Camellia Plc

Half yearly report 2012

Highlights from the results

	Six months ended 30 June 2012		Six months ended 30 June 2011	
	£'000		£'000	
Revenue	110,389		103,202	
Trading profit	6,785		6,431	
Profit before tax	29,075		14,129	
Profit for the period	20,302		10,672	
Earnings per share	533.2	p	306.4	p
Interim dividend per share	32	p	30	p

Chairman's statement

The profit before tax, excluding biological asset gains, was £12,996,000 for the six months to 30 June 2012 compared with a profit of £14,112,000 for the same period last year. The current period biological asset gains were £16,079,000 of which £15,751,000 are attributable to our Malawi operations following the significant devaluation of the Malawian Kwacha in May 2012. A similar amount has reduced reserves in the balance sheet. Both these amounts are non-cash items and are required to be treated in this manner under International Accounting Standards. As a result, the profit before tax was £29,075,000 compared with a profit of £14,129,000 for the same period last year.

The board has declared an interim dividend of 32p per ordinary share payable on 8 October 2012 to shareholders registered on 7 September 2012.

Tea

India

Variable weather conditions have led to an overall reduction in crop yields in The Dooars and Assam regions. Production costs have increased mainly due to higher labour and energy costs. However, tea prices are marginally ahead of the same period last year.

Bangladesh

Crop levels are ahead of budget following the favourable weather during the growing season. Prices have increased in the local market. The benefits of the improvement to management and husbandry practices are starting to filter through with improved crop yields and better quality.

Africa

Production in Kenya is down this year following an exceptional dry spell at the beginning of the year, although production has been excellent following the rains in April. Production in Malawi is slightly below last year. Tea prices in both Kenya and Malawi have remained strong in the first half of the year. The rebuilding of our tea processing factory in the Thyolo district of Malawi, following its destruction by fire, is underway.

The political situation in Malawi is stable following the death of the former president and the devaluation of the Malawian Kwacha has been beneficial to the local economy particularly as far as availability of essential imports is concerned.

The Sireet Outgrowers Empowerment company has given Kakuzi notice that it will exercise its option to buy the 50.5% of the Siret Tea company that it does not already own.

Edible nuts

Macadamia production in Malawi and South Africa is marginally below last year, principally due to hail damage on one of our South African estates and a dry period in Malawi at the time of flowering. Prices have remained buoyant.

In California, the biennial pistachio harvest takes place in the second half of the year and prospects are expected to be in line with a normal 'on' year for production.

Other horticulture

Avocado production at Kakuzi in Kenya is expected to significantly improve following the drought in the previous year. Sale prices are expected to be lower than last year due to greater availability in the European market of fruit from Peru.

Our citrus crop in California has improved over last year and prices are better than expected.
Our wine harvest in South Africa was slightly ahead of the previous year.

Food storage and distribution

Occupancy levels in Associated Cold Stores and Transport's cold stores improved in the first six months of this year and the company returned to profitability. However the market for cold storage in the UK remains very competitive with overcapacity. Our businesses in the Netherlands continue to suffer from the problems with the Euro and the low economic growth in the Netherlands.

Engineering

Our engineering group continues to operate in a varied environment. AKD Engineering has had a difficult start to the year due to a major contract delay, while our Scottish based companies have had a successful first six months. The new Abbey Metal Finishing facility in Hinckley is now fully operational, notwithstanding one or two teething problems, and they are beginning to win new orders in the aerospace sector. GU Cutting and Grinding Services is fully operational from its new facility in Stockport and the future looks promising for their new water jet and grinding machines. For our other engineering companies, orders are being placed intermittently and margins remain competitive.

Banking

Duncan Lawrie occupies a niche position as a small private bank offering excellent personal service to its clients, without the risk inherent in its larger competitors with investment banking operations. It is to be hoped that we can increase our client base in the present uncertain market conditions. The current lack of any meaningful margin on depositors' funds makes it more difficult to achieve a satisfactory return on capital employed but our asset management and trust operations are performing to expectations and we remain confident for the future.

