Select Harvests 2017 AGM: Chairman's Speech

24 November 2017

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SLIDE 1: Select Harvests AGM – Title Slide

SLIDE 2: Disclaimer

SLIDE 3: Michael Iwaniw Chairman

Good Afternoon Ladies and Gentlemen and welcome to the 2017 Annual General Meeting of Select Harvests Limited. Thank you for joining us. My name is Michael Iwaniw and as your Chairman, I will be conducting today's meeting.

SLIDE 4: Agenda

Shortly I will deliver my address on behalf of the Board, then Paul Thompson, our Managing Director, will provide an overview of the performance and activities of the business in the 2017 financial year, along with more recent initiatives and an update on the almond market and our current crop outlook.

Following Paul's presentation, we have allocated some time for questions before moving on to the formal business of the meeting.

SLIDE 5: Board

I would now like to introduce your Board members. Accompanying me on stage are Michael Carroll, Fred Grimwade, Paul Riordan, Nicki Anderson, Fiona Bennett and the Managing Director of Select Harvests, Paul Thompson. Next to Paul Thompson is our newly appointed Chief Financial Officer, Brad Crump and Vanessa Huxley, General Manager Finance & Company Secretary.

I'd like to welcome Fiona Bennett to her first Select Harvests AGM as a Director. Fiona joined the Select Harvests Board in July this year - she is an experienced company director, senior executive and chartered accountant with over 30 years' experience in business and financial management, corporate governance, risk management and audit. Fiona is on the Board of Hills and is Chair of the Victorian Legal Services Board.

I also welcome Ben Liu from our lawyers, Minter Ellison and Andrew Cronin from our auditors, PricewaterhouseCoopers.

SLIDE 6: Vale Ross Herron

Before we move with the formal agenda, it is with great sadness that I advise the passing of our Non-executive Director, colleague and friend Ross Herron.

Ross served on the Board of Select Harvests since 2005, in the role of Chairman of the Audit and Risk Committee for his entire tenure. He was a passionate and active member of the Board and contributed significant value to the Company, providing invaluable leadership in the areas of governance, finance and strategic planning. Ross possessed an uncanny ability to see through problems and quickly arrive at solutions.

Ross had an engaging personality and a love of travelling, racehorses and the Collingwood Football Club.

It was a pleasure and honour to work with Ross. He will be greatly missed by all.

Our thoughts and prayers are with his wife Dawn, children, grandchildren and family.

SLIDE 7: Business Performance

In FY17, Select Harvest reported a Net Profit after Tax of $9.2 million and Earnings per Share of 12.6 cents per share – these results were simply well short of where we believe we should be.

However, our pre-tax operating cash flow was strong at $33.8 million. This defensive, cash generating ability is a foundation strength of the business and allows us to reinvest in growth, productivity and efficiency.

A variety of events including seasonal conditions, currency and project delays adversely impacted the result. Paul will talk about these issues in more detail during his report.

Given the poor full year result the Board has also taken the prudent decision not to pay a final dividend. Shareholders will therefore only receive the fully franked interim dividend of 10 cents per share this year.

However, Select Harvests has a strong history of paying dividends - $1.41/share over the last 5 years and $4.73/share since the year 2000 - and the Board expects to return to paying a full year dividend again in FY18.

SLIDE 8: Capital Raising

As part of our growth strategy, Select Harvests acquired the renowned Jubilee Orchard near Waikerie, SA for A$26.4 million. This acquisition comprised 465 planted Ha (1,147 planted acres) of almonds and 1,335 ML of high security water entitlements.

Jubilee is an outstanding, high performing asset that enhances the geographically diversified Select Harvests almond portfolio. It will make an important long term contribution to Select Harvests profitability and asset base, beginning with the 2018 crop.

However, the combination of a significant crop downgrade (circa 2,000 tonnes) and adverse currency movements, following the Jubilee acquisition put pressure on our balance sheet.

We explored a range of options to restore the company's balance sheet strength, including a capital raising and sale of assets but concluded a capital raising was the best course of action.

This was compounded by the presence of a highly conditional, non-binding offer for Select Harvests from an Abu Dhabi sovereign fund that could have complicated any capital raising.

The Board rejected the Abu Dhabi proposal because we believed it was opportunistic, contained unacceptable terms and conditions and did not reflect the underlying long-term value of the company.

In the end, the Board decided on a Placement and Share Purchase Plan to achieve certainty of funds raised, the ability to reward the majority of shareholders as well as simplicity and execution speed.

