



Camellia Plc

2009

Camellia Plc

Report and accounts 2009

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Camellia Plc

Directors and advisers

Directors	M C Perkins, FCA C J Relleen, FCA	<i>Chairman (iii)</i> <i>Deputy chairman, independent non-executive director and senior independent director (i) (ii) (iii)</i>
	C J Ames, MA FCA M Dünki P J Field A K Mathur, FCA D A Reeves, MSc Dr B A Siegfried C P T Vaughan-Johnson, FCIB	<i>Joint managing director</i> <i>Non-executive director</i> <i>Joint managing director</i> <i>Finance director</i> <i>Non-executive director (i)</i> <i>Non-executive director</i> <i>Independent non-executive director (i) (ii) (iii)</i>
	(i) Member of audit committee (ii) Member of remuneration committee (iii) Member of nomination committee	
Secretary	M D Conway, FCIS	
Executive committee	M C Perkins A K Mathur C J Ames P J Field I Ahmed M D Conway G A Mclean A Singh	<i>Chairman</i> <i>Finance</i> <i>Joint managing director</i> <i>Joint managing director</i> <i>Bangladesh</i> <i>Corporate secretarial and administration</i> <i>Kenya, Malawi and South Africa</i> <i>India</i>
Registered office	Linton Park Linton Near Maidstone Kent ME17 4AB Registered Number 29559	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Website	www.camellia.plc.uk	

Chairman's statement

The profit before tax for the year to 31 December 2009 amounted to £34.14 million compared with £24.04 million in the previous year. The group enjoyed another successful year in 2009 and the underlying trading profit increased from £23.20 million in 2008 to £35.36 million in 2009.

Dividend

The board is recommending a final dividend of 74p per share, which together with the interim dividend already paid of 20p per share, brings the total distribution for the year to 94p per share compared with 92p per share in respect of 2008.

Agriculture and horticulture

Tea

In 2009 all of our tea operations benefitted from an increase in demand over supply resulting in widespread sale price increases and greatly improved profitability.

India

Tea production in India amounted to 31.1 million kilos compared with 32.4 million kilos in the previous year. This decline was the result of dry weather conditions at the beginning of the year particularly in the Dooars region of West Bengal. The factory up-grade programme justifies the ongoing capital investment and will continue for the next two years. In view of the persistent droughts in the early part of recent years we are developing our irrigation infrastructure as fully as possible, having regard to the water resources available.

The political situation in Darjeeling remains unresolved and continues to present difficulties in the orderly management of our tea gardens in that district.

Bangladesh

Tea production in Bangladesh was similar to the previous year at 12.0 million kilos, which is commendable given the extensive drought at the beginning of the year. The drought inevitably affected the success of the ongoing replanting programme and increased irrigation is considered a priority.

Kenya

Generally good weather conditions together with increased smallholder throughput helped production increase in Kenya during the year to 21.4 million kilos from 20.5 million kilos in 2008. The market remained strong throughout the year with Pakistan continuing to be a major buyer. A proposed new constitution with major changes in the devolution of power has been passed through Parliament and this is scheduled to go to a referendum in the second half of this year. Ambiguities on land tenure give cause for concern.

A further tranche of shares in the Siret Tea Company was sold by Kakuzi to the local community during the year and their interest now stands at 41%.

Malawi

Production in Malawi recovered from the previous drought year to a very satisfactory 19.5 million kilos compared with 15.3 million kilos in 2008. It is important that our operations in Malawi strive to maintain the highest possible quality and to this end we are carrying out a programme of improvements to our factories. The Malawi Kwacha remains unrealistically firm and did not weaken as predicted after the elections in 2009.

Edible nuts

2009 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 both Malawi and South Africa suffered from reduced production and relatively poor sale prices. Malawi encountered adverse weather conditions at the time of nut set resulting in decreased volumes and smaller than optimal nut size. There have been recent signs of an uplift in the sale price of macadamia nuts which is encouraging.

Camellia Plc

Chairman's statement

Other horticulture

Kakuzi's avocado production in Kenya reduced but profitability increased due to substantially higher sale prices. The Mombasa Port and other shipping difficulties are a cause for concern particularly for a perishable crop such as avocado. Very dry weather conditions put pressure on our strategic water reserves for irrigation and investment is currently being made to reduce such exposure in the future.

Rubber production in Bangladesh was higher than the previous year but prices were somewhat lower. A further 87 hectares of rubber was planted during the year.

After a number of successful years CC Lawrie in Brazil suffered from lower production and, in the case of maize, lower prices. Weather conditions have been difficult with too much rain at crucial times of the year and some crops could not be harvested.

The continuing maturity of the citrus orchards in California now enables Horizon Farms to be profitable even during an off-year for pistachio production. Citrus production was on par with last year and sale prices increased. New water sources have been developed on the farm which will go some way to protecting the existing plantings from water shortages and possibly allow for further development.

A review of our operations in Chile concluded that the farm would not be profitable for a number of years and would require significant further capital injections. Consequently we decided that a sale of the property was the correct course of action and this was completed towards the end of 2009.

A replanting programme of wine grapes in South Africa has had the effect of reducing production on a temporary basis. The quality of wine produced is however pleasing and considerable effort is now being directed towards improved marketing.

Food storage and distribution

Associated Cold Stores and Transport enjoyed a reasonably profitable year in 2009 in the face of continuing over capacity in the marketplace. Debt has been substantially reduced in this operation over the last few years and the company is well placed to take advantage of any increase in rates even though this may not happen for some time. At the moment however customers are being enticed with opportunities to move their business elsewhere by being offered unrealistically low rates which can surely only be maintained at the cost of a vastly inferior service and then only for a short time.

The restaurant business in the Netherlands which is crucial for our operations in that country was severely impacted by the recession in 2009 but our distribution company again produced satisfactory profits.

Engineering

2009 was a year of mixed fortunes for our UK based engineering companies. Profit overall was marginally decreased which is considered encouraging in the very difficult circumstances prevailing throughout the year. Destocking by our customers continued and there was no obvious impact from export orders as a result of the decline in value of sterling. AKD Engineering enjoyed a good year partly as a result of their involvement in the decommissioning of redundant oil rigs in the North Sea, for which highly specialised experience is required. General Utilities, which may be considered to be towards the front end of the manufacturing chain and thus a barometer for the future fortunes of the UK engineering industry, encountered very difficult market conditions throughout the year which is particularly disappointing after such a good year in 2008.

A serious fire occurred at the Nuneaton premises of Abbey Metal Finishing on the morning of 22 April 2010. Loss adjustors have been appointed but it is too soon to assess when the facility will be capable of becoming operational again.

Banking and financial services

Duncan Lawrie made a loss in 2009 almost entirely due to payments that were required to be made under various depositor compensation schemes, which payments may perhaps be seen as a 'tax' on banks that are run in a prudent manner as opposed to those that are not, and also due to Duncan Lawrie's policy of only lending out shareholders' funds and not customers' deposits. These deposits are placed with the most highly rated counterparties and, with interest rates at historic lows, it is virtually impossible to make any margin on this service. Duncan Lawrie occupies a niche position in a sector of the banking industry that offers wealth protection and service to its customers and these are their main priorities. Duncan Lawrie will not be diverted from this policy even if it is not able to make what would be considered to be an adequate return on its assets during this period of low interest rates that must correct itself within a reasonable time-scale. In the meantime Duncan Lawrie must live with the ever-increasing regulatory burden in the hope that it is operating on a level playing field with banks that are not managed in the same conservative manner.

Chairman's statement

Pharmaceuticals

Siegfried Holding AG made an operating loss in 2009 of £6.30 million. In addition Siegfried incurred a further impairment provision of £9.62 million and our share of their total loss amounted to £6.75 million.

The directors of Siegfried have implemented a strategy for the future which requires additional capital to be made available for their ongoing operations and development. We concluded that we did not wish to participate in this capital raising exercise which would have necessitated a substantial further investment in Siegfried. We also concluded that we did not wish our shareholding percentage to be diluted by remaining a shareholder without contributing to the increased capital. It has always been our policy to support the management of Siegfried but we have made it clear to their board and management that if our joint aspirations for the company were to diverge, then we would not stand in the way of the introduction of a new shareholder or shareholders who shared their vision for the future. As a result we were introduced to a number of potential shareholders with whom sale agreements were subsequently negotiated. These agreements were completed on 15 April 2010 and resulted in proceeds of £48.85 million. The effect of this transaction will be reflected in our 2010 annual accounts.

Other associated undertakings and investments

United Leasing and United Insurance in Bangladesh both saw an increase in profits for 2009 when translated into sterling. The profits for United Leasing remained static in local currency terms. Bangladesh continues to be a difficult market for both these companies with a lack of major new investments in the commercial sector and a general slowdown in economic activity.

BF&M Limited in Bermuda again increased its gross premiums written but net earnings decreased slightly due to higher policy benefits being paid and increased operating expenses.

The share prices of our other investments in Bermuda have suffered from the impact of the global financial crisis and from the decline and partial relocation elsewhere of the reinsurance sector which represents the major commercial business of that country.

Development

The year 2009 started in very uncertain circumstances. The recession was seriously beginning to bite, the banking system was still undergoing difficult times and general prospects encompassed the possibility of a depression. Even so we were able to continue with our development programmes and thanks to good results from our agricultural operations and the sale of our shares in Siegfried we now have the advantage of a strong financial situation with no net debt and considerable funds for investment. We will not however be in a hurry to deploy these funds but will examine the many ways in which we can develop the companies and investments that are already part of the group before looking at pastures new.

Directors

It is with great sadness that I have to inform you that Peter Leggatt passed away in November 2009. Peter's contribution to our operations in India and Bangladesh was substantial and he will be greatly missed by his many friends and colleagues.

I also have to inform you that Dr Bernard Siegfried will be standing down from the board at the conclusion of the annual general meeting in June. Dr Siegfried has made a major contribution to the affairs of the group including, of course, our investment in Siegfried Holding AG.

I am pleased to welcome to the board Martin Dünki, who as a director of Camellia Holding AG is already well known to us.

Peter Field and Chris Ames have been appointed joint managing directors of Camellia Plc with effect from 1 April 2010.

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

29 April 2010

Camellia Plc

Report of the directors

The directors present their report together with the audited accounts for the year ended 31 December 2009.

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, citrus, edible nuts, rubber, fruits, other horticultural produce and general farming

Engineering – metal finishing, fabrication, precision engineering and heat treatment

Food storage and distribution

Insurance

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 £22,441,000 (2008: £16,493,000). The board has proposed a final dividend for the year of 74p per share payable on 2 July 2010 to holders of ordinary shares registered at the close of business on 11 June 2010. The total dividend for 2009 is therefore 94p per share (2008: 92p per share).

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 2009	1 January 2009
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 2009 and the date of this report.

Mr M Dünki was appointed to the board as a non-executive director on 1 April 2010. Mr P A Leggatt passed away on 28 November 2009.

Report of the directors

Under the company's articles of association all the directors are required to retire annually. Dr. B A Siegfried will not be seeking re-election at the annual general meeting. Accordingly, Mr M C Perkins, Mr C J Relleen, Mr C J Ames, 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. In addition, Mr M Dünki having been appointed to the board since the last annual general meeting, will retire and 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 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 and chairman of Goodricke Group Limited. From 30 April 2010, Mr Field will become non-executive chairman of Duncan Lawrie Limited and Duncan Lawrie Asset Management Limited and continue as a director of Duncan Lawrie Holdings Limited but in a non-executive capacity. 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 is a director of Rahn & Bodmer Co., a Zurich based private bank. 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.

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 is also a non-executive director of Duncan Lawrie Holdings Limited.

