

Camellia Plc

Interim report 2008

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Registered office

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Chairman's statement

The pre-tax profit from continuing operations of £7,991,000 for the six months to 30 June 2008 compares with a profit of £12,255,000 for the same period last year which included a profit of £5,313,000 on the disposal of 'available for sale' investments.

The board has declared an interim dividend of 20p per ordinary share payable on 6 November 2008 to shareholders on the register on 17 October 2008.

Tea

India

Despite dry weather at the beginning of the year, crops are only marginally behind those of the previous year. Sales prices are ahead of last year particularly for orthodox teas produced in Assam and Darjeeling. The demand for independent statehood in Darjeeling and the possible associated civil unrest are a cause for concern.

Bangladesh

Tea production in Bangladesh is similar to the previous year but tea prices have increased. The prospects for the full year are encouraging.

Africa

Kenya experienced a major drought at the beginning of the year which has reduced production significantly when compared to the previous year. The cost of production has increased as a result of the lower crop but increased sales prices have compensated to some degree. The political difficulties that Kenya experienced at the beginning of the year have been resolved for the time being by the formation of a Government of National Unity, which must now negotiate a new constitution.

Our operations in Malawi have produced a crop similar to the previous year but higher sales prices have more than offset the increased cost of production.

Edible nuts

Macadamia production in both Malawi and South Africa is expected to exceed that of the previous year and prices have recently shown some improvement over the low levels of last year.

Crop projections for the harvest in September of our pistachio orchards in California are encouraging.

Other horticulture

Both production and sales prices for our citrus operations in California are higher than the previous year.

Exportable production of table grapes and citrus in Chile is on a par with last year.

Kakuzi's avocado production is expected to exceed the previous year but difficulties in the port of Mombasa are playing havoc with shipping schedules and significant insurance claims are anticipated. The situation in the port is chaotic and is seriously affecting all exports from Kenya that have no option but to use Mombasa. It is to be hoped that the Government will take immediate and firm action to rectify the problems and enable Kenya to compete effectively in world markets.

Rubber production in Bangladesh is on a par with last year although prices are expected to be a little lower.

Maize and Soya prices have increased over last year and, with similar production, the results of our Brazilian farming operations are most satisfactory.

Wine production in both South Africa and Chile increased over the previous year but the international wine market remains very competitive.

Food storage and distribution

The re-organisation costs incurred in 2007 are beginning to show a positive result and it is hoped that Associated Cold Stores and Transport will make a profit for the full year. Rationalisation continues in this sector and as a result there is now more likelihood of the market, which has been very difficult for a number of years, returning to stability and profitability.

Chairman's statement

Engineering

The difficulties of recruiting skilled operatives in some of our engineering companies continue and are having a detrimental effect on profitability. The price of steel and the availability of specialist metals combined with the impact of the fall in demand in the construction industry are also current concerns for our operations.

Banking

It is relevant to repeat that Duncan Lawrie has no exposure to sub-prime mortgages and their derivatives and indeed is benefiting from the current credit crisis due to its strong balance sheet and very conservative lending policies. The wealth management division does of course continue to suffer from lower fee income as a result of the decline in stock market values. Duncan Lawrie has now completed the integration of recent acquisitions, the costs of which will be a charge against profits in the current year.

Pharmaceutical

Net sales of Siegfried Holding AG were marginally ahead of the same period last year. Operating profit increased by 33% mainly as a result of the sale of the pharmaceutical production facility in Zofingen to the US-based Arena Pharmaceuticals and also to the receipt of licence payments for a previous bio-generic project.

Prospects

The Camellia Group is presently operating in a difficult global trading environment. The substantially increased costs of energy and fertilisers are a major cause of concern. However, the group's diversity and conservative policies, particularly in respect of borrowings, means that it should be well placed to withstand any forthcoming recession and continue to develop its operations in a modest and structured manner. It is however even more difficult than usual to give any indication of the outcome for the full year.

