Camellia Plc

Interim report 2015

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Chairman's statement

The headline loss before tax was £8,771,000 for the six months to 30 June 2015 compared with a loss of £3,398,000 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 2015 amounted to £8,446,000 (2014: £6,893,000 loss).

The board has declared an interim dividend of 34p per ordinary share payable on 2 October 2015 to shareholders registered on 11 September 2015.

Tea

India

Yet again there were periods of sustained drought during the first part of the year, the effect of which was mitigated to some extent by our irrigation facilities. Nonetheless, our crop, although in line with the same period of last year, was still below expectations.

Tea prices are similar to the same period last year. Margins have been severely adversely affected by higher input costs, particularly labour costs.

Bangladesh

As in India, Bangladesh suffered extensively from drought in the early months of the year which has restricted its production to similar levels to those of last year.

Tea prices are significantly above those of the first part of 2014, which were suffering from the effect of the relaxation of import duty at that time.

Africa

Production in both Kenya and Malawi has been reasonable but not as good as the previous year. Tea prices in Kenya have shown an improved trend and are significantly ahead of the same period last year.

Tea prices in Malawi are at a similar level to those achieved in the same period last year.

Edible Nuts

The macadamia nut production in Malawi is similar to that 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 continue to hold firm in international markets.

The new colour sorter installed in our processing factory in South Africa is proving to be very beneficial to the packing process.

The macadamia planted by Kakuzi in Kenya continues to develop and a new cracking facility is now being constructed in time to process the 2016 production.

2015 is an 'off-year' in the production cycle on our pistachio orchard in California and the crop will be minimal. A meaningful maiden crop of almonds is presently being harvested on our orchard.

Other horticulture

The avocado crop presently being harvested at Kakuzi in Kenya is expected to be marginally ahead of last year and sale prices in the market are presently firm.

California continues to experience a major drought which is causing considerable concern for the future of its agricultural industry. Horizon's citrus crop was lower than last year but prices have held firm.

The maize and soya crops in Brazil are close to expectations, as are the sale prices.

The grape harvest on our wine estate in South Africa was not as large as the previous year but progress is being made in increasing the number of higher value bottles of wine sold.

Biological assets

It had been hoped that 2014 would have been the last year in which IAS 41 would have been relevant to the majority of our agricultural operations. Unfortunately, the proposed amendments to IAS 16 and IAS 41 have not yet been ratified by the EU. Therefore, it is looking increasingly likely that it will be 2016 before our permanent plantings can be classified under IAS 16 as property, plant and equipment.

Food storage and distribution

The substantial competition in the cold storage industry continues and margins are constantly under pressure, but the results for the year to date are ahead of those of the previous year.

Trading conditions in the Netherlands remain difficult.

Engineering

Our engineering division suffered a loss in the first six months of the year, the majority of which was due to costs associated with the regrettable closure of AKD Engineering. This closure has now been virtually completed and negotiations are at an advanced stage for the disposal of the property, plant and equipment at Lowestoft.

The low price of oil continues to impact on the profitability of our Scottish operations. There seems little immediate prospect of the market returning to a level that would encourage the major operators to restart both capital and operational spending.

It is pleasing to report that losses being incurred at Abbey Metal are reducing faster than was anticipated at the start of the year and prospects for this operation are more encouraging.

The majority of the approvals have now been obtained from our expected major customer and new customers have been identified for Atfin, our joint venture in Germany. However, sales continue to be significantly behind expectations.

Banking

A review has been conducted into the future opportunities for Duncan Lawrie, our UK private banking business. Our conclusion is that this business is worthy of continuing support, investment and development. The business has been busy adjusting to the new regulatory environment and the low interest rates that emerged following the 2008 financial crisis. With some investment over the coming 2-3 years, and some relaxation of the current restriction on lending, we are confident that the bank can become a successful and profitable part of the group. Duncan Lawrie has built a reputation for excellent client service as a private bank and wealth manager and, with our support, can complete its transition to a business that is well equipped to meet the demands of the private banking marketplace.

Prospects

Weather conditions continue to be a major consideration for the profitability of the group. It is however encouraging that the crops we grow are still in demand to the extent that prices have recovered from the levels that were unsustainable in some of our operations in 2014. Whilst it is too early to give any predication of the likely outcome of the full year, we expect the second half of the year to be more favourable than the first.

