RNS Number : 0168L
Camellia PLC
01 September 2023

CAMELLIA PLC

Interim results for the 6 months ended 30 June 2023

H1 2023 Highlights

- Revenue from continuing operations fell 2% to £110.5 million (2022 H1: £112.8 million) reflecting lower revenues in Agriculture as a result of sterling strengthening against the majority of our operating currencies and from lower macadamia prices.
- Profit before tax of £4.9 million (2022 H1: loss £16.1 million) reflecting improved trading at our associate, BF&M and impairment write backs in relation to BF&M following the agreement to sell our holding
- Adjusted loss before tax* for continuing operations was significantly reduced in H1 2023 at £12.5 million on that of H1 2022 (loss £17.6 million) due to improved trading at our associate, BF&M
- Adjusted operating loss before tax* for Agriculture increased 42% to £12.8 million in the period
    - The result from tea improved in H1 compared to the prior year. Tea production was up 5% which more than offset the impact of lower average tea selling prices experienced in almost all regions in H1 and the full period impact of significant wage increases.
    - Profits from avocado were up £2.9 million, being up more than four fold on prior year
    - Losses were recorded for macadamia due to the impact of the current over supply in the market which has led to c45% lower prices being experienced and impacted results by £5 million period on period
    - Profits from instant tea, branded tea and our arable farm in Brazil were all significantly lower
    - Lower profits from Bardsley England reflecting the impact of inflation (previously announced) and contracted prices for the 2022 harvest. Contract now complete.
- The Board recommends an interim dividend of 44p per share for the Group

Strategic developments

- Continued investment and investigation into the expansion of our agriculture activities via diversification of crop and location
- Sale of non-core associate announced: BF&M for $100m, subject to regulatory and tax approvals. However, BF&M has implemented a shareholder rights agreement, the implications of which continue to be examined in detail by Camellia. Discussions are ongoing to ascertain BF&M's concerns as regards the sale of our shares to Argus.
- Marketing of Linton Park and a number of other properties is underway
- Parts of Bardsley England (the West Kent orchards and others) ceased farming in January 2023 and the closure of the West Kent packing operation is on track for completion in September 2023
- Establishing the baseline data for our Scope 3 emissions to complete the full Group carbon footprint measurement
- Establishing the baseline data of our water footprint to assess areas of emerging high risk due to the changes in climate

Malcolm Perkins, Chairman, stated:

"The first half has been a very challenging period. Generally higher rates of inflation (particularly in wages) and oversupplied commodity markets in tea, macadamia and arable crops are contributing to a difficult operating environment.

Revenues from continuing operations decreased 2% in the period in large part to the impact of currency movements on the revenues recorded for our agriculture businesses and due to lower macadamia prices. Due to the nature of our cropping patterns and sales, we booked an adjusted loss before tax for the period. The H1 profit before tax at £4.9 million is substantially better than prior year (2022 H1: Loss £16.1 million) in large part due to improved results from BF&M and £18m of impairments written back on our holding in BF&M which when combined more than offset the wider losses in our agriculture operations.

Our financial results for the full year remain largely dependent on Agriculture where the majority of harvesting, and sales, takes place in the second half of the year. However, taking account of current trends, revenue is expected to be broadly in line with that of last year and the group is expected to record a single digit adjusted loss for the year.

Once again I should like to thank all our staff across the group for their continuing contributions both to the business and their local communities in extremely difficult circumstances."

Financial highlights

	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
		Restated	Restated
	£'m	£'m	£'m
Revenue - continuing operations	110.5	112.8	297.2
Adjusted (loss)/profit before tax*	(12.5)	(17.6)	5.2
Significant separately disclosed items and provision	17.4	1.5	(8.3)

releases			
Profit/(loss) before tax for the period	4.9	(16.1)	(3.1)
Profit/(loss) after tax for the period from continuing operations	3.4	(19.6)	(15.3)
Profit for the period from discontinued operations	0.1	0.6	7.6
Profit/(loss) after tax	3.5	(19.0)	(7.7)
Earnings/(loss) per share - continuing operations	108.6	(742.2)p	(724.1)p
Dividend per share for the period	44p	44p	146p
Net cash and cash equivalents net of borrowings	26.8	37.1	39.8
Investment portfolio market value	37.7	35.5	35.6

* Profit/(loss) before tax excluding separately disclosed significant items, details of which can be found in note 6 to the Accounts later in this announcement

This announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

ENQUIRIES

Camellia Plc 01622 746655
Malcolm Perkins, Chairman
Susan Walker, Chief Financial Officer

Panmure Gordon (UK) Limited 020 7886 2500
Nominated Adviser and Broker
Emma Earl
Rupert Dearden

H/Advisers Maitland
PR
William Clutterbuck 07785 292617

CHAIRMAN'S STATEMENT AND OPERATING REVIEW

TRADING UPDATE
The first half has been a very challenging period for all of our staff and our communities. Generally higher rates of inflation and oversupplied commodities markets in tea, macadamia and arable crops are contributing to a difficult operating environment. It is against this background that we would once again like to thank all of our staff for their efforts.

Revenue from continuing operations fell 2% to £110.5 million (2022 H1: £112.8 million) primarily due to the impact of currency movements on revenues in Agriculture and from lower macadamia pricing. Had we translated our revenue using the same average rates as H1 2022, our revenue for H1 2023 would have been higher at £114.3 million.

We are reporting a first half profit before tax of £4.9 million (2022 H1: loss £16.1 million) which is a significant improvement on that of the corresponding period of 2022 for the reasons set out below:

- A return to profitability for our Associates with our share of their results for H1 2023 being a £3.2 million profit compared to a loss of £4.5 million for the same period of 2022. This was predominantly due to BF&M's performance (see below).
- Impairment write backs of £18.0 million (2022 H1: £nil) in respect of our holding in BF&M
- Higher investment income and exchange gains on US dollar currency holdings
- Improved results from Engineering reflecting increased demand for servicing and repair work from the oil industry, in part due to the demise of a key competitor
- The benefit of these items was partially offset by increased losses in Agriculture (see below)

The H1 trading loss in Agriculture after provisions for restructuring costs of £0.7 million was 51% higher than that of H1 of the prior year at a loss of £13.7 million (2022 H1: loss £9.1 million). Our tea volumes in the period were 4% higher and we also saw significant improvements to our average selling prices in Bangladesh. However, these were not sufficient to offset the impact of wage inflation across all operations, lower average selling prices across India and Kenya and a significant reduction in macadamia kernel prices because of high global inventories and reduced demand. H1 2023 also includes a higher loss for Bardsley England, reflecting the impact of inflation and the continued servicing of a loss-making contract which ended in August, as well as the expected costs of the restructuring of that business. The arable operations in Brazil produced slightly lower volumes of soya and prices in H1 were down on those of H1 last year. The expectation of lower prices for the balance of the soya crop as well as the winter crops, currently planted, has led to a lower result for the operation.

Additional detail on the first half results is set out below.

Strategy
The Board of Camellia continues to be focussed on implementing its strategy to invest in the expansion of the Group's agricultural interests. This is to diversify both the location of its interests and the crops which it produces - to assist in mitigating against the impact of adverse weather patterns, political instability, and commodity price movements. We seek to leverage our core competencies of developing and managing large scale bearer plant estates.