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 2009 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 however been identified:

Camellia Plc

Report of the directors

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, plant disease, the cost of labour and the market price for the produce. In addition, exports from these businesses are subject to foreign exchange fluctuations as products, particularly those from Africa, are normally priced in US dollars.

Developing countries such as Bangladesh, Kenya and Malawi tend to be politically less stable. In Kenya, Malawi and South Africa there are long-term issues concerning land ownership over which the group has little control but monitors closely.

In India, separatist groups have for many years been involved in episodes of violence in Assam. Whilst this is a matter of major concern, the group's operations in this region have generally been able to trade normally. Over the last two years, there has been an increase in activity by a separatist group in Darjeeling and the Dooars.

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 consequently has a well developed compliance process. The following risks have however 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. The company lends money to customers and places money with other banks and holds interest bearing securities. This credit risk is managed by strict internal procedures. The company limits itself to lending 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.

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 are three final salary schemes in the UK. These are all closed to new entrants and one scheme has been closed to future accrual. A material proportion of the assets of each of these schemes is 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 schemes.

Report of the directors

Credit Risk

The global economic recession may affect some of the group's customers. Credit control procedures are in place but a 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 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, every tea estate in India and Bangladesh has 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. 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.

In 2009, the board adopted a new Corporate Social Responsibility Policy to replace the Statement of Business Principles that had been in place since 2005. The Corporate Social Responsibility Policy is now available on the company's website and it will be adopted across the group during 2010.

Performance

There are no current employment or environmental issues that prejudice the continuing development of the group. No group businesses were prosecuted for any breach of employment or environmental legislation during 2009.

Camellia Plc

Report of the directors

In 2006 the group commissioned independent advisors to review the implementation of the business principles in seventeen of our companies across the agriculture and horticulture, engineering, food storage and distribution and banking and financial services divisions. Based on their findings, the group has sought to ensure ongoing adherence to the business principles. In 2010, the executive committee will be looking to establish a process for ensuring that the new Corporate Social Responsibility Policy is adopted across the group.

- Members of the executive committee must ensure that the businesses for which they are responsible adopt the business principles and have implementation plans in place.
- A more formal structure for business reporting and data collection against the requirements of the business principles has been established.
- A set of key non-financial performance indicators has been developed to enable better measurement of group performance.

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 return achieved in the current and prior year was as follows:

	Agriculture and horticulture		Engineering		Food storage and distribution		Banking and financial services	
	2009	2008	2009	2008	2009	2008	2009	2008
Segment net assets (£'000)	187,118	185,707	12,091	11,991	19,451	20,689	28,264	29,124
Segment profit/(loss) (£'000)	37,949	23,349	1,608	1,814	985	1,156	(925)	666
Return on segmental assets (%)	20.28	12.57	13.30	15.13	5.06	5.59	(3.27)	2.29

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 5.57%. (2008: 10.16%).

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

Report of the directors

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 the business principles. The board will regularly review which key non-financial performance indicators are most appropriate.

	KPI definition	Agriculture and horticulture			Engineering			Food storage and distribution			Banking and financial services		
		2009	2008	2007	2009	2008	2007	2009	2008	2007	2009	2008	2007
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	-	-	-	-	-	-	-	-	-	-	-	-
	Worker health and safety	-	-	-	-	-	-	-	-	-	-	-	-
	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	-	-	-	-	-	-	-	-	-	-	-	-
	Worker health and safety	-	2	1	-	-	-	-	-	-	-	-	-
	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	128	78	145	1	1	2	4	11	12	-	-	1
4 Health													
a) Sickness absence	The number of employee days absence as a result of sickness during the financial year	165,520	148,776 ⁽ⁱ⁾	153,877 ⁽ⁱ⁾	3,580	3,869	2,945	2,431	2,854	3,235	870	566	166
b) Sickness claims	The number of claims for compensation arising from occupational health issues received during the financial year in respect of continuing operations	246	248	126	2	-	-	1	1	3	-	-	-

(i) This excludes tea garden workers in India who have a contractual entitlement to fourteen days sickness absence. This year the operations in Malawi are included whereas they were excluded in previous years. It should be noted however that in Malawi there is high level of sickness due to HIV/AIDS related conditions and malaria.

Camellia Plc

Report of the directors

Substantial shareholdings

As at 29 April 2010 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 Pensioenfond VZW held (through HSBC Global Custody Nominees (UK) Limited) 223,015 ordinary shares (8.023 per cent. of total voting rights).

Events after the balance sheet date

On 15 April 2010, the group completed the disposal of its entire shareholding in Siegfried Holding AG. Further details of the transaction can be found in note 40 to the accounts.

Charitable contributions

During the year the group made charitable donations totalling £4,768 (2008: £4,770). Of this amount £1,330 was paid to arts, sports and education related charities and £3,438 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 2009 represented 34 days (2008: 35 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 2009, 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 3 June 2010.

Auditors

Following the review of the group's audit arrangements referred to on page 15, the board appointed PricewaterhouseCoopers LLP as auditors for the group. The board wish to acknowledge with thanks the services provided by Moore Stephens LLP as auditors over a significant number of years.

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.

By order of the board

M D Conway

Secretary

29 April 2010

Corporate governance

Statement of compliance

This statement describes how the company applies the main principles of The Combined Code on Corporate Governance (“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 Code throughout the year with the exception of the following areas of the Code that have not been implemented:

- (i) the audit committee comprises one non-executive and two independent non-executive directors;
- (ii) formal evaluation procedures for the board, its committees and directors have not been established;
- (iii) during 2009 a nomination committee had not been established but during 2010 the board has constituted a nomination committee.

The board

The board currently comprises nine directors. Dr Siegfried will not be seeking re-election at the forthcoming annual general meeting. Currently two are independent non-executive directors and three are non-executive directors. The remaining directors are executive directors, including the executive chairman. Mr Relleen, the deputy chairman, has been designated as the senior independent director. In April 2010, Mr Dünki was appointed to the board as a non-executive director. The names and brief biographical details of each director appears on page 7.

Mr Vaughan-Johnson was first appointed to the board in 1999. The board, having taken into consideration provision A.7.2 of the Code, considers it is in the best interest of the company for Mr Vaughan-Johnson to continue to act as an independent non-executive director. The board considers that Mr Vaughan-Johnson remains independent and that given the relative complexity and geographical spread of the group, Mr Vaughan-Johnson’s experience continues to be of considerable benefit.

There is ongoing dialogue between the chairman and the majority shareholder whose views are reported to the board. The company is also in contact with other major shareholders. During the year, the senior independent director met with an institutional investor to discuss governance issues.

In April 2010, Mr Ames and Mr Field were appointed joint managing directors of Camellia Plc and consequently they will assume responsibility for aspects of the day to day management of the group. In 2010, the board 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 is responsible for managing the group’s business and has adopted a schedule of matters reserved for its approval. The schedule is 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 2009.

Camellia Plc

Corporate governance

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	8/9	3/3	2/2
C J Ames	9/9	–	–
P J Field	9/9	–	–
A K Mathur	9/9	3/3 ⁽ⁱ⁾	–
D A Reeves	9/9	3/3	–
Dr B A Siegfried	6/9	–	–
C P T Vaughan-Johnson	7/9	3/3	2/2

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

The board has not established formal performance evaluation procedures of itself, the directors or its committees. The board will continue to review whether implementation of such procedures is appropriate.

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
M D Conway	Corporate secretarial and administration
G Mclean	Kenya, Malawi and South Africa
A Singh	India

Audit committee

The audit committee is chaired by Mr Relleen. The other members of the committee are Mr Reeves and Mr Vaughan-Johnson. Mr Reeves, a non-executive director, serves as a member of the audit committee as the board considers that his experience gained from a long career at the Bank of England is of considerable benefit. During 2009, 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.

Corporate governance

During the latter half of 2009 the committee reviewed the arrangements for the audit of the group and its subsidiary companies. Moore Stephens LLP, the previous group auditor and PricewaterhouseCoopers LLP, the auditor of a significant proportion of the group's overseas subsidiaries, were asked to present to the committee for the ongoing audit responsibilities. As a result of this process, the committee recommended to the board that PricewaterhouseCoopers LLP be appointed auditor for the group and all its subsidiary companies. This decision was based on the wide experience that PricewaterhouseCoopers LLP possess in their audits of listed companies in the United Kingdom, and the extensive network of their practice in overseas countries. PricewaterhouseCoopers LLP were duly appointed in place of Moore Stephens LLP in September 2009.

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 was 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 packages of those members of the executive committee that are employed outside the United Kingdom

The committee met twice during 2009. The remuneration report appears on pages 17 to 19.

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.

Internal control

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, assurances against material misstatement or loss.

Going concern

After reviewing the group's budget for 2010 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

M D Conway
Secretary
29 April 2010

Camellia Plc

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the group and parent company 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. The directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law and Article 4 of the IAS Regulation and have elected to prepare company financial statements in accordance with IFRSs.

The group and parent company financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures being 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for preparing a directors' report, directors' remuneration report and corporate governance statement that comply with company law.

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
29 April 2010

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 Combined Code. 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 and Mathur are each employed by Linton Park Plc on rolling service contracts. Mr Field is employed by Duncan Lawrie Limited. Mr Perkins' 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 25 September 2002. 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 2009 £	Benefits in kind 2009 £	Total 2009 £	Total 2008 £
Executive				
M C Perkins	371,708	24,611	396,319	372,456
C J Ames	192,400	21,246	213,646	50,932
P J Field	192,400	14,598	206,998	49,970
P A Leggatt (up until 28 November 2009)	123,237	16,882	140,119	147,064
A K Mathur	192,400	22,151	214,551	193,055
Non-executive				
D A Reeves	20,000	–	20,000	20,000
C J Relleen	37,500	–	37,500	37,500
Dr B A Siegfried	10,000	–	10,000	10,000
C P T Vaughan-Johnson	32,500	–	32,500	32,500
	<u>1,172,145</u>	<u>99,488</u>	<u>1,271,633</u>	<u>913,477</u>

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

Camellia Plc

Remuneration report

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 Lawrie Group Pension Scheme. Members of The Lawrie Group Pension Scheme contribute 6 per cent. of their basic salary. Members of The Linton Park Group Pension Scheme contributed 8 per cent. of their basic salary. Pension accrues at the rate of 1/60th of basic final salary per year of service for Messrs Perkins, Field and Mathur. 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. Both schemes provide 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 H M Revenue & 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. In respect of service before 1 March 1999 Mr Perkins was a member of a group defined contribution pension scheme. A sum of £34,119 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 2009 £	Transfer value of pension accrued in the year net of inflation £	Transfer value of pension accrued at 31 Dec 2008 £	Transfer value of pension accrued at 31 Dec 2009 £	Increase/ (decrease) in transfer value in the year net of directors' contributions £
M C Perkins	65	6,780	6,780	57,100	83,902	903,617	1,007,179	78,262
P J Field	59	4,880	4,880	65,810	41,200	1,375,000	1,413,100	28,400
A K Mathur	62	4,530	4,530	77,710	52,740	2,111,900	1,985,300	(136,300)

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

Notes:

1. The accrued pension is the amount that would be paid if the director left service at the relevant date. The pension in respect of service after 1 May 2007 would be paid from age 65 based on the recent change in pension provision.
2. The transfer values have been calculated in accordance with the guidance published by the Pensions Regulator, which came into effect from 1 October 2008.
3. A different calculation methodology is used in respect of Mr Mathur which results in a lower transfer value at the end of the year.

Remuneration report

Performance review

The following graph shows the total return on an investment in the company's shares over the 5 years ended 31 December 2009 compared with the return achieved by the FTSE SmallCap index. This index has been selected as there is no specific index that is comparable to the activities of the company.



