Camellia Plc

Interim report 2014

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Chairman's statement

The headline loss before tax was £3,398,000 for the six months to 30 June 2014 compared with a profit of £12,466,000 in the same period last year. Headline profit or loss is a measure of underlying performance which is not impacted by exceptional and other items. After taking account of exceptional items the loss before tax for the six month period to 30 June 2014 amounted to £6,893,000 (2013: £11,930,000 profit).

The disappointing results are, as previously advised, primarily due to adverse climatic conditions, continued difficulties in our engineering division and higher costs at Duncan Lawrie Private Bank.

The board has declared an interim dividend of 34p per ordinary share payable on 3 October 2014 to shareholders registered on 5 September 2014.

Tea

India

There were periods of sustained drought during the first part of the year. This resulted in a substantial crop loss, particularly in Assam, and encouraged the proliferation of pests and disease which further reduced the crop.

While tea prices in Assam have been stable those in the Dooars have increased over the same period last year.

Bangladesh

As in India, Bangladesh suffered extensively from drought in April and May which has reduced its production. Tea prices have recovered from low points last year due to an increase in the rate of import tax, but still remain significantly below those prices achieved in the first part of 2013.

Africa

Production in both Kenya and Malawi has been good due to the beneficial pattern of rainfall for a large part of the six month period. Our operation in Kenya has, on occasion been selling its tea at below cost of production. Although remaining volatile, prices have shown an improving trend over the last few weeks, but remain below the average price achieved during 2013.

Tea prices in Malawi are significantly below those achieved in the same period last year.

As previously announced, a substantial loss has been incurred in Africa from changes in the fair value of biological assets, primarily as a result of an 8 per cent. revaluation of the Malawi kwacha against the US dollar during the period to 30 June 2014.

Edible nuts

The macadamia nut production in Malawi is marginally ahead of the same period last year, while the harvest in South Africa had only just commenced within the period under review. Prices for macadamia nuts are holding firm in the international markets.

A new colour sorter has been installed in our processing factory in South Africa which should make a meaningful contribution to increasing the throughput and reducing the cost of production.

The macadamia planted by Kakuzi in Kenya is showing encouraging signs of development and a reasonable crop will probably be harvested in 2016.

A large pistachio crop has set on our pistachio orchard in California. The unknown factor is what proportion of that crop will be 'blanks' and this will, of course, not be known until the harvest in September.

Other horticulture

The avocado crop presently being harvested at Kakuzi in Kenya is substantially ahead of the same period last year, as is the crop packed from outgrowers. Sale prices in the market have been affected by fruit arriving from other origins and are generally expected to be lower than last year.

California experienced a major freeze in the early part of the year and this affected both the quality and quantity of our citrus production.

The soya crop in Brazil is approximately the same as the previous year although selling prices are higher.

The grape harvest on our wine estate in South Africa increased substantially over the previous year and some progress is being made in increasing the number of higher value bottles of wine sold.

Food storage and distribution

The substantial competition in the cold storage industry continues and margins are constantly under pressure. The results for the year to date are below those of the previous year but some initiatives have been taken to develop the spread of work undertaken by our operations.

The Netherlands have been moving slowly out of recession and this, together with a favourable Yen exchange rate, has contributed to improved results for our food distribution business.

Engineering

Our engineering division based in Scotland and centred on AJT Engineering at Aberdeen has continued to perform well.

The operations at British Metal Treatments, GU Cutting and Grinding and Loddon Engineering are showing improved results over the previous year.

Less satisfactory are the continuing losses at Abbey Metal where the regaining of contracts lost subsequent to the fire is proving more difficult than anticipated. In addition, there are supplier programme delays at Abbey Metal's operation in Germany resulting in the start-up costs having to be absorbed over a longer period.

AKD Engineering continues to suffer from the run-off costs associated with a large contract which remains the subject of a legal dispute.

Banking

In the first six months Duncan Lawrie Private Bank suffered from one-off costs associated with specific regulatory compliance matters and a change in the senior management in the company. Lending also reduced due to a more competitive market, although there are signs this business may gradually increase over the next few months.

