

Camellia Plc

2002

Report and Accounts 2002

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Directors and Appointments

Chairman Emeritus: H. K. FITZGERALD

Directors: M. C. PERKINS, F.C.A.† (Chairman)
P. A. LEGGATT, M.B.E.
A. K. MATHUR, F.C.A.
D. A. REEVES, MSc.† (Non-executive director)
A. S. M. O. SUBHAN, M.Phil.
C. P. T. VAUGHAN-JOHNSON, F.C.I.B.† (Non-executive director)

† Member of audit committee

Secretary: P. E. HILL, F.C.I.S.

Registered Office: Wrotham Place,
Wrotham,
Sevenoaks,
Kent TN15 7AE
(Registered No. 29559)

Bankers: HSBC BANK PLC
NATIONAL WESTMINSTER BANK PLC

Auditors: MOORE STEPHENS
Chartered Accountants,
St. Paul's House,
Warwick Lane,
London EC4P 4BN

Solicitors: TRAVERS SMITH BRAITHWAITE
10 Snow Hill,
London EC1A 2AL

Registrars: Capita IRG Plc,
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU

Notice of Meeting

NOTICE IS HEREBY GIVEN that the one hundred and fifteenth Annual General Meeting of Camellia Plc will be held at The Goring Hotel, Beeston Place, London SW1W 0JW on Thursday, 29th May 2003 at 2.30 p.m. for the following purposes:

1. To receive the directors' report and statement of accounts for the year ended 31st December 2002
2. To approve the directors' remuneration report for the year ended 31st December 2002
3. To declare a final dividend of 66p per ordinary share
4. To re-elect the following directors:
 - (a) Mr. M.C. Perkins
 - (b) Mr. P.A. Leggatt
 - (c) Mr. A.K. Mathur
 - (d) Mr. D.A. Reeves
 - (e) Mr. A.S.M.O. Subhan
 - (f) Mr. C.P.T. Vaughan-Johnson
5. To re-appoint the auditors and to authorise the directors to agree their remuneration
6. As special business of the Meeting to consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT the Company be and is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 10p each in the capital of the Company ("ordinary shares") provided that:

- (a) the maximum number of ordinary shares hereby authorised to be acquired is 259,832 (representing 10 per cent of the Company's issued ordinary share capital);
- (b) the minimum price which may be paid for such shares is 10p per share;
- (c) the maximum price which may be paid for an ordinary share is not more than 5 per cent above the average of the middle market quotations of an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the ordinary share is purchased;
- (d) unless previously revoked or varied, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2004 or within eighteen months from the date of passing this resolution, whichever shall be the earlier; and
- (e) the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of ordinary shares in pursuance of any such contracts.

Registered Office:

Wrotham Place,
Wrotham,
Sevenoaks,
Kent TN15 7AE

By Order of the Board

P. E. HILL

Secretary

24th April 2003

Notes:

1. For the purposes of determining who is entitled to attend or vote at the meeting (whether on a poll or otherwise) a person must be entered in the register of members not later than 48 hours before the time of the meeting (or any adjournment thereof).
2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member.
3. To be valid, forms of proxy must be lodged at the offices of the Company's registrars, Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 48 hours before the time appointed for holding the meeting. A form of proxy is attached.

Chairman's Statement

Pre-tax profit for the year ended 31st December 2002 was £15.43 million compared with £17.56 million in 2001. The profit attributable to shareholders was £7.15 million compared with a restated figure of £10.23 million in 2001 and earnings declined from 374.48p per share to 269.57p per share.

Siegfried AG again made a substantial contribution to our profits, but continuing lower tea prices and very weak coffee prices had a detrimental effect on profits. The situation in India is causing some disquiet and this is discussed in more detail below.

The concerns expressed last year about another "El Nino" cycle were, unfortunately, substantiated and this pattern will also affect 2003.

Dividend

The Board is recommending a final dividend of 66p per share which, together with the interim dividend already paid of 20p per share, brings the total distribution for the year to 86p per share compared with 85p per share in 2001.

Agriculture and Horticulture

Tea

India

The difficult conditions experienced in 2001 unfortunately continued into 2002. Factors which are affecting the industry's profitability include sale prices that are now lower than for many years, lower domestic demand, decreasing exports and the increasing impact of the production of green leaf from small growers which is sold to dedicated bought leaf factories. These factories pay little or no statutory taxes, nor undertake any welfare responsibilities and as a result their end product can be at least 30% cheaper than the organised sector. The Indian Government has to be prepared to take steps to control these factory operations or the situation can only deteriorate further. Disruptions occurred at the year end with the auction system throughout the country as Government tightened regulations with the reintroduction of a more stringent Tea Marketing Control Order. The situation is still not fully resolved.

As a result of these factors the Group produced a loss of £418,000 despite a record crop of 29.62 million kgs, which was an increase of 5% over the previous year.

On a brighter note, the Instant Tea Factory at Aibheel is working to full capacity with continuing orders from both overseas and a major multi-national beverage manufacturer.

The law and order situation throughout the estates has been relatively peaceful, but precautionary measures remained in place.

Bangladesh

With only average weather conditions, the ten Longbourne Group estates produced a total of 10.31 million kgs which was 7% behind 2001. However prices, which had started poorly at the beginning of the season, improved steadily and by the end of the year were 4% above the previous year. The Group produced a pre-tax profit of £399,000. The newly acquired Eastland Camellia Limited, which has one estate, also produced a slightly lower crop than in 2001 but prices were 4% higher. This estate produces some of the highest priced teas in the country.

The 15,000 square foot extension to the warehouse in Chittagong has been completed satisfactorily and will allow for the storage of an additional 15,000 packages of tea.

Africa

Tea production by subsidiary undertakings amounted to 35.8 million kgs. Climatic conditions were generally beneficial in Malawi, but Kenya and South Africa both suffered from irregular rainfall patterns. "El Nino" started to bite towards the end of 2002, particularly in South Africa where exceptionally dry conditions

Chairman's Statement

were experienced on the majority of the estates. Sale prices for tea were very similar to those experienced in 2001, but inevitably the cost of production increased.

The transition to a new Government in Kenya appears to have gone smoothly and pronouncements are being made which are consistent with the need to improve the economic management of the country. In Malawi interest rates for borrowings are still exorbitantly high, presently 41%, and the Malawi kwacha devalued during the year. The South African rand strengthened during 2002 to the extent that its exchange rate against sterling is now higher than the levels witnessed before the rand's dramatic fall during the latter part of 2001. Interest rates remain at a relatively high level in South Africa, and these two factors will have an unfavourable effect on the overall fortunes of our operations.

Nepal

Himalaya Goodricke Private Limited, the Group's associate company in Nepal, produced a record crop of 306,000 kgs, but will show a small loss of £17,000 compared with a loss of £92,000 in 2001. Further improvements have been made in the factory and a new large generating set is being installed which will allow for increased manufacture of bought leaf.

Coffee

Coffee production in Kenya fell, mainly due to the disposal by Kakuzi of its 51% owned subsidiary, Garton. Nonetheless, prices realised were again lower and throughout the year we have been selling coffee at below the cost of production. Considerable efforts have been made to reduce costs, but the short term prospects are not encouraging. There is simply too much coffee being produced and until the supply/demand ratio is put into balance, it is difficult to see how profits can be made by any participants in the production sector of this business.

The fortunes of our Malawi coffee estates have been affected even more adversely by the fall in prices and costs have been reduced substantially by taking action that must inevitably impinge on the long term health of the bushes.

Citrus

Yandilla Park experienced difficult conditions in Australia during the year with an abundance of small sized fruit which was difficult to pack and market. A greater than usual proportion of the fruit was destined to go to the juice market, for which no sale contracts existed, resulting in poor prices being achieved. The disappointing quality of the fruit was due to adverse climatic conditions and it is hoped that the 2003 navel harvest will be of a considerably higher quality, resulting in better marketing opportunities. It is, however, encouraging to report that the marketing operations of Vitor go from strength to strength with new opportunities being exploited, particularly in the Pacific Rim region.

The prospects for the citrus operations in Chile, United States and South Africa remain encouraging with good progress being made towards maturity. Plans are being prepared for the extension of our citrus activities in these countries.

Edible Nuts

There was a further increase in the production of macadamia in Malawi and prices improved over the previous year. The South African macadamia operations also performed well and the processing facility has now been changed from a wet to dry operation, hopefully further increasing the quality of the product. In California the almond orchards have come to the end of their useful life and have been uprooted; they will almost certainly be replaced by citrus. The pistachio operations in California enjoyed a very good production season with a crop considerably in excess of that predicted, even though it was an "on" year in the alternate bearing cycle.

Other Horticulture

The pineapple joint venture in Kenya with Del Monte was again profitable, although production was substantially down from the previous year on account of the harvesting cycle. Prices recovered somewhat

Chairman's Statement

in 2002 and the prospects for 2003 are also encouraging due to a potential lack of supply from South East Asia. In Kenya passion fruit remains disappointing and is gradually being replaced with further areas of avocado, the existing plantings of which continue to perform beyond our initial expectations.

Wine grape production in Australia improved over the previous year and prices were reasonable. The prospect for prices, in particular the red varieties, is set to decline due to continuing over-production in Australia. In South Africa the wine grape harvest was satisfactory, but the export market has continued to be difficult throughout the year with producers offering wine for export at very low prices and, in some cases, almost certainly below cost of production. We continue to concentrate our efforts on the premium sector and wine that is not suitable for this market is sold as bulk rather than bottled. During the year our Merlot and Shiraz wines were awarded gold medals in the well-respected "Michelangelo" wine fair. Table grape production in South Africa was disappointing although prices, mainly due to the weak rand, made up much of the shortfall.

Rubber, which is planted on eight estates in Bangladesh, had a successful year and production totalled 600 tonnes, which was in line with budget and a crop of 700 tonnes is anticipated for 2003.

Our operation in Brazil again made a modest profit which would have been considerably better had it not been for an area-wide infestation of the bean crop. Assuming reasonable weather conditions and a favourable economic environment, the prospects for this operation continue to be much improved.

Trading and Agency

The Group's remaining 74.9% interest in British Traders & Shippers was sold in January 2003, but its results are included in 2002. A profit on the sale of our shareholding should be realised in 2003.

Food Storage and Distribution

Associated Cold Stores & Transport failed to replace the business of a customer lost at the end of 2001 with business of a similar value and the extra cost of providing outside space to accommodate a major customer's requirements impacted on results. The development and implementation of a new IT system is already identifying opportunities for cost savings which should help profits to recover. A further 80% increase in insurance premiums in 2002 also had a significant effect on profits. 2003 premiums have risen again by a further 36%.

Losses continued at W G White as caviar sales remained depressed and the costs associated with the new wine distribution business continued to exceed sales from that activity. Responsibility for international sales of wine from the Group's vineyards has been transferred to South Africa in the first quarter of 2003, thus reducing ongoing selling costs for W G White. Changes in the pattern of international air travel and the reduction in tourism to London are holding back caviar sales.

In the Netherlands, Affish produced a much improved result in 2002. However, due to a downturn in the Dutch economy, there was a general reduction in eating out of the home, which adversely affected the results of Wylax, the Group's fish distribution business which services the Dutch restaurant sector.

Engineering

2002 was the first full year of operations for Abbey Metal Finishing's rebuilt facility, following the fire which severely damaged its premises in June 2000. During the year, sales continued to progress whilst profits remained supported by business interruption insurance income. However, the more constrained civil aerospace market will make it difficult for the company to recover to the level of turnover achieved before the fire.

Pressure on margins and the effect on North Sea exploration of the government's imposition of an additional 10% corporation tax on oil companies had an impact on the results of AJT Engineering, AKD Engineering and some divisions of British Metal Treatments. AJT's cold extrusion process again provided a useful addition to sales in its second year of operation. AKD completed the construction of its new office building which now enables all staff to be accommodated together. The company secured its largest ever

Chairman's Statement

order, for completion during the first half of 2003. The British Metal Treatments' site at Hove, which had been closed in the previous December, was sold in July and the profit from this contributed to the 2002 results.

General Utilities reported a small loss in 2002 due to a further downturn in demand for its profile cutting and precision grinding services. Plans are in hand to consolidate operations onto a single site during 2003, which will contribute to an improvement in the profitability of the business.

Property Leasing, Fine Art and Philately

Property leasing enjoyed another good year. As anticipated, fine art trading has now ceased as the Lumley Cazalet operations were finally liquidated during 2002. This operation has been very successful for the Group and only comes to a close due to the retirement of our minority partners, to whom we extend our best wishes for the future.

Very modest trading within the Group's philately activities continued during the year.