By order of the board

M D Conway

Secretary
29 April 2010

Camellia Plc

Consolidated income statement for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Revenue	2	230,270	190,551
Cost of sales		(148,506)	(123,203)
Gross profit		81,764	67,348
Other operating income		1,698	2,206
Distribution costs		(9,061)	(8,765)
Administrative expenses		(39,041)	(37,588)
Trading profit	3	35,360	23,201
Share of associates' results	4	(2,966)	(8,612)
Loss on disposal of a subsidiary	5	(674)	–
Profit on part disposal of a subsidiary	6	135	104
Profit on disposal of available-for-sale investments		28	390
Profit on disposal of an associate	7	–	50
Profit on disposal of non-current assets		–	280
Gain arising from changes in fair value of biological assets	17	2,746	8,916
Profit from operations		34,629	24,329
Investment income		1,106	1,070
Finance income	8	1,103	643
Finance costs	8	(1,566)	(2,500)
Pension schemes' net financing (expense)/income	8	(1,129)	498
Net finance costs	8	(1,592)	(1,359)
Profit before tax		34,143	24,040
Taxation	9	(11,702)	(7,547)
Profit for the year		22,441	16,493
Profit attributable to minority interests		6,544	5,449
Profit attributable to equity shareholders		15,897	11,044
		22,441	16,493
Earnings per share – basic and diluted	12	571.9p	397.3p

Statement of comprehensive income
for the year ended 31 December 2009

	2009	2008
	£'000	£'000
<i>Group</i>		
Profit for the year	<u>22,441</u>	<u>16,493</u>
Other comprehensive (expense)/income:		
Foreign exchange translation differences	(24,276)	67,513
Release of exchange translation difference on disposal of subsidiary	(294)	–
Actuarial movement on defined benefit pension schemes (note 29)	(2,657)	(21,926)
Available-for-sale investments:		
Valuation losses taken to equity	(729)	(7,025)
Share of other comprehensive income/(expense) of associates	3,075	(5,384)
Tax relating to components of other comprehensive income	(1,276)	1,784
Other comprehensive (expense)/income for the year, net of tax	<u>(26,157)</u>	<u>34,962</u>
Total comprehensive (expense)/income for the year	<u>(3,716)</u>	<u>51,455</u>
Total comprehensive (expense)/income attributable to:		
Minority interests	4,163	10,437
Owners of the parent	(7,879)	41,018
	<u>(3,716)</u>	<u>51,455</u>
<i>Company</i>		
Profit for the year	<u>3,376</u>	<u>3,869</u>
Other comprehensive income:		
Available-for-sale investments:		
Valuation gains taken to equity	16	–
Other comprehensive income for the year, net of tax	<u>16</u>	<u>–</u>
Total comprehensive income for the year	<u>3,392</u>	<u>3,869</u>

Camellia Plc

Consolidated balance sheet at 31 December 2009

	Notes	2009 £'000	<i>restated</i> 2008 £'000
Non-current assets			
Intangible assets	15	8,584	9,059
Property, plant and equipment	16	80,491	85,787
Biological assets	17	106,067	114,220
Prepaid operating leases	18	1,074	1,171
Investments in associates	20	97,364	109,883
Deferred tax assets	28	103	183
Other investments	21	30,153	33,668
Retirement benefit surplus	29	3,054	3,101
Trade and other receivables	23	19,646	21,235
Total non-current assets		<u>346,536</u>	<u>378,307</u>
Current assets			
Inventories	22	28,279	30,771
Trade and other receivables	23	55,197	55,704
Other investments	21	12,420	5,436
Current income tax assets		763	1,481
Cash and cash equivalents	24	229,574	276,198
Total current assets		<u>326,233</u>	<u>369,590</u>
Current liabilities			
Borrowings	26	(12,761)	(18,629)
Trade and other payables	25	(254,346)	(304,167)
Current income tax liabilities		(5,353)	(4,605)
Other employee benefit obligations	30	(268)	(247)
Provisions	27	(150)	(123)
Total current liabilities		<u>(272,878)</u>	<u>(327,771)</u>
Net current assets		<u>53,355</u>	<u>41,819</u>
Total assets less current liabilities		<u>399,891</u>	<u>420,126</u>
Non-current liabilities			
Borrowings	26	(3,119)	(11,354)
Trade and other payables	25	(11,227)	(12,347)
Deferred tax liabilities	28	(30,449)	(32,678)
Retirement benefit obligations	29	(27,045)	(27,063)
Other employee benefit obligations	30	(1,623)	(2,052)
Other non-current liabilities		(118)	(131)
Total non-current liabilities		<u>(73,581)</u>	<u>(85,625)</u>
Net assets		<u>326,310</u>	<u>334,501</u>
Equity			
Called up share capital	31	284	284
Reserves		293,570	303,816
Shareholders' funds		<u>293,854</u>	<u>304,100</u>
Minority interests		32,456	30,401
Total equity		<u>326,310</u>	<u>334,501</u>

Balance sheet
at 31 December 2009

	Notes	2009 £'000	2008 £'000
Non-current assets			
Investments in subsidiaries	19	73,683	73,683
Other investments	21	7,512	7,316
Total non-current assets		<u>81,195</u>	<u>80,999</u>
Current assets			
Amounts due from group undertakings		5,702	5,123
Current income tax asset		74	74
Total current assets		<u>5,776</u>	<u>5,197</u>
Current liabilities			
Trade and other payables	25	(18)	(20)
Amounts due to group undertakings		(21,275)	(21,275)
Total current liabilities		<u>(21,293)</u>	<u>(21,295)</u>
Net current liabilities		<u>(15,517)</u>	<u>(16,098)</u>
Total assets less current liabilities		<u>65,678</u>	<u>64,901</u>
Non-current liabilities			
Deferred tax liabilities	28	(337)	(337)
Total non-current liabilities		<u>(337)</u>	<u>(337)</u>
Net assets		<u>65,341</u>	<u>64,564</u>
Equity			
Called up share capital	31	284	284
Reserves		65,057	64,280
Shareholders' funds		<u>65,341</u>	<u>64,564</u>

Approved on 29 April 2010 by the board of directors and signed on their behalf by:

M C Perkins

Chairman

Registered Number 29559

Camellia Plc

Consolidated cash flow statement for the year ended 31 December 2009

		2009	<i>restated</i> 2008
	Notes	£'000	£'000
Cash generated from operations			
Cash flows from operating activities	32	48,038	29,087
Interest paid		(1,747)	(2,503)
Income taxes paid		(10,074)	(4,720)
Interest received		1,189	579
Dividends received from associates		2,297	2,884
Net cash flow from operating activities		<u>39,703</u>	<u>25,327</u>
Cash flows from investing activities			
Purchase of intangible assets		(192)	(602)
Purchase of property, plant and equipment		(10,111)	(8,091)
Proceeds from sale of non-current assets		697	852
Part disposal of a subsidiary		579	302
Disposal of a subsidiary	34	3,843	–
Acquisition of subsidiary (net of cash acquired)	34	–	(4,120)
Purchase of minority interests		–	(177)
Proceeds from sale of associate		–	83
Proceeds from sale of investments		5,509	7,188
Purchase of investments		(12,683)	(7,185)
Income from investments		1,106	1,070
Net cash flow from investing activities		<u>(11,252)</u>	<u>(10,680)</u>
Cash flows from financing activities			
Equity dividends paid		(2,557)	(2,557)
Dividends paid to minority interests		(2,610)	(896)
New loans		788	738
Repayment of debt		(4,883)	(4,356)
Net cash flow from financing activities		<u>(9,262)</u>	<u>(7,071)</u>
Net increase in cash and cash equivalents		19,189	7,576
Cash and cash equivalents at beginning of year	24	9,919	758
Exchange (losses)/gains on cash		(477)	1,585
Cash and cash equivalents at end of year	24	<u>28,631</u>	<u>9,919</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.

Cash flow statement
for the year ended 31 December 2009

	2009	2008
	£'000	£'000
Cash generated from operations		
Profit before tax	3,376	3,869
Adjustments for:		
Gain on disposal of investments	(17)	(56)
Interest income	(62)	(280)
Dividend income	–	(12)
Dividends from group companies	(4,000)	(4,000)
Decrease in trade and other payables	(2)	–
Net movement in intra-group balances	(579)	(1,217)
Cash used in operations	(1,284)	(1,696)
Interest received	62	280
Net cash flow from operating activities	(1,222)	(1,416)
Cash flows from investing activities		
Proceeds from sale of investments	37	119
Purchase of investments	(200)	(100)
Dividends received	4,000	4,012
Net cash flow from investing activities	3,837	4,031
Cash flows from financing activities		
Equity dividends paid	(2,615)	(2,615)
Net cash flow from financing activities	(2,615)	(2,615)
Net movement in cash and cash equivalents	–	–
Cash and cash equivalents at beginning of year	–	–
Cash and cash equivalents at end of year	–	–

Camellia Plc

Statement of changes in equity for the year ended 31 December 2009

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Minority interest £'000	Total equity £'000
<i>Group</i>								
At 1 January 2008	284	15,298	(400)	212,286	38,803	266,271	20,870	287,141
Total comprehensive (expense)/income for the year	–	–	–	(14,265)	55,283	41,018	10,437	51,455
Dividends	–	–	–	(2,557)	–	(2,557)	(896)	(3,453)
Reclassification of investment to an associate	–	–	–	–	(653)	(653)	–	(653)
Minority interest subscription	–	–	–	–	–	–	260	260
Change in composition of group	–	–	–	126	–	126	(270)	(144)
Share of associate's change in treasury shares	–	–	–	(49)	–	(49)	–	(49)
Share of associates' other equity movements	–	–	–	268	–	268	–	268
Loss on dilution of interest in associate	–	–	–	(324)	–	(324)	–	(324)
At 31 December 2008	284	15,298	(400)	195,485	93,433	304,100	30,401	334,501
Total comprehensive (expense)/income for the year	–	–	–	14,926	(22,805)	(7,879)	4,163	(3,716)
Dividends	–	–	–	(2,557)	–	(2,557)	(2,610)	(5,167)
Minority interest subscription	–	–	–	–	–	–	502	502
Share of associate's change in treasury shares	–	–	–	200	–	200	–	200
Share of associate's other equity movements	–	–	–	27	–	27	–	27
Loss on dilution of interest in associate	–	–	–	(37)	–	(37)	–	(37)
At 31 December 2009	284	15,298	(400)	208,044	70,628	293,854	32,456	326,310
<i>Company</i>								
At 1 January 2008	284	15,298	–	35,596	12,132	63,310	–	63,310
Total comprehensive income for the year	–	–	–	3,869	–	3,869	–	3,869
Dividends	–	–	–	(2,615)	–	(2,615)	–	(2,615)
At 31 December 2008	284	15,298	–	36,850	12,132	64,564	–	64,564
Total comprehensive income for the year	–	–	–	3,392	–	3,392	–	3,392
Dividends	–	–	–	(2,615)	–	(2,615)	–	(2,615)
At 31 December 2009	284	15,298	–	37,627	12,132	65,341	–	65,341

Other reserves of the group and company includes a £31,000 (2008: £31,000) capital redemption reserve and, in respect of the group, net exchange differences of £27,258,000 surplus (2008: £49,310,000 surplus).

Exchange differences are stated net of exchange gains of £321,000 (2008: £1,369,000 losses) on foreign currency borrowings used to provide a hedge against foreign equity investments.

Group retained earnings includes £75,563,000 (2008: £60,253,000) 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.

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

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 shareholders' equity. When a foreign entity is sold such exchange differences arising since 1 January 2004 are recognised in the income statement as part of the gain or loss on disposal.

