



Camellia Plc

Interim report 2011

Camellia Plc

Interim report 2011

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Registered office

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Linton

Near Maidstone

Kent ME17 4AB

Registered number 29559

www.camellia.plc.uk

Camellia Plc

Chairman's statement

The profit before tax of £14,129,000 for the six months to 30 June 2011 compares with a profit of £16,136,000 for the same period last year.

The board has declared an interim dividend of 30p per ordinary share payable on 3 November 2011 to shareholders registered on 7 October 2011.

Tea

India

Improved climatic conditions have led to higher production and sale prices have increased over last year. However the level of wage demands in the tea growing districts is likely to affect results and is of considerable concern to the industry as are the effects of inflation on other garden costs.

Bangladesh

Production for the first half of the year was below expectations and prices also declined from the high levels seen last year.

Africa

Production in Kenya is down by approximately a quarter this year after the exceptional climatic conditions in 2010 and the impact of the drought in the Horn of Africa. Production in Malawi is marginally below last year. Tea prices in both Kenya and Malawi have remained strong in the first half of the year and have recently improved from the slightly reduced levels achieved earlier in the year.

The political situation in Malawi continues to be a cause for concern. The high value of the Kwacha has been partially alleviated by its recent devaluation; however it will continue to put pressure on margins in local currency.

Edible nuts

Macadamia production in Malawi and South Africa is slightly below last year, principally due to hail damage on one of our estates. Sale prices are above those achieved in the previous year.

Other horticulture

The citrus crop at Horizon Farms in California is expected to be on a par with that for 2010.

Avocado production at Kakuzi in Kenya is reduced from the previous year, although there has been an increase in the outgrower fruit processed through the packing facility. Sale prices are expected to be on a par with last year, although it is too early to predict final European prices following the United States allowing fruit from Peru to be imported for the first time.

Rubber production in Bangladesh was lower than last year but sale prices have continued to rise.

In Brazil the 2010/11 season concluded with good production and prices for the soya and maize crops of CC Lawrie.

Our wine harvest in South Africa was marginally ahead of the previous year.

Food storage and distribution

The market for cold storage remains very competitive with overcapacity continuing to impact the results of Associated Cold Stores and Transport. Some progress has been made in the last few months in improving occupancy levels in our cold stores.

Engineering

Our engineering group continues to operate in a varied environment. AKD Engineering has had a very difficult start to the year, while our Scottish based companies have had a successful first six months. Orders continue to be placed on a hand to mouth basis and there remains concern in the engineering sector of a potential double dip recession. The establishment of the new Abbey Metal Finishing facility following the disastrous fire in April 2010 has been completed and it will become fully operational in the second half of the year. GU Cutting and Grinding Services are also now operating from their new facility.

Chairman's statement

Banking

Duncan Lawrie increased its revenue and trading profits compared to the same period last year. The current turmoil in the financial markets makes for a very uncertain outcome for the remainder of the year.

Associates

As previously announced the proposed sale of our shareholdings in United Leasing and United Insurance in Bangladesh did not materialise due to the fact that, on account of legal reasons beyond our control, completion could not take place within the period stipulated in the contracts and it proved impossible to negotiate a satisfactory extension of the contracts. These companies will therefore be treated as associate companies and their results will be consolidated as from 1 January 2011.

Prospects

Our agricultural operations are continuing to make a positive contribution to profits, but the ever increasing cost of production including the cost of labour remains a cause for concern.

The group has no net debt and remains in a strong financial position but, as usual, it is not possible to give any indication of the likely outcome for the full year.

M C Perkins

Chairman

25 August 2011

Camellia Plc

Interim management report

The chairman's statement forms part of this report and includes important events that have occurred during the six months ended 30 June 2011 and their impact on the financial statements set out herein.

Principal risks and uncertainties

The directors' report in the statutory financial statements for the year ended 31 December 2010 (the accounts are available on the company's website: www.camellia.plc.uk) highlighted risks and uncertainties that could have an impact on the group's businesses. As these businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the group's performance. These risks and uncertainties continue to be relevant for the remainder of the year. In addition, the chairman's statement included in this report refers to specific risks and uncertainties that the group is presently facing.

Statement of directors' responsibilities

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

The directors of Camellia Plc are listed in the Camellia Plc statutory financial statements for the year ended 31 December 2010. There have been no subsequent changes of directors and a list of current directors is maintained on the group's website at www.camellia.plc.uk.