Banking

The difficulties within the financial services sector resulted in another disappointing year for Duncan Lawrie Limited. The continuing decline in UK base rates has an immediate effect on the profitability of the bank, particularly as our very cautious lending policy dictates that customer deposits should not be utilised as advances to customers who may wish to borrow. Investment management activity has also been restricted due to the decline in stock markets and this also impacts on the management fees earned on portfolio valuations. However, Duncan Lawrie has conducted an extensive review of its operations and will make considerable savings on reorganisations that are presently under way, the main one of which is to move its support staff out of expensive London property into other property already owned by the Group. A lot of positive changes have been made over the last 12 months including the continuing updating of our computer systems and other communication systems and we remain confident that a niche market exists for the services offered by Duncan Lawrie as a private bank and that we will be able to return to making a reasonable profit when financial conditions improve generally.

Pharmaceutical

The Siegfried Group increased net turnover by 13.2% to SFr. 399.0 million and recorded a consolidated profit after tax of SFr. 56.2 million, an increase of more than 81% over the prior year. This constituted the best result in the 130 year history of the Siegfried Group. Our share of these profits amounts to £8,148,000. The improvements have come particularly from the "Exclusives" division, which produces custom manufactured active pharmaceutical ingredients for multi-national companies and also from the generics side of the business. The Sidroga division, which markets medicinal and herbal teas, continues to show improvement in its trading operations.

Other Associated Undertakings and Investments

The United Leasing Company Limited had a good year and generated a profit before tax of £2.32 million compared with £2.24 million in 2001. The Bangladesh economy is less buoyant at present and 2003 may be a more difficult year. The United Insurance Company Limited also had a satisfactory year with a profit of £329,000. The Surmah Valley Tea Company's three tea estates had a good year with a crop of 1.90 million kgs and prices considerably ahead of 2001. Duncan Products Limited had a poor year for sales of both water and packet tea. However, it is hoped that a new plant recently commissioned in Dhaka for the production of large commercial jars should improve profitability.

Our investments in Bermuda continue to make a positive contribution and it is pleasing to report that the Bermuda stock market has not collapsed in the manner evidenced by most other markets around the globe. Further small purchases have been made and we are very happy with the prospects of the companies in which we invest.

Chairman's Statement

Development

The main emphasis on development during the year was to continue to bring immature plantings towards maturity. The initial results from the avocado plantings in Kenya and the citrus plantings in California and South Africa are most encouraging and it is likely that further development will take place in these areas.

Staff

The plight of the stock market and its effect on the health of pension funds has been well documented and debated over the last few months. Our own pension schemes are, unfortunately, not immune from the substantial deterioration in the performance of equities. The FT all-share index fell 25.6% in 2002, which compares with a previously assumed actuarial appreciation of 7%. The disclosures required under FRS 17 show that the pension funds' deficits have increased from £1,575,000 to £17,496,000 during the year. These deficits do, of course, simply reflect just one moment in time and it is possible, indeed it is to be hoped that, a recovery in the stock market will make good these deficits. Of more immediate importance to us are the triennial actuarial valuations that are being prepared for our main pension schemes as at 1st January and 5th April 2003. In this context there is bound to be a significant deterioration since the last valuations three years ago and company pension contributions as a percentage of salaries are set to increase. The directors feel strongly that the present defined benefit schemes should continue, notwithstanding the hopefully temporary deficit in the schemes. We are fortunate to have a generally stable and long serving workforce and it seems only right that they should be allowed to enjoy their well-earned retirement in the knowledge that their post retirement income will not be subject to the volatility of prevailing stock market conditions and annuity rates.

2002 was a difficult year in many parts of the Group's operations and on behalf of the Board I would like to extend my thanks to all employees for dealing with the problems encountered in a positive manner.

24th April 2003

M. C. PERKINS

Report of the Directors

The Directors submit to the members their report and the audited accounts for the year ended 31st December 2002.

Principal Activities and Business Review

The Company is the holding company of an agricultural, industrial and financial services operating group. The principal activities of the Company, its subsidiaries and its associated undertakings comprise:

- (a) Agriculture and horticulture – The production of tea, coffee, citrus, edible nuts, grapes, other horticultural produce, general farming, milling paprika and extracting oleoresin.
- (b) Trading and agency.
- (c) Food storage and distribution.
- (d) Engineering – Metal finishing, heat treatment, fabrication and precision engineering.
- (e) Property leasing.
- (f) Private banking services.
- (g) Pharmaceutical production.
- (h) The holding of investments.

Further details and a review of the Group's activities are included in the Chairman's Statement on pages 4 to 8.

Results and Dividends

The profit for the year amounted to	£'000 7,149
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It is recommended that this is dealt with as follows:	
Interim dividend already paid: 20p per share	528
Proposed final dividend: 66p per share	1,742
	<hr/>
	2,270
Transfer to reserves	4,879
	<hr/>
	7,149
	<hr/>

Warrants in respect of the final dividend for the year ended 31st December 2002 will, if approved at the Annual General Meeting, be posted on 1st July 2003 to shareholders registered in the books of the Company at the close of business on 6th June 2003.

Directors

Board

The present membership of the Board is set out on page 2.

Under the terms of the Articles of Association of the Company all the directors are required to retire annually.

Mr. M.C. Perkins, Mr. P.A. Leggatt, Mr. A.K. Mathur, Mr. D.A. Reeves, Mr. A.S.M.O. Subhan and Mr. C.P.T. Vaughan-Johnson therefore retire and, being eligible, seek re-election.

Report of the Directors

Executive Directors

Mr. P.A. Leggatt, M.B.E. was appointed a director in 1999, is chairman of Goodricke Group Limited and is a director of Lawrie Group Plc and Linton Park Plc. Mr. Leggatt joined the Group in 1988. Age 60.

Mr. A.K. Mathur, F.C.A. was appointed finance director in 1999 and is a director of Lawrie Group Plc. Mr. Mathur joined the Group in 1981. Age 55.

Mr. M.C. Perkins, F.C.A. was appointed a director in 1999 and chairman in 2001. He is also chairman of Linton Park Plc and Lawrie Group Plc. Mr. Perkins joined Eastern Produce Holdings Limited (now Linton Park Plc) in 1972. Age 58.

Mr. A.S.M.O. Subhan, M.Phil. was appointed a director in 2001 and is chief executive and director of the Bangladesh group. Mr. Subhan joined the Group in 1983. Age 61.

Non-Executive Directors

Mr. D.A. Reeves, MSc. was appointed a director in 2001 and was formerly managing director of Duncan Lawrie Limited. Mr. Reeves joined the Group in 1998. He became a non-executive director of the Company and Lawrie Group Plc during the year. Age 56.

Mr. C.P.T. Vaughan-Johnson, F.C.I.B., who was formerly president and chief executive officer of The Bank of Bermuda, was appointed a director in 1999. He is also a non-executive director of Lawrie Group Plc, Linton Park Plc and Duncan Lawrie Limited. He joined the Group in 1996. Age 69.

Shareholdings

The interests of the directors in the share capital of the Company, including those of their families, pursuant to the Companies Act 1985, were as follows:

	<i>Beneficial Interests</i>		
	<i>1st January 2002</i>	<i>31st December 2002</i>	<i>16th April 2003</i>
	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>
M. C. Perkins	200	200	200
C. P. T. Vaughan-Johnson	700	700	700

The following director is interested in the undernoted holding of ordinary shares in Linton Park Plc:

	<i>Beneficial Interests</i>		
	<i>1st January 2002</i>	<i>31st December 2002</i>	<i>16th April 2003</i>
	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>	<i>Ordinary Shares</i>
M. C. Perkins	13,500	13,500	13,500

None of the other directors held an interest in the share capital of the Company at any time during the year.

There were no contracts of significance existing during or at the end of the year in which any director of the Company had a material interest.

Substantial Shareholdings

As at 16th April 2003 the Company has been advised of the following interests in the share capital of the Company:

Camellia Holding AG held 1,421,000 ordinary shares (54.68%);

St. James's Place Capital Plc held (through one of its subsidiaries) 91,002 ordinary shares (3.50%).

Report of the Directors

Changes in Group Structure

During the year the Group increased its holding in Linton Park Plc by 0.04 per cent to 79.13 per cent by the acquisition of 7,500 shares for a consideration of £25,750.

Lumley Cazalet Limited was placed into a members' voluntary winding up on 29th May 2002.

During the year East African Coffee Plantations Limited increased its holding in Yandilla Park Limited by 1.9 per cent to 88.7 per cent. The consideration was £284,000. East African Coffee Plantations also agreed to acquire the outstanding 11.3 per cent of the shares in Yandilla Park Limited in six equal annual tranches, subject to obtaining certain approvals from regulatory authorities.

During the year Kakuzi Limited sold its 51 per cent holding in Garton Limited. The consideration was £507,000.

On 30th January 2002 Duncan Lawrie Limited sold its entire holding in Duncan Lawrie Unit Management Limited to Exeter Investments Group plc. The consideration was £263,000.

Fixed Assets

In the opinion of the directors the market value of land and buildings in the United Kingdom exceeds book value by approximately £17 million.

Payment of Creditors

It is Group policy to agree payment terms with suppliers when negotiating business transactions and to pay suppliers in accordance with contractual or other legal obligations. Group trade creditors at 31st December 2002 represented 41 days of annual purchases. The Company had no trade creditors at 31st December 2002.

Future Policy

The Group will continue its policy of consolidating its shareholdings in existing businesses.

Employees

It is Group policy to keep employees informed, through internal publications and other communications, on the performance of the Group and on matters affecting them as employees and arrangements to that end are made by the management of individual subsidiary undertakings.

It is also Group policy that proper consideration is given to applications for employment received from disabled persons, and to give employees who become disabled every opportunity to continue their employment.

Donations

The Group made donations to charities amounting to £44,218 during the year.

Auditors

Moore Stephens have expressed their willingness to continue as auditors of the Company and a resolution proposing their re-appointment and empowering the directors to agree their remuneration will be put before the Annual General Meeting.

Report of the Directors

Special Business

Acquisition of Shares

At the Annual General Meeting held on 30th May 2002 shareholders gave authority for the Company to purchase up to 266,302 of the Company's issued ordinary share capital, such authority expiring on 30th May 2003. During the year the Company purchased for cancellation 68,090 ordinary shares representing 2.52 per cent of the issued share capital at a total cost of £2,078,946. A further 40,500 ordinary shares at a total cost of £1,163,776 have been purchased for cancellation since the year end. Shareholders' approval to renew the authority until the conclusion of the Annual General Meeting of the Company to be held in 2004, or within eighteen months from the date of passing this resolution, whichever shall be the earlier, will be sought at the Meeting to be held on 29th May 2003.

The intention in seeking to propose the Resolution is simply to keep the option open should the price, opportunity or value occur and coincide with liquidity. Any shares purchased in this way will be cancelled and the number of shares in issue reduced accordingly.

By Order of the Board

P.E. HILL

Secretary

24th April 2003

Corporate Governance

The Combined Code – Principles of Good Governance and Code of Best Practice (“The Combined Code”) was published by the London Stock Exchange in June 1998. This statement describes how the company applies the principles and complies with the provisions of The Combined Code.

At 31st December 2002 the Board consisted of the executive chairman who is also the chief executive officer, three other executive directors and two non-executive directors.

The Board is responsible for setting strategy, approving budgets, capital expenditure, investment and disinvestment. The Board also undertakes the functions of the nomination and remuneration committees. Each director is provided with relevant information in advance of regular Board meetings.

The Company has complied with the code provisions set out in Section 1 of The Combined Code throughout the year with the following exceptions:

- the roles of the chairman and the chief executive were combined;
- non-executive directors comprised less than one third of the Board;
- the functions of the remuneration committee were undertaken by the Board as a whole and were not carried out by a separate committee comprising non-executive directors;
- the audit committee comprised one non-executive and two executive directors; and
- new Board appointments were considered by the Board as a whole.

The directors believe that given the size and structure of the Group and that there is a controlling shareholder and that the entire Board participates in all major decisions, the combination of the roles of chairman and chief executive officer is appropriate. For the same reasons the appointment of additional non-executive directors and the formation of separate remuneration and nomination committees is not considered necessary.

Statement of Directors’ Responsibilities

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of the profit or loss of the Group for the financial year. In preparing the accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors have responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the accounts comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

After making enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

Corporate Governance

Internal Control

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is of the view that there is an ongoing process for identifying, evaluating and managing the Group's significant risks, which has been in place throughout the year and up to the date of approval of the annual report and accounts. It is regularly reviewed by the Board and accords with the Internal Control Guidance for Directors on The Combined Code. The process established by the Board does not cover the Group's associated undertakings.

The principal elements of the Group's system of internal control consist of investment appraisal, the monthly review of financial results of operating subsidiaries and comparison with annual budgets, internal audit and regular visits by executive directors to monitor the activities of subsidiaries. The authority, responsibility, accountability and management of operating subsidiaries is delegated to the executive directors of those companies, who report to the main Board at regular intervals.

