Camellia Plc
(the "Company")

Interim report 2022 - amendment

The following non material amendment has been made to the 'Interim Results' announcement released on 1 September 2021 at 07:00 under RNS No 8310X

The Company has amended the date on which a director was appointed.

All other details remain unchanged.

The full amended text is shown below.

Rachel English was appointed as an independent non-executive Director on 6 May 2022 and appointed to Board committees on 8 June 2022.

Enquiries

Camellia Plc Malcolm Perkins, Chairman and Interim CEO Susan Walker, CFO	01622 746655
Panmure Gordon *Nominated Adviser and Broker* Emma Earl Erik Anderson	020 7886 2500

CAMELLIA PLC

INTERIM RESULTS

Camellia Plc (AIM:CAM) announces its interim results for the six months ended 30 June 2022.

Malcolm Perkins, Chairman and Interim CEO of Camellia, stated:

“The combination of extreme weather conditions, continuing disruption on account of the pandemic, war in Ukraine, inflation, supply chain delays and industrial unrest have all conspired to make this year one of the most difficult we have encountered. We are pleased to report that the majority of our operations are weathering this unprecedented storm well, Camellia remains financially strong and that we are continuing our strategy of diversifying our agricultural production by both crop and origin.

Revenues increased 19% in the period from improvements in all divisions and reflecting the acquisition of Bardsley England. Due to the nature of our cropping patterns and sales, we booked a loss for the period. The H1 loss before tax is higher at £15.6 million (2021 H1: £7.8 million loss) in large part due to the impact of stock market volatility on BF&M’s investment valuations and due to significant wage increases in India and Bangladesh. 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. This year, BF&M, where stock market performance and the prevalence of hurricanes in the second half of the year are critical, will also be a significant factor in our results, as will the ongoing wage negotiations in Bangladesh.

In light of further wage negotiations in the past few days between the Bangladesh government and tea workers, the recently announced 20.8% increase in Bangladesh wages has been amended to a 41.7% increase. Whilst negotiations have not yet concluded, assuming the proposed increase takes effect, we now expect adjusted profit before tax for the full year to be below that of last year.

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

Operational highlights

- Tea:
  - higher average tea prices in India and Kenya, offset in part by lower tea production down 10%,
  - price pressure in Bangladesh and Malawi as well as margin impact from significant wage increases in India and Bangladesh
- Macadamia production volumes expected to be 20% up though average selling prices are lower
- Avocado production expected to be significantly higher than last year. Prices have been volatile and are difficult to predict for the full year
- Bardsley England is showing improved crop prospects and lower losses are expected than for the prior year
- Arable crops generally enjoyed a strong first half due to continued firm pricing for soya and maize, whilst other speciality crop results have been mixed.
- Mixed performance from other businesses with significantly lower results from Associates (BF&M) but improved trading in both Engineering and Food Service

Strategic highlights

- Continued focus on expansion of agricultural interests and reduction in non-agricultural activities
- BF&M strategic options review has commenced with results awaited
- Further progress made on geographic and crop diversification
  - In Tanzania, 96Ha of avocado planted in the first half of the year bringing the total to 152Ha, with a further 90Ha anticipated to be planted by the end of H2
  - In South Africa, 40Ha of avocado has been planted with a further 40Ha to be planted in the last quarter of the year
- Camellia remains financially strong with significant liquid resources

Financial highlights

	Six months ended 30 June 2022	Six months ended 30 June 2021	Year ended 31 December 2021
	£'m	£'m	£'m
Revenue – continuing operations	125.8	105.5	277.2
Adjusted (loss)/profit before tax*	(17.1)	(7.3)	8.8
Significant separately disclosed items and provision releases	1.5	(0.5)	(1.7)
(Loss)/profit before tax for the period	(15.6)	(7.8)	7.1
(Loss)/profit after tax for the period	(19.1)	(6.1)	4.5
(Loss)/earnings per share	(724.1)p	(220.9)p	83.3p
Dividend per share for the period	44p	44p	146p
Net cash and cash equivalents net of borrowings	37.1	62.1	54.0
Investment portfolio market value	35.5	51.3	40.2

* Adjusted (loss)/profit before tax is (loss)/profit before tax from continuing operations excluding separately disclosed significant items (eg impairments, restructuring costs, costs of acquisitions, profit/(loss) on disposal of property or other assets)

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

The interim report will be available to download from the investor relations section of the Company's website www.camellia.plc.uk

Enquiries:

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Notes

* Adjusted (loss)/profit before tax is profit before tax, impairments, profit on disposals of financial and other assets and before exceptional items or items considered non-operational in nature. The following items are examples of items considered exceptional or non-operational which would be excluded in arriving at adjusted trading profit:

- Profits on disposal of assets classified as held for sale
- Restructuring costs
- Costs of acquisition
- Loss on disposal of subsidiaries
- Impairments of intangible assets and property, plant and equipment

CHAIRMAN'S STATEMENT AND OPERATING REVIEW

TRADING UPDATE

The first half has been very challenging for all of our staff and their communities. The ongoing effects of the pandemic combined with the impact of the Ukraine conflict on world markets and generally higher rates of inflation, continue to result in a demanding operating environment. It is against this background that I would once again like to thank all of our staff for their efforts.

Revenue increased 19% to £125.8 million (2021 H1: £105.5 million) reflecting higher revenues in all divisions and the effect of the acquisition of Bardsley England.

As is customary at this time of the year, due to the nature of our cropping patterns and sales we are reporting a first half loss before tax of £15.6 million (2021 H1: £7.8 million loss) which is higher than that of the corresponding period of 2021 for the reasons set out below.

The H1 trading loss in Agriculture was 49% higher than that of H1 of the prior year at a loss of £9.1 million. Our tea volumes in the period were 10% lower though we saw significant improvements in our average selling prices in India and Kenya, offset in part by lower prices in Bangladesh and Malawi. However, the benefit of the price increase in India was insufficient to offset the impact of lower production coupled with a significant increase in wages in the West Bengal region effective from the start of the year. Bangladesh is also experiencing significantly higher wage inflation back dated to the start of 2021 from ongoing negotiations. H1 2022 includes a loss for Bardsley England, which was acquired at the end of July 2021. The arable operations in Brazil produced slightly lower volumes of soya but prices have been better than last year.