Prospects

In my chairman's statement which accompanied the 2013 report and accounts I warned shareholders that the group's success was partly dependent on benign climatic conditions. We experienced a number of adverse climatic conditions in the first half of the year which have affected our results. We are still in periods of major harvesting and the impact of climatic conditions in the second half of the year will, of course, have a significant part to play in our results for that period. For these reasons, it remains difficult to give any indication of the likely outcome for the full year but the board nonetheless expects the second half to be more favourable than the first.

M C Perkins
Chairman

28 August 2014

Interim management report

The chairman's statement forms part of this report and includes important events that have occurred during the six months ended 30 June 2014 and their impact on the financial statements set out herein.

Principal risks and uncertainties

The directors' report in the statutory financial statements for the year ended 31 December 2013 (the accounts are available on the company's website: www.camellia.plc.uk) highlighted risks and uncertainties that could have an impact on the group's businesses. As these businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the group's performance. These risks and uncertainties continue to be relevant for the remainder of the year. In addition, the chairman's statement included in this report refers to certain specific risks and uncertainties that the group is presently facing.

Statement of directors' responsibilities

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

The directors of Camellia Plc are listed in the Camellia Plc statutory financial statements for the year ended 31 December 2013. Mr C P T Vaughan-Johnson did not seek re-election at the annual general meeting. There have been no other subsequent changes of directors and a list of current directors is maintained on the group's website at www.camellia.plc.uk.

By order of the board

M C Perkins
Chairman

28 August 2014

Consolidated income statement

for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Revenue	4	101,537	*113,753*	*251,267*
Cost of sales		(81,389)	*(79,367)*	*(162,665)*
Gross profit		20,148	*34,386*	*88,602*
Other operating income		1,076	*1,134*	*2,129*
Distribution costs		(4,411)	*(4,980)*	*(12,264)*
Administrative expenses		(23,213)	*(21,799)*	*(47,284)*
Trading (loss)/profit	4	(6,400)	*8,741*	*31,183*
Share of associates' results	6	466	*445*	*980*
Profit on non-current assets	7	–	*–*	*542*
Profit on disposal of available-for-sale investments		294	*57*	*1,349*
(Loss)/gain arising from changes in fair value of biological assets:				
Gain/(loss) excluding Malawi Kwacha exceptional (loss)/gain		128	*(23)*	*10,061*
Malawi Kwacha (loss)/gain		(3,548)	*–*	*11,032*
	8	(3,420)	*(23)*	*21,093*
(Loss)/profit from operations		(9,060)	*9,220*	*55,147*
Investment income		1,113	*1,159*	*2,417*
Finance income		1,527	*1,937*	*3,417*
Finance costs		(206)	*(424)*	*(878)*
Net exchange gain		102	*608*	*1,031*
Employee benefit expense		(369)	*(570)*	*(1,486)*
Net finance income	9	1,054	*1,551*	*2,084*
(Loss)/profit before tax		(6,893)	*11,930*	*59,648*
Comprising				
– headline (loss)/profit before tax	5	(3,398)	*12,466*	*38,150*
– exceptional items, (loss)/gain arising from changes in fair value of biological assets and other financing gains and losses	5	(3,495)	*(536)*	*21,498*
		(6,893)	*11,930*	*59,648*
Taxation	10	883	*(5,365)*	*(22,105)*
(Loss)/profit for the period		(6,010)	*6,565*	*37,543*
(Loss)/profit attributable to:				
Owners of the parent		(5,934)	*4,359*	*28,297*
Non-controlling interests		(76)	*2,206*	*9,246*
		(6,010)	*6,565*	*37,543*
Earnings per share – basic and diluted	12	(214.8)p	*156.9p*	*1,020.2p*

