CAMELLIA PLC

INTERIM REPORT 2024

CAMELLIA PLC

INTERIM REPORT 2024

CONTENTS

page

Registered office
Wrotham Place
Bull Lane
Wrotham
Near Sevenoaks
Kent TN15 7AE
Registered number 00029559
www.camellia.plc.uk

CEO'S STATEMENT AND OPERATING REVIEW

CEO'S STATEMENT

The challenging trading conditions experienced in 2023 eased slightly in the first half of 2024 but remain difficult across our primary markets. Revenue from continuing operations increased 7% to £105.1 million (2023 H1: £98.0 million) with improvements in both agriculture and engineering. As a result, the trading loss from continuing operations for the first half was reduced to £9.7 million (H1 2023: £15.1 million). The principle contributing factors have been:

- Higher overall tea volumes partially offset by lower prices
- Lower macadamia volumes offset by improved prices
- Lower soya volumes and prices
- Lower avocado production substantially offset by higher prices
- Higher revenue in Engineering
- Lower year to date management costs

We are reporting a first half loss after tax of £14.0 million (2023 H1: profit of £3.5 million). While 2024 has seen a modest improvement in operating performance over H1 2023 overall results are down year on year as last year's results benefited from an impairment write back of £18 million due to the agreement to sell BF&M. In addition, H1 2024 saw a rise in financing costs to £4.1 million primarily resulting from exchange losses from the strengthening of the Kenyan Shilling. Bardsley has been categorised as a discontinued operation and is now shown separately in the results. Further details of the first half performance are set out in the operating review.

The Board has resolved not to pay an interim dividend for the first half due to the continuing operating losses.

The Board continues to encourage Group companies' efforts to sustain, expand and where appropriate diversify their agricultural operations. The Board's goal is to support the Group companies' strategies to make the best use of their assets, improve their operating margins, and mitigate the impacts of adverse weather, political instability, and commodity price movements. We look to utilise our core competence in developing and managing agricultural businesses, and we continue our work to exit non-core assets.

We thank all employees across the Group for their continued hard work and diligence during the period.

Byron Coombs

CEO

OPERATING REVIEW

Agriculture

	H1 2024 £'m	*H1 2023 £'m*	*Full year 2023 £'m*
Revenue			
Tea	79.0	*76.0*	*186.3*
Nuts and fruits	6.7	*4.1*	*34.4*
Other agriculture	8.4	*10.3*	*16.8*
	94.1	*90.4*	*237.5*
Trading (loss)/profit			
Tea	(9.7)	*(11.2)*	*(2.4)*
Nuts and fruits	3.2	*1.0*	*1.6*
Other agriculture	0.7	*0.3*	*0.5*
	(5.8)	*(9.9)*	*(0.3)*

See note 5 of the Accounts for further segmental information.

Tea

	Tea estate production & manufacturing			Instant tea, branded tea & tea rooms		
	H1 2024 £'m	*H1 2023 £'m*	*Full year 2023 £'m*	H1 2024 £'m	*H1 2023 £'m*	*Full year 2023 £'m*
Revenue	62.7	*61.3*	*154.9*	16.3	*14.7*	*31.4*
Adjusted trading (loss)/profit*	(9.8)	*(10.2)*	*(3.2)*	0.1	*(1.0)*	*(1.7)*
Trading (loss)/profit	(9.8)	*(10.2)*	*(0.7)*	0.1	*(1.0)*	*(1.7)*

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

Tea estate production & manufacturing

Tea production was up 9% in the first half, at 45.2m kg (H1 2023: 41.4m kg). Pricing has been mixed but generally down, depending on the country. Prices in Kenya and Malawi have been weaker due to the continuing oversupply of Kenyan CTC teas in the global export market. Bangladesh pricing also weakened due to the over supplied internal market. Indian prices strengthened considerably for all regions due to reduced overall volumes resulting from dry weather conditions at the start of the new season.

	H1 2024 Volume mkg	*H1 2023 Volume mkg*	*Full year 2023 Volume mkg*
India	8.9	*8.5*	*28.3*
Bangladesh	4.0	*3.4*	*15.2*
Kenya	8.3	*6.5*	*15.1*
Malawi	13.3	*12.3*	*17.5*
Total own estates	34.5	*30.7*	*76.1*
Bought leaf production	8.2	*8.7*	*17.6*
Managed client production	2.5	*2.0*	*4.9*
Total made tea produced	45.2	*41.4*	*98.6*

India: Despite the challenging growing conditions production for the first half of the year recovered and was slightly ahead of H1 2023 on the back of late rains in North India.

Prices for new season CTC teas in both the Dooars and Assam have been higher than in H1 2023. Orthodox Assam teas have also recovered with strong interest from export and local markets. The domestic market pricing has strengthened, with supply reduced by new and enhanced regulation on Maximum Residue Levels (MRL) for domestically produced teas. During this period, the general election in India took place with no impact to operations.

Good quality teas are currently being rewarded with higher prices in the market. However, it is difficult to predict how prices will react through the remainder of the year, with most production and sales occurring in the second half.

Bangladesh: Production was up 17% on H1 2023 due to early rains. As with India, most production will occur during the next six months. Average pricing was down a disappointing 28% on H1 2023 due to large carryover stocks of old season teas in the market. New season pricing, although improved, is still subdued.

At the time of writing, there is ongoing political volatility in the country. Fortunately, this has not affected the garden operations so far; tea movement logistics and auctions have, however, been impacted.