There were improvements in the results from Engineering and Food Service as markets reopened. The disposal of the loss making aerospace businesses, Abbey Metal Finishing and Atfin, (which contributed £0.8 million of losses for the Engineering division in H1 2021) also made a positive impact on profits for the period.

Unfortunately the results of BF&M swung from a profit in H1 2021 to a very substantial loss in H1 2022 adversely impacting our results. BF&M made a significant loss in the period due in large part to the impact on its income statement of marking its investment portfolio to market valuation following the significant volatility in equity and bond markets.

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

Strategy

As announced in the AGM statement in June, the Board of Camellia is focussing on implementing its strategy to invest in the expansion of the Group's agricultural interests. This is specifically, to diversify both the location of its interests and the crops which it produces – this assists to mitigate against the impact of adverse weather patterns, political instability, and commodity price movements in particular. Our core competencies are in managing and developing large-scale bearer plant estates and our strategy seeks to leverage these competencies.

The actions taken over recent years to reduce the scale of our non-agriculture activities and assets and reduce our exposure to loss making operations is expected to continue.

Acquisitions and Disposals

As indicated in our last full year results announcement, a number of properties and items of art and manuscripts were held for sale. A gain of £1.5 million is reflected in the Income Statement following the sale of assets with a net book value of £2.1 million in H1 2022. A number of items remain to be sold in the coming months.

Strategic investments

The following strategic investments in the Agriculture division should be noted:

- In Tanzania, 96Ha of avocado were planted in the first half of the year bringing the total to 152Ha, with a further 90Ha anticipated to be planted at the end of the year

- In South Africa, 40Ha of avocado have been planted with a further 40Ha to be planted in the last quarter of the year

COVID and Ukraine

As most of the world starts to return to normal after Covid there has been an increased demand for goods and this, coupled with the conflict in Ukraine, has led to higher rates of global inflation and an increased strain on global logistics channels. Key components for our engineering business are being delayed and deliveries to some customers are also subject to delay. Inflationary increases are being experienced in shipping and logistics costs, in the cost of fuel, electricity, fertilisers and chemicals, across all operations.

Financial Position

The Group has a strong balance sheet with substantial liquidity which amounted to £37.1 million in cash and cash equivalents net of borrowings as at 30 June 2022.

As previously stated, the Group may sell certain less liquid, non income generating assets in order to fund strategically important acquisitions and investments.

FIRST HALF OPERATING RESULTS

Agriculture

	H1 2022 £'m	*H1 2021 £'m*	*Full year 2021 £'m*
Revenue			
Tea	77.3	*72.9*	*196.2*
Nuts and fruits	17.7	*5.6*	*31.2*
Other agriculture	10.7	*7.1*	*11.4*
	105.7	*85.6*	*238.8*
Trading (loss)/profit			
Tea	(12.8)	*(7.9)*	*10.8*
Nuts and fruits	1.3	*0.3*	*(2.4)*
Other agriculture	2.4	*1.5*	*4.8*
	(9.1)	*(6.1)*	*13.2*

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

Tea

	Tea estate production & manufacturing			Instant tea, branded tea & tea rooms		
	H1 2022 £'m	*H1 2021 £'m*	*Full year 2021 £'m*	H1 2022 £'m	*H1 2021 £'m*	*Full year 2021 £'m*
Revenue	61.5	*58.3*	*161.5*	15.8	*14.6*	*34.7*
Adjusted trading (loss)/profit*	(12.6)	*(7.0)*	*10.7*	(0.2)	*(0.9)*	*(0.5)*
Trading (loss)/profit	(12.6)	*(7.0)*	*11.3*	(0.2)	*(0.9)*	*(0.5)*

* 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 down 10% at 39.6mkg (H1 2021: 44.1mkg), with the various regions experiencing markedly different conditions. Pricing has been mixed with weaker average prices in Malawi and Bangladesh but in India and Kenya, CTC prices have firmed, whilst Orthodox prices have increased substantially over the same period last year.

	H1 2022 Volume mkg	*H1 2021 Volume mkg*	*Full year 2021 Volume mkg*
India	8.2	*8.1*	*26.1*
Bangladesh	3.1	*3.5*	*14.4*
Kenya	6.0	*7.4*	*14.9*
Malawi	12.5	*13.2*	*20.0*
Total own estates	29.8	*32.2*	*75.4*
Bought leaf production	7.9	*9.6*	*19.2*
Managed client production	1.9	*2.3*	*4.5*
Total made tea produced	39.6	*44.1*	*99.1*

India: Despite a more normal deployment of staff following the relaxation of Covid restrictions, production in the first half of the year was broadly in line with that of H1 2021 due to challenging weather conditions which resulted in yields below historic norms.

Prices for CTC teas in both the Dooars and Assam have been higher than in H1 2021. Pricing for Assam orthodox teas, which constitute most of our production in that region, are also significantly higher than in H1 2021 partially as a result of disruption in Sri Lanka. As previously announced, wages in West Bengal increased 15% for 2022. Assam wages have also now been agreed with an increase of 13% effective from the beginning of August which will impact profitability in the second half of the year. It is still very early in the India tea sales cycle (around 70-75% of sales are made in the second half of the year) which makes predicting prices for the remainder of the year difficult.

Bangladesh: Due to a very dry start to the season, then very wet weather and flooding, production is down 11% on H1 2021. Average pricing was also 11% lower than last year. In recent weeks strike action by tea industry workers over wages has further impacted production. As we announced last week, a wage increase of 20.8% (effective 1 January 2021) had been mandated by the government and agreed by the unions. However, this was subsequently rejected by tea workers. Further negotiations have taken place between the parties resulting in a government mandated increase of 41.7% (effective 1 January 2021). The final agreement has yet to be concluded and negotiations are continuing. In the meantime the estates are slowly returning to work. The most recent auction sales prices are above those of last year but our average price overall remains below that of last year.