Statement of comprehensive income

for the six months ended 30 June 2014

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
(Loss)/profit for the period	(6,010)	*6,565*	*37,543*
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations (note 16)	(3,460)	*12,287*	*11,611*
Deferred tax movement in relation to post employment benefit obligations	–	*–*	*14*
	(3,460)	*12,287*	*11,625*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	(3,782)	*14,227*	*(23,888)*
Available-for-sale investments:			
Valuation (losses)/gains taken to equity	(6)	*2,277*	*3,367*
Transferred to income statement on sale	(4)	*(31)*	*(873)*
Tax relating to components of other comprehensive income	–	*–*	*(142)*
	(3,792)	*16,473*	*(21,536)*
Other comprehensive (expense)/income for the period, net of tax	(7,252)	*28,760*	*(9,911)*
Total comprehensive (expense)/income for the period	(13,262)	*35,325*	*27,632*
Total comprehensive (expense)/income attributable to:			
Owners of the parent	(12,718)	*30,957*	*23,143*
Non-controlling interests	(544)	*4,368*	*4,489*
	(13,262)	*35,325*	*27,632*

Consolidated balance sheet

at 30 June 2014

	Notes	30 June 2014 £'000	*30 June 2013 £'000*	*31 December 2013 £'000*
Non-current assets				
Intangible assets		7,367	*7,300*	*7,349*
Property, plant and equipment	13	98,381	*97,865*	*95,840*
Biological assets		124,184	*128,246*	*127,215*
Prepaid operating leases		848	*977*	*890*
Investments in associates		7,339	*7,448*	*7,343*
Deferred tax assets		203	*332*	*212*
Financial assets		57,589	*56,768*	*60,001*
Other investments		8,780	*8,700*	*8,745*
Retirement benefit surplus	16	636	*740*	*653*
Trade and other receivables		6,623	*17,303*	*4,113*
Total non-current assets		311,950	*325,679*	*312,361*
Current assets				
Inventories		36,427	*40,471*	*38,820*
Trade and other receivables		63,509	*74,840*	*69,754*
Other investments		1,749	*1,004*	*1,000*
Current income tax assets		2,969	*1,452*	*433*
Cash and cash equivalents	14	263,199	*266,688*	*289,623*
Total current assets		367,853	*384,455*	*399,630*
Current liabilities				
Borrowings	15	(7,361)	*(11,740)*	*(3,051)*
Trade and other payables		(244,905)	*(238,097)*	*(265,117)*
Current income tax liabilities		(3,421)	*(8,248)*	*(5,965)*
Employee benefit obligations	16	(422)	*(1,187)*	*(448)*
Provisions		(360)	*(458)*	*(360)*
Total current liabilities		(256,469)	*(259,730)*	*(274,941)*
Net current assets		111,384	*124,725*	*124,689*
Total assets less current liabilities		423,334	*450,404*	*437,050*
Non-current liabilities				
Borrowings	15	(53)	*(102)*	*(78)*
Trade and other payables		(6,928)	*(9,787)*	*(2,451)*
Deferred tax liabilities		(37,173)	*(36,923)*	*(39,318)*
Employee benefit obligations	16	(24,652)	*(19,626)*	*(21,546)*
Other non-current liabilities		(104)	*(105)*	*(103)*
Provisions		(225)	*(375)*	*(300)*
Total non-current liabilities		(69,135)	*(66,918)*	*(63,796)*
Net assets		354,199	*383,486*	*373,254*
Equity				
Called up share capital	17	282	*283*	*283*
Share premium		15,298	*15,298*	*15,298*
Reserves		301,232	*325,823*	*316,885*
Equity attributable to owners of the parent		316,812	*341,404*	*332,466*
Non-controlling interests		37,387	*42,082*	*40,788*
Total equity		354,199	*383,486*	*373,254*

