Camellia Plc

Interim Results

Camellia Plc (AIM:CAM) announces its interim results for the six months ended 30 June 2017.

Malcolm Perkins, Chairman of Camellia, stated:

"Profits for the first half of the year are distorted by the profit on disposal of Duncan Lawrie Asset Management which, net of related trading losses, contributed £15.8 million of profit in the first half. Reported revenue has benefitted from favourable exchange rates and the sale of last season's tea stock but this has had little impact on overall profitability which has been held back by substantially lower prices for tea in India and Bangladesh."

Financial highlights

	Six months ended 30 June 2017	Six months ended 30 June 2016(1)	Year ended 31 December 2016
	£'m	£'m	£'m
Revenue – continuing operations	123.6	100.1	257.9
Profit before tax from continuing operations	1.9	6.8	26.5
Profit/(loss) from discontinued operation	15.8	(1.9)	(20.0)
Profit/(loss) for the period	16.3	2.4	(5.9)
Earnings/(loss) per share	532.2p	29.0p	(387.4)p
Dividend per share	37p	35p	130p

1 - Restated to include Duncan Lawrie as a discontinued operation

Highlights

- Total profit for the period includes the disposal of Duncan Lawrie Asset Management;
- Poorer prices for tea in India and Bangladesh;
- High volumes and prices for soya and citrus;
- Substantially improved profits in Food Service, Associates and Speciality Crops;
- Dividend increased by 5.7%;
- Cash and cash equivalents at 30 June 2017 were £98.7 million (30 June 2016: £53.0 million).

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 on the Company's website www.camellia.plc.uk

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Chairman's statement

Our results for the first half show a profit before tax from continuing operations of £1.9 million which compares to an unusually strong profit of £6.8 million (restated) for the first half of 2016.

In addition, a net profit of £15.8 million is attributable to Duncan Lawrie, our discontinued operation, comprising £19.2 million of a gain on sale of Duncan Lawrie Asset Management, which completed on 11 May 2017, less the £3.4 million of ongoing net operating costs of the bank during the wind down period. The full impact of this transaction, which has been accounted for over 2 years, is described in the 2016 annual report.

The Group continues to operate steadily against a backdrop of increased political uncertainty, not least in the UK. The most serious development has been the continuing civil unrest in Darjeeling which has brought all tea production in the district to a halt.

There have been no significant investments or divestitures made in the period; the winding down of Duncan Lawrie Private Bank continues in line with the expectations set out in the annual report.

Dividend
The Board has declared an interim dividend of 37p (2016: 35p) payable on 6 October 2017 to shareholders registered at the close of business on 8 September 2017.

Outlook
Given that the majority of harvesting takes place in the second half, it is hard to make predictions for the full year. This is particularly true this year given the tea price dynamics in India and Bangladesh and difficulties in predicting crop volumes. However, tea prices in Africa, strong avocado prices and the performance of some of our non agricultural businesses are encouraging.

Malcolm Perkins
Chairman

24 August 2017

Operating review

The profit before tax from continuing operations in the first half was £1.9 million (H1 2016 restated: £6.8 million) on revenues of £123.6 million (H1 2016 restated: £100.1 million). Overall we are pleased with the results which, against a very strong 2016 comparator demonstrate that whilst agricultural prices and growing conditions are outside our control, the actions taken over the last two years have resulted in an improved contribution from some of our businesses and enhanced potential in others. As a result we have decided to raise the interim dividend by 5.7% to 37 pence per share.

Our revenue has benefited from the translation effect of weaker average sterling exchange rates in the six months to 30 June 2017 compared to the same period last year which contributed £11.6 million of the £23.5 million increase in revenue. In contrast sterling has strengthened against a number of the currencies in which we operate since 31 December 2016 resulting in a loss on foreign exchange translation of £14.6 million in the six month period (2016: gain of £52.0 million) which is reflected in the Statement of comprehensive income.

We continue to watch the Brexit situation closely but as over 90% of our revenue is generated by businesses operating outside continental EU we are unlikely to see a major effect on our businesses other than the implications from exchange rate movements.

