37431

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT AND ACCOUNTS

2005

THE ALLYNUGGER TEA COMPANY, LIMITED

Incorporated 1892

SHARE CAPITAL

Authorised		Issued
50,000	In 6% cumulative preference shares of £1 each	50,000
400,000	In ordinary shares of £1 each	400,000
£450,000		£450,000

Directors	P.A. LEGGATT, M.B.E. (Chairman) A.S.M.O. SUBHAN A.K. MATHUR, F.C.A. A.R. BHUIYA M. D. CONWAY, F.C.I.S.
Secretary	M. D. CONWAY, F.C.I.S.
Auditors	MOORE STEPHENS LLP ST. PAUL'S HOUSE, WARWICK LANE, LONDON EC4M 7BP
Bankers	DUNCAN LAWRIE LIMITED
Registered Office	LINTON PARK, LINTON, MAIDSTONE, KENT ME17 4AB
Registered Number	37431

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the one hundred and fifteenth annual general meeting of The Allynugger Tea Company, Limited will be held at Linton Park, Linton, Maidstone, Kent ME17 4AB on Thursday, 22nd June 2006 at 2.10 p.m. for the following purposes:-

1. To receive and adopt the directors' report and statement of accounts for the year ended 31st December 2005

2. To re-elect directors

3. To re-appoint the auditors and authorise the directors to fix their remuneration.

By Order of the Board

M. D. CONWAY

Secretary

Linton Park,
Linton,
Maidstone,
Kent, ME17 4AB

22nd June 2006

A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him and such proxy need not be a member of the company.

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS

The directors submit to the members their report together with the accounts for the year ended 31st December 2005.

ACCOUNTS	2005	2004
Profit on ordinary activities before taxation	£627,043	£130,202
Profit on ordinary activities after taxation	£365,004	£62,253
Preference dividend	£3,000	£3,000
Retained profit for year	£362,004	£59,253

REVIEW OF ACTIVITIES

The principal activity of the company is the growing and manufacturing of tea and rubber in Bangladesh and it is the directors' intention to continue this policy.

DIRECTORS

Board

The present board is shown on page one.

Mr. M.D. Conway and Mr. P.A. Leggatt retire by rotation and, being eligible, offer themselves for re-election.

Shareholdings

Neither at the end of the year, nor at any time during the year, has any director held a beneficial interest in any shares of the company.

AUDITORS

On 3rd October 2005, Moore Stephens, the company's auditor, transferred its entire business to Moore Stephens LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Moore Stephens as extending to Moore Stephens LLP with effect from 3rd October 2005. Moore Stephens LLP have expressed their willingness to continue as auditors of the company and a resolution proposing their re-appointment and empowering the directors to fix their remuneration will be put before the annual general meeting.

By Order of the Board

M.D.CONWAY
Secretary

22nd June 2006

THE ALLYNUGGER TEA COMPANY, LIMITED

INCOME STATEMENT
for the year ended 31st December 2005

	Notes	2005 £	2004 £
Revenue - continuing operations	3	1,643,361	1,434,652
Cost of sales		(1,011,125)	(1,063,042)
Gross profit		632,236	371,610
Net operating expenses	5	(166,985)	(164,965)
Operating profit - continuing operations	4	465,251	206,645
Gains arising from changes in fair value of biological assets	11	209,933	7,818
Investment income	6	25,886	26,193
Bank interest receivable		1,177	595
Interest on bank loans and overdrafts		(75,204)	(111,049)
Profit on ordinary activities before taxation		627,043	130,202
Taxation on ordinary activities	8	(262,039)	(67,949)
Profit on ordinary activities after taxation		365,004	62,253
Preference dividend	9	(3,000)	(3,000)
Retained profit for the year	20	362,004	59,253

