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THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

REPORT AND ACCOUNTS

31st December 2010

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

Incorporated 1895

SHARE CAPITAL

Authorised		Issued
£ 900,000	In ordinary shares of £1 each	£ 900,000

Directors	P J FIELD A K MATHUR, F C A A R BHUIYA I AHMED
Company Secretary	A K MATHUR, F C A
Independent Auditors	PRICEWATERHOUSECOOPERS LLP CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS 1 EMBANKMENT PLACE LONDON WC2N 6RH
Registered Office	LINTON PARK LINTON MAIDSTONE KENT ME17 4AB
Registered Number	44242

'THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31 December 2010

Principal Activities

The principal activity of the company is the growing and manufacturing of tea and rubber in Bangladesh

Results and dividends

The profit for the year amounted to £3,137,073 (2009 £1,183,802) A dividend of £890,000 (2009 £Nil) was paid during the year

Directors

The directors of the company, who are listed on page one, were all directors for the year and remain in office
Mr M D Conway resigned as director and company secretary on 29th March 2011, and Mr A K Mathur was appointed as company secretary in his place

Review of business and changes in corporate structure

The company is part of the Camellia Plc group and undertakes its principal activities through a branch in Bangladesh

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations
Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are not aware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information

Independent Auditors

PricewaterhouseCoopers LLP have indicated that they will be seeking re-appointment as auditor at the forthcoming annual general meeting

This report was approved by order of the board on 12th July 2011

A K Mathur
Company Secretary

Independent auditors' report
to the members of The Lungla (Sylhet) Tea Company, Limited

We have audited the financial statements of The Lungla (Sylhet) Tea Company, Limited for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

John Waters (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

15th July 2011

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2010

	Note	2010 £	2009 £
Revenue - continuing operations	2	7,039,473	4,821,843
Cost of sales		(3,205,810)	(2,780,622)
Gross profit		3,833,663	2,041,221
Net operating expenses	4	(282,623)	(310,139)
Operating profit - continuing operations	3	3,551,040	1,731,082
Gains arising from changes in fair value of biological assets	10	1,383,403	173,541
Investment income	5	12,661	7,121
Finance income	6	45,607	29,598
Finance costs	6	(65,980)	(92,035)
Pension scheme net financing income	6	(13,001)	62,072
Profit on ordinary activities before taxation		4,913,730	1,911,379
Taxation	8	(1,776,657)	(727,577)
Retained profit for the year		3,137,073	1,183,802
Other comprehensive income			
Foreign exchange translation differences		83,743	(854,272)
Actuarial movement on defined benefit pension scheme		68,944	(676,735)
Movement on deferred tax relating to pension scheme		(25,854)	253,776
Total comprehensive income for the period		3,263,906	(93,429)

BALANCE SHEET
as at 31st December 2010

	Note	2010		2009	
NON-CURRENT ASSETS		£	£	£	£
Property, plant and equipment	9		1,151,689		1,044,623
Biological assets	10		8,265,479		6,685,484
Investments	11		133,150		131,357
Retirement benefit Assets	17		371,672		279,136
			9,921,990		8,140,600
CURRENT ASSETS					
Inventories	12	704,490		785,103	
Trade and other receivables	13	1,573,049		1,212,872	
Cash at bank and in hand		2,733,084		1,844,710	
		5,010,623		3,842,685	
CURRENT LIABILITIES					
Borrowings	14	975,468		1,397,604	
Trade and other payables	15	547,610		783,926	
Corporation tax		1,163,553		575,093	
		2,686,631		2,756,623	
NET CURRENT ASSETS			2,323,992		1,086,062
TOTAL ASSETS LESS CURRENT LIABILITIES			12,245,982		9,226,662
NON-CURRENT LIABILITIES					
Borrowings	14	128,141		128,498	
Deferred tax liabilities	16	1,919,092		1,326,716	
Retirement benefit liabilities	17	586,500		533,130	
Other non-current liabilities		1,813		1,788	
			2,635,546		1,990,132
NET ASSETS			9,610,436		7,236,530
EQUITY					
Called up share capital	18		900,000		900,000
Reserves			8,710,436		6,336,530
			9,610,436		7,236,530

The notes on pages 8 to 24 form part of the financial statements

Approved on 12th July 2011 by the board of directors and signed on their behalf by