Kenya: Tea volumes nationally are up 32% (to end-April) with three record production months being achieved as a result of excellent growing conditions. Our production mirrors this position, being up 28%. Due to the increased market volumes, pricing is down 16% on H1 2023. There is a significant supply/demand imbalance in the global export market with essentially an oversupply of medium quality East African tea inflicting downward pressure on pricing. There remain significant volumes of unsold tea in Mombasa which will continue to depress prices.

Malawi: Our production is up 8% on H1 2023 with good growing conditions and the rains season persisting for longer. Pricing has been adversely affected by the excess production in East Africa, which presents significant competition to Malawi's teas; as a result it is down 10% on H1 2023. Looking forward, pricing is expected to remain subdued.

Instant tea, branded tea and tea rooms

India: Branded tea sales volumes are up 12% on H1 2023. Pricing has been under pressure leading to a recent change to brand marketing strategy, the results of which are anticipated to manifest later in the year. Instant tea production and pricing are up on the same period as last year.

UK: Revenue at Jing Tea in H1 2024 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. Margins, however, have been adversely affected by inflation, particularly on packaging and logistics costs with container shortages and the Red Sea re-route, resulting in overall losses being higher than H1 2023.

Nuts and fruits

	Macadamia			Avocado			Other fruits		
	H1 2024 £'m	*H1 2023 £'m*	*Full year 2023 £'m*	H1 2024 £'m	*H1 2023 £'m*	*Full year 2023 £'m*	H1 2024 £'m	*H1 2023 £'m*	*Full year 2023 £'m*
Revenue	5.0	*2.1*	*11.6*	1.4	*1.9*	*22.7*	0.3	*0.1*	*0.1*
Adjusted trading (loss)/profit	–	*(1.4)*	*(2.9)*	3.4	*2.6*	*4.9*	(0.2)	*(0.2)*	*(0.4)*
Trading (loss)/profit	–	*(1.4)*	*(2.9)*	3.4	*2.6*	*4.9*	(0.2)	*(0.2)*	*(0.4)*

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

Macadamia

Our current production is down 8% on the same period last year with volumes from our Malawi operation severely affected (down 57%) by the legacy impacts of Cyclone Freddy. Our annual estimated total production is about 14% down from 2023. Pricing for H1 2024 is down 8% on the same period last year and this is due to the carryover sales of last season's stock. However, sales volumes and pricing for the remainder of the year have improved significantly with a more positive outlook moving forward for the macadamia market.

Avocado

Production of estate Hass in H1 2024 was 56% higher than H1 2023 due to a strong start to the season, and an increase in volumes of the early season Carmen variety. However, due to excessive rainfall in April we expect Hass volumes to be lower in the latter part of the year. Logistics continue to remain challenging with the Red Sea re-route. Pricing is significantly higher than H1 last year due to lower Peruvian volumes arriving in Europe.

The Pinkerton crop is down on last year and pricing has also been down.

In Tanzania, continued planting of avocados in the first half of the year brought the total area under cultivation to 356Ha.

Other fruits

Wine grape production in the Cape achieved a consecutive record harvest, up 12% on last year. All the grapes were sold to third-party wineries at similar prices to last year.

The commercial blueberry trial in Kenya is currently testing different Driscoll varieties which have, thus far, shown encouraging yield and quality results. The volume of production this year has increased significantly on last year as the new varieties have come into bearing. Production should continue to rise as we progress through the second half of the year. At the time of writing all sales were local but on entering H2 we started exporting, which has improved price realisation.

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 16% on last year, and harvested crop was down 25%. The soya crop was impacted by high temperatures and dry conditions which led to lower volumes and increased incidence of pests and disease. As we move into the second half of the year, we have downgraded forecast harvest volumes for all crops due to the ongoing high temperatures and dry conditions in the region which are reducing volumes and presenting increased pest and disease pressure.

Rubber manufactured in H1 2024 was up 63% and pricing was also up 13% on H1 last year. However, pricing is still insufficient to offset costs and create margin. A strategic plan is currently being prepared to determine the way forward.

Engineering

AJT continues to look to increase sales and diversify activities. This has resulted in a profit for the first half of the year of £0.4 million (H1 2023: loss £0.1 million).

Investments

Associates

Our shares in BF&M were categorised as held for sale in H1 2023. For the first half of 2024 dividend income of £1.5 million (2023: £0.8 million) was recorded as investment income.

Investment portfolio

The investment portfolio, which consists primarily of listed equities, was valued at £37.6 million (30 June 2023: £37.7 million).

Pensions

The UK defined benefit scheme, on an IAS19 basis, has a deficit of £1.2 million (31 December 2023: deficit £4.2 million). Assets have reduced by £5.5 million to £119.0 million, and liabilities have reduced by £8.6 million to £120.2 million. The improvement in net benefit is primarily due to changes in the assumptions used to value liabilities. The total deficit on the Group's defined benefit pension and post-employment benefit schemes now amounts to £9.0 million as of 30 June 2024 (31 December 2023: deficit £11.3 million).

Progress on refocusing investments

Bardsley

The wind down of Bardsley England continues as detailed in earlier trading statements and the 2023 Annual Financial Statements. A great deal has been done to mitigate costs and return cash to the business during the closure and sale of remaining assets. This process should conclude in the second half of the year.