Directors' Remuneration Report

Directors' Statement

The directors consider that, given the relatively small size of the Board, the functions of the remuneration committee should continue to be undertaken by the Board as a whole. The Company has not therefore complied with Section A of the best practice provisions on directors' remuneration annexed to the Listing Rules of the UK Listing Authority, which recommends a remuneration committee consisting exclusively of non-executive directors should be established. In framing its remuneration policy the Board has given full consideration to all of the matters referred to in Section B of the best practice provisions.

Remuneration Policy

Remuneration of executive directors is determined by the Board as a whole. The Board seeks to provide remuneration packages which satisfy the following principles:

- to attract, retain and motivate the best possible person for each position;
- to align the interests of executives with shareholders.

The Board reviews salaries annually and will seek independent professional advice when appropriate.

Directors' Remuneration

The emoluments of the directors were as follows:

	<i>Basic Salary</i>	<i>Benefits in Kind</i>	<i>2002 Total</i>	<i>2001 Total</i>
	£	£	£	£
Executive Directors				
M. C. Perkins	260,032	21,973	282,005	235,240
P. A. Leggatt	104,350	16,159	120,509	113,492
A. K. Mathur	100,900	15,614	116,514	104,517
A. S. M. O. Subhan	17,380	20,623	38,003	21,973
Non-Executive Directors				
*D. A. Reeves	82,272	10,725	92,997	67,550
C. P. T. Vaughan-Johnson	35,000	–	35,000	22,500

*Mr. D. A. Reeves received a basic salary of £79,875 and benefits in kind of £10,725 while an executive director. He became a non-executive director on 5th October 2002. Basic salary includes £2,397 as non-executive director fees.

Benefits in kind include the value attributed to benefits such as company cars, fuel, medical insurance and accommodation. The Company does not operate an employees' share scheme or a long term incentive scheme and no directors are entitled to receive share options.

Directors' Remuneration Report

Directors' Pensions

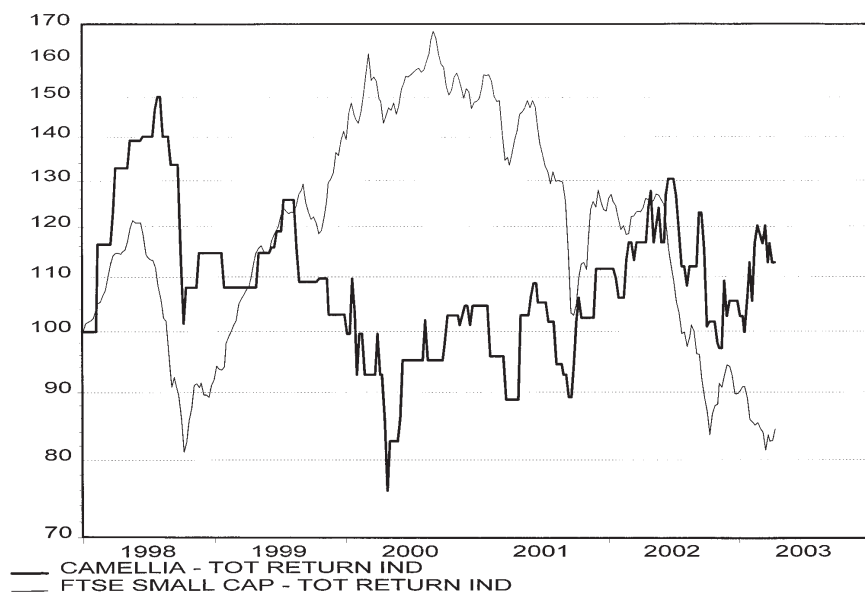
Benefits earned by members of Group defined benefit pension schemes:

Name	Age	Accrued pension at 31.12.02 (£)	Increase in accrued pension during the year (net of inflation) (£)	Transfer value of increase in accrued pension during the year (£)	Increase in accrued pension during the year (£)	Transfer value of accrued pension at 31.12.02 (£)	Transfer value of accrued pension at 31.12.01 (£)	Director's contributions during the year (£)	Increase in transfer value over the year, net of directors' contributions (£)
M.C. Perkins	58	14,326	4,555	28,719	4,719	139,388	110,070	15,601	13,717
P.A. Leggatt	60	52,893	5,999	94,410	6,783	832,320	732,265	–	100,055
A.K. Mathur	55	36,716	2,464	35,578	3,036	530,148	514,473	–	15,675
D.A. Reeves	56	6,689	811	8,104	909	69,064	64,919	–	4,145
A.S.M.O. Subhan	61	8,154	429	2,983	429	56,754	53,771	–	2,983

In respect of service before 1st March 1999, Mr. M. C. Perkins was a member of a group defined contribution pension scheme.

Performance Review

The following graph shows the total return on an investment in the Company's shares over the 5 years ended 31st December 2002 compared with the return achieved by the FTSE SmallCap index. This index has been selected as there is no specific index that is comparable to the activities of the Company.



Source: DATASTREAM

Service Contracts

Mr. M.C. Perkins has a service contract with Linton Park Plc and is entitled to a period of one year's notice.

By Order of the Board

P. E. HILL

Secretary

24th April 2003

Summary of Results
for the five years ended 31st December

	2002 £'000	2001 £'000 <i>Restated</i>	2000 £'000	1999 £'000	1998 £'000
Operating profit	17,659	17,253	19,963	18,928	38,358
Profit before taxation	15,429	17,556	15,214	13,270	32,287
Profit for the year	7,149	10,227	6,954	5,710	15,200
Profit retained for the year	4,879	7,924	4,619	3,444	14,041
Shareholders' funds:					
Ordinary capital	264	271	277	283	283
Reserves	170,135	174,242	176,814	169,949	168,190
Earnings per share	269.57p	374.48p	247.71p	201.33p	535.68p
Dividends per share:					
Interim paid	20p	20p	20p	19p	19p
Final	66p	65p	64p	61p	28p

Figures for 2000 and earlier have not been restated following the adoption of FRS19 in the current year.

**Consolidated Profit and Loss Account
for the year ended 31st December 2002**

	Notes	2002		2001	
		£'000	£'000	£'000	£'000
				<i>Restated</i>	
Turnover – continuing operations			169,511		170,996
– discontinued operations			7,012		32,351
	2		<u>176,523</u>		<u>203,347</u>
Cost of sales			134,997		156,851
Gross profit			41,526		46,496
Net operating expenses	3		<u>35,537</u>		<u>34,592</u>
Operating profit – continuing operations		5,853		11,201	
– discontinued operations		<u>136</u>		<u>703</u>	
			5,989		11,904
Share of results of associates			<u>11,670</u>		<u>5,349</u>
	2		17,659		17,253
Investment income			1,431		1,453
Profit on disposal of fixed assets	4		195		24
Profit on disposal of fixed asset investments			170		573
Profit on disposal of subsidiary undertakings	5		255		424
Goodwill transferred upon part disposal of a subsidiary			–		704
Share of associate's profit on disposal of a subsidiary			–		<u>2,065</u>
			19,710		22,496
Net interest payable and similar charges	6		<u>4,281</u>		<u>4,940</u>
Profit on ordinary activities before taxation			15,429		17,556
Taxation on profit on ordinary activities	9		<u>4,827</u>		<u>4,183</u>
Profit on ordinary activities after taxation			10,602		13,373
Interest of minority shareholders			3,453		3,146
Profit for the year	10		7,149		10,227
Dividends	11		<u>2,270</u>		<u>2,303</u>
Retained profit for the year	24		<u>4,879</u>		<u>7,924</u>
Earnings per share	12		<u>269.57p</u>		<u>374.48p</u>

Consolidated Balance Sheet
as at 31st December 2002

	Notes	2002		2001	
		£'000	£'000	£'000	£'000
				<i>Restated</i>	
Fixed assets					
Intangible assets					
Goodwill:					
Positive		1,265		1,219	
Negative		(3,648)		(4,074)	
	13		(2,383)		(2,855)
Tangible assets	14		166,232		172,574
Investments	15		79,387		72,219
			<u>243,236</u>		<u>241,938</u>
Current assets					
Stocks	16	31,467		34,100	
Debtors	17	56,650		55,514	
Cash at banks and in hand	18	154,738		164,493	
			<u>242,855</u>	<u>254,107</u>	
Creditors: amounts falling due within one year	19	210,650		212,562	
			<u>32,205</u>	<u>41,545</u>	
Net current assets					
			<u>275,441</u>	<u>283,483</u>	
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	20		38,047		39,587
Provisions for liabilities and charges	21		7,240		7,595
			<u>230,154</u>	<u>236,301</u>	
Net assets					
Capital and reserves					
Called up share capital	23		264		271
Share premium account	24		423		423
Revaluation reserve	24		37,273		38,280
Profit and loss account	24		132,197		135,297
Merger reserve	24		242		242
			<u>170,399</u>	<u>174,513</u>	
Equity shareholders' funds			59,755		61,788
Minority shareholders' interest			<u>230,154</u>	<u>236,301</u>	

Approved on 24th April 2003 by the board of directors and signed on their behalf by:

M.C. PERKINS
Director

**Company's Balance Sheet
as at 31st December 2002**

	Notes	2002		2001	
		£'000	£'000	£'000	£'000
				<i>Restated</i>	
Fixed assets					
Tangible assets	14		–		2
Investments	15		171,014		176,009
			<u>171,014</u>		<u>176,011</u>
Current assets					
Debtors	17	7,683		5,841	
Cash at banks and in hand		–		415	
		<u>7,683</u>		<u>6,256</u>	
Creditors: amounts falling due within one year	19	4,369		3,075	
			<u>3,314</u>		<u>3,181</u>
Net current assets					
			<u>174,328</u>		<u>179,192</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	20		3,568		4,318
Provisions for liabilities and charges	21		361		361
			<u>170,399</u>		<u>174,513</u>
Net assets					
Capital and reserves					
Called up share capital	23		264		271
Share premium account	24		423		423
Revaluation reserve	24		154,905		160,215
Profit and loss account	24		14,807		13,604
			<u>170,399</u>		<u>174,513</u>
Equity shareholders' funds			<u>170,399</u>		<u>174,513</u>

Approved on 24th April 2003 by the board of directors and signed on their behalf by:

M.C. PERKINS

Director

**Consolidated Cash Flow Statement
for the year ended 31st December 2002**

		2002		2001	
	Notes	£'000	£'000	£'000	£'000
Net cash flow from operating activities	30		12,810		22,033
Capital distribution/dividends received from associates			1,031		629
Returns on investments and servicing of finance					
Interest received		682		955	
Interest paid		(4,514)		(5,065)	
Income from investments		1,297		1,662	
Dividends paid to minority interests		(1,485)		(1,632)	
			(4,020)		(4,080)
Taxation					
UK corporation tax paid		(140)		(1,548)	
Overseas tax paid		(2,596)		(3,368)	
			(2,736)		(4,916)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(10,428)		(10,869)	
Sale of tangible fixed assets		1,429		936	
Purchase of investments		(2,226)		(4,338)	
Sale of investments		590		1,751	
			(10,635)		(12,520)
Acquisitions and disposals					
Acquisition of business	33	–		(557)	
Disposal of businesses	34	4,030		2,846	
Purchase of additional Siegfried AG shares		–		(1,439)	
Purchase of minority interests		(331)		(542)	
			3,699		308
Equity dividends paid			(2,287)		(2,267)
Cash outflow before financing			(2,138)		(813)
Financing					
Loan repayments		(5,917)		(7,614)	
New loans		5,242		9,862	
Capital element of finance lease rental payments		(347)		(279)	
Purchase of own shares		(2,079)		(1,693)	
			(3,101)		276
Decrease in cash in the period	31		(5,239)		(537)

**Statement of Total Recognised Gains and Losses
for the year ended 31st December 2002**

	2002 £'000	2001 £'000 <i>Restated</i>
Profit for the year - includes associates £8,386,000 (2001 - £4,476,000)	7,149	10,227
Release of goodwill on disposal of subsidiary undertaking	-	515
Release of goodwill on part disposal of subsidiary undertaking	-	(704)
Impairment on previously revalued tangible assets	-	(384)
Share of associate's fixed asset revaluation	-	539
Currency translation differences on foreign currency net investments - includes associate's profit £525,000 (2001 - £505,000)	(6,914)	(3,008)
	<hr/>	<hr/>
Total recognised gains and losses for the year	235	7,185
Prior year adjustment	(4,515)	<hr/> <hr/>
	<hr/>	<hr/>
Total gains and losses recognised since last annual report	(4,280)	<hr/> <hr/>

**Reconciliation of Movement in Shareholders' Funds
for the year ended 31st December 2002**

	2002 £'000	2001 £'000 <i>Restated</i>
Profit for the year	7,149	10,227
Dividends	(2,270)	(2,303)
	<hr/>	<hr/>
Retained profit for the year	4,879	7,924
Currency translation differences on foreign currency net investments	(6,914)	(3,008)
Purchase of own shares	(2,079)	(1,860)
Release of goodwill on disposal of subsidiary undertaking	-	515
Release of goodwill on part disposal of subsidiary undertaking	-	(704)
Impairment on previously revalued tangible assets	-	(384)
Share of associate's fixed asset revaluation	-	539
	<hr/>	<hr/>
Net addition in shareholders' funds	(4,114)	3,022
Opening shareholders' funds as previously reported	174,513	177,091
Prior year adjustment		(5,600)
Opening shareholders' funds restated		171,491
	<hr/>	<hr/>
Closing shareholders' funds	170,399	174,513
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

1 Accounting policies

Accounting convention

The Group accounts are prepared in accordance with applicable accounting standards under the historical cost convention modified to include the revaluation of certain fixed assets.