M C Perkins
Chairman

26 August 2015

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 2015 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 2014 (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 2014. Mr A K Mathur did not seek re-election at the annual general meeting and Mr C J Ames resigned as a director with effect from 2 July 2015. 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

26 August 2015

Consolidated income statement

for the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Revenue	4	102,488	*101,537*	*238,868*
Cost of sales		(83,561)	*(79,665)*	*(163,728)*
Gross profit		18,927	*21,872*	*75,140*
Other operating income		850	*1,076*	*2,179*
Distribution costs		(3,477)	*(4,411)*	*(12,700)*
Administrative expenses		(28,347)	*(24,937)*	*(53,507)*
Trading (loss)/profit	4	(12,047)	*(6,400)*	*11,112*
Share of associates' results	6	510	*466*	*1,092*
Profit on non-current assets	7	879	*–*	*–*
Profit on disposal of available-for-sale investments		217	*294*	*447*
Impairment of available-for-sale financial assets	8	–	*–*	*(2,334)*
Impairment of property, plant and equipment and provisions	9	–	*–*	*(1,134)*
(Loss)/gain arising from changes in fair value of biological assets:				
(Loss)/gain excluding Malawi Kwacha exceptional (loss)/gain		(175)	*128*	*7,842*
Malawi Kwacha exceptional (loss)/gain		–	*(3,548)*	*978*
		(175)	*(3,420)*	*8,820*
(Loss)/profit from operations		(10,616)	*(9,060)*	*18,003*
Investment income		1,166	*1,113*	*2,161*
Finance income		1,432	*1,527*	*2,864*
Finance costs		(312)	*(206)*	*(608)*
Net exchange gain		480	*102*	*607*
Employee benefit expense		(596)	*(369)*	*(1,044)*
Net finance income	10	1,004	*1,054*	*1,819*
(Loss)/profit before tax		(8,446)	*(6,893)*	*21,983*
Comprising				
– headline (loss)/profit before tax	5	(8,771)	*(3,398)*	*17,228*
– exceptional items, (loss)/gain arising from changes in fair value of biological assets and other financing gains and losses	5	325	*(3,495)*	*4,755*
		(8,446)	*(6,893)*	*21,983*
Taxation	11	560	*883*	*(13,673)*
(Loss)/profit for the period		(7,886)	*(6,010)*	*8,310*
(Loss)/profit attributable to:				
Owners of the parent		(7,956)	*(5,934)*	*2,836*
Non-controlling interests		70	*(76)*	*5,474*
		(7,886)	*(6,010)*	*8,310*
Earnings per share – basic and diluted	13	(288.1)p	*(214.8)p*	*102.7p*

Statement of comprehensive income

for the six months ended 30 June 2015

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
(Loss)/profit for the period	(7,886)	*(6,010)*	*8,310*
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations (note 18)	7,244	*(3,460)*	*(20,341)*
Deferred tax movement in relation to post employment benefit obligations	–	–	*698*
	7,244	*(3,460)*	*(19,643)*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	(5,520)	*(3,782)*	*7,533*
Available-for-sale investments:			
Valuation (losses)/gains taken to equity	(1,111)	*(6)*	*2,822*
Transferred to income statement on sale	(5)	*(4)*	*(364)*
Tax relating to components of other comprehensive income	–	–	*72*
	(6,636)	*(3,792)*	*10,063*
Other comprehensive income/(expense) for the period, net of tax	608	*(7,252)*	*(9,580)*
Total comprehensive expense for the period	(7,278)	*(13,262)*	*(1,270)*
Total comprehensive expense attributable to:			
Owners of the parent	(6,070)	*(12,718)*	*(6,801)*
Non-controlling interests	(1,208)	*(544)*	*5,531*
	(7,278)	*(13,262)*	*(1,270)*

