26 February 2013

Croda International Plc

Preliminary results for the year to 31 December 2012 (unaudited)

Strong Q4 performance leads to record results

Highlights	**2012**	2011	Change
Sales - continuing operations	**£1,051.9m**	£1,028.0m	+2.3%
- Consumer Care	**£586.4m**	£571.4m	+2.6%
- Performance Technologies	**£382.8m**	£373.6m	+2.5%
- Industrial Chemicals	**£82.7m**	£83.0m	-0.4%
Operating profit - continuing operations	**£255.4m**	£237.7m	+7.4%
- Consumer Care	**£185.4m**	£171.2m	+8.3%
- Performance Technologies	**£59.7m**	£55.3m	+8.0%
- Industrial Chemicals	**£10.3m**	£11.2m	-8.0%
Profit before tax	**£253.2m**	£237.5m	+6.6%
Earnings per share - continuing operations	**130.0p**	120.1p	+8.2%
Earnings per share - basic	**120.2p**	123.7p	-2.8%
Dividends per share	**59.5p**	55.0p	+8.2%

- Profit before tax increased 6.6% to £253.2m despite tough market conditions and adverse currency translation

- Strong profit growth in Consumer Care and Performance Technologies resulting in record return on sales in both segments

- Group return on sales increased to 24.3% (2011: 23.1%)

- Earnings per share from continuing operations increased 8.2% to 130.0p

- Full year dividend increased by 8.2% to 59.5p, a payout ratio of 46%, in line with new dividend policy

- Further progress in acquiring leading edge technologies, strengthening our Personal Care business

    - Acquired IRB, the global leader in plant stem cell biotechnology in July 2012
    - Acquired Innovachem LLC in December 2012

- Balance sheet strength further improved with reductions in both net debt and pension deficit

- Completion of commodity plant disposal programme with sale of Cremona business

Commenting on these results, Chairman Martin Flower said:

"I am pleased to report another year of strong financial and strategic progress for Croda. This achievement in tough economic conditions demonstrates the resilience of our Consumer Care and Performance Technologies businesses, with both sectors reporting higher profits and a further improvement in margins. Our progress reflects our focus on sustainable growth through continued product innovation in niche markets and increasing investment in new technologies and emerging markets, particularly in Asia and Latin America.

Economic uncertainty continues, particularly in Europe, but we have made an encouraging start to the year and the Board is confident that Croda will make further progress in 2013."

Highlights – Fourth Quarter	**2012**	2011	Change
Sales - continuing operations	**£240.1m**	£235.0m	+2.2%
- Consumer Care	**£136.3m**	£134.4m	+1.4%
- Performance Technologies	**£83.9m**	£81.7m	+2.7%
- Industrial Chemicals	**£19.9m**	£18.9m	+5.3%
Operating profit - continuing operations	**£61.9m**	£58.9m	+5.1%
- Consumer Care	**£44.5m**	£42.6m	+4.5%
- Performance Technologies	**£13.4m**	£12.8m	+4.7%
- Industrial Chemicals	**£4.0m**	£3.5m	+14.3%
Profit before tax	**£61.2m**	£59.4m	+3.0%

Sales reconciliation	
Volume	+11.7%
Price/mix	-6.0%
Underlying sales	**+5.7%**
Acquisition	+0.2%
Currency translation	-3.7%
Continuing sales	**+2.2%**

- Fourth quarter underlying sales growth of 5.7% was the best seen in 2012
- The quarter also saw the highest adverse currency translation but despite this operating profit increased by 5.1% to £61.9m and we achieved a record return on sales
- Adverse price/mix is due to the higher sales growth in Performance Technologies and Industrial Chemicals which have lower average selling prices than Consumer Care
- The increase in sales and profitability in the fourth quarter was evident in all business sectors

For further information, please contact:

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Pendomer Communications

The company will broadcast the meeting with analysts in a live webcast commencing at 8:30 AM on the company's website at www.croda.com.

CHAIRMAN'S STATEMENT

I am pleased to report another year of strong financial and strategic performance for Croda. This achievement in tough economic conditions demonstrates the resilience of our Consumer Care and Performance Technologies businesses, with both sectors reporting higher profits and a further improvement in margins.

Our progress reflects our strategic focus on sustainable growth through continued product innovation in niche markets and increasing investment in new technologies and emerging markets, particularly in Asia and Latin America. In 2012, small acquisitions have added exciting new technologies which will enhance our existing capabilities in key areas.