Kenya: In Kenya a dry first quarter resulted in lower volumes of tea production nationally than last year. Our estate production for the first half was 19% below that of the same period of 2021 with average prices up approximately 27%. We see some risk of downward price pressure for the remainder of the year due to high stocks of unsold teas in the market and lower prices in the last couple of auctions support that concern.

It is pleasing to note that the elections held on 9 August 2022 have been conducted in a peaceful atmosphere. The results are being contested and the situation remains peaceful nationally.

Malawi: Estate production was down 5% over the same period last year due to a late arrival of the rains. Prices have remained under pressure at levels 5% lower than last year on average. Sales have been delayed due to the logistics challenges arising from a scarcity of containers and flooding disruption at Durban in South Africa earlier in the year. Wage increases effective from 1 August 2022 have been finalised at 13%.

Instant tea, branded tea and tea rooms

India: Branded tea sales volumes are broadly in line with those of last year however, due to the sales mix, average prices are lower and margins improved.

UK: Revenue at Jing Tea in H1 2022 is up 45% on prior year reflecting the reopening of many hotels and restaurants and the return of customers following the lifting of Covid restrictions. Although margins have been adversely affected by inflation, particularly on packaging and logistics costs, overall losses are lower than those experienced in H1 2021. The disruption in Sri Lanka is also having a negative impact on Jing Tea's supply chain.

Nuts and fruits

	Macadamia			Avocado			Other fruits		
	H1 2022 £'m	*H1 2021 £'m*	*Full year 2021 £'m*	H1 2022 £'m	*H1 2021 £'m*	*Full year 2021 £'m*	H1 2022 £'m	*H1 2021 £'m*	*Full year 2021 £'m*
Revenue	6.0	*4.5*	*10.8*	1.4	*1.1*	*11.1*	10.3	*–*	*9.3*
Adjusted trading profit/(loss)*	2.5	*(0.5)*	*2.7*	0.8	*1.0*	*(0.5)*	(2.0)	*(0.2)*	*(4.1)*
Trading profit/(loss)	2.5	*(0.5)*	*2.7*	0.8	*1.0*	*(0.5)*	(2.0)	*(0.2)*	*(4.6)*

* 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 20% higher than that of 2021 at 1.6mkg. Higher volumes are being achieved by all operations, particularly Malawi.

Although the kernel market is reasonably active there remains a large inventory of smaller style product carried over from last year which is impacting average prices. With China still enforcing lockdowns, the level of demand has not yet recovered in that market and demand in the USA and Japan, although improving, is still subdued. Pricing, particularly for commercial grades, continues to be under pressure 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 2021. The season, which has been slightly delayed, is now well underway and thus far logistics have generally worked well despite the challenges presented post pandemic. The avocado tree has a natural tendency towards alternate or bi-annual bearing, widely known as 'on' and 'off' years and 2022 is an 'on' year. We anticipate total production of estate Hass for the full year to be approximately 50% above that of 2021.

Pricing in H1 2022 for the limited sales of estate Hass made in the period has been below that of the same period in 2021. European markets have improved somewhat in the last few weeks following a reduction in volumes arriving from Peru. Given the early stage of the season, it is too soon to predict prices with any certainty for the remainder of the year.

Other fruits

Bardsley England's crops of cherries, plums and apricots are reasonable. The apple and pear crops have been subjected to unprecedented levels of heat and drought conditions in the UK over the last month which could impact on fruit sizing and volumes. Bardsley England has experienced significant levels of wage inflation in conjunction with rises in energy, fertiliser and transport costs, of which only a part have been absorbed in pricing adjustments to date. Negotiations continue on pricing with major customers in preparation for the approaching season. There remain a number of areas of operational inefficiency in the business where we see opportunities to materially improve performance. 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.

The grape production season in the Cape ended with a record harvest 17% up on last year. All the grapes have been sold in a private sale arrangement to a third-party winery at similar prices to last year.

The Blueberry operation is in the process of implementing a change of variety so the volume of production this year is anticipated to be minimal. Most product will be sold in the local market. The new varieties being tested, all of which are owned and supplied by Driscoll's, have thus far shown encouraging yield results.

Other agriculture

The other agricultural crops have generally had a good first half and the following is worth noting:

- In Brazil the prices achieved for the soya crop in the period were up 38%, despite currency movements, partially offset by a crop which was down 4%. The maize crop harvested in the period was up 10% on that of the same period last year. Prices for wheat, maize and sorghum are expected to be significantly higher than those of last year but the profit impact has been tempered somewhat by higher input costs for fuel, fertilisers and chemicals.

- Rubber manufactured in H1 was up 74% and prices held firm compared to last year

Investments

Engineering

The oil and gas services market in Aberdeen has improved with a corresponding increase in the demand for AJT's Engineering division's services, however supply chain issues are continuing to result in lower revenues and a lower contribution from this operation. Activity in the Site Services division, which is focused on the renewables sector, has increased over that of H1 2021 with a resultant improvement in profitability. Overall losses at AJT Engineering reduced by 25% assisted by tight cost control.

The Engineering division's results for H1 2021 include losses from Abbey Metal Finishing and its subsidiary Atfin which were both sold in August 2021. Revenues from these businesses up to the date of disposal were £1.7 million with losses before taxation at £0.8 million.

Food Service

After a difficult start to the year, ACS&T is showing improved trading as food service businesses in general have opened up. As previously announced, from the start of the fourth quarter of the year revenue and profits will be impacted by the loss of a major transport customer, offset in part by a number of new customers in its warehousing business.

Investments

Our investment portfolio, which consists principally of listed equities, at 30 June 2022 was valued at £35.5 million (31 December 2021: £40.2 million).