The further actions taken over recent months to reduce the scale of our non-agriculture activities and assets and reduce our exposure to loss making operations is expected to continue. As previously stated, the Group may sell certain less liquid, non-income generating or under-performing assets in order to fund strategically important acquisitions and investments.

Progress on refocussing investments
BF&M
On 6 June 2023, we agreed the sale of our 37% holding in BF&M to Bermuda Life Insurance Company Limited, a subsidiary of Argus Group Holdings Limited for a cash consideration of $100m, conditional on receipt of a number of regulatory and tax approvals.

Following the announcement of the proposed disposal, BF&M's board implemented a shareholder rights agreement, the objective of which was to act as a 'poison pill' in the event of any new shareholder seeking to register a more than 15% shareholding without BF&M's consent. The implications of the shareholder rights agreement are the subject of detailed investigation by Camellia. Discussions are taking place in an attempt to understand the concerns of BF&M with respect of the sale of our shares to Argus.

Properties
Linton Park and a number of other properties in London and Bristol are being marketed for sale. The current property market is generally sluggish.

Collections
A number of items from the manuscript collection are expected to be sold in the coming months, predominantly at auction.

Strategic investments
The following ongoing investments in the Agriculture division should be noted:

- In Tanzania, 98Ha of avocado were planted in the first half of the year bringing the total to 250Ha, with a further 100Ha anticipated to be planted by the end of the year.
- In South Africa, 40Ha of avocado to be planted in the last quarter of the year to replace plants severely damaged by hail in April 2023.

FIRST HALF OPERATING RESULTS

Agriculture

	H1 2023	*H1 2022*	*Full year 2022*
Revenue	£'m	*£'m*	*£'m*
Tea	76.0	*77.3*	*210.1*
Nuts and fruits	16.6	*17.7*	*57.1*
Other agriculture	10.3	*10.7*	*15.8*
	102.9	*105.7*	*283.0*
Trading (loss)/profit			
Tea	(11.2)	*(12.8)*	*9.3*
Nuts and fruits	(2.8)	*1.3*	*(0.1)*
Other agriculture	0.3	*2.4*	*6.3*
	(13.7)	*(9.1)*	*15.5*

Note: Please see note 5 of the Accounts for further segmental information

Tea

	Tea estate production & manufacturing			Instant tea, branded tea & tea rooms		
	H1 2023	*H1 2022*	*Full year 2022*	H1 2023	*H1 2022*	*Full year 2022*
	£'m	*£'m*	*£'m*	£'m	*£'m*	*£'m*
Revenue	61. 3	*61.5*	*177.6*	14.7	*15.8*	*32.5*
Adjusted trading (loss)/profit*	(10.2)	*(12.6)*	*9.1*	(1.0)	*(0.2)*	*0.2*
Trading (loss)/profit	(10.2)	*(12.6)*	*9.1*	(1.0)	*(0.2)*	*0.2*

* See note 6 of the Accounts for details of the adjustments made to trading profit in arriving at adjusted trading (loss)/profit

Tea estate production & manufacturing
Overall tea production in the first half was up 5% at 41.4mkg (H1 2022: 39.6kg). Pricing has been mixed with weaker average prices in India, particularly for Orthodox teas. Kenyan prices have also been lower than last year, but in Bangladesh prices firmed, relative to last year.

	H1 2023 Volume mkg	*H1 2022 Volume mkg*	*Full year 2022 Volume mkg*
India	8.5	*8.2*	*26.8*
Bangladesh	3.4	*3.1*	*11.4*
Kenya	6.5	*6.0*	*13.3*
Malawi	12.3	*12.5*	*19.0*
Total own estates	30.7	*29.8*	*70.5*
Bought leaf production	8.7	*7.9*	*17.8*
Managed client production	2.0	*1.9*	*4.6*
Total made tea produced	41.4	*39.6*	*92.9*

India: Despite severe hail in a number of gardens in the Dooars, production in the first half of the year was ahead of H1 2022 due to generally improved growing conditions. Sales volumes in H1 2023 are also up.

Prices for CTC teas in both the Dooars and Assam have been lower than in H1 2022. Prices for Assam orthodox teas, which constitute most of our production in Assam, are also significantly lower than in H1 2022 as a result of reduced demand from Iran and an oversupplied domestic market. As previously announced, wages in West Bengal increased 7.7% for 2023 further impacting results. It is still very early in the India tea sales cycle (with 70-75% of sales typically concluded in the second half of the year) which makes predicting prices for the remainder of the year difficult.

Bangladesh: Production was up 10% on H1 2022 despite a dry start to the season. Our average pricing was 25% higher than last year. As previously announced, the 2023 results are being adversely impacted by the 41.7% wage increase which was effective from August 2022. In addition, significant cost inflation of fuel, electricity and gas is being experienced in Bangladesh this year.

In August 2023 the government established a Wages Board for the tea industry and announced that the next wage increases would be 5% effective from each of August 2024 and August 2025, bringing much needed stability to the cost base for the future.

Kenya: Despite a dry start, tea production nationally was 1% higher in the first half than in H1 2022. Our estate production for the first half was 8% above that of the same period of 2022 with average prices down approximately 9%. We see a continued risk of downward price pressure for the remainder of the year due to high stocks of unsold teas in the market and foreign exchange shortages affecting key markets.

Malawi: Estate production was 2% below that of the same period last year due to the impact of cyclone Freddy in March and the very dry conditions that followed. Average prices are broadly in line with last year. Looking forward to the remainder of the year we see some risk that prices are impacted by the oversupplied market situation in East Africa. Sales have been delayed due to foreign currency shortages in certain markets and some logistics challenges as a legacy of the cyclone. Margins reflect the impact of wage increases of 13% effective from 1 August 2022 and a further 5% increase effective from January 2023.

Instant tea, branded tea and tea rooms
India: Branded tea sales volumes are lower than those of last year and, due to the sales mix, average prices are also down with a corresponding adverse impact on profitability.

UK: Revenue at Jing Tea in H1 2023 is up 22% on the prior year reflecting new wins and increased orders from existing customers as the hotels and leisure markets edge closer to pre-pandemic activity levels. Although margins have been adversely affected by inflation, particularly on packaging and logistics costs, overall losses are lower than those experienced in H1 2022.

Nuts and fruits

	Macadamia			Avocado			Other fruits		
	H1	*H1*	*Full year*	H1	*H1*	*Full year*	H1	*H1*	*Full year*

	2023 £'m	*2022 £'m*	*2022 £'m*	2023 £'m	*2022 £'m*	*2022 £'m*	2023 £'m	*2022 £'m*	*2022 £'m*
Revenue	2.1	*6.0*	*14.9*	1.9	*1.4*	*19.2*	12.6	*10.3*	*23.0*
Adjusted trading profit/(loss)*	(2.5)	*2.5*	*2.9*	3.7	*0.8*	*2.3*	(3.3)	*(2.0)*	*(5.3)*
Trading profit/(loss)	(2.5)	*2.5*	*2.9*	3.7	*0.8*	*2.3*	(4.0)	*(2.0)*	*(5.3)*

* See note 6 of the Accounts for details of the adjustments made to trading profit in arriving at adjusted trading profit/(loss)

Macadamia
We estimate that our combined macadamia harvest will be approximately 17% higher than that of 2022 at c1.9mkg. Higher production volumes are being achieved by all operations.