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

Accounting policies

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

The adoption of 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. The adoption of this standard has not resulted in any change to the segments reported previously with 'trading profit' maintained as the reportable measure of profit or loss. Inter segment sales are not significant.

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.

Accounting policies

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

No depreciation is provided on freehold land. Depreciation of other fixed assets is calculated to write off their cost less residual value 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 on initial recognition and at each balance sheet date at fair value. Any changes in fair value are recognised in the income statement in the year in which they arise.

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

Impairment of assets

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

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.

Accounting policies

Investments *(continued)*

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.

Leases

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

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

Inventories

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

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

Trade 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.

Accounting policies

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.

Accounting policies

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.

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.

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.

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.

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 29.

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.

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.

Accounting policies

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 2009:

IAS 1 (revised)	Presentation of financial statements – effective 1 January 2009	The revisions to this standard prohibits the presentation of items of income and expenditure within the statement of changes in equity. All items of income and expenditure are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the ‘statement of comprehensive income’) or two statements (the ‘income statement’ and ‘statement of comprehensive income’). The group has opted for the two statement option. Also, where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and the comparative period. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
IAS 19 (amendment)	Employee benefits – effective 1 January 2009	The principal effect of the amendment is to clarify that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. This amendment has no material impact.
IAS 23 (revised)	Borrowing costs – effective 1 January 2009	The revisions to this standard require capitalisation of borrowing costs incurred on qualifying assets together with transitional provisions for companies who have previously written off such costs. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The group previously recognised all borrowing costs as an expense immediately, in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.
IAS 41 (revised)	Agriculture – effective 1 January 2009	The revisions to this standard now allow the use of either pre or post tax discount rates when measuring fair values. The IASB has also clarified that the impact of additional biological transformation or harvest may be taken into account in determining cash flows for the purpose of estimating fair values. This revision has no material impact.
IFRS 8	Operating segments – effective 1 January 2009	The adoption of this standard 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 adoption of this standard has not resulted in any change to the segments reported previously with ‘trading profit’ maintained as the reportable measure of profit or loss.

Accounting policies

Changes in accounting policy and disclosures *(continued)*

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted 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 2010 or later periods, but the group has not early adopted them:

IFRIC 17	Distribution of non-cash assets to owners – effective on or after 1 July 2009 The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The group and company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the group or company's financial statements.
IAS 27 (revised)	Consolidated and separate financial statements – effective from 1 July 2009 The revisions to this standard requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
IFRS 3 (revised)	Business combinations – effective from 1 July 2009 The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
IAS 38 (amendment)	Intangible assets The amendment is part of the IASB's annual improvements project published in April 2009 and the group will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has a similar useful economic life. The amendment is not expected to have a material impact on the group's financial statements.
IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations – effective from 1 January 2010 The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. It is not expected to have a material impact on the group or company's financial statements.

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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Revenue												
External sales	156,974	116,297	24,028	23,019	37,434	36,922	11,347	13,930	487	383	230,270	190,551
Trading profit												
Segment profit/(loss)	37,949	23,349	1,608	1,814	985	1,156	(925)	666	181	75	39,798	27,060
Unallocated corporate expenses											(4,438)	(3,859)
Trading profit											35,360	23,201
Share of associates' results		139					3,805	3,324	(6,771)	(12,075)	(2,966)	(8,612)
Loss on disposal of a subsidiary											(674)	-
Profit on part disposal of a subsidiary											135	104
Profit on disposal of available-for-sale investments											28	390
Profit on disposal of an associate											-	50
Profit on disposal of non-current assets											-	280
Gain arising from changes in fair value of biological assets	2,746	8,916									2,746	8,916
Investment income											1,106	1,070
Net finance costs											(1,592)	(1,359)
Profit before tax											34,143	24,040
Taxation											(11,702)	(7,547)
Profit after tax											22,441	16,493
Other information												
Segment assets	218,370	222,915	15,455	15,725	23,951	26,421	261,062	312,596	3,987	3,344	522,825	581,001
Investments in associates							31,681	32,891	65,683	76,992	97,364	109,883
Unallocated assets											52,580	57,013
Consolidated total assets											672,769	747,897
Segment liabilities	(31,252)	(37,208)	(3,364)	(3,734)	(4,500)	(5,732)	(232,798)	(283,472)	(55)	(462)	(271,969)	(330,608)
Unallocated liabilities											(74,490)	(82,788)
Consolidated total liabilities											(346,459)	(413,396)
Capital expenditure	6,816	6,304	1,739	1,071	1,359	777	147	290	50	103	10,111	8,545
Depreciation	(3,917)	(3,563)	(937)	(840)	(2,783)	(2,951)	(343)	(291)	(119)	(173)	(8,099)	(7,818)
Amortisation	(43)	(27)	(6)	(5)			(537)	(445)			(586)	(477)

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.

Camellia Plc

Notes to the accounts

1 Business and geographical segments *(continued)*

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
India
Kenya
Malawi
Bangladesh
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:

	2009 £'000	2008 £'000
United Kingdom	76,088	70,995
Continental Europe	24,100	23,099
India	62,258	46,958
Kenya	20,159	16,042
Malawi	9,309	4,059
Bangladesh	16,530	9,921
North America and Bermuda	4,627	4,230
South Africa	3,908	2,510
South America	4,878	5,387
Other	8,413	7,350
	<u>230,270</u>	<u>190,551</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	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
United Kingdom	296,088	348,694	3,096	2,053
Continental Europe	5,244	5,799	168	173
India	61,835	58,155	4,070	2,893
Kenya	56,179	55,276	575	931
Malawi	37,072	39,576	547	813
Bangladesh	38,173	41,137	510	192
North America and Bermuda	6,297	7,428	452	149
South Africa	10,995	10,279	91	152
South America	10,942	14,657	602	1,189
	<u>522,825</u>	<u>581,001</u>	<u>10,111</u>	<u>8,545</u>

Notes to the accounts

1 Business and geographical segments *(continued)*

Results of banking subsidiaries		2009	2008
		£'000	£'000
Interest receivable	third parties	3,214	14,304
	group companies	7	43
		<u>3,221</u>	<u>14,347</u>
Interest payable	third parties	(1,393)	(10,438)
	group companies	(61)	(291)
		<u>(1,454)</u>	<u>(10,729)</u>
Net interest income		1,767	3,618
Fee and commission income		9,925	10,820
Fee and commission expense		(399)	(756)
Inter-segment net interest		54	248
		<u>11,347</u>	<u>13,930</u>
Revenue		11,347	13,930
Other operating income		148	169
		<u>11,495</u>	<u>14,099</u>
Operating expenses		(12,420)	(13,433)
Segment (loss)/profit		<u>(925)</u>	<u>666</u>

2 Revenue

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

	2009	2008
	£'000	£'000
Sale of goods	156,974	116,297
Distribution and warehousing revenue	37,434	36,922
Engineering services revenue	24,028	23,019
Banking service revenue	11,347	13,930
Agency commission revenue	191	139
Property rental revenue	296	244
	<u>230,270</u>	<u>190,551</u>
Other operating income	1,698	2,206
Investment income	1,106	1,070
Interest income	1,103	643
	<u>234,177</u>	<u>194,470</u>
Total group revenue	234,177	194,470

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Notes to the accounts

3 Trading profit

	2009 £'000	2008 £'000
The following items have been included in arriving at trading profit:		
Employment costs (note 13)	65,518	61,165
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	99,224	93,535
Cost of inventories provision recognised as an expense (included in cost of sales)	311	200
Cost of inventories provision reversed (included in cost of sales)	(11)	(28)
Depreciation of property, plant and equipment:		
Owned assets	7,195	6,747
Under finance leases	904	1,071
Amortisation of intangibles (included in administrative expenses)	586	477
Impairment of investments (included in administrative expenses)	204	350
Profit on disposal of property, plant and equipment	(264)	(239)
Operating leases – lease payments:		
Plant and machinery	471	661
Property	707	647
Repairs and maintenance expenditure on property, plant and equipment	4,112	3,830
Currency exchange losses/(gains) charged/(credited) to income include:		
Revenue	79	58
Cost of sales	56	142
Distribution costs	11	(286)
Administrative expenses	146	(45)
Other operating income	(6)	(7)
Finance costs	(160)	262
	<u>126</u>	<u>124</u>
Amounts paid to the group's auditors comprised:		
Audit services:		
Statutory audit	732	710
Audit – related regulatory reporting	35	24
Tax services:		
Compliance services	17	16
Advisory services	33	37
Other services not covered above	36	26
	<u>853</u>	<u>813</u>

Included in the above group audit fees and expenses is £718,000 (2008: £358,000) paid to PricewaterhouseCoopers LLP and its associates for statutory audit services, £35,000 (2008: £24,000) for audit related regulatory reporting, £34,000 (2008: £33,000) for taxation services and £12,000 (2008: £19,000) for other services.

The 2008 figures include amounts paid to the previous auditors, Moore Stephens LLP and its associates.

Notes to the accounts

4 Share of associates' results

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

	2009 £'000	2008 £'000
Operating profit	2,516	6,448
Net finance costs	(2,653)	(825)
Impairment	(3,103)	(15,691)
Loss before tax	(3,240)	(10,068)
Taxation	274	1,456
Loss after tax	<u>(2,966)</u>	<u>(8,612)</u>

The impairment charge of £3,103,000 relates to development projects of the Siegfried Group. In 2008, the impairment charge of £15,691,000 related to goodwill and non-financial assets of the Siegfried Group.

The results include the group's share of the profits of West Hamilton Holdings Limited, a Bermudian based property company, which became an associate with effect from 1 July 2008.

5 Loss on disposal of a subsidiary

	2009 £'000	2008 £'000
Loss on disposal of a subsidiary	(968)	–
Release of exchange differences from reserves upon disposal	294	–
	<u>(674)</u>	<u>–</u>

This relates to the disposal of the group's 100 per cent. Chilean subsidiary, Hacienda Chada S.A.

6 Profit on part disposal of a subsidiary

A profit of £135,000 (2008: £104,000) was realised on the disposal by Kakuzi Limited of a further 17 per cent. (2008: 10 per cent.) of its interest in Siret Tea Company Limited to EPK Outgrowers Empowerment Project Company Limited, a company mainly owned by smallholders in Kenya.

7 Profit on disposal of an associate

In 2008, the group realised a net profit of £50,000 on the disposal of its associate interest in Himalaya Goodricke PVT. Limited.