M C Perkins

Chairman

28 August 2008

Interim management report

The chairman's statement forms part of the interim management report and includes important events that have occurred during the six months ended 30 June 2008 and their impact on the financial statements set out herein.

Principal risks and uncertainties

The directors' report in the statutory financial statements for the year ended 31 December 2007 (the accounts are available on the company's website: www.camellia.plc.uk) highlighted risks and uncertainties that could have an impact on the group's businesses. As these businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the group's performance. These risks and uncertainties continue to be relevant for the remainder of the year. In addition, the chairman's statement included in this report refers to specific risks and uncertainties that the group is presently facing.

Statement of directors' responsibilities

The directors confirm that these condensed financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by sections 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

The directors of Camellia Plc are listed in the Camellia Plc statutory financial statements for the year ended 31 December 2007. There have been no subsequent changes of directors and a list of current directors is maintained on the group's website at www.camellia.plc.uk.

By order of the board

M C Perkins

Chairman

28 August 2008

Consolidated income statement
for the six months ended 30 June 2008

		Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
	Notes			
Revenue	4	77,611	74,550	161,936
Cost of sales		(53,683)	(53,828)	(107,497)
Gross profit		23,928	20,722	54,439
Other operating income		1,029	887	1,631
Distribution costs		(3,370)	(2,984)	(9,665)
Administrative expenses		(18,750)	(18,984)	(37,261)
Trading profit/(loss)	4	2,837	(359)	9,144
Share of associates' results	5	5,185	7,743	10,568
Profit on disposal of other investments	6	23	5,313	5,259
Profit on part disposal of a subsidiary	7	104	—	170
Profit on disposal of property		—	—	2,029
Profit on disposal of non-current assets held for sale		—	171	327
Gain/(loss) arising from changes in fair value of biological assets		178	(637)	2,770
Profit from operations		8,327	12,231	30,267
Investment income		476	457	867
Finance income		278	377	701
Finance costs		(1,218)	(1,107)	(1,921)
Pension schemes' net financing income		128	297	737
Net finance costs	8	(812)	(433)	(483)
Profit before tax		7,991	12,255	30,651
Taxation	9	(1,918)	(1,290)	(3,205)
Profit for the period		6,073	10,965	27,446
Profit attributable to minority interests		406	203	2,129
Profit attributable to equity shareholders		5,667	10,762	25,317
		6,073	10,965	27,446
Earnings per share – basic and diluted	11	203.9p	387.2p	910.8p

Consolidated balance sheet
at 30 June 2008

	Notes	30 June 2008 £'000	30 June 2007 £'000	31 December 2007 £'000
Non-current assets				
Intangible assets		8,376	7,767	8,246
Property, plant and equipment	12	75,885	76,117	76,233
Biological assets		79,797	76,047	80,633
Prepaid operating leases		1,013	985	982
Investments in associates		99,677	82,720	90,367
Deferred tax assets		4,152	272	1,356
Other investments		36,516	38,364	41,186
Retirement benefit surplus		3,618	8,566	5,766
Trade and other receivables		616	546	634
Total non-current assets		309,650	291,384	305,403
Current assets				
Inventories		22,340	19,906	20,137
Trade and other receivables		71,313	59,143	67,893
Current income tax assets		1,623	2,164	1,616
Cash and cash equivalents	13	283,671	252,186	235,612
		378,947	333,399	325,258
Non-current assets classified as held for sale		—	105	—
Total current assets		378,947	333,504	325,258
Current liabilities				
Borrowings	14	(16,875)	(16,935)	(14,771)
Trade and other payables		(324,162)	(286,152)	(275,913)
Current income tax liabilities		(2,176)	(1,455)	(1,786)
Other employee benefit obligations		(183)	(149)	(169)
Provisions		(75)	(37)	(123)
Total current liabilities		(343,471)	(304,728)	(292,762)
Net current assets		35,476	28,776	32,496
Total assets less current liabilities		345,126	320,160	337,899
Non-current liabilities				
Borrowings	14	(11,348)	(12,297)	(11,797)
Deferred tax liabilities		(26,723)	(27,410)	(26,719)
Retirement benefit obligations		(17,367)	(10,261)	(10,608)
Other employee benefit obligations		(1,385)	(1,233)	(1,293)
Other non-current liabilities		(207)	(401)	(341)
Provisions		—	(92)	—
Total non-current liabilities		(57,030)	(51,694)	(50,758)
Net assets		288,096	268,466	287,141
Equity				
Called up share capital		284	284	284
Reserves		267,483	249,407	265,987
Shareholders' funds	18	267,767	249,691	266,271
Minority interests	18	20,329	18,775	20,870
Total equity		288,096	268,466	287,141