However, as previously announced, the kernel market is very subdued and there remains a large inventory of product carried over from last year which is impacting average prices and profitability of this crop. With China only recently opened post lockdowns, the level of demand for kernel has not yet recovered in that market although demand for Nut in Shell (which we do not produce) has experienced an early revival. Demand for kernel in the USA and Japan, although improving, is still down on pre-Covid levels. Pricing, particularly for smaller and commercial grades, continues to be c45% below that of last year with no sign of recovery for the current season.

Avocado
Production of our estate Hass crop in H1 was lower than that experienced in H1 2022 due to a later start on the back of later maturing fruit. The season is now reaching its peak and thus far logistics have generally worked well. The avocado tree has a natural tendency towards alternate or bi-annual bearing, widely known as 'on' and 'off' years and 2023 is an 'off' year. However we anticipate, due to improved yields from the increasing maturity of our planted areas, total production of estate Hass for the full year should be broadly in line with that of 2022.

Pricing in H1 2023 for the limited sales of estate Hass made in the period has been above that of the same period in 2022. European markets have been volatile at time depending on the volumes arriving from Peru. Given the early stage of the season and the small volumes sold to date, it is too soon to predict prices with any certainty for the remainder of the year.

The Pinkerton crop production in H1 was well ahead of last year with prices for fruit sold very much in line with prior year.

Other fruits
Bardsley England
Sales volumes in H1 2023 were 56% higher than in the corresponding period of 2022, however selling prices did not increase in any meaningful way, due to Bardsley England's contractual commitments. Despite the improved volumes, the impact of high levels of cost inflation during 2022 and further inflation in H1 2023 have resulted in a higher loss from this operation in the period. As previously announced, a restructuring of the business commenced in January 2023 with the closure of farming operations in West Kent and the closure of the River Farm packhouse which is expected to complete by the end of September 2023. Accordingly, the H1 results include £0.7 million for the costs of this restructuring. The refurbished packhouse in East Kent will commence operations in September in time for the new season.

The 2023 crops of cherries and plums are reasonable and prices have been significantly higher than those of last year.

The 2023 apple and pear crops are expected to be significantly lower in comparison to last year following the closure of farming operations in West Kent. In addition, Bardsley England does not expect to purchase any significant volumes of partner grower fruit from the 2023 harvest. Despite these two factors we expect a similar sales volume overall for the 2023 full year for Bardsley due to carried over stock from 2022. It is too soon in the season to determine how the quality of the 2023 harvest will compare to that of last year. Negotiations continue on pricing with potential customers in preparation for the approaching season. Encouraging levels of enquiries for service provision work are also being received. There remain a number of areas of inefficiency in the business where we see opportunities to materially improve performance. As previously indicated, significant additional capital will be required to develop the field and packing operations, and it will take longer than anticipated to achieve the levels of profitability we would expect from this operation.

Other
The grape production season in the Cape ended with another record harvest 37% up on last year. All the grapes have been sold in a private sale arrangement to third-party wineries at similar prices to last year.

The Blueberry operation in Kenya is testing a number of new varieties, all of which are owned and supplied by Driscoll's, and have thus far shown encouraging yield results. The volume of production this year is anticipated to be relatively small due to the age profile of these new varieties and will be sold in the local market.

Other agriculture
The other agricultural crops have had a mixed first half with the following worth noting:

- In Brazil the prices achieved for the soya crop in the period were down 6%, but the harvested crop was up 3%. There was no maize harvesting in the period (2022 H1: 2,806T). Prices for soya, wheat, maize and sorghum in H2 2023 are currently expected to be lower than those of last year due to high levels of production in South America, USA and Russia. However, with grain supplies from Ukraine continuing to be volatile, it remains difficult to predict with any certainty how prices in the remainder of the year will develop.

- Rubber manufactured in H1 was down 70% as tapping was delayed and pricing is also lower than last year.

Sustainability
Ahead of the 2023 annual report, good progress is being made across the Group in preparation for the implementation of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). As part of this effort, the Group has embarked on measuring its Scope 3 emissions. In conjunction with the Scope 1 and 2 emission data which we have been monitoring for some time, this will put us in a position to consider Science Based Targets for emission reduction. A water foot-printing exercise is also underway.

Investments

Engineering
The oil and gas services market in Aberdeen has seen some improvement with a corresponding increase in the demand for AJT's Engineering division's services. Revenue in the Site Services division, which is focused on the renewables sector, was in line with that of H1 2022 despite a key energy generation customer postponing maintenance projects in light of the energy crisis. Overall, losses at AJT Engineering declined in H1 2023 as a result of the increased activity, improved pricing and tight cost control.

Associates
Our share of the results from associates amounted to a profit of £3.2 million (H1 2022: loss of £4.5 million). This reflects significantly improved operating results from BF&M which returned to profitability in Q1 2023 as financial markets stabilised, having shown a very substantial loss in H1 2022. Following the agreement for the sale of our holding in BF&M, conditional on tax and regulatory approvals, it has been re-categorised to 'assets held for sale' resulting in a release of a previous impairment of £18.0 million. Going forward it will no longer be equity accounted and any dividends received in H2 prior to completion of the sale will be recorded as investment income in Camellia's 2023 full year results.

Investment portfolio
Our investment portfolio, which consists principally of listed equities, at 30 June 2023 was valued at £37.7 million (31 December 2022: £35.6 million).

Financial Position
The Group continues to have a strong balance sheet with substantial liquidity which amounted to £26.8 million in cash and cash equivalents net of borrowings as at 30 June 2023.

Pensions
The UK defined benefit scheme, on an IAS19 basis, has a deficit of £2.1 million (31 December 2022: deficit £1.1 million). The increase in the deficit since year end is due mainly to lower than projected asset returns. The deficit on the Group's defined benefit pension and post-employment benefit schemes overall now amounts to £9.4 million at 30 June 2023 (31 December 2022: deficit £8.4 million).

DIVIDEND
The Board is pleased to declare an interim dividend of 44p per share (2022 H1: 44p) payable on 13 October 2023 to shareholders registered at the close of business on 15 September 2023.

BOARD CHANGES
We were pleased, following a full search process, to confirm the appointment of Byron Coombs as Chief Executive Officer with effect from 25 September 2023. Camellia's Chairman, Malcolm Perkins, who has also acted as Interim Chief Executive Officer since 1 July 2022, will continue as Interim Chief Executive until then.

Malcolm Perkins will retire on 30 November 2023 after 51 years' service and will be succeeded from 1 December 2023 by Simon Turner, currently a Non-executive Director of the Company and a nominee of The Camellia Foundation on the Board.

In due course the Board intends to appoint an additional independent Non-executive Director to increase the number to three, one of whom will be appointed as Senior Independent Director.

OUTLOOK
As always, our financial results remain largely dependent on Agriculture where the largest portion of the production and sales take place in the second half of the year. It is therefore premature to provide any firm indication of the likely results for 2023.

However, taking account of current trends, revenue is expected to be broadly in line with that of last year and the Group is likely to record a singlegit adjusted loss before tax for the full year.