THE ALLYNUGGER TEA COMPANY, LIMITED

BALANCE SHEET
as at 31st December 2005

	Notes	2005		2004	
		£	£	£	£
NON-CURRENT ASSETS					
Property, plant and equipment	10		341,970		346,095
Biological assets	11		2,525,029		2,213,060
Investments	12		303,660		301,283
			3,170,659		2,860,438
CURRENT ASSETS					
Inventories	13	273,530		257,537	
Trade and other receivables	14	293,012		165,057	
Cash at bank and in hand		231,693		231,223	
		798,235		653,817	
CURRENT LIABILITIES					
Borrowings	16	(767,841)		(962,862)	
Trade and other payables	15	(253,720)		(234,929)	
Current income tax liabilities		(154,940)		(22,942)	
		(1,176,501)		(1,220,733)	
NET CURRENT (LIABILITIES)			(378,266)		(566,916)
TOTAL ASSETS LESS CURRENT LIABILITIES			2,792,393		2,293,522
NON-CURRENT LIABILITIES					
Borrowings	16	(74,452)		(102,052)	
Deferred tax liabilities	17	(424,381)		(285,167)	
			(498,833)		(387,219)
NET ASSETS			£2,293,560		£1,906,303
EQUITY					
Called up share capital	18		400,000		400,000
Reserves	20		1,843,560		1,456,303
			£2,243,560		£1,856,303
NON-EQUITY					
Called up share capital	18		50,000		50,000
			£2,293,560		£1,906,303

Approved on 22nd June 2006 by the board of directors and signed on their behalf by:

A.K. MATHUR
Director

THE ALLYNUGGER TEA COMPANY, LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2005

	2005 £	2004 £
Retained profit for the year	362,004	59,253
Exchange gains/(losses)	25,253	(170,006)
Net movement in shareholders' funds	387,257	(110,753)
Opening shareholders' funds	1,456,303	1,567,056
Closing shareholders' funds	£1,843,560	£1,456,303

There are no recognised gains or losses other than those included in the above.

THE ALLYNUGGER TEA COMPANY, LIMITED

CASH FLOW STATEMENT
for the year ended 31st December 2005

	Notes	2005	2004
		£	£
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	19	417,199	556,306
Interest paid		(95,498)	(127,347)
Interest received		1,158	588
Income taxes paid		(119)	(55)
Dividends received from associates		25,714	26,008
Dividends received from group companies		172	185
Net cash flow from continuing operating activities		348,626	455,685
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(39,879)	(53,188)
Purchases of biological assets		(79,078)	(74,501)
Proceeds from sale of property, plant and equipment		-	138
Net cash flow from investing activities		(118,957)	(127,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments		(29,131)	(31,484)
Net cash flow from financing activities		(29,131)	(31,484)
Net increase in cash and cash equivalents		200,538	296,650
Cash and cash equivalents at beginning of period		(702,736)	(1,086,566)
Exchange (losses)/gains on cash		(5,544)	87,180
Cash and cash equivalents at end of period		£ (507,742)	£ (702,736)

1. GENERAL INFORMATION

The Allynugger Tea Company Limited is a company incorporated in the United Kingdom under the Companies Act 1985.

2. ACCOUNTING POLICIES

The company's accounting policies are disclosed below:-

a) Basis of Preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and therefore comply with Article 4 of the EU IAS Regulation.

b) Transition to IFRS
The company's transition date is 1 January 2004. The company prepared its opening IFRS balance sheet at that date and the company's IFRS adoption date is 1 January 2005. The company has applied IFRS 1 in preparing these financial statements.
In preparing these financial statements in accordance with IFRS 1, the company has applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

The company has elected to apply the following optional exemptions from full retrospective application:

Fair value or revaluation as deemed cost exemption: Certain items of property, plant and equipment have been elected to be measured at fair value at 1 January 2004. The company has also elected to use previous UK GAAP revaluations of property, plant and equipment as deemed cost.

