Camellia Plc

2010

Camellia Plc

Report and accounts 2010

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Camellia Plc

Directors and advisers

Directors	M C Perkins, FCA	*Chairman (iii)*
	C J Relleen, FCA	*Deputy chairman, independent non-executive director and senior independent director (i) (ii) (iii)*
	C J Ames, MA FCA	*Joint managing director*
	M Dünki	*Non-executive director*
	P J Field	*Joint managing director*
	A K Mathur, FCA	*Finance director*
	D A Reeves, MSc	*Non-executive director (i)*
	C P T Vaughan-Johnson, FCIB	*Independent non-executive director (i) (ii) (iii)*

(i) Member of audit committee
(ii) Member of remuneration committee
(iii) Member of nomination committee

Secretary	A K Mathur, FCA	
Executive committee	M C Perkins	*Chairman*
	A K Mathur	*Finance*
	C J Ames	*Joint managing director*
	P J Field	*Joint managing director*
	I Ahmed	*Bangladesh*
	G A Mclean	*Kenya, Malawi and South Africa*
	A Singh	*India*

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Chairman's statement

The profit before tax for the year to 31 December 2010 amounted to £73.14 million compared with £34.14 million in the previous year. Please note however that the profit for 2010 includes a gain of £11.1 million (£2.7 million in 2009) in respect of changes in the fair value of biological assets. This gain is unrealised and is dependent on the maintenance of the value of the economic entities subject to IAS 41. Shareholders are recommended to view this gain with considerable caution. Nonetheless the group enjoyed another successful year in 2010 and the trading profit increased from £35.36 million in 2009 to £48.38 million in 2010.

Dividend

The board is recommending a final dividend of 80p per share which, together with the increased interim dividend already paid of 30p per share, brings the total distribution for the year to 110p per share compared with 94p per share in 2009.

Agriculture and horticulture

Tea

In 2010 all of our tea operations continued to benefit from an increase in demand over supply resulting in high sales prices and improved profitability.

India

Our tea production in India amounted to 31.1 million kilos, the same as last year. Dry weather in the early part of the year again constrained production particularly in the Dooars and in Darjeeling. The investment in factory redevelopment is now nearing completion, and irrigation infrastructure is proving its worth with prices for quality teas showing a firmer trend throughout the year.

With the political situation in both Darjeeling and the Dooars region of West Bengal having deteriorated during the year, it is hoped that more normal conditions will emerge after the State elections in the Spring of 2011.

Bangladesh

Tea production from our Bangladeshi operations at 11.7 million kilos was marginally below last year's level. The crop was again affected by drought conditions at the beginning of the year. Tea prices however increased significantly reflecting the steady rise in demand within the country.

A programme of factory redevelopment is now under way and significant investment in irrigation is being undertaken.

Kenya

Exceptional weather conditions together with substantial smallholder throughput helped our production increase in Kenya during the year to a record 26.5 million kilos from 21.4 million kilos in 2009. The market remained strong throughout the year with Pakistan and Egypt continuing to be major buyers. The referendum on the proposed new constitution with major changes in the devolution of power was voted in with a two thirds majority. However little progress has yet been made in implementing the necessary legislative reforms. Ambiguities on land tenure continue to 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 49.5%.

Malawi

Our production in Malawi at 19.3 million kilos was slightly below 19.5 million kilos in 2009. A programme of improvements to our factories commenced during the year with the first major upgrade expected to come into operation during 2011. The Malawi Kwacha remains unrealistically strong and did not weaken during the year. Foreign exchange shortages became more prevalent during the year.

Chairman's statement

Edible nuts

2010 was an 'on-year' in the biennial bearing pattern of the pistachio orchards of Horizon Farms in California and high prices combined with good production resulted in excellent profits from this operation.

Macadamia production in Malawi improved in the year following recovery from the drought in the previous year, however our South African operation suffered from slightly reduced production. Prices remained stable during the year and for the current crop there have been recent signs of an uplift in the sale price which is encouraging. New areas of macadamia continued to be planted in the year at Kakuzi in Kenya and at Maclands in South Africa.

Other horticulture

Kakuzi's avocado production in Kenya increased appreciably but profitability decreased due to substantially lower sale prices caused by the small sizes of the fruit as a result of the very dry weather conditions during the growing season. Shipping problems resulted in a number of containers arriving late in Europe. The Mombasa port, piracy and other shipping difficulties continue to be a cause for concern particularly for this perishable crop.

Our rubber production in Bangladesh at 836 tonnes was higher than last year and the market price showed a very substantial increase particularly in the latter part of the year. It is also notable that an increasing proportion of production is now exported to neighbouring countries.

The results of CC Lawrie in Brazil reflect a significant turnaround to those of last year. Weather conditions were generally benign and prices for our main crops improved.

Citrus production at Horizon Farms in California increased significantly over last year as new plantings matured and profitability improved notwithstanding a small decrease in prices.

Our production of wine grapes in South Africa reduced marginally. The quality of wine produced continues to improve and the considerable effort being deployed in marketing is beginning to show some positive results.

Food storage and distribution

After two profitable years, Associated Cold Stores and Transport had a very difficult year as the effects of the financial crisis impacted our customers. Overcapacity in the marketplace combined with destocking by customers in order to conserve cash continues to impact both rental rates and utilisation levels. The company now has net cash and is well placed to take advantage of any opportunities that might arise in the future. At the moment however customers appear reluctant to move their business unless they are offered unrealistically low rates which can only be maintained at the cost of a vastly inferior service and then only for a short time.

Both our businesses in the Netherlands produced satisfactory profits.

Engineering

2010 was a difficult year for our UK based engineering companies. A small trading profit was achieved which was considered encouraging given the deep recession, the economic uncertainties prevailing throughout the year and the fire at the Abbey factory. AKD Engineering had a difficult year due to the low oil price at the beginning of the year and no major contracts passing through the facility as the result of a low level of investment in the North Sea. Our new company Loddon Engineering got off to a much slower start than we had hoped for. GU Cutting and Grinding Services, 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, had a good year.

A new factory has been purchased for Abbey to replace the premises destroyed by fire in April 2010. It is anticipated that the new factory will become fully operational sometime during the middle of 2011. The paint shop operations have continued on the old site in a part of the building that was not destroyed by the fire.

New premises were also purchased at the end of the year for GU Cutting and Grinding Services as they have insufficient space on their current site. A major facilities upgrade is being carried out at the AJT Altens site, which was previously rented out and will now be used as part of the AJT operations.

Banking and financial services

Duncan Lawrie returned to profitability in 2010 but results were again adversely affected by payments to depositor and investor compensation schemes imposed on the industry during the year.

The investment management activity benefitted from improved stock market conditions and, whilst interest rates remained at historic lows throughout the year, the bank's lending margin showed some improvement.

Pharmaceuticals

The sale of our shareholding in Siegfried Holding AG in April 2010 and the reasons therefore were disclosed in my statement last year. The effect of this transaction which is included in the results for 2010 is to show a modest profit of £248,000 after a transfer from reserves of £16,353,000 to reflect previous currency gains and other movements.

Other associated undertakings

In Bangladesh, United Insurance and United Leasing improved their profits compared to the previous year. As previously announced in September 2010, an agreement had been entered into for the sale of the group's shareholdings in these two associated companies subject to various regulatory consents. A further announcement was made in October 2010 when we were made aware that, in a writ petition filed alleging breaches of Bangladesh securities regulations in connection with the sale, the High Court Division of the Supreme Court of Bangladesh had issued an interim stay order on the transaction proceeding. We have received legal advice confirming that there has been no such breach. The agreement, as amended, stated that the sale must be completed no later than 30 November 2010. The writ petition has yet to be heard by the High Court but discussions with all interested parties continue in an attempt to resolve the matter.

Development

The group has continued to develop existing operations throughout the year. In particular, tea factory rehabilitation has continued in India and Bangladesh and a start has been made in Malawi. Also in India and Bangladesh, our operations suffer from very dry weather at the start of the season and considerable investment has been made in irrigation equipment. This programme will continue over the next few years.

As noted above, we have invested in new facilities at our engineering operations and in particular at Abbey, GU Cutting and Grinding and AJT's Altens site in Aberdeen.

The group is currently examining a number of other development opportunities and further details will be given in due course as appropriate.

Our philosophy

The year 2010 has been a year of great significance to the Camellia group. We have entered the second decade of the 21st century in a strong position and are thus able to contend with the present difficult economic conditions with some confidence.

Almost exactly 20 years ago Gordon Fox, the architect of the present structure of the group, eloquently set out in his chairman's statement accompanying the 1990 annual accounts his view of Camellia's philosophy. It is remarkable to re-read Gordon's statement which is so relevant to today's difficulties and shows that it is no coincidence that the group has survived and prospered by following that philosophy.

Chairman's statement

I believe it may help shareholders to understand more fully why Camellia is often referred to as a 'unique' company if the key parts of Gordon's 1991 statement are repeated here:

> *"Coinciding with this milestone in Camellia's affairs has come the close of a decade of exceptional political change and financial irresponsibility. Many of the world's leading financial institutions, including the majority of the venerable money centre banks which, over and above their responsibility to their shareholders, underpinned the economic stability of their nation and the livelihood of its peoples, inexplicably ignored historic lending principles and competed with each other in an orgy of short-sighted and profligate lending. Never before have so many outstanding enterprises fallen victim to the financial engineering of the leveraged buyout or to its threat. Never have so many sound pension funds been decimated, particularly in the USA. Certainly never before have so many young people with little if any experience of business, and even less of life, been engaged by prestigious institutions and paid unprecedently large sums of money by way of salaries and incentives ultimately only to undermine the very structures which upheld the institutions themselves. But the greatest tragedy of this get-rich-quick era was the human one – the many thousands of small and medium sized businesses that the banks no longer could or would support, and the many millions of conscientious and competent people who lost their employment through the corporate restructurings and bankruptcies.*
>
> *It is against this background that I would like to inform our shareholders of Camellia's philosophy regarding its responsibilities, its management and its raison d'etre. Let me say at the outset that nothing I have seen or experienced in 40 years of professional life has led me to alter my view that a business can be run with a "human face", for the benefit not only of shareholders but equally for its employees, as well as the general benefit of the societies and environments in which it works. In our group we particularly concern ourselves with the welfare of our employees in the conviction that the loyalty of a secure and enthusiastic employee will in the long run prove to be an invaluable company asset. I stress the long-term advisedly, because our entire emphasis is towards the development of a worldwide group of businesses which by their very nature require their managements to take a long view. Many companies in the group are in excess of 100 years old. These enterprises have acquired particular skills, traditions and ethos, and we see ourselves more in the nature of custodians or trustees than as owners. That is we do not see these assets as objects or commodities or bits of paper that can be traded, but rather as living entities from which, if properly managed, we might earn an attractive return on our investment; but also, and indeed primarily, towards which as individual enterprises we have a responsibility of ensuring continuity, development and progressive growth.*
>
> *In summary then, our priority is not towards acquisitions but to the continuous refinement and improvement of the group's existing assets using our internal expertise and financial strength. Above all we will never overreach ourselves so that our base becomes vulnerable to the changing circumstances of the banks.*
>
> *These then are the principles on which Camellia was built and I have every confidence that we will continue to go from strength to strength as long as we and those that follow us continue to abide by them."*

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

28 April 2011

Report of the directors

The directors present their report together with the audited accounts for the year ended 31 December 2010.