A K MATHUR
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2010

	Called up Share Capital £	Reserves £	Total Equity £
At 1 January 2009	900,000	6,429,959	7,329,959
Comprehensive income for the period	-	(93,429)	(93,429)
At 1 January 2010	900,000	6,336,530	7,236,530
Dividend payable	-	(890,000)	(890,000)
Comprehensive income for the period	-	3,263,906	3,263,906
At 31 December 2010	900,000	8,710,436	9,610,436

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh Withholding tax at the rate of 15% (2009 15%) is charged when profits are remitted Cumulative exchange gains amount to £437,995 (2009 £367,550)

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

CASH FLOW STATEMENT
for the year ended 31st December 2010

	Note	2010	2009
		£	£
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	19	3,281,375	1,442,685
Interest paid		(66,925)	(92,654)
Interest received		40,803	24,413
Income taxes paid		(619,236)	(445,923)
Net cash flow from continuing operating activities		2,636,017	928,521
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(287,084)	(150,584)
Purchases of biological assets		(139,989)	(112,162)
Proceeds from sale of property, plant and equipment		5,318	514
Dividends received from associates		12,661	7,121
Net cash flow from investing activities		(409,094)	(255,111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance Leases received		52,397	64,678
Loan repayments		(12,408)	(13,778)
Finance lease repayments		(42,203)	(36,641)
Dividend Paid		(890,000)	-
Net cash flow from financing activities		(892,214)	14,259
Net increase in cash and cash equivalents		1,334,709	687,669
Cash and cash equivalents at beginning of period		497,212	(187,756)
Exchange losses on cash		(23,568)	(2,701)
Cash and cash equivalents at end of period		1,808,353	497,212

Cash and cash equivalents included in the cash flow statement comprise the following -

	2010	2009
Cash at bank and in hand	2,733,084	1,844,710
Bank Overdraft	(924,731)	(1,347,498)
	1,808,353	497,212

1 ACCOUNTING POLICIES

The principal accounting policies in the preparation of these financial statements are set out below These policies have been consistently applied to all years presented, unless otherwise stated

a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The company has a registered branch in Bangladesh, the trading results of which are consolidated and presented in these financial statements

b) 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 statement of comprehensive income 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

c) 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 Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer

d) Property, plant and equipment

Property, plant and equipment 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 statement of comprehensive income during the financial period in which they are incurred Deprecation of assets is calculated to write off their cost less residual value on a straight line basis over their expected useful lives

Rates of depreciation are -

Buildings	3% to 20%
Plant, machinery and vehicles	7% to 13%
Fixtures, fittings, tools and equipment	5% to 10%

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 statement of comprehensive income

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term

1 ACCOUNTING POLICIES (continued)

e) 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 statement of comprehensive income in the year in which they arise All costs of planting, upkeep and maintenance of biological assets are set against the fair value movement

f) Investments

Investments in group and associated companies are included at cost

g) 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)

h) 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 statement of comprehensive income 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

i) 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 statement of comprehensive income

j) 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

1 ACCOUNTING POLICIES (continued)

k) 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

l) 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 statement of comprehensive income 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 company 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 is is probable that future taxable profit will be available against which the temporary differences can be utilised

m) Fincancial Instruments

Financial risk management policies are set by the Board 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 finance is 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

1 ACCOUNTING POLICIES (continued)

n) Employee benefits

The company operates a defined benefit pension scheme on behalf of its own employees and those of certain group companies The net deficit in respect of the whole scheme is recorded in the accounts of this company The scheme is funded through payments to a trustee-administered fund

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified independent actuaries using the "projected unit" funding method

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets Independent actuaries calculate the obligation annually using the "projected unit" funding method Actuarial gains and losses are recognised in full in the period in which they occur They are not recognised in the statement of comprehensive income and are presented in the statement of changes in shareholders' equity As permitted under IFRS 1 all actuarial gains and losses as at 1 January 2004, the date of transition to IFRS, were recognised for the plan

o) New and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2010

IFRIC 17 Distribution of non-cash assets to owners - effective on or after 1 July 2009

The interpretation was published in November 2008 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable

IFRS 5 (amendment) Non-current assets held for sale and discontinued operations - effective from 1 January 2010

The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty)

1 ACCOUNTING POLICIES (continued)

p) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2011 or later periods, but the company has not early adopted them

IFRS 9 Financial instruments - effective from 1 January 2013

This standard is the first step in the process to replace IAS 39, 'Financial instruments recognition and measurement' IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the company's accounting for its financial assets The standard is not applicable until 1 January 2013 but is available for early adoption However, the standard has not yet been endorsed by the EU

