TREATT PLC
HALF YEAR RESULTS ANNOUNCEMENT
SIX MONTHS ENDED 31 MARCH 2010

Treatt PLC, the manufacturer and supplier of conventional, organic and fair traded ingredients for the flavour, fragrance and cosmetic industries announces today its half year results for the six months ended 31 March 2010.

SUMMARY

- Group revenue steady at £28 million
- EBITDA increased by 4% to £2,248,000 (2009: £2,163,000)
- Profit before tax for the period up by 7% to £1,487,000 (2009: £1,393,000)
- Earnings per share increased by 7% to 9.4 pence (2009: 8.8 pence)
- US subsidiary Dollar profits almost doubled
- Interim dividend raised by 11% to 4.1p (2009 interim dividend: 3.7p)

Enquiries:
Treatt plc Tel: 01284 714820
Richard Hope Finance Director

CHAIRMAN'S STATEMENT

"Group half year profits increased by 7% to £1.5m"

Given the continuing uncertain economic climate, the Group had a satisfactory result for the six months to 31 March 2010, with Group revenue remaining steady at £28m. EBITDA increased by 4% to £2.25m (2009: £2.16m) and profit before tax rose by 7% to £1.49m (2009: £1.39m). Earnings per share have consequently advanced to 9.4 pence per share (2009: 8.8 pence per share).

The Board has decided to restore the split between the final and interim dividends to an approximate 2:1 ratio. Consequently the Board has declared an increase in the interim dividend of 11% to 4.1 pence per share (2009: 3.7 pence per share) which will be payable on 15 October 2010 to all shareholders on the register at close of business on 10 September 2010. This should not be seen as an indication of a substantial increase in the total dividend for the year.

The Group had a mixed first half, with Q1 lagging behind expectations whilst conversely Q2 showed a marked improvement. Overall, the Group's first half performance was in line with expectations as customers began to tentatively re-stock, with both sales and margins holding up well across the Treatt Group. Prices of the Group's main commodities, in both Euros and US Dollars, also began to firm following last year's recessionary weakness. Many citrus oil and aroma chemical prices have strengthened since the lows last year, with orange oil in particular (which represents approximately 15% of Group turnover) having more than doubled in price compared to its lows in 2009.

R.C. Treatt, the Group's UK operating subsidiary, ended the period strongly, achieving record monthly sales in March, as it benefitted from strong contract 'call-offs' from major customers as well as healthy demand across the entire product portfolio as customer sentiment improved. The policy of hedging its currency exposure through a 'natural' overdraft hedge meant that margins in sterling terms were increased, whilst incurring an adverse foreign currency retranslation difference of £0.3m for the period. After several years of continued growth, aroma chemical sales have grown by a further 14% compared to the same period last year with margins remaining steady. Sales to China and Hong Kong, following last year's double digit growth, have remained strong in the face of ever increasing competition.

Following a difficult 2009, Treatt USA also improved towards the latter part of the period, with profits almost doubling those of the corresponding period last year at improved margins. Treatt USA's sales effort is mainly focussed on the North American market and it does seem that the lagged effect of improved economic conditions within the flavour and fragrance sector in the US is now beginning to come through as customers seek to rebalance their inventories. Sales of the Treattarome® 'From The Named Food' range of natural distillate products have continued unabated, with like for like growth in excess of 20%.

The performance of Earthoil has been mixed over the period and has been below expectations. The Board is now carrying out a full review of this business in order to ensure improved results in the next fiscal year.

Risks and uncertainties

Group risk is regularly reviewed at Board level to ensure that risk management is being implemented and monitored effectively, details of which can be found in note 8.

Going concern

In determining whether the Group's half year condensed consolidated 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's 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;
- the Group has access to overdraft facilities and committed bank facilities to meet day-to-day working capital requirements. Since the period end all the Group's banking facilities have been renewed on either existing or improved terms, with $9 million of committed facilities having been converted from a short term one year facility, to a longer term three year facility.

As at the date of this report, the Directors have a reasonable expectation that the Group has adequate resources to continue in business for the foreseeable future. Accordingly, the half year results have been prepared on the going concern basis.

