**TREATT PLC**
**INTERIM RESULTS ANNOUNCEMENT**
**SIX MONTHS ENDED 31 MARCH 2009**

Treatt PLC, the manufacturer and supplier of conventional, organic and ethically-traded ingredients for the flavour, fragrance and cosmetic industries announces today its interim results for the six months ended 31 March 2009.

SUMMARY

- Group revenue up by 31% to £28,309,000 (2008: £21,662,000)
- EBITDA increased by 10% to £2,163,000 (2008: £1,963,000)
- Group operating profit before adverse foreign exchange translation differences up by 27%
- Profit before tax for the period up by 6% to £1,393,000 (2008: £1,317,000)
- Group order books up more than 13% year on year
- Treatt USA US Dollar sales unchanged
- Interim dividend raised by 3% to 3.7p (2008: 3.6p)
- Substantially reduced Earthoil losses

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Treatt plc Tel: 01284 714820
Hugo Bovill Managing Director
Richard Hope Finance Director

## CHAIRMAN'S STATEMENT

**"Group revenue has increased year on year by 31% and operating profit before foreign exchange up 27%"**

Given the challenging economic climate, the Group had a good result for the six months to 31 March 2009, with Group revenue growing by 31% to £28.3m (2008: £21.7m). EBITDA increased by 10% to £2.2m (2008: £2.0m) and profit before tax rose by 6% to £1.4m (2008: £1.3m). Earnings per share have consequently advanced to 8.8 pence per share (2008 restated: 8.5 pence per share) and net assets per share at 31 March 2009 have grown by 6% to £2.19 per share.

The Board has declared an increase in the interim dividend of 2.8% to 3.7 pence per share (2008: 3.6 pence per share) which will be payable on 2 October 2009 to all shareholders on the register at close of business on 28 August 2009.

The Group's first half performance was in line with expectations despite the major downturn in world economic conditions, with both sales and margins holding up well across the Treatt Group. Prices of the Group's main commodities were unaffected in US Dollar terms in the first three months of the period (Q1) but since the start of the calendar year (Q2) there has been a significant downturn in the price of commodities in both Euros and US Dollars. Many citrus oil prices have declined since January, with some returning to historical norms following a period of higher prices resulting from global shortages and others falling owing to a drop-off in demand. Prudent provisions have been taken across the Group to cover stock losses.

R.C. Treatt, the Group's UK operating subsidiary, had a particularly good first six months as it benefitted from a strong US Dollar, with 75% of its order book being US Dollar-based. As expected, some major customers placed significant "call off orders" from long term contracts with sales growing by almost 19%. R.C. Treatt's policy of hedging its currency exposure through a 'natural' overdraft hedge, meant that margins in sterling terms were increased, making up for substantial adverse foreign exchange translation differences incurred in September and October. Following several years of continued growth, aroma chemical sales have continued to grow further with margins benefitting from the weaker Pound, although there have been fewer transactions. Sales to the Middle East, which have grown substantially over the last two years, have fallen back sharply due to economic constraints in the region.

Following strong results in the year to 30 September 2008, Treatt USA has managed to maintain sales and margins despite both the loss of some citrus oil business and as a result of a slow-down in demand generally in the USA. Treatt USA has de-stocked significantly in the last six months both in terms of volumes and values, thereby generating good cash flow, and seems to have been affected more than other parts of the Group by current economic conditions.

Earthoil has continued to show marked improvement with sales on a like-for-like basis up 82% year on year, and with much improved margins. Efforts have continued to integrate Earthoil within Treatt Group management structures and to achieve synergy cost savings where relevant. Direct sales from Kenya were a little quiet, although enquiries from major customers for vegetable oils have increased substantially. The Kenyan organic tea tree oil project has bedded down well in the foot hills of Mount Kenya, and was successfully certified by the Institute for Marketecology ('IMO') as 'Fair for Life' (see www.fairforlife.net) and tea trees have been seen as a particularly successful crop in the currently very dry conditions. Following its first year of operation, Earthoil India's organic and ethically-traded mint growing project has now also been successfully certified by IMO as 'Fair for Life' and new farmers are being brought into the project as it expands in 2009. Earthoil South Africa's organic geranium plantation is now up and running. Overall, the UK sales and marketing operation, Earthoil Plantations, continues to generate increased sales across the UK and Europe with margins showing across the board improvement.

