

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. Part II of this document contains an explanatory statement in compliance with section 426 of the Act. If the Proposal set out in this document is implemented it will result in the cancellation of trading in Linton Park Shares on AIM. If you are in any doubt about the action to be taken, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000, if you are in the United Kingdom or, if not, from another appropriately authorised independent professional adviser.

If you have sold or otherwise transferred all of your Linton Park Shares, please forward this Scheme Document and the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. **However, such documents should not be forwarded, transmitted or distributed in or into Australia, Canada, Japan, the Republic of Ireland, South Africa or the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations.** If you have sold or otherwise transferred only part of your holding of Linton Park Shares, you should retain these documents.

Teather & Greenwood Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Linton Park and for no one else in relation to the Proposal and will not be responsible to anyone other than Linton Park for providing the protections afforded to clients of Teather & Greenwood Limited or for giving advice in relation to the Proposal, the contents of this Scheme Document or any other arrangement or matter referred to herein.

KPMG Corporate Finance, a division of KPMG LLP which is authorised and regulated in the United Kingdom by the Financial Services Authority for investment business activities, is acting exclusively as financial adviser for Camellia in relation to the Proposal and is not acting for any other person in relation to such Proposal and will not be responsible to anyone other than Camellia for advice in relation to the contents of this Scheme Document, or the Proposal or any arrangement referred to herein.

Recommended proposal for
Linton Park Plc
to become a wholly-owned subsidiary of
Camellia Plc
to be implemented by means of a
Scheme of Arrangement
under section 425 of the Companies Act 1985

A letter from the Independent Directors of Linton Park recommending that Independent Shareholders vote in favour of the Proposal at the Court Meeting appears in Part I of this document. An explanatory statement from Teather & Greenwood explaining the Proposal appears in Part II of this document.

A notice convening the Court Meeting, which is scheduled to be held at The Goring Hotel, Beeston Place, Grosvenor Gardens, London SW1W 0JW, at 10.00 a.m. on 31 October 2005 is set out in Part VIII of this document.

A summary of the action to be taken is set out on page 2 of this document. Whether or not you intend to be present at the Court Meeting, the Form of Proxy accompanying this document should be returned as soon as possible in accordance with the instructions printed thereon by post or by hand to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so that it is received not less than 48 hours before the time appointed for the Court Meeting or any adjournment thereof. If the Form of Proxy is not lodged by then it may be handed to the Chairman of the Court Meeting at that meeting before the taking of the poll to be carried out at the Court Meeting. The completion and return of the Form of Proxy will not prevent you from attending and voting in person at the Court Meeting if you should wish to do so.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documents have been prepared for the purposes of complying with English law, the Code and the applicable rules and regulations of the UKLA and the London Stock Exchange (including those applicable to AIM) and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.

The Proposal will not be made, directly or indirectly, in, into or from Australia, Canada, Japan, the Republic of Ireland, South Africa or the United States. Accordingly, this Scheme Document or accompanying documents (or any copy thereof) is not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from Australia, Canada, Japan, the Republic of Ireland, South Africa or the United States. All Linton Park Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this Scheme Document and accompanying documents to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. Neither the United States Securities and Exchange Commission nor any State Securities Commission has reviewed, approved or disapproved of the Scheme or the Proposal described herein.

The New Camellia Shares to be issued pursuant to the Proposal have not been and will not be registered under the United States Securities Act of 1933 (as amended). Furthermore, the New Camellia Shares have not been and will not be registered under any of the relevant securities laws of Australia, Canada, Japan, the Republic of Ireland or South Africa. Accordingly the New Camellia Shares may not be offered, sold, resold or delivered directly or indirectly in or into Australia, Canada, Japan, the Republic of Ireland, South Africa or the United States or any jurisdiction in which to do so is unlawful (except in compliance with applicable legislation).

IMPORTANT

ACTION TO BE TAKEN

MEETING

Linton Park Shareholders, other than Camellia, will be entitled to vote at the Court Meeting to be held at The Goring Hotel, Beeston Place, Grosvenor Gardens, London SW1W 0JW on 31 October 2005 at 10.00 a.m. Camellia Holding AG would be entitled to vote at the Court Meeting but has consented not to vote.

ADDITIONAL DOCUMENTS

You will find enclosed with this document a Form of Proxy for use in respect of the Court Meeting on 31 October 2005 (or any adjournment thereof).

TO VOTE ON THE PROPOSAL

Whether or not you plan to attend the Court Meeting, please complete and sign the Form of Proxy accompanying this document in accordance with the instructions printed thereon and return it to the Company's Registrar, Capita Registrars, as soon as possible but in any event so as to be received by post or, during normal business hours, by hand by 10.00 a.m. on 29 October 2005.

If the Form of Proxy is not lodged by then, it may be handed to the Chairman of the Court Meeting at that meeting before the taking of the poll to be carried out at the Court Meeting.

The completion and return of a Form of Proxy will not prevent you from attending and voting at the Court Meeting (or any adjournment thereof) in person if you should wish to do so.

IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST AT THE COURT MEETING (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF SCHEME SHAREHOLDER OPINION.

YOU ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORM OF PROXY AS SOON AS POSSIBLE.

If you have any questions on how to complete and return the Form of Proxy, please telephone Capita Registrars on 0870 162 3121 or, if calling from outside the United Kingdom, on +44 20 8639 2157 between 9.00 a.m. and 5.00 p.m. Monday to Friday. Please note that calls to the helpline may be monitored and/or recorded and no advice on the Proposal can be given.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>Date</i>
Latest time and date for lodging the Form of Proxy for the Court Meeting	10.00 a.m. on 29 October 2005 ⁽¹⁾
Voting Record Time	6.00 p.m. on 29 October 2005
Court Meeting	10.00 a.m. on 31 October 2005
Camellia EGM	10.30 a.m. on 31 October 2005
Hearing Record Time	6.00 p.m. on 11 November 2005
Hearing (to sanction the Scheme)	14 November 2005
Last day of dealings in Linton Park Shares	16 November 2005 ⁽²⁾
Record Date	16 November 2005 ⁽²⁾
Effective Date of the Scheme	17 November 2005 ⁽²⁾
Admission and first dealing date of New Camellia Shares	17 November 2005 ⁽²⁾
Latest date for:	1 December 2005 ⁽²⁾
(i) despatch of cheques or making of CREST payments in respect of the Cash Consideration;	
(ii) despatch of definitive share certificates in respect of New Camellia Shares to be issued in certificated form; and	
(iii) crediting of CREST accounts in respect of New Camellia Shares to be issued in uncertificated form	

All references in this document to times are to times in the United Kingdom

(1) It is requested that the Form of Proxy be lodged at least 48 hours prior to the time appointed for the Court Meeting, although Forms of Proxy not so lodged may be handed to the Chairman of the Court Meeting before the taking of the poll to be carried out at that meeting and will still be valid.

(2) These dates will depend, *inter alia*, on the date on which the Court sanctions the Scheme.

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PART I
**LETTER OF RECOMMENDATION FROM THE INDEPENDENT
DIRECTORS OF LINTON PARK**



(Registered in England No: 586304)

Independent Directors:
T G Lupton (*Director of Agriculture*)
B A Siegfried (*Non-executive Director*)

Registered Office:
Linton Park
Linton
Near Maidstone
Kent
ME17 4AB

A list of all the current directors of Linton Park is set out in paragraph 1(d) of Part VII of this Document

29 September 2005

To Linton Park Shareholders

Dear Shareholder,

Recommended proposal for Linton Park Plc to become a wholly-owned subsidiary of Camellia Plc

1. Introduction

On 7 June 2005, your Board and the Camellia Board announced that they were engaged in preliminary discussions regarding a possible merger of the two companies and that it was intended that this merger would be effected by Camellia acquiring the remaining issued share capital of Linton Park not already owned by Camellia.

Further to that announcement, it was announced on 28 September 2005 that an agreement had been reached between the Camellia Board and the Independent Directors on the terms of a recommended proposal for Linton Park to become a wholly-owned subsidiary of Camellia by way of the acquisition by Camellia of the remaining approximately 20.84 per cent. of the issued shares in Linton Park which it does not already own. This Proposal is to be implemented by way of a scheme of arrangement under section 425 of the Act. The Scheme requires the approval of the requisite majority of Scheme Shareholders and the sanction of the Court.

I am writing to you on behalf of the Independent Directors to explain the background to the Proposal and the reasons why the Independent Directors consider the Proposal to be fair and reasonable and, accordingly, unanimously recommend Independent Shareholders to vote in favour of the resolution to be proposed at the Court Meeting.

2. Responsibility for considering the Proposal

Certain Linton Park Directors are, by virtue of being directors of Camellia as well as of Linton Park, precluded from giving advice to the Independent Shareholders on the terms of the Proposal and on the appropriate course of action for them to take. Consequently, the Independent Directors have taken responsibility for considering the Proposal on behalf of the Independent Shareholders.

3. Linton Park Shareholders

Camellia, which holds 15,069,999 Linton Park Shares (representing approximately 79.16 per cent. of the issued Linton Park Shares), will not be entitled to vote at the Court Meeting. Camellia will undertake to the Court to be bound by the Scheme in respect of its holding of Linton Park Shares.

Camellia Holding AG, which holds 75,000 Linton Park Shares (representing approximately 0.39 per cent. of the issued Linton Park Shares) would be entitled to vote at the Court Meeting but has agreed not to vote. Camellia Holding AG owns approximately 54.76 per cent. of the current issued

share capital of Camellia and it is on account of this controlling shareholding in Camellia that it is considered inappropriate for Camellia Holding AG to vote at the Court Meeting. Camellia Holding AG will, however, if the Proposal receives the necessary approvals, receive the same consideration on the same terms as the Independent Shareholders. Further details regarding Camellia Holding AG and its relationship with Camellia are set out in Note 33 to the financial information on Camellia contained in Part A of Part VI of this document.

4. The Proposal

Under the Proposal, which is subject to the conditions set out in Part IV of this document, Scheme Shareholders will receive the following consideration:

for every 16 Scheme Shares 1 New Camellia Share and 800 pence in cash

and so on in proportion for any greater or lesser number of Scheme Shares held.

Based on the Closing Price of 6,725 pence per Camellia Share on 27 September 2005, being the last Business Day prior to the announcement of the Scheme, the Proposal values the existing issued share capital of Linton Park at approximately £89.5 million. The Proposal represents a premium of approximately:

- 6.9 per cent. to the Closing Price of 440 pence per Linton Park Share on 27 September 2005, the last Business Day prior to the announcement of the Scheme; and
- 4.2 per cent. to the Closing Prices of Linton Park Shares and Camellia Shares on 6 June 2005, being the last Business Day prior to the announcement by Linton Park on 7 June 2005 of a possible merger with Camellia.

Fractional entitlements to New Camellia Shares will not be allotted or issued to Scheme Shareholders, but will be paid in cash *pro rata* to the persons entitled thereto. The cash amount for the fractional entitlements will be calculated on the basis of the Closing Price of Camellia Shares on the Effective Date.

Upon the Scheme becoming effective, the Scheme Shares will be transferred to Camellia free of all liens, charges and encumbrances together with all rights as at the Effective Date or thereafter attaching thereto including the right to receive and retain all dividends and other distributions declared, paid or made after the Effective Date save that the Scheme Shareholders will remain entitled to receive the Linton Park interim dividend of 1.00 pence per Linton Park Share (which will be paid on 7 November 2005 to all Linton Park Shareholders on the register of members on 14 October 2005).

The New Camellia Shares will be issued credited as fully paid, on identical terms to and will rank *pari passu* with the existing issued Camellia Shares, including the right to receive and retain all dividends and other distributions declared, paid or made after the Scheme becomes effective including, for the avoidance of doubt, the right to receive Camellia's final dividend in respect of the year ending 31 December 2005 but excluding the interim dividend for that year announced on 28 September 2005.

Once the Scheme has been approved by the Court, Scheme Shareholders will not be required to take any further action. If the Scheme becomes effective, it will be binding on all holders of Scheme Shares including those holders who did not vote to approve the Scheme.

Upon the Scheme becoming effective in accordance with its terms, Camellia will issue up to 248,011 New Camellia Shares to the Scheme Shareholders on the register of members on the Record Date, representing up to approximately 8.72 per cent. of the enlarged issued share capital of Camellia.

5. Background to and reasons for the Proposal

Having been listed on the Official List of the London Stock Exchange, Linton Park moved its listing to AIM on 18 November 1998.

The Company has been closely associated with Camellia since Walter Duncan & Goodricke Limited, an indirect subsidiary of Camellia, acquired a stake in the Company in 1976. The Camellia Group subsequently acquired further shares in the Company and it gained control of the Company having increased its shareholding to in excess of 50 per cent. of the issued share capital by 1993. The Company has been treated as a subsidiary of Camellia for some time, both in an accounting sense and in practical terms with a number of key functions being shared between the Camellia Group and the Linton Park Group.

The relationship between the Camellia Group and the Linton Park Group has now reached a stage where there is a commercial rationale to merge the two. Against this background, the Camellia Board approached the Linton Park Board with the Proposal to effect such a merger by means of the Scheme.

Given that a number of Linton Park Directors are also directors of Camellia or certain of its subsidiaries, a committee of Independent Directors was formed, comprising Tom Lupton and Dr Bernard Siegfried, to consider the Proposal.

In considering the Proposal, and the value that the Proposal places on Linton Park Shares, the Independent Directors have considered a number of factors including, *inter alia*, the following:

- The Proposal offers Scheme Shareholders both the short term certainty of an immediate cash payment as well as the opportunity to retain a continued interest in the Enlarged Group going forward, including a share of the cost savings, if any, that may arise from the merger;
- In addition to receiving the Cash Consideration, Linton Park Shareholders will also be entitled to retain the interim dividend of 1.00 pence per Linton Park Share announced on 28 September 2005;
- The Scheme Shareholders will become shareholders in the Enlarged Group. That Enlarged Group has access to a more diversified income stream and a broader asset base than that available to Linton Park. Linton Park's business and assets are largely in the agricultural and horticultural sectors, the income from which is subject to inherent uncertainties. In addition to these sectors, Camellia also has substantial interests in the banking sector and a range of diverse investments listed on the Bermuda Stock Exchange. Scheme Shareholders will, accordingly, through their shareholding in the Enlarged Group hold an interest in a group with a more diversified risk profile than that of the Linton Park Group;
- Dividend payments by Linton Park have fallen year on year for three out of the last five years, compared to consistent annual increases in dividend payments by Camellia over the same period. There is, however, no guarantee that the level of Camellia's dividend payments will continue to increase or even be maintained at current levels;
- Whilst past performance is not necessarily an indicator of future performance, the Camellia share price has outperformed that of Linton Park by approximately 62 per cent. over the last two years;
- As at 6 June 2005, the day before the merger talks were announced, the Proposal valued each Linton Park Share at approximately 453 pence, a premium of approximately 4.2 per cent. to the Closing Price of Linton Park Shares on that day. In considering the level of this premium the Independent Directors have taken into account that the Proposal does not represent an offer for a controlling stake in Linton Park; and
- Camellia has confirmed that the Proposal is final and will not be increased.

The Independent Directors have also had regard to the opinions expressed by Independent Shareholders since the merger talks were announced.

In light of these factors, the Independent Directors consider that Independent Shareholders' interests are best served by them being afforded the opportunity to vote on the Proposal, which offers both the certainty of a partial cash exit and the opportunity to move their shareholding from that of a subsidiary whose shares are admitted to AIM to that of the parent company with a broader income stream and asset base, whose shares are listed on the Official List, at a ratio that the Independent Directors believe represents a fair and reasonable value.

The Independent Directors, accordingly, recommend unanimously that Independent Shareholders vote in favour of the Proposal.

6. Current trading

Linton Park Shareholders are referred to the interim results of Linton Park and Camellia for the six months ended 30 June 2005 announced on 28 September 2005, which have been replicated in full in Part B of Parts V and VI, respectively, of this document.

7. Directors, management and employees

Camellia has confirmed that, if the Scheme becomes effective, the existing employment rights, including pension rights, of all employees of Linton Park will be fully safeguarded.

8. United Kingdom taxation

The attention of Linton Park Shareholders is drawn to paragraph 14 in Part II of this document headed "United Kingdom taxation". If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult with your independent professional adviser immediately.

9. Action to be taken

In order for the Proposal to be implemented, the Scheme must be approved by Scheme Shareholders at the Court Meeting to be held at The Goring Hotel, Beeston Place, Grosvenor Gardens, London SW1W 0JW on 31 October 2005 at 10.00 a.m. At that Court Meeting the approval of a majority in number of those Scheme Shareholders voting, representing at least 75 per cent. in nominal value of the Linton Park Shares voted, either in person or by proxy, will be required. Once the necessary approval has been obtained, the Scheme will become effective upon sanction by the Court and delivery of the Court Order to the Registrar of Companies for registration. **If the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether or how they voted. Details of the conditions to the implementation of the Proposal and the Scheme are set out in Part IV of this document.**

You will find enclosed with this document a Form of Proxy for use in respect of the Court Meeting.

Whether or not you plan to attend the Court Meeting, please complete and sign the Form of Proxy accompanying this document in accordance with the instructions printed thereon and return it to the Company's Registrars, Capita Registrars, as soon as possible but, in any event, so as to be received by post or, during normal business hours, by hand by 10.00 a.m. on 29 October 2005.

If the Form of Proxy is not lodged by then, it may be handed to the Chairman of the Court Meeting at that meeting before the taking of the poll to be carried out at the Court Meeting.

The completion and return of a Form of Proxy will not prevent you from attending and voting at the Court Meeting (or any adjournment thereof) in person if you wish to do so.

It is important that as many votes as possible are cast at the Court Meeting (whether in person or by proxy) so that the Court can be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Form of Proxy as soon as possible.

If you have any questions on how to complete and return the Form of Proxy please telephone Capita Registrars on 0870 162 3121 (or from outside the United Kingdom +44 20 8639 2157) between 9.00 a.m. and 5.00 p.m. Monday to Friday. Please note that calls to these numbers may be monitored and/or recorded and no advice on the Proposal can be given.

Overseas Scheme Shareholders should refer to paragraph 15 in Part II of this document.

10. Further information

Your attention is drawn to the Explanatory Statement in Part II of this document, which gives further details about the Proposal.

Your attention is also drawn to the financial information on Linton Park in Part V of this document and to the financial information on Camellia in Part VI of this document.

11. Recommendation

The Independent Directors of Linton Park, who have been so advised by Teather & Greenwood, consider the Proposal to be fair and reasonable. In providing advice to the Independent Directors of Linton Park, Teather & Greenwood has taken into account the commercial assessments of the Independent Directors.

Accordingly, the Independent Directors of Linton Park unanimously recommend that Independent Shareholders vote in favour of the Proposal, as they intend to do in respect of their entire beneficial holdings of 5,000 Linton Park Shares representing, in aggregate, approximately 0.03 per cent. of the issued share capital of Linton Park.

Yours faithfully,

For and on behalf of the Independent Directors

T G Lupton
Independent Director

PART II

EXPLANATORY STATEMENT

(in compliance with section 426 of the Companies Act)



Teather & Greenwood Limited
Beaufort House
15 St. Botolph Street
London EC3A 7QR

Tel: (020) 7426 9000
Fax: (020) 7247 0075
DX 132300
FINSBURY SQUARE, LONDON

29 September 2005

To Linton Park Shareholders

Dear Shareholder,

Recommended Proposal for Linton Park Plc to become a wholly-owned subsidiary of Camellia Plc

1. Introduction

On 7 June 2005, your Board and the Camellia Board announced that they were engaged in preliminary discussions regarding a possible merger of the two companies and that it was intended that this merger would be effected by Camellia acquiring the remaining issued share capital of Linton Park not already owned by Camellia.

Further to that announcement, it was announced on 28 September 2005 that an agreement had been reached between the Camellia Board and the Independent Directors on the terms of a recommended proposal for Linton Park to become a wholly-owned subsidiary of Camellia by way of the acquisition by Camellia of the remaining approximately 20.84 per cent. of the issued shares in Linton Park which it does not already own. This Proposal is to be implemented by way of a scheme of arrangement under section 425 of the Act. The Scheme requires the approval of Independent Shareholders and the sanction of the Court.

Your attention is drawn to the letter of recommendation from the Independent Directors of Linton Park in Part I of this document, which is incorporated in, and forms part of, this Explanatory Statement. The letter of recommendation contains, *inter alia*, the unanimous recommendation by the Independent Directors to the Independent Shareholders to vote in favour of the Proposal.

The Independent Directors, who have been so advised by Teather & Greenwood, consider the Proposal to be fair and reasonable. In providing advice to the Independent Directors, Teather & Greenwood has taken into account the Independent Directors' commercial assessments.

In providing its advice, Teather & Greenwood is advising the Independent Directors in relation to the Proposal and is not acting for any of the Independent Directors in their personal capacities nor for any Linton Park Shareholders in relation to the Proposal. Teather & Greenwood will not be responsible to any such person for providing the protections afforded to its clients or for advising any such person in relation to the Proposal. In particular, Teather & Greenwood will not owe any duties or responsibilities to any particular Linton Park Shareholder concerning the Proposal.

This letter sets out and explains the terms of the Proposal. The Proposal is to be implemented by way of a scheme of arrangement and the Scheme is set out in full in Part III of this document. Your attention is also drawn to "Conditions to the implementation of the Proposal and the Scheme" set out in Part IV of this document, "Financial Information on Linton Park" set out in Part V of this document, "Financial Information on Camellia" set out in Part VI of this document and the "Additional Information" set out in Part VII of this document.

2. Summary of the terms of the Proposal

Under the Proposal, which is subject to the conditions set out in Part IV of this document, Scheme Shareholders will receive the following consideration:

for every 16 Scheme Shares 1 New Camellia Share and 800 pence in cash

and so on in proportion for any greater or lesser number of Scheme Shares held.

Based on the Closing Price of 6,725 pence per Camellia Share on 27 September 2005, being the last Business Day prior to the announcement of the Scheme, the Proposal values the existing issued share capital of Linton Park at approximately £89.5 million. The Proposal represents a premium of approximately:

- 6.9 per cent. to the Closing Price of 440 pence per Linton Park Share on 27 September 2005, the last Business Day prior to the announcement of the Scheme; and
- 4.2 per cent. to the Closing Prices of Linton Park Shares and Camellia Shares on 6 June 2005, being the last Business Day prior to the announcement by Linton Park on 7 June 2005 of a possible merger with Camellia.

Fractional entitlements to New Camellia Shares will not be allotted or issued to Scheme Shareholders, but will be paid in cash *pro rata* to the persons entitled thereto. The cash amount for the fractional entitlements will be calculated on the basis of the Closing Price of Camellia Shares on the Effective Date.

Upon the Scheme becoming effective, the Scheme Shares will be transferred to Camellia free of all liens, charges and encumbrances together with all rights at the Effective Date or thereafter attaching thereto including the right to receive and retain all dividends and other distributions declared paid or made after the Effective Date save that the Scheme Shareholders will remain entitled to receive the interim dividend of 1.00 pence per Linton Park Share (which will be paid on 7 November 2005 to all Linton Park Shareholders on the register of members on 14 October 2005).

The New Camellia Shares will be issued credited as fully paid, on identical terms to and will rank *pari passu* with the existing issued Camellia Shares, including the right to receive and retain all dividends and other distributions declared paid or made after the Scheme becomes effective including, for the avoidance of doubt, the right to receive Camellia's final dividend in respect of the year ending 31 December 2005 but excluding the interim dividend for that year announced on 28 September 2005.

Once the Scheme has been approved by the Court, Scheme Shareholders will not be required to take any further action. If the Scheme becomes effective it will be binding on all holders of Scheme Shares, including those holders who did not vote to approve the Scheme.

The Scheme contains a provision for Linton Park and Camellia jointly to consent on behalf of all concerned at the Court Hearing to modifications of, or additions to, the Scheme or to any condition which the Court may think fit to approve or impose. The conditions of the Scheme and the circumstances in which it will become effective are described in paragraph 7 of this Part II and in Parts III and IV of this document. The Scheme is set out in full on pages 18 to 22 of this document.

Upon the Scheme becoming effective in accordance with its terms, Camellia will issue up to 248,011 New Camellia Shares to the Scheme Shareholders on the register of members on the Record Date representing up to approximately 8.72 per cent. of the enlarged issued share capital of Camellia.

The Cash Consideration payable under the Proposal is to be provided from Camellia's existing cash resources.

3. Financial effect of the Scheme on Scheme Shareholders

The following table shows, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects of the Proposal on the capital value and gross income for a holder of 16 Scheme Shares if the Scheme becomes effective.

	Notes	Based on Closing Price of Linton Park Shares on:	
		6 June 2005	27 September 2005
(a) Capital Value			
Value of 1 New Camellia Share to be issued for 16 Scheme Shares	(i)	6,450p	6,725p
Cash Consideration for 16 Scheme Shares		800p	800p
Total capital value		7,250p	7,525p
Value of 16 Linton Park Shares	(ii)	6,960p	7,040p
Increase in capital value		290p	485p
<i>This represents an increase of approximately</i>		4.2 per cent.	6.9 per cent.
(b) Gross Income			
Gross income from Cash Consideration	(iii)	34p	34p
Gross income from 1 New Camellia Share	(iv)	88p	88p
Total gross income		122p	122p
Gross income from 16 Linton Park Shares	(v)	80p	80p
Increase in gross income		42p	42p
<i>This represents an increase of approximately</i>		52.5 per cent.	52.5 per cent.

- (i) Based on the Closing Price of £64.50 per Camellia Share on 6 June 2005 (the last Business Day before the announcement of preliminary discussions between the Boards of Linton Park and Camellia) and of £67.25 per Camellia Share on 27 September 2005 (the last Business Day before the announcement of the Scheme).
- (ii) Based on the Closing Price of 435.00p per Linton Park Share on 6 June 2005 (the last Business Day before the announcement of preliminary discussions between the Boards of Linton Park and Camellia) and of 440.00p per Linton Park Share on 27 September 2005 (the last Business Day before the announcement of the Scheme).
- (iii) The gross income from Cash Consideration is calculated on the assumption that the cash is reinvested to yield approximately 4.25 per cent. per annum, being the gross redemption yield on UK Government securities with maturity between 1 and 5 years, as published in the *Financial Times* on 27 September 2005, the last Business Day before the announcement of the Scheme.
- (iv) The gross income from 1 New Camellia Share is based on aggregate dividends of 88.00 pence per New Camellia Share, being the aggregate of the interim and final dividend paid per Camellia Share for the year ended 31 December 2004.
- (v) The gross income from 16 Linton Park Shares is based on aggregate dividends of 5.00 pence per Linton Park Share, being the aggregate of the interim and final dividend paid per Linton Park Share for the year ended 31 December 2004.
- (vi) No account has been taken of any liability to taxation.

4. Information on Linton Park

The Linton Park Group is a diversified international group, the principal activities of which are:

- Agriculture and horticulture – operating tea plantations, as well as producing citrus, grapes, edible nuts, avocados and pineapples and general farming. These operations are located in Kenya, Malawi, South Africa, the US, Brazil and Chile;
- Food storage and distribution – providing food storage and distribution services in the United Kingdom and importing, processing and distributing frozen and fresh seafood in the Netherlands;
- Engineering – machining, fabrication and metal finishing including to the oil and gas industry, through five United Kingdom based subsidiaries; and
- Pharmaceuticals – the Company holds a stake of approximately 32.3 per cent. in Siegfried Holding AG, a Swiss pharmaceuticals company involved in the development and manufacture of active pharmaceutical ingredients and dosage forms as well as herbal based remedies.

Financial information in relation to Linton Park, including the interim results to 30 June 2005, is set out in Part V of this document.

5. Information on Camellia

Camellia owns 15,069,999 Linton Park Shares representing approximately 79.16 per cent. of the issued share capital of Linton Park. Linton Park is already treated and accounted for as a subsidiary of Camellia. In addition to the Linton Park operations and the joint venture with Linton Park in Brazil, the key Camellia operations are:

- Agriculture and horticulture – operating tea plantations in India and tea and rubber plantations in Bangladesh;
- Banking and finance – providing, through Duncan Lawrie Limited, private banking services, investment management, trust and personal financial planning advice. Camellia also owns significant stakes in two Bangladesh-based companies involved in leasing and insurance; and
- Other investments – holding of a portfolio of investments, including diverse and valuable investments listed on the Bermuda Stock Exchange, properties and a holding of manuscripts and philatelic items.

Camellia Holding AG currently owns approximately 54.76 per cent. of the current issued share capital of Camellia. It is expected that immediately following the implementation of the Proposal it will continue to hold in excess of 50 per cent. of the enlarged issued share capital of Camellia.

Financial information in relation to Camellia, including the interim results to 30 June 2005, is set out in Part VI of this document.

6. Court Meeting

The Scheme requires approval by the requisite majority of Scheme Shareholders at the Court Meeting and the subsequent sanction of the Court. As Camellia Holding AG would receive the same consideration on the same terms as the Independent Shareholders, Camellia Holding AG would be entitled to vote at the Court Meeting. Camellia Holding AG has, however, agreed not to vote at the Court Meeting for the reasons set out in paragraph 3 of Part I of this document.

You will find set out at the end of this document a notice of the Court Meeting, which has been convened by order of the Court for the purpose of considering and, if thought fit, approving the Scheme (with or without modification). The Court Meeting will be held at 10.00 a.m. on 31 October 2005 at The Goring Hotel, Beeston Place, Grosvenor Gardens, London SW1W 0JW.

At the Court Meeting, voting will be on a poll whereby Scheme Shareholders, voting in person or by proxy, will be entitled to one vote for each Linton Park Share held. The resolution to be proposed at that Court Meeting will be passed if a majority in number of the Scheme Shareholders, present and voting either in person or by proxy, representing at least 75 per cent. in nominal value of the Linton Park Shares voted, vote in favour of the Scheme.

In order that the Court can be satisfied that votes cast constitute a fair representation of the view of the Scheme Shareholders, it is important that as many votes as possible are cast at the Court Meeting. You are therefore strongly urged to complete and return the Form of Proxy in accordance with the instructions printed thereon, or by post or by hand to Linton Park's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, and in any event by not later than 10.00 a.m. on 29 October 2005, whether or not you intend to attend and vote in person at the Court Meeting. Returning the Form of Proxy will not preclude you from attending and voting in person at the Court Meeting should you wish to do so. If the Form of Proxy is not lodged it may also be handed to the Chairman of the Court Meeting at that meeting before the taking of the poll to be carried out at the Court Meeting.

Upon the Scheme becoming effective, it will be binding on all holders of Scheme Shares, irrespective of whether they attended or voted at the Court Meeting.

Camellia, which holds 15,069,999 Linton Park Shares, will not be entitled to vote at the Court Meeting. Camellia will undertake to the Court to be bound by the Scheme in respect of Linton Park Shares held by it.

7. Conditions of the Scheme

The Proposal is conditional upon the Scheme becoming effective. Implementation of the Scheme is subject to, and conditional upon, *inter alia*:

- approval of the Scheme by a majority in number of the Scheme Shareholders, present and voting either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted at the Court Meeting;
- Camellia shareholders passing the resolution authorising the Camellia Board to allot the New Camellia Shares at the Camellia EGM, the notice of which is contained in the Camellia Circular;
- permission being granted for the New Camellia Shares to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities and such permission not being withdrawn; and
- the Scheme being sanctioned by the Court, with or without modification as provided for in the Scheme, and an office copy of the order of the Court being delivered for registration to the Registrar of Companies in England and Wales not later than 31 January 2006, or such later date as Linton Park and Camellia may agree and the Court may allow.

Further details of the terms and conditions of the Scheme are set out in Parts III and IV of this document.

If the Scheme does not become effective on or before 31 January 2006, or such later date as Linton Park and Camellia may agree and the Court may approve, it will lapse, and the Scheme will not proceed.

8. Irrevocable Undertakings

M C Perkins and T G Lupton have signed irrevocable undertakings to vote in favour of the Scheme at the Court Meeting. The terms of these undertakings are described in paragraph 6(a) of Part VII of this document.

9. Directors' interests

Information relating to Linton Park Directors' and Camellia Directors' interests are set out in paragraphs 3(a) and 3(c) of Part VII of this document.

The effect of the Scheme on the interests of the Linton Park Directors does not differ from its effect on the like interest of any other person.

10. Management and employees

Camellia has confirmed that, if the Scheme becomes effective, the existing employment rights, including pension rights, of all employees of Linton Park will be fully safeguarded.

11. Settlement

Subject to the conditions set out in Part IV of this document being satisfied or waived, it is expected that the Effective Date will be on or about 17 November 2005. The Cash Consideration shall be despatched to Scheme Shareholders as soon as practicable after the Effective Date and in any event not more than 14 days thereafter and Camellia shall as soon as practicable after the Effective Date and in any event not more than 14 days thereafter allot and issue the New Camellia Shares to the Scheme Shareholders on the register of members of Linton Park at 6.00 p.m. on the Record Date.