Changes in accounting policies

The Group has adopted FRS19 "Deferred Tax" in these financial statements. This represents a change of accounting policy and comparatives have been restated accordingly. Details of the effect of adopting the standard are given in Note 24.

Basis of consolidation

The consolidated accounts comprise the accounts of the Company and all of its subsidiary undertakings. The results of subsidiary undertakings are accounted for in the profit and loss account using the acquisition method from the effective date of acquisition and to the effective date of disposal.

The accounts of the Company and its subsidiary undertakings are made up to 31st December with the exception of Horizon Farms and SWF Citrus Inc., both of which operate in the USA and have accounting periods ending on 30th September, but are included on the basis of interim accounts to 31st December.

Goodwill

Purchased goodwill arising prior to 1st January 1998 was written off directly to reserves and remains eliminated against reserves. It is transferred to the profit and loss account on the disposal or closure of the related businesses. Subsequent to that date, and in accordance with FRS10, where businesses or associates are acquired, any difference between the cost of acquisition and the fair value of the net assets acquired is capitalised as goodwill and written off on a straight line basis over the estimated useful economic life of up to 20 years.

Fixed asset investments

- (i) In the Company's accounts, shares in subsidiaries are stated at directors' valuation being the net asset value attributable to the Company. The surpluses on revaluation are taken to the revaluation reserve and any deficits charged to the profit and loss account.
- (ii) Associated undertakings are entities in which the Group has a long-term investment and is in a position to exercise significant influence over the undertaking in which the investment is made. The Group's interest in the net assets of associated undertakings is included as an investment in the consolidated balance sheet at the Group's share of net assets, after attributing fair values at the date of acquisition, plus the Group's share of retained profits. The Group's share of the profits less losses of associated undertakings is included in the consolidated profit and loss account.
- (iii) Shares of listed and unlisted companies are stated at cost less provision for permanent diminution in value.
- (iv) Classical postage stamps, documents and manuscripts, antiques and *objets d'art* held as investments are stated at cost less provision for permanent diminution in value.

Foreign currencies

Assets, liabilities and trading results in foreign currencies are translated at the rates of exchange ruling at the respective accounting year end dates. Exchange differences arising on the retranslation of the opening net assets at the year end rates are taken directly to reserves. Exchange differences arising from trading transactions are included in the results for the year.

The transactions, assets and liabilities of subsidiary undertakings which operate in countries with high levels of inflation are reported in a stable currency.

Notes to the Accounts

1 Accounting policies *continued*

Tangible fixed assets

Fixed assets are stated at cost or valuation. Fixed assets revalued prior to the implementation of FRS15 in 2000 are stated at revalued amounts. A policy of annual revaluation has not been adopted.

The cost or valuation of fixed assets less their residual values are depreciated over their expected useful lives on a straight line basis at the following rates per annum:

Estates and buildings	1 to 20 per cent
Plant and machinery	4 to 33 per cent
Vehicles	10 to 33 per cent
Fixtures, tools and equipment	4 to 33 per cent

The cost of upkeep and maintenance of mature areas, including replanting costs, are charged to revenue ensuring residual values of tea estates are at least equal to cost.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost where appropriate includes a proportion of production and administrative overheads.

Deferred taxation

Deferred tax is recognised as an asset or liability, at appropriate rates, in respect of transactions and events recognised in the financial statements of the current and previous periods which give a right to pay less, or an obligation to pay more, in future tax periods.

Deferred tax assets are only recognised to the extent it is probable that there will be suitable taxable profits from which they can be recovered. No provision is made for any taxation that could arise from the future disposal of any fixed assets shown in the accounts at valuation.

Long-term deferred tax balances are not discounted.

Turnover

Turnover is based on proceeds receivable, agency income and sales at invoiced values excluding value added tax and inter-company dealings.

Lease accounting

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

Pension schemes

The cost of providing pensions for defined benefit schemes is charged to the profit and loss account systematically over the periods benefiting from the employees' services. The cost of providing pensions to defined contribution schemes and all overseas schemes is charged to the profit and loss account when payable. Pension arrangements are detailed in note 28.

Notes to the Accounts

2 Analysis of turnover, profit and net operating assets

	<i>Turnover</i>		<i>Operating profit</i>		<i>Net operating assets</i>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000	2002 £'000	2001 £'000
By activity						
Parent and subsidiary undertakings						
Agriculture and horticulture	111,327	108,955	8,842	9,557	135,773	141,826
Trading and agency	6,894	29,684	498	821	2,946	3,971
Food storage and distribution	42,791	45,215	576	3,076	30,117	30,398
Engineering	13,122	14,478	421	1,287	12,927	12,521
Fine art trading and philately	291	2,812	94	411	1,793	2,288
Property leasing	2,068	2,177	1,993	2,088	2,956	4,204
Central management and miscellaneous	30	26	(5,550)	(5,501)	9,656	8,658
	<u>176,523</u>	<u>203,347</u>	<u>6,874</u>	<u>11,739</u>	<u>196,168</u>	<u>203,866</u>
Banking			(83)	152	21,310	21,120
Profit on sale of investments to group company included in banking results			(795)	–	–	–
Net interest from group companies			(7)	13	–	–
			<u>5,989</u>	<u>11,904</u>	<u>217,478</u>	<u>224,986</u>
Associated undertakings						
Agriculture and horticulture			(44)	(34)		
Pharmaceutical			10,504	4,218		
Insurance and leasing			1,210	1,165		
Operating profit			<u>17,659</u>	<u>17,253</u>		
By country of origin						
United Kingdom	54,180	82,923	(2,521)	2,999	77,045	76,268
Continental Europe	10,290	10,628	120	223	2,547	2,970
India	32,112	34,593	(51)	902	17,821	20,329
Kenya	20,787	25,184	3,209	3,601	38,031	45,961
Malawi	9,634	11,664	1,563	2,109	21,454	23,538
Bangladesh	8,966	8,243	1,053	1,034	18,644	20,798
North America	1,439	403	460	(681)	2,869	3,152
South America and Bermuda	1,422	2,255	(542)	(460)	5,806	6,551
Australia	22,858	20,587	1,452	2,148	14,897	12,876
South Africa	14,835	6,867	1,246	29	18,364	12,543
	<u>176,523</u>	<u>203,347</u>	<u>5,989</u>	<u>11,904</u>	<u>217,478</u>	<u>224,986</u>

Notes to the Accounts

2 Analysis of turnover, profit and net operating assets *continued*

	2002	2001
	£'000	£'000
Net operating assets		
Net operating assets are reconciled to net assets as follows:		
Net operating assets	217,478	224,986
Net borrowings	(57,417)	(49,038)
Investments	79,088	70,760
Dividend payable	(1,742)	(1,759)
Non-operating items	(7,253)	(8,648)
	<u>230,154</u>	<u>236,301</u>

By geographical market supplied

	Turnover	
	2002	2001
	£'000	£'000
United Kingdom	63,988	85,636
Continental Europe	18,477	20,386
India	26,882	28,267
Bangladesh	7,938	8,020
Other Asia	14,726	13,827
Africa	25,427	29,100
North America	6,308	6,030
South America	1,340	2,209
Australasia	11,437	9,872
	<u>176,523</u>	<u>203,347</u>

Discontinued activities - United Kingdom

	Turnover		Operating profit/(loss)	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Trading and agency				
British Traders and Shippers	6,761	6,377	(3)	-
Highland Fuels	-	23,175	-	248
Fine art trading				
Lumley Cazalet	84	2,514	(95)	599
JPL Fine Arts	167	285	234	(144)
	<u>7,012</u>	<u>32,351</u>	<u>136</u>	<u>703</u>

Notes to the Accounts

2 Analysis of turnover, profit and net operating assets *continued*

Profit of banking subsidiaries	2002 £'000	2001 £'000
Interest receivable – third parties	6,335	8,541
– group companies	11	33
	<u>6,346</u>	<u>8,574</u>
Interest payable – third parties	(3,768)	(5,687)
– group companies	(4)	(46)
	<u>2,574</u>	<u>2,841</u>
Net interest income	2,574	2,841
Other operating income	3,154	3,520
Operating expenses	(6,606)	(6,209)
	<u>(878)</u>	<u>152</u>
Operating (loss)/profit	(878)	152
Profit on sale of investments to group company	795	–
	<u>(83)</u>	<u>152</u>
Profit on disposal of subsidiary	231	–
	<u>148</u>	<u>152</u>
Profit before taxation	148	152

Operating profit is stated after charging

	2002 £'000	2001 £'000
Depreciation	8,539	8,731
Hire of plant and machinery	650	1,176
Rental on other operating leases	2,027	2,226
Auditors' remuneration – Moore Stephens	153	152
– Other firms	455	405

Other fees paid to Moore Stephens in respect of taxation and other advisory services were £54,597 (2001 – £80,056).

3 Net operating expenses

	2002 £'000	2001 £'000
Distribution costs	7,699	9,173
Administrative expenses	29,357	27,535
Other operating income	(1,519)	(2,116)
	<u>35,537</u>	<u>34,592</u>

Cost of sales include £5,651,000 (2001 – £26,333,000), distribution costs include £141,000 (2001 – £1,680,000), administrative expenses include £972,000 (2001 – £1,256,000) and other operating income includes £nil (2001 – £9,000) relating to discontinued activities.

On 27th June 2000 a fire at Abbey Metal Treatment's Nuneaton factory caused major disruption to their business. Business interruption insurance proceeds received in respect of the year ended 31st December 2002 have been credited to cost of sales £332,000 (2001 – £427,000) and administrative expenses £497,000 (2001 – £845,000).

Notes to the Accounts

4 Profit on disposal of fixed assets

	2002 £'000	2001 £'000
Profit on disposal of property	195	–
Profit on disposal of assets destroyed by fire	–	24
	<u>195</u>	<u>24</u>

5 Profit on disposal of subsidiary undertakings

	2002 £'000	2001 £'000
Profit on disposal of shares in subsidiary undertakings	255	802
Negative goodwill transferred from reserves	–	(515)
Negative goodwill transferred from fixed assets	–	137
	<u>255</u>	<u>424</u>

Details of disposals are shown in Note 34.

6 Net interest payable and similar charges

	2002 £'000	2001 £'000
Bank loans, overdrafts and other loans	4,343	5,137
Finance lease and hire purchase charges	56	225
Net exchange gains	(45)	(68)
	<u>4,354</u>	<u>5,294</u>
Share of interest of associates	627	743
	<u>4,981</u>	<u>6,037</u>
Less interest receivable, including for associates £90,000 (2001 – £153,000)	700	1,097
	<u>4,281</u>	<u>4,940</u>

The above figures do not include any amounts relating to the banking subsidiaries.

Notes to the Accounts

7 Employees, including directors

Average monthly number of employees by activity

	2002 Number	2001 Number
Agriculture and horticulture	85,601	86,831
Food storage and distribution	606	653
Engineering	360	316
Fine art trading and philately	–	5
Banking	78	84
Central management and miscellaneous	44	47
	<u>86,689</u>	<u>87,936</u>

Employee costs

	2002 £'000	2001 £'000
Wages and salaries	54,709	53,658
Social security costs	2,487	2,477
Pension costs	5,887	6,044
	<u>63,083</u>	<u>62,179</u>

8 Emoluments of the directors

	2002 £	2001 £
Aggregate emoluments excluding pension contributions	<u>685,028</u>	<u>643,310</u>
The emoluments of the highest paid director	<u>282,005</u>	<u>235,240</u>

Further details of directors' emoluments are set out on pages 15 and 16.