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, edible nuts, citrus, 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 6.

Results and dividends

The profit for the year amounted to £51,034,000 (2009: £22,441,000). The board has proposed a final dividend for the year of 80p per share payable on 6 July 2011 to holders of ordinary shares registered at the close of business on 10 June 2011. The total dividend for 2010 is therefore 110p per share (2009: 94p per share). Details are shown in note 10 on page 44.

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 2010	1 January 2010
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 2010 and the date of this report.

Mr M Dünki was appointed to the board as a non-executive director on 1 April 2010. Dr B A Siegfried resigned from the board on 3 June 2010.

Under the company's articles of association all the directors are required to retire annually. Accordingly, Mr M C Perkins, Mr C J Relleen, Mr C J Ames, Mr M Dünki, Mr P J Field, Mr A K Mathur, Mr D A Reeves, and Mr C P T Vaughan-Johnson retire and, being eligible, seek reelection.

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.

Report of the directors

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, a non-executive director of Kakuzi Limited 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, is chairman of Goodricke Group Limited and from 30 April 2010 a non-executive director of Duncan Lawrie Holdings Limited. 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 was appointed a non-executive director on 1 April 2010. 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 and a director of Camellia Holding AG.

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.

Secretary

In March 2011, Mr M D Conway resigned as the company secretary and Mr A K Mathur was appointed in his place.

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 2010 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 6. 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 been identified:

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, the control of 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 three years, there has been an increase in activity by separatist groups 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 has a well developed compliance process. The following risks have 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. Banks failures in the jurisdiction within which Duncan Lawrie operates can also impact its results as a consequence of industry wide compensation schemes to which it is required to contribute.

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.

Credit Risk
Credit control procedures are in place throughout the group 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, the majority of tea estates in India and Bangladesh have 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 which is available on the company's website. The adoption of this policy commenced 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 2010.

The group had previously commissioned independent advisors to review the implementation of the business principles across our main trading companies. Based on their findings, the group has sought to ensure ongoing adherence to the business principles. In 2010, the executive committee established 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	
	2010	*2009*	2010	*2009*	2010	*2009*	2010	*2009*
Segment net assets (£'000)	224,265	*187,118*	17,363	*12,091*	17,257	*19,451*	47,932	*28,264*
Segment trading profit/(loss) (£'000)	54,013	*37,949*	256	*1,608*	(670)	*985*	275	*(925)*
Return on segmental assets (%)	24.08	*20.28*	1.47	*13.30*	(3.88)	*5.06*	0.57	*(3.27)*

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 2.0%. (*2009: 5.6%*).

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		
1 Compliance		2010	*2009*	*2008*	2010	*2009*	*2008*	2010	*2009*	*2008*	2010	*2009*	*2008*
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*		–	–		–	–		–	–
	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	685(ii)	*128*	*78*		*1*	*1*		*4*	*11*		–	–
4 Health													
a) Sickness absence	The number of employee days absence as a result of sickness during the financial year	180,438(i)	*165,520* (i)	*148,776*(i)		*3,580*	*3,869*		*2,431*	*2,854*		*870*	*566*
b) Sickness claims	The number of claims for compensation arising from occupational health issues received during the financial year in respect of continuing operations	482(ii)	*246*	*248*		*2*	–		*1*	*1*		–	–

(i) This excludes tea garden workers in India who have a contractual entitlement to fourteen days sickness absence. From 2009 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.

(ii) Injury and sickness claim figures now include those from operations in Malawi which were unavailable in previous years.

Substantial shareholdings

As at 28 April 2011 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 Pensioenfonds VZW held through HSBC Global Custody Nominees (UK) Limited 223,015 ordinary shares (8.023 per cent. of total voting rights).

Charitable contributions

During the year the group made charitable donations totalling £8,548 (*2009: £10,268*). Of this amount £8,098 was paid to arts, sports and education related charities and £450 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 2010 represented 39 days (*2009: 34 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 2010, 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 9 June 2011.

Independent auditors

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.

Report of the directors

Going concern

After reviewing the group's budget for 2011 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

A K Mathur
Secretary

28 April 2011

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 relevant provisions set out in Section One of the 2008 Combined Code throughout the year with the exception of the following areas of the Code that have not been implemented:

(i) the audit committee includes one non-executive director who is not considered to be independent;

(ii) formal evaluation procedures for the board, its committees and directors have not been established;

(iii) until April 2010, Mr Perkins continued to be both chairman and chief executive. In April 2010, Mr Ames and Mr Field were appointed as joint managing directors. Mr Perkins remains executive chairman.

The board

The board currently comprises eight directors. Four are non-executive directors, of which two are considered independent. 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 8.

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.

In April 2010, Mr Ames and Mr Field were appointed joint managing directors of Camellia Plc and consequently they assumed 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.

Corporate governance

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 2010.

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	9/9	2/2	2/2
C J Ames	9/9		
M Dünki	5/9[(i)]		
P J Field	9/9		
A K Mathur	9/9	2/2[(ii)]	
D A Reeves	9/9	2/2	
C P T Vaughan-Johnson	8/9	2/2	2/2

(i) Mr Dünki attended five out of seven board meetings held after he was appointed to the board on 1 April 2010.

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

(iii) Dr B A Siegfried was a director until 3 June 2010 and he attended one board meeting in the year.

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
G A 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. During 2010, the committee met on two 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.

The Committee also considered the implications of the UK Bribery Act 2010 and the controls designed to prevent the group, and its associates, breaching the Act. The committee will further consider the guidance on the 'adequate procedures' required to mitigate this risk.

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 2010. The remuneration report appears on pages 19 to 21.

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 mis-statement or loss.

By order of the board

A K Mathur
Secretary

28 April 2011

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, the directors' remuneration report and the 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. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

– select suitable accounting policies and apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website.

Each of the directors, whose names and functions are listed on page 2 confirm that, to the best of their knowledge:

– the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group; and

– the directors' report contained on pages 7 to 14 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

By order of the board

M C Perkins
Chairman

28 April 2011

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's 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 2010 £	Benefits in kind 2010 £	Total 2010 £	Total 2009 £
Executive				
M C Perkins	345,863	74,363	420,226	*396,319*
C J Ames	196,248	39,191	235,439	*213,646*
P J Field	196,248	15,012	211,260	*206,998*
A K Mathur	196,248	34,599	230,847	*214,551*
Non-executive				
M Dünki (from 1 April 2010)	7,500	–	7,500	*–*
D A Reeves	20,000	–	20,000	*20,000*
C J Relleen	37,500	–	37,500	*37,500*
Dr B A Siegfried (up until 3 June 2010)	5,000	–	5,000	*10,000*
C P T Vaughan-Johnson	32,500	–	32,500	*32,500*
	1,037,107	163,165	1,200,272	*1,131,514*

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.

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 contribute 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 and 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 2010	Transfer value of pension accrued in the year net of inflation	Transfer value of pension accrued at 31 Dec 2009	Transfer value of pension accrued at 31 Dec 2010	Increase/ (decrease) in transfer value in the year net of directors' contributions
		£	£	£	£	£	£	£
M C Perkins	66	878	878	57,978	10,702	1,007,179	1,062,651	51,255
P J Field	60	2,700	(440)	68,500	(49,500)	1,413,100	1,907,100	484,300
A K Mathur	63	2,700	(1,010)	80,410	(51,600)	1,985,300	2,088,400	94,300

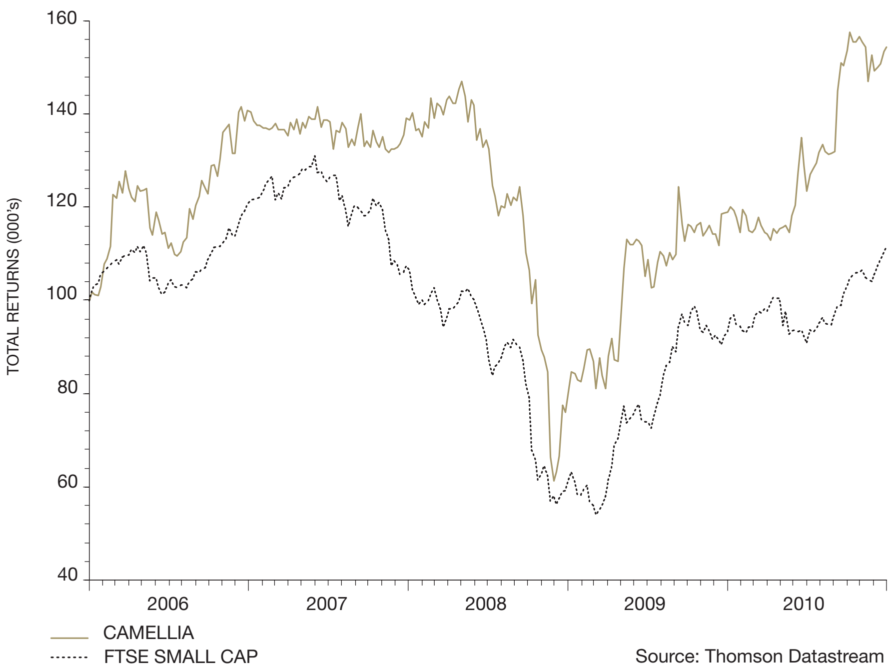
The increase in transfer value and the transfer value of pension accrued in the year are stated net of directors' contributions.

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. Mr Perkins accrued pension of £57,978 represents his entitlement on reaching normal retirement date on 28 February 2010. His accrual therefore ceased at that date.
3. As Mr Field reached age 60 in 2010 a different calculation and methodology is used which results in a significant increase in transfer value at the end of the year.
4. The transfer values have been calculated in accordance with the guidance published by the Pensions Regulator, which came into effect from 1 October 2008.