Consolidated cash flow statement

for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Cash generated from operations				
Cash flows from operating activities	18	(6,659)	*(171)*	*34,247*
Interest paid		(272)	*(423)*	*(1,189)*
Income taxes paid		(6,257)	*(5,526)*	*(12,653)*
Interest received		1,655	*1,814*	*3,393*
Dividends received from associates		241	*206*	*203*
Net cash flow from operating activities		(11,292)	*(4,100)*	*24,001*
Cash flows from investing activities				
Purchase of intangible assets		(232)	*(88)*	*(399)*
Purchase of property, plant and equipment		(7,782)	*(7,618)*	*(17,290)*
Insurance proceeds for non-current assets		–	*–*	*542*
Proceeds from sale of non-current assets		109	*352*	*577*
Biological assets – new planting		(2,879)	*(1,585)*	*(4,817)*
Part disposal of a subsidiary		141	*49*	*76*
Non-controlling interest subscription		–	*–*	*21*
Purchase of own shares		(471)	*(925)*	*(1,107)*
Proceeds from sale of investments		4,028	*5,272*	*9,583*
Purchase of investments		(3,178)	*(2,864)*	*(14,032)*
Income from investments		1,113	*1,159*	*2,417*
Net cash flow from investing activities		(9,151)	*(6,248)*	*(24,429)*
Cash flows from financing activities				
Equity dividends paid		–	*–*	*(3,388)*
Dividends paid to non-controlling interests		(2,950)	*(2,017)*	*(3,480)*
New loans		–	*39*	*78*
Loans repaid		(103)	*(55)*	*(56)*
Finance lease payments		(9)	*(27)*	*(38)*
Net cash flow from financing activities		(3,062)	*(2,060)*	*(6,884)*
Net decrease in cash and cash equivalents		(23,505)	*(12,408)*	*(7,312)*
Cash and cash equivalents at beginning of period		72,900	*81,373*	*81,373*
Exchange (losses)/gains on cash		(782)	*2,976*	*(1,161)*
Cash and cash equivalents at end of period		48,613	*71,941*	*72,900*

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

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

Cash and cash equivalents	263,199	*266,688*	*289,623*
Less banking operation funds	(207,248)	(183,087)	(213,785)
Overdrafts repayable on demand (included in current liabilities – borrowings)	(7,338)	*(11,660)*	*(2,938)*
	48,613	*71,941*	*72,900*

Statement of changes in equity

for the six months ended 30 June 2014

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2013	284	15,298	(400)	288,362	10,266	313,810	39,691	353,501
Total comprehensive income/(expense) for the period	–	–	–	16,616	14,341	30,957	4,368	35,325
Dividends	–	–	–	(2,446)	–	(2,446)	(2,017)	(4,463)
Non-controlling interest subscription	–	–	–	8	–	8	40	48
Purchase of own shares	(1)	–	–	(925)	1	(925)	–	(925)
At 30 June 2013	283	15,298	(400)	301,615	24,608	341,404	42,082	383,486
At 1 January 2013	284	15,298	(400)	288,362	10,266	313,810	39,691	353,501
Total comprehensive income/(expense) for the period	–	–	–	39,805	(16,662)	23,143	4,489	27,632
Dividends	–	–	–	(3,388)	–	(3,388)	(3,480)	(6,868)
Non-controlling interest subscription	–	–	–	8	–	8	88	96
Purchase of own shares	(1)	–	–	(1,107)	1	(1,107)	–	(1,107)
At 31 December 2013	283	15,298	(400)	323,680	(6,395)	332,466	40,788	373,254
Total comprehensive (expense)/income for the period	–	–	–	(9,394)	(3,324)	(12,718)	(544)	(13,262)
Dividends	–	–	–	(2,513)	–	(2,513)	(2,950)	(5,463)
Non-controlling interest subscription	–	–	–	48	–	48	93	141
Purchase of own shares	(1)	–	–	(471)	1	(471)	–	(471)
At 30 June 2014	282	15,298	(400)	311,350	(9,718)	316,812	37,387	354,199

Notes to the accounts

1 Basis of preparation

These financial statements are the interim condensed consolidated financial statements of Camellia Plc, a company registered in England, and its subsidiaries (the "group") for the six month period ended 30 June 2014 (the "Interim Report"). They should be read in conjunction with the Report and Accounts (the "Annual Report") for the year ended 31 December 2013.

The financial information contained in this interim report has not been audited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2013 has been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and does not contain an emphasis of matter paragraph or a statement made under Section 498(2) and Section 498(3) of the Companies Act 2006.

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

The preparation of the condensed interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense.

In preparing this condensed interim financial report, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2013 with the exception of changes in estimates that are required in determining the provision for income taxes.

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

These interim condensed financial statements were approved by the board of directors on 28 August 2014. At the time of approving these financial statements, the directors have a reasonable expectation that the company and the group have adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Accounting policies

These interim condensed financial statements have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2013. Amendments to IFRSs effective for the financial year ending 31 December 2014 are not expected to have a material impact on the group.

