

NOTICE IS HEREBY GIVEN that the ninety-fifth Annual General Meeting of the Members of Camellia Investments PLC will be held at the Westminster Suite, Athenaeum Hotel, 116 Piccadilly, London, W.1, on Monday, the 25th day of April, 1983 at 11.00 a.m. for the following purposes:

- (1) To receive the Report of the Directors, Financial Statements and Auditors' Report for the year ended 31st December, 1982 (Resolution 1).
- (2) To declare a Dividend (Resolution 2).
- (3) To re-elect a Director, Mr. G. Fox (Resolution 3).
- (4) To re-appoint the Auditors and to authorise the Directors to fix their remuneration (Resolution 4).
- (5) To transact such other business as may be brought before the Meeting.

By Order of the Board

R. J. S. OTTEN

Secretary

3 Queen Street Mayfair,
London W1X 7PH

8th March, 1983

Notes

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, and, on a poll, vote instead of him. A proxy need not also be a member of the Company. Forms of proxy must be deposited at the Company's Registrars at least 48 hours before the time of the Meeting.
- (2) There are no contracts of service with Directors.



Camellia Investments Plc

The authorised share capital is £300,000 in 3,000,000 shares of 10p each, of which 2,535,225 shares were in issue at 31st December, 1982.

Directors:	G. FOX, C.A., R.I.A. Chairman (Canadian) D. M. BACON, F.C.A. Managing Director D. F. H. GEEN D. W. JÖHR (Swiss)
Secretary:	R. J. S. OTTEN, F.C.A.
Bankers:	NATIONAL WESTMINSTER BANK PLC 332 High Holborn, London WC1V 7PS
Auditors:	TOUCHE ROSS & CO. Hill House, 1 Little New Street, London EC4A 3TR
Solicitors:	TRAVERS SMITH, BRAITHWAITE & CO. 6 Snow Hill, London EC1A 2AL
Registered Office:	3 Queen Street Mayfair, London W1X 7PH
Registered in England	No. 29559
Registrars:	DUNCAN LAWRIE LIMITED 1 Hobart Place, London SW1W 0HU

Report of the Directors

The Directors submit their report and the audited financial statements of the Group for the year ended 31st December, 1982

Principal Activities

The Company, either directly or through subsidiary companies, continues to carry on the business of an investment holding company with principal interests in tea estates, publishing, oriental and fine art, and philately.

Turnover and Profits

The turnover of the Group and the profits before taxation and before net realised gains on sale of investments were as follows:

Activities	<u>Turnover</u>		<u>Profits</u>	
	1982 £	1981 £	1982 £	1981 £
Sales of oriental and fine art and postage stamps	994,754	1,563,504	27,592	55,833
Income from quoted investments and sundry income	379,734	398,578	116,606	114,401
	<u>£1,374,488</u>	<u>£1,962,082</u>	<u>£144,198</u>	<u>£170,234</u>

Exports

The Group's exports from the U.K. during the year amounted to £577,285 (1981—£1 068,459). The exports were to the following continents in the stated percentages:

	1982 %	1981 %
Europe	29	26
North America	52	46
Asia	2	8
Others	17	20
	<u>100</u>	<u>100</u>

Donations

The Group made donations to charities amounting to £3,092 during the year.

Dividend

If the final dividend now recommended by the Directors is approved at the Annual General Meeting, dividend warrants payable on 25th April, 1983 will be posted to shareholders on the register as at 3.00 p.m. on 5th April, 1983.

An Interim dividend of 3p per share was paid to shareholders on 28th October, 1982.

Camellia Investments Plc

Report of the Directors continued

Directors

The Directors and their interests, including those of their families, according to the register maintained pursuant to Section 29 of the Companies Act, 1967, were as follows:

	Ordinary Shares of 10p each			
	1st January, 1982		31st December, 1982	
	Non-Beneficial	Beneficial	Non-Beneficial	Beneficial
G. Fox (Canadian)	1,265,000	—	1,265,000	—
D. M. Bacon - Personal Holding	—	96,000	—	96,000
D. M. Bacon - Family Holding	—	3,000	—	3,000
D. F. H. Geen	—	25,000	—	25,000
D. W. Jöhr (Swiss)	—	2,500	—	2,500

There have been no changes between 31st December, 1982 and 8th March, 1983.

Mr. G. Fox retires as a Director in accordance with the Articles of Association of the Company and, being eligible, offers himself for re-election.

The Directors had no interest in transactions or arrangements during the year except as disclosed in Note 17 to the financial statements.

Substantial Interests

The Board is not aware of any person, other than a Director, who is interested in 5 per cent or more of the issued share capital of the Company.