### 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.

**Prospects**
Following a modest improvement in cash flow during the period, the Board expects to see cash flows improve significantly in the second half of the year and was able to renew all existing bank facilities without difficulty. Margins in the second half of the year are likely to return to lower levels as the impact of the stronger US Dollar levels off. Whilst current economic conditions create uncertainty and necessitate a strong degree of caution, the Board believes that the full year results will now exceed its current expectations, although it is too early to quantify the extent to which this may be the case.

**Personnel**
The Board wishes to announce that they have agreed to a request from Hugo Bovill, Managing Director, that following 33 years of service with the Group he will take a six month sabbatical from December 2009 to June 2010. Hugo will be travelling overland from Bury St. Edmunds to Cape Town. The Board has put in place appropriate management and reporting structures while Hugo is away and are confident that the existing management team will continue to take the Group forward successfully during this period.

Edward Dawnay
Chairman
22 May 2009

**TREATT PLC**
**UNAUDITED INTERIM STATEMENT**
**For the six months ended 31 March 2009**

## GROUP INCOME STATEMENT

| | Notes | Six months ended 31 March 2009 (Unaudited) £'000 | Six months ended 31 March 2008 (Unaudited - restated) £'000 | Year ended 30 September 2008 (Audited) £'000 |
|---|---|---|---|---|
| **Revenue** | 3 | **28,309** | 21,662 | 49,641 |
| Cost of sales | | **(21,486)** | (16,153) | (37,093) |
| **Gross profit** | | **6,823** | 5,509 | 12,548 |
| Administrative expenses | | **(4,807)** | (3,686) | (8,133) |
| Share of results of joint ventures | | **-** | (232) | (264) |
| **Operating profit before foreign exchange loss** | | **2,016** | 1,591 | 4,151 |
| Foreign exchange loss | | **(397)** | (81) | (595) |
| **Operating profit after foreign exchange loss** | | **1,619** | 1,510 | 3,556 |
| Finance revenue | | **103** | 159 | 289 |
| Finance costs | | **(329)** | (352) | (781) |
| **Profit before taxation** | | **1,393** | 1,317 | 3,064 |
| Taxation | 4 | **(494)** | (457) | (1,090) |
| **Profit for the period** | | **899** | 860 | 1,974 |
| Attributable to: | | | | |
| Equity holders of the parent | | **897** | 860 | 1,979 |
| Minority interest | | **2** | - | (5) |
| | | **899** | 860 | 1,974 |
| **Earnings per share** | | | | |
| - Basic | 5 | **8.8p** | 8.5p | 19.4p |
| - Diluted | 5 | **8.8p** | 8.4p | 19.4p |

All amounts relate to continuing operations
The notes on pages 10 to 15 form part of this interim statement

## GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

| | Six months ended 31 March 2009 (Unaudited) £'000 | Six months ended 31 March 2008 (Unaudited - restated) £'000 | Year ended 30 September 2008 (Audited) £'000 |
|---|---|---|---|
| Profit for the period | **899** | 860 | 1,974 |
| Currency translation differences on foreign currency net investments | **2,243** | 156 | 1,048 |
| Current taxation on foreign currency translation differences | **(270)** | - | - |
| Deferred taxation on foreign currency translation differences | **(21)** | - | - |
| Actuarial loss on defined benefit pension scheme | **(526)** | (413) | (1,011) |
| Deferred tax on actuarial loss | **147** | 116 | 283 |
| Total recognised net income for the period | **2,472** | 719 | 2,294 |

## GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | Notes | Six months ended 31 March 2009 (Unaudited) £'000 | Six months ended 31 March 2008 (Unaudited - restated) £'000 | Year ended 30 September 2008 (Audited) £'000 |
|---|---|---|---|---|
| Total recognised net income for the period | | **2,472** | 719 | 2,294 |
| Dividends | 6 | **(1,138)** | (1,100) | (1,100) |
| Share-based payments | | **12** | 16 | 23 |
| Movement in own shares in share trust | | **3** | (59) | (17) |
| Loss on release of shares in share trust | | **-** | (1) | (4) |
| **Increase in shareholders' equity** | | **1,349** | (425) | 1,196 |
| Opening shareholders’ equity | | **21,593** | 20,397 | 20,397 |
| **Closing shareholders' equity** | | **22,942** | 19,972 | 21,593 |

The notes on pages 10 to 15 form part of this interim statement

## GROUP BALANCE SHEET

| | As at 31 March 2009 (Unaudited) £'000 | As at 31 March 2008 (Unaudited - restated) £'000 | As at 30 September 2008 (Audited) £'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | **3,763** | - | 3,763 |
| Property, plant and equipment | **10,312** | 8,606 | 9,461 |
| Intangible assets | **273** | 376 | 336 |
| Interest in joint ventures | **-** | 2,382 | - |
| Deferred tax assets | **237** | - | 185 |
| Trade and other receivables | **361** | - | 361 |
| Redeemable loan notes receivable | **-** | 1,350 | - |
| | **14,946** | 12,714 | 14,106 |
| **Current assets** | | | |
| Inventories | **19,580** | 16,523 | 20,123 |
| Trade and other receivables | **12,379** | 9,258 | 11,947 |
| Corporation tax receivable | **24** | - | 52 |
| Cash and cash equivalents | **208** | 41 | 236 |
| | **32,191** | 25,822 | 32,358 |
| **Total assets** | **47,137** | 38,536 | 46,464 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Bank loans and overdrafts | **(13,290)** | (10,570) | (14,008) |
| Provisions | **-** | - | (436) |
| Trade and other payables | **(5,774)** | (4,756) | (6,465) |
| Corporation tax payable | **(640)** | (300) | (276) |
| | **(19,704)** | (15,626) | (21,185) |
| **Net current assets** | **12,487** | 10,196 | 11,173 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | **(346)** | (413) | (279) |
| Bank Loans | **(2,419)** | (1,683) | (2,016) |
| Trade and other payables | **(178)** | - | (178) |
| Post-employment benefits | **(873)** | (167) | (538) |
| Redeemable loan notes payable | **(675)** | (675) | (675) |
| | **(4,491)** | (2,938) | (3,686) |
| **Total liabilities** | **(24,195)** | (18,564) | (24,871) |
| **Net assets** | **22,942** | 19,972 | 21,593 |

## GROUP BALANCE SHEET (continued)

| | As at 31 March 2009 (Unaudited) £'000 | As at 31 March 2008 (Unaudited - restated) £'000 | As at 30 September 2008 (Audited) £'000 |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Called up share capital | **1,048** | 1,048 | 1,048 |
| Share premium account | **2,757** | 2,757 | 2,757 |
| Own shares in share trust | **(758)** | (802) | (761) |
| Employee share option reserve | **43** | 45 | 31 |
| Foreign exchange reserve | **1,790** | (1,345) | (453) |
| Profit and loss account | **18,064** | 18,269 | 18,975 |
| **Equity attributable to shareholders of the parent** | **22,944** | 19,972 | 21,597 |
| Minority interest | **(2)** | - | (4) |
| **Total Equity** | **22,942** | 19,972 | 21,593 |