Personnel
The Board were deeply saddened by the sudden and unexpected death in January of our colleague, Brijesh Mittal, Managing Director of Earthoil India. Brijesh assisted in the set up of Earthoil India in 2003 and was appointed its first Managing Director. In his role with Earthoil India, he was one of the architects of the world's largest organic mint oil projects which involves over 500 small scale farmers within the Uttar Pradesh region. Brijesh encouraged these farmers to convert to organic standards, offering them both support and logistics. It is thanks to the efforts of Brijesh that Earthoil India continues to go from strength to strength in its production of organic and fair trade mint oils.

Prospects
The Group has begun Q3 solidly, however current economic conditions create uncertainty and necessitate a strong degree of caution. The Board believes that the full year results may exceed its original expectations, although it is too early to quantify the extent to which this may be the case. The degree to which the current strength of customer demand is inventory recovery or true consumer driven end user demand is unclear and it is possible that the recent strength of sales, following destocking in 2009, could ease once a supply / demand equilibrium is reached.

James Grace
Chairman
21 May 2010

TREATT PLC

TREATT PLC
UNAUDITED HALF YEAR RESULTS
For the six months ended 31 March 2010

CONDENSED GROUP INCOME STATEMENT

	Notes	Six months ended 31 March 2010 (Unaudited) £'000	Six months ended 31 March 2009 (Unaudited) £'000	Year ended 30 September 2009 (Audited) £'000
Revenue	3	**27,719**	28,309	56,313
Cost of sales		**(20,832)**	(21,486)	(42,502)
Gross profit		**6,887**	6,823	13,811
Administrative expenses		**(4,932)**	(4,807)	(9,465)
Operating profit before foreign exchange loss		**1,955**	2,016	4,346
Foreign exchange loss		**(302)**	(397)	(453)
Operating profit after foreign exchange loss		**1,653**	1,619	3,893
Finance revenue		**40**	103	186
Finance costs		**(206)**	(329)	(578)
Profit before taxation		**1,487**	1,393	3,501
Taxation	4	**(528)**	(494)	(1,013)
Profit for the period		**959**	899	2,488
Attributable to:				
Owners of the Parent Company		**960**	897	2,485
Non-controlling interest		**(1)**	2	3
		959	899	2,488
Earnings per share				
- Basic	5	**9.4p**	8.8p	24.5p
- Diluted	5	**9.4p**	8.8p	24.4p

All amounts relate to continuing operations

The notes on pages 11 to 16 form part of this half year results announcement

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended		Year ended
	31 March	31 March	30 September
	2010	2009	2009
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Profit for the period	**959**	899	2,488
Other comprehensive income/(expense):			
Currency translation differences on foreign currency net investments	**396**	2,243	1,194
Current taxation on foreign currency translation differences	**(11)**	(270)	(175)
Deferred taxation on foreign currency translation differences	**(7)**	(21)	-
Actuarial loss on defined benefit pension scheme	**(459)**	(526)	(1,821)
Deferred tax on actuarial loss	**129**	147	510
Other comprehensive income/(expense) for the period	**48**	1,573	(292)
Total comprehensive income for the period	**1,007**	2,472	2,196
Attributable to:			
Owners of the Parent Company	**1,008**	2,470	2,193
Non-controlling interest	**(1)**	2	3
	1,007	2,472	2,196

