

Camellia Plc

Annual financial report for year ended 31 December 2011

Highlights from the results

	Year ended 31 December 2011	Year ended 31 December 2010
	£'000	£'000
Revenue	246,849	251,181
Trading profit	39,233	48,384
Profit before tax	58,650	73,141
Profit for the year	41,790	51,034
Earnings per share	1,190.4 p	1,510.5 p
Final dividend	84 p	80 p

Chairman's statement

The profit before tax for the year to 31 December 2011 amounted to £58.65 million compared with £73.14 million in the previous year. The profit for 2011 includes a gain of £7.3 million (£11.1 million in 2010) in respect of changes in the fair value of biological assets. This gain is unrealised and is dependent on the maintenance of the value of those companies subject to IAS 41 "Biological Assets". The group performed well in 2011 with a trading profit of £39.23 million compared to £48.38 million in 2010 which had benefited from unusually high tea production.

Dividend

The board is recommending a final dividend of 84p per share which, together with the interim dividend already paid of 30p per share, brings the total distribution for the year to 114p per share compared with 110p per share in 2010.

Agriculture and horticulture

Tea

In 2011 our tea operations continued to benefit from an increase in demand over supply resulting in high sales prices. Profitability has been adversely affected by increases in input costs and slightly lower production following less favourable weather conditions compared with the prior year.

India

Despite the 34 per cent. increase in tea garden wages and uncertainties in the market during the year, our Indian operations achieved a satisfactory outcome. Tea production increased to 31.8 million kilos and prices generally remained firm. Factory developments and infrastructure expenditure continued during the year.

Both the packet tea operations and the instant tea plant achieved improved results.

Bangladesh

Tea production at 10.3 million kilos suffered a decline over the previous year due to pest and weather related problems. The import of tea by local blenders also caused a significant reduction in auction prices. However the increase of import duty on tea has led to a hardening of sale prices and it is to be hoped that such duty will not be temporary.

The programme of factory redevelopment and installation of irrigation systems is continuing.

Kenya

Production in Kenya decreased on our own estates. Smallholder leaf intake increased slightly but our overall production was down during the year to 22.8 million kilos from a record 26.5 million kilos in 2010. The strength of the market resulted in high prices on the Mombasa auction and, as a result, profitability was similar to the previous year. Little progress has been made on implementing the necessary legislative reforms relating to the new constitution. Ambiguities on the future of land tenure are still to be resolved but all leasehold property owned by non-Kenyan citizens or corporations are subject to a maximum term of 99 years. The timing of the next elections under the new constitution and the outcome of the International Criminal Court Proceedings are the subject of considerable debate.

Malawi

Our production in Malawi at 17.7 million kilos was below the 19.3 million kilos produced in 2010 due to less favourable weather conditions. In September a fire destroyed one of our tea processing factories in Thyolo district. A mothballed factory has been reopened and re-equipped on a temporary basis to ensure sufficient production facilities for the current season. Negotiations are continuing with the insurance company to settle our claim. The first major upgrade in the programme of improvements to our factories was completed during the year. The factory is operating successfully and the quality of tea produced is showing an improvement. The Malawi Kwacha devalued during the year but remains unrealistically firm and foreign exchange continues to be critically short resulting in difficulties in procuring imports, particularly fuel and fertilisers.

Edible nuts

2011 was an 'off-year' in the biennial bearing pattern of the pistachio orchards of Horizon Farms in California and production was minimal.

Macadamia production in Malawi was the highest on record. Our South African operation suffered from reduced production due to inclement weather but sales prices increased significantly during the year resulting in very satisfactory profits. Demand from the Far East remains buoyant. New areas of macadamia continued to be planted at Kakuzi in Kenya and at Maclands in South Africa.

Other horticulture

Kakuzi's avocado production in Kenya decreased but profitability increased due to substantially higher sale prices caused by the weaker Kenyan shilling and a shortage of supply in the European market. Port and shipping logistics remain problematic and, combined with the risk of piracy, continue to be a cause for concern for this perishable crop.

Weather conditions in Bangladesh hampered latex collection and consequently rubber production declined from the previous year's level. Prices however continued their firmer trend.

Maize and soya yields combined with improved market prices resulted in a satisfactory performance from CC Lawrie's farm in Brazil. We continue to increase our irrigation capacity but future opportunities in this regard are now limited. The possible expansion of our agricultural operations in Brazil is on hold pending the outcome of deliberations by the government regarding the extent of foreign ownership of agricultural land.

Citrus production at Horizon Farms in California increased over the prior year but profitability decreased following a substantial reduction in prices caused by undersized fruit.

Production of wine grapes in South Africa improved marginally and the quality of wine produced is pleasing. The sales of everyday wines are showing positive results and the marketing efforts are being concentrated on improving premium quality wine sales.

Food storage and distribution

In the UK, Associated Cold Stores and Transport (ACS&T) returned to profit after a very difficult year in 2010 as the effects of the financial crisis impacted our customers. The marketplace continues to suffer from over capacity and the management team is to be commended for the improvement in cold storage utilisation

levels achieved during the year. ACS&T has net cash and is well placed to take advantage of any opportunities that might arise in the future.

Both our businesses in the Netherlands suffered from the impact of the double dip recession in the Netherlands and made losses during the year after producing satisfactory profits in 2010.

Engineering

2011 was another challenging year for our UK based engineering companies, notwithstanding an improvement in revenue compared with the prior year and the achievement of a modest trading profit overall. The new factory at Abbey Metal became fully operational in the latter part of 2011. Limited sales were achieved from their paint shop operations during the year. Customer certifications have now been received for the new site and the scale of enquiries is encouraging. AKD had a slow start to the year, however trading picked up in the second half of the year and the order book is currently healthy. Loddon Engineering's performance continues to be weak and has not achieved what we had hoped for due to the lack of demand in the UK stabling market and securing fewer export orders. GU Cutting and Grinding Services had significant one off costs as a result of the move of premises but will now be well placed to develop its business for the future with increased capacity and new equipment. BMT felt the effects of the downturn in the construction sector. AJT Engineering had a satisfactory year at each of its locations in Aberdeen, Port Glasgow and East Kilbride. The major facilities upgrade was completed at the AJT Altens site and its operations are now being integrated with those on the Tullos site.

Banking and financial services

Profit before tax in Duncan Lawrie increased over last year and it successfully increased its current account base. Net fee and commission income rose during the year and despite significant fluctuations in the global stock markets, investment management revenues achieved satisfactory levels of growth overall. The bank continues with its conservative policy of restricting its lending book to the equivalent of shareholder's funds. Depositors' funds are placed with only the highest rated financial institutions or with the Bank of England. This policy does of course severely restrict margins but is considered appropriate to protect our customers' funds in these uncertain times. The capital base of the bank comfortably exceeds the requirements of the regulatory authority. Considerable effort and expenditure are being deployed in raising the awareness in the marketplace of the bank's very high level of service and its conservative operating policy.

Associates

Our shareholding in West Hamilton Holdings has fallen from 28.2 per cent. to 14.1 per cent. following a rights issue which was not taken up by us. As a result, with effect from 1 August 2011 West Hamilton was reclassified from an associated company to an available-for-sale investment.

As previously announced the proposed sale of our shareholdings in United Leasing and United Insurance in Bangladesh did not materialise and, with effect from 1 January 2011, these companies have been reclassified from assets held for sale to associated companies.

Development

The group continues with its policy of developing existing businesses. Considerable further expenditure in the year related to on-going investment in the tea operations, edible nuts and engineering facilities. The development of Duncan Lawrie, as referred to above, is also a priority. The group has a significant portfolio of listed investments and freehold properties and this portfolio will be added to as and when appropriate opportunities arise.

Staff

It is again my pleasure to thank all our staff for the very professional manner in which they have discharged their duties over the past year.

M C Perkins

Chairman

26 April 2012

Report of the directors

The directors present their report together with the audited accounts for the year ended 31 December 2011.

Principal activities

The company is a holding company and its country of incorporation is England. The principal activities of its subsidiary and associated undertakings comprise:

Agriculture and horticulture – the production of tea, edible nuts, citrus, rubber, fruits, other horticultural produce and general farming
Engineering – metal finishing, fabrication, precision engineering and heat treatment
Food storage and distribution
Private banking and financial services
The holding of investments

Further details of the group's activities are included in the chairman's statement on pages 3 to 5.

Results and dividends

The profit for the year amounted to £41,790,000 (2010: £51,034,000). The board has proposed a final dividend for the year of 84p per share payable on 6 July 2012 to holders of ordinary shares registered at the close of business on 15 June 2012. The total dividend for 2011 is therefore 114p per share (2010: 110p per share). Details are shown in note 10 on page 42.

Directors

The directors of the company are listed on page 2. The following directors had beneficial interests in the share capital of the company:

	31 December 2011	1 January 2011
Camellia Plc ordinary shares of 10p each:		
M C Perkins	1,573	1,573
C P T Vaughan-Johnson	1,000	1,000

There have been no changes in the interests of directors between 31 December 2011 and the date of this report.

Under the company's articles of association all the directors are required to retire annually. Accordingly, Mr M C Perkins, Mr C J Relleen, Mr C J Ames, Mr M Dünki, Mr P J Field, Mr A K Mathur, Mr D A Reeves, and Mr C P T Vaughan-Johnson retire and, being eligible, seek re-election.

None of the directors or their families had a material interest in any contract of significance with the company or any subsidiary during and at the end of the financial year.

Executive directors

Mr M C Perkins was appointed a director in 1999 and chairman in 2001 having joined Eastern Produce (Holdings) Limited (now Linton Park Plc) in 1972. He is a chartered accountant. Mr Perkins is also chairman of Duncan Lawrie Holdings Limited and chairman of the nomination committee.

Mr C J Ames, a chartered accountant, is a joint managing director of Camellia Plc, a non-executive director of Kakuzi Limited and a non-executive director of Duncan Lawrie Holdings Limited. He was previously managing director of Douglas Deakin Young Limited which was acquired by the Camellia group in 2005. Prior to that he was a partner of PricewaterhouseCoopers.

Mr P J Field is a joint managing director of Camellia Plc, is chairman of Goodricke Group Limited and from 30 April 2010 a non-executive director of Duncan Lawrie Holdings Limited. Before joining the group in 1987, Mr Field was with Grindlays Bank engaged primarily with their business in the Indian subcontinent.

Mr A K Mathur, is a chartered accountant and joined the group in 1981. He was appointed finance director in 1999 and is also a director of Goodricke Group Limited.

Non-executive directors

Mr C J Relleen was formerly a partner in PricewaterhouseCoopers. He was appointed an independent non-executive director and deputy chairman in January 2006 having previously been a non-executive director of Linton Park Plc. Mr Relleen is also a non-executive director of Duncan Lawrie Holdings Limited. He is the senior independent director, chairman of the audit committee and a member of the nomination and remuneration committees.

Mr M Dünki was appointed a non-executive director on 1 April 2010. Mr M Dünki was a director of Rahn & Bodmer Co., a Zurich based private bank until 31 January 2012. He is also a director of The Camellia Private Trust Company Limited and a trustee of The Camellia Foundation and a director of Camellia Holding AG.

Mr D A Reeves was appointed a director in 2001. Following a long career with the Bank of England, Mr Reeves joined the group in 1998 and was managing director of Duncan Lawrie Limited. He became a non-executive director of the company in 2002 and is a member of the audit committee. Mr Reeves is a director of The Camellia Private Trust Company Limited and a trustee of The Camellia Foundation and a director of Camellia Holding AG.

Mr C P T Vaughan-Johnson, who was formerly president and chief executive officer of the Bank of Bermuda, was appointed a director in 1999. He is chairman of the remuneration committee and a member of the audit and nomination committees. Mr Vaughan-Johnson was also a non-executive director of Duncan Lawrie Holdings Limited until 1 June 2011.

Secretary

In March 2011, Mr M D Conway resigned as the company secretary and Mr A K Mathur was appointed in his place.

On 8 September 2011, Mr A K Mathur resigned as the company secretary and Mrs J A Morton was appointed in his place.

Business review

The company is required to set out in this report a fair review of the business of the group during the year ended 31 December 2011 and a description of principal risks and uncertainties facing the group. A fair review of the business of the group is incorporated within the chairman's statement on pages 3 to 5. The chairman's statement together with information contained within the report of the directors highlight the key factors affecting the group's development and performance. Other matters are dealt with below:

Principal risks and uncertainties

There are a number of possible risks and uncertainties that could impact the group's businesses. As the group's 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 long-term performance. The following risks relating to the group's principal operations have been identified:

Agriculture and horticulture

The group's agricultural based businesses are located in Kenya, Malawi, South Africa, Bangladesh, India, Brazil and the USA. The success of these activities is greatly dependent on climatic conditions, the control of plant disease, the cost of labour and the market price for the produce. We export a considerable amount of produce through the port of Mombasa in Kenya. Such exports can be seriously delayed by inefficiencies in the operation of the port. In addition, exports from these businesses are subject to foreign exchange fluctuations as products, particularly those from Africa, are normally priced in US dollars.

In Kenya and South Africa there are long-term issues concerning land ownership over which the group has little control but monitors closely.

The board continues to work with local management to monitor land ownership issues that may impact the group's operations. In Kenya, the length of the leases owned by non-Kenyan citizens and corporations has been reduced from 999 years to 99 years in accordance with the new constitution. In South Africa, on land where ownership claims have been made, any substantiated claim is required to be resolved on a willing buyer willing seller basis and crops are generally only planted following notification to the Land Claims Commission.

In India, violence from separatist groups which has been a problem for some years has recently been greatly reduced in Assam. Over the last four years, there has been an increase in activity by separatist groups in Darjeeling and the Dooars. The situation continues to be monitored and the group's operations in these regions have generally been able to trade normally.

UK engineering

A number of the UK engineering companies are dependent for a significant part of their revenue on the aerospace and the oil and gas industries. A downturn in either of these sectors would have an impact on the level of activity in these businesses.

Some of the processes used by the companies involved in metal treatment require high standards of health and safety and environmental management. Failure to maintain these standards could give rise to accidents

or environmental damage.