Consolidated balance sheet

at 30 June 2015

	Notes	30 June 2015 £'000	*30 June 2014 £'000*	*31 December 2014 £'000*
Non-current assets				
Intangible assets		7,608	*7,367*	*7,072*
Property, plant and equipment	14	100,125	*98,381*	*104,923*
Investment properties	15	10,739	*–*	*–*
Biological assets		140,055	*124,184*	*139,999*
Prepaid operating leases		820	*848*	*900*
Investments in associates		8,907	*7,339*	*8,664*
Deferred tax assets		168	*203*	*184*
Financial assets		63,044	*57,589*	*63,488*
Other investments		8,940	*8,780*	*8,864*
Retirement benefit surplus	18	802	*636*	*805*
Trade and other receivables		7,742	*6,623*	*23,303*
Total non-current assets		348,950	*311,950*	*358,202*
Current assets				
Inventories		38,799	*36,427*	*41,841*
Trade and other receivables		79,907	*63,509*	*63,292*
Other investments		–	*1,749*	*–*
Current income tax assets		1,192	*2,969*	*548*
Cash and cash equivalents	16	241,827	*263,199*	*257,164*
Total current assets		361,725	*367,853*	*362,845*
Current liabilities				
Borrowings	17	(4,148)	*(7,361)*	*(2,855)*
Trade and other payables		(266,808)	*(244,905)*	*(258,292)*
Current income tax liabilities		(2,690)	*(3,421)*	*(5,609)*
Employee benefit obligations	18	(462)	*(422)*	*(527)*
Provisions		(361)	*(360)*	*(636)*
Total current liabilities		(274,469)	*(256,469)*	*(267,919)*
Net current assets		87,256	*111,384*	*94,926*
Total assets less current liabilities		436,206	*423,334*	*453,128*
Non-current liabilities				
Borrowings	17	(5,434)	*(53)*	*(42)*
Trade and other payables		(3,679)	*(6,928)*	*(5,130)*
Deferred tax liabilities		(39,075)	*(37,173)*	*(41,618)*
Employee benefit obligations	18	(34,354)	*(24,652)*	*(41,885)*
Other non-current liabilities		(99)	*(104)*	*(98)*
Provisions		–	*(225)*	*–*
Total non-current liabilities		(82,641)	*(69,135)*	*(88,773)*
Net assets		353,565	*354,199*	*364,355*
Equity				
Called up share capital	19	282	*282*	*282*
Share premium		15,298	*15,298*	*15,298*
Reserves		297,514	*301,232*	*306,124*
Equity attributable to owners of the parent		313,094	*316,812*	*321,704*
Non-controlling interests		40,471	*37,387*	*42,651*
Total equity		353,565	*354,199*	*364,355*

Consolidated cash flow statement

for the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Cash generated from operations				
Cash flows from operating activities	20	1,708	*(6,659)*	*17,080*
Interest paid		(313)	*(272)*	*(655)*
Income taxes paid		(5,091)	*(6,257)*	*(11,595)*
Interest received		1,649	*1,655*	*2,871*
Dividends received from associates		279	*241*	*244*
Net cash flow from operating activities		(1,768)	*(11,292)*	*7,945*
Cash flows from investing activities				
Purchase of intangible assets		(776)	*(232)*	*(66)*
Purchase of property, plant and equipment		(5,203)	*(7,782)*	*(19,019)*
Purchase of investment properties		(8,605)	*–*	*–*
Proceeds from sale of non-current assets		1,811	*109*	*264*
Biological assets – new plantings		(2,353)	*(2,879)*	*(5,072)*
Part disposal of a subsidiary		104	*141*	*251*
Non-controlling interest subscription		–	*–*	*88*
Purchase of own shares		–	*(471)*	*(471)*
Proceeds from sale of investments		1,032	*4,028*	*1,940*
Purchase of investments		(2,157)	*(3,178)*	*(434)*
Income from investments		1,166	*1,113*	*2,161*
Net cash flow from investing activities		(14,981)	*(9,151)*	*(20,358)*
Cash flows from financing activities				
Equity dividends paid		–	*–*	*(3,452)*
Dividends paid to non-controlling interests		(1,051)	*(2,950)*	*(3,990)*
New loans		6,000	*–*	*157*
Loans repaid		(86)	*(103)*	*(202)*
Finance lease payments		(3)	*(9)*	*(15)*
Net cash flow from financing activities		4,860	*(3,062)*	*(7,502)*
Net decrease in cash and cash equivalents		(11,889)	*(23,505)*	*(19,915)*
Cash and cash equivalents at beginning of period		54,122	*72,900*	*72,900*
Exchange (losses)/gains on cash		(1,719)	*(782)*	*1,137*
Cash and cash equivalents at end of period		40,514	*48,613*	*54,122*

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	241,827	*263,199*	*257,164*
Less banking operations funds	(197,783)	*(207,248)*	*(200,285)*
Overdrafts repayable on demand (included in current liabilities – borrowings)	(3,530)	*(7,338)*	*(2,757)*
	40,514	*48,613*	*54,122*