BF&M

On 6 June 2023, we agreed to 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 all regulatory and tax approvals. The completion of the transaction was delayed due to regulatory and other matters, and, on 28 June 2024, BF&M announced that it would merge with Argus Group Holdings in a deal which would facilitate the completion of the sale of Camellia's shares. It is still the Company's expectation that the transaction will complete before the end of 2024 but up to 50% of the consideration may be deferred into 2025 at Argus's option. The Board restates its intention to consider a share buy-back, subject to the sale of BF&M completing, and the Group's balance sheet permitting.

Properties

The Group continues to look to sell its real estate portfolio with property sales of £2.4 million with profits from disposal of £0.3 million in the first half of the year. The sale of Linton Park is proving difficult due to the nature of the property and the depressed market conditions. The rest of the estate has been subdivided, which should make sales of some of the other properties easier in the second half of the year.

Collections

The sales out of the collections continue with receipts of £0.6 million generating profits of £0.3 million in the first half.

DIVIDEND

Due to the ongoing losses in 2024, the Board has resolved not to pay an interim dividend in 2024.

BOARD, COMMITTEE AND GENERAL COUNSEL CHANGES

We were pleased, following a full search process, to confirm the appointment of Oliver Capon as Chief Financial Officer and Director with effect from 6 June 2024. Two new independent non-executive Directors, Alec Hayley and Alison McFadyen, were appointed to the Board with effect from 1 July 2024. On 1 August 2024 Nischal Hindia joined the company as General Counsel and Company Secretary. They all bring valuable and diverse experience to the Board.

With Alec and Alison having been appointed as independent non-executive Directors the Board has, on the recommendation of the Nominations and Governance Committee and effective 6 September 2024, reconstituted membership of each of the Group Audit Committee and the Sustainability and Safeguarding Committee as under:

Group Audit Committee:
Rachel English (Chair), Alec Hayley, Alison McFadyen

Sustainability and Safeguarding Committee:
Rachel English (Chair), Alison McFadyen, Simon Turner

OUTLOOK

As always, our financial results remain largely dependent on agriculture, and in particular the tea market, 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 2024.

However, taking account of current trends, revenue is expected to be broadly in line with that of last year and the adjusted loss before tax for continuing operations for the year is forecast to be in line with the trading update of June, resulting in an anticipated loss of between £10 and £12 million.

SUMMARY

Whilst the ongoing market conditions continue to impact the profitability of the Group, the Board continues to believe that the ongoing diversification initiatives and operational improvements within the Group, coupled with the strength of the balance sheet, will place Camellia Plc in a good position for the future.

Byron Coombs
Chief Executive Officer

Graham McLean
Director of Agriculture

Oliver Capon
Chief Financial Officer

5 September 2024

INTERIM MANAGEMENT REPORT

The CEO'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 2024 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 2023 (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 CEO'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 2023. Susan Walker did not stand for re-election as CFO and Director at the Annual General Meeting ("AGM") held on 6 June 2024 and Oliver Capon was appointed as CFO and Director following the AGM. As reported on 1 July 2024, Alec Hayley and Alison McFadyen were appointed as independent non-executive Directors. There have been no other subsequent changes of Directors and a list of current Directors is maintained on the Group's website at www.camellia.plc.uk.

By order of the Board

Simon Turner
Chairman

5 September 2024

CAMELLIA PLC

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m Restated*	*Year ended 31 December 2023 £'m Restated*
Continuing operations				
Revenue	5	105.1	*98.0*	*254.2*
Cost of sales		(88.6)	*(91.6)*	*(205.3)*
Gross profit		16.5	*6.4*	*48.9*
Other operating income		1.2	*1.4*	*2.7*
Distribution costs		(7.8)	*(3.4)*	*(20.1)*
Administrative expenses		(19.6)	*(19.5)*	*(41.8)*
Trading loss	5	(9.7)	*(15.1)*	*(10.3)*
Share of associates' results	7	0.2	*3.2*	*3.4*
Profit on disposal of assets classified as held for sale		0.6	*0.1*	*2.1*
Impairment of intangible assets, investment properties and property, plant and equipment		–	*–*	*(1.6)*
Reversal of impairment of investment in associate	14	–	*18.0*	*19.0*
Profit on disposal and fair value movements on money market investments		0.2	*0.2*	*0.3*
Operating (loss)/profit		(8.7)	*6.4*	*12.9*
Investment income		1.8	*1.1*	*2.9*
Finance income		1.2	*1.2*	*2.2*
Finance costs		(1.7)	*(1.1)*	*(2.8)*
Net exchange (loss)/gain		(3.4)	*1.6*	*3.4*
Employee benefit expense		(0.2)	*(0.3)*	*(0.4)*
Net finance (cost)/income	8	(4.1)	*1.4*	*2.4*
(Loss)/profit before tax		(11.0)	*8.9*	*18.2*
Comprising				
– adjusted loss before tax	6	(11.6)	*(9.2)*	*(3.8)*
– release of creditor not required	6	–	*–*	*2.5*
– profit on disposal of assets classified as held for sale	6	0.6	*0.1*	*2.1*
– impairment of intangible assets, investment properties and property, plant and equipment	6	–	*–*	*(1.6)*
– reversal of impairment of investment in associate	6	–	*18.0*	*19.0*
		(11.0)	*8.9*	*18.2*
Taxation	9	(2.1)	*(1.5)*	*(5.2)*
(Loss)/profit for the period from continuing operations		(13.1)	*7.4*	*13.0*
Loss for the period from discontinued operations	10	(0.9)	*(3.9)*	*(14.4)*
(Loss)/profit after tax		(14.0)	*3.5*	*(1.4)*
(Loss)/profit attributable to:				
Owners of Camellia Plc		(13.6)	*3.1*	*(3.7)*
Non-controlling interests		(0.4)	*0.4*	*2.3*
		(14.0)	*3.5*	*(1.4)*
(Loss)/earnings per share – basic and diluted				
From continuing operations	12	(459.8)p	*253.4p*	*387.4p*
From continuing and discontinued operations	12	(492.4)p	*112.2p*	*(134.0)p*