Cold storage and transport

Cold storage and transport in the UK is a highly competitive industry and is largely dependent on the food industry for the utilisation of cold stores.

Cold stores are heavy users of electricity and any significant movement in energy costs can affect the operation's profitability. Similarly, the transport division is affected by sharp movements in the cost of fuel.

The business is dependent upon a sophisticated computer system. The failure of this system could have significant consequences for the business although a disaster recovery plan is in place.

Banking and financial services

Duncan Lawrie Limited is regulated by the Financial Services Authority (FSA) and has a well developed compliance process. The following risks have been identified:

- compliance risk – the FSA has the power to stop trading activity should there be a serious breach of its regulations. Following the recent global banking crisis, there have been moves by the authorities to tighten regulatory standards and this may lead to a requirement for further capital to be invested in Duncan Lawrie Limited
- credit risk – the lending of money gives rise to a credit risk. It lends money to customers and places money with other banks and holds interest bearing securities. This credit risk is managed by strict internal procedures. It limits itself to lending to customers no more than its share capital and reserves.
- liquidity, interest and foreign exchange rate risk – these risks are monitored closely and reported upon daily against conservative exposure limits.

Duncan Lawrie Limited has no exposure to the sub-prime mortgage market but in periods of low interest rates and low stock market values its income stream will inevitably be affected. Bank failures in the jurisdiction within which Duncan Lawrie operates can also impact its results as a consequence of industry wide compensation schemes to which it is required to contribute.

Further information on the group's financial risks are disclosed in note 37 of the accounts.

Investments

The group owns a number of investments including listed investments. The value of these investments is therefore likely to fluctuate in line with global stock market movements.

Pension schemes

There is one final salary scheme in the UK, following the merger of three schemes during the year. It is closed to new entrants and permits an element of future accrual for existing members in the defined benefit section. A material proportion of the assets of the scheme are invested in equities and the value of these assets will fluctuate in line with global equity markets. Continuing improvements in mortality rates may also increase the liabilities of the scheme.

Credit Risk

Credit control procedures are in place throughout the group but the risk remains that some customers may have difficulty making payments.

Social and environmental responsibility

Background

The group has a wide range of businesses operating around the world in diverse commercial, cultural and regulatory environments. These businesses encompass a correspondingly wide spectrum of employment and environmental issues and our main challenge is to ensure that these are consistently managed across the group.

The group's businesses have a duty to meet local regulatory requirements and will always strive to do so. In this respect, there is a distinction between our UK businesses and our agricultural and horticultural businesses based mostly in developing countries. Whilst the UK businesses are subject to well developed regulatory regimes in the areas of employment and environmental protection, this is not necessarily the case elsewhere. Our agricultural and horticultural businesses have however more than responded to the increasing amount of relevant local legislation and to the demands of the marketplace, as many of our major customers for agricultural products now expect us to meet their own social and environmental standards, or to achieve certification against recognised international standards such as 'Fairtrade' labelling.

Particular challenges and opportunities for the group lie in the following areas:

Child labour: We have a clear policy not to use child labour and all of our businesses meet local legal requirements. The minimum legal working age varies around the world and in some countries it is both the cultural norm and permissible for parents to involve their children in the productive process. We do not

subscribe to this approach and therefore translating our policy into unambiguous local rules and enforcing these rules requires vigilance.

Health and safety: Our UK, European and North-American businesses operate in a strong regulatory climate, and have a good health and safety culture and record. Achieving equivalent standards of health and safety management in our operations in some developing countries is a continuing challenge.

Medical care and education: In some countries, our workers and their children do not have access to good state provision of medical or educational services. However, the majority of tea estates in India and Bangladesh have a hospital and a qualified doctor and our operations in both these countries have central group hospitals to which more serious illnesses are referred. A number of our African businesses report a high incidence of HIV/AIDS related illnesses. We provide, as a very minimum, basic medical services including where appropriate retroviral drugs, and give support to schools that are either run by our companies, or in the local neighbourhood.

Casual labour: Some of our agricultural businesses rely on seasonal labour, notably at harvest time. Our agricultural companies give casual and contract workers employment rights in accordance with local legislation.

Environmental management: Our UK-based engineering businesses have the greatest potential to create pollution and hazardous waste and need to meet tight legislative standards. Where appropriate, our UK businesses have formal environmental management systems in place and most are independently certified to the international standard ISO 14001. The enforcement of environmental legislation in many countries where we operate is poor and our businesses in these locations have to act on their own initiative to meet international standards of environmental protection.

Our approach

We believe that good management of employment and environmental issues is essential in ensuring the long-term success of our businesses. We are therefore committed to devoting the resources necessary to continually improve our performance with the same vigour that we apply to other aspects of managing our business.

The board has a corporate social responsibility policy which is available on the company's website and which has been adopted across the group.

In December 2011, the board adopted a new anti-bribery policy which complies with the requirements of the Bribery Act 2010 which came into force during the year. The policy is being introduced across the group. The board does not permit bribery as part of its business practices.

Performance

There are no current employment or environmental issues that prejudice the continuing development of the group. No group businesses were prosecuted for any significant breach of employment or environmental legislation during 2011. The executive committee has established a process for ensuring that the corporate social responsibility policy is enforced across the group.

Key financial performance indicators

Return on segmental assets

The nature of the group's principal activities is such that the board takes a long-term view on its operations, particularly in agriculture. It is also concerned to improve the quality of the group's assets over the long-term and monitors that by reference to return on segmental assets achieved in the main segments of the business which are then compared against budget. The returns achieved in the current and prior year were as follows:

	Agriculture and horticulture		Engineering		Food storage and distribution		Banking and financial services	
	2011	2010	2011	2010	2011	2010	2011	2010
Segment net assets (£'000)	224,549	224,265	19,379	17,363	17,366	17,257	36,549	38,288
Segment trading profit/(loss) (£'000)	43,807	54,013	253	256	51	(670)	485	275
Return on segmental assets (%)	19.51	24.08	1.31	1.47	0.29	(3.88)	1.33	0.72

Segment net assets (segment assets less segment liabilities) and segment profit are as reported in the consolidated accounts.

Group borrowings ratio

The board's objective is to ensure that gross borrowings as a percentage of tangible net assets do not exceed 50%. The ratio achieved was 2.39% (2010: 2.0%).

Gross borrowings and tangible net assets (share capital and reserves less goodwill and intangible assets) are derived from the consolidated accounts.

Key non-financial performance indicators

The following information has been compiled based on data provided by a majority of the group's subsidiary undertakings. The board considers that this information demonstrates the level of compliance with important elements of its business principles. The board will regularly review which key non-financial performance indicators are most appropriate.

		Agriculture and horticulture			Engineering			Food storage and distribution			Banking and financial services		
		2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
1 Compliance													
a) Prosecutions	The number of prosecutions brought in the financial year by the official regulatory bodies responsible for enforcing regulations in the areas of:												
	Employment	1	-	-	-	-	-	-	-	-	-	-	-
	Worker health and safety	1	-	-	-	-	-	-	-	-	-	-	-
	Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
b) Formal warnings	The number of written warnings during the financial year by the official regulatory bodies responsible for enforcing regulations in the areas of:												
	Employment	2	-	-	-	-	-	-	-	-	-	-	-
	Worker health and safety	2	-	-	-	-	-	-	-	-	-	-	-
	Environmental protection	-	-	2	-	-	-	-	-	-	-	-	-
2 Child Labour													
a) Minimum age	The number of employees who were less than 15 years old during the financial year	-	-	-	-	-	-	-	-	-	-	-	-
b) Access to education	The number of employees who were younger than the age for completing compulsory education in their country during the financial year	-	-	-	-	-	-	-	-	-	-	-	-
3 Accidents													
a) Injury	The number of injuries received at work resulting in either absence from work for more than three days, or the injured person being unable to do the full range of their normal duties for more than three days	565 ⁽ⁱ⁾	685 ⁽ⁱ⁾	128	1	6	1	11	4	4	-	-	-
4 Health													
a) Sickness absence	The number of employee days absence as a result of sickness during the financial year	229,637 ⁽ⁱ⁾	180,438 ⁽ⁱ⁾	165,520 ⁽ⁱ⁾	1,563	2,384	3,580	1,550	1,779	2,431	486	571	870
b) Sickness claims	The number of claims for compensation arising from occupational health issues received during the financial year in respect of continuing operations	389 ⁽ⁱ⁾	482 ⁽ⁱ⁾	246	2	3	2	2	2	1	-	-	-

(i) This excludes tea garden workers in India who have a contractual entitlement to fourteen days sickness absence. It should be noted that in Malawi there is high level of sickness due to HIV/AIDS related conditions and malaria.

(ii) Injury and sickness claim figures now include those from operations in Malawi which were unavailable in 2009.

Substantial shareholdings

As at 26 April 2012 the company had been advised of the following interests in the share capital of the company:

Camellia Private Trust Company Limited held through its subsidiary, Camellia Holding AG 1,427,000 ordinary shares (51.34 per cent. of total voting rights).

Taube Hodson Stonex & Partners Limited held through State Street Nominees Limited 227,176 ordinary shares (8.17 per cent. of total voting rights).

Alcatel Bell Pensioenfonds VZW held through HSBC Global Custody Nominees (UK) Limited 223,015 ordinary shares (8.02 per cent. of total voting rights).

Charitable contributions

During the year the group made charitable donations totalling £14,638 (2010: £8,548). Of this amount £13,218 was paid to arts, sports and education related charities and £1,420 was paid to local hospitals and health related charities.

Employees

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

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

Payment of creditors

It is group policy to agree payment terms with suppliers when negotiating business transactions and to pay suppliers in accordance with contractual or other legal obligations. The company has no trade creditors. Group trade creditors at 31 December 2011 represented 40 days (2010: 39 days) of annual purchases.

Share capital and purchase of own shares

The company's share capital comprises one class of ordinary shares of 10 pence each which carry no restrictions on the transfer of shares or on voting rights (other than as set out in the company's articles of association). There are no agreements known to the company between shareholders in the company which may result in restrictions on the transfer of shares or on voting rights in relation to the company. Details of the issued share capital are contained in note 31 to the accounts.

At the annual general meeting in 2011, shareholders gave authority for the company to purchase up to 277,950 of its own shares. This authority expires at the conclusion of this year's annual general meeting on 7 June 2012.

Independent auditors

PricewaterhouseCoopers LLP has expressed its willingness to continue as auditors of the company and a resolution proposing PricewaterhouseCoopers LLP re-appointment will be put to the annual general meeting.

Each of the persons who were directors at the time when this directors' report was approved has confirmed that:

- a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Going concern

After reviewing the group's budget for 2012 and other forecasts, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the accounts.

By order of the board

J A Morton
Secretary

26 April 2012

Corporate governance

Statement of compliance

This statement describes how the company applies the main principles of UK Corporate Governance Code 2010 (“the Code”). In implementing the Code, the directors have taken account of the company’s size and structure and the fact that there is a controlling shareholder.

The company has complied with the relevant provisions set out in the Code throughout the year with the exception of the following areas of the Code that have not been implemented:

- (i) the audit committee includes one non-executive director who is not considered to be independent;
- (ii) the roles of chairman and chief executive have continued to be fulfilled during the year by Mr Perkins and not separated as required by the Code. Mr Ames and Mr Field are joint managing directors and have responsibility for aspects of the day to day management of the group.

The board

The board currently comprises eight directors. Four are non-executive directors, of which two are considered independent. The remaining directors are executive directors, including the executive chairman. Mr Relleen, the deputy chairman, has been designated as the senior independent director. The names and brief biographical details of each director appears on page 7.

Mr Vaughan-Johnson and Mr Reeves were first appointed to the board in 1999 and 2001 respectively. The board, having taken into consideration provision B.1.1 of the Code, considers it is in the best interest of the company for Mr Vaughan-Johnson and Mr Reeves to continue to act as non-executive directors. The board considers that they remain independent and that given the relative complexity and geographical spread of the group, their experience continues to be of considerable benefit.

There is on-going dialogue between the chairman and the majority shareholder whose views are reported to the board. The company is also in contact with other significant shareholders.

The board has established a nomination committee chaired by Mr Perkins, the other members being Mr Relleen and Mr Vaughan-Johnson.

The board has established a remuneration committee, audit committee and executive committee. Terms of reference of each of these committees can be viewed on the company’s website.

The board undertook a performance evaluation during the year by way of an internal review.

The board is responsible for managing the group’s business and has adopted a schedule of matters reserved for its approval. The schedule will be reviewed annually and covers, inter alia, the following areas:

- Strategy
- Acquisitions and disposals
- Financial reporting and control
- Internal controls
- Approval of expenditure above specified limits
- Approval of transactions and contracts above specified limits
- Responsibilities for corporate governance
- Board membership and committees
- Approval of changes to capital structure

A full copy of the schedule is available on the company’s website.

A report summarising the group’s financial and operational performance including detailed information on each of its businesses is sent to directors each month. Each director is provided with sufficient information in

advance of board meetings to enable the directors to make informed judgements on matters referred to the board. The board met nine times in 2011.

Attendance by directors at board and committee meetings held during the year was as follows:

	Board	Audit	Remuneration
M C Perkins	9/9	–	–
C J Relleen	9/9	3/3	2/2
C J Ames	9/9	–	–
M Dünki	7/9	–	–
P J Field	9/9	–	–
A K Mathur	9/9	3/3 ⁽ⁱ⁾	–
D A Reeves	9/9	3/3	–
C P T Vaughan-Johnson	8/9	3/3	2/2

(i) Mr Mathur attends meetings of the audit committee by invitation in his capacity as finance director.

Executive committee

The board has delegated the day to day management of the group's operations to the executive committee which is also responsible for implementing board policy. The members of the committee are:

M C Perkins	Chairman
A K Mathur	Finance
C J Ames	Joint managing director
P J Field	Joint managing director
I Ahmed	Bangladesh
G A Mclean	Kenya, Malawi and South Africa
A Singh	India
J A Morton ⁽ⁱ⁾	Company secretary

(i) appointed to the executive committee with effect from 1 January 2012.