By order of the board

M C Perkins

Chairman

25 August 2011

Consolidated income statement
for the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Revenue	4	103,202	102,557	251,181
Cost of sales		(71,956)	(69,824)	(150,340)
Gross profit		31,246	32,733	100,841
Other operating income		767	915	2,416
Distribution costs		(4,539)	(3,492)	(12,192)
Administrative expenses		(21,043)	(18,428)	(42,681)
Trading profit	4	6,431	11,728	48,384
Share of associates' results	5	2,209	2,387	3,814
Profit on non-current assets	6	534	–	4,144
Profit on disposal of available-for-sale investments		149	80	182
Profit on disposal of an associate		–	248	248
Gain arising from changes in fair value of biological assets		17	1,085	11,111
Profit from operations		9,340	15,528	67,883
Investment income		587	452	957
Finance income		848	775	1,431
Finance costs		(221)	(335)	(661)
Net exchange gain/(loss)		2,938	(117)	4,054
Pension schemes' net financing income/(expense)		637	(167)	(523)
Net finance income	7	4,202	156	4,301
Profit before tax		14,129	16,136	73,141
Taxation	8	(3,457)	(5,163)	(22,107)
Profit for the period		10,672	10,973	51,034
Profit attributable to:				
Owners of the parent		8,515	7,510	41,984
Non-controlling interests		2,157	3,463	9,050
		10,672	10,973	51,034
Earnings per share – basic and diluted	10	306.4p	270.2p	1,510.5p

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Statement of comprehensive income for the six months ended 30 June 2011

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Profit for the period	<u>10,672</u>	<u>10,973</u>	<u>51,034</u>
Other comprehensive (expense)/income:			
Foreign exchange translation differences	(11,720)	14,260	8,448
Release of exchange translation difference on disposal of associate	–	(17,298)	(17,298)
Release of other reserve movements on disposal of associate	–	945	945
Actuarial movement on defined benefit pension schemes (note 15)	626	(6,577)	5,457
Available-for-sale investments:			
Valuation gains/(losses) taken to equity	577	(2,043)	385
Share of other comprehensive (expense)/income of associates	(2,092)	(134)	8
Tax relating to components of other comprehensive income	–	–	889
Other comprehensive expense for the period, net of tax	<u>(12,609)</u>	<u>(10,847)</u>	<u>(1,166)</u>
Total comprehensive (expense)/income for the period	<u>(1,937)</u>	<u>126</u>	<u>49,868</u>
Total comprehensive (expense)/income attributable to:			
Owners of the parent	(1,462)	(4,456)	40,887
Non-controlling interests	(475)	4,582	8,981
	<u>(1,937)</u>	<u>126</u>	<u>49,868</u>

Consolidated balance sheet
at 30 June 2011

		30 June	30 June	restated 31 December
	Notes	2011	2010	2010
		£'000	£'000	£'000
Non-current assets				
Intangible assets		7,844	8,363	8,076
Property, plant and equipment	11	92,452	83,626	88,676
Biological assets		114,633	113,148	121,000
Prepaid operating leases		916	1,076	1,040
Investments in associates	12	35,874	38,360	37,939
Deferred tax assets		115	95	109
Other investments		34,285	30,901	32,546
Retirement benefit surplus		796	3,301	835
Trade and other receivables		9,582	17,121	17,758
Total non-current assets		<u>296,497</u>	<u>295,991</u>	<u>307,979</u>
Current assets				
Inventories		39,686	33,927	35,214
Trade and other receivables		65,965	58,450	60,388
Other investments		4,223	6,072	5,313
Current income tax assets		2,660	2,361	650
Cash and cash equivalents	13	263,322	268,177	291,149
Total current assets		<u>375,856</u>	<u>368,987</u>	<u>392,714</u>
Current liabilities				
Borrowings	14	(10,932)	(13,727)	(5,990)
Trade and other payables		(242,580)	(251,473)	(260,751)
Current income tax liabilities		(6,301)	(6,718)	(7,211)
Employee benefit obligations	15	(310)	(271)	(352)
Provisions		(978)	(150)	(1,113)
Total current liabilities		<u>(261,101)</u>	<u>(272,339)</u>	<u>(275,417)</u>
Net current assets		<u>114,755</u>	<u>96,648</u>	<u>117,297</u>
Total assets less current liabilities		<u>411,252</u>	<u>392,639</u>	<u>425,276</u>
Non-current liabilities				
Borrowings	14	(286)	(1,165)	(442)
Trade and other payables		(5,347)	(12,327)	(9,644)
Deferred tax liabilities		(32,325)	(31,538)	(34,502)
Employee benefit obligations	15	(11,357)	(27,382)	(12,852)
Other non-current liabilities		(112)	(116)	(114)
Provisions		(675)	–	(750)
Total non-current liabilities		<u>(50,102)</u>	<u>(72,528)</u>	<u>(58,304)</u>
Net assets		<u>361,150</u>	<u>320,111</u>	<u>366,972</u>
Equity				
Called up share capital		284	284	284
Share premium		15,298	15,298	15,298
Reserves		310,030	269,313	313,911
Total shareholders' funds		<u>325,612</u>	<u>284,895</u>	<u>329,493</u>
Non-controlling interests		35,538	35,216	37,479
Total equity		<u>361,150</u>	<u>320,111</u>	<u>366,972</u>