The results for the period to June 2016 have been restated to show Duncan Lawrie as a discontinued operation.

Agriculture

Tea

India: The key development in India has been the fall in tea prices arising from oversupply in the market. The non Darjeeling estates have produced similar volumes to last year but average prices have been significantly lower due to high volumes of last season's stock in the market. This, combined with the increasing cost base particularly with respect to labour, has impacted margins. In Darjeeling, the general strike which started on 12 June has brought the province to a standstill as a result of which we have lost the entire second flush. There appears to be no prospect of an early resolution to the situation which has resulted from a political dispute outside the Group's control and it is now considered unlikely that there will be any more significant production in Darjeeling this year. Whilst Darjeeling volumes are relatively small, the loss of this particularly high value component of the crop is disappointing.

Bangladesh: Conditions in Bangladesh have once again been favourable resulting in yields broadly in line with last year, however despite efforts made by the Bangladesh Government to support the domestic market by increasing the duty on imported teas, average prices are down 27% compared with last year due to high volumes of carry forward stock in the market.

Kenya: Conditions at the start of the year were very dry, leading to reduced production volumes (down 27% on last year) and average prices up 19% on last year. With the commencement of the long rains in May, volumes have increased and prices at the Mombasa auction have held reasonably firm.

Malawi: Production in Malawi is 8% ahead of last year at prices that are 11% better than last year.

Macadamia
Very challenging weather conditions during last year's flowering have resulted in macadamia production in our three producing countries being significantly below expectations and only marginally better than the same period in 2016. Prices have remained strong.

Avocado
The avocado crop in Kenya has been impacted by the dry conditions earlier in the season, which is expected to result in smaller fruit size than last year. However, the demand for quality fruit continues to grow and prices remain very strong.

Speciality crops
Pricing for rubber has improved and whilst production was hampered by wet weather in the first half we expect this to be recovered.

The murcott and navel orange harvests in California were significantly ahead of expectations on both volumes and price. Harvesting of the almonds has just begun and this is an 'off' year for pistachios.

The South African grape harvest was once again poor due to the severe drought in the Western Cape. However, the quality of the wine being produced is high.

Soya yields in Brazil were at record levels and prices were marginally ahead of last year.

In total, the Agriculture division made a trading profit of £1.5 million (H1 2016: £7.3 million) on revenue of £96.1 million (H1 2016: £75.1 million).

Engineering
Engineering North: The situation with the oil services industry in Aberdeen would appear to have stabilised and whilst it is too early to forecast a return to growth, the industry is more optimistic about the future. In addition, AJT Engineering has made an investment into the hydroelectric sector in order to diversify its income stream going forward. The early success of this latter venture, together with stability in the oil sector, is encouraging.

Engineering South: All businesses are continuing to trade in line with expectations. Particularly pleasing has been the growth in our aerospace focused metal finishing businesses at Abbey Metal Finishing and Atfin.

XiMo: The specialist metathesis catalyst research business continues to make losses in line with expectations as it develops products for market.

In total, the Engineering division made a trading loss of £1.6 million (H1 2016: trading loss £0.9 million) on revenue of £9.5 million (H1 2016: £10.1 million).

Food Service
The Food Service division is trading significantly ahead of last year with strong client demand in the UK.

In total, the Food Service division made a trading profit of £1.2 million (H1 2016: £0.1 million) on revenue of £17.8 million (H1 2016: £14.7 million).

Investments and Associates
Our investment portfolio, which consists mostly of listed securities has increased in value to £41.3 million (31 December 2016: £37.2 million), reflecting a mixture of disposals, market and currency movements.

Our share of the profits of associates amounted to £3.7 million (H1 2016: £2.6 million). This primarily arises from our holding in BF&M which has had a good start to the year.

Discontinued operation
As previously announced the sale of Duncan Lawrie Asset Management completed on 11 May, and the closure of the remaining banking operations in the UK and the Isle of Man are largely complete. The anticipated net cash proceeds from the discontinuation of this business have not changed and are expected to be available to the Group later in the year.

Pensions
In the UK, the IAS19 pension deficit has significantly reduced from £44.6 million to £29.8 million in the period due principally to strong investment returns on the scheme's assets and the adoption of the most recent longevity tables in the calculations. The triennial valuation of the scheme is underway.