IAS 24 (revised) Related party disclosures - effective from 1 January 2011

It supersedes IAS 24, 'Related party disclosures' issued in 2003 IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 Earlier application, in whole or in part, is permitted However, the standard has not yet been endorsed by the EU The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities The company will apply the revised standard from 1 January 2011 When the revised standard is applied, the company will need to disclose any transactions between its associates The company is currently putting systems in place to capture the necessary information It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on related party disclosures

IFRIC 14 (amendment) Prepayments of a minimum funding requirement - effective from 1 January 2011

The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions This was not intended when IFRIC 14 was issued, and the amendments correct this The amendments are effective for annual periods beginning 1 January 2011 Earlier application is permitted The amendments should be applied retrospectively to the earliest comparative period presented The company will apply these amendments for the financial reporting period commencing on 1 January 2011

THE LUNGLA (SYLHET) TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

		2010	2009
2	REVENUE	£	£
	Bangladesh		
	Tea Sales	5,938,056	4,317,910
	Rubber Sales	1,101,417	503,933
		7,039,473	4,821,843
3	OPERATING PROFIT		
	Is stated after charging		
	Depreciation of tangible assets	186,798	162,537
	Remuneration of the auditors	2,597	2,224
	Land rent	13,936	11,840
	Employee costs	1,362,736	1,141,125
4	NET OPERATING EXPENSES		
	Administrative expenses	316,587	334,619
	Exchange gain	(4,928)	423
	Sundry receipts	(29,036)	(24,903)
		282,623	310,139
5	INVESTMENT INCOME		
	Income from listed investments	12,661	7,121
6	FINANCE COSTS		
	Interest payable		
	Bank loans and overdrafts	48,366	76,156
	Finance leases	17,614	15,879
		65,980	92,035
	Pension liability interest cost	203,023	176,625
	Expected return on pension asset	(190,022)	(238,697)
		13,001	(62,072)
	Bank interest receivable	(45,607)	(29,598)
	Net financing costs	33,374	365

7 EMPLOYEES AND DIRECTORS

	2010	2009
Staff costs -	£	£
Wages and salaries	1,257,972	1,061,477
Pension costs	104,764	79,648
	1,362,736	1,141,125
	Number	Number
The monthly average number of persons employed by the company was	6,398	6,397

Total remuneration paid to Mr I Ahmed and Mr A R Bhuya amounted to £107,333 (2009
The emoluments of the other directors are disclosed in the accounts of the ultimate holding company, Camellia Plc

8 TAXATION

(a) Current tax

	2010	2009
UK Corporation tax at 28% (2009 28%)	888,228	445,074
Group relief	(888,228)	(445,074)
	-	-
Foreign corporation tax	1,214,880	608,290
Total current tax	1,214,880	608,290
Deferred tax		
Overseas	561,777	119,287
Tax on profit on ordinary activities	1,776,657	727,577

(b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in the UK of 28% (2009 28%) and that charged in the accounts are explained below

	2010	2009
Profit on ordinary activities before tax	4,913,730	1,911,379
Profit on ordinary activities at 28% (2009 28%)	1,375,844	535,186
Effects of		
Expenditure not deductible for tax purposes	24,861	28,188
Income not subject to taxation	(88,637)	(12,853)
Adjustment in respect of prior years	-	(3,277)
Higher tax rates on overseas earnings	464,589	180,333
	1,776,657	727,577

(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 There are no UK losses carried forward

9 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and Machinery	Vehicles	Fixtures Fittings Tools and Equipment	Total
	£	£	£	£	£
Cost					
At 1st January 2009	1,780,631	888,637	605,843	679,323	3,954,434
Currency retranslation	(204,283)	(101,980)	(72,348)	(77,950)	(456,561)
Additions	28,054	14,901	96,507	11,122	150,584
Disposals	-	-	(5,977)	-	(5,977)
At 1st January 2010	1,604,402	801,558	624,025	612,495	3,642,480
Currency retranslation	20,558	7,302	7,457	8,165	43,482
Additions	58,904	159,979	59,631	8,570	287,084
Disposals	-	-	(12,983)	-	(12,983)
At 31st December 2010	1,683,864	968,839	678,130	629,230	3,960,063
Accumulated depreciation					
At 1st January 2009	956,506	844,691	446,987	513,412	2,761,596
Currency retranslation	(111,057)	(97,426)	(53,180)	(59,150)	(320,813)
On disposals	-	-	(5,463)	-	(5,463)
Provision for the year	52,673	28,088	66,587	15,189	162,537
At 1st January 2010	898,122	775,353	454,931	469,451	2,597,857
Currency retranslation	10,791	9,913	4,686	5,994	31,384
On disposals	-	-	(7,665)	-	(7,665)
Provision for the year	64,584	29,427	74,635	18,152	186,798
At 31st December 2010	973,497	814,693	526,587	493,597	2,808,374
Net book value					
At 31st December 2010	710,367	154,146	151,543	135,633	1,151,689
Net book value					
At 31st December 2009	706,280	26,205	169,094	143,044	1,044,623