Full Year Results

Croda again achieved record sales, margins and profits in 2012. Turnover from continuing operations increased by 2.3% to £1,051.9m (2011: £1,028.0m) and operating profit grew by 7.4% to £255.4m (2011: £237.7m), a return on sales of 24.3% (2011: 23.1%). This was driven by strong underlying progress in the two principal business sectors of Consumer Care and Performance Technologies.

Pre-tax profit from continuing operations rose by 6.6% to £253.2m (2011: £237.5m), and earnings per share on the same basis increased by 8.2% to 130.0p (2011: 120.1p).

Sector Performance

Consumer Care sales increased by 2.6% over the year to £586.4m (2011: £571.4m), despite some weakness in the third quarter, while operating profit rose by 8.3% to £185.4m (2011: £171.2m). The return on sales of 31.6% (2011: 30.0%) was a new record for the Group, driven by exciting new product launches. We achieved profit growth in all three business areas, with Crop Care making the strongest progress. Personal Care and Health Care made modest progress despite the tough market conditions for consumer products in Europe.

In our new **Performance Technologies** reporting segment, sales rose by 2.5% to £382.8m (2011: £373.6m) and operating profit increased by 8.0% to £59.7m (2011: £55.3m). Return on sales improved to 15.6% (2011: 14.8%), representing good progress towards our medium term target of 20%. All business areas achieved underlying sales growth and Polymer Additives, Geo Technologies and Home Care also made strong profit progress, partially offset by slight declines in Lubricant Additives and Coatings & Polymers due to the weakness of their European markets, particularly in the automotive sector.

Industrial Chemicals sales were 0.4% lower at £82.7m (2011: £83.0m) and operating profit declined by 8.0% to £10.3m (2011: £11.2m), a return on sales of 12.5% (2011: 13.5%). This reflected high raw material prices and competitive commodity and textile markets, though we did see an improving trend in the second half of the year.

Acquisitions

While the main driver of Croda's future growth is expected to be innovation generated from within the Group, an important part of our strategy is to enhance our progress through the acquisition of complementary new technologies.

In July 2012, we acquired Istituto Di Ricerche Biotecnologiche (IRB) in Italy, the global leader in plant stem cell technology, for a total consideration of €7.7m. The acquisition has been successfully integrated within our Sederma skin care actives business and we have received a very encouraging response to its unique capabilities from our existing customers, with one major multinational client already incorporating an IRB product into a new global product formulation.

In December 2012, we acquired the assets of Innovachem LLC in the US for a total consideration of US$2.8m. This acquisition is an excellent strategic fit for our Personal Care business, adding a number of exciting new patented product lines and technologies to our existing portfolio and enhancing its ability to service customers around the world.

Disposals

In November 2012, we sold our Cremona business in Italy, completing the disposal of the last remaining fatty acid and glycerine plant that we acquired with Uniqema in 2006. These undifferentiated technologies are not Croda's core competence, but our employees had worked tirelessly to deliver value from the site and we were delighted to conclude its sale to an Italian business.

Dividend

Croda is a highly cash generative business, allowing us to maintain a strong dividend policy while also funding significant capital investment in the business and making appropriate bolt-on acquisitions, and at the same time reducing net debt.

In 2011, we announced our intention to increase our dividend payout to between 40% and 50% of sustainable earnings, resulting in a 57.1% increase in our total dividend for 2011. Building on this new base, the Board is now recommending an increased final dividend of 32.75p (2011: 30.25p). Together with the interim dividend of 26.75p (2011: 24.75p) paid in October 2012, this makes a total dividend of 59.5p (2011: 55.0p), an increase of 8.2% for the year. This maintains the payout ratio around the middle of our target range at 46%.

Subject to future trading and the maintenance of a prudent approach to cash and balance sheet management, Croda expects to maintain its progressive dividend policy in the years ahead.

Outlook

Economic uncertainty continues, particularly in Europe, but we have made an encouraging start to the year and the Board is confident that Croda will make further progress in 2013.

Martin Flower

Chairman

CHIEF EXECUTIVE'S REVIEW

Croda's record results underline the resilience of our unique and highly innovative business model, focused on fast growing niche markets and high value products where we can utilise our global reach.