(1) Cash Consideration

Cash Consideration due to Scheme Shareholders in respect of Scheme Shares held at 6.00 p.m. on the Record Date in certificated form will be paid by cheque. Cheques for cash due will be despatched by first class post (or such other method as the Panel may approve). All cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank. All remittances sent to Scheme Shareholders or their appointed agents will be at their own risk.

Scheme Shareholders who hold Scheme Shares in uncertificated form at 6.00 p.m. on the Record Date will receive any Cash Consideration to which they are entitled through CREST by Camellia procuring the making of a CREST payment in favour of such Scheme Shareholder's payment bank in accordance with the CREST payment arrangements. Camellia reserves the right to settle all or any

part of the Cash Consideration payable by it by cheque if, for any reason, it wishes to do so, and will in any event do so in the case of overseas Scheme Shareholders.

Cash payments to be made in respect of fractional entitlements to New Camellia Shares will be settled in the same manner as the Cash Consideration.

(2) Share Consideration

The New Camellia Shares are to be issued in registered form. Subject to the Scheme becoming effective, settlement of the Share Consideration to which any Scheme Shareholder is entitled under the Scheme will be effected in the following manner:

(a) Scheme Shares in certificated form

New Camellia Share certificates will be posted to Scheme Shareholders who hold their Scheme Shares in certificated form (i.e. not in CREST) by no later than 14 days after the Effective Date.

(b) Scheme Shares in uncertificated form (i.e. in CREST)

Where Scheme Shares are held in uncertificated form (i.e. in CREST), any New Camellia Shares to which a Scheme Shareholder is entitled will be issued to such shareholder in uncertificated form. Camellia will procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the Scheme Shareholder concerned with such shareholder's entitlement to New Camellia Shares and to cancel such shareholder's holding of Scheme Shares, by no later than 14 days after the Effective Date. However, Camellia may (if, for any reason, it wishes to do so) determine that New Camellia Shares are to be issued in certificated form, to be despatched by post no later than 14 days after the Effective Date.

(c) General

All documents and remittances sent by or to Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.

Entitlements under the Scheme will be determined by reference to holdings of Scheme Shares at 6.00 p.m. on the Record Date.

12. Cancellation of admission of Linton Park Shares to trading on AIM

Linton Park Shareholders should note that the London Stock Exchange will be requested to cancel the admission of Linton Park Shares to trading on AIM with effect from the close of business on the Effective Date. Upon the Scheme becoming effective, certificates for Scheme Shares will cease to be of value and should, if so requested by Linton Park, be sent to Linton Park for cancellation. It is proposed that the Record Date will be the last date for dealings in Linton Park Shares on AIM. On or shortly after the Effective Date, the Scheme Shares will, pursuant to the Scheme, be transferred to Camellia or its nominee.

13. Listing of New Camellia Shares

Applications will be made to the UKLA for the New Camellia Shares to be admitted to the Official List and to the London Stock Exchange for the New Camellia Shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that admission of the New Camellia Shares to the Official List will become effective from, and dealings for normal settlement in the New Camellia Shares will commence on the London Stock Exchange, as soon as reasonably practicable after the Effective Date.

Application will also be made to list the New Camellia Shares on the Luxembourg Stock Exchange and it is expected that dealings in the New Camellia Shares on the Luxembourg Stock Exchange will commence as soon as reasonably practicable after the Effective Date.

14. United Kingdom taxation

The following paragraphs, which are intended as a general guide only, are based on current legislation and the practice of HM Revenue & Customs at the date of this document and summarise certain limited aspects of the United Kingdom taxation treatment of acceptance of the Proposal. They relate only to the position of Linton Park Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes (or, who although neither resident nor ordinarily resident in the United Kingdom, carry on a trade, profession or vocation through a branch, agency or permanent establishment in the United Kingdom for the purposes of which they have used, held or acquired

their Linton Park Shares), who hold their Linton Park Shares as an investment and who are absolute beneficial owners of their Linton Park Shares. The statements may not apply to certain classes of Linton Park Shareholders, such as brokers, dealers in securities or persons regarded as having obtained their Linton Park Shares by reason of their employment. This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular Linton Park Shareholder. **Any Linton Park Shareholders who are in doubt as to their tax position or who are subject to taxation in any jurisdiction other than the United Kingdom should consult their own professional advisers.**

(a) United Kingdom taxation of chargeable gains

In the event that the Scheme becomes effective in accordance with its terms, the subsequent transfer of Linton Park Shares by a Linton Park Shareholder should, to the extent of the cash consideration received, be treated as a disposal of those shares for the purposes of United Kingdom taxation on chargeable gains. Such a part disposal could, depending on the base cost of the relevant Linton Park Shares, give rise to a chargeable gain or an allowable loss. To the extent that a chargeable gain is realised, a liability to tax may arise depending on the Linton Park Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses). To the extent that an allowable loss is realised, it may be possible to offset that loss against other chargeable gains accruing to the Linton Park Shareholder in the current year of assessment or in future years of assessment.

To the extent that Camellia Shares are issued as consideration for the transfer, there will be no disposal for the purpose of United Kingdom taxation on chargeable gains and the Linton Park Shares and Camellia Shares should be treated as the same asset for taxation purposes. The Company has applied for and obtained clearance from HM Revenue & Customs pursuant to section 138 of the Taxation of Chargeable Gains Act 1992 and section 707 of the Income and Corporation Taxes Act 1988 in respect of the transactions to be effected pursuant to the Scheme.

A Linton Park Shareholder who is an individual, who has, on or after 17 March 1998, ceased to be resident or ordinarily resident in the United Kingdom for tax purposes for a period of at least one but fewer than five complete tax years and who has in four out of the seven years of assessment immediately preceding the year of departure been resident or ordinarily resident in the United Kingdom and who disposes of his Linton Park Shares during his period of departure may be liable on his return to the United Kingdom to tax on any chargeable gain realised (subject to any available exemption or relief).

(b) Taper Relief

For individuals and trustees, indexation allowance was frozen at its April 1998 level by the Finance Act 1998. Assets acquired after 31 March 1998 do not attract indexation allowance at all. For disposals after 5 April 1998, the allowance is replaced by a taper relief whereby a chargeable gain is progressively reduced according to the length of time the asset has been held, with more generous reductions for business assets (as defined) than for other assets. Linton Park Shareholders who realise a chargeable gain in respect of their part disposal of Linton Park Shares may benefit from taper relief.

These changes do not apply for the purposes of corporation tax on chargeable gains and corporation tax paying shareholders continue to benefit from indexation allowance.

(c) Business Property Relief

Unquoted ordinary shares (which in this context includes shares which are admitted to trading on AIM) in companies such as Linton Park potentially qualify for business property relief ("BPR") which may give up to 100 per cent. exemption from inheritance tax. Where an investor makes a lifetime gift of shares (which qualifies for BPR) or dies while still the owner of such shares, then no inheritance tax should be payable in respect of the transfer of value of the shares, provided certain conditions are met. The main condition is that the investor held the shares for two years before the date of the transfer or death. Shares in a company such as Camellia which are admitted to listing on the Official List of the London Stock Exchange do not qualify for 100 per cent. BPR and would only benefit from 50 per cent. BPR if the shareholder had immediately before the transfer had a controlling interest in the company.

(d) *Stamp duty and stamp duty reserve tax (“SDRT”)*

No stamp duty or SDRT will generally be payable by Linton Park Shareholders as a result of voting in favour of the Proposal.

15. Overseas Shareholders

The implications of the Proposal and the Scheme, as regards Scheme Shareholders who are residents, citizens or nationals of jurisdictions outside the UK, may be affected by the laws of the relevant jurisdiction. Such overseas Scheme Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Scheme Shareholder to satisfy himself/herself as to the full observance of the laws of the relevant jurisdiction in connection with the Proposal and the Scheme, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any taxes due in such jurisdiction.

It is the responsibility of Scheme Shareholders who are citizens, residents or nationals of jurisdictions outside the United Kingdom to ensure that the correct rate of postage is paid before returning the enclosed Form of Proxy. If Camellia is advised that the allotment and issue of New Camellia Shares would infringe the laws of any jurisdiction outside the United Kingdom or would require Camellia to observe any governmental or other consent or any registration, filing or other formality with which Camellia is unable to comply or compliance with which Camellia regards as unduly onerous, Camellia may in its sole discretion determine that such Camellia Shares shall not be allotted and issued to such holder but shall instead be allotted and issued to a nominee appointed by Camellia as trustee and sold by the trustee at the best price reasonably obtainable.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with applicable restrictions may constitute a violation of securities laws of any such jurisdiction. The New Camellia Shares to be issued pursuant to the Proposal have not been and will not be registered under the United States Securities Act of 1933 (as amended). Furthermore, the New Camellia Shares have not been and will not be registered under any of the relevant securities laws of Canada, Australia, the Republic of Ireland, Japan or South Africa. Accordingly, the New Camellia Shares may not be offered, sold, resold or delivered directly or indirectly in or into the United States, Canada, Australia, the Republic of Ireland, Japan or South Africa or any jurisdiction in which to do so is unlawful (except in compliance with applicable legislation). In any case where the issue of New Camellia Shares would infringe the law of any foreign jurisdiction, or necessitate compliance with any special requirement, the Scheme provides that such shares may be issued to a nominee and then sold, with the net proceeds of sale being remitted to the relevant overseas Scheme Shareholder.

This document does not constitute an offer to sell or the solicitation of an offer to buy New Camellia Shares or a solicitation of a vote or approval in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documentation have been prepared for the purposes of complying with English law, the Code and all applicable rules and regulations of the UKLA and the London Stock Exchange (including the AIM Rules) and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

16. Action to be taken

In order for the Proposal to be implemented, the Scheme must be approved by the requisite majority of Scheme Shareholders at the Court Meeting to be held at The Goring Hotel, Beeston Place, Grosvenor Gardens, London SW1W 0JW on 31 October 2005 at 10.00 a.m. Once the necessary approval has been obtained the Scheme will become effective upon sanction by the Court and delivery of the Court Order to the Registrar of Companies for registration. **If the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether or how they voted.**

You will find enclosed with this document a Form of Proxy for use in respect of the Court Meeting.

Whether or not you plan to attend the Court Meeting please complete, sign and return the Form of Proxy accompanying this document in accordance with the instructions printed thereon, as soon as possible but, in any event, so as to be received by post or, during normal business hours, by hand by 10.00 a.m. on 29 October 2005.

If the Form of Proxy is not lodged by then, it may be handed to the Chairman of the Court Meeting at that meeting before the taking of the poll to be carried out at the Court Meeting.

The completion and return of a Form of Proxy will not prevent you from attending and voting at the Court Meeting (or any adjournment thereof) in person if you wish to do so.

It is important that as many votes as possible are cast at the Court Meeting (whether in person or by proxy) so that the Court can be satisfied that there is a fair representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return your Form of Proxy as soon as possible.

The resolution to be proposed at the Court Meeting must be supported by a majority in number of those who attend and vote at the Court Meeting (in person or by proxy) and who hold in aggregate at least three quarters of the total Linton Park Shares held by Scheme Shareholders in respect of which votes are cast at the Court Meeting. Voting at the Court Meeting will be on a poll and those Scheme Shareholders present in person or by proxy will be entitled to one vote for each Linton Park Share held by them.

If you have any questions on how to complete and return the Form of Proxy please telephone Capita Registrars on 0870 162 3121 (or, from outside the United Kingdom, +44 20 8639 2157) between 9.00 a.m. and 5.00 p.m. Monday to Friday. Please note that calls to these numbers may be monitored and/or recorded and no advice on the Proposal can be given.

17. Further information

Your attention is drawn to the further information contained in Parts IV to VII of this document which forms part of this Explanatory Statement.

Yours faithfully,

For and on behalf of
Teather & Greenwood

Jeff Keating
Director

PART III

THE SCHEME OF ARRANGEMENT

**IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT**

No. 6256 of 2005

IN THE MATTER OF LINTON PARK PLC

and

IN THE MATTER OF THE COMPANIES ACT 1985

**SCHEME OF ARRANGEMENT
(UNDER SECTION 425 OF THE COMPANIES ACT 1985)**

BETWEEN

LINTON PARK PLC

and

SCHEME SHAREHOLDERS

(as hereinafter defined)

(A) In the Scheme (as hereinafter defined) the following expressions have the meanings stated, unless they are inconsistent with the subject or context:

“**Act**” means the Companies Act 1985 (as amended);

“**Business Day**” means any day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in London;

“**Camellia**” means Camellia Plc (registered in England under number 29559);

“**Camellia Shares**” means ordinary shares of 10 pence each in the capital of Camellia;

“**Cash Consideration**” means 800 pence in respect of each 16 Scheme Shares held at 6.00 p.m. on the Record Date and so in proportion for any greater or lesser number of Scheme Shares so held;

“**certificated**” or “**in certificated form**” means a share or other security which is not in uncertificated form;

“**Closing Price**” means the closing middle market quotation of a Linton Park Share or a Camellia Share (as appropriate) as derived from the Daily Official List of the London Stock Exchange;

“**Court**” means the High Court of Justice in England and Wales;

“**Court Hearing**” means the hearing of the Petition by the Court to sanction the Scheme;

“**Court Meeting**” means the meeting of the Linton Park Shareholders other than Camellia convened pursuant to an order of the Court under section 425 of the Act for 31 October 2005 to consider the Scheme;

“**CREST**” means a relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the operator (as defined in the CREST Regulations);

“**CREST member**” means a person who has been admitted by CRESTCo as a system member (as defined in the CREST Regulations);

“**CRESTCo**” means CRESTCo Limited;

“**CREST Regulations**” means the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755);

“**Effective Date**” means the date on which the Scheme becomes effective in accordance with its terms;

“**Excluded Linton Park Shares**” means the 15,069,999 Linton Park Shares registered in the name of Camellia;

“**Group**” means Camellia Plc and its subsidiaries;

“**Hearing Date**” means the date of the Court Hearing;

“**Hearing Record Time**” means 6.00 p.m. on the Business Day immediately preceding the Hearing Date;

“**holder**” includes any person entitled by transmission;

“**Linton Park**” or “**Company**” means Linton Park Plc (registered in England under number 586304);

“**Linton Park Shareholders**” means the registered holders of Linton Park Shares;

“**Linton Park Shares**” means the ordinary shares of 50 pence each in the capital of Linton Park;

“**Record Date**” means the Business Day immediately preceding the Effective Date;

“**Scheme**” or “**Scheme of Arrangement**” means this scheme of arrangement under section 425 of the Act in its present form or with or subject to any modification thereof or addition thereto or condition approved or imposed by the Court;

“**Scheme Shareholders**” means registered holders of the Scheme Shares;

“**Scheme Shares**” means the Linton Park Shares other than the Excluded Linton Park Shares:

- (i) in issue at the date of this document;
- (ii) (if any) issued after the date of this document and prior to the Voting Record Time; and
- (iii) (if any) issued on or after the Voting Record Time and prior to the Hearing Record Time either on terms that the original holder or any subsequent holder thereof shall be bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme;

“**uncertificated**” or “**in uncertificated form**” means that title to the share or other unit of a security concerned is recorded on the relevant Operator register of securities pursuant to the CREST Regulations, being held in uncertificated form in CREST, and may by virtue of the CREST Regulations be transferred by means of CREST;

“**US Person(s)**” means US Person(s) as defined in Regulation S under the United States Securities Act; and

“**Voting Record Time**” means 6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the date of the adjourned Court Meeting.

- (B) The authorised share capital of Linton Park at the date of the Scheme is £10,000,000 divided into 20,000,000 ordinary shares of 50 pence each of which (at the date of this document) 19,038,167 were in issue and were fully paid up or credited as fully paid up and the remainder were unissued. As at the date of the Scheme, Camellia beneficially owns 15,069,999 Linton Park Shares.
- (C) Camellia has agreed to appear by Counsel at the Court Hearing and to consent thereto and to undertake to the Court to be bound thereby and to execute and do, or procure to be executed and done, all such documents, acts or things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to the Scheme.

THE SCHEME

1. Acquisition of Scheme Shares

On the Effective Date, Camellia shall acquire the Scheme Shares free from all liens, charges and encumbrances and together with all rights then or thereafter attaching thereto including the right to receive and retain all dividends and other distributions declared, paid or made after the Effective Date save that the Scheme Shareholders will remain entitled to receive the Linton Park interim dividend of 1.00 pence per Linton Park Share (which will be paid on 7 November 2005 to all Linton Park Shareholders on the register of members of Linton Park on 14 October 2005). For such purposes the Scheme Shares shall be transferred to Camellia or its nominees and to give effect to such transfers any person may be approved by Camellia to execute as transferor of and on behalf of every holder of Scheme Shares, an instrument or instruments of transfer of any of the Scheme Shares and every instrument of transfer so executed shall be as effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred.

2. Consideration for Acquisition and Transfer of Scheme Shares

2.1 In consideration of the acquisition and transfer of the Scheme Shares, Camellia shall, subject to paragraph 2.2 below, allot and issue one Camellia Share, credited as fully paid, and pay the Cash Consideration of 800 pence in cash, to the Scheme Shareholders in respect of each 16 Scheme Shares held by such persons at 6.00 p.m. on the Record Date and so in proportion for any greater or lesser number of Scheme Shares held save that fractional entitlements to Camellia Shares will not be allotted or issued to Scheme Shareholders, but will be paid in cash *pro rata* to the persons entitled thereto. The cash amount for the fractional entitlements will be calculated on the basis of the Closing Price of Camellia Shares on the date the Scheme becomes effective.

2.2 The provisions of this paragraph shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, the issue of Camellia Shares pursuant to this Scheme to Scheme Shareholders who are citizens, residents or nationals within jurisdictions outside the United Kingdom (“**overseas shareholders**”) may only be carried out in full compliance with all applicable laws, rules and regulations of such jurisdictions. If, in respect of any overseas Scheme Shareholders, Camellia is advised that the allotment and issue of Camellia Shares pursuant to paragraph 2.1 of this Scheme would infringe the laws of any jurisdiction outside the United Kingdom or would require Camellia to observe any governmental or other consent or any registration, filing or other formality, with which Camellia is unable to comply or compliance with which Camellia regards as unduly onerous, Camellia may in its sole discretion determine that such Camellia Shares shall not be allotted and issued to such holder under paragraph 2.1 but shall instead be allotted and issued to a nominee appointed by Camellia as trustee for such holder, on terms that the nominee shall, as soon as practicable following the Effective Date, sell the Camellia Shares so allotted and issued at the best price which can reasonably be obtained and shall account by cheque for the net proceeds of such sale (after the deduction of all expenses and commissions, including value added tax payable thereon) by sending a cheque to the holder of such Scheme Shares at 6.00 p.m. on the Record Date in accordance with the provisions of sub-paragraph 3.2 of the Scheme.

3. Issue of Camellia Shares, payment of the Cash Consideration and cash payments in respect of fractional entitlements to Camellia Shares

3.1 As soon as practicable after the Effective Date and in any event no more than 14 days thereafter, Camellia shall allot and issue all of the Camellia Shares which it is required to allot pursuant to paragraph 2 of this Scheme and shall as appropriate:

- (a) deliver, or procure the delivery of, to all Scheme Shareholders holding Scheme Shares in certificated form and being on the register of members of Linton Park at 6.00 p.m. on the Record Date and entitled thereto in accordance with the foregoing, certificates in respect of the Camellia Shares due to them;
- (b) where the Scheme Shares are held in uncertificated form, Camellia will procure that CRESTCo is instructed to credit the appropriate stock account in CREST of the Scheme Shareholder concerned with such shareholder’s entitlement to Camellia Shares and cancel

such Scheme Shareholder's holding of Scheme Shares provided that Camellia may (if, for any reason, it wishes to do so) determine that all or part of such consideration shall be settled in the manner referred to in paragraph 3.1(a) of this Scheme; and

- (c) satisfy any Cash Consideration or cash payments in respect of fractional entitlements of Scheme Shareholders to Camellia Shares by either:
 - (i) delivering or procuring the delivery of, to all holders of Scheme Shares, or as they may direct, cheques by post within 14 days after the Effective Date; or
 - (ii) where the Scheme Shares are held in uncertificated form in CREST, procuring that a CREST payment is made in favour of the payment bank of the Scheme Shareholder concerned in accordance with the CREST payment arrangements (as set out in the CREST Manual) in respect of the cash provided that:
 - (A) Camellia may (if for any reason it so determines) procure that all or part of such Cash Consideration and/or cash payments shall be paid by cheque in the manner referred to in paragraph 3.1(c)(i) of this Scheme; and
 - (B) if the relevant holder of uncertificated Scheme Shares is a CREST member whose registered address is in Australia, Canada, Japan, the Republic of Ireland, South Africa or the United States of America or is believed to be a US Person such Cash Consideration and/or cash payments shall be paid by cheque despatched by post in the manner referred to in paragraph 3.1(c)(i) of this Scheme.

- 3.2 All deliveries of certificates or cheques required to be sent under the Scheme shall be effected by Camellia by duly posting the same in prepaid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the register of members of Linton Park at 6.00 p.m. on the Record Date or in the case of joint holdings at the address of that one of the joint holders whose name stands first in such register (except, in either case, as otherwise directed in writing) and neither Camellia nor Linton Park shall be responsible for any loss or delay in transmission of certificates, or cheques, sent in accordance with this paragraph 3.2.
- 3.3 Each mandate in force at 6.00 p.m. on the Record Date relating to the payment of dividends on Scheme Shares shall, unless and until revoked, be deemed as from the Effective Date to be a valid and effective mandate to Camellia in relation to dividend payments on Camellia Shares to be issued pursuant to the Scheme.
- 3.4 The provisions of this paragraph shall be subject to any prohibition or condition imposed by law.
- 3.5 All cheques shall be made payable to the holder, or, in the case of joint holders, to the person to whom in accordance with the foregoing provisions of this paragraph 3 the envelope containing the same is addressed and the encashment of any such cheque or the creation of any such CREST payment obligation as is referred to in paragraph 3.1(c)(i) or (ii) of this Scheme shall be a complete discharge to Camellia for the monies represented thereby.

4. Certificates

As from and including the Effective Date:

- 4.1 all certificates representing holdings of certificated Scheme Shares shall cease to be valid for any purpose and each holder of Scheme Shares shall be bound on request to deliver up the same to Linton Park; and
- 4.2 as regards uncertificated Scheme Shares appropriate entries will be made in the Company's register of members with effect from the Effective Date to reflect their transfer.

5. Operation of the Scheme

- 5.1 The Scheme shall become effective as soon as an office copy of the Order of the Court sanctioning the Scheme under section 425 of the Act shall have been delivered by Linton Park to the Registrar of Companies for registration.
- 5.2 Unless the Scheme shall become effective on or before 31 January 2006 or such later date, if any as Camellia and Linton Park may agree and the Court may approve, the Scheme shall never become effective.

6. Modification

Linton Park and Camellia may jointly consent, on behalf of all persons affected, to any modification of or addition to the Scheme or to any condition approved or imposed by the Court.

Dated: 29 September 2005

PART IV

**CONDITIONS TO THE IMPLEMENTATION OF
THE PROPOSAL AND THE SCHEME**

The Proposal is conditional upon the Scheme becoming unconditional and becoming effective by not later than 31 January 2006, or such later date as Linton Park and Camellia may agree and the Court may approve.

1. The Scheme is conditional upon:
 - (a) approval by a majority in number representing at least 75 per cent. in value of the holders of Scheme Shares present and voting, either in person or by proxy, at the Court Meeting or at any adjournment thereof;
 - (b) the resolution set out in the notice convening the Camellia EGM, to authorise the Camellia Directors to allot the New Camellia Shares, being passed at the Camellia EGM;
 - (c) permission being granted for the New Camellia Shares to be admitted to listing on the Official List and to dealing on the London Stock Exchange's market for listed securities and such permission not being withdrawn; and
 - (d) sanction (with or without modification) of the Scheme by order of the Court (the "**Court Sanction**") and an office copy of the Court Order being delivered to the Registrar of Companies in England and Wales.
2. Linton Park and Camellia have agreed that, subject as stated in paragraph 3 below, the Court Sanction will only be sought if:
 - (a) all authorisations, orders, grants, recognitions, confirmations, consents, clearances, certificates, licences, permissions and approvals necessary or reasonably considered by Camellia to be appropriate for, or in respect of, the Proposal and the implementation of the Scheme have been obtained, in terms and in a form reasonably satisfactory to Camellia and, where the absence of any thereof would, in the reasonable opinion of Camellia, have a material adverse effect on the Enlarged Group taken as a whole, these remain in full force and effect, and no intimation of an intention to revoke or not renew any of these is received, and all necessary filings have been made and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction have expired or have been terminated (as appropriate) and all necessary statutory and regulatory obligations in connection with the Proposal in any jurisdiction have been complied with;
 - (b) no government or governmental, quasi-governmental, supranational, statutory or regulatory body, central bank, trade agency, association, institution or professional or environmental body or any court or any other similar person or body in any jurisdiction (each an "**Authority**") has taken, instituted, implemented or threatened prior to the Hearing Record Time any action, proceeding, suit, investigation or enquiry, or enacted, made or proposed any statute, regulation or order, or taken any other step that would or might in any respect which would be material to the Enlarged Group taken as whole:
 - (A) require the divestiture by any member of the Enlarged Group of all or any portion of its businesses, assets or properties;
 - (B) impose any limitation on the ability of any of them to conduct their respective businesses or to own their respective assets or properties; or
 - (C) that would or might make the Proposal or the Scheme, or their respective implementation, void or unenforceable in any jurisdiction; and
 - (c) except as publicly announced by Linton Park prior to 28 September 2005 through a Regulatory Information Service or fairly disclosed in writing to Camellia prior to 28 September 2005 and save as disclosed in the annual report and accounts of Linton Park for the financial year ended 31 December 2004, since 31 December 2004:
 - (i) there having been no material adverse change or deterioration in the business, assets, financial or trading position or profits or prospects of the Linton Park Group taken as a whole;

- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Linton Park Group is or may become a party (whether as claimant or defendant or otherwise), and no material enquiry or investigation by or complaint or reference to any government or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, authority, court, trade agency, association or institution or professional or environmental body or any other similar person or body whatsoever in any relevant jurisdiction, against or in respect of any member of the Linton Park Group, having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Linton Park Group; and
 - (iii) no contingent or other liability having arisen or become apparent or increased which might be likely in either case to have a material adverse effect on the Linton Park Group taken as a whole.
3. For the purposes of the conditions in paragraph 2.2(a), (b) and (c) above, such conditions shall be deemed satisfied at the Hearing Record Time unless prior notice that it has not been satisfied has been given by Camellia to Linton Park.

Camellia reserves the right in its absolute discretion, to waive all or any of the conditions contained in paragraph 2 above, in whole or in part.

Except with the Panel's consent, Camellia will not invoke any of the conditions in paragraph 2 above so as to prevent Court Sanction from being sought unless the circumstances which give rise to the right to invoke the relevant conditions are of material significance to Camellia in the context of the Proposal.

PART V

FINANCIAL INFORMATION ON LINTON PARK

Basis of information

The financial information contained in this Part V does not constitute statutory accounts within the meaning of section 240 of the Act and has been extracted, without material adjustment, from the statutory accounts of Linton Park for the three years ended 31 December 2004 and the unaudited interim statement of Linton Park for the six months ended 30 June 2005, issued on 28 September 2005.

The statutory accounts for each of the three years ended 31 December 2004, which were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”), have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Act. The auditors’ reports on those statutory accounts were unqualified and did not contain a statement under section 237(2) or (3) of the Act.

The interim results to 30 June 2005 have not been audited. They have been prepared in accordance with International Financial Reporting Standards (“IFRS”) but otherwise on the basis of accounting policies consistent with those adopted for the year ended 31 December 2004. The impact of the main differences between UK GAAP and IFRS on the interim results are set out on pages 64 to 68 of Part B of this Part V.

Part A: Financial information on Linton Park for the three years to 31 December 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	<i>Note</i>	<i>2002</i> <i>£000</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Turnover – continuing operations	1	121,427	125,290	135,074
– discontinued operations	1	10,802	3,927	187
		<hr/>	<hr/>	<hr/>
		132,229	129,217	135,261
Cost of Sales		99,980	101,863	103,440
		<hr/>	<hr/>	<hr/>
Gross Profit		32,249	27,354	31,821
Net operating expenses – normal activities		25,689	28,405	27,042
– impairment of assets	3	—	1,866	933
	2	25,689	30,271	27,975
		<hr/>	<hr/>	<hr/>
Operating profit/(loss) – continuing operations		7,474	(1,313)	3,863
– discontinued operations	1	(914)	(1,604)	(17)
		<hr/>	<hr/>	<hr/>
		6,560	(2,917)	3,846
Share of associates' results before interest	1	10,547	9,395	3,559
		<hr/>	<hr/>	<hr/>
Operating profit including associates		17,107	6,478	7,405
Profit on disposal of fixed assets	4	195	792	745
Restructuring costs	5	—	—	(2,689)
Disposal of a subsidiary and businesses		4	(131)	—
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities before interest		17,306	7,139	5,461
Net finance costs	6	2,692	2,310	2,465
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities before taxation		14,614	4,829	2,996
Taxation on profit on ordinary activities	7	3,607	304	3,545
		<hr/>	<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation		11,007	4,525	(549)
Minority interests		1,623	(221)	(167)
		<hr/>	<hr/>	<hr/>
Profit/(loss) for the year	8	9,384	4,746	(382)
Equity dividends	9	3,427	2,475	952
		<hr/>	<hr/>	<hr/>
Profit/(loss) transferred to reserves	22	5,957	2,271	(1,334)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Earnings/(loss) per share – basic and diluted (pence)	10	49.3	24.9	(2.0)

CONSOLIDATED BALANCE SHEETS

	<i>Note</i>	<i>2003</i> £000	<i>2004</i> £000
Fixed assets			
Intangible assets	13	(562)	63
Tangible assets	14	119,787	99,877
Investments	15	61,251	61,087
		<u>180,476</u>	<u>161,027</u>
Current assets			
Stocks	16	15,301	13,114
Debtors	17	19,868	22,365
Assets held for resale	14	—	11,157
Cash and deposits		6,273	7,343
		<u>41,442</u>	<u>53,979</u>
Creditors: due within one year	18	38,832	46,138
		<u>2,610</u>	<u>7,841</u>
Net current assets		183,086	172,247
Total assets less current liabilities		<u>183,086</u>	<u>172,247</u>
Creditors: due after one year	19	26,913	21,430
Provisions for liabilities and charges	20	3,246	3,861
		<u>30,159</u>	<u>25,291</u>
		<u>152,927</u>	<u>143,577</u>
Capital and reserves			
Called up share capital	21	9,519	9,519
Share premium account	22	24,524	24,524
Revaluation reserve	22	32,626	32,305
Other reserves	22	2,026	2,026
Profit and loss account	22	58,651	53,647
		<u>127,346</u>	<u>122,021</u>
Equity shareholders' funds		<u>127,346</u>	<u>122,021</u>
Equity minority interests		25,581	21,556
		<u>152,927</u>	<u>143,577</u>

CONSOLIDATED CASH FLOW STATEMENTS

		2003	2004
	<i>Note</i>	£000	£000
Cash flow from operating activities	23	9,353	15,508
Dividends received from associates		2,111	1,975
Returns on investment and servicing of finance			
Interest received		214	201
Interest paid		(2,445)	(2,202)
Interest paid on finance leases		(93)	(97)
Income from investments		147	43
Dividends paid to minority shareholders		(1,182)	(1,468)
		<u>(3,359)</u>	<u>(3,523)</u>
Taxation paid			
UK taxation		147	274
Overseas taxation		(1,874)	(1,890)
		<u>(1,727)</u>	<u>(1,616)</u>
Capital expenditure and financial investment			
Purchase of intangible fixed assets		—	—
Purchase of tangible fixed assets		(5,648)	(4,608)
Sale of tangible fixed assets		473	1,448
Purchase of investments		—	(30)
Sale of investments		593	—
		<u>(4,582)</u>	<u>(3,190)</u>
Acquisitions and disposals			
Purchase of minority interests		(341)	(326)
Acquisition of subsidiary	24	—	(108)
Disposal of businesses	24	1,902	540
		<u>1,561</u>	<u>106</u>
Equity dividends paid		<u>(3,046)</u>	<u>(1,904)</u>
Cash inflow before financing		311	7,356
Financing			
New loans		3,952	60
Loan repayments		(5,078)	(8,339)
Finance lease repayments		(436)	(636)
	25	<u>(1,562)</u>	<u>(8,915)</u>
Decrease in cash in period	25	<u><u>(1,251)</u></u>	<u><u>(1,559)</u></u>

ACCOUNTING POLICIES

Accounting convention

Group accounts are prepared in accordance with applicable accounting standards in the United Kingdom and on the historical cost convention modified to include the previous revaluation of certain tangible fixed assets.