Audit committee

The audit committee is chaired by Mr Relleen. The other members of the committee are Mr Reeves and Mr Vaughan-Johnson. During 2011, the committee met on three occasions.

The principal responsibilities of the audit committee are:

- to review and monitor the financial statements of the company and the audit of those statements
- to monitor compliance with relevant financial reporting requirements and legislation
- to monitor the effectiveness and independence of the external auditor
- to review effectiveness of the group's internal control system. The committee regularly reviews the effectiveness of internal audit activities carried out by the company's group accounting function and senior management
- to review non-audit services provided by the external auditors

During the year the committee's work included discharging these responsibilities and, in addition, it reviewed its terms of reference taking into account the Guidance on Audit Committees issued by the Financial Reporting Council.

The committee reviewed those non-audit services provided by the external auditor and satisfied itself that the scale and nature of those services were such that the auditors' objectivity and independence were safeguarded.

Remuneration committee

The committee comprises the board's two independent non-executive directors, being Mr Vaughan-Johnson who is chairman of the committee and Mr Relleen.

The committee's full terms of reference are available on the company's website. The responsibilities of the committee include:

- the review of the group's policy relating to remuneration of the chairman, executive directors and members of the executive committee
- to determine the terms of employment and remuneration of the chairman, executive directors and those members of the executive committee that are employed in the United Kingdom with a view to ensuring that those individuals are fairly but responsibly rewarded
- to approve compensation packages or arrangements following the severance of any executive director's service contract
- at its discretion, the committee may make such enquiries as it sees fit concerning the remuneration packages of those members of the executive committee that are employed outside the United Kingdom

The committee met twice during 2011. The remuneration report appears on pages 18 to 20.

Insurance

The company purchases insurance to cover its directors in respect of legal actions against them in their capacity as directors of the company. The level of cover is currently £20 million. All directors have access to independent professional advice at the company's expense.

Share capital structure

The share capital of the group is set out on page 12 of the report of the directors.

Internal control and risk management systems

The directors acknowledge that they are responsible for maintaining a sound system of internal control. During the year, the audit committee, on behalf of the board, reviewed the effectiveness of the framework of the group's system of internal control, the principal features of which are described below.

Decentralisation is a key management philosophy with responsibility for efficient day to day operations delegated to local management. Accountability and delegation of authority are clearly defined with regular communication between group head office and local management. The performance of each company is continually monitored centrally including a critical review of annual budgets, revised forecasts and monthly sales, profits and cash reports. Financial results and key business statistics and variances from approved plans are carefully monitored. Senior management regularly visit and review the group's operating units. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

By order of the board

J A Morton

Secretary

26 April 2012

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of both the group and the parent company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names and functions are listed on page 2 confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group
- the directors' report contained on pages 6 to 13 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

By order of the board

M C Perkins
Chairman

26 April 2012

Remuneration report

This report is drawn up in accordance with the Companies Act 2006 and the rules of the UK Listing Authority.

Policy on directors' remuneration

In determining remuneration policy and the remuneration of directors, full consideration has been given to the relevant provisions of the UK Corporate Governance Code 2010. The board seeks to provide remuneration packages that will attract, retain and motivate the best possible person for each position. The board also wishes to align the interests of executives with shareholders. The group's activities are based largely on agriculture and horticulture, which are highly dependent on factors outside management control (e.g. weather, market prices for our produce etc.), and is a significant consideration as to why the company does not operate profit related bonus, share option or share incentive schemes for directors.

Service contracts

Messrs Perkins, Ames, Field and Mathur are each employed on rolling service contracts. Mr Perkins's service contract is dated 25 April 2002, Mr Mathur's service contract is dated 1 December 2003, Mr Ames's service contract is dated 24 April 2009 and Mr Field's service contract is dated 19 December 2011. The service contracts are terminable at any time by a one year period of notice from the company or the director. Following their initial appointment non-executive directors may seek re-election by shareholders at each subsequent annual general meeting. Non-executive directors do not have service agreements. There are no specific contractual provisions for compensation upon early termination of a non-executive director's employment. The remuneration committee reviews salaries annually and will seek independent professional advice when appropriate.

The following sections on directors' remuneration and pensions have been audited.

Directors' remuneration

	Basic remuneration	Benefits in kind	Total	<i>Total</i>
	2011	2011	2011	2010

	£	£	£	£
Executive				
M C Perkins	395,000	53,526	448,526	420,226
C J Ames	220,000	25,022	245,022	235,439
P J Field	220,000	24,522	244,522	211,260
A K Mathur	206,060	53,610	259,670	230,847
Non-executive				
M Dünki	30,000	–	30,000	7,500
D A Reeves	30,000	–	30,000	20,000
C J Relleen	47,500	–	47,500	37,500
Dr B A Siegfried (up until 3 June 2010)	–	–	–	5,000
C P T Vaughan-Johnson	36,705	–	36,705	32,500
	<u>1,185,265</u>	<u>156,680</u>	<u>1,341,945</u>	<u>1,200,272</u>

Benefits in kind include the value attributed to benefits such as medical insurance, permanent health insurance, spouse/partner travel and cash alternatives to company cars.

Directors' pensions

Most UK employees, including executive directors, are eligible to join pension schemes operated within the group. Mr Perkins was a member of The Linton Park Group Pension Scheme up until 28 February 2010. Mr Field and Mr Mathur are members of The Linton Park Pension Scheme (2011). This Pension Scheme was formerly the Unochrome Group Pension Scheme and was merged with the Linton Park Pension Scheme and the Lawrie Group Pension Scheme on 1 July 2011. Pension accrues at the rate of 1/60th up to 30 June 2011 and 1/80th thereafter of basic final salary per year of service for Messrs Field and Mathur. Formerly under The Linton Park Group Pension Scheme the normal retirement age was 63 up until 31 December 2003 in respect of service up until that date. With effect from 1 January 2004 the normal retirement age was increased to 65.

From 1 May 2007 the normal retirement age of members of The Lawrie Group Pension Scheme was increased to 65. Pension benefits accrued prior to that date can be paid at age 63 without actuarial reduction. In a few cases pensions can be paid from age 60 without actuarial reduction. The Linton Park Pension Scheme (2011) provides for a lump sum death in service benefit of four times basic salary and a spouse's pension of half of the member's pension, based on prospective service.

All benefits are subject to HM Revenue and Customs limits. Up until 6 April 2005, under The Linton Park Group Pension Scheme, post retirement pension increases were based on the annual increase in the retail price index, subject to a maximum of 5 per cent. From 6 April 2005, the maximum increase reduced to 2.5 per cent. per annum in respect of pension accrued on or after that date. Also, under The Linton Park Group Pension Scheme there is a minimum increase of 3 per cent. per annum in respect of service before 1 January 2002. Under The Lawrie Group Pension Scheme for entrants prior to 1 January 1996, pension earned prior to April 2003 is subject to a 5 per cent. increase per annum. From 1 May 2007, the maximum increase reduced to 2.5 per cent. in respect of pension accrual on or after that date.

A sum of £39,208 was paid to Mr Ames's personal pension arrangement during the year.

Further information on pension arrangements:

Defined benefit pension schemes

	Age	Pension accrued in year £	Pension accrued in the year net of inflation £	Pension accrued to 31 Dec 2011 £	Transfer value of pension accrued in the year net of inflation £	Transfer value of pension accrued at 31 Dec 2010 £	Transfer value of pension accrued at 31 Dec 2011 £	Increase in transfer value in the year net of directors' contributions £
P J Field	61	11,457	7,895	79,957	175,684	1,907,100	2,065,539	152,941

A K Mathur 64 8,920 4,739 89,330 102,566 2,088,400 2,448,148 354,669

The increase in transfer value and the transfer value of pension accrued in the year are stated net of directors' contributions.

Notes:

1. Transfer values have been calculated using the Cash Equivalent Transfer Value Basis adopted by the Trustees with effect from September 2011, in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996.
2. The transfer value does not represent a sum paid or payable to the individual Director, instead it represents a potential liability of the Pension Scheme.

In addition to the above, an unfunded pension of US\$200,000 per annum is paid to Mr G Fox, a former director of the company.

By order of the board

J A Morton
Secretary

26 April 2012

Consolidated income statement for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Revenue	2	246,849	251,181
Cost of sales		(155,806)	(150,340)
Gross profit		91,043	100,841
Other operating income		1,755	2,416
Distribution costs		(12,972)	(12,192)
Administrative expenses		(40,593)	(42,681)
Trading profit	3	39,233	48,384
Share of associates' results	4	6,862	3,814
Profit on disposal of non-current assets	5	534	4,144
Profit on disposal of available-for-sale investments		178	182
(Loss)/profit on transfer/disposal of an associate	6	(721)	248
Gain arising from changes in fair value of biological assets	16	7,320	11,111
Profit from operations		53,406	67,883
Investment income		1,074	957
Finance income	7	2,350	1,431
Finance costs	7	(632)	(661)
Net exchange gain	7	1,648	4,054
Pension schemes' net financing income/(expense)	7	804	(523)
Net finance income	7	4,170	4,301
Profit before tax		58,650	73,141

Taxation	8	(16,860)	(22,107)
Profit for the year		<u>41,790</u>	<u>51,034</u>
Profit attributable to:			
Owners of the parent		33,086	41,984
Non-controlling interests		8,704	9,050
		<u>41,790</u>	<u>51,034</u>
Earnings per share – basic and diluted	11	1,190.4p	1,510.5p

Statement of comprehensive income
for the year ended 31 December 2011

	2011	2010
	£'000	£'000
<i>Group</i>		
Profit for the year	<u>41,790</u>	<u>51,034</u>
Other comprehensive (expense)/income:		
Foreign exchange translation differences	(20,383)	8,448
Release of exchange translation difference on transfer/disposal of associate	(429)	(17,298)
Release of other reserves movements on transfer/disposal of associate	219	945
Actuarial movement on defined benefit pension schemes (note 30)	(15,609)	5,457
Available-for-sale investments:		
Valuation (losses)/gains taken to equity	(2,201)	385
Transferred to income statement on sale	2	–
Share of other comprehensive (expense)/income of associates	(2,446)	8
Tax relating to components of other comprehensive income	21	889
Other comprehensive expense for the year, net of tax	<u>(40,826)</u>	<u>(1,166)</u>
Total comprehensive income for the year	<u>964</u>	<u>49,868</u>
Total comprehensive (expense)/income attributable to:		
Owners of the parent	(4,861)	40,887
Non-controlling interests	5,825	8,981
	<u>964</u>	<u>49,868</u>
<i>Company</i>		
Profit for the year	<u>3,514</u>	<u>2,976</u>
Other comprehensive expense:		
Available-for-sale investments:		
Transferred to profit or loss on sale	–	(7)
Other comprehensive expense for the year, net of tax	<u>–</u>	<u>(7)</u>
Total comprehensive income for the year	<u>3,514</u>	<u>2,969</u>

Consolidated balance sheet
at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Intangible assets	14	7,643	8,076
Property, plant and equipment	15	94,575	88,676
Biological assets	16	118,180	121,000
Prepaid operating leases	17	992	1,040
Investments in associates	19	38,077	31,778
Deferred tax assets	29	158	109
Financial assets	20	28,545	25,184
Other investments	21	8,368	7,362
Retirement benefit surplus	30	437	835
Trade and other receivables	23	13,903	17,758
Total non-current assets		310,878	301,818
Current assets			
Inventories	22	39,177	35,214
Trade and other receivables	23	62,872	60,388
Financial assets	20	5,829	5,313
Current income tax assets		690	650
Cash and cash equivalents	24	260,916	291,149
		369,484	392,714
Assets classified as held for sale	25	–	6,161
Total current assets		369,484	398,875
Current liabilities			
Borrowings	27	(7,310)	(5,990)
Trade and other payables	26	(236,621)	(260,751)
Current income tax liabilities		(3,242)	(7,211)
Employee benefit obligations	30	(374)	(352)
Provisions	28	(214)	(1,113)
Total current liabilities		(247,761)	(275,417)
Net current assets		121,723	123,458
Total assets less current liabilities		432,601	425,276
Non-current liabilities			
Borrowings	27	(181)	(442)
Trade and other payables	26	(7,652)	(9,644)
Deferred tax liabilities	29	(35,395)	(34,502)
Employee benefit obligations	30	(26,955)	(12,852)

Other non-current liabilities		(111)	(114)
Provisions	28	(600)	(750)
Total non-current liabilities		<u>(70,894)</u>	<u>(58,304)</u>
Net assets		<u>361,707</u>	<u>366,972</u>
Equity			
Called up share capital	31	284	284
Share premium		15,298	15,298
Reserves		<u>306,010</u>	<u>313,911</u>
Total shareholders' funds		321,592	329,493
Non-controlling interests		<u>40,115</u>	<u>37,479</u>
Total equity		<u>361,707</u>	<u>366,972</u>

Company balance sheet
at 31 December 2011

	Notes	2011 £'000	2010 £'000
Non-current assets			
Investments in subsidiaries	18	73,508	73,508
Financial assets	20	170	170
Other investments	21	<u>8,373</u>	<u>7,367</u>
Total non-current assets		<u>82,051</u>	<u>81,045</u>
Current assets			
Amounts due from group undertakings		5,258	8,742
Current income tax asset		74	74
Cash and cash equivalents	24	<u>6,323</u>	<u>–</u>
Total current assets		<u>11,655</u>	<u>8,816</u>
Current liabilities			
Trade and other payables	26	(149)	(17)
Amounts due to group undertakings		<u>(27,514)</u>	<u>(24,177)</u>
Total current liabilities		<u>(27,663)</u>	<u>(24,194)</u>
Net current liabilities		<u>(16,008)</u>	<u>(15,378)</u>
Total assets less current liabilities		<u>66,043</u>	<u>65,667</u>
Non-current liabilities			
Deferred tax liabilities	29	<u>(301)</u>	<u>(313)</u>

Total non-current liabilities		(301)	(313)
Net assets		65,742	65,354
Equity			
Called up share capital	31	284	284
Share premium		15,298	15,298
Reserves		50,160	49,772
Total shareholders' funds		65,742	65,354

The financial statements were approved on 26 April 2012 by the board of directors and signed on their behalf by:

M C Perkins

Chairman

Registered Number 29559

**Consolidated cash flow statement
for the year ended 31 December 2011**

	Notes	2011 £'000	2010 £'000
Cash generated from operations			
Cash flows from operating activities	32	44,275	30,586
Interest paid		(625)	(683)
Income taxes paid		(16,133)	(15,532)
Interest received		2,257	1,291
Dividends received from associates		1,221	1,220
Net cash flow from operating activities		30,995	16,882
Cash flows from investing activities			
Purchase of intangible assets		(89)	(91)
Purchase of property, plant and equipment		(20,790)	(16,486)
Insurance proceeds for non-current assets		534	5,490
Proceeds from sale of non-current assets		530	553
Biological asset – new planting		(2,525)	(2,591)
Part disposal of a subsidiary		210	507
Purchase of non-controlling interests		–	(2,705)
Non-controlling interest subscription		67	–
Proceeds from sale of associate		–	48,754
Proceeds from sale of investments		5,662	12,785
Purchase of investments		(11,168)	(7,181)
Income from investments		1,074	957

Net cash flow from investing activities		(26,495)	39,992
Cash flows from financing activities			
Equity dividends paid		(3,057)	(2,891)
Dividends paid to non-controlling interests		(3,421)	(4,207)
New loans		168	59
Loans repaid		(138)	(6,862)
Financial lease payments		(490)	(713)
Net cash flow from financing activities		<u>(6,938)</u>	<u>(14,614)</u>
Net (decrease)/increase in cash and cash equivalents		(2,438)	42,260
Cash and cash equivalents at beginning of year	24	75,273	28,631
Exchange (losses)/gains on cash		<u>(209)</u>	<u>4,382</u>
Cash and cash equivalents at end of year	24	<u>72,626</u>	<u>75,273</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.