Consolidated cash flow statement
for the six months ended 30 June 2008

		Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Cash generated from operations				
Cash flows from operating activities	16	(1,497)	1,831	14,171
Interest paid		(1,254)	(1,108)	(2,271)
Income taxes paid		(1,805)	(2,220)	(3,442)
Interest received		164	416	697
Dividends received from associates		2,397	1,955	2,252
Net cash flow from operating activities		(1,995)	874	11,407
Cash flows from investing activities				
Purchase of intangible assets		(336)	(90)	(208)
Purchase of property, plant and equipment		(4,277)	(3,493)	(6,953)
Proceeds from sale of non-current assets		143	399	2,948
Proceeds from sale of non-current assets held for sale		—	228	489
Part disposal of a subsidiary		297	—	400
Acquisition of subsidiary (net of cash acquired)		—	—	(549)
Purchase of minority interests		(173)	—	(193)
Purchase of shares in associate		—	—	(2)
Proceeds from sale of investments		6,735	7,269	8,235
Purchase of investments		(1,848)	(3,051)	(7,915)
Income from investments		476	457	867
Net cash flow from investing activities		1,017	1,719	(2,881)
Cash flows from financing activities				
Equity dividends paid		—	—	(2,502)
Dividends paid to minority interests		(553)	(842)	(1,132)
Net repayment of debt		(1,560)	(3,734)	(3,625)
Net cash flow from financing activities		(2,113)	(4,576)	(7,259)
Net (decrease)/increase in cash and cash equivalents	17	(3,091)	(1,983)	1,267
Cash and cash equivalents at beginning of period		758	(542)	(542)
Exchange gains/(losses) on cash		412	(138)	33
Cash and cash equivalents at end of period		(1,921)	(2,663)	758

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.

For the purposes of the cash flow statement cash and cash equivalents comprise:

Cash and cash equivalents	283,671	252,186	235,612
Less banking operation funds	(271,691)	(240,820)	(223,849)
Overdrafts repayable on demand (included in current liabilities – borrowings)	(13,901)	(14,029)	(11,005)
	(1,921)	(2,663)	758

Statement of recognised income and expense
for the six months ended 30 June 2008

	Six months ended 30 June 2008 £'000	<i>Six months ended 30 June 2007 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
Foreign exchange translation differences	3,612	(1,887)	5,407
Actuarial movement on defined benefit pension schemes (note 15)	(9,595)	11,516	6,030
Movement on deferred tax relating to defined benefit pension schemes	2,686	(2,765)	(639)
Available-for-sale investments:			
Valuation gains taken to equity	416	3,340	2,044
Transferred to profit or loss on sale	(2)	(3,676)	(3,630)
Share of associate's net movement in defined benefit pension schemes	(1,246)	92	372
Share of associates' fair value adjustments	(748)	1,353	932
Share of associate's loss on cash flow hedges	—	(92)	(115)
Share of associate's income taxes on items recorded in equity	466	—	(29)
Net (expense)/income recognised directly in equity	(4,411)	7,881	10,372
Profit for the period	6,073	10,965	27,446
Total recognised income and expense for the period	1,662	18,846	37,818
Attributable to:			
Minority interests	91	314	2,505
Equity shareholders	1,571	18,532	35,313
	<u>1,662</u>	<u>18,846</u>	<u>37,818</u>

Notes to the accounts

1 Basis of preparation

These financial statements are the interim consolidated financial statements of Camellia Plc, a company registered in England, and its subsidiaries (the “group”) for the six month period ended 30 June 2008 (the “Interim Report”). They should be read in conjunction with the Report and Accounts (the “Annual Report”) for the year ended 31 December 2007.