Note

Prior period comparatives have been restated following the reclassification of Bardsley as a discontinued operation.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2024

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m Restated*	*Year ended 31 December 2023 £'m Restated*
(Loss)/profit for the period	(14.0)	*3.5*	*(1.4)*
Other comprehensive income/(expense):			
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	–	*–*	*(0.2)*
Unwind of deferred tax on financial assets	0.1	*(0.2)*	*(0.5)*
Changes in the fair value of financial assets	(1.8)	*1.8*	*5.1*
Deferred tax movement in relation to fair value adjustments	–	*(0.3)*	*–*
Remeasurements of post employment benefit obligations	3.6	*(0.8)*	*(3.9)*
Deferred tax movement in relation to post employment benefit obligations	(0.1)	*(0.2)*	*0.2*
Corporation tax movement in relation to post employment benefit obligations	–	*0.1*	*–*
	1.8	*0.4*	*0.7*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	9.0	*(25.1)*	*(43.2)*
Share of other comprehensive income of associates	–	*–*	*(0.1)*
	9.0	*(25.1)*	*(43.3)*
Other comprehensive income/(expense) for the period, net of tax	10.8	*(24.7)*	*(42.6)*
Total comprehensive expense for the period	(3.2)	*(21.2)*	*(44.0)*
Total comprehensive (expense)/income attributable to:			
Owners of Camellia Plc	(7.3)	*(15.6)*	*(35.3)*
Non–controlling interests	4.1	*(5.6)*	*(8.7)*
	(3.2)	*(21.2)*	*(44.0)*

Note
Prior period comparatives have been restated following the reclassification of Bardsley as a discontinued operation.

CONDENSED CONSOLIDATED BALANCE SHEET
at 30 June 2024

	Notes	30 June 2024 £'m	*30 June 2023 £'m*	*31 December 2023 £'m*
ASSETS				
Non-current assets				
Intangible assets		4.8	*6.2*	*4.7*
Property, plant and equipment	13	151.2	*170.2*	*151.8*
Right-of-use assets		12.2	*23.2*	*12.5*
Investment properties		23.3	*24.4*	*23.3*
Biological assets		12.9	*12.1*	*11.2*
Investments in associates	14	9.5	*10.3*	*10.4*
Equity investments at fair value through other comprehensive income		30.6	*29.7*	*30.6*
Money market investments at fair value through profit or loss		5.8	*6.9*	*6.5*
Debt investments at amortised cost		–	*1.1*	*–*
Other investments - heritage assets		7.5	*8.8*	*7.5*
Retirement benefit surplus	18	–	*1.4*	*–*
Trade and other receivables		2.3	*3.1*	*2.7*
Total non-current assets		260.1	*297.4*	*261.2*
Current assets				
Inventories		57.7	*64.4*	*49.4*
Biological assets		10.3	*10.6*	*8.8*
Trade and other receivables		43.1	*37.9*	*48.2*
Debt investments at amortised cost		1.2	*–*	*1.0*
Current income tax assets		0.7	*0.7*	*0.9*
Cash and cash equivalents (excluding bank overdrafts)		42.7	*47.0*	*47.9*
		155.7	*160.6*	*156.2*
Assets classified as held for sale	15	77.9	*81.1*	*82.3*
Total current assets		233.6	*241.7*	*238.5*

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2024

	Notes	30 June 2024 £'m	*30 June 2023 £'m*	*31 December 2023 £'m*
LIABILITIES				
Current liabilities				
Financial liabilities - borrowings	16	(25.1)	*(16.4)*	*(18.6)*
Lease liabilities		(1.1)	*(2.0)*	*(2.2)*
Trade and other payables		(49.8)	*(52.2)*	*(52.2)*
Current income tax liabilities		(2.4)	*(2.3)*	*(1.6)*
Employee benefit obligations	18	(1.2)	*(0.9)*	*(1.6)*
Provisions	17	(9.8)	*(10.8)*	*(7.6)*
		(89.4)	*(84.6)*	*(83.8)*
Liabilities related to assets classified as held for sale	15	–	*(2.0)*	*(2.1)*
Total current liabilities		(89.4)	*(86.6)*	*(85.9)*
Net current assets		144.2	*155.1*	*152.6*
Total assets less current liabilities		404.3	*452.5*	*413.8*
Non-current liabilities				
Financial liabilities - borrowings	16	(3.3)	*(3.8)*	*(3.3)*
Lease liabilities		(7.4)	*(17.2)*	*(9.1)*
Deferred tax liabilities		(28.6)	*(32.9)*	*(28.4)*
Employee benefit obligations	18	(7.8)	*(9.9)*	*(9.7)*
Total non-current liabilities		(47.1)	*(63.8)*	*(50.5)*
Net assets		357.2	*388.7*	*363.3*
EQUITY				
Called up share capital		0.3	*0.3*	*0.3*
Share premium		15.3	*15.3*	*15.3*
Reserves		302.9	*331.9*	*310.2*
Equity attributable to owners of Camellia Plc		318.5	*347.5*	*325.8*
Non-controlling interests		38.7	*41.2*	*37.5*
Total equity		357.2	*388.7*	*363.3*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m Restated*	*Year ended 31 December 2023 £'m Restated*
Cash (used in)/generated from operations				
Cash flows from operating activities	19	(13.9)	*(16.7)*	*(10.3)*
Interest received		1.2	*2.5*	*2.2*
Interest paid		(1.5)	*(1.3)*	*(1.7)*
Income taxes paid		(0.8)	*(3.7)*	*(7.0)*
Net cash used by operating activities		(15.0)	*(19.2)*	*(16.8)*
Net cash (used by)/generated from discontinued operations		(2.4)	*2.8*	*1.9*
Net cash flow used by operations		(17.4)	*(16.4)*	*(14.9)*
Cash flows from investing activities				
Purchase of property, plant and equipment		(4.1)	*(6.5)*	*(10.7)*
Proceeds from sale of non-current assets		0.2	*0.4*	*1.2*
Proceeds from sale of assets held for sale		3.0	*0.1*	*0.3*
Biological assets: non-current - disposals		0.1	*0.1*	*0.9*
Proceeds from the disposal of a subsidiary		–	*16.1*	*16.6*
Dividends received from associates		0.2	*0.9*	*1.0*
Purchase of investments		(1.8)	*(4.5)*	*(6.1)*
Proceeds from sale of investments		2.7	*0.5*	*4.1*
Income from investments		1.8	*0.4*	*2.9*
Net cash generated from investing activities		2.1	*7.5*	*10.2*
Net cash generated from/(used by) investing activities discontinued operations		3.3	*0.1*	*(0.2)*
Net cash flow from investing activities		5.4	*7.6*	*10.0*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2024