Cumulative translation differences exemption: All previously accumulated translation differences have been set to zero as at 1 January 2004.

c) Basis of accounting
The financial statements have been prepared in accordance with IFRS for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 26. The financial statements have been prepared on the historical cost basis as modified by the revaluation of property, plant and equipment.

d) Foreign currency translation
The presentation currency of the company is pounds sterling, the currency of the country in which the company is incorporated. The operations of the company are based in Bangladesh and the functional currency is Bangladesh takas. The income statement and cash flows are translated into pounds sterling at average exchange rates for the year and balance sheet items are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from translation of the net investment in the foreign operation are taken to shareholders' equity.

e) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes and after eliminating intra-group sales.
Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer.

f) Property, plant and equipment
Property, plant and equipment (PPE) is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets. On transition to IFRS, the group has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.
Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation of assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

2. ACCOUNTING POLICIES (continued)

Rates of depreciation are:

Buildings	10% to 20%
Plant, machinery and vehicles	20%
Fixtures and Fittings	10% to 18%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the income statement.

g) Biological assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value. Any changes in fair value are recognised in the income statement in the year in which they arise. All costs of planting, upkeep and maintenance of biological assets are set against the fair value movement.

h) Investments
Investments in group and associated companies are included at cost.

i) Impairment of assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

j) Inventories
Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs. Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of sale costs are recognised in the income statement in the year in which they arise.
Other inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

k) Trade receivables
Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the income statement.

l) Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

m) Borrowings
Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

n) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

o) Financial instruments
Financial risk management policies are set by the Board of the ultimate parent company, Camellia Plc. Given the nature and diversity of the Group's operations, the Board does not believe a highly complex use of financial instruments would be of significant benefit to the Group. However, various financial instruments arise directly from the company's operations, for example cash, trade debtors, trade creditors and accruals, in addition to the company using financial instruments to finance its operations. The company finances its operations by a mixture of retained profits, bank borrowings and long term loans. The objective for the company is to maintain a balance between continuity of funding and flexibility through the use of borrowings, which are regularly reviewed.

p) New standards and interpretations not in force
The following standards and interpretations are in issue but not in force at 31 December 2005:

New standards and interpretations

IFRS 6 Exploration and evaluation of mineral resources
IFRS 7 Financial instruments: disclosure
IFRIC 4 Determining whether an arrangement contains a lease
IFRIC 5 Rights to interests arising from decommissioning, restoration and environment rehabilitation funds
IFRIC 6 Liabilities arising from participating in a specific market - waste electrical and electronic equipment
IFRIC 7 Applying the restatement approach under IAS 29

Revisions to existing standards

IAS 39 Changes re the fair value option
IAS 1 Changes re capital disclosures

The directors do not expect the new standards and interpretations, or the revisions to existing standards, to have any impact on the primary financial statements. However:

IFRS 7 This standard will require additional disclosures concerning the company's financial instruments, to enable users of the financial statements to appreciate the financial risks to which the company is subject. This standard is effective for accounting periods beginning on or after 1 January 2007.

IAS 1 The revisions to this standard will require additional disclosures, both qualitative and quantitative, concerning the capital of the company. The revisions to this standard are effective for accounting periods beginning on or after 1 January 2007.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2005	2004
	£	£
3. REVENUE		
Tea Sales		
Bangladesh	1,501,901	1,324,598
Rubber Sales		
Bangladesh	141,460	110,054
	£ 1,643,361	£ 1,434,652
4. OPERATING PROFIT		
Is stated after charging:		
Depreciation of tangible assets	£46,735	£46,274
Hire of plant and machinery	£10,483	£11,500
Remuneration of the auditors	£857	£737
Land rent	£6,563	£7,055
Employee benefit expenditure	£444,486	£497,299
5. NET OPERATING EXPENSES		
Administrative expenses	168,700	166,243
Profit on sale of property, plant and equipment	-	(117)
Sundry receipts	(1,715)	(1,161)
	£ 166,985	£ 164,965
6. INVESTMENT INCOME		
Income from listed investments	25,714	26,008
Income from unlisted investments	172	185
	£ 25,886	£ 26,193
7. EMPLOYEES		
Staff costs:		
Wages and salaries	411,438	464,262
Pension costs	33,048	33,037
	£ 444,486	£ 497,299
The average number of persons employed by the company was:	3,606	3,597

7. EMPLOYEES (continued)

None of the directors received remuneration during the year (2004: £nil).

