company be satisfied by the transfer of shares, or payment in cash of equivalent value, once vesting conditions have been met, to employees in the US, to allow them to share in the success of the Group and promote motivation and retention.

All Awards will be made in accordance with the Company's Remuneration Policy as approved by shareholders from time to time.

It is proposed that all options granted under the LTIP will have an exercise price equal to the nominal value of a share in the case of a subscription option, and nil in the case of an option to acquire existing shares held in the Treatt Employee Benefit Trust. Restricted Stock Units will similarly be awarded for the nominal value in the case of newly issued shares, and nil in the case of existing shares.

Grants of Awards

Awards may be granted to eligible employees at the discretion of the Board. Awards may be granted only during the period of:-

- i) 42 days following the date of adoption of the LTIP by the Company;
- ii) 42 days following the announcement of yearly, half yearly or other period financial results of the Company;
- iii) 28 days after the person to whom it is granted first becoming an Employee;
- ii) subject to the Model Code, any other date on which the Directors consider that exceptional circumstances justify the grant of options; or
- iii) in the event that any statute, order or regulation prevents the Company from making Awards the Award will be made within the relevant period indicated above after that restriction is removed.

Eligibility

All full-time employees and Directors of the Group shall be eligible to participate in the LTIP at the discretion of the Board.

Performance Conditions

The Board will impose Performance Conditions applying over a period of at least three years that must be satisfied before Awards vest. The Performance Conditions, which will be determined at the time of grant to ensure that they are sufficiently stretching, will be set in accordance with the Remuneration Policy.

Clawback

In the event of a material misstatement of the Company's published financial results used to determine the quantum of Awards granted or assess the satisfaction of performance conditions, or in the event of an error made in calculation or an Award holder's gross misconduct, Awards may be reduced, adjusted or cancelled as determined by the Remuneration Committee (the 'Committee'). To the extent that Awards have already been exercised, the Committee may (having considered all the circumstances) require the Award holder to return any shares received, or the amounts of any proceeds of sale of such shares (net of tax).

Limit of participation

The market value of shares over which Awards may be made under the LTIP, when added to the market value of shares, or rights or opportunities to acquire them, provided under any other employee share scheme of the Company (except a tax approved savings-related share option scheme), may not exceed 150% of the participant's salary for the financial year in which the Award is made or, if greater, 150% of the participant's salary for the previous year.

Salary for this purpose is basic gross salary excluding bonuses, company pension contributions and any other benefits in kind. This limit may be exceeded if the Committee considers that exceptional circumstances exist.

Total number of shares available

The total number of shares that may be newly issued by the Company under Awards made under the LTIP on any day, when added to the total number of shares which remain issuable pursuant to rights or opportunities granted under any other employees' share scheme in the 10 years before that day, will not exceed 10% of the total share capital in issue on that day.

For this purpose, newly issued shares will include shares issued out of treasury. It will not include rights or opportunities to subscribe for new shares which are in fact satisfied by the transfer of existing shares by another shareholder.

Vesting of Restricted Stock Units and exercise of options

Awards will vest once Performance Conditions have been either satisfied or waived or are treated as satisfied under the provisions described below.

Notice of Annual General Meeting

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Options shall generally be exercisable after a period beginning with the date on which it is established that a Performance Condition has been satisfied and ending up to ten years from the date of grant. Restricted Stock Units may not be sold, exchanged, pledged or otherwise disposed of until they vest. To the extent that they do not vest, Awards will lapse.

In the case of a takeover, demerger or a statutory reconstruction, the Committee may at its discretion, and acting fairly and reasonably, determine the proportion or number of Awards that will vest, subject to whether and to what extent the Performance Conditions should be deemed to be satisfied.

Award holders may be able to exchange their Awards under the LTIP for Awards over the shares of the company making any takeover or on an internal reconstruction involving the Company coming under the control of another but remaining under the control of the person or persons who had control of the Company before the reconstruction.

Employees leaving the company

If an Award holder ceases to hold office or employment with the Group as a Good Leaver, Awards shall vest at the date of cessation but shall be pro-rated by reference to the amount of the Performance Period completed and subject to satisfaction, or deemed satisfaction, of the Performance Conditions.

