TREATT PLC
HALF YEAR RESULTS ANNOUNCEMENT
SIX MONTHS ENDED 31 MARCH 2011

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 2011.

SUMMARY

- Group revenue increased by 29% to £36 million (2010: £28 million)
- EBITDA increased by £2.3m to £4.5m (2010: £2.2m)
- Profit before tax for the period up by £2.2m to £3.7m (2010: £1.5m)
- Earnings per share increased by 173% to 25.7 pence (2010: 9.4 pence)
- Interim dividend raised by 17% to 4.8p (2010 interim dividend: 4.1p)
- Pension deficit down by £1.2m to £0.4m (2010: £1.6m)

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Hugo Bovill	Managing Director
Richard Hope	Finance Director

TREATT PLC

CHAIRMAN'S STATEMENT

"Group half year profits more than doubled to £3.7m"

The Group had a very strong first six months of the year, with Group revenue increasing by 29% to £36m (2010: £28m). EBITDA increased by £2.3m to £4.5m (2010: £2.2m) and profit before tax rose by £2.2m to £3.7m (2010: £1.5m). Earnings per share have consequently risen by 173% to 25.7 pence per share (2010: 9.4 pence per share).

Following a strong end to the 2010 financial year, the Group has maintained momentum with demand remaining strong across the broad product portfolio. A combination of new business wins, continuing growth in the Americas and Asia, together with the well documented increase in global raw material prices has resulted in a significant increase in both revenues and profits for the Group.

As previously reported in the pre close period trading update, all three operating companies have performed well, with the high orange oil price (having increased from $2/kg to an all-time high of around $8/kg in less than a year) being a significant contributory factor towards these results. Treatt USA has continued the strong growth it showed last year into the first half of this year and has become a significant contributor to the Group's results. RC Treatt's global business, based in the UK and exporting to almost 100 countries, has maintained its steady growth and Earthoil, the Group's organic and fair trade business, doubled sales (in volume as well as value) and the business made a positive contribution overall in the first six months of the year.

In order to maintain an approximate 2:1 split between the final and interim dividends, the Board has declared an increase in the interim dividend of 17% to 4.8 pence per share (2010: 4.1 pence per share) which will be payable on 21 October 2011 to all shareholders on the register at close of business on 16 September 2011.

Final Salary Pension Scheme

The UK final salary pension scheme, which was closed to new entrants in 2001 and with final salaries having been capped at 2003 levels in real terms, had an accounting deficit at the start of the financial year of £1.6m. Following the government's decision to change from the use of RPI to CPI for increases in deferred pensions and pensions in payment, there has been a 'one-off' reduction in the deficit of £0.9m. This combined with better than expected investment returns and other deficit repayments has reduced the pension liability on the balance sheet by £1.2m to £0.4m. This overall actuarial gain of £1.1m is shown in the Statement of Comprehensive Income on page 4.

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 last year, and in the current year a $4m US line of credit has also been converted from a one year to 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.

Prospects

The Group has continued to perform well in Q3 with order books remaining strong across the Group. The Board believes that although results in the second half of the year may not be as strong as those in the first half, full year results remain on course to meet its revised expectations. However, there is always the possibility that some raw material prices may have peaked, in particular orange oil, and that there may therefore be some impact on margins if prices begin to fall.