9 Taxation on profit on ordinary activities

	2002 £'000	2001 £'000 <i>Restated</i>
Current tax		
Overseas tax	2,284	3,056
UK corporation tax	1,435	2,211
Double taxation relief	(1,445)	(1,698)
	<u>2,274</u>	<u>3,569</u>
Associated undertakings	2,747	2,348
(Over)/under provision in respect of previous years	(283)	520
Total current tax	<u>4,738</u>	<u>6,437</u>

Notes to the Accounts

9 Taxation on profit on ordinary activities *continued*

	2002 £'000	2001 £'000 <i>Restated</i>
Deferred tax		
Origination and reversal of timing differences		
United Kingdom	(826)	(43)
Overseas	915	(2,211)
Total deferred tax	89	(2,254)
Tax on profit on ordinary activities	4,827	4,183
	2002 £'000	2001 £'000
Factors affecting tax charge for period		
Profit on ordinary activities before tax	15,429	17,556
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30 per cent (2001 – 30 per cent)	4,629	5,267
Effects of:		
Expenses not deductible for tax purposes	1,031	1,295
Adjustment in respect of foreign tax rates	(405)	294
Tax effect of difference between functional and local currency profits	166	(25)
Profit on disposal of non-taxable assets	(174)	(568)
Other income not charged to tax	(843)	(807)
Depreciation in excess of capital allowances	944	(258)
(Decrease)/increase in tax losses carried forward	(223)	654
Other timing differences	(104)	65
Adjustment to tax in respect of prior periods	(283)	520
	4,738	6,437

Factors that may affect future tax charges

The Group operates in countries where tax rates differ to the UK tax rate of 30 per cent, including Switzerland (effective rate 13 per cent), India (effective rate 42 per cent) and Bangladesh (effective rate 35 per cent). Taxable profits recorded in one country cannot be offset by tax losses in another country and in most countries it is also not possible to offset taxable profits in one company with losses recorded by a fellow subsidiary in the same country. A deferred tax asset of £5,483,000 in respect of losses recorded has not been recognised in the accounts as it is considered unlikely that there will be suitable taxable profits arising in the foreseeable future from which the future reversal of these losses can be deducted.

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures. As the earnings are continually reinvested by the Group, no tax is expected to be payable on them in the foreseeable future.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it becoming possible to claim rollover relief. The total amount unprovided for is £2,926,000. At present it is not envisaged that any tax will become payable in the future.

Notes to the Accounts

10 Profit for the year of the company

As permitted by Section 230 of the Companies Act 1985 the parent company has not presented its own profit and loss account. The parent company's profit for the year amounted to £2,398,000 (2001 – £2,612,000).

11 Dividends

	2002 £'000	2001 £'000
Interim dividend paid – 20p per share (2001 – 20p)	528	544
Proposed final dividend – 66p per share (2001 – 65p)	1,742	1,759
	<u>2,270</u>	<u>2,303</u>

12 Earnings per share

Earnings per share have been calculated by dividing profit after tax and minority interest of £7,149,000 (2001 – £10,227,000) by the weighted average number of shares in issue at 31st December 2002 of 2,652,023 (2001 – 2,731,019).

13 Goodwill

	<i>Positive Goodwill</i> £'000	<i>Negative Goodwill</i> £'000	<i>Total</i> £'000
Cost			
At 1st January 2002	1,480	(4,971)	(3,491)
Additions	124	(27)	97
At 31st December 2002	<u>1,604</u>	<u>(4,998)</u>	<u>(3,394)</u>
Amortisation			
At 1st January 2002	(261)	897	636
Provision for the year	(78)	453	375
At 31st December 2002	<u>(339)</u>	<u>1,350</u>	<u>1,011</u>
Net book value			
At 31st December 2002	<u>1,265</u>	<u>(3,648)</u>	<u>(2,383)</u>
At 31st December 2001	<u>1,219</u>	<u>(4,074)</u>	<u>(2,855)</u>

Goodwill has arisen on the purchase of shares in subsidiary undertakings.

Notes to the Accounts

14 Tangible fixed assets

Group

	<i>Estates</i>	<i>Other land and buildings</i>	<i>Plant and machinery</i>	<i>Vehicles</i>	<i>Fixtures, fittings, tools and equipment</i>	<i>Assets in course of construction</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1st January 2002	76,683	77,066	69,950	10,626	15,673	2,869	252,867
Exchange differences	(4,317)	(2,728)	(1,336)	(268)	(300)	(17)	(8,966)
Reclassification	104	105	140	2	1,579	(354)	1,576
Fair value adjustment on acquisition of minority interest	67	–	26	–	–	–	93
Subsidiaries leaving group	(1,207)	(587)	(124)	(157)	(25)	–	(2,100)
Additions	1,558	2,004	2,966	1,375	2,411	813	11,127
Disposals	(1,177)	(1,049)	(1,112)	(1,021)	(438)	–	(4,797)
At 31st December 2002	<u>71,711</u>	<u>74,811</u>	<u>70,510</u>	<u>10,557</u>	<u>18,900</u>	<u>3,311</u>	<u>249,800</u>
Depreciation							
At 1st January 2002	4,357	22,597	37,421	7,895	8,023	–	80,293
Exchange differences	487	(607)	(316)	(122)	(174)	–	(732)
Provision for the year	307	2,213	3,706	993	1,165	155	8,539
Subsidiaries leaving group	(210)	(264)	(80)	(146)	(19)	–	(719)
Disposals	(996)	(617)	(966)	(890)	(344)	–	(3,813)
At 31st December 2002	<u>3,945</u>	<u>23,322</u>	<u>39,765</u>	<u>7,730</u>	<u>8,651</u>	<u>155</u>	<u>83,568</u>
Net book value							
At 31st December 2002	<u>67,766</u>	<u>51,489</u>	<u>30,745</u>	<u>2,827</u>	<u>10,249</u>	<u>3,156</u>	<u>166,232</u>
At 31st December 2001	<u>72,326</u>	<u>54,469</u>	<u>32,529</u>	<u>2,731</u>	<u>7,650</u>	<u>2,869</u>	<u>172,574</u>
Cost or valuation at 31st December 2002 is represented by:							
Valuation in 1988	–	5,513	–	–	–	–	5,513
Valuation in 1991	8,159	–	–	–	–	–	8,159
Valuation in 1993	–	1,452	–	–	–	–	1,452
Valuation in 1997	18,417	9,277	–	–	–	–	27,694
Valuation in 1999	14,077	2,242	1,918	422	319	–	18,978
Cost	31,058	56,327	68,592	10,135	18,581	3,311	188,004
Total cost or valuation	<u>71,711</u>	<u>74,811</u>	<u>70,510</u>	<u>10,557</u>	<u>18,900</u>	<u>3,311</u>	<u>249,800</u>

Notes to the Accounts

14 Tangible fixed assets *continued*

Group *continued*

Plant and machinery and vehicles include assets held under finance leases. The depreciation charge for the year in respect of these assets was £238,000 (2001 – £189,000) and their net book value was £1,615,000 (2001 – £1,148,000).

Land and buildings at net book value comprise:

	<i>Estates</i>		<i>Other land and buildings</i>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Freehold	31,471	32,555	33,265	35,580
Long leaseholds	35,724	39,258	17,067	17,667
Short leaseholds	571	513	1,157	1,222
	<u>67,766</u>	<u>72,326</u>	<u>51,489</u>	<u>54,469</u>

The historical cost of assets shown at valuation amounted to £21,262,000 (2001 – £23,676,000) and the accumulated depreciation thereon would have been £4,911,000 (2001 – £5,058,000).

Company

	<i>Fixtures and fittings £'000</i>
Cost	
At 1st January 2002	22
Disposals	(4)
At 31st December 2002	<u>18</u>
Depreciation	
At 1st January 2002	20
Provision for the year	2
Disposals	(4)
At 31st December 2002	<u>18</u>
Net book value	
At 31st December 2002	<u>–</u>
At 31st December 2001	<u>2</u>

Notes to the Accounts

15 Fixed asset investments

Group

	<i>Associated undertakings</i>	<i>Other investments</i>	<i>Total</i>
	£'000	£'000	£'000
Cost or valuation			
At 1st January 2002	50,187	22,939	73,126
Additions	27	2,199	2,226
Disposals	–	(348)	(348)
Capital repayment	(788)	–	(788)
Share of retained reserves	8,151	–	8,151
Reclassification	–	(1,206)	(1,206)
Exchange differences	525	(1,500)	(975)
	<u>58,102</u>	<u>22,084</u>	<u>80,186</u>
Provision for diminution in value			
At 1st January 2002	6	901	907
Amounts written off in year	–	48	48
Disposals	–	(110)	(110)
Exchange differences	–	(46)	(46)
	<u>6</u>	<u>793</u>	<u>799</u>
Net book value			
At 31st December 2002	<u>58,096</u>	<u>21,291</u>	<u>79,387</u>
<i>At 31st December 2001</i>	<u>50,181</u>	<u>22,038</u>	<u>72,219</u>
	<i>Associated undertakings</i>	<i>Other investments</i>	
	2002	2001	2002
	2002	2001	2001
	£'000	£'000	£'000
Cost comprises:			
Listed investments	32,241	32,486	17,911
Unlisted investments	156	134	1,717
Collections	–	–	2,456
	<u>32,397</u>	<u>32,620</u>	<u>22,084</u>
	<u>32,397</u>	<u>32,620</u>	<u>22,939</u>
Market value of listed investments	<u>66,146</u>	<u>52,506</u>	<u>27,008</u>
	<u>66,146</u>	<u>52,506</u>	<u>25,216</u>

Notes to the Accounts

15 Fixed asset investments *continued*

Group *continued*

Collections comprise the Group's and Company's investments in fine art, documents and manuscripts and classical postage stamps.

Other investments include the following companies in which the Group has a significant interest:

	<i>Principal country of origin</i>	<i>% held</i>
Bermuda Bakery Limited	Bermuda	26.50
B. F. & M. Limited	Bermuda	20.01

At 31st December 2001 Bermuda Bakery's aggregate capital and reserves amounted to £4,216,000 and its profit for the year then ended was £379,000.

At 31st December 2001 B.F. & M. Limited's aggregate capital and reserves amounted to £36,164,000 and its profit for the year then ended was £7,186,000.

Financial statements to 31st December 2002 are not yet available for these two companies.

Other investments also include 62,500 (2001 – 62,500) ordinary shares of 10p each in Camellia Plc held by Group companies, at a cost of £400,000 (2001 – £400,000) and having a market value of £1,734,375 (2001 – £1,937,500).

Associated undertakings include Siegfried AG, a listed company incorporated in Switzerland. On 31st December 2002 the Group held 90,368 (2001 – 90,368) registered shares, representing 32.3 per cent (2001 – 32.3 per cent) of the issued shares. The consolidated capital and reserves of Siegfried AG on 31st December 2002, drawn up in accordance with International Accounting Standards, were £171,108,000 (2001 – £142,009,000) and consolidated profit after tax for the year ended 31st December 2002 was £25,245,000 (2001 – £12,843,000).

The Group's share of the profit and loss account of Siegfried AG was:

	2002 £'000	2001 £'000
Turnover	57,859	47,098
Operating profit	10,504	4,218
Profit on disposal of subsidiaries	–	2,065
Net interest payable	(473)	(518)
Profit before taxation	10,031	5,765
Taxation	1,883	1,620
Profit after taxation	8,148	4,145

In 2001 operating profit is stated after charging £2,084,000 for the impairment of assets.

Notes to the Accounts

15 Fixed asset investments *continued*

Group *continued*

The Group's share of the balance sheet of Siegfried AG was:

	2002 £'000	2001 £'000
Fixed assets	50,313	42,400
Non current assets	5,153	4,977
Current assets	32,080	28,522
Liabilities due within one year	(9,240)	(8,013)
Liabilities due after one year	(23,082)	(20,886)
	<u>55,224</u>	<u>47,000</u>

Company

	<i>Group undertakings</i> £'000	<i>Other investments</i> £'000	<i>Total</i> £'000
Cost or valuation			
At 1st January 2002 as previously reported	177,632	2,893	180,525
Prior year adjustment (Note 24)	(4,515)	–	(4,515)
	<u>173,117</u>	<u>2,893</u>	<u>176,010</u>
At 1st January 2002 – as restated	173,117	2,893	176,010
Additions	363	220	583
Disposals	(3,245)	(170)	(3,415)
Revaluation of subsidiaries	(2,163)	–	(2,163)
	<u>168,072</u>	<u>2,943</u>	<u>171,015</u>
At 31st December 2002	<u>168,072</u>	<u>2,943</u>	<u>171,015</u>
Provision for diminution in value			
At 1st January 2002 and 31st December 2002	–	1	1
	<u>–</u>	<u>1</u>	<u>1</u>
Net book value			
At 31st December 2002	<u>168,072</u>	<u>2,942</u>	<u>171,014</u>
At 31st December 2001	<u>173,117</u>	<u>2,892</u>	<u>176,009</u>

Other investments at cost or valuation comprise:

	2002 £'000	2001 £'000
Listed investments	310	100
Unlisted investments	177	177
Collections	2,456	2,616
	<u>2,943</u>	<u>2,893</u>
Market value of listed investments	<u>285</u>	<u>142</u>

Notes to the Accounts

16 Stocks

	2002 £'000	2001 £'000
Tea and other produce	14,919	14,274
Other trading stocks	3,759	4,570
Raw materials and consumables	6,556	6,352
Fine art and antiquities	–	524
Philatelic items	1,729	1,590
Work in progress and growing crops	4,504	6,790
	<u>31,467</u>	<u>34,100</u>

As stocks of philatelic items are largely unique the directors consider the determination of replacement values inappropriate. In respect of other stocks there was no material difference between the replacement cost and the values shown above.