A Good Leaver is any employee leaving by reason of injury or disability, redundancy, death in service, the transfer of the employment outside the Group, or the sale of a Company outside the Group. If an Award holder dies after having ceased to hold employment with the Group, the Committee may determine the extent to which any unvested Awards vest.

If an Award holder leaves for any other reason, all Awards which have not by then vested will vest only to the extent determined by the Committee, at its discretion, acting reasonably, shall determine.

Variation of share capital

In the event of a variation of share capital the Directors may adjust the number of shares under the Award and, where appropriate, the exercise price to reflect such variation. This adjustment shall be subject to confirmation by the Auditors that such adjustment is fair and reasonable.

Alteration of the LTIP

The Directors may at any time alter or amend the provisions of the LTIP provided that no alteration may be made to the advantage of existing or new Award holders without the approval of shareholders by ordinary resolution, except for any such alteration where the amendments are minor, to benefit the administration of the LTIP, to take account of a change in legislation or to obtain or maintain favourable tax treatment.

Pensions

Benefits under the LTIP will not be pensionable.

APPENDIX B

SUMMARY OF PROVISIONS OF TREATT PLC SHARE INCENTIVE PLAN ("SIP")

It is proposed that the Company will introduce an HM Revenue & Customs approved Share Incentive Plan (the "SIP") to provide all UK employees of the Group with the opportunity to acquire shares in the Company on a tax efficient basis.

The terms of the SIP are set out in below.

The SIP provides for the acquisition of shares. The SIP will be governed by a Trust Deed and Rules which will be submitted for approval to HM Revenue & Customs. The SIP will be operated through a UK resident trust (the "Trust"). The trustees of the Trust (the "Trustees") will buy or subscribe for shares that are awarded to or acquired by employees under the SIP and will hold these shares in the Trust on their behalf under the terms of the SIP.

The main features of the SIP are as follows:

Eligibility

All employees of the Group who are resident and ordinarily resident in the United Kingdom and who are determined by the Company to be qualifying employees are eligible to participate in any offer made by the Company under the Plan. Non-UK resident employees may also be invited to participate in the SIP.

The Company may require employees to have completed a minimum qualifying period of employment before they are eligible to participate, but such period may not exceed 18 months ending on the date shares are awarded and/or purchased under the SIP.

Basis for participation

The SIP provides for the acquisition by participating employees of one or more of four categories of shares:

The Company may award "Free Shares" to participants and or allow participants to give up salary to purchase "Partnership Shares", and to the extent that they do so, the Company may award up to two "Matching Shares" for each Partnership Share purchased. Any dividends arising on shares held in the SIP may also be reinvested to acquire further "Dividend Shares" under the SIP.

The Directors will determine in any year whether participation in the SIP will be offered and, if so, the basis on which each of the above categories may be offered.

Free Shares

The Company may award Free Shares to participating employees (subject to the annual statutory Individual Limits).

The number of Free Shares awarded to participants will be determined by the Directors on the basis of objective criteria and may also be subject to performance measures. Performance measures may be based on personal, team, or divisional targets and the relevant measure selected will be notified to all qualifying employees.

Partnership Shares

The Company may invite applications from qualifying employees to enter into a contract under the SIP to buy Partnership Shares by deduction from pre-tax salary (subject to the annual statutory Individual Limits). The Company may specify a maximum number of shares to be available for purchase as Partnership Shares under any particular invitation.

As determined by the Directors, deductions may either be:

- a) transferred directly to the Trustees to be applied in the acquisition of Partnership Shares. Within 30 days of the deduction from salary, the Trustees will acquire Partnership Shares which will then be held in the Trust on the participant's behalf. The purchase price paid for the Partnership Shares will be determined as the market value of the shares on the date of acquisition; or
- b) accumulated over an accumulation period and held in an account until the end of an accumulation period not exceeding 12 months. Within 30 days of the end of the accumulation period the Trustees shall apply the accumulated funds to acquire Partnership Shares and hold such Shares in the Trust on the participant's behalf. The Directors will decide in respect of each offer whether the purchase price paid for the Partnership Shares will be determined as the market value of the shares at the start of the accumulation period or the market value on the day the shares are acquired or the lower of those two values.