Company cash flow statement for the year ended 31 December 2011

		2011	2010
	Note	£'000	£'000
Cash generated from operations			
Profit before tax		3,502	2,952
Adjustments for:			
Gain on disposal of investments		(2)	(117)
Interest income		(343)	(336)
Exchange gain on cash		(26)	–
Dividends from group companies		(5,000)	(4,000)
Increase/(decrease) in trade and other payables		132	(1)
Net movement in intra-group balances		<u>6,821</u>	<u>(138)</u>
Cash used in operations		5,084	(1,640)
Interest received		<u>343</u>	<u>336</u>
Net cash flow from operating activities		5,427	(1,304)
Cash flows from investing activities			
Proceeds from sale of investments		5	586
Purchase of investments		(1,009)	(326)
Dividends received		<u>5,000</u>	<u>4,000</u>
Net cash flow from investing activities		3,996	4,260

Cash flows from financing activities

Equity dividends paid		(3,126)	(2,956)
Net cash flow from financing activities		(3,126)	(2,956)
Net movement in cash and cash equivalents		6,297	–
Cash and cash equivalents at beginning of year		–	–
Exchange gain on cash		26	–
Cash and cash equivalents at end of year	24	6,323	–

**Statement of changes in equity
for the year ended 31 December 2011**

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
<i>Group</i>								
At 1 January 2010	284	15,298	(400)	208,044	70,628	293,854	32,456	326,310
Total comprehensive income/(expense) for the year	–	–	–	49,733	(8,846)	40,887	8,981	49,868
Dividends	–	–	–	(2,891)	–	(2,891)	(4,207)	(7,098)
Non-controlling interest subscription	–	–	–	–	–	–	497	497
Acquisition of non-controlling interests	–	–	–	(2,457)	–	(2,457)	(248)	(2,705)
Share of associates' other equity movements	–	–	–	199	–	199	–	199
Loss on dilution of interest in associate	–	–	–	(99)	–	(99)	–	(99)
At 31 December 2010	284	15,298	(400)	252,529	61,782	329,493	37,479	366,972
Total comprehensive income/(expense) for the year	–	–	–	15,170	(20,031)	(4,861)	5,825	964
Dividends	–	–	–	(3,057)	–	(3,057)	(3,421)	(6,478)
Non-controlling interest subscription	–	–	–	46	–	46	232	278
Share of associate's other equity movements	–	–	–	22	–	22	–	22
Loss on dilution of interest in associate	–	–	–	(51)	–	(51)	–	(51)
At 31 December 2011	284	15,298	(400)	264,659	41,751	321,592	40,115	361,707
<i>Company</i>								
At 1 January 2010	284	15,298	–	37,627	12,132	65,341	–	65,341
Total comprehensive income for the year	–	–	–	2,969	–	2,969	–	2,969
Dividends	–	–	–	(2,956)	–	(2,956)	–	(2,956)
At 31 December 2010	284	15,298	–	37,640	12,132	65,354	–	65,354
Total comprehensive income for the year	–	–	–	3,514	–	3,514	–	3,514
Dividends	–	–	–	(3,126)	–	(3,126)	–	(3,126)

Other reserves of the group and company includes a £31,000 (2010: £31,000) capital redemption reserve and, in respect of the group, net exchange differences of £984,000 surplus (2010: £18,408,000 surplus).

Group retained earnings includes £116,745,000 (2010: £115,730,000) which would require exchange control permission for remittance as dividends.

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the company and the group have adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

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.

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 group'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.

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 denominated 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 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, the date of the group's transition from UK GAAP to IFRS, 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.

Interest income and expense arising through the group's banking operations are recognised in the income statement for all instruments measured at amortised cost using the effective interest method and is stated net of interest paid.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Fees and commissions are for portfolio and other management advisory services and are recognised based on the applicable service contracts, usually on a time-apportioned basis.

In respect of engineering services, revenue is recognised based upon the stage of completion and includes costs incurred to date, plus accrued profits.

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

Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports used to assess performance and allocate resources by the chief operating decision maker. The chief operating decision maker has been identified as the Executive Committee led by the Chairman. Inter segment sales are not significant.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance. Full disclosure of exceptional items are set out in notes 5 and 6.

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.

(ii) Identifiable intangible assets

Identifiable intangible assets include customer relationships and other intangible assets acquired on the acquisition of subsidiaries. Acquired intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives, not exceeding 20 years. Intangible assets' estimated lives are re-evaluated annually and an impairment test is carried out if certain indicators of impairment exist.

(iii) 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 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 followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.

Subsequent costs are included in the assets' 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 over their expected useful lives.

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

Freehold and long leasehold buildings	nil 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 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 basis under which fair value is determined for the group's biological assets are described below:

Tea and rubber are generally valued at each year end by independent professional valuers. The valuations take into account assumptions about expected life span of plantings, yields, selling prices and sales of similar assets.

Costs of new areas planted are included as "new planting additions" in the biological assets note. Growing costs for tea and rubber are accounted for as a cost of inventory in the year in which they are incurred. The group does not recognise the fair value of harvested green leaf within cost of sales in the income statement. The increase in value is in effect offset against the fair value movement in biological assets.

Annually harvested horticultural assets such as edible nuts, citrus and avocados are generally valued on the basis of net present values of expected future cash flows from those assets, discounted at appropriate pre-tax rates and including certain assumptions about expected life span of the plantings, yields, selling prices, costs and discount rates. Growing costs incurred during the year are treated as "capitalised cultivation costs" in biological assets. As the crop is harvested and sold these accumulated costs are shown as "decrease due to harvesting" in biological assets and charged to cost of sales in the income statement.

Timber is valued on the basis of expected future cash flows from scheduled harvesting dates, discounted at appropriate pre-tax rates and including certain assumptions about expected life span, yields, selling prices, costs and discount rates. Growing costs incurred during the year are treated as "new planting additions" in biological assets. As the trees are harvested the value accumulated to date of harvest is treated as "decrease due to harvesting" and charged to cost of sales in the income statement.

Agricultural crops such as soya and maize are valued at estimated selling price less future anticipated costs. Growing costs incurred during the year are treated as "capitalised cultivation costs" in biological assets. As the crops are harvested the value accumulated to date of harvest is treated as "decrease due to harvesting" and charged to cost of sales 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 assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' 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).

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.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Were the group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Available-for-sale financial assets include shares of listed and unlisted companies. Listed shares are measured at subsequent reporting dates at fair value. The fair values of listed shares are based on current bid values. Other investments such as shares of unlisted companies, documents, manuscripts and philately 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.

Investments in subsidiary companies are included at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

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 included within inventory largely comprises stock of "black" tea. This is valued at the lower of cost and net realisable value. Cost includes the growing costs of 'green leaf' up to the date of harvest and factory costs incurred to bring the tea to its manufactured state.

In accordance with IAS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs. Given that there is no open market for green leaf, this is recognised in inventory at the lower of cost or net realisable value.

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 and other 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.

Amounts due from customers of banking subsidiaries consist of loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the bank provides money, goods or services directly to a customer with no intention of trading the receivable and are carried at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include 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. In respect of the group's banking operation, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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

(i) 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 fund. The group has no legal or constructive obligations to pay further contributions to the fund. 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. 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 comprehensive income.

(ii) 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.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The provision for onerous lease commitments is based on the expected vacancy period.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Impairment of assets

The group has significant investments in intangible assets, property, plant and equipment, biological assets, associated companies and other investments. These assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors considered which could trigger an impairment review include the significant fall in market values, significant underperformance relative to historical or projected future operating results, a major change in market conditions or negative cash flows.

(ii) Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

(iii) Biological assets

Biological assets are carried at fair value less estimated point-of-sale costs. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the directors have made certain assumptions about expected life-span of the plantings, yields, selling prices, costs and discount rates.

(iv) Retirement benefit obligations

Pension accounting requires certain assumptions to be made in order to value obligations and to determine the impact on the income statement. These figures are particularly sensitive to assumptions for discount rates, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions made are given in note 30.

(v) Taxation

The group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining worldwide provisions for taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain.

(vi) Identifiable intangible assets – customer relationships

Customer relationships acquired are valued using discounted cash flow techniques and amortised over their estimated useful

lives. In determining their value and their subsequent useful life, management are required to make assumptions in relation to expected cash flows, applicable discount factors, and client attrition rates.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

The group has adopted the following new and amended IFRSs as of 1 January 2011:

IAS 24 (revised)	Related party disclosures - effective from 1 January 2011 It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and it clarifies and simplifies the definition of a related party.
IFRIC 14 (amendment)	Prepayments of a minimum funding requirement - effective from 1 January 2011 The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2012 or later periods, but the group has not adopted them early:

IFRS 9	Financial instruments - effective from 1 January 2013 This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. This standard has not yet been endorsed by the EU.
IFRS 10	Consolidated financial statements - effective from 1 January 2013 This standard builds on existing principles by identifying the concept of control as the determining factor in which an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This standard has not yet been endorsed by the EU.
IFRS 12	Disclosures of interests in other entities - effective from 1 January 2013 This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. This standard has not yet been endorsed by the EU.
IFRS 13	Fair value measurement - effective from 1 January 2013 This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard has not yet been endorsed by the EU.
IAS 1 (amendment)	Financial statement presentation - effective from 1 July 2012 The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income. This amendment has not yet been endorsed by the EU.

Notes to the accounts

1 Business and geographical segments

The principal activities of the group are as follows:

Agriculture and horticulture
 Engineering
 Food storage and distribution
 Banking and financial services

For management reporting purposes these activities form the basis on which the group reports its primary divisions.

Segment information about these businesses is presented below:

	Agriculture and horticulture		Engineering		Food storage and distribution		Banking and financial services		Other operations		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue												
External sales	177,268	186,714	22,854	19,887	32,890	32,000	12,403	12,084	1,434	496	246,849	251,181
Trading profit												
Segment profit/(loss)	43,807	54,013	253	256	51	(670)	485	275	5	199	44,601	54,073
Unallocated corporate expenses											(5,368)	(5,689)
Trading profit											39,233	48,384
Share of associates' results							6,811	3,712	51	102	6,862	3,814
Profit on disposal of non-current assets											534	4,144
Profit on disposal of available-for-sale investments											178	182
(Loss)/profit on transfer/disposal of an associate											(721)	248
Gain arising from changes in fair value of biological assets	7,320	11,111									7,320	11,111
Investment income											1,074	957
Net finance income											4,170	4,301
Profit before tax											58,650	73,141
Taxation											(16,860)	(22,107)
Profit after tax											41,790	51,034
Other information												
Segment assets	260,793	259,535	27,209	21,999	22,737	22,807	237,623	268,324	4,299	4,302	552,661	576,967
Investments in associates							38,077	29,276		2,502	38,077	31,778
Assets classified as held for sale								6,161			–	6,161
Unallocated assets											89,624	85,787
Consolidated total assets											680,362	700,693
Segment liabilities	(36,244)	(35,270)	(7,830)	(4,636)	(5,371)	(5,550)	(201,074)	(230,036)	(896)	(119)	(251,415)	(275,611)
Unallocated liabilities											(67,240)	(58,110)
Consolidated total liabilities											(318,655)	(333,721)
Capital expenditure	12,349	9,704	6,275	5,884	1,135	540	660	313	371	45	20,790	16,486
Depreciation	(4,912)	(4,526)	(1,068)	(974)	(2,074)	(2,309)	(433)	(411)	(173)	(137)	(8,660)	(8,357)
Amortisation	(46)	(40)	(8)	(9)			(456)	(559)			(510)	(608)
Impairments		(219)							(177)	(396)	(177)	(615)

Segment assets consist primarily of intangible assets, property, plant and equipment, biological assets, prepaid

operating leases, inventories, trade and other receivables and cash and cash equivalents. Receivables for tax have been excluded. Investments in associates, valued using the equity method, have been shown separately in the segment information. Segment liabilities are primarily those relating to the operating activities and generally exclude liabilities for taxes, short-term loans, finance leases and non-current liabilities.