Performance review

The following graph shows the total return on an investment in the company's shares over the 5 years ended 31 December 2010 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

A K Mathur
Secretary

28 April 2011

Consolidated income statement

for the year ended 31 December 2010

	Notes	2010 £'000	*2009 £'000*
Revenue	2	251,181	*230,270*
Cost of sales		(150,340)	*(148,506)*
Gross profit		100,841	*81,764*
Other operating income		2,416	*1,698*
Distribution costs		(12,192)	*(9,061)*
Administrative expenses		(42,681)	*(39,041)*
Trading profit	3	48,384	*35,360*
Share of associates' results	4	3,814	*(2,966)*
Profit on non-current assets	5	4,144	*–*
Profit on disposal of available-for-sale investments		182	*28*
Profit on disposal of an associate	6	248	*–*
Loss on disposal of a subsidiary		–	*(674)*
Profit on part disposal of a subsidiary		–	*135*
Gain arising from changes in fair value of biological assets	16	11,111	*2,746*
Profit from operations		67,883	*34,629*
Investment income		957	*1,106*
Finance income	7	1,431	*1,103*
Finance costs	7	(661)	*(1,726)*
Net exchange gain	7	4,054	*160*
Pension schemes' net financing expense	7	(523)	*(1,129)*
Net finance income/(costs)	7	4,301	*(1,592)*
Profit before tax		73,141	*34,143*
Taxation	8	(22,107)	*(11,702)*
Profit for the year		51,034	*22,441*
Profit attributable to:			
Owners of the parent		41,984	*15,897*
Non-controlling interests		9,050	*6,544*
		51,034	*22,441*
Earnings per share – basic and diluted	11	1,510.5p	*571.9p*

Statement of comprehensive income

for the year ended 31 December 2010

	2010 £'000	*2009 £'000*
Group		
Profit for the year	51,034	*22,441*
Other comprehensive income/(expense):		
Foreign exchange translation differences	8,448	*(24,276)*
Release of exchange translation difference on disposal of associate	(17,298)	–
Release of other reserves movements on disposal of associate	945	–
Release of exchange translation difference on disposal of subsidiary	–	*(294)*
Actuarial movement on defined benefit pension schemes (note 29)	5,457	*(2,657)*
Available-for-sale investments:		
Valuation gains/(losses) taken to equity	385	*(729)*
Share of other comprehensive income of associates	8	*3,075*
Tax relating to components of other comprehensive income	889	*(1,276)*
Other comprehensive expense for the year, net of tax	(1,166)	*(26,157)*
Total comprehensive income/(expense) for the year	49,868	*(3,716)*
Total comprehensive income/(expense) attributable to:		
Owners of the parent	40,887	*(7,879)*
Non-controlling interests	8,981	*4,163*
	49,868	*(3,716)*
Company		
Profit for the year	2,976	*3,376*
Other comprehensive income:		
Available-for-sale investments:		
Valuation gains taken to equity	–	*16*
Transferred to profit or loss on sale	(7)	–
Other comprehensive (expense)/income for the year, net of tax	(7)	*16*
Total comprehensive income for the year	2,969	*3,392*

Consolidated balance sheet
at 31 December 2010

	Notes	2010 £'000	*2009* *£'000*
Non-current assets			
Intangible assets	14	8,076	*8,584*
Property, plant and equipment	15	88,676	*80,491*
Biological assets	16	121,000	*106,067*
Prepaid operating leases	17	1,040	*1,074*
Investments in associates	19	31,778	*97,364*
Deferred tax assets	28	109	*103*
Other investments	20	32,546	*30,153*
Retirement benefit surplus	29	835	*3,054*
Trade and other receivables	22	17,758	*19,646*
Total non-current assets		301,818	*346,536*
Current assets			
Inventories	21	35,214	*28,279*
Trade and other receivables	22	60,388	*55,197*
Other investments	20	5,313	*12,420*
Current income tax assets		650	*763*
Cash and cash equivalents	23	291,149	*229,574*
		392,714	*326,233*
Assets classified as held for sale	24	6,161	*–*
Total current assets		398,875	*326,233*
Current liabilities			
Borrowings	26	(5,990)	*(12,761)*
Trade and other payables	25	(260,751)	*(254,346)*
Current income tax liabilities		(7,211)	*(5,353)*
Employee benefit obligations	29, 30	(352)	*(268)*
Provisions	27	(1,113)	*(150)*
Total current liabilities		(275,417)	*(272,878)*
Net current assets		123,458	*53,355*
Total assets less current liabilities		425,276	*399,891*
Non-current liabilities			
Borrowings	26	(442)	*(3,119)*
Trade and other payables	25	(9,644)	*(11,227)*
Deferred tax liabilities	28	(34,502)	*(30,449)*
Employee benefit obligations	29, 30	(12,852)	*(28,668)*
Other non-current liabilities		(114)	*(118)*
Provisions	27	(750)	*–*
Total non-current liabilities		(58,304)	*(73,581)*
Net assets		366,972	*326,310*
Equity			
Called up share capital	31	284	*284*
Share premium		15,298	*15,298*
Reserves		313,911	*278,272*
Total shareholders' funds		329,493	*293,854*
Non-controlling interests		37,479	*32,456*
Total equity		366,972	*326,310*

Company balance sheet
at 31 December 2010

	Notes	2010 £'000	*2009 £'000*
Non-current assets			
Investments in subsidiaries	18	73,508	*73,683*
Other investments	20	7,537	*7,512*
Total non-current assets		81,045	*81,195*
Current assets			
Amounts due from group undertakings		8,742	*5,702*
Current income tax asset		74	*74*
Total current assets		8,816	*5,776*
Current liabilities			
Trade and other payables	25	(17)	*(18)*
Amounts due to group undertakings		(24,177)	*(21,275)*
Total current liabilities		(24,194)	*(21,293)*
Net current liabilities		(15,378)	*(15,517)*
Total assets less current liabilities		65,667	*65,678*
Non-current liabilities			
Deferred tax liabilities	28	(313)	*(337)*
Total non-current liabilities		(313)	*(337)*
Net assets		65,354	*65,341*
Equity			
Called up share capital	31	284	*284*
Share premium		15,298	*15,298*
Reserves		49,772	*49,759*
Total shareholders' funds		65,354	*65,341*

The notes on pages 29 to 73 form part of the financial statements.

The financial statements were approved on 28 April 2011 by the board of directors and signed on their behalf by:

M C Perkins

Chairman

Registered Number 29559

Consolidated cash flow statement
for the year ended 31 December 2010

	Notes	2010 £'000	*2009 £'000*
Cash generated from operations			
Cash flows from operating activities	32	27,995	*48,038*
Interest paid		(683)	*(1,747)*
Income taxes paid		(15,532)	*(10,074)*
Interest received		1,291	*1,189*
Dividends received from associates		1,220	*2,297*
Net cash flow from operating activities		14,291	*39,703*
Cash flows from investing activities			
Purchase of intangible assets		(91)	*(192)*
Purchase of property, plant and equipment		(16,486)	*(10,111)*
Insurance proceeds for non-current assets	5	5,490	–
Proceeds from sale of non-current assets		553	*697*
Part disposal of a subsidiary		507	*579*
Disposal of a subsidiary	34	–	*3,843*
Purchase of non-controlling interests		(2,705)	–
Proceeds from sale of associate	34	48,754	–
Proceeds from sale of investments		12,785	*5,509*
Purchase of investments		(7,181)	*(12,683)*
Income from investments		957	*1,106*
Net cash flow from investing activities		42,583	*(11,252)*
Cash flows from financing activities			
Equity dividends paid		(2,891)	*(2,557)*
Dividends paid to non-controlling interests		(4,207)	*(2,610)*
New loans		59	*788*
Repayment of debt		(7,575)	*(4,883)*
Net cash flow from financing activities		(14,614)	*(9,262)*
Net increase in cash and cash equivalents		42,260	*19,189*
Cash and cash equivalents at beginning of year	23	28,631	*9,919*
Exchange gains/(losses) on cash		4,382	*(477)*
Cash and cash equivalents at end of year	23	75,273	*28,631*

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.

Company cash flow statement

for the year ended 31 December 2010

	2010 £'000	*2009 £'000*
Cash generated from operations		
Profit before tax	2,952	*3,376*
Adjustments for:		
Gain on disposal of investments	(117)	*(17)*
Interest income	(43)	*(62)*
Dividends from group companies	(4,000)	*(4,000)*
Decrease in trade and other payables	(1)	*(2)*
Net movement in intra-group balances	(138)	*(579)*
Cash used in operations	(1,347)	*(1,284)*
Interest received	43	*62*
Net cash flow from operating activities	(1,304)	*(1,222)*
Cash flows from investing activities		
Proceeds from sale of investments	586	*37*
Purchase of investments	(326)	*(200)*
Dividends received	4,000	*4,000*
Net cash flow from investing activities	4,260	*3,837*
Cash flows from financing activities		
Equity dividends paid	(2,956)	*(2,615)*
Net cash flow from financing activities	(2,956)	*(2,615)*
Net movement in cash and cash equivalents	–	*–*
Cash and cash equivalents at beginning and at end of year	–	*–*

Statement of changes in equity

for the year ended 31 December 2010

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Group								
At 1 January 2009	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)
Non-controlling interest subscription	–	–	–	–	–	–	502	502
Share of associate's change in treasury shares	–	–	–	200	–	200	–	200
Share of associates' 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
Total comprehensive income/(expense) for the year	–	–	–	49,733	(8,846)	40,887	8,981	49,868
Dividends	–	–	–	(2,891)	–	(2,891)	(4,207)	(7,098)
Non-controlling interest subscription	–	–	–	–	–	–	497	497
Acquisition of non-controlling interest	–	–	–	(2,457)	–	(2,457)	(248)	(2,705)
Share of associate's other equity movements	–	–	–	199	–	199	–	199
Loss on dilution of interest in associate	–	–	–	(99)	–	(99)	–	(99)
At 31 December 2010	284	15,298	(400)	252,529	61,782	329,493	37,479	366,972
Company								
At 1 January 2009	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
Total comprehensive income for the year	–	–	–	2,969	–	2,969	–	2,969
Dividends	–	–	–	(2,956)	–	(2,956)	–	(2,956)
At 31 December 2010	284	15,298	–	37,640	12,132	65,354	–	65,354

Other reserves of the group and company includes a £31,000 *(2009: £31,000)* capital redemption reserve and, in respect of the group, net exchange differences of £18,408,000 surplus (*2009: £27,258,000 surplus*).

Group retained earnings includes £115,730,000 (*2009: £93,465,000*) 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, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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.

Going concern

The directors have, at the time of approving the financial statements, 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.

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.

Accounting policies

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 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, the date of the group's transition from UK GAAP to IFRS, as sterling denominated assets and liabilities.

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. Inter segment sales are not significant.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance. Full disclosure of exceptional items are set out in notes 5 and 6.