We were very pleased that shareholders demonstrated their strong support for our long-term growth strategy through the Placement and Share Purchase Plan.

The company raised a total of $90 million in capital by issuing 21.43 million shares at $4.20/share (a 7.1% premium to the 5 day VWAP prior to the offer) in a placement to a range of institutions that raised $45 million and a Share Purchase Plan offered to all Australian and New Zealand shareholders that raised another $45 million.

All funds were applied to reducing debt and paying for the Jubilee acquisition. Following receipt of proceeds from the capital raising, Net debt to equity is now 15%. This leaves the company in a very strong financial position.

SLIDE 9: Strategy & Priorities

As I outlined at the 2016 AGM – Select Harvests has been on an active journey in recent years to build a business that generates long-term shareholder value.

Over that journey, we have acquired and replanted orchards, undertaken greenfield expansion, improved the orchard infrastructure, mitigated risk and raised the standard of horticultural production. This is a work in progress and we will develop it further.

We continued to grow in FY17, planting 844 hectares (2,084 acres) of almonds in July 2016, acquiring Jubilee Orchards comprising 465 hectares (1,147 acres) and preparing to plant another 352 hectares (870 acres) in July 2017.

Select Harvests has substantially increased the productive scale and geographic diversity of the company's almond portfolio – we now have 7,490 hectares (or 18,500 acres) of planted almond orchards, approximately 20% of Australia's almond industry.

This is a significant, high quality, portfolio of orchards of global scale. It has taken considerable time and effort to assemble – it is not an easy position to replicate – certainly quickly or cheaply.

It is important to note that we have recently received a bank valuation showing that our assets are worth significantly more than our book value. We don't recognise this in our accounts because of the orchard valuation principles that we have adopted for accounting purposes.

Select Harvests almond orchards have significant growth potential. The capital investment in creating the orchard has been made, but the full benefit is yet to be realised, as 34% of our orchards are immature.

In fact, nearly 20% of our portfolio is not even yielding almonds yet, due to their young age. Over the next 2 years, the company's annual almond production will increase by approx. 2,800 tonnes. Over the next 5 years production will increase by approx. 7,000 tonnes.

We have introduced some challenging and innovative capital projects ahead of the industry and have been actively investing in recent years to increase capacity, improve efficiency and productivity and lower our cost base.

Project Parboil is a state of the art almond value-adding plant that adjoins the Company's Carina West Hulling and Shelling operation and Central Region almond orchards at Wemen in Northern Victoria. It brings increased efficiency, greater processing capacity, a greater range of products and will assist in maximising the average almond price we receive.

Project H2E will also transform the company's energy use, reduce cost and improve our sustainability. It will provide the expanded Carina West Processing Facility and neighbouring farms with secure, low-cost electricity, from almond by-product and orchard waste and will enable the company to economically and materially reduce its carbon footprint.

Paul will provide an update on the progress with the two key projects – Parboil and H2E - during his report.

The agriculture sector operates in a volatile environment of unpredictable weather, competitive pressure on prices, rising input costs and a fluctuating currency.

Select Harvests was affected by some of these factors in F17 but we continued to put the building blocks in place for future growth including major projects and a restructured management team.

Most importantly, we are building a much more resilient business and expect the full benefits of recent investments to progressively kick-in over the next few years.

The latest capital raising has also given us a very strong balance sheet which allows Select Harvests the flexibility to actively consider future growth options.

Long-term domestic and global prospects for the sector also remain extremely favourable and shareholders can expect improved returns from this business over the next few years.

You simply can't escape the healthy image that our product range has, particularly almonds, the increasing desire for global consumers to include them in their diets and the demand from food manufacturers to leverage the health benefits of almonds by incorporating them in their products and range.

Recent research and consumer behaviour have continued to support the acceleration of this trend with increased consumption of tree nuts and plant based foods globally.

Select Harvests strategy continues to be founded on four value drivers:

1. Strong demand for healthy plant-based products
2. Getting to a low-cost position through productivity
3. Innovating to create value-adding products and brands for a global market; and
4. A strong almond asset base.

Our almond orchards, valued-added processing capability, brands and people remain the backbone of delivering the strategy. We have continued to execute our strategy to capitalise on the increasing consumption of plant based foods.

With capital invested, assets in place and the growth platform established, the key priority of management is to control our cost and become as efficient as possible and maximise profitability.

Select Harvests has set a strategy and worked diligently to assemble initiatives around growth, productivity and cost reductions - to ensure that the value of the business reflects the underlying long-term nature and outstanding quality of the assets, operations and the people.