	Notes	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m Restated*	*Year ended 31 December 2023 £'m Restated*
Cash flows from financing activities				
Equity dividends paid		–	*–*	*(4.0)*
Dividends paid to non-controlling interests		(2.9)	*(2.0)*	*(2.6)*
New loans		4.5	*3.1*	*4.8*
Loans repaid		(2.3)	*–*	*(2.0)*
Payments of lease liabilities		(0.3)	*(0.4)*	*(0.4)*
Net cash flow from financing activities		(1.0)	*0.7*	*(4.2)*
Net cash from financing activities – discontinued operations		(0.8)	*(0.8)*	*(1.7)*
Net cash flow from financing activities		(1.8)	*(0.1)*	*(5.9)*
Net decrease in cash and cash equivalents from continuing operations		(13.9)	*(11.0)*	*(10.8)*
Net cash inflow from discontinued operation	10	0.1	*2.1*	*–*
Cash and cash equivalents at beginning of period – continuing		32.8	*44.5*	*44.5*
Cash and cash equivalents at beginning of period – discontinued		1.1	*1.1*	*1.1*
Exchange gains/(losses) on cash		4.0	*(1.7)*	*(0.9)*
Cash and cash equivalents at end of period – continuing		22.9	*31.8*	*32.8*
Cash and cash equivalents at end of period – discontinued		1.2	*3.2*	*1.1*
Cash and cash equivalents at end of period – total	20	24.1	*35.0*	*33.9*

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

Note

Prior period comparatives have been restated following the reclassification of Bardsley as a discontinued operation.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024

		Attributable to the owners of Camellia Plc							
	Notes	Share capital £'m	Share premium £'m	Treasury shares £'m	Retained earnings £'m	Other reserves £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2023		0.3	15.3	(0.4)	348.5	2.1	365.8	48.8	414.6
Profit for the period (restated)		–	–	–	3.1	–	3.1	0.4	3.5
Other comprehensive expense 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
At 1 January 2023		0.3	15.3	(0.4)	348.1	1.7	365.0	48.8	413.8
(Loss)/profit for the period (restated)		–	–	–	(3.7)	–	(3.7)	2.3	(1.4)
Other comprehensive expense for the period		–	–	–	(4.1)	(27.5)	(31.6)	(11.0)	(42.6)
Transfer of realised gains on disposal of financial assets		–	–	–	0.4	(0.4)	–	–	–
Dividends	11	–	–	–	(4.0)	–	(4.0)	(2.6)	(6.6)
Share of associate's other equity movements		–	–	–	0.1	–	0.1	–	0.1
At 31 December 2023		0.3	15.3	(0.4)	336.8	(26.2)	325.8	37.5	363.3
Loss for the period		–	–	–	(13.6)	–	(13.6)	(0.4)	(14.0)
Other comprehensive income for the period		–	–	–	3.5	2.8	6.3	4.5	10.8
Transfer of realised loss on disposal of financial assets		–	–	–	(0.1)	0.1	–	–	–
Dividends	11	–	–	–	–	–	–	(2.9)	(2.9)
At 30 June 2024		0.3	15.3	(0.4)	326.6	(23.3)	318.5	38.7	357.2

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 2024 (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 2023.

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 2023 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”).

During the period the Bardsley business has been classified as a discontinued operation (see note 10).

These interim condensed consolidated financial statements were approved by the Board of Directors on 5 September 2024. 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 2023. Amendments to IFRSs effective for the financial year ending 31 December 2024 are not expected to have a material impact on the Group.

3 Going concern

The Directors considered the impact of the current strategy and trading environment as set out in the Chairman's Statement and operating review on the business for the next 15 months. We have considered 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.

At 30 June 2024, the Group had cash and cash equivalents of £24.1 million with loans outstanding of £9.8 million. In addition, the Group had undrawn short-term loans and overdraft facilities of £7.7 million and a portfolio of liquid investments with a fair market value of £37.6 million.