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.

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 assets' 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.

Accounting policies

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 assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' 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.

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 plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 tendered 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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company’s equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company’s equity holders.

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 2010:

IFRIC 16	Hedges of a net investment in a foreign operation – effective on or after 1 July 2009
	This interpretation states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group.
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.
IFRS 3 (revised)	Business combinations – effective from 1 July 2009
	The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. 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 are expensed. IFRS 3 (revised) has had no impact on the current period, as there have been no acquisitions of controlling interests.
IAS 27 (revised)	Consolidated and separate financial statements – effective from 1 July 2009
	Requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. 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.
	IAS 27 (revised) has had the following impact on the current period:
	During the year the group disposed of 0.5 per cent. of its interest in Goodricke Group Limited to non-controlling interests, a charge of £18,000 has been recognised in equity. Also during the year the group purchased the remaining 49 per cent. holding in its subsidiary, Duncan Properties Limited from United Leasing Company Limited, an associate company, which resulted in a charge of £2,457,000 to reserves.
IAS 36 (amendment)	Impairment of assets – effective from 1 January 2010
	The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
IAS 38 (amendment)	Intangible assets – effective from 1 January 2010
	The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

Changes in accounting policy and disclosures (*continued*)

IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations – effective from 1 January 2010 The amendment clarifies 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, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early 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 2011 or later periods, but the group has not adopted them early:

IFRS 9	Financial instruments – effective from 1 January 2013 This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. However, the standard has not yet been endorsed by the EU.
IAS 24 (revised)	Related party disclosures – effective from 1 January 2011 It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. However, the standard has not yet been endorsed by the EU. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The group will apply the revised standard from 1 January 2011. When the revised standard is applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates. The group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.
IFRIC 14 (amendment)	Prepayments of a minimum funding requirement – effective from 1 January 2011 The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. The group will apply these amendments for the financial reporting period commencing on 1 January 2011.

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	
	2010 £'000	*2009 £'000*	2010 £'000	*2009 £'000*	2010 £'000	*2009 £'000*	2010 £'000	*2009 £'000*	2010 £'000	*2009 £'000*	2010 £'000	*2009 £'000*
Revenue												
External sales	186,714	*156,974*	19,887	*24,028*	32,000	*37,434*	12,084	*11,347*	496	*487*	251,181	*230,270*
Trading profit												
Segment profit/(loss)	54,013	*37,949*	256	*1,608*	(670)	*985*	275	*(925)*	199	*181*	54,073	*39,798*
Unallocated corporate expenses											(5,689)	*(4,438)*
Trading profit											48,384	*35,360*
Share of associates' results							3,712	*3,805*	102	*(6,771)*	3,814	*(2,966)*
Profit on disposal of non-current assets											4,144	*–*
Profit on disposal of available-for-sale investments											182	*28*
Profit on disposal of an associate											248	*–*
Loss on disposal of a subsidiary											–	*(674)*
Profit on part disposal of a subsidiary											–	*135*
Gain arising from changes in fair value of biological assets	11,111	*2,746*									11,111	*2,746*
Investment income											957	*1,106*
Net finance income/(costs)											4,301	*(1,592)*
Profit before tax											73,141	*34,143*
Taxation											(22,107)	*(11,702)*
Profit after tax											51,034	*22,441*
Other information												
Segment assets	259,535	*218,370*	21,999	*15,455*	22,807	*23,951*	268,324	*261,062*	4,302	*3,987*	576,967	*522,825*
Investments in associates							29,276	*31,681*	2,502	*65,683*	31,778	*97,364*
Assets classified as held for sale							6,161				6,161	*–*
Unallocated assets											85,787	*52,580*
Consolidated total assets											700,693	*672,769*
Segment liabilities	(35,270)	*(31,252)*	(4,636)	*(3,364)*	(5,550)	*(4,500)*	(220,392)	*(232,798)*	(119)	*(55)*	(265,967)	*(271,969)*
Unallocated liabilities											(67,754)	*(74,490)*
Consolidated total liabilities											(333,721)	*(346,459)*
Capital expenditure	9,704	*6,816*	5,884	*1,739*	540	*1,359*	313	*147*	45	*50*	16,486	*10,111*
Depreciation	(4,526)	*(3,917)*	(974)	*(937)*	(2,309)	*(2,783)*	(411)	*(343)*	(137)	*(119)*	(8,357)	*(8,099)*
Amortisation	(40)	*(43)*	(9)	*(6)*			(559)	*(537)*			(608)	*(586)*
Impairments	(219)								(396)	*(204)*	(615)	*(204)*

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.

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
Bangladesh
India
Kenya
Malawi
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:

	2010 £'000	*2009 £'000*
United Kingdom	64,700	*76,088*
Continental Europe	27,632	*24,100*
Bangladesh	22,726	*16,530*
India	71,187	*62,258*
Kenya	28,185	*20,159*
Malawi	7,743	*9,309*
North America and Bermuda	9,168	*4,627*
South Africa	3,090	*3,908*
South America	3,633	*4,878*
Other	13,117	*8,413*
	251,181	*230,270*

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	
	2010 £'000	*2009 £'000*	2010 £'000	*2009 £'000*
United Kingdom	308,317	*296,088*	6,438	*3,096*
Continental Europe	5,871	*5,244*	250	*168*
Bangladesh	44,954	*38,173*	490	*510*
India	77,171	*61,835*	5,612	*4,070*
Kenya	62,961	*56,179*	1,166	*575*
Malawi	42,172	*37,072*	1,259	*547*
North America and Bermuda	8,496	*6,297*	354	*452*
South Africa	13,723	*10,995*	128	*91*
South America	13,302	*10,942*	789	*602*
	576,967	*522,825*	16,486	*10,111*

Notes to the accounts

1 Business and geographical segments *(continued)*

Results of banking subsidiaries	2010 £'000	*2009 £'000*
Interest receivable third parties	2,992	*3,214*
group companies	–	*7*
	2,992	*3,221*
Interest payable third parties	(880)	*(1,393)*
group companies	(43)	*(61)*
Net interest income	2,069	*1,767*
Fee and commission income	10,485	*9,925*
Fee and commission expense	(513)	*(399)*
Inter-segment net interest	43	*54*
Revenue	12,084	*11,347*
Other operating income	113	*148*
	12,197	*11,495*
Operating expenses	(11,922)	*(12,420)*
Segment profit/(loss)	275	*(925)*

2 Revenue

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

	2010 £'000	*2009 £'000*
Sale of goods	186,714	*156,974*
Distribution and warehousing revenue	32,000	*37,434*
Engineering services revenue	19,887	*24,028*
Banking service revenue	12,084	*11,347*
Agency commission revenue	210	*191*
Property rental revenue	286	*296*
Total group revenue	251,181	*230,270*
Other operating income	2,416	*1,698*
Investment income	957	*1,106*
Interest income	1,431	*1,103*
Total group income	255,985	*234,177*

3 Trading profit

	2010 £'000	*2009 £'000*
The following items have been included in arriving at trading profit:		
Employment costs (note 12)	67,122	*65,518*
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	116,389	*99,224*
Cost of inventories provision recognised as an expense (included in cost of sales)	179	*311*
Cost of inventories provision reversed (included in cost of sales)	–	*(11)*
Business interruption income received from insurance claim	1,314	–
Depreciation of property, plant and equipment:		
Owned assets	7,640	*7,195*
Under finance leases	717	*904*
Amortisation of intangibles (included in administrative expenses)	608	*586*
Impairment of investments (included in administrative expenses)	396	*204*
Impairment of property, plant and equipment (included in administrative expenses)	219	–
Provision for claim (note 27)	989	–
Profit on disposal of property, plant and equipment	(518)	*(264)*
Operating leases – lease payments:		
Plant and machinery	364	*471*
Property	724	*707*
Repairs and maintenance expenditure on property, plant and equipment	4,519	*4,112*
Currency exchange losses/(gains) charged/(credited) to income include:		
Revenue	34	*79*
Cost of sales	45	*56*
Distribution costs	(173)	*11*
Administrative expenses	128	*146*
Other operating income	(12)	*(6)*
Finance income	(4,054)	*(160)*
	(4,032)	*126*
Amounts paid to the group's auditors comprised:		
Audit services:		
Statutory audit	796	*732*
Audit – related regulatory reporting	34	*35*
Tax services:		
Compliance services	20	*17*
Advisory services	30	*33*
Other services not covered above	36	*36*
	916	*853*

Included in the above group audit fees and expenses is £785,000 *(2009: £718,000)* paid to PricewaterhouseCoopers LLP and its associates for statutory audit services, £34,000 *(2009: £35,000)* for audit related regulatory reporting, £49,000 *(2009: £34,000)* for taxation services and £32,000 *(2009: £12,000)* for other services.

4 Share of associates' results

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

	2010 £'000	*2009* *£'000*
Operating profit	4,494	*2,516*
Net finance costs	(93)	*(2,653)*
Impairment	–	*(3,103)*
Profit/(loss) before tax	4,401	*(3,240)*
Taxation	(587)	*274*
Profit/(loss) after tax	3,814	*(2,966)*

In 2009, the impairment charge of £3,103,000 relates to development projects of the Siegfried Group. On 15 April 2010, the group disposed of its entire shareholding in Siegfried Holding AG.

The results include the group's share of the profits of United Insurance Company Limited and United Leasing Company Limited until 8 September 2010 when an agreement was entered into to sell the group's shareholdings in these companies.

5 Profit on non-current assets

A profit of £4,144,000, net of expenses, has been realised in relation to the property, plant and equipment destroyed by fire at the Nuneaton premises of Abbey Metal Finishing Limited. The assets destroyed with a carrying value of £1,146,000 were subject to insurance claims and the total claims receivable amounts to £5,490,000.

6 Profit on disposal of an associate

On 15 April 2010, the group disposed of its entire shareholding in Siegfried Holding AG, an associated undertaking. The net proceeds on disposal were £48,754,000 and a net profit of £248,000 was realised, after the transfer of £16,353,000 of exchange difference and other movements previously included in reserves.