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Matching Shares

Where the Company decides to offer the opportunity for the acquisition of Partnership Shares it may also offer Matching Shares to those participants who elect to buy Partnership Shares. Allocations of Matching Shares will be made on the same day as Partnership Shares are acquired on behalf of participants by the Trustees.

The Company will decide the basis on which Matching Shares are allocated (subject to the statutory individual limits). Allocations of Matching Shares will be made to all participants on the same basis. The maximum permissible number of Matching Shares according to the law is two Matching Shares for each Partnership Share purchased.

Dividend Shares

Participants will be entitled to dividends paid on their Free Shares, Matching Shares and Partnership Shares while they are held in the Trust.

At the discretion of the Directors, dividends arising on shares held in the Trust under the SIP may either be paid directly to a participant in cash or reinvested, subject to the individual limits, for the acquisition of further shares under the SIP on behalf of the participant.

Individual Limits

The value of Free Shares which may be awarded to a participant under the SIP in any year shall not exceed the statutory maximum which, with effect from April 2014, will be £3,600 per annum.

The maximum amount which can be deducted from a participant's salary for the purpose of buying Partnership Shares shall not exceed the statutory maximum which, with effect from April 2014, will be the lower of 10% of salary or £1,800 per annum.

The number of Matching Shares which may be awarded to a participant purchasing Partnership Shares under the SIP shall not exceed the statutory maximum which is currently two Matching Shares for every one Partnership Share purchased.

There is no limit on the number or value of shares that may be acquired in the Plan as Dividend Shares.

Holding Periods

Free Shares and Matching Shares must be held in the Trust by the Trustees for a holding period of between three and five years, or, if earlier, until the employee leaves the Group. The Directors shall determine the applicable holding period at the time the offer is made.

Dividend Shares must be held in the Trust by the Trustees for a holding period of three years or, if earlier, until the employee leaves the Group.

Participants may withdraw their Partnership Shares from the SIP at any time.

Termination of employment and forfeiture provisions

On termination of employment with the Company or any company within the Group, a participant is required to withdraw all shares from the SIP (other than those which are forfeited under the terms of any offer under the SIP).

The SIP may provide for Free Shares and/or Matching Shares to be forfeited if an employee terminates employment with the Group within a specified period (the "Forfeiture Period") unless the termination of employment is by reason of death, injury, disability or sale of the business for which the participant works out of the Group or the participant's employment is transferred out of the Group. The Forfeiture Period may not exceed three years from the date the allocation of Free Shares/Matching Shares is made.

In addition the Directors may provide that Matching Shares may be subject to forfeiture if the corresponding Partnership Shares are withdrawn within three years of purchase.

Voting Rights

The Directors will determine whether participants shall have the right to exercise any voting rights attaching to Shares held under the SIP.

Limits on the issue of shares

The SIP will be subject to a limit on the number of new shares in the Company that may be issued. In any rolling ten-year period not more than 10% of the issued ordinary share capital of the Company may be issued or issuable pursuant to the rights acquired in total under the SIP, the Treatt plc Long Term Incentive Plan and any other employees' share schemes adopted by the Company.

Adjustment of awards

On a variation of the capital of the Company, the number of Shares held under the SIP will be adjusted in such manner as the Directors determine, subject to written confirmation from the Company's auditors that the adjustment is, in their opinion, fair and reasonable.

Reconstructions and takeovers

In the event of any reconstruction or change in control of the Company, shares must be either withdrawn from the SIP, or, if certain circumstances are met, exchanged for shares in the new holding which will continue to be held in the Trust under the SIP under the same terms and subject to the same rights and restrictions as the original shares.

Alterations

The SIP may at any time be altered by the Directors in any respect, provided that the prior approval of the shareholders in general meeting will be obtained for alterations or additions to the advantage of participants, except for minor amendments to benefit the administration of the SIP, to take account of existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the SIP or for the Company and or any member of the Group.