Associates

Our share of the results from associates amounted to a loss of £4.6 million (H1 2021: profit of £3.8 million). Thus reflects significantly reduced operating results from BF&M with H1 2022 results negatively impacted by the requirement to mark investments to market value with movements being taken through the income statement. Net income from operations after excluding the negative fair value movements in investments was Bermudian dollar 4.3 million versus Bermudian dollar 13.3 million in the first six months of 2021. Losses in Q2 have continued to be driven by factors previously announced on 30 June 2022 including rising interest rates and stock market volatility. Gross premiums written for H1 2022 increased by 6% from the prior year driven by increased property premiums and new business. The Life, Health and Pensions-related businesses experienced higher than anticipated claims costs and lower underwriting results. Higher reinsurance costs and a slightly increased incidence of property losses also impacted BF&M's P&C business in the first half of the year.

We eagerly await the result of BF&M's strategic options review.

Property

Further development of redundant agricultural barns on the Linton Park estate is ongoing.

Pensions

The UK defined benefit scheme is now in a surplus of £9.4 million (31 December 2021: surplus £14.7 million). The reduction in the surplus is due mainly to lower asset returns than projected offset in part by the impact of higher discount rates. The surplus on the Group's defined benefit pension and post-employment benefit schemes overall now amounts to £2.0 million at 30 June 2022 (31 December 2021: surplus £5.1 million).

Dividend

The Board is pleased to declare an interim dividend of 44p per share (2021 H1: 44p) payable on 7 October 2022 to shareholders registered at the close of business on 9 September 2022.

Outlook

As always, our financial results remain largely dependent on Agriculture where most of the production and sales take place in the second half of the year. This year the results of BF&M, where stock market performance and the prevalence of hurricanes in the second half of the year are critical, will also be a significant factor in our results. It is therefore premature to provide any firm indication of the likely results for 2022.

However, taking account of the latest position on the Bangladesh wage negotiations, if current trends continue and assuming a normal H2 for BF&M, although revenue is expected to be slightly above market expectations, the adjusted profit before tax for the Group for the year will now be below market expectations and below that of last 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 are taking significant steps to accelerate its implementation.

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
Chairman and Interim CEO
31 August 2022

Graham McLean
Director of Agriculture

Susan Walker
CFO

INTERIM MANAGEMENT REPORT

The Chairman's statement and Operating review form part of this report and includes important events that have occurred during the six months ended 30 June 2022 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 2021 (the accounts are available on the Company's website: www.camellia.plc.uk) highlighted risks and uncertainties that could have an impact on the Group's businesses. As these businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the Group's performance. These risks and uncertainties continue to be relevant for the remainder of the year. In addition, the Chairman's statement 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 2021. As previously reported, chief executive, Tom Franks and non-executive Directors, Gautam Dalal and William Gibson ceased to be Directors on 30 June 2022. Rachel English was appointed as an independent non-executive Director on 6 May 2022 and appointed to Board committees on 8 June 2022. 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

Malcolm Perkins
Chairman and Interim CEO
31 August 2022

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
Continuing operations				
Revenue	5	125.8	*105.5*	*277.2*
Cost of sales		(113.2)	*(91.5)*	*(215.4)*
Gross profit		12.6	*14.0*	*61.8*
Other operating income		2.1	*1.7*	*2.6*
Distribution costs		(5.1)	*(5.3)*	*(14.5)*
Administrative expenses		(22.6)	*(21.7)*	*(49.0)*
Trading (loss)/profit	5	(13.0)	*(11.3)*	*0.9*
Share of associates' results	7	(4.6)	*3.8*	*7.2*
Profit on disposal of assets classified as held for sale		1.5	–	–
Impairment of intangible assets and investment properties, plant and equipment		–	*(0.5)*	*(0.5)*
Loss on disposal of subsidiaries		–	–	*(0.1)*
Profit on disposal of financial assets		0.1	*0.1*	*0.2*
Operating (loss)/profit		(16.0)	*(7.9)*	*7.7*
Investment income		0.3	*0.4*	*0.5*
Finance income		1.1	*0.9*	*2.2*
Finance costs		(1.0)	*(0.7)*	*(2.9)*
Net exchange gain/(loss)		0.3	*(0.2)*	*0.4*
Employee benefit expense		(0.3)	*(0.3)*	*(0.8)*
Net finance income/(cost)	8	0.1	*(0.3)*	*(1.1)*
(Loss)/profit before tax		(15.6)	*(7.8)*	*7.1*
Comprising				
– adjusted (loss)/profit before tax	6	(17.1)	*(7.3)*	*8.8*
– profit on disposal of assets classified as held for sale	6	1.5	–	–
– release of provisions for wage increases	6	–	–	*0.6*
– restructuring costs	6	–	–	*(0.5)*
– costs of acquisition	6	–	–	*(1.2)*
– loss on disposal of subsidiaries	6	–	–	*(0.1)*
– impairment of property, plant and equipment	6	–	*(0.5)*	*(0.5)*
		(15.6)	*(7.8)*	*7.1*
Taxation	9	(3.5)	*1.7*	*(2.6)*
(Loss)/profit for the period		(19.1)	*(6.1)*	*4.5*
(Loss)/profit attributable to:				
Owners of Camellia Plc		(20.0)	*(6.1)*	*2.3*
Non-controlling interests		0.9	–	*2.2*
		(19.1)	*(6.1)*	*4.5*
(Loss)/earnings per share – basic and diluted	11	(724.1)p	*(220.9)p*	*83.3p*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2022

	Six months ended 30 June 2022	*Six months ended 30 June 2021*	*Year ended 31 December 2021*