7 Finance income and costs

	2010 £'000	*2009* *£'000*
Interest payable on loans and bank overdrafts	(568)	*(1,586)*
Interest payable on obligations under finance leases	(93)	*(140)*
Finance costs	(661)	*(1,726)*
Finance income – interest income on short-term bank deposits	1,431	*1,103*
Net exchange gain on foreign currency cash balances	4,054	*160*
Pension schemes' net financing expense (note 29)	(523)	*(1,129)*
Net finance income/(costs)	4,301	*(1,592)*

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

8 Taxation

Analysis of charge in the year	2010 £'000	2010 £'000	*2009 £'000*
Current tax			
UK corporation tax			
UK corporation tax at 28.0 per cent. *(2009: 28.0 per cent.)*	3,265		*3,555*
Adjustment in respect of prior years	–		*135*
Double tax relief	(3,265)		*(3,548)*
		–	*142*
Foreign tax			
Corporation tax	17,199		*11,648*
Adjustment in respect of prior years	362		*204*
		17,561	*11,852*
Total current tax		17,561	*11,994*
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	–		*(1,782)*
Overseas	4,546		*1,490*
Total deferred tax		4,546	*(292)*
Tax on profit on ordinary activities		22,107	*11,702*
Factors affecting tax charge for the year			
Profit on ordinary activities before tax		73,141	*34,143*
Share of associated undertakings profit/(loss)		3,814	*(2,966)*
Group profit on ordinary activities before tax		69,327	*37,109*
Tax on ordinary activities at the standard rate of corporation tax in the UK of 28.0 per cent. *(2009: 28.0 per cent.)*		19,412	*10,391*
Effects of:			
Adjustment to tax in respect of prior years		362	*339*
Expenses not deductible for tax purposes		1,349	*2,066*
Adjustment in respect of foreign tax rates		2,011	*1,149*
Additional tax arising on dividends from overseas companies		599	*327*
(Profit)/loss on disposal of non taxable assets		(53)	*143*
Other income not charged to tax		(929)	*(633)*
Increase in tax losses carried forward		301	*359*
Decrease in tax losses carried forward		(28)	*(14)*
Movement in unremitted earnings of overseas associates		–	*(2,637)*
Movement in other timing differences		(917)	*212*
Total tax charge for the year		22,107	*11,702*

9 Profit for the year

	2010 £'000	*2009 £'000*
The profit of the company was	2,976	*3,376*

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

10 Equity dividends

	2010 £'000	*2009 £'000*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2009 of 74p *(2008: 72p)* per share	2,057	*2,001*
Interim dividend for the year ended 31 December 2010 of 30p *(2009: 20p)* per share	834	*556*
	2,891	*2,557*

Dividends amounting to £65,000 *(2009: £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 2010 of 80p *(2009: 74p)* per share	2,274	*2,103*

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.

11 Earnings per share (EPS)

	Earnings £'000	2010 Weighted average number of shares Number	EPS Pence	*Earnings £'000*	*2009 Weighted average number of shares Number*	*EPS Pence*
Basic and diluted EPS						
Attributable to ordinary shareholders	41,984	2,779,500	1,510.5	*15,897*	*2,779,500*	*571.9*

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).

12 Employees

	2010 Number	*2009 Number*
Average number of employees by activity:		
Agriculture and horticulture	72,538	*72,313*
Engineering	388	*367*
Food storage and distribution	288	*370*
Banking and financial services	120	*129*
Central management	19	*21*
	73,353	*73,200*

	2010 £'000	*2009 £'000*
Employment costs:		
Wages and salaries	59,488	*58,006*
Social security costs	2,346	*2,588*
Other pension costs (see note 29) – UK	1,321	*1,636*
– Overseas	3,967	*3,288*
	67,122	*65,518*

Total remuneration paid to key employees who are members of the executive committee, excluding directors of Camellia Plc, amounted to £623,000 *(2009: £580,000)*.

13 Emoluments of the directors

	2010 £'000	2009 £'000
Aggregate emoluments excluding pension contributions	1,200	*1,132*

Emoluments of the highest paid director excluding pension contributions were £420,000 (*2009: £396,000*).

Further details of directors' emoluments are set out on pages 19 and 20.

14 Intangible assets

	Goodwill £'000	Customer relationships £'000	Licences, patents and trade marks £'000	Computer software £'000	Total £'000
Group					
Cost					
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 1 January 2010	3,978	4,814	67	1,781	10,640
Exchange differences	–	–	–	16	16
Additions	–	–	–	91	91
Disposals	–	–	(67)	(6)	(73)
At 31 December 2010	3,978	4,814	–	1,882	10,674
Amortisation					
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 1 January 2010	–	870	67	1,119	2,056
Exchange differences	–	–	–	7	7
Charge for the year	–	241	–	367	608
Disposals	–	–	(67)	(6)	(73)
At 31 December 2010	–	1,111	–	1,487	2,598
Net book value at 31 December 2010	3,978	3,703	–	395	8,076
Net book value at 31 December 2009	*3,978*	*3,944*	–	*662*	*8,584*

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.

The group tests goodwill annually for impairment and is assessed through evaluating two components. The first component is evaluated on a fair value less costs of sale basis, by comparing the carrying value to the market valuations of similar businesses, further supported by any recent corporate transactions for similar businesses. The second component is evaluated on a value in use basis using an analysis of the future cash flows expected to be generated by the business based on the latest five year business plan extrapolated for future years to cover the expected life of the related asset assuming a zero growth rate. These cash flows have been discounted by applying a number of rates from 5% to 15% to test the sensitivity under a number of alternative scenarios.

15 Property, plant and equipment

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Group				
Deemed cost				
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 1 January 2010	75,097	84,332	19,412	178,841
Exchange differences	1,190	2,139	113	3,442
Additions	6,956	8,519	1,011	16,486
Disposals	(1,537)	(4,197)	(207)	(5,941)
At 31 December 2010	81,706	90,793	20,329	192,828
Depreciation				
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 1 January 2010	31,809	55,698	10,843	98,350
Exchange differences	397	1,315	74	1,786
Impairment	–	219	–	219
Charge for the year	2,530	4,810	1,017	8,357
Disposals	(827)	(3,565)	(168)	(4,560)
At 31 December 2010	33,909	58,477	11,766	104,152
Net book value at 31 December 2010	47,797	32,316	8,563	88,676
Net book value at 31 December 2009	*43,288*	*28,634*	*8,569*	*80,491*

Land and buildings at net book value comprise:

	2010 £'000	*restated* 2009 £'000*
Freehold	27,369	*23,549*
Long leasehold	19,120	*18,345*
Short leasehold	1,308	*1,394*
	47,797	*43,288*

Plant and machinery includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £462,000 (2009: £670,000) and their net book value was £1,359,000 (*2009: £1,768,000*).

The amount of expenditure for property, plant and equipment in the course of construction amounted to £3,622,000 (*2009: £581,000*).

*Within the 2009 comparative amount, £9,361,000 has been reclassified from freehold to long leasehold.

16 Biological assets

	Tea £'000	Edible nuts £'000	Avocados £'000	Other £'000	Total £'000
Group					
At 1 January 2009	69,896	15,441	5,864	23,019	114,220
Exchange differences	(6,958)	(983)	(482)	(995)	(9,418)
Increases due to purchases	1,528	2,763	104	4,668	9,063
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	100	1,472	(59)	1,233	2,746
Decreases due to harvesting	–	(2,248)	–	(6,413)	(8,661)
Companies leaving the group	–	–	–	(1,883)	(1,883)
At 1 January 2010	64,566	16,445	5,427	19,629	106,067
Exchange differences	1,146	813	(168)	279	2,070
Increases due to purchases	1,777	3,370	192	3,664	9,003
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	6,953	834	(130)	3,454	11,111
Decreases due to harvesting	–	(2,639)	–	(4,612)	(7,251)
At 31 December 2010	74,442	18,823	5,321	22,414	121,000

Other includes forestry, rubber, citrus, arable crops, livestock, grapes, and pineapples.

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 2010. 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 %	Edible nuts %	Avocados %	Other %
2010	13.5	12.0 – 13.5	17.5	5.0 – 17.5
2009	13.5	12.0 – 13.5	17.5	5.0 – 17.5

16 Biological assets *(continued)*

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

	2010 Hectares	*2009 Hectares*
Tea	35,028	*34,841*
Macadamia	2,669	*2,560*
Wine grapes	84	*84*
Citrus	178	*178*
Avocados	409	*377*
Pineapples	42	*48*
Pistachios	130	*136*
Timber	6,054	*6,002*
Rubber	1,827	*1,847*
Arable crops	3,297	*3,407*

	2010 Head	*2009 Head*
Livestock numbers on hand at the end of the year	5,176	*4,738*

Output of agricultural produce during the year was:

	2010 Metric tonnes	*2009 Metric tonnes*
Tea	74,628	*70,272*
Macadamia	1,122	*925*
Wine grapes	534	*2,157*
Citrus	4,532	*4,122*
Avocados	7,748	*6,319*
Pineapples	1,571	*1,332*
Pistachios	783	*21*
Rubber	836	*817*
Arable crops	16,227	*19,192*

	2010 Cubic metres	*2009 Cubic metres*
Timber	44,375	*71,419*

	2010 £'000	*2009 £'000*
Fair value of agricultural output after deducting estimated point-of-sale costs	139,183	*114,368*

17 Prepaid operating leases

	£'000
Group	
Cost	
At 1 January 2009	1,190
Exchange differences	(98)
At 1 January 2010	1,092
Exchange differences	(33)
At 31 December 2010	1,059
Amortisation	
At 1 January 2009	19
Exchange differences	(2)
Charge for the year	1
At 1 January 2010	18
Exchange differences	–
Charge for the year	1
At 31 December 2010	19
Net book value at 31 December 2010	1,040
Net book value at 31 December 2009	*1,074*

18 Investments in subsidiaries

	2010 £'000	*2009* *£'000*
Company		
Cost		
At 1 January	73,683	*73,683*
Transfer to group company	(175)	–
At 31 December	73,508	*73,683*

19 Investments in associates

	2010 £'000	*2009 £'000*
Group		
At 1 January	97,364	*109,883*
Exchange differences	2,731	*(10,521)*
Transfer to held for sale	(6,161)	*–*
Disposals	(64,958)	*(37)*
Share of profit/(loss) (note 4)	3,814	*(2,966)*
Dividends	(1,220)	*(2,297)*
Other equity movements	208	*3,302*
At 31 December	31,778	*97,364*

On 15 April 2010, the group disposed of its entire shareholding in Siegfried Holding AG.

The transfer to held for sale relates to the group's interests in United Insurance Company Limited and United Leasing Company Limited.

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:

	Assets £'000	Liabilities £'000	Revenues £'000	Profit/(loss) £'000	Market value £'000
31 December 2010	133,389	(101,611)	39,170	3,814	20,076
31 December 2009	243,439	(146,075)	91,955	(2,966)	98,144

The revenues and profits of United Insurance Company Limited and United Leasing Company Limited have been included upto 8 September 2010 when an agreement was entered into to sell the group's interests in these companies. The assets and liabilities at 31 December 2010 relate to BF&M Limited and West Hamilton Holdings Limited both of which are incorporated in Bermuda. The financial information at 31 December 2009 also includes the group's interest in Siegfried Holding AG which was disposed of in April 2010.