10 BIOLOGICAL ASSETS	Tea	Other horticulture	Total
	£	£	£
Fair value			
At 1st January 2009	4,398,647	2,837,307	7,235,954
Exchange differences	(506,382)	(329,791)	(836,173)
Increases due to purchases	95,696	16,466	112,162
Gains arising from changes in fair value less estimated point-of-sale costs	23,330	150,211	173,541
At 1st January 2010	4,011,291	2,674,193	6,685,484
Exchange differences	35,088	21,515	56,603
Increases due to purchases	117,748	22,241	139,989
Gains arising from changes in fair value less estimated point-of-sale costs	746,764	636,639	1,383,403
At 31st December 2010	£ 4,910,891	£ 3,354,588	£ 8,265,479

Other horticulture comprises rubber production

Biological assets are carried at fair value obtained by professional valuations at the year end

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

	2010 Hectares	2009 Hectares
Tea	2,927	2,920
Rubber	1,150	1,126

Output of agricultural produce during the year was	Metric tonnes	Metric tonnes
Tea	3,362	3,509
Rubber	496	467

	£	£
Fair value of agricultural output after deducting estimated point-of-sale costs	6,428,520	4,698,880

		2010	2009
11	INVESTMENTS	£	£
	Cost at 1st January	135,803	153,307
	Currency fluctuation	1,854	(17,504)
	At 31st December	137,657	135,803
	Provision for diminution in value at 1st January	(4,446)	(5,019)
	Currency fluctuation	(61)	573
	At 31st December	(4,507)	(4,446)
	Net book value at 31st December	133,150	131,357
	Investments at cost include		
	Listed on Dhaka Stock Exchange	115,145	113,595
	Market value	2,895,052	1,887,716
	Investments at cost consist of		
	Subsidiaries of group	18,005	17,762
	Associates of group	115,145	113,595
		133,150	131,357
12	INVENTORIES		
	Stock of tea	472,807	533,936
	Stock of rubber	89,536	92,737
	Estate stores	142,147	158,430
		704,490	785,103

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

		2010	2009
13	TRADE AND OTHER RECEIVABLES		
	Due within one year		
	Trade debtors	463,879	575,406
	Other debtors	213,116	191,841
	Amounts owed by group companies	673,127	286,028
	Prepayments and accrued income	28,614	28,136
	Interest receivable	11,839	7,048
		1,390,575	1,088,459
	Due in more than one year		
	Other debtors	182,474	124,413
		1,573,049	1,212,872

No provision for bad debts was made at 31 December 2010 (2009 £nil) No trade debtors were past their due date at 31 December 2010 (2009 £nil)

	2010	2009
14 BORROWINGS	£	£
Current		
Bank overdraft (secured against hypothcation of crop)	924,731	1,347,498
Term loans secured	10,840	11,963
Finance leases	39,897	38,143
	975,468	1,397,604
Non-current		
Bank loans (secured against property, plant and equipment and biological assets)	57,618	67,537
Finance leases	70,523	60,961
	1,103,609	1,526,102
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	68,458	79,499
Amount due beyond five years	16,745	23,932
The repayments of bank loans and overdrafts fall due as follows		
Within 12 months or on demand	935,571	1,359,461
Between 1 - 2 years	11,973	12,112
Between 2 - 5 years	28,901	31,493
After 5 years	16,744	23,932
	993,189	1,426,998
The repayments of minimum finance leases payments fall due as follows		
Within 12 months or on demand	52,460	38,143
Between 1 - 2 years	34,389	39,115
Between 2 - 5 years	48,700	23,932
	135,549	101,190
Future finance charges on finance leases	(25,129)	(2,086)
Present value of finance lease liabilities	110,420	99,104
The present value of finance lease liabilities fall due as follows		
Within 12 months or on demand	39,897	38,143
Between 1 - 2 years	36,181	39,115
Between 2 - 5 years	34,342	21,846
	110,420	99,104