Prospects

Our agricultural operations are continuing to make a positive contribution to profits, but the increasing costs of production and labour remain a cause for concern. The continuation of this contribution is of course dependent on benign climatic conditions, reasonable sale prices and the continued political stability in the countries in which we operate, none of which can be guaranteed. 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

30 August 2012

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 2012 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 2011 (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 certain 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 2011. 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

30 August 2012

Consolidated income statement
for the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2011 £'000*	*Year ended 31 December 2011 £'000*
Revenue	4	110,389	*103,202*	*246,849*
Cost of sales		(78,753)	*(71,956)*	*(155,806)*
Gross profit		31,636	*31,246*	*91,043*
Other operating income		1,059	*767*	*1,755*
Distribution costs		(4,314)	*(4,539)*	*(12,972)*
Administrative expenses		(21,596)	*(21,043)*	*(40,593)*
Trading profit	4	6,785	*6,431*	*39,233*
Share of associates' results	5	2,229	*2,209*	*6,862*
Profit on non-current assets	6	994	*534*	*534*
Profit on disposal of available-for-sale investments		246	*149*	*178*
Loss on transfer of an associate		–	*–*	*(721)*
Gain arising from changes in fair value of biological assets	7	16,079	*17*	*7,320*
Profit from operations		26,333	*9,340*	*53,406*
Investment income		578	*587*	*1,074*
Finance income		1,984	*848*	*2,350*
Finance costs		(304)	*(221)*	*(632)*
Net exchange gain		558	*2,938*	*1,648*
Pension schemes' net financing (expense)/income		(74)	*637*	*804*
Net finance income	8	2,164	*4,202*	*4,170*
Profit before tax		29,075	*14,129*	*58,650*
Taxation	9	(8,773)	*(3,457)*	*(16,860)*
Profit for the period		20,302	*10,672*	*41,790*
Profit attributable to:				
Owners of the parent		14,820	*8,515*	*33,086*
Non-controlling interests		5,482	*2,157*	*8,704*
		20,302	*10,672*	*41,790*

	Notes			
Earnings per share – basic and diluted	11	533.2p	*306.4p*	*1,190.4p*

Statement of comprehensive income

for the six months ended 30 June 2012

	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2011 £'000*	*Year ended 31 December 2011 £'000*
Profit for the period	20,302	*10,672*	*41,790*
Other comprehensive (expense)/income:			
Foreign exchange translation differences	(21,320)	*(11,720)*	*(20,383)*
Release of exchange translation difference on transfer of associate	–	–	*(429)*
Release of other reserve movements on transfer of associate	–	–	219
Actuarial movement on defined benefit pension schemes (note 16)	(4,910)	*626*	*(15,609)*
Available-for-sale investments:			
Valuation (losses)/gains taken to equity	(13)	*577*	*(2,201)*
Transferred to income statement on sale	(5)	–	*2*
Share of other comprehensive expense of associates	(811)	*(2,092)*	*(2,446)*
Tax relating to components of other comprehensive income	–	–	*21*
Other comprehensive expense for the period, net of tax	(27,059)	(12,609)	(40,826)
Total comprehensive (expense)/income for the period	(6,757)	(1,937)	964
Total comprehensive (expense)/income attributable to:			
Owners of the parent	(7,413)	*(1,462)*	*(4,861)*
Non-controlling interests	656	*(475)*	*5,825*
	(6,757)	*(1,937)*	*964*