Geographical segments

The group operations are based in nine main geographical areas. The United Kingdom is the home country of the parent. The principal geographical areas in which the group operates are as follows:

United Kingdom
Continental Europe
Bangladesh
India
Kenya
Malawi
North America and Bermuda
South Africa
South America

The following table provides an analysis of the group's sales by geographical market, irrespective of the origin of the goods/services:

	2011 £'000	2010 £'000
United Kingdom	71,686	64,700
Continental Europe	27,750	27,632
Bangladesh	15,496	22,726
India	67,876	71,187
Kenya	21,547	28,185
Malawi	8,245	7,743
North America and Bermuda	6,708	9,168
South Africa	2,453	3,090
South America	4,582	3,633
Other	20,506	13,117
	<u>246,849</u>	<u>251,181</u>

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
United Kingdom	283,083	308,317	8,062	6,438
Continental Europe	5,900	5,871	377	250
Bangladesh	39,503	44,954	1,230	490
India	75,732	77,171	5,969	5,612
Kenya	71,626	62,961	2,071	1,166

Malawi	43,659	42,172	2,207	1,259
North America and Bermuda	7,718	8,496	108	354
South Africa	12,588	13,723	165	128
South America	12,852	13,302	601	789
	<u>552,661</u>	<u>576,967</u>	<u>20,790</u>	<u>16,486</u>

Results of banking subsidiaries

		2011	2010
		£'000	£'000
Interest receivable	third parties	3,119	2,992
	group companies	<u>–</u>	<u>–</u>
		3,119	2,992
Interest payable	third parties	(693)	(880)
	group companies	<u>(49)</u>	<u>(43)</u>
Net interest income		2,377	2,069
Fee and commission income		10,404	10,485
Fee and commission expense		(427)	(513)
Inter-segment net interest		<u>49</u>	<u>43</u>
Revenue		12,403	12,084
Other operating income		<u>102</u>	<u>113</u>
		12,505	12,197
Operating expenses		<u>(12,020)</u>	<u>(11,922)</u>
Segment profit		<u>485</u>	<u>275</u>

2 Revenue

An analysis of the group's revenue is as follows:

	2011	2010
	£'000	£'000
Sale of goods	178,211	186,714
Distribution and warehousing revenue	32,890	32,000
Engineering services revenue	22,854	19,887
Banking service revenue	12,403	12,084
Agency commission revenue	218	210
Property rental revenue	<u>273</u>	<u>286</u>
Total group revenue	246,849	251,181
Other operating income	1,755	2,416
Investment income	1,074	957

Interest income	2,350	1,431
Total group income	<u>252,028</u>	<u>255,985</u>

3 Trading profit

	2011	2010
	£'000	£'000
The following items have been included in arriving at trading profit:		
Employment costs (note 12)	69,730	67,122
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	108,265	116,389
Cost of inventories provision recognised as an expense (included in cost of sales)	262	179
Cost of inventories provision reversed (included in cost of sales)	(12)	–
Business interruption income received from insurance claim	1,833	1,314
Depreciation of property, plant and equipment:		
Owned assets	8,299	7,640
Under finance leases	361	717
Amortisation of intangibles (included in administrative expenses)	510	608
Impairment of investments (included in administrative expenses)	177	396
Impairment of property, plant and equipment (included in administrative expenses)	–	219
Provision for claim (reversed)/provided (note 28)	(770)	989
Profit on disposal of property, plant and equipment	(164)	(518)
Operating leases – lease payments:		
Plant and machinery	334	364
Property	749	724
Repairs and maintenance expenditure on property, plant and equipment	<u>4,533</u>	<u>4,519</u>
Currency exchange losses/(gains) charged/(credited) to income include:		
Revenue	140	34
Cost of sales	50	45
Distribution costs	(30)	(173)
Administrative expenses	81	128
Other operating income	(26)	(12)
Finance income	<u>(1,648)</u>	<u>(4,054)</u>
	<u>(1,433)</u>	<u>(4,032)</u>
Amounts paid to the group's auditors comprised:		
Audit services:		
Statutory audit	786	796
Audit – related regulatory reporting	33	34
Tax services:		
Compliance services	15	20
Advisory services	46	30
Other services not covered above	<u>42</u>	<u>36</u>

Included in the above group audit fees and expenses is £779,000 (2010: £785,000) paid to PricewaterhouseCoopers LLP and its associates for statutory audit services, £33,000 (2010: £34,000) for audit related regulatory reporting, £61,000 (2010: £49,000) for taxation services and £38,000 (2010: £32,000) for other services.

4 Share of associates' results

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

	2011 £'000	2010 £'000
Operating profit	7,696	4,494
Net finance costs	(28)	(93)
Profit before tax	7,668	4,401
Taxation	(806)	(587)
Profit after tax	6,862	3,814

The results include the group's share of the profits of West Hamilton Holdings Limited until 1 August 2011, as the group's shareholding fell from 28.2 per cent. to 14.1 per cent. following a rights issue which was not taken up by the group. With effect from 1 August 2011 the group's holding in West Hamilton was reclassified from an associated company to an available-for-sale investment.

5 Profit on non-current assets

An additional profit of £534,000 (2010: £4,144,000) has been realised in relation to the property, plant and equipment destroyed by a fire in 2010 at the Nuneaton premises of Abbey Metal Finishing Limited.

6 (Loss)/profit on transfer/disposal of an associate

A loss of £721,000, after the transfer of £210,000 of exchange difference and other movements previously included in reserves, was realised in relation to the reclassification of the group's investment in West Hamilton Holdings Limited from an associated company.

In 2010, the group disposed of its entire shareholding in Siegfried Holding AG, an associated undertaking. The net proceeds on disposal were £48,754,000 and a net profit of £248,000 was realised, after the transfer of £16,353,000 of exchange difference and other movements previously included in reserves.

7 Finance income and costs

	2011 £'000	2010 £'000
Interest payable on loans and bank overdrafts	(584)	(568)
Interest payable on obligations under finance leases	(48)	(93)
Finance costs	(632)	(661)
Finance income – interest income on short-term bank deposits	2,350	1,431
Net exchange gain on foreign currency cash balances	1,648	4,054
Pension schemes' net financing income/(expense) (note 30)	804	(523)
Net finance income	4,170	4,301

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

8 Taxation

Analysis of charge in the year

	2011	2010
	£'000	£'000
Current tax		
UK corporation tax		
UK corporation tax at 26.5 per cent. (2010: 28.0 per cent.)	1,484	3,265
Double tax relief	<u>(1,484)</u>	<u>(3,265)</u>
	-	-
Foreign tax		
Corporation tax	12,651	17,199
Adjustment in respect of prior years	<u>35</u>	<u>362</u>
	<u>12,686</u>	<u>17,561</u>
Total current tax	12,686	17,561
Deferred tax		
Origination and reversal of timing differences		
United Kingdom	-	-
Overseas	<u>4,174</u>	<u>4,546</u>
Total deferred tax	<u>4,174</u>	<u>4,546</u>
Tax on profit on ordinary activities	<u>16,860</u>	<u>22,107</u>
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	58,650	73,141
Share of associated undertakings profit	<u>6,862</u>	<u>3,814</u>
Group profit on ordinary activities before tax	<u>51,788</u>	<u>69,327</u>
Tax on ordinary activities at the standard rate		
of corporation tax in the UK of 26.5 per cent. (2010: 28.0 per cent.)	13,724	19,412
Effects of:		
Adjustment to tax in respect of prior years	35	362
Expenses not deductible for tax purposes	623	853
Adjustment in respect of foreign tax rates	3,064	2,507
Additional tax arising on dividends from overseas companies	381	599
Profit on disposal of non taxable assets	-	(53)
Other income not charged to tax	(510)	(929)
Increase in tax losses carried forward	220	301
Decrease in tax losses carried forward	-	(28)
Movement in other timing differences	<u>(677)</u>	<u>(917)</u>

Total tax charge for the year	16,860	22,107
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9 Profit for the year

	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>
The profit of the company was	3,514	2,976

The company has taken the exemption under Section 408 of the Companies Act 2006 not to disclose the company's income statement.

10 Equity dividends

	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2010 of 80p (<i>2009: 74p</i>) per share	2,223	2,057
Interim dividend for the year ended 31 December 2011 of 30p (<i>2010: 30p</i>) per share	834	834
	3,057	2,891

Dividends amounting to £69,000 (*2010: £65,000*) have not been included as group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Proposed final dividend for the year ended 31 December 2011 of 84p (<i>2010: 80p</i>) per share	2,387	2,274
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The proposed final dividend is subject to approval by the shareholders at the annual general meeting and has not been included as a liability in these financial statements.

11 Earnings per share (EPS)

	<i>2011</i>			<i>2010</i>		
	Earnings	Weighted average number of shares	EPS	<i>Earnings</i>	<i>Weighted average number of shares</i>	<i>EPS</i>
	<i>£'000</i>	Number	Pence	<i>£'000</i>	Number	Pence
Basic and diluted EPS						
Attributable to ordinary shareholders	33,086	2,779,500	1,190.4	41,984	2,779,500	1,510.5

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 during the period, excluding those held by the group as treasury shares (note 31).

12 Employees

	<i>2011</i>	<i>2010</i>
	Number	Number
Average number of employees by activity:		
Agriculture and horticulture	72,556	72,538
Engineering	403	388

Food storage and distribution	262	288
Banking and financial services	119	120
Central management	20	19
	<u>73,360</u>	<u>73,353</u>

2011
£'000

2010
£'000

Employment costs:

Wages and salaries	62,387	59,488
Social security costs	2,681	2,346
Employee benefit obligations (see note 30) – UK	1,277	1,321
– Overseas	3,385	3,967
	<u>69,730</u>	<u>67,122</u>

Total remuneration paid to key employees who are members of the executive committee, excluding directors of Camellia Plc, amounted to £528,000 (2010: £623,000).

13 Emoluments of the directors

	2011	2010
	£'000	£'000
Aggregate emoluments excluding pension contributions	<u>1,342</u>	<u>1,200</u>

Emoluments of the highest paid director excluding pension contributions were £449,000 (2010: £420,000). Further details of directors' emoluments are set out on pages 18 and 19.

14 Intangible assets

	Goodwill £'000	Customer relationships £'000	Licences, patents and trade marks £'000	Computer software £'000	Total £'000
<i>Group</i>					
Cost					
At 1 January 2010	3,978	4,814	67	1,781	10,640
Exchange differences	–	–	–	16	16
Additions	–	–	–	91	91
Disposals	–	–	(67)	(6)	(73)
At 1 January 2011	<u>3,978</u>	<u>4,814</u>	<u>–</u>	<u>1,882</u>	<u>10,674</u>
Exchange differences	–	–	–	(37)	(37)
Additions	–	–	–	89	89
At 31 December 2011	<u>3,978</u>	<u>4,814</u>	<u>–</u>	<u>1,934</u>	<u>10,726</u>
Amortisation					
At 1 January 2010	–	870	67	1,119	2,056
Exchange differences	–	–	–	7	7

Charge for the year	–	241	–	367	608
Disposals	–	–	(67)	(6)	(73)
At 1 January 2011	–	1,111	–	1,487	2,598
Exchange differences	–	–	–	(25)	(25)
Charge for the year	–	241	–	269	510
At 31 December 2011	–	1,352	–	1,731	3,083
Net book value at 31 December 2011	3,978	3,462	–	203	7,643
Net book value at 31 December 2010	3,978	3,703	–	395	8,076

Impairment testing

Timing of impairment testing

The group's impairment test in respect of intangible assets allocated to each component of the cash-generating unit (CGU) is performed as at 31 December each year. In line with the accounting policy, impairment testing is also performed whenever there is an indication that the assets may be impaired. There was no indication of impairment in the period to 31 December 2011. For the purpose of this impairment testing, the group's CGU components represent the asset management and financial planning elements of the holistic private banking service provided by Duncan Lawrie.

Basis of the recoverable amount – value in use or fair value less costs to sell

The recoverable amount of the CGU to which customer relationships and goodwill have been allocated was assessed at each respective testing date in 2010 and 2011.

The asset management component of the CGU is assessed on the basis of the fair value less costs to sell by applying industry average multiples to the value of assets under management.

The financial planning component of the CGU is assessed on the basis of value in use (VIU) by discounting management's projections of future cash flows. Given the inherent uncertainty in assessing the most appropriate discount rate to use when assessing the goodwill and customer relationships VIU, the group has used a range of rates from

5 per cent. to 15 per cent. to assess the VIU under a number of scenarios. These discount rates have been applied to the expected cash flows that will be generated by the VIU over a 20 year period, being the length of time over which the group believes that value will accrue given the inherently long term nature of private banking relationships. Management's judgement in estimating the cash flows of a CGU are based on both contracts that are in place and plans prepared by management.

Based on the conditions at the balance sheet date, a change in any of the key assumptions described above would not cause an impairment to be recognised in respect of goodwill and customer relationships.

15 Property, plant and equipment

<i>Group</i>	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Deemed cost				
At 1 January 2010	75,097	84,332	19,412	178,841
Exchange differences	1,190	2,139	113	3,442
Additions	6,956	8,519	1,011	16,486
Disposals	(1,537)	(4,197)	(207)	(5,941)
At 1 January 2011	81,706	90,793	20,329	192,828
Exchange differences	(5,316)	(6,283)	(621)	(12,220)
Additions	5,623	14,098	1,069	20,790

Disposals	(105)	(2,616)	(148)	(2,869)
At 31 December 2011	81,908	95,992	20,629	198,529
Depreciation				
At 1 January 2010	31,809	55,698	10,843	98,350
Exchange differences	397	1,315	74	1,786
Impairment	–	219	–	219
Charge for the year	2,530	4,810	1,017	8,357
Disposals	(827)	(3,565)	(168)	(4,560)
At 1 January 2011	33,909	58,477	11,766	104,152
Exchange differences	(2,048)	(3,839)	(468)	(6,355)
Charge for the year	2,024	5,614	1,022	8,660
Disposals	(64)	(2,208)	(231)	(2,503)
At 31 December 2011	33,821	58,044	12,089	103,954
Net book value at 31 December 2011	48,087	37,948	8,540	94,575
Net book value at 31 December 2010	47,797	32,316	8,563	88,676

Land and buildings at net book value comprise:

	2011	2010
	£'000	£'000
Freehold	25,877	27,369
Long leasehold	20,596	19,120
Short leasehold	1,614	1,308
	48,087	47,797

Plant and machinery includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £175,000 (2010: £462,000) and their net book value was £1,469,000 (2010: £1,359,000).

