



SELECT HARVESTS

Annual General Meeting

27th October 2010

Curt Leonard, Chairman



Select Harvests Board



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- Curt Leonard, Chairman
- Fred Grimwade, Non-Executive Director
Appointed July 2010, standing for re-election
- Ross Herron, Non-Executive Director
Appointed January 2005, standing for re-election
- Michael Carroll, Non-Executive Director
Appointed March 2009
- Max Fremder, Non-Executive Director
Appointed to board in 1996, retiring from the board today
- John Bird, Chief Executive Officer, appointed January 1998



Greater certainty for the business



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- Significant period of transition over the last 12 months
- Successful navigation of a number of challenges following collapse of Timbercorp
- New management agreement signed with Olam
 - Initial 3 year period, covering 29,500 acres
 - Global manager of agricultural products and food ingredients based in Singapore
- Good progress with business diversification and growth





Solid performance in a period of transition

Revenue: \$238.4 million (FY09: \$248.6 million)

NPAT: \$17.3 million (FY09: \$16.7 million)

EPS: 43.3 cents (FY09: 42.6 cents)

Strong cash generation and cash conversion

Final fully franked dividend declared of 11 cents per share



Strategy evolves to reflect industry changes



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- Australian almond industry has changed dramatically
- New opportunities exist to expand Company Orchards business
- Growing Company Orchards will enable us to:
 - diversify earnings stream
 - increase control over future earnings
 - broaden access to the whole almond value chain
- Continue to grow Managed Orchards business by leveraging our world-class orchard management, processing and marketing capabilities
- Growth strategy requires greater flexibility in capital structure



Strengthened capital structure to fund growth



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- Optimal capital structure required a balance between short term debt funding and long term equity funding
- Business requires a strong balance sheet and conservative capital structure capable of funding future growth opportunities and seasonal working capital requirements
- Successful completion of capital management plan:
 - In February, \$50 million of term debt and \$28m seasonal working capital facility refinanced
 - In September, \$48 million equity raising completed





Expanding Company Orchards

- Significant progress made. Company Orchards more than doubled in 2010 to 20% of our EBIT
- Long term lease for 3,000 acres of established orchards at Hillston, New South Wales, agreed March 2010
- 2,000 acres planted in Western Australian greenfield development
- Company Orchards will assist us to increase control over future earnings and broaden our exposure to the full almond value chain





Positive outlook despite some challenges

- Strengthening Australian dollar represents headwind for the business
 - Strong Australian dollar impacts revenue from Company Orchards which in 2010 represented 20% of company EBIT
- 2010 almond crop impacted by lower than optimal investment in younger orchards and 3 years of drought management program
- Full horticultural program and water applications resumed which will support return to normal yields
- Current almond blossom indicates crop unlikely to reach normal yields this year
- FY11 will benefit from an increase in Company Orchards acreage as well as an improved maturity profile
- Water conditions significantly improved with 100% water allocations in Murray Darling
- Murray Darling Basin Plan still in early stages



Significant progress, well positioned for growth



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- Very significant progress made in the year to put business on solid foundations
 - Secured management agreement with Olam
 - Debt and equity funding to deliver strong, stable balance sheet with flexibility to support growth
- Solid full year results, full year dividend restored, fully franked
- Strong foundations enable us to embark on new and exciting stage for the business underpinned by global supply and demand dynamics, a stable almond market and strong price fundamentals



27 October, 2010

Welcome and introduction

Ladies and Gentlemen,

It is with great pleasure that I welcome you to the 2010 Annual General Meeting of Select Harvests Limited.

My name is Curt Leonard and as your Chairman, I will be conducting today's meeting. Thank you for taking the time to be here today.

Allow me to introduce your Board members, accompanying me on stage: Fred Grimwade, Ross Herron, Michael Carroll, Max Fremder and our Chief Executive Officer, John Bird.

Next to John we are joined by our Chief Financial Officer and Company Secretary, Paul Chambers. I would also like to welcome Bart Oude- Vrielink, from Minter Ellison, our lawyers and Andrew Mill from PricewaterhouseCoopers, our auditors.

Today we are announcing the retirement of Max Fremder – our longest serving board member . Max's retirement will come into effect at the end of today's meeting. I would like to thank Max for his significant contribution to Select Harvests over the last 14 years.