Accounting Standards

The Group follows the policy of including in the financial statements only the dividends received from companies which would be regarded as associated companies within the requirements of the Statement of Standard Accounting Practice No. 1 (Accounting for the results of Associated Companies) as in the view of the Directors it is misleading to do otherwise.

The Directors have carefully considered the application of current cost accounting to the Group. The necessary current cost information that would be required in relation to the Group's interests in its associates and the non consolidated subsidiary to enable the Group to comply with the Statement of Standard Accounting Practice No. 16 (Current Cost Accounting) is not available. Because of the significance of these interests it is the opinion of the Directors that it is impossible for the Group to produce meaningful current cost financial statements.

Status of the Company

In the opinion of the Directors, the Company is not a close company within the meaning of the Income and Corporation Taxes Act, 1970. There has been no change in the status subsequent to 31st December, 1982.

Auditors

Touche Ross & Co. have expressed their willingness to continue in office as auditors, and a resolution to this effect will be proposed at the Annual General Meeting on 25th April, 1983.

By Order of the Board

Rupert Otten R. J. S. OTTEN
Secretary

8th March, 1983

Chairman's Statement

Introduction

I am pleased to present to you the Chairman's statement and the financial statements for the year ended 31st December, 1982.

Largely due to the absence of any major realised capital gains in 1982, our profits are lower than those for 1981. Consistent with our past practice these results do not reflect our proportion of the operating profits of associates in excess of dividends received, and therefore do not reflect the exceptional increase in profits recorded by Lawrie Plantation Holdings in 1981 over the previous year. Modest additions to our permanent collections of both rare manuscripts and stamps continue, but otherwise there was little change in our investment portfolio. In Canada, despite the deepening recession, International Factors Corporation, through its subsidiary enjoyed excellent results. Its associate, International Mercantile Factors is at present far and away the most dynamic and profitable factoring company in Canada.

Revenue and Dividend

Pre-tax operating profits of £144,289 for the year under review were lower than those of the previous year due to the absence, as mentioned above, of any significant realised gains for the year to 31st December, 1982. Profit after taxation and minorities is £229,352. The Directors recommend a final dividend of 4p per share which, together with the interim of 3p per share, results in an increased total dividend of 7p per share compared to the previous year's dividend of 6p per share.

Agriculture

Our broadly based agricultural interests which flow from our investments in Lawrie Plantation Holdings and Jatel enjoyed excellent results, and the future outlook continues to be promising. Tea prices in particular are very strong relative to the past five years, and for the time being the statistical position continues favourable to producers. Both Lawrie Plantation Holdings and Jatel are in excellent financial condition with substantial liquidity and useful investments in United States listed companies.

Publishing

There has been no reduction in the particularly difficult trading conditions in the publishing industry. In the event the profit before taxation of Routledge & Kegan Paul for the year ended 31st March, 1982, fell marginally to £141,863 and only due to a more favourable tax position did the profit after taxation and minorities rise to £157,425 from the former year's figure of £139,861. The year's dividend remained the same in total, but with the announcement of the interim figures for the six months to 30th September, 1982, the interim dividend was passed. For the six months to 30th September, 1982, a loss of £20,404 was incurred, and the prospects for the year to 31st March, 1983, are for little improvement at best. A real contraction in the market for academic and educational books has had a severe impact on U.K. sales in particular and, as a result, Routledge & Kegan Paul are looking more and more to overseas markets and adding to their range of titles with a world-wide appeal.

Chairman's Statement *continued*

Fine Art, Philately and Antiquities

In my Chairman's statement last year I indicated concern regarding the trading outlook for these activities. Although both turnover and profits for fine arts were lower than the record levels earned in 1981, they were, nonetheless, satisfactory bearing in mind the prevailing economic conditions so that we were pleased with the results. Our philatelic activities continue to suffer as a result of the extremely poor conditions prevailing in the trade. We have accordingly taken, and continue to take, strong measures to adjust to these conditions, and we anticipate that the benefit from the steps we have taken will be reflected in a notable improvement in profitability in the medium term. In accordance with our earlier stated policy we continue to reduce our inventory of oriental antiquities.

Outlook

Camellia continues its policy of cautious and careful investment which the Board consider appropriate for an investment holding company in the present turbulent conditions of financial markets. The twin major dangers which I foresaw in last year's statement, namely the vulnerability of the banks in the face of unjustified lending policies and the dislocations resulting from the disintegration of OPEC, have come to pass. In the light of these developments our conservatism has proved to be very much in shareholders' best interests. We have, however, not been idle and downstream we have undertaken substantial investments in leading companies in the U.S., both in specialised machinery and diamond cutting, each of which industry has suffered from extremely difficult trading conditions in the past two years. Both these industries are now showing the first signs of a possible improvement in their fortunes and as our investments are in companies which are world renowned in their respective fields, our timing could prove to be fortuitous if the economic turn around in the United States, predicted by so many experts, does indeed take place.