20 Other investments

	2010 £'000	*2009* *£'000*
Group		
Cost or fair value		
At 1 January	43,315	*39,690*
Exchange differences	732	*(2,848)*
Fair value adjustment	385	*(729)*
Additions	7,181	*12,683*
Disposals	(12,619)	*(5,481)*
At 31 December	38,994	*43,315*
Provision for diminution in value		
At 1 January	742	*586*
Exchange differences	13	*(48)*
Provided during year	396	*204*
Disposals	(16)	*–*
At 31 December	1,135	*742*
Net book value at 31 December	37,859	*42,573*
Net book value comprises:		
Held-to-maturity investments:		
UK Treasury bills	–	*4,988*
Bank and building society certificates of deposit	5,313	*7,432*
	5,313	*12,420*
Available-for-sale financial assets:		
Listed investments	25,010	*22,613*
Unlisted investments	174	*223*
	25,184	*22,836*
Collections	7,362	*7,317*
	37,859	*42,573*
Current element	5,313	*12,420*
Non-current element	32,546	*30,153*
	37,859	*42,573*

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

20 Other investments *(continued)*

	2010 £'000	*2009 £'000*
Company		
Cost or fair value		
At 1 January	7,512	*7,316*
Fair value adjustment	–	*16*
Additions	326	*200*
Transfer to group company	(222)	*–*
Disposals	(79)	*(20)*
At 31 December	7,537	*7,512*
Cost or fair value comprises:		
Listed investments	–	*20*
Unlisted investments	170	*170*
Collections	7,367	*7,322*
	7,537	*7,512*

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.

21 Inventories

	2010 £'000	*2009 £'000*
Group		
Raw materials and consumables	8,723	*7,595*
Work in progress	1,362	*993*
Produce on hand	17,091	*12,859*
Finished goods	8,038	*6,832*
	35,214	*28,279*

The year end inventories balance includes a provision of £102,000 (*2009: £258,000*).

22 Trade and other receivables

	2010 £'000	*2009 £'000*
Group		
Current:		
Amounts due from customers of banking subsidiaries	21,487	*21,833*
Trade receivables	24,072	*23,222*
Amounts owed by associated undertakings	285	*260*
Other receivables	6,777	*5,758*
Prepayments and accrued income	7,767	*4,124*
	60,388	*55,197*
Non-current:		
Amounts due from customers of banking subsidiaries	16,621	*18,718*
Other receivables	1,137	*928*
	17,758	*19,646*

22 Trade and other receivables *(continued)*

Included within trade receivables is a provision for doubtful debts of £387,000 (*2009: £534,000*).

Trade receivables include receivables of £3,739,000 (*2009: £4,134,000*) 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:

	2010 £'000	*2009 £'000*
Up to 30 days	2,127	*2,637*
30-60 days	656	*952*
60-90 days	262	*252*
Over 90 days	694	*293*
	3,739	*4,134*

23 Cash and cash equivalents

	2010 £'000	*2009 £'000*
Group		
Cash at bank and in hand	217,008	*157,102*
Short-term bank deposits	29,503	*21,117*
Short-term liquid investments	44,638	*51,355*
	291,149	*229,574*

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 £210,429,000 (*2009: £193,434,000*) which are held by the group's banking subsidiaries and which are an integral part of the banking operations.

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

	2010 £'000	*2009 £'000*
Cash and cash equivalents (excluding banking operations)	80,720	*36,140*
Bank overdrafts (note 26)	(5,447)	*(7,509)*
	75,273	*28,631*

	2010 %	*2009 %*
Effective interest rate:		
Short-term deposits	0.20 – 10.80	*0.20 – 10.50*
Short-term liquid investments	0.09 – 0.99	*0.40 – 2.30*
Average maturity period:		
Short-term deposits	72 days	*57 days*
Short-term liquid investments	34 days	*35 days*

24 Assets classified as held for sale

Following the decision of the group's management to enter into an agreement on 8 September 2010 to sell the group's entire shareholdings in its Bangladeshi associated undertakings, United Insurance Company Limited (37.0 per cent. holding) and United Leasing Company Limited (38.4 per cent. holding), the equity value of these investments of £6,161,000 has been classified as held for sale, having previously been classified as investments in associates.

25 Trade and other payables

	Group		Company	
	2010	*2009*	2010	*2009*
	£'000	*£'000*	£'000	*£'000*
Current:				
Amounts due to customers of banking subsidiaries	218,354	*219,909*	–	–
Trade payables	22,367	*18,005*	–	–
Other taxation and social security	1,625	*1,256*	–	–
Other payables	13,888	*10,580*	17	*18*
Accruals	4,517	*4,596*	–	–
	260,751	*254,346*	17	*18*
Non-current:				
Amounts due to customers of banking subsidiaries	9,644	*11,227*	–	–

26 Financial liabilities – borrowings

	2010 £'000	*2009 £'000*
Group		
Current		
Bank overdrafts	5,447	*7,509*
Bank loans	50	*4,526*
Finance leases	493	*726*
	5,990	*12,761*
Current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank overdrafts	4,597	*6,296*
Bank loans	50	*706*
Finance leases	493	*726*
	5,140	*7,728*
Non-current		
Bank loans	186	*2,444*
Finance leases	256	*675*
	442	*3,119*
Non-current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank loans	186	*2,444*
Finance leases	256	*675*
	442	*3,119*
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	5,497	*12,035*
Between 1 – 2 years	45	*616*
Between 2 – 5 years	91	*858*
After 5 years	50	*970*
	5,683	*14,479*
Minimum finance lease payments fall due as follows:		
Within one year or on demand (included in current liabilities)	528	*805*
Between 1 – 2 years	217	*516*
Between 2 – 5 years	50	*214*
	795	*1,535*
Future finance charges on finance leases	(46)	*(134)*
Present value of finance lease liabilities	749	*1,401*

26 Financial liabilities – borrowings *(continued)*

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

	2010 £'000	*2009 £'000*
Within one year or on demand (included in current liabilities)	493	*726*
Between 1 – 2 years	207	*473*
Between 2 – 5 years	49	*202*
	749	*1,401*

The rates of interest payable by the group ranged between:

	2010 %	*2009 %*
Overdrafts	2.50 – 17.50	*3.10 – 17.50*
Bank loans	9.00 – 11.00	*1.38 – 13.50*
Finance leases	3.76 – 18.00	*3.25 – 18.00*

27 Provisions

	Onerous lease £'000	Others £'000	Total £'000
Group			
At 1 January 2009	123	–	123
Provided in the period	150	–	150
Utilised in the period	(123)	–	(123)
At 1 January 2010	150	–	150
Exchange differences	–	(26)	(26)
Provided in the period	900	989	1,889
Utilised in the period	(150)	–	(150)
At 31 December 2010	900	963	1,863
Current			
At 31 December 2010	150	963	1,113
At 31 December 2009	150	–	150
Non-current			
At 31 December 2010	750	–	750
At 31 December 2009	–	–	–

The provision for onerous lease relates to six years lease commitments, which is the expected period of vacancy, for warehouse premises. The lease expires in 2016.

Included in others is a provision of £863,000, net of an exchange loss of £26,000, relating to a claim received by Kakuzi Limited, a group company based in Kenya. The claim made by Del Monte Kenya Limited relates to an adjustment in their calculation of the selling price of pineapples for their joint venture in the years 2007 and 2008.

28 Deferred tax

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

	Group		Company	
	2010	*2009*	2010	*2009*
	£'000	*£'000*	£'000	*£'000*
At 1 January	30,346	*32,495*	337	*337*
Exchange differences	385	*(3,133)*	–	–
Charged/(credited) to the income statement	4,546	*(292)*	(24)	–
(Credited)/charged to equity	(884)	*1,276*	–	–
At 31 December	34,393	*30,346*	313	*337*

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 2009	35,350	2,637	988	299	39,274
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 1 January 2010	33,827	–	935	72	34,834
Exchange differences	567	–	54	1	622
Charged/(credited) to the income statement	3,624	–	122	(74)	3,672
Credited to equity	–	–	(833)	–	(833)
At 31 December 2010	38,018	–	278	(1)	38,295
Deferred tax assets offset					(3,793)
Net deferred tax liability after offset					34,502

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 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 1 January 2010	496	1,827	882	1,283	4,488
Exchange differences	–	218	42	(23)	237
(Charged)/credited to the income statement	(496)	(249)	69	(198)	(874)
Credited/(charged) to equity	–	–	(81)	132	51
At 31 December 2010	–	1,796	912	1,194	3,902
Offset against deferred tax liabilities					(3,793)
Net deferred tax asset after offset					109

Included within deferred tax liabilities are £33,178,000 (*2009: £28,944,000*) of accelerated tax depreciation relating to biological assets.

Deferred tax liabilities of £9,226,000 (*2009: £5,403,000*) 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 £5,818,000 (*2009: £4,943,000*) in respect of losses that can be carried forward against future taxable income.

29 Employee benefit obligations

(i) 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 2010 by qualified actuaries for these schemes.

29 Employee benefit obligations *(continued)*

Assumptions

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

	2010 % per annum	*2009* *% per annum*
UK schemes		
Rate of increase in salaries*	3.10	*3.70*
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	5.40	*5.70*
Inflation assumption (CPI/RPI)	3.00 / 3.60	*3.60*

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.

*Increases in salaries based on CPI rather than RPI.

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	5.00 – 9.00	*5.31 – 8.75*
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	7.80	*7.40*
Bonds	4.70	*5.00*
Cash	0.50	*0.50*
Overseas schemes		
Bonds	7.35 – 9.00	*7.06 – 12.50*
Cash	7.35 – 9.00	*7.06 – 12.50*
Other	5.00	*5.31 – 5.36*

(ii) Post-employment benefits

Certain group subsidiaries located in Kenya, India and Bangladesh have an obligation to pay terminal gratuities, based on years of service. These obligations are estimated annually using the projected unit method by qualified independent actuaries. Schemes operated in India are funded but the schemes operated in Kenya and Bangladesh are unfunded. Operations in India and Bangladesh also have an obligation to pay medical benefits upon retirement. These schemes are unfunded.