The financial information contained in this interim report has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. A copy of the statutory accounts for the year ended 31 December 2007 has 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.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) including IAS 34 “Interim Financial Reporting”. For these purposes, IFRS comprise the Standards issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) that have been endorsed by the European Union.

Where necessary, the comparatives have been reclassified from the previously reported interim results to take into account any presentational changes made in the Annual Report.

These interim financial statements were approved by the board of directors on 28 August 2008.

2 Accounting policies

These interim financial statements have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2007.

The following interpretations made by IFRIC are mandatory for the first time in the current financial year and have been adopted by the group with no significant impact on its consolidated results or financial position:

- IFRIC 11 Group and treasury share transactions
- IFRIC 12 Service concession arrangements
- IFRIC 14 The limit on a defined benefit asset, minimum funding requirements and their interaction

3 Cyclical and seasonal factors

Due to climatic conditions the group’s tea operations in India and Bangladesh produce most of their crop during the second half of the year. Tea production in Kenya remains at consistent levels throughout the year but in Malawi, the majority of tea is produced in the first six months.

Soya and maize in Brazil are generally harvested in the first half of the year. In California the pistachio crop occurs in the second half of the year and has ‘on’ and ‘off’ years. Avocados in Kenya are mostly harvested in the second half of the year.

There are no other cyclical or seasonal factors which have a material impact on the trading results.

Notes to the accounts

4 Segment reporting

	Six months ended 30 June 2008		Six months ended 30 June 2007		Year ended 31 December 2007	
	Revenue £'000	Trading profit £'000	Revenue £'000	Trading profit £'000	Revenue £'000	Trading profit £'000
Agriculture and horticulture	42,069	2,989	38,404	671	89,004	9,072
Engineering	10,132	671	10,293	947	20,109	2,124
Food storage and distribution	17,932	324	18,831	(356)	38,561	(133)
Banking and financial services	7,322	798	6,911	849	13,949	1,431
Other operations	156	56	111	(156)	313	(113)
	<u>77,611</u>	<u>4,838</u>	<u>74,550</u>	<u>1,955</u>	<u>161,936</u>	<u>12,381</u>
Unallocated corporate expenses		(2,001)		(2,314)		(3,237)
Trading profit/(loss)		2,837		(359)		9,144
Share of associates' results		5,185		7,743		10,568
Profit on disposal of other investments		23		5,313		5,259
Profit on part disposal of a subsidiary		104		—		170
Profit on disposal of property		—		—		2,029
Profit on disposal of non-current assets held for sale		—		171		327
Gain/(loss) arising from changes in fair value of biological assets		178		(637)		2,770
Investment income		476		457		867
Net finance costs		(812)		(433)		(483)
Profit before tax		7,991		12,255		30,651
Taxation		(1,918)		(1,290)		(3,205)
Profit after tax		<u>6,073</u>		<u>10,965</u>		<u>27,446</u>

5 Share of associates' results

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

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Operating profit	6,579	4,914	8,561
Net finance costs	(463)	(90)	(650)
Profit before tax	6,116	4,824	7,911
Taxation	(931)	(701)	(1,026)
Profit after tax	5,185	4,123	6,885
Net profit from discontinued operations	—	3,620	3,683
	<u>5,185</u>	<u>7,743</u>	<u>10,568</u>

The net profit from discontinued operations relates to the disposal by the Siegfried Group of its Sidroga division and its biologics business unit.

Notes to the accounts

6 Profit on disposal of other investments

In 2007, a profit of £4,801,000 was realised on the disposal of the group's entire shareholding in Gétaz Romang Holding SA, a public quoted company on the SWX Swiss Exchange.