Basis of consolidation

The consolidated accounts incorporate accounts of the company and all subsidiary undertakings for accounting periods ending 31 December, with the exception of Horizon Farms, which operates in the USA and has an accounting period ending on 30 September, but is included on the basis of interim accounts to 31 December.

For companies acquired or disposed of during the year, results are included from the date of acquisition or to the date of disposal. Differences between the consideration and the fair value attributed to the net assets of subsidiaries and associates acquired since 1 January 1998 are capitalised as goodwill and written off against profits over its useful economic life. Prior to 1998 goodwill was dealt with in reserves. The negative or positive goodwill attributable to operations in the course of closure or disposal is transferred to the profit and loss account.

No profit and loss account is presented for the company, in accordance with the exemption allowed by Section 230 of the Companies Act 1985.

Foreign currencies

The results and cash flows of overseas subsidiaries and associates are translated into sterling at average exchange rates.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of the opening net assets at the year end rate are taken directly to reserves. Exchange differences arising from trading transactions are included in the results for the year.

Intangible fixed assets

Acquired licences and know-how are stated at cost and are amortised on a straight-line basis over their expected useful lives.

Negative goodwill which arises when the fair value of assets of an acquired business exceeds the cost of acquisition, is capitalised. It is amortised on a straight-line basis, over the period which is expected to be required to restore the business to adequate profitability.

Tangible fixed assets

Fixed assets are stated at cost or valuation. The costs (excluding interest) of planting new areas are capitalised. The costs of upkeep and maintenance of mature areas including replanting costs are charged to revenue.

On adoption of FRS 15 in 2000, the group has followed the transitional provisions and retained the book value of land and buildings but has not adopted a policy of future revaluations. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

No depreciation is provided on freehold land (which includes plantations), listed buildings or works of art. Depreciation of other fixed assets is calculated to write off their cost or valuation on a straight-line basis over their expected useful lives.

The rates of depreciation used for the other assets are as follows:

Long and short leasehold estates	unexpired term of the lease
Freehold and long leasehold buildings	2 to 10 per cent. per annum
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	4 to 33 per cent. per annum

Leasing

Assets held under finance leases are included as tangible fixed assets and the capital element of future lease payments is included in creditors. Such assets are depreciated in accordance with the group's

accounting policy. The interest element of rental payments is charged to the profit and loss account over the life of the lease. Rental payments on all other leases are charged to the profit and loss account as incurred.

Associated undertakings

The group's share of profits and losses of associated undertakings is included on the equity accounting basis where the group's interest is more than 20 per cent. but not more than 50 per cent. and where significant commercial and financial influence is exercised. In accordance with FRS 9, profit before taxation and interest is stated after including the group's share of results of associates before interest. Group interest includes the group's share of associates' interest.

Investments in associated undertakings are included in the consolidated balance sheet at the group's share of net assets. The results include the relevant proportion of the profits of the associated undertakings based on the latest audited accounts.

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 taxation 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 tax in future 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 on capital gains that could arise from the future disposal of any fixed assets shown in the accounts at valuation, except to the extent gains or losses expected to arise on the sale of such assets have been recognised in the profit and loss account. Long term deferred tax balances are not discounted.

Turnover

Turnover comprises produce proceeds, agency income and sales at invoiced values excluding value added tax. Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer.

Pension costs

The cost of providing pensions is charged to the profit and loss account systematically over the periods benefiting from the employees' services. The transitional arrangements of FRS 17 – Retirement benefits, have also been adopted.

Pension arrangements are detailed on pages 44 to 46 in note 28.

Financial assets are recognised when the group has rights, or other access, to economic benefits. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or other financial assets.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are indeterminable monetary amounts, and the group intends to settle on a net basis, the relevant financial assets and liabilities are offset.

International Financial Reporting Standards (IFRS)

The group accounts will be prepared in accordance with IFRS with effect from 1 January 2005 and IFRS will be first reflected in the consolidated financial statements for the half-year ending 30 June 2005 and year ending 31 December 2005.

By complying with IFRS for the first time the group will be required to restate the comparative financial statements to amounts reflecting the application of IFRS. Most adjustments required on transition to IFRS will be made, retrospectively, against opening profit and loss reserves.

	<i>2004</i> <i>£000</i>
Net operating assets are reconciled to shareholders' funds:	
Shareholders' funds	122,021
Minority interests	21,556
Dividends payable	952
Net borrowings	32,673
Investments	(61,087)
Other net non-operating assets	(5,730)
Net operating assets	<u>110,385</u>

2. Net operating expenses

	<i>2002</i> <i>£000</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Distribution costs	4,475	4,280	4,768
Administrative expenses	23,100	27,339	24,446
Other operating income	(1,503)	(1,201)	(1,196)
Disposal of listed investments	(139)	—	—
Income from unlisted investments	(244)	(147)	(43)
	<u>25,689</u>	<u>30,271</u>	<u>27,975</u>

3. Impairment of assets

An impairment of £933,000 has been charged in relation to the fixed assets associated with the group's paprika milling and oleoresin extraction operations in South Africa. A decision was taken to close these operations on 31 March 2005. The amount attributable to minority interests is £250,000.

In 2003 a charge of £1,626,000 related to the fixed assets associated with the production of coffee at Kakuzi Limited and a charge of £240,000 related to the fixed assets of the Birmingham division of British Metal Treatments Limited.

4. Profit on disposal of fixed assets

	<i>2002</i> <i>£000</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Profit on disposal of land and property	195	234	572
Profit on disposal of fixed assets associated with the production of coffee	—	—	173
Profit on disposal of a fixed asset investment	—	558	—
	<u>195</u>	<u>792</u>	<u>745</u>

5. Restructuring costs

The charge of £2,689,000 comprises the following:

Redundancy costs of £1,211,000 and an impairment charge of £2,440,000 have been incurred following the decision to close the group's tea operations in South Africa. The tea operations of Sapekoe (Pty) Limited were closed on 10 December 2004. The amount attributable to minority interests is £978,000. These closure costs have been partially offset by a £1,619,000 write back of negative goodwill relating to these operations. Closure costs of £657,000 have been incurred following the closure of the Birmingham division of British Metal Treatments Limited in 2004.

6. Net finance costs

	2002 £000	2003 £000	2004 £000
Loans repayable within 5 years	1,965	1,567	1,855
Loans repayable wholly or partly in more than 5 years	554	494	429
	<u>2,519</u>	<u>2,061</u>	<u>2,284</u>
Share of interest of associates	564	549	511
Interest payable	3,083	2,610	2,795
Less: Interest receivable	391	300	330
	<u>2,692</u>	<u>2,310</u>	<u>2,465</u>

7. Taxation on profit on ordinary activities

Analysis of charge in the year	2002 £000	2003 £000	2004 £000
Current tax			
UK corporation tax			
UK corporation tax at 30.0 per cent. (2003, 2002: 30.0 per cent.)	1,213	1,325	2,372
Adjustment in respect of prior years	(202)	(5)	26
Double tax relief	(1,223)	(1,569)	(2,372)
	<u>(212)</u>	<u>(249)</u>	<u>26</u>
Foreign tax			
Corporation tax	1,778	1,730	2,894
Adjustment in respect of prior years	(30)	(3)	—
	<u>1,748</u>	<u>1,727</u>	<u>2,894</u>
Total current tax	1,536	1,478	2,920
Deferred Tax			
Origination and reversal of timing differences			
United Kingdom	(821)	(1,068)	(1,267)
Overseas	1,009	(831)	1,554
	<u>188</u>	<u>(1,899)</u>	<u>287</u>
Total deferred tax	188	(1,899)	287
Share of associated undertakings tax	1,883	725	338
Tax on profit on ordinary activities	<u>3,607</u>	<u>304</u>	<u>3,545</u>

8. Profit for the year

	2002 £000	2003 £000	2004 £000
The amount dealt with in the accounts of the company was	<u>3,584</u>	<u>2,267</u>	<u>988</u>

9. Equity dividends

	2002 £000	2003 £000	2004 £000
Interim dividend paid nil (2003: 3.00p; 2002: 5.00p) per share	952	571	—
Final proposed dividend 5.00p (2003: 10.00p; 2002: 13.00p) per share	<u>2,475</u>	<u>1,904</u>	<u>952</u>
	<u>3,427</u>	<u>2,475</u>	<u>952</u>

10. Earnings per share

Earnings per share have been calculated by dividing the weighted average number of Ordinary Shares in issue for the year of 19,038,167 (2003: 19,038,167; 2002: 19,038,167) into the loss for the year of £382,000 (2003: £4,746,000 profit; 2002: £9,384,000 profit).

11. Employees

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Average number of employees by activity:			
Agriculture and horticulture	29,658	29,084	27,956
Engineering	257	271	248
Food storage and distribution	533	593	555
Trading and agency	38	20	21
Central management	24	41	43
	<u>30,510</u>	<u>30,009</u>	<u>28,823</u>
	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Employment costs			
Wages and Salaries	35,968	39,715	39,020
Social security costs	2,000	2,236	2,250
Pension costs – Defined contribution schemes	733	941	854
Pension costs – Defined benefit schemes	1,924	2,046	1,874
	<u>40,625</u>	<u>44,938</u>	<u>43,998</u>

As a result of a reorganisation during 2003, central management now includes employees who carry out their responsibilities on behalf of the parent company, Camellia Plc.

12. Emoluments of the directors

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Aggregate emoluments excluding pension contributions	<u>719</u>	<u>917</u>	<u>882</u>

Emoluments of the highest paid director excluding pension contributions were £291,000 (2003: £274,000; 2002: £221,000).

13. Intangible fixed assets

	<i>Licence and know-how £000</i>	<i>Negative goodwill £000</i>	<i>Total £000</i>
Cost			
At 1 January 2004	130	(1,404)	(1,274)
Additions	—	(1,105)	(1,105)
Exchange differences	1	—	1
At 31 December 2004	<u>131</u>	<u>(2,509)</u>	<u>(2,378)</u>
Amortisation			
At 1 January 2004	(38)	750	712
Exchange differences	(1)	—	(1)
Impairment (see note 5)	—	1,619	1,619
(Charge)/release for the year	(29)	140	111
At 31 December 2004	<u>(68)</u>	<u>2,509</u>	<u>2,441</u>
Net book value at 31 December 2004	<u><u>63</u></u>	<u><u>—</u></u>	<u><u>63</u></u>
Net book value at 31 December 2003	<u><u>92</u></u>	<u><u>(654)</u></u>	<u><u>(562)</u></u>

In 2001 the group entered into an agreement whereby it acquired a 70.0 per cent. controlling interest in Sapekoe (Pty) Limited in exchange for a 30.0 per cent. minority interest in Eastern Produce Malawi Limited. The agreement envisaged title to certain land in South Africa passing to the group. This did not occur and consequently in accordance with the agreement the group's controlling interest in both Sapekoe (Pty) Limited and Eastern Produce Malawi Limited increased to 73.2 per cent., creating further negative goodwill of £1,105,000.

14. Tangible fixed assets

	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 January 2004	109,534	66,070	11,573	187,177
Exchange differences	(3,475)	(133)	(78)	(3,686)
Additions	1,540	3,462	918	5,920
Fair value adjustment on acquisition of minority interest	89	37	—	126
Acquisitions	17	520	19	556
Transfer to assets held for resale*	(11,379)	(2,202)	(2)	(13,583)
Disposals	(922)	(2,444)	(1,182)	(4,548)
At 31 December 2004	<u>95,404</u>	<u>65,310</u>	<u>11,248</u>	<u>171,962</u>
Depreciation				
At 1 January 2004	22,384	39,016	5,990	67,390
Exchange differences	105	283	(38)	350
Acquisitions	5	211	16	232
Impairment	2,003	1,691	—	3,694
Charge for the year	2,006	3,729	1,026	6,761
Transfer to assets held for resale*	(1,355)	(1,070)	(1)	(2,426)
Disposals	(506)	(2,280)	(1,130)	(3,916)
At 31 December 2004	<u>24,642</u>	<u>41,580</u>	<u>5,863</u>	<u>72,085</u>
Net Book Value at 31 December 2004	<u>70,762</u>	<u>23,730</u>	<u>5,385</u>	<u>99,877</u>
Net Book Value at 31 December 2003	<u>87,150</u>	<u>27,054</u>	<u>5,583</u>	<u>119,787</u>

Cost or valuation at 31 December 2004 is represented by:

Cost	57,698	63,413	11,040	132,151
Valuation in 1988	3,113	—	—	3,113
Valuation in 1993	1,206	—	—	1,206
Valuation in 1997	19,955	—	—	19,955
Valuation in 1999	13,432	1,897	208	15,537
	<u>95,404</u>	<u>65,310</u>	<u>11,248</u>	<u>171,962</u>

*In October 2004 subsidiaries of East African Coffee Plantations Limited entered into an agreement with SAITEysMcMahon to sell the majority of its horticultural properties, with the first sale taking place in November 2004 and the last sale in August 2005.

Under the agreement SAITEysMcMahon is required to purchase all the properties, otherwise Yandilla Park Limited and The Warwilla Unit Trust have the option of unwinding all previous property transfers. In accordance with accounting standards, the sale of the properties will only be recognised on SAITEysMcMahon completing the transaction. These assets have been reclassified as current assets under the heading assets held for resale.

Land and buildings at net book value, which include agricultural land and plantations of £43,651,000 (2003: £51,341,000) comprise:

	2004 £000
Freehold	44,196
Long leasehold	25,373
Short leasehold	1,193
	<u>70,762</u>

The historical cost of assets included at valuation amounts to £14,121,000 (2003: £16,081,000) and the accumulated depreciation thereon would have been £3,831,000 (2003: £3,233,000).

15. Fixed Asset investments

	<i>Listed investments</i>		<i>Unlisted investments</i>		<i>Total</i> £000
	<i>Associated undertaking</i> £000	<i>Others</i> £000	<i>Associated undertaking</i> £000	<i>Others</i> £000	
Cost					
At 1 January 2004	59,633	11	1,461	174	61,279
Exchange differences	(1,034)	—	40	(2)	(996)
Additions	—	—	—	30	30
Transfer on becoming a subsidiary	—	—	—	(58)	(58)
Share of retained profits	355	—	505	—	860
At 31 December 2004	<u>58,954</u>	<u>11</u>	<u>2,006</u>	<u>144</u>	<u>61,115</u>
Amount written off					
At 1 January and					
At 31 December 2004	<u>—</u>	<u>—</u>	<u>—</u>	<u>28</u>	<u>28</u>
Net book value					
At 31 December 2004	<u>58,954</u>	<u>11</u>	<u>2,006</u>	<u>116</u>	<u>61,087</u>
At 31 December 2003	<u>59,633</u>	<u>11</u>	<u>1,461</u>	<u>146</u>	<u>61,251</u>

The listed investment – associated undertaking is Siegfried Holding AG, a company incorporated in Switzerland. On 31 December 2004 the group held 903,680 registered shares, representing 32.3 per cent. of the issued shares. The consolidated capital and reserves of Siegfried Holding AG on 31 December 2004 drawn up in accordance with International Financial Reporting Standards were £182,665,000 (2003: £184,770,000) and consolidated profit after tax for the year ended 31 December 2004 was £7,220,000 (2003: £24,091,000).

The group's share of the results and balance sheet of Siegfried Holding AG for 2004 are:

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Profit and loss account:			
Turnover	57,859	53,392	45,682
Operating profit	10,504	9,099	3,138
Net interest payable	(473)	(501)	(470)
Profit before taxation	10,031	8,598	2,668
Taxation	(1,883)	(823)	(338)
Profit after taxation	8,148	7,775	2,330
Balance sheet:			
Fixed assets			54,583
Non current assets			3,528
Current assets			29,795
Liabilities due within one year			(8,035)
Liabilities due after one year			(20,917)
Group share of net assets			58,954
The market value of listed investments:			
Associated undertaking			58,405
Others			111
			58,516

16. Stocks

	<i>2004</i>
	<i>£000</i>
Raw materials and consumables	4,088
Work in progress and growing crops	4,084
Produce on hand	3,056
Finished goods	1,886
	13,114

17. Debtors

	<i>2004</i>
	<i>£000</i>
Due within one year:	
Trade debtors	16,516
Amounts owed by group undertakings	163
Amounts due on sale of subsidiary	600
Other debtors	3,372
Prepayments and accrued income	1,420
	22,071
Due after one year:	
Other debtors	294
	22,365

18. Creditors: due within one year

	<i>2004</i> <i>£000</i>
Bank loans and overdrafts	19,092
Finance leases	658
Deferred income from anticipated sale (see note 15)	3,591
Trade creditors	8,829
Amounts owed to group undertakings	504
Dividends	952
Taxation and social security	4,186
Other creditors	3,379
Accruals	4,947
	<hr/> <hr/> 46,138

Creditors: due within one year include the following amounts secured on certain group assets:

Bank loans and overdrafts	7,142
Finance leases	658
	<hr/> <hr/> 7,800

19. Creditors: due after one year

	<i>2004</i> <i>£000</i>
Bank loans	18,610
Finance leases	1,315
Accruals	1,505
	<hr/> <hr/> 21,430

Creditors: due after one year include the following amounts secured on certain group assets:

Bank loans	3,445
Finance leases	1,315
	<hr/> <hr/> 4,760

Bank loans include the following amounts repayable

Aggregate amount of loans	9,895
Amount due beyond five years	6,613
	<hr/> <hr/>

The repayment of bank loans and overdrafts fall due as follows:

Within one year or on demand (included in Creditors: due within one year)	19,092
Between 1 – 2 years	9,223
Between 2 – 5 years	2,774
After 5 years	6,613
	<hr/> <hr/> 37,702

The repayments of other loans and finance leases fall due as follows:

	<i>2004</i>
	<i>£000</i>
Within one year or on demand (included in Creditors: due within one year)	658
Between 1 – 2 years	569
Between 2 – 5 years	746
	<u>1,973</u>

The rates of interest payable at 31 December 2004 vary between 2 per cent. and 25 per cent..

20. Provisions for liabilities and charges

	<i>Restructuring</i>	<i>Onerous</i>	<i>Deferred</i>	<i>Total</i>
	<i>£000</i>	<i>lease</i>	<i>tax</i>	<i>£000</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2004	—	—	3,246	3,246
Exchange differences	33	—	(204)	(171)
Provided in the period	1,211	113	287	1,611
Utilised in the period	(825)	—	—	(825)
At 31 December 2004	<u>419</u>	<u>113</u>	<u>3,329</u>	<u>3,861</u>

The deferred tax balance comprises the following:

	<i>2004</i>
	<i>£000</i>
Accelerated capital allowances	6,060
Other timing differences	(441)
Tax losses carried forward	(2,290)
Provision for deferred tax	<u>3,329</u>

21. Share capital

	<i>2004</i>
	<i>£000</i>
Authorised: 20,000,000 ordinary shares of 50p each	10,000
Allotted, called up and fully paid: ordinary shares of 50p each:	
At 1 January and 31 December – 19,038,167 shares	<u>9,519</u>

22. Reserves

	<i>Share premium account £000</i>	<i>Revaluation £000</i>	<i>Other £000</i>	<i>Profit and loss account £000</i>
At 1 January 2004	24,524	32,626	2,026	58,651
Exchange differences	—	—	—	(3,670)
Impairments on previously revalued tangible fixed assets	—	(321)	—	—
Retained loss for the year	—	—	—	(1,334)
At 31 December 2004	<u>24,524</u>	<u>32,305</u>	<u>2,026</u>	<u>53,647</u>

The group profit and loss account includes £8,952,000 which would require exchange control permission for remittance as dividends.

Group reserves include £27,748,000 of profits related to associated undertakings.

23. Reconciliation of operating profit to cash flow from operating activities

	<i>2004 £000</i>
Operating profit/(loss)	3,846
Depreciation	6,761
Impairment provisions	933
Amortisation of intangible fixed assets	(111)
Income from investments	(43)
(Profit) / loss on sale of assets	(71)
Restructuring costs	(1,868)
Other non cash movements	(251)
Decrease in stocks	1,613
(Increase) / decrease in debtors	(1,956)
Increase / (decrease) in creditors	6,332
Movement in group operating balances	323
Cash flow from operating activities	<u>15,508</u>

24. Acquisition and disposal of businesses

	<i>Acquisition</i>	<i>Disposal</i>
	<i>2004</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>
Book value of assets and liabilities:		
Tangible fixed assets	324	—
Cash and deposits	81	—
Stocks	3	166
Debtors	17	278
Creditors	(61)	(4)
Net amount due from/(to) group undertaking	—	100
Short term loans and overdrafts	(25)	—
	<u>339</u>	<u>540</u>
Minority interest	(150)	—
Negative goodwill	(23)	—
	<u>166</u>	<u>540</u>
Satisfied by:		
Cash consideration and costs	108	540
Transfer from other investments	58	—
	<u>166</u>	<u>540</u>
Net (outflow)/inflow of cash in respect of acquisition and disposal of businesses:		
Cash consideration and costs	(108)	540
Net cash balances of business acquired	56	—
	<u>(52)</u>	<u>540</u>

The fair values of assets and liabilities of Zetmac (Pty) Limited, which were acquired on 1 January 2004, are the same as the net book values.

The disposal in 2004 relates to the disposal of the business of W.G. White Limited (now known as Feltham One Limited).

25. Analysis of net debt

	<i>1 January</i>	<i>Cash flow</i>	<i>Acquisitions/ (Disposals)</i>	<i>Other non-cash changes</i>	<i>Exchange movements</i>	<i>31 December</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>2004</i>						
Cash and deposits	6,273	1,074	81	—	(85)	7,343
Bank overdrafts	(12,623)	(2,633)	(25)	—	102	(15,179)
	<u>(6,350)</u>	<u>(1,559)</u>	<u>56</u>	<u>—</u>	<u>17</u>	<u>(7,836)</u>
Debt due within one year	(6,626)	2,656	—	—	57	(3,913)
Debt due after one year	(24,550)	5,623	—	—	317	(18,610)
Finance leases	(1,278)	636	(19)	(1,312)	—	(1,973)
	<u>(32,454)</u>	<u>8,915</u>	<u>(19)</u>	<u>(1,312)</u>	<u>374</u>	<u>(24,496)</u>
Net Debt	<u>(38,804)</u>	<u>7,356</u>	<u>37</u>	<u>(1,312)</u>	<u>391</u>	<u>(32,332)</u>

26. Reconciliation of net cash flow to movement in net debt

	<i>2004 £000</i>
Decrease in cash in the year	(1,559)
Cash outflow from decrease in debt and lease financing	<u>8,915</u>
Decrease in net debt resulting from cash flows	7,356
Finance lease balances of business acquired	(19)
Net cash balance of business acquired	56
New finance leases	(1,312)
Exchange rate movements	<u>391</u>
Decrease in net debt in the year	6,472
Net Debt at 1 January	<u>(38,804)</u>
Net Debt at 31 December	<u>(32,332)</u>

27. Leasing commitments

	<i>2004 £000</i>
Annual commitments in respect of operating leases:	
Land and buildings – operating leases expiring:	
Within 1 year	67
Between 1 – 5 years	158
After 5 years	<u>591</u>
	<u>816</u>
Other assets – operating leases expiring:	
Within 1 year	535
Between 1 – 5 years	990
After 5 years	<u>—</u>
	<u>1,525</u>

28. Pensions

The group operates defined contribution and funded defined benefit pension schemes principally in the UK. Scheme assets are administered by trustees and are kept separate from those of the group. Contributions to defined contribution schemes are charged to profit when payable.

The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified independent actuaries using the “projected unit” funding method. 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 main growth rate assumptions used were:

Investment return	– pre-retirement	6.5 per cent. per annum
	– post-retirement	5.5 per cent. per annum
Salary inflation		2.5 per cent. – 4.0 per cent. per annum
Pension increases		0 per cent. – 5.0 per cent. per annum

At the dates of the latest actuarial valuations, which were in 2003, the market value of the assets of the schemes was £51.8 million which represented 87.4 per cent. of the benefits accrued to members allowing for expected future increases in earnings. The pension charge for the year was £1,874,000 (2003: £2,046,000; 2002: £1,924,000).

The additional disclosures required by accounting standard FRS 17 “Retirement Benefits” are:

Full actuarial valuations of the two main defined benefit pension schemes were undertaken as at 1 January 2003, and as at 6 April 2003. Both have been updated to 31 December 2004 by a qualified independent actuary. The major assumptions used by the actuary to determine the FRS 17 liabilities were:

	2002 <i>per annum</i>	2003 <i>per annum</i>	2004 <i>per annum</i>
Rate of increase in salaries	4.00 per cent.	2.75 per cent. – 4.25 per cent.	2.75 per cent. – 4.25 per cent.
Discount rate	5.50 per cent.	5.40 per cent.	5.30 per cent.
Rate of increase in pensions in payment	2.50 per cent.	2.75 per cent.	2.75 per cent.
Inflation	2.50 per cent.	2.75 per cent.	2.75 per cent.

The assets in the schemes and the expected rates of return were:

	31 December 2002		31 December 2003		31 December 2004	
	<i>Market Value</i> <i>£000</i>	<i>Long term rate of return expected per cent. p.a.</i>	<i>Market Value</i> <i>£000</i>	<i>Long term rate of return expected per cent. p.a.</i>	<i>Market Value</i> <i>£000</i>	<i>Long term rate of return expected per cent. p.a.</i>
Equities & Property	40,251	7.00	48,801	7.50	49,627	7.00
Bonds	9,838	4.75	9,200	5.25	11,198	4.75
Cash	1,909	4.00	2,055	3.75	4,199	4.75
	<hr/>		<hr/>		<hr/>	
Present value of Scheme liabilities	51,998 (74,255)		60,056 (74,868)		65,024 (84,245)	
	<hr/>		<hr/>		<hr/>	
Deficit in the Scheme	(22,257)		(14,812)		(19,221)	
Related deferred tax	6,031		3,416		2,653	
	<hr/>		<hr/>		<hr/>	
Net scheme deficit	(16,226)		(11,396)		(16,568)	
	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>	

Gilts 4.50 per cent. Corporate bonds 5.30 per cent.
--

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

	<i>2004</i> <i>£000</i>
Net assets:	
Net assets prior to pension adjustments	143,577
SSAP 24 pension liability	240
	<hr/>
	143,817
FRS 17 pension deficit	(16,568)
	<hr/>
Net assets after pension adjustments	<u>127,249</u>
Reserves:	
Profit and loss account prior to pension adjustments	53,647
SSAP 24 pension liability	240
	<hr/>
	53,887
FRS 17 pension deficit	(16,568)
	<hr/>
Profit and loss account after pension adjustments	<u>37,319</u>

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 31 December 2004 under the requirements of FRS 17:

Analysis of amount chargeable to profit:

	<i>2002</i> <i>£000</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Current service cost	2,316	2,115	1,667
Past service cost	—	—	—
	<hr/>	<hr/>	<hr/>
Total operating charge	<u>2,316</u>	<u>2,115</u>	<u>1,667</u>

Analysis of the amount to be credited to other finance income:

	<i>2002</i> <i>£000</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Expected return on pension scheme assets	4,143	3,356	4,168
Interest on pension scheme liabilities	(3,884)	(4,071)	(4,003)
	<hr/>	<hr/>	<hr/>
Net return	<u>259</u>	<u>(715)</u>	<u>165</u>

Movement in deficit during the year:

	<i>2002</i> <i>£000</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Deficit at beginning of year	(1,830)	(22,257)	(14,812)
Current service cost	(2,316)	(2,115)	(1,667)
Contributions	1,927	1,789	1,905
Other finance income	259	(715)	165
Actuarial (loss)/profit	(20,297)	8,486	(4,812)
	<hr/>	<hr/>	<hr/>
Deficit at end of year	<u>(22,257)</u>	<u>(14,812)</u>	<u>(19,221)</u>

During the year ended 31 December 2004 employer contributions to the schemes have been at rates of 14.7 per cent. and 27.1 per cent. of contribution salaries.

History of experience gains and losses:

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>Total</i>	<i>Total</i>	<i>Total</i>
Difference between expected and actual return on scheme assets:			
Amount (£000's)	(14,737)	5,551	2,280
Percentage of Scheme assets	28per cent.	9per cent.	4per cent.
Experience gains and losses on scheme liabilities:			
Amount (£000's)	815	2,084	(690)
Percentage of present value of scheme liabilities	1per cent.	3per cent.	1per cent.
Total amount recognised in statement of total recognised gains and losses:			
Amount (£000's)	(20,297)	8,486	(4,812)
Percentage of present value of scheme liabilities	27 per cent.	11 per cent.	6 per cent.

29. Related party transactions

Under an agreement between the Company on one hand and Sigamed AG and others (including Siegfried Holding AG and a non executive director of the Company), both parties have the first right of refusal to buy Siegfried Holding AG shares offered for sale by the other party.

Part B: Financial information on Linton Park for the six months to 30 June 2005

The following is the full text of Linton Park's unaudited interim results for the six months to 30 June 2005, announced on 28 September 2005.

“Chairman’s statement

Pre-tax profits from continuing operations for the six months ended 30 June 2005 amounted to £3,447,000 compared to £3,163,000 for the first six months of the previous year. The profit for the period also includes £3,058,000 from discontinued operations of which £5,962,000 results from exceptional profits before tax in respect of the disposal of our East African Coffee Plantations shareholding in Australia and the disposal of 8 per cent. of the share capital of Eastern Produce Kenya.

The company has adopted International Financial Reporting Standards (IFRS) for its 2005 group accounts as required by European Union Regulations.

The impact of adopting IFRS has been to reduce equity shareholders' funds at 1 January 2004 from £127.35 million to £106.57 million. The main reasons are the inclusion of net pension scheme deficits of £11.39 million and the reduction of £6.15 million arising on the treatment of biological assets, both amounts being after provision for deferred tax. The other significant change arises from the provision of £4.40 million deferred tax liability on the share of distributable reserves of our associate Siegfried Holding AG.

A summary of the movements from UK Generally Accepted Accounting Practice (UK GAAP) to IFRS is shown in note 10 to the Interim Statements and in the appendix.

Tea

Tea production in Kenya has been slightly ahead of the levels achieved in 2004, however prices have fallen by 25 US cents per kg compared with the same period last year. This fall, combined with a relatively strong Kenyan shilling, has resulted in disappointing results from our Kenyan operations which made a loss in the first half of the year.

Production in Malawi is at the same levels as last year, and the fall in prices has not been so marked. This, together with the impact of a weakening Malawi kwacha, has resulted in satisfactory profits being achieved. The outlook for the second half of the year is less clear as the rains received since February are well below average, and if this trend continues will result in reduced production levels. In South Africa, where the tea estates were closed last year, some progress has been made in disposing of plant and machinery. Discussions continue concerning the disposal of the land assets, but this is likely to be a long and tortuous exercise.

Citrus

As previously reported, we disposed of our citrus interests in Australia through the sale of our 70 per cent. shareholding in East African Coffee Plantations in March 2005. Our citrus operations in Chile and South Africa both experienced inclement climatic conditions resulting in a low pack-out for export. The operation in California is progressing well as the orchards mature.

Edible nuts

This will be an “off” year for our pistachio production resulting in a negligible crop. The prospects for the harvest of macadamia nuts in Malawi and South Africa are encouraging and the crop will be well in excess of last year. Prices have also been very good although there is some recent evidence of levels weakening. The orchards in both Malawi and South Africa are currently experiencing extremely dry conditions, if these continue they may impact on flowering and fruit set for the 2006 crop.

Other horticulture

Table grape production in South Africa was greatly reduced with a significant lack of weight in each bunch. Exports were therefore 50 per cent. below last year and this, coupled with weak prices and a strong rand, has resulted in very disappointing results. Wine grape production was satisfactory both in South Africa and Chile, but the wine market continues to be very competitive. The Kakuzi avocado crop appears to be in line with expectations and the building of a new packing shed has commenced. In Brazil, soya prices have declined substantially and the exceptional profits over the last two years will not be repeated this year.

Food storage and distribution

Associated Cold Stores & Transport experienced a most unsatisfactory first six months. Occupancy level in the cold stores was low and the transport operations suffered from a lack of demand from their major customers. Considerable effort continues to be devoted to reducing costs. There has been a modest increase in activity over the last month.

Engineering

Our UK engineering operations are performing ahead of expectations and the previous year. Most of our operations are busy particularly as a result of higher activity in the oil industry but margins are continually under pressure.

Pharmaceutical

Although Siegfried's sales revenues for the six months have reduced by 14.8 per cent. compared to 2004, it appears that the considerable restructuring costs incurred last year are beginning to show a positive benefit. Siegfried is expected to return to growth during the second half of 2005.