GORDON FOX

Report of the Auditors to the Members of Camellia Investments PLC

We have audited the financial statements on pages 8 to 19 in accordance with approved Auditing Standards.

1. The Group follows the policy of including in the financial statements only the dividends received from its associated companies. This is not in accordance with Statement of Standard Accounting Practice No. 1 (Accounting for the results of associated companies). The net understatement of the Group's attributable share of earnings and its investment in associated companies, based on their latest published information, is set out in Note 3.
2. The information set out in Note 3 relating to Lawrie Plantation Holdings PLC is based on published financial statements which are made up to a date one year before the Group's current year end and which are subject to qualifications in its audit report. In these circumstances we are unable to express an opinion on the value of the Group's interest in Lawrie Plantation Holdings PLC as at 31st December, 1982, or of the effect on the Group's results for the year.
3. The information set out in Note 3 relating to International Factors Corporation is based on published financial statements which are made up to a date one year before the Group's current year end. In these circumstances we are unable to express an opinion on the value of the Group's investment in International Factors Corporation as at 31st December, 1982, or of the effect on the Group's results for the year.
4. The interest in Jatel PLC, a non-consolidated subsidiary, is shown in the Group's and Company's balance sheets at a value of £1,080,340. As stated in Note 4(b) the latest published financial statements of Jatel PLC, showing a net asset value attributable to the Group and Company of £2,179,318 are made up to 31st December, 1981, and are subject to qualification in the audit report. In these circumstances we are unable to express an opinion on the value of the Group's and the Company's interest in Jatel PLC at 31st December, 1982.
5. As stated in Note 1(d), the stock of postage stamps held by a subsidiary is valued by reducing the selling price of stamps by the estimated gross profit percentage in accordance with the custom of the trade or, where practicable, by taking the actual cost. We have been unable to satisfy ourselves that the amount of that stock is stated at the lower of cost and net realisable value and therefore we are unable to state the effect, if any, on the Group's results for the year.

Subject to the matters referred to in paragraphs 2 to 5 above and except for the matter referred to in paragraph 1, in our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1982, and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the above qualifications are not material for the purpose of determining, by reference to these financial statements, whether the dividends paid and proposed by the Company would be in contravention of Section 43 of the Companies Act 1980.

The financial statements do not include the current cost financial statements as required by Statement of Standard Accounting Practice No. 16.

Tanvir Ross L.
Tanvir Ross L.

Chartered Accountants

Hill House
1 Little New Street
London EC4A 3TR
8th March, 1983

Camellia Investments Plc

Consolidated Balance Sheet at 31st December, 1982

	Note	£	£	1981 £
Fixed Assets	2		51,490	47,164
Investments	3		2,955,242	2,767,678
Investment in Subsidiary not consolidated	4(b)		1,080,340	1,080,340
Current Assets				
Stocks	5	1,457,960		1,564,919
Taxation recoverable		105,926		86,971
Debtors		178,740		136,889
Cash at bank and in hand		31,721		13,061
		<u>1,774,347</u>		<u>1,801,840</u>
Current Liabilities				
Bank overdrafts (secured £940,477 1981: £801,738)	6	1,122,644		1,041,077
Taxation		17,922		33,015
Creditors and accrued charges		261,295		248,652
Proposed dividend	7	101,409		76,057
		<u>1,503,270</u>		<u>1,398,801</u>
Net Current Assets			271,077	403,039
Long Term Liabilities				
Deferred taxation	14		(2,934)	(3,774)
Total Net Assets			<u>4,355,215</u>	<u>4,294,447</u>
Proportion of Total Net Assets attributable to Outside Shareholders			(132,799)	(123,917)
Net Assets attributable to Shareholders of Camellia Investments PLC			<u>£4,222,416</u>	<u>£4,170,530</u>
Representing:				
Share Capital	8		253,522	253,522
Reserves	9		3,968,894	3,917,008
			<u>£4,222,416</u>	<u>£4,170,530</u>

The financial statements were approved by the Board of Directors on 8th March, 1983.