The notes on pages 11 to 16 form part of this half year results announcement

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium £'000	Own shares in share trust £'000	Employee share option reserve £'000	Foreign exchange reserve £'000	Retained earnings £'000	**Total £'000**	Non-controlling interest £'000	**Total equity £'000**
1 October 2008	1,048	2,757	(761)	31	(453)	18,975	**21,597**	(4)	**21,593**
Net profit for the period	-	-	-	-	-	897	**897**	2	**899**
Other comprehensive income:									
Exchange differences net of tax	-	-	-	-	2,243	(291)	**1,952**	-	**1,952**
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(379)	**(379)**	-	**(379)**
Total comprehensive income	-	-	-	-	2,243	227	**2,470**	2	**2,472**
Transactions with owners:									
Dividends	-	-	-	-	-	(1,138)	**(1,138)**	-	**(1,138)**
Share-based payments	-	-	-	12	-	-	**12**	-	**12**
Movement in own shares in share trust	-	-	3	-	-	-	**3**	-	**3**
1 April 2009	1,048	2,757	(758)	43	1,790	18,064	**22,944**	(2)	**22,942**
Net profit for the period	-	-	-	-	-	1,588	**1,588**	1	**1,589**
Other comprehensive income:									
Exchange differences net of tax	-	-	-	-	(1,049)	116	**(933)**	-	**(933)**
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(932)	**(932)**	-	**(932)**
Total comprehensive income	-	-	-	-	(1,049)	772	**(277)**	1	**(276)**
Transactions with owners:									
Dividends	-	-	-	-	-	-	**-**	-	**-**
Share-based payments	-	-	-	8	-	-	**8**	-	**8**
Movement in own shares in share trust	-	-	66	-	-	-	**66**	-	**66**
Loss on release of shares in share trust	-	-	-	-	-	(4)	**(4)**	-	**(4)**
Exercise of options previously charged	-	-	-	(28)	-	28	**-**	-	**-**
1 October 2009	1,048	2,757	(692)	23	741	18,860	**22,737**	(1)	**22,736**
Net profit for the period	-	-	-	-	-	960	**960**	(1)	**959**
Other comprehensive income:									
Exchange differences net of tax	-	-	-	-	396	(18)	**378**	-	**378**
Actuarial loss on defined benefit pension scheme net of tax	-	-	-	-	-	(330)	**(330)**	-	**(330)**
Total comprehensive income	-	-	-	-	396	612	**1,008**	(1)	**1,007**
Transactions with owners:									
Dividends	-	-	-	-	-	(1,222)	**(1,222)**	-	**(1,222)**
Share-based payments	-	-	-	11	-	-	**11**	-	**11**
Movement in own shares in share trust	-	-	9	-	-	-	**9**	-	**9**
31 March 2010	**1,048**	**2,757**	**(683)**	**34**	**1,137**	**18,250**	**22,543**	**(2)**	**22,541**

The notes on pages 11 to 16 form part of this half year results announcement

CONDENSED GROUP BALANCE SHEET

	As at 31 March 2010 (Unaudited) £'000	As at 31 March 2009 (Unaudited) £'000	As at 30 September 2009 (Audited) £'000
ASSETS			
Non-current assets			
Goodwill	**4,272**	3,763	4,272
Property, plant and equipment	**10,192**	10,312	9,847
Intangible assets	**241**	273	290
Deferred tax assets	**712**	237	616
Trade and other receivables	**586**	361	586
	16,003	14,946	15,611
Current assets			
Inventories	**17,831**	19,580	16,045
Trade and other receivables	**12,651**	12,379	9,901
Corporation tax receivable	**-**	24	63
Cash and cash equivalents	**2,370**	208	2,678
	32,852	32,191	28,687
Total assets	**48,855**	47,137	44,298
LIABILITIES			
Current liabilities			
Bank loans and overdrafts	**(12,722)**	(13,290)	(9,799)
Trade and other payables	**(7,102)**	(5,774)	(5,606)
Corporation tax payable	**(411)**	(640)	(549)
	(20,235)	(19,704)	(15,954)
Net current assets	**12,617**	12,487	12,733
Non-current liabilities			
Deferred tax liabilities	**(391)**	(346)	(371)
Bank Loans	**(1,869)**	(2,419)	(1,773)
Trade and other payables	**(789)**	(178)	(789)
Post-employment benefits	**(2,355)**	(873)	(2,000)
Redeemable loan notes payable	**(675)**	(675)	(675)
	(6,079)	(4,491)	(5,608)
Total liabilities	**(26,314)**	(24,195)	(21,562)
Net assets	**22,541**	22,942	22,736

CONDENSED GROUP BALANCE SHEET (continued)

	As at 31 March 2010 (Unaudited) £'000	As at 31 March 2009 (Unaudited) £'000	As at 30 September 2009 (Audited) £'000
EQUITY			
Share capital	**1,048**	1,048	1,048
Share premium account	**2,757**	2,757	2,757
Own shares in share trust	**(683)**	(758)	(692)
Employee share option reserve	**34**	43	23
Foreign exchange reserve	**1,137**	1,790	741
Retained earnings	**18,250**	18,064	18,860
Equity attributable to owners of the Parent Company	**22,543**	22,944	22,737
Non-controlling interest	**(2)**	(2)	(1)
Total equity	**22,541**	22,942	22,736