Business Performance

It has been a busy and very enjoyable first year at the helm as Chief Executive, and I am pleased to report that Croda has again delivered a strong set of results. This was achieved despite a weak macro global environment, driven largely by the European debt crisis, fiscal cliff concerns in the USA and a noticeable economic slowdown in China. The continuing strong demand for our products bears witness to the effectiveness of our strategy, focusing on differentiation, innovation and investment for a sustainable future.

Strategy

We have made significant progress in a number of areas this year. Separating Performance Technologies and Industrial Chemicals has allowed greater management focus in both segments, which is key to a continued improvement in their performance. The disposal of Cremona was an important step forward in making Industrial Chemicals more differentiated and market focused, with a growing emphasis on speciality products.

We have created a fully resourced Enterprise Technology group charged with identifying the next generation of technologies and accelerating their capture, and this has already achieved two important successes with the acquisitions of IRB (plant stem cells) and Innovachem (specialised emollients), both with rich patent portfolios which we will consolidate and develop in our Consumer Care sector.

To drive even faster growth in the emerging markets of Asia and Latin America, we have bolstered our commercial teams by significantly increasing resource in sales and marketing. We have also started to expand our R&D and manufacturing presence in both regions and this will continue in 2013 and beyond.

Geography

Geographically, underlying sales from continuing operations moved forward in all of our four main regions with the strongest progress being achieved in the USA where sales grew 6% and in Latin America where sales grew by 4%. Sales in Asia were 3% ahead, held back by the slowdown in China and our continued withdrawal from undifferentiated products in both our Performance Technologies and Industrial Chemicals portfolios. Europe held up relatively well given the lower overall market growth and the exchange rate headwinds, particularly acute in the second half of the year, ending the year only 0.5% behind 2011.

Sustainability

During the year, whilst the business has continued to grow, we have made excellent progress in respect of a number of our sustainability targets, notably in our reduced use of energy and water along with a significant reduction in the amount of waste we have sent to landfill. Our separate Sustainability Report provides detailed information on this progress and our continued commitment to sustainability.

We were delighted to receive recognition of our achievements in the latest report from Canadian company Corporate Knights, where we were ranked 25th in the Global Top 100 Most Sustainable Corporations in the World. We were the highest ranking UK based company in this survey, providing independent testimony to the effectiveness of fully integrating sustainability into our approach at all of our operations, both manufacturing and non-manufacturing.

People

Our people play a vital role in the success of our business. Croda employs around 3,300 people in 34 countries across the world. They all share an overriding commitment to working hard and delivering great results by putting our customers first. We have a terrific talent pool and I look forward to seeing our people grow and develop in the organisation.

Croda's continuing business success depends on our ability to attract and retain outstanding individuals who are passionate about personal and business development, and who want to make a significant contribution to the future of Croda. I am pleased to report that our staff retention rates around the world are at record levels. The fact that we have a highly motivated workforce who want to buy into the Croda story is reflected in the fact that more than 75% of our UK employees participate in our SAYE scheme or Share Incentive Plan, a performance that saw Croda honoured for best overall performance in fostering employee share ownership at the 2012 IFS ProShare awards.

I am grateful to all my colleagues for their contribution both individually and as team players.

Steve Foots

Chief Executive

FINANCIAL REVIEW

In a difficult marketplace we have again increased sales, margins and profits despite adverse currency translation. We have strengthened the balance sheet, reducing both net debt and the pension deficit, and all our key performance indicators improved.

Sales

Underlying sales increased by 4.4% in 2012 with a steadily improving trend from the second quarter onwards. Adverse currency translation reduced the headline growth to 2.3% with turnover increasing to £1,051.9m (2011: £1,028.0m). The major element of the currency translation was a fall of 7% in the value of the Euro compared to Sterling.

Pre-tax Profit

Pre-tax profit increased by 6.6% to £253.2m (2011: £237.5m). This was a very good result in the face of tough trading conditions and two significant 'technical' negatives: adverse currency translation and a £2.1m reduction in the (non-cash) pension funding credit.

We saw sales and profit growth in both Consumer Care and Performance Technologies, achieving our highest ever return on sales figures in each sector.

Operating profit in Consumer Care increased 8.3% to £185.4m (2011: £171.2m). Return on sales increased to 31.6% (2011: 30.0%). All business areas increased operating profit with the strongest growth again coming from Crop Care.

