

## **Camellia Plc**

### **AGM 2012 – Chairman’s Statement**

I would now like to take this opportunity to bring shareholders up to date with events in the current year.

India and Bangladesh were very dry at the commencement of the growing season but rains arrived in time to ensure a promising start to the season. Only the Dooars region in India has remained dryer than normal where production has also been affected by hail storms and cyclones. However, prices at auction have been higher which has helped to offset the impact of the lack of early rains. Rising production costs in India, particularly in oil and fertilizer costs, exacerbated by the weakening of the Indian Rupee are being closely monitored. Tea production in Kenya in the first three months of the year was down due to frost damage and the lack of rainfall. Plentiful rain in April has resulted in monthly production being close to budget. Tea prices generally showed an improvement on last year.

Other horticultural crops including rubber in Bangladesh, avocados in Kenya and macadamias in Malawi and South Africa are performing in line with expectations. The citrus harvest in North America was disappointing due to unseasonably cold weather. The arable crop harvest in Brazil is slightly ahead of budget.

The engineering operations are experiencing mixed fortunes. Those focused on supplying the UK market are not doing as well as those servicing the export markets.

Storage levels by ACS&T have improved and are showing a promising start to the year notwithstanding the fact that the industry remains very competitive.

The fish distribution businesses in the Netherlands are struggling due to the current problems in the Eurozone and the double dip recession in the local economy.

Duncan Lawrie has engaged in increased marketing activity whilst retaining a low risk profile. Low interest rates continue to impact adversely on profitability.

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