7 Profit on part disposal of a subsidiary

A profit of £104,000 (2007: six months £nil – year £170,000) was realised in relation to the disposal by Kakuzi Limited of 10% (2007: six months nil – year 14%) of its interest in Siret Tea Company Limited to EPK Outgrowers Empowerment Project Company Limited, a company mainly owned by smallholders in Kenya.

8 Finance income and costs

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Interest payable on loans and bank overdrafts	(986)	(1,085)	(2,141)
Interest payable on obligations under finance leases	(92)	(96)	(180)
Total borrowing costs	(1,078)	(1,181)	(2,321)
Net exchange (loss)/gain on foreign currency borrowings	(140)	74	400
Finance costs	(1,218)	(1,107)	(1,921)
Finance income – interest income on short-term bank deposits	278	377	701
Pension schemes' net financing income	128	297	737
Net finance costs	(812)	(433)	(483)

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

9 Taxation on profit on ordinary activities

	Six months ended 30 June 2008		Six months ended 30 June 2007		Year ended 31 December 2007	
	£'000	£'000	£'000	£'000	£'000	£'000
Current tax						
UK corporation tax	—		—		107	
Overseas corporation tax	2,062		1,008		2,935	
Total current tax		2,062		1,008		3,042
Deferred tax						
Origination and reversal of timing differences						
UK	529		(34)		(483)	
Overseas	(673)		316		646	
Total deferred tax		(144)		282		163
Tax on profit on ordinary activities		1,918		1,290		3,205

Tax on profit on ordinary activities for the six months to 30 June 2008 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2008.

Notes to the accounts

10 Equity dividends

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2007 of 72.00p (2006: 70.00p) per share	2,001	1,946	1,946
Interim dividend for the year ended 31 December 2007 of 20.00p per share			556
			<u>2,502</u>

Dividends amounting to £45,000 (2007: six months £44,000 – year £56,000) have not been included as group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Proposed interim dividend for the year ended 31 December 2008 of
20.00p (2007: 20.00p) per share

556	556
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The proposed interim dividend was approved by the board of directors on 28 August 2008 and has not been included as a liability in these financial statements.

11 Earnings per share (EPS)

	Six months ended 30 June 2008		Six months ended 30 June 2007		Year ended 31 December 2007	
	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence
Basic and diluted EPS						
Attributable to ordinary shareholders	5,667	203.9	10,762	387.2	25,317	910.8

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of 2,779,500 (2007: six months 2,779,500 – year 2,779,500), which excludes 62,500 (2007: six months 62,500 – year 62,500) shares held by the group as treasury shares.

12 Property, plant and equipment

During the six months ended 30 June 2008 the group acquired assets with a cost of £4,277,000 (2007: six months £3,493,000 – year £6,953,000). Assets with a carrying amount of £96,000 were disposed of during the six months ended 30 June 2008 (2007: six months £217,000 – year £910,000).

13 Cash and cash equivalents

Included in cash and cash equivalents of £283,671,000 (2007: six months £252,186,000 – year £235,612,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £271,691,000 (2007: six months £240,820,000 – year £223,849,000), which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

Notes to the accounts

14 Borrowings

Borrowings (current and non-current) include loans and finance leases of £14,322,000 (2007: six months £15,203,000 – year £15,563,000) and bank overdrafts of £13,901,000 (2007: six months £14,029,000 – year £11,005,000). The following loans and finance leases were issued and repaid during the six months ended 30 June 2008:

	£'000
Balance at 1 January 2008	15,563
Exchange differences	320
New issues	
Loans	69
Finance lease liabilities	401
Repayments	
Loans	(1,528)
Finance lease liabilities	(503)
Balance at 30 June 2008	<u>14,322</u>

15 Retirement benefit schemes

UK defined benefit pension schemes for the purposes of IAS 19 have been updated to 30 June 2008 from the valuations as at 31 December 2007 by the group's actuaries and the movements have been reflected in this interim statement. Overseas schemes have not been updated from 31 December 2007 valuations as it is considered that there have been no significant changes.