The company makes contributions on behalf of its employees into the Lungla (Sylhet) Tea Company Limited Bangladesh Superannuation Fund. This fund provides pensions to the company's employees and employees of fellow subsidiaries operating in Bangladesh on a defined benefit basis. Disclosures relating to the defined benefit scheme can be found in the accounts of The Lungla (Sylhet) Tea Company Limited.

The charge to the profit and loss account for the year ended 31st December 2005 of £33,048 (2004: £33,037) is based upon contributions in the current year.

At 31st December 2005 the fund was valued as follows:

	2005 £	2004 £
Market Value of Assets	1,234,476	1,057,257
Present Value of Liabilities	(1,386,905)	(1,257,451)
Net Pension Scheme deficit	£ (152,429)	£ (200,194)

Valuations were completed by Watson Wyatt India Pvt. Ltd..

8. TAXATION	2005 £	2004 £
(a) Current tax		
UK Corporation tax:		
U.K. Corporation tax at 30% (2004: 30%)	130,756	17,274
Double tax relief	(130,756)	(17,274)
	-	-
Foreign tax:		
Corporation tax	128,569	29,481
Prior year adjustment	-	7,598
Total current tax	128,569	37,079
Deferred tax:		
Overseas	133,470	30,870
Tax on profit on ordinary activities	262,039	67,949

8. TAXATION (continued)

(b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in the UK of 30% and that charged in the accounts are explained below:

	2005	2004
	£	£
Profit on ordinary activities before tax	£627,043	£130,202
Profit on ordinary activities multiplied by 30%	188,113	39,061
Effects of:		
Income not subject to taxation	(83,921)	(7,142)
Fixed asset timing differences	133,470	30,870
Higher tax rates on overseas earnings	24,377	(2,438)
Prior year adjustment	-	7,598
	£262,039	£ 67,949

(c) The results of the company's branch in Bangladesh are subject to local taxation at rates in excess of those charged in the UK. Tax losses in Bangladesh can be carried forward and offset against future profits generated by the branch.

The results of the company are subject to taxation in the UK. Where profits arise UK tax arising can be offset through double tax relief against tax payable in Bangladesh and by losses surrendered by other UK companies. It is group practice to pay for all losses surrendered at the tax rate prevailing in the year of transfer. There are no UK losses carried forward.

9. DIVIDENDS	2005	2004
	£	£
Preference dividend	£ 3,000	£ 3,000

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Total
Cost					
At 1st January 2004	513,562	337,541	72,127	228,795	1,152,025
Currency retranslation	(42,368)	(27,985)	(6,203)	(18,656)	(95,212)
Additions	22,051	17,117	8,357	5,663	53,188
Disposals	-	-	(476)	-	(476)
At 31st December 2004	493,245	326,673	73,805	215,802	1,109,525
Currency retranslation	3,892	2,578	582	1,703	8,755
Additions	21,982	12,808	198	4,891	39,879
At 31st December 2005	£ 519,119	£ 342,059	£ 74,585	£ 222,396	£ 1,158,159
Depreciation provision					
At 1st January 2004	273,843	265,251	55,667	188,078	782,839
Currency retranslation	(22,711)	(22,480)	(4,704)	(15,333)	(65,228)
Provision for the year	13,999	22,702	4,964	4,609	46,274
Disposals	-	-	(455)	-	(455)
At 31st December 2004	265,131	265,473	55,472	177,354	763,430
Currency retranslation	2,092	2,095	438	1,399	6,024
Provision for the year	17,412	21,270	3,831	4,222	46,735
At 31st December 2005	£ 284,635	£ 288,838	£ 59,741	£ 182,975	£ 816,189
Net book value					
At 31st December 2005	£ 234,484	£ 53,221	£ 14,844	£ 39,421	£ 341,970
Net book value					
At 31st December 2004	£ 228,114	£ 61,200	£ 18,333	£ 38,448	£ 346,095