Consolidated balance sheet

at 30 June 2012

	Notes	30 June 2012 £'000	*30 June 2011 £'000*	*31 December 2011 £'000*
Non-current assets				
Intangible assets		7,549	*7,844*	*7,643*
Property, plant and equipment	12	93,438	*92,452*	*94,575*
Biological assets		115,767	*114,633*	*118,180*
Prepaid operating leases		965	*916*	*992*
Investments in associates		38,392	*35,874*	*38,077*
Deferred tax assets		154	*115*	*158*
Financial assets		29,716	*26,923*	*28,545*
Other investments		8,548	*7,362*	*8,368*
Retirement benefit surplus	16	427	*796*	*437*
Trade and other receivables		9,231	*9,582*	*13,903*
Total non-current assets		304,187	*296,497*	*310,878*
Current assets				
Inventories		36,485	*39,686*	*39,177*
Trade and other receivables		69,867	*65,965*	*62,872*
Other investments		4,001	*4,223*	*5,829*
Current income tax assets		2,946	*2,660*	*690*
Cash and cash equivalents	13	273,903	*263,322*	*260,916*
		387,202	*375,856*	*369,484*
Assets classified as held for sale	14	5,037	–	–

Total current assets		392,239	*375,856*	*369,484*
Current liabilities				
Borrowings	15	(11,059)	*(10,932)*	*(7,310)*
Trade and other payables		(257,638)	*(242,580)*	*(236,621)*
Current income tax liabilities		(5,455)	*(6,301)*	*(3,242)*
Employee benefit obligations	16	(335)	*(310)*	*(374)*
Provisions		(214)	*(978)*	*(214)*
		(274,701)	*(261,101)*	*(247,761)*
Liabilities classified as held for sale	14	(2,110)	–	–
Total current liabilities		(276,811)	*(261,101)*	*(247,761)*
Net current assets		115,428	*114,755*	*121,723*
Total assets less current liabilities		419,615	*411,252*	*432,601*
Non-current liabilities				
Borrowings	15	(133)	*(286)*	*(181)*
Trade and other payables		(6,001)	*(5,347)*	*(7,652)*
Deferred tax liabilities		(32,723)	*(32,325)*	*(35,395)*
Employee benefit obligations	16	(30,476)	*(11,357)*	*(26,955)*
Other non-current liabilities		(108)	*(112)*	*(111)*
Provisions		(525)	*(675)*	*(600)*
Total non-current liabilities		(69,966)	*(50,102)*	*(70,894)*
Net assets		349,649	*361,150*	*361,707*
Equity				
Called up share capital		284	*284*	*284*
Share premium		15,298	*15,298*	*15,298*
Reserves		296,110	*310,030*	*306,010*
Total shareholders' funds		311,692	*325,612*	*321,592*
Non-controlling interests		37,957	*35,538*	*40,115*
Total equity		349,649	*361,150*	*361,707*

Consolidated cash flow statement

for the six months ended 30 June 2012

	Notes	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2011 £'000*	*Year ended 31 December 2011 £'000*
Cash generated from operations				
Cash flows from operating activities	17	6,251	*5,912*	*44,275*
Interest paid		(337)	*(177)*	*(625)*
Income taxes paid		(4,369)	*(6,029)*	*(16,133)*
Interest received		2,039	*942*	*2,257*
Dividends received from associates		750	*698*	*1,221*
Net cash flow from operating activities		4,334	*1,346*	*30,995*
Cash flows from investing activities				
Purchase of intangible assets		(116)	*(52)*	*(89)*
Purchase of property, plant and equipment		(9,059)	*(10,351)*	*(20,790)*
Insurance proceeds for non-current assets		994	*534*	*534*
Proceeds from sale of non-current assets		400	*207*	*530*
Biological asset – new planting		(1,507)	*(1,573)*	*(2,525)*
Part disposal of a subsidiary		123	*122*	*210*
Purchase of non-controlling interests		(215)	–	–
Non-controlling interest subscription		–	*67*	*67*
Proceeds from sale of investments		7,623	*5,596*	*5,662*
Purchase of investments		(7,213)	*(6,107)*	*(11,168)*
Income from investments		578	*587*	*1,074*