Before I had over to Paul, I would like to thank my Board colleagues, particularly former Director the Late Ross Herron who was Chair of the Audit and Risk Committee, Mike Carroll, Chair of the Remuneration and Nomination Committee and Paul Riordan, Chair of the Horticultural Committee, as well as management and all of our employees for their contribution, effort and commitment to the company.

In a challenging year, the capacity and resilience of the group has been tested but I am confident that we now have the right structure and the right people to manage this business and produce improved shareholder returns.

SLIDE 10: Paul Thompson Introduction

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SLIDE 10: Paul Thompson Introduction

Thank you Michael. Good Morning Ladies and Gentlemen. I am pleased that you could join us today. I would like to provide you further insights into our 2017 performance and both a business and industry outlook.

It was a challenging year for the company. As Michael said the 2017 results were disappointing. Unfortunately in 2017, we have had both controllable and uncontrollable items impacting our result in a negative way.

Our business, like many agri-businesses, is exposed to uncontrollable factors like climate, commodity pricing and currency. This is why we have put in place many risk mitigation strategies such as: geographic diversity, frost fans and insect prevention management programs.

We have specifically invested in two projects to in part mitigate known risks. Parboil to deal with the increased level and likelihood of insect affected crops and H2E to reduce our exposure to increasing energy costs. What is most disappointing is that we failed to execute them on time and budget, which I will cover later in my presentation.

On the positive side, the fundamentals of our industry are extremely positive, with underlying global almond consumption growing at 6 to 8% per annum.

Most importantly, we have continued to develop and improve our quality assets including our orchards, our processing facilities, our brands and our people to take advantage of these trends and the accelerating growth of the Asian middle class.

We remain committed to our strategy - even this disappointing 2017 result shows that we do have the building blocks in place to take advantage of the healthy eating megatrend of increasing consumption of plant based high protein foods and drinks.

SLIDE 11: 2017 Business Performance

Michael has gone into the detail of the company results. I would like to focus more at a divisional level, then reconcile the year on year performance.

The Almond Division EBIT dropped to $17m.

The 2017 crop was 14,100MT vs 14,200MT the previous year. Lower than forecast volumes were experienced across the Australian Almond industry. Select Harvests' entire 2017 crop is sold or committed.

The 2017 climatic conditions led to this significant crop downgrade. The wet spring and milder summer affected our ability to fertigate the crop, and the absence of stress events prevented the natural selection process of the trees aborting weaker fruit. This resulted in a reduced crop and an over-investment in fertigation.

This year we have modified our programs by leaving room in our moisture profiles so we can top up pre and post weather events. It gives us the ability to react if we had a greater than anticipated forecast crop or reduce expenditure if the forecast crop is smaller than anticipated. Please note almond farming has high upfront fixed costs - we are targeting to save up to 10% of our horticulture costs.

Adverse currency movements negatively impacted both the 2017 crop returns and the 2016 crop valuation. Despite the almond price remaining firm in USD, the currency impact resulted in the price dropping from A$8.08/kg to A$7.43/kg. A ten cent movement in price or a one cent movement in the USD/AUD exchange rate results in a A$1.5m movement at the EBIT level.

We continue to implement the company's strategy of acquiring mature orchards at the right price. We acquired Jubilee Orchards in 2H FY2017. This is a high quality asset with a proven record of consistent yields. The transaction included 320 HA of bearing orchards, 145 HA of non-bearing orchards and 1,335 ML of high security water. The acquisition price was A$26.4m. This is a significant building block to further grow our business.

Another key component of our growth platform is to meet the steady global increase in demand for almonds is the installation of Greenfield almond orchards. Our relationship with First State Super allows us to develop modern high-tech orchards with the latest varietal mix, state of the art irrigation infrastructure and labour-efficient technology. This year we planted 844HA. These are long-life assets designed to ensure we can execute top quartile performance and be globally competitive.

Safety remains our number one priority. Very pleasingly, all safety measures moved in a positive direction.

- Lost Time Frequency Rate - **down** 18%
- Medically Treated Frequency Rate - **down** 53%
- Lost Time Severity Rate - **down** 19%
- Total Recordable Incident Frequency Rate - **down** 29%.

We had zero environmental incidents.

2017 is the year of our inaugural Sustainability Report. I cannot over emphasise the level of awareness and responsibility the business has to ensure we act in a sustainable manner from an environmental, social and financial perspective. We want to leave an outstanding legacy for the future.