SUMMARY
Diversifying our interests in agriculture where we have scale and expertise and disinvesting those businesses where we have fewer long-term strategic advantages are key priorities and we continue to take significant steps to accelerate our programme.

The Board continues to believe that the actions that we are taking now will enhance the long-term value of the Group and provide additional opportunities for its success.

Malcolm Perkins	**Graham McLean**	**Susan Walker**
Chairman and Interim CEO	Director of Agriculture	CFO
31 August 2023		

INTERIM MANAGEMENT REPORT

The Chairman's Statement and Operating Review form part of this report and it includes information about important events that have occurred during the six months ended 30 June 2023 and their impact on the financial statements set out herein.

Principal risks and uncertainties
The Report of the Directors in the statutory financial statements for the year ended 31 December 2022 (available on the Company's website: www.camellia.plc.uk) highlighted risks and uncertainties that could have an impact on the Group's businesses. As these businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the Group's performance. These risks and uncertainties continue to be relevant for the remainder of the year. In addition, the Chairman's Statement and Operating Review included in this report refers to certain specific risks and uncertainties that the Group is presently facing.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors of Camellia Plc are listed in the Camellia Plc statutory financial statements for the year ended 31 December 2022. There have been no subsequent changes of Directors and a list of current Directors is maintained on the Group's website at www.camellia.plc.uk.

By order of the Board

Malcolm Perkins
Chairman

31 August 2023

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m Restated*	*Year ended 31 December 2022 £'m Restated*
Continuing operations				
Revenue	5	110.5	*112.8*	*297.2*
Cost of sales		(103.3)	*(103.0)*	*(226.7)*
Gross profit		7.2	*9.8*	*70.5*
Other operating income		1.5	*2.1*	*4.4*
Distribution costs		(4.6)	*(5.1)*	*(23.0)*
Administrative expenses		(23.1)	*(20.4)*	*(45.8)*
Trading (loss)/profit	5	(19.0)	*(13.6)*	*6.1*
Share of associates' results	7	3.2	*(4.5)*	*(2.5)*
Profit on disposal of assets classified as held for sale		0.1	*1.5*	*1.8*
Impairment of intangible assets, investment properties and property, plant and equipment		-	-	*(10.1)*
Impairment reversal of investment in associate	14	18.0	-	-
Profit on disposal and fair value movements on money market investments		0.2	*0.1*	*0.3*
Operating profit/(loss)		2.5	*(16.5)*	*(4.4)*
Investment income		1.1	*0.3*	*0.4*
Finance income		1.2	*1.1*	*2.0*
Finance costs		(1.2)	*(1.0)*	*(2.2)*
Net exchange gain		1.6	*0.3*	*1.5*

	Notes			
Net exchange gain		[illegible]	[illegible]	[illegible]
Employee benefit expense		(0.3)	*(0.3)*	*(0.4)*
Net finance income	8	1.3	*0.1*	*0.9*
Profit/(loss) before tax		4.9	*(16.1)*	*(3.1)*
Comprising				
- adjusted (loss)/profit before tax	6	(12.5)	*(17.6)*	*5.2*
- profit on disposal of assets classified as held for sale	6	0.1	*1.5*	*1.8*
- impairment of intangible assets, investment properties and property, plant and equipment	6	-	-	*(10.1)*
- impairment reversal of investment in associate	6	18.0	-	-
- restructuring costs	6	(0.7)	-	-
		4.9	*(16.1)*	*(3.1)*
Taxation	9	(1.5)	*(3.5)*	*(12.2)*
Profit/(loss) for the period from continuing operations		3.4	*(19.6)*	*(15.3)*
Profit for the period from discontinued operations	10	0.1	*0.6*	*7.6*
Profit/(loss) after tax		3.5	*(19.0)*	*(7.7)*
Profit/(loss) attributable to:				
Owners of Camellia Plc		3.1	*(19.9)*	*(12.4)*
Non-controlling interests		0.4	*0.9*	*4.7*
		3.5	*(19.0)*	*(7.7)*
Earnings/(loss) per share - basic and diluted				
From continuing operations	12	108.6 p	*(742.2) p*	*(724.1) p*
From continuing and discontinued operations	12	112.2 p	*(720.5) p*	*(449.0) p*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2023

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m Restated*	*Year ended 31 December 2022 £'m Restated*
Profit/(loss) for the period	3.5	*(19.0)*	*(7.7)*
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income:			
Fair value adjustment for the financial assets disposed	-	-	*0.1*
Corporation tax arising on financial asset disposals before utilisation of losses	-	-	*(0.2)*
Unwind of deferred tax on financial assets	-	-	*0.2*
Changes in the fair value of financial assets	1.8	*(4.4)*	*(2.6)*
Deferred tax movement in relation to fair value adjustments	(0.5)	*1.0*	-
Remeasurements of post employment benefit obligations	(0.8)	*(2.1)*	*(12.8)*
Deferred tax movement in relation to post employment benefit obligations	(0.2)	*0.6*	*3.6*
Corporation tax movement in relation to post employment benefit obligations	0.1	-	*(0.4)*
	0.4	*(4.9)*	*(12.1)*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	(25.1)	*16.6*	*9.2*
Share of other comprehensive income of associates	-	-	*0.1*
	(25.1)	*16.6*	*9.3*
Other comprehensive (expense)/income for the period, net of tax	(24.7)	*11.7*	*(2.8)*
Total comprehensive (expense)/income for the period	(21.2)	*(7.3)*	*(10.5)*
Total comprehensive (expense)/income attributable to:			
Owners of Camellia Plc	(15.6)	*(10.2)*	*(16.1)*
Non-controlling interests	(5.6)	*2.9*	*5.4*
	(21.2)	*(7.3)*	*(10.7)*

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2023

	Notes	30 June 2023 £'m	*30 June 2022 £'m Restated*	*31 December 2022 £'m Restated*
ASSETS				
Non-current assets				
Intangible assets		6.2	*10.1*	*6.3*
Property, plant and equipment	13	170.2	*205.6*	*184.5*
Right-of-use assets		23.2	*28.5*	*26.1*
Investment properties		24.4	*24.4*	*25.4*
Biological assets		12.1	*13.5*	*14.1*
Investments in associates	14	10.3	*69.8*	*70.2*
Equity investments at fair value through other comprehensive income		29.7	*24.4*	*25.7*
Money market investments at fair value through profit or loss		6.9	*8.0*	*7.3*
Debt investments at amortised cost		1.1	*1.4*	*1.3*
Other investments - heritage assets		8.8	*8.8*	*8.8*
Retirement benefit surplus	18	1.4	*9.8*	*0.8*
Trade and other receivables		3.1	*2.9*	*3.1*
Total non-current assets		297.4	*407.2*	*373.6*
Current assets				
Inventories		64.4	*64.0*	*60.4*
Biological assets		10.6	*9.2*	*10.8*
Trade and other receivables		37.9	*47.2*	*67.6*
Money market investments at fair value through profit or loss		-	*0.3*	*1.3*
Debt investments at amortised cost		[illegible]	*1.4*	[illegible]

Debt investments at amortised cost		-	*1.4*	-
Current income tax assets		0.7	*4.5*	*1.1*
Cash and cash equivalents (excluding bank overdrafts)		47.0	*49.6*	*49.3*
		160.6	*176.2*	*190.5*
Assets classified as held for sale	15	81.1	*5.0*	*4.6*
Total current assets		241.7	*181.2*	*195.1*