	£'m	*£'m*	*£'m*
(Loss)/profit for the period	(19.1)	*(6.1)*	*4.5*
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	–	*0.7*	*1.0*
Corporation tax arising on financial asset disposals before utilisation of losses	–	*–*	*(2.2)*
Unwind of deferred tax on financial assets	–	*–*	*2.2*
Changes in the fair value of financial assets	(4.4)	*(0.4)*	*0.8*
Deferred tax movement in relation to fair value adjustments	1.0	*–*	*–*
Remeasurements of post employment benefit obligations	(2.1)	*12.9*	*20.4*
Deferred tax movement in relation to post employment benefit obligations	0.6	*(1.5)*	*(3.9)*
	(4.9)	*11.7*	*18.3*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	16.9	*(4.2)*	*(4.0)*
Share of other comprehensive income of associates	–	*–*	*0.2*
	16.9	*(4.2)*	*(3.8)*
Other comprehensive income for the period, net of tax	12.0	*7.5*	*14.5*
Total comprehensive (expense)/income for the period	(7.1)	*1.4*	*19.0*
Total comprehensive (expense)/income attributable to:			
Owners of Camellia Plc	(10.0)	*2.1*	*18.4*
Non-controlling interests	2.9	*(0.7)*	*0.6*
	(7.1)	*1.4*	*19.0*

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2022

	Notes	30 June 2022 £'m	*30 June 2021 £'m*	*31 December 2021 £'m*
ASSETS				
Non-current assets				
Intangible assets		10.1	*6.4*	*10.1*
Property, plant and equipment	12	205.6	*189.4*	*202.1*
Right-of-use assets		28.5	*12.8*	*28.8*
Investment properties		24.4	*21.0*	*23.1*
Biological assets		13.5	*12.3*	*13.4*
Investments in associates		73.3	*69.2*	*72.6*
Financial assets at fair value through other comprehensive income		24.4	*42.7*	*27.7*
Financial asset at fair value through profit or loss		8.0	*5.9*	*7.2*
Financial assets at amortised cost		1.4	*2.7*	*1.3*
Other investments – heritage assets		8.8	*9.8*	*8.7*
Retirement benefit surplus	16	9.8	*6.6*	*14.8*
Trade and other receivables		2.9	*2.6*	*2.7*
Total non-current assets		410.7	*381.4*	*412.5*
Current assets				
Inventories		64.0	*59.7*	*51.7*
Biological assets		9.2	*5.9*	*7.8*
Trade and other receivables		47.2	*33.4*	*48.5*
Financial asset at fair value through profit or loss		0.3	*–*	*2.7*
Financial assets at amortised cost		1.4	*–*	*1.3*
Current income tax assets		4.5	*3.5*	*0.6*

	Notes			
Cash and cash equivalents (excluding bank overdrafts)		49.6	*73.2*	*61.8*
		176.2	*175.7*	*174.4*
Assets classified as held for sale	13	5.0	*6.2*	*6.6*
Total current assets		181.2	*181.9*	*181.0*

	Notes	30 June 2022 £'m	*30 June 2021 £'m*	*31 December 2021 £'m*
LIABILITIES				
Current liabilities				
Financial liabilities – borrowings	14	(8.0)	*(7.0)*	*(3.3)*
Lease liabilities		(3.1)	*(1.7)*	*(3.2)*
Trade and other payables		(61.7)	*(52.8)*	*(59.2)*
Current income tax liabilities		(6.1)	*(2.7)*	*(3.0)*
Employee benefit obligations	16	(1.2)	*(1.5)*	*(1.1)*
Provisions	15	(17.9)	*(13.7)*	*(11.8)*
		(98.0)	*(79.4)*	*(81.6)*
Liabilities related to assets classified as held for sale	13	(2.0)	*(3.0)*	*(2.0)*
Total current liabilities		(100.0)	*(82.4)*	*(83.6)*
Net current assets		81.2	*99.5*	*97.4*
Total assets less current liabilities		491.9	*480.9*	*509.9*
Non-current liabilities				
Financial liabilities – borrowings	14	(4.5)	*(4.1)*	*(4.5)*
Lease liabilities		(20.8)	*(7.7)*	*(21.5)*
Deferred tax liabilities		(36.7)	*(36.8)*	*(38.0)*
Employee benefit obligations	16	(6.6)	*(9.9)*	*(8.6)*
Total non-current liabilities		(68.6)	*(58.5)*	*(72.6)*
Net assets		423.3	*422.4*	*437.3*
EQUITY				
Called up share capital		0.3	*0.3*	*0.3*
Share premium		15.3	*15.3*	*15.3*
Reserves		360.5	*359.3*	*373.0*
Equity attributable to owners of Camellia Plc		376.1	*374.9*	*388.6*
Non-controlling interests		47.2	*47.5*	*48.7*
Total equity		423.3	*422.4*	*437.3*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

	Notes	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
Cash (used in)/generated from operations				
Cash flows from operating activities	17	(4.3)	*(13.5)*	*1.9*
Interest received		1.1	*0.9*	*2.1*
Interest paid		(0.9)	*(1.0)*	*(2.9)*
Income taxes paid		(4.5)	*(9.2)*	*(13.1)*
Net cash flow from operating activities		(8.6)	*(22.8)*	*(12.0)*
Cash flows from investing activities				
Purchase of property, plant and equipment		(7.0)	*(4.9)*	*(10.7)*
Proceeds from sale of non-current assets		0.3	*0.3*	*0.7*
Proceeds from sale of assets held for sale		3.6	*–*	*–*

Proceeds from sale of heritage assets		–	–	*0.1*
Additions to investment property		(1.3)	*(0.2)*	*(0.9)*
Biological assets: non-current – disposals		0.2	*0.3*	*0.5*
Payment for acquisition of a businesses/subsidiary net of cash acquired		(0.8)	–	*(3.7)*
Purchase of non-controlling interest		–	–	*(5.9)*
Dividends received from associates		1.9	*1.8*	*3.0*
Purchase of investments		(0.4)	*(4.8)*	*(8.9)*
Proceeds from sale of investments		1.5	*4.0*	*21.3*
Income from investments		0.3	*0.4*	*0.5*
Net cash flow from investing activities		(1.7)	*(3.1)*	*(4.0)*
Cash flows from financing activities				
Equity dividends paid		(2.8)	–	*(5.2)*
Dividends paid to non-controlling interests		(4.4)	*(1.2)*	*(1.9)*
New loans		0.4	*1.4*	*3.8*
Loans repaid		(1.2)	*(1.9)*	*(13.1)*
Payments of lease liabilities		(2.0)	*(0.6)*	*(2.0)*
Net cash flow from financing activities		(10.0)	*(2.3)*	*(18.4)*
Net decrease in cash and cash equivalents		(20.3)	*(28.2)*	*(34.4)*
Cash and cash equivalents at beginning of period		59.9	*94.9*	*94.9*
Exchange gains/(losses) on cash		2.9	*(0.4)*	*(0.6)*
Cash and cash equivalents at end of period	18	42.5	*66.3*	*59.9*