Strategy
We continue to look carefully at opportunities to enhance our production and value added operations in agriculture using our cash resources. I am determined that we utilise these resources for the long term benefit of the Group and our shareholders only when the right opportunities arise.

Tom Franks
Chief Executive

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 2017 and their impact on the financial statements set out herein.

Principal risks and uncertainties
The directors' report in the statutory financial statements for the year ended 31 December 2016 (the accounts are available on the company's website: www.camellia.plc.uk) highlighted risks and uncertainties that could have an impact on the group's businesses. As these businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the group's performance. These risks and uncertainties continue to be relevant for the remainder of the year. In addition, the chairman's statement included in this report refers to certain specific risks and uncertainties that the group is presently facing.

Statement of directors' responsibilities

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

The directors of Camellia Plc are listed in the Camellia Plc statutory financial statements for the year ended 31 December 2016. There have been no subsequent changes of directors and a list of current directors is maintained on the group's website at www.camellia.plc.uk.

By order of the board

Malcolm Perkins
Chairman

24 August 2017

Consolidated income statement
for the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m Restated*	*Year ended 31 December 2016 £'m*
Continuing operations				
Revenue	4	123.6	*100.1*	*257.9*
Cost of sales		(102.1)	*(76.5)*	*(188.5)*
Gross profit		21.5	*23.6*	*69.4*
Other operating income		1.0	*1.1*	*2.3*
Distribution costs		(4.9)	*(3.9)*	*(14.7)*
Administrative expenses		(20.4)	*(18.5)*	*(38.0)*
Trading (loss)/profit	4	(2.8)	*2.3*	*19.0*
Share of associates' results	5	3.7	*2.6*	*5.1*
Profit on disposal of available-for-sale investments	6	0.5	*0.2*	*1.5*
		1.4	*5.1*	*25.6*
Investment income		0.4	*0.3*	*0.6*
Finance income		1.4	*1.6*	*2.7*
Finance costs		(0.2)	*(0.2)*	*(0.6)*
Net exchange gain		0.1	*0.5*	*0.4*
Employee benefit expense		(1.2)	*(0.5)*	*(2.2)*
Net finance income	7	0.1	*1.4*	*0.3*
Profit before tax from continuing operations		1.9	*6.8*	*26.5*
Taxation	8	(1.4)	*(2.5)*	*(12.4)*
Profit from continuing operations		0.5	*4.3*	*14.1*
Profit/(loss) from discontinued operation	9	15.8	*(1.9)*	*(20.0)*
Profit/(loss) for the period		16.3	*2.4*	*(5.9)*
Profit/(loss) attributable to:				
Owners of the parent		14.7	*0.8*	*(10.7)*
Non-controlling interests		1.6	*1.6*	*4.8*
		16.3	*2.4*	*(5.9)*
Earnings/(loss) per share – basic and diluted	11	532.2p	*29.0p*	*(387.4p)*

Consolidated statement of comprehensive income
for the six months ended 30 June 2017

	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m Restated*	*Year ended 31 December 2016 £'m*
Profit/(loss) for the period	16.3	*2.4*	*(5.9)*
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations (note 15)	15.2	*(15.9)*	*(24.3)*
Deferred tax movement in relation to post employment benefit obligations	–	*–*	*1.2*
	15.2	*(15.9)*	*(23.1)*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences	(14.6)	*29.3*	*52.0*
Available-for-sale investments:			
Valuation gains/(losses) taken to equity	6.6	*(0.2)*	*3.5*
Transferred to income statement on sale	(0.2)	*–*	*(1.2)*
Share of other comprehensive income of associates	–	*–*	*0.2*
	(8.2)	*29.1*	*54.5*
Other comprehensive income for the period, net of tax	7.0	*13.2*	*31.4*
Total comprehensive income for the period	23.3	*15.6*	*25.5*
Total comprehensive income/(expense) attributable to:			

Owners of the parent		23.4	*10.3*	*13.8*
Non-controlling interests		(0.1)	*5.3*	*11.7*
		23.3	*15.6*	*25.5*