To the extent required by the law, H M Revenue & Customs approval will be sought in respect of any proposed amendment to a “key feature” of the SIP (ie, being a feature which is necessary to meet the requirements of the relevant legislation governing the SIP).

Rights attaching to shares

Ordinary shares allotted under the SIP will rank equally with all other shares of the Company for the time being in issue and the Company will apply for admission of any new shares issued under the SIP to any relevant exchange.

Funding the SIP

Each participating company within the Group may fund the Trustees of the Trust to subscribe for or buy shares in the market or privately. The Company may only fund the Trust at such time that it has sufficient distributable reserves to do so. The acquisition price for private purchases must not be materially more than the market price of a share at that time and the subscription of shares must be at market value or, if higher, at nominal value.

General

Benefits under the SIP are not pensionable.

Financial Calendar

2012/13

Financial year ended	30 September 2013
Results for year announced	9 December 2013
Annual Report and Financial Statements published	19 December 2013
Annual General Meeting	24 February 2014
Final dividend for 2013 goes 'ex-dividend'	26 February 2014
Record date for 2013 final dividend	28 February 2014
Last day for dividend reinvestment plan election	10 March 2014
Final dividend for 2013 paid	4 April 2014

2013/14

Interim results to 31 March 2014 announced	20 May 2014*
Interim dividend for 2014 goes 'ex-dividend'	10 September 2014*
Record date for 2014 interim dividend	12 September 2014*
Last day for dividend reinvestment plan election	22 September 2014*
Financial year ended	30 September 2014
Interim dividend for 2014 paid	17 October 2014*
Results for year to 30 September 2014 announced	9 December 2014*
Final dividend for 2014 paid	3 April 2015*

* These dates are provisional and may be subject to change

Parent Company Information and Advisers

Directors	Tim Jones (Chairman and Non-executive Director) Daemmon Reeve (Chief Executive Officer) Anita Haines (Human Resources Director)* Richard Hope (Finance Director) Jeff Iliffe (Non-executive Director – from 25 Feb 2013) David Johnston (Non-executive Director) Ian Neil (Non-executive Director) Peter Thorburn (Non-executive Director – until 25 Feb 2013)
	* Anita Haines will retire as an Executive Director with effect from 24 February 2014 but will continue to serve as a Non-executive Director thereafter.
Secretary	Anita Steer
Registered Office	Northern Way, Bury St Edmunds, Suffolk, IP32 6NL. Tel: + 44 (0) 1284 702500. Email: cosec@treatt.com. Website: http://www.treatt.com
Registered Number	1568937
Audit Committee	Ian Neil (Chairman until 25 Feb 2013) Jeff Iliffe (Chairman and committee member from 25 Feb 2013) Tim Jones David Johnston Peter Thorburn (Until 25 Feb 2013)
Remuneration Committee	Ian Neil (Chairman) Jeff Iliffe (From 25 Feb 2013) Tim Jones David Johnston Peter Thorburn (Until 25 Feb 2013)
Nomination Committee	Tim Jones (Chairman) Daemmon Reeve Jeff Iliffe (From 25 Feb 2013) David Johnston Ian Neil Peter Thorburn (Until 25 Feb 2013)
Brokers	Investec Investment Banking, 2 Gresham Street, London, EC2V 7QP.
Auditors	Baker Tilly UK Audit LLP Abbotsgate House, Hollow Road, Bury St Edmunds, Suffolk, IP32 7FA.
Solicitors	Eversheds LLP, One Wood Street, London, EC2V 7QP. Greene and Greene, 80 Guildhall Street, Bury St Edmunds, Suffolk, IP33 1QB.
Bankers	HSBC Bank plc, 140 Leadenhall Street, London, EC3V 4PS. Lloyds Banking Group, Black Horse House, Castle Park, Cambridge, CB3 0AR. Bank of America, 5th Floor, 101 E. Kennedy Boulevard, Tampa, FL 33602.
Registrars	Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.
Share Price	Treatt Plc's share price is available on www.ft.com . Annual and interim reports are available on the Group's website (www.treatt.com).



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