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 2022

		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 2021		0.3	15.3	(0.4)	356.4	5.0	376.6	49.4	426.0
Loss for the period		–	–	–	(6.1)	–	(6.1)	–	(6.1)
Other comprehensive income/(expense) for the period		–	–	–	13.7	(5.5)	8.2	(0.7)	7.5
Dividends	10	–	–	–	(4.0)	–	(4.0)	(1.2)	(5.2)
Share of associate's other equity movements		–	–	–	0.2	–	0.2	–	0.2
At 30 June 2021		0.3	15.3	(0.4)	360.2	(0.5)	374.9	47.5	422.4
At 1 January 2021		0.3	15.3	(0.4)	356.4	5.0	376.6	49.4	426.0
Profit for the period		–	–	–	2.3	–	2.3	2.2	4.5
Other comprehensive income/(expense) for the period		–	–	–	13.8	2.3	16.1	(1.6)	14.5
Transfer of realised gains on disposal of financial assets		–	–	–	11.0	(11.0)	–	–	–
Dividends	10	–	–	–	(5.2)	–	(5.2)	(1.9)	(7.1)
Companies joining the Group		–	–	–	–	–	–	5.3	5.3
Adjustment arising from change in non-controlling interest		–	–	–	(1.4)	–	(1.4)	1.4	–
Purchase of non-controlling interests		–	–	–	0.2	–	0.2	(6.1)	(5.9)
At 31 December 2021		0.3	15.3	(0.4)	377.1	(3.7)	388.6	48.7	437.3
(Loss)/profit for the		–	–	–	(20.0)	–	(20.0)	0.9	(19.1)

period									
Other comprehensive (expense)/income for the period		–	–	–	(0.5)	10.5	10.0	2.0	12.0
Transfer of realised gains on disposal of financial assets		–	–	–	0.2	(0.2)	–	–	–
Dividends	10	–	–	–	(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)	354.3	6.6	376.1	47.2	423.3

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 2022 (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 2021.

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 2021 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 2022. 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 2021, except as detailed in note 6. Amendments to IFRSs effective for the financial year ending 31 December 2022 are not expected to have a material impact on the Group.

3 Going concern

As set out in the Chairman's statement and Operating review, our businesses are currently operating broadly as normal. Our experience over the last years has given us valuable insight into how the pandemic impacts our markets and businesses and an insight into how the Ukraine conflict may impact our businesses in the short-term. Despite this, it remains difficult to predict with any certainty the impact on the Group during the remainder of this year. Accordingly, we continue to take actions to conserve cash by focusing on efficiencies, minimising our operating costs and focusing capital expenditure across the Group.

The Directors considered the impact of the current trading environment on the business for the next 15 months. We have considered several variables which may impact revenue, profits and cash flows. In light of the nature of the business, we expect the agriculture businesses will continue to operate broadly as currently. We have assumed that the food service market continues to recover gradually over the course of the next year.

At 30 June 2022, the Group had cash and cash equivalents of £42.5 million with loans outstanding of

£5.4 million. In addition, the Group had undrawn short-term loans and overdraft facilities of £22.5 million and a portfolio of liquid investments with a fair market value of £35.5 million.

The Directors have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes for tea, reduced sales volumes for macadamia and reduced partner grower apple volumes. 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, apple and avocado 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		Food Service Six months ended 30 June		Unallocated Six months ended 30 June		Consolidated Six months ended 30 June	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Revenue										
External sales	105.7	*85.6*	6.6	*8.7*	13.0	*10.6*	0.5	*0.6*	125.8	*105.5*
Adjusted trading (loss)/profit	(9.1)	*(6.1)*	(0.5)	*(0.9)*	0.6	*–*	(4.0)	*(3.8)*	(13.0)	*(10.8)*
Separately disclosed items	–	*–*	–	*(0.5)*	–	*–*	–	*–*	–	*(0.5)*
Trading (loss)/profit	(9.1)	*(6.1)*	(0.5)	*(1.4)*	0.6	*–*	(4.0)	*(3.8)*	(13.0)	*(11.3)*
Share of associates' results	–	*–*	–	*–*	–	*–*	(4.6)	*3.8*	(4.6)	*3.8*
Profit on disposal of assets classified as held for sale	–	*–*	–	*–*	–	*–*	1.5	*–*	1.5	*–*
Impairment of property, plant and equipment	–	*–*	–	*(0.5)*	–	*–*	–	*–*	–	*(0.5)*
Profit on disposal of financial assets	0.1	*0.1*	–	*–*	–	*–*	–	*–*	0.1	*0.1*
Operating (loss)/profit	(9.0)	*(6.0)*	(0.5)	*(1.9)*	0.6	*–*	(7.1)	*–*	(16.0)	*(7.9)*
Comprising										
– adjusted operating (loss)/profit before tax	(9.0)	*(6.0)*	(0.5)	*(1.4)*	0.6	*–*	(8.6)	*–*	(17.5)	*(7.4)*
– profit on disposal of assets classified as held for sale	–	*–*	–	*–*	–	*–*	1.5	*–*	1.5	*–*
– impairment of property, plant and equipment	–	*–*	–	*(0.5)*	–	*–*	–	*–*	–	*(0.5)*

	(9.0)	*(6.0)*	(0.5)	*(1.9)*	0.6	*–*	(7.1)	*–*	(16.0)	*(7.9)*
Investment income									0.3	*0.4*
Net finance income/(cost)									0.1	*(0.3)*
Loss before tax									(15.6)	*(7.8)*
Taxation									(3.5)	*1.7*
Loss after tax									(19.1)	*(6.1)*