Consolidated balance sheet
at 30 June 2017

	Notes	30 June 2017 £'m	*30 June 2016 £'m Restated*	*31 December 2016 £'m*
Non-current assets				
Intangible assets		1.0	*1.2*	*1.1*
Property, plant and equipment	12	223.5	*218.3*	*232.2*
Investment properties		17.9	*16.0*	*17.0*
Biological assets		12.8	*12.6*	*13.9*
Prepaid operating leases		0.9	*0.9*	*1.0*
Investments in associates		59.6	*55.5*	*61.0*
Deferred tax assets		0.4	*2.9*	*0.2*
Available-for-sale financial assets		41.3	*33.2*	*37.2*
Other investments – heritage assets		9.2	*9.0*	*9.2*
Retirement benefit surplus	15	0.1	*0.2*	*0.1*
Trade and other receivables		2.1	*1.4*	*1.8*
Total non-current assets		368.8	*351.2*	*374.7*
Current assets				
Inventories		55.8	*52.8*	*50.6*
Biological assets		3.1	*7.5*	*7.2*
Trade and other receivables		40.9	*34.8*	*40.6*
Current income tax assets		1.8	*1.0*	*1.0*
Cash and cash equivalents		102.0	*54.7*	*72.9*
		203.6	*150.8*	*172.3*
Assets classified as held for sale	13	7.1	*272.7*	*266.9*
Total current assets		210.7	*423.5*	*439.2*
Current liabilities				
Borrowings	14	(3.9)	*(2.3)*	*(1.7)*
Trade and other payables		(67.7)	*(55.4)*	*(66.9)*
Current income tax liabilities		(7.0)	*(7.8)*	*(6.5)*
Employee benefit obligations	15	(0.9)	*(1.3)*	*(0.9)*
Provisions		(0.4)	*(0.1)*	*(0.4)*
		(79.9)	*(66.9)*	*(76.4)*
Liabilities directly associated with assets classified as held for sale	13	(6.8)	*(233.2)*	*(244.2)*
Total current liabilities		(86.7)	*(300.1)*	*(320.6)*
Net current assets		124.0	*123.4*	*118.6*
Total assets less current liabilities		492.8	*474.6*	*493.3*
Non-current liabilities				
Borrowings	14	(4.3)	*(4.8)*	*(4.5)*
Trade and other payables		–	*(4.2)*	–
Deferred tax liabilities		(39.3)	*(38.3)*	*(43.3)*
Employee benefit obligations	15	(50.0)	*(54.7)*	*(65.9)*
Total non-current liabilities		(93.6)	*(102.0)*	*(113.7)*
Net assets		399.2	*372.6*	*379.6*
Equity				
Called up share capital		0.3	*0.3*	*0.3*
Share premium		15.3	*15.3*	*15.3*
Reserves		336.0	*313.0*	*315.2*
Equity attributable to owners of the parent		351.6	*328.6*	*330.8*
Non-controlling interests		47.6	*44.0*	*48.8*
Total equity		399.2	*372.6*	*379.6*

Consolidated cash flow statement
for the six months ended 30 June 2017

	Notes	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m Restated*	*Year Ended 31 December 2016 £'m*
Cash generated from operations				
Cash flows from operating activities	16	(0.1)	*0.2*	*35.3*