GORDON FOX
DAVID BACON

Directors

David Bacon

Balance Sheet at 31st December, 1982

	Note	£	£	1981 £
Fixed Assets	2		19,578	18,376
Investments	3		2,955,242	2,767,678
Investment in Subsidiaries	4(a)		2,142,204	2,096,988
Current Assets				
Amounts due from subsidiaries		15,500		126,000
Taxation recoverable		69,426		—
Debtors		14,197		7,187
Cash at bank and in hand		10,635		4,281
		<u>109,758</u>		<u>137,468</u>
Current Liabilities				
Bank Overdraft (secured)	6	872,622		737,143
Taxation		—		11,000
Creditors and accrued charges		30,335		25,780
Proposed dividend	7	101,409		76,057
		<u>1,004,366</u>		<u>849,980</u>
Net Current Liabilities			(894,608)	(712,512)
Total Net Assets			<u>£4,222,416</u>	<u>£4,170,530</u>
Representing:				
Share Capital	8		253,522	253,522
Reserves	9		3,968,894	3,917,008
			<u>£4,222,416</u>	<u>£4,170,530</u>

The financial statements were approved by the Board of Directors on 8th March, 1983.

GORDON FOX
DAVID BACON

Directors

[Signature]
David Bacon.

Camellia Investments Plc

Consolidated Profit and Loss Account for the year ended 31st December, 1982

	Note	£	1981 £
Turnover	10	<u>1,374,488</u>	<u>1,962,082</u>
Profit for the year before taxation and net realised gains on sale of investments	11	144,198	170,234
Net realised gains on sale of investments		<u>91</u>	<u>510,879</u>
Profit for the year before taxation		144,289	681,113
Taxation	12	<u>(97,942)</u>	<u>(45,078)</u>
		242,231	726,191
Minority share of current year's profit		<u>12,879</u>	<u>51,084</u>
Profit of the Group after taxation and minority interest		229,352	675,107
Dividends	7	<u>177,466</u>	<u>152,114</u>
Retained profits		<u>£51,886</u>	<u>£522,993</u>
Earnings per share	13	9.05p	26.63p

Statement of Consolidated Reserves

Total reserves at 1st January	3,917,008	3,394,015
Transfer from profit and loss account	<u>51,886</u>	<u>522,993</u>
Total reserves at 31st December	<u>£3,968,894</u>	<u>£3,917,008</u>

The analysis of the total reserves will be found in Note 9 on page 17.

Consolidated Statement of Source and Application of Funds
for the year ended 31st December, 1982

	£	£	£	1981 £
Source of funds				
Profit for the year before taxation		144,289		681,113
Adjustment for items not involving the movement of funds:				
Depreciation		11,881		12,944
Provision against Indian balances not remittable		(20,868)		—
Net realised gains on sale of investments and fixed assets		(18,425)		(522,042)
		<u>116,877</u>		<u>172,015</u>
Decrease in stocks		106,959		60,418
Decrease in debtors		—		33,040
Taxation repaid		102,517		47,297
Proceeds of sale of investments		91		1,052,363
Increase in creditors		12,643		—
Proceeds of sale of fixed assets		19,805		19,760
Total funds generated		<u>358,892</u>		<u>1,384,893</u>
Application of Funds				
Purchase of investments		187,564		327,597
Dividends paid:				
By the holding company	152,114		202,818	
By a subsidiary company to minorities	—		3,000	
		<u>152,114</u>		<u>205,818</u>
Purchase of fixed assets		17,679		32,728
Increase in debtors		41,851		—
Decrease in creditors		—		31,091
Decrease in bank loan		—		260,000
Taxation paid		22,591		30,855
Total funds applied		<u>421,799</u>		<u>888,089</u>
Increase (Decrease) in Net Liquid Funds		<u>£(62,907)</u>		<u>£496,804</u>
Net liquid funds comprise cash and bank balances less overdrafts.				

Notes to the Financial Statements

1 Accounting Policies

(a) Accounting Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of the investment in certain subsidiary companies, and in compliance with Schedule 8A2 and Sections 149A and 152A of the Companies Act 1948.

(b) Basis of Consolidation

The group financial statements incorporate the financial statements of the Company and its subsidiaries, with the exception of a subsidiary concerned with the production of tea in India (see Note 4(b)), made up to 31st December, 1982.

(c) Investments

Investments (other than investments in subsidiaries) are carried at the lower of cost and market value on an aggregate portfolio basis. Investments in subsidiaries are carried at Directors' Valuation; being the net asset value on an aggregate portfolio basis attributable to the Company with the exception of Jatel Plc (see Note 4(b)).

Gains and losses arising on the realisation of investments held by the Company are dealt with in the Profit and Loss Account but in accordance with the Company's Articles of Association are transferred, net of attributable taxation, to a capital reserve.