17 Debtors

	<i>Group</i>		<i>Company</i>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Amounts falling due within one year:				
Amounts due from customers of banking subsidiaries	21,425	20,081	–	–
Trade debtors	22,235	20,797	–	–
Amounts owed by group undertakings	–	–	7,609	5,833
Amounts owed by associated undertakings	1,293	1,092	–	–
Other debtors	4,341	4,653	66	4
Taxation	1,856	1,969	–	–
Prepayments and accrued income	2,627	3,391	8	4
	<u>53,777</u>	<u>51,983</u>	<u>7,683</u>	<u>5,841</u>
Amounts falling due after more than one year:				
Other debtors	2,873	3,262	–	–
Amounts owed by associated undertakings	–	269	–	–
	<u>56,650</u>	<u>55,514</u>	<u>7,683</u>	<u>5,841</u>

18 Cash at banks and in hand

Included in cash at banks and in hand of £154,738,000 (2001 – £164,493,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £144,439,000 (2001 – £147,689,000) which are held by banking subsidiaries and which are an integral part of the banking operations of the Group.

Notes to the Accounts

19 Creditors

	<i>Group</i>		<i>Company</i>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Amounts falling due within one year:				
Amounts due to customers of banking subsidiaries	147,300	150,611	-	-
Trade creditors	15,260	12,914	-	-
Bank loans and overdrafts (secured)	18,394	17,291	1,625	750
Bank loans and overdrafts (unsecured)	12,336	10,156	-	-
Hire purchase and finance leases	298	254	-	-
Bills of exchange payable	298	141	-	-
Amounts due to group undertakings	-	-	827	299
Amounts owed to associated undertakings	17	-	-	-
Dividend	1,742	1,759	1,742	1,759
Corporate taxation	762	1,528	-	-
Other taxation and social security payable	1,538	1,804	-	1
Other creditors	5,999	5,019	21	21
Accruals and deferred income	6,706	11,085	154	245
	<u>210,650</u>	<u>212,562</u>	<u>4,369</u>	<u>3,075</u>

20 Creditors

	<i>Group</i>		<i>Company</i>	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Amounts falling due after more than one year:				
Bank loans	34,932	36,506	3,375	4,125
Other loans	899	1,231	-	-
Hire purchase and finance leases	857	404	-	-
Other creditors	1,359	1,446	-	-
Amounts due to group undertakings	-	-	193	193
	<u>38,047</u>	<u>39,587</u>	<u>3,568</u>	<u>4,318</u>

Creditors include the following amounts secured on certain group assets:

	<i>Group</i>	
	2002 £'000	2001 £'000
Bank loans	35,663	37,676
Other loans	882	1,190
Finance leases	1,155	658
	<u>37,700</u>	<u>39,524</u>

Notes to the Accounts

20 Creditors *continued*

	<i>Group</i>	
	2002	2001
	£'000	£'000
Bank and other loans include the following amounts repayable over more than five years by instalments:		
Aggregate amount of loans	11,874	19,797
Amounts due beyond five years	7,405	6,787
	<u>11,874</u>	<u>19,797</u>
The repayments of bank loans and overdrafts, finance leases and other loans fall due as follows:		
Within 12 months or on demand (included in Creditors: amounts falling due within one year)	31,028	27,701
Between 1 – 2 years	7,611	8,228
Between 2 – 5 years	21,663	23,126
After 5 years	7,414	6,787
	<u>67,716</u>	<u>65,842</u>

The rates of interest payable at 31st December 2002 vary between 2 per cent and 37 per cent.

21 Provisions for liabilities and charges

	<i>Group</i>		<i>Company</i>	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
The deferred taxation balance at the end of the year comprises:				
Accelerated capital allowances	10,860	11,612	–	–
Other timing differences	(604)	(260)	–	–
Sale of subsidiary	361	361	361	361
Tax losses carried forward	(3,377)	(4,118)	–	–
	<u>7,240</u>	<u>7,595</u>	<u>361</u>	<u>361</u>

Notes to the Accounts

21 Provisions for liabilities and charges *continued*

The adoption of Financial Reporting Standard (FRS) 19 has resulted in the restatement of the prior year deferred tax provision. The movement in deferred tax was as follows:

	<i>Group</i> 2002 £'000	<i>Company</i> 2002 £'000
At 1st January as previously reported	1,624	361
Prior year adjustment – FRS19	5,971	–
Provision at the beginning of the year – as restated	7,595	361
Exchange differences	(444)	–
Deferred tax charge in profit and loss account for period (Note 9)	89	–
Deferred tax provision at 31st December	<u>7,240</u>	<u>361</u>

Based on current investment plans the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

Deferred tax is measured on a non-discounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on the tax rates and laws substantively enacted at the balance sheet date.

22 Transactions involving officers of Duncan Lawrie Limited, the banking subsidiary

Duncan Lawrie Limited, the banking subsidiary, has carried out transactions with officers of the bank during the year on similar terms to those offered to other customers.

The aggregate amount of loans and agreements of a type described in Section 232 of the Companies Act 1985 to officers of the bank outstanding at 31st December 2002, and the number of persons concerned, were as follows:

	<i>Aggregate amount outstanding</i>	<i>Number of persons</i>
Loans	£10,506	3

Notes to the Accounts

23 Called up share capital

	2002	2001
Authorised:		
3,000,000 ordinary shares of 10p each	£300,000	£300,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:	£	£
Ordinary shares of 10p each		
At 1st January	270,691	277,408
Purchase of own shares	(6,809)	(6,717)
	<u> </u>	<u> </u>
At 31st December	263,882	270,691
	<u> </u>	<u> </u>

24 Reserves

Group

	<i>Merger reserve</i> £'000	<i>Share premium account</i> £'000	<i>Revaluation reserve</i> £'000	<i>Profit and loss account</i> £'000
At 1st January 2002	242	423	38,280	139,812
Prior year adjustment – FRS19	–	–	–	(4,515)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1st January 2002 – as restated	242	423	38,280	135,297
Exchange adjustments	–	–	(1,007)	(5,907)
Purchase of own shares	–	–	–	(2,072)
Retained profit for the year	–	–	–	4,879
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st December 2002	242	423	37,273	132,197
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Since 1989 goodwill on acquisitions written off amounted to £6,036,000 (2001 – £6,036,000) and negative goodwill on acquisitions credited to reserves amounted to £20,785,000 (2001 – £20,785,000). It is impractical to obtain information for earlier years.

The Group profit and loss account reserve includes £32,633,000 which would require exchange control permission for remittance and a £20,000 capital redemption reserve.

Group reserves include £25,473,000 (2001 – £17,567,000) attributable to associated undertakings.

Prior year adjustment

As explained in note 21, Provisions for liabilities and charges, FRS19 has been adopted for the first time resulting in full provision for deferred tax. As a result a prior year adjustment was required to provide for deferred tax of £5,971,000 of which £1,456,000 was attributable to minority interests and £4,515,000 to group reserves. The effect of this change of policy on reported profits has been an increase in the charge for deferred tax in the current year of £273,000 (2001 – £2,139,000 reduction).

Notes to the Accounts

24 Reserves *continued*

Company

	<i>Share premium account</i> £'000	<i>Revaluation reserve</i> £'000	<i>Profit and loss account</i> £'000
At 1st January 2002	423	164,730	13,604
Prior year adjustment	–	(4,515)	–
At 1st January 2002 – as restated	423	160,215	13,604
Revaluation of shares in subsidiaries to net asset value	–	(2,163)	–
Disposal of subsidiary	–	(3,147)	3,147
Purchase of own shares	–	–	(2,072)
Profit for the year	–	–	128
At 31st December 2002	423	154,905	14,807

The profit and loss account includes a £27,000 capital redemption reserve.

The prior year adjustment results from the restatement of the net assets of subsidiary companies following the adoption of FRS19 (see Note 21).

25 Commitments of the Group for capital expenditure

	2002 £'000	2001 £'000
Contracted for	837	1,407

26 Group leasing commitments

	2002 £'000	2001 £'000
Annual commitments in respect of operating leases		
Land and buildings – operating leases expiring:		
Within 1 year	42	41
Between 2 – 5 years	119	127
After 5 years	974	951
	1,135	1,119
Other assets – operating leases expiring:		
Within 1 year	326	450
Between 2 – 5 years	1,273	1,672
After 5 years	190	386
	1,789	2,508

Notes to the Accounts

27 Guarantees

The Group's banking subsidiaries have given guarantees in the normal course of business which at 31st December 2002 amounted to £2,996,000 (2001 – £5,652,000).

28 Pensions

Certain Group subsidiaries operate defined contribution and funded defined benefit pension schemes. The assets of the schemes are administered by trustees and are kept separate from those of the Group.

In the UK the pension cost for defined benefit schemes is assessed in accordance with the advice of independent qualified actuaries using various recognised methods. Actuarial surpluses and deficiencies are recognised over the expected average remaining service lives of the employees.

Valuations are prepared every three years. At the last valuations the following growth rate assumptions were used:

Investment return	6.0% to 8.9% per annum
Salary inflation	4.5% to 7.0% per annum
Pension increases	2.5% to 4.5% per annum

At the dates of the latest actuarial valuations the market value of the assets of the UK schemes was £93,830,000 which represented 142 per cent of the benefits accrued to members allowing for expected future increases in earnings. Actuarial valuations for all material UK schemes were completed in 2000 and 2001 and there were no significant surpluses or deficits disclosed.

For overseas schemes the pension cost for defined benefit schemes is provided on the basis of amounts paid, based upon actuaries' recommendations.

The pension costs charged were £3,789,000 (2001 – £3,933,000) in respect of defined benefit schemes and £2,098,000 (2001 – £2,111,000) in respect of defined contribution schemes.

The additional disclosures required by FRS17 "Retirement Benefits" are:

Full actuarial valuations of the three UK defined benefit pension schemes were last undertaken as at 1st January 2000, 6th April 2000 and 31st December 2001. These have been updated to 31st December 2002 by qualified independent actuaries. For the six overseas defined benefit pension schemes full actuarial valuations were completed as at 31st December 2001. The major assumptions used by the actuaries as at 31st December 2002 were as follows:

	2002 <i>per annum</i>	2001 <i>per annum</i>
UK Schemes		
Rate of increase in salaries	4.00 – 4.25%	4.25 – 4.50%
Rate of increase to LPI pensions in payment	2.25 – 2.50%	2.50 – 2.75%
Discount rate applied to scheme liabilities	5.50 – 5.60%	5.80 – 6.00%
Inflation assumption	2.25 – 2.50%	2.50 – 2.75%
Overseas Schemes		
Rate of increase in salaries	5.00 – 7.00%	5.00 – 7.00%
Rate of increase to LPI pensions in payment	0.00 – 3.00%	0.00 – 3.00%
Discount rate applied to scheme liabilities	9.00 – 10.00%	9.00 – 10.00%
Inflation assumption	0.00 – 7.00%	0.00 – 7.00%

Allowances have also been made for any minimum level of pension increase provided under the rules of the schemes.

Notes to the Accounts

28 Pensions *continued*

The market value of the assets held and the expected rates of return assumed at 31st December 2002 for the defined benefit schemes were:

	2002		2001	
	Value	Expected rate of return	Value	Expected rate of return
	£'000	%	£'000	%
UK Schemes				
Market value of assets				
Equities and property	50,396	7.25	62,339	7.50
Bonds	17,198	4.54	17,305	5.50
Cash	3,180	4.00	5,409	4.00
	<hr/>		<hr/>	
Total	70,774		85,053	
Present value of scheme liabilities	(96,158)		(86,988)	
	<hr/>		<hr/>	
Deficit in the schemes	(25,384)		(1,935)	
Related deferred tax asset	6,031		549	
	<hr/>		<hr/>	
Net pension deficit	<u>(19,353)</u>		<u>(1,386)</u>	
Overseas Schemes				
Market value of assets				
Bonds	8,529	10.0	5,210	10.00
Cash	1,531	10.0	–	–
	<hr/>		<hr/>	
Total	10,060		5,210	
Present value of scheme liabilities	(7,003)		(5,399)	
	<hr/>		<hr/>	
Surplus/(deficit) in the schemes	3,057		(189)	
Related deferred tax liability	(1,200)		–	
	<hr/>		<hr/>	
Net pension surplus/(deficit)	<u>1,857</u>		<u>(189)</u>	

If the above amounts had been recognised in the financial statements, the effect on the Group's net assets and profit and loss account at 31st December would be as follows:

	2002	2001
	£'000	£'000
Net assets		
Net assets excluding pension deficit	230,154	236,301
FRS17 pension deficit	(17,496)	(1,575)
	<hr/>	<hr/>
Net assets including pension deficit	<u>212,658</u>	<u>234,726</u>
Reserves		
Profit and loss account excluding pension deficit	132,197	135,297
FRS17 pension deficit	(14,634)	(1,299)
	<hr/>	<hr/>
Profit and loss account	<u>117,563</u>	<u>133,998</u>

Notes to the Accounts

28 Pensions *continued*

The following amounts would have been recognised in the profit and loss account and statement of total recognised gains and losses in the year ended 31st December 2002.