Net cash flow from investing activities		(8,392)	*(10,970)*	*(26,495)*
Cash flows from financing activities				
Equity dividends paid		–	–	*(3,057)*
Dividends paid to non-controlling interests		(2,855)	*(1,606)*	*(3,421)*
New loans		370	–	*168*
Loans repaid		(282)	–	*(138)*
Finance lease payments		(114)	*(320)*	*(490)*
Net cash flow from financing activities		(2,881)	*(1,926)*	*(6,938)*
Net decrease in cash and cash equivalents	18	(6,939)	(11,550)	(2,438)
Cash and cash equivalents at beginning of period		72,626	*75,273*	*75,273*
Exchange gains/(losses) on cash		236	*513*	*(209)*
Cash and cash equivalents at end of period		65,923	*64,236*	*72,626*

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	273,903	*263,322*	*260,916*
Less banking operation funds	(197,651)	*(188,507)*	*(181,278)*
Overdrafts repayable on demand (included in current liabilities – borrowings)	(10,741)	*(10,579)*	*(7,012)*
Cash and cash equivalents included in assets held for sale	412	–	–
	65,923	*64,236*	*72,626*

Statement of changes in equity
for the six months ended 30 June 2012

	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 2011	284	15,298	(400)	252,529	61,782	329,493	37,479	366,972
Total comprehensive income/(expense) for the period	–	–	–	7,050	(8,512)	(1,462)	(475)	(1,937)
Dividends	–	–	–	(2,223)	–	(2,223)	(1,605)	(3,828)
Non-controlling interest subscription	–	–	–	50	–	50	139	189
Share of associates' other equity movements	–	–	–	(230)	–	(230)	–	(230)
Loss on dilution of interest in associate	–	–	–	(16)	–	(16)	–	(16)
At 30 June 2011	284	15,298	(400)	257,160	53,270	325,612	35,538	361,150
At 1 January 2011	284	15,298	(400)	252,529	61,782	329,493	37,479	366,972
Total comprehensive income/(expense) for the period	–	–	–	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 associates' 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
Total comprehensive income/(expense) for the period	–	–	–	9,094	(16,507)	(7,413)	656	(6,757)
Dividends	–	–	–	(2,335)	–	(2,335)	(2,855)	(5,190)
Non-controlling interest subscription	–	–	–	29	–	29	93	122
Acquisition of non-controlling interest	–	–	–	(162)	–	(162)	(52)	(214)
Share of associates' other equity movements	–	–	–	21	–	21	–	21
Loss on dilution of interest in associate	–	–	–	(40)	–	(40)	–	(40)
At 30 June 2012	284	15,298	(400)	271,266	25,244	311,692	37,957	349,649

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 2012 (the "Interim Report"). They should be read in conjunction with the Report and Accounts (the "Annual Report") for the year ended 31 December 2011.

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 2011 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.

These interim condensed financial statements were approved by the board of directors on 30 August 2012. 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 2011.

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.

4 Segment reporting

	Six months ended 30 June 2012		*Six months ended 30 June 2011*		*Year ended 31 December 2011*	
	£'000 Revenue £'000	£'000 Trading profit £'000	*£'000 Revenue £'000*	*£'000 Trading profit £'000*	*£'000 Revenue £'000*	*£'000 Trading profit £'000*
Agriculture and horticulture	73,620	8,616	*70,020*	*9,263*	*177,268*	*43,807*
Engineering	13,990	(165)	*10,296*	*175*	*22,854*	*253*
Food storage and distribution	15,806	203	*15,825*	*(636)*	*32,890*	*51*
Banking and financial services	6,216	249	*6,418*	*484*	*12,403*	*485*
Other operations	757	(12)	*643*	*(281)*	*1,434*	*5*
	110,389	8,891	*103,202*	*9,005*	*246,849*	*44,601*
Unallocated corporate expense		(2,106)		*(2,574)*		*(5,368)*
Trading profit		6,785		*6,431*		*39,233*
Share of associates' results		2,229		*2,209*		*6,862*
Profit on non-current assets		994		*534*		*534*
Profit on disposal of available-for-sale investments		246		*149*		*178*
Loss on transfer of an associate		–		*–*		*(721)*
Gain arising from changes in fair value of biological assets		16,079		*17*		*7,320*
Investment income		578		*587*		*1,074*

Net finance income	2,164	*4,202*	*4,170*
Profit before tax	29,075	*14,129*	*58,650*
Taxation	(8,773)	*(3,457)*	*(16,860)*
Profit after tax	20,302	*10,672*	*41,790*

Agriculture and horticulture current period trading profit includes exchange gains of £1,756,000 following the devaluation of the Malawian Kwacha.