Classical postage stamps, letters and manuscripts held as investments are shown at cost.

(d) Stocks

Postage stamps held as trading stock are included at the lower of cost and net realisable value. Cost has been arrived at by reducing the selling price of stamps by the estimated gross profit percentage in accordance with the custom of the trade or, where practicable, by taking actual cost. Stocks of oriental antiquities, fine art and philatelic accessories are included at the lower of cost and net realisable value.

(e) Fixed Assets

Depreciation has been provided so as to write off the cost of the leasehold premises and improvements by equal annual instalments over the period of the lease, and other fixed assets over their expected lives at rates ranging from 10% to 25%.

(f) Foreign Currency

Foreign currency balances have been translated at the rates ruling at 31st December, 1982 and exchange differences arising on translation have been dealt with in the Profit and Loss Account.

(g) Deferred Taxation

Deferred taxation is provided at the current rate on differences which arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, except where the tax effect of these differences is expected to continue in the future.

(h) Associated Companies

The Group follows the policy of including in the accounts only the dividends received from its associated companies during the year.

2 Fixed Assets Group

	Short-term Leasehold Premises & Improvements	Furniture & Fittings	Motor Vehicles	Total
	£	£	£	£
At cost at 1st January, 1982	27,282	52,019	16,812	96,113
Disposals during the year	—	(5,750)	(2,200)	(7,950)
	27,282	46,269	14,612	88,163
Additions during the year	522	12,404	4,753	17,679
	27,804	58,673	19,365	105,842
Depreciation to 31st December, 1982	14,214	29,560	10,578	54,352
Net book value at 31st December, 1982	£13,590	£29,113	£8,787	£51,490
Net book value at 31st December, 1981	£14,648	£23,280	£9,236	£47,164

Notes to the Financial Statements *continued*

2 Fixed Assets *continued* Company

	Short-term Leasehold Premises & Improvements	Furniture & Fittings	Total
	£	£	£
At cost at 1st January, 1982	20,524	12,379	32,903
Additions during the year	—	3,855	3,855
	<u>20,524</u>	<u>16,234</u>	<u>36,758</u>
Depreciation to 31st December, 1982	12,819	4,361	17,180
Net book value at 31st December, 1982	<u>£7,705</u>	<u>£11,873</u>	<u>£19,578</u>
Net book value at 31st December, 1981	<u>£8,735</u>	<u>£9,641</u>	<u>£18,376</u>

3 Investments

	1982 £	1981 £
Listed in the United Kingdom, at cost (market value £6,841,344—1981 £6,109,242)	2,099,221	2,032,339
Classical postage stamps, letters and manuscripts , at cost	762,974	642,292
Unlisted at cost (Directors' valuation £93,047)	93,047	93,047
	<u>£2,955,242</u>	<u>£2,767,678</u>

In the opinion of the Directors, the value of classical postage stamps, letters and manuscripts is not less than cost.

At 31st December, 1982 the Company held directly the following investments in companies which are all incorporated in Great Britain except International Factors Corporation which is incorporated in Canada and which require disclosure under Section 4 of the Companies Act 1967:

	Countries of Operation	Percentage of issued ordinary share capital 1982	1981
Lawrie Plantation Holdings PLC ("Lawrie") Ordinary shares	United Kingdom India, Bangladesh and Malawi	44.62%	44.62%
Routledge & Kegan Paul PLC ("Routledge") Ordinary Shares	United Kingdom and U.S.A.	35.43%	35.43%
International Factors Corporation ("IFC") Common shares	Canada	20.00%	20.00%
Walter Duncan & Goodricke PLC Ordinary shares	United Kingdom	11.43%	11.43%
Norman Hay PLC Ordinary shares	United Kingdom	13.65%	10.00%

Investments which represent more than 20% of the equity voting rights have not been treated as associated companies in accordance with Statement of Standard Accounting Practice No. 1 as the Directors consider that it is misleading to do so. The cost of the Company's investment in associated companies amounts to £1,522,575. (1981 – £1,522,575).

Information relating to the associated company of the Company's subsidiary, Jatel PLC, is contained in Note 4(b).

Notes to the Financial Statements *continued*

3 Investments *continued*

The following information is provided in respect of the investments in associated companies from the latest audited financial statements, unaudited interim statements and other relevant information.