	2002 £'000
Overseas	
Analysis of amount chargeable to profit:	
Current service cost	1,159
	<u> </u>
Insufficient information is currently available to provide a detailed analysis of the movement in the pension scheme surplus/(deficit) for the overseas schemes. In the opinion of the directors the absence of this disclosure does not have a material impact on the understanding of the financial statements.	
	2002 £'000
UK	
Analysis of amount chargeable to profit:	
Current service cost	2,944
	<u> </u>
Analysis of the amount to be credited to other finance income:	
Expected return on pension scheme assets	5,570
Interest on pension scheme liabilities	(5,145)
	<u> </u>
Net return	425
	<u> </u>
Analysis of amount recognisable in statement of total recognised gains and losses:	
Actual return less expected return on pension scheme assets	(18,764)
Experience gains and losses arising on scheme liabilities	1,963
Changes in assumptions underlying present value of scheme liabilities	(6,701)
	<u> </u>
Actuarial loss recognised in the statement of total recognised gains and losses	(23,502)
	<u> </u>
Movement in deficit during the year:	
Deficit at beginning of year	(1,935)
Current service cost	(2,944)
Contributions	2,572
Other finance income	425
Actuarial loss	(23,502)
	<u> </u>
Deficit at end of year	(25,384)
	<u> </u>

Notes to the Accounts

28 Pensions *continued*

	2002
History of experience gains and losses:	
Difference between expected and actual return on scheme assets:	
Amount (£000's)	(18,764)
Percentage of scheme assets	26.51%
Experience gains and losses on scheme liabilities:	
Amount (£000's)	(333)
Percentage of present value of scheme liabilities	0.35%
Total amount recognised in statement of total recognised gains and losses:	
Amount (£000's)	(23,502)
Percentage of present value of scheme liabilities	24.44%

29 Related party transactions

Under an agreement between Linton Park Plc on one hand and Sigamed AG and others (who include Dr. B.A. Siegfried, a director of Siegfried AG and a non-executive director of Linton Park Plc), both parties have the first right of refusal to buy Siegfried AG shares offered for sale by the other party.

30 Reconciliation of operating profit to net cash flow from operating activities

	2002	2001
	£'000	£'000
Operating profit	5,989	11,904
Depreciation	8,539	8,731
Amortisation of goodwill	(375)	(342)
Profit on sale of fixed assets	(250)	(120)
Decrease in stocks	1,812	947
(Increase)/decrease in debtors	(1,533)	6,037
(Decrease)/increase in creditors	(4,150)	3,038
Net decrease/(increase) in funds of banking subsidiaries	3,250	(6,166)
Currency adjustment	(472)	(1,996)
	12,810	22,033
	12,810	22,033

Notes to the Accounts

31 Reconciliation of net cash flow to movements in net debt

	2002		2001	
	£'000	£'000	£'000	£'000
Decrease in cash in the period	(5,239)		(537)	
Cash outflow/(inflow) from changes in debt and financing	1,022		(1,969)	
Change in net debt resulting from cash flows		(4,217)		(2,506)
Cash balances of businesses acquired		–		1,773
Cash balances of businesses sold		(3,557)		(1,460)
Loan and finance lease balances of businesses sold		–		94
New finance leases		(824)		(498)
Translation differences		219		987
Change in net debt in the period		(8,379)		(1,610)
Net debt at 1st January		(49,038)		(47,428)
Net debt at 31st December		(57,417)		(49,038)

32 Analysis of net debt

	At 1st January 2002 £'000	Cash flow £'000	Acquisitions/ disposals £'000	Other non-cash movements £'000	Exchange movements £'000	At 31st December 2002 £'000
Cash at banks and in hand	164,493					154,738
Less: held by banking subsidiaries (note 18)	(147,689)					(144,439)
Overdrafts	16,804 (22,123)	(1,361) (3,878)	(4,278) 721	– –	(866) 1,386	10,299 (23,894)
	(5,319)	(5,239)	(3,557)	–	520	(13,595)
Debt due within one year	(5,324)	5,295	–	(6,755)	(52)	(6,836)
Debt due after one year	(37,737)	(4,620)	–	6,755	(229)	(35,831)
Finance leases	(658)	347	–	(824)	(20)	(1,155)
	(43,719)	1,022	–	(824)	(301)	(43,822)
Net debt	(49,038)	(4,217)	(3,557)	(824)	219	(57,417)

During the year the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £498,000.

Notes to the Accounts

33 Acquisition of business

	<i>Sapekoe (Pty) Limited 2001 £'000</i>	<i>Eastland Camellia Limited 2001 £'000</i>
Fair value of assets and liabilities:		
Tangible fixed assets	7,649	902
Investments	50	–
Net cash and deposits	1,766	7
Stocks	3,537	46
Debtors	1,618	24
Creditors	(1,699)	(153)
Short term loans	–	(56)
Long term loans	(11)	(78)
Provisions for liabilities and charges	(8)	–
	<u>12,902</u>	<u>692</u>
Minority interest	(4,645)	(114)
	<u>8,257</u>	<u>578</u>
Purchase consideration		
30% share of Eastern Produce Malawi Limited	6,817	–
Costs of acquisition	36	–
Cash consideration	–	521
	<u>1,404</u>	<u>57</u>
Net (outflow)/inflow of cash in respect of acquisition of business:		
Cash consideration and costs	(36)	(521)
Cash balances of business acquired	1,766	7
	<u>1,730</u>	<u>(514)</u>

The fair values of assets and liabilities of Sapekoe (Pty) Limited, which were acquired on 30th April 2001, are the same as the net book values.

The profit after taxation and minority interest of Sapekoe (Pty) Limited for the ten months to the date of acquisition was £434,000.

The fair values of assets and liabilities of Eastland Camellia Limited which were acquired on 31st August 2001 were £712,000 more than the net book values.

The loss after taxation of Eastland Camellia Limited for eight months to date of acquisition was £2,500.

Notes to the Accounts

34 Disposal of businesses

	<i>Lumley Cazalet</i>	<i>Duncan Lawrie Unit Management</i>	<i>Garton Limited</i>	<i>Total 2002</i>	<i>2001</i>
	£'000	£'000	£'000	£'000	£'000
Book value of assets and liabilities:					
Tangible fixed assets	–	–	1,383	1,383	1,190
Cash and deposits	4,164	106	8	4,278	1,460
Stocks	162	–	289	451	855
Debtors	26	78	110	214	7,022
Creditors	(33)	(152)	(93)	(278)	(7,436)
Net amount due to group undertaking	–	–	–	–	(162)
Short term loans and overdrafts	–	–	(721)	(721)	(76)
Long term loans	–	–	–	–	(163)
Accruals and deferred income	–	–	–	–	(46)
	<u>4,319</u>	<u>32</u>	<u>976</u>	<u>5,327</u>	<u>2,644</u>
Minority interest	(1,079)	–	(473)	(1,552)	–
Goodwill transferred from reserves	–	–	–	–	378
Profit on disposal	20	231	4	255	424
	<u>3,260</u>	<u>263</u>	<u>507</u>	<u>4,030</u>	<u>3,446</u>
Satisfied by:					
Cash consideration and costs	3,260	263	507	4,030	2,846
Deferred consideration	–	–	–	–	600
	<u>3,260</u>	<u>263</u>	<u>507</u>	<u>4,030</u>	<u>3,446</u>
Net (outflow)/inflow of cash in respect of disposal of businesses:					
Cash consideration and costs	3,260	263	507	4,030	2,846
Cash balances of businesses sold	(4,164)	(106)	713	(3,557)	(1,460)
	<u>(904)</u>	<u>157</u>	<u>1,220</u>	<u>473</u>	<u>1,386</u>

Further details on the disposals are set out in the Report of the Directors on page 11.

35 Derivatives and financial instruments

The group operates through its subsidiary and associated undertakings throughout the world. These undertakings arrange financing locally, primarily in their own functional currencies, with the group's exposure to currency movements restricted to its investment in share capital and retained profits. The board believes that the geographical spread and diversity of the group's operations reduces the group's overall exposure to risk, and perceives no significant requirement to use financial instruments to mitigate risk, except in very occasional circumstances. This approach has remained unchanged since the beginning of 1998.

The group finances its operations by a mixture of shareholders' funds, bank borrowings and long-term loans and leases. The objective is to maintain a balance between continuity of funding and flexibility, through the use of borrowings with a range of maturities. To achieve this, the maturity profile of borrowings and facilities are regularly reviewed. The group also seeks to maintain sufficient undrawn committed borrowing facilities to provide flexibility in the management of the group's liquidity.

Notes to the Accounts

35 Derivatives and financial instruments *continued*

Rates of interest are negotiated locally, with a significant proportion of group borrowings being at variable rates linked to bank base rates.

The group, including Duncan Lawrie, the group's banking subsidiary, did not trade in any financial instruments throughout the period under review.

Duncan Lawrie Limited

As a banking group most of the items making up Duncan Lawrie's balance sheet are financial instruments with the most significant ones being loans and deposits in various currencies but mainly in sterling. Interest rates applied to loans and deposits are normally variable at the discretion of the bank and are linked to LIBOR or the base rate. The bank's interest rate exposure is summarised below in the form of an interest rate repricing table. The table reflects the repricing profile of the bank's assets and liabilities by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

	<i>Not more than three months £</i>	<i>Over six months but not more than one year £</i>	<i>Over one year but not more than five years £</i>	<i>More than five years £</i>	<i>Non-interest bearing £</i>	<i>Total £</i>
Assets:						
Loans and advances to banks	125,458,760	–	–	–	1,814,272	127,273,032
Loans and advances to customers	20,787,604	423,061	430,135	–	–	21,640,800
Debt securities and equity shares	12,000,000	–	–	5,037,862	328,399	17,366,261
Other assets	–	–	–	–	3,172,681	3,172,681
	<u>158,246,364</u>	<u>423,061</u>	<u>430,135</u>	<u>5,037,862</u>	<u>5,315,352</u>	<u>169,452,774</u>
Liabilities:						
Deposits by banks	1,983,700	–	–	–	–	1,983,700
Deposits by customers	134,020,718	215,000	426,330	–	10,276,950	144,938,998
Other liabilities	–	–	–	–	1,175,350	1,175,350
Minority interests & shareholders funds	–	–	–	–	21,354,726	21,354,726
	<u>136,004,418</u>	<u>215,000</u>	<u>426,330</u>	<u>–</u>	<u>32,807,026</u>	<u>169,452,774</u>
Interest rate repricing gap at 31st December 2002	<u>22,241,946</u>	<u>208,061</u>	<u>3,805</u>	<u>5,037,862</u>	<u>(27,491,674)</u>	<u>–</u>
Cumulative gap	<u>22,241,946</u>	<u>22,450,007</u>	<u>22,453,812</u>	<u>27,491,674</u>	<u>–</u>	<u>–</u>

Notes to the Accounts

35 Derivatives and financial instruments *continued*

Duncan Lawrie's exposure to currency risk is actively monitored and managed by matching the currencies of loans with those of deposits and the net positions at 31st December 2002 were as follows:

	£'000
Euro	14
US Dollar	22
Australian Dollar	(2)
Swedish Kroner	6
Other	(1)
	<u>39</u>

Group – excluding Duncan Lawrie Limited

The maturity profile of the group's financial liabilities, excluding short-term creditors such as trade creditors and accruals, at 31st December was as follows:

	2002 £'000	2001 £'000
Within one year, or on demand	31,028	27,701
Between 1 – 2 years	8,970	9,674
Between 2 – 5 years	21,663	23,126
After 5 years	7,414	6,787
	<u>69,075</u>	<u>67,288</u>

At 31st December 2002 the group had undrawn committed facilities of £28,150,000 (2001 – £28,687,000), all of which are due to be reviewed within one year.