An actuarial loss of £13,471,000 was realised in the period in relation to the scheme assets following the recent falls in global stock markets. An actuarial gain of £3,876,000 was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has increased to 6.70% (31 December 2007: 5.90%), giving rise to a decrease to the defined benefit obligation. This reduction is partly offset by the impact of increases in the assumptions for the rate of inflation, to 4.20% (31 December 2007: 3.40%), and for the rate of increases for salaries, to 4.30% (31 December 2007: 3.50%). There has been no change in the mortality assumptions used.

16 Reconciliation of profit from operations to cash flow

	Six months ended 30 June 2008 £'000	<i>Six months ended 30 June 2007 £'000</i>	<i>Year ended 31 December 2007 £'000</i>
Profit from operations	8,327	12,231	30,267
Share of associates' results	(5,185)	(7,743)	(10,568)
Depreciation and amortisation	3,922	4,044	7,868
(Gain)/loss arising from changes in fair value of biological assets	(178)	637	(2,770)
Profit on disposal of property, plant and equipment	(47)	—	(2,029)
Profit on disposal of non-current assets held for sale	—	(171)	(327)
Profit on part disposal of a subsidiary	(104)	—	(170)
Profit on disposal of other investments	(23)	(5,313)	(5,259)
Decrease/(increase) in working capital	907	(2,811)	(7,949)
Net (increase)/decrease in funds of banking subsidiaries	(9,116)	957	5,108
Cash flows from operating activities	<u>(1,497)</u>	<u>1,831</u>	<u>14,171</u>

Notes to the accounts

17 Reconciliation of net cash flow to movement in net debt

	Six months ended 30 June 2008 £'000	Six months ended 30 June 2007 £'000	Year ended 31 December 2007 £'000
(Decrease)/increase in cash and cash equivalents in the period	(3,091)	(1,983)	1,267
Cash outflow from decrease in debt	1,961	3,914	4,310
(Increase)/decrease in net debt resulting from cash flows	(1,130)	1,931	5,577
New finance leases	(401)	(181)	(685)
Exchange rate movements	93	(116)	(197)
(Increase)/decrease in net debt in the period	(1,438)	1,634	4,695
Net debt at beginning of period	(14,805)	(19,500)	(19,500)
Net debt at end of period	(16,243)	(17,866)	(14,805)