The amount of expenditure for property, plant and equipment in the course of construction amounted to £5,511,000 (2010: £3,622,000).

16 Biological assets

	Tea	Edible nuts	Timber	Other	Total
	£'000	£'000	£'000	£'000	£'000
<i>Group</i>					
At 1 January 2010	64,566	16,445	8,336	16,720	106,067
Exchange differences	1,146	813	(11)	122	2,070
New planting additions	1,777	452	260	102	2,591
Capitalised cultivation costs	–	2,918	–	3,494	6,412

Gains arising from changes in fair value					
less estimated point-of-sale costs	6,953	834	1,459	1,865	11,111
Decreases due to harvesting	–	(2,639)	(250)	(4,362)	(7,251)
At 1 January 2011	74,442	18,823	9,794	17,941	121,000
Exchange differences	(8,080)	(1,885)	(549)	(1,459)	(11,973)
New planting additions	1,795	420	273	37	2,525
Capitalised cultivation costs	–	2,751	–	4,575	7,326
Gains arising from changes in fair value					
less estimated point-of-sale costs	1,416	1,842	1,813	2,249	7,320
Decreases due to harvesting	–	(3,032)	(206)	(4,780)	(8,018)
At 31 December 2011	69,573	18,919	11,125	18,563	118,180

Other includes avocados, citrus, grapes, livestock, maize, pineapples, rubber and soya.

Biological assets are carried at fair value. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. At 31 December 2011 professional valuations were obtained on a significant proportion of assets. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the directors have made certain assumptions about the expected life-span of the plantings, yields, selling prices and costs. The fair value of livestock is based on market prices of livestock of similar age and sex.

New planting additions represents new areas planted to the particular crop at cost.

For crops other than tea and rubber capitalised cultivation costs represent annual growing costs incurred. Growing costs for tea and rubber are charged directly to inventory which are included in cost of sales and do not include any uplift on initial recognition as no appropriate market value can be determined for green leaf and rubber produced at harvest prior to manufacturing.

Decreases due to harvesting represent values transferred to cost of sales at the point of harvest for agricultural produce other than tea and rubber.

The discount rates used reflect the cost of capital, an assessment of country risk and the risks associated with individual crops. The range of discount rates used is:

	Tea	Edible nuts	Timber	Other
	%	%	%	%
2011	13.5	12.0 – 13.5	17.5	5.0 – 17.5
2010	13.5	12.0 – 13.5	17.5	5.0 – 17.5

Financial risk management strategies

The group is exposed to financial risks arising from changes in the prices of the agricultural products it produces. The group does not anticipate that these prices will decline significantly in the foreseeable future. There are no futures markets available for the majority of crops grown by the group. Further the group's exposure to this risk is mitigated by the geographical spread of its operations, selective forward selling in certain instances when considered appropriate, and regular review of available market data on sales and production. The group monitors closely the returns it achieves from its crops and considers replacing its biological assets when yields decline with age or markets change.

Further financial risk arises from changes in market prices of key cost components, such costs are closely monitored.

The areas planted to the various crop types at the end of the year were:

	2011 Hectares	2010 Hectares
Tea	35,280	35,028

Macadamia	2,713	2,669
Pistachios	130	130
Timber	6,321	6,054
Arable crops	3,297	3,297
Avocados	411	409
Citrus	178	178
Pineapples	45	42
Rubber	1,960	1,827
Wine grapes	84	84

2011
Head

2010
Head

Livestock numbers on hand at the end of the year 4,436 5,176

Output of agricultural produce during the year was:

	2011 Metric tonnes	2010 Metric tonnes
Tea	68,667	74,628
Macadamia	1,094	1,122
Pistachios	21	783
Arable crops	13,923	16,227
Avocados	5,822	7,748
Citrus	6,217	4,532
Pineapples	1,777	1,571
Rubber	700	836
Wine grapes	553	534

2011
Cubic
metres

2010
Cubic
metres

Timber 48,297 44,375

17 Prepaid operating leases

	£'000
<i>Group</i>	
Cost	
At 1 January 2010	1,092
Exchange differences	<u>(33)</u>
At 1 January 2011	1,059
Exchange differences	<u>(48)</u>
At 31 December 2011	<u>1,011</u>

Amortisation	
At 1 January 2010	18
Exchange differences	–
Charge for the year	<u>1</u>
At 1 January 2011	19
Exchange differences	(1)
Charge for the year	<u>1</u>
At 31 December 2011	<u>19</u>
Net book value at 31 December 2011	<u>992</u>
Net book value at 31 December 2010	<u>1,040</u>

18 Investments in subsidiaries

	2011	2010
	£'000	£'000
<i>Company</i>		
Cost		
At 1 January	73,508	73,683
Transfer to group company	<u>–</u>	<u>(175)</u>
At 31 December	<u>73,508</u>	<u>73,508</u>

19 Investments in associates

	2011	2010
	£'000	£'000
<i>Group</i>		
At 1 January	31,778	97,364
Exchange differences	(611)	2,731
Transfer from/(to) held for sale	6,161	(6,161)
Transfer to financial assets	(1,486)	–
Impairment on transfer to financial assets	(931)	–
Disposals	–	(64,859)
Share of profit (note 4)	6,862	3,814
Dividends	(1,221)	(1,220)
Other equity movements	<u>(2,475)</u>	<u>109</u>
At 31 December	<u>38,077</u>	<u>31,778</u>

At 1 January 2011, the group's holding in its Bangladeshi associated undertakings United Insurance Company Limited and United Leasing Company Limited of £6,161,000 has been reclassified from assets held for sale to investments in associates, as the proposed sale did not materialise.

The transfer to financial assets relates to the group's investment in West Hamilton Holdings Limited, as the group's

shareholding fell from 28.2 per cent. to 14.1 per cent. following a rights issue which was not taken up by the group. As a result, with effect from 1 August 2011 West Hamilton was reclassified from an associated company to an available-for-sale investment.

In 2010, the group disposed of its entire shareholding in Siegfried Holding AG.

Details of the group's associates are shown in note 38.

The group's share of the results of its principal associates and its share of the assets (including goodwill) and liabilities are as follows:

	Assets £'000	Liabilities £'000	Revenues £'000	Profit/(loss) £'000	Market value £'000
31 December 2011	176,055	(137,978)	41,076	6,862	38,253
31 December 2010	133,389	(101,611)	39,170	3,814	20,076

20 Financial assets

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cost or fair value				
At 1 January	31,632	35,998	170	190
Exchange differences	99	732	–	–
Fair value adjustment	(2,201)	385	–	–
Transfer to group company	–	–	–	(222)
Additions	10,159	7,057	–	202
Transfer from investment in associates	1,486	–	–	–
Disposals	(5,480)	(12,540)	–	–
Fair value adjustment for disposal	2	–	–	–
At 31 December	35,697	31,632	170	170
Provision for diminution in value				
At 1 January	1,135	742		
Exchange differences	11	13		
Provided during year	177	396		
Disposals	–	(16)		
At 31 December	1,323	1,135		
Net book value at 31 December	34,374	30,497	170	170

Net book value comprises:

Held-to-maturity investments:

UK Treasury bills	3,228	–
Bank and building society certificates of deposit	2,601	5,313
	5,829	5,313

Available-for-sale financial assets:

Listed investments	28,366	25,010		
Unlisted investments	179	174	170	170
	28,545	25,184		
	34,374	30,497	170	170
Current element	5,829	5,313	–	–
Non-current element	28,545	25,184	170	170
	34,374	30,497	170	170

UK Treasury bills and bank and building society certificates of deposit are held by the group's banking operation.

21 Other investments

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cost or fair value				
At 1 January	7,362	7,317	7,367	7,322
Additions	1,009	124	1,009	124
Disposals	(3)	(79)	(3)	(79)
At 31 December	8,368	7,362	8,373	7,367
Cost or fair value comprises:				
Collections	8,368	7,362	8,373	7,367
	8,368	7,362	8,373	7,367

Collections comprise the group's and company's investment in fine art, philately, documents and manuscripts. The market value of collections is expected to be in excess of book value.

22 Inventories

	2011 £'000	2010 £'000
<i>Group</i>		
Made Tea	22,371	21,195
Other agricultural produce	1,342	1,012
Work in progress	1,460	988
Trading stocks	2,893	3,113
Raw materials and consumables	11,111	8,906
	39,177	35,214

Made tea is included in inventory at cost as no reliable fair value is available to reflect the uplift in value upon initial recognition of harvested green leaf.

The year end inventories balance includes a provision of £152,000 (2010: £102,000).

Inventory categories have been reviewed and 2010 figures reclassified.

23 Trade and other receivables

	2011 £'000	2010 £'000
<i>Group</i>		
Current:		
Amounts due from customers of banking subsidiaries	23,576	21,487
Trade receivables	25,886	24,072
Amounts owed by associated undertakings	282	285
Other receivables	6,988	6,777
Prepayments and accrued income	6,140	7,767
	<u>62,872</u>	<u>60,388</u>
Non-current:		
Amounts due from customers of banking subsidiaries	12,936	16,621
Other receivables	967	1,137
	<u>13,903</u>	<u>17,758</u>

Included within trade receivables is a provision for doubtful debts of £365,000 (2010: £387,000).

Trade receivables include receivables of £5,025,000 (2010: £3,739,000) which are past due at the reporting date against which the group has not provided, as there has not been a significant change in credit quality and the amounts are still considered recoverable. Ageing of past due but not provided for receivables is as follows:

	2011 £'000	2010 £'000
Up to 30 days	3,613	2,127
30-60 days	800	656
60-90 days	148	262
Over 90 days	464	694
	<u>5,025</u>	<u>3,739</u>

24 Cash and cash equivalents

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
<i>Group</i>				
Cash at bank and in hand	196,852	217,008	–	–
Short-term bank deposits	45,226	29,503	6,323	–
Short-term liquid investments	18,838	44,638	–	–
	<u>260,916</u>	<u>291,149</u>	<u>6,323</u>	<u>–</u>

Included in the amounts above are cash and short-term funds, time deposits with banks and building societies, UK

treasury bills and certificates of deposit amounting to £181,278,000 (2010: £210,429,000) which are held by the group's banking subsidiaries and which are an integral part of the banking operations.

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Cash and cash equivalents (excluding banking operations)	79,638	80,720	6,323	–
Bank overdrafts (note 27)	(7,012)	(5,447)	–	–
	<u>72,626</u>	<u>75,273</u>	<u>6,323</u>	<u>–</u>

Effective interest rate:

	2011		2010	
	%	%	%	%
Short-term deposits	0.00 – 25.00	0.20 – 10.80	1.05	–
Short-term liquid investments	0.01 – 0.10	0.09 – 0.99	–	–

Average maturity period:

	2011		2010	
	days	days	days	days
Short-term deposits	78	72	163	–
Short-term liquid investments	35	34	–	–

25 Assets classified as held for sale

At 1 January 2011, the group's holding in its Bangladeshi associated undertakings United Insurance Company Limited and United Leasing Company Limited of £6,161,000 has been reclassified from assets held for sale to investments in associates, as the proposed sale did not materialise.

26 Trade and other payables

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Current:				
Amounts due to customers of banking subsidiaries	192,145	218,354	–	–
Trade payables	23,419	22,367	–	–
Other taxation and social security	1,871	1,625	–	–
Other payables	15,025	13,888	144	17
Accruals	4,161	4,517	5	–
	<u>236,621</u>	<u>260,751</u>	<u>149</u>	<u>17</u>
Non-current:				
Amounts due to customers of banking subsidiaries	7,652	9,644	–	–

27 Financial liabilities – borrowings

	2011 £'000	2010 £'000
Group		

Current

Bank overdrafts	7,012	5,447
Bank loans	110	50
Finance leases	188	493
	<u>7,310</u>	<u>5,990</u>

Current borrowings include the following amounts secured on biological assets and property, plant and equipment:

Bank overdrafts	5,383	4,597
Bank loans	110	50
Finance leases	188	493
	<u>5,681</u>	<u>5,140</u>

Non-current

Bank loans	123	186
Finance leases	58	256
	<u>181</u>	<u>442</u>

Non-current borrowings include the following amounts secured on biological assets and property, plant and equipment:

Bank loans	123	186
Finance leases	58	256
	<u>181</u>	<u>442</u>

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

Within one year or on demand (included in current liabilities)	7,122	5,497
Between 1 – 2 years	36	45
Between 2 – 5 years	57	91
After 5 years	30	50
	<u>7,245</u>	<u>5,683</u>

Minimum finance lease payments fall due as follows:

Within one year or on demand (included in current liabilities)	200	528
Between 1 – 2 years	38	217
Between 2 – 5 years	23	50

	261	795
Future finance charges on finance leases	<u>(15)</u>	<u>(46)</u>

Present value of finance lease liabilities	<u>246</u>	<u>749</u>
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The present value of finance lease liabilities fall due as follows:

	2011	2010
	£'000	£'000
Within one year or on demand (included in current liabilities)	188	493
Between 1 – 2 years	36	207
Between 2 – 5 years	22	49
	<u>246</u>	<u>749</u>

The rates of interest payable by the group ranged between:

	2011	2010
	%	%
Overdrafts	3.20 – 13.00	2.50 – 17.50
Bank loans	9.00 – 13.00	9.00 – 11.00
Finance leases	4.29 – 18.00	3.76 – 18.00

28 Provisions

	Onerous lease	Others	Total
	£'000	£'000	£'000
<i>Group</i>			
At 1 January 2010	150	–	150
Exchange differences	–	(26)	(26)
Provided in the period	900	989	1,889
Utilised in the period	(150)	–	(150)
At 1 January 2011	900	963	1,863
Exchange differences	–	(93)	(93)
Utilised in the period	(150)	(36)	(186)
Unused amounts reversed in period	–	(770)	(770)
At 31 December 2011	<u>750</u>	<u>64</u>	<u>814</u>
Current			
At 31 December 2011	<u>150</u>	<u>64</u>	<u>214</u>
At 31 December 2010	<u>150</u>	<u>963</u>	<u>1,113</u>
Non-current			
At 31 December 2011	<u>600</u>	<u>–</u>	<u>600</u>
At 31 December 2010	<u>750</u>	<u>–</u>	<u>750</u>

The provision for onerous lease relates to five years lease commitments, which is the expected period of vacancy, for warehouse premises. The lease expires in 2016.