James Grace
Chairman
20 May 2011

TREATT PLC
UNAUDITED HALF YEAR RESULTS
For the six months ended 31 March 2011

CONDENSED GROUP INCOME STATEMENT

	Notes	**31 March 2011 (Unaudited) £'000**	Six months ended 31 March 2010 (Unaudited) £'000	Year ended 30 September 2010 (Audited) £'000
Revenue	3	**35,799**	27,719	63,298
Cost of sales		**(26,630)**	(20,832)	(47,759)
Gross profit		**9,169**	6,887	15,539
Administrative expenses		**(5,282)**	(4,932)	(10,427)
Operating profit before foreign exchange gain/(loss)		**3,887**	1,955	5,112
Foreign exchange gain/(loss)		**44**	(302)	(208)
Operating profit after foreign exchange gain/(loss)		**3,931**	1,653	4,904
Loss on disposal of subsidiary		**-**	-	(88)
Finance revenue		**43**	40	77
Finance costs		**(254)**	(206)	(390)
Profit before taxation and goodwill impairment		**3,720**	1,487	4,503
Goodwill impairment		**-**	-	(2,432)
Profit before taxation		**3,720**	1,487	2,071
Taxation	4	**(1,088)**	(528)	(1,417)
Profit for the period		**2,632**	959	654
Attributable to:				
Owners of the Parent Company		**2,625**	960	653
Non-controlling interests		**7**	(1)	1
		2,632	959	654
Earnings per share				
- Basic before goodwill impairment	5	**25.7p**	9.4p	30.3p
- Basic after goodwill impairment	5	**25.7p**	9.4p	6.4p
- Diluted	5	**25.6p**	9.4p	6.4p

All amounts relate to continuing operations
The notes on pages 10 to 15 form part of this half year results announcement

CONDENSED GROUP STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 March 2011 (Unaudited) £'000	Six months ended 31 March 2010 (Unaudited) £'000	Year ended 30 September 2010 (Audited) £'000
Profit for the period	**2,632**	959	654
Other comprehensive income/(expense):			
Currency translation differences on foreign currency net investments	**(154)**	396	139
Current taxation on foreign currency translation differences	**(3)**	(11)	(28)
Deferred taxation on foreign currency translation differences	**3**	(7)	-
Actuarial gain/(loss) on defined benefit pension scheme	**1,090**	(459)	172
Deferred tax on actuarial gain or loss	**(251)**	129	(41)
Other comprehensive income for the period	**685**	48	242
Total comprehensive income for the period	**3,317**	1,007	896
Attributable to:			
Owners of the Parent Company	**3,310**	1,008	895
Non-controlling interests	**7**	(1)	1
	3,317	1,007	896

The notes on pages 10 to 15 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 interests £'000	**Total equity £'000**
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**
1 April 2010	1,048	2,757	(683)	34	1,137	18,250	**22,543**	(2)	**22,541**
Net profit/(loss) for the period	-	-	-	-	-	(307)	**(307)**	2	**(305)**
Other comprehensive income/(expense):									
Exchange differences net of tax	-	-	-	-	(257)	(10)	**(267)**	-	**(267)**
Actuarial gain on defined benefit pension scheme net of tax	-	-	-	-	-	461	**461**	-	**461**
Total comprehensive income/(expense)	-	-	-	-	(257)	144	**(113)**	2	**(111)**
Transactions with owners:									
Dividends	-	-	-	-	-	-	**-**	-	**-**
Share-based payments	-	-	-	10	-	-	**10**	-	**10**
Movement in own shares in share trust	-	-	81	-	-	-	**81**	-	**81**
Loss on release of shares in share trust	-	-	-	-	-	(3)	**(3)**	-	**(3)**
Exercise of options previously charged	-	-	-	(24)	-	24	**-**	-	**-**
1 October 2010	1,048	2,757	(602)	20	880	18,415	**22,518**	-	**22,518**
Net profit for the period	-	-	-	-	-	2,625	**2,625**	7	**2,632**
Other comprehensive income/(expense):									
Exchange differences net of tax	-	-	-	-	(154)	-	**(154)**	-	**(154)**
Actuarial gain on defined benefit pension scheme net of tax	-	-	-	-	-	839	**839**	-	**839**
Total comprehensive income/(expense)	-	-	-	-	(154)	3,464	**3,310**	7	**3,317**
Transactions with owners:									
Dividends	-	-	-	-	-	(1,330)	**(1,330)**	-	**(1,330)**
Share-based payments	-	-	-	10	-	-	**10**	-	**10**
Movement in own shares in share trust	-	-	20	-	-	-	**20**	-	**20**
Shares acquired from non-controlling interest	-	-	-	-	-	-	**-**	(7)	**(7)**
31 March 2011	**1,048**	**2,757**	**(582)**	**30**	**726**	**20,549**	**24,528**	**-**	**24,528**