	Note			
Interest paid		(0.2)	*(0.3)*	*(0.7)*
Income taxes paid		(3.6)	*(7.3)*	*(15.8)*
Interest received		1.4	*1.6*	*2.7*
Dividends received from associates		1.8	*1.2*	*2.3*
Net cash flow from operating activities		(0.7)	*(4.6)*	*23.8*
Cash flows from investing activities				
Purchase of intangible assets		–	*(0.1)*	*(0.2)*
Purchase of property, plant and equipment		(8.6)	*(6.9)*	*(14.2)*
Proceeds from sale of non-current assets		0.4	*0.1*	*0.3*
Purchase of investment properties		(0.1)	*(0.2)*	*(0.5)*
Biological assets: non-current – additions		(0.1)	*(0.1)*	*(0.3)*
Part disposal of subsidiaries		–	*0.9*	*1.2*
Purchase of investments		–	*(1.0)*	*(2.4)*
Proceeds from sale of investments		1.0	*0.3*	*5.6*
Income from investments		0.4	*0.3*	*0.6*
Purchase of other investments – heritage assets		–	*–*	*(0.2)*
Net cash flow from investing activities		(7.0)	*(6.7)*	*(10.1)*
Cash flows from financing activities				
Equity dividends paid		–	*–*	*(3.6)*
Dividends paid to non-controlling interests		(1.1)	*(1.5)*	*(3.3)*
New loans		–	*–*	*0.1*
Loans repaid		(0.2)	*(0.3)*	*(0.6)*
Net cash flow from financing activities		(1.3)	*(1.8)*	*(7.4)*
Net (increase)/decrease in cash and cash equivalents from continued operations		(9.0)	*(13.1)*	*6.3*
Net cash inflow/(outflow) from discontinued operation		38.6	*(5.0)*	*(10.5)*
Cash and cash equivalents at beginning of period		71.8	*65.6*	*65.6*
Exchange (losses)/gains on cash		(2.7)	*5.5*	*10.4*
Cash and cash equivalents at end of period	17	98.7	*53.0*	*71.8*

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

Statement of changes in equity
for the six months ended 30 June 2017

	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 2016	0.3	15.3	(0.4)	309.6	(3.9)	320.9	39.5	360.4
Total comprehensive (expense)/income for the period	–	–	–	(13.9)	24.2	10.3	5.3	15.6
Dividends	–	–	–	(2.6)	–	(2.6)	(1.5)	(4.1)
Non-controlling interest subscription	–	–	–	–	–	–	0.7	0.7
At 30 June 2016	0.3	15.3	(0.4)	293.1	20.3	328.6	44.0	372.6
At 1 January 2016	0.3	15.3	(0.4)	309.6	(3.9)	320.9	39.5	360.4
Total comprehensive (expense)/income for the period	–	–	–	(33.6)	47.4	13.8	11.7	25.5
Dividends	–	–	–	(3.6)	–	(3.6)	(3.3)	(6.9)
Non-controlling interest subscription	–	–	–	0.3	–	0.3	0.9	1.2
Share of associate's other equity movements	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Loss on dilution of interest in associate	–	–	–	(0.5)	–	(0.5)	–	(0.5)
At 31 December 2016	0.3	15.3	(0.4)	272.1	43.5	330.8	48.8	379.6
Total comprehensive income/(expense) for the period	–	–	–	31.6	(8.2)	23.4	(0.1)	23.3
Dividends	–	–	–	(2.6)	–	(2.6)	(1.1)	(3.7)
At 30 June 2017	0.3	15.3	(0.4)	301.1	35.3	351.6	47.6	399.2

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 2017 (the "Interim

Report”). They should be read in conjunction with the Report and Accounts (the “Annual Report”) for the year ended 31 December 2016.

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 2016 has been delivered to the Registrar of Companies. The auditors’ opinion on these accounts was unqualified and does not contain an emphasis of matter paragraph or a statement made under Section 498(2) and Section 498(3) of the Companies Act 2006.

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

Where necessary, the comparatives have been restated from the previously reported interim results to take into account any presentational changes made in the Annual Report. The most significant changes relate to the restatement of figures to include Duncan Lawrie as a discontinued operation in the consolidated income statement and as assets/liabilities classified as held for sale in the consolidated balance sheet.

These interim condensed financial statements were approved by the board of directors on 24 August 2017. At the time of approving these financial statements, the directors have a reasonable expectation that the company and the group have adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Accounting policies

These interim condensed financial statements have been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 December 2016. Amendments to IFRSs effective for the financial year ending 31 December 2017 are not expected to have a material impact on the group.

3 Cyclical and seasonal factors

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

Soya and maize in Brazil and citrus in California are generally harvested in the first half of the year. In California the pistachio crop occurs in the second half of the year and has ‘on’ and ‘off’ years. The majority of the macadamia crop in Malawi and South Africa is harvested in the second half of the year 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.

