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TREATT PLC
(“Treatt”)

Announces
Entry into Organic and Fair Trade Markets
Via
Acquisition of 50% of Earthoil

Treatt plc, one of the world’s leading independent ingredients suppliers to the flavour and fragrance industries, is pleased to announce its entry into the organic and cosmetics markets through the acquisition of 50% of the issued share capitals of Earthoil Plantations Limited and Earthoil Kenya Proprietary EPZ Limited (together known as “Earthoil”). Earthoil manufactures and supplies organically certified and ethically traded essential oils and vegetable oils, mainly for the cosmetics industry. The organic market represents a new area for Treatt with high growth potential. The total consideration for the acquisition is £2.55 million, to be satisfied by a mix of cash, loan notes and ordinary shares. Additionally, Treatt has the option to acquire the remaining 50% of the issued share capital of Earthoil from 2012.

About Earthoil

Established in 2001 and with its headquarters in Lichfield, Staffordshire, Earthoil is a specialist in its field, growing, manufacturing, sourcing and trading high quality, organically certified essential oils and vegetables oils (also known as “nut” or “seed” oils) as well as other natural extracts. All Earthoil’s organic products are certified by the Soil Association and other bodies approved by IFOAM, (the International Federation of Organic Agriculture Movements), the worldwide body for organic agriculture.

Earthoil both grows its own products in plantations in southern Africa and has a network of well-established relationships with organic farmer groups throughout the world from whom it purchases products at fair and sustainable prices. Earthoil is therefore able to offer a broad range of organic essential oils and vegetable oils, including: tea tree oil, peppermint oil, lemon oil, apricot kernel oil, sweet almond oil, rosehip oil, cocoa butter and papaya seed oil. It has operating facilities in both the UK and Kenya, with its manufacturing base located just outside Nairobi within an Export Processing Zone, which offers favourable trading terms, including certain tax exemptions.

Earthoil has established a strong, reputable brand name and distributes to customers requiring 100% organic products in the UK, Europe, the US, Australia and Asia. Customers include The Body Shop, Aveda and Neal’s Yard Remedies. Currently, its products are principally used by the cosmetics industry.

Financial Information on Earthoil

The total gross assets of Earthoil as at 31 December 2006 were £1.1 million (unaudited). Both Earthoil companies were approximately break-even for the financial year ended 31 December 2006. The acquisition should be earnings neutral for Treatt in the current financial year and is expected to be earnings enhancing in the next financial year to 30 September 2008.

Growth Opportunity

The Directors of Treatt believe that the organic and fair trade markets offer substantial growth opportunities in the cosmetics industry as well as in the flavour and fragrance industry. There is considerable and growing demand in international markets for organic and ethically traded raw materials for use in food and health & beauty-related products.

In Europe, where the organic market has been growing fastest, consumers spent €20.7 billion in 2004 on organic food and beverages, with UK consumers spending €2.3 billion on organic food¹. Spend on natural and organic cosmetics in Europe is expected to have surpassed €1 billion for the first time² in 2006. Growth in organic retail sales across the EU is expected to average 8% per annum³. In the US, in 2005, the organic market was worth an estimated \$14.6 billion, with forecast growth of 10-15% per annum until 2010⁴. The US natural and organic personal care market (skin care, hair care and cosmetics) is projected to grow from \$5 billion in 2004 to \$8 billion by 2009, an increase of 58%⁵.

By investing in Earthoil at this stage in its development, Treatt will immediately take a strategic position in the supply of organic essential oils to its existing customer base in the flavour and fragrance industries. Earthoil's expertise in the manufacture and supply of vegetable oils will provide a new and much sought after complementary addition to Treatt's existing and extensive product range. Treatt will be able to work with Earthoil to develop Treatt's own range of essential oil, natural isolate and Treattarome™ ("From the Named Food") natural distillate products for the 100% organic food and health & beauty markets where it does not currently have a significant market presence.