The notes on pages 10 to 15 form part of this half year results announcement

CONDENSED GROUP BALANCE SHEET

	As at 31 March 2011 (Unaudited) £'000	As at 31 March 2010 (Unaudited) £'000	As at 30 September 2010 (Audited) £'000
ASSETS			
Non-current assets			
Goodwill	**1,057**	4,272	1,051
Other intangible assets	**338**	241	250
Property, plant and equipment	**10,091**	10,192	10,250
Deferred tax assets	**101**	712	418
Trade and other receivables	**586**	586	586
	12,173	16,003	12,555
Current assets			
Inventories	**20,569**	17,831	20,174
Trade and other receivables	**15,207**	12,651	12,502
Corporation tax receivable	**-**	-	51
Cash and cash equivalents	**951**	2,370	1,584
	36,727	32,852	34,311
Total assets	**48,900**	48,855	46,866
LIABILITIES			
Current liabilities			
Borrowings	**(5,513)**	(12,722)	(5,217)
Provisions	**(30)**	-	(415)
Trade and other payables	**(9,552)**	(7,102)	(8,213)
Corporation tax payable	**(540)**	(411)	(447)
	(15,635)	(20,235)	(14,292)
Net current assets	**21,092**	12,617	20,019
Non-current liabilities			
Deferred tax liabilities	**(430)**	(391)	(437)
Borrowings	**(7,224)**	(1,869)	(7,348)
Trade and other payables	**-**	(789)	-
Post-employment benefits	**(408)**	(2,355)	(1,596)
Redeemable loan notes payable	**(675)**	(675)	(675)
	(8,737)	(6,079)	(10,056)
Total liabilities	**(24,372)**	(26,314)	(24,348)
Net assets	**24,528**	22,541	22,518

CONDENSED GROUP BALANCE SHEET (continued)

	As at 31 March 2011 (Unaudited) £'000	As at 31 March 2010 (Unaudited) £'000	As at 30 September 2010 (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	**(582)**	(683)	(602)
Employee share option reserve	**30**	34	20
Foreign exchange reserve	**726**	1,137	880
Retained earnings	**20,549**	18,250	18,415
Equity attributable to owners of the Parent Company	**24,528**	22,543	22,518
Non-controlling interests	**-**	(2)	-
Total equity	**24,528**	22,541	22,518

The notes on pages 10 to 15 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
	2011	2010	2010
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
Cash flow from operating activities			
Profit before taxation	**3,720**	1,487	2,071
Adjusted for:			
Foreign exchange (loss)/gain	**(89)**	198	109
Depreciation of property, plant and equipment	**490**	500	1,042
Amortisation of intangible assets	**52**	95	174
Loss on disposal of property, plant and equipment	**2**	-	3
Loss on disposal of subsidiaries	**-**	-	88
Impairment of goodwill	**-**	-	2,432
Net interest payable	**227**	202	387
Share-based payments	**10**	11	21
Decrease in post-employment benefit obligation	**(97)**	(104)	(232)
	4,315	2,389	6,095
Changes in working capital:			
Increase in inventories	**(394)**	(1,786)	(4,169)
Increase in trade and other receivables	**(2,704)**	(2,750)	(2,614)
Increase in trade and other payables	**954**	1,497	3,049
Cash flow from operations	**2,171**	(650)	2,361
Taxation paid	**(885)**	(568)	(1,312)
Net cash from operating activities	**1,286**	(1,218)	1,049
Cash flow from investing activities			
Disposal or acquisition of investments in subsidiaries	**(13)**	-	(38)
Purchase of property, plant and equipment	**(410)**	(628)	(1,437)
Purchase of intangible assets	**(140)**	(46)	(134)
Interest received	**27**	4	3
	(536)	(670)	(1,606)

CONDENSED GROUP STATEMENT OF CASH FLOWS (continued)