Assumptions

The major assumptions used in the valuation to determine the present value of the post-employment benefit obligations were as follows:

Rate of increase in salaries	7.00 – 9.50	*5.00 – 7.00*
Discount rate applied to scheme liabilities	8.00 – 9.00	*8.00 – 8.75*

29 Employee benefit obligations *(continued)*

(iii) Actuarial valuations

	2010 UK £'000	2010 Overseas £'000	2010 Total £'000	*2009 UK £'000*	*2009 Overseas £'000*	*2009 Total £'000*
Equities and property	90,929	369	91,298	*76,981*	*312*	*77,293*
Bonds	32,929	14,711	47,640	*25,999*	*13,388*	*39,387*
Cash	2,181	2,531	4,712	*1,550*	*1,907*	*3,457*
Other	–	2,241	2,241	*–*	*1,926*	*1,926*
Total fair value of plan assets	126,039	19,852	145,891	*104,530*	*17,533*	*122,063*
Present value of defined benefit obligations	(133,805)	(24,455)	(158,260)	*(128,720)*	*(17,334)*	*(146,054)*
Total (deficit)/surplus in the schemes	(7,766)	(4,603)	(12,369)	*(24,190)*	*199*	*(23,991)*
Amount recognised as asset in the balance sheet	–	835	835	*–*	*3,054*	*3,054*
Amount recognised as current liability in the balance sheet	–	(352)	(352)	*–*	*–*	*–*
Amount recognised as non-current liability in the balance sheet	(7,766)	(5,086)	(12,852)	*(24,190)*	*(2,855)*	*(27,045)*
	(7,766)	(4,603)	(12,369)	*(24,190)*	*199*	*(23,991)*
Related deferred tax asset (note 28)	–	912	912	*–*	*882*	*882*
Related deferred tax liability (note 28)	–	(278)	(278)	*–*	*(935)*	*(935)*
Net (deficit)/surplus	(7,766)	(3,969)	(11,735)	*(24,190)*	*146*	*(24,044)*

The revaluation in deferment of pensions in excess of Guaranteed Minimum Pension has now been based on CPI rather than RPI for the UK defined benefit pension schemes. The impact of this change, combined with salary increases now being based on CPI rather than RPI has been to reduce the present value of defined benefit obligations by approximately £2,500,000.

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

	2010 UK £'000	2010 Overseas £'000	2010 Total £'000	*2009 UK £'000*	*2009 Overseas £'000*	*2009 Total £'000*
At 1 January	104,530	17,533	122,063	*88,170*	*17,972*	*106,142*
Expected return on plan assets	6,874	1,307	8,181	*5,512*	*1,338*	*6,850*
Employer contributions	9,059	1,702	10,761	*4,989*	*439*	*5,428*
Contributions paid by plan participants	371	7	378	*435*	*8*	*443*
Benefit payments	(5,875)	(1,991)	(7,866)	*(5,953)*	*(960)*	*(6,913)*
Actuarial gains	11,080	334	11,414	*11,377*	*82*	*11,459*
Exchange differences	–	960	960	*–*	*(1,346)*	*(1,346)*
At 31 December	126,039	19,852	145,891	*104,530*	*17,533*	*122,063*

29 Employee benefit obligations *(continued)*

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

	2010 UK £'000	2010 Overseas £'000	2010 Total £'000	*2009 UK £'000*	*2009 Overseas £'000*	*2009 Total £'000*
At 1 January	(128,720)	(17,334)	(146,054)	*(111,819)*	*(18,285)*	*(130,104)*
Transfer from other employee benefits*	–	(1,891)	(1,891)	–	–	–
Current service cost	(731)	(1,241)	(1,972)	*(895)*	*(829)*	*(1,724)*
Past service cost	–	(307)	(307)	–	–	–
Contributions paid by plan participants	(371)	(7)	(378)	*(435)*	*(8)*	*(443)*
Interest cost	(7,207)	(1,497)	(8,704)	*(6,836)*	*(1,143)*	*(7,979)*
Benefit payments	5,875	1,991	7,866	*5,953*	*960*	*6,913*
Actuarial gains/(losses)	(2,651)	(3,306)	(5,957)	*(14,688)*	*572*	*(14,116)*
Exchange differences	–	(863)	(863)	–	*1,399*	*1,399*
At 31 December	(133,805)	(24,455)	(158,260)	*(128,720)*	*(17,334)*	*(146,054)*

In 2008, the total fair value of plan assets was £106,142,000, present value of defined benefit obligations was £130,104,000 and the deficit was £23,962,000. 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 and 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.

*Relates to gratuities schemes operated by group companies, previously included in other employee benefits.

Income statement

The amounts recognised in the income statement are as follows:

	2010 UK £'000	2010 Overseas £'000	2010 Total £'000	*2009 UK £'000*	*2009 Overseas £'000*	*2009 Total £'000*
Amounts charged to operating profit:						
Current service cost	(731)	(1,241)	(1,972)	*(895)*	*(829)*	*(1,724)*
Past service cost	–	(307)	(307)	–	–	–
Total operating charge	(731)	(1,548)	(2,279)	*(895)*	*(829)*	*(1,724)*
Amounts (charged)/credited to other finance costs:						
Expected return on pension scheme assets	6,874	1,307	8,181	*5,512*	*1,338*	*6,850*
Interest on pension scheme liabilities	(7,207)	(1,497)	(8,704)	*(6,836)*	*(1,143)*	*(7,979)*
Net financing (charge)/income (note 7)	(333)	(190)	(523)	*(1,324)*	*195*	*(1,129)*
Total charged to income statement	(1,064)	(1,738)	(2,802)	*(2,219)*	*(634)*	*(2,853)*

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £3,009,000 (*2009: £3,027,000*) .

29 Employee benefit obligations *(continued)*

Actuarial gains and losses recognised in the statement of comprehensive income

The amounts included in the statement of comprehensive income:

	2010			*2009*		
	UK £'000	Overseas £'000	Total £'000	*UK £'000*	*Overseas £'000*	*Total £'000*
Actual return less expected return on pension scheme assets	11,080	334	11,414	*11,377*	*82*	*11,459*
Experience gains/(losses) arising on scheme liabilities	186	(3,306)	(3,120)	*2,654*	*572*	*3,226*
Changes in assumptions underlying present value of scheme liabilities	(2,837)	–	(2,837)	*(17,342)*	*–*	*(17,342)*
Actuarial gain/(loss)	8,429	(2,972)	5,457	*(3,311)*	*654*	*(2,657)*
Taxation on actuarial movement	–	–	–	*(1,148)*	*(128)*	*(1,276)*
Net actuarial gain/(loss)	8,429	(2,972)	5,457	*(4,459)*	*526*	*(3,933)*

Cumulative actuarial losses recognised in the statement of comprehensive income are £12,667,000 (*2009: £18,124,000*).

History of experience gains and losses

	2010			2009			2008		
	UK	Overseas	Total	UK	Overseas	Total	UK	Overseas	Total
Difference between expected and actual return on scheme assets:									
Amount (£'000)	11,080	334	11,414	11,377	82	11,459	(28,968)	(94)	(29,062)
Percentage of scheme assets	8.8%	1.7%	7.8%	10.9%	0.5%	9.4%	(32.9%)	(0.5%)	(27.4%)
Experience gains and losses on scheme liabilities:									
Amount (£'000)	186	(3,306)	(3,120)	2,654	572	3,226	194	(2,040)	(1,846)
Percentage of present value of scheme liabilities	0.1%	(13.5%)	(2.0%)	2.1%	3.3%	2.2%	0.2%	(11.2%)	(1.4%)
Effects to changes in assumptions underlying the present value of the scheme liabilities:									
Amount (£'000)	(2,837)	–	(2,837)	(17,342)	–	(17,342)	8,981	–	8,981
Percentage of present value of scheme liabilities	(2.1%)	–	(1.8%)	(13.5%)	–	(11.9%)	8.0%	–	6.9%
Total amount recognised:									
Amount (£'000)	8,429	(2,972)	5,457	(3,311)	654	(2,657)	(19,793)	(2,134)	(21,927)
Percentage of present value of scheme liabilities	6.3%	(12.2%)	3.4%	(2.6%)	3.8%	(1.8%)	(17.7%)	(11.7%)	(16.9%)

	2007			2006		
	UK	Overseas	Total	UK	Overseas	Total
Difference between expected and actual return on scheme assets:						
Amount (£'000)	(1,636)	(511)	(2,147)	2,127	65	2,192
Percentage of scheme assets	(1.5%)	(3.5%)	(1.7%)	1.9%	0.5%	1.8%
Experience gains and losses on scheme liabilities:						
Amount (£'000)	(1,114)	(589)	(1,703)	1,416	1,790	3,206
Percentage of present value of scheme liabilities	(0.9%)	(4.4%)	(1.3%)	1.1%	15.9%	2.3%
Effects to changes in assumptions underlying the present value of the scheme liabilities:						
Amount (£'000)	9,880	–	9,880	(1,858)	–	(1,858)
Percentage of present value of scheme liabilities	8.3%	–	7.5%	(1.5%)	–	(1.4%)
Total amount recognised:						
Amount (£'000)	7,130	(1,100)	6,030	1,685	1,855	3,540
Percentage of present value of scheme liabilities	6.0%	(8.2%)	4.6%	1.3%	16.5%	2.6%

The current best estimate of employer contributions to be paid to UK defined benefit pension schemes for the year commencing 1 January 2011 is £751,000.

30 Other employee benefit obligations

The movement in other employee benefit obligations is as follows:

	2010 £'000	*2009 £'000*
Group		
At 1 January	1,891	*2,299*
Transfer to employee benefits obligations*	(1,891)	*–*
Exchange differences	–	*(169)*
Charged to the income statement	–	*228*
Payments made	–	*(467)*
At 31 December	–	*1,891*
Current element	–	*268*
Non-current element	–	*1,623*
	–	*1,891*

*Relates to gratuities schemes operated by group companies transferred to employee benefit obligations.

31 Share capital

	2010 £'000	*2009 £'000*
Authorised: 2,842,000 (*2009: 2,842,000*) ordinary shares of 10p each	284	*284*
Allotted, called up and fully paid: ordinary shares of 10p each:		
At 1 January and 31 December – 2,842,000 (*2009: 2,842,000*) shares	284	*284*

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

32 Reconciliation of profit from operations to cash flow

	2010 £'000	*2009 £'000*
Group		
Profit from operations	67,883	*34,629*
Share of associates' results	(3,814)	*2,966*
Depreciation and amortisation	8,965	*8,685*
Impairment of non-current assets	615	*204*
Gain arising from changes in fair value of biological assets	(11,111)	*(2,746)*
Profit on disposal of non-current assets	(4,662)	*(260)*
Profit on disposal of an associate	(248)	*–*
Loss on disposal of a subsidiary	–	*674*
Profit on part disposal of a subsidiary	–	*(135)*
Profit on disposal of investments	(182)	*(28)*
Increase in working capital	(11,760)	*(3,741)*
Net (increase)/decrease in funds of banking subsidiaries	(17,691)	*7,790*
	27,995	*48,038*

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

	2010 £'000	*2009* *£'000*
Group		
Increase in cash and cash equivalents in the year	42,260	*19,189*
Net cash outflow from decrease in debt	7,516	*4,095*
Increase in net cash resulting from cash flows	49,776	*23,284*
New finance leases	–	*(65)*
Disposal of a subsidiary	–	*1,868*
Exchange rate movements	4,252	*381*
Increase in net cash in the year	54,028	*25,468*
Net cash/(debt) at beginning of year	20,260	*(5,208)*
Net cash at end of year	74,288	*20,260*

34 Disposal of businesses

Group

On 15 April 2010, the group disposed of its entire shareholding in Siegfried Holding AG, an associated undertaking.