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Notes to the accounts

8 Finance income and costs

	2009 £'000	2008 £'000
Interest payable on loans and bank overdrafts	(1,586)	(2,057)
Interest payable on obligations under finance leases	(140)	(181)
Total borrowing costs	(1,726)	(2,238)
Net exchange gain/(loss) on foreign currency borrowings	160	(262)
Finance costs	(1,566)	(2,500)
Finance income – interest income on short-term bank deposits	1,103	643
Pension schemes' net financing (expense)/income (note 29)	(1,129)	498
Net finance costs	(1,592)	(1,359)

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

Notes to the accounts

9 Taxation on profit on ordinary activities

Analysis of charge in the year	2009	2008
	£'000	£'000
Current tax		
UK corporation tax		
UK corporation tax at 28.0 per cent. (2008: 28.0 per cent.)	3,555	2,474
Adjustment in respect of prior years	135	(61)
Double tax relief	(3,548)	(2,459)
	<u>142</u>	<u>(46)</u>
Foreign tax		
Corporation tax	11,648	7,021
Adjustment in respect of prior years	204	(239)
	<u>11,852</u>	<u>6,782</u>
Total current tax	11,994	6,736
Deferred tax		
Origination and reversal of timing differences		
United Kingdom	(1,782)	(2,310)
Overseas	1,490	3,121
Total deferred tax	<u>(292)</u>	<u>811</u>
Tax on profit on ordinary activities	<u>11,702</u>	<u>7,547</u>
Factors affecting tax charge for the year		
Profit on ordinary activities before tax	34,143	24,040
Share of associated undertakings loss	(2,966)	(8,612)
Group profit on ordinary activities before tax	<u>37,109</u>	<u>32,652</u>
Tax on ordinary activities at the standard rate of corporation tax in the UK of 28.0 per cent. (2008: 28.0 per cent.)	10,391	9,143
Effects of:		
Adjustment to tax in respect of prior years	339	(300)
Expenses not deductible for tax purposes	2,066	413
Adjustment in respect of foreign tax rates	1,149	45
Additional tax arising on dividends from overseas companies	327	188
Loss /(profit) on disposal of non taxable assets	143	(86)
Other income not charged to tax	(633)	(214)
Increase in tax losses carried forward	359	887
Decrease in tax losses carried forward	(14)	(167)
Movement in unremitted earnings of overseas associates	(2,637)	(2,223)
Movement in other timing differences	212	(139)
Current tax charge for the year	<u>11,702</u>	<u>7,547</u>

The standard rate of corporation tax in the UK changed from 30 per cent. to 28 per cent. with effect from 1 April 2008.

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Notes to the accounts

10 Profit for the year

	2009	2008
	£'000	£'000
The profit of the company was	<u>3,376</u>	<u>3,869</u>

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

11 Equity dividends

	2009	2008
	£'000	£'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2008 of 72.00p (2007: 72.00p) per share	2,001	2,001
Interim dividend for the year ended 31 December 2009 of 20.00p (2008: 20.00p) per share	<u>556</u>	<u>556</u>
	<u>2,557</u>	<u>2,557</u>

Dividends amounting to £58,000 (2008: £58,000) 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 2009 of 74.00p (2008: 72.00p) per share	<u>2,103</u>	<u>2,046</u>
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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.

12 Earnings per share (EPS)

	2009		2008			
	Weighted average number of shares Number	EPS Pence	Earnings £'000	Weighted average number of shares Number	EPS Pence	
Basic and diluted EPS						
Attributable to ordinary shareholders	<u>15,897</u>	<u>2,779,500</u>	<u>571.9</u>	<u>11,044</u>	<u>2,779,500</u>	<u>397.3</u>

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).

Notes to the accounts

13 Employees

	2009 Number	2008 <i>Number</i>
Average number of employees by activity:		
Agriculture and horticulture	72,313	69,424
Engineering	367	392
Food storage and distribution	370	399
Banking and financial services	133	137
Central management	21	24
	<u>73,204</u>	<u>70,376</u>
	2009 £'000	2008 £'000
Employment costs:		
Wages and salaries	58,006	54,007
Social security costs	2,588	2,652
Other pension costs (see note 29)		
– UK	1,636	1,803
– Overseas	3,288	2,703
	<u>65,518</u>	<u>61,165</u>

Total remuneration paid to key employees, excluding directors of Camellia Plc, amounted to £503,000 (2008: £650,000).

14 Emoluments of the directors

	2009 £'000	2008 £'000
Aggregate emoluments excluding pension contributions	<u>1,272</u>	<u>913</u>

Emoluments of the highest paid director excluding pension contributions were £396,000 (2008: £372,000).

Further details of directors' emoluments are set out on pages 17 and 18.

Notes to the accounts

15 Intangible assets

	Goodwill £'000	Customer relationships £'000	Licenses, patents and trade marks £'000	Computer software £'000	Total £'000
<i>Group</i>					
Cost					
At 1 January 2008	3,283	4,814	258	998	9,353
Exchange differences	–	–	16	25	41
Additions	661	–	3	599	1,263
At 1 January 2009	3,944	4,814	277	1,622	10,657
Exchange differences	–	–	25	(13)	12
Adjustment	34	–	–	–	34
Additions	–	–	–	192	192
Disposals	–	–	–	(7)	(7)
Disposal of subsidiary	–	–	(235)	(13)	(248)
At 31 December 2009	3,978	4,814	67	1,781	10,640
Amortisation					
At 1 January 2008	–	389	154	564	1,107
Exchange differences	–	–	7	7	14
Charge for the year	–	241	9	227	477
At 1 January 2009	–	630	170	798	1,598
Exchange differences	–	–	13	(4)	9
Charge for the year	–	240	7	339	586
Disposals	–	–	–	(7)	(7)
Disposal of subsidiary	–	–	(123)	(7)	(130)
At 31 December 2009	–	870	67	1,119	2,056
Net book value at 31 December 2009	3,978	3,944	–	662	8,584
Net book value at 31 December 2008	3,944	4,184	107	824	9,059

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The carrying amount of the goodwill relates to the banking and financial services segment. Goodwill arising in 2008 relates to additional consideration paid as a result of the acquisition of Hill Martin Limited in 2006, which was dependent upon revenues in Hill Martin Limited for the three years ending 30 June 2008.

The group tests goodwill annually for impairment by comparing the carrying value of the cash generating units with their value in use. The assessment of recoverability of goodwill is based on normal market valuation criteria such as a multiple of revenue for financial planning business and the percentage of funds under management for asset management business.

Notes to the accounts

16 Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Group</i>				
Deemed cost				
At 1 January 2008	69,396	72,614	17,603	159,613
Exchange differences	7,384	6,658	1,033	15,075
Additions	1,700	6,127	718	8,545
Acquisition of subsidiary	1,757	883	113	2,753
Disposals	(866)	(1,474)	(108)	(2,448)
At 1 January 2009	79,371	84,808	19,359	183,538
Exchange differences	(2,794)	(2,129)	(422)	(5,345)
Additions	2,930	6,334	847	10,111
Disposal of subsidiary	(4,288)	(1,570)	(51)	(5,909)
Disposals	(122)	(3,111)	(321)	(3,554)
At 31 December 2009	75,097	84,332	19,412	178,841
Depreciation				
At 1 January 2008	27,629	47,218	8,533	83,380
Exchange differences	2,835	3,929	810	7,574
Charge for the year	1,923	4,819	1,076	7,818
Disposals	(769)	(1,252)	(94)	(2,115)
Acquisition of subsidiary	416	580	98	1,094
At 1 January 2009	32,034	55,294	10,423	97,751
Exchange differences	(1,215)	(1,485)	(344)	(3,044)
Charge for the year	1,987	4,996	1,116	8,099
Disposal of subsidiary	(926)	(385)	(33)	(1,344)
Disposals	(71)	(2,722)	(319)	(3,112)
At 31 December 2009	31,809	55,698	10,843	98,350
Net book value at 31 December 2009	43,288	28,634	8,569	80,491
Net book value at 31 December 2008	47,337	29,514	8,936	85,787

Land and buildings at net book value comprise:

	2009 £'000	2008 £'000
Freehold	32,910	35,139
Long leasehold	8,984	10,264
Short leasehold	1,394	1,934
	43,288	47,337

Plant and machinery includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £670,000 (2008: £829,000) and their net book value was £1,768,000 (2008: £2,568,000).

The amount of expenditure during the year for property, plant and equipment in the course of construction amounted to £581,000 (2008: £1,086,000).

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Notes to the accounts

17 Biological assets

	Tea £'000	Citrus £'000	Edible nuts £'000	Other £'000	Total £'000
<i>Group</i>					
At 1 January 2008	48,427	2,207	10,089	19,910	80,633
Exchange differences	12,910	906	3,149	4,343	21,308
Increases due to purchases	1,175	579	1,890	4,302	7,946
Gains arising from changes in fair value less estimated point-of-sale costs	5,185	58	1,809	1,864	8,916
Decreases due to harvesting	–	(392)	(1,496)	(5,036)	(6,924)
Companies joining the group	2,199	–	–	142	2,341
At 1 January 2009	69,896	3,358	15,441	25,525	114,220
Exchange differences	(6,958)	(352)	(983)	(1,125)	(9,418)
Increases due to purchases	1,528	680	2,763	4,092	9,063
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	100	(285)	1,472	1,459	2,746
Decreases due to harvesting	–	(544)	(2,248)	(5,869)	(8,661)
Companies leaving the group	–	(50)	–	(1,833)	(1,883)
At 31 December 2009	64,566	2,807	16,445	22,249	106,067

Other includes grapes, avocados, pineapples, plums, livestock, forestry, rubber production and arable crops.

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. At 31 December 2008 professional valuations were obtained on a significant proportion of assets which had previously been valued using the net present value of expected future cash flows. The valuations have been updated by professional valuers at 31 December 2009. 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.

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 %	Citrus %	Edible nuts %	Other %
2009	13.5	12.0 – 12.5	12.0 – 13.5	5.0 – 17.5
2008	13.5	12.0 – 12.5	12.0 – 13.5	5.0 – 17.5

Notes to the accounts

17 Biological assets (continued)

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

	2009 Hectares	2008 Hectares
Tea	34,841	34,629
Macadamia	2,560	2,293
Table grapes	–	82
Wine grapes	84	214
Citrus	178	227
Avocados	377	367
Pineapples	48	48
Plums	–	17
Pistachios	136	136
Timber	6,002	5,995
Rubber	1,847	1,760
Arable crops	3,407	3,546

	2009 Head	2008 Head
Livestock numbers on hand at the end of the year	4,738	4,458

Output of agricultural produce during the year was:

	2009 Metric tonnes	2008 Metric tonnes
Tea	70,272	72,987
Macadamia	925	1,185
Table grapes	2,041	2,093
Wine grapes	2,157	1,771
Citrus	4,122	4,188
Avocados	6,319	5,983
Pineapples	1,332	26,628
Plums	335	346
Pistachios	21	651
Rubber	817	731
Arable crops	19,192	29,204

	2009 Cubic metres	2008 Cubic metres
Timber	71,419	59,277

	2009 £'000	2008 £'000
Fair value of agricultural output after deducting estimated point-of-sale costs	114,368	93,976

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Notes to the accounts

18 Prepaid operating leases

	£'000
<i>Group</i>	
Cost	
At 1 January 2008	996
Exchange differences	194
At 1 January 2009	1,190
Exchange differences	(98)
At 31 December 2009	1,092
Amortisation	
At 1 January 2008	14
Exchange differences	4
Charge for the year	1
At 1 January 2009	19
Exchange differences	(2)
Charge for the year	1
At 31 December 2009	18
Net book value at 31 December 2009	1,074
Net book value at 31 December 2008	1,171

19 Investments in subsidiaries

	2009	2008
	£'000	£'000
<i>Company</i>		
Cost		
At 1 January and 31 December	73,683	73,683

Notes to the accounts

20 Investments in associates

	2009 £'000	2008 £'000
<i>Group</i>		
At 1 January	109,883	90,367
Exchange differences	(10,521)	34,616
Reclassification from financial assets	–	2,043
Effect of an associate becoming a subsidiary	–	(261)
Disposals	(37)	(33)
Share of loss (note 4)	(2,966)	(8,612)
Dividends	(2,297)	(2,884)
Other equity movements	3,302	(5,353)
At 31 December	<u>97,364</u>	<u>109,883</u>

In 2008, West Hamilton Holdings Limited was reclassified from other investments to an investment in associate.