The notes on pages 10 to 15 form part of this interim statement

## GROUP CASH FLOW STATEMENT

| | Six months ended | | Year ended |
|---|---|---|---|
| | **31 March** | 31 March | 30 September |
| | **2009** | 2008 | 2008 |
| | **(Unaudited)** | (Unaudited) | (Audited) |
| | **£'000** | £'000 | £'000 |
| **Cash flow from operating activities** | | | |
| Profit before taxation | **1,393** | 1,317 | 3,064 |
| Adjusted for: | | | |
| Foreign exchange gain | **2,154** | 138 | 969 |
| Depreciation of property, plant and equipment | **463** | 365 | 767 |
| Amortisation of intangible assets | **81** | 88 | 172 |
| Loss on disposal of property, plant and equipment | **-** | 1 | 3 |
| Net interest payable | **298** | 305 | 722 |
| Share-based payments | **12** | 16 | 23 |
| Share of results of joint ventures | **-** | 232 | 264 |
| Decrease in post-employment benefit obligation | **(191)** | (176) | (403) |
| | **4,210** | 2,286 | 5,581 |
| Changes in working capital: | | | |
| Decrease /(Increase) in inventories | **543** | (285) | (3,012) |
| Increase in trade and other receivables | **(432)** | (2,473) | (4,708) |
| Decrease /(Increase) in trade and other payables | **(1,126)** | 344 | 1,188 |
| Cash generated from operations | **3,195** | (128) | (951) |
| Taxation paid | **(231)** | (87) | (730) |
| Net cash flow from operating activities | **2,964** | (215) | (1,681) |
| **Cash flow from investing activities** | | | |
| Acquisition of investments in subsidiaries | **-** | (1) | (329) |
| Purchase of property, plant and equipment | **(372)** | (432) | (1,083) |
| Purchase of intangible assets | **(18)** | (8) | (44) |
| Interest received | **31** | 47 | 59 |
| | **(359)** | (394) | (1,397) |

## GROUP CASH FLOW STATEMENT (continued)

| | Six months ended **31 March 2009 (Unaudited) £'000** | Six months ended 31 March 2008 (Unaudited) £'000 | Year ended 30 September 2008 (Audited) £'000 |
|---|---|---|---|
| **Cash flow from financing activities** | | | |
| Repayment of bank loans | **(39)** | - | (157) |
| Interest payable | **(329)** | (352) | (781) |
| Dividends paid | **(1,138)** | (1,100) | (1,100) |
| Net sale/(purchase) of own shares by share trust | **3** | (60) | (22) |
| | **(1,503)** | (1,512) | (2,060) |
| Net increase/(decrease) in cash and cash equivalents | **1,102** | (2,121) | (5,138) |
| Cash and cash equivalents at beginning of period | **(13,522)** | (8,257) | (8,257) |
| Effect of foreign exchange rate changes | **(360)** | (23) | (127) |
| **Cash and cash equivalents at end of period** | **(12,780)** | (10,401) | (13,522) |
| **Cash and cash equivalents comprise:** | | | |
| Cash and cash equivalents | **208** | 41 | 236 |
| Bank overdrafts | **(12,988)** | (10,442) | (13,758) |
| | **(12,780)** | (10,401) | (13,522) |

The notes on pages 10 to 15 form part of this interim statement

**Responsibility statement**

We confirm that to the best of our knowledge:

(a) the interim statement for the six months ended 31 March 2009 'the interim statement' has been prepared in accordance with IAS 34

(b) the interim statement 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 interim statement 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
22 May 2009

## NOTES TO THE UNAUDITED INTERIM STATEMENT

### 1. Basis of preparation

The Group is required to prepare its interim statement 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 interim statements 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 2009.

The information relating to the six months ended 31 March 2009 and 31 March 2008 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2008 have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. These interim financial statements for the six months ended 31 March 2009 have neither been audited nor reviewed by the Group's auditors.