The reversal of £770,000 reflects a write back of the provision against a claim made by Del Monte Kenya Limited

against Kakuzi Limited in 2010, which is no longer required.

29 Deferred tax

The net movement on the deferred tax account is set out below:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
At 1 January	34,393	30,346	313	337
Exchange differences	(3,309)	385	–	–
Charged/(credited) to the income statement	4,174	4,546	(12)	(24)
Credited to equity	(21)	(884)	–	–
At 31 December	<u>35,237</u>	<u>34,393</u>	<u>301</u>	<u>313</u>

The movement in deferred tax assets and liabilities is set out below:

Deferred tax liabilities

	Accelerated tax depreciation	Pension scheme liability	Other	Total
	£'000	£'000	£'000	£'000
At 1 January 2010	33,827	935	72	34,834
Exchange differences	567	54	1	622
Charged/(credited) to the income statement	3,624	122	(74)	3,672
Credited to equity	–	(833)	–	(833)
At 1 January 2011	38,018	278	(1)	38,295
Exchange differences	(3,722)	(37)	12	(3,747)
Charged/(credited) to the income statement	2,651	(3)	831	3,479
(Credited)/charged to equity	–	(20)	5	(15)
Transfers between categories	340	(63)	(52)	225
At 31 December 2011	<u>37,287</u>	<u>155</u>	<u>795</u>	<u>38,237</u>
Deferred tax assets offset				<u>(2,842)</u>
Net deferred tax liability after offset				<u>35,395</u>

Deferred tax assets

	Decelerated tax depreciation	Tax losses	Pension scheme asset	Other	Total
	£'000	£'000	£'000	£'000	£'000
At 1 January 2010	496	1,827	882	1,283	4,488
Exchange differences	–	218	42	(23)	237

(Charged)/credited to the income statement	(496)	(249)	69	(198)	(874)
(Charged)/credited to equity	–	–	(81)	132	51
At 1 January 2011	–	1,796	912	1,194	3,902
Exchange differences	–	(234)	(132)	(72)	(438)
(Charged)/credited to the income statement	–	(633)	111	(173)	(695)
Credited/(charged) to equity	–	–	62	(56)	6
Transfers between categories	–	–	(62)	287	225
At 31 December 2011	–	929	891	1,180	3,000
Offset against deferred tax liabilities					(2,842)
Net deferred tax asset after offset					158

Included within deferred tax liabilities are £32,087,000 (2010: £33,178,000) of accelerated tax depreciation relating to biological assets.

Deferred tax liabilities of £8,648,000 (2010: £9,226,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested.

Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related tax benefit through future taxable profits is probable. The group has not recognised deferred tax assets of £5,076,000 (2010: £5,818,000) in respect of losses that can be carried forward against future taxable income.

30 Employee benefit obligations

(i) Pensions

Certain group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant is the UK funded, final salary defined benefit scheme. The assets of this scheme are administered by trustees and are kept separate from those of the group. On 1 July 2011, the three UK defined benefit pension schemes were merged to form the Linton Park Pension Scheme (2011). A full actuarial valuation was undertaken as at 1 July 2011 and updated to 31 December by a qualified independent actuary. The UK final salary defined benefit pension scheme is closed to new entrants and new employees are eligible to join a group personal pension plan. Members who formerly belonged to the Unochrome Group Pension Scheme are closed to future accruals and active members participate in a defined contribution scheme. From 1 July 2011, active members of the Linton Park Pension Scheme (2011) earn accruals at a rate of 1/80th per year of service from a rate of 1/60th per year of service previously earned as members of the Linton Park Pension Scheme or the Lawrie Group Pension Scheme.

The overseas schemes are operated in group subsidiaries located in Bangladesh, India and The Netherlands. Actuarial valuations have been updated to 31 December 2011 by qualified actuaries for these schemes.

Assumptions

The major assumptions used in the valuation to determine the present value of the schemes' defined benefit obligations were as follows:

	2011	2010
	% per annum	% per annum

UK schemes

Rate of increase in salaries	2.00	3.10
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.00 – 5.00	2.50 – 5.00
Discount rate applied to scheme liabilities	4.70	5.40
Inflation assumption (CPI/RPI)	2.00 / 3.00	3.00 / 3.60

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are PCA00 with medium cohort improvement factors and subject to a minimum rate of improvement of 1 per cent. per annum, projected by year of birth and with an age rating of +2 years. This results in males and females aged 65 having life expectancies of 21 years and 23 years respectively.

Overseas schemes

Rate of increase in salaries	2.00 – 7.00	2.00 – 7.00
Rate of increase to LPI (Limited Price Indexation) pensions in payment	0.00 – 3.00	0.00 – 3.00
Discount rate applied to scheme liabilities	4.60 – 9.00	5.00 – 9.00
Inflation assumption	0.00 – 7.00	0.00 – 7.00

The major assumptions used to determine the expected future return on the schemes' assets were as follows:

UK schemes

Equities and property	6.50	7.80
Bonds	3.60	4.70
Cash	0.50	0.50

Overseas schemes

Bonds	7.51 – 9.00	7.35 – 9.00
Cash	7.51 – 9.00	7.35 – 9.00
Other	4.60	5.00

(ii) Post-employment benefits

Certain group subsidiaries located in Kenya, India and Bangladesh have an obligation to pay terminal gratuities, based on years of service. These obligations are estimated annually using the projected unit method by qualified independent actuaries. Schemes operated in India are funded but the schemes operated in Kenya and Bangladesh are unfunded. Operations in India and Bangladesh also have an obligation to pay medical benefits upon retirement. These schemes are unfunded.

Assumptions

The major assumptions used in the valuation to determine the present value of the post-employment benefit obligations were as follows:

Rate of increase in salaries	5.00– 10.00	7.00 – 9.50
Discount rate applied to scheme liabilities	8.50 – 13.50	8.00 – 9.00
Inflation assumption	0.00 – 10.00	0.00 – 5.00

(iii) Actuarial valuations

	2011			2010		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Equities and property	84,107	352	84,459	90,929	369	91,298

Bonds	36,679	12,555	49,234	32,929	14,711	47,640
Cash	1,624	2,479	4,103	2,181	2,531	4,712
Other	–	2,547	2,547	–	2,241	2,241
Total fair value of plan assets	122,410	17,933	140,343	126,039	19,852	145,891
Present value of defined benefit obligations	(144,403)	(22,832)	(167,235)	(133,805)	(24,455)	(158,260)
Total deficit in the schemes	(21,993)	(4,899)	(26,892)	(7,766)	(4,603)	(12,369)
Amount recognised as asset in the balance sheet	–	437	437	–	835	835
Amount recognised as current liability in the balance sheet	–	(374)	(374)	–	(352)	(352)
Amount recognised as non-current liability in the balance sheet	(21,993)	(4,962)	(26,955)	(7,766)	(5,086)	(12,852)
	(21,993)	(4,899)	(26,892)	(7,766)	(4,603)	(12,369)
Related deferred tax asset (note 29)	–	891	891	–	912	912
Related deferred tax liability (note 29)	–	(155)	(155)	–	(278)	(278)
Net deficit	(21,993)	(4,163)	(26,156)	(7,766)	(3,969)	(11,735)

Movements in the fair value of scheme assets were as follows:

	2011			2010		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
At 1 January	126,039	19,852	145,891	104,530	17,533	122,063
Expected return on plan assets	8,274	1,343	9,617	6,874	1,307	8,181
Employer contributions	818	716	1,534	9,059	1,702	10,761
Contributions paid by plan participants	179	5	184	371	7	378
Benefit payments	(6,083)	(1,534)	(7,617)	(5,875)	(1,991)	(7,866)
Actuarial (losses)/gains	(6,817)	285	(6,532)	11,080	334	11,414
Exchange differences	–	(2,734)	(2,734)	–	960	960
At 31 December	122,410	17,933	140,343	126,039	19,852	145,891

Movements in the present value of defined benefit obligations were as follows:

	2011			2010		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
At 1 January	(133,805)	(24,455)	(158,260)	(128,720)	(17,334)	(146,054)
Transfer from other employee benefits*	–	–	–	–	(1,891)	(1,891)
Current service cost	(726)	(1,132)	(1,858)	(731)	(1,241)	(1,972)
Past service cost	164	–	164	–	(307)	(307)
Contributions paid by plan participants	(179)	(5)	(184)	(371)	(7)	(378)

Interest cost	(7,081)	(1,732)	(8,813)	(7,207)	(1,497)	(8,704)
Benefit payments	6,083	1,534	7,617	5,875	1,991	7,866
Actuarial losses	(8,859)	(218)	(9,077)	(2,651)	(3,306)	(5,957)
Exchange differences	–	3,176	3,176	–	(863)	(863)
At 31 December	(144,403)	(22,832)	(167,235)	(133,805)	(24,455)	(158,260)

In 2009, the total fair value of plan assets was £122,063,000, present value of defined benefit obligations was £146,054,000 and the deficit was £23,991,000. In 2008, the total fair value of plan assets was £106,142,000, present value of defined benefit obligations was £130,104,000 and the deficit was £23,962,000 and in 2007, the total fair value of plan assets was £127,037,000, present value of defined benefit obligations was £131,879,000 and the deficit was £4,842,000.

*Relates to gratuities schemes operated by group companies, previously included in other employee benefits.

Income statement

The amounts recognised in the income statement are as follows:

	2011			2010		
	UK	Overseas	Total	UK	Overseas	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts (charged)/credited to						
operating profit:						
Current service cost	(726)	(1,132)	(1,858)	(731)	(1,241)	(1,972)
Past service cost	164	–	164	–	(307)	(307)
Total operating charge	(562)	(1,132)	(1,694)	(731)	(1,548)	(2,279)
Amounts credited/(charged) to other						
finance costs:						
Expected return on pension scheme						
assets	8,274	1,343	9,617	6,874	1,307	8,181
Interest on pension scheme liabilities	(7,081)	(1,732)	(8,813)	(7,207)	(1,497)	(8,704)
Net financing income/(charged) (note 7)	1,193	(389)	804	(333)	(190)	(523)
Total credited/(charged) to income	631	(1,521)	(890)	(1,064)	(1,738)	(2,802)

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £2,968,000 (2010: £3,009,000).

Actuarial gains and losses recognised in the statement of comprehensive income

The amounts included in the statement of comprehensive income are as follows:

	2011			2010		
	UK	Overseas	Total	UK	Overseas	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Actual return less expected return on						
pension scheme assets	(6,817)	285	(6,532)	11,080	334	11,414

32 Reconciliation of profit from operations to cash flow

	2011	2010
	£'000	£'000
<i>Group</i>		
Profit from operations	53,406	67,883
Share of associates' results	(6,862)	(3,814)
Depreciation and amortisation	9,170	8,965
Impairment of non-current assets	180	615
Gain arising from changes in fair value of biological assets	(7,320)	(11,111)
Profit on disposal of non-current assets	(698)	(4,662)
Loss/(profit) on transfer/disposal of an associate	721	(248)
Profit on disposal of investments	(178)	(182)
Increase in working capital	(7,542)	(1,526)
Pensions and similar provisions less payments	160	(8,482)
Biological assets capitalised cultivation costs	(7,326)	(6,412)
Biological assets decreases due to harvesting	8,018	7,251
Net decrease/(increase) in funds of banking subsidiaries	2,546	(17,691)
	<u>44,275</u>	<u>30,586</u>

33 Reconciliation of net cash flow to movement in net cash

	2011	2010
	£'000	£'000
<i>Group</i>		
(Decrease)/increase in cash and cash equivalents in the year	(2,438)	42,260
Net cash outflow from decrease in debt	460	7,516
	<u>(1,978)</u>	<u>49,776</u>
(Decrease)/increase in net cash resulting from cash flows	(1,978)	49,776
Exchange rate movements	(163)	4,252
	<u>(2,141)</u>	<u>54,028</u>
(Decrease)/increase in net cash in the year	(2,141)	54,028
Net cash at beginning of year	74,288	20,260
	<u>72,147</u>	<u>74,288</u>

34 Disposal of businesses

Group

There were no disposals in 2011. In 2010, the group disposed of its entire shareholding in Siegfried Holding AG, an associated undertaking.

Details of net assets disposed are as follows:

	2011	2010
	£'000	£'000
Fair value of assets and liabilities:		
Net effect of associate disposal	–	48,506

	–	<u>48,506</u>
Satisfied by:		
Cash consideration	–	<u>48,849</u>
Net inflow/(outflow) of cash in respect of disposal of businesses:		
Cash consideration	–	48,849
Costs of disposal	–	<u>(95)</u>
	–	<u>48,754</u>

35 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2011	2010
	£'000	£'000
<i>Group</i>		
Property, plant and equipment	<u>1,800</u>	<u>1,761</u>

Operating leasing commitments – minimum lease payments

The group leases land and buildings, plant and machinery under non-cancellable operating lease arrangements, which have various terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2011	2010
	£'000	£'000
<i>Group</i>		
Land and buildings:		
Within 1 year	809	776
Between 1 – 5 years	2,602	2,717
After 5 years	<u>13,315</u>	<u>14,440</u>
	<u>16,726</u>	<u>17,933</u>
Plant and machinery:		
Within 1 year	124	253
Between 1 – 5 years	<u>98</u>	<u>194</u>
	<u>222</u>	<u>447</u>

The group's most significant operating lease commitments are long term property leases with renewal terms in excess of 60 years.