The Directors have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes and prices for all agriculture crops produced. The revenue and operational impact of such volume and price reductions across our operations would have a substantially negative impact on Group profitability.

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. 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	
	2024 £'m	*2023 £'m* Restated	2024 £'m	*2023 £'m*	2024 £'m	*2023 £'m*	2024 £'m	*2023 £'m Restated*
Continuing operations								
Revenue								
External sales	94.1	*90.4*	10.5	*7.1*	0.5	*0.5*	105.1	*98.0*
Adjusted trading (loss)/profit	(5.8)	*(9.9)*	0.4	*(0.1)*	(4.3)	*(5.1)*	(9.7)	*(15.1)*
Separately disclosed items	–	*–*	–	*–*	–	*–*	–	*–*
Trading (loss)/profit	(5.8)	*(9.9)*	0.4	*(0.1)*	(4.3)	*(5.1)*	(9.7)	*(15.1)*
Share of associates' results	–	*–*	–	*–*	0.2	*3.2*	0.2	*3.2*
Profit on disposal of assets classified as held for sale	–	*–*	–	*–*	0.6	*0.1*	0.6	*0.1*
Reversal of impairment of investment in associate	–	*–*	–	*–*	–	*18.0*	–	*18.0*
Profit on disposal and fair value movements on money market investments	0.2	*0.2*	–	*–*	–	*–*	0.2	*0.2*
Operating (loss)/profit	(5.6)	*(9.7)*	0.4	*(0.1)*	(3.5)	*16.2*	(8.7)	*6.4*
Comprising								
– adjusted operating (loss)/profit before tax	(5.6)	*(9.7)*	0.4	*(0.1)*	(4.1)	*(1.9)*	(9.3)	*(11.7)*
– profit on disposal of assets classified as held for sale	–	*–*	–	*–*	0.6	*0.1*	0.6	*0.1*
– reversal of impairment of investment in associate	–	*–*	–	*–*	–	*18.0*	–	*18.0*
	(5.6)	*(9.7)*	0.4	*(0.1)*	(3.5)	*16.2*	(8.7)	*6.4*
Investment income							1.8	*1.1*
Net finance (cost)/income							(4.1)	*1.4*
(Loss)/profit before tax							(11.0)	*8.9*
Taxation							(2.1)	*(1.5)*
(Loss)/profit for the period from continuing operations							(13.1)	*7.4*
Loss for the period from discontinued operations							(0.9)	*(3.9)*
(Loss)/profit after tax							(14.0)	*3.5*

5 Segment reporting (continued)

Year Ended 31 December 2023

	Agriculture £'m Restated	Engineering £'m	Unallocated £'m	Consolidated £'m Restated
Continuing operations				
Revenue				
External sales	237.5	15.7	1.0	254.2
Adjusted trading loss	(2.8)	(0.3)	(9.7)	(12.8)
Separately disclosed items	2.5	–	–	2.5
Trading loss	(0.3)	(0.3)	(9.7)	(10.3)
Share of associates' results	–	–	3.4	3.4
Profit on disposal of assets classified as held for sale	–	–	2.1	2.1
Impairment of intangible assets and investment properties	(1.4)	–	(0.2)	(1.6)
Reversal of impairment of investment in associate	–	–	19.0	19.0
Profit on disposal of financial assets	0.3	–	–	0.3
Operating (loss)/profit	(1.4)	(0.3)	14.6	12.9
Comprising				
– adjusted operating loss before tax	–	(0.3)	(8.8)	(9.1)
– profit on disposal of assets classified as held for sale	–		2.1	2.1
– impairment of intangible assets and investment properties	(1.4)	–	(0.2)	(1.6)
– reversal of impairment of investment in associate	–	–	19.0	19.0
– release of creditor not required	–	–	2.5	2.5
	(1.4)	(0.3)	14.6	12.9
Investment income				2.9
Net finance income				2.4
Loss before tax				18.2
Taxation				(5.2)
Loss for the period from continuing operations				13.0
Loss for the period from discontinued operations				(14.4)
Loss after tax				(1.4)

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 2024 £'m	*Six months ended 30 June 2023 £'m Restated*
Operating (loss)/profit	(8.7)	*6.4*
Exceptions or items considered non-operational:		
Profit on disposal of assets classified as held for sale	0.6	*0.1*
Reversal of impairment of investment in associate	–	*18.0*
Underlying operating loss before tax	(9.3)	*(11.7)*
Investment income	1.8	*1.1*
Net finance (cost)/income	(4.1)	*1.4*
Adjusted loss before tax	(11.6)	*(9.2)*

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 £0.6 million (2023: six months £0.1 million)
- Impairment reversal of the Group's investment in BF&M Limited (note 14) of £nil (2023: six months £18.0 million)

7 Share of associates' results

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

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m*	*Year ended 31 December 2023 £'m*
Profit before tax	0.5	*3.4*	*3.9*
Taxation	(0.3)	*(0.2)*	*(0.5)*
Profit after tax	0.2	*3.2*	*3.4*

8 Finance income and costs

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m Restated*	*Year ended 31 December 2023 £'m Restated*
Finance costs – interest payable on loans and bank overdrafts	(1.3)	*(0.8)*	*(2.2)*
Interest payable on leases	(0.2)	*(0.2)*	*(0.5)*
Other interest payable	(0.2)	*(0.1)*	*(0.1)*
Finance costs	(1.7)	*(1.1)*	*(2.8)*
Finance income – interest income on short-term bank deposits	1.2	*1.2*	*2.2*
Net exchange (loss)/gain on foreign currency balances	(3.4)	*1.6*	*3.4*
Employee benefit expense	(0.2)	*(0.3)*	*(0.4)*
Net finance (cost)/income	(4.1)	*1.4*	*2.4*