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Consolidated cash flow statement for the six months ended 30 June 2011

	Notes	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Cash generated from operations				
Cash flows from operating activities	16	4,339	(4,081)	27,995
Interest paid		(177)	(311)	(683)
Income taxes paid		(6,029)	(5,885)	(15,532)
Interest received		942	787	1,291
Dividends received from associates		698	409	1,220
Net cash flow from operating activities		(227)	(9,081)	14,291
Cash flows from investing activities				
Purchase of intangible assets		(52)	(72)	(91)
Purchase of property, plant and equipment		(10,351)	(5,783)	(16,486)
Insurance proceeds for non-current assets		534	–	5,490
Proceeds from sale of non-current assets		207	734	553
Part disposal of a subsidiary		122	312	507
Non-controlling interest subscription		67	–	–
Proceeds from sale of investments		5,596	10,037	12,785
Purchase of investments		(6,107)	(4,655)	(7,181)
Income from investments		587	452	957
Purchase of non-controlling interests		–	(2,705)	(2,705)
Proceeds from sale of associate		–	48,754	48,754
Net cash flow from investing activities		(9,397)	47,074	42,583
Cash flows from financing activities				
Equity dividends paid		–	–	(2,891)
Dividends paid to non-controlling interests		(1,606)	(1,844)	(4,207)
New loans		–	–	59
Repayment of debt		(320)	(4,953)	(7,575)
Net cash flow from financing activities		(1,926)	(6,797)	(14,614)
Net (decrease)/increase in cash and cash equivalents	17	(11,550)	31,196	42,260
Cash and cash equivalents at beginning of period		75,273	28,631	28,631
Exchange gains on cash		513	879	4,382
Cash and cash equivalents at end of period		64,236	60,706	75,273

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

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

Cash and cash equivalents	263,322	268,177	291,149
Less banking operation funds	(188,507)	(196,166)	(210,429)
Overdrafts repayable on demand (included in current liabilities – borrowings)	(10,579)	(11,305)	(5,447)
	<u>64,236</u>	<u>60,706</u>	<u>75,273</u>

Statement of changes in equity
for the six months ended 30 June 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
At 1 January 2010	284	15,298	(400)	208,044	70,628	293,854	32,456	326,310
Total comprehensive income/(expense) for the period	–	–	–	1,709	(6,165)	(4,456)	4,582	126
Dividends	–	–	–	(2,057)	–	(2,057)	(1,844)	(3,901)
Non-controlling interest subscription	–	–	–	43	–	43	270	313
Acquisition of non-controlling interest	–	–	–	(2,457)	–	(2,457)	(248)	(2,705)
Share of associates' other equity movements	–	–	–	64	–	64	–	64
Loss on dilution of interest in associate	–	–	–	(96)	–	(96)	–	(96)
At 30 June 2010	<u>284</u>	<u>15,298</u>	<u>(400)</u>	<u>205,250</u>	<u>64,463</u>	<u>284,895</u>	<u>35,216</u>	<u>320,111</u>
At 1 January 2010	284	15,298	(400)	208,044	70,628	293,854	32,456	326,310
Total comprehensive income/(expense) for the period	–	–	–	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 interest	–	–	–	(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	<u>284</u>	<u>15,298</u>	<u>(400)</u>	<u>252,529</u>	<u>61,782</u>	<u>329,493</u>	<u>37,479</u>	<u>366,972</u>
Total comprehensive income/(expense) for the period	–	–	–	7,050	(8,512)	(1,462)	(475)	(1,937)
Dividends	–	–	–	(2,224)	–	(2,224)	(1,605)	(3,829)
Non-controlling interest subscription	–	–	–	50	–	50	139	189
Share of associates' other equity movements	–	–	–	(229)	–	(229)	–	(229)
Loss on dilution of interest in associate	–	–	–	(16)	–	(16)	–	(16)
At 30 June 2011	<u>284</u>	<u>15,298</u>	<u>(400)</u>	<u>257,160</u>	<u>53,270</u>	<u>325,612</u>	<u>35,538</u>	<u>361,150</u>

Camellia Plc

Notes to the accounts

1 Basis of preparation

These financial statements are the interim condensed consolidated financial statements of Camellia Plc, a company registered in England, and its subsidiaries (the “group”) for the six month period ended 30 June 2011 (the “Interim Report”). They should be read in conjunction with the Report and Accounts (the “Annual Report”) for the year ended 31 December 2010.