Fair values

Set out below is a comparison by category of book values of the group's financial assets and liabilities, excluding short term debtors and creditors, as at 31st December 2002.

	<i>Net carrying amount</i> £'000	<i>Estimated fair value</i> £'000
Primary financial instruments:		
Borrowings due within one year, including overdrafts	(31,028)	(30,720)
Borrowings due after one year	(36,688)	(36,691)
Cash at banks and in hand	10,299	10,299
Investments – excluding associated undertakings	21,291	30,388
Other:		
Other financial liabilities	(1,359)	(1,359)
Other financial assets	1,701	1,701

Notes to the Accounts

35 Derivatives and financial instruments *continued*

Interest rate risk

The currency and interest rate exposure of the financial assets and liabilities of the group as at 31st December 2002 was:

Financial assets

Currency	Floating rate financial assets £'000	Fixed rate financial assets £'000	<i>Fixed rate financial assets</i>		
			Total £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Months
Sterling	1,482	20	1,502	4.4	3.0
US Dollar	2,809	1,778	4,587	1.0	1.0
Kenya Shilling	900	–	900	–	–
Indian Rupee	701	773	1,474	9.6	12.0
Malawi Kwacha	403	–	403	–	–
Bangladesh Taka	140	1,235	1,375	8.3	7.7
Australian Dollar	1,345	–	1,345	–	–
Euro	65	–	65	–	–
Chilean Peso	55	–	55	–	–
Brazilian Real	4	–	4	–	–
Swiss Franc	9	–	9	–	–
South African Rand	276	–	276	–	–
Other	5	–	5	–	–
	<u>8,194</u>	<u>3,806</u>	<u>12,000</u>		

Financial liabilities

Currency	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	<i>Fixed rate financial liabilities</i>		
			Total £'000	Weighted average interest rate %	Weighted average period for which rate is fixed Months
Sterling	32,898	–	32,898	–	–
US Dollar	3,241	–	3,241	–	–
Kenya Shilling	4,923	–	4,923	–	–
Indian Rupee	145	3,570	3,715	9.0	3.7
Bangladesh Taka	–	9,287	9,287	10.5	13.6
South African Rand	2,303	–	2,303	–	–
Australian Dollar	3,828	–	3,828	–	–
Euro	1,085	–	1,085	–	–
Swiss Franc	7,790	–	7,790	–	–
Other	5	–	5	–	–
	<u>56,218</u>	<u>12,857</u>	<u>69,075</u>		

The benchmark for determining rates of interest on financial assets and liabilities are mainly bank base and six month inter bank rates.

Notes to the Accounts

35 Derivatives and financial instruments *continued*

Currency risk

The table below shows the group's currency exposures being those monetary assets and liabilities that are not denominated in the operating or the functional currency of the operating unit involved.

	<i>Sterling</i>	<i>US Dollar</i>	<i>Malawi</i>	<i>Other</i>
	£'000	£'000	Kwacha £'000	£'000
Functional currency of group operation:				
Sterling	–	776	–	(104)
US Dollar	68	–	(622)	–
Kenya Shilling	184	(156)	–	–
Indian Rupee	–	1	–	–
Bangladesh Taka	21	822	–	–
South African Rand	273	1,479	–	118
Chilean Peso	–	(1,774)	–	–

The group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency.

Notes to the Accounts

36 Principal subsidiary and associated undertakings

Listed below are the principal subsidiaries at 31st December 2002. Except where otherwise stated, all the subsidiaries were registered in England.

	<i>Class of capital</i>	<i>% held</i>	<i>Principal country of operation</i>
Agriculture and horticulture			
Amgoorie India Ltd. (Incorporated in India)	Equity Shares	{ 52 34†	India
Bonathaba Farms (Pty) Ltd. (Incorporated in South Africa)	Ordinary Shares	100*	South Africa
Die Baken Farms (Pty) Ltd. (Incorporated in South Africa)	Ordinary Shares	100*	South Africa
E. P. Lawrie Agropecuaria e Participacoes Ltda. (Incorporated in Brazil)	Quotas	{ 50 50*	Brazil
Eastern Produce Kenya Ltd. (Incorporated in Kenya)	Ordinary Shares	78*	Kenya
Eastern Produce Malawi Ltd. (Incorporated in Malawi)	Ordinary Shares	70*	Malawi
Goodricke Group Ltd. (Incorporated in India)	Equity Shares	{ 74 10†	India
Hacienda Chada S.A. (Incorporated in Chile)	Ordinary Shares	100*	Chile
Horizon Farms (a United States of America general partnership)	Partners' Capital	80*	U.S.A.
Kakuzi Ltd. (Incorporated in Kenya)	Stock Units	50.7*	Kenya
Koomber Tea Company Ltd. (Incorporated in India)	Equity Shares	{ 51 34†	India
Longbourne Holdings Ltd.	Ordinary Shares	100	Bangladesh
Sapekoe (Pty) Ltd.	Ordinary Shares	70*	South Africa
Stewart Holl (India) Ltd. (Incorporated in India)	Equity Shares	{ 74 18†	India
SWF Citrus Inc. (Incorporated in U.S.A.)	Ordinary Stock	100*	U.S.A.
Tiru Tea Company Ltd. (Incorporated in India)	Equity Shares	100†	India
Yandilla Park Ltd. (Incorporated in Australia)	"A" & "B" Ordinary Shares Redeemable Participating Preference Shares	88.7** 100*	Australia
Food storage and distribution			
Affish BV (Incorporated in Holland)	Ordinary Shares	100*	Holland
Associated Cold Stores & Transport Ltd.	Ordinary Shares	100*	U.K.
W G White Ltd.	Ordinary Shares	100*	U.K.
Wylax International BV (Incorporated in Holland)	Ordinary Shares Preference Shares	100* 100*	Holland
Trading and agency			
British Traders & Shippers Ltd.	Ordinary Shares	74.9*	U.K.
Lawrie Plantation Services Ltd.	Ordinary Shares	100	U.K.

Notes to the Accounts

36 Principal subsidiary and associated undertakings *continued*

	<i>Class of capital</i>	<i>% held</i>	<i>Principal country of operation</i>
Engineering			
AJT Engineering Ltd. (Registered in Scotland)	Ordinary Shares	100*	U.K.
Unochrome Industries Ltd.	Ordinary Shares	100*	U.K.
Philately			
David Field Ltd.	Shares	100	U.K.
Property			
W.D.G. Properties Ltd.	Ordinary Shares	100	U.K.
Banking and financial services			
Duncan Lawrie Ltd.	Shares	100	U.K.
Duncan Lawrie (IOM) Ltd. (Incorporated in Isle of Man)	Ordinary Shares	100	Isle of Man
Duncan Lawrie Offshore Services Ltd. (Incorporated in Isle of Man)	Ordinary Shares	100	Isle of Man
Investment/holding			
Assam-Dooars Holdings Ltd.	Ordinary Shares	100	U.K.
Associated Fisheries Ltd.	Ordinary Shares	100*	U.K.
Bordure Ltd.	Ordinary Shares	100*	U.K.
East African Coffee Plantations Ltd. (Incorporated in Australia)	Ordinary Shares	70.5*	Australia
Lawrie (Bermuda) Ltd. (Incorporated in Bermuda)	Shares	100	Bermuda
Lawrie Group Plc	Ordinary Shares	100	U.K.
Lawrie International Ltd. (Incorporated in Bermuda)	Shares	100	Bermuda
Linton Park Plc	Ordinary Shares	79.13	U.K.
Sterling Industrial Securities Ltd.	Ordinary Shares	100	U.K.
Walter Duncan & Goodricke Ltd.	Shares	100	U.K.
Western Dooars Tea Holdings Ltd.	Ordinary Shares	100	U.K.
Associated undertakings			
Listed below are the principal associated undertakings at 31st December 2002.			
Pharmaceutical			
Siegfried AG (Incorporated in Switzerland)	Registered Shares	32.3*	Switzerland
Other			
United Insurance Company Ltd. (Incorporated in Bangladesh)	Ordinary Shares	31.9	Bangladesh
United Leasing Company Ltd. (Incorporated in Bangladesh)	Ordinary Shares	48.9	Bangladesh

† Indicates held by Indian subsidiaries of Camellia Plc

* Indicates held by Linton Park Plc

** Indicates held by East African Coffee Plantations Ltd.

Notes to the Accounts

37 Control of Camellia Plc

Camellia Holding AG held 1,420,000 ordinary shares of Camellia Plc (representing 53.81 per cent of the issued share capital). Camellia Holding AG is owned by Camellia Private Trust Company Ltd (a corporate trustee incorporated in Bermuda to hold on trust the investments of the Camellia Foundation). The Camellia Foundation is a Bermudian Trust, controlled by Mr. Gordon Fox, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the Trustees.

In relation to Linton Park Plc:

- Camellia Holding AG holds 50,000 ordinary shares of 50p each in Linton Park Plc (representing 0.26 per cent of the issued share capital);
- Lawrie Group Plc (being a wholly-owned subsidiary of Camellia Plc) holds 15,064,999 ordinary shares of 50p each in Linton Park Plc (representing 79.13 per cent of the issued share capital); and
- Jetinga Holding Inc. (which is 50 per cent owned by International Factors Corporation, a company which is 80 per cent owned by Mr. Gordon Fox) holds 50,000 ordinary shares of 50p each in Linton Park Plc (representing 0.26 per cent of the issued share capital).

The activities of Camellia Plc and its group (the “Camellia Group”) are conducted independently of the Foundation and none of the directors of Camellia Plc is currently connected with the Foundation, other than Mr. P.A. Leggatt who is one of the Trustees. While the Foundation maintains its rights as a shareholder, it has not participated in, and has confirmed to the Board of Camellia Plc that it has no intention of participating in, the day-to-day running of the business of the Camellia Group. The Foundation has also confirmed its agreement that where any director of Camellia Plc is for the time being connected with the Foundation, he should not exercise any voting rights as a director of Camellia Plc in relation to any matter concerning the Camellia Group’s shareholding in Siegfried AG or any other assets in which the Foundation also has a material interest otherwise than through Camellia Plc. Since the Foundation is a non-trading entity, no other transactions or relationships between the Camellia Group and the Foundation are envisaged, but the Board of Camellia Plc will not in any event conduct any transaction or relationship with the Foundation other than on an arm’s length and normal commercial basis.

Auditors' Report

Independent Auditors' Report to the Shareholders of Camellia Plc

We have audited the financial statements of Camellia Plc for the year ended 31st December 2002 set out on pages 18 to 56. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 23 and 24. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Report of the Directors, the unaudited part of the Directors' Remuneration Report, the Corporate Governance Statement and the Summary of Results. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Auditors' Report

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December 2002 and of the Group's profit for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane,
London EC4P 4BN

24th April 2003

MOORE STEPHENS
Chartered Accountants
and Registered Auditors

Form of Proxy

I/We.....(BLOCK LETTERS)

of.....

being (a) member(s) of Camellia Plc, hereby appoint the Chairman of the Meeting*

.....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 29th May 2003 and at any adjournment thereof. I/We direct the proxy to vote in respect of the Resolutions to be proposed at the meeting as indicated below.

No.	Resolutions	For	Against
1	To receive the directors' report and the statement of accounts for 2002		
2	To approve the directors' remuneration report		
3	To declare a final dividend		
4a	To re-elect Mr. M. C. Perkins as a director		
4b	To re-elect Mr. P. A. Leggatt as a director		
4c	To re-elect Mr. A. K. Mathur as a director		
4d	To re-elect Mr. D. A. Reeves as a director		
4e	To re-elect Mr. A. S. M. O. Subhan as a director		
4f	To re-elect Mr. C. P. T. Vaughan-Johnson as a director		
5	To re-appoint the auditors and authorise the directors to agree their remuneration		
6	To authorise the Company to make market purchases of its own ordinary shares		

Dated thisday of.....2003 Signed.....

NOTES

1. Please indicate with an X in the appropriate spaces above how you wish your votes to be cast. If this form is returned signed, but without such an indication having been given, your proxy will vote or abstain at his or her discretion.
2. In the case of joint holders the vote of the first-named holder on the Register of Members who tenders a vote (whether voting in person or by proxy) will be accepted to the exclusion of the votes of other joint holders.
3. If the appointer is a corporation this proxy should be either under seal or under the hand of an officer or attorney duly authorised in that behalf.
4. To be effective this form must be completed and returned not later than forty-eight hours before the time fixed for the meeting.

* If you wish to appoint a proxy of your own choice you should delete the words "the Chairman of the Meeting" and insert the name of the person so appointed.



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**Capita IRG Plc,
Camellia Plc,
The Registry,
34 Beckenham Road,
Beckenham,
Kent BR3 4BR**

First Fold

Third Fold (Tuck in)