	Agriculture £'m	Engineering £'m	Food Service £'m	Unallocated £'m	Consolidated £'m
Revenue					
External sales	238.8	15.3	22.0	1.1	277.2
Adjusted trading profit/(loss)	13.1	(2.3)	–	(8.8)	2.0
Separately disclosed items	0.1	–	–	(1.2)	(1.1)
Trading profit/(loss)	13.2	(2.3)	–	(10.0)	0.9
Share of associates' results	–	–	–	7.2	7.2
Impairment of property, plant and equipment	–	(0.5)	–	–	(0.5)
Loss on disposal of subsidiaries	–	(0.1)	–	–	(0.1)
Profit on disposal of financial assets	0.2	–	–	–	0.2
Operating profit/(loss)	13.4	(2.9)	–	(2.8)	7.7
Comprising					
– adjusted operating profit/(loss) before tax	13.3	(2.3)	–	(1.6)	9.4
– impairment of property, plant and equipment	–	(0.5)	–	–	(0.5)
– loss on disposal of subsidiaries	–	(0.1)	–	–	(0.1)
– release of provisions for wage increases	0.6	–	–	–	0.6
– acquisition deal costs	–	–	–	(1.2)	(1.2)
– restructuring costs	(0.5)	–	–	–	(0.5)
	13.4	(2.9)	–	(2.8)	7.7
Investment income					0.5
Net finance costs					(1.1)
Profit before tax					7.1
Taxation					(2.6)
Profit after tax					4.5

6 Adjusted (loss)/profit

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

	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
Operating (loss)/profit	(16.0)	*(7.9)*	*7.7*
Exceptions or items considered non-operational:			
Profit on disposal of assets classified as held for sale	1.5	*–*	*–*
Release of provisions for wage increases	–	*–*	*0.6*
Restructuring costs	–	*–*	*(0.5)*
Costs of acquisition	–	*–*	*(1.2)*
Loss on disposal of subsidiaries	–	*–*	*(0.1)*
Impairment of property, plant and equipment	–	*(0.5)*	*(0.5)*

Adjusted operating (loss)/profit before tax	(17.5)	*(7.4)*	*9.4*
Investment income	0.3	*0.4*	*0.5*
Net finance income/(costs)	0.1	*(0.3)*	*(1.1)*
Adjusted (loss)/profit before tax	(17.1)	*(7.3)*	*8.8*

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

- Profits on disposal of assets classified as held for sale of £1.5 million (2021: six months £nil – year £nil)
- A gain resulting from wage provision releases in relation to prior years following wage agreements reached in the period of £nil (2021: six months £nil – year £0.6 million)
- Restructuring costs at Bardsley England of £nil (2021: six months £nil – year £0.5 million)
- Costs of acquisition of Bardsley England of £nil (2021: six months £nil – year £1.2 million)
- A loss on disposal of Abbey Metal Finishing of £nil (2021: six months £nil – year £0.1 million)
- Impairment charges of £nil (2021: six months £0.5 million – year £0.5 million) in relation to property, plant and equipment at Abbey Metal Finishing

Following a clarification of our accounting policy in relation to exceptional items or items considered non-operational in nature, the release of, or increases to, provisions in relation to wage increases that relate to prior year are no longer deemed to be an adjusting item.

7 Share of associates' results

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

	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
(Loss)/profit before tax	(4.3)	*4.1*	*7.6*
Taxation	(0.3)	*(0.3)*	*(0.4)*
(Loss)/profit after tax	(4.6)	*3.8*	*7.2*

8 Finance income and costs

	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
Finance costs – interest payable on loans and bank overdrafts	(0.6)	*(0.4)*	*(1.1)*
Interest payable on leases	(0.4)	*(0.3)*	*(0.7)*
Other interest payable	–	–	*(1.1)*
Finance costs	(1.0)	*(0.7)*	*(2.9)*
Finance income – interest income on short-term bank deposits	1.1	*0.9*	*2.2*
Net exchange gain/(loss) on foreign currency balances	0.3	*(0.2)*	*0.4*
Employee benefit expense	(0.3)	*(0.3)*	*(0.8)*
Net finance income/(cost)	0.1	*(0.3)*	*(1.1)*

9 Taxation on (loss)/profit on ordinary activities

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

	2022 £'m	*2021 £'m*	*2021 £'m*
Current tax			
UK corporation tax			
UK corporation tax	–	*–*	*0.2*
Double tax relief	–	*–*	*(0.2)*
Use of losses to shelter capital gain on disposal of financial assets	–	*–*	*(2.2)*
Adjustment in respect of prior years	–	*–*	*(0.2)*
Foreign tax	–	*–*	*(2.4)*
Corporation tax	3.9	*1.0*	*6.3*
Adjustment in respect of prior years	–	*–*	*0.9*
	3.9	*1.0*	*7.2*
Total current tax	3.9	*1.0*	*4.8*
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	1.8	*(1.6)*	*(1.5)*
Overseas deferred tax	(2.2)	*(1.1)*	*(0.7)*
Tax on (loss)/profit on ordinary activities	3.5	*(1.7)*	*2.6*

Tax on (loss)/profit on ordinary activities for the six months to 30 June 2022 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2022.

10 Equity dividends

	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2021 of 102p (2020: 144p) per share	2.8	*4.0*	*4.0*
Interim dividend for the year ended 31 December 2021 of 44p per share			*1.2*
			5.2

Dividends amounting to £0.1 million (2021: 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 2022 of 44p (2021: 44p) per share	1.2	*1.2*	

The proposed interim dividend was approved by the board of Directors on 31 August 2022 and has not been included as a liability in these financial statements.