In Performance Technologies operating profit increased 8.0% to £59.7m (2011: £55.3m). Return on sales increased to 15.6% (2011: 14.8%), marking good progress towards our medium-term target of 20%. At the business area level, the performance was mixed with strong profit growth in Polymer Additives, Geo Technologies and Home Care but slight profit declines in Lubricants and Coatings & Polymers due in part to their relative exposure to the European motor industry.

Despite a 22.0% year on year profit increase in the second half, Industrial Chemicals saw an 8.0% decline in profit to £10.3m (2011: £11.2m) for the year as a whole. At 12.5% (2011: 13.5%), we exceeded our return on sales target of 5-10%.

Overall, we saw good growth throughout the year apart from the month of September when some customers appeared to use an extended summer break to reduce inventories.

Continuing operating profit for the Group increased 7.4% to £255.4m (2011: £237.7m). The reduced pension funding credit reduced the increase in pre-tax profit to 6.6%.

Earnings per Share

The overall Group tax rate of 30.8% was slightly down from the 2011 level of 31.5% as UK rates reduce. The 2011 buyback reduced the average shares outstanding in 2012 to 134.6m (2011:135.3m). As a result of these reductions, plus the Group's improved profitability, earnings per share from continuing operations increased by 8.2% to 130.0p (2011:120.1p).

Discontinued Operations and Exceptional Items

In November 2012, the Group sold its Italian manufacturing assets based at Cremona, along with the associated business, to GreenOleo SpA for a consideration of £3.9m, generating a loss on disposal of £11.5m.

In January 2012, the loan note of £16.1m arising from the sale of the Group's Chicago site was repaid early by HIG Capital, the purchasers of the site. This early settlement gave rise to an exceptional profit of £1.6m.

The environmental provision relating to sites previously occupied by discontinued businesses has been increased by £2.6m in recognition of further information received in 2012 relating to potential future liabilities.

The Group closed its Bromborough site in 2009. During 2012 the final deferred consideration of £0.8m (2011: £1.0m) was received in relation to the disposal of the site. Other exceptional income of £0.3m was received in respect of other dormant sites.

Dividend

The Board is recommending a dividend of 59.5p for 2012, up 8.2% on the 55.0p 2011 dividend. This represents 46% of post-tax earnings, within the 40% to 50% range outlined in our dividend policy statement. Subject to shareholder approval, the final dividend will be paid on 31 May 2013 to all shareholders on the register on 3 May 2013.

Debt and Liquidity

Net debt reduced by £23.4m to £207.7m (2011: £231.1m) despite making £25.2m deficit reduction contributions to the pension fund and paying £76.8m to shareholders in dividends.

We have around £204m headroom against our committed facilities. We have improved our performance versus our two key bank covenanted ratios. Net debt/EBITDA has reduced to 0.7 times (2011: 0.8 times) against a covenant of <3 times. EBITDA interest cover increased to 36.8 times (2011: 33.5 times) against a covenant of >4 times. Our core bank syndicated facility expires in May 2015.

Capital Expenditure

We spent £52.3m on capital expenditure in 2012 (2011: £58.3m). At 1.6 times depreciation this was below our plan for the year. Part of this difference is the phasing of project spend. For 2013 we aim to spend around £70m. Major projects in the year included the acrylic polymer plant in Rawcliffe Bridge, significant capacity expansion in the US and Singapore and a new warehouse and offices in Germany.

Retirement Benefits

The pension deficit reduced by £33.1m to £165.8m (2011: £198.9m). The main reason was the £25.2m Company contribution to the funds (including £20.4m in the UK as part of the deficit reduction schedule agreed following the triennial valuation). The value of the investments also increased due to an improvement in equity markets. We made some changes to the IAS19 assumptions to bring them in line with market norms. The net financial impact of changes in actuarial assumptions on the Group's pension deficit, including a slight reduction in discount rates, was relatively small. We have agreed to pay £38.4m into the UK fund in 2013, falling to around £20m per annum thereafter.

Financial KPIs

Performance against our five main KPIs (before exceptional items) is shown in the following table:

	Target	2012	2011 As reported
Return on sales	^	24.3%	23.1%
EPS growth	+5-10%	+8.2%	+28.4%
Post tax ROIC	>WACC*+	23.8%	23.7%
Debt/EBITDA	<3x	0.7x	0.8x
EBITDA interest cover*	>4x	36.8x	33.5x

^Separate targets for Consumer Care (maintain at current levels), Performance Technologies (achieve 20% in the medium term) and Industrial Chemicals (maximise profitability)

+WACC: Weighted average cost of capital. 2012 average 6.8% (2011:7.8%)

*Excluding IAS 19 credit

We made further significant progress this year towards our medium term target for Performance Technologies of 20% return on sales. All other targets were again achieved in 2012.