4 Segment reporting – continuing operations

	Six months ended 30 June 2017		*Six months ended 30 June 2016*		*Year ended 31 December 2016*	
	Revenue £’m	Trading (loss)/profit £’m	*Revenue £’m Restated*	*Trading profit/(loss) £’m Restated*	*Revenue £’m*	*Trading profit/(loss) £’m*
Agriculture	96.1	1.5	*75.1*	*7.3*	*207.1*	*29.9*
Engineering	9.5	(1.6)	*10.1*	*(0.9)*	*18.8*	*(2.6)*
Food Service	17.8	1.2	*14.7*	*0.1*	*31.6*	*0.8*
Other operations	0.2	–	*0.2*	*–*	*0.4*	*0.1*
	123.6	1.1	*100.1*	*6.5*	*257.9*	*28.2*
Unallocated corporate expenses		(3.9)		*(4.2)*		*(9.2)*
Trading (loss)/profit		(2.8)		*2.3*		*19.0*
Share of associates’ results		3.7		*2.6*		*5.1*
Profit on disposal of available-for-sale investments		0.5		*0.2*		*1.5*
Investment income		0.4		*0.3*		*0.6*
Net finance income		0.1		*1.4*		*0.3*
Profit before tax		1.9		*6.8*		*26.5*
Taxation		(1.4)		*(2.5)*		*(12.4)*
Profit from continuing operations after tax		0.5		*4.3*		*14.1*

5 Share of associates’ results

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

	Six months ended 30 June 2017 £’m	*Six months ended 30 June 2016 £’m*	*Year ended 31 December 2016 £’m*

Profit before tax	4.2	*3.2*	*6.0*
Taxation	(0.5)	*(0.6)*	*(0.9)*
Profit after tax	3.7	*2.6*	*5.1*

6 Profit on disposal of available-for-sale investments

In 2016 a profit of £1.1 million (Six months to 30 June 2016: £nil) was realised in relation to the disposal of the group's investment in Ascendant Group, a Bermudian power company.

7 Finance income and costs

	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m*	*Year ended 31 December 2016 £'m*
Interest payable on loans and bank overdrafts	(0.2)	*(0.2)*	*(0.6)*
Finance costs	(0.2)	*(0.2)*	*(0.6)*
Finance income – interest income on short-term bank deposits	1.4	*1.6*	*2.7*
Net exchange gain on foreign currency balances	0.1	*0.5*	*0.4*
Employee benefit expense	(1.2)	*(0.5)*	*(2.2)*
Net finance income	0.1	*1.4*	*0.3*

8 Taxation on profit on ordinary activities

	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m*	*Year ended 31 December 2016 £'m*
Current tax			
Overseas corporation tax	3.6	*5.0*	*11.7*
Deferred tax			
Origination and reversal of timing differences			
Overseas deferred tax	(2.2)	*(2.5)*	*0.7*
Tax on profit on ordinary activities	1.4	*2.5*	*12.4*

Tax on profit on ordinary activities for the six months to 30 June 2017 has been calculated on the basis of the estimated annual effective rate for the year ending 31 December 2017.

9 Discontinued operation

The profit of £15.8 million from the discontinued operation includes a gain on sale of £19.2 million relating to the disposal of Duncan Lawrie Asset Management Limited to Brewin Dolphin Limited.

10 Equity dividends

	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m*	*Year ended 31 December 2016 £'m*
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2016 of 95.00p (2015: 95.00p) per share	2.6	*2.6*	*2.6*
Interim dividend for the year ended 31 December 2016 of 35.00p per share			*1.0*
			3.6

Dividends amounting to £0.1 million (2016: 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 2017 of 37.00p (2016: 35.00p) per share	1.0	*1.0*	

The proposed interim dividend was approved by the board of directors on 24 August 2017 and has not been included as a liability in these financial statements.