The notes on pages 11 to 16 form part of this half year results announcement

CONDENSED GROUP STATEMENT OF CASH FLOWS

	Six months ended		Year ended
	31 March	31 March	30 September
	2010	2009	2009
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	**1,487**	1,393	3,501
Adjusted for:			
Foreign exchange gain	**198**	2,154	1,130
Depreciation of property, plant and equipment	**500**	463	952
Amortisation of intangible assets	**95**	81	167
Loss on disposal of property, plant and equipment	**-**	-	11
Loss on disposal of intangible assets	**-**	-	5
Net interest payable	**202**	298	541
Share-based payments	**11**	12	20
Decrease in post-employment benefit obligation	**(104)**	(191)	(358)
	2,389	4,210	5,969
Changes in working capital:			
(Increase) /decrease in inventories	**(1,786)**	543	4,078
(Increase)/decrease in trade and other receivables	**(2,750)**	(432)	1,923
Decrease /(increase) in trade and other payables	**1,497**	(1,126)	(1,295)
Cash generated from operations	**(650)**	3,195	10,675
Taxation paid	**(568)**	(231)	(755)
Net cash flow from operating activities	**(1,218)**	2,964	9,920
Cash flow from investing activities			
Purchase of property, plant and equipment	**(628)**	(372)	(879)
Purchase of intangible assets	**(46)**	(18)	(126)
Interest received	**4**	31	37
	(670)	(359)	(968)

CONDENSED GROUP STATEMENT OF CASH FLOWS (continued)

	Six months ended 31 March 2010 (Unaudited) £'000	Six months ended 31 March 2009 (Unaudited) £'000	Year ended 30 September 2009 (Audited) £'000
Cash flow from financing activities			
Repayment of bank loans	**(3)**	(39)	(574)
Interest payable	**(206)**	(329)	(578)
Dividends paid	**(1,222)**	(1,138)	(1,138)
Net sale of own shares by share trust	**9**	3	65
	(1,422)	(1,503)	(2,225)
Net (decrease)/increase in cash and cash equivalents	**(3,310)**	1,102	6,727
Cash and cash equivalents at beginning of period	**(6,962)**	(13,522)	(13,522)
Effect of foreign exchange rate changes	**88**	(360)	(167)
Cash and cash equivalents at end of period	**(10,184)**	(12,780)	(6,962)
Cash and cash equivalents comprise:			
Cash and cash equivalents	**2,370**	208	2,678
Bank overdrafts	**(12,554)**	(12,988)	(9,640)
	(10,184)	(12,780)	(6,962)

The notes on pages 11 to 16 form part of this half year results announcement

Responsibility statement
We confirm that to the best of our knowledge:

(a) the half year results announcement for the six months ended 31 March 2010 'the announcement' has been prepared in accordance with IAS 34
(b) the announcement includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year)
(c) the announcement includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

By order of the Board

Financial Director
R.A. Hope
21 May 2010

NOTES TO THE UNAUDITED HALF YEAR RESULTS ANNOUNCEMENT

1. Basis of preparation

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

The consolidated half year results are prepared on the basis of all International Accounting Standards (IAS) and IFRS published by the International Accounting Standards Board (IASB) that are currently in issue. New interpretations may be issued by the International Financial Reporting Interpretations Committee (IFRIC) on existing standards and best practice continues to evolve. It is therefore possible that the accounting policies set out below may be updated by the time the Group prepares its full set of financial statements under IFRS for the year ending 30 September 2010.

The information relating to the six months ended 31 March 2010 and 31 March 2009 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2009 have been reported on by the company’s auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 of the Companies Act 2006. These half year results for the six months ended 31 March 2010 have neither been audited nor reviewed by the Group's auditors.

2. Accounting policies

The half year results have been prepared on the basis of the accounting policies set out in the Group's 30 September 2009 annual report.
The following new standards and amendments to standards are mandatory for the first time for financial years beginning on or after 1 January 2009:

- IAS 1 (revised), ‘Presentation of financial statements’. The most significant change within IAS 1 (revised) is the requirement to produce a statement of comprehensive income setting out all items of income and expense relating to non-owner changes in equity. There is a choice between presenting comprehensive income in one statement or in two statements comprising an income statement and a separate statement of comprehensive income. The Group has elected to present comprehensive income in two statements. In addition, IAS 1 (revised) requires the statement of changes in shareholders’ equity to be presented as a primary statement.