Sean Christie
Group Finance Director

Croda International Plc
Preliminary announcement of trading results for the year ended 31 December 2012
Group income statement

	Note	2012 £m	2011 £m
Continuing operations			
Revenue	2	**1,051.9**	1,028.0
Cost of sales		**(694.6)**	(687.7)
Gross profit		**357.3**	340.3
Operating expenses		**(101.9)**	(102.6)
Operating profit	2	**255.4**	237.7
Financial expenses	3	**(9.3)**	(10.2)
Financial income	3	**7.1**	10.0
Profit before tax		**253.2**	237.5
Tax	4	**(78.1)**	(74.9)
Profit after tax from continuing operations		**175.1**	162.6
(Loss)/profit after tax from discontinued operations	7	**(13.2)**	4.9
Profit for the year		**161.9**	167.5
Attributable to:			
Owners of the parent		**161.9**	167.5
		161.9	167.5
		pence per share	pence per share
Earnings per share (note 5)			
Basic			
Total		**120.2**	123.7
Continuing operations		**130.0**	120.1
Diluted			
Total		**118.6**	121.6
Continuing operations		**128.3**	118.0
Ordinary dividends (note 6)			
Interim		**26.75**	24.75
Final		**32.75**	30.25

Group statement of comprehensive income and expense
for the year ended 31 December 2012

	2012 **£m**	2011 £m
Profit for the year	**161.9**	167.5
Other comprehensive (expense)/income:		
Currency translation differences	**(8.2)**	(8.5)
Actuarial movement on retirement benefit liabilities	**(0.8)**	(75.8)
Deferred tax on actuarial movement on retirement benefit liabilities	**(3.5)**	21.6
Total comprehensive income for the year	**149.4**	104.8
Attributable to:		
Non-controlling interests	**-**	0.1
Owners of the parent	**149.4**	104.7
	149.4	104.8

Group balance sheet at 31 December 2012

	Note	2012 £m	2011 £m
Assets			
Non-current assets			
Intangible assets		**213.1**	205.0
Property, plant and equipment		**338.3**	340.2
Investments		**0.9**	15.4
Deferred tax assets		**64.0**	82.3
		616.3	642.9
Current assets			
Inventories		**170.5**	164.6
Trade and other receivables		**162.9**	145.7
Cash and cash equivalents		**53.8**	44.3
		387.2	354.6
Liabilities			
Current liabilities			
Trade and other payables		**(136.5)**	(159.4)
Borrowings and other financial liabilities		**(5.4)**	(7.5)
Provisions		**(7.9)**	(8.8)
Current tax liabilities		**(24.3)**	(23.9)
		(174.1)	(199.6)
Net current assets		**213.1**	155.0
Non-current liabilities			
Borrowings and other financial liabilities		**(256.1)**	(267.9)
Other payables		**(2.7)**	(4.9)
Retirement benefit liabilities	8	**(165.8)**	(198.9)
Provisions	8	**(17.3)**	(14.9)
Deferred tax liabilities		**(43.2)**	(45.1)
		(485.1)	(531.7)
Net assets		**344.3**	266.2
Total equity attributable to owners of the parent		**344.2**	266.1
Non-controlling interests in equity		**0.1**	0.1
Total equity		**344.3**	266.2