Prospects

Trading profits from continuing operations are above those in the first six months of 2004. Progress is being made in the UK in returning our operations to profitability, but the rapid decline in profitability in Kenya occasioned by a strong currency and low prices is a cause for concern. Our cash resources are in better shape than a year ago and the board has, therefore, declared an interim dividend of 1p per share payable on 7 November 2005 to shareholders on the register on 14 October 2005.

M C Perkins
Chairman

28 September 2005

Linton Park
Linton
Near Maidstone
Kent ME17 4AB

Consolidated income statement

		<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Continuing operations				
Revenue	2	49,431	51,966	106,163
Trading profit	2	1,203	851	453
Gain arising from changes in fair value of biological assets		63	330	1,542
Share of associates' results	3	2,267	2,714	2,945
Profit on disposal of non-current assets		255	—	745
Profit on part disposal of a subsidiary	4	795	—	—
Restructuring costs and negative goodwill	5	—	304	(1,634)
Profit from operations		4,583	4,199	4,051
Investment income		105	206	243
Net finance costs		(1,241)	(1,242)	(2,008)
Profit before tax		3,447	3,163	2,286
Taxation		(906)	312	(1,558)
Profit for the period from continuing operations		2,541	3,475	728
Discontinued operations				
Profit/(loss) for the period from discontinued operations	6	3,058	(799)	1,371
Profit for the period		5,599	2,676	2,099
Profit attributable to minority interests		150	377	507
Profit attributable to equity shareholders'		5,449	2,299	1,592
		5,599	2,676	2,099
Earnings per share – basic and diluted	7	28.6p	12.1p	8.4p

Consolidated balance sheet

	<i>30 June</i> 2005 £'000	<i>30 June</i> 2004 £'000	<i>31 December</i> 2004 £'000
Non-current assets			
Intangible assets	1,316	1,367	1,391
Property, plant and equipment	54,942	71,530	58,713
Biological assets	42,246	47,529	47,050
Prepaid operating leases	968	920	876
Investments in associates	60,807	60,175	61,155
Deferred tax assets	3,491	5,147	3,574
Available-for-sale investments	512	530	542
Trade and other receivables	148	108	397
	<u>164,430</u>	<u>187,306</u>	<u>173,698</u>
Current assets			
Inventories	8,043	9,274	8,950
Trade and other receivables	22,860	21,587	21,968
Assets held for resale	—	—	11,157
Cash and cash equivalents	5,173	4,641	7,326
	<u>36,076</u>	<u>35,502</u>	<u>49,401</u>
Current liabilities			
Borrowings	(12,827)	(19,620)	(19,750)
Trade and other payables	(16,897)	(19,060)	(18,166)
Deferred income from anticipated sale	—	—	(3,591)
Current income tax liabilities	(2,566)	(632)	(2,565)
Provisions	(118)	—	(419)
	<u>(32,408)</u>	<u>(39,312)</u>	<u>(44,491)</u>
Net current assets/(liabilities)	<u>3,668</u>	<u>(3,810)</u>	<u>4,910</u>
Total assets less current liabilities	<u>168,098</u>	<u>183,496</u>	<u>178,608</u>
Non-current liabilities			
Borrowings	(10,962)	(22,318)	(19,925)
Deferred tax liabilities	(19,123)	(20,067)	(19,132)
Employee benefits	(24,216)	(18,586)	(21,693)
Other non-current liabilities	(339)	(500)	(436)
Provisions	(38)	—	(113)
	<u>(54,678)</u>	<u>(61,471)</u>	<u>(61,299)</u>
Net assets	<u>113,420</u>	<u>122,025</u>	<u>117,309</u>
Capital and reserves			
Called up share capital	9,519	9,519	9,519
Reserves	88,863	91,814	87,914
	<u>98,382</u>	<u>101,333</u>	<u>97,433</u>
Equity shareholders' funds	98,382	101,333	97,433
Minority interests	15,038	20,692	19,876
	<u>113,420</u>	<u>122,025</u>	<u>117,309</u>

Consolidated cash flow statement

		<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Cash generated from operations				
Cash flow from operating activities	8	2,411	4,330	7,910
Interest paid		(1,319)	(1,125)	(1,879)
Interest received		78	83	103
Income taxes paid		(584)	(115)	(1,684)
Dividends received from associates		1,406	1,975	1,975
		<hr/>	<hr/>	<hr/>
Net cash flow from continuing operating activities		1,992	5,148	6,425
Net cash flow from discontinued operating activities		(2,083)	(1,599)	6,330
		<hr/>	<hr/>	<hr/>
Net cash flow from operating activities		(91)	3,549	12,755
Cash flows from investing activities				
Purchases of property, plant and equipment		(1,022)	(1,529)	(2,787)
Proceeds from sale of non-current assets		1,350	118	1,372
Disposal of subsidiaries/businesses (net of cash disposed)		12,883	540	540
Part disposal of a subsidiary		1,673	—	—
Acquisition of subsidiary (net of cash acquired)		—	—	(52)
Purchase of minority interests		—	(326)	(326)
Purchase of investments		—	(26)	(30)
Income from investments		31	39	39
Net cash flow from discontinued operations		(1,095)	(455)	(725)
		<hr/>	<hr/>	<hr/>
Net cash flow from investing activities		13,820	(1,639)	(1,969)
Cash flows from financing activities				
Equity dividends paid		—	—	(1,904)
Dividends paid to minority interests		(1,591)	(701)	(1,468)
Net debt repaid		(8,867)	(2,475)	(5,036)
Net cash flow from discontinued operations		—	1,121	(3,879)
		<hr/>	<hr/>	<hr/>
Net cash flow from financing activities		(10,458)	(2,055)	(12,287)
Net increase/(decrease) in cash and cash equivalents	9	3,271	(145)	(1,501)
Cash and cash equivalents at beginning of period		(7,853)	(6,369)	(6,369)
Exchange (losses)/gains on cash		(249)	(192)	17
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period		<u>(4,831)</u>	<u>(6,706)</u>	<u>(7,853)</u>

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

Statement of recognised income and expense

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Foreign exchange translation differences	(648)	(3,920)	(4,069)
Actuarial loss on defined benefit pension schemes	(2,285)	(2,256)	(4,983)
Movement on deferred tax relating to defined benefit pension schemes	78	(368)	(723)
Available-for-sale investments:			
Valuation gains/(losses) taken to equity	41	6	(3)
Share of associate's fair value adjustments	(42)	—	—
Share of associate's loss on cash flow hedges	(632)	—	—
Net expenses recognised directly in equity	(3,488)	(6,538)	(9,778)
Profit for the period	5,599	2,676	2,099
Total recognised income and expense for the period	2,111	(3,862)	(7,679)
Attributable to:			
Minority interests	210	(526)	(443)
Equity shareholders	1,901	(3,336)	(7,236)
	2,111	(3,862)	(7,679)

Statement of changes in shareholders' equity

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Profit attributable to equity shareholders	5,449	2,299	1,592
Dividends	(952)	(1,904)	(1,904)
Foreign exchange translation differences	(708)	(3,017)	(3,119)
Actuarial loss on defined benefit pension schemes	(2,285)	(2,256)	(4,983)
Movement on deferred tax relating to defined benefit pension schemes	78	(368)	(723)
Available-for-sale investments:			
Valuation gains/(losses) taken to equity	41	6	(3)
Share of associate's fair value adjustments	(42)	—	—
Share of associate's loss on cash flow hedges	(632)	—	—
Net movement in shareholders' equity	949	(5,240)	(9,140)
Opening shareholders' equity (as previously reported under UK GAAP)		127,346	127,346
Adjustments on adoption of IFRS (note 10)		(20,773)	(20,773)
Opening shareholders' equity restated	97,433	106,573	106,573
Closing shareholders' equity	98,382	101,333	97,433

Notes to the accounts

1 Basis of preparation

The group adopted International Financial Reporting Standards (IFRS) on 1 January 2005 and therefore the financial information contained within the interim report has been prepared on the basis of the recognition and measurement requirements of IFRS in issue that either are endorsed by the EU and effective (or available for early adoption) at 30 June 2005 or are expected to be endorsed and effective at 31 December 2005, the group's first annual reporting date at which it is required to use IFRS. It should be noted that the adopted IFRS that will be effective in the annual financial statements for the year ending 31 December 2005 are still subject to change and to additional interpretations and therefore cannot be determined with certainty.

Details of accounting policies adopted under IFRS and applied in the preparation of the interim financial statements and reconciliations of comparative figures between UK GAAP and IFRS have been included in the appendix. These reconciliations are unaudited.

The group has not adopted International Accounting Standard (IAS) 34 "Interim Financial Reporting" in these interim financial statements. This standard is not mandatory.

The financial information contained in this report has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for 2004, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and does not contain a statement made under Section 237(2) and Section 237(3) of the Companies Act 1985.

2 Segmental analysis of revenue and trading profit

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Revenue			
By activity			
Agriculture and horticulture	20,733	25,959	50,603
Food storage and distribution	19,016	20,020	41,969
Engineering	9,626	5,921	13,469
Trading and agency	56	66	122
	<u>49,431</u>	<u>51,966</u>	<u>106,163</u>
By country of origin			
United Kingdom	23,750	21,387	45,551
Continental Europe	4,918	4,576	9,932
Kenya	8,948	10,533	22,923
Malawi	7,923	7,536	11,438
United States of America	252	188	1,468
South Africa	2,830	7,085	14,025
South America	810	661	826
	<u>49,431</u>	<u>51,966</u>	<u>106,163</u>

2 Segmental analysis of revenue and trading profit continued

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Trading profit			
By activity			
Agriculture and horticulture	2,290	2,863	3,628
Food storage and distribution	(744)	(148)	(679)
Engineering	454	(892)	(586)
Trading and agency	573	745	412
	<u>2,573</u>	<u>2,568</u>	<u>2,775</u>
Net unallocated expenses	(1,370)	(1,717)	(2,322)
	<u>1,203</u>	<u>851</u>	<u>453</u>
	<u><u>1,203</u></u>	<u><u>851</u></u>	<u><u>453</u></u>
By country of origin			
United Kingdom	297	(292)	(931)
Continental Europe	(30)	(35)	22
Kenya	(563)	676	2,775
Malawi	2,928	2,671	3,325
United States of America	93	75	984
South Africa	(106)	(469)	(3,402)
South America	(46)	(58)	2
	<u>2,573</u>	<u>2,568</u>	<u>2,775</u>
	<u><u>2,573</u></u>	<u><u>2,568</u></u>	<u><u>2,775</u></u>

3 Share of associates' results

The group's share of the results of associates is analysed below:

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Operating profit	2,539	3,264	3,668
Investment income	72	22	126
Net finance costs	129	(239)	(511)
	<u>2,740</u>	<u>3,047</u>	<u>3,283</u>
Profit before tax	2,740	3,047	3,283
Taxation	(473)	(333)	(338)
	<u>2,267</u>	<u>2,714</u>	<u>2,945</u>
Profit after tax	2,267	2,714	2,945
By activity			
Pharmaceutical	2,221	2,217	2,330
Agriculture and horticulture	46	497	615
	<u>2,267</u>	<u>2,714</u>	<u>2,945</u>
	<u><u>2,267</u></u>	<u><u>2,714</u></u>	<u><u>2,945</u></u>

4 Profit on part disposal of a subsidiary

A profit of £795,000 was realised following completion of the sale of 1,673,000 ordinary shares (8 per cent.) in the group's subsidiary, Eastern Produce Kenya Limited. The group's holding is now 70.0 per cent. The cash consideration was £1,673,000.

5 Restructuring costs and negative goodwill

The restructuring costs and negative goodwill credit in 2004 related to the closure of the group's tea operations in South Africa and closure costs relating to the Birmingham division of British Metal Treatments Limited.

6 Discontinued operations

In March 2005, the group disposed of its 70.5 per cent. holding in East African Coffee Plantations Limited (EACP), as a result the revenue and results of the EACP group have been excluded from the income statement and are recorded in a single line on a post-tax basis.

A breakdown of the results of discontinued operations is shown below:

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Revenue	3,373	7,071	29,231
Operating (loss)/profit	(499)	(962)	2,300
Investment income	69	—	—
Finance costs	(50)	(173)	(331)
(Loss)/profit before tax	(480)	(1,135)	1,969
Taxation	—	336	(598)
(Loss)/profit after tax	(480)	(799)	1,371
Profit on disposal of discontinued operations	5,167	—	—
Taxation in relation to disposal	(1,629)	—	—
Profit/(loss) for the period from discontinued operations	<u>3,058</u>	<u>(799)</u>	<u>1,371</u>

7 Earnings per share

	<i>Six months ended 30 June 2005</i>	<i>Six months ended 30 June 2004</i>	<i>Year ended 31 December 2004</i>
Earnings per share – continuing operations			
Earnings per share – basic and diluted	11.4p	14.7p	4.5p
Earnings/(loss) per share – discontinued operations			
Earnings/(loss) per share – basic and diluted	17.2p	(2.6)p	3.9p

The weighted average number of shares used in the calculation of both basic and diluted earnings/(loss) per share is 19,038,167 (2004: six months 19,038,167 – year 19,038,167).

8 Reconciliation of profit from operations to cash flow

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Profit from operations	4,583	4,199	4,051
Share of associates' results	(2,267)	(2,714)	(2,945)
Depreciation and amortisation	2,976	2,754	5,349
Impairment of fixed assets	—	—	1,254
Gain arising from changes in fair value of biological assets	(63)	(330)	(1,542)
Profit on disposal of non-current assets	(349)	(19)	(811)
Profit on part disposal of a subsidiary	(795)	—	—
Restructuring costs and negative goodwill	—	(304)	1,634
(Increase)/decrease in working capital	(1,674)	744	920
	<u>2,411</u>	<u>4,330</u>	<u>7,910</u>

9 Reconciliation of net cash flow to movement in net debt

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Increase/(decrease) in cash and cash equivalents in the period	3,271	(145)	(1,501)
Cash outflow from decrease in debt	8,867	1,354	8,915
Decrease in net debt resulting from cash flows	<u>12,138</u>	<u>1,209</u>	<u>7,414</u>
Finance lease balances of business acquired	—	—	(19)
Loans of subsidiaries sold	2,002	—	—
New finance leases	(188)	(258)	(1,312)
Exchange rate movements	(219)	575	391
Decrease in net debt in the period	<u>13,733</u>	<u>1,526</u>	<u>6,474</u>
Net debt at beginning of period	<u>(32,349)</u>	<u>(38,823)</u>	<u>(38,823)</u>
Net debt at end of period	<u>(18,616)</u>	<u>(37,297)</u>	<u>(32,349)</u>

10 Adjustments on adoption of IFRS

On adoption of IFRS, the book value of the group's shareholders' equity declined. The following table explains the reduction of £20,773,000 as at 1 January 2004.

	<i>£'000</i>
Biological assets	(6,146)
IAS 41 – Agriculture: Requires the group to fair value its biological assets.	
Pension liability	(11,392)
IAS 19 revised – Employee benefits: Requires any surplus or deficit in the fair value of the group's pension schemes assets over their liabilities to be recognised in the balance sheet.	
Leases	(2,035)
IAS 17 – Leases: Requires leases to be reclassified subject to their classification, in particular the requirement to treat leased land as an operating lease.	
Available-for-sale investments	313
IAS 39 – Financial Instruments: Requires the group to fair value its available-for-sale investments.	
Goodwill	654
IFRS 3 – Business combinations: Requires the credit of previously recognised negative goodwill.	
Property valuation	747
IFRS 1 – First time adoption of IFRS: Permits certain properties to be recognised at their fair value.	
Deferred tax	(4,818)
IAS 12 – Income taxes: Requires deferred tax to be provided on all temporary differences between accounting and tax book values, including the tax impact of the potential distribution of associate's distributable reserves. The financial impact of IAS 12 has been included in the adjustments above where appropriate.	
Proposed dividend	1,904
IAS 10 – Events after the balance sheet date: Dividends that are declared after the balance sheet date are not recognised as a liability at the balance sheet date.	
	<hr/> <u>(20,773)</u> <hr/>

a) Accounting policies

Basis of preparation

The accounting policies applied in these unaudited interim financial statements are those that the group expects to apply in its annual financial statements for the year ended 31 December 2005, which will be prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, with the exception of IAS19 and applying to periods beginning on or after 1 January 2005. The group has adopted early the amendment to IAS19 (Employee Benefits) published in December 2004.

The IFRS standards that will be applicable at 31 December 2005 are still subject to change and to additional interpretations and as such the policies set out below may be subject to amendment.

Transition to IFRS

Linton Park Plc's transition date is 1 January 2004. The group prepared its opening IFRS balance sheet at that date and the group's IFRS adoption date is 1 January 2005. The group has applied IFRS 1 in preparing these financial statements.

In preparing these financial statements in accordance with IFRS 1, the group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Linton Park Plc has elected to apply the following optional exemptions from full retrospective application:

Business combination exemption

Business combinations that took place prior to 1 January 2004 have not been restated.

Fair value or revaluation as deemed cost exemption

Certain items of property, plant and equipment have been elected to be measured at fair value at 1 January 2004. The group has also elected to use previous UK GAAP revaluations of property, plant and equipment as deemed cost. The application of this exemption is detailed in note 10.

Employee benefits exemption

All cumulative gains and losses as at 1 January 2004 have been recognised. The application of this exemption is detailed in note 10.

Cumulative translation differences exemption

All previously accumulated cumulative translation differences have been set to zero as at 1 January 2004. This exemption has been applied to all subsidiaries in accordance with IFRS 1.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the appendix.

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of land and buildings, biological assets, agricultural produce, available-for-sale investments, and financial assets and financial liabilities held-for-trading.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year, with the exception of Horizon Farms, which operates in the USA and has an accounting period ending on 30 September, but is included on the basis of interim accounts to 31 December.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Associates

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of that entity.

Investments in associates are accounted for by the equity method of accounting. Under this method the company's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment.

Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are de-nominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Translation differences on non-monetary items carried at fair value are reported as part of the fair value gain or loss. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary items where the changes in fair value are recognised directly in equity.

The consolidated financial statements are presented in sterling which is the company's functional and presentation currency. On consolidation, income statements and cash flows of foreign entities are translated into pounds sterling at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities and of borrowings designated as hedges of such investments, are taken to shareholders' equity. When a foreign entity is sold such exchange differences arising since 1 January 2004 are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling on the date of acquisition. The group has elected to treat goodwill and fair value adjustments arising on acquisitions prior to 1 January 2004 as sterling denominated assets and liabilities.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes and after eliminating intra-group sales.

Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer.

Intangible assets

(i) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions prior to 1 January 2004 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and will not be included in determining any subsequent profit or loss on disposal. Negative goodwill previously capitalised under UK GAAP has been eliminated against reserves.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licences are held at cost and are amortised on a straight-line basis over 3 to 7 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the group and which are expected to generate economic benefits exceeding costs beyond one year, are recognised as an intangible asset and amortised over their estimated useful lives.

Property, plant and equipment

Land and buildings comprises mainly factories and offices. All property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

On transition to IFRS, the group has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

The rates of depreciation used for the other assets are as follows:

Long and short leasehold estates	unexpired term of the lease
Freehold and long leasehold buildings	2 to 10 per cent. per annum
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	4 to 33 per cent. per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, over the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value. Any changes in fair value are recognised in the income statement in the year in which they arise.

The fair value of livestock is determined based on market prices of livestock of similar age and sex. Where meaningful market-determined prices do not exist to assess the fair value of the group's other biological assets, the fair value is determined based on the net present value of expected cashflows, discounted at appropriate current market-determined pre-tax rates.

All costs of breeding, planting, upkeep and maintenance of biological assets are set against the fair value movement recognised in the income statement.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Derivative financial instruments

Derivative financial instruments are initially recognised on the balance sheet at fair value on the date the derivative transaction is entered into and are subsequently remeasured at their fair values.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recognised in the income statement together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised directly in equity. Amounts deferred in this way are recognised in the income statement in the same period in which the hedged firm commitments or forecasted transactions are recognised in the income statement.

Changes in the fair value of the effective portion of derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations are recognised in equity. Changes in the fair value of the ineffective portion of net investment hedges are recognised in the income statement. Amounts accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

Investments

Investments are recognised and de-recognised on a trade date when a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Available-for-sale financial assets include shares of listed and unlisted companies, documents and manuscripts, antiques and objets d'art. Listed shares are measured at subsequent reporting dates at fair value. Other investments such as shares of unlisted companies, documents and manuscripts, antiques and objets d'art are measured at cost as fair value cannot be reliably measured.

Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs. Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs are recognised in the income statement in the year in which they arise.

Other inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds. The group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified independent actuaries using the “projected unit” funding method.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognised as an expense in the income statement when they are due.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries calculate the obligation annually using the “projected unit” funding method. Actuarial gains and losses are recognised in full in the period in which they occur. They are not recognised in the income statement and are presented in the statement of changes in shareholders’ equity. As permitted under IFRS 1 all actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised for each plan.

Other post-employment benefit obligations

Some group companies have unfunded obligations to pay terminal gratuities to employees. Provisions are made for the estimated liability for gratuities as a result of services rendered by employees up to the balance sheet date and any movement in the provision is recognised in the income statement.

The estimated monetary liability for employees’ accrued annual leave entitlement at the balance sheet date is recognised as an accrual.

b) Reconciliation of equity at 1 January 2004

	Reformatted UK GAAP £'000	Pensions and post-retirement benefits IAS 19 £'000	Biological assets IAS 41 £'000	Fair value investment adjustment IAS 39 £'000	Elimination of proposed dividend IAS 10 £'000	Reclassification of computer software IAS 38 £'000	Elimination of negative goodwill IFRS 3 £'000	Fair value property adjustment IFRS 1 £'000	Tax IAS 12 £'000	Reclassification of leases IAS 17 £'000	Other reclassifications £'000	Restated in accordance with IFRS £'000
Non-current assets												
Intangible assets	(562)					1,286	654					1,378
Property, plant and equipment	119,787		(40,470)			(1,286)	747		(4,251)			74,527
Biological assets	—		48,299									48,299
Prepaid operating leases	—									973		973
Investments in associates	61,094		81									61,175
Deferred tax assets	2,070	3,549										5,619
Available-for-sale investments	157			417								574
Trade and other receivables	920										102	1,022
	<u>183,466</u>	<u>3,549</u>	<u>7,910</u>	<u>417</u>	<u>—</u>	<u>—</u>	<u>654</u>	<u>747</u>	<u>—</u>	<u>(3,278)</u>	<u>102</u>	<u>193,567</u>
Current assets												
Inventories	15,301		(3,320)									11,981
Trade and other receivables	18,948										(102)	18,846
Cash and cash equivalents	6,273			(19)								6,254
	<u>40,522</u>	<u>—</u>	<u>(3,320)</u>	<u>(19)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(102)</u>	<u>37,081</u>
Current liabilities												
Borrowings	(19,704)											(19,704)
Trade and other payables	(18,780)	257			1,904				(74)			(16,693)
Current income tax liabilities	(348)											(348)
Provisions	—								74			74
	<u>(38,832)</u>	<u>257</u>	<u>—</u>	<u>—</u>	<u>1,904</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(36,671)</u>
Net current assets	<u>1,690</u>	<u>257</u>	<u>(3,320)</u>	<u>(19)</u>	<u>1,904</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(102)</u>	<u>410</u>
Total assets less current liabilities	<u>185,156</u>	<u>3,806</u>	<u>4,590</u>	<u>398</u>	<u>1,904</u>	<u>—</u>	<u>654</u>	<u>747</u>	<u>—</u>	<u>(3,278)</u>	<u>—</u>	<u>193,977</u>
Non-current liabilities												
Borrowings	(25,373)											(25,373)
Deferred tax liabilities	(5,316)		(12,142)						(4,940)			(22,398)
Employee benefits	(977)	(15,198)										(16,175)
Other non-current liabilities	(563)											(563)
	<u>(32,229)</u>	<u>(15,198)</u>	<u>(12,142)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,940)</u>	<u>—</u>	<u>—</u>	<u>(64,509)</u>
Net assets	<u>152,927</u>	<u>(11,392)</u>	<u>(7,552)</u>	<u>398</u>	<u>1,904</u>	<u>—</u>	<u>654</u>	<u>747</u>	<u>(4,940)</u>	<u>(3,278)</u>	<u>—</u>	<u>129,468</u>
Capital and reserves												
Called up share capital	9,519											9,519
Reserves	117,827	(11,392)	(6,146)	313	1,904		654	747	(4,818)	(2,035)		97,054
Equity shareholders' funds	127,346	(11,392)	(6,146)	313	1,904		654	747	(4,818)	(2,035)		106,573
Minority interests	25,581		(1,406)	85					(122)	(1,243)		22,895
	<u>152,927</u>	<u>(11,392)</u>	<u>(7,552)</u>	<u>398</u>	<u>1,904</u>	<u>—</u>	<u>654</u>	<u>747</u>	<u>(4,940)</u>	<u>(3,278)</u>	<u>—</u>	<u>129,468</u>

c) Reconciliation of equity at 31 December 2004

	Reformatted UK GAAP £'000	Pensions and post-retirement benefits IAS 19 £'000	Biological assets IAS 41 £'000	Fair value investment adjustment IAS 39 £'000	Elimination of proposed dividend IAS 10 £'000	Reclassification of computer software IAS 38 £'000	Tax IAS 12 £'000	Reclassification of leases IAS 17 £'000	Other reclassifications £'000	Restated in accordance with IFRS £'000
Non-current assets										
Intangible assets	63					1,328				1,391
Property, plant and equipment	99,877		(36,005)			(1,328)	(3,831)			58,713
Biological assets	—		47,050							47,050
Prepaid operating leases	—						876			876
Investments in associates	60,960		195							61,155
Deferred tax assets	941	2,826	(193)							3,574
Available-for-sale investments	127			415						542
Trade and other receivables	294								103	397
	<u>162,262</u>	<u>2,826</u>	<u>11,047</u>	<u>415</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,955)</u>	<u>103</u>	<u>173,698</u>
Current assets										
Inventories	13,114		(4,164)							8,950
Trade and other receivables	22,071							(103)		21,968
Assets held for resale	11,157									11,157
Cash and cash equivalents	7,343			(17)						7,326
	<u>53,685</u>	<u>—</u>	<u>(4,164)</u>	<u>(17)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(103)</u>	<u>49,401</u>
Current liabilities										
Borrowings	(19,750)									(19,750)
Trade and other payables	(19,358)	240			952					(18,166)
Deferred income from anticipated sale	(3,591)									(3,591)
Current income tax liabilities	(2,565)									(2,565)
Provisions	(419)									(419)
	<u>(45,683)</u>	<u>240</u>	<u>—</u>	<u>—</u>	<u>952</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(44,491)</u>
Net current assets	<u>8,002</u>	<u>240</u>	<u>(4,164)</u>	<u>(17)</u>	<u>952</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(103)</u>	<u>4,910</u>
Total assets less current liabilities	<u>170,264</u>	<u>3,066</u>	<u>6,883</u>	<u>398</u>	<u>952</u>	<u>—</u>	<u>—</u>	<u>(2,955)</u>	<u>—</u>	<u>178,608</u>
Non-current liabilities										
Borrowings	(19,925)									(19,925)
Deferred tax liabilities	(4,270)		(10,050)				(4,812)			(19,132)
Employee benefits	(1,943)	(19,750)								(21,693)
Other non-current liabilities	(436)									(436)
Provisions	(113)									(113)
	<u>(26,687)</u>	<u>(19,750)</u>	<u>(10,050)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,812)</u>	<u>—</u>	<u>—</u>	<u>(61,299)</u>
Net assets	<u>143,577</u>	<u>(16,684)</u>	<u>(3,167)</u>	<u>398</u>	<u>952</u>	<u>—</u>	<u>(4,812)</u>	<u>(2,955)</u>	<u>—</u>	<u>117,309</u>
Capital and reserves										
Called up share capital	9,519									9,519
Reserves	112,502	(16,684)	(2,642)	320	952		(4,699)	(1,835)		87,914
Equity shareholders' funds	122,021	(16,684)	(2,642)	320	952		(4,699)	(1,835)		97,433
Minority interests	21,556		(525)	78			(113)	(1,120)		19,876
	<u>143,577</u>	<u>(16,684)</u>	<u>(3,167)</u>	<u>398</u>	<u>952</u>	<u>—</u>	<u>(4,812)</u>	<u>(2,955)</u>	<u>—</u>	<u>117,309</u>

d) Reconciliation of profit for year ended 31 December 2004

	<i>Reformatted UK GAAP £'000</i>	<i>Pensions and post-retirement benefits IAS 19 £'000</i>	<i>Biological assets IAS 41 £'000</i>	<i>Elimination of negative goodwill IFRS 3 £'000</i>	<i>Tax IAS 12 £'000</i>	<i>Other IFRS adjustments £'000</i>	<i>Effect of transition to IFRS £'000</i>	<i>Restated in accordance with IFRS £'000</i>
Continuing operations								
Revenue	106,030					133	133	106,163
Cost of sales	(78,030)	(17)	(395)				(412)	(78,442)
Gross profit	28,000	(17)	(395)	—	—	133	(279)	27,721
Net operating expenses	(26,498)	450	(626)	(140)		(454)	(770)	(27,268)
Trading profit	1,502	433	(1,021)	(140)	—	(321)	(1,049)	453
Gain arising from changes in fair value of biological assets	—		1,542				1,542	1,542
Share of associates' result	2,836		109				109	2,945
Profit on disposal of fixed assets	745						—	745
Restructuring costs and negative goodwill	(2,689)		1,569	(514)			1,055	(1,634)
Profit from operations	2,394	433	2,199	(654)	—	(321)	1,657	4,051
Investment income	243						—	243
Finance costs	(1,956)	(13)				(39)	(52)	(2,008)
Profit before tax	681	420	2,199	(654)	—	(360)	1,605	2,286
Taxation	(2,670)		940		172		1,112	(1,558)
(Loss)/profit for the period from continuing operations	(1,989)	420	3,139	(654)	172	(360)	2,717	728
Discontinued operations								
Profit for the period from discontinued operations	1,440					(69)	(69)	1,371
(Loss)/profit for the period	(549)	420	3,139	(654)	172	(429)	2,648	2,099
(Loss)/profit attributable to minority interests	(167)	—	681	—	—	(7)	674	507
(Loss)/profit attributable to equity shareholders ^a	(382)	420	2,458	(654)	172	(422)	1,974	1,592
	(549)	420	3,139	(654)	172	(429)	2,648	2,099
(Loss)/earnings per share – basic and diluted (p)	(2.0)	2.2	12.9	(3.4)	0.9	(2.2)	10.4	8.4

e) Reconciliation of equity at 30 June 2004

	Reformatted UK GAAP £'000	Pensions and post-retirement benefits IAS 19 £'000	Biological assets IAS 41 £'000	Fair value investment adjustment IAS 39 £'000	Reclassification of computer software IAS 38 £'000	Tax IAS 12 £'000	Reclassification of leases IAS 17 £'000	Other reclassifications £'000	Restated in accordance with IFRS £'000
Non-current assets									
Intangible assets	79				1,288				1,367
Property, plant and equipment	113,554		(36,716)		(1,288)		(4,020)		71,530
Biological assets	—		47,529						47,529
Prepaid operating leases	—						920		920
Investments in associates	60,058		117						60,175
Deferred tax assets	2,149	3,181	(183)						5,147
Available-for-sale investments	110			420					530
Trade and other receivables	—							108	108
	<u>175,950</u>	<u>3,181</u>	<u>10,747</u>	<u>420</u>	<u>—</u>	<u>—</u>	<u>(3,100)</u>	<u>108</u>	<u>187,306</u>
Current assets									
Inventories	13,480		(4,206)						9,274
Trade and other receivables	21,695							(108)	21,587
Cash and cash equivalents	4,641								4,641
	<u>39,816</u>	<u>—</u>	<u>(4,206)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(108)</u>	<u>35,502</u>
Current liabilities									
Borrowings	(19,620)								(19,620)
Trade and other payables	(19,308)	248							(19,060)
Current income tax liabilities	(632)								(632)
Provisions	—								—
	<u>(39,560)</u>	<u>248</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(39,312)</u>
Net current assets/(liabilities)	<u>256</u>	<u>248</u>	<u>(4,206)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(108)</u>	<u>(3,810)</u>
Total assets less current liabilities	<u>176,206</u>	<u>3,429</u>	<u>6,541</u>	<u>420</u>	<u>—</u>	<u>—</u>	<u>(3,100)</u>	<u>—</u>	<u>183,496</u>
Non-current liabilities									
Borrowings	(22,318)								(22,318)
Deferred tax liabilities	(5,234)		(9,913)			(4,920)			(20,067)
Employee benefits	(1,132)	(17,454)							(18,586)
Other non-current liabilities	(500)								(500)
Provisions	—								—
	<u>(29,184)</u>	<u>(17,454)</u>	<u>(9,913)</u>	<u>—</u>	<u>—</u>	<u>(4,920)</u>	<u>—</u>	<u>—</u>	<u>(61,471)</u>
Net assets	<u>147,022</u>	<u>(14,025)</u>	<u>(3,372)</u>	<u>420</u>	<u>—</u>	<u>(4,920)</u>	<u>(3,100)</u>	<u>—</u>	<u>122,025</u>
Capital and reserves									
Called up share capital	9,519								9,519
Reserves	115,060	(14,025)	(2,825)	329		(4,801)	(1,924)		91,814
Equity shareholders' funds	<u>124,579</u>	<u>(14,025)</u>	<u>(2,825)</u>	<u>329</u>	<u>—</u>	<u>(4,801)</u>	<u>(1,924)</u>	<u>—</u>	<u>101,333</u>
Minority interests	22,443		(547)	91		(119)	(1,176)		20,692
	<u>147,022</u>	<u>(14,025)</u>	<u>(3,372)</u>	<u>420</u>	<u>—</u>	<u>(4,920)</u>	<u>(3,100)</u>	<u>—</u>	<u>122,025</u>

f) Reconciliation of profit for half year ended 30 June 2004

	<i>Reformatted UK GAAP £'000</i>	<i>Pensions and post-retirement benefits IAS 19 £'000</i>	<i>Biological assets IAS 41 £'000</i>	<i>Elimination of negative goodwill IFRS 3 £'000</i>	<i>Tax IAS 12 £'000</i>	<i>Other IFRS adjustments £'000</i>	<i>Effect of transition to IFRS £'000</i>	<i>Restated in accordance with IFRS £'000</i>
Continuing operations								
Revenue	51,898					68	68	51,966
Cost of sales	(40,784)	(8)	(172)				(180)	(40,964)
Gross profit	11,114	(8)	(172)	—	—	68	(112)	11,002
Net operating expenses	(9,837)	225	(331)	(140)		(68)	(314)	(10,151)
Trading profit	1,277	217	(503)	(140)	—	—	(426)	851
Gain arising from changes in fair value of biological assets	—		330				330	330
Share of associates' result	2,665		49				49	2,714
Restructuring costs and negative goodwill	(709)		1,527	(514)			1,013	304
Profit from operations	3,233	217	1,403	(654)	—	—	966	4,199
Investment income	206						—	206
Finance costs	(1,215)	(7)				(20)	(27)	(1,242)
Profit before tax	2,224	210	1,403	(654)	—	(20)	939	3,163
Taxation	(1,095)		1,564		(157)		1,407	312
Profit for the period from continuing operations	1,129	210	2,967	(654)	(157)	(20)	2,346	3,475
Discontinued operations								
Loss for the period from discontinued operations	(762)					(37)	(37)	(799)
Profit for the period	367	210	2,967	(654)	(157)	(57)	2,309	2,676
(Loss)/profit attributable to minority interests	(385)	—	785	—	—	(23)	762	377
Profit attributable to equity shareholders'	752	210	2,182	(654)	(157)	(34)	1,547	2,299
	367	210	2,967	(654)	(157)	(57)	2,309	2,676
Earnings per share – basic and diluted (p)	3.9	1.1	11.5	(3.4)	(0.8)	(0.1)	8.2	12.1

PART VI

FINANCIAL INFORMATION ON CAMELLIA

Basis of information

The financial information contained in this Part VI does not constitute statutory accounts within the meaning of section 240 of the Act and has been extracted, without material adjustment, from the statutory accounts of Camellia for the three years ended 31 December 2004 and the unaudited interim statement of Camellia for the six months ended 30 June 2005, issued on 28 September 2005.

