

# **Camellia Plc**

## **AGM Statement 2010**

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

India and Bangladesh have again suffered from prolonged droughts at the beginning of the year. These droughts have now broken but the loss of early production is substantial and it is too early to assess whether this will be made up over the remainder of the year. However Kenya and Malawi have enjoyed good climatic conditions and production is ahead of last year in both countries. Tea prices, although somewhat off their peaks, have remained beneficial to date. Our commitment to Corporate Social Responsibility is exemplified by Eastern Produce Kenya receiving the winner's medal of the East African CSR Awards for environmental excellence.

Dry weather in Kenya at the time of the flowering of the avocado crop late last year will inevitably affect production, the harvest of which is due to commence shortly. The same considerations apply to the macadamia crop in Malawi but it is encouraging to note that Macadamia prices are presently higher than in 2009.

Our engineering companies are still experiencing mixed fortunes but there has been some evidence of our operations becoming busier during the year. I referred to the unfortunate fire at Abbey Metal in my Chairman's report. Very limited production has commenced and we are working closely with the authorities, our customers and our insurers to get full production started again as soon as possible.

Over capacity in the cold storage industry resulting in uneconomic rates being offered in the marketplace are a continuing problem for Associated Cold Stores and Transport. It is difficult to see a resolution of this problem in the short term.

Continuing low interest rates and low margins are still affecting our banking operations but the asset management division of Duncan Lawrie is performing up to expectations in the current difficult conditions.

The deficits of our UK based final salary pension schemes have reduced on account of the increased value of the underlying investments and increased contributions from the group. Discussions are at an advanced stage regarding the merger of the three UK schemes which will reduce costs and improve administration.

As already announced the group disposed of its investment in Siegfried Holding AG in April of this year. This disposal puts the group in a strong financial position and will allow us to take advantage of investment opportunities particularly in respect of our existing core businesses.

Further enquiries please contact Camellia Plc  
Malcolm Perkins  
01622 746655  
3<sup>rd</sup> June 2010