In addition, Treatt will be able to add significantly to Earthoil's growth potential both in terms of its financial backing and also as a result of its many years' experience in the manufacture and sale of its products into over 90 countries worldwide through an extensive global network of agents. Treatt will also be able to combine effectively its procurement expertise with that of Earthoil's in order to obtain increased supply of organic and ethically traded products to service the large potential market.

Management

The existing management team at Earthoil, Campbell Walter, Sales and Marketing Director, Wayne Barratt, Director of Global Operations, and Tony Silvester, Finance Director, will remain in the business and continue to operate and manage Earthoil. On completion of the 50% acquisition, three Directors representing Treatt will join these three Directors on the Board of Earthoil. Each Earthoil Director has signed a service contract with a three year initial term, with a rolling six month notice period expiring any time on or after conclusion of the initial term.

Details on the consideration

The total consideration for the acquisition of 50% of Earthoil is £2.55 million, comprising £1.2375 million in cash, £0.675 million in Consideration Loan Notes and £0.6375 million satisfied through the issue of 188,945 Treatt Ordinary Shares at a price of 337.4 pence.

From 2012, Treatt also has the option to acquire (the “Call Option”) the remaining 50% of Earthoil. In addition to this, the existing Earthoil shareholders will have the option to oblige Treatt to buy (the “Put Option”), the remaining 50% of Earthoil shares (which will continue to be held by the existing shareholders) at the “Option Price”. Exercise of either option is subject to shareholder approval. The existing Earthoil shareholders will not be able to enforce the Put Option unless it has met a certain level of pre-tax profit.

The Option Price will be 50% of eleven times the average pre-tax profit (for both Earthoil companies combined) of the two audited financial years ended 31 December prior to exercising the option.

Application has been made to the UK Listing Authority and to the London Stock Exchange for admission to the Official List for the listing of the 188,945 new Treatt ordinary shares. These shares will rank pari passu with the existing ordinary shares in issue. It is expected that admission will become effective on 1 March 2007.

In addition, Treatt is subscribing £1.35 million for Earthoil Loan Notes, repayable from 2009 onwards. Treatt is also subscribing £25,000 for 50,000 new ordinary shares in Earthoil Plantations Limited. Completion of the acquisition of Earthoil and the subscriptions for Earthoil loan notes and shares is conditional on admission to the Official List of the 188,945 new ordinary shares in Treatt which is expected to take place on Thursday, 1 March 2007.

Edward Dawnay, Chairman of Treatt plc, commented,

“This is an exciting new development for the Group, taking us into the organic and fair trade markets and in particular, the cosmetics sector, which we do not currently supply.

There is a large and increasing demand for organic ingredients from both the food and health & beauty sectors and we believe Earthoil offers an excellent strategic fit with Treatt’s existing businesses in the UK, US and China.

Earthoil has built up an excellent reputation within the market and we believe there are significant opportunities working together to create a global market leader in the supply of organic and fair trade essential and vegetable oil products.”

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Sources:

¹ *Organic Europe, Organic Market Information, Datamonitor*

² *Source: cosmeticsdesign.com*

³ *Source: FiBL*

⁴ *Source: OTA 2006 Manufacturer Survey*

⁵ *Source: US Market for Natural & Organic Personal Care Products*

About Treatt plc

Treatt is a global supplier of ingredients to the flavour and fragrance industries. These ingredients are mainly based on essential oils, which are distilled or blended. Aroma chemicals and a range of Treattarome™ natural distillates, manufactured from the named food, are also supplied. Typical products including a Treatt ingredient could range from air fresheners, cosmetics, shampoos and soaps to soft drinks, confectionery and basic pharmaceutical products. Treatt is a world leader in the supply of essential oils for these uses.

There are hundreds of different essential oils extracted from many different organic materials. Some examples of common oils are peppermint, lime, lavender, orange and eucalyptus. Essential oils have been used as flavour, fragrance and cosmetic ingredients for centuries.