Financial statements at:	<i>Routledge Note (a) £000</i>	<i>IFC Note (b) £000</i>	<i>Lawrie Note (c) £000</i>	<i>Total £000</i>
Details of associated companies:				
Ordinary share capital	285	13	2,544	
Cumulative preference shares	35	—	—	
Loan stocks and mortgages	—	—	182	
Reserves	1,890	839	21,969	
Cost of the Company's investment in associated companies	351	88	1,084	1,523
Company's post acquisition share of reserves	410	7	5,068	5,485
Company's post acquisition share of trading profits for the period:				
Before taxation and extraordinary items	(3)	10	1,433	1,440
After taxation and extraordinary items	16	7	999	1,022
Dividends (including related tax credits) brought into the Group's financial statements for the year ended 31st December, 1982.	17	—	250	267

(a) Routledge

The ordinary and cumulative preference share capital, and the loan stock of Routledge are extracted from that company's audited financial statements for the year ended 31st March, 1982. The amounts stated above for reserves and profits are for the year ended 30th September, 1982, and have been derived from the audited financial statements for the year ended 31st March, 1982, and the unaudited interim statements for the six months ended 30th September, 1981 and 1982.

(b) IFC

The information for IFC is derived from that company's audited financial statements for the year ended 31st December, 1981 as adjusted by the underlying net assets, on that date, of its subsidiary, Charter Industries Limited, a public company listed on the Montreal Stock Exchange. At 31st December, 1981, IFC held approximately 62% of the issued share capital of Charter Industries Limited. Mr. G. Fox is the President and controlling shareholder of IFC.

(c) Lawrie

The information for Lawrie is derived from that company's audited financial statements for the year ended 31st December, 1981.

Lawrie has investments in several associated companies. In accordance with the accounting policy adopted by Lawrie these investments have not been treated in Lawrie's financial statements as associated companies and the accounting treatment does not comply with the Statement of Standard Accounting Practice ("SSAP") No. 1. A note to Lawrie's financial statements states that had SSAP1 been followed, based on the latest published financial statements of these associated companies, Lawrie's net profit for the year would have been increased by £453,000, and its investment would have increased by £2,313,000.

Notes to the Financial Statements *continued*

3(c) *Lawrie continued*

The financial statements of two associates of Lawrie contained qualified audit reports in respect of the recoverability and remittability of secretarial commissions and unremitted profits due from India, which amounts are dependent upon the settlement of the disputes in respect of Indian taxation. The financial statements of a third associate contain a qualified audit report in respect of possible liabilities to Indian taxation for which no provision has been made.

Furthermore, in respect of certain subsidiaries operating in India, the auditors of Lawrie have stated that they were unable to satisfy themselves as to the value of Lawrie's interest in these subsidiaries amounting to £1,305,000 as a result of a dispute with the Indian Authorities on the taxation of secretarial commissions. This dispute has resulted in the Indian Authorities withholding permission for the remittance of funds due to Lawrie.

The above information includes only earnings and reserves attributable to Camellia Investments PLC. Jatel PLC (see Note 4(b)) held 5.31% of the equity share capital of Lawrie at 31st December, 1982.

4 **Subsidiary Companies**

(a) **Investment in Subsidiaries**

The following are the subsidiaries of Camellia Investments PLC, all of which are incorporated in Great Britain except Jorehaut Group Limited which is incorporated in India.

	<i>Country of Operation</i>	<i>Percentage of issued ordinary share capital held at 31st December, 1982</i>
Jorehaut Holdings Limited	U.K.	100%
Douglas J. K. Wright Limited	U.K.	100%
David Field Limited	U.K.	100%
Frank Godden Limited	U.K.	100%
JPL Fine Arts Limited	U.K.	100%
Lumley Cazalet Limited	U.K.	60%
Jetinga Holdings Limited	U.K.	100%
Jetinga Valley Tea Company Limited	U.K.	100%
Jatel PLC ("Jatel")	U.K.	90%
The Amgoorie Tea Estates Limited	U.K.	90%
Amgoorie Investments Limited	U.K.	90%
The Jorehaut Tea Company Limited	U.K.	90%
Jorehaut Investments Limited	U.K.	90%
Jorehaut Group Limited	India	67%

The Company's total investment in the subsidiaries is made up as follows:

	1982 £	1981 £
Shares at Directors' valuation (see Note 1(c)).	3,162,743	3,107,924
Loans to subsidiaries	238,973	179,126
	<hr/> 3,401,716	<hr/> 3,287,050
Loans from subsidiaries	(1,259,512)	(1,190,062)
	<hr/> £2,142,204	<hr/> £2,096,988

Notes to the Financial Statements *continued*

4(b) Investment in subsidiary not consolidated

The Group's interest in Jatel has not been consolidated since, in the view of the Directors, it would be misleading to do so for the reasons stated below. In the opinion of the directors the value of the investment in Jatel is not less than the amount included in these financial statements.