- IFRS 8, ‘Operating segments’. IFRS 8 replaces IAS 14, ‘Segment reporting’ and requires the disclosure of segment information on the same basis as the management information provided to the chief operating decision maker. The adoption of this standard has not resulted in a change in the Group’s reportable segments.

- IAS 23 (revised), ‘Borrowing costs’ and amendments to IFRS 2, ‘Share-based payments’ have been adopted but have not had a material impact on the financial statements of the Group.

3. Segmental information

(a) Business segments

The Group has adopted IFRS 8 'Operating segments'. IFRS 8 requires operating segments to be identified on the internal financial information reported to the Chief Operating Decision Maker (CODM). The Group's CODM is deemed to be the Managing Director who is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance using profit from operations measured on a basis consistent with the disclosure in the Group accounts.

The Group has identified 2 operating segments: Segment one being 'Manufactuing' and segment two being 'Aromatic chemicals & other products'. Details of the major product categories within each segment are given below.

Previously, segments were determined and presented in accordance with IAS 14, 'Segment Reporting'. The adoption of IFRS 8 has not resulted in a change in the Group's reportable segments. For management purposes the Group's primary operating segments are as follows:

Segment	**Major product category**
Manufacturing	Distilled, extracted, and other manufactured essential and vegetable oils; natural distillates.
Aromatic chemicals & other products	Aroma and speciality chemicals, standardised essential oils, concretes, absolutes, oleoresins & isolates.

A significant proportion of the Group's resources, assets and liabilities are shared by both business segments and therefore, necessarily, the segment net income, assets and liabilities shown below include apportionments in relation to each segment's contribution to Group profits. This is considered the most reasonable basis upon which to present business segmental information.

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

3. Segmental information – (a) business segments (continued)

				Six months ended 31 March 2010
	Manufacturing	Aroma chemicals & other	Un-allocated	Total
	£'000	£'000	£'000	£'000
Revenue	12,178	15,541	-	27,719
Operating profit	711	942	-	1,653
Net finance costs	-	-	(166)	(166)
Taxation	-	-	(528)	(528)
Net segment income	**711**	**942**	**(694)**	**959**
Segment assets	25,956	22,899	-	48,855
Segment liabilities	(9,464)	(14,495)	(2,355)	(26,314)
Net segment assets	**16,492**	**8,404**	**(2,355)**	**22,541**
Segment capital expenditure	**340**	**334**	**-**	**674**
Segment depreciation and amortisation	**332**	**263**	**-**	**595**

				Six months ended 31 March 2009
	Manufacturing	Aroma chemicals & other	Un-allocated	Total
	£'000	£'000	£'000	£'000
Revenue	14,538	13,771	-	28,309
Operating profit	784	835	-	1,619
Net finance costs	-	-	(226)	(226)
Taxation	-	-	(786)	(786)
Net segment income	**784**	**835**	**(1,012)**	**607**
Segment assets	29,371	17,766	-	47,137
Segment liabilities	(14,621)	(8,701)	(873)	(24,195)
Net segment assets	**14,750**	**9,065**	**(873)**	**22,942**
Segment capital expenditure	**199**	**190**	**-**	**389**
Segment depreciation and amortisation	**345**	**199**	**-**	**544**

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

3. Segmental information – (a) business segments (continued)

			Year ended 30 September 2009	
	Manufacturing	**Aroma chemicals & other**	**Un-allocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	27,555	28,758	-	56,313
Operating profit	1,958	1,935	-	3,893
Net finance costs	-	-	(392)	(392)
Taxation	-	-	(1,013)	(1,013)
Net segment income	**1,958**	**1,935**	**(1,405)**	**2,488**
Segment assets	25,416	18,882	-	44,298
Segment liabilities	(8,204)	(11,358)	(2,000)	(21,562)
Net segment assets	**17,212**	**7,524**	**(2,000)**	**22,736**
Segment capital expenditure	**518**	**487**	**-**	**1,005**
Segment depreciation and amortisation	**674**	**445**	**-**	**1,119**

(b) Geographical segments

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

	Six months ended		Year ended
	31 March	31 March	30 September
	2010	2009	2009
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
United Kingdom	**3,942**	4,065	8,256
Rest of Europe	**8,429**	8,027	16,448
The Americas	**7,608**	10,019	17,875
Rest of the World	**7,740**	6,198	13,734
	27,719	28,309	56,313

4. Taxation

Taxation has been provided at 35.5% (six months ended 31 March 2009: 35.5%) which is the effective group rate currently anticipated for the financial year ending 30 September 2010.