Statement of changes in equity
for the six months ended 30 June 2015

	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 2014	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
At 1 January 2014	283	15,298	(400)	323,680	(6,395)	332,466	40,788	373,254
Total comprehensive (expense)/income for the period	–	–	–	(16,458)	9,657	(6,801)	5,531	(1,270)
Dividends	–	–	–	(3,452)	–	(3,452)	(3,990)	(7,442)
Non-controlling interest subscription	–	–	–	(38)	–	(38)	322	284
Purchase of own shares	(1)	–	–	(471)	1	(471)	–	(471)
At 31 December 2014	282	15,298	(400)	303,261	3,263	321,704	42,651	364,355
Total comprehensive (expense)/income for the period	–	–	–	(713)	(5,357)	(6,070)	(1,208)	(7,278)
Dividends	–	–	–	(2,541)	–	(2,541)	(1,051)	(3,592)
Non-controlling interest subscription	–	–	–	–	–	–	79	79
Purchase of own shares	–	–	–	–	1	1	–	1
At 30 June 2015	282	15,298	(400)	300,007	(2,093)	313,094	40,471	353,565

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 2015 (the “Interim Report”). They should be read in conjunction with the Report and Accounts (the “Annual Report”) for the year ended 31 December 2014.

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 2014 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 Standards Interpretations Committee (“IFRS IC”) that have been adopted by the European Union.

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

These interim condensed financial statements were approved by the board of directors on 26 August 2015. 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 2014. Amendments to IFRSs effective for the financial year ending 31 December 2015 are not expected to have a material impact on the group.

Following the acquisition of investment properties during the period the following accounting policy has been applied.

Investment properties

Properties held to earn rental income rather than for the purpose of the group’s principal activities are classified as Investment properties. Investment properties are recorded at cost less accumulated depreciation and any recognised impairment loss. The depreciation policy is consistent with those described for other group properties.

Income from investment properties is disclosed in ‘Other operating income’. The related operating costs are immaterial and are included within administrative expenses.

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. The majority of the macadamia crop in Malawi and South Africa is harvested in the second half of the year. 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 2015 Revenue £'000	Six months ended 30 June 2015 Trading (loss)/profit £'000	*Six months ended 30 June 2014 Revenue £'000*	*Six months ended 30 June 2014 Trading profit/(loss) £'000*	*Year ended 31 December 2014 Revenue £'000*	*Year ended 31 December 2014 Trading profit/(loss) £'000*
Agriculture and horticulture	65,047	(3,556)	*61,494*	*(1,327)*	*164,247*	*27,204*
Engineering	14,296	(3,431)	*17,900*	*(1,675)*	*28,872*	*(8,387)*
Food storage and distribution	15,230	384	*14,996*	*330*	*30,941*	*943*
Banking and financial services	6,683	(1,153)	*6,098*	*(960)*	*12,373*	*(2,496)*
Other operations	1,232	(84)	*1,049*	*(39)*	*2,435*	*131*
	102,488	(7,840)	*101,537*	*(3,671)*	*238,868*	*17,395*
Unallocated corporate expenses		(4,207)		*(2,729)*		*(6,283)*
Trading (loss)/profit		(12,047)		*(6,400)*		*11,112*
Share of associates' results		510		*466*		*1,092*
Profit on non-current assets		879		*–*		*–*
Profit on disposal of available-for-sale investments		217		*294*		*447*
Impairment of available-for-sale financial assets		–		*–*		*(2,334)*
Impairment of property, plant and equipment and provisions		–		*–*		*(1,134)*
(Loss)/gain arising from changes in fair value of biological assets		(175)		*(3,420)*		*8,820*
Investment income		1,166		*1,113*		*2,161*
Net finance income		1,004		*1,054*		*1,819*
(Loss)/profit before tax		(8,446)		*(6,893)*		*21,983*
Taxation		560		*883*		*(13,673)*
(Loss)/profit after tax		(7,886)		*(6,010)*		*8,310*

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 and impairments of non-current assets.