Interest rates vary from 9% per annum to 11% per annum

	2010	2009
15 TRADE AND OTHER PAYABLES		
Amounts falling due within one year		
Trade and other creditors	504,531	419,534
Amounts owed to group companies	39,066	359,522
Interest payable	4,013	4,870
	547,610	783,926

	2010	2009
16 DEFERRED TAX	£	£
The net movement on the deferred tax account is set out below		
At 1 January	1,326,716	1,644,200
Exchange differences	4,745	(182,995)
Charged to statement of comprehensive income	561,777	119,287
Charged/(credited) to equity	25,854	(253,776)
At 31 December	1,919,092	1,326,716

The movement in deferred tax assets and liabilities during the year is set out below

Deferred tax liabilities	Pension scheme liability	Accelerated tax depreciation	Total
	£	£	£
At 1 January 2009	(286,142)	(1,488,534)	(1,774,676)
Exchange differences	27,166	173,709	200,875
Charged to statement of comprehensive income	(20,189)	(107,138)	(127,327)
Credited to equity	174,484	-	174,484
At 1st January 2010	(104,681)	(1,421,963)	(1,526,644)
Exchange differences	(665)	(6,416)	(7,081)
Charged to statement of comprehensive income	(19,879)	(571,272)	(591,151)
Charged to equity	(14,154)	-	(14,154)
At 31 December 2010	(139,379)	(1,999,651)	(2,139,030)
Deferred tax asset offset			219,938
Net deferred tax liability after offset			(1,919,092)

Deferred tax assets	Pension Scheme asset	Total
	£	£
At 1 January 2009	130,476	130,476
Exchange differences	(17,880)	(17,880)
Credited to statement of comprehensive income	8,040	8,040
Credited to equity	79,292	79,292
At 1 January 2010	199,928	199,928
Exchange differences	2,336	2,336
Credited to statement of comprehensive income	29,374	29,374
Charged to equity	(11,700)	(11,700)
At 31 December 2010	219,938	219,938
Offset against deferred tax liabilities		(219,938)
Net deferred tax asset after offset		-

17 RETIREMENT BENEFIT OBLIGATIONS

Defined benefit scheme

The company operates a funded defined benefit pension scheme on behalf of itself and its associated companies The assets of this scheme are administered by trustees and are kept separate from those of the company Actuarial valuation of the scheme has been updated to 31 December 2010 by qualified independent actuaries

Assumptions

The major assumptions used in this valuation to determine the present value of the schemes' defined benefit obligations were as follows

	2010 per annum	2009 per annum
Rate of increase in salaries	7 00%	7 00%
Discount rate applied to scheme liabilities	9 00%	8 75%

The major assumptions used to determine the expected future return on the scheme's assets were as follows

	per annum	per annum
Debt securities	9 00%	12 50%
Cash	9 00%	12 50%

Actuarial valuations	£	£
Debt securities	1,121,136	1,018,865
Cash	1,121,136	1,018,866
Total fair value of plan assets	2,242,272	2,037,731
Present value of defined benefit obligations	(2,457,100)	(2,291,725)
Total deficit in the scheme	(214,828)	(253,994)
Amount recognised as asset in the balance sheet	371,672	279,136
Amount recognised as liability in the balance sheet	(586,500)	(533,130)
	(214,828)	(253,994)
Related deferred tax asset - see note 16	219,938	199,928
Related deferred tax liability - see note 16	(139,379)	(104,681)
Net deficit	(349,097)	(412,741)

Movements in the fair value of scheme assets were as follows

	2010	2009
At 1 January	2,037,731	2,079,225
Expected return on plan assets	190,022	238,697
Employer contributions	80,961	97,017
Benefit payments	(84,949)	(96,276)
Actuarial loss	(5,193)	(36,416)
Exchange movement	23,700	(244,516)
At 31 December	2,242,272	2,037,731

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

Movements in the present value of defined benefit obligations were as follows	2010 £	2009 £
At 1 January	(2,291,725)	(1,664,100)
Current service cost	(93,280)	(58,955)
Interest cost	(203,023)	(176,625)
Benefit payments	84,949	96,276
Actuarial gain/(loss)	74,137	(640,319)
Exchange movement	(28,158)	151,998
At 31 December	(2,457,100)	(2,291,725)