The statutory accounts for each of the three years ended 31 December 2004, which were prepared in accordance with United Kingdom Generally Accepted Accounting Practice (“UK GAAP”) have been delivered to the Registrar of Companies in England and Wales pursuant to section 242 of the Act. The auditors’ reports on those statutory accounts were unqualified and did not contain a statement under section 237(2) or (3) of the Act.

The interim results to 30 June 2005 have not been audited. They have been prepared in accordance with International Financial Reporting Standards (“IFRS”) but otherwise on the bases of accounting policies consistent with those adopted for the year ended 31 December 2004. The impact of the main differences between UK GAAP and IFRS on the interim results are set out on pages 113 to 117 of Part B of this Part VI.

Part A: Financial information on Camellia for the three years to 31 December 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	2002 £000	2003 £000	2004 £000
Turnover – continuing operations	1	165,470	170,758	178,587
– discontinued operations	1	11,053	3,927	187
		<u>176,523</u>	<u>174,685</u>	<u>178,774</u>
Cost of Sales		134,997	136,944	137,587
		<u>41,526</u>	<u>37,741</u>	<u>41,187</u>
Gross Profit				
Net operating expenses – normal activities		35,537	37,146	33,814
– impairment of assets	3	—	3,304	933
	2	35,537	40,450	34,747
		<u>6,764</u>	<u>(1,105)</u>	<u>6,457</u>
Operating profit/(loss) – continuing operations				
– discontinued operations	1	(775)	(1,604)	(17)
		5,989	(2,709)	6,440
Share of associates' result before interest	1	11,670	10,278	4,217
		<u>17,659</u>	<u>7,569</u>	<u>10,657</u>
Operating profit including associates				
Investment income		1,431	1,255	1,378
Profit on disposal of fixed asset investments		170	668	695
Profit on disposal of fixed assets	4	195	21,799	1,283
Restructuring costs	5	—	—	(2,689)
Profit on disposal of associated undertakings	6	—	—	121
Disposal of a subsidiary and businesses		255	65	—
		<u>19,710</u>	<u>31,356</u>	<u>11,445</u>
Profit on ordinary activities before interest				
Net finance costs	7	4,281	3,834	3,233
		<u>15,429</u>	<u>27,522</u>	<u>8,212</u>
Profit on ordinary activities before taxation				
Taxation on profit on ordinary activities	8	4,827	1,192	4,851
		<u>10,602</u>	<u>26,330</u>	<u>3,361</u>
Profit on ordinary activities after taxation				
Minority interests		3,453	348	(25)
		<u>7,149</u>	<u>25,982</u>	<u>3,386</u>
Profit for the year	9			
Equity dividends	10	2,270	2,258	2,284
		<u>4,879</u>	<u>23,724</u>	<u>1,102</u>
Profit transferred to reserves	24			
		<u>269.57</u>	<u>999.18</u>	<u>130.47</u>
Earnings per share – basic and diluted	11			

CONSOLIDATED BALANCE SHEETS

	<i>Note</i>	<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Fixed Assets			
Intangible assets			
Goodwill:			
Positive		1,157	936
Negative		(3,038)	(2,393)
		<hr/>	<hr/>
	14	(1,881)	(1,457)
Tangible assets	15	155,946	135,607
Investments	16	83,965	83,215
		<hr/>	<hr/>
		238,030	217,365
Current assets			
Stocks	17	25,053	24,936
Debtors	18	47,412	53,803
Assets held for resale	15	—	11,157
Cash and deposits	19	162,657	155,550
		<hr/>	<hr/>
		235,122	245,446
Creditors: due within one year	20	198,964	204,139
		<hr/>	<hr/>
Net current assets		36,158	41,307
		<hr/>	<hr/>
Total assets less current liabilities		274,188	258,672
Creditors: due after one year	21	27,970	22,046
Provisions for liabilities and charges	22	4,158	4,651
		<hr/>	<hr/>
		32,128	26,697
		<hr/>	<hr/>
		242,060	231,975
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	23	260	260
Share premium account	24	423	423
Revaluation reserve	24	35,092	34,257
Merger reserve	24	242	242
Profit and loss account	24	150,465	146,768
		<hr/>	<hr/>
Equity shareholders' funds		186,482	181,950
Equity minority interests		55,578	50,025
		<hr/>	<hr/>
		242,060	231,975
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of equity shareholders' funds			
		<i>2003</i> <i>£000</i>	<i>2004</i> <i>£000</i>
Profit for the year		25,982	3,386
Dividends		(2,258)	(2,284)
		<hr/>	<hr/>
Retained profit for the year		23,724	1,102
Exchange differences		(4,530)	(5,364)
Purchase of own shares		(1,229)	(16)
Impairments of previously revalued fixed assets		(1,112)	(254)
Release of negative goodwill on impairment of fixed assets		(462)	—
Release of negative goodwill on disposal of a business		(308)	—
		<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds		16,083	(4,532)
Opening equity shareholders' funds		170,399	186,482
		<hr/>	<hr/>
Closing equity shareholders funds		186,482	181,950
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED CASH FLOWS

	<i>Note</i>	<i>2003</i> £000	<i>2004</i> £000
Cash flow from operating activities	25	5,419	19,444
Dividends received from associates		2,371	2,149
Returns on investment and servicing of finance			
Interest received		415	363
Interest paid		(4,360)	(3,205)
Income from investments		1,285	1,378
Dividends paid to minority shareholders		(1,866)	(1,871)
		<u>(4,526)</u>	<u>(3,335)</u>
Taxation paid			
UK taxation		(167)	—
Overseas taxation		(2,030)	(2,484)
		<u>(2,197)</u>	<u>(2,484)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(8,200)	(7,644)
Sale of tangible fixed assets		23,051	2,320
Purchase of investments		(1,396)	(3,579)
Sale of investments		942	2,589
		<u>14,397</u>	<u>(6,314)</u>
Acquisitions and disposals			
Purchase of minority interests		(349)	(482)
Acquisition of subsidiary		—	(108)
Sale of shares in associated undertakings		—	1,075
Disposal of businesses	26	1,902	540
		<u>1,553</u>	<u>1,025</u>
Equity dividends paid		(2,261)	(2,258)
Cash inflow before financing		14,756	8,227
Financing			
New Loans		4,107	195
Loan repayments		(14,660)	(8,759)
Finance lease repayments		(467)	(643)
Purchase of own shares		(1,229)	(16)
	27	<u>(12,249)</u>	<u>(9,223)</u>
(Decrease)/increase in cash in period	28	<u><u>2,507</u></u>	<u><u>(996)</u></u>

ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The consolidated accounts incorporate accounts of the company and all subsidiary undertakings for accounting periods ending 31 December, with the exception of Horizon Farms, which operates in the USA and has an accounting period ending on 30 September, but is included on the basis of interim accounts to 31 December.

For companies acquired or disposed of during the year, results are included from the date of acquisition or to the date of disposal.

No profit and loss account is presented for the company, in accordance with the exemption allowed by Section 230 of the Companies Act 1985.

Overseas currencies

The results and cash flows of overseas subsidiaries and associates are translated into sterling at average exchange rates.

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the retranslation of the opening net assets are taken directly to reserves. Exchange differences arising from trading transactions are included in the results for the year.

Turnover

Turnover comprises produce proceeds, agency income and sales at invoiced values excluding value added tax. Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer.

Tangible fixed assets

Fixed assets are stated at cost or valuation. The costs (excluding interest) of planting new areas are capitalised. The costs of upkeep and maintenance of mature areas including replanting costs are charged to revenue.

On adoption of FRS 15 in 2000, the group has followed the transitional provisions and retained the book value of land and buildings but has not adopted a policy of future revaluations. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Depreciation of fixed assets is calculated to write off their cost or valuation on a straight-line basis over their expected useful lives.

The rates of depreciation used for the assets are as follows:

Long and short leasehold estates	unexpired term of the lease
Freehold and long leasehold buildings	2 to 10 per cent. per annum
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	4 to 33 per cent. per annum

Goodwill

Purchased goodwill arising prior to 1 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 FRS 10, 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. Net surpluses or deficits on revaluation are taken to the revaluation reserve.
- (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) Documents and manuscripts, antiques and objets d'art held as investments are stated at cost less provision for permanent diminution in value.

Leasing

Assets held under finance leases are included as tangible fixed assets and the capital element of future lease payments is included in creditors. Such assets are depreciated in accordance with the group's accounting policy.

The interest element of rental payments is charged to the profit and loss account over the life of the lease. Rental payments on all other leases are charged to the profit and loss account as incurred.

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 taxation 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 gives a right to pay less, or an obligation to pay more, tax in future 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 on capital gains that could arise from the future disposal of any fixed assets shown in the accounts at valuation, except to the extent gains or losses expected to arise on the sale of such assets have been recognised in the profit and loss account.

Long term deferred tax balances are not discounted.

Pension costs

The cost of providing pensions is charged to the profit and loss account systematically over the periods benefiting from the employees' services. The transitional arrangements of FRS 17 – Retirement benefits, have also been adopted. Pension arrangements are detailed in note 30 on pages 89 to 93.

Financial instruments

Financial assets are recognised when the group has rights, or other access, to economic benefits. Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver.

If a legally enforceable right exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the group intends to settle on a net basis, the relevant financial assets cash or other financial assets and liabilities are offset.

International Financial Reporting Standards (IFRS)

The group accounts will be prepared in accordance with IFRS with effect from 1 January 2005 and IFRS will be first reflected in the consolidated financial statements for the half-year ending 30 June 2005 and year ending 31 December 2005.

By complying with IFRS for the first time the group will be required to restate comparative financial statements to amounts reflecting the application of IFRS. Adjustments required on transition to IFRS will be made, retrospectively, against opening reserves.

NOTES TO THE FINANCIAL STATEMENTS

1. Analysis of turnover, profit and net operating assets

	<i>Turnover</i>			<i>Profit</i>			<i>Net operating assets</i>
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
By activity							
Agriculture and horticulture	110,008	110,962	121,561	9,303	5,511	11,701	108,464
Engineering	13,122	15,802	13,683	421	5	(261)	10,416
Food storage and distribution	40,069	40,826	42,008	1,026	(340)	(712)	23,256
Trading and agency	163	1,208	1,103	501	565	412	476
Philately	40	—	33	(45)	(47)	(54)	2,510
Property leasing	2,068	1,960	199	1,993	1,900	120	1,655
	<u>165,470</u>	<u>170,758</u>	<u>178,587</u>	<u>13,199</u>	<u>7,594</u>	<u>11,206</u>	<u>146,777</u>
Discontinued							
Agriculture and horticulture	1,319	1,366	—	(461)	(1,047)	—	—
Food storage and distribution	2,722	2,561	187	(450)	(557)	(17)	—
Trading and agency	6,761	—	—	(3)	—	—	1,849
Fine art trading	251	—	—	139	—	—	51
	<u>176,523</u>	<u>174,685</u>	<u>178,774</u>	<u>12,424</u>	<u>5,990</u>	<u>11,189</u>	<u>146,777</u>
Impairment of assets							
Agriculture and horticulture				—	(2,962)	(933)	
Engineering				—	(342)	—	
				12,424	2,686	10,256	
Banking				(83)	402	721	22,023
Profit on sale of investments to group company included in banking results				(795)	—	—	
				<u>11,546</u>	<u>3,088</u>	<u>10,977</u>	
							<u>168,800</u>
Net unallocated expenses				(5,550)	(5,802)	(4,875)	
Net interest receivable by group companies from banking subsidiary				(7)	5	338	
Operating profit/(loss)				<u>5,989</u>	<u>(2,709)</u>	<u>6,440</u>	
Associated undertakings							
Pharmaceutical				10,504	9,099	3,139	
Agriculture and horticulture				(44)	12	50	
Insurance and leasing				1,210	1,167	1,028	
				<u>17,659</u>	<u>7,569</u>	<u>10,657</u>	

	<i>Turnover</i>			<i>Profit</i>			<i>Net operating assets</i>
	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
By country of origin							
United Kingdom	44,446	48,799	46,763	3,343	2,330	177	55,262
Continental Europe	10,290	10,417	9,932	120	194	(8)	2,577
India	32,112	32,732	32,159	(51)	(11)	1,293	15,757
Kenya	19,468	19,925	22,790	3,670	3,224	3,578	27,924
Malawi	9,634	10,032	11,438	1,563	2,057	3,325	17,785
Bangladesh	8,966	7,875	7,656	1,053	1,436	1,668	13,961
North America	1,439	314	1,468	460	(238)	963	3,048
Australia	22,858	4,558	29,044	1,452	1,132	2,318	13,422
South Africa	14,835	13,718	14,025	1,246	(2,629)	(2,218)	11,831
South America	1,422	2,388	3,312	(542)	501	831	7,233
	<u>165,470</u>	<u>170,758</u>	<u>178,587</u>	<u>12,314</u>	<u>7,996</u>	<u>11,927</u>	<u>168,800</u>
Discontinued							
United Kingdom	9,734	2,561	187	(314)	(557)	(17)	—
Kenya	1,319	1,366	—	(461)	(1,047)	—	—
	<u>176,523</u>	<u>174,685</u>	<u>178,774</u>	<u>11,539</u>	<u>6,392</u>	<u>11,910</u>	<u>168,800</u>
Impairment of assets							
United Kingdom			—	(240)	—		
Kenya			—	(1,065)	—		
India			—	(1,897)	—		
Bangladesh			—	(102)	—		
South Africa			—	—	(933)		
			<u>11,539</u>	<u>3,088</u>	<u>10,977</u>		
By geographical market supplied							
United Kingdom	63,988	60,856	56,553				
Continental Europe	18,477	19,043	19,729				
India	26,882	28,920	28,873				
Bangladesh	7,938	7,894	7,750				
Africa	25,427	22,752	27,219				
Australasia	11,437	15,747	15,670				
Other Asia	14,726	10,598	9,462				
North and South America	7,648	8,875	13,518				
	<u>176,523</u>	<u>174,685</u>	<u>178,774</u>				

Net operating assets are reconciled to shareholders' funds:	<i>2004</i>
Shareholders' funds	<i>£000</i>
Minority interests	181,950
Dividends payable	50,025
Net borrowings	1,765
Investments	36,128
Other net non-operating assets	(83,215)
Balances with banking subsidiaries	(11,789)
	<u>(6,064)</u>
Net operating assets	<u>168,800</u>

Profit of banking subsidiaries

		<i>2002</i>	<i>2003</i>	<i>2004</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Interest receivable	third parties	6,335	5,812	6,989
	group companies	11	41	22
		<u>6,346</u>	<u>5,853</u>	<u>7,011</u>
Interest payable	third parties	3,768	3,287	3,939
	group companies	4	46	360
		<u>3,772</u>	<u>3,333</u>	<u>4,299</u>
Net interest income		2,574	2,520	2,712
Other operating income		3,154	3,479	3,710
Operating expenses		6,606	5,597	5,701
		<u>(878)</u>	<u>402</u>	<u>721</u>
Profit on sale of investments to group companies		795	—	—
		<u>(83)</u>	<u>402</u>	<u>721</u>
Profit on disposal of a subsidiary		231	—	—
		<u>148</u>	<u>402</u>	<u>721</u>

2. Net operating expenses

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Distribution costs	7,699	7,277	7,343
Administrative expenses	29,357	36,080	30,060
Other operating income	(1,519)	(2,907)	(2,656)
	<u>35,537</u>	<u>40,450</u>	<u>34,747</u>

3. Impairment of assets

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Impairment of fixed assets	—	1,968	933
Impairment of current assets	—	1,897	—
Negative goodwill transferred from reserves	—	(462)	—
Negative goodwill transferred from fixed assets	—	(99)	—
	<u>—</u>	<u>3,304</u>	<u>933</u>

An impairment of £933,000 has been charged in relation to the fixed assets associated with the group's paprika milling and oleoresin extraction operations in South Africa. A decision was taken to close these operations on 31 March 2005. The amount attributable to minority interests is £392,000.

4. Profit on disposal of fixed assets

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Profit on disposal of Banbury warehouse	—	21,201	—
Profit on disposal of other land and property	195	598	1,110
Profit on disposal of fixed assets associated with the production of coffee	—	—	173
	<u>195</u>	<u>21,799</u>	<u>1,283</u>

5. Restructuring costs

The charge of £2,689,000 comprises the following:

Redundancy costs of £1,211,000 and an impairment charge of £2,440,000 have been incurred following the decision to close the group's tea operations in South Africa. The tea operations of Sapekoe (Pty) Limited were closed on 10 December 2004. These closure costs have been partially offset by a £1,619,000 write back of negative goodwill relating to these operations. The amount attributable to minority interests is £1,197,000.

Closure costs of £657,000 have been incurred following the closure of the Birmingham division of British Metal Treatments Limited in 2004. The amount attributable to minority interests is £137,000.

6. Profit on disposal of associated undertakings

	2002 £000	2003 £000	2004 £000
Profit on disposal of shares in associated undertakings	—	—	248
Positive goodwill transferred from fixed assets	—	—	(127)
	<u>—</u>	<u>—</u>	<u>121</u>

In the year the group realised a net profit of £94,000 on the part disposal of its associate interest in United Leasing Company Limited, reducing its shareholding to 33.61 per cent. from 48.92 per cent.

In addition, the group realised a profit of £27,000 on the disposal of its associate interest in Gorkha Lawrie Private Limited.

7. Net finance costs

	2002 £000	2003 £000	2004 £000
Bank loans, overdrafts and other loans	4,343	3,922	3,112
Finance leases	56	93	111
Net exchange gains on foreign currency borrowings	(45)	(362)	(61)
	<u>4,354</u>	<u>3,653</u>	<u>3,162</u>
Share of interest of associates	627	599	551
	<u>4,981</u>	<u>4,252</u>	<u>3,713</u>
Interest payable	4,981	4,252	3,713
Less: Interest receivable	700	418	480
	<u>4,281</u>	<u>3,834</u>	<u>3,233</u>

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

8. Taxation on profit on ordinary activities

Analysis of charge in the year

	2002 £000 <i>restated</i>	2003 £000	2004 £000
Current tax			
UK corporation tax			
UK corporation tax at 30.0 per cent. (2003, 2002: 30.0 per cent.)	1,435	2,011	2,743
Adjustment in respect of prior years	(283)	(5)	29
Double tax relief	(1,445)	(1,947)	(2,646)
	<u>(293)</u>	<u>59</u>	<u>126</u>
Foreign tax			
Corporation tax	2,284	2,349	3,760
Adjustment in respect of prior years	—	(3)	—
	<u>2,284</u>	<u>2,346</u>	<u>3,760</u>
Total current tax	1,991	2,405	3,886
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	(826)	(1,154)	(1,267)
Overseas	915	(1,498)	1,444
	<u>89</u>	<u>(2,652)</u>	<u>177</u>
Share of associated undertakings tax	2,747	1,439	788
Tax on profit on ordinary activities	<u>4,827</u>	<u>1,192</u>	<u>4,851</u>

9. Profit for the year

	2002 £000	2003 £000	2004 £000
The amount dealt with in the accounts of the company was	<u>2,398</u>	<u>2,340</u>	<u>2,322</u>

10. Equity dividends

	2002 £000	2003 £000	2004 £000
Interim dividend paid 20.00p (2003: 20.00p; 2002: 20.00p) per share	528	519	519
Final proposed dividend 68.00p (2003: 67.00p; 2002: 66.00p) per share	1,742	1,739	1,765
	<u>2,270</u>	<u>2,258</u>	<u>2,284</u>

11. Earnings per share

Earnings per share have been calculated by dividing the weighted average number of ordinary shares in issue for the year of 2,595,153 (2003: 2,600,345; 2002: 2,652,023) into the profit for the year of £3,386,000 (2003: £25,982,000; 2002: £7,149,000).

12. Employees

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Average number of employees by activity:			
Agriculture and horticulture	85,601	84,494	82,074
Engineering	360	374	312
Food storage and distribution	606	660	628
Banking	78	66	67
Central management	44	54	58
	<u>86,689</u>	<u>85,648</u>	<u>83,139</u>
	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Employment costs:			
Wages and salaries	54,709	56,347	56,040
Social security costs	2,487	2,545	2,618
Pension costs			
– UK	5,887	3,546	3,252
– Overseas	—	2,597	1,813
	<u>63,083</u>	<u>65,035</u>	<u>63,723</u>

13. Emoluments of the directors

	<i>2002</i>	<i>2003</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Aggregate emoluments excluding pension contributions	<u>685</u>	<u>623</u>	<u>657</u>

Emoluments of the highest paid director excluding pension contributions were £291,000 (2003: £290,000; 2002: £282,000).

14. Goodwill

	<i>Positive goodwill</i>	<i>Negative goodwill</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost			
At 1 January 2004	1,604	(4,806)	(3,202)
Addition	7	(1,282)	(1,275)
Release for the year	(127)	—	(127)
At 31 December 2004	<u>1,484</u>	<u>(6,088)</u>	<u>(4,604)</u>
Amortisation			
At 1 January 2004	(447)	1,768	1,321
Impairment (see note 5)	—	1,619	1,619
(Charge)/release for the year	(101)	308	207
At 31 December 2004	<u>(548)</u>	<u>3,695</u>	<u>3,147</u>
Net book value at 31 December 2004	<u>936</u>	<u>(2,393)</u>	<u>(1,457)</u>
Net book value at 31 December 2003	<u>1,157</u>	<u>(3,038)</u>	<u>(1,881)</u>

In 2001 the group entered into an agreement whereby it acquired a 70.0 per cent. controlling interest in Sapekoe (Pty) Limited in exchange for a 30.0 per cent. minority interest in Eastern Produce Malawi Limited. The agreement envisaged title to certain land in South Africa passing to the group. This did not occur and consequently in accordance with the agreement the group's controlling interest in both Sapekoe (Pty) Limited and Eastern Produce Malawi Limited increased to 73.2 per cent., creating further negative goodwill of £1,105,000 in Linton Park Plc. The remaining goodwill has arisen on the purchase of shares in subsidiary undertakings.

15. Tangible fixed assets

	<i>Land and buildings £000</i>	<i>Plant and machinery £000</i>	<i>fittings and equipment £000</i>	<i>Total £000</i>
Cost or valuation				
At 1 January 2004	143,178	83,370	19,867	246,415
Exchange differences	(4,850)	(556)	(185)	(5,591)
Additions	3,210	4,564	1,203	8,977
Fair value adjustment on acquisition of minority interest	89	37	—	126
Acquisitions	17	520	19	556
Transfer to assets held for resale*	(11,379)	(2,202)	(2)	(13,583)
Disposals	(1,639)	(2,729)	(1,201)	(5,569)
At 31 December 2004	<u>128,626</u>	<u>83,004</u>	<u>19,701</u>	<u>231,331</u>
Depreciation				
At 1 January 2004	<u>30,085</u>	<u>51,137</u>	<u>9,247</u>	<u>90,469</u>
Exchange differences	(144)	(29)	(116)	(289)
Acquisitions	5	211	16	232
Impairment	2,003	1,691	—	3,694
Charge for the year	2,555	4,746	1,345	8,646
Transfer to assets held for resale *	(1,355)	(1,070)	(1)	(2,426)
Disposals	(981)	(2,475)	(1,146)	(4,602)
At 31 December 2004	<u>32,168</u>	<u>54,211</u>	<u>9,345</u>	<u>95,724</u>
Net book value at 31 December 2004	<u><u>96,458</u></u>	<u><u>28,793</u></u>	<u><u>10,356</u></u>	<u><u>135,607</u></u>
Net book value at 31 December 2003	<u><u>113,093</u></u>	<u><u>32,233</u></u>	<u><u>10,620</u></u>	<u><u>155,946</u></u>
Cost or valuation at 31 December 2004 is represented by:				
Cost	84,674	81,107	19,493	185,274
Valuation in 1988	3,113	—	—	3,113
Valuation in 1991	6,246	—	—	6,246
Valuation in 1993	1,206	—	—	1,206
Valuation in 1997	19,955	—	—	19,955
Valuation in 1999	13,432	1,897	208	15,537
	<u><u>128,626</u></u>	<u><u>83,004</u></u>	<u><u>19,701</u></u>	<u><u>231,331</u></u>

*In October 2004 subsidiaries of East African Coffee Plantations Limited entered into an agreement with SAITeysMcMahon to sell the majority of its horticultural properties in Australia, with the first sale taking place in November 2004 and the last sale in August 2005.

Under the agreement, SAITeysMcMahon is required to purchase all the properties, otherwise the group has the option of unwinding all previous property transfers. In accordance with accounting standards, the sale of the properties will only be recognised on SAITeysMcMahon completing the

transaction. These assets have been reclassified as current assets under the heading assets held for resale.

Land and buildings at net book value, which include agricultural land and plantations of £56,282,000 (2003: £63,988,000) comprise:

	2003 £'000	2004 £'000
Freehold	66,026	50,460
Long leasehold	43,513	42,373
Short leasehold	3,554	3,625
	<u>113,093</u>	<u>96,458</u>

Plant and machinery includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £399,000 (2003: £372,000; 2002: £238,000) and their net book value was £2,065,000 (2003: £1,431,000).

The historical cost of assets included at valuation amounts to £15,645,000 (2003: £17,605,000) and the accumulated depreciation thereon would have been £4,495,000 (2003: £3,897,000).

16. Fixed asset investments

	<i>Associated undertakings</i> £000	<i>Other investments</i> £000	<i>Total</i> £000
Cost or valuation			
At 1 January 2004	63,185	21,592	84,777
Additions	—	3,579	3,579
Disposals	(791)	(2,044)	(2,835)
Transfer on becoming a subsidiary	—	(58)	(58)
Share of retained profits	772	—	772
Exchange differences	(1,365)	(1,090)	(2,455)
At 31 December 2004	<u>61,801</u>	<u>21,979</u>	<u>83,780</u>
Provision for diminution in value			
At 1 January 2004	6	806	812
Amounts written off in year	—	64	64
Disposals	—	(306)	(306)
Exchange differences	—	(5)	(5)
At 31 December 2004	<u>6</u>	<u>559</u>	<u>565</u>
Net book value			
At 31 December 2004	<u>61,795</u>	<u>21,420</u>	<u>83,215</u>
At 31 December 2003	<u>63,179</u>	<u>20,786</u>	<u>83,965</u>

	<i>Associated undertakings 2004 £000</i>	<i>Other investments 2004 £000</i>
Cost comprises:		
Listed investments	32,054	17,431
Unlisted investments	96	474
Collections	—	4,074
	<u>32,150</u>	<u>21,979</u>
Market value of listed investments	<u>63,665</u>	<u>38,513</u>

Collections comprise the group's and company's investment in fine art, stamps, documents, manuscripts.

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

	<i>Principal country of origin</i>	<i>per cent. held</i>
Bermuda Bakery Limited	Bermuda	26.50
B.F. & M. Limited	Bermuda	22.33

Associated undertakings include Siegfried Holding AG, a listed company incorporated in Switzerland.

On 31 December 2004 the group held 903,680 registered shares, representing 32.3 per cent. of the issued shares.

The consolidated capital and reserves of Siegfried Holding AG on 31 December 2004 drawn up in accordance with International Financial Reporting Standards were £182,665,000 (2003: £184,770,000) and consolidated profit after tax for the year ended 31 December 2004 was £7,220,000 (2003: £24,091,000).

The group's share of the results and balance sheet of Siegfried Holding AG for 2004 are:

	<i>2002 £000</i>	<i>2003 £000</i>	<i>2004 £000</i>
Profit and loss account:			
Turnover	57,859	53,392	45,682
Operating profit	10,504	9,099	3,138
Net interest payable	(473)	(501)	(470)
Profit before taxation	10,031	8,598	2,668
Taxation	(1,883)	(823)	(338)
Profit after taxation	<u>8,148</u>	<u>7,775</u>	<u>2,330</u>
Balance sheet:			<i>2004 £000</i>
Fixed assets			54,583
Other non-current assets			3,528
Current assets			29,795
Liabilities due within one year			(8,035)
Liabilities due between 2 – 5 years			(20,917)
Group share of net assets			<u>58,954</u>

17. Stocks

	<i>2004</i> <i>£000</i>
Raw materials and consumables	5,813
Work in progress and growing crops	4,822
Produce on hand	9,236
Finished goods	2,745
Philatelic items	2,320
	<hr/>
	24,936
	<hr/> <hr/>

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.