It is only fitting given Max's contribution to Select Harvests that he say a few words and I will invite him to do so once the formal proceedings of the meeting have been concluded.

I would also like to make mention of Fred Grimwade, our newest board member. Fred was appointed to the position of Non-Executive Director in July of this year. His depth of experience in agribusiness and banking are highly complementary to the backgrounds of our existing board. I will ask Fred to introduce himself properly when we come to the board appointment resolutions later in the meeting.

Allow me to begin with an overview of the year as I see it and also talk about the future for this business. John Bird will then give you a more detailed operational review before we turn to the formal agenda of the meeting. There will be plenty of opportunity to ask questions following the formal business of the meeting.

Context

This has been a significant year of transition for Select Harvests. I am very pleased to report that we have successfully navigated a number of challenges that faced our business following the collapse of Timbercorp and the difficulties in the Managed Investment Scheme sector more generally. We are now in very good shape to put a period of uncertainty behind us and move forward with certainty and confidence.

Olam contract

In January we cemented a management agreement with Olam, the new owners of the Timbercorp orchards. Olam is a leading global manager of agricultural products and food ingredients based in Singapore. The agreement with Olam covers 29,500 acres of almond orchards and is for an initial three year period.

The decision we took last year to support the orchards into new ownership and to ensure the productive health of the almond trees was clearly the right one. This, alongside our world-class orchard management credentials played an important role in our securing the new contract with Olam which gives our business a higher degree of certainty with which to move forward.

Financial performance and dividend

Select Harvests delivered an encouraging financial performance in the 2009/10 financial year. In the 12 months to 30 June 2010, we achieved solid earnings growth with net profit after tax of \$17.3 million, an increase of 3.2 per cent on last year. Cashflow from operating activities increased almost 13 per cent to \$25.5 million. Earnings per share was up 1.6% to 43.3 cents per share.

This robust performance is especially pleasing in light of what has unfolded in our industry over the last couple of years and it is a positive reflection on the quality of our business and the calibre of our people and their ability to remain focused on the job at hand.

Importantly for you our shareholders, our solid earnings performance, strong cash generation and the certainty provided by the Olam contract has enabled us to reinstate our full year dividend. The board was pleased to declare a final fully franked dividend of 11 cents per share which was paid to shareholders on the 4th October.

Strategic review

I would now like to take some time to update you on Select Harvests strategy and walk you through how it has evolved in light of the dramatic changes that have taken place in the industry in recent years. Our strategy is about growing the business and in particular our Company Orchards. The good news is that we have some very exciting growth opportunities ahead of us and a strong and stable capital base to support our growth agenda.

As you will all be aware, the Australian almond industry has undergone significant change since Timbercorp entered administration. That has necessitated a review strategy to ensure that it reflects the changed industry dynamics and to leverage our strong capabilities in establishing and managing almond orchards as well as processing and selling almonds.

When the MIS sector was strong it made sense for us to focus on managing orchards on behalf of third parties. This was a strategy which required minimum capital and delivered an annuity-like income stream.

While we will continue to leverage our world-class orchard management, processing and marketing capabilities to grow our Managed Orchards business, we believe that growing Company Orchards will enable us to diversify our earnings stream, increase control over future earnings and broaden access to the whole almond value chain. The fallout in the MIS sector is now presenting us with new opportunities. Established orchards are becoming available for acquisition or long lease at a discount to replacement value and we see this as an attractive opportunity for the business.

Refinancing and capital raising

Our strategy requires a capital structure which provides flexibility to take advantage of growth opportunities in Company Orchards. At our AGM last year I spoke about the need for the Board to consider the business's long term funding needs and I am pleased to report that we have made very significant progress in that regard. In considering the most optimum capital structure for the business we determined that we wanted a conservative capital structure, one which provides us with a combination of both short term and permanent funding. Debt funding by its very nature is relatively short term so we took a view that we needed a balance between debt and equity funding to ensure we have the capacity to seize the growth opportunities available to us.

In February, we successfully refinanced our banking facilities with a \$78 million debt facility comprising \$40 million of term debt. In the context of the challenging global credit markets this was an excellent outcome and a vote of confidence in the Select Harvests' business and strategy.