9 Taxation on loss on ordinary activities

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m*	*Year ended 31 December 2023 £'m*
Current tax			
UK corporation tax			
UK corporation tax	–	–	–
Adjustment in respect of prior years	–	–	–
	–	–	–
Foreign tax			
Corporation tax	3.4	*2.5*	*6.9*
Adjustment in respect of prior years	–	–	*(0.7)*
	3.4	*2.5*	*6.2*
Total current tax	3.4	*2.5*	*6.2*
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	–	*(0.2)*	*(0.1)*
Overseas deferred tax	(1.3)	*(0.8)*	*(0.9)*
Tax on loss on ordinary activities	2.1	*1.5*	*5.2*

Tax on loss on ordinary activities for the six months to 30 June 2024 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2024.

10 Discontinued operations – Bardsley

Following the announcement in January 2024, Bardsley has proceeded with an orderly wind down and closure of its operations, with packing operations ceasing in April 2024 and with the majority of assets disposed and leases exited.

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 2024 £'m	*Six months ended 30 June 2023 £'m*	*Year ended 31 December 2023 £'m*
Revenue	4.1	*12.5*	*18.1*
Cost of sales	(3.8)	*(11.7)*	*(16.8)*
Gross profit	0.3	*0.8*	*1.3*
Other operating income	0.6	*0.2*	*0.7*
Distribution costs	(0.2)	*(1.2)*	*(1.9)*
Administrative expenses	(1.7)	*(3.6)*	*(5.4)*
Trading loss	(1.0)	*(3.8)*	*(5.3)*
Impairments of property, plant and equipment and right-of-use assets	(1.1)	–	*(7.8)*
Provisions and costs associated with restructuring and dilapidations	0.1	–	*(1.1)*
Net impact of surrendering and releasing leases	1.2	–	–
Operating loss	(0.8)	*(3.8)*	*(14.2)*
Net finance costs	(0.1)	*(0.1)*	*(0.2)*
Loss before tax	(0.9)	*(3.9)*	*(14.4)*

11 Equity dividends

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m*	*Year ended 31 December 2023 £'m*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2023 of nil (2022: 102p) per share	–	*2.8*	*2.8*
Interim dividend for the year ended 31 December 2023 of 44p per share			*1.2*
			4.0

Dividends amounting to £nil (2023: 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 2024 of nil (2023: 44p) per share	–	*1.2*	

12 (Loss)/earnings per share (EPS)

	Six months ended 30 June 2024		*Six months ended 30 June 2023*		*Year ended 31 December 2023*	
	Loss £'m	EPS Pence	*Profit £'m Restated*	*EPS Pence Restated*	*Profit/(loss) £'m Restated*	*EPS Pence Restated*
Attributable to ordinary shareholders – continuing operations	(12.7)	(459.8)	*7.0*	*253.4*	*10.7*	*387.4*
Attributable to ordinary shareholders – continuing and discontinued operations	(13.6)	(492.4)	*3.1*	*112.2*	*(3.7)*	*(134.0)*

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 (2023: six months 2,762,000 – year 2,762,000), which excludes 62,500 (2023: 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 2024 the Group acquired assets with a cost of £4.1 million (2023: six months £6.4 million – year £11.0 million). Assets with a carrying amount of £2.3 million were disposed of during the six months ended 30 June 2024 (2023: six months £0.2 million – year £1.2 million). No assets were reclassified from and to investment properties during the six months ended 30 June 2024 (2023: six months £1.0 million – year £1.0 million).

14 Investments in associates

	30 June 2024 £'m	*30 June 2023 £'m*	*31 December 2023 £'m*
At 1 January	10.4	*99.8*	*99.0*
Exchange differences	(0.7)	*(3.9)*	*(4.1)*
Share of profit (note 7)	0.2	*3.2*	*3.4*
Dividends	(0.4)	*(1.0)*	*(1.0)*
Other equity movements	–	*0.1*	*–*
Reclassification to held for sale	–	*(87.9)*	*(86.9)*
At end of period	9.5	*10.3*	*10.4*
Provision for diminution in value			
At 1 January	–	*29.6*	*29.6*
Exchange differences	–	*(0.9)*	*(0.9)*
Reversal of impairment	–	*(18.0)*	*(19.0)*
Reclassification to held for sale	–	*(10.7)*	*(9.7)*
At end of period	–	*–*	*–*
Net book value at end of period	9.5	*10.3*	*10.4*

In 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 expected to result in cash consideration of $100m payable to Camellia, before expenses and the transaction is expected in be completed in the latter part of 2024. This investment was 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 2024 £'m	*30 June 2023 £'m*	*31 December 2023 £'m*
At 1 January	82.3	*4.6*	*4.6*
Reclassified from investment properties	–	*–*	*0.8*
Reclassified from investments in associates (note 14)	–	*77.2*	*77.2*
Reclassified from heritage assets	–	*–*	*1.3*
	82.3	*81.8*	*83.9*
Disposals during period	(4.4)	*(0.7)*	*(1.6)*
At end of period	77.9	*81.1*	*82.3*
Liabilities related to assets classified as held for sale at end of the period:			
Reclassified from lease liabilities	–	*2.0*	*2.1*

During the period, two properties and some of the Group's heritage assets and other items of art have been sold, realising cash proceeds of £3.0 million.