11 Earnings/(loss) per share (EPS)

	Six months ended 30 June 2022		*Six months ended 30 June 2021*		*Year ended 31 December 2021*	
	Loss £'m	EPS Pence	*Loss £'m*	*EPS Pence*	*Profit £'m*	*EPS Pence*
Attributable to ordinary shareholders	(20.0)	(724.1)	*(6.1)*	*(220.9)*	*2.3*	*83.3*

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 (2021: six months 2,762,000 – year 2,762,000), which excludes 62,500 (2021: six months 62,500 – year 62,500) shares held by the Group as treasury shares.

12 Property, plant and equipment

During the six months ended 30 June 2022 the Group acquired assets with a cost of £7.0 million (2021: six months £4.9 million – year £10.7 million). Assets with a carrying amount of £0.3 million were disposed of during the six months ended 30 June 2022 (2021: six months £0.3 million – year £0.5 million). Assets with a carrying amount of £0.5 million were classified as held for sale as at 30 June 2022 (2021: six months £2.1 million – year £3.8 million).

13 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 2022 £'m	*30 June 2021 £'m*	*31 December 2021 £'m*
At start of period	6.6	–	–
Reclassified from property, plant and equipment	0.5	*2.1*	*3.8*
Reclassified from right-of-use assets	–	*3.4*	*3.4*
Reclassified from heritage assets	–	–	*1.0*
Reclassified from current assets	–	*0.7*	*0.7*
	7.1	*6.2*	*8.9*
Disposals during period	(2.1)	–	*(2.3)*
At end of period	5.0	*6.2*	*6.6*
Liabilities related to assets classified as held for sale at end of the period:			
Reclassified from lease liabilities	2.0	*3.0*	*2.0*

During the period, a London property and a number of the Group's heritage assets and other items of art have been sold, realising cash proceeds of £3.6 million.

14 Borrowings

Borrowings (current and non-current) include loans of £5.4 million (loans 2021: six months £4.2 million – year £5.9 million) and bank overdrafts of £7.1 million (2021: six months £6.9 million – year £1.9 million). The following loan movements occurred during the six months ended 30 June 2022:

	£'m
Balance at 1 January 2022	5.9
Exchange differences	0.3
Repayments	(1.2)
New loans	0.4
Balance at 30 June 2022	5.4

15 Provisions

	Wages and salaries £'m	Legal claims £'m	Others £'m	Total £'m
At 1 January 2021	9.7	8.2	1.1	19.0
Exchange differences	(0.2)	(0.1)	–	(0.3)
Utilised in the period	(2.6)	(6.5)	(0.3)	(9.4)
Provided in the period	3.8	–	0.6	4.4
At 30 June 2021	10.7	1.6	1.4	13.7
At 1 January 2021	9.7	8.2	1.1	19.0
Exchange differences	(0.1)	(0.1)	–	(0.2)
Utilised in the period	(7.6)	(6.9)	(0.4)	(14.9)
Provided in the period	7.7	–	0.3	8.0
Subsidiaries joining the group	–	–	0.5	0.5
Unused amounts reversed in period	(0.6)	–	–	(0.6)
At 31 December 2021	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
Current:				
At 30 June 2022	15.4	1.1	1.4	17.9
At 31 December 2021	9.1	1.2	1.5	11.8
At 30 June 2021	10.7	1.6	1.4	13.7

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

Legal claims related to the expected cost of the defence of the litigation concerning our East African operations, including settlements and progressive measures, the majority of which was disbursed in early 2021.

Others relate to provisions for claims and dilapidations.

16 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 have been updated to 30 June 2022 from the valuations as at 31 December 2021 for the purpose of IAS 19 by the actuaries and the movements have been reflected in this interim statement.

An actuarial loss of £2.1 million was realised in the period in relation to the Group's employee obligations of which £5.4 million related to the UK defined benefit pension scheme. In relation to the UK defined benefit pension scheme a loss of £48.0 million was realised in relation to the scheme assets, a gain of £43.6 million was realised in relation to changes in the underlying actuarial assumptions and an experience loss of £1.0 million was realised. The assumed discount rate has increased to 3.75% (31 December 2021: 1.75%), the assumed rate of inflation (CPI) has decreased to 2.25% (31 December 2021 2.50%). There has been no change in the mortality assumptions used. This scheme continues to hold a significant amount in a liability-driven investment to reduce overall volatility.

17 Reconciliation of (loss)/profit to cash flow

	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
(Loss)/profit from operations	(16.0)	*(7.9)*	*7.7*
Share of associates' results	4.6	*(3.8)*	*(7.2)*
Depreciation and amortisation	6.8	*6.1*	*13.4*
Depreciation of right-of-use assets	1.4	*0.5*	*1.6*
Impairment of assets and provisions	–	*0.5*	*0.5*
Realised movements on biological assets – non-current	–	–	*(1.5)*
Financial assets fair value through profit or loss – gain	(0.1)	–	*(0.1)*
Profit on disposal of non-current assets	–	*(0.1)*	–
Profit on disposal – assets held for sale	(1.5)	–	–
Loss on disposal of subsidiaries	–	–	0.1
Profit on disposal of financial assets	(0.1)	*(0.1)*	*(0.2)*
Movements in provisions	5.7	*(5.0)*	*(7.0)*
Increase in working capital	(5.3)	*(5.0)*	*(3.5)*
Difference between employee benefit obligations funding contributions and cost charged	0.2	*1.3*	*(1.9)*
Cash (used in)/generated from operations	(4.3)	*(13.5)*	*1.9*

18 Cash and cash equivalents

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

	Six months ended 30 June 2022 £'m	*Six months ended 30 June 2021 £'m*	*Year ended 31 December 2021 £'m*
Cash and cash equivalents	49.6	*73.2*	*61.8*
Overdrafts repayable on demand (included in current liabilities – borrowings)	(7.1)	*(6.9)*	*(1.9)*
	42.5	*66.3*	*59.9*

19 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 £6.6 million.

In India, assessments have been received for excise duties of £3.8 million, sales and entry tax of £1.0 million and of £0.7 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 £1.3 million.

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

20 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.

21 Subsequent events

There were no adjusting post balance sheet events.