11. BIOLOGICAL ASSETS

	Tea	Other horticulture	Total
Fair value			
At 1 January 2004	1,698,407	622,929	2,321,336
Exchange differences	(137,974)	(52,621)	(190,595)
Increases due to purchases	69,030	5,471	74,501
(Losses)/gains arising from changes in fair value less estimated point-of-sale costs	(36,752)	44,570	7,818
At 1 January 2005	1,592,711	620,349	2,213,060
Exchange differences	9,759	13,199	22,958
Increases due to purchases	79,078	-	79,078
Gains arising from changes in fair value less estimated point-of-sale costs	190,811	19,122	209,933
At 31 December 2005	1,872,359	652,670	2,525,029

Other horticulture comprises rubber production.

Biological assets are carried at fair value less estimated point-of-sale costs. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the directors have made certain assumptions about expected life-span of the plantings, yields, selling prices and costs.

The discount rates used reflect the cost of capital, an assessment of country risk and the risks associated with individual crops. The discount rates used are:

	Tea	Rubber
2005	12.50%	12.00%
2004	12.50%	12.00%

11. BIOLOGICAL ASSETS (continued)

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

	2005 Hectares	2004 Hectares
Tea	1,504	1,464
Rubber	265	261

Output of agricultural produce during the year was:

	2005 Metric tonnes	2004 Metric tonnes
Tea	2,403	2,259
Rubber	190	148

	2005 £	2004 £
Fair value of agricultural output after deducting estimated point-of-sale costs	1,751,785	1,439,339

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

	2005	2004
	£	£
12. INVESTMENTS		
Cost at 1st January	301,283	327,565
Gain/(loss) on currency fluctuation	2,377	(26,282)
At 31st December	£ 303,660	£ 301,283
Investments at cost include:		
Listed on Dhaka Stock Exchange	£ 300,703	£ 298,349
Market value	£ 725,566	£ 830,867
Investments consist of:		
Subsidiaries of group	2,957	2,934
Associates of group	300,703	298,349
	£ 303,660	£ 301,283

13. INVENTORIES

	2005	2004
Stock of tea	195,109	182,355
Stock of rubber	10,855	16,153
Estate stores	67,566	59,029
	£ 273,530	£ 257,537

There was no material difference between the replacement cost and value shown in stocks.

14. TRADE AND OTHER RECEIVABLES

	2005	2004
Due within one year		
Trade debtors	130,719	103,711
Other debtors	6,424	13,423
Amounts owed by group companies	127,585	23,559
Prepayments and accrued income	15,095	12,500
Interest receivable	48	29
Due in more than one year		
Other debtors	13,141	11,835
	£ 293,012	£ 165,057

	2005 £	2004 £
15. TRADE AND OTHER PAYABLES		
Amounts falling due within one year		
Other creditors	147,409	115,613
Amounts owed to group companies	91,181	83,892
Interest payable	15,130	35,424
	£ 253,720	£ 234,929
16. BORROWINGS		
Current:		
Bank overdraft (secured against hypothecation of crop)	739,435	933,959
Term loans secured	28,406	28,903
	767,841	962,862
Non-current:		
Bank loans (secured against property, plant and equipment and biological assets)	74,452	102,052
	£ 842,293	£1,064,914
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	£102,858	£130,955
Amount due beyond five years	£29,137	£35,452
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand (included in Creditors: due within one year)	767,841	962,862
Between 1 - 2 years	22,603	28,183
Between 2 - 5 years	22,712	38,417
After 5 years	29,137	35,452
	£ 842,293	£1,064,914

Interest rates vary from 5% per annum to 11% per annum.