18. Debtors

	<i>2004</i> <i>£000</i>
Due within one year:	
Amounts due from customers of banking subsidiaries	21,923
Trade debtors	20,639
Amounts owed by associated undertakings	44
Amounts due on sale of subsidiary	600
Other debtors	4,662
Taxation	2,707
Prepayments and accrued income	2,575
	<hr/>
	53,150
Due after one year:	
Other debtors	653
	<hr/>
	53,803
	<hr/> <hr/>

19. Cash and deposits

Included in cash and deposits of £155,550,000 are cash and short term funds, time deposits with banks and building societies and certificates of deposit amounting to £142,855,000 which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

20. Creditors: due within one year

	<i>2004</i> <i>£000</i>
Amounts due to customers of banking subsidiaries	139,681
Bank loans and overdrafts	27,614
Other loans	5
Finance leases	663
Trade creditors	13,794
Amounts owed to associated undertakings	11
Dividends	1,765
Corporate taxation	3,244
Other taxation and social security	1,700
Other creditors	5,785
Accruals	6,286
	<hr/>
	204,139
	<hr/> <hr/>

Creditors: due within one year include the following amounts secured on certain group assets:

	<i>2004</i>
	<i>£000</i>
Bank loans and overdrafts	15,665
Finance leases	663
	<u>16,328</u>

21. Creditors: due after one year

	<i>2004</i>
	<i>£000</i>
Bank loans	19,187
Other loans	7
Finance leases	1,347
Accruals	1,505
	<u>22,046</u>

Creditors: due after one year include the following amounts secured on certain group assets:

Bank loans	4,022
Finance leases	1,347
	<u>5,369</u>

Bank loans include the following amounts repayable over more than five years by instalments:

Aggregate amount of loans	10,908
Amount due beyond five years	6,769
	<u>17,677</u>

	<i>2004</i>
	<i>£000</i>
The repayment of bank loans and overdrafts fall due as follows:	
Within one year or on demand (included in Creditors: due within one year)	27,614
Between 1 – 2 years	9,478
Between 2 – 5 years	2,940
After 5 years	6,769
	<u>46,801</u>

The repayments of other loans and finance leases fall due as follows:

Within one year or on demand (included in Creditors: due within one year)	668
Between 1 – 2 years	580
Between 2 – 5 years	765
After 5 years	9
	<u>2,022</u>

The rates of interest payable at 31 December 2004 vary between 2 per cent. and 25 per cent..

22. Provisions for liabilities and charges

	<i>Restructuring</i> £000	<i>Onerous lease</i> £000	<i>Deferred tax</i> £000	<i>Total</i> £000
At 1 January 2004	—	—	4,158	4,158
Exchange differences	33	—	(216)	(183)
Provided in the period	1,211	113	177	1,501
Utilised in the period	(825)	—	—	(825)
At 31 December 2004	419	113	4,119	4,651

The amount provided in respect of deferred taxation comprises:

	<i>2004</i> £000
Accelerated capital allowances	6,563
Other timing differences	(93)
Tax losses carried forward	(2,351)
	<u>4,119</u>

Deferred tax is provided on the unremitted earnings of overseas subsidiaries and associates only to the extent that it is likely that profits will be remitted in the foreseeable future.

A deferred tax asset of £6,737,000 in respect of tax losses recorded has not been recognised as it is considered unlikely that there will be suitable taxable profits arising in the foreseeable future from which these losses can be deducted.

Deferred tax is provided on a non-discounted basis at the tax rates expected to apply in the periods in which timing differences reverse.

No provision has been made for deferred tax on gains arising from the revaluation of fixed assets or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would only become payable if the assets were sold without it being possible to claim rollover relief or offset against existing capital losses. The total amount unprovided is £2,009,000, but it is not envisaged that any tax will become payable in the foreseeable future.

23. Share capital

	<i>2004</i> £000
Authorised: 3,000,000 ordinary shares of 10p each	300
Allotted, called up and fully paid: ordinary shares of 10p each:	
At 1 January – 2,595,323 shares	260
Purchase of own shares – 323 shares	—
At 31 December – 2,595,000 shares	<u>260</u>

24. Reserves

	<i>Share premium account £000</i>	<i>Revaluation £000</i>	<i>Merger reserve £000</i>	<i>Profit and loss account £000</i>
At 1 January 2004	423	35,092	242	150,465
Exchange differences	—	(581)	—	(4,783)
Impairments on previously revalued tangible fixed assets	—	(254)	—	—
Purchase of own shares	—	—	—	(16)
Retained profit for the year	—	—	—	1,102
	<u>423</u>	<u>34,257</u>	<u>242</u>	<u>146,768</u>
At 31 December 2004	<u>423</u>	<u>34,257</u>	<u>242</u>	<u>146,768</u>

The group profit and loss account includes £22,247,000 which would require exchange control permission for remittance as dividends.

Group reserves include £29,651,000 of profits related to associated undertakings.

25. Reconciliation of operating profit to cash flow from operating activities

	<i>2004 £000</i>
Operating profit/(loss)	6,440
Depreciation	8,646
Asset impairments	933
Amortisation of negative goodwill	(207)
(Profit)/loss on sale of fixed assets	(72)
Provision against investments	64
Restructuring costs	(1,868)
Other non cash movements	(374)
(Increase)/decrease in stocks	(692)
(Increase)/decrease in debtors	(6,249)
Increase/(decrease) in creditors	4,040
Net decrease/(increase) in funds of banking subsidiaries	8,783
Cash flow from operating activities	<u>19,444</u>

26. Acquisition and disposal of businesses

	<i>Acquisition</i> 2004 £000	<i>Disposal</i> 2004 £000
Book value of assets and liabilities:		
Tangible fixed assets	324	—
Cash and deposits	81	—
Stocks	3	166
Debtors	17	278
Creditors	(61)	(4)
Net amount due from/(to) group undertaking	—	100
Short term loans and overdrafts	(25)	—
	<u>339</u>	<u>540</u>
Minority interest	(150)	—
Negative goodwill	(23)	—
	<u>166</u>	<u>540</u>
Satisfied by:		
Cash consideration and costs	108	540
Transfer from other investments	58	—
	<u>166</u>	<u>540</u>
Net (outflow)/inflow of cash in respect of acquisition and disposal of businesses:		
Cash consideration and costs	(108)	540
Net cash balances of business acquired	56	—
	<u>(52)</u>	<u>540</u>

The fair values of assets and liabilities of Zetmac (Pty) Limited, which were acquired on 1 January 2004, are the same as the net book values.

The disposal in 2004 relates to the disposal of the business of W.G. White Limited (now known as Feltham One Limited).

27. Analysis of net debt

	<i>1 January</i> £000	<i>Cash flow</i> £000	<i>Acquisition/ (Disposals)</i> £000	<i>Other non- cash changes</i> £000	<i>Exchange movements</i> £000	<i>31 December</i> £000
2004						
Cash and deposits	162,657					155,550
less: held by banking subsidiaries (note 19)	(151,638)					(142,855)
	<u>11,019</u>	<u>1,917</u>	<u>81</u>	<u>—</u>	<u>(322)</u>	<u>12,695</u>
Bank overdrafts	(20,965)	(2,913)	(25)	—	589	(23,314)
	<u>(9,946)</u>	<u>(996)</u>	<u>56</u>	<u>—</u>	<u>267</u>	<u>(10,619)</u>
Debt due within one year	(6,929)	2,550	—	—	74	(4,305)
Debt due after one year	(25,582)	6,014	—	—	374	(19,194)
Finance leases	(1,303)	643	(19)	(1,332)	1	(2,010)
	<u>(33,814)</u>	<u>9,207</u>	<u>(19)</u>	<u>(1,332)</u>	<u>449</u>	<u>(25,509)</u>
Net debt	<u>(43,760)</u>	<u>8,211</u>	<u>37</u>	<u>(1,332)</u>	<u>716</u>	<u>(36,128)</u>

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

The additional disclosures required by accounting standard FRS 17 "Retirement Benefits" are:

Full actuarial valuations of the three UK defined benefit pension schemes were last undertaken as at 31 December 2001, 1 January 2003 and 6 April 2003 respectively. These have been updated to 31 December 2004 by qualified independent actuaries. For the six overseas defined benefit pension schemes full actuarial valuations were completed as at 31 December 2001. The major assumptions used by the actuaries as at 31 December 2004 were as follows:

	<i>2002</i> <i>per annum</i>	<i>2003</i> <i>per annum</i>	<i>2004</i> <i>per annum</i>
UK schemes			
Rate of increase in salaries	4.00 – 4.25 per cent.	2.75 – 4.50 per cent.	2.75 – 4.75 per cent.
Rate of increase to LPI pensions in payment	2.25 – 2.50 per cent.	2.50 – 2.75 per cent.	2.75 per cent.
Discount rate applied to scheme liabilities	5.50 – 5.60 per cent.	5.40 per cent.	5.30 per cent.
Inflation assumption	2.25 – 2.50 per cent.	2.50 – 2.75 per cent.	2.75 per cent.
Overseas schemes			
Rate of increase in salaries	5.00 – 7.00 per cent.	5.00 – 7.00 per cent.	5.00 – 7.00 per cent.
Rate of increase to LPI pensions in payment	0.00 – 3.00 per cent.	0.00 – 3.00 per cent.	0.00 – 3.00 per cent.
Discount rate applied to scheme liabilities	9.00 – 10.00 per cent.	7.50 – 9.00 per cent.	7.50 – 9.00 per cent.
Inflation assumption	0.00 – 7.00 per cent.	0.00 – 7.00 per cent.	0.00 – 7.00 per cent.

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

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

	31 December 2002		31 December 2003		31 December 2004	
	Market value £000	Long term rate of return expected per cent. p.a.	Market value £000	Long term rate of return expected per cent. p.a.	Market value £000	Long term rate of return expected per cent. p.a.
UK schemes						
Equities & property	50,396	7.25	61,307	7.61	63,439	7.22
Bonds	17,198	4.54	16,255	5.25	18,172	4.75
	Gilts 4.50 per cent. Corporate bonds 5.30 per cent.					
Cash	3,180	4.00	3,126	3.75	5,172	4.75
	<u>70,774</u>		<u>80,688</u>		<u>86,783</u>	
Present value of scheme liabilities	<u>(96,158)</u>		<u>(99,055)</u>		<u>(111,092)</u>	
Deficit in the schemes	<u>(25,384)</u>		<u>(18,367)</u>		<u>(24,309)</u>	
Related deferred tax	<u>6,031</u>		<u>3,416</u>		<u>2,653</u>	
Net pension deficit	<u><u>(19,353)</u></u>		<u><u>(14,951)</u></u>		<u><u>(21,656)</u></u>	
Overseas schemes						
Bonds	9,908	8.10	10,217	7.65	10,438	7.65
Cash	—	—	—	—	402	7.50
	<u>9,908</u>		<u>10,217</u>		<u>10,840</u>	
Present value of scheme liabilities	<u>(8,257)</u>		<u>(8,840)</u>		<u>(9,134)</u>	
Surplus in the schemes	<u>1,651</u>		<u>1,377</u>		<u>1,706</u>	
Related deferred tax	<u>(648)</u>		<u>(563)</u>		<u>(705)</u>	
Net pension surplus	<u><u>1,003</u></u>		<u><u>814</u></u>		<u><u>1,001</u></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 31 December would be as follows:

	2004 £000
Net assets:	
Net assets prior to pension adjustments	231,975
SSAP 24 pension liability	<u>240</u>
	232,215
FRS 17 pension deficit	<u>(20,655)</u>
Net assets after pension adjustments	<u><u>211,560</u></u>
Reserves:	
Profit and loss account prior to pension adjustments	146,768
SSAP 24 pension liability	<u>240</u>
	147,008
FRS 17 pension deficit	<u>(20,655)</u>
Profit and loss account after pension adjustments	<u><u>126,353</u></u>

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 31 December 2004.

Overseas*Analysis of amount chargeable to profit:*

	2002 £000	2003 £000	2004 £000
Current service cost	336	439	494
Past service costs	—	—	(6)
	<u>336</u>	<u>439</u>	<u>488</u>

Analysis of the amount to be credited to other finance income:

	2002 £000	2003 £000	2004 £000
Expected return on pension scheme assets	884	752	778
Interest on pension scheme liabilities	(562)	(609)	(644)
Net return	<u>322</u>	<u>143</u>	<u>134</u>

Movement in surplus during the year:

	2002 £000	2003 £000	2004 £000
Surplus at beginning of year	2,928	1,651	1,377
Exchange differences	(277)	(79)	(20)
Current service cost	(336)	(439)	(494)
Contributions	870	474	887
Past service costs	—	—	6
Other finance income	308	144	134
Actuarial loss	(1,842)	(374)	(183)
Surplus at end of year	<u>1,651</u>	<u>1,377</u>	<u>1,707</u>

UK*Analysis of amount chargeable to profit:*

	2002 £000	2003 £000	2004 £000
Current service cost	<u>2,944</u>	<u>2,671</u>	<u>2,257</u>

Analysis of the amount to be credited to other finance income:

	2002 £000	2003 £000	2004 £000
Expected return on pension scheme assets	5,570	4,533	5,555
Interest on pension scheme liabilities	(5,145)	(5,263)	(5,275)
Net return	<u>425</u>	<u>(730)</u>	<u>280</u>

Movement in deficit during the year:

	2002 £000	2003 £000	2004 £000
Deficit at beginning of year	(1,935)	(25,384)	(18,367)
Current service cost	(2,944)	(2,671)	(2,257)
Contributions	2,572	2,343	2,400
Other finance income	425	(730)	290
Actuarial (loss)/profit	(23,502)	8,075	(6,375)
Deficit at end of year	<u>(25,384)</u>	<u>(18,367)</u>	<u>(24,309)</u>

History of experience gains and losses:

	<i>UK</i>		<i>Overseas</i>	
	<i>2003 Total</i>	<i>2004 Total</i>	<i>2003 Total</i>	<i>2004 Total</i>
Difference between expected and actual return on scheme assets:				
Amount (£000's)	6,924	2,731	185	(63)
Percentage of scheme assets	8.58 per cent.	3.15 per cent.	1.81 per cent.	(0.58) per cent.
Experience gains and losses on scheme liabilities				
Amount (£000's)	1,925	(289)	312	(415)
Percentage of present value of scheme liabilities	1.94 per cent.	(0.26) per cent.	3.53 per cent.	(4.54) per cent.
Total amount recognised in statement of total recognised gains and losses				
Amount (£000's)	<u>8,075</u>	<u>(6,375)</u>	<u>(374)</u>	<u>(183)</u>
	<u>8.15 per cent.</u>	<u>(5.74) per cent.</u>	<u>(4.23) per cent.</u>	<u>(2.00) per cent.</u>

31. Principal subsidiary and associated undertakings

Subsidiary undertakings

The principal operating subsidiary undertakings of the group at 31 December 2004, which are wholly-owned and incorporated in Great Britain unless otherwise stated, were:

	<i>Principal country of operation</i>
Agriculture and horticulture	
Amgoorie India Limited (Incorporated in India – 99.8 per cent. holding)	India
Bonathaba Farms (Pty) Limited (Incorporated in South Africa)	South Africa
Die Baken Farms (Pty) Limited (Incorporated in South Africa)	South Africa
E.P. Lawrie Agropecuária e Participações Ltda. (Incorporated in Brazil)	Brazil
Eastern Produce Kenya Limited (Incorporated in Kenya – 78.0 per cent. holding)	Kenya
Eastern Produce Malawi Limited (Incorporated in Malawi – 73.2 per cent. holding)	Malawi
Goodricke Group Limited (Incorporated in India – 84.0 per cent. holding)	India
Hacienda Chada S.A. (Incorporated in Chile)	Chile
Horizon Farms (An United States of America general partnership – 80.0 per cent. holding)	USA
Kakuzi Limited (Incorporated in Kenya – 50.7 per cent. holding)	Kenya
Koomber Tea Company Limited (Incorporated in India – 85.0 per cent. holding)	India
Longbourne Holdings Limited	Bangladesh
Sapekoe (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa
Stewart Holl (India) Limited (Incorporated in India – 92.0 per cent. holding)	India
Tiru Tea Company Limited (Incorporated in India)	India
Yandilla Park Limited (Incorporated in Australia – 92.5 per cent. owned by East African Coffee Plantations Limited)	Australia

	<i>Principal country of operation</i>
Engineering	
AJT Engineering Limited	UK
Unochrome Industries Limited	UK
Food storage and distribution	
Affish BV (Incorporated in Holland)	Holland
Associated Cold Stores & Transport Limited	UK
Wylax International BV (Incorporated in Holland)	Holland
Trading and agency	
Robertson Bois Dickson Anderson Limited	UK
Lawrie Plantation Services Limited	UK
Philately	
David Field Limited	UK
Property	
W.D.G. Properties Limited	UK
Banking and financial services	
Duncan Lawrie Limited	UK
Duncan Lawrie (IOM) Limited (Incorporated in Isle of Man)	Isle of Man
Duncan Lawrie Offshore Services Limited (Incorporated in Isle of Man)	Isle of Man
Investment holding	
Assam – Dooars Holdings Limited	UK
Associated Fisheries Limited	UK
Bordure Limited	UK
East African Coffee Plantations Limited (Incorporated in Australia – 70.5 per cent. holding)	Australia
Lawrie (Bermuda) Limited (Incorporated in Bermuda)	Bermuda
Lawrie Group Plc	UK
Lawrie International Limited (Incorporated in Bermuda)	Bermuda
Linton Park Plc (79.16 per cent. holding)	UK
Sterling Industrial Securities Limited	UK
Walter Duncan & Goodricke Limited	UK
Western – Dooars Tea Holdings Limited	UK

Associated undertakings

The principal associated undertakings of the group at 31 December 2004 were:

	<i>Principal country of operation</i>	<i>Accounting date 2004</i>	<i>Group interest in equity capital per cent.</i>
Chemical and pharmaceutical			
Siegfried Holding AG (Incorporated in Switzerland – registered shares)	Switzerland	31 December	32.3
Other			
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	31.9
United Leasing Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	33.6

32. 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 Holding AG and a non executive director of Linton Park Plc), both parties have the first right of refusal to buy Siegfried Holding AG shares offered for sale by the other party.

In December 2004, the company's 20 per cent. shareholding in International Factors Corporation ("IFC") (a Canadian private company) was purchased by IFC for a consideration of Can \$2,457,000 (approximately £1.1 million). At the same time, the company purchased certain philatelic material from the Libra Foundation for a consideration of £1,443,153. Both IFC and the Libra Foundation are controlled by Mr Gordon Fox who, by virtue of his directorship of a subsidiary of Camellia Plc, was at the time of the transactions considered a related party under the rules of the UK Listing Authority. A full market valuation of both the IFC shares and the philatelic material was prepared independently and, in accordance with the rules of the UK Listing Authority, Teather & Greenwood Limited confirmed to the UK Listing Authority that the terms of the transactions were fair and reasonable so far as the shareholders of Camellia Plc are concerned.

33. Control of Camellia Plc

Camellia Holding AG held 1,421,000 ordinary shares of Camellia Plc (representing 54.76 per cent. of the issued share capital). Camellia Holding AG is owned by Camellia Private Trust Company Limited (a private trust company incorporated under the laws of Bermuda to act as trustee of The Camellia Foundation).

The Camellia Foundation ("the Foundation") is a Bermudian Trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the Trustees.

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 are currently connected with the Foundation, other than Mr P A Leggatt who is one of the Trustees*. While Camellia Private Trust Company Limited 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. Camellia Private Trust Company Limited 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 Private Trust Company Limited in relation to any matter concerning the Camellia Group's shareholding in Siegfried Holding 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.

* Note: On 5 August 2005, David A. Reeves, a Camellia Director, became a trustee of the Foundation.

** Note: The Foundation, as at 28 September 2005, being the last practicable Business Day prior to the publication of this document, owns, through Camellia Holding AG, 30,000 registered shares in Siegfried Holding AG, representing approximately 1.1 per cent. of the issued share capital of Siegfried Holding AG.

Part B: Financial information on Camellia for the six months to 30 June 2005

The following is the full text of Camellia's unaudited interim results for the six months to 30 June 2005, announced on 28 September 2005.

“Chairman's statement

The pre-tax profit from continuing operations of £2,455,000 for the six months to the 30 June 2005 compares with a profit of £710,000 for the same period last year. Results for the half year include nearly £8 million of profits before tax on disposal of assets and discontinued operations.

The board has declared an interim dividend of 20p per ordinary share payable on 8 November 2005 to shareholders on the register on 14 October 2005.

The company has adopted International Financial Reporting Standards (IFRS) for its 2005 group accounts as required by European Union Regulations.

The impact of adopting IFRS has been to increase equity shareholders' funds at 1 January 2004 from £186.08 million to £193.86 million. The main reasons are the increase of £13.84 million in investments to reflect their fair value, the increase of £5.59 million arising on the treatment of biological assets and the inclusion of net pension scheme deficits of £11.45 million, the latter two amounts being after provision for deferred tax. Other significant changes arise from the provision of £3.50 million deferred tax liability on the share of distributable reserves of our associate Siegfried Holding AG and an increase in reserves of £2.90 million on release of negative goodwill.

A summary of the movements from UK Generally Accepted Accounting Practice (UK GAAP) to IFRS is shown in note 11 to the Interim Statement and in the appendix.

Tea

India

Production is marginally ahead of last year but prices are about 15 per cent. lower. Our tea operations in the Dooars have recently experienced a two week strike that affected the entire region which, although now settled, will have an adverse impact on production and profitability for the second half of the year. The emphasis in India continues to be the policy of producing the highest quality product possible. The market for orthodox teas continues to be poor because of low demand from traditional markets.

Bangladesh

Production is 10 per cent. ahead of last year and prices have also increased resulting in a considerably reduced loss for the first six months of the year. The prospects for Bangladesh appear to be encouraging.

Africa

Tea production in Kenya has been slightly ahead of the levels achieved in 2004, however prices have fallen by 25 US cents per kg compared with the same period last year. This fall, combined with a relatively strong Kenyan shilling, has resulted in disappointing results from our Kenyan operations which made a loss in the first half of the year.

Production in Malawi is at the same levels as last year, and the fall in prices has not been so marked. This, together with the impact of a weakening Malawi kwacha, has resulted in satisfactory profits being achieved. The outlook for the second half of the year is less clear as the rains received since February are well below average, and if this trend continues will result in reduced production levels. In South Africa, where the tea estates were closed last year, some progress has been made in disposing of plant and machinery. Discussions continue concerning the disposal of the land assets, but this is likely to be a long and tortuous exercise.

Citrus

As previously reported, we disposed of our citrus interests in Australia through the sale of our 70 per cent. shareholding in East African Coffee Plantations in March 2005. Our citrus operations in Chile and South Africa both experienced inclement climatic conditions resulting in a low pack-out for export. The operation in California is progressing well as the orchards mature.

Edible nuts

This will be an “off” year for our pistachio production resulting in a negligible crop. The prospects for the harvest of macadamia nuts in Malawi and South Africa are encouraging and the crop will be well in excess of last year. Prices have also been very good although there is some recent evidence of levels weakening. The orchards in both Malawi and South Africa are currently experiencing extremely dry conditions, if these continue they may impact on flowering and fruit set for the 2006 crop.

Other horticulture

Table grape production in South Africa was greatly reduced with a significant lack of weight in each bunch. Exports were therefore 50 per cent. below last year and this, coupled with weak prices and a strong rand, has resulted in very disappointing results. Wine grape production was satisfactory both in South Africa and Chile, but the wine market continues to be very competitive. The Kakuzi avocado crop appears to be in line with expectations and the building of a new packing shed has commenced. In Brazil, soya prices have declined substantially and the exceptional profits over the last two years will not be repeated this year. In Bangladesh, rubber production continues to increase and prices are remunerative showing a good improvement over the same period last year.

Food storage and distribution

Associated Cold Stores & Transport experienced a most unsatisfactory first six months. Occupancy level in the cold stores was low and the transport operations suffered from a lack of demand from their major customers. Considerable effort continues to be devoted to reducing costs. There has been a modest increase in activity over the last month.

Engineering

Our UK engineering operations are performing ahead of expectations and the previous year. Most of our operations are busy particularly as a result of higher activity in the oil industry but margins are continually under pressure.

Banking

The acquisition of Douglas Deakin Young by Duncan Lawrie has had a positive impact on profits, and their contribution is ahead of expectations. The prospects for our banking operations remain encouraging.

Pharmaceutical

Although Siegfried's sales revenues for the six months have reduced by 14.8 per cent. compared to 2004, it appears that the considerable restructuring costs incurred last year are beginning to show a positive benefit. Siegfried is expected to return to growth during the second half of 2005.

Other associated undertakings

In Bangladesh profitability of both the United Leasing Company and of the United Insurance Company continues to be satisfactory.

Prospects

The prospects for the group are somewhat clouded by the uncertainties in Kenya and the poor trading results at Associated Cold Stores & Transport but progress is being made in returning our engineering operations to profitability. It is difficult to make any prediction as to the outcome for the full year.

M C Perkins
Chairman

28 September 2005

Linton Park
Linton
Near Maidstone
Kent ME17 4AB

Consolidated income statement

		<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Continuing operations				
Revenue	2	65,930	66,788	149,676
Trading (loss)/profit	2	(2,864)	(2,938)	3,625
(Loss)/gain arising from changes in fair value of biological assets		(72)	428	1,722
Share of associates' results	3	2,343	2,382	2,924
Profit on disposal of non-current assets		448	61	1,283
Profit on disposal of 'available-for-sale' investments		1,970	681	695
Profit on part disposal of a subsidiary	4	795	—	—
Profit on part disposal of an associate		—	38	121
Restructuring costs and negative goodwill	5	—	304	(1,634)
Profit from operations		2,620	956	8,736
Investment income		1,415	1,419	2,105
Net finance costs		(1,580)	(1,665)	(2,824)
Profit before tax		2,455	710	8,017
Taxation		(345)	1,254	(2,486)
Profit for the period from continuing operations		2,110	1,964	5,531
Discontinued operations				
Profit/(loss) for the period from discontinued operations	6	3,058	(799)	1,371
Profit for the period		5,168	1,165	6,902
Profit attributable to minority interests		941	400	792
Profit attributable to equity shareholders'		4,227	765	6,110
		5,168	1,165	6,902
Earnings per share – basic and diluted	7	166.9p	30.2p	241.2p

Consolidated balance sheet

	<i>30 June</i> 2005 £'000	<i>30 June</i> 2004 £'000	<i>31 December</i> 2004 £'000
Non-current assets			
Intangible assets	5,766	1,521	1,516
Property, plant and equipment	80,623	95,575	83,252
Biological assets	77,409	80,937	79,646
Prepaid operating leases	968	920	876
Investments in associates	61,263	61,610	62,050
Deferred tax assets	5,080	5,323	4,100
Available-for-sale investments	45,216	40,118	43,367
Retirement benefit surplus	2,430	2,260	2,120
Trade and other receivables	148	108	756
	<u>278,903</u>	<u>288,372</u>	<u>277,683</u>
Current assets			
Inventories	20,290	20,172	20,918
Trade and other receivables	56,271	53,426	53,057
Assets held for resale	—	—	11,157
Cash and cash equivalents (note 10)	175,045	152,388	150,906
	<u>251,606</u>	<u>225,986</u>	<u>236,038</u>
Current liabilities			
Borrowings	(23,186)	(31,422)	(28,282)
Trade and other payables	(198,266)	(171,270)	(166,100)
Deferred income from anticipated sale	—	—	(3,591)
Current income tax liabilities	(2,162)	(1,172)	(3,214)
Provisions	(1,086)	—	(436)
	<u>(224,700)</u>	<u>(203,864)</u>	<u>(201,623)</u>
Net current assets	<u>26,906</u>	<u>22,122</u>	<u>34,415</u>
Total assets less current liabilities	<u>305,809</u>	<u>310,494</u>	<u>312,098</u>
Non-current liabilities			
Borrowings	(11,730)	(23,285)	(20,541)
Deferred tax liabilities	(30,105)	(29,348)	(29,441)
Retirement benefit obligations	(30,312)	(23,228)	(27,141)
Other non-current liabilities	(543)	(500)	(436)
Provisions	(38)	—	(113)
	<u>(72,728)</u>	<u>(76,361)</u>	<u>(77,672)</u>
Net assets	<u>233,081</u>	<u>234,133</u>	<u>234,426</u>
Capital and reserves			
Called up share capital	260	260	260
Reserves	192,325	186,852	189,225
	<u>192,585</u>	<u>187,112</u>	<u>189,485</u>
Equity shareholders' funds	192,585	187,112	189,485
Minority interests	40,496	47,021	44,941
	<u>233,081</u>	<u>234,133</u>	<u>234,426</u>

Consolidated cash flow statement

		<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Cash generated from operations				
Cash flows from operating activities	8	2,626	982	11,475
Interest paid		(1,580)	(1,892)	(2,785)
Income taxes paid		(770)	(298)	(2,552)
Interest received		542	649	265
Dividends received from associates		1,530	2,202	2,149
		<hr/>	<hr/>	<hr/>
Net cash flow from continuing operating activities		2,348	1,643	8,552
Net cash flow from discontinued operating activities		(2,083)	(1,599)	6,330
		<hr/>	<hr/>	<hr/>
Net cash flow from operating activities		265	44	14,882
Cash flows from investing activities				
Purchase of intangible assets		(24)	(36)	(70)
Purchase of property, plant and equipment		(2,022)	(2,615)	(5,328)
Proceeds from sale of non-current assets		1,490	323	2,244
Disposal of subsidiaries/businesses (net of cash disposed)		12,883	540	540
Part disposal of a subsidiary		1,673	—	—
Acquisition of subsidiary (net of cash acquired)		(4,393)	—	(108)
Purchase of minority interests		—	(478)	(482)
Proceeds from sale of shares in associates		—	—	1,075
Proceeds from sale of investments		2,595	1,788	2,589
Purchase of investments		(299)	(619)	(3,579)
Income from investments		873	876	1,374
Net cash flow from discontinued operations		(1,095)	(455)	(725)
		<hr/>	<hr/>	<hr/>
Net cash flow from investing activities		11,681	(676)	(2,470)
Cash flows from financing activities				
Equity dividends paid		—	—	(2,258)
Dividends paid to minority interests		(1,617)	(707)	(1,871)
Net repayment of debt		(8,458)	(1,320)	(5,328)
Purchase of own shares		—	(16)	(16)
Net cash flow from discontinued operations		—	1,121	(3,879)
		<hr/>	<hr/>	<hr/>
Net cash flow from financing activities		(10,075)	(922)	(13,352)
Net increase/(decrease) in cash and cash equivalents	9	1,871	(1,554)	(940)
Cash and cash equivalents at beginning of period		(10,619)	(9,946)	(9,946)
Exchange (losses)/gains on cash		(180)	(145)	267
		<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period		<u>(8,928)</u>	<u>(11,645)</u>	<u>(10,619)</u>

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

Statement of recognised income and expense

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Foreign exchange translation differences	3,940	(4,246)	(7,470)
Actuarial movement on defined benefit pension schemes	(2,704)	(3,246)	(8,190)
Movement on deferred tax relating to defined benefit pension schemes	(51)	(368)	(627)
Available-for-sale investments:			
Valuation gains taken to equity	1,011	2,687	5,021
Transferred to profit or loss on sale	(1,191)	(669)	(669)
Share of associate's fair value adjustments	(32)	—	169
Share of associate's loss on cash flow hedges	(632)	—	—
Net income/(expense) recognised directly in equity	341	(5,842)	(11,766)
Profit for the period	5,168	1,165	6,902
Total recognised income and expense for the period	5,509	(4,677)	(4,864)
Attributable to:			
Minority interests	644	319	(2,760)
Equity shareholders'	4,865	(4,996)	(2,104)
	5,509	(4,677)	(4,864)

Statement of changes in shareholders' equity

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Profit attributable to equity shareholders	4,227	765	6,110
Dividends	(1,765)	(1,739)	(2,258)
Foreign exchange translation differences	3,659	(4,210)	(6,027)
Actuarial movement on defined benefit pension schemes	(2,250)	(2,407)	(6,246)
Movement on deferred tax relating to defined benefit pension schemes	(51)	(291)	(462)
Available-for-sale investments:			
Valuation gains taken to equity	995	1,816	5,021
Transferred to profit or loss on sale	(1,191)	(669)	(669)
Share of associate's fair value adjustments	(24)	—	169
Share of associate's loss on cash flow hedges	(500)	—	—
Purchase of own shares	—	(16)	(16)
Net movement in shareholders' equity	3,100	(6,751)	(4,378)
Opening shareholders' equity (as previously reported under UK GAAP)		186,482	186,482
Prior year adjustment		(400)	(400)
Adjustments on adoption of IFRS (note 11)		186,082	186,082
		7,781	7,781
Opening shareholders' equity restated	189,485	193,863	193,863
Closing shareholders' equity	192,585	187,112	189,485

The prior year adjustment of £400,000 reflects the cost of 62,500 Camellia Plc shares held by its own subsidiaries. These were previously included within available-for-sale investments.

1 Basis of preparation

The group adopted International Financial Reporting Standards (IFRS) on 1 January 2005 and therefore the financial information contained within the interim report has been prepared on the basis of the recognition and measurement requirements of IFRS in issue that either are endorsed by the EU and effective (or available for early adoption) at 30 June 2005 or are expected to be endorsed and effective at 31 December 2005, the group's first annual reporting date at which it is required to use IFRS. It should be noted that the IFRS that will be effective in the annual financial statements for the year ending 31 December 2005 are still subject to change and to additional interpretations and therefore cannot be determined with certainty.

Details of IFRS accounting policies adopted under IFRS and applied in the preparation of the interim financial statements and reconciliations of comparative figures between UK GAAP and IFRS have been included in the appendix. These reconciliations are unaudited.

The group has not adopted International Accounting Standard (IAS) 34 "Interim Financial Reporting" in these interim financial statements. This standard is not mandatory.