11 Earnings/(loss) per share (EPS)

Six months ended	*Six months ended*	*Year ended*

	30 June 2017 Earnings £'m	30 June 2017 EPS Pence	*30 June 2016 Earnings £'m*	*30 June 2016 EPS Pence*	*31 December 2016 (Loss)/earnings £'m*	*31 December 2016 EPS Pence*
Basic and diluted EPS						
Attributable to ordinary shareholders	14.7	532.2	*0.8*	*29.0*	*(10.7)*	*(387.4)*

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 (2016: six months 2,762,000 – year 2,762,000), which excludes 62,500 (2016: 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 2017 the group acquired assets with a cost of £8.6 million (2016: six months £6.9 million – year £14.2 million). Assets with a carrying amount of £0.5 million were disposed of during the six months ended 30 June 2017 (2016: six months £0.1 million – year £0.1 million).

13 Assets/liabilities classified as held for sale

Following the disposal of Duncan Lawrie Asset Management Limited in May 2017 and the wind down of the banking operations, assets and liabilities classified as held for sale reduced significantly.

14 Borrowings

Borrowings (current and non-current) include loans and finance leases of £4.9 million (2016: six months £5.4 million – year £5.1 million) and bank overdrafts of £3.3 million (2016: six months £1.7 million – year £1.1 million). The following loans and finance leases were taken out and repaid during the six months ended 30 June 2017:

	£'m
Balance at 1 January 2017	5.1
Repayments – loans	(0.2)
Balance at 30 June 2017	4.9

15 Employee benefit obligations

The UK defined benefit pension scheme for the purpose of IAS 19 has been updated to 30 June 2017 from the valuation as at 31 December 2016 by the actuary and the movements have been reflected in this interim statement. Overseas pension schemes operated in group subsidiaries located in Bangladesh and India have also been updated to 30 June 2017 from the valuation as at 31 December 2016 by the actuaries and the movements have also been reflected in this interim statement. The overseas pension schemes operated in The Netherlands have not been updated from 31 December 2016 valuations as it is considered that there have not been any significant changes.

The gratuity and medical benefit schemes located in Bangladesh and India have been updated to 30 June 2017 by the actuaries and the movements have been reflected in this interim statement.

An actuarial gain of £15.2 million was realised in the period in relation to the group's employee obligations of which £14.4 million related to the UK defined benefit pension scheme. In relation to the UK defined benefit pension scheme a gain of £8.6 million was realised in relation to the scheme assets, £1.2 million was realised in relation to experience gains on scheme liabilities and a gain of £4.6 million was realised in relation to changes in the underlying actuarial assumptions. The assumed discount rate has decreased to 2.60% (31 December 2016: 2.65%) and the assumed rate of inflation (CPI) has decreased to 2.35% (31 December 2016: 2.4%). The mortality assumptions have been updated to reflect the 2016 mortality tables.

16 Reconciliation of profit from continuing operations to cash flow

	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m Restated*	*Year ended 31 December 2016 £'m*
Profit from continuing operations	1.4	*5.1*	*25.6*
Share of associates' results	(3.7)	*(2.6)*	*(5.1)*
Depreciation and amortisation	7.9	*7.3*	*14.9*
Impairment of assets	–	–	*0.1*
Realised movements on biological assets – non-current	0.4	*0.3*	–
Profit on disposal of non-current assets	(0.1)	–	*(0.2)*
Profit on disposal of investments	(0.5)	*(0.2)*	*(1.5)*
Profit on part disposal of subsidiary	–	*(0.2)*	–
(Increase)/decrease in working capital	(4.7)	*(12.8)*	*3.0*
Pensions and similar provisions less payments	(0.8)	*3.3*	*(1.5)*
Cash generated from continuing operations	(0.1)	*0.2*	*35.3*

17 Cash and cash equivalents

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

	Six months ended 30 June 2017 £'m	*Six months ended 30 June 2016 £'m*	*Year ended 31 December 2016 £'m*
Cash and cash equivalents	102.0	*54.7*	*72.9*
Overdrafts repayable on demand (included in current liabilities – borrowings)	(3.3)	*(1.7)*	*(1.1)*
	98.7	*53.0*	*71.8*

Included in cash and cash equivalents is £32.7 million (2016: six months £nil – year £nil million), which is held by the discontinued banking operation and of which £9.2 million is subject to regulatory capital requirements which restricts its use.

18 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.