SLIDE 12: Food Division Products

It is very early days in our expansion into the Asian market place. One of the key initial learnings we have uncovered is that we need to modify our range to meet local consumer and customer expectations.
Here are 3 examples of such changes:

1. Sunsol raw muesli – the warehouse channels requesting larger pack sizes
2. Consumers showing a preference for Granola rather than raw muesli
3. Consumer preference for different flavours such as honey butter

The Food Division is sensitive to the commodity price with many customers effectively trading in a cost-plus relationship. 50% of the revenue is derived from almond related products. The reduction in almond price has a flow-on effect to the Food Division, with EBIT down from A$10.3m to A$8.0m.

There are some very encouraging underlying results in the Food Division. New Products represent 16.5% of consumer sales. Sunsol sales are up 30% as at October YTD and our China strategy is evolving with a further 3 containers to be shipped in December. Lucky market share has remained strong at 37.3% value share MAT, October 2017, pressure from house brands has increased with Coles recently launching a new range in the cooking category.

The Industrial Division has started to capitalise on the recent Free Trade Agreements with China and the increased capacity and range available from the Parboil facility.

SLIDE 13: Movement in SHV Group EBIT

At the full year result we outlined the movement in the Year on Year performance. I would like to spend some time walking through this again today.

- There was an A$8.5 m gain on assets relating to First State Super sale and lease back transaction in 2016.

- A$10.0m relates to reduced price per kg and lower volumes for the 2017 crop versus the 2016 crop.

- A$6.1m relates to the revaluation of the 2016 crop. This was mainly currency related with some further impact relating to quality downgrades uncovered during the final packing of the crop.

- A$4.9m orchard rent adjustments. A$4.5m relates to a market valuation adjustment for orchards leased from RFM. Historically this lease has been very beneficial to Select Harvests. The next RFM review is in 2019. Our other leases have CPI pricing clauses and no market reviews.

- A$2.3m in increased orchard costs. This is a function of new young orchards coming into production, with lower production per hectare. Our actual cost per hectare year on year have remained flat. We have targeted a 10% reduction in orchard costs this year.

- A$1.5m increase in processing costs. The main impact was the decrease in revenue from Hull sales to the dairy industry. This reinforces our H2E strategy, as it will reduce our exposure to both the energy and stockfeed markets.

- A$900k in harvest costs. Part of this is harvesting the additional area of younger trees, but the vast majority was the need to re-shake parts of the orchards. The main reasons for doing this is to achieve a level of hygiene in the orchard that minimizes the future risk of infestation and disease.

- A$1.2m other costs relates to additional personnel costs. Accruals of LSL etc.

- A$4.9m Income from First State Super, orchard development, plus Government grants for capital projects and R&D rebates.

- A$2.3m relates to the Food Division shortfall that I discussed earlier.

SLIDE 14: Major Projects Update

Project H2E is the installation of a 2.4 megawatt Biomass Electricity Cogeneration Facility – it will provide the Carina West Processing Facility and neighbouring farms with secure, low-cost electricity supply generated from operational by-product - almond shell, hull and prunings.

As well as reducing cost and our exposure to the ever-increasing cost of energy, H2E will improve our environmental sustainability, reducing our carbon footprint by 27% - the equivalent of taking 8,210 cars off the road.

This project experienced significant time delays and cost increases. We have commenced electrical commissioning and are currently cold running the ancillary motors – we now expect to commission H2E late in Q3 FY2018. Once fully operational we forecast a A$2.0m per annum saving at the EBIT level.

Project Parboil is a state of the art Value-Added Almond Processing Facility at Carina West. We experienced significant time delays and cost overruns.

Project Parboil provides increased efficiency, greater processing capacity and allergen-free almond products, including pastes – the essential ingredient in the production of almond milk. Parboil will assist in maximising the average price of the almonds and in part insulates us from the effects of the commodity cycle.

It is now in production and progressing through the individual customer certifications, but not yet running to business case. This financial year we have shipped 250 MT from the facility, with the majority going into the export market. Once fully operational, we forecast a A$2m per annum saving at the EBIT level.

The cost overruns and delays are regrettable, but the project is still generating a positive return. It is a long life asset and plays a significant role in ensuring Select can be globally competitive in any market conditions.

The Greenfield developments are the foundation of our future growth. Half the capital is spent in the first year - this is bankable funded growth. The improved root stock, varietal mix, state of the art infrastructure and improved management will mean these orchards are going to be more productive than those planted in the last couple of decades.