	Notes	30 June 2023 £'m	*30 June 2022 £'m Restated*	*31 December 2022 £'m Restated*
LIABILITIES				
Current liabilities				
Financial liabilities - borrowings	16	(16.4)	*(8.0)*	*(5.1)*
Lease liabilities		(2.0)	*(3.1)*	*(2.3)*
Trade and other payables		(52.2)	*(61.7)*	*(59.8)*
Current income tax liabilities		(2.3)	*(6.1)*	*(4.4)*
Employee benefit obligations	18	(0.9)	*(1.2)*	*(1.1)*
Provisions	17	(10.8)	*(17.9)*	*(10.8)*
		(84.6)	*(98.0)*	*(83.5)*
Liabilities related to assets classified as held for sale	15	(2.0)	*(2.0)*	*(2.0)*
Total current liabilities		(86.6)	*(100.0)*	*(85.5)*
Net current assets		155.1	*81.2*	*109.6*
Total assets less current liabilities		452.5	*488.4*	*483.2*
Non-current liabilities				
Financial liabilities - borrowings	16	(3.8)	*(4.5)*	*(4.4)*
Lease liabilities		(17.2)	*(20.8)*	*(19.1)*
Deferred tax liabilities		(32.9)	*(36.7)*	*(37.0)*
Employee benefit obligations	18	(9.9)	*(6.6)*	*(8.1)*
Total non-current liabilities		(63.8)	*(68.6)*	*(68.6)*
Net assets		388.7	*419.8*	*414.6*
EQUITY				
Called up share capital		0.3	*0.3*	*0.3*
Share premium		15.3	*15.3*	*15.3*
Reserves		331.9	*357.0*	*350.2*
Equity attributable to owners of Camellia Plc		347.5	*372.6*	*365.8*
Non-controlling interests		41.2	*47.2*	*48.8*
Total equity		388.7	*419.8*	*414.6*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2023

	Notes	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m*	*Year ended 31 December 2022 £'m*
Cash (used in)/generated from operations				
Cash flows from operating activities	19	(13.5)	*(5.0)*	*2.6*
Interest received		2.5	*1.1*	*2.0*
Interest paid		(1.9)	*(0.9)*	*(2.2)*
Income taxes paid		(3.5)	*(4.5)*	*(8.3)*
Net cash flow from operating activities		(16.4)	*(9.3)*	*(5.9)*
Cash flows from investing activities				
Purchase of property, plant and equipment		(7.1)	*(6.7)*	*(14.4)*
Proceeds from sale of non-current assets		0.4	*0.2*	*0.9*
Proceeds from sale of assets held for sale		0.8	*3.6*	*4.5*
Purchase of heritage assets		-	-	*(0.1)*
Additions to investment property		-	*(1.3)*	*(2.5)*
Biological assets: non-current - disposals		0.1	*0.2*	*0.8*
Proceeds from the disposal of a subsidiary	10	16.1	-	-
Cash leaving the Group on disposal of a subsidiary		-	-	*(1.6)*
Payment for acquisition of businesses net of cash acquired		-	*(0.8)*	-
Dividends received from associates		0.9	*1.9*	*3.2*
Purchase of investments		(4.5)	*(0.4)*	*(2.9)*
Proceeds from sale of investments		0.5	*1.5*	*8.5*
Income from investments		0.4	*0.3*	*0.4*
Net cash flow from investing activities		7.6	*(1.5)*	*(3.2)*
Cash flows from financing activities				
Equity dividends paid		-	*(2.8)*	*(4.0)*
Dividends paid to non-controlling interests		(2.0)	*(4.4)*	*(5.3)*
New loans		3.1	*0.4*	*1.4*
Loans repaid		-	*(1.2)*	*(1.6)*
Payments of lease liabilities		(1.2)	*(1.8)*	*(2.6)*
Net cash flow from financing activities		(0.1)	*(9.8)*	*(12.1)*
Net decrease in cash and cash equivalents from continuing operations		(8.9)	*(20.6)*	*(21.2)*
Net cash inflow from discontinued operation		-	*0.3*	*3.8*
Cash and cash equivalents at beginning of period		45.6	*59.9*	*59.9*
Exchange (losses)/gains on cash		(1.7)	*2.9*	*3.1*
Cash and cash equivalents at end of period	20	35.0	*42.5*	*45.6*

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

	Attributable to the owners of Camellia Plc							
	Share capital	Share premium	Treasury shares	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity

	Notes	capital £'m	premium £'m	shares £'m	earnings £'m	reserves £'m	Total £'m	interests £'m	equity £'m
At 1 January 2022		0.3	15.3	(0.4)	377.1	(3.7)	388.6	48.7	437.3
Adoption of IFRS 17 by associate	2	-	-	-	(3.3)	-	(3.3)	-	(3.3)
At 1 January 2022 - (restated)		0.3	15.3	(0.4)	373.8	(3.7)	385.3	48.7	434.0
Loss for the period (restated)		-	-	-	(19.9)	-	(19.9)	0.9	(19.0)
Other comprehensive (expense)/income for the period (restated)		-	-	-	(1.0)	10.7	9.7	2.0	11.7
Transfer of realised gains on disposal of financial assets		-	-	-	0.2	(0.2)	-	-	-
Dividends	11	-	-	-	(2.8)	-	(2.8)	(4.4)	(7.2)
Share of associate's other equity movements		-	-	-	0.3	-	0.3	-	0.3
At 30 June 2022		0.3	15.3	(0.4)	350.6	6.8	372.6	47.2	419.8
At 1 January 2022		0.3	15.3	(0.4)	377.1	(3.7)	388.6	48.7	437.3
Adoption of IFRS 17 by associate	2	-	-	-	(3.3)	-	(3.3)	-	(3.3)
At 1 January 2022 - restated		0.3	15.3	(0.4)	373.8	(3.7)	385.3	48.7	434.0
Loss for the period (restated)		-	-	-	(12.4)	-	(12.4)	4.7	(7.7)
Other comprehensive (expense)/income for the period (restated)		-	-	-	(10.4)	6.9	(3.5)	0.7	(2.8)
Transfer of realised gains on disposal of financial assets		-	-	-	1.1	(1.1)	-	-	-
Dividends	11	-	-	-	(4.0)	-	(4.0)	(5.3)	(9.3)
Share of associate's other equity movements		-	-	-	0.4	-	0.4	-	0.4
At 31 December 2022		0.3	15.3	(0.4)	348.5	2.1	365.8	48.8	414.6
Profit for the period		-	-	-	3.1	-	3.1	0.4	3.5
Other comprehensive (expense)/income for the period		-	-	-	(1.3)	(17.4)	(18.7)	(6.0)	(24.7)
Dividends	11	-	-	-	(2.8)	-	(2.8)	(2.0)	(4.8)
Share of associate's other equity movements		-	-	-	0.1	-	0.1	-	0.1
At 30 June 2023		0.3	15.3	(0.4)	347.6	(15.3)	347.5	41.2	388.7

NOTES TO THE ACCOUNTS

1 Basis of preparation

These financial statements are the interim condensed consolidated financial statements of Camellia Plc, a company registered in England, and its subsidiaries (the "Group") for the six month period ended 30 June 2023 (the "Interim Report"). The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Report and Accounts (the "Annual Report") for the year ended 31 December 2022.