Group statement of changes in equity
for the year ending 31 December 2012

	Share Capital £m	Share Premium Account £m	Other Reserves £m	Retained Earnings £m	Non-Controlling Interests £m	Total £m
At 1 January 2011	**15.1**	**93.3**	**36.1**	**128.6**	**1.1**	**274.2**
Profit for the year attributable to equity shareholders	-	-	-	167.5	-	167.5
Other comprehensive expense	-	-	(8.6)	(54.2)	-	(62.8)
Transactions with owners:						
Dividends on equity shares	-	-	-	(67.7)	-	(67.7)
Share based payments	-	-	-	4.3	-	4.3
Consideration received for sale of own shares held in trust	-	-	-	1.0	-	1.0
Purchase of treasury shares	-	-	-	(50.4)	-	(50.4)
Total transactions with owners	-	-	-	(112.8)	-	(112.8)
Transactions with non-controlling interests:						
Other comprehensive income	-	-	-	-	0.1	0.1
Transfer of non-controlling interest on disposal	-	-	-	1.1	(1.1)	-
Total transactions with non-controlling interests	-	-	-	1.1	(1.0)	0.1
Total equity at 31 December 2011	**15.1**	**93.3**	**27.5**	**130.2**	**0.1**	**266.2**
At 1 January 2012	**15.1**	**93.3**	**27.5**	**130.2**	**0.1**	**266.2**
Profit for the year attributable to equity shareholders	-	-	-	161.9	-	161.9
Other comprehensive expense	-	-	(8.2)	(4.3)	-	(12.5)
Transactions with owners:						
Dividends on equity shares	-	-	-	(76.8)	-	(76.8)
Share based payments	-	-	-	4.4	-	4.4
Consideration received for sale of own shares held in trust	-	-	-	1.1	-	1.1
Total transactions with owners	-	-	-	(71.3)	-	(71.3)
Total equity at 31 December 2012	**15.1**	**93.3**	**19.3**	**216.5**	**0.1**	**344.3**

Other reserves comprise the Capital Redemption Reserve of £0.9m (2011: £0.9m) and the Translation Reserve of £18.4m (2011: £26.6m).

Group statement of cash flows
for the year ended 31 December 2012

	Note	2012 £m	2011 £m
Cash flows from operating activities			
Continuing operations			
Operating profit		**255.4**	237.7
Adjustments for:			
Depreciation and amortisation		**31.1**	31.0
Loss on disposal of property, plant and equipment		**-**	0.5
Other provisions		**1.3**	1.4
Cash paid against operating provisions		**(1.6)**	(6.7)
Changes in working capital		**(55.1)**	(23.3)
Pension fund contributions in excess of service cost		**(25.2)**	(17.4)
Share based payments		**1.8**	4.0
Cash generated by continuing operations		**207.7**	227.2
Discontinued operations		**0.4**	5.5
Interest paid		**(9.3)**	(11.0)
Tax paid		**(60.6)**	(57.7)
Net cash generated by operating activities		**138.2**	164.0
Cash flows from investing activities			
Acquisition of subsidiaries		**(7.1)**	-
Purchase of property, plant and equipment		**(50.4)**	(55.9)
Purchase of other intangible assets		**(1.9)**	(2.4)
Proceeds from sale of property, plant and equipment		**0.5**	0.1
Proceeds from sale of businesses (net of costs and cash in businesses)		**1.3**	1.0
Proceeds from sale of other investment		**15.8**	-
Cash paid against non-operating provisions		**(1.6)**	(2.2)
Interest received		**1.2**	0.9
Net cash absorbed by investing activities		**(42.2)**	(58.5)
Cash flows from financing activities			
New borrowings		**0.2**	15.6
Repayment of borrowings		**(6.7)**	(26.4)
Capital element of finance lease repayments		**(0.4)**	(0.4)
Net transactions in own shares		**1.1**	(49.4)
Dividends paid	6	**(76.8)**	(67.7)
Net cash absorbed by financing activities		**(82.6)**	(128.3)
Net movement in cash and cash equivalents		**13.4**	(22.8)
Cash and cash equivalents brought forward		**37.5**	62.5
Exchange differences		**(0.7)**	(2.2)
Cash and cash equivalents carried forward		**50.2**	37.5
Cash and cash equivalents carried forward comprise			
Cash at bank and in hand		**53.8**	44.3
Bank overdrafts		**(3.6)**	(6.8)
		50.2	37.5
Reconciliation to net debt			
Net movement in cash and cash equivalents		**13.4**	(22.8)
Movement in debt and lease financing		**6.9**	11.2
Change in net debt from cash flows		**20.3**	(11.6)
Loans in acquired businesses		**(0.9)**	-
Loans in disposed businesses		**-**	2.2
New finance lease contracts		**(0.4)**	(0.3)
Exchange differences		**4.4**	(1.1)
		23.4	(10.8)
Net debt brought forward		**(231.1)**	(220.3)
Net debt carried forward		**(207.7)**	(231.1)

Notes to the preliminary announcement

1. Basis of preparation

In preparing this financial information, management has used the principal accounting policies that will be detailed in the Group's Annual Report and which are unchanged from the prior year. The results shown for 2012 are unaudited. The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. Statutory accounts of the Company in respect of the financial year ended 31 December 2011, upon which the Company's auditors have given a report which was unqualified and did not contain a statement under Section 237(2) of the Companies Act 2006, have been delivered to the Registrar of Companies.