	Six months ended 31 March 2011 (Unaudited) £'000	Six months ended 31 March 2010 (Unaudited) £'000	Year ended 30 September 2010 (Audited) £'000
Cash flow from financing activities			
Repayment of bank loans	**(93)**	(3)	(163)
Amounts converted to non-current borrowings	**-**	-	5,711
Interest payable	**(254)**	(206)	(390)
Dividends paid	**(1,330)**	(1,222)	(1,222)
Net sale of own shares by share trust	**20**	9	87
	(1,657)	(1,422)	4,023
Net (decrease)/increase in cash and cash equivalents	**(907)**	(3,310)	3,466
Cash and cash equivalents at beginning of period	**(3,471)**	(6,962)	(6,962)
Effect of foreign exchange rate changes	**(25)**	88	25
Cash and cash equivalents at end of period	**(4,403)**	(10,184)	(3,471)
Cash and cash equivalents comprise:			
Cash and cash equivalents	**951**	2,370	1,584
Bank borrowings	**(5,354)**	(12,554)	(5,055)
	(4,403)	(10,184)	(3,471)

The notes on pages 10 to 15 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 2011 '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
20 May 2011

TREATT PLC

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 2011.

The information relating to the six months ended 31 March 2011 and 31 March 2010 is unaudited and does not constitute statutory accounts. The statutory accounts for the year ended 30 September 2010 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 2011 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 same accounting policies and presentation set out in the Group's 30 September 2010 annual report.
The following new standards and amendments to standards are mandatory and relevant to the Group for the first time for financial years beginning on or after 1 October 2010:

- Annual Improvements 2008-2009 – published April 2009. The effective dates vary from standard to standard but most are effective from January 2010. These amendments do not have a material impact on these condensed financial statements.
- IFRS 2 Share-based payments (amendment) – Group cash-settled share-based transactions – published June 2009. The amendment clarifies the accounting for group cash-settled share based transactions and has not have a material effect on these condensed financial statements.
- IAS 32 Financial instruments: Presentation – Classification of rights issues – published October 2009. This standard, in the absence of any rights issues, will not have any effect on the financial statements for the foreseeable future.
- IFRIC[2] 19 Extinguishing financial liabilities with equity instruments – published November 2009. IFRIC 19 provides accounting guidance where a financial liability is extinguished by the issue of equity instruments and does not have a material effect on the condensed financial statements.

The following new standards, revised standards and interpretations, considered potentially relevant to the Group, were in issue but not yet effective and have not been applied in these condensed financial statements:

[1]IAS 24 Related party transactions (revised) – published November 2009
IFRS 7 Financial instruments: Disclosures – Transfer of financial assets – published October 2010
IFRS 9 Financial instruments: Classification and measurement – published November 2009
Annual improvements 2010 – published May 2010
IFRIC[2] 14 Prepayments of a minimum funding requirement – published November 2009

[1] *EU endorsed*
[2] *International Financial Reporting Interpretations Committee*

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

3. Segmental information

(a) Business segments

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

The disclosure in the Group accounts of segmental information is consistent with the information used by the CODM in order to assess profit performance from the Group's operations.

The Group has identified two operating segments 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.

These reportable segments were identified as they are managed separately as the products supplied, and the processes used in order to produce the products, differ.

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.

			Six months ended 31 March 2011	
	Manufacturing	**Aroma chemicals & other**	**Un-allocated**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	18,181	17,618	-	35,799
Segment profit	2,744	1,187	-	3,931
Net finance costs	-	-	(211)	(211)
Profit before taxation	**2,744**	**1,187**	**(211)**	**3,720**
Taxation	-	-	(1,088)	(1,088)
Profit after taxation	**2,744**	**1,187**	**(1,299)**	**2,632**
Segment assets	28,651	20,249	-	48,900
Segment liabilities	(11,943)	(12,021)	(408)	(24,372)
Net segment assets	**16,708**	**8,228**	**(408)**	**24,528**
Segment capital expenditure	**347**	**210**	**-**	**557**
Segment depreciation and amortisation	**341**	**201**	**-**	**542**

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

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

	Manufacturing	Aroma chemicals & other	Un-allocated	Total
			Six months ended 31 March 2010	
	£'000	£'000	£'000	£'000
Revenue	12,178	15,541	-	27,719
Segment profit	711	942	-	1,653
Net finance costs	-	-	(166)	(166)
Profit before taxation	**711**	**942**	**(166)**	**1,487**
Taxation	-	-	(528)	(528)
Profit after taxation	**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**