The financial information contained in this interim report has not been audited and does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2022 has been delivered to the Registrar of Companies. The auditors' opinion on these accounts was unqualified and does not contain an emphasis of matter paragraph or a statement made under Section 498(2) and Section 498(3) of the Companies Act 2006.

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

These interim condensed consolidated financial statements were approved by the Board of Directors on 31 August 2023. At the time of approving these financial statements, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Changes to accounting policies

These interim condensed financial statements have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2022. The Group's previously recognised associate company, BF&M Limited has adopted IFRS 17 from 1 January 2023, in accordance with this standard, they have restated their opening balance sheet as at 1 January 2022 and their results for 2022. In accordance with our accounting policy to use the equity method accounting for our associate undertakings, the impact of this restatement, has been to decrease the carrying value of our investment in associates at 1 January 2022 by £3.3 million, with a corresponding reduction in the Group's reserves. The share of our associates results for the half year ended 30 June 2022 and for the full year ended 31 December 2022 has increased by £0.1 million and £0.6 million respectively.

3 Going concern

The Directors considered the impact of the strategy and current trading environment as set out in the Chairman's Statement and operating review on the business for the next 15 months. We have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business, we expect our agriculture businesses will continue to operate broadly as currently. We have assumed that the leisure and food services markets continue to recover gradually over the course of the next year.

At 30 June 2023, the Group had cash and cash equivalents of £35.0 million with loans outstanding of £8.2 million. In addition, the Group had undrawn short-term loans and overdraft facilities of £12.3 million and a portfolio of liquid investments with a fair market value of £37.7 million.

The Directors have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes for tea and reduced sales volumes for macadamia. The revenue and operational impact of such volume reductions across our operations would have a substantially negative impact on Group profitability. We have also considered the risk of price reductions for our tea, macadamia, avocado and apple crops.

tea, macadamia, avocado and apple crops.

The Directors believe that the Company and the Group are well placed to manage their financing and other business risks satisfactorily and have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

4 Cyclical and seasonal factors

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

Soya in Brazil is generally harvested in the first half of the year. The majority of the macadamia crop in Malawi and South Africa is harvested in the second half of the year but in Kenya the majority of macadamia is harvested in the first half. Apples in the United Kingdom and Avocados in Kenya are mostly harvested in the second half of the year.

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

5 Segment reporting

	Agriculture Six months ended 30 June		Engineering Six months ended 30 June		Unallocated Six months ended 30 June		Consolidated Six months ended 30 June	
	2023 £'m	*2022 £'m*	2023 £'m	*2022 £'m*	2023 £'m	*2022 £'m Restated*	2023 £'m	*2022 £'m Restated*
Continuing operations								
Revenue								
External sales	102.9	*105.7*	7.1	*6.6*	0.5	*0.5*	110.5	*112.8*
Adjusted trading loss	(13.0)	*(9.1)*	(0.1)	*(0.5)*	(5.2)	*(4.0)*	(18.3)	*(13.6)*
Separately disclosed items	(0.7)	*-*	-	*-*	-	*-*	(0.7)	*-*
Trading loss	(13.7)	*(9.1)*	(0.1)	*(0.5)*	(5.2)	*(4.0)*	(19.0)	*(13.6)*
Share of associates' results	-	*-*	-	*-*	3.2	*(4.5)*	3.2	*(4.5)*
Profit on disposal of assets classified as held for sale	-	*-*	-	*-*	0.1	*1.5*	0.1	*1.5*
Impairment reversal of investment in associate	-	*-*	-	*-*	18.0	*-*	18.0	*-*
Profit on disposal and fair value movements on money market investments	0.2	*0.1*	-	*-*	-	*-*	0.2	*0.1*
Operating profit/(loss)	(13.5)	*(9.0)*	(0.1)	*(0.5)*	16.1	*(7.0)*	2.5	*(16.5)*
Comprising								
- adjusted operating loss before tax	(12.8)	*(9.0)*	(0.1)	*(0.5)*	(2.0)	*(8.5)*	(14.9)	*(18.0)*
- restructuring costs	(0.7)	*-*	-	*-*	-	*-*	(0.7)	*-*
- profit on disposal of assets classified as held for sale	-	*-*	-	*-*	0.1	*1.5*	0.1	*1.5*
- impairment reversal of investment in associate	-	*-*	-	*-*	18.0	*-*	18.0	*-*
	(13.5)	*(9.0)*	(0.1)	*(0.5)*	16.1	*(7.0)*	2.5	*(16.5)*
Investment income							1.1	*0.3*
Net finance income							1.3	*0.1*
Profit/(loss) before tax							4.9	*(16.1)*
Taxation							(1.5)	*(3.5)*
Profit/(loss) for the period from continuing operations							3.4	*(19.6)*
Profit for the period from discontinued operations							0.1	*0.6*
Profit/(loss) after tax							3.5	*(19.0)*

	Agriculture £'m	Engineering £'m	Unallocated £'m Restated	Consolidated £'m Restated
Continuing operations				
Revenue				
External sales	283.0	13.2	1.0	297.2
Adjusted trading profit/(loss)	15.5	(0.8)	(8.6)	6.1
Separately disclosed items	-	-	-	-
Trading profit/(loss)	15.5	(0.8)	(8.6)	6.1
Share of associates' results	-	-	(2.5)	(2.5)
Profit on disposal of assets classified as held for sale	-	-	1.8	1.8
Impairment of intangible assets, investment properties and property, plant and equipment	(10.0)	-	(0.1)	(10.1)
Profit on disposal of financial assets	0.3	-	-	0.3
Operating profit/(loss)	5.8	(0.8)	(9.4)	(4.4)
Comprising				
- adjusted operating profit/(loss) before tax	15.8	(0.8)	(11.1)	3.9
- profit on disposal of assets classified as held for sale	-		1.8	1.8
- impairment of intangible assets, investment properties and property, plant and equipment	(10.0)	-	(0.1)	(10.1)
	5.8	(0.8)	(9.4)	(4.4)
Investment income				0.4
Net finance income				0.9
Loss before tax				(3.1)
Taxation				(12.2)
Loss for the period from continuing operations				(15.3)
Profit for the period from discontinued operations				7.6
Loss after tax				(7.7)

6 Adjusted loss

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

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m*
Operating profit/(loss)	2.5	*(16.5)*
Exceptions or items considered non-operational:		
Profit on disposal of assets classified as held for sale	0.1	*1.5*
Restructuring costs	(0.7)	-
Impairment reversal of investment in associate	18.0	-
Underlying operating loss before tax	(14.9)	*(18.0)*
Investment income	1.1	*0.3*
Net finance income	1.3	*0.1*
Adjusted loss before tax	(12.5)	*(17.6)*

The following items have been excluded in arriving at the adjusted measure and have been separately disclosed:

- A profit on disposal of assets classified as held for sale of £0.1 million (2022: six months £1.5 million - year £1.8 million)
- Restructuring costs at Bardsley England of £0.7 million (2022: six months £nil - year £nil)
- Impairment reversal of the Group's investment in BF&M Limited (note 14) of £18.0 million (2022: six months £nil - year £nil)