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:

	Country of incorporation	Assets £'000	Liabilities £'000	Revenues £'000	Profit/(loss) £'000	Interest held %	Market value £'000
2008							
Listed							
Siegfried Holding AG	Switzerland	112,792	(38,541)	46,711	(12,106)	32.3	53,738
BF&M Limited	Bermuda	119,938	(92,491)	26,351	3,022	25.2	23,369
West Hamilton Holdings Limited	Bermuda	3,741	(1,000)	130	31	28.2	2,262
United Leasing Company Limited	Bangladesh	33,621	(29,499)	2,785	405	38.4	6,774
United Insurance Company Limited*	Bangladesh	2,126	(804)	673	51	37.0	6,556
2009							
Listed							
Siegfried Holding AG	Switzerland	92,236	(28,947)	54,190	(6,751)	32.3	50,346
BF&M Limited	Bermuda	114,063	(87,647)	33,270	3,164	25.2	19,571
West Hamilton Holdings Limited	Bermuda	5,603	(3,209)	267	(20)	28.2	2,026
United Leasing Company Limited	Bangladesh	29,910	(25,860)	4,036	573	38.4	13,763
United Insurance Company Limited	Bangladesh	1,627	(412)	192	68	37.0	12,438

On 15 April 2010, the group disposed of its entire shareholding in Siegfried Holding AG, an associated undertaking. The proceeds on disposal are £48,850,000 (CHF 79,571,000) and the estimated profit before tax on disposal is £200,000.

* Includes its wholly owned subsidiary, the Surmah Valley Tea Company Limited. On 14 December 2008, United Insurance Company Limited sold its interest in Surmah Valley Tea Company Limited to group companies.

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Notes to the accounts

21 Other investments

	2009	<i>restated*</i> 2008
	£'000	£'000
<i>Group</i>		
Cost or fair value		
At 1 January	39,690	41,336
Exchange differences	(2,848)	7,687
Fair value adjustment	(729)	(7,025)
Additions	12,683	7,185
Transfer to investment in associates	–	(2,696)
Disposals	(5,481)	(6,797)
At 31 December	<u>43,315</u>	<u>39,690</u>
Provision for diminution in value		
At 1 January	586	150
Exchange differences	(48)	86
Provided during year	204	350
At 31 December	<u>742</u>	<u>586</u>
Net book value at 31 December	<u>42,573</u>	<u>39,104</u>
Net book value comprises:		
Held-to-maturity investments:		
UK Treasury bills	4,988	–
Bank and building society certificates of deposit	7,432	5,436
	12,420	5,436
Available-for-sale financial assets:		
Listed investments	22,613	26,284
Unlisted investments	223	247
	22,836	26,531
Collections	7,317	7,137
	<u>42,573</u>	<u>39,104</u>
Current element	12,420	5,436
Non-current element	30,153	33,668
	<u>42,573</u>	<u>39,104</u>

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.

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

With effect from 1 July 2008, the group has representation on the board of West Hamilton Holdings Limited and is in a position to exert significant influence. As a result, in 2008, the investment in this company was reclassified from other investments to an investment in associate. The result of this reclassification was that investments in associates increased by £2,043,000, being the equity value and other investments declined by £2,696,000, being the market value. The difference of £653,000 was transferred to reserves.

*Within the 2008 comparative amounts, £5,436,000 have been reclassified from cash and cash equivalents to held-to-maturity investments.

Notes to the accounts

21 Other investments (continued)

	2009	2008
	£'000	£'000
<i>Company</i>		
Cost or fair value		
At 1 January	7,316	7,279
Fair value adjustment	16	–
Additions	200	100
Disposals	(20)	(63)
At 31 December	<u>7,512</u>	<u>7,316</u>
Cost or fair value comprises:		
Listed investments	20	4
Unlisted investments	170	170
Collections	7,322	7,142
	<u>7,512</u>	<u>7,316</u>

22 Inventories

	2009	2008
	£'000	£'000
<i>Group</i>		
Raw materials and consumables	7,595	8,959
Work in progress	993	1,002
Produce on hand	12,859	14,027
Finished goods	6,832	6,783
	<u>28,279</u>	<u>30,771</u>

The year end inventories balance includes a write-down provision of £258,000 (2008: £205,000).

23 Trade and other receivables

	2009	<i>restated*</i> 2008
	£'000	£'000
<i>Group</i>		
Due within one year:		
Amounts due from customers of banking subsidiaries	21,833	19,840
Trade debtors	23,222	24,642
Amounts owed by associated undertakings	260	346
Other debtors	5,758	6,126
Prepayments and accrued income	4,124	4,750
	<u>55,197</u>	<u>55,704</u>
Due after one year:		
Amounts due from customers of banking subsidiaries	18,718	20,256
Other debtors	928	979
	<u>19,646</u>	<u>21,235</u>

Included within trade debtors is a provision for doubtful debts of £534,000 (2008: £375,000).

*Within the 2008 comparative amounts, £20,256,000 have been reclassified from amounts due within one year to amounts due after one year.

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Notes to the accounts

23 Trade and other receivables (continued)

Trade debtors include receivables of £4,134,000 (2008: £5,151,000) 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:

	2009 £'000	2008 £'000
Up to 30 days	2,637	3,700
30-60 days	952	639
60-90 days	252	370
Over 90 days	293	442
	<u>4,134</u>	<u>5,151</u>

24 Cash and cash equivalents

	2009 £'000	2008 £'000
		<i>restated*</i>
<i>Group</i>		
Cash at bank and in hand	157,102	249,185
Short-term bank deposits	21,117	11,951
Short-term liquid investments	51,355	15,062
	<u>229,574</u>	<u>276,198</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 £193,434,000 (2008: £251,423,000) which are held by the group's banking subsidiaries and which are an integral part of the banking operations.

*Within the 2008 comparative amounts, £5,436,000 relating to the banking operations have been reclassified from cash at bank and in hand to other investments.

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

	2009 £'000	2008 £'000
Cash and cash equivalents (excluding banking operations)	36,140	24,775
Bank overdrafts (note 26)	(7,509)	(14,856)
	<u>28,631</u>	<u>9,919</u>

	2009 %	2008 %
Effective interest rate:		
Short-term deposits	0.20 – 10.50	1.00 – 13.70
Short-term liquid investments	0.40 – 2.30	1.70 – 2.60
Average maturity period:		
Short-term deposits	57 days	57 days
Short-term liquid investments	35 days	21 days

Notes to the accounts

25 Trade and other payables

	Group		Company	
	2009 £'000	<i>restated*</i> 2008 £'000	2009 £'000	2008 £'000
Due within one year:				
Amounts due to customers of banking subsidiaries	219,909	268,993	–	–
Trade creditors	18,005	17,160	–	–
Other taxation and social security	1,256	1,412	–	–
Other creditors	10,580	11,490	18	20
Accruals	4,596	5,112	–	–
	<u>254,346</u>	<u>304,167</u>	<u>18</u>	<u>20</u>
Due after one year:				
Amounts due to customers of banking subsidiaries	<u>11,227</u>	<u>12,347</u>	<u>–</u>	<u>–</u>

*Within the 2008 comparative amounts, £12,347,000 have been reclassified from amounts due within one year to amounts due after one year.

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Notes to the accounts

26 Financial liabilities – borrowings

	2009	2008
<i>Group</i>	£'000	£'000
Current		
Bank overdrafts	7,509	14,856
Bank loans	4,526	2,884
Finance leases	726	889
	<u>12,761</u>	<u>18,629</u>
Current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank overdrafts	6,296	13,639
Bank loans	706	2,384
Finance leases	726	889
	<u>7,728</u>	<u>16,912</u>
Non-current		
Bank loans	2,444	10,002
Finance leases	675	1,352
	<u>3,119</u>	<u>11,354</u>
Non-current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank loans	2,444	5,260
Finance leases	675	1,352
	<u>3,119</u>	<u>6,612</u>
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	12,035	17,740
Between 1 – 2 years	616	5,972
Between 2 – 5 years	858	1,116
After 5 years	970	2,914
	<u>14,479</u>	<u>27,742</u>
Minimum finance lease payments fall due as follows:		
Within one year or on demand (included in current liabilities)	805	1,016
Between 1 – 2 years	516	780
Between 2 – 5 years	214	715
	<u>1,535</u>	<u>2,511</u>
Future finance charges on finance leases	(134)	(270)
Present value of finance lease liabilities	<u>1,401</u>	<u>2,241</u>

Notes to the accounts

26 Financial liabilities – borrowings *(continued)*

The present value of finance lease liabilities fall due as follows:

	2009 £'000	2008 £'000
Within one year or on demand (included in current liabilities)	726	889
Between 1 – 2 years	473	702
Between 2 – 5 years	202	650
	<u>1,401</u>	<u>2,241</u>

The rates of interest payable by the group ranged between:

	2009 %	2008 %
Overdrafts	3.10 – 17.50	3.00 – 15.50
Bank loans	1.38 – 13.50	1.88 – 13.00
Finance leases	3.25 – 18.00	3.25 – 18.00

27 Provisions

	Onerous lease £'000
<i>Group</i>	
At 1 January 2008	123
Provided in the period	123
Utilised in the period	(123)
At 1 January 2009	123
Provided in the period	150
Utilised in the period	(123)
At 31 December 2009	<u>150</u>
Current	
At 31 December 2009	<u>150</u>
At 31 December 2008	<u>123</u>

The provision for onerous lease relates to warehouse premises operated by Associated Cold Stores & Transport Limited, and relates to twelve months rental which is the expected period of vacancy. The lease expires in 2016.

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Notes to the accounts

28 Deferred tax

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

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 January	32,495	25,363	337	337
Exchange differences	(3,133)	7,748	–	–
(Credited)/charged to the income statement	(292)	811	–	–
Charged/(credited) to equity	1,276	(1,784)	–	–
Companies joining the group	–	357	–	–
At 31 December	<u>30,346</u>	<u>32,495</u>	<u>337</u>	<u>337</u>

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

Deferred tax liabilities

	Accelerated tax depreciation £'000	Unremitted earnings of overseas associates £'000	Pension scheme liability £'000	Other £'000	Total £'000
At 1 January 2008	26,074	3,300	1,793	60	31,227
Exchange differences	6,442	1,560	135	(3)	8,134
(Credited)/charged to the income statement	2,167	(2,223)	129	242	315
Credited to equity	–	–	(1,069)	–	(1,069)
Companies joining the group	357	–	–	–	357
Transfer between categories	310	–	–	–	310
At 1 January 2009	<u>35,350</u>	<u>2,637</u>	<u>988</u>	<u>299</u>	<u>39,274</u>
Exchange differences	(3,045)	–	(74)	13	(3,106)
(Credited)/charged to the income statement	1,522	(2,637)	(48)	(240)	(1,403)
Charged to equity	–	–	69	–	69
At 31 December 2009	<u>33,827</u>	<u>–</u>	<u>935</u>	<u>72</u>	<u>34,834</u>
Deferred tax assets offset					(4,385)
Net deferred tax liability after offset					<u>30,449</u>

Notes to the accounts

28 Deferred tax (continued)

Deferred tax assets

	Decelerated tax depreciation £'000	Tax losses £'000	Pension scheme asset £'000	Other £'000	Total £'000
At 1 January 2008	329	1,770	3,065	700	5,864
Exchange differences	(13)	58	141	200	386
(Charged)/credited to the income statement	(302)	(112)	(462)	380	(496)
Credited to equity	–	–	715	–	715
Transfer between categories	307	27	(4)	(20)	310
At 1 January 2009	321	1,743	3,455	1,260	6,779
Exchange differences	–	191	(81)	(83)	27
(Charged)/credited to the income statement	175	(107)	(1,285)	106	(1,111)
Charged to equity	–	–	(1,207)	–	(1,207)
At 31 December 2009	496	1,827	882	1,283	4,488
Offset against deferred tax liabilities					(4,385)
Net deferred tax asset after offset					103

Deferred tax liabilities of £5,403,000 (2008: £21,941,000) 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 £4,943,000 (2008: £5,801,000) in respect of losses that can be carried forward against future taxable income.