	Manufacturing	Aroma chemicals & other	Un-allocated	Total
			Year ended 30 September 2010	
	£'000	£'000	£'000	£'000
Revenue	29,919	33,379	-	63,298
Segment profit	3,414	1,402	-	4,816
Goodwill impairment	-	-	(2,432)	(2,432)
Net finance costs	-	-	(313)	(313)
Profit before taxation	**3,414**	**1,402**	**(2,745)**	**2,071**
Taxation	-	-	(1,417)	(1,417)
Net segment income	**3,414**	**1,402**	**(4,162)**	**654**
Segment assets	26,587	20,279	-	46,866
Segment liabilities	(9,997)	(12,755)	(1,596)	(24,348)
Net segment assets	**16,590**	**7,524**	**(1,596)**	**22,518**
Segment capital expenditure	**812**	**761**	**-**	**1,573**
Segment depreciation and amortisation	**699**	**517**	**-**	**1,216**

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

3. Segmental information (continued)

(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
	2011	2010	2010
	(Unaudited)	(Unaudited)	(Audited)
	£'000	£'000	£'000
United Kingdom	**4,354**	3,942	8,950
Rest of Europe	**10,172**	8,429	18,551
The Americas	**12,822**	7,608	19,238
Rest of the World	**8,451**	7,740	16,559
	35,799	27,719	63,298

4. Taxation

Taxation has been provided at 29.2% (six months ended 31 March 2010: 35.5%) which is the effective group rate currently anticipated for the financial year ending 30 September 2011.

5. Earnings per share

(a) Basic earnings per share for the six months ended 31 March 2011 are based on the weighted average number of shares in issue and ranking for dividend in the period of 10,232,546 (2010: 10,194,372) and earnings of £2,632,000 (six months ended 31 March 2010: £959,000) being the profit after taxation.

(b) Diluted earnings per share for the six months ended 31 March 2011 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 10,281,841 (2010: 10,219,732) and the same earnings as above.

NOTES TO THE HALF YEAR RESULTS ANNOUNCEMENT (continued)

6. Dividends

	Six months ended		Year ended
	31 March 2011 (Unaudited)	31 March 2010 (Unaudited)	30 September 2010 (Audited)
	£'000	£'000	£'000
Equity dividends on ordinary shares:			
Interim dividend for year ended 30 September 2009 – 3.7p	**-**	376	376
Final dividend for year ended 30 September 2009 – 8.3p	**-**	846	846
Interim dividend for year ended 30 September 2010 – 4.1p	**419**	-	-
Final dividend for year ended 30 September 2010 – 8.9p	**911**	-	-
	1,330	1,222	1,222

The declared interim dividend for the year ended 30 September 2011 of 4.8p was approved by the Board on 20 May 2011 and in accordance with IFRS has not been included as a deduction from equity at 31 March 2011. The dividend will be paid on 21 October 2011 to those shareholders on the register at 16 September 2011 and will, therefore, be accounted for in the results for the year ended 30 September 2012.

7. Related party transactions

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

	31 March 2011 (Unaudited)	31 March 2010 (Unaudited)	30 September 2010 (Audited)
Interest received on loan notes from:			
Earthoil Plantations Limited	**7**	7	14
Earthoil Kenya PTY EPZ Limited	**3**	3	6
Dividends received from:			
R.C.Treatt & Co Limited	**1,331**	1,223	4,723
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	**122**	79	(123)
Earthoil Kenya PTY EPZ Limited	**-**	-	-
Earthoil South Africa Pty Limited	**-**	-	-
R.C.Treatt & Co Limited	**1,237**	(73)	180

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 Company are unsecured and will be settled in cash.

During the period, the Group acquired the remaining 20% of Earthoil India Private Limited ("Earthoil India"). As a wholly owned subsidiary there is no longer a requirement to disclose related party transactions between Earthoil India and other Group companies. In the comparative periods, the value of goods purchased by Earthoil Plantations Limited from Earthoil India Private Limited and amounts outstanding were as follows:

	31 March 2011 (Unaudited)	31 March 2010 (Unaudited)	30 September 2010 (Audited)
Purchases by Earthoil Plantations from Earthoil India	**N/A**	177	603
Amount owed by Earthoil India to Earthoil Plantations	**N/A**	281	934

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; and
- 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.