Income statement

The amounts recognised in statement of comprehensive income are as follows

Amounts charged to operating profit		
Current service cost	(93,280)	(58,955)
Past service cost	-	-
Total operating charge	(93,280)	(58,955)
Amounts (charged)/credited to other finance costs		
Expected return on pension scheme assets	190,022	238,697
Interest on pension scheme liabilities	(203,023)	(176,625)
Net financing (cost)/income	(13,001)	62,072
Total (charged)/credited to statement of comprehensive income	(106,281)	3,117

Actuarial gains and losses recognised in the statement of other comprehensive income

The amounts included in the statement of recognised income and expense were

Actual return less expected return on pension scheme assets	(5,193)	(36,416)
Experience gain/(losses) arising on scheme liabilities	74,137	(640,319)
Actuarial gain/(loss)	68,944	(676,735)
Taxation on actuarial movement	(25,854)	253,776
Net actuarial gain/(loss) recognised	£ 43,090	£ (422,959)

History of experience gains and losses

	2010	2009	2008	2007	2006
Difference between expected and actual return on scheme assets					
Amount (£)	(5,193)	(36,416)	(1,889)	15,728	43,000
Percentage of scheme assets	(0 23%)	(1 79%)	(0 09%)	1 19%	3 59%
Experience gains and losses on scheme liabilities					
Amount (£)	74,137	(640,319)	(101,135)	(54,174)	450,379
Percentage of present value of scheme liabilities	3 02%	(27 94%)	(6 08%)	(5 40%)	50 96%
Total amount recognised					
Amount (£)	68,944	(676,735)	(103,024)	(38,446)	493,379
Percentage of present value of scheme liabilities	2 81%	(29 53%)	(6 19%)	(3 83%)	55 82%

		2010	2009
18	CALLED UP SHARE CAPITAL	£	£
	Authorised, allotted, and fully paid		
	900,000 shares of £1 each	900,000	900,000
19	RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
	Profit from operations	3,551,040	1,731,082
	Depreciation	186,798	162,537
	Retirement benefits	26,553	56,314
	Decrease in inventories	93,454	44,860
	Decrease/(increase) in debtors	45,297	(273,594)
	Increase/(decrease) in creditors	81,115	(12,743)
	Change in intra-group balances	(725,047)	(261,673)
	Exchange adjustments	22,165	(4,098)
	Cash flow from operating activities	3,281,375	1,442,685
20	CAPITAL COMMITMENTS		
	Contracted for	221,203	Nil
21	LEASING COMMITMENTS		
	Total commitment in respect of operating leases are		
	Land and buildings -		
	lease expires after more than five years	13,936	11,840

22 FINANCIAL INSTRUMENTS

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance The capital structure of the company consists of debt, which includes the borrowings disclosed in note 14, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings

Categories of financial instruments	Carrying value	
	2010	2009
Financial assets	£	£
Cash at bank and in hand	2,733,084	1,844,710
Trade and other receivables	1,544,435	1,184,737
Investments	133,150	131,357
	4,410,669	3,160,804
Financial liabilities		
Trade and other payables	549,423	785,714
Borrowings	1,103,609	1,526,102
	1,653,032	2,311,816

Financial risk management objectives

The company finances its operations by a mixture of retained profits, bank borrowings and long-term loans The objective is to maintain a balance between continuity of funding and flexibility, through the use of borrowings To achieve this, the borrowings and facilities are regularly reviewed The company also seeks to maintain sufficient undrawn committed borrowing facilities to provide flexibility in the management of the company's liquidity

(A) Market risk

(i) Foreign exchange risk

The company has no material exposure to foreign currency exchange risk on trading activities

(ii) Price risk

The company's exposure to price risk is not significant

(iii) Cash flow and interest rate risk

The company's interest rate risk arises from interest-bearing assets and short and long-term borrowings Borrowings issued at variable rates expose the company to cash flow interest rate risk The company has no fixed rate exposure

(B) Credit risk

The company has policies in place to limit its exposure to credit risk Credit risk arises from cash at bank, as well as credit exposures to customers, including outstanding receivables and committed transactions Management assesses the credit quality of the customer taking into account its financial position, past experience and other factors and monitors the utilisation of credit limits regularly

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors The company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

23 PARENT COMPANY

The ultimate parent company at 31st December 2010 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

24 RELATED PARTY TRANSACTIONS

There were transactions with group companies during the year of £16,225 (2009 £288,288) in respect of inter group sales and recharges which are included within revenue and cost of sales