– 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 2015		*Six months ended 30 June 2014*		*Year ended 31 December 2014*	
	£'000	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Trading (loss)/profit		(12,047)		*(6,400)*		*11,112*
Share of associates' results		510		*466*		*1,092*
Investment income		1,166		*1,113*		*2,161*
Net finance income	1,004		*1,054*		*1,819*	
Exclude						
– Employee benefit expense	596		*369*		*1,044*	
Headline finance income		1,600		*1,423*		*2,863*
Headline (loss)/profit before tax		(8,771)		*(3,398)*		*17,228*
Non-headline items in (loss)/profit before tax comprise:						
Exceptional items						
Impairment of available-for-sale financial assets	–		*–*		*(2,334)*	
Impairment of property, plant and equipment and provisions	–		*–*		*(1,134)*	
Profit on disposal of non-current assets	879		*–*		*–*	
Profit on disposal of available-for-sale investments	217		*294*		*447*	
		1,096		*294*		*(3,021)*
(Loss)/gain arising from changes in fair value of biological assets		(175)		*(3,420)*		*8,820*
Employee benefit expense		(596)		*(369)*		*(1,044)*
Non-headline items in (loss)/profit before tax		325		*(3,495)*		*4,755*

6 Share of associates' results

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

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Profit before tax	824	*826*	*1,814*
Taxation	(314)	*(360)*	*(722)*
Profit after tax	510	*466*	*1,092*

7 Profit on non-current assets

A profit of £879,000 has been realised following the disposal by GU Cutting and Grinding Services Limited of its former site.

8 Impairment of available-for sale financial assets

In 2014 an impairment provision of £2,334,000 was made against the group's investment in Ascendant Group, a Bermudian power company, following a significant long-term decline in the value of this investment.

9 Impairment of property, plant and equipment and provisions

At 31 December 2014 following the continuing losses at AKD Engineering Limited, a wholly owned subsidiary, a review of carrying values was undertaken and a charge of £1,134,000 was made as a result. This charge included a £824,000 impairment provision against property, plant and equipment and £310,000 of provisions including £267,000 in relation to an onerous lease. The continued poor performance resulted in the decision by AKD Engineering Limited to close with effect from the end of June 2015.

10 Finance income and costs

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Interest payable on loans and bank overdrafts	(312)	*(205)*	*(607)*
Interest payable on obligations under finance leases	–	*(1)*	*(1)*
Finance costs	(312)	*(206)*	*(608)*
Finance income – interest income on short-term bank deposits	1,432	*1,527*	*2,864*
Net exchange gain on foreign currency balances	480	*102*	*607*
Employee benefit expense	(596)	*(369)*	*(1,044)*
Net finance income	1,004	*1,054*	*1,819*

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

Notes to the accounts

11 Taxation on profit on ordinary activities

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Current tax			
Overseas corporation tax	1,564	*1,205*	*10,999*
Deferred tax			
Origination and reversal of timing differences			
Overseas deferred tax	(2,124)	*(2,088)*	*2,674*
Tax on profit on ordinary activities	(560)	*(883)*	*13,673*

Tax on profit on ordinary activities for the six months to 30 June 2015 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2015.

12 Equity dividends

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2014 of 92.00p (2013: 91.00p) per share	2,541	*2,513*	*2,513*
Interim dividend for the year ended 31 December 2014 of 34.00p per share			*939*
			3,452

Dividends amounting to £58,000 (2014: six months £57,000 – 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 2015 of 34.00p (2014: 34.00p) per share	939	*939*	

The proposed interim dividend was approved by the board of directors on 26 August 2015 and has not been included as a liability in these financial statements.

13 Earnings per share (EPS)

	Six months ended 30 June 2015		*Six months ended 30 June 2014*		*Year ended 31 December 2014*	
	Earnings £'000	EPS Pence	*Earnings £'000 restated*	*EPS Pence restated*	*Earnings £'000 restated*	*EPS Pence restated*
Basic and diluted EPS						
Attributable to ordinary shareholders	(7,956)	(288.1)	*(5,934)*	*(214.8)*	*2,836*	*102.7*

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 2,762,000 (2014: six months 2,762,531 – year 2,762,264), which excludes 62,500 (2014: six months 62,500 – year 62,500) shares held by the group as treasury shares.

14 Property, plant and equipment

During the six months ended 30 June 2015 the group acquired assets with a cost of £5,203,000 (2014: six months £7,782,000 – year £19,019,000). Assets with a carrying amount of £906,000 were disposed of during the six months ended 30 June 2015 (2014: six months £37,000 – year £139,000) and assets with a net book value of £2,090,000 were reclassified as investment properties.

15 Investment properties

During the six months ended 30 June 2015 the group acquired investment properties with a cost of £8,605,000 and following a review of property, plant and equipment, assets with a net book value of £2,090,000 were reclassified as investment properties.