The financial information contained in this report has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The statutory accounts for 2004, which were prepared under UK GAAP, have been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and does not contain a statement made under Section 237(2) and Section 237(3) of the Companies Act 1985.

2 Segmental analysis of revenue and trading (loss)/profit

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Revenue			
By activity			
Agriculture and horticulture	36,746	40,035	92,650
Food storage and distribution	19,016	20,059	42,007
Engineering	9,705	6,172	13,684
Trading, agency and others	463	522	1,335
	<u>65,930</u>	<u>66,788</u>	<u>149,676</u>
By country of origin			
United Kingdom	24,157	21,843	46,764
Continental Europe	4,918	4,576	9,932
India	11,557	9,332	32,159
Kenya	8,948	10,533	22,923
Malawi	7,923	7,536	11,438
Bangladesh	2,974	2,989	7,656
United States of America	252	188	1,468
South Africa	2,830	7,085	14,025
South America	2,371	2,706	3,311
	<u>65,930</u>	<u>66,788</u>	<u>149,676</u>

2 Segmental analysis of revenue and trading (loss)/profit continued

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Trading (loss)/profit			
By activity			
Agriculture and horticulture	(1,204)	(436)	7,831
Food storage and distribution	(755)	(152)	(682)
Engineering	458	(893)	(582)
Trading, agency and others	562	809	478
Banking	597	448	721
	<u>(342)</u>	<u>(224)</u>	<u>7,766</u>
Net unallocated expenses	(2,522)	(2,714)	(4,141)
	<u>(2,864)</u>	<u>(2,938)</u>	<u>3,625</u>
By country of origin			
United Kingdom	883	226	(145)
Continental Europe	(30)	(35)	22
India	(3,644)	(3,787)	1,708
Kenya	(563)	676	2,775
Malawi	2,928	2,671	3,325
Bangladesh	31	(375)	1,654
United States of America	93	75	984
South Africa	(106)	(469)	(3,402)
South America	66	794	845
	<u>(342)</u>	<u>(224)</u>	<u>7,766</u>

3 Share of associates' results

The group's share of the results of associates is analysed below:

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Operating profit	2,823	3,143	4,216
Investment income	14	3	47
Net finance costs	113	(239)	(551)
	<u>2,950</u>	<u>2,907</u>	<u>3,712</u>
Profit before tax			
Taxation	(607)	(525)	(788)
	<u>2,343</u>	<u>2,382</u>	<u>2,924</u>
By activity			
Pharmaceutical	2,221	2,217	2,330
Agriculture and horticulture	(28)	(84)	8
Leasing and Insurance	150	249	586
	<u>2,343</u>	<u>2,382</u>	<u>2,924</u>

4 Profit on part disposal of a subsidiary

A profit of £795,000 was realised following completion of the sale of 1,673,000 ordinary shares (8 per cent.) in Linton Park Plc's subsidiary, Eastern Produce Kenya Limited. The group's holding is now 70.0 per cent. The cash consideration was £1,673,000.

5 Restructuring costs and negative goodwill

The restructuring costs and negative goodwill credit in 2004 related to the closure of the group's tea operations in South Africa and closure costs relating to the Birmingham division of British Metal Treatments Limited.

6 Discontinued operations

In March 2005, Linton Park Plc disposed of its 70.5 per cent. holding in East African Coffee Plantations Limited (EACP), as a result the revenue and results of the EACP group have been excluded from the income statement and are recorded in a single line on a post-tax basis.

A breakdown of the results of discontinued operations is shown below:

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Revenue	3,373	7,071	29,231
Operating (loss)/profit	(499)	(962)	2,300
Investment income	69	—	—
Finance costs	(50)	(173)	(331)
(Loss)/profit before tax	(480)	(1,135)	1,969
Taxation	—	336	(598)
(Loss)/profit after tax	(480)	(799)	1,371
Profit on disposal of discontinued operations	5,167	—	—
Taxation in relation to disposal	(1,629)	—	—
Profit/(loss) for the period from discontinued operations	<u>3,058</u>	<u>(799)</u>	<u>1,371</u>

7 Earnings per share

	<i>Six months ended 30 June 2005</i>	<i>Six months ended 30 June 2004</i>	<i>Year ended 31 December 2004</i>
Earnings per share – continuing operations			
Earnings per share – basic and diluted	64.7p	53.4p	217.8p
Earnings/(loss) per share – discontinued operations			
Earnings/(loss) per share – basic and diluted	102.2p	(23.2)p	23.4p

The weighted average number of shares used in the calculation of both basic and diluted earnings per share is 2,532,500 (2004: six months 2,532,809 – year 2,532,653).

8 Reconciliation of profit from operations to cash flow

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Profit from operations	2,620	956	8,736
Share of associates' results	(2,343)	(2,382)	(2,924)
Depreciation and amortisation	3,817	3,682	7,365
Impairment of fixed assets	—	—	1,254
Loss/(gain) arising from changes in fair value of biological assets	72	(428)	(1,722)
Profit on disposal of non-current assets	(448)	(24)	(1,278)
Profit on part disposal of a subsidiary	(795)	—	—
Profit on disposal of investments	(1,970)	(681)	(695)
Profit on part disposal of an associate	—	(38)	(121)
Restructuring costs and negative goodwill	—	(304)	1,634
Increase in working capital	(1,217)	(364)	(9,495)
Net decrease in funds of banking subsidiaries	2,890	565	8,721
	<u>2,626</u>	<u>982</u>	<u>11,475</u>

9 Reconciliation of net cash flow to movement in net debt

	<i>Six months ended 30 June 2005 £'000</i>	<i>Six months ended 30 June 2004 £'000</i>	<i>Year ended 31 December 2004 £'000</i>
Increase/(decrease) in cash and cash equivalents in the period	1,871	(1,554)	(940)
Cash outflow from decrease in debt	8,458	200	9,207
Decrease/(increase) in net debt resulting from cash flows	10,329	(1,354)	8,267
Finance lease balances of business acquired	—	—	(19)
Loans of subsidiaries sold	2,002	—	—
New finance leases	(188)	(258)	(1,332)
Exchange rate movements	(210)	647	716
Decrease/(increase) in net debt in the period	11,933	(965)	7,632
Net debt at beginning of period	(36,128)	(43,760)	(43,760)
Net debt at end of period	<u>(24,195)</u>	<u>(44,725)</u>	<u>(36,128)</u>

10 Cash and cash equivalents

Included in cash and cash equivalents of £175,045,000 (2004: six months £152,388,000 – year £150,906,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £164,324,000 (2004: six month £142,407,000 – year £138,228,000), which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

11 Adjustments on adoption of IFRS

On adoption of IFRS, the book value of the group's shareholders' equity increased. The following table explains the increase of £7,781,000 as at 1 January 2004.

	<i>£'000</i>
Biological assets	5,587
IAS 41 – Agriculture: Requires the group to fair value its biological assets.	
Pension liability	(11,453)
IAS 19 (revised) – Employee benefits: Requires any surplus or deficit in the fair value of the group's pension schemes assets over their liabilities to be recognised in the balance sheet.	
Leases	(1,611)
IAS 17 – Leases: Requires leases to be reclassified subject to their classification, in particular the requirement to treat leased land as an operating lease.	
Available-for-sale investments	13,840
IAS 39 – Financial Instruments: Requires the group to fair value its available-for-sale investments.	
Goodwill	2,902
IFRS 3 – Business combinations: Requires the credit of previously recognised negative goodwill.	
Property valuation	591
IFRS 1 – First time adoption of IFRS: Permits certain properties to be recognised at their fair value.	
Deferred tax	(3,814)
IAS 12 – Income taxes: Requires deferred tax to be provided on all temporary differences between accounting and tax book values, including the tax impact of the potential distribution of associate's distributable reserves. The financial impact of IAS 12 has been included in the adjustments above where appropriate.	
Proposed dividend	1,739
IAS 10 – Events after the balance sheet date: Dividends that are declared after the balance sheet date are not recognised as a liability at the balance sheet date.	
	<hr/> <hr/> 7,781

a) Accounting policies

Basis of preparation

The accounting policies applied in these unaudited interim financial statements are those that the group expects to apply in its annual financial statements for the year ended 31 December 2005, which will be prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU, with the exception of IAS 19 and applying to periods beginning on or after 1 January 2005. The group has adopted early the amendment to IAS 19 (Employee Benefits) published in December 2004.

The IFRS that will be applicable at 31 December 2005 are still subject to change and to additional interpretations and as such the policies set out below may be subject to amendment.

Transition to IFRS

Camellia Plc's transition date is 1 January 2004. The group prepared its opening IFRS balance sheet at that date and the group's IFRS adoption date is 1 January 2005. The group has applied IFRS 1 in preparing these financial statements.

In preparing these financial statements in accordance with IFRS 1, the group has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Camellia Plc has elected to apply the following optional exemptions from full retrospective application:

Business combination exemption

Business combinations that took place prior to 1 January 2004 have not been restated.

Fair value or revaluation as deemed cost exemption

Certain items of property, plant and equipment have been elected to be measured at fair value at 1 January 2004. The group has also elected to use previous UK GAAP revaluations of property, plant and equipment as deemed cost. The application of this exemption is detailed in note 11.

Employee benefits exemption

All cumulative gains and losses as at 1 January 2004 have been recognised. The application of this exemption is detailed in note 11.

Cumulative translation differences exemption

All previously accumulated cumulative translation differences have been set to zero as at 1 January 2004. This exemption has been applied to all subsidiaries in accordance with IFRS 1.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the appendix.

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of land and buildings, biological assets, agricultural produce, available-for-sale investments, and financial assets and financial liabilities held-for-trading.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year, with the exception of Horizon Farms, which operates in the USA and has an accounting period ending on 30 September, but is included on the basis of interim accounts to 31 December.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Associates

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of that entity.

Investments in associates are accounted for by the equity method of accounting. Under this method the company's share of the post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment.

Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are de-nominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Translation differences on non-monetary items carried at fair value are reported as part of the fair value gain or loss. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary items where the changes in fair value are recognised directly in equity.

The consolidated financial statements are presented in sterling which is the company's functional and presentation currency. On consolidation, income statements and cash flows of foreign entities are translated into pounds sterling at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities and of borrowings designated as hedges of such investments, are taken to shareholders' equity. When a foreign entity is sold such exchange differences arising since 1 January 2004 are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling on the date of acquisition. The group has elected to treat goodwill and fair value adjustments arising on acquisitions prior to 1 January 2004 as sterling denominated assets and liabilities.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes and after eliminating intra-group sales.

Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer.

Intangible assets

(i) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions prior to 1 January 2004 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and will not be included in determining any subsequent profit or loss on disposal. Negative goodwill previously capitalised under UK GAAP has been eliminated against reserves.

(ii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licences are held at cost and are amortised on a straight-line basis over 3 to 7 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the group and which are expected to generate economic benefits exceeding costs beyond one year, are recognised as an intangible asset and amortised over their estimated useful lives.

Property, plant and equipment

Land and buildings comprises mainly factories and offices. All property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

On transition to IFRS, the group has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

The rates of depreciation used for the other assets are as follows:

Long and short leasehold estates	unexpired term of the lease
Freehold and long leasehold buildings	2 to 10 per cent. per annum
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	4 to 33 per cent. per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, over the term of the relevant lease.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value. Any changes in fair value are recognised in the income statement in the year in which they arise.

The fair value of livestock is determined based on market prices of livestock of similar age and sex. Where meaningful market-determined prices do not exist to assess the fair value of the group's other biological assets, the fair value is determined based on the net present value of expected cashflows, discounted at appropriate current market-determined pre-tax rates.

All costs of breeding, planting, upkeep and maintenance of biological assets are set against the fair value movement recognised in the income statement.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Derivative financial instruments

Derivative financial instruments are initially recognised on the balance sheet at fair value on the date the derivative transaction is entered into and are subsequently remeasured at their fair values.

Changes in the fair value of derivative financial instruments that are designated and qualify as fair value hedges are recognised in the income statement together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Changes in the fair value of derivative financial instruments that are designated and qualify as cash flow hedges are recognised directly in equity. Amounts deferred in this way are recognised in the income statement in the same period in which the hedged firm commitments or forecasted transactions are recognised in the income statement.

Changes in the fair value of the effective portion of derivative financial instruments that are designated and qualify as hedges of net investments in foreign operations are recognised in equity. Changes in the fair value of the ineffective portion of net investment hedges are recognised in the income statement. Amounts accumulated in equity are transferred to the income statement when the foreign operation is disposed of.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement for the period.

Investments

Investments are recognised and de-recognised on a trade date when a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Available-for-sale financial assets include shares of listed and unlisted companies, documents and manuscripts, antiques and objets d'art. Listed shares are measured at subsequent reporting dates at fair value. Other investments such as shares of unlisted companies, documents and manuscripts, antiques and objets d'art are measured at cost as fair value cannot be reliably measured.

Gains and losses arising from changes in fair value are recognised directly in equity, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period.

Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs. Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs are recognised in the income statement in the year in which they arise.

Other inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds. The group has both defined benefit and defined contribution plans.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified independent actuaries using the “projected unit” funding method.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognised as an expense in the income statement when they are due.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries calculate the obligation annually using the “projected unit” funding method. Actuarial gains and losses are recognised in full in the period in which they occur. They are not recognised in the income statement and are presented in the statement of changes in shareholders’ equity. As permitted under IFRS 1 all actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised for each plan.

Other post-employment benefit obligations

Some group companies have unfunded obligations to pay terminal gratuities to employees. Provisions are made for the estimated liability for gratuities as a result of services rendered by employees up to the balance sheet date and any movement in the provision is recognised in the income statement.

The estimated monetary liability for employees’ accrued annual leave entitlement at the balance sheet date is recognised as an accrual.

b) Reconciliation of equity at 1 January 2004

	Reformatted UK GAAP	Pensions and post-retirement benefits	Biological assets	Fair value investment adjustment	Elimination of proposed dividend	Reclassification of computer software	Elimination of negative goodwill	Fair value property adjustment	Tax	Reclassification of leases	Other reclassifications	Restated in accordance with IFRS
	£'000	IAS 19 £'000	IAS 41 £'000	IAS 39 £'000	IAS 10 £'000	IAS 38 £'000	IFRS 3 £'000	IFRS 1 £'000	IAS 12 £'000	IAS 17 £'000	£'000	£'000
Non-current assets												
Intangible assets	(1,881)		(1,066)			1,453	3,038					1,544
Property, plant and equipment	155,946		(51,972)			(1,453)		747		(4,251)		99,017
Biological assets	—		82,094									82,094
Prepaid operating leases	—									973		973
Investments in associates	63,179		93									63,272
Deferred tax assets	2,070	3,712	2									5,784
Available-for-sale investments	20,386			18,721								39,107
Retirement benefit surplus	—	2,400										2,400
Trade and other receivables	1,250										102	1,352
	<u>240,950</u>	<u>6,112</u>	<u>29,151</u>	<u>18,721</u>	<u>—</u>	<u>—</u>	<u>3,038</u>	<u>747</u>	<u>—</u>	<u>(3,278)</u>	<u>102</u>	<u>295,543</u>
Current assets												
Inventories	25,053		(3,368)									21,685
Trade and other receivables	46,162			67							(102)	46,127
Cash and cash equivalents	162,657			(4,706)								157,951
	<u>233,872</u>	<u>—</u>	<u>(3,368)</u>	<u>(4,639)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(102)</u>	<u>225,763</u>
Current liabilities												
Borrowings	(28,351)											(28,351)
Trade and other payables	(169,615)	177			1,739						80	(167,619)
Current income tax liabilities	(998)											(998)
Provisions	—											—
	<u>(198,964)</u>	<u>177</u>	<u>—</u>	<u>—</u>	<u>1,739</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>80</u>	<u>(196,968)</u>
Net current assets	<u>34,908</u>	<u>177</u>	<u>(3,368)</u>	<u>(4,639)</u>	<u>1,739</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(22)</u>	<u>28,795</u>
Total assets less current liabilities	<u>275,858</u>	<u>6,289</u>	<u>25,783</u>	<u>14,082</u>	<u>1,739</u>	<u>—</u>	<u>3,038</u>	<u>747</u>	<u>—</u>	<u>(3,278)</u>	<u>80</u>	<u>324,338</u>
Non-current liabilities												
Borrowings	(26,428)											(26,428)
Deferred tax liabilities	(6,228)	(888)	(20,680)	(92)					(4,940)			(32,828)
Employee benefits	(977)	(18,962)									(80)	(20,019)
Other non-current liabilities	(565)											(565)
	<u>(34,198)</u>	<u>(19,850)</u>	<u>(20,680)</u>	<u>(92)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,940)</u>	<u>—</u>	<u>(80)</u>	<u>(79,840)</u>
Net assets	<u>241,660</u>	<u>(13,561)</u>	<u>5,103</u>	<u>13,990</u>	<u>1,739</u>	<u>—</u>	<u>3,038</u>	<u>747</u>	<u>(4,940)</u>	<u>(3,278)</u>	<u>—</u>	<u>244,498</u>
Capital and reserves												
Called up share capital	260											260
Reserves	185,822	(11,453)	5,587	13,840	1,739		2,902	591	(3,814)	(1,611)		193,603
Equity shareholders' funds	186,082	(11,453)	5,587	13,840	1,739		2,902	591	(3,814)	(1,611)		193,863
Minority interests	55,578	(2,108)	(484)	150			136	156	(1,126)	(1,667)		50,635
	<u>241,660</u>	<u>(13,561)</u>	<u>5,103</u>	<u>13,990</u>	<u>1,739</u>	<u>—</u>	<u>3,038</u>	<u>747</u>	<u>(4,940)</u>	<u>(3,278)</u>	<u>—</u>	<u>244,498</u>

c) Reconciliation of equity at 31 December 2004

	Reformatted UK GAAP	Pensions and post-retirement benefits	Biological assets	Fair value investment adjustment	Elimination of proposed dividend	Reclassification of computer software	Elimination of negative goodwill	Tax	Reclassification of leases	Other reclassifications	Restated in accordance with IFRS
	£'000	IAS 19 £'000	IAS 41 £'000	IAS 39 £'000	IAS 10 £'000	IAS 38 £'000	IFRS 3 £'000	IAS 12 £'000	IAS 17 £'000	£'000	£'000
Non-current assets											
Intangible assets	(1,457)		(936)			1,516	2,393				1,516
Property, plant and equipment	135,607		(47,008)			(1,516)		(3,831)			83,252
Biological assets	—		79,646								79,646
Prepaid operating leases	—								876		876
Investments in associates	61,795		255								62,050
Deferred tax assets	941	3,012	147								4,100
Available-for-sale investments	21,020			22,347							43,367
Retirement benefit surplus	—	2,120									2,120
Trade and other receivables	653									103	756
	<u>218,559</u>	<u>5,132</u>	<u>32,104</u>	<u>22,347</u>	<u>—</u>	<u>—</u>	<u>2,393</u>	<u>—</u>	<u>(2,955)</u>	<u>103</u>	<u>277,683</u>
Current assets											
Inventories	24,936		(4,018)								20,918
Trade and other receivables	53,150			12						(105)	53,057
Assets held for resale	11,157										11,157
Cash and cash equivalents	155,550			(4,644)							150,906
	<u>244,793</u>	<u>—</u>	<u>(4,018)</u>	<u>(4,632)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(105)</u>	<u>236,038</u>
Current liabilities											
Borrowings	(28,282)										(28,282)
Trade and other payables	(168,148)	153			1,806					89	(166,100)
Deferred income from anticipated sale	(3,591)										(3,591)
Current income tax liabilities	(3,244)		30								(3,214)
Provisions	(419)		(17)								(436)
	<u>(203,684)</u>	<u>153</u>	<u>13</u>	<u>—</u>	<u>1,806</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>89</u>	<u>(201,623)</u>
Net current assets	<u>41,109</u>	<u>153</u>	<u>(4,005)</u>	<u>(4,632)</u>	<u>1,806</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(16)</u>	<u>34,415</u>
Total assets less current liabilities	<u>259,668</u>	<u>5,285</u>	<u>28,099</u>	<u>17,715</u>	<u>1,806</u>	<u>—</u>	<u>2,393</u>	<u>—</u>	<u>(2,955)</u>	<u>87</u>	<u>312,098</u>
Non-current liabilities											
Borrowings	(20,541)										(20,541)
Deferred tax liabilities	(5,060)	(784)	(18,693)	(92)				(4,812)			(29,441)
Employee benefits	(1,943)	(25,111)								(87)	(27,141)
Other non-current liabilities	(436)										(436)
Provisions	(113)										(113)
	<u>(28,093)</u>	<u>(25,895)</u>	<u>(18,693)</u>	<u>(92)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,812)</u>	<u>—</u>	<u>(87)</u>	<u>(77,672)</u>
Net assets	<u>231,575</u>	<u>(20,610)</u>	<u>9,406</u>	<u>17,623</u>	<u>1,806</u>	<u>—</u>	<u>2,393</u>	<u>(4,812)</u>	<u>(2,955)</u>	<u>—</u>	<u>234,426</u>
Capital and reserves											
Called up share capital	260										260
Reserves	181,290	(17,367)	8,996	17,478	1,608		2,393	(3,720)	(1,453)		189,225
Equity shareholders' funds	181,550	(17,367)	8,996	17,478	1,608		2,393	(3,720)	(1,453)		189,485
Minority interests	50,025	(3,243)	410	145	198			(1,092)	(1,502)		44,941
	<u>231,575</u>	<u>(20,610)</u>	<u>9,406</u>	<u>17,623</u>	<u>1,806</u>	<u>—</u>	<u>2,393</u>	<u>(4,812)</u>	<u>(2,955)</u>	<u>—</u>	<u>234,426</u>

d) Reconciliation of profit for year ended 31 December 2004

	<i>Reformatted UK GAAP £'000</i>	<i>Pensions and post-retirement benefits IAS 19 £'000</i>	<i>Biological assets IAS 41 £'000</i>	<i>Elimination of negative goodwill IFRS 3 £'000</i>	<i>Tax IAS 12 £'000</i>	<i>Other IFRS adjustments £'000</i>	<i>Effect of transition to IFRS £'000</i>	<i>Restated in accordance with IFRS £'000</i>
Continuing operations								
Revenue	149,543					133	133	149,676
Cost of sales	(112,177)	(17)	(395)				(412)	(112,589)
Gross profit	37,366	(17)	(395)	—	—	133	(279)	37,087
Net operating expenses	(33,216)	746	(626)	(140)		(226)	(246)	(33,462)
Trading profit	4,150	729	(1,021)	(140)	—	(93)	(525)	3,625
Gain arising from changes in fair value of biological assets	—		1,722				1,722	1,722
Share of associates' results	2,924							2,924
Profit on disposal of fixed assets	1,283							1,283
Profit on disposal of available-for-sale investments	695							695
Profit on disposal of associate	121							121
Restructuring costs and negative goodwill	(2,689)		1,569	(514)			1,055	(1,634)
Profit from operations	6,484	729	2,270	(654)	—	(93)	2,252	8,736
Investment income	1,722	302				81	383	2,105
Finance costs	(2,759)	(26)				(39)	(65)	(2,824)
Profit before tax	5,447	1,005	2,270	(654)	—	(51)	2,570	8,017
Taxation	(3,526)		871		169		1,040	(2,486)
Profit for the period from continuing operations	1,921	1,005	3,141	(654)	169	(51)	3,610	5,531
Discontinued operations								
Profit for the period from discontinued operations	1,440					(69)	(69)	1,371
Profit for the period	3,361	1,005	3,141	(654)	169	(120)	3,541	6,902
(Loss)/profit attributable to minority interests	(25)	106	718			(7)	817	792
Profit attributable to equity shareholders ⁷	3,386	899	2,423	(654)	169	(113)	2,724	6,110
	3,361	1,005	3,141	(654)	169	(120)	3,541	6,902
Earnings per share – basic and diluted (p)	133.7	35.5	95.7	(25.8)	6.7	(4.5)	107.6	241.2

e) Reconciliation of equity at 30 June 2004

	Reformatted UK GAAP	Pensions and post-retirement benefits	Biological assets	Fair value investment adjustment	Elimination of proposed dividend	Reclassification of computer software	Elimination of negative goodwill	Tax	Reclassification of leases	Other reclassifications	Restated in accordance with IFRS
	£'000	IAS 19 £'000	IAS 41 £'000	IAS 39 £'000	IAS 10 £'000	IAS 38 £'000	IFRS 3 £'000	IAS 12 £'000	IAS 17 £'000	£'000	£'000
Non-current assets											
Intangible assets	(1,350)		(983)			1,442	2,412				1,521
Property, plant and equipment	149,324		(48,287)			(1,442)		(4,020)			95,575
Biological assets	—		80,937								80,937
Prepaid operating leases	—								920		920
Investments in associates	61,436		174								61,610
Deferred tax assets	2,149	3,357	(183)								5,323
Available-for-sale investments	20,092			15,096						4,930	40,118
Retirement benefit surplus	—	2,260									2,260
Trade and other receivables	—									108	108
	<u>231,651</u>	<u>5,617</u>	<u>31,658</u>	<u>15,096</u>	<u>—</u>	<u>—</u>	<u>2,412</u>	<u>—</u>	<u>(3,100)</u>	<u>5,038</u>	<u>288,372</u>
Current assets											
Inventories	24,426		(4,254)								20,172
Trade and other receivables	53,467									(41)	53,426
Cash and cash equivalents	157,385									(4,997)	152,388
	<u>235,278</u>	<u>—</u>	<u>(4,254)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,038)</u>	<u>225,986</u>
Current liabilities											
Borrowings	(31,422)										(31,422)
Trade and other payables	(172,033)	244			519						(171,270)
Current income tax liabilities	(1,172)										(1,172)
Provisions	—										—
	<u>(204,627)</u>	<u>244</u>	<u>—</u>	<u>—</u>	<u>519</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(203,864)</u>
Net current assets	<u>30,651</u>	<u>244</u>	<u>(4,254)</u>	<u>—</u>	<u>519</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,038)</u>	<u>22,122</u>
Total assets less current liabilities	<u>262,302</u>	<u>5,861</u>	<u>27,404</u>	<u>15,096</u>	<u>519</u>	<u>—</u>	<u>2,412</u>	<u>—</u>	<u>(3,100)</u>	<u>—</u>	<u>310,494</u>
Non-current liabilities											
Borrowings	(23,285)										(23,285)
Deferred tax liabilities	(5,265)	(836)	(18,235)	(92)				(4,920)			(29,348)
Employee benefits	(1,132)	(22,096)									(23,228)
Other non-current liabilities	(500)										(500)
Provisions	—										—
	<u>(30,182)</u>	<u>(22,932)</u>	<u>(18,235)</u>	<u>(92)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,920)</u>	<u>—</u>	<u>—</u>	<u>(76,361)</u>
Net assets	<u>232,120</u>	<u>(17,071)</u>	<u>9,169</u>	<u>15,004</u>	<u>519</u>	<u>—</u>	<u>2,412</u>	<u>(4,920)</u>	<u>(3,100)</u>	<u>—</u>	<u>234,133</u>
Capital and reserves											
Called up share capital	260										260
Reserves	180,680	(14,424)	8,120	14,844	519		2,412	(3,776)	(1,523)		186,852
Equity shareholders' funds	180,940	(14,424)	8,120	14,844	519		2,412	(3,776)	(1,523)		187,112
Minority interests	51,180	(2,647)	1,049	160				(1,144)	(1,577)		47,021
	<u>232,120</u>	<u>(17,071)</u>	<u>9,169</u>	<u>15,004</u>	<u>519</u>	<u>—</u>	<u>2,412</u>	<u>(4,920)</u>	<u>(3,100)</u>	<u>—</u>	<u>234,133</u>

f) Reconciliation of profit for half year ended 30 June 2004

	<i>Reformatted UK GAAP £'000</i>	<i>Pensions and post-retirement benefits IAS 19 £'000</i>	<i>Biological assets IAS 41 £'000</i>	<i>Elimination of negative goodwill IFRS 3 £'000</i>	<i>Tax IAS 12 £'000</i>	<i>Other IFRS adjustments £'000</i>	<i>Effect of transition to IFRS £'000</i>	<i>Restated in accordance with IFRS £'000</i>
Continuing operations								
Revenue	66,720					68	68	66,788
Cost of sales	(56,635)	(8)	(172)				(180)	(56,815)
Gross profit	10,085	(8)	(172)	—	—	68	(112)	9,973
Net operating expenses	(12,864)	373	(331)	(21)		(68)	(47)	(12,911)
Trading loss	(2,779)	365	(503)	(21)	—	—	(159)	(2,938)
Gain arising from changes in fair value of biological assets	—		428				428	428
Share of associates' results	2,382							2,382
Profit on disposal of fixed assets	61							61
Profit on disposal of available-for-sale investments	681							681
Profit on disposal of an associate	38							38
Restructuring costs and negative goodwill	(709)		1,527	(514)			1,013	304
(Loss)/profit from operations	(326)	365	1,452	(535)	—	—	1,282	956
Investment income	1,267	152					152	1,419
Finance costs	(1,631)	(14)				(20)	(34)	(1,665)
(Loss)/profit before tax	(690)	503	1,452	(535)	—	(20)	1,400	710
Taxation	(153)		1,564		(157)		1,407	1,254
(Loss)/profit for the period from continuing operations	(843)	503	3,016	(535)	(157)	(20)	2,807	1,964
Discontinued operations								
Loss for the period from discontinued operations	(762)					(37)	(37)	(799)
(Loss)/profit for the period	(1,605)	503	3,016	(535)	(157)	(57)	2,770	1,165
(Loss)/profit attributable to minority interests	(527)	53	897			(23)	927	400
(Loss)/profit attributable to equity shareholders'	(1,078)	450	2,119	(535)	(157)	(34)	1,843	765
	(1,605)	503	3,016	(535)	(157)	(57)	2,770	1,165
(Loss)/earnings per share – basic and diluted (p)	(42.6)	17.8	83.7	(21.1)	(6.2)	(1.3)	72.8	30.2"

PART VII

ADDITIONAL INFORMATION

1. Responsibility for information in this document

- (a) The Linton Park Directors, whose names are set out in paragraph 1(d) below, accept responsibility for the information contained in this document other than that relating to the Camellia Group, the Camellia Directors and their immediate families, and other than the recommendation and associated opinions contained in the letter from the Independent Directors as set out in Part I of this document for which the Independent Directors alone accept responsibility as referred to in paragraph 1(c) below. To the best of the knowledge and belief of the Linton Park Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Camellia Directors, whose names are set out in paragraph 1(e) below, accept responsibility for the information contained in this document relating to the Camellia Group, the Camellia Directors and their immediate families. To the best of the knowledge and belief of the Camellia Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) The Independent Directors accept responsibility for the recommendation and associated opinions contained in the letter set out in Part I of this document. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with facts and does not omit anything likely to affect the import of such information.
- (d) The directors of Linton Park and their respective functions are:

Malcolm C Perkins	<i>(Chairman and Managing Director)</i>
Thomas G Lupton*	<i>(Director of Agriculture)</i>
Anil K Mathur	<i>(Finance Director)</i>
Peter A Leggatt	<i>(Non-Executive Director)</i>
Christopher J Relleen	<i>(Non-Executive Director)</i>
Bernard A Siegfried*	<i>(Non-Executive Director)</i>
Charles PT Vaughan-Johnson	<i>(Non-Executive Director)</i>

* *Independent Directors*

- (e) The directors of Camellia and their respective functions are:

Malcolm C Perkins	<i>(Chairman)</i>
Peter A Leggatt	<i>(Director)</i>
Anil K Mathur	<i>(Finance Director)</i>
Abu S M O Subhan	<i>(Director)</i>
David A Reeves	<i>(Non-Executive Director)</i>
Charles P T Vaughan-Johnson	<i>(Non-Executive Director)</i>

- (f) The registered office of Linton Park is:

Linton Park
Linton
Near Maidstone
Kent
ME17 4AB

- (g) The registered office of Camellia is:

Linton Park
Linton
Near Maidstone
Kent
ME17 4AB

2. Market quotations

The following table shows the Closing Prices of Camellia Shares and Linton Park Shares for the first Business Day in each of the six months immediately prior to the date of this document, for 6 June 2005 (being the date immediately prior to the commencement of the Offer Period) and for 28 September 2005 (being the latest practicable date prior to the publication of this document):

<i>Date</i>	<i>Camellia Shares</i>	<i>Linton Park Shares</i>
1 April 2005	6,900.0 pence	482.5 pence
3 May 2005	6,400.0 pence	445.0 pence
1 June 2005	6,400.0 pence	435.0 pence
6 June 2005	6,450.0 pence	435.0 pence
1 July 2005	6,350.0 pence	442.5 pence
1 August 2005	6,875.0 pence	474.0 pence
1 September 2005	6,750.0 pence	455.0 pence
28 September 2005	6,600.0 pence	447.5 pence

3. Disclosure of holdings, undertakings and dealings

For the purposes of this paragraph 3 of this Part VII:

“**arrangements**” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to Relevant Securities of Linton Park or Relevant Securities of Camellia, as appropriate, which may be an inducement to deal or refrain from dealing in such securities;

“**associate**” means:

- (a) the parent, subsidiaries and fellow subsidiaries of Linton Park and their associated companies and companies of which any such companies are associated companies;
- (b) advisers (including any corporate broker) of Linton Park or of any companies covered in (a) above, including persons controlling, controlled by or under the same control as such advisers;
- (c) the Linton Park Directors and the directors of any company covered in (a) together in each case with their close relatives and related trusts;
- (d) the pension funds of Linton Park or of any company covered in (a) above;
- (e) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph 3) manages on a discretionary basis, in respect of the relevant investment accounts;
- (f) an employee benefit trust of Linton Park or any company covered under (a) above; and
- (g) a company having material trading arrangements with an offeror or the offeree company

ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “**control**” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether or not the holding or aggregate holdings give(s) *de facto* control;

“**derivative**” includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;

“**disclosure period**” means the period which commenced on 7 June 2004 (being the date twelve months prior to the commencement of the Offer Period) and ended on 28 September 2005 (being the latest practicable date prior to the publication of this document);

“**Relevant Securities of Camellia**” means Camellia Shares and any securities convertible into, rights to subscribe for, or options (including traded options) in respect of any of them, and derivatives referenced thereto; and

“**Relevant Securities of Linton Park**” means Linton Park Shares and any securities convertible into, rights to subscribe for, or options (including traded options) in respect of them, and derivatives referenced thereto.