In August we announced a \$48 million capital raising which was successfully completed in September. The offer was priced at a discount to the market which is consistent with market practice and offered existing shareholders value and an incentive to invest further in the business. With that in mind existing investors were invited to participate before it was opened up to the wider market.

This new funding will enable us to continue our investment in existing projects and enable us to take advantage of future opportunities as they unfold. It is our intention to balance our investments between short term cash generating assets, which include established orchards and longer term capital intensive assets such as our new greenfields orchards in Western Australia.

As always, we will exercise caution and conservatism in the assessment of future investments, continuing to apply disciplined return on investment criteria to new investment decisions.

Expansion of Company Orchards

The management team under the leadership of John Bird have certainly not let the grass grow under their feet. I am pleased to report that we are already making good progress with our plans to expand Company Orchards.

In March, we entered into a long term lease for 3,000 acres of established orchards at Hillston in NSW. During the winter we planted the first 2,000 acres of our greenfield orchard development in the Dandaragan Plateau region of Western Australia. This greenfield project is a very large and exciting project for the company and one which will deliver long term value for the business. As a result we have more than doubled our Company Orchards from 3,600 acres to over 9,100 acres. Company Orchards now comprise 20% of the business.

We are looking for further opportunities to obtain orchards through acquisition, greenfield development or on long term lease and it is our intention to continue to expand this part of our business. We believe our Company Orchards business will increase the control we have over future earnings and broaden our exposure to the full almond value chain.

Importantly, evolution of our strategy represents substantial future growth for Select Harvests and we will do our best to ensure the value of this opportunity and realignment of our strategy is fully understood and recognised by the market.

Challenges

We have some fresh challenges facing us going forward which we are addressing and will work our way through.

The strengthening of the Australian dollar represents a headwind for our business. Revenue from our Company Orchards is in US dollars and as a result the strong Australian dollar does have an impact on this part of our business which in 2010 represented approximately 20% of our company EBIT.

The 2010 almond crop was impacted by lower than optimal investment in the younger orchards in the aftermath of Timbercorp going into administration and reduced water applications over the last three years as a result of the drought. A full horticultural program has now been resumed including normal water applications and this will support the orchards returning to normal yields over time. The current almond blossom indicates that the crop is unlikely to reach normal yields this year. Our understanding is that similar blossom patterns have emerged across the industry in Australia. It is too early to give a meaningful estimate of our crop for the year but we will provide an update at our half year results in February.

This financial year we will benefit from increased acres in our Company Orchards business and also the increased maturity profile of the orchards across our business.

I am pleased to report that water conditions have improved significantly in the last 12 months. At present around 93% of our water usage is covered by high security water rights while the Murray Darling has this year returned to 100% allocations. We are still digesting how the Murray Darling Basin Plan might impact our industry. What I would say to you is that it's clear that it is still very much in its early stages. While it is too early to form a view, it is likely that the outcome will result in less water being available for irrigation. What is clear is that businesses which create more value from water like Select Harvests are likely to be the least impacted. Given that implementation some years away we have time to plan for any changes that do arise.

Closing comments and outlook

In conclusion I would like to reflect on the progress we have made in the last 12 months. When I stood before you a year ago Select Harvests was facing some significant challenges. The management agreement for the largest part of our business was not yet secure and the long term funding of the business was not locked in.

Signing the management agreement with Olam in January gave us increased security and this enabled us to go to our bankers and refinance our debt. On the back of that we were able to lock in long term funding through a capital raising and we now have a strong, stable and flexible balance sheet that can support our compelling growth agenda. We delivered a solid 2010 financial performance and have restored our full year dividend.

As we look to the future, Select Harvests stands on solid foundations. With a period of significant uncertainty now very much behind us, we are embarking on a new and exciting stage for the business.

Global demand for almonds remains strong, while supply dynamics continue to support a stable almond market and strong price fundamentals.

I would like to take this opportunity to acknowledge the impressive efforts of all the team at Select Harvests over the past 12 months, and on behalf of the board extend our gratitude to you, our shareholders, for your ongoing support.

I would now like to invite our CEO John Bird to give you an overview of the business' performance over the last year and provide you with some more background on what he sees as the exciting growth agenda for the business moving forward.

Thank you.