16 Cash and cash equivalents

Included in cash and cash equivalents of £241,827,000 (2014: six months £263,199,000 – year £257,164,000) are cash and short-term funds, time deposits with banks and building societies and certificates of deposit amounting to £197,783,000 (2014: six months £207,248,000 – year £200,285,000), which are held by banking subsidiaries and which are an integral part of the banking operations of the group.

17 Borrowings

Borrowings (current and non-current) include loans and finance leases of £6,052,000 (2014: six months £76,000 – year £140,000) and bank overdrafts of £3,530,000 (2014: six months £7,338,000 – year £2,757,000). The following loans and finance leases were taken out and repaid during the six months ended 30 June 2015:

	£'000
Balance at 1 January 2015	140
Exchange differences	1
New Loans	6,000
Repayments	
Loans	(86)
Finance lease liabilities	(3)
Balance at 30 June 2015	6,052

18 Retirement benefit schemes

The UK defined benefit pension scheme for the purpose of IAS 19 has been updated to 30 June 2015 from the valuation as at 31 December 2014 by the actuary and the movements have been reflected in this interim statement. Overseas schemes have not been updated from 31 December 2014 valuations as it is considered that there have been no significant changes.

An actuarial gain of £7,244,000 was realised in the period, of which a gain of £2,282,000 was realised in relation to the scheme assets, £1,584,000 was realised in relation to experience gains on scheme liabilities and a gain of £3,378,000 was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has increased to 3.75% (31 December 2014: 3.50%), the assumed rate of inflation (CPI) has increased to 2.25% (31 December 2014: 2.00%) and the assumed rate of increases for salaries to 2.25% (31 December 2014: 2.00%). The mortality tables have been updated to use the S2PA mortality assumption with the CMI_2013 projection and a long-term rate of improvement of 1.25% per annum.

19 Share Capital

	30 June 2015 £'000	*30 June 2014 £'000*	*31 December 2014 £'000*
Authorised: 2,842,000 (2014: 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 – 2,824,500 (2014: 2,829,700) shares	282	*283*	*283*
Purchase of own shares – Nil (2014: 30 June 5,200 – 31 December 5,200) shares	–	*(1)*	*(1)*
At 30 June – 2,824,500 (2014: 30 June 2,824,500 – 31 December 2,824,500) shares	282	*282*	*282*

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

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

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
(Loss)/profit from operations	(10,616)	*(9,060)*	*18,003*
Share of associates' results	(510)	*(466)*	*(1,092)*
Depreciation and amortisation	5,272	*4,810*	*10,165*
Impairment of non-current assets	–	–	*3,494*
Loss/(gain) arising from changes in fair value of biological assets	175	*3,420*	*(8,820)*
Profit on disposal of non-current assets	(905)	*(72)*	*(125)*
Profit on disposal of investments	(217)	*(294)*	*(447)*
Profit on part disposal of subsidiary	(25)	–	*(56)*
Pensions and similar provisions less payments	(592)	*(599)*	*(1,235)*
Biological assets capitalised cultivation costs	(4,246)	*(2,356)*	*(5,636)*
Biological assets decreases due to harvesting	4,797	*4,287*	*8,604*
Decrease/(increase) in working capital	8,380	*(1,471)*	*(6,326)*
Net decrease/(increase) in funds of banking subsidiaries	195	*(4,858)*	*551*
	1,708	*(6,659)*	*17,080*

21 Reconciliation of net cash flow to movement in net cash

	Six months ended 30 June 2015 £'000	*Six months ended 30 June 2014 £'000*	*Year ended 31 December 2014 £'000*
Decrease in cash and cash equivalents in the period	(11,889)	*(23,403)*	*(19,915)*
Net cash (inflow)/outflow from (increase)/decrease in debt	(5,911)	*112*	*60*
Decrease in net cash resulting from cash flows	(17,800)	*(23,291)*	*(19,855)*
Exchange rate movements	(1,720)	*(881)*	*1,128*
Decrease in net cash in the period	(19,520)	*(24,172)*	*(18,727)*
Net cash at beginning of period	53,982	*72,709*	*72,709*
Net cash at end of period	34,462	*48,537*	*53,982*

22 Contingencies

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.

The Malawi Revenue Authority made a claim in 2014 of Malawi kwacha K1.5 billion (£2,069,000) against Eastern Produce Malawi Limited for underpaid tax in prior years. The group has assessed the claim and provided for £680,000 of the amount in the 2014 tax charge. The remaining £1,389,000 is strongly contested on the basis that the directors believe it is without technical merit, and accordingly, no provision has been made.

23 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.