Details of net assets disposed are as follows:

	2010 £'000	*2009* *£'000*
Fair value of assets and liabilities:		
Intangible assets	–	*118*
Property, plant and equipment	–	*4,565*
Biological assets	–	*1,883*
Inventories	–	*93*
Trade and other receivables	–	*26*
Cash and cash equivalents	–	*20*
Borrowings – current – loans	–	*(1,848)*
Trade and other payables	–	*(26)*
Net effect of associate disposal	48,506	-
	48,506	*4,831*
Satisfied by:		
Cash consideration	48,849	*6,497*
Net inflow/(outflow) of cash in respect of disposal of businesses:		
Cash consideration	48,849	*6,497*
Loans repaid	–	*(1,848)*
Costs of disposal	(95)	*(786)*
Net cash and overdrafts of businesses	–	*(20)*
	48,754	*3,843*

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

35 Commitments

Capital commitments

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

	2010 £'000	*2009* *£'000*
Group		
Property, plant and equipment	1,761	*1,467*

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:

	2010 £'000	*2009* *£'000*
Group		
Land and buildings:		
Within 1 year	776	*534*
Between 1 – 5 years	2,717	*1,789*
After 5 years	14,440	*16,006*
	17,933	*18,329*
Plant and machinery:		
Within 1 year	253	*118*
Between 1 -- 5 years	194	*273*
	447	*391*

36 Contingent assets and liabilities

Assets

Business interruption insurance is receivable for a period of three years from April 2010 in relation to the fire at Abbey Metal Finishing Company Limited and will be dependant on the company's trading performance.

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 2010, the directors do not anticipate the outcome of any such claim to result in a material loss.

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..

37 Financial instruments *(continued)*

The ratio at the year end is as follows:

	2010 £'000	*2009* *£'000*
Borrowings	6,432	*15,880*
Tangible net assets	321,417	*285,270*
Ratio	2.0%	*5.6%*

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	
	2010 £'000	*2009* *£'000*
Financial assets		
Cash and cash equivalents (excluding bank subsidiaries)	80,720	*36,140*
Loans and advances to banks by banking subsidiaries	210,429	*193,434*
Loans and advances to customers of banking subsidiaries	38,108	*40,551*
Trade and other receivables	32,271	*30,168*
Other investments	30,028	*35,256*
	391,556	*335,549*
Financial liabilities		
Amounts due to customers of banking subsidiaries	227,998	*231,136*
Trade and other payables	40,772	*33,181*
Borrowings	6,432	*15,880*
Provisions	1,863	*150*
Other non-current liabilities	114	*118*
	277,179	*280,465*

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.

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.

37 Financial instruments *(continued)*

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 receivables and trade payables. 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, with the exception of a significant Swiss Franc cash at bank balance. A movement by 5 per cent. in the exchange rate of the Swiss Franc with Sterling would increase/decrease profit and net assets by £1,829,000 (*2009: £175,000*).

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 quoted 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 £1,251,000 (*2009: £1,131,000*).

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 2010, 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 £366,000 (*2009: £118,000*) higher/lower.

At 31 December 2010, 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 £135,000 (*2009: £60,000*) higher/lower.

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	
	2010	*2009*	2010	*2009*
	£'000	*£'000*	£'000	*£'000*
Sterling	152,646	*151,076*	125,704	*139,076*
US Dollar	67,939	*55,414*	63,513	*50,637*
Euro	29,997	*36,636*	30,699	*36,749*
Swiss Franc	38,789	*5,213*	2,210	*4,694*
Kenyan Shilling	15,653	*10,465*	–	–
Indian Rupee	8,149	*4,862*	6	*1,226*
Malawi Kwacha	752	*60*	177	*627*
Bangladesh Taka	7,917	*5,775*	3,541	*5,879*
Australian Dollar	5,202	*4,272*	5,199	*4,275*
South African Rand	459	*246*	415	*362*
Brazilian Real	3,259	*3,028*	–	–
Bermudian Dollar	841	*1,777*	–	–
Canadian Dollar	818	*1,606*	820	*1,611*
Japanese Yen	1,650	*1,305*	1,649	*1,302*
Danish Krone	488	*517*	488	*516*
Other	11	*293*	9	*62*
	334,570	*282,545*	234,430	*247,016*

(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 1.5 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 although corporate or personal guarantees are also acceptable in some instances.

The group has a large number of trade receivables, with the largest five receivables at the year end only comprising 18 per cent. (2009: 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 each banking subsidiary. 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.

37 Financial instruments *(continued)*

At 31 December 2010, the group had undrawn committed facilities of £31,422,000 (*2009: £28,630,000*), all of which are due to be reviewed within one year.

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.

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5years £'000	Undated £'000	Total £'000
At 31 December 2010						
Assets						
Cash and cash equivalents (excluding bank subsidiaries)	80,720	–	–	–	–	80,720
Loans and advances to banks by banking subsidiaries	210,170	–	–	–	259	210,429
Loans and advances to customers of banking subsidiaries	21,380	11,062	2,461	3,098	107	38,108
Trade and other receivables	31,134	1,137	–	–	–	32,271
Other investments	5,313	-	–	–	24,715	30,028
	348,717	12,199	2,461	3,098	25,081	391,556
Liabilities						
Deposits by banks at banking subsidiaries	2,507	–	800	–	–	3,307
Customer accounts held at banking subsidiaries	215,742	6,263	1,666	915	105	224,691
Trade and other payables	40,772	–	–	–	–	40,772
Borrowings	5,991	251	140	50	–	6,432
Provisions	1,113	150	600	-	–	1,863
Other non-current liabilities	-	-	-	114	–	114
	266,125	6,664	3,206	1,079	105	277,179
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
	292,676	4,735	10,939	3,972	23,227	335,549
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	33,181	–	–	–	–	33,181
Borrowings	12,762	1,088	1,060	970	–	15,880
Provisions	150	–	–	–	–	150
Other non-current liabilities	–	–	–	118	–	118
	265,477	3,603	8,795	2,065	525	280,465

37 Financial instruments *(continued)*

Included in loans and advances to banks by banking subsidiaries repayable in less than 1 year is £31,711,000 (*2009: £37,963,000*) repayable on demand and £178,459,000 (*2009: £155,262,000*) repayable within 3 months.

Included in loans and advances to customers of banking subsidiaries repayable in less than 1 year is £5,703,000 (*2009: £2,773,000*) repayable on demand, £4,237,000 (*2009: £6,349,000*) repayable within 3 months and £11,440,000 (*2009: £12,529,000*) repayable between 3 and 12 months.

Included in other investments repayable in less than 1 year is £5,313,000 (*2009: £12,420,000*) repayable between 3 and 12 months.

Included in deposits by banks at banking subsidiaries repayable in less than 1 year is £nil (*2009: £489,000*) repayable on demand, £802,000 (*2009: £100,000*) repayable within 3 months and £1,705,000 (*2009: £nil*) repayable between 3 and 12 months.

Included in customer accounts held at banking subsidiaries repayable in less than 1 year is £80,046,000 (*2009: £65,600,000*) repayable on demand, £129,240,000 (*2009: £144,034,000*) repayable within 3 months and £6,456,000 (*2009: £9,161,000*) repayable between 3 and 12 months.

Included in borrowings in less than 1 year is £5,447,000 (*2009: £7,509,000*) repayable on demand.

38 Principal subsidiary and associated undertakings

Subsidiary undertakings

The principal operating subsidiary undertakings of the group at 31 December 2010, 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 Participacões 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 – 79.2 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 – 50.5 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
GU Cutting and Grinding Services Limited	UK
Loddon Engineering 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
Trading and agency	
Robertson Bois Dickson Anderson Limited	UK

38 Principal subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation
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 2010 were:

	Principal country of operation	Accounting date 2010	Group interest in equity capital per cent.
Insurance and leasing			
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	31 December	25.1
Property			
West Hamilton Holdings Limited (Incorporated in Bermuda – common stock)	Bermuda	31 December	28.2

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 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 connected with The Camellia Private Trust Company Limited or the Foundation. While The Camellia Private Trust Company Limited as a 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.

40 Related party transactions

In June 2010, the group purchased the remaining 49 per cent. holding in its subsidiary, Duncan Properties Limited from United Leasing Company Limited, an associate company. Both companies are based in Bangladesh. The consideration paid was £2,705,000 which resulted in a charge of £2,457,000 to reserves.

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

Report of the independent 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 2010 which comprise the Consolidated income statement, the group and company statement of comprehensive income, the Consolidated and company balance sheets, the Consolidated and company cash flow statements, the group and 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 Statement of directors' responsibilities set out on page 18, 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 and express an opinion on 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 company's affairs as at 31 December 2010 and of the group's profit and group's and parent company's cash flows for the year then ended;
- the group's financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the company's 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 lAS Regulation.

Opinion on other matter 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 Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 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 14, in relation to going concern; and
- the parts of the Corporate governance statement, set out on pages 15 to 17, 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

28 April 2011

Five year record

	2010 £'000	*2009 £'000*	*2008 £'000*	*2007 £'000*	*2006 £'000*
Revenue – continuing operations	251,181	*230,270*	*190,551*	*161,936*	*160,552*
Profit before tax	73,141	*34,143*	*24,040*	*30,651*	*19,982*
Taxation	(22,107)	*(11,702)*	*(7,547)*	*(3,205)*	*(4,808)*
Profit from continuing operations	51,034	*22,441*	*16,493*	*27,446*	*15,174*
Profit attributable to equity shareholders	41,984	*15,897*	*11,044*	*25,317*	*12,903*
Equity dividends paid	2,891	*2,557*	*2,557*	*2,502*	*2,474*
Equity					
Called up share capital	284	*284*	*284*	*284*	*284*
Reserves	329,209	*293,570*	*303,816*	*265,987*	*235,677*
Total shareholders' funds	329,493	*293,854*	*304,100*	*266,271*	*235,961*
Earnings per share	1,510.5p	*571.9p*	*397.3p*	*910.8p*	*464.2p*
Dividend paid per share	104p	*92p*	*92p*	*90.p*	*89p*