5 Share of associates' results

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

	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2011 £'000*	*Year ended 31 December 2011 £'000*
Operating profit	2,622	*2,682*	*7,696*
Net finance costs	(25)	*(14)*	*(28)*
Profit before tax	2,597	*2,668*	*7,668*
Taxation	(368)	*(459)*	*(806)*
Profit after tax	2,229	*2,209*	*6,862*

6 Profit on non-current assets

A profit of £994,000 has been realised following part recovery of insurance claims received in relation to the property, plant and equipment destroyed by the fire in 2011 at one of the tea processing factories owned by Eastern Produce Malawi Limited.

In 2011, an additional profit of £534,000 was 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 Gain arising from changes in fair value of biological assets

Included in the biological asset gain of £16,079,000 is a gain of £15,751,000 attributable to the group's Malawi operations following the significant devaluation of the Malawian Kwacha in May 2012.

8 Finance income and costs

	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2012 £'000*	*Year ended 31 December 2011 £'000*
Interest payable on loans and bank overdrafts	(292)	*(191)*	*(584)*
Interest payable on obligations under finance leases	(12)	*(30)*	*(48)*
Finance costs	(304)	*(221)*	*(632)*
Finance income – interest income on short-term bank deposits	1,984	*848*	*2,350*
Net exchange gain on foreign currency balances	558	*2,938*	*1,648*
Pension schemes' net financing (expense)/income	(74)	*637*	*804*
Net finance income	2,164	*4,202*	*4,170*

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

9 Taxation on profit on ordinary activities

	Six months ended	*Six months ended*	*Year ended*

	30 June 2012 £'000	*30 June 2012 £'000*	*31 December 2011 £'000*
Current tax			
Overseas corporation tax	5,104	*3,599*	*12,686*
Deferred tax			
Origination and reversal of timing differences			
Overseas deferred tax	3,669	*(142)*	*4,174*
Tax on profit on ordinary activities	8,773	*3,457*	*16,860*

Tax on profit on ordinary activities for the six months to 30 June 2012 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2012.

10 Equity dividends

	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2012 £'000*	*Year ended 31 December 2011 £'000*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2011 of 84.00p (2010: 80.00p) per share	2,335	*2,223*	*2,223*
Interim dividend for the year ended 31 December 2011 of 30.00p per share			834
			3,057

Dividends amounting to £52,000 (2011: six months £50,000 – year £69,000) 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 2012 of 32.00p (2011: 30.00p) per share	889	*834*	

The proposed interim dividend was approved by the board of directors on 30 August 2012 and has not been included as a liability in these financial statements.

11 Earnings per share (EPS)

	Six months ended 30 June 2012		*Six months ended 30 June 2011*		*Year ended 31 December 2011*	
	Earnings £'000	EPS Pence	*Earnings £'000*	*EPS Pence*	*Earnings £'000*	*EPS Pence*
Basic and diluted EPS						
Attributable to ordinary shareholders	14,820	533.2	*8,515*	*306.4*	*33,086*	*1,190.4*

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 (2011: six months 2,779,500 – year 2,779,500), which excludes 62,500 (2011: six months 62,500 – year 62,500) shares held by the group as treasury shares.

12 Property, plant and equipment

During the six months ended 30 June 2012 the group acquired assets with a cost of £9,059,000 (2011: six months £10,351,000 – year £20,790,000). Assets with a carrying amount of £66,000 were disposed of during the six months ended 30 June 2012 (2011: six months £91,000 – year £366,000).