Notes to the accounts

29 Pensions

Certain group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant are the UK funded, final salary defined benefit schemes. The assets of these schemes are administered by trustees and are kept separate from those of the group. Valuations of the three UK defined benefit pension schemes are produced and updated annually to 31 December by qualified independent actuaries. The UK final salary defined benefit pension schemes are closed to new entrants and new employees are eligible to join a group personal pension plan. The Unochrome Group Pension Scheme is closed to future accruals and former active members participate in a defined contribution scheme.

The overseas schemes are operated in group subsidiaries located in Bangladesh, India and The Netherlands. Actuarial valuations have been updated to 31 December 2009 by qualified actuaries for these schemes.

Assumptions

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

	2009	2008
	% per annum	% per annum
UK schemes		
Rate of increase in salaries	3.70	2.85 – 3.00
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.50 – 5.00	2.50 – 5.00
Discount rate applied to scheme liabilities	5.70	6.25
Inflation assumption	3.60	2.75

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are PCA00 and PNA00 with medium cohort improvement factors and subject to a minimum rate of improvement of 1% per annum, projected by year of birth and with an age rating of +1.5 years and +2 years.

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	5.31 – 8.75	5.30 – 11.70
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	7.40	7.10
Bonds	5.00	5.00
Cash	0.50	2.00

Overseas schemes

Bonds	7.06 – 12.50	7.79 – 12.50
Cash	7.06 – 12.50	7.79 – 12.50
Other	5.31 – 5.36	5.30 – 5.60

Notes to the accounts

29 Pensions (continued)

Actuarial valuations

	2009			2008		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Equities and property	76,981	312	77,293	63,567	300	63,867
Bonds	25,999	13,388	39,387	23,249	12,681	35,930
Cash	1,550	1,907	3,457	1,354	3,183	4,537
Other	–	1,926	1,926	–	1,808	1,808
Total fair value of plan assets	104,530	17,533	122,063	88,170	17,972	106,142
Present value of defined benefit obligations	(128,720)	(17,334)	(146,054)	(111,819)	(18,285)	(130,104)
Total (deficit)/surplus in the schemes	(24,190)	199	(23,991)	(23,649)	(313)	(23,962)
Amount recognised as asset in the balance sheet	–	3,054	3,054	–	3,101	3,101
Amount recognised as liability in the balance sheet	(24,190)	(2,855)	(27,045)	(23,649)	(3,414)	(27,063)
	(24,190)	199	(23,991)	(23,649)	(313)	(23,962)
Related deferred tax asset (note 28)	–	882	882	2,435	1,020	3,455
Related deferred tax liability (note 28)	–	(935)	(935)	–	(988)	(988)
Net (deficit)/surplus	(24,190)	146	(24,044)	(21,214)	(281)	(21,495)

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

	2009			2008		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
At 1 January	88,170	17,972	106,142	112,367	14,670	127,037
Expected return on plan assets	5,512	1,338	6,850	7,209	1,153	8,362
Employer contributions	4,989	439	5,428	3,060	1,070	4,130
Contributions paid by plan participants	435	8	443	425	9	434
Benefit payments	(5,953)	(960)	(6,913)	(5,923)	(1,364)	(7,287)
Actuarial gains/(losses)	11,377	82	11,459	(28,968)	(94)	(29,062)
Exchange differences	–	(1,346)	(1,346)	–	2,528	2,528
At 31 December	104,530	17,533	122,063	88,170	17,972	106,142

Notes to the accounts

29 Pensions (continued)

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

	2009			2008		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
At 1 January	(111,819)	(18,285)	(130,104)	(118,488)	(13,391)	(131,879)
Current service cost	(895)	(829)	(1,724)	(1,140)	(636)	(1,776)
Contributions paid by plan participants	(435)	(8)	(443)	(425)	(9)	(434)
Interest cost	(6,836)	(1,143)	(7,979)	(6,864)	(1,000)	(7,864)
Benefit payments	5,953	960	6,913	5,923	1,364	7,287
Actuarial gains/(losses)	(14,688)	572	(14,116)	9,175	(2,040)	7,135
Exchange differences	–	1,399	1,399	–	(2,573)	(2,573)
At 31 December	<u>(128,720)</u>	<u>(17,334)</u>	<u>(146,054)</u>	<u>(111,819)</u>	<u>(18,285)</u>	<u>(130,104)</u>

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. In 2006, the total fair value of plan assets was £122,836,000, present value of defined benefit obligations was £137,032,000 and the deficit was £14,196,000 and in 2005, the total fair value of plan assets was £116,235,000, present value of defined benefit obligations was £134,885,000 and the deficit was £18,650,000.

Income statement

The amounts recognised in the income statement are as follows:

	2009			2008		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Amounts charged to operating profit:						
Current service cost	<u>(895)</u>	<u>(829)</u>	<u>(1,724)</u>	<u>(1,140)</u>	<u>(636)</u>	<u>(1,776)</u>
Total operating charge	(895)	(829)	(1,724)	(1,140)	(636)	(1,776)
Amounts charged/(credited) to other finance costs:						
Expected return on pension scheme assets	5,512	1,338	6,850	7,209	1,153	8,362
Interest on pension scheme liabilities	<u>(6,836)</u>	<u>(1,143)</u>	<u>(7,979)</u>	<u>(6,864)</u>	<u>(1,000)</u>	<u>(7,864)</u>
Net financing (charge)/income (note 8)	<u>(1,324)</u>	<u>195</u>	<u>(1,129)</u>	<u>345</u>	<u>153</u>	<u>498</u>
Total charged to income statement	<u>(2,219)</u>	<u>(634)</u>	<u>(2,853)</u>	<u>(795)</u>	<u>(483)</u>	<u>(1,278)</u>

Contributions to defined contribution schemes are charged to profit when payable and the costs charged were £3,027,000 (2008: £2,730,000).

Notes to the accounts

29 Pensions *(continued)*

Actuarial gains and losses recognised in the statement of comprehensive income

The amounts included in the statement of comprehensive income:

	2009			2008		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Actual return less expected return on pension scheme assets	11,377	82	11,459	(28,968)	(94)	(29,062)
Experience gains/(losses) arising on scheme liabilities	2,654	572	3,226	194	(2,040)	(1,846)
Changes in assumptions underlying present value of scheme liabilities	(17,342)	–	(17,342)	8,981	–	8,981
Actuarial (loss)/gain	(3,311)	654	(2,657)	(19,793)	(2,134)	(21,927)
Taxation on actuarial movement	(1,148)	(128)	(1,276)	1,137	647	1,784
Net actuarial (loss)/gain	(4,459)	526	(3,933)	(18,656)	(1,487)	(20,143)

History of experience gains and losses

	2009			2008			2007		
	UK	Overseas	Total	UK	Overseas	Total	UK	Overseas	Total
Difference between expected and actual return on scheme assets:									
Amount (£'000)	11,377	82	11,459	(28,968)	(94)	(29,062)	(1,636)	(511)	(2,147)
Percentage of scheme assets	10.9%	0.5%	9.4%	(32.9%)	(0.5%)	(27.4%)	(1.5%)	(3.5%)	(1.7%)
Experience gains and losses on scheme liabilities:									
Amount (£'000)	2,654	572	3,226	194	(2,040)	(1,846)	(1,114)	(589)	(1,703)
Percentage of present value of scheme liabilities	2.1%	3.3%	2.2%	0.2%	(11.2%)	(1.4%)	(0.9%)	(4.4%)	(1.3%)
Effects to changes in assumptions underlying the present value of the scheme liabilities:									
Amount (£'000)	(17,342)	–	(17,342)	8,981	–	8,981	9,880	–	9,880
Percentage of present value of scheme liabilities	(13.5%)	–	(11.9%)	8.0%	–	6.9%	8.3%	–	7.5%
Total amount recognised:									
Amount (£'000)	(3,311)	654	(2,657)	(19,793)	(2,134)	(21,927)	7,130	(1,100)	6,030
Percentage of present value of scheme liabilities	(2.6%)	3.8%	(1.8%)	(17.7%)	(11.7%)	(16.9%)	6.0%	(8.2%)	4.6%
				2006			2005		
				UK	Overseas	Total	UK	Overseas	Total
Difference between expected and actual return on scheme assets:									
Amount (£'000)				2,127	65	2,192	11,960	(130)	11,830
Percentage of scheme assets				1.9%	0.5%	1.8%	11.7%	(0.9%)	10.2%
Experience gains and losses on scheme liabilities:									
Amount (£'000)				1,416	1,790	3,206	(2,541)	(1,031)	(3,572)
Percentage of present value of scheme liabilities				1.1%	15.9%	2.3%	(2.1%)	(7.6%)	(2.6%)
Effects to changes in assumptions underlying the present value of the scheme liabilities:									
Amount (£'000)				(1,858)	–	(1,858)	(3,948)	–	(3,948)
Percentage of present value of scheme liabilities				(1.5%)	–	(1.4%)	(3.3%)	–	(2.9%)
Total amount recognised:									
Amount (£'000)				1,685	1,855	3,540	5,471	(1,161)	4,310
Percentage of present value of scheme liabilities				1.3%	16.5%	2.6%	4.5%	(8.6%)	3.2%

The current best estimate of employer contributions to be paid to UK defined benefit pension schemes for the year commencing 1 January 2010 is £5,285,000.

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Notes to the accounts

30 Other employee benefit obligations

The movement in other employee benefit obligations is as follows:

	2009	2008
	£'000	£'000
<i>Group</i>		
At 1 January	2,299	1,462
Exchange differences	(169)	335
Charged to the income statement	228	676
Payments made	(467)	(174)
At 31 December	<u>1,891</u>	<u>2,299</u>
Current element	268	247
Non-current element	<u>1,623</u>	<u>2,052</u>
	<u>1,891</u>	<u>2,299</u>

31 Share capital

	2009	2008
	£'000	£'000
Authorised: 2,842,000 (2008: 2,842,000) ordinary shares of 10p each	<u>284</u>	<u>284</u>
Allotted, called up and fully paid: ordinary shares of 10p each:		
At 1 January and 31 December – 2,842,000 (2008: 2,842,000) shares	<u>284</u>	<u>284</u>

Group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Notes to the accounts

32 Reconciliation of profit from operations to cash flow

	2009	<i>restated</i> 2008
	£'000	£'000
<i>Group</i>		
Profit from operations	34,629	24,329
Share of associates' results	2,966	8,612
Depreciation and amortisation	8,685	8,294
Impairment of non-current assets	204	350
Gain arising from changes in fair value of biological assets	(2,746)	(8,916)
Profit on disposal of non-current assets	(260)	(519)
Profit on disposal of an associate	–	(50)
Loss on disposal of a subsidiary	674	–
Profit on part disposal of a subsidiary	(135)	(104)
Profit on disposal of investments	(28)	(390)
Increase in working capital	(3,741)	(2,335)
Net decrease/(increase) in funds of banking subsidiaries	7,790	(184)
	<u>48,038</u>	<u>29,087</u>

33 Reconciliation of net cash flow to movement in net cash/(debt)

	2009	<i>restated</i> 2008
	£'000	£'000
<i>Group</i>		
Increase in cash and cash equivalents in the year	19,189	7,576
Net cash outflow from decrease in debt	4,095	3,618
Decrease in net debt resulting from cash flows	<u>23,284</u>	<u>11,194</u>
New finance leases	(65)	(453)
Disposal/(acquisition) of a subsidiary	1,868	(184)
Exchange rate movements	381	(960)
Decrease in net debt in the year	25,468	9,597
Net debt at beginning of year	(5,208)	(14,805)
Net cash/(debt) at end of year	<u>20,260</u>	<u>(5,208)</u>

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Notes to the accounts

34 Disposal and acquisition of businesses

Group

In 2009, the group disposed of its 100 per cent. owned Chilean subsidiary, Hacienda Chada S.A.