Changes in accounting policy and disclosures
(a) New and amended standards adopted by the Group
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on 1 January 2012 that have had a material impact on the Group.

(b) New standards and interpretations not yet adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012. There has been no early adoption of these standards in the preparation of the 2012 consolidated financial statements – IAS19 (revised), IFRS13, IFRS9, IFRS10 and IFRS12.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Segmental information

As discussed in the 2011 annual report, with effect from 1 January 2012 the Group has been organised on a worldwide basis into three main business segments, relating to the manufacture and sale of the Group’s products which are destined for the markets of Consumer Care, Performance Technologies or Industrial Chemicals. These are the segments for which summary management information is presented to the Group's Finance and Executive Committees, which are deemed to be the Group's Chief Operating Decision Makers.

There is no material trade between segments. Segmental results include items directly attributable to a specific segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, goodwill, inventories and trade and other receivables.

2. Segmental information (continued)

Income statement

	2012 £m	2011 £m
Revenue – continuing operations		
Consumer Care	**586.4**	571.4
Performance Technologies	**382.8**	373.6
Industrial Chemicals	**82.7**	83.0
	1,051.9	1,028.0

Operating profit – continuing operations		
Consumer Care	**185.4**	171.2
Performance Technologies	**59.7**	55.3
Industrial Chemicals	**10.3**	11.2
	255.4	237.7

Total assets

	2012 £m	2011 £m
Consumer Care	**592.5**	564.7
Performance Technologies	**227.7**	224.8
Industrial Chemicals	**64.6**	66.0
Total segment assets	**884.8**	855.5
Tax assets	**64.0**	82.3
Cash and investments	**54.7**	59.7
Total assets	**1,003.5**	997.5

3. Net financial expense

	2012 £m	2011 £m
Financial expenses		
Bank and other interest payable	**(9.3)**	(10.2)
Financial income		
Bank and other interest receivable	**1.2**	2.0
Expected return on pension scheme assets less interest on scheme liabilities	**5.9**	8.0
	7.1	10.0
Net financial expenses	**(2.2)**	(0.2)

4. Tax on continuing operations

	2012 £m	2011 £m
Analysis of tax charge for the year		
United Kingdom current tax	**11.6**	11.7
Overseas current tax	**50.8**	51.7
Deferred tax	**15.7**	11.5
	78.1	74.9

5. Earnings per share

	2012 p	2011 p
Earnings per share - continuing operations	**130.0**	120.1
Impact of discontinued operations' trading	**(1.3)**	2.4
Earnings per share before exceptional items	**128.7**	122.5
Impact of exceptional items	**(8.5)**	1.2
Earnings per share - basic	**120.2**	123.7

All exceptional items relate to discontinued operations.

6. Dividends paid

	Pence per share	2012 £m	2011 £m
Ordinary			
2010 Final – paid June 2011	**25.25**	**-**	34.5
2011 Interim – paid October 2011	**24.75**	**-**	33.1
2011 Final – paid June 2012	**30.25**	**40.7**	-
2012 Interim – paid October 2012	**26.75**	**36.0**	-
		76.7	67.6
Preference (paid June and December)		**0.1**	0.1
		76.8	67.7

The directors are proposing a final dividend of 32.75p per share (£44.1m) in respect of the financial year ended 31 December 2012. Subject to shareholder approval, the dividend will be paid on 31 May 2013 to shareholders registered on 3 May 2013. The total proposed dividend for the year ended 31 December 2012 is 59.5p per share (£80.1m).

7. Discontinued operations

In November 2012, the Group sold its Italian manufacturing assets based at Cremona, along with the associated business, to GreenOleo SpA for a consideration of £3.9m, generating a loss on disposal of £11.5m net of a deferred tax credit of £1.7m.

In January 2012, the loan note of £16.1m arising from the sale of the Group's Chicago site was repaid early by HIG Capital, the purchasers of the site. This early settlement gave rise to an exceptional profit of £1.6m.

The environmental provision relating to sites previously occupied by discontinued businesses has been increased by £2.6m in recognition of further information received in 2012 relating to potential future liabilities.