(a) *Interests in Linton Park Shares*

- (i) The interests (all beneficial unless otherwise stated), at the close of business on 28 September 2005 (being the latest practicable date prior to the publication of this document) of each Linton Park Director in the share capital of Linton Park which (A) have been notified to Linton Park pursuant to section 324 or 328 of the Act; or (B) are required to be entered into the register of directors' interests maintained pursuant to section 325 of the Act; or (C) are interests of persons connected with a Linton Park Director within the meaning of section 346 of the Act and which would, if the connected person were a Linton Park Director, be required to be disclosed under (A) or (B) above and the existence of which is known or could with reasonable diligence be ascertained by that Linton Park Director, were as follows:

<i>Name</i>	<i>Number of Linton Park Shares</i>
Malcolm Perkins	13,500
Tom Lupton	5,000

- (ii) As at the close of business on 28 September 2005 (being the latest practicable date prior to the publication of this document), Camellia and other persons acting or deemed to be acting in concert with Camellia (other than the Camellia Directors, their immediate families or related trusts or persons connected to them) held the following Linton Park Shares:

<i>Name</i>	<i>Number of Linton Park Shares</i>
Camellia	15,069,999
Camellia Holding AG	75,000
Dunlaw Nominees Limited	161,930 ⁽¹⁾
DDY Nominees Limited	672 ⁽¹⁾

(1) These Linton Park Shares are held as nominee by the relevant Linton Park Shareholder (both subsidiaries of Camellia), on a non-discretionary basis, on behalf of their respective clients.

- (iii) As at the close of business on 28 September 2005 (being the latest practicable date prior to the publication of this document) Camellia Directors, their immediate families, related trusts and persons connected to them, held the following Linton Park Shares (including Linton Park Shares in which Linton Park Directors are beneficially interested as specified in paragraph 3(a)(i) above):

<i>Name</i>	<i>Number of Linton Park Shares</i>
Malcolm Perkins	13,500

(b) *Dealings in Linton Park Shares*

- (i) During the Offer Period, there have been the following dealings for value in Linton Park Shares by the following person, being an associate of Linton Park:

<i>Name</i>	<i>Date</i>	<i>Transaction</i>	<i>Number of Linton Park Shares</i>	<i>Price (pence)</i>
Teather & Greenwood	25 July 05	Bought	10,000	445

- (ii) During the disclosure period, there have been no dealings for value in Linton Park Shares by Camellia and/or other persons acting or deemed to be acting in concert with Camellia.
- (iii) During the disclosure period, there have been no dealings for value in Linton Park Shares by the persons who have given the irrevocable undertakings to vote in favour of the Proposal referred to in paragraph 4 of this Part VII:
- (iv) During the disclosure period, there have been no dealings for value in Linton Park Shares by Camellia Directors, their immediate families, related trusts and persons connected to them.

(c) *Interests in Camellia Shares*

- (i) The interests (all beneficial unless otherwise stated), at the close of business on 28 September 2005 (being the latest practicable date prior to the publication of this document) of each Camellia Director in the share capital of Camellia which (A) have been notified to Camellia pursuant to section 324 or 328 of the Act; or (B) are required to be entered into the register of directors' interests maintained pursuant to section 325 of the Act; or (C) are interests of persons connected with a Camellia Director within the meaning of section 346 of the Act and which would, if the connected person were a Camellia Director, be required to be disclosed under (A) or (B) above and the existence of which is known or could with reasonable diligence be ascertained by that Camellia Director, were as follows:

<i>Name</i>	<i>Number of Camellia Shares</i>
Malcolm Perkins	200
Charles Vaughan-Johnson	700

- (ii) As at the close of business on 28 September 2005 (being the latest practicable date prior to the publication of this document), persons acting or deemed to be acting in concert with Camellia (other than the Camellia Directors, their immediate families or related trusts or persons connected to them) held the following Camellia Shares:

<i>Name</i>	<i>Number of Camellia Shares</i>
Camellia Holding AG	1,421,000
The Lawrie Group Pension Scheme	3,000
Dunlaw Nominees Limited	32,405 ⁽¹⁾
Assam – Dooars Holdings Limited	42,500 ⁽²⁾
Western – Dooars Tea Holdings Limited	20,000 ⁽²⁾

(1) These Camellia Shares are held as nominee by Dunlaw Nominees Limited (a subsidiary of Camellia), on a non-discretionary basis on behalf of its clients.

(2) These holders of Camellia Shares are subsidiaries of Camellia and are both, therefore, precluded under section 23 of the Act from voting their Camellia Shares.

(d) *Dealings in Camellia Shares*

- (i) During the disclosure period, there have been no dealings for value in Camellia Shares by persons acting or deemed to be acting in concert with Camellia.
- (ii) During the disclosure period, there have been no dealings for value in Camellia Shares by Camellia Directors, their immediate families, related trusts and persons connected to them.

(e) *General*

- (i) Save as disclosed in this paragraph 3, as at the close of business on 28 September 2005 (being the last practicable date prior to the publication of this document), neither Camellia, nor any other member of the Camellia Group, nor Camellia Directors, nor any member of their respective immediate families or related trusts, nor any person acting in concert with Camellia, nor any person with whom Camellia or any person acting in concert with Camellia had an arrangement of any kind referred to in paragraph 3(e)(v) below, owned or controlled or (in the case of Camellia Directors their immediate families and related trusts) was interested in, directly or indirectly, any Relevant Securities of Linton Park or any Relevant Securities of Camellia, as appropriate, and nor had any such person dealt for value therein during the disclosure period.
- (iii) Save as disclosed in this paragraph 3, as at the close of business on 28 September 2005 (being the last practicable date prior to the publication of this document), neither Linton Park nor any of the Linton Park Directors nor any members of their respective immediate families, related trusts or other connected persons was interested in any Relevant Securities of Linton Park or any Relevant Securities of Camellia, as appropriate, nor had any such person dealt for value therein during the disclosure period.

- (iv) Save as disclosed in this paragraph 3, as at the close of business on 28 September 2005 (being the last practicable date prior to the publication of this document), no bank, stockbroker or financial or other professional adviser (other than an exempt market maker) to Linton Park or any member of the Linton Park Group (nor any person controlling, controlled by or under the same control as any such bank, stockbroker or financial or other professional adviser), nor any other member of the Linton Park Group, nor any pension fund or employee benefit trust of Linton Park or of any other member of the Linton Park Group, nor any person whose investments are managed on a discretionary basis by a fund manager (other than an exempt fund manager) which is controlled by, controls or is under the same control as Linton Park or any bank, stockbroker, financial or other professional adviser to Linton Park, owned or controlled any Relevant Securities of Linton Park or any Relevant Securities of Camellia nor had any such person dealt for value therein during the Offer Period and ended with 28 September 2005, the last practicable date prior to posting this document.
- (v) Save as disclosed in this document, as at the close of business on 28 September 2005 (being the last practicable date prior to the publication of this document), neither Camellia, nor any person acting in concert with Camellia, for the purposes of the Proposal, nor Linton Park nor any associate of Linton Park had entered into any arrangement in relation to Relevant Securities of Linton Park or Relevant Securities of Camellia, as appropriate.
- (vi) Under the provisions of Rule 8.3 of the Code, any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control relevant securities of Linton Park owns or controls, or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of Linton Park is required to disclose, by not later than 12.00 noon (London time) on the London business day following the date of the relevant transaction, dealings in such securities of that company (or in any option in respect of, or derivative referenced to, any such securities) during the period to the date on which the offer becomes or is declared unconditional as to acceptances or lapses or is otherwise withdrawn.

Under the provisions of Rule 8.1 of the Code, all dealings in relevant securities of Linton Park by any of its respective “associates” (within the meaning of the Code) must also be disclosed.

If you are in any doubt as to the application of Rule 8 to you, please contact an independent financial adviser authorised under the Financial Services and Markets Act 2000, consult the Panel’s website of www.thetakeoverpanel.org.uk or contact the Panel on telephone number +44 20 7638 0129; fax +44 20 7236 7013.

4. Irrevocable undertakings

Irrevocable undertakings to vote in favour of the Proposal have been given to Camellia by the following persons in respect of the following holdings of Linton Park Shares which in each case represent their entire holdings of Linton Park Shares owned or controlled by them:

(i) Independent Director

<i>Name</i>	<i>Number of Linton Park Shares</i>
Tom Lupton	5,000

(ii) Other Linton Park Director

<i>Name</i>	<i>Number of Linton Park Shares</i>
Malcolm Perkins	13,500

5. Service Contracts

(a) *Linton Park Directors*

MC Perkins entered into a service contract with the Company on 25 April 2002. The service contract is terminable at any time by 12 months notice from the Company or Mr Perkins. There are no other specific contractual provisions for compensation on early termination. The amount of his salary and other benefits is £295,736 per annum. Mr Perkins' benefits in kind include the use of a company car or a cash alternative to a company car, medical insurance for himself and his immediate dependant family under the age of 24, membership of the company contributory pension scheme and permanent health insurance.

TG Lupton entered into a service contract with the Company on 25 April 2002. The service contract is terminable at any time by 12 months notice from the Company or Mr Lupton. There are no other specific contractual provisions for compensation on early termination. The amount of his salary and other benefits is £185,252 per annum. Mr Lupton's benefits in kind include the use of a company car or a cash alternative to a company car, medical insurance for himself and his immediate dependent family under the age of 24, membership of the company contributory pension scheme and permanent health insurance.

AK Mathur entered into a service contract with the Company on 1 December 2003. The service contract is terminable at any time by 12 months notice from the Company or Mr Mathur. There are no other specific contractual provisions for compensation on early termination. The amount of his salary and other benefits is £144,984 per annum. Mr Mathur's benefits in kind include the use of a company car or a cash alternative to a company car, medical insurance for himself and his immediate dependant family under the age of 24, membership of the company contributory pension scheme and permanent health insurance.

PA Leggatt entered into a service contract with the Company on 1 January 2004. The service contract is terminable at any time by 12 months notice from the Company or Mr Leggatt. There are no other specific contractual provisions for compensation on early termination. The amount of his salary and other benefits is £128,932 per annum. Mr Leggatt's benefits in kind include the use of a company car or a cash alternative to a company car, medical insurance for himself and his immediate dependant family under the age of 24, membership of the company contributory pension scheme and permanent health insurance.

Save as set out above none of the directors of the Company has a service contract with the Company or any of its subsidiaries nor has any such service contract been entered into or amended within 6 months of the date of this document.

(b) *Camellia Directors*

MC Perkins, AK Mathur and PA Leggatt have service contracts with Linton Park, a subsidiary of Camellia, as set out in paragraph 5(a) above. Save as set out in said paragraph none of the Camellia Directors have a service contract with Camellia or any of its subsidiaries nor has any such service contract been entered into or amended within 6 months of the date of this document.

There are currently no arrangements or agreements in place between any of the Camellia Directors and Camellia to terminate or vary the terms of the Camellia Directors' emoluments conditional upon, or in connection with, the Proposal or its successful implementation.

6. Material contracts

(a) *Camellia*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Camellia Group (other than members of the Linton Park Group) since 6 June 2003 (being the date which is two years prior to the commencement of the Offer Period) and which are or may be material:

- (i) a sale and purchase agreement dated 11 November 2003 between WDG Properties Limited (a company in the Camellia Group) ("WDG") (1) and Clerical Medical Investment Group Limited ("CMI") (2), pursuant to which WDG agreed to sell to CMI its freehold interest in the Banbury Tea Warehouses, Beaumont Industrial Estate, Banbury. Completion of the sale took place on 21 November 2003 and the consideration, which was paid in full in cash on completion, was approximately £22.1 million;

- (ii) an agreement dated 8 December 2004 entered into between Camellia (1) and International Factors Limited (2), pursuant to which Camellia agreed to sell to International Factors Corporation 739,000 class “B” preferred/shares and 20 common shares in the capital of International Factors Corporation for an aggregate consideration of Can\$2,457,000. Under the terms of this agreement, Camellia gave warranties only as to its ownership of the shares subject to the agreement. International Factors Corporation is controlled by Mr Gordon Fox who was, at the time of the transaction, a director of a subsidiary of Camellia;
- (iii) an agreement dated 8 December 2004 entered into between Camellia (1) and the Libra Foundation (2), pursuant to which Camellia agreed to purchase, or procure the purchase by David Field Limited (a wholly-owned subsidiary of Camellia) of certain philatelic material from The Libra Foundation. The aggregate consideration for such philatelic material was £1,443,153. The Libra Foundation is controlled by Mr Gordon Fox who was, at the time of the transaction, a director of a subsidiary of Camellia;
- (iv) an agreement dated 17 February 2005 between Duncan Lawrie Holdings Limited (“DLH”) (1) Elizabeth Louise Botting (“Mrs Botting”) (2) and Alan Tristram Nicholas Warner (“Mr Warner”) (3) pursuant to which Mrs Botting and Mr Warner agreed to accept an offer from DLH to acquire their shares in Douglas Deakin Young Limited for a purchase price of £4,019,950 payable in cash on completion (subject to the retention referred to below) and DLH was also to offer to acquire the other minority shareholdings for £55 per share. DLH was not obliged to complete the sale and purchase of the shares held by Mrs Botting and Mr Warner unless the offers made by DLH had been accepted by shareholders holding not less than 97.769 per cent. of the issued share capital of Douglas Deakin Young Limited. This acquisition completed on 17 February 2005.

£300,000 of the total consideration is held on a retention account until 31 December 2005 or, if later, three months after the final award of compensation from Funds Distribution Limited (“FDL”). FDL is an entity established by the Financial Services Authority to make payments by way of compensation to investors suffering losses in relation to certain investments in zero dividend preference shares in split capital investment trusts. Amounts are to be paid out of the retention account to DLH in respect of amounts awarded against Douglas Deakin Young Limited or a member of its group for mis-selling liabilities associated with zero dividend preference shares in split capital investment trusts.

Mrs Botting and Mr Warner are subject to restrictive covenants not to compete for the period of three years after completion.

The agreement contains a tax covenant, and usual warranties (including tax warranties), from the Sellers subsisting for 2 years after completion in respect of general warranties and 7 years for tax warranties;

- (v) an irrevocable undertaking dated 27 September 2005 given by TG Lupton to Camellia in respect of the 5,000 Scheme Shares in which he is interested and which are registered in the name of N W Brown Nominees Limited. Under the undertaking TG Lupton is to deliver or procure the registered holder to deliver a proxy within ten business days of despatch of the circular to Scheme Shareholders appointing the Chairman of the Court Meeting as proxy and instructing the Chairman to vote in favour of the resolution and he agrees not to and to procure that the registered holder shall not sell or dispose of the 5,000 Scheme Shares or otherwise deal in any securities of Linton Park or any interest therein unless or until the Scheme lapses or is withdrawn. The undertaking lapses if, inter alia, Linton Park is required to issue a supplementary circular to shareholders to include a significant new matter as required by section 426 of the Act; and
- (vi) an irrevocable undertaking dated 27 September 2005 given by MC Perkins to Camellia in respect of the 13,500 Scheme Shares in which he is interested. Under the undertaking MC Perkins is to deliver or procure the registered holder to deliver a proxy within ten business days of despatch of the circular to Scheme Shareholders appointing the Chairman of the Court Meeting as proxy and instructing the Chairman to vote in favour of the resolution or, if he attends the Court Meeting, himself to vote in favour of the resolution and he agrees not to and to procure that no other person shall sell or dispose of the 13,500 Scheme Shares or otherwise deal in any securities of Linton Park or any interest therein

unless or until the Scheme lapses or is withdrawn. The undertaking lapses if, inter alia, Linton Park is required to issue a supplementary circular to shareholders to include a significant new matter as required by section 426 of the Act.

(b) *Linton Park*

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Linton Park Group since 6 June 2003 (being the date which is two years prior to the commencement of the Offer Period) which are or may be material:

- (i) an agreement between W.G. White Limited (now known as Feltham One Limited) (“WGWL”), a subsidiary of the Company, (1) and Ritter Courivaud Limited (2) dated 5 February 2004 pursuant to which WGWL entered into an agreement with Ritter Courivaud Limited for the sale and purchase of certain of the WGWL business and assets.

The consideration for the sale was £540,000. The consideration included £270,000 payable on account for book debts of which £50,000 was to be held by WGWL in its bank account pending adjustment of the consideration as a result of non-realisation of any of the book debts.

Under the terms of the agreement WGWL is subject to restrictive covenants not to compete for the period of two years from the date of the agreement;

- (ii) an agreement between British Metal Treatments Limited (1) and Fast Track Investments Limited (2) dated 4 August 2005 for the sale by British Metal Treatments Limited (“BMTL”) which is part of the Linton Park Group, of freehold land and premises on the North East and South West Side of Montgomery Street Sparkbrook, Birmingham. The consideration for the sale was £850,000. The completion of the sale agreement is dependent on the completion of remediation works pursuant to an agreement between BMTL and AIG Remediation Limited;
- (iii) on 31 March 2005 Bordure Limited, a wholly-owned subsidiary of the Company accepted an offer for the sale of its shareholding in East African Coffee Plantations Limited to Chiquita Brands South Pacific Limited. Bordure Limited owned 4,570,637 shares in East African Coffee Plantations Limited (representing 70.5 per cent. of its issued share capital) and the sale price was Aus \$7.65 per share less Aus \$2.20 dividend per share paid to the shareholders in East African Coffee Plantations Limited on 2nd March 2005. The offer was subject to Chiquita Brands South Pacific Limited acquiring an interest in 90 per cent. of East African Coffee Plantations Limited’s shares and there being no material adverse change in East African Coffee Plantations Limited prior to closure of the offer on 19 April 2005;
- (iv) an agreement between John Ingham & Sons Limited, a subsidiary of the Company, (1) and Kaitet Tea Estate (1977) Limited, incorporated in Kenya (2) dated 21 March 2005 for the sale by John Ingham & Sons Limited, which owned 16,313,214 ordinary shares in Eastern Produce Kenya Limited of 1,673,000 such ordinary shares for a total consideration of £1,673,000;
- (v) an agreement dated 4 August 2003 between SWF Citrus Inc. (the “Seller”), a subsidiary of the Company, (1) and Robert Tiffany, Barbara G Tiffany, Christopher M. Quattlebaum and Valerie L. Quattlebaum (the “Buyer”) (2) for the sale of land in Punta Gorda, Florida together with certain crops, equipment and permits for the consideration of USD 830,000; and
- (vi) an agreement dated 2 June 2005 between Die Baken Farms (Pty) Ltd (1), a subsidiary of the Company, and the trustees for the time being of the Fresno Trust (“Fresno Trust”) (2) for the sale of a farming enterprise on Portions 12 and 14 on the farm Zandrif No 189, Municipality Drakonstein. Division Paarl, the Province of Western Cape, South Africa together with all immovables, water use rights and certain shares registered in the name of Die Baken Farms (Pty) Ltd.

The consideration of R14,000,000 was payable in two parts; R1,400,000 on signing of the agreement to be held in an escrow pending registration of the property in the name of Fresno Trust and R12,600,000 on such registration. The payment of the balance of the consideration is secured by an obligation on Fresno Trust to obtain a letter of undertaking

from a South African financial institution acceptable to Die Baken Farms (Pty) Ltd within 21 days of signing of the agreement. Fresno also undertook to employ all existing employees on their existing terms.

Die Baken Farms (Pty) Ltd was entitled to occupy the main dwelling until 31 August 2005 (June and July 2005 rent free and at rent of R5,000 during August subject to a pro rata reduction of this sum if the registration of the transfer took place after 1 August 2005).

7. Financing arrangements

The Cash Consideration payable under the Proposal will be provided from Camellia's existing cash resources. KPMG Corporate Finance is satisfied that sufficient financial resources are available to Camellia to satisfy the Cash Consideration (together with any cash payments to be made by Camellia in respect of fractional entitlements to New Camellia Shares) payable by Camellia pursuant to the Scheme.

8. Sources of information and basis of calculation

- (a) Unless otherwise stated, financial information concerning Camellia and Linton Park has been extracted without material adjustment from the published annual reports and accounts and interim statements of the relevant group for the relevant period.
- (b) The value placed by the Proposal on the existing issued share capital of Linton Park has been calculated using the total number of 19,038,167 Linton Park Shares in issue on 28 September 2005 (being the latest practicable date prior to the publication of this document).

9. Other information

- (a) Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Camellia or any person acting or deemed to be acting in concert with it and any of the directors, recent directors, shareholders or recent shareholders of Linton Park having any connection with, or dependence on, or which is conditional upon the outcome of, the Proposal.
- (b) Save as disclosed in this document, no agreement, arrangement or understanding exists whereby the beneficial ownership of any of the Linton Park Shares acquired by Camellia pursuant to the Proposal will be transferred to any other person, but Camellia reserves the right to transfer any Linton Park Shares so acquired to any of its subsidiaries.
- (c) Teather & Greenwood, which is authorised and regulated in the United Kingdom by the Financial Services Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- (d) KPMG Corporate Finance, a division of KPMG LLP which is authorised and regulated by the Financial Services Authority for investment business activities, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which it appears.
- (e) Save as disclosed in this document, no proposal exists in connection with the Proposal for any payment or benefit to be made or given to any Linton Park Director as compensation for loss of office or as consideration for or in connection with his retirement from office.
- (f) Except with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Camellia may otherwise be or claim to be entitled against such Scheme Shareholder.
- (g) Save as disclosed in this document, the Linton Park Directors are not aware of any material change in the financial or trading position of Linton Park since 31 December 2004 (the date to which the last published audited accounts of Linton Park were prepared).
- (h) Save as disclosed in this document, the Camellia Directors are not aware of any material change in the financial or trading position of Camellia since 31 December 2004 (the date to which the last published audited accounts of Camellia were prepared).

10. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Taylor Wessing, Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX during normal business hours

on any weekday (Saturdays, Sundays and public holidays excepted) up to and including the Effective Date or the date that the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the memorandum and articles of association of Camellia;
- (b) the memorandum and articles of association of Linton Park;
- (c) the audited consolidated accounts of Linton Park for the two financial years ended 31 December 2004;
- (d) the audited consolidated accounts of Camellia for the two financial years ended 31 December 2004;
- (e) the irrevocable undertakings to vote in favour the Proposal referred to in paragraph 4 of this Part VII;
- (f) the service agreements referred to in paragraph 5 of this Part VII;
- (g) the material contracts referred to in paragraph 6 of this Part VII;
- (h) the letters of consent referred to in paragraphs 9(c) and 9(d) of this Part VII; and
- (i) this Scheme Document and the Form of Proxy.

29 September 2005

PART VIII

NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

No. 6256 of 2005

Mr Registrar Rawson

IN THE MATTER OF LINTON PARK PLC

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated 23 September 2005 made in the above matters the Court has directed a meeting (the “**Court Meeting**”) to be convened of the holders of Ordinary Shares of 50 pence each in Linton Park Plc other than Camellia Plc for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement (the “**Scheme**”) proposed to be made between Linton Park Plc (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme) and that the Court Meeting will be held at The Goring Hotel, Beeston Place, Grosvenor Gardens, London SW1W 0JW on 31 October 2005 at 10.00 a.m. at which place and time all such Scheme Shareholders are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 426 of the above-mentioned Act are incorporated in the document of which this Notice forms part.

The said Scheme Shareholders may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead. A form of proxy for use at the Court Meeting is enclosed herewith.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding, with the senior holder being the first such joint holder.

It is requested that forms appointing proxies be lodged with the registrars of the Company, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not less than 48 hours before the time appointed for the Court Meeting but if forms are not so lodged they may be handed to the Chairman of the Court Meeting at the meeting before the taking of the poll to be carried out at the Court Meeting.

Entitlement to attend and vote at the Court Meeting and the number of votes which may be cast at that meeting will be determined by reference to the register of members of the Company as at 6.00 p.m. on 29 October 2005 or, in the event that the Court Meeting is adjourned, in the register of members as at 6.00 p.m. on the day which is two days before the time of any adjourned meeting. Changes to entries in the relevant register of members after 6.00 p.m. on 29 October 2005 or, in the event that the Court Meeting is adjourned, in the register of members as at 6.00 p.m. on the day which is two days before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

By the said Order, the Court has appointed Thomas G. Lupton or, failing him, Bernard A. Siegfried to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated 29 September 2005

Taylor Wessing
Carmelite
50 Victoria Embankment
London
EC4Y 0DX

Solicitors to the Company

DEFINITIONS

In this document and the accompanying Form of Proxy, unless the context otherwise requires, the following expressions have the following meanings:

“Act”	the Companies Act 1985, as amended
“Admission”	admission of the New Camellia Shares to the Official List and to trading on the London Stock Exchange’s market for listed securities
“AIM”	the market by that name operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing admission to, and the operation of, AIM
“associated undertaking”	to be construed in accordance with the Act (but for this purpose ignoring paragraph 20(1)(b) of Schedule 4A thereof)
“Australia”	the Commonwealth of Australia, its states, possessions and territories and all areas subject to its jurisdiction and any political sub-division thereof
“Business Day”	a day (other than a Saturday, Sunday or public holidays) when banks are generally open for business in London
“Camellia”	Camellia Plc, a company registered in England and Wales under company number 29559 and having its registered office at Linton Park, Linton, Near Maidstone, Kent ME17 4AB
“Camellia Board” or “Camellia Directors”	the directors of Camellia, as set out in paragraph 1(e) of Part VII of this document
“Camellia Circular”	the circular to be sent by Camellia to its shareholders in connection with the Proposal and incorporating the notice of the Camellia EGM
“Camellia EGM”	the extraordinary general meeting of Camellia convened for 10.30 a.m. on 31 October 2005 (including any adjournment thereof), notice of which will be set out in the Camellia Circular
“Camellia Group”	Camellia and its subsidiary undertakings (excluding the Linton Park Group)
“Camellia Shares”	the ordinary shares of 10 pence each in the capital of Camellia
“Canada”	Canada, its possessions, provinces and territories and all areas subject to its jurisdiction and any political sub-division thereof
“Capita Registrars”	a trading division of Capita IRG Plc
“Cash Consideration”	800 pence in respect of each 16 Scheme Shares held at 6.00 p.m. on the Record Date and so in proportion for any greater or lesser number of Scheme Shares so held
“certificated” or “in certificated form”	not in uncertificated form (that is, not in CREST)
“Closing Price”	the closing middle market quotation as derived from the Daily Official List
“Code”	The City Code on Takeovers and Mergers
“Company’s Registrars”	Capita Registrars, the Company’s registrars
“Court”	the High Court of Justice in England and Wales
“Court Meeting”	the meeting of the Scheme Shareholders to consider the Scheme convened pursuant to an order of the Court under section 425 of the Act to be held at 10.00 a.m. on 31 October 2005 (including any adjournment thereof), notice of which meeting is set out on page 128 of this document
“Court Order”	the order of the Court sanctioning the Scheme

“CREST”	the relevant system (as defined in the Regulations) in respect of which CRESTCo is the Operator (as defined in the Regulations)
“CRESTCo”	CRESTCo Limited
“CREST member”	a person who has been admitted by CRESTCo as a system-member (as defined in the Regulations)
“Daily Official List”	the Daily Official List of the London Stock Exchange
“Effective Date”	the date on which the Scheme becomes effective in accordance with its terms
“Enlarged Group”	the combined Camellia Group and Linton Park Group
“Excluded Linton Park Shares”	the 15,069,999 Linton Park Shares registered in the name of Camellia
“Explanatory Statement”	the explanatory statement from Teather & Greenwood prepared in compliance with section 426 of the Act and set out in Part II of this document
“Form of Proxy”	the accompanying form of proxy for use at the Court Meeting
“Hearing”	the hearing by the Court of the petition to sanction the Scheme under section 425 of the Act and grant the Court Order
“Hearing Date”	the date of the Hearing
“Hearing Record Time”	6.00 p.m. on the Business Day immediately preceding the Hearing Date
“holder”	a registered holder including any person entitled by transmission
“Independent Directors”	Thomas G. Lupton and Bernard A. Siegfried
“Independent Shareholders”	Scheme Shareholders other than Camellia Holding AG
“Japan”	Japan, its cities, prefectures, possessions and territories and all other areas subject to its jurisdiction and any political sub-division thereof
“Linton Park” or the “Company”	Linton Park Plc
“Linton Park Board” or “Linton Park Directors”	the directors of Linton Park, as set out in paragraph 1(d) of Part VII of this document
“Linton Park Group” or the “Group”	Linton Park and its subsidiary undertakings
“Linton Park Shareholders”	holders of Linton Park Shares
“Linton Park Shares”	ordinary shares of 50 pence each in the capital of Linton Park
“London Stock Exchange”	London Stock Exchange plc
“New Camellia Shares”	the new Camellia Shares to be issued, credited as fully paid, pursuant to the Scheme
“Offer Period”	bears the meaning attributed thereto in the Code and which commenced on 7 June 2005, being the date on which an announcement was made concerning the possibility of the Proposal
“Official List”	the official list maintained by the UKLA pursuant to Part VI of the Financial Services and Markets Act 2000
“Panel”	The Panel on Takeovers and Mergers
“Proposal”	the proposal set out in this document for Linton Park to become a wholly-owned subsidiary of Camellia by way of the acquisition by Camellia of all the issued ordinary share capital of Linton Park not already owned by Camellia, to be implemented by means of the Scheme
“Record Date”	the last Business Day immediately prior to the Effective Date
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No 01/3755)

“Regulatory Information Service”	has the meaning given to that expression in the Listing Rules
“Scheme”	the proposed scheme of arrangement under section 425 of the Act between (i) Linton Park and (ii) the Scheme Shareholders, set out in Part III of this document in its original form, or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Linton Park and Camellia
“Scheme Document”	this document, being the formal scheme document, to be posted by Linton Park to the holders of Linton Park Shares, other than Camellia, appearing in the register of members on the day before the date of this document setting out the terms and conditions of the Proposal and the Scheme and including an explanatory statement under section 426 of the Act
“Scheme Shareholders”	holders of Scheme Shares
“Scheme Shares”	the Linton Park Shares other than the Excluded Linton Park Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and prior to the Voting Record Time; and (iii) (if any) issued on or after the Voting Record Time and prior to the Hearing Record Time either on terms that the original or any subsequent holder thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme
“Share Consideration”	the New Camellia Shares to be issued to the Scheme Shareholders pursuant to the Scheme
“Subsidiary”, “Subsidiary Undertaking”, “Associated Undertaking” and “Undertaking”	have the meanings given to them in the Act, “associated undertakings” also being referred to as “associates”
“Teather & Greenwood”	Teather & Greenwood Limited
“UKLA”	the UK Listing Authority, a division of the Financial Services Authority, acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000
“uncertificated” or “in uncertificated form”	means that title to the share or other unit of a security concerned is recorded on the relevant Operator register of securities pursuant to the CREST Regulations, being held in uncertificated form in CREST, and may by virtue of the CREST Regulations be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“United States” or “US”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“United States Securities Act”	the United States Securities Act of 1933, as amended
“US Person(s)”	US Person(s) as defined in Regulation S under the United States Securities Act
“Voting Record Time”	6.00 p.m. on the day which is two days before the time appointed for the Court Meeting or if the Court Meeting is adjourned, 6.00 p.m. on the day which is two days before the time appointed for the adjourned meeting