In July 2017, we have planted a further 352 HA (870 acres) and will plant a further 202 HA (500 acres) in July 2018 in partnership with FSS. We currently have no plans for further new development, but will continue with our replant program and plan to replant 589 HA 1,455 acres) over the next 5 years.

SLIDE 15: Bunargool

A good example of the earning potential of our Greenfield investment strategy is the Bunargool orchard. This orchard was planted in July 2016. The planted area is 578 Ha (1,428 acres).

Based on an industry average yield of 3MT per hectare (1.2MT/acre) at maturity and 20 years of mature productive life, this orchard will generate revenues in excess of $250m.

We are confident that with modern technology, the varietal mix and good management, this orchard will well exceed industry average performance.

SLIDE 16: Global Market Update

The world demand for almonds and plant protein has continued to increase with further supportive research being published, outlining the health benefits of the increased consumption of plant protein products such as almonds. Many of these reports can be found in the Latest News section of our website. Market growth will continue - recent growth has been between 6 to 8% per annum.

The impact on consumption of this research and the rebasing of USD almond prices has been immediate - the market has absorbed the increased production from California and Australia. The 2016 US crop was 2.10 billion pounds – up 16% or 290 million pounds on the prior year and it sold out, reducing carryover inventory without price erosion. The US, Indian and Chinese markets are lifting consumption.

In the local market, we have seen ongoing new product interest for almonds from the bakery, confectionary, snacking and ice cream industries.

The 2017 US almond harvest is nearly finished and the crop is expected to be a record 2.25 billion pounds - up 5% or 110 million pounds on the prior year.

The market has continued the momentum of the last 18 months. The Almond Board of California’s October 2017 Position Report shows that current shipments and forward commitments are 49% of the forecast crop, a similar percentage to last year. The uncommitted inventory is 17% lower than at the same time last year. These are all positive signs that consumption is growing.

Similar to the Australian industry after the breaking of the drought and a wet spring, the US is experiencing significant pressure from insects with damage twice as large as the prior year. This has resulted in a shortage of premium grade and a surplus of manufacturing grade almonds. Pricing has responded as expected, with premium grade prices increasing and lower grade prices declining.

The Spanish situation is unclear with the crop being effected by frost and drought - the crop will be short.

The current forecast is the Australian crop will be similar to last year, which I will discuss in a couple of slides.

The high level of commitments, strong shipments, insect damage to the US crop and the repositioning of almonds as the cheapest tree nut, has stimulated demand and led to firm prices.

SLIDE 17: Global Market Update - Pricing

You can see from this slide, the price of other nuts compared to almonds. At current prices almonds are very competitive.

In the price sensitive developing economies this attracts increased consumption.

Food manufactures in the developed economies have similar motivations, however the speed of change is slower.

This rebasing and price positioning of almonds is both positive from a consumption and potential price appreciation perspective.

SLIDE 18: 2018 SHV Crop Update

It is important to note the sensitivities of our performance to price, volume and exchange rate. A 200 MT movement in volume, a 10 cent per kilogram movement in price or a 1 cent movement in the AUD/USD exchange rate has a $1.5M impact at the EBIT level.

The 2018 crop is at the weight accumulation stage of the horticultural program – this is the midpoint between pollination and harvest and still over 3 months before harvest commences.

This year's crop pollination was fast and weather disrupted, but pollination appeared unaffected as bloom intensity and bee strength was good.

Despite our risk mitigation technology of frost fans and sprinklers, post-pollination frost events have affected our NSW orchards and some orchards in the other regions.

As a result of the random impact of frost across our portfolio and within irrigation blocks and that the crop is only 50% through the horticultural cycle, with the kernel yet to reach its full size and the uncertainty of these factors, it is too early to accurately estimate crop size.

This year we have increased volumes from the Jubilee acquisition and young trees coming into production from our Allinga farm. In future years, our maturing orchards and greenfield orchards coming into production will continue to have a bigger influence impact on our almond production volumes, demonstrating the positive impact of our greenfield and acquisition strategy.

The outlook for the remainder of the growing season is for normal climatic conditions, allowing irrigation, fertigation and orchard hygiene activities to be performed to plan. We have secured all our water requirement for this crop at A$170 per mega-litre versus A$163/mega-litre last year – this cost includes the lease costs of water and all government charges and levies.

As previously advised, our theoretical crop based on our orchard age profile and industry average yields is 15,816 tonnes. Due to the random nature of frost impact, a reliable estimate cannot be made at this stage.