	2005 £	2004 £
17. DEFERRED TAX		
At 1 January	285,167	278,251
Exchange differences	5,744	(23,954)
Charged in income statement	133,470	30,870
At 31 December	£ 424,381	£ 285,167

The deferred tax liability at the start and end of the year relates to timing differences on the fair value of biological assets.

		2005	2004
18.	SHARE CAPITAL	£	£
	Authorised		
	50,000 6% cumulative preference shares of £1 each	*50,000*	*50,000*
	400,000 ordinary shares of £1 each	400,000	400,000
		£ 450,000	£ 450,000
	Allotted, called up and fully paid		
	50,000 6% cumulative preference shares of £1 each	50,000	50,000
	400,000 ordinary shares of £1 each	400,000	400,000
		£ 450,000	£ 450,000
19.	RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
	Profit from operations	465,251	206,645
	Depreciation	46,735	46,274
	Profit on disposal of property, plant and equipment	-	(117)
	Increase/(decrease) in inventories	(13,961)	33,354
	(Increase)/decrease in debtors	(22,794)	75,726
	Increase in creditors	30,884	48,552
	Change in intra-group balances	(97,213)	163,898
	Exchange adjustments on operating profits	8,297	(18,026)
	Cash flow from operating activities	£ 417,199	£ 556,306

		Reserves
20.	RESERVES	£
	At 1st January 2004	1,567,056
	Foreign currency translation (losses)	(170,006)
	Retained profit for year	59,253
	At 31st December 2004	1,456,303
	Foreign currency translation gains	25,253
	Retained profit for year	362,004
	At 31st December 2005	£ 1,843,560

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2004: 15%) is charged when profits are remitted. Cumulative exchange losses amount to £144,753 (2004: £170,006).

		2005	2004
21.	CAPITAL COMMITMENTS		
	Contracted for	£ 111,839	£ 29,409
22.	LEASING COMMITMENTS		
	Total commitment in respect of operating leases are:		
	Land and buildings - leases expires between 2 to 5 years	£ 6,563	£ 7,055
	Other assets - leases expire within one year	8,887	10,893
	- leases expires between 2 to 5 years	2,963	12,148
		£ 11,850	£ 23,041

23. PARENT COMPANY

The ultimate parent company at 31st December 2005 was Camellia Plc which is registered in England and Wales. The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Linton Park, Linton, Maidstone, Kent, ME17 4AB.

24. CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,426,000 ordinary shares of Camellia Plc (representing 50.17 per cent of the issued share capital). Camellia Holding AG is owned by Camellia Private Trust Company Ltd (a private trust company incorporated under the laws of Bermuda to act as trustee of the Camellia Foundation). The Camellia Foundation is a Bermudian Trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the Trustees.

25. RELATED PARTY TRANSACTIONS

The company was credited £98,561 (charged 2004: £72,096) by group companies during the year in respect of inter group sales and recharges which are included within cost of sales.

26. ADJUSTMENTS ON ADOPTION OF IFRS

On adoption of IFRS, the book value of the company's shareholders' equity increased. The following explains the increase of £88,297 as at 1 January 2004:

	£
Biological assets IAS 41 – Agriculture: Requires the company to fair value its biological assets	88,297

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS (continued)