Jatel (90% held directly by the Company) which is listed in the United Kingdom, is an investment holding company which through its U.K. subsidiary companies holds substantial interests in Indian tea companies. The latest published audited financial statements available are for the year ended 31st December, 1981, and reflect the following information.

Attributable to the shareholders of Jatel:	1981	1980
Net assets at 31st December,	<u>£2,421,464</u>	<u>£2,092,436</u>
Results for the year ended 31st December.		
Profit after taxation and extraordinary items	<u>£389,703</u>	<u>£14,597</u>

Jatel's Indian assets, liabilities and business undertakings were transferred to Indian registered companies with effect from the close of business on 31st December, 1977. Its interest in India of £580,067 has been stated in its balance sheet at the Jatel directors' valuation.

The auditors refer to the fact that no provision has been made in the financial statements for any liability for Indian taxation which may arise on secretarial fees paid between 1970 and 1977 to Jatel by its subsidiaries.

For these reasons the Directors consider that it is not possible to determine, at present, the value to the Group of Jatel and its subsidiaries. Furthermore, they consider that it would be inappropriate and misleading to consolidate the full earnings of the sub-group since, in their opinion, the exchange control regulations imposed by the Indian Government render the inclusion of remitted dividends the only realistic means of accounting for the Group's interest.

The Group's interest in Jatel of £1,080,340 is stated at cost to the Group. The market value of the holding at 31st December, 1982 was £1,980,148 (1981—£2,048,428). Dividend income incorporated in the Group's financial statements amounted to £54,625 (1981—£54,425).

Lazare Kaplan International Inc.

Included in the financial statements of Jatel at 31st December, 1981 is an investment in Lazare Kaplan International Inc., a company incorporated and operating in the United States of America. At 31st December, 1981, Jatel held 81,100 shares of US\$1 each representing 6.21% of the issued common stock. Under an agreement made in 1981 Jatel acquired a further 30,000 shares (2.3%) in April, 1982, for a consideration of US\$543,750 and made a commitment to purchase a further 30,000 shares in 1983 for a consideration of US\$603,750. As a result of other market purchases, Jatel's interest in Lazare Kaplan International Inc. totalled 283,400 shares representing 21.72% of the issued common stock at 31st December, 1982. The unaudited cost of the investment in Lazare Kaplan International Inc. at 31st December, 1982, was £1,441,665 (market value £1,567,878).

Based on the audited financial statements for the year ended 31st May, 1982 and the unaudited interim statements for the six months ended 30th November, 1981 and 1982 (adjusted for the revaluation of inventories to the lower of first-in, first-out cost and market) the loss attributable to Jatel, before and after taxation, for the year ended 30th November, 1982 was approximately £1,210,000 and £1,215,000 respectively. As at 30th November, 1982 the total shareholders funds of Lazare Kaplan International Inc. were approximately £9,236,000.

5 Stocks

	1982	1981
Oriental antiquities	£	£
Philatelic accessories	143,699	164,660
Postage stamps	29,028	31,487
Fine art	378,098	404,531
	<u>907,135</u>	<u>944,241</u>
	<u>£1,457,960</u>	<u>£1,564,919</u>

Notes to the Financial Statements *continued*

6 Bank Loans and Overdrafts

The Group's facilities amount to £1,385,000 (1981 - £1,410,000)

7 Dividends

	1982	1981
	£	£
Interim Paid - 3p per share (1981 - 3p)	76,057	76,057
Final Proposed - 4p per share (1981 - 3p)	101,409	76,057
Total - 7p per share (1981 - 6p)	<u>£177,466</u>	<u>£152,114</u>

The Directors recommend a final dividend of 4p per share payable on 25th April, 1983.

8 Share Capital

	Authorised	Issued	1981
	£300,000	£253,522	£253,522
2,535,225 Ordinary shares of 10p each fully paid			

9 Reserves

	Non-Distributable			Distributable		
	Share Premium	Invest- ment Surplus	Other Capital Reserves	Total	Retained Profits	Total Reserves
	£	£	£	£	£	£
The Group						
At 1st January, 1982	480,989	818,229	966,187	2,265,405	1,651,603	3,917,008
Transfer from profit and loss account (Note 1(c))	—	64	—	64	51,822	51,886
At 31st December, 1982	<u>£480,989</u>	<u>£818,293</u>	<u>£966,187</u>	<u>£2,265,469</u>	<u>£1,703,425</u>	<u>£3,968,894</u>