3 Cyclical and seasonal factors

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

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

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

4 Segment reporting

	Six months ended 30 June 2014 Revenue £'000	Six months ended 30 June 2014 Trading (loss)/profit £'000	*Six months ended 30 June 2013 Revenue £'000*	*Six months ended 30 June 2013 Trading profit/(loss) £'000*	*Year ended 31 December 2013 Revenue £'000*	*Year ended 31 December 2013 Trading profit/(loss) £'000*
Agriculture and horticulture	61,494	(1,327)	*75,851*	*11,827*	*175,116*	*41,383*
Engineering	17,900	(1,675)	*14,568*	*(976)*	*29,587*	*(5,599)*
Food storage and distribution	14,996	330	*15,264*	*365*	*30,785*	*772*
Banking and financial services	6,098	(960)	*7,026*	*(24)*	*13,568*	*121*
Other operations	1,049	(39)	*1,044*	*32*	*2,211*	*179*
	101,537	(3,671)	*113,753*	*11,224*	*251,267*	*36,856*
Unallocated corporate expenses*		(2,729)		*(2,483)*		*(5,673)*
Trading (loss)/profit		(6,400)		*8,741*		*31,183*
Share of associates' results		466		*445*		*980*
Profit on non-current assets		–		–		*542*
Profit on disposal of available-for-sale investments		294		*57*		*1,349*
(Loss)/gain arising from changes in fair value of biological assets		(3,420)		*(23)*		*21,093*
Investment income		1,113		*1,159*		*2,417*
Net finance income		1,054		*1,551*		*2,084*
(Loss)/profit before tax		(6,893)		*11,930*		*59,648*
Taxation		883		*(5,365)*		*(22,105)*
(Loss)/profit after tax		(6,010)		*6,565*		*37,543*

*Unallocated corporate expenses include group marketing expenses of £nil (2013: half year £487,000 – year £881,000) incurred on behalf of banking and financial services and agriculture and horticulture segments.

5 Headline (loss)/profit

The group seeks to present an indication of the underlying performance which is not impacted by exceptional items or items considered non-operational in nature. This measure of (loss)/profit is described as 'headline' and is used by management to measure and monitor performance.

The following items have been excluded from the headline measure:

– Exceptional items, including profit and losses from disposal of non-current assets and available-for-sale investments.

– Gains and losses arising from changes in fair value of biological assets, which are a non-cash item, and the directors believe should be excluded to give a better understanding of the group's underlying performance.

– Financing income and expense relating to retirement benefits.

Headline (loss)/profit before tax comprises:

	Six months ended 30 June 2014		*Six months ended 30 June 2013*		*Year ended 31 December 2013*	
	£'000	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Trading (loss)/profit		(6,400)		*8,741*		*31,183*
Share of associates' results		466		*445*		*980*
Investment income		1,113		*1,159*		*2,417*
Net finance income	1,054		*1,551*		*2,084*	
Exclude						
– Employee benefit expense	369		*570*		*1,486*	
Headline finance income		1,423		*2,121*		*3,570*
Headline (loss)/profit before tax		(3,398)		*12,466*		*38,150*
Non-headline items in (loss)/profit before tax comprise:						
Exceptional items						
Profit on disposal of non-current assets	–		*–*		*542*	
Profit on disposal of available-for-sale investments	294		*57*		*1,349*	
		294		*57*		*1,891*
(Loss)/gain arising from changes in fair value of biological assets		(3,420)		*(23)*		*21,093*
Employee benefit expense		(369)		*(570)*		*(1,486)*
Non-headline items in (loss)/profit before tax		(3,495)		*(536)*		*21,498*

6 Share of associates' results

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

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Profit before tax	826	*793*	*1,643*
Taxation	(360)	*(348)*	*(663)*
Profit after tax	466	*445*	*980*

7 Profit on non-current assets

In 2013 a profit of £542,000 (Six months to 30 June 2014: £nil – to 30 June 2013: £nil) was realised following part recovery of insurance claims received in relation to the property, plant and equipment destroyed by the fire in 2011 at one of the tea processing factories owned by Eastern Produce Malawi Limited.