27. RECONCILIATION OF EQUITY AT 1 JANUARY 2004

	Reformatted UK GAAP	Biological assets IAS 41	Restated in accordance with IFRS
	£	£	£
Non-current assets			
Property, plant and equipment	2,323,974	(1,954,788)	369,186
Biological assets	-	2,321,336	2,321,336
Investments	327,565	-	327,565
	2,651,539	366,548	3,018,087
Current assets			
Inventories	316,266	-	316,266
Trade and other receivables	425,277	-	425,277
Cash and cash equivalents	99,721	-	99,721
	841,264	-	841,264
Current liabilities			
Borrowings	(1,220,518)	-	(1,220,518)
Trade and other payables	(201,147)	-	(201,147)
Current income tax liabilities	-	-	-
	(1,421,665)	-	(1,421,665)
Net current liabilities	(580,401)	-	(580,401)
Total assets less current liabilities	2,071,138	366,548	2,437,686
Non-current liabilities			
Borrowings	(142,379)	-	(142,379)
Deferred tax liability	-	(278,251)	(278,251)
	(142,379)	(278,251)	(420,630)
Net assets	1,928,759	88,297	2,017,056
Capital and reserves			
Called up share capital	*450,000*	-	*450,000*
Reserves	1,478,759	88,297	1,567,056
Shareholders' funds	1,928,759	88,297	2,017,056
Total equity	1,928,759	88,297	2,017,056

28. RECONCILIATION OF EQUITY AT 31 DECEMBER 2004

	Reformatted UK GAAP	Biological assets IAS 41	Restated in accordance with IFRS
	£	£	£
Non-current assets			
Property, plant and equipment	2,214,611	(1,868,516)	346,095
Biological assets	-	2,213,060	2,213,060
Investments	301,283	-	301,283
	2,515,894	344,544	2,860,438
Current assets			
Inventories	257,537	-	257,537
Trade and other receivables	165,057	-	165,057
Cash and cash equivalents	231,223	-	231,223
	653,817	-	653,817
Current liabilities			
Borrowings	(962,862)	-	(962,862)
Trade and other payables	(234,929)	-	(234,929)
Current income tax liabilities	(22,942)	-	(22,942)
	(1,220,733)	-	(1,220,733)
Net current liabilities	(566,916)	-	(566,916)
Total assets less current liabilities	1,948,978	344,544	2,293,522
Non-current liabilities			
Borrowings	(102,052)	-	(102,052)
Deferred tax liability	-	(285,167)	(285,167)
	(102,052)	(285,167)	(387,219)
Net assets	1,846,926	59,377	1,906,303
Capital and reserves			
Called up share capital	450,000	-	450,000
Reserves	1,396,926	59,377	1,456,303
Shareholders' funds	1,846,926	59,377	1,906,303
Total equity	1,846,926	59,377	1,906,303

29. RECONCILIATION OF PROFIT FOR THE YEAR ENDED 31 DECEMBER 2004

	Reformatted UK GAAP £	Biological assets IAS 41 £	Restated in accordance with IFRS £
Revenue - continuing operations	1,434,652	-	1,434,652
Cost of sales	(1,063,042)	-	(1,063,042)
Gross profit	371,610	-	371,610
Net operating expenses	(164,965)	-	(164,965)
Operating profit - continuing operations	206,645	-	206,645
Gains arising from changes in fair value of biological assets	-	7,818	7,818
Investment income	26,193	-	26,193
Bank interest receivable	595	-	595
Interest on bank loans and overdrafts	(111,049)	-	(111,049)
Profit on ordinary activities before taxation	122,384	7,818	130,202
Taxation on ordinary activities	(37,079)	(30,870)	(67,949)
Profit on ordinary activities after taxation	85,305	(23,052)	62,253
Preference dividend	(3,000)	-	(3,000)
Retained profit for year	82,305	(23,052)	59,253

THE ALLYNUGGER TEA COMPANY, LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the financial year. The directors consider that in preparing the accounts, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. In addition the directors confirm that the going concern basis is appropriate and all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT
to the Shareholders of The Allynugger Tea Company, Limited

We have audited the financial statements of The Allynugger Tea Company, Limited for the year ended 31st December 2005 set out on pages four to twenty-three. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages eight to ten.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

- give a true and fair view in accordance with IFRSs of the state of the company's affairs as at 31st December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Moore Stephens LLP

MOORE STEPHENS LLP

Chartered Accountants
and Registered Auditors

22nd June 2006