36 Contingent assets and liabilities

Assets

Business interruption insurance is receivable for a period of three years from April 2010 in relation to a fire at Abbey Metal Finishing Company Limited and will be dependant on its trading performance.

Liabilities

The group operates in certain countries where its operations are potentially subject to a number of legal claims including taxation. When required, appropriate provisions are made for the expected cost of such claims. At 31

December 2011, the directors do not anticipate the outcome of any such claim to result in a material loss.

37 Financial instruments

Capital risk management

The group manages its capital to ensure that the group will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 27, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The board reviews the capital structure, with an objective to ensure that gross borrowings as a percentage of tangible net assets does not exceed 50 per cent..

The ratio at the year end is as follows:

	2011 £'000	2010 £'000
Borrowings	7,491	<u>6,432</u>
Tangible net assets	313,949	<u>321,417</u>
Ratio	2.39%	<u>2.00%</u>

Borrowings are defined as current and non-current borrowings, as detailed in note 27.

Tangible net assets includes all capital and reserves of the group attributable to equity holders of the parent less intangible assets.

Categories of financial instruments

	2011 £'000	Carrying value 2010 £'000
Financial assets		
Cash and cash equivalents (excluding bank subsidiaries)	79,638	80,720
Loans and advances to banks by banking subsidiaries	181,278	210,429
Loans and advances to customers of banking subsidiaries	36,512	38,108
Trade and other receivables	34,123	32,271
Other investments	34,374	<u>30,497</u>
	365,925	<u>392,025</u>
Financial liabilities		
Amounts due to customers of banking subsidiaries	199,797	227,998
Trade and other payables	42,605	40,772
Borrowings	7,491	6,432
Provisions	814	1,863
Other non-current liabilities	111	<u>114</u>
	250,818	<u>277,179</u>

Fair values

Financial assets and liabilities, are subject to market variations in respect of price, exchange and interest rates. The group assesses fair values based on available market data and does not make use of valuation techniques.

The fair value of the group's financial assets and liabilities are not materially different to their carrying value.

Financial risk management objectives

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

Given the nature and diversity of the group's operations, the board does not believe a highly complex use of financial instruments would be of significant benefit to the group. However, where appropriate, the board does authorise the use of certain financial instruments to mitigate financial risks that face the group, where it is effective to do so.

Various financial instruments arise directly from the group's operations, for example cash and cash equivalents, trade receivables and trade payables. In addition, the group uses financial instruments for two main reasons, namely:

- To finance its operations (to mitigate liquidity risk);
- To manage currency risks arising from its operations and arising from its sources of finance (to mitigate foreign exchange risk).

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

(A) Market risk

(i) Foreign exchange risk

The group has no material exposure to foreign currency exchange risk on currencies other than the functional currencies of the operating entities, with the exception of significant Swiss Franc and Canadian Dollar cash deposits. A movement by 5 per cent. in the exchange rate of the Swiss Franc with Sterling would increase/decrease profit and net assets by £1,044,000 (2010: £1,829,000) and a movement by 5 per cent. in the exchange rate of the Canadian Dollar with Sterling would increase/decrease profit and net assets by £316,000 (2010: £nil).

Currency risks are primarily managed through the use of natural hedging and regularly reviewing when cash should be exchanged into either sterling or another functional currency.

(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio.

The majority of the group's equity investments are publicly traded and are quoted on stock exchanges located in Bermuda, Japan, Switzerland, UK and US. Should these equity indexes increase or decrease by 5 per cent. with all other variables held constant and all the group's equity instruments move accordingly, the group's equity balance would increase/decrease by £1,418,000 (2010: £1,251,000).

The group's exposure to commodity price risk is not significant.

(iii) Cash flow and interest rate risk

The group's interest rate risk arises from interest-bearing assets and short and long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The group has no fixed rate exposure.

At 31 December 2011, if interest rates on non-sterling denominated interest-bearing assets and borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £303,000 (2010: £366,000) higher/lower.

At 31 December 2011, if interest rates on sterling denominated interest-bearing assets and borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £177,000 (2010: £135,000) higher/lower.

The interest rate exposure of the group's interest bearing assets and liabilities by currency, at 31 December was:

Assets		Liabilities	
2011	2010	2011	2010

	£'000	£'000	£'000	£'000
Sterling	162,044	152,646	126,665	125,704
US Dollar	53,202	67,939	48,076	63,513
Euro	19,220	29,997	19,952	30,699
Swiss Franc	24,002	38,789	3,131	2,210
Kenyan Shilling	20,478	15,653	–	–
Indian Rupee	3,716	8,149	2,545	6
Malawi Kwacha	203	752	–	177
Bangladesh Taka	3,233	7,917	1,911	3,541
Australian Dollar	678	5,202	682	5,199
South African Rand	2,196	459	83	415
Brazilian Real	2,956	3,259	–	–
Bermudian Dollar	755	841	–	–
Canadian Dollar	7,093	818	769	820
Japanese Yen	1,767	1,650	1,761	1,649
Other	1,714	499	1,713	497
	<u>303,257</u>	<u>334,570</u>	<u>207,288</u>	<u>234,430</u>

(B) Credit risk

The group has policies in place to limit its exposure to credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. Otherwise if there is no independent rating, management assesses the credit quality of the customer taking into account its financial position, past experience and other factors and if appropriate holding liens over stock and receiving payments in advance of services or goods as required. Management monitors the utilisation of credit limits regularly.

The group's approach to customer lending through the group's banking subsidiaries is risk averse with only 1.5 per cent. of the customer loan book being unsecured. Collateralised loans are normally secured against cash or property, with property loans being restricted to 70 per cent. of recent valuation although corporate or personal guarantees are also acceptable in some instances.

The group has a large number of trade receivables, the largest five receivables at the year end comprise 24 per cent. (2010: 18 per cent.) of total trade receivables.

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors. The group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and managing the maturity profiles of financial assets and liabilities.

The two subsidiary companies which are engaged in banking activities, Duncan Lawrie Limited and Duncan Lawrie (IOM) Limited both have restrictions contained in their memorandum and articles of association which place a ceiling on their levels of customer lending. Such restrictions effectively limit the customer loan book to the value of the share capital and reserves of each banking subsidiary. This fact, in conjunction with the general matching of maturing customer deposits with market placements and the general use of liquid assets such as certificates of deposit, results in significantly reduced liquidity risk for Duncan Lawrie and the group.

At 31 December 2011, the group had undrawn committed facilities of £24,943,000 (2010: £31,422,000), all of which are due to be reviewed within one year.

The table below analyses the group's financial assets and liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Undated £'000	Total £'000
At 31 December 2011						
Assets						
Cash and cash equivalents (excluding bank subsidiaries)	79,638	–	–	–	–	79,638
Loans and advances to banks by banking subsidiaries	181,056	–	–	–	222	181,278
Loans and advances to customers of banking subsidiaries	16,246	5,116	6,997	823	7,330	36,512
Trade and other receivables	33,156	967	–	–	–	34,123
Other investments	5,829	–	–	–	28,545	34,374
	<u>315,925</u>	<u>6,083</u>	<u>6,997</u>	<u>823</u>	<u>36,097</u>	<u>365,925</u>

Liabilities

Deposits by banks at banking subsidiaries	1,024	1,800	900	–	–	3,724
Customer accounts held at banking subsidiaries	191,050	1,706	2,423	823	71	196,073
Trade and other payables	42,605	–	–	–	–	42,605
Borrowings	7,310	72	79	30	–	7,491
Provisions	214	150	450	–	–	814
Other non-current liabilities	–	–	–	111	–	111
	<u>242,203</u>	<u>3,728</u>	<u>3,852</u>	<u>964</u>	<u>71</u>	<u>250,818</u>

At 31 December 2010

Assets

Cash and cash equivalents (excluding bank subsidiaries)	80,720	–	–	–	–	80,720
Loans and advances to banks by banking subsidiaries	210,170	–	–	–	259	210,429
Loans and advances to customers of banking subsidiaries	21,380	11,062	2,461	3,098	107	38,108
Trade and other receivables	31,134	1,137	–	–	–	32,271
Other investments	5,313	–	–	–	25,184	30,497
	<u>348,717</u>	<u>12,199</u>	<u>2,461</u>	<u>3,098</u>	<u>25,550</u>	<u>392,025</u>

Liabilities

Deposits by banks at banking subsidiaries	2,507	–	800	–	–	3,307
Customer accounts held at banking subsidiaries	215,742	6,263	1,666	915	105	224,691
Trade and other payables	40,772	–	–	–	–	40,772
Borrowings	5,990	252	140	50	–	6,432
Provisions	1,113	150	600	–	–	1,863
Other non-current liabilities	–	–	–	114	–	114
	<u>266,124</u>	<u>6,665</u>	<u>3,206</u>	<u>1,079</u>	<u>105</u>	<u>277,179</u>

Included in loans and advances to banks by banking subsidiaries repayable in less than 1 year is £133,642,000

(2010: £54,726,000) repayable on demand and £47,414,000 (2010: £155,444,000) repayable within 3 months.

Included in loans and advances to customers of banking subsidiaries repayable in less than 1 year is £7,952,000 (2010: £5,703,000) repayable on demand, £5,137,000 (2010: £4,237,000) repayable within 3 months and £3,157,000 (2010: £11,440,000) repayable between 3 and 12 months.

Included in other investments repayable in less than 1 year is £5,829,000 (2010: £5,313,000) repayable between 3 and 12 months.

Included in deposits by banks at banking subsidiaries repayable in less than 1 year is £459,000 (2010: £nil) repayable on demand, £355,000 (2010: £802,000) repayable within 3 months and £210,000 (2010: £1,705,000) repayable between 3 and 12 months.

Included in customer accounts held at banking subsidiaries repayable in less than 1 year is £130,695,000 (2010: £80,046,000) repayable on demand, £55,041,000 (2010: £129,240,000) repayable within 3 months and £5,314,000 (2010: £6,456,000) repayable between 3 and 12 months.

Included in borrowings in less than 1 year is £7,012,000 (2010: £5,447,000) repayable on demand.

38 Principal subsidiary and associated undertakings

Subsidiary undertakings

The principal operating subsidiary undertakings of the group at 31 December 2011, which are wholly owned and incorporated in Great Britain unless otherwise stated, were:

	Principal country of operation
Agriculture and horticulture	
Amgoorie India Limited (Incorporated in India – 99.8 per cent. holding)	India
C.C. Lawrie Comércio e Participações Ltda. (Incorporated in Brazil)	Brazil
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0 per cent. holding)	Kenya
Eastern Produce Malawi Limited (Incorporated in Malawi – 73.2 per cent. holding)	Malawi
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa
Goodricke Group Limited (Incorporated in India – 79.2 per cent. holding)	India
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)	India
Longbourne Holdings Limited	Bangladesh
Siret Tea Company Limited (Incorporated in Kenya – 50.5 per cent. owned by Kakuzi Limited)	Kenya
Stewart Holl (India) Limited (Incorporated in India – 92.0 per cent. holding)	India
Engineering	
Abbey Metal Finishing Company Limited	UK
AJT Engineering Limited	UK
AKD Engineering Limited	UK
British Metal Treatments Limited	UK
GU Cutting and Grinding Services Limited	UK
Loddon Engineering Limited	UK
Food storage and distribution	
Affish BV (Incorporated in The Netherlands)	The Netherlands
Associated Cold Stores & Transport Limited	UK

Wylax International BV (Incorporated in The Netherlands) The Netherlands

Trading and agency

Linton Park Services Limited UK

Robertson Bois Dickson Anderson Limited UK

Banking and financial services

Duncan Lawrie Limited UK

Duncan Lawrie Asset Management Limited UK

Duncan Lawrie Holdings Limited UK

Duncan Lawrie (IOM) Limited (Incorporated in Isle of Man) Isle of Man

Investment holding

Affish Limited UK

Assam Dooars Investments Limited UK

Associated Fisheries Limited UK

Bordure Limited UK

John Ingham & Sons Limited UK

Lawrie (Bermuda) Limited (Incorporated in Bermuda) Bermuda

Lawrie Group Plc (Owned directly by the company) UK

Lawrie International Limited (Incorporated in Bermuda) Bermuda

Linton Park Plc (Owned directly by the company) UK

Unochrome Industries Limited UK

Western Dooars Investments Limited UK

Associated undertakings

The principal associated undertakings of the group at 31 December 2011 were:

	Principal country of operation	Accounting date 2011	Group interest in equity capital per cent.
Insurance and leasing			
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	31 December	25.1
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	37.0
United Leasing Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	38.4

39 Control of Camellia Plc

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.34 per cent. of the total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Limited, a private trust company incorporated under the laws of Bermuda as trustee of The Camellia Foundation (“the 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, other than Mr M Dünki and Mr D A Reeves who are directors of The Camellia Private Trust Company Limited and act as trustees of the Foundation, none of the directors of Camellia Plc are connected with The Camellia Private Trust Company Limited or the Foundation. While The Camellia Private Trust Company Limited as a Trustee of the

Foundation maintains its rights as a shareholder, it has not participated in, and has confirmed to the board of Camellia Plc that it has no intention of participating in, the day to day running of the business of the Camellia Group. The 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 Plc in relation to any matter concerning the Camellia Group's interest in any assets in which the Foundation also has a material interest otherwise than through Camellia Plc.

Report of the independent auditors

Independent Auditors' Report to the Members of Camellia Plc

We have audited the financial statements of Camellia Plc for the year ended 31 December 2011 which comprise the Consolidated income statement, the Group and Parent Company Statements of comprehensive income, the Consolidated and Parent Company balance sheets, the Consolidated and Parent Company cash flow statements, the Group and Parent Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether: the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Camellia Plc Report and accounts 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2011 and of the group's profit and group's and parent company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate governance statement set out on pages 14 to 16 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 13, in relation to going concern;
- the parts of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

26 April 2012

Notes:

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

For further enquiries please contact Camellia Plc
Malcolm Perkins, Chairman
01622 746655
26 April 2012