The Group closed its Bromborough site in 2009. During 2012 the final deferred consideration of £0.8m (2011: £1.0m) was received in relation to the disposal of the site. Other exceptional income of £0.3m was received in respect of other dormant sites.

In 2011, the Group completed the sale of its 60% holding in its Korean joint venture, Croda Woobang, to the Korean joint venture partners for a consideration of £2.2m, generating a profit on disposal of £0.6m.

7. Discontinued operations (continued)

The impact of the operations discontinued in 2012 and 2011, which resided predominantly within the Industrial Chemicals segment, is as follows:

	2012	2011
	£m	£m
Pre-tax operating results from discontinued operations	**(2.5)**	4.7
Tax	**0.7**	(1.4)
Post-tax operating results from discontinued operations	**(1.8)**	3.3
(Loss)/profit before tax on disposal	**(10.5)**	1.6
Exceptional environmental provision	**(2.6)**	-
Tax	**1.7**	-
Net exceptional (loss)/profit on disposal	**(11.4)**	1.6
Total (loss)/profit after tax from discontinued operations	**(13.2)**	4.9

8. Accounting estimates and judgements

The Group's critical accounting policies under IFRS have been established by management with the approval of the Audit Committee. The application of these policies requires estimates and assumptions to be made concerning the future and judgements to be made on the applicability of policies to particular situations. 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.

Under IFRS an estimate or judgement may be considered critical if it involves matters that are highly uncertain, or where different estimation methods could reasonably have been used, or if changes in the estimate that would have a material impact on the Group's results are likely to occur from period to period. Critical judgement has been required when preparing the Group's accounts as follows:

Provisions

At 31 December 2012, the Group has an environmental provision of £16.9m (2011: £14.0m) in respect of soil and potential ground water contamination on a number of sites.

Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts and prior experience. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date. Remediation of environmental damage typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. Consequently, environmental provisions can change significantly. Based on environmental information currently available, the level of provision is considered appropriate by the directors.

8. Accounting estimates and judgements (continued)

Goodwill and fair value of assets acquired

The Group tests annually whether goodwill has suffered any impairment and the carrying value of goodwill in the Group balance sheet has been supported by detailed value-in-use calculations relating to the recoverable amounts of the underlying cash generating units. These calculations require the use of estimates, however as recoverable amounts significantly exceed carrying values including goodwill, there is no impairment within a wide range of assumptions.

Retirement benefit liabilities

Retirement benefit liabilities – the Group's principal retirement benefit schemes are of the defined benefit type. Recognition of the liabilities under these schemes and the valuation of assets held to fund these liabilities require a number of significant assumptions to be made, relating to levels of scheme membership, key financial market indicators such as inflation and expectations on future salary growth and asset returns. These assumptions are made by the Group in conjunction with the schemes' actuaries and the directors are of the view that any estimation should be prudent and in line with consensus opinion. The discount rate applied to the Group's UK scheme is now based on Towers Watson's Rate:link model that more closely reflects interest rates applicable to the profile of the scheme's liabilities than the previously used iBoxx index. Had the previous model been used this year end, the Group's total retirement benefit liability would have been around £8m higher. Total Group retirement benefit liabilities have reduced by £33.1m in 2012 to £165.8m. This movement is made up of experience gains on liabilities of £37.7m, of which £31.6m arose following the recent UK triennial valuation, together with £25.2m of contributions in excess of service cost, £5.9m of net financial income, a £0.6m net reduction due to acquisitions and disposals and £2.4m of currency translation gains which are offset by losses of £38.7m due to changes in actuarial assumptions.

In 2013 we will adopt the revised IAS19 standard which, had it had applied in 2012, would have reduced pre-tax profit by around £15m, primarily as a result of the change in the pension funding credit to a debit, resulting in a higher interest charge. As a result of the reduced opening pension deficit for 2013, the effect in 2013 is expected to be somewhat smaller.

9. Principal risks and uncertainties

Each division considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties for the Group are the same risks and uncertainties that will be referred to and discussed in the Group's Annual Report. These risks are: product innovation, merger and acquisition strategy, a major site event, loss of key personnel, interruption of raw material supply, major environmental incident, product liability, regulatory compliance, IT failure, management of pension fund assets, working capital management and foreign currency exposure.

Responsibility Statement of the directors on the Annual Report

The Responsibility Statement below has been prepared by the Board of directors in connection with the Company's full Annual Report for the year ended 31 December 2012. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.