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

5. Earnings per share

(a) Basic earnings per share for the six months ended 31 March 2010 are based on the weighted average number of shares in issue and ranking for dividend in the period of 10,194,372 (2009: 10,165,217) and earnings of £959,000 (six months ended 31 March 2009: £899,000) being the profit after taxation.

(b) Diluted earnings per share for the six months ended 31 March 2010 are based on the weighted average number of shares in issue in the period, adjusted for the effects of all dilutive potential ordinary shares of 10,219,732 (2009: 10,165,509) and the same earnings as above.

6. Dividends

	Six months ended		Year ended
	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)	30 September 2009 (Audited)
	£'000	£'000	£'000
Equity dividends on ordinary shares:			
Interim dividend for year ended 30 September 2008 – 3.6p	**-**	365	365
Final dividend for year ended 30 September 2008 – 7.6p	**-**	773	773
Interim dividend for year ended 30 September 2009 – 3.7p	**376**	-	-
Final dividend for year ended 30 September 2009 – 8.3p	**846**	-	-
	1,222	1,138	1,138

The declared interim dividend for the year ended 30 September 2010 of 4.1p was approved by the Board on 21 May 2010 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2010. The dividend will be paid on 15 October 2010 to those shareholders on the register at 10 September 2010 and will, therefore, be accounted for in the results for the year ended 30 September 2011.

7. Related party transactions

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

	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)	30 September 2009 (Audited)
Interest received on loan notes from:			
Earthoil Plantations Limited	**7**	12	19
Earthoil Kenya PTY EPZ Limited	**3**	5	8
Dividends received from:			
R.C.Treatt & Co Limited	**1,223**	1,139	1,139
Redeemable loan notes receivable:			
Earthoil Plantations Limited	**950**	950	950
Earthoil Kenya PTY EPZ Limited	**400**	400	400
Amounts owed to/(by) parent undertaking:			
Earthoil Plantations Limited	**79**	1349	38
Earthoil Kenya PTY EPZ Limited	**-**	793	-
Earthoil South Africa Pty Limited	**-**	373	-
R.C.Treatt & Co Limited	**(73)**	930	11

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

7. Related party transactions (continued)

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 undertaking are unsecured and will be settled in cash. Interest is receivable on amounts owed by the Earthoil companies at 1% over base rate.

During the ordinary course of business, purchases of goods take place from Earthoil India Private Limited, which is 80% owned by the Treatt plc Group, by Earthoil Plantations Limited. The value of goods purchased by Earthoil Plantations Limited from Earthoil India Private Limited and amounts outstanding were as follows:

	31 March 2010 (Unaudited)	31 March 2009 (Unaudited)	30 September 2008 (Audited)
Purchases by Earthoil Plantations from Earthoil India	**177**	377	423
Amount owed by Earthoil India to Earthoil Plantations	**281**	417	684

8. Risks and uncertainties

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

- foreign exchange risk, particularly with regard to the US Dollar, as the Group trades with approximately one hundred countries around the globe. This is controlled through the implementation of a foreign exchange hedging policy;
- credit risk in ensuring payments from customers are received in full and on a timely basis. Appropriate payment terms are agreed with customers including, where necessary, payment in advance or by securing payment through bank letters of credit;
- legislative and regulatory risk as new requirements are being imposed on business and the industries with which the Group is involved, for example the new European REACH (Registration, Evaluation and Authorisation of Chemicals) legislation. The Group takes a pro-active and leading role in ensuring that its systems and procedures are adapted to ensure compliance with new or changing legislative or regulatory requirements;
- 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, and particularly the impact of the current global recession. This is managed by 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 risk.