The financial information contained in this interim report has not been audited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2010 has been delivered to the Registrar of Companies. The auditors’ opinion on these accounts was unqualified and does not contain an emphasis of matter paragraph or a statement made under Section 498(2) and Section 498(3) of the Companies Act 2006.

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

Where necessary, the comparatives have been reclassified from the previously reported interim results to take into account any presentational changes made in the Annual Report. In respect of year ended 31 December 2010 the balance sheet has been restated, details are included in note 12.

These interim condensed financial statements were approved by the board of directors on 25 August 2011. At the time of approving these financial statements, the directors have 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.

2 Accounting policies

These interim condensed financial statements have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2010. In addition the group has implemented the following new and revised standards and interpretations:

IAS 24 (revised)	Related party disclosures
IFRIC 14 (amendment)	Prepayment of a minimum funding requirement

A summary of each of the above standards and interpretations was provided on page 37 of the 2010 Annual Report. The adoption of IAS 24 and IFRIC 14 has had no material impact on the group’s results, assets and liabilities.

3 Cyclical and seasonal factors

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

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

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

Notes to the accounts

4 Segment reporting

	Six months ended 30 June 2011		Six months ended 30 June 2010		Year ended 31 December 2010	
	Revenue £'000	Trading profit £'000	Revenue £'000	Trading profit £'000	Revenue £'000	Trading profit £'000
Agriculture and horticulture	70,020	9,263	70,811	13,909	186,714	54,013
Engineering	10,296	175	10,394	331	19,887	256
Food storage and distribution	15,825	(636)	15,079	(810)	32,000	(670)
Banking and financial services	6,418	484	6,027	28	12,084	275
Other operations	643	(281)	246	25	496	199
	<u>103,202</u>	<u>9,005</u>	<u>102,557</u>	<u>13,483</u>	<u>251,181</u>	<u>54,073</u>
Unallocated corporate expenses		(2,574)		(1,755)		(5,689)
Trading profit		<u>6,431</u>		<u>11,728</u>		<u>48,384</u>
Share of associates' results		2,209		2,387		3,814
Profit on non-current assets		534		–		4,144
Profit on disposal of available-for-sale investments		149		80		182
Profit on disposal of an associate		–		248		248
Gain arising from changes in fair value of biological assets		17		1,085		11,111
Investment income		587		452		957
Net finance income		<u>4,202</u>		<u>156</u>		<u>4,301</u>
Profit before tax		14,129		16,136		73,141
Taxation		(3,457)		(5,163)		(22,107)
Profit after tax		<u>10,672</u>		<u>10,973</u>		<u>51,034</u>

5 Share of associates' results

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

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Operating profit	2,682	2,695	4,494
Net finance costs	(14)	(39)	(93)
Profit before tax	<u>2,668</u>	<u>2,656</u>	<u>4,401</u>
Taxation	(459)	(269)	(587)
Profit after tax	<u>2,209</u>	<u>2,387</u>	<u>3,814</u>

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Notes to the accounts

6 Profit on non-current assets

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

7 Finance income and costs

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Interest payable on loans and bank overdrafts	(191)	(286)	(568)
Interest payable on obligations under finance leases	(30)	(49)	(93)
Finance costs	(221)	(335)	(661)
Finance income – interest income on short-term bank deposits	848	775	1,431
Net exchange gain/(loss) on foreign currency balances	2,938	(117)	4,054
Pension schemes' net financing income/(expense)	637	(167)	(523)
Net finance income	4,202	156	4,301

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

8 Taxation on profit on ordinary activities

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Current tax			
Overseas corporation tax	3,599	5,500	17,561
Deferred tax			
Origination and reversal of timing differences			
Overseas deferred tax	(142)	(337)	4,546
Tax on profit on ordinary activities	3,457	5,163	22,107

Tax on profit on ordinary activities for the six months to 30 June 2011 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2011.

Notes to the accounts

9 Equity dividends

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2010 of 80.00p (2009: 74.00p) per share	2,224	2,057	2,057
Interim dividend for the year ended 31 December 2010 of 30.00p per share			834
			<u>2,891</u>

Dividends amounting to £50,000 (2010: six months £46,000 – year £65,000) have not been included as group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Proposed interim dividend for the year ended 31 December 2011 of 30.00p (2010: 30.00p) per share	834	834
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The proposed interim dividend was approved by the board of directors on 25 August 2011 and has not been included as a liability in these financial statements.