13 Cash and cash equivalents

Included in cash and cash equivalents of £273,903,000 (2011: six months £263,322,000 – year £260,916,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £197,651,000 (2011: six months £188,507,000 – year £181,278,000), which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

14 Assets/liabilities held for sale

On 18 May 2012, Kakuzi Limited a group subsidiary in Kenya, received notice from Sireet Outgrower Empowerment and Producer Company Limited (formerly EPK Outgrowers Project Company Limited) of its intention to purchase the remaining 50.5 per cent. shareholding in Siret Tea Company Limited which it does not already own. This is in accordance with the agreement signed in 2007. As a result, the assets and liabilities of Siret Tea Company Limited have been classified as held for sale at 30 June 2012. Following the Competition Authority of Kenya approval on 16 August 2012, it is expected that this transaction will be completed on 31 August 2012.

15 Borrowings

Borrowings (current and non-current) include loans and finance leases of £451,000 (2011: six months £639,000 – year £479,000) and bank overdrafts of £10,741,000 (2011: six months £10,579,000 – year £7,012,000). The following loans and finance leases were issued and repaid during the six months ended 30 June 2012:

	£'000
Balance at 1 January 2012	479
Exchange differences	(2)
New issues	
Loans	370
Repayments	
Loans	(281)
Finance lease liabilities	(11)
Balance at 30 June 2012	451

16 Retirement benefit schemes

The UK defined benefit pension scheme for the purpose of IAS 19 has been updated to 30 June 2012 from the valuation as at 31 December 2011 by the actuary and the movements have been reflected in this interim statement. Overseas schemes have not been updated from 31 December 2011 valuations as it is considered that there have been no significant changes.

An actuarial loss of £4,910,000 was realised in the period, of which a gain of £2,162,000 was realised in relation to the scheme assets and a loss of £7,072,000 was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has decreased to 4.25% (31 December 2011: 4.70%), the assumed rate of inflation (CPI) has decreased to 1.80% (31 December 2011: 2.00%) and the assumed rate of increases for salaries to 1.80% (31 December 2011: 2.00%). There has been no change in the mortality assumptions used.

17 Reconciliation of profit from operations to cash flow

	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2011 £'000*	*Year ended 31 December 2011 £'000*
Profit from operations	26,333	*9,340*	*53,406*
Share of associates' results	(2,229)	*(2,209)*	*(6,862)*
Depreciation and amortisation	4,951	*4,585*	*9,170*
Gain arising from changes in fair value of biological assets	(16,079)	*(17)*	*(7,320)*
Profit on disposal of non-current assets	(1,124)	*(650)*	*(698)*
Loss on transfer of an associate	–	–	*721*
Profit on disposal of investments	(246)	*(149)*	*(178)*
Impairment of non-current assets	–	–	*180*
Pensions and similar provisions less payments	(1,072)	*83*	*160*
Biological assets capitalised cultivation costs	(4,131)	*(3,709)*	*(7,326)*
Biological assets decreases due to harvesting	5,032	*4,622*	*8,018*
Increase in working capital	(2,071)	*(3,298)*	*(7,542)*
Net (increase)/decrease in funds of banking subsidiaries	(3,113)	*(2,686)*	*2,546*
	6,251	*5,912*	*44,275*

18 Reconciliation of net cash flow to movement in net cash

	Six months ended 30 June 2012 £'000	*Six months ended 30 June 2011 £'000*	*Year ended 31 December 2011 £'000*
Decrease in cash and cash equivalents in the period	(6,939)	*(11,550)*	*(2,438)*
Net cash outflow from decrease in debt	26	*320*	*460*
Decrease in net cash resulting from cash flows	(6,913)	*(11,230)*	*(1,978)*
Exchange rate movements	238	*539*	*(163)*
Decrease in net cash in the period	(6,675)	*(10,691)*	*(2,141)*
Net cash at beginning of period	72,147	*74,288*	*74,288*
Net cash at end of period	65,472	*63,597*	*72,147*

19 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.

For further enquiries please contact Camellia Plc
Malcolm Perkins, Chairman
01622 746655
30 August 2012