### 2. Accounting policies

The interim financial statements have been prepared on the basis of the accounting policies set out in the Group's 30 September 2008 annual report.

### 3. Segmental information

**(a) Business 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.

TREATT PLC

## NOTES TO THE INTERIM STATEMENT (continued)

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

| | Manufacturing | Aroma chemicals & other | Un-allocated | Total |
|---|---|---|---|---|
| | | | | **Six months ended 31 March 2009** |
| | **£'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** |

| | Manufacturing | Aroma chemicals & other | Un-allocated | Total |
|---|---|---|---|---|
| | | | | **Six months ended 31 March 2008 (restated)** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **Revenue** | 9,880 | 11,782 | - | 21,662 |
| **Segment profit** | 905 | 837 | - | 1,742 |
| Share of results of joint ventures | | | (232) | (232) |
| **Operating profit** | 905 | 837 | (232) | 1,510 |
| Net finance costs | - | - | (193) | (193) |
| Taxation | - | - | (457) | (457) |
| **Net segment income** | **905** | **837** | **(882)** | **860** |
| Segment assets | 17,717 | 18,437 | - | 36,154 |
| Segment liabilities | (12,509) | (5,888) | (167) | (18,564) |
| **Net segment assets** | **5,208** | **12,549** | **(167)** | **17,590** |
| Interests in joint ventures | | | | 2,382 |
| **Net assets** | | | | **19,972** |
| **Segment capital expenditure** | **228** | **212** | **-** | **440** |
| **Segment depreciation and amortisation** | **248** | **205** | **-** | **453** |

## NOTES TO THE INTERIM STATEMENT (continued)

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

| | Manufacturing | Aroma chemicals & other | Year ended 30 September 2008 Un-allocated | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Revenue** | 22,510 | 27,131 | - | 49,641 |
| **Segment profit** | 2,185 | 1,635 | - | 3,820 |
| Share of results of joint ventures | - | - | (264) | (264) |
| **Operating profit** | 2,185 | 1,635 | (264) | 3,556 |
| Net finance costs | - | - | (492) | (492) |
| Taxation | - | - | (1,090) | (1,090) |
| **Net segment income** | **2,185** | **1,635** | **(1,846)** | **1,974** |
| Segment assets | 26,191 | 20,273 | - | 46,464 |
| Segment liabilities | (14,155) | (10,178) | (538) | (24,871) |
| **Net segment assets** | **12,036** | **10,095** | **(538)** | **21,593** |
| **Segment capital expenditure** | **605** | **522** | **-** | **1,127** |
| **Segment depreciation and amortisation** | **530** | **409** | **-** | **939** |

**(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 2009 (Unaudited)** | 31 March 2008 (Unaudited) | 30 September 2008 (Audited) |
| | **£'000** | £'000 | £'000 |
| United Kingdom | **4,065** | 3,189 | 7,789 |
| Rest of Europe | **8,027** | 6,571 | 14,478 |
| The Americas | **10,019** | 5,884 | 13,711 |
| Rest of the World | **6,198** | 6,018 | 13,663 |
| | **28,309** | 21,662 | 49,641 |

### 4. Taxation

Taxation has been provided at 35.5% (2008 restated: 34.7%) which is the effective group rate currently anticipated for the financial year ending 30 September 2009.

## NOTES TO THE INTERIM STATEMENT (continued)

### 5. Earnings per share

(a) Basic earnings per share for the six months ended 31 March 2009 are based on the weighted average number of shares in issue and ranking for dividend in the period of 10,165,217 (2008: 10,165,101) and earnings of £607,000 (2008 restated: £859,000) being the profit after taxation.

(b) Diluted earnings per share for the six months ended 31 March 2009 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 10,165,509 (2008: 10,179,459) and the same earnings as above.

