

5 August 2014

**Camellia Plc
(the "Company")**

Trading update

The Company wishes to make the following update on trading. As previously indicated, climactic conditions have affected a number of our agricultural operations for example in India and Bangladesh, where droughts have resulted in lost tea production and in California where our citrus crop was severely damaged by frost resulting in significantly reduced production. The lost production in these operations is unlikely to be recovered this year.

Our Indian tea sale prices have been satisfactory, but those in Bangladesh, as a result of cheaper imports, have been substantially lower than in 2013. Sale prices achieved recently in Bangladesh are showing some signs of recovery following an increase in import duties, but remain at materially lower levels than last year.

The performance of our African tea businesses remains very disappointing due to substantially reduced tea sale prices in both Kenya and Malawi, although crops are ahead of budget.

It is disappointing to report that a substantial loss has arisen from changes in the fair value of Biological Assets, primarily as a result of an 8 per cent. revaluation of the Malawi kwacha against the US\$ during the period to 30 June 2014.

As previously announced, trading at our Engineering division and at Duncan Lawrie are challenging, with problems remaining at AKD as a result of a protracted and ongoing legal dispute. At Duncan Lawrie income is lower than in the previous period due to reductions in banking and investment management income and additional costs that have been incurred as a consequence of certain changes to management.

The cumulative effect of these items is that the results for the six months to 30 June 2014 are expected to be significantly below those achieved for the same period last year and are likely to show a loss. The profits lost in the first half are unlikely to be fully recouped in the second half of the year, though as is usual, the Company expects the results of the remainder of the year to show an improvement on the first half due to the cyclical nature of the business which is normally second half weighted.

The interim results will be announced on 28 August 2014.

Camellia Plc

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