10 Earnings per share (EPS)

	Six months ended 30 June 2011		Six months ended 30 June 2010		Year ended 31 December 2010	
	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence	Earnings £'000	EPS Pence
Basic and diluted EPS						
Attributable to ordinary shareholders	8,515	306.4	7,510	270.2	41,984	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 of 2,779,500 (2010: six months 2,779,500 – year 2,779,500), which excludes 62,500 (2010: six months 62,500 – year 62,500) shares held by the group as treasury shares.

11 Property, plant and equipment

During the six months ended 30 June 2011 the group acquired assets with a cost of £10,351,000 (2010: six months £5,783,000 – year £16,486,000). Assets with a carrying amount of £91,000 were disposed of during the six months ended 30 June 2011 (2010: six months £645,000 – year £1,381,000).

12 Investments in associates

At 1 January 2011, an amount of £6,161,000 has been reclassified from assets held for sale to investments in associates, as the proposed sale of the group's entire shareholdings in its Bangladeshi associated undertakings United Insurance Company Limited and United Leasing Company Limited did not materialise. For comparative purposes, the consolidated balance sheet at 31 December 2010 has been restated to incorporate this change.

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Notes to the accounts

13 Cash and cash equivalents

Included in cash and cash equivalents of £263,322,000 (2010: six months £268,177,000 – year £291,149,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £188,507,000 (2010: six months £196,166,000 – year £210,429,000), which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

14 Borrowings

Borrowings (current and non-current) include loans and finance leases of £639,000 (2010: six months £3,587,000 – year £985,000) and bank overdrafts of £10,579,000 (2010: six months £11,305,000 – year £5,447,000). The following loans were repaid during the six months ended 30 June 2011:

	£'000
Balance at 1 January 2011	985
Exchange differences	(26)
Repayments	(320)
Balance at 30 June 2011	<u>639</u>

15 Retirement benefit schemes

UK defined benefit pension schemes for the purposes of IAS 19 have been updated to 30 June 2011 from the valuations as at 31 December 2010 by the actuaries to each relevant pension scheme and the movements have been reflected in this interim statement. Overseas schemes have not been updated from 31 December 2010 valuations as it is considered that there have been no significant changes.

An actuarial profit of £626,000 was realised in the period, of which £55,000 was realised in relation to the scheme assets and £571,000 was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has increased to 5.50% (31 December 2010: 5.40%), the assumed rate of inflation (CPI) has increased to 3.10% (31 December 2010: 3.00%) and the assumed rate of increases for salaries to 3.20% (31 December 2010: 3.10%). There has been no change in the mortality assumptions used.

On 1 July 2011 the three UK defined benefit pension schemes were merged into one new scheme.

16 Reconciliation of profit from operations to cash flow

	Six months ended 30 June 2011 £'000	Six months ended 30 June 2010 £'000	Year ended 31 December 2010 £'000
Profit from operations	9,340	15,528	67,883
Share of associates' results	(2,209)	(2,387)	(3,814)
Depreciation and amortisation	4,585	4,594	8,965
Gain arising from changes in fair value of biological assets	(17)	(1,085)	(11,111)
Profit on disposal of non-current assets	(650)	(89)	(4,662)
Profit on disposal of investments	(149)	(80)	(182)
Impairment of non-current assets	–	–	615
Profit on disposal of an associate	–	(248)	(248)
Increase in working capital	(3,875)	(10,631)	(11,760)
Net increase in funds of banking subsidiaries	(2,686)	(9,683)	(17,691)
	<u>4,339</u>	<u>(4,081)</u>	<u>27,995</u>

Notes to the accounts

17 Reconciliation of net cash flow to movement in net cash

	Six months ended 30 June 2011 £'000	<i>Six months ended 30 June 2010 £'000</i>	<i>Year ended 31 December 2010 £'000</i>
(Decrease)/increase in cash and cash equivalents in the period	(11,550)	31,196	42,260
Net cash outflow from decrease in debt	320	4,953	7,516
(Decrease)/increase in net cash resulting from cash flows	(11,230)	36,149	49,776
Exchange rate movements	539	710	4,252
(Decrease)/increase in net cash in the period	(10,691)	36,859	54,028
Net cash at beginning of period	74,288	20,260	20,260
Net cash at end of period	63,597	57,119	74,288

18 Related party transactions

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