### 6. Dividends

| | Six months ended | | Year ended |
|---|---|---|---|
| | **31 March 2009 (Unaudited)** | 31 March 2008 (Unaudited) | 30 September 2008 (Audited) |
| | **£'000** | £'000 | £'000 |
| **Equity dividends on ordinary shares:** | | | |
| Interim dividend for year ended 30 September 2007 - 3.5p | **-** | 358 | 358 |
| Final dividend for year ended 30 September 2007 - 7.3p | **-** | 742 | 742 |
| Interim dividend for year ended 30 September 2008 - 3.6p | **365** | - | - |
| Final dividend for year ended 30 September 2008 - 7.6p | **773** | - | - |
| | **1,138** | 1,100 | 1,100 |

The declared interim dividend for the year ended 30 September 2009 of 3.7p was approved by the Board on 22 May 2009 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2009. The dividend will be paid on 2 October 2009 to those shareholders on the register at 28 August 2009 and will, therefore, be accounted for in the results for the year ended 30 September 2010.

### 7. Related party transactions

Treatt Plc, the parent undertaking, entered into the following material transactions with related parties:

| | **31 March 2009 (Unaudited)** | 31 March 2008 (Unaudited) | 30 September 2008 (Audited) |
|---|---|---|---|
| *Interest received on loan notes from:* | | | |
| Earthoil Plantations Limited | **12** | 31 | 59 |
| Earthoil Kenya PTY EPZ Limited | **5** | 13 | 25 |
| *Redeemable loan notes receivable:* | | | |
| Earthoil Plantations Limited | **950** | 950 | 950 |
| Earthoil Kenya PTY EPZ Limited | **400** | 400 | 400 |
| *Amounts owed to parent undertaking*: | | | |
| Earthoil Plantations Limited | **1,349** | - | 1,387 |
| Earthoil Kenya PTY EPZ Limited | **793** | - | 483 |
| Earthoil South Africa Pty Limited | **373** | - | 257 |
| *Amounts owed to/(by) parent undertaking:* | | | |
| R.C.Treatt & Co Limited | **930** | 657 | (398) |

## 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.

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 2009 (Unaudited)** | 31 March 2008 (Unaudited) | 30 September 2008 (Audited) |
|---|---|---|---|
| Purchases by Earthoil Plantations from Earthoil India | **377** | - | 221 |
| Amount owed by Earthoil India to Earthoil Plantations | **417** | - | 495 |

No other material related party transactions took place during the financial year.

## 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.

## 9. Restatement of prior period comparatives

The interim results for the six month period ending 31 March 2008 did not include a provision for taxation of £93,000 in respect of the Group's US subsidiary, Treatt USA. The comparative figures have therefore been restated as follows:

**GROUP INCOME STATEMENT:**

| | As previously stated – March 2008 | Restatement | Restated March 2008 |
|---|---|---|---|
| **Profit before taxation** | 1,317 | - | 1,317 |
| Taxation | (364) | (93) | (457) |
| **Profit for the period** | 953 | (93) | 860 |
| **Earnings per share** | | | |
| - Basic | 9.4p | (0.9p) | 8.5p |
| - Diluted | 9.4p | (1.0p) | 8.4p |

**GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE:**

| | As previously stated – March 2008 | Restatement | Restated March 2008 |
|---|---|---|---|
| Profit for the period | 953 | (93) | 860 |
| Currency translation differences on foreign currency net investments | 157 | (2) | 155 |
| Actuarial loss on defined benefit pension scheme | (413) | - | (413) |
| Deferred tax on actuarial loss | 116 | - | 116 |
| Total recognised net income for the period | 813 | (95) | 718 |

**GROUP BALANCE SHEET:**

| | As previously stated – March 2008 | Restatement | Restated March 2008 |
|---|---|---|---|
| **Current assets:** | | | |
| Corporation tax receivable | 53 | (53) | - |
| **Current liabilities:** | | | |
| Corporation tax payable | (258) | (42) | (300) |
| **NET ASSETS** | 20,067 | (95) | 19,972 |