

# **Camellia Plc**

## **AGM Statement 2013**

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

Drought conditions prevailed in parts of Assam in India and in Bangladesh at the commencement of the growing season. The rains have now arrived but it is too early to say whether the shortfall in production will be made up during the remainder of the year. Tea prices are generally lower in India than last year but are higher in Bangladesh. Production in Kenya has been well above expectation both on our gardens and generally throughout the country. This has resulted in prices declining significantly from those of the same time last year. Malawi also started the year with a major drought. Despite the damage of this drought to some of the tea bushes, production is slowly recovering. The rising cost of production on all our gardens remains a concern.

Other horticultural crops including rubber in Bangladesh and macadamias in Malawi and South Africa are slightly lower than expectation due to climatic conditions. Our avocado crop in Kenya is reduced this year and avocado prices are presently lower due to the arrival in Europe of substantial production from South America. The arable harvest on our farm in Brazil is ahead of budget. Citrus production at Horizon Farms in California is in line with budget and sales prices remain firm. 2013 is an 'off-year' for our pistachios resulting in minimal production.

The engineering operations continue to experience mixed fortunes. We remain busy servicing the oil and gas market and business is beginning to increase for our new facility at Abbey servicing the aviation sector. Our other UK engineering operations are noticing a reduction in demand over the last few months.

Storage levels by ACS&T have improved but here again there is a noticeable reduction in demand. The fish distribution businesses in the Netherlands are struggling due to the continuing problems in the local economy.

Duncan Lawrie continues to attract new accounts and there is a demand for short term lending propositions which are being pursued. The asset management business is also growing. There is no doubt that the service levels that Duncan Lawrie is able to offer are a major attraction for both existing and potential new clients.