7 Share of associates' results

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

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m Restated*	*Year ended 31 December 2022 £'m Restated*
Profit/(loss) before tax	3.4	*(4.2)*	*(2.1)*
Taxation	(0.2)	*(0.3)*	*(0.4)*
Profit/(loss) after tax	3.2	*(4.5)*	*(2.5)*

8 Finance income and costs

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m*	*Year ended 31 December 2022 £'m*
Finance costs - interest payable on loans and bank overdrafts	(0.8)	*(0.6)*	*(1.3)*
Interest payable on leases	(0.3)	*(0.4)*	*(0.8)*
Other interest payable	(0.1)	-	*(0.1)*
Finance costs	(1.2)	*(1.0)*	*(2.2)*
Finance income - interest income on short-term bank deposits	1.2	*1.1*	*2.0*
Net exchange gain on foreign currency balances	1.6	*0.3*	*1.5*
Employee benefit expense	(0.3)	*(0.3)*	*(0.4)*
Net finance income	1.3	*0.1*	*0.9*

9 Taxation on profit/(loss) on ordinary activities

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m*	*Year ended 31 December 2022 £'m*
Current tax			
UK corporation tax			
UK corporation tax	-	-	-
Double tax relief	-	-	-
Use of losses to shelter capital gain on disposal of financial assets	-	-	*(0.2)*
Adjustment in respect of prior years	-	-	-
	-	-	*(0.2)*
Foreign tax			
Corporation tax	2.5	*3.9*	*9.1*
Adjustment in respect of prior years	-	-	-
	2.5	*3.9*	*9.1*
Total current tax	2.5	*3.9*	*8.9*
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	(0.2)	*1.8*	*3.7*
Overseas deferred tax	(0.8)	*(2.2)*	*(0.4)*
Tax on profit/(loss) on ordinary activities	1.5	*3.5*	*12.2*

Tax on profit/(loss) on ordinary activities for the six months to 30 June 2023 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2023.

10 Discontinued operations

On 16 December 2022, the Group entered into an unconditional agreement to sell Associated Cold Stores & Transport Limited, which was the Group's Food Service operation. The disposal, which completed on 10 January 2023, was effected in order to support the Group's strategy of focussing its investment activity on its core agriculture operations and for general working capital purposes. The effective date of the transaction was 26 November 2022.

The prior year figures in the consolidated income statement and the consolidated cashflow statement have been restated in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.

The results of the discontinued operations, which have been included in the profit for the period, were as follows:

	Six months ended 30 June 2023	*Six months ended 30 June 2022*	*Year ended 31 December 2022*

	£'m	£'m	£'m
Revenue	-	13.0	23.7
Cost of sales	-	(10.2)	(18.4)
Gross profit	-	2.8	5.3
Administrative expenses	-	(2.2)	(4.0)
Profit on disposal of property, plant and equipment	-	-	0.5
Net finance costs	-	-	(0.1)
Profit before tax	-	0.6	1.7
Profit on disposal of discontinued operations	0.1	-	3.8
Attributable tax credit	-	-	2.1
Net profit attributable to discontinued operations (attributable to owners of the Company)	0.1	0.6	7.6

During the period, Associated Cold Stores & Transport Limited contributed £nil (2022: six months £0.7 million - year £4.0 million) to the Group's net operating cash flows, paid £nil (2022: six months £0.2 million - year £0.3 million) in respect of investing activities and paid £nil million (2022: six months £0.2 million - year £0.4 million) in respect of financing activities.

The profit in 2022 of £3.8 million arose on the disposal of Associated Cold Stores & Transport Limited, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets at the effective date of disposal. Following the finalisation of the completion accounts, an additional £0.1 million profit on disposal has been recognised in 2023.

11 Equity dividends

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m*	*Year ended 31 December 2022 £'m*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2022 of 102p (2021: 102p) per share	2.8	2.8	2.8
Interim dividend for the year ended 31 December 2022 of 44p (2021: 44p) per share			1.2
			4.0

Dividends amounting to £0.1 million (2022: six months £0.1 million - year £0.1 million) have not been included as group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Proposed interim dividend for the year ended 31 December 2023 of 44p (2022: 44p) per share	1.2	1.2	

The proposed interim dividend was approved by the board of Directors on 31 August 2023 and has not been included as a liability in these financial statements.

12 Earnings/(loss) per share (EPS)

	Six months ended 30 June 2023		*Six months ended 30 June 2022*		*Year ended 31 December 2022*	
	Loss £'m	EPS Pence	*Loss £'m Restated*	*EPS Pence Restated*	*Loss £'m Restated*	*EPS Pence Restated*
Attributable to ordinary shareholders - continuing operations	3.0	108.6	(20.5)	(742.2)	(20.0)	(724.1)
Attributable to ordinary shareholders - continuing and discontinued operations	3.1	112.2	(19.9)	(720.5)	(12.4)	(449.0)

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of 2,762,000 (2022: six months 2,762,000 - year 2,762,000), which excludes 62,500 (2022: six months 62,500 - year 62,500) shares held by the Group as treasury shares.

13 Property, plant and equipment

During the six months ended 30 June 2023 the Group acquired assets with a cost of £6.4 million (2022: six months £7.0 million - year £14.8 million). Assets with a carrying amount of £0.2 million were disposed of during the six months ended 30 June 2023 (2022: six months £0.3 million - year £1.1 million). Assets with a carrying amount of £nil million were classified as held for sale as at 30 June 2023 (2022: six months £0.5 million - year £0.7 million) and assets with a net carrying value of £1.0 million were reclassified from and to investment properties.

14 Investments in associates

	30 June 2023 £'m	*30 June 2022 £'m Restated*	*31 December 2022 £'m Restated*
At 1 January	99.8	98.9	98.9
Adoption of IFRS 17 (note 2)	-	(3.3)	(3.3)
At 1 January restated	99.8	95.6	95.6
Exchange differences	(3.9)	9.6	9.4
Share of profit/(loss) (note 7)	3.2	(4.5)	(2.5)
Dividends	(1.0)	(1.9)	(3.2)
Other equity movements	0.1	0.3	0.5
Reclassification to held for sale	(87.9)	-	-
At end of period	10.3	99.1	99.8
Provision for diminution in value			
At 1 January	29.6	26.3	26.3
Exchange differences	(0.9)	3.0	3.3
Reversal of impairment	(18.0)	-	-
Reclassification to held for sale	(10.7)	-	-
At end of period	-	29.3	29.6
Net book value at end of period	10.3	69.8	70.2

On 6 June 2023, the Group entered into an agreement to sell it's entire holding in BF&M Limited, to Bermuda Life Insurance Company Limited, subject to regulatory and tax approvals. Net proceeds are estimated to be approximately US$95.8 million and the transaction is expected in be completed in Q4 2023. As a result of this, £18.0 million of impairments previously provided for have been reversed and

credited to the income statement. This investment has now been reclassified as held for sale and is no longer equity accounted.