Notes to the accounts

18 Statement of changes in shareholders' equity

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Minority interest £'000	Total equity £'000
At 1 January 2007	284	15,298	(400)	182,543	38,236	235,961	19,303	255,264
Exchange differences	—	—	—	—	(1,998)	(1,998)	111	(1,887)
Net profit	—	—	—	10,762	—	10,762	203	10,965
Dividends	—	—	—	(1,946)	—	(1,946)	(842)	(2,788)
Actuarial gain	—	—	—	11,516	—	11,516	—	11,516
Deferred tax on actuarial gain	—	—	—	(2,765)	—	(2,765)	—	(2,765)
Available-for-sale investments:								
Valuation gains taken to equity	—	—	—	—	3,340	3,340	—	3,340
Transfer to profit or loss on sale	—	—	—	—	(3,676)	(3,676)	—	(3,676)
Reclassification of investment to an associate	—	—	—	—	(2,748)	(2,748)	—	(2,748)
Share of associates' fair value adjustments	—	—	—	1,353	—	1,353	—	1,353
Share of associate's change in treasury shares	—	—	—	144	—	144	—	144
Share of associate's movement in defined benefit pension schemes	—	—	—	92	—	92	—	92
Share of associate's loss on cash flow hedges	—	—	—	(92)	—	(92)	—	(92)
Loss on dilution of interest in associate	—	—	—	(252)	—	(252)	—	(252)
At 30 June 2007	284	15,298	(400)	201,355	33,154	249,691	18,775	268,466
At 1 January 2007	284	15,298	(400)	182,543	38,236	235,961	19,303	255,264
Exchange differences	—	—	—	—	4,973	4,973	434	5,407
Net profit	—	—	—	25,317	—	25,317	2,129	27,446
Dividends	—	—	—	(2,502)	—	(2,502)	(1,132)	(3,634)
Actuarial gain	—	—	—	6,171	—	6,171	(141)	6,030
Deferred tax on actuarial gain	—	—	—	(684)	—	(684)	45	(639)
Available-for-sale investments:								
Valuation gains taken to equity	—	—	—	—	2,006	2,006	38	2,044
Transfer to profit or loss on sale	—	—	—	—	(3,630)	(3,630)	—	(3,630)
Reclassification of investment to an associate	—	—	—	—	(2,782)	(2,782)	—	(2,782)
Minority interest subscription	—	—	—	—	—	—	230	230
Payment to minority interest	—	—	—	—	—	—	(193)	(193)
Change in composition of group	—	—	—	(157)	—	(157)	157	—
Share of associates' fair value adjustments	—	—	—	932	—	932	—	932
Share of associate's loss on cash flow hedges	—	—	—	(115)	—	(115)	—	(115)
Share of associate's change in treasury shares	—	—	—	430	—	430	—	430
Share of associate's movement in defined benefit pension schemes	—	—	—	372	—	372	—	372
Share of associate's income taxes on items recorded in equity	—	—	—	(29)	—	(29)	—	(29)
Share of associates' other equity movements	—	—	—	123	—	123	—	123
Loss on dilution of interest in associate	—	—	—	(115)	—	(115)	—	(115)
At 31 December 2007	284	15,298	(400)	212,286	38,803	266,271	20,870	287,141
Exchange differences	—	—	—	—	3,927	3,927	(315)	3,612
Net profit	—	—	—	5,667	—	5,667	406	6,073
Dividends	—	—	—	(2,001)	—	(2,001)	(553)	(2,554)
Actuarial loss	—	—	—	(9,595)	—	(9,595)	—	(9,595)
Deferred tax on actuarial loss	—	—	—	2,686	—	2,686	—	2,686
Available-for-sale investments:								
Valuation gains taken to equity	—	—	—	—	416	416	—	416
Transfer to profit or loss on sale	—	—	—	—	(2)	(2)	—	(2)
Minority interest subscription	—	—	—	—	—	—	192	192
Payment to minority interest	—	—	—	—	—	—	(173)	(173)
Change in composition of group	—	—	—	98	—	98	(98)	—
Share of associate's restatement of pension plan assets	—	—	—	1,831	—	1,831	—	1,831
Share of associates' fair value adjustments	—	—	—	(748)	—	(748)	—	(748)
Share of associate's change in treasury shares	—	—	—	(62)	—	(62)	—	(62)
Share of associate's movement in defined benefit pension schemes	—	—	—	(1,246)	—	(1,246)	—	(1,246)
Share of associate's income taxes on items recorded in equity	—	—	—	466	—	466	—	466
Share of associate's other equity movements	—	—	—	150	—	150	—	150
Loss on dilution of interest in associate	—	—	—	(91)	—	(91)	—	(91)
At 30 June 2008	284	15,298	(400)	209,441	43,144	267,767	20,329	288,096

Notes to the accounts

19 Related party transactions

There have been no related party transactions that have a material effect on the financial position or performance of the group in the first six months of the financial year.

20 Events after the balance sheet date

With effect from 1 July 2008, the group has representation on the board of West Hamilton Holdings Limited, a Bermudian property company, and as a result the investment in this company will be reclassified from a financial asset to an investment in associate. Based on the latest available accounts to 31 December 2007, the estimated result of this reclassification will be that the value of investments in associates will increase by £1,261,000, being the equity value, and the value of financial assets will decline by £2,696,000, being the market value. The difference of £1,435,000 will be transferred to reserves.