16 Borrowings

Borrowings (current and non-current) include loans of £9.8 million (loans 2023: six months £8.2 million – year £7.9 million) and bank overdrafts of £18.6 million (2023: six months £12.0 million – year £14.0 million). The following loan movements occurred during the six months ended 30 June 2024:

	£'m
Balance at 1 January 2024	7.9
Exchange differences	(0.3)
Repayments	(2.3)
New loans	4.5
Balance at 30 June 2024	9.8

17 Provisions

	Wages and salaries £'m	Legal claims £'m	Others £'m	Total £'m
At 1 January 2023	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
At 1 January 2023	9.1	0.9	0.8	10.8
Exchange differences	(0.7)	(0.2)	–	(0.9)
Utilised in the period	(7.6)	(0.4)	–	(8.0)
Provided in the period	6.5	–	0.6	7.1
Unused amounts reversed in period	(1.3)	(0.1)	–	(1.4)
At 31 December 2023	6.0	0.2	1.4	7.6
Utilised in the period	–	(0.1)	–	(0.1)
Provided in the period	3.1	–	–	3.1
Unused amounts reversed in period	–	–	(0.8)	(0.8)
At 30 June 2024	9.1	0.1	0.6	9.8
Current:				
At 30 June 2024	9.1	0.1	0.6	9.8
At 31 December 2023	6.0	0.2	1.4	7.6
At 30 June 2023	9.5	0.6	0.7	10.8

The wages and salaries provisions are in respect of ongoing wage and bonus negotiations in India 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 general 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 2024 from the valuations as at 31 December 2023 by the actuaries and the movements have been reflected in this interim statement.

An actuarial gain of £3.6 million was realised in the period in relation to the Group's employee obligations of which £3.1 million related to the UK defined benefit pension scheme. In relation to the UK defined benefit pension scheme a loss of £3.9 million was realised in relation to the scheme assets and a gain of £7.0 million was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has increased to 5.05% (31 December 2023: 4.45%), the assumed rate of inflation (CPI) has increased to 2.50% (31 December 2023: 2.40%). There has been no change in the mortality assumptions used.

18 Employee benefit obligations (continued)

The Court of Appeal recently upheld the High Court's 2023 ruling on the 'Virgin Media v NTL Pension Trustees Ltd and others'. The Group are aware of this legal ruling and are assessing whether there is any impact although currently no conclusion has been reached, therefore no quantification of any potential impact has been determined.

19 Reconciliation of (loss)/profit to cash flow

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m Restated*	*Year ended 31 December 2023 £'m Restated*
(Loss)/profit from operations	(8.7)	*6.4*	*12.9*
Share of associates' results	(0.2)	*(3.2)*	*(3.4)*
Depreciation and amortisation	4.7	*5.4*	*10.1*
Depreciation of right-of-use assets	0.3	*0.2*	*0.8*
Impairment of assets	–	*–*	*1.6*
Reversal of impairment of investment in associate	–	*(18.0)*	*(19.0)*
Realised movements on biological assets – non-current	(0.1)	*(0.1)*	*(2.2)*
Money market investments at fair value through profit or loss – gain	(0.2)	*(0.2)*	*(0.3)*
Profit on disposal of non-current assets	–	*(0.1)*	*(0.1)*
Profit on disposal of assets classified as held for sale	(0.6)	*(0.1)*	*(2.1)*
Movements in provisions	2.2	*0.6*	*(2.3)*
Increase in inventories	(9.7)	*(14.7)*	*(4.3)*
(Increase)/decrease in biological assets	(0.9)	*(0.5)*	*0.6*
Decrease/(increase) in trade and other receivables	3.7	*3.8*	*(4.4)*
(Decrease)/increase in trade and other payables	(4.4)	*3.8*	*1.8*
Cash used in operations	(13.9)	*(16.7)*	*(10.3)*

20 Cash and cash equivalents

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

	Six months ended 30 June 2024 £'m	*Six months ended 30 June 2023 £'m*	*Year ended 31 December 2023 £'m*
Cash and cash equivalents	42.7	*47.0*	*47.9*
Overdrafts repayable on demand (included in current liabilities – borrowings)	(18.6)	*(12.0)*	*(14.0)*
	24.1	*35.0*	*33.9*

21 Contingent liabilities

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.

Malawi

The Malawi 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 made at the time the auction was established, resulting in these deemed exports being zero rated for VAT. 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. The assessment raised against Eastern Produce Malawi was suspended. Eastern Produce Malawi's estimated contingent liability for VAT on these deemed export sales, excluding any penalties and interest, is approximately £2.7 million.

In 2023 the MRA carried out a tax audit on the operations of Eastern Produce Malawi Limited for the period 2020 to 2022 and issued assessment notices amounting to £3.1 million in relation to corporation, value added, non-resident, fringe benefit and PAYE taxes, including related penalties and interest . An amount of £0.5 million has been provided based on external advice received and these assessments are being strongly contested.

Bangladesh

Assessments have been received of £8.1 million for corporate income tax and VAT matters. These are being contested on the basis that they are without technical merit.

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.

Also, 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.

Kenya

The Kenya Revenue Authority (KRA) has issued assessments amounting to £5.0 million in relation to corporation, value added and withholding tax matters including related penalties and interest. Having considered professional advice, the relevant companies disagree with these assessments and have filed objections with the Kenyan Tax Appeals Tribunal.

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.

Perivan.com
269203