Harvest will commence in February - we will keep you advised as the crop develops.

The current spot price for almonds is between A$7.50 and A$8.00 per kg. We have commitments for 10% of the 2018 Theoretical Crop within this range.

SLIDE 19: Significant Volume Growth

The Select Harvests almond portfolio now totals 7,490 Ha (18,500 acres) and 74% of that is generating cash.

34% of Select Harvests orchards are aged 6 years or less and are yet to produce mature yields of almonds. These trees are coming into production over the next 8 years and the volumes will increase significantly.

Based on the area planted, age profile & industry average yields, Select Harvests 2019 Theoretical Crop would be approx. 17,000 MT - increasing to approx. 21,000 MT in 2022 and 22,000 MT in 2026 – an increase of more than 13% next year and close to 50% in the next four years.

Pleasingly, our current processing facility has sufficient capacity to handle this volume without any significant additional capital investment.

Similarly, the majority of investment in orchard infrastructure is complete, the majority of the future investment is in growing the trees.

We now have the foundations in place - this is bankable growth. Shareholders can look forward to strong returns from these long-life, state of the art assets.

Slide 20: Management Team

Brad Crump - I would like to welcome Brad - this is his 5th day in the job. Brad has extensive agri-business experience. I look forward to working with him and know he will make a significant contribution to our company.

Laurence van Driel - Unfortunately Laurence is unable to be with us today. Laurence is a globally acknowledged almond trader and along with the industrial team is doing a great job expanding our presence in the both the local and export markets.

Peter Ross - Peter has returned to head up the Almond Processing Operations. I can see the immediate impact his leadership has had on the two capital projects and the processing facility productivity and quality.

Mark Eva - Mark and his team have done a great job reinvigorating the Lucky and Sunsol brands in the challenging domestic market plus creating a beach-head in the export markets.

Ben Brown - Ben manages the Horticulture Division. Growing almonds in Australia can be challenging. Ben and his team are passionately taking on this challenge.

Vanessa Huxley - Vanessa heads up our finance team and is our Company Secretary. Vanessa has been Acting CFO between the resignation of Paul and the appointment of Brad. Vanessa has done a great job.

Kathie Tomeo - Kathie heads up the HR team and has had an immediate impact to bring safety to front of mind to all.

Finally, I would like to thank Bruce and Paul for their contribution and wish them the best for their future.

SLIDE 21: Key Take Outs

2017 in part was a disappointing year but we continued to implement our strategy. We have put the building blocks in place for strong future growth, including: acquisitions, greenfield plantings, major innovation and cost reduction projects, strong brands and new management to move forward.

I am sure shareholders can see we are building a much more resilient business and expect the full benefits of recent investments to progressively kick-in over the next few years.

The latest capital raising has given us a strong balance sheet.

The fundamentals of the almond industry in both the domestic and global market remain extremely positive with underlying consumption growth between 6 to 8%. Global consumption of plant protein and almonds continues to grow. Domestic and Asian market demand remains strong across all channels. Again this should materialise in improved returns for shareholders.

We have made considerable progress on our key strategic initiatives – increasing our almond capacity through our Greenfield Almond Planting Program and the acquisition of Jubilee Orchard.

Orchard heath is good although the 2018 crop is impacted by frost - this will have no impact beyond this crop.

Much of our capital investment is behind us .The majority of ongoing capital investment is in tree development and harvest equipment to support the larger crop. Management recognise the need to execute to plan within budget.

Export markets have become more important for our Food Division, due to the big increase in demand from overseas markets. We are positioning ourselves as a growing quality supplier in both the Branded Consumer segment and the more technically orientated Industrial segment.

Almond pricing looks stable in USD.

Safety remains our number one priority.

Consistent with our strategic plan, we have built a global scale, critical mass of almonds and a world-class, allergen free, integrated almond processing and value-adding facility. This makes Select Harvests not only one of the largest producers of almonds in the world, but one of the best.

This year has had its challenges, but the core fundamentals of our business and our industry remain strong. We have replenished our balance sheet, and as we approach the end of the capital intensive asset development phase and begin to enter the exciting and lucrative orchard growth phase, we do so from a position of strength.

With capital invested, assets in place and the growth platform firmly established, the key priority of management is to control our cost and become as efficient as possible to maximise profitability.

SLIDE 22: Thank you

Lastly, I would like to thank the Chair, the Board, Select Harvest employees, our suppliers and you the shareholders for your support during some challenging times and we all look forward to a very positive future.

Thank you.