	Non-Distributable			Distributable		
	Share Premium	Invest- ment Surplus	Revaluation of shares in subsidiaries	Total	Retained Profits	Total Reserves
	£	£	£	£	£	£
The Company						
At 1st January, 1982	480,989	818,229	1,505,045	2,804,263	1,112,745	3,917,008
Revaluation of shares in subsidiaries to net asset value			54,820	54,820	—	54,820
Transfer from profit and loss account (Note 1(c))	—	64	—	64	(2,998)	(2,934)
At 31st December, 1982	<u>£480,989</u>	<u>£818,293</u>	<u>£1,559,865</u>	<u>£2,859,147</u>	<u>£1,109,747</u>	<u>£3,968,894</u>

10 Turnover

Turnover represents gross revenue from the sale of oriental works of art, postage stamps and accessories and fine art, commissions, income from listed investments and sundry income.

Notes to the Financial Statements *continued*

11 Profit and Loss Account

Profit for the year is after charging (crediting)

	1982	1981
	£	£
Depreciation	11,881	12,994
Auditor's remuneration	10,650	10,300
Directors' emoluments	25,000	25,000
Interest on bank loans and overdrafts	155,906	201,239
Dividends received from listed investments	(379,284)	(395,701)
Dividends received from unlisted investments	(450)	(400)

One Director of the Company received emoluments from the Group amounting to £25,000 (1981 - £25,000).

The Chairman and other Directors received no emoluments from the Group (1981 - Nil)

The Chairman waived emoluments of £600 (1981 - £600). Two other Directors waived emoluments totalling £850 (1981 - £850).

12 Taxation

The tax credit comprises:

	1982	1981
	£	£
<i>Current year</i>		
Corporation tax	5,363	20,877
Tax on franked investment income	—	29,479
Deferred taxation	(840)	3,774
Group relief receivable	(46,835)	—
	(42,312)	54,130
<i>Prior year</i>		
Group relief receivable	(39,220)	(99,208)
Other over provisions	(16,410)	—
	(55,630)	(99,208)
	£(97,942)	£(45,078)

The credit for taxation arises by virtue of group relief receivable from the non-consolidated subsidiary and over provisions in prior years. The other components of the tax charge are low due to losses in the trading subsidiaries and also to the receipt of dividends from listed investments without attachment of associated tax credit, in accordance with the group income provisions of the Taxes Act 1970.

Tax losses totalling approximately £977,000 (1981 - £913,000) are carried forward at 31st December, 1982 and are available to be set against future trading profits of certain subsidiaries. Some £111,000 (1981 - £86,000) of these losses have been used to reduce the deferred tax provision.

The losses of £977,000 include losses arising through stock relief amounting to approximately £357,000 (1981 - £367,000) which are only available to relieve profits arising within 6 years of the year in which the stock relief was claimed.

Capital gains tax of approximately £1,422,000 would arise in the Group if the quoted investments (excluding the Group's investment in Jatel) were to be disposed of at the market value noted in these financial statements.

Capital gains tax of approximately £496,000 would arise in the Group if the investments in subsidiaries were to be disposed of at the values disclosed in these financial statements.

Notes to the Financial Statements *continued*

13 Earnings Per Share

The calculation of earnings per share is based on profits of £229,352 (1981 - £675,107) and on ordinary shares in issue during the year of 2,535,225 (1981 - 2,535,225).

14 Deferred Taxation

Under the provisions of the Finance Act 1981 there is no longer any clawback of stock relief in normal circumstances. No deferred taxation in respect of stock relief is provided or included in potential tax except to the extent that clawback of relief is anticipated.

The potential amounts of deferred taxation and the portion thereof provided in the financial statements are:

	1982		1981	
	Total potential tax	Amount provided	Total potential tax	Amount provided
	£	£	£	£
Fixed asset timing differences	16,252	16,252	10,771	9,892
Stock relief	44,491	44,491	38,355	38,355
Trading losses	(509,724)	(57,809)	(474,837)	(44,473)
	<u>£(448,981)</u>	<u>£ 2,934</u>	<u>£(425,711)</u>	<u>£ 3,774</u>

15 Capital Commitments

The Group and Company had no capital commitments as at 31st December, 1982 (1981 - Group and Company £1,650) except as disclosed in note 4(b).

16 Contingent Liabilities

The parent company has guaranteed the bank loans and overdrafts of subsidiaries up to £385,000 (1981 - £410,000).

17 Transactions Involving Directors

Section 54 of the Companies Act 1980 requires the disclosure of transactions or arrangements involving Directors. The Company rents office space from D. M. Bacon at a rental of £16,500 p.a. under an agreement which expires in May 1983.