15 **Assets classified as held for sale/Liabilities related to assets classified as held for sale**

During the period the following assets were transferred to held for sale:

	30 June 2023 £'m	*30 June 2022 £'m*	*31 December 2022 £'m*
At 1 January	4.6	*6.6*	*6.6*
Reclassified from property, plant and equipment	-	*0.5*	*0.7*
Reclassified from investments in associates (note 14)	77.2	*-*	*-*
	81.8	*7.1*	*7.3*
Disposals during period	(0.7)	*(2.1)*	*(2.7)*
At end of period	81.1	*5.0*	*4.6*
Liabilities related to assets classified as held for sale at end of the period:			
Reclassified from lease liabilities	2.0	*2.0*	*2.0*

During the period, properties owned by Bardsley England and a small number of the Group's heritage assets and other items of art have been sold, realising cash proceeds of £0.7 million.

16 **Borrowings**

Borrowings (current and non-current) include loans of £8.2 million (loans 2022: six months £5.4 million - year £5.8 million) and bank overdrafts of £12.0 million (2022: six months £7.1 million - year £3.7 million). The following loan movements occurred during the six months ended 30 June 2023:

	£'m
Balance at 1 January 2023	5.8
Exchange differences	(0.7)
New loans	3.1
Balance at 30 June 2023	8.2

17 **Provisions**

	Wages and salaries £'m	Legal claims £'m	Others £'m	Total £'m
At 1 January 2022	9.1	1.2	1.5	11.8
Exchange differences	0.4	-	-	0.4
Utilised in the period	(0.8)	(0.1)	(0.1)	(1.0)
Provided in the period	8.3	-	-	8.3
Unused amounts reversed in period	(1.6)	-	-	(1.6)
At 30 June 2022	15.4	1.1	1.4	17.9
At 1 January 2022	9.1	1.2	1.5	11.8
Utilised in the period	(6.7)	(0.3)	(0.1)	(7.1)
Provided in the period	8.5	-	-	8.5
Subsidiary leaving the group	-	-	(0.5)	(0.5)
Unused amounts reversed in period	(1.8)	-	(0.1)	(1.9)
At 31 December 2022	9.1	0.9	0.8	10.8
Exchange differences	(0.5)	(0.1)	-	(0.6)
Utilised in the period	(1.7)	(0.2)	(0.1)	(2.0)
Provided in the period	3.1	-	-	3.1
Unused amounts reversed in period	(0.5)	-	-	(0.5)
At 30 June 2023	9.5	0.6	0.7	10.8
Current:				
At 30 June 2023	9.5	0.6	0.7	10.8
At 31 December 2022	9.1	0.9	0.8	10.8
At 30 June 2022	15.4	1.1	1.4	17.9

The wages and salaries provisions are in respect of ongoing wage and bonus negotiations in India, Kenya and Bangladesh.

Legal claims relate to the cost of the defence of the litigation concerning our East African operations, including settlements and the expected cost of progressive measures.

Others relate to provisions for claims and dilapidations.

18 **Employee benefit obligations**

The UK defined benefit pension scheme and the overseas pension, gratuity and medical benefit schemes operated in Group subsidiaries located in Bangladesh and India for the purpose of IAS 19 have been updated to 30 June 2023 from the valuations as at 31 December 2022 by the actuaries and the movements have been reflected in this interim statement.

An actuarial loss of £0.8 million was realised in the period in relation to the Group's employee obligations of which £1.0 million related to the UK defined benefit pension scheme. In relation to the UK defined benefit pension scheme a loss of £6.4 million was realised in relation to the scheme assets and a gain of £5.4 million was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has increased to 5.25% (31 December 2022: 4.80%), the assumed rate of inflation (CPI) has increased to 2.40% (31 December 2022: 2.35%). There has been no change in the mortality assumptions used.

19 **Reconciliation of profit/(loss) to cash flow**

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m Restated*	*Year ended 31 December 2022 £'m Restated*
Profit/(loss) from operations	2.5	*(16.5)*	*(4.4)*
Share of associates' results	(3.2)	*4.5*	*2.5*
Depreciation and amortisation	5.7	*5.8*	*12.2*
Depreciation of right-of-use assets	0.9	*1.4*	*2.2*
(Impairment reversal)/impairment of assets	(18.0)	*-*	*10.1*
Realised movements on biological assets - non-current	(0.1)	*-*	*(1.5)*
Money market investments at fair value through profit or loss - gain	(0.2)	*(0.1)*	*(0.3)*
Profit on disposal of non-current assets	(0.1)	*-*	*(0.1)*
Profit on disposal of assets classified as held for sale	(0.1)	*(1.5)*	*(1.8)*
Profit on disposal of financial assets	-	*(0.1)*	*(0.3)*
Movements in provisions	0.6	*5.7*	*(0.7)*
Increase in inventories	(9.8)	*(11.5)*	*(9.8)*

Increase in biological assets	(0.5)	*(0.4)*	*(2.3)*
Decrease/(increase) in trade and other receivables	8.0	*5.0*	*(6.5)*
Increase in trade and other payables	0.8	*2.5*	*3.3*
Difference between employee benefit obligations funding contributions and cost charged	-	*0.2*	*-*
Cash (used in)/generated from operations	(13.5)	*(5.0)*	*2.6*

20 Cash and cash equivalents

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

	Six months ended 30 June 2023 £'m	*Six months ended 30 June 2022 £'m*	*Year ended 31 December 2022 £'m*
Cash and cash equivalents	47.0	*49.6*	*49.3*
Overdrafts repayable on demand (included in current liabilities - borrowings)	(12.0)	*(7.1)*	*(3.7)*
	35.0	*42.5*	*45.6*

21 Contingent liabilities

In Malawi the Revenue Authority (MRA) indicated in 2021 that it intended to collect VAT on sales made at auction and under private treaty for export, in the period since 2017. Tea sales intended for the export market were subject to an industry wide agreement with the MRA and the Reserve Bank of Malawi reached at the time the auction was established, resulting in these deemed exports being zero rated for VAT. The MRA raised an assessment for VAT against Eastern Produce Malawi in connection with this which has been appealed in light of the historic agreement and long-established custom and practice of the industry. Following discussions between the Malawi government, the MRA and the tea industry, the MRA has given permission for the auction to continue with teas deemed as export zero rated for VAT and the assessment raised against Eastern Produce Malawi has been suspended. Eastern Produce Malawi's estimated contingent liability for VAT on these deemed export sales, excluding any penalties and interest, is approximately £4.4 million.

In India, assessments have been received for excise duties of £0.2 million, sales and entry tax of £0.9 million and of £0.8 million for income tax matters. These are being contested on the basis that they are without technical merit.

In India, a long running dispute between our local subsidiaries and the Government of West Bengal over the payment of a land tax, locally called "Salami", remains unresolved. Lawyers acting for the Group have advised that payment of Salami does not apply, accordingly no provisions have been made. The sum in dispute, excluding fines and penalties, amounts to £1.2 million.

In the UK, HM Revenue and Customs in 2022 issued a VAT assessment based on the application of the partial exemption rules which could result in a potential a liability of £1.2 million. An amount of £0.2 million has been provided based on external advice received. In accordance with legal requirements £0.7 million was paid in 2023 in relation to this assessment and has been included in administrative expenses in the income statement. This assessment is being contested.

The Group operates in certain countries where its operations are potentially subject to a number of legal and tax claims. When required, appropriate provisions are made for the expected cost of such claims.

22 Related party transactions

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

23 Subsequent events

There were no adjusting post balance sheet events.

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