Details of net assets disposed/acquired are as follows:

	Disposal 2009 £'000	<i>Acquisition</i> 2008 £'000
Fair value of assets and liabilities:		
Intangible assets	118	–
Property, plant and equipment	4,565	1,660
Biological assets	1,883	2,342
Inventories	93	436
Trade and other receivables	26	244
Cash and cash equivalents	20	531
Borrowings – current – overdrafts	–	(1,234)
Borrowings – current – loans	(1,848)	(48)
Trade and other payables	(26)	(184)
Current income tax liabilities	–	(203)
Borrowings – non current	–	(136)
Deferred tax liabilities	–	(357)
Net effect of associates acquisition/disposal	–	(295)
	<u>4,831</u>	<u>2,756</u>
Satisfied by:		
Cash consideration and acquisition costs	<u>6,497</u>	<u>2,756</u>
Net inflow/(outflow) of cash in respect of disposal and acquisition of businesses:		
Cash consideration and acquisition costs	6,497	(2,756)
Loans repaid	(1,848)	–
Costs of disposal	(786)	–
Net cash and overdrafts of businesses	<u>(20)</u>	<u>(703)</u>
	<u>3,843</u>	<u>(3,459)</u>

In 2008, the group acquired 100 per cent. of the share capital of Surmah Valley Tea Company Limited, a tea company operating in Bangladesh. The company was acquired from United Insurance Company, an associate company.

In 2006, the group acquired 100 per cent. of the issued share capital of Hill Martin Holdings Limited and Hill Martin Limited (together “Hill Martin”). In 2008, the group paid a further £661,000 in respect of this acquisition.

Notes to the accounts

35 Commitments

Capital commitments

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

	2009 £'000	2008 £'000
<i>Group</i>		
Property, plant and equipment	1,467	2,281
Biological assets	–	47
	<u>1,467</u>	<u>2,328</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:

	2009 £'000	2008 £'000
<i>Group</i>		
Land and buildings:		
Within 1 year	534	533
Between 1 – 5 years	1,789	1,898
After 5 years	16,006	16,997
	<u>18,329</u>	<u>19,428</u>
Plant and machinery:		
Within 1 year	118	123
Between 1 – 5 years	273	565
	<u>391</u>	<u>688</u>

36 Contingent 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 2009, the directors do not anticipate the outcome of any such claim to result in a material loss.

Notes to the accounts

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 26, 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:

	2009	2008
	£'000	£'000
Borrowings	15,880	29,983
Tangible net assets	<u>285,270</u>	<u>295,041</u>
Ratio	<u>5.57%</u>	<u>10.16%</u>

Borrowings are defined as current and non-current borrowings, as detailed in note 26.

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

	Carrying value	
	2009	<i>restated</i> 2008
	£'000	£'000
Financial assets		
Cash and cash equivalents (excluding bank subsidiaries)	36,140	24,775
Loans and advances to banks by banking subsidiaries	193,434	251,423
Loans and advances to customers of banking subsidiaries	40,551	40,096
Trade and other receivables	30,168	32,093
Other investments	35,256	31,967
	<u>335,549</u>	<u>380,354</u>
Financial liabilities		
Amounts due to customers of banking subsidiaries	231,136	281,340
Trade and other payables	34,437	35,174
Borrowings	15,880	29,983
Provisions	150	123
Other non-current liabilities	118	131
	<u>281,721</u>	<u>346,751</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.

Notes to the accounts

37 Financial instruments (continued)

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 debtors and trade creditors. 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.

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 included on the Bermudian, Swiss and Japanese stock exchanges. 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 £1,131,000 (2008: £1,314,000).

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 2009, 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 £118,000 (2008: £3,000) higher/lower.

At 31 December 2009, 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 £60,000 (2008: £49,000) higher/lower.

Notes to the accounts

37 Financial instruments (continued)

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

	Assets		Liabilities	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Sterling	151,076	188,064	139,076	178,350
US Dollar	55,414	75,103	50,637	73,829
Euro	36,636	26,901	36,749	26,893
Kenyan Shilling	10,465	3,990	–	2,731
Indian Rupee	4,862	2,845	1,226	4,255
Malawi Kwacha	60	106	627	–
Bangladesh Taka	5,775	6,141	5,879	8,769
Australian Dollar	4,272	5,604	4,275	5,602
South African Rand	246	423	362	315
Swiss Franc	5,213	9,138	4,694	8,613
Brazilian Real	3,028	816	–	–
Chilean Peso	228	287	–	–
Bermudian Dollar	1,777	342	–	–
Canadian Dollar	1,606	1,072	1,611	1,072
Japanese Yen	1,305	287	1,302	286
Danish Krone	517	560	516	559
Other	65	51	62	49
	<u>282,545</u>	<u>321,730</u>	<u>247,016</u>	<u>311,323</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 2.0 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.

The group has a large number of trade receivables, with the largest five receivables at the year end only comprising 19 per cent. (2008: 19 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 Duncan Lawrie. 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 2009, the group had undrawn agreed facilities of £28,630,000 (2008: £26,985,000), all of which are due to be reviewed within one year.

Notes to the accounts

37 Financial instruments (continued)

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.

At 31 December 2008	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
Assets						
Cash and cash equivalents (excluding bank subsidiaries)	24,775	–	–	–	–	24,775
Loans and advances to banks by banking subsidiaries	250,832	–	–	–	591	251,423
Loans and advances to customers of banking subsidiaries	19,578	3,247	13,377	3,632	262	40,096
Trade and other receivables	31,114	979	–	–	–	32,093
Other investments	5,436	–	–	–	26,531	31,967
Liabilities						
Deposits by banks at banking subsidiaries	210	–	–	–	–	210
Customer accounts held at banking subsidiaries	268,317	980	10,191	1,176	466	281,130
Trade and other payables	35,174	–	–	–	–	35,174
Borrowings	18,629	6,674	1,766	2,914	–	29,983
Provisions	123	–	–	–	–	123
Other non-current liabilities	–	–	–	122	9	131
At 31 December 2009						
Assets						
Cash and cash equivalents (excluding bank subsidiaries)	36,140	–	–	–	–	36,140
Loans and advances to banks by banking subsidiaries	193,225	–	–	–	209	193,434
Loans and advances to customers of banking subsidiaries	21,651	3,807	10,939	3,972	182	40,551
Trade and other receivables	29,240	928	–	–	–	30,168
Other investments	12,420	–	–	–	22,836	35,256
Liabilities						
Deposits by banks at banking subsidiaries	589	–	–	–	–	589
Customer accounts held at banking subsidiaries	218,795	2,515	7,735	977	525	230,547
Trade and other payables	34,437	–	–	–	–	34,437
Borrowings	12,762	1,088	1,060	970	–	15,880
Provisions	150	–	–	–	–	150
Other non-current liabilities	–	–	–	118	–	118

Included in loans and advances to banks by banking subsidiaries repayable in less than 1 year is £37,963,000 (2008: £21,303,000) repayable on demand and £155,262,000 (2008: £229,529,000) repayable within 3 months.

Notes to the accounts

37 Financial instruments (continued)

Included in loans and advances to customers of banking subsidiaries repayable in less than 1 year is £2,773,000 (2008: £3,288,000) repayable on demand, £6,349,000 (2008: £4,105,000) repayable within 3 months and £12,529,000 (2008: £12,185,000) repayable between 3 and 12 months.

Included in other investments repayable in less than 1 year is £12,420,000 (2008: £5,436,000) repayable between 3 and 12 months.

Included in deposits by banks at banking subsidiaries repayable in less than 1 year is £489,000 (2008: £210,000) repayable on demand and £100,000 (2008: £nil) repayable within 3 months.

Included in customer accounts held at banking subsidiaries repayable in less than 1 year is £65,600,000 (2008: £100,102,000) repayable on demand, £144,034,000 (2008: £161,143,000) repayable within 3 months and £9,161,000 (2008: £7,072,000) repayable between 3 and 12 months.

Included in borrowings in less than 1 year is £7,509,000 (2008: £14,856,000) repayable on demand.

38 Principal subsidiary and associated undertakings

Subsidiary undertakings

The principal operating subsidiary undertakings of the group at 31 December 2009, 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 – 80.1 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 – 59.0 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
General Utilities (Stockport) 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

Notes to the accounts

38 Principal subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation
Trading and agency	
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	UK
Lawrie International Limited (Incorporated in Bermuda)	Bermuda
Linton Park Plc	UK
Unochrome Industries Limited	UK
Western Dooars Investments Limited	UK

Associated undertakings

The principal associated undertakings of the group at 31 December 2009 were:

	Principal country of operation	Accounting date 2009	Group interest in equity capital per cent.
Chemical and pharmaceutical			
Siegfried Holding AG (Incorporated in Switzerland – registered shares)	Switzerland	31 December	32.3
Insurance and leasing			
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	31 December	25.2
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
Property			
West Hamilton Holdings Limited (Incorporated in Bermuda – common stock)	Bermuda	31 December	28.2

Camellia Plc

Notes to the accounts

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 to act 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 currently connected with The Camellia Private Trust Company Limited or the Foundation. While The Camellia Private Trust Company Limited as 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.

Since the Foundation is a non-trading entity, no transactions or relationships between the Camellia Group and the Foundation are envisaged, but the board of Camellia Plc will not in any event conduct any transaction or relationship with the Foundation other than on an arm’s length and normal commercial basis.

40 Events after the balance sheet date

On 15 April 2010, the group disposed of its entire shareholding in Siegfried Holding AG, an associated undertaking and the proceeds on disposal are £48,850,000 (CHF 79,571,000). The estimated profit before tax on disposal net of expenses, after the transfer of exchange differences and other movements previously included in reserves, is £200,000. It is the intention to use the proceeds of the sale for the repayment of debt, the injection of further development capital into existing subsidiary companies and other general corporate purposes.

A serious fire occurred at the Nuneaton premises of Abbey Metal Finishing on the morning of 22 April 2010. Loss adjustors have been appointed but it is too soon to assess when the facility will be capable of becoming operational again.

Report of the auditors

Independent Auditors' Report to the Members of Camellia Plc

We have audited the group and parent company financial statements (the "financial statements") of Camellia Plc for the year ended 31 December 2009 which comprise the Consolidated Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Comprehensive Income, 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 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 Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group 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 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.

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 2009 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; and
- the information given in the Directors' Report 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 13 to 15 with respect to internal control and risk management systems and about share capital structures is consistent with the financial statements.

Report of the auditors

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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 15, in relation to going concern; and
- the parts of the Corporate Governance Statement, set out on pages 13 to 15, relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

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

29 April 2010

Five year record

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Revenue – continuing operations	230,270	190,551	161,936	160,552	152,743
Profit before tax	34,143	24,040	30,651	19,982	22,275
Taxation	(11,702)	(7,547)	(3,205)	(4,808)	(1,764)
Profit from continuing operations	22,441	16,493	27,446	15,174	20,511
Profit attributable to equity shareholders	15,897	11,044	25,317	12,903	20,326
Equity dividends paid	2,557	2,557	2,502	2,474	2,284
Equity					
Called up share capital	284	284	284	284	284
Reserves	293,570	303,816	265,987	235,677	241,632
Shareholders' funds	293,854	304,100	266,271	235,961	241,916
Earnings per share	571.9p	397.3p	910.8p	464.2p	793.2p
Dividend paid per share	92.00p	92.00p	90.00p	89.00p	88.00p