8 (Loss)/gain arising from changes in fair value of biological assets

During the period to 30 June 2014 the Malawian Kwacha appreciated in value from 712.19 to the pound sterling at 1 January 2014 to 676.73 to the pound sterling at 30 June 2014. The functional currency of our Malawian subsidiaries is the kwacha. Our principal assets in Malawi are our agricultural assets. As they generate revenues in currencies other than the kwacha their value in hard currency has not risen in the period. Accordingly, the revaluation of the agricultural assets in kwacha under IAS 41 at 30 June 2014 generated a loss of £3,548,000 (Six months to 30 June 2013: £nil) due to the currency revaluation which is included in the overall loss arising from changes in fair value of biological assets of £3,420,000 (Six months to 30 June 2013: £23,000) charged to the income statement. This has been largely offset by a foreign exchange translation gain credited to reserves.

In the year to 31 December 2013 the Malawian kwacha depreciated in value from 544.05 to the pound sterling at 1 January 2013 to 712.19 to the pound sterling at 31 December 2013. Accordingly, the revaluation of the agricultural assets in kwacha under IAS 41 at 31 December 2013 generated a credit of £18,631,000 including a gain of £11,032,000 due to the currency devaluation which was included in the overall gain of £21,093,000 credited to the income statement. This was largely offset by a foreign exchange translation loss charged to reserves.

9 Finance income and costs

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Interest payable on loans and bank overdrafts	(205)	*(424)*	*(874)*
Interest payable on obligations under finance leases	(1)	–	*(4)*
Finance costs	(206)	*(424)*	*(878)*
Finance income – interest income on short-term bank deposits	1,527	*1,937*	*3,417*
Net exchange gain on foreign currency balances	102	*608*	*1,031*
Employee benefit expense	(369)	*(570)*	*(1,486)*
Net finance income	1,054	*1,551*	*2,084*

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

Notes to the accounts

10 Taxation on profit on ordinary activities

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Current tax			
Overseas corporation tax	1,205	*7,005*	*13,941*
Deferred tax			
Origination and reversal of timing differences			
Overseas deferred tax	(2,088)	*(1,640)*	*8,164*
Tax on profit on ordinary activities	(883)	*5,365*	*22,105*

Tax on profit on ordinary activities for the six months to 30 June 2014 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2014.

11 Equity dividends

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2013 of 91.00p (2012: 88.00p) per share	2,513	*2,446*	*2,446*
Interim dividend for the year ended 31 December 2013 of 34.00p per share			*942*
			3,388

Dividends amounting to £57,000 (2013: six months £55,000 – year £78,000) have not been included as group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Proposed interim dividend for the year ended 31 December 2014 of 34.00p (2013: 34.00p) per share	939	*942*	

The proposed interim dividend was approved by the board of directors on 28 August 2014 and has not been included as a liability in these financial statements.

12 Earnings per share (EPS)

	Six months ended 30 June 2014		*Six months ended 30 June 2013*		*Year ended 31 December 2013*	
	Earnings £'000	EPS Pence	*Earnings £'000*	*EPS Pence*	*Earnings £'000*	*EPS Pence*
Basic and diluted EPS						
Attributable to ordinary shareholders	(5,934)	(214.8)	*4,359*	*156.9*	*28,297*	*1,020.2*

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of 2,762,531 (2013: six months 2,778,775 – year 2,773,762), which excludes 62,500 (2013: six months 62,500 – year 62,500) shares held by the group as treasury shares.

13 Property, plant and equipment

During the six months ended 30 June 2014 the group acquired assets with a cost of £7,782,000 (2013: six months £7,618,000 – year £17,290,000). Assets with a carrying amount of £37,000 were disposed of during the six months ended 30 June 2014 (2013: six months £212,000 – year £327,000).

