

## **M.P. EVANS GROUP PLC**

("Group" or "M.P. Evans")

### **ANNUAL GENERAL MEETING**

The annual general meeting of M. P. Evans Group PLC is being held in London today. The following statement, presenting an update on trading conditions and progress on the Group's activities since the publication of the annual report in April, is being given at the meeting by the chairman, Peter Hadsley-Chaplin:-

#### **1) Indonesian palm oil**

##### **a) Crops and extraction rates**

The trend of increasing crops of oil palm fresh fruit bunches ("f.f.b.") continued in the first five months of 2014 with 152,900 tonnes harvested by the majority-owned estates, a 16% increase over the 132,000 tonnes for the same period last year. Crops on the two new projects in Kalimantan and Bangka amounted to 80,500 tonnes for the first five months of 2014, a 37% increase over the 58,600 tonnes for the same period in 2013. On the established estates in Sumatra, the crop was similar, at 72,400 tonnes (2013 – 73,400 tonnes).

This overall upward trend is expected to continue with, as mentioned in my statement in the 2013 annual report, the estimated crop for 2014 of 425,000 tonnes and for 2015 500,000 tonnes, although the current indications of an "El Niño" event this year may mean that these levels are not quite achieved. The upward crop trend is expected to continue after 2015 as the areas on the new project, Musi Rawas, mature and start producing f.f.b.

The two associated Indonesian plantation companies, PT Agro Muko (36.84% owned) and PT Kerasaan Indonesia (38% owned) reported crops 10% higher than for the first five months of 2013.

Extraction rates continue at very acceptable levels in the two mills with over 25% in Kalimantan and just under 24% in Sumatra. Oil quality remains high.

##### **b) Prices**

Palm-oil prices started the year at around US\$900 per tonne (Rotterdam c.i.f.), improved to just under the US\$1,000 mark in March and then gradually eased to around US\$900 again before softening further in the last few days to the current level of around US\$860. Demand from India and China has been a little muted but, longer term, there should be positive pressure on the price as Indonesia and Malaysia consume increasing quantities of palm oil for bio diesel.

### **c) Musi Rawas project**

To date, over 1,800 hectares have been compensated and planting is scheduled to commence towards the end of the year.

### **2) Australian beef cattle**

Both Woodlands and the NAPCo properties are reaping the benefit of the welcome, significant rainfall received in early 2014 following the unseasonably long, dry spell that persisted for much of 2013. Cattle prices have broadly increased since the year end, most notably for the grain-finished cattle produced by NAPCo, following a reported increase in demand for beef from Asia and a continued decline in the size of the US herd.

### **3) Malaysian property**

Property development, and some land sales, continues at Bertam Properties. The land bank remains a valuable asset.

### **4) Financial position**

Positive operating cash flows enable the Group to continue with its substantial capital-investment programme.

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