14 Cash and cash equivalents

Included in cash and cash equivalents of £263,199,000 (2013: six months £266,688,000 – year £289,623,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £207,248,000 (2013: six months £183,087,000 – year £213,785,000), which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

15 Borrowings

Borrowings (current and non-current) include loans and finance leases of £76,000 (2013: six months £182,000 – year £191,000) and bank overdrafts of £7,338,000 (2013: six months £11,660,000 – year £2,938,000). The following loans and finance leases were repaid during the six months ended 30 June 2014:

	£'000
Balance at 1 January 2014	191
Exchange differences	(3)
Repayments	
Loans	(103)
Finance lease liabilities	(9)
Balance at 30 June 2014	76

16 Retirement benefit schemes

The UK defined benefit pension scheme for the purpose of IAS 19 has been updated to 30 June 2014 from the valuation as at 31 December 2013 by the actuary and the movements have been reflected in this interim statement. Overseas schemes have not been updated from 31 December 2013 valuations as it is considered that there have been no significant changes.

An actuarial loss of £3,460,000 was realised in the period, of which a gain of £599,000 was realised in relation to the scheme assets and a loss of £4,059,000 was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has decreased to 4.25% (31 December 2013: 4.50%), the assumed rate of inflation (CPI) has decreased to 2.35% (31 December 2013: 2.50%) and the assumed rate of increases for salaries to 2.35% (31 December 2013: 2.50%). There has been no change in the mortality assumptions used.

Notes to the accounts

17 Share Capital

	30 June 2014 £'000	*30 June 2013 £'000*	*31 December 2013 £'000*
Authorised: 2,842,000 (2013: 30 June 2,842,000 – 31 December 2,842,000) ordinary shares of 10p each	284	*284*	*284*
Allotted, called up and fully paid: ordinary shares of 10p each:			
At 1 January – 2,829,700 (2013: 2,842,000) shares	283	*284*	*284*
Purchase of own shares – 5,200 (2013: 30 June 10,192 – 31 December 12,300) shares	(1)	*(1)*	*(1)*
At 30 June – 2,824,500 (2013: 30 June 2,831,808 – 31 December 2,829,700) shares	282	*283*	*283*

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

On 6 June 2013 the directors were authorised to purchase up to a maximum of 277,950 ordinary shares and during the period 5,200 shares were purchased. Upon cancellation of the shares purchased, a capital redemption reserve is created representing the nominal value of the shares cancelled.

18 Reconciliation of (loss)/profit from operations to cash flow

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
(Loss)/profit from operations	(9,060)	*9,220*	*55,147*
Share of associates' results	(466)	*(445)*	*(980)*
Depreciation and amortisation	4,810	*4,890*	*9,527*
Impairment of non-current assets	–	*–*	*22*
Loss/(gain) arising from changes in fair value of biological assets	3,420	*23*	*(21,093)*
Profit on disposal of non-current assets	(72)	*(141)*	*(792)*
Profit on disposal of investments	(294)	*(57)*	*(1,348)*
Pensions and similar provisions less payments	(599)	*(871)*	*(392)*
Biological assets capitalised cultivation costs	(2,356)	*(4,378)*	*(5,444)*
Biological assets decreases due to harvesting	4,287	*4,682*	*7,977*
(Increase)/decrease in working capital	(1,471)	*502*	*(671)*
Net increase in funds of banking subsidiaries	(4,858)	*(13,596)*	*(7,706)*
	(6,659)	*(171)*	*34,247*

19 Reconciliation of net cash flow to movement in net cash

	Six months ended 30 June 2014 £'000	*Six months ended 30 June 2013 £'000*	*Year ended 31 December 2013 £'000*
Decrease in cash and cash equivalents in the period	(23,403)	*(12,408)*	*(7,312)*
Net cash outflow from decrease in debt	112	*43*	*16*
Decrease in net cash resulting from cash flows	(23,291)	*(12,365)*	*(7,296)*
Exchange rate movements	(881)	*2,958*	*(1,161)*
Decrease in net cash in the period	(24,172)	*(9,407)*	*(8,457)*
Net cash at beginning of period	72,709	*81,166*	*81,166*
Net cash at end of period	48,537	*71,759*	*72,709*

20 Contingencies

During 2013, one of the group's trading subsidiaries made a legal claim against one of its customers. The customer has subsequently raised a counter claim. Neither the contingent asset arising from the claim nor a